



Department of Economic Development, Environmental Affairs & Tourism

ANNUAL REPORT

2014 | 2015



Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM



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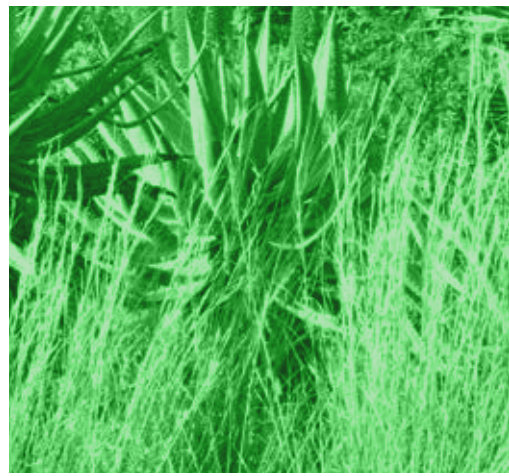


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GENERAL INFORMATION

Part A: General Information

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AG	Auditor General
AOEM	Annals of Occupational and Environmental Medicine
AQMPs	Air Quality Management Plans
BABS	Bioprospecting Access and Benefit Sharing Regulations
BER	Bureau for Economic Research
C&E	Compliance and Enforcement
CATHSSETA	Culture, Art, Tourism, Hospitality and Sports Sector Education and Training Authority
CCMA	Commission for Conciliation, Mediation and Arbitration
CCMES	Climate Change Mitigation and Energy Strategy
CDC	Coega Development Corporation
CD's	Compact Discs
CEOs	Chief Executive Officers
CFI	Capital Finance International
CFO	Chief Financial Officer
Chemin	Chemical Incubator
CITES	Convention of Internationally Threatened and Endangered Species
CO2	Carbon Dioxide
COEGA	Industrial Development Zone
COO	Chief Operations Officer
DEA	Department of Environmental Affairs
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DFI's	Development Finance Institutions
DGITO	Departmental Government Information Technology Officer
DLGTA	Department of Local Government and Traditional Affairs
DM	District Municipality
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DSBD	Department of Small Business Development
DSRAC	Department of Sport, Recreation, Arts and Culture
DWA	Department of Water Affairs
EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
ECGBB	Eastern Cape Gambling and Betting Board
ECITI	Eastern Cape Information Technology Initiative
ECLB	Eastern Cape Liquor Board
ECPTA	Eastern Cape Parks and Tourism Agency
EHW	Employee Health and Wellness
EIA	Environmental Impact Assessment
EIAR	Environmental Impact Assessment Report
ELICC	East London International Convention Centre
ELIDZ	East London Industrial Development Zone
EPWP	Expanded Public Works Programme
EVAYA	Electronic Submissions
Exco	Executive Committee
FAW	First Automotive Works

Vote 09: Department of Economic Development, Environmental Affairs & Tourism - Province of the Eastern Cape

FET	Further Education and Training
FMCMM	Financial Management Capability Maturity Model
G&S	Goods and Services
GDP	Gross Domestic Product
GEMS	Government Employees Medical Scheme
GHG	Greenhouse Gas
GIS	Geographic Information System
GIZ	German International Cooperation
GMSA	General Motors South Africa
GTAC	Government Technical Advisory Centre
HCT	Hematocrit
HDIs	Historically Disadvantaged Individuals
HIV/AIDS	Human Immune Virus/ Acquired Immune Deficiency Syndrome
HOD	Head of Department
HRPP	Human Resource Practise and Planning
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDPs	Integrated Development Plans
IDZ	Industrial Development Zone
IMF	International Monetary Fund
IOD	Injury on Duty
IPAP 3	Industrial Policy Action Plan 3
IRB	Institutional Review Board
JEXMA	Joint Exco and Management Committee
KSD	King Sabatha Dalindyebo
LOGIS	Local Government Information Systems
LPM	Limited Pay-outs Machines
LRED	Local and Regional Economic Development
M&E	Monitoring and Evaluation
MANCO	Management Committee
MBSA	Mercedes-Benz South Africa
MCS	Multiple Chemical Sensitivity
MDA	Manufacturing Development Act
MEC	Member of the Executive Council
MPAT	Management Performance Assessment Tool
MTSF	Medium-Term Strategic Framework
MuniMEC	Municipalities and the Member of Executive Council
MW	Megawatts
NACFISA	National Association of Cooperative Financial Institutions of South Africa
NALSU	Neil Aggett Labour Studies Unit
NAM	Non-Automotive Manufacturing
NAR	National Association of Realtors
NEAS	National Environmental Assessment Services
NEHAWU	National Education Health and Workers Union
NEMA	National Environmental Management Act
NMBM	Nelson Mandela Bay Municipality
NMMU	Nelson Mandela Metropolitan University
NTCE	National Tourism Career Expo
NYDA	National Youth Development Agency
OAG	Office of the Accountant General
OCGTs	Open Cycle Gas Turbines



OEMs	Original Equipment Manufacturers
ORV	Off Road Vehicle
OSD	Occupational Specific Dispensation
OTP	Office of the Premier
PABX	Private Automated Branch Exchange
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PIDS	Provincial Industrial Development Strategy
PILIR	Policy on Incapacity Leave and Ill health Retirement
PLO	Parliamentary Liaison Officer
PLSR	Partial least squares regression
PMDS	Performance Management and Development System
PMER	Planning, Monitoring, Evaluation and Reporting
PMO	Programme/Project Management Office
PPE	Personal Protective Equipment
PPP	Public Private Partnership
PSA	Public Service Act
PV	Photovoltaic
REI4P	Renewable Energy Independent Power Producer Procurement Programme
RSA	Republic of South Africa
SABS	South African Bureau of Standards
SAIMI	South African International Maritime Institute
SAMSA	South African Maritime Safety Authority
SANDF	South African National Defence Force
SANParks	South African National Parks
SBD	Standard Bidding Document
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SEDA	Small Enterprise Development Agency
SEIR	Scoping and Environmental Impact Reports
SEMA's	Specialty Equipment Market Associations
SEZ	Special Economic Zone
SEFA	Small Enterprise Finance Agency
SIPs	Strategic Infrastructure Programmes
SITA	State Information Technology Agency
SLAs	Service Level Agreements
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SO1	Strategic Objective 1
SPU	Special Programmes Unit
TB	Tuberculosis
TEP	Tourism Enterprise Partnership
TIERM	Technical Indicator and Evidence Reference Manual
TOPS	Threatened Or Protected Species
U.S.A	United States of America
UIF	Unemployment Insurance Fund
V-NAMA	Vertically Integrated National Appropriate Mitigation Action
VWSA	Volkswagen South Africa



3. FOREWORD BY THE MEC

Annual Report Overview

In our budget-policy statement tabled in July 2014, I concluded with a quote by Horace Mann, an American educationalist and politician from the 19th century, who said, in an opening prayer to the Senate: "Let us not be content to wait and see what will happen, but give us the determination to make the right things happen."

Looking back, we can honestly say that the year had not been an easy one due to the continued challenges within the environment in which the Department operates. The economy of the province and country continued to be sluggish, fiscal resources were constrained and the effects of global warming, poaching and human capital constraints continued to plague the environmental sector. Bearing this in mind, however, it is within these challenging times that this determination to succeed creates opportunities for efficiency and for working smarter. Therefore, despite our challenges, we are pleased to report that during this period some notable achievements were realised. It is fitting, therefore, that I take this opportunity to briefly reflect on some of the key progress and achievements linked to the priorities identified.

One of the key highlights for the Department has been the realisation of 19 investments by the Coega Development Corporation, with a total value of R1.8 billion, resulting in the creation of 14,765 work opportunities for our people. The East London Industrial Development Zone (ELIDZ) attracted six investments with a total value of R267 million, yielding 3,217 work opportunities for our people. These achievements, without a doubt, further embolden us to be resolute in our endeavours of supporting these two entities as they are the engine of our economy. In addition, small business and entrepreneurs create many opportunities for growth and job creation. The department therefore continues to provide both financial and non-financial support towards the development of the small business sector. A total of 337 SMMEs and 221 cooperatives were supported.

The Eastern Cape attracted a cumulative value of over R21 billion in investments to 13 renewable energy projects, providing a significantly large combined energy generation capacity of over 1000 Megawatts, thereby allowing the province to position itself as a prime destination for wind renewable energy investment. This represents a clear win for the province and the Department. The challenge remains, however, in effectively integrating local SMMEs to benefit from the REI4P programme.

South African President Jacob Zuma launched "Operation Phakisa" during the year, seeking to unlock the oceans economy in South Africa. In support of this initiative, the Department expedited key officials to drive interventions in key sectors, with priority projects having been designated for the Eastern Cape.

The Special Economic Zones (SEZ) Act came into operation during the year, while the associated regulations are still at a draft stage. The Wild Coast, in particular, is being positioned by the Department as an SEZ. The Department of Trade and Industry (dti) is in the process of finalising the feasibility study of this proposed SEZ. The study will be finalised in the forthcoming financial year. This presents an opportunity for the Department to optimise development with a focus on local

economic participation in the eastern side of the province.

Progress was made towards the enactment of the Eastern Cape Environmental Act and the implementation of the Provincial Climate Change Mitigation and Adaptation Strategy.

The management and protection of the natural environment will be better enhanced through continued implementation.

Sadly, the country lost approximately 1,200 rhinos to poachers during the year, of which 15 of these were from the province. We are proud to report, however, that through the hard work and dedication of Department officials, the Eastern Cape Parks and Tourism Agency (ECPTA) and our partners, none of these rhino were poached on the declared nature reserves of government. This is a laudable achievement.

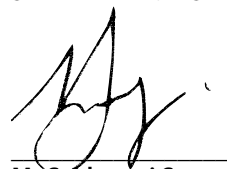
Despite staff shortages, the Department performed extremely well in the area of environmental authorisations and its performance ranked amongst the highest of all Provinces.

While my overview is limited to a few key areas, I strongly encourage the perusal of the subsequent sections of this report. It provides a wealth of information regarding the successes and challenges of the Department which is tasked with implementing the vision of a province where economic growth and sound environmental management underpin sustainable development.

Appreciation

It is imperative to note that all the achievements which we have recorded were the result of the hard work, dedication and commitment of the men and women of this institution, as well as the support we have received from our partners and stakeholders. It is this very same team which will invest the same energy and zeal to ensure that we maintain our positive trajectory.

I take this opportunity to thank the Accounting Officer, management and entire staff of the Department of Economic Development, Environmental Affairs and Tourism for their continued support and dedication to the implementation of government's programme of action.



Mr Sakhumzi Somyo
MEC of the Department of Economic Development,
Environmental Affairs and Tourism
31 August 2015



4. REPORT OF THE ACCOUNTING OFFICER

Overview of the operations of the Department

The year 2014/15 has seen improved performance in core areas of the mandate of the Department. I am pleased to report on the overall performance of the Department together with its six public entities during the reporting period.

The policies implemented by the Department, in alignment to national and provincial priorities, did not change from the 2013/14 financial year. A major policy and regulatory issue facing the Department is the implementation of the Special Economic Zone (SEZ) Act 16 of 2014 and related regulations. The Department is awaiting outcomes of the Eastern Cape submission, applying for a third SEZ, namely, Wild Coast SEZ. The Wild Coast SEZ would be an addition to the existing East London IDZ as well as Coega IDZ which will transition into SEZs.

The Department, being the custodian of economic development, is still faced with many challenges such as limited financial resources set aside to deal with poverty, unemployment, deindustrialisation and investment promotion in the Province. The energy crisis in the country has further contributed towards the subdued investment climate, and investment promotion is being further affected by the weak global economy. Despite this, the two IDZs managed to exceed the targeted investments for the year.

The Department has developed the Local and Regional Economic Development (LRED) funding policy and mandate, LRED funding criteria and guidelines which created the DEDEAT LRED Fund. Through the LRED fund, the Department approved and supported twelve LRED projects in the 2014/15 financial year. An amount of R29,1 million was transferred directly to beneficiaries.

The Department has entered into a collaboration agreement with SEDA for the purposes of developing the business initiatives of entrepreneurs in the DEDEAT-funded LRED projects in particular with the view to promote and grow them, in the process creating sustainable jobs and supporting economic development in the Province.

The Department hosted the 4th national Cooperative Financial Institutions (CFI) indaba in collaboration with the Cooperative Bank Development Agency and NACFISA in October 2014. The conference was honoured by representatives of the credit union movement from as far as Poland, USA and Kenya who shared their experiences on the development of the CFI sector. The conference ended with an awareness march that was attended by hundreds of the delegates drawn from all the nine Provinces.

In partnership with the national Department of small business development and other key stakeholders, the Department facilitated a successful 7th Provincial Small Medium and Micro Enterprises (SMME)

conference in November 2014. The key resolutions that emerged included the following: firstly, expansion of the support given to SMMEs in the Renewable Energy Independent Power Producer Procurement Programme (REI4P) into other local municipalities that have a potential of wind farms; secondly, establishment of a coordinating structure for public institutions for the advancement of the Agro-Processing initiatives in the Province; thirdly, support for the growth and expansion of the business incubators in the Province with a particular focus to the rural communities; fourthly, hosting a workshop for the Development Finance Institutions (DFIs) and commercial banks for building partnerships around support on key projects advancing development of the SMME sector; and fifthly, partnership with Department of Small Business Development (DSBD) on the roll out of the one stop shops in the Province.

The Department has been facing significant challenges of the deindustrialisation trend within the Province. This may impede the concerted efforts by the Department to attract investment to the Province in targeted sectors. The retention of existing industrial capacity is of significant importance; hence the Department is dedicating resources to counter the impact of this trend.

Of the original nineteen social infrastructure projects that were targeted for implementation support during the year, most of the projects were either cancelled or had no funding made available. Only five projects remained of which four were supported through the Eastern Cape Development Corporation (ECDC). In the coming financial year, Coega Development Corporation has been appointed as an implementing agent to assist in fast tracking the implementation of some of the infrastructure projects.

The sustainable energy, manufacturing and agro-industrial sectors, together with the 'oceans economy', are amongst the most promising sectors for boosting the economy as well as creating new jobs. Thus the Department has dedicated resources and made a concerted effort aimed at realising envisaged opportunities. In three bidding rounds of the REI4P



to date, the Eastern Cape has been awarded fifteen wind farms and one solar farm. A combined commitment of R200 million has been allocated to enterprise development by the Independent Power Producers, while R1,4 billion has been committed for socio-economic development programmes in the local communities surrounding the wind and solar farms over the twenty year life span of the projects. The renewable facilities will create over 10,400 job years¹ over their lifetime, with 1,220 jobs at peak construction. A substantial number of further bidding rounds are expected in the near term.

It is crucial that SMMEs close to these developments are able to participate as suppliers of goods and services. Over the past year, the Department has facilitated an SMME supplier development programme in the Sara Baartman, Amathole and Joe Gqabi municipalities. This programme has so far engaged with 172 SMMEs, with dedicated support to sixteen of the most promising SMMEs.

The Eastern Cape is now home to eight manufacturers in the Renewable Energy Industry. Three of these manufacturers are in the East London and Coega Industrial Development Zones, with a combined investment value of over R1 billion. In addition to these investments, the ELIDZ is developing its own wind farm utilising a local wind turbine manufacturer in East London. The turbines will produce in excess of three million kilowatt-hours per annum, allowing the ELIDZ to save R98 million in electricity costs over 20 years while at the same time strengthening energy security for its industries.

The potential shale gas reserves in the Karoo Basin, and the related environmental risks and socio-economic implications, remain of significant interest to Provincial Government. In partnership with the Nelson Mandela Metropolitan University, ground-breaking scientific research is currently underway to map out a detailed technical understanding of the potential shale gas resource and possible environmental risks associated with its extraction, in particular in relation to ground water and surface ecosystems. In a world-first, a forensic baseline of ground-water hydro-chemistry, as well as three dimensional imaging of the deep sub-surface of the Karoo is being rolled out to better understand these risks and enable effective monitoring. This is being done in close consultation with farmers and rural communities. These developments are strongly aligned with the Provincial Bio-Energy Implementation Support Plan which is being undertaken by the Department.

The manufacturing environment still remains constrained with the cost to business within the Province rising year on year. The Department, in partnership with industry, has implemented special purpose vehicles known as the Eastern Cape Automotive-, Non-Automotive Manufacturing- and Agro-Industrial Manufacturing clusters aimed at improving

the sector's competitive advantages through targeted interventions in skills development, supplier development, logistics, energy and market growth. These clusters have been established to promote localisation of manufacturing in the Province.

The Presidential Infrastructure Co-ordinating Commission (PICC)'s second 'Infrastructure Implementation Plan' includes 18 Strategic Infrastructure Projects (SIPs) across all three spheres of government. SIP-3 comprises projects designed to bolster the Eastern Cape's industrial and agricultural development and export capacity. Some progress on the SIP-3 initiatives, including the construction of a dam on the Umzimvubu River and N2 road, has been recorded.

During 2014/15 the President launched "Operation Phakisa", an initiative to unlock the oceans economy in South Africa. The Department supported this initiative by expediting key officials to drive interventions in the following sectors: maritime transport and manufacturing, aquaculture, marine protection services and oceans governance and the oil and gas sector. Priority projects have been designated for the Eastern Cape, namely ship repair and boatbuilding for the East London Port, and aquaculture for ELIDZ, Coega, Hamburg and Qolora. Particular products have been targeted for these areas, namely abalone, finfish, mussels and seaweed.

Transnet has commenced with the upgrading of equipment for the ship repair facilities and is currently investigating the potential to draw in an investor to the East London Port to establish a boat building facility.

Coega IDZ has been in discussions with Transnet to construct a ship repair facility at the Port of Ngqura. The targeted vessel types would be container vessels, vehicle carriers, dry bulk vessels and oil tanker vessels. All these types of vessels pass within the Eastern Cape coastline catchment area. As part of potential expansion plans of the ELIDZ, interest has been shown by international investors in the establishment of a ship repair facility within the IDZ domain.

Coega IDZ has commenced with the development of an aquaculture development zone. This Aquaculture Development Cluster is estimated at an investment value of close to R2 billion with the potential to unlock 5600 jobs based on the feasibility that was undertaken. Additionally, ELIDZ has earmarked 30 hectares for the Development of an Aquaculture Development Zone with the potential of unlocking approximately 2000 direct jobs.

The Department will continue to provide critical support to these initiatives in the new financial year to unlock these sectors within the Province to contribute significantly to the reduction of unemployment.

1

A job-year means simply one job for one year.



A provincial informal business strategy is required as a response to the challenges facing the SMME sector, particularly the micro sector (which constitutes 96% of the SMME sector). The Department has already commissioned an SMME baseline study. Key recommendations emanating from the study include a review of funding mechanisms for the informal sector, provision of institutional support to the informal business sector, and development of tailor-made enterprise development support for the informal business sector. Internal programme partnerships have yielded good results and more than 200 tourism businesses participating in business support and skills development programmes.

Through a partnership with the National Department of Tourism, DEDEAT and the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA), the Department has managed to successfully host the National Tourism Careers Expo for the third time. It has exposed more than 8,000 tourism learners and students in various careers and training opportunities and has assisted to better understand the challenges on the skills demand and supply in the tourism sector.

On the environmental front, rhino poaching and removal of protected plants and the non-adherence to environmental legislation continues to be a problem in the Province. The Department does not have human or financial capacity to allocate in order to stem the cases and relies mostly on the dedicated existing personnel in the Department and the Eastern Cape Parks and Tourism Authority (ECPTA), together with partners and other outside stakeholders. Fifteen incidents of rhino poaching were recorded in private game farms in 2014, and seven poaching incidences by February 2015. These matters are being investigated by DEDEAT and the Hawks.

There were cycad poaching incidents that resulted in an arrest in Cathcart of two persons who were subsequently sentenced to seven years each, and in Kirkwood four persons were convicted. During these cases 171 cycads were confiscated with a value exceeding R5 million and some of these have been replanted in the wild.

The establishment of volunteer clusters of Honorary Environmental Officers has resulted in improved intelligence gathering, visibility and proactive enforcement. This initiative will be expanded and improved upon in the coming year with greater focus on training and joint operations in environmental crime hotspots.

The Department succeeded in meeting legislative timeframes in the processing of Environmental Impact Assessments (EIA) applications. The Department prioritised issues relating to municipal infrastructure and services through participation in Provincial Municipal Infrastructure Forums at provincial and district levels. In December 2014 the new National EIA Regulations were promulgated, which included very tight timeframes for EIA processes. The Department will be required to finalise 98 percent of all applications received within stipulated timeframes. A departmental Quarterly Environmental Quality Management forum will be utilised to capacitate stakeholders in implementing these regulations.

The Department, in partnership with a host of national and provincial departments and municipalities, continued interventions to address rampant poverty and underdevelopment. A key intervention is the Integrated Wild Coast Development Programme, aimed at crowding-in public and private sector investment around transport and bulk infrastructure, addressing land administration bottlenecks, promoting urban nodal development, and creating jobs through agricultural and tourism development.

Through the implementation of the Expanded Public Works Programme (EPWP) infrastructure projects and the Department-funded environment sector projects, more than 700 work opportunities were created.

Overview of the financial results of the Department:

Departmental receipts:

Departmental receipts	2014/2015			2013/2014		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts						
Casino taxes	124 111	135 894	(11 783)	98 360	100 054	(1 694)
Horse racing taxes	6 889	7 633	(744)	20 777	17 872	2 905
Liquor licences	6 292	17 562	(11 270)	5 936	5 558	378
Motor vehicle licences						
Sale of goods and services other than capital assets	1 124	1 090	34	1 060	802	258
Transfers received						
Fines, penalties and forfeits		1 427	(1 427)		818	(818)
Interest, dividends and rent on land	400	13	387	377	331	46
Sale of capital assets						
Financial transactions in assets and liabilities	23	97 487	(97 464)	23	431	(408)
Total	138 839	261 106	(122 267)	126 533	125 866	667

Programme Expenditure:

Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	Over/ (Under) Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	210 213	209 775	438	205 789	185 141	20 648
Economic Development	819 267	621 564	197 703	887 573	881 037	6 536
Environmental Affairs	303 879	303 019	860	293 113	285 986	7 127
Total	1 333 359	1 134 358	199 001	1 388 127	1 353 816	34 311

Programmes	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation
	R'000	R'000	R'000	%
Administration				
Current payment	195 147	195 150	(3)	100%
Transfers and subsidies	2 615	2 610	5	99,8%
Payment of capital assets	12 162	11 726	436	96,4%
Payment of financial assets	0	0	0	0
Total	209 924	209 486	438	99,8%
Economic Development				
Current Payments	60 607	82 029	(21 422)	135,3%
Transfers and subsidies	758 660	502 794	255 866	66,3%
Payment of capital assets	0	36 741	(36 741)	-
Payment of financial assets	0	0	0	0%
Total	819 267	621 564	197 703	75,9%

Programmes	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation
Environmental Affairs				
Current Payments	79 486	79 486	0	100%
Transfers and subsidies	224 393	223 533	860	99,6%
Payment of capital assets			0	0%
Payment of financial assets			0	0%
Total	303 879	303 019	860	99,7%
Subtotal	1 333 070	1 134 069	199 001	85,1%
Statutory Appropriation				
Current Payments	289	289	0	0%
Transfers and subsidies			0	0%
Payment of capital assets			0	0%
payment of financial assets			0	0%
Total	0	0	0	0%
Grand Total	1 333 359	1 134 358	199 001	85,1%

Payment for Capital Assets

Coega Development Corporation is managing projects on behalf of the Department and all assets bought on the projects are accounted for by the Department. The Department will transfer the assets on completion of the projects as per section 42 of the PFMA.

Unauthorised, fruitless and wasteful expenditure

Fruitless and wasteful expenditure is still under investigation.

The department shifted R317 000 from Environmental Affairs to a minimum for the payment of leave gratuities of employees who had resigned, retired or deceased. The budgeted amount was insufficient. Furthermore, R593 000 was shifted from an underspending in Environmental Affairs to Economic Development to cover a shortfall in personnel costs for sector specialists.

Future plans of the Department

The Department will continue to implement the key priorities that were started during the last five years.

Public-Private Partnerships

There is one PPP in the Department. The PPP agreement is between the DEDEAT and the GIZ which deals with identifying new sources of Renewable Energy. The agreement is based on the secondment of international renewable energy advisors to provide support to the Department. This agreement came to an end on 31 January 2015.

Discontinued activities/activities to be discontinued

No programmes or activities were discontinued and there is no intention to discontinue any services.

New or proposed activities

There are no new activities proposed.

Supply chain management

During the year the Department continued to experience capacity constraints in the Financial Management division, particularly in the SCM area. These constraints were also prevalent in the preceding year, 2013/14. Apart from the senior manager, the Department has employed a manager for supply chain and will appoint other personnel in the new year. While the constraints in the SCM unit did not adversely impact on service delivery, the improved capacity will, besides addressing internal control deficiencies, allow for quicker turnaround times in procurement and logistics.

Gifts and Donations received in kind from non-related parties

In 2012, DEDEAT and GIZ entered into two co-operation agreements for technical support, namely: support to DEDEAT in respect of the skills for Green Jobs Project; and support to DEDEAT under the South African German Energy Programme.

Under the Skills for Green Jobs, GIZ has provided a full-time Technical Advisor. The Advisor assists with capacity building of Further Education and Training (FET) lecturers, providing technical assistance to members of the Provincial Green Skills Forum, and providing support to DEDEAT at numerous career days in the Province. Furthermore, under the Skills for Green Jobs Programme, GIZ has paid for the training of Eastern Cape FET Lecturers in Germany in the fields of renewable energy and energy efficiency.

Under the South African – German Energy Programme, a full time Technical Advisor has been assigned to DEDEAT to assist in facilitating the implementation of the Provincial Sustainable Energy Strategy. The adviser has provided direct support to municipalities who have approached DEDEAT for assistance. Furthermore, GIZ has commissioned the study as Mapping of Provincial & Municipal Permitting Process for IPP Projects in the Eastern Cape. The study provides support to municipalities and provincial government departments in respect of authorisations for independent power producers.

The Technical Advisers joined the Department in 2013 but it has not been the policy of GIZ to disclose the financial value of their support to DEDEAT. The value of the support cannot be quantified and is a donation in kind.

Events after the reporting date

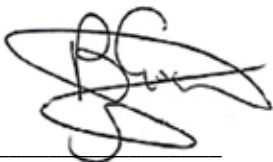
No events were recorded after the reporting date.

Other

The Department has paid for the buildings it occupies in East London, Queenstown, Aliwal North and King William's Town to the value of R708 557.08. The Department of Roads and Public Works is not a related party as defined by the Modified Cash Standards but this is a significant transaction. Other offices in Mthatha, Maluti and Port Elizabeth are government buildings.

No other material facts or circumstances which may have a material effect on the understanding of the financial state of affairs of the Department, and which have not been disclosed elsewhere, have been identified.

I thank you.



Mr Bongani Gxilishe
Accounting Officer
Department of Economic Development, Environmental Affairs and Tourism
Date: 31 May 2015

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free of any omissions.

The annual report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2015.

Yours faithfully,



Mr Bongani Gxilishe
Accounting Officer
Department of Economic Development, Environmental Affairs and Tourism
Date: 31 May 2015



6. STRATEGIC OVERVIEW

6.1 Vision

DEDEAT's vision is of a Province where economic growth and sound environmental management underpin sustainable development.

6.2 Mission

To lead economic growth development and environmental management in the Eastern Cape.

6.3 Values

Leadership: We accept responsibility to guide and direct the investment of the Eastern Cape towards a Green Economy

Integrity: We adhere to high ethical and professional standards

Flexibility: The Department undertakes to ensure that it is able to respond appropriately and timeously to changed or changing circumstances.

Teamwork: We seek to honour our commitments through co-operative effort.

7. LEGISLATIVE AND OTHER MANDATES

The key mandates of DEDEAT are derived from Schedules 4 and 5 of the Constitution and a number of Acts have been promulgated to further support the Department's constitutional mandate. These include, among others: the Eastern Cape Development Corporation Act (of 1997); the Co-operatives Act (of 2005); the Co-operatives Bank Act (of 2007); the Eastern Cape Unfair Business Act (of 1998); the Consumer Protection Act (of 2008); the National Environmental Management Act (of 1998); the Environment Conservation Act (of 1989); the National Environmental Management: Biodiversity Act (of 2004); the Nature and the Environmental Conservation Ordinance (of 1974); the National Environmental Management - Protected Areas Act (of 2003); the Sea Shore Act; the Environmental Conservation Decree (Former Transkei); the Nature Conservation Act (Former Ciskei); the Atmospheric Pollution Prevention Act; and the Problem Animal Control Ordinance (of 1957).

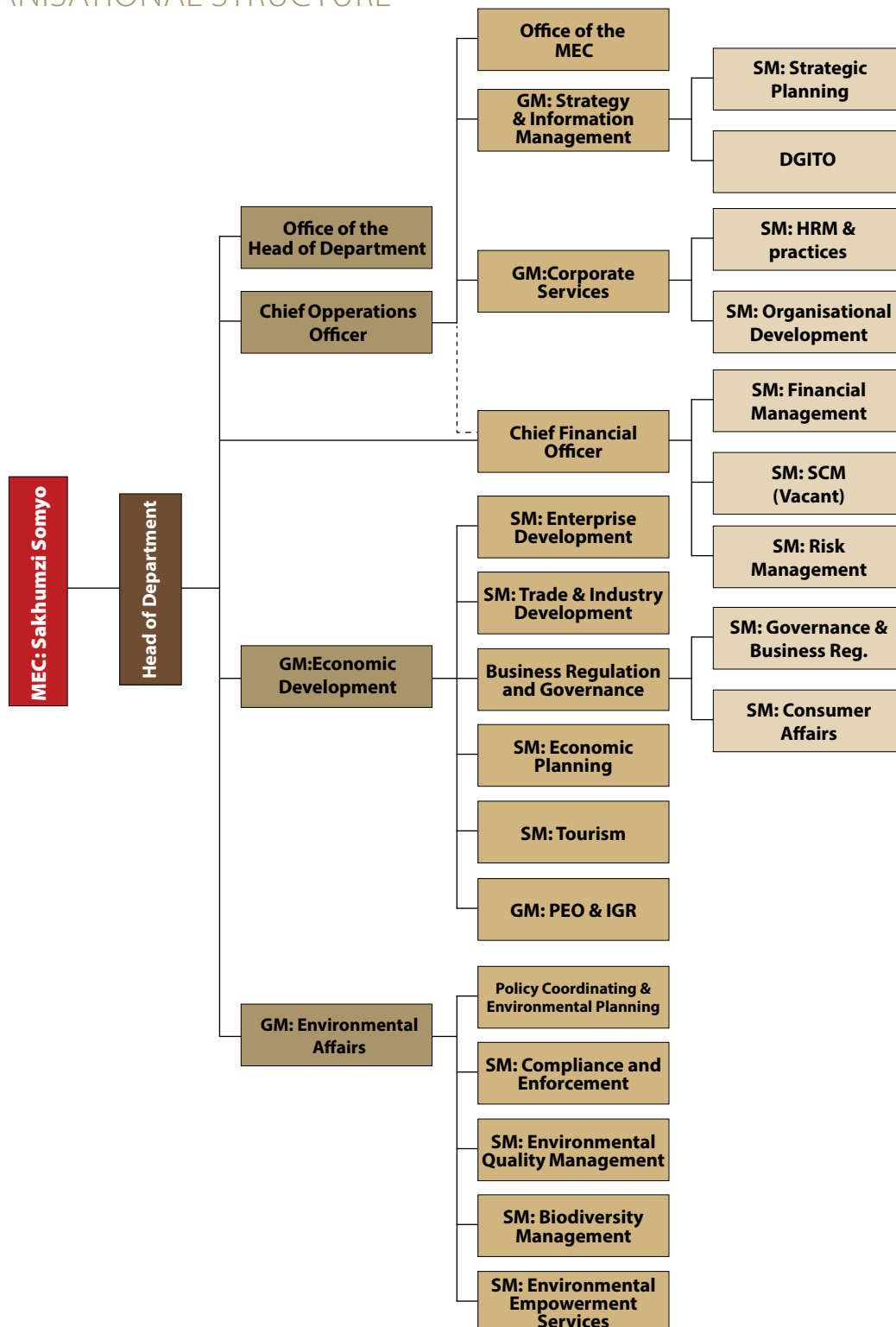
The mandate of the Department has been enhanced by the 12 (now 14) key outcomes identified and agreed to by the National Cabinet in 2010. The Department had to adjust its strategic plan to demonstrate alignment with outcomes 4, 6, 10 and 12 which are outlined below:

- Outcome 4: Decent employment through inclusive economic growth.
Under this outcome, the following policies and strategies are used to drive DEDEAT programmes: Industrial Policy Action Plan (IPAP 3); National Development Plan; New Growth Path; National LED Framework; Vision 2030 (successor to the Provincial Growth and Development Plan); Job Fund Strategy; Provincial Industrial Development Strategy (PIDS); Strategic Integrated Projects (SIP3) and the Renewable Energy Strategy.
- Outcome 6: An efficient, competitive and responsive economic infrastructure Network.
This is done through the Industrial Development Zone (IDZ) programmes at Coega and ELIDZ. The Department is supporting the development of the Wild Coast Special Economic Zone which will focus on agro-processing. A full feasibility study is being done while awaiting regulations governing operations of the SEZs.
- Outcome 7: Rural development, land and agrarian reform, food security.
The Department has been collaborating with the Department of Rural Development and Agriculture. Agro-industry was promoted to support sustainable economic development. Part of the work involved influencing collaborating departments to improve road networks linking farm and non-farm activities in strategic rural locations and clustering in the sector for growth and export of agro-products.



- Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced. This is done through the Department and the ECPTA. The DEDEAT Group maintains more than 13 nature reserves throughout the Province.
- Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship. This is done through various programmes of the Department and public entities such as consumer awareness training, and environmental awareness training. Citizens are also empowered through Province-wide programmes of the ECLB and ECGBB. Inclusivity is also done partly through EPWP programmes, SMMEs/Cooperatives support and training as part of outcome 4 above.

8. ORGANISATIONAL STRUCTURE



Source: Adapted from the approved 2006 organisational structure

There have been a number of attempts to refine the approved 2006 organisational structure since 2009. With shrinking government resources, especially in the last two years, a decision was made to work with the 2006 structure and accommodate minor changes within the allocated budget of the Department. A revised 2006 structure has been submitted to the Office of the Premier for scrutiny before it is submitted to the DPSA for analysis and approval.



9. ENTITIES REPORTING TO THE MEC

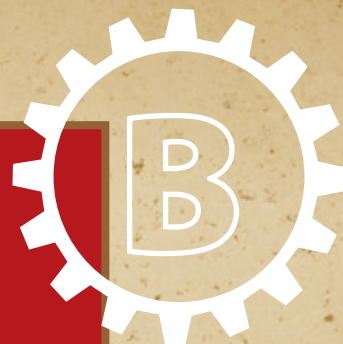
The following entities report to the MEC of Economic Development, Environmental Affairs and Tourism:

Name of Entity	Legislative Mandate	Financial Relationship		Nature of Operations
Eastern Cape Development Corporation	To plan, finance, co-ordinate, market, promote and implement the development of the Province and all its people in the fields of industry, commerce, agriculture, transport and finance in line with the ECDC Act (1997)	Main appropriation R366 535 000	Adjusted budget R155 535 000	<ul style="list-style-type: none"> Provides short-term and long-term development finance primarily to previously disadvantaged entrepreneurs Provides non-financial support services to facilitate enterprise development, promote trade and investment Manages investments in the form of shares on behalf of the state as well as other assets
East London Industrial Development Zone	To pursue the aims and objectives of the IDZ Programme, as set out in the IDZ Regulations of the Manufacturing Development Act (MDA), Act.187 of 1993	Main appropriation R113 792 000	Adjusted budget R118 092 000	<ul style="list-style-type: none"> Develops land so as to provide suitable infrastructure for industrial development Promotes investment and trade
Coega Development Corporation	To pursue the aims and objectives of the IDZ Programme, as set out in the IDZ Regulations of the Manufacturing Development Act (MDA), Act.187 of 1993	Main appropriation R250 000 000	Adjusted budget R97 000 000	<ul style="list-style-type: none"> Develops land so as to provide suitable infrastructure for industrial development Promotes investment and trade
Eastern Cape Parks and Tourism Agency	To develop and manage protected areas and to promote and facilitate the development of tourism in the Province in line with the ECPTA Act (2010)	Main appropriation R207 282 000	Adjusted budget R207 882 000	<ul style="list-style-type: none"> Management of conservation of biodiversity and sustainable utilization of natural resources within the protected areas Marketing, promotion and development of the Province as a tourism destination
Eastern Cape Gambling and Betting Board	To oversee all gambling and betting activities and to deal with matters incidental thereto in the Province and to exercise certain further powers as contemplated in the Eastern Cape Gambling and Betting Act (1997)	Main appropriation R 42 748 000	Adjusted budget R 42 748 000	<ul style="list-style-type: none"> Administration of applications for and licensing of gambling and betting business activities; promotion of responsible gambling through public awareness and consumer education; enforcement of compliance with legislation as well as with terms and conditions attached to licences.
Eastern Cape Liquor Board	To regulate registration of the retail sale and the micro-manufacturing of liquor in the Province; and to encourage entry, support and control socio-economic and other costs associated with liquor as provided by the Eastern Cape Liquor Act of 2003	Main appropriation R42 736 000	Adjusted budget R42 736 000	<ul style="list-style-type: none"> Administration of applications for registration and issuing of liquor license, promotion of responsible liquor trading and consumption, alerting the public to associated risks or adverse effects through public awareness and education; and enforcement of compliance with legislation as well as with terms and conditions attached to licenses.

The budget allocated to the ECDC was reduced during the adjustment estimates due to unspent funds being surrendered back to the revenue fund. These funds were originally allocated for projects to be undertaken in the prior financial year.



PERFORMANCE INFORMATION



Part B: Performance Information

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirement sections of the auditor's report.

Refer to page 112 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

This section provides a high level delivery environment and performance of the Department. Details of performance will be found under each programme.

The global and national economic performance had a negative bearing on the performance of the Department. Global economies continued to navigate the legacy of the financial crisis and an uncertain future growth outlook. World growth was weaker than expected for 2014 with the IMF's October World Economic Outlook revising estimated real GDP growth downwards, to 3.3% in 2014 and 3.8% in 2015.

A key event in 2014 was a drastic drop in oil prices which decreased by 40% between June and November 2014. The drop in oil prices meant gains for consumers and a much needed respite from inflation. South Africa further incurred massive trade account savings and assistance to close the current account deficit. This meant less pressure on the South African Reserve Bank to hike interest rates which would have been a direct threat to growth. Producers all benefited from lower oil prices from knock-on effects in lower logistics prices and possible expansion in consumption spending.

China continued to re-organise its economy to focus on domestic demand. This lowered growth expectations for the nation to 7.1% for 2015. The concern is that if demand in the world's largest economy and driver of global growth since 2010, drops below 7% this impact will have a significant effect on trading partners such as South Africa in the present and into the future.

National and Eastern Cape Performance

The Eastern Cape economic performance should be seen within the context of lower national growth. The GDP growth rate in the Eastern Cape for 2013 and 2014 was a positive, but low rate of 1.45% in 2014. Expectations for growth in 2015 are slightly higher at 2.2%. Such low levels of growth are far from the targeted level of 5.4% as set out in the National Development Plan. Education levels within the Eastern Cape remained lower than national averages and particularly low in Alfred Nzo and O.R. Tambo districts. Backlogs in education resources and facilities are still evident within the eastern sections of the Eastern Cape. The levels of matric pass rate performance also correlated spatially to these areas. This backlog in education has knock on effects for strengthening the industry skills base and thereby labour market performance.

The expanded rate of unemployment hovered between 40% and 45% in 2014. Youth unemployment (defined here as those between the ages of 19 and 24, inclusive) even reached 71% in the third quarter of 2014. Although about 35,000 more working age people were employed in the fourth quarter of 2014 compared with the third quarter of 2013 in the Eastern Cape, this was not sufficiently large enough to offset the number of new job seekers who entered the labour market in search of work.

Sector Performance

The Eastern Cape attracted a cumulative value of over R21 billion in investments to 13 renewable energy projects through the REI4P programme by the end of 2014. These projects provided a significantly large combined energy generation capacity of 1,073 Megawatts (MW), when considering that the national Renewable Energy generation capacity is 3,915MW. The Province continued to position itself as a prime destination for wind renewable energy investment, with 50.5% of the total REI4P wind projects allocated to date in the Eastern Cape. This represents a clear win for the Province and the Department. The challenge remains, however, in effectively integrating local SMMEs to benefit from the REI4P programme.



The Eastern Cape's tourism sector was boosted by a number of high profile events in 2014 such as:

- Africa Open Golf Challenge, hosted by the East London Golf Course and part sponsored by the Eastern Cape Parks and Tourism Agency. This was the seventh edition of the tournament and is co-sanctioned by the European and Sunshine Tours (Africa Open, 2014).
- Nelson Mandela Bay Municipality hosted the 10th Ironman South Africa competition. The event attracted a record 2371 entries with roughly 49 275 bed nights sold to athletes and their immediate families. The average direct spend is estimated at R64 million. These numbers are likely to change once the final economic impact report is published. The event received top media coverage, with media values estimated at R12 million. It has been estimated that over the 2005 - 2013 period, the event has generated 314 530 in bed nights sold and welcomed 11 838 athletes to Port Elizabeth (NMBT, 2014).
- IRB Rugby Sevens was hosted at the Nelson Mandela Stadium in Port Elizabeth. It proved to be a very successful event, not only in terms of organisation but also with a competition win for the Blitzbokke on home soil. The event attracted 58 500 spectators and its economic impact was estimated at R217.8 million in 2013. Spectators from outside the metro increased in 2013 to 34 000 and the estimated foreign and domestic tourist spend rose to R83 million (Metro Minutes, 2014f).
- Grahamstown is the proud home of the National Arts Festival, and with 2014 being the 40th anniversary of the festival; tickets sales were up by 6.5% from 2013 figures. A 21.4% growth in ticket sales over a five year period shows that the event is growing from strength to strength as South Africa's premier arts and cultural festival.

From 2012 to 2013 the number of bed nights sold increased by 15% (latest data available - SATourism, 2014). This represents a watershed moment, as the number of bed nights sold has declined every year in the Eastern Cape since 2006 up until now. The Operation Phakisa initiative launched in Durban on 8 July 2014 has helped to fast-track the Province's ocean economy. The Eastern Cape marine transport and manufacturing sector has been boosted by the launch of the South African International Maritime Institute (SAIMI), a joint initiative between the SA Maritime Safety Authority (SAMSA) and the Nelson Mandela Bay Metropolitan University (NMMU). The institute will promote and coordinate maritime education, skills development and research to support South Africa in harnessing the potential of maritime resources. The areas with the most potential for maritime economic development were marine transport and shipping, oil and gas, fisheries and aquaculture and maintenance. Manufacturing growth remained an area of considerable concern for the Province. The manufacturing sector grew at only 0.4% and investor confidence, as measured by the Bureau of Economic Research (BER) Business Confidence, remained in the red. On the positive side, the Industrial Development Zones continued to swim against the tide. As at 1 August 2014, investments by the 25 operational investors at COEGA were valued at R2.37 billion. At the ELIDZ, twenty-five operational investors had invested a total of R1.65 billion. In total, 25 investments were realised during the 2014/15 financial year.



2.2 Service Delivery Improvement Plan

The Department maintains an annual service delivery improvement plan which is developed in line with the guidelines of the Department of Public Service and Administration (DPSA) through the Public Service Regulations, Chapter 1, Part III C. The table below highlights the service delivery plan and the achievements to date.

Main Services and Standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
1. Provide consumer complaint support	General business and consumers of any goods or services in the EC	We provide consumer complaint advice and support to consumers on all lodged complaints within a month	Provide consumer complaint advice and support consumers on all lodged complaints within a month	647 complaints were received and 651 complaints were resolved, closed or referred to other Regulatory Bodies with jurisdiction to deal with the specific type of complaint.
2. Issuing of EIA decisions called authorizations	Private individuals, general business community and other government departments and agencies wanting to develop a listed activity or in a listed area	We issue decisions, authorisations and licenses on all applications with complete information in line with timeframes	We will issue decisions, authorisations and Licenses on all applications with complete information in line with timeframes.	157 EIA decisions were issued against the target of 127 during the financial year.
3. Issuing of biodiversity permits and licenses	Game farmers, tertiary Institutions, other government departments and buyers (private individuals or general business community) of listed flora and fauna in the EC	We will issue permits and licenses to all qualifying applicants, local, national and international in the Eastern Cape within legislated time frames	We will issue permits and licenses to all qualifying applicants, local, national and international in the Eastern Cape within legislated time frames	10 497 Licenses were issued to all qualifying applicants within the time frames.

2.3 Batho Pele Arrangements with Beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Consumer Protection Access: Regional offices and the Head Office serve as service centres for easy access to improve service delivery. A call centre and an electronic case management system was launched in 2 nd quarter.	Easy access through a sharecall hotline to lodge complaints telephonically without having to travel long distances.	The Department launched the Consumer Protection Sharecall Hotline during the year.
Consultation: Conduct six education programmes which consist of awareness workshops aligned to the Consumer Protection Education Business Plan.	Conduct six education programmes which consist of awareness workshops aligned to the Consumer Protection Education Business Plan.	Six Education Programmes were conducted for the year namely, Office of the Consumer Protector Services, Savings month and financial literacy, contracts and lay-buys, right to fair value, good quality and safety, Spend Wisely Campaign and Know your Consumer Rights Campaign.

Current/actual arrangements	Desired arrangements	Actual achievements
Consumer Protection Courtesy: Confidentiality of complainants or consumer is maintained at all times, etiquette and accurate disclosure are critical.	Confidentiality of complainants or consumer is maintained at all times, etiquette and accurate disclosure are critical.	Complainants were provided with progress reports on a regular basis.
Information: Information sheets and posters developed and launched with the call centre. Radio interviews were conducted aligned to the business plan.	Information sheets and posters developed and launched with the call centre. Radio interviews were conducted aligned to the business plan.	Thirty two radio interviews were conducted which included radio campaigns ranging from 30 seconds advertisements to 5 minutes. Promotional material in the form of fridge magnets, bumper stickers and rulers were distributed to over 1000 members of the public. The Promotional Information included the marketing of the Consumer Protection Call Centre Number, which was a Service Delivery Improvement Project for the Consumer Protection Unit. Educational material and Consumer Guides were disseminated. All educational material is made available in English and Xhosa.
Redress: The call centre's case management automatically escalates to supervisors.	The call centre will automatically provide for escalation to supervisors.	Complainants were encouraged to file complaints.
Openness & Transparency: Publication of reports and distribution to strategic centres e.g. Municipalities, other Government offices, Multi-purpose centres.	Publication of reports and distribution to strategic centres e.g. Municipalities, other Government offices, Multi-purpose centres	Trends were lifted from the analysis of sector complaints which assisted in future awareness campaigns.
Value for Money: The return on investment for the Call Centre and Electronic Case Management System will lead to efficiency and lead to timeous and effortless lodgment of complaints by consumers.	The return on investment for the Call Centre and Electronic Case Management System will lead to efficiency and lead to timeous and effortless lodgment of complaints by consumers.	Of the complaints closed, there was an estimated saving of R1 780 855.10 to consumers.
Access: The public can access NEAS, a public portal which is operational.	The public can access NEAS, a public portal which is operational	The portal is administered by Department of Environmental Affairs.
Consultation: One stakeholder forum session once in a quarter.	One stakeholder forum session per quarter	Four Stakeholder sessions were conducted for the reporting period.
Information: Information is disseminated in all stakeholder forum sessions once in a quarter, distributed to municipalities, multi-purpose centres and departmental website. The public portal on NEAS is very transparent tool and the whole EIA process is transparent especially if one registers as an interested party.	Information is disseminated in all stakeholder forum sessions once in a quarter, distributed to municipalities, multi-purpose centres and departmental website.	Four Stakeholder sessions were conducted for the reporting period.
Redress: The review of decision is done only through the Office of the MEC, only the MEC can upheld or rescind the appeal.	The review of decision is done only through the Office of the MEC, only the MEC can upheld or rescind the appeal.	Eight appeals received, 3 under external review, 4 in progress and 1 was resolved. The Appeal process has also been reviewed as a result of the regulatory review and new timeframes introduced in order for the Appeal Authority (Minister or MECs) to take a decision within 90 days from the date of lodgement of the appeal.
Openness & Transparency: The public portal on NEAS is very transparent tool and the whole EIA process is transparent especially if one registers as an interested party.	The public portal on NEAS is very transparent tool and the whole EIA process is transparent especially if one registers as an interested party.	The portal is administered by Department of Environmental Affairs.

Vote 09: Department of Economic Development, Environmental Affairs & Tourism - Province of the Eastern Cape

Current/actual arrangements Consumer Protection	Desired arrangements	Actual achievements
Value for Money: Applications must be finalised within time frames.	Applications must be finalised within time frames.	95% of authorizations issued were within legislated time-frames, the norm being 80%.
Time: Time frames within 30 BAR and 45 days Scoping EIR Report after all the required information has been received.	Time frames within 30 BAR and 45 days Scoping EIR Report after all the required information has been received.	The average time taken for BAR was 17 days and 38 for Scoping.
Access: Access through walk-ins, telephones and emails.	Access through walk-ins, telephones and emails.	Applicants send application through emails, fax and by post. Enquiries are dealt with telephonically and via email. Issued permits are scanned and emailed to applicants, posted or collected by couriers.
Consultation: Conduct one quarterly Stakeholder engagement session.	Conduct one quarterly stakeholder engagement session.	The biodiversity technical committee revised the operational guideline on the management of damage causing animals (leopards) to align it with NEMBA: Threatened and Protected Species (TOPS) regulations and it was approved for implementation. The rhino horn stockpile audit was conducted in private game farms. The Department participated in the SECSICOM Meeting which is a Committee for Stakeholders in the Wildlife Industry in Eastern Cape. The Eastern Cape Wetlands Forum Meeting, which is chaired by the Department, was held during this period.
Courtesy: Applicants answered promptly within 21 working days and complaints are recorded.	Applicants answered promptly within 21 working days and complaints are recorded.	On average, if all the information required to process the application is submitted, a permit is issued within 14 working days.
Information: Information is disseminated in all stakeholder forum sessions quarterly, pamphlets distributed to municipalities, multi-purpose centres, and departmental website and on environmental awareness days.	Information is disseminated in all stakeholder forum sessions quarterly, pamphlets distributed to municipalities, multi-purpose centres, and departmental website and on environmental awareness days.	The Department, together with the National Scientific Authority, conducted audits in Cheetah Breeding Facilities in the Province. The Biodiversity Technical Committee has developed a provincial guideline on the management of reptiles and the draft document has been submitted for approval.
Redress: The review of decision is done only through the Office of the MEC, only the MEC can uphold or rescind the appeal	The review of decision is done only through the Office of the MEC, only the MEC can uphold or rescind the appeal.	There were no appeals for the year under review.
Openness & Transparency: The departmental operational guidelines, all legislation, norms and standards are accessible to all enquiring applicants. The proactive and routine inspections are conducted by regions in servicing the stakeholders.	The departmental operational guidelines, all legislation, norms and standards are accessible to all enquiring applicants. The proactive and routine inspections are conducted by regions in servicing the stakeholders.	Comments on the draft bio-prospecting, access and benefit sharing regulations were submitted to the National Department of Environmental Affairs. The Nelson Mandela Bay Metro bioregional plan has been published in the Government Gazette for comment.
Value for Money: Value attached and efficient utilisation to fauna and flora by wild life	Value attached and efficient utilisation to fauna and flora by wild life.	R243 060.00 was collected for the reporting period.



2.4 Service Delivery Information Tool

Current/actual information tools	Desired information tools	Actual achievements
Two stakeholder engagement sessions per quarter	Information pamphlets will be developed. Radio interviews, coupled with commemoration of World Consumer Rights Day in March 2014	Seventy-eight workshops were held across the Province with 4 542 delegates attending. Thirty-two radio interviews were conducted which included radio campaigns ranging from 30 seconds advertisements to 5 minutes. Promotional material in the form of fridge magnets, bumper stickers and rulers were distributed to over 1000 members of the public.
Quarterly stakeholder forum sessions	Information is disseminated in all stakeholder forum sessions once a quarter, distributed to municipalities, multi-purpose centres and departmental website	Four stakeholder sessions were conducted for the reporting period.
Information sharing quarterly sessions	Information is disseminated in all stakeholder forum sessions quarterly, pamphlets distributed to municipalities, multi-purpose centres, and departmental website and on environmental awareness days.	The Biodiversity Technical Committee has developed a provincial guideline on the management of Reptiles and the draft document has been submitted for approval.

2.5 Complaints Mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
An electronic case management system was launched in the 2014 financial year.	An automated escalation mechanism	The call centre automatically provides for escalation to supervisors.
Impact Management: An appeal process	Impact Management: An appeal process	Eight appeals received, 3 under external review, 4 in progress and 1 was resolved. The Appeal process has also been reviewed as a result of the regulatory review and new time frames introduced in order for the Appeal Authority (Minister or MECs) to take a decision within 90 days from the date of lodgement of the appeal.
Biodiversity Management: Provincial Legislation	Biodiversity Management: Provincial Legislation	There were no appeals for the year under review.

2.6 Organisational Environment

The organisational environment has improved and was conducive to service delivery compared to the previous year. During the year, the following achievements are worth noting:

1. The Service Delivery Model was aligned with the revised organogram in order to ensure adequate organisational capacity to achieve service delivery at the periphery. The revised organogram was subsequently submitted to the OTP and DPSA for approval. It is hoped that capacity gaps in the Supply Chain Management and Finance sections will be reduced.
2. Efficiencies have improved in the area of recruitment and selection processes were more efficient in line with systems and standard procedures. However, as at the end of the financial year, there is a 33% under representation of women at SMS occupational level. The Executive Management of the Department has resolved to implement the attraction and retention strategy in order to improve the status quo.

3. An employee empowerment month was initiated in the fourth quarter to boost morale in the Department. It is hoped that this will promote sound relations, conducive working environment and improved behaviours.
4. Career development of internal employees has been prioritised. Employees are now given an opportunity to act in vacant Senior Management positions in order to improve their management skills and to expose them to complex leadership and management competencies.
5. Contracting and management of PMDS has improved across all levels of employees including compliance with PMDS requirements. The Department has been leading in the Province in terms of compliance with PMDS requirements. It is expected that this translate into overall organisational performance.
6. Leave management has been a challenge throughout the Department. Leave management has now been reviewed with weekly monitoring by head office Human Resources Planning and Practice (HRPP). The work includes proper implementation of time and attendance, document management and leave reconciliations on EVAYA, PERSAL and attendance registers. Other control measures such as training and extra effort are being done to correct the challenges of leave management.
7. Lastly, the head office building is not safe which impacts on the health and wellness of employees. This has productivity implications and may lead to litigations against the Department in the near future. Office management has been in consultation with Department of Roads and Public Works in order to resolve this matter with the urgency that it deserves.
8. The Department created the Project Management Office which is in the process of developing systems and tools to ensure good project preparation, implementation, oversight and value for money.
9. The Department continues to maintain and implement Information Communication Technology (ICT) platforms to improve organisational efficiencies. An ICT strategy formulation project was towards the end of 2014/15 and will be completed in the first quarter of 2015/16.
10. The Department has improved its communication exposure with its employees, customers and stakeholders.
11. Financial management continues to improve as exemplified by the unqualified audit opinion received in 2014/15 and the year before.
12. The SCM unit has been strengthened and turnaround time for procurement has improved significantly.
13. The strategic management unit continues to be seriously understaffed. The Department does not have sufficient resources to create a structure commensurate with the functions of the unit.
14. A strategic management solution is being developed to improve planning, M&E, project and programme portfolio management.

2.7 Key Policy Developments and Legislative Changes

A number of policy and legislative issues have been relatively stable in the year under review. While the Demarcation Board completed its demarcation study and report, the Eastern Cape has not been affected by such changes. The operations of the Department have also not changed from the preceding year.

The Eastern Cape Liquor Act (No.10 of 2003) is being amended. The proposed Liquor Bill will shortly be published in the Government Gazette and will call for public comment, where after those comments will be considered. Amendments to the liquor regulations have been made based on the existing Act, in particular, the fee adjustments. The impact of such changes is yet to be reported on.

The Eastern Cape Gambling and Betting Act (No.8 of 2002) is also going through transformation. The Eastern Cape Gaming Act has been approved by legislature and assented to by the Premier. It will be advertised in the Government Gazette before the end of May 2015.

The Special Economic Zones Act, 16 of 2014, has come into operation. The Regulations are in draft stage. The Wild Coast, in particular, is being positioned by the Department as an SEZ. The dti is in the process of finalising the feasibility study of the proposed Wild Coast SEZ. The study will be finalised in the 2015/16 financial year. This presents an opportunity for the Department to optimise development with a focus on local economic participation.

The Eastern Cape Parks and Tourism Agency Act (No.2 of 2010) requires regulations to be amended. The review of tourism-related provisions forms part of consideration in the drafting of Bills.

The draft White Paper on Consumer Protection will be published for public comment in the Provincial Gazette before the end of May 2015.

Lastly, the Eastern Cape Development Corporation Act (No.2 of 1997) and the Memorandum of Incorporation need to be aligned with the new Companies Act (2008), and provisions of the King III Report require attention.

The current position on the review of founding acts of public entities has been placed on hold due to the fact that a review of public entities (being undertaken in collaboration with Provincial Treasury), under the control of the Department, is underway and upon the final report, appropriate steps based on recommendations will be taken.

3. STRATEGIC OUTCOME ORIENTED GOALS

The Department has one goal, namely innovation for sustainable development which is supported by five strategic objectives.

Strategic Goal	Abbreviated Strategic Objectives
By 2014, DEDEA will be recognised as an innovative professional organisation which facilitates and regulates participation in a growing low-carbon provincial economy	SO 1 Improve Organisational Performance
	SO 2 Local Economic Participation
	SO 3 Carbon reduction and Green Economy Initiatives
	SO 4 Emission Reduction
	SO 5 Securing the Provincial Conservation Status

No specific targets were set for the goal at the beginning of the strategic cycle. However, the targets contained in the annual performance plan, as outlined in the sections under each of the three programmes of the Department, bear testimony to the drive towards the achievement of the strategic goal and objectives. When the goal is linked specifically to the strategic objectives, the following high level outcomes can be noted:

Outcome 4: Decent employment through inclusive growth

The Department has created 21 693 jobs during the past year. A total of 337 SMMEs were provided with financial and non-financial support. The number of cooperatives supported was 221. The number of people trained is lower than the number trained in 2013/14 at 8491.

Outcome 6: An efficient, competitive and responsive economic infrastructure network

The IDZ programme performed fairly well with 25 investors having been realised. The Department is working on transitioning the IDZs to the Special Economic Zones programme in line with the newly established legislation. Work is also ongoing around the Strategic Infrastructure Projects (SIPs), including roads and ports.

Outcome 7: Rural development, land and agrarian reform, food security

While the Department of Agriculture and Rural Development focuses on agri-farming, the Department has employed an agro-specialist to focus on the development of agro-processing in the Province. A cluster has been established and consultative sessions have been held with a number of stakeholders.

Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced

The Department has processed 157 EIAs within the permitted timeframes in 2014/15. Waste license applications were also processed during the period. A total of 30 environmental capacity building activities were conducted throughout the Province. The amount of conservation estate increased by 46 538 hectares. Work is also ongoing around infrastructure investment in the reserves managed by the ECPTA. This led to the creation of 1555 work opportunities.

Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship

Internal business processes of the Department are continuously being enhanced. The Department has embarked on the development of a strategic management portfolio solution to enhance planning, information management and project management. Employees continue to be empowered. A total of 150 employees were trained and R1 764 000 worth of bursaries were awarded to employees during the reporting period. Critical posts have been filled and the service delivery model and organisation structure were submitted to the OTP for processing and submission to the DPSA. Empowerment of citizens took place through programmes such as consumer, liquor and gambling awareness campaigns.



4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Programme Purpose

Administration provides the Department with strategic leadership and management, as well as overall administrative and performance oversight function.

The programme is structured as follows:

Sub-Programme	Sub-Programme Purpose
1.1: Office of the MEC	Provide overall political and policy leadership for the Department
1.2: Office of the HOD	Provide effective and efficient strategic leadership to the Department (including project and portfolio management, internal audit, legal services, strategic management and ICT)
1.3: Financial Management	Establish and maintain appropriate financial management systems
1.4: Corporate Services	Oversee the implementation and management of strategic support functions, i.e. Human Resource Planning and Practices, Communications, Organisational Development, Security Management, Office Management and Customer Care, which collectively advance the Department's strategic objectives and improve service delivery

Strategic Objective:

SO 1: Improved Organisational Performance

Strategic objective indicators, planned targets and actual achievements

Programme Name: Administration						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
SO1: Improved Organisational Performance	Business process efficiency score	0	3	0	(3) ¹	-

Performance indicators, planned targets and actual achievements

No.	Programme/Sub-programme	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
Sub-programme 1.1: Office of the HOD						
1.1	Customer relations index	0	4	0	(4) ²	0
1.2	Organisational performance index	3.3	4	3.3	(1.3) ³	83%

1. The measurement of this index was based on system logs generated from the eVaya workflow system used by the Department. At the time of reporting, the service provider was not yet able to configure these logs into the required reporting formats to enable the Department to determine the efficiency score.

2. Although the Department had undertaken a customer relations survey during the year (conducted internally), the final analysis and report could not be finalised by year end.

3. This performance indicator was meant to be measured every three years. In the 2015/16 annual performance plan, reference is made to the measurement of the index once every three years since it is more of an evaluation. The score of 3.3 is based on the 2013/14 baseline score. The service delivery environment has not changed that much since the last assessment was done.

No.	Programme/Sub-programme	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
	Strategic Objectives					
Sub-Programme 1.3: Financial Management						
1.3	Financial maturity index	2.8	3	0	(3) ⁴	0
Sub-Programme 1.4: Corporate Services						
1.4	HR efficiency index	4.3	7	5.5	(1.5) ⁵	79%

Key Achievements

Programme 1 provides support services to the core programmes of Economic Development and Environmental Affairs so that they are able to achieve the strategic objectives of the Department. The following section provides an outline of key outputs realised during the year under review.

The HOD's office, which consists of a number of sub-programmes such as portfolio management office, strategic management, ICT, special programmes and internal audit, had a number of successes. The portfolio management offices, together with the accounting officer, have identified the following programmes and sub-programmes as a priority for project control, monitoring and reporting:

- Jobs Fund
- Co-operative Fund
- Local and Regional Economic Development Fund
- Sustainable Energy
- Non-Automotive Manufacturing
- Agro-processing
- Wild Coast Programme
- Mthatha Special Economic Zone
- Resource Mobilisation

The PMO conducted a Project, Programme and Portfolio Maturity Assessment in 2014/15 which indicated that the Department requires further development in management control and risk management. The office, together with strategic management, partnered to develop a strategic management solution integrating project, programme and portfolio management, strategic management and performance management against a results-based approach. A baseline project list for which the Department provides oversight was published, including a programme monitoring tool to support programme and sub-programme managers to monitor project-level progress of their respective programmes/funds.

The PMO has also been involved in direct oversight of the Jobs Fund programme within the Province and has established strong partnerships with both the Development Bank of South Africa and National Treasury who are currently implementing the fund in the Province. Oversight support was provided to the provincial integrated social infrastructure programme within the Province, with the Eastern Cape Development Corporation and Coega Development Corporation being the implementing agents of the Programme.

The governance structures document was revised and a report on the functionality of the structures and committees within the DEDEAT was compiled. The internal audit charter was reviewed and approved.

All the statutory planning documents were developed and submitted to the relevant authorities in time. Quarterly, half year and annual reports were produced and delivered to the Provincial Treasury and Legislature. The technical indicator and evidence reference manual (TIERM) as well as reporting tools were customised and disseminated. The Planning, Monitoring, Evaluation and Reporting Forum (PMER) meetings were convened which included all public entities of the Department. Compilation and validation of M&E reports and portfolios of evidence was done by the strategic management unit.

4. Although the financial maturity assessment was conducted by the department, at the time of reporting, the Provincial Treasury had not yet provided the verified score.

5. The index has improved from last year's score of 4.3. Strategic human resource management is still scored less by employees. There has been slight improvements in Wellness and Labour Relations function



The installation of video conferencing facilities was finalised for head office and all regions, including the HOD and the 1st floor boardroom. It is expected that the solution will continue to contribute towards savings in travel and related costs.

The corporate governance of ICT framework, as per DPSA guidelines, was successfully implemented. The implementation of System Centre Service Manager implementation was finalised. Training on the system is complete. Implementation of a Virtualisation Solution has promoted the implementation of Green IT in the Department.

The upgrade of SharePoint from 2010 to 2013 has assisted the Department to ensure that it is abreast with the latest technologies. However, the speed of the lines and upload time are extremely slow and hinder service delivery which is a cause for concern. This will be investigated in the 2015/16 financial year.

Subscriptions for the Sabinet online database, WinDeed and Juta online were made in order to improve the Department's access to research. The knowledge management unit uploaded content from various services units. Books were catalogued, loaned and information packaged by the resource centre staff. The resource centre material continued to be promoted and marketed, utilised in all regions. The approval of the departmental Records Management and Resource Centre policy in June 2014 assisted with the implementation plan. Awareness was conducted at Head Office of the approved Records Management Procedure Manual and Master file plan.

The speed of the lines and upload time are extremely slow and hinder service delivery thus causing us to miss our targets of a business day turnaround time. Investigation into the installation of a dedicated line for this purpose in the new financial year will assist us greatly.

During the quarter the GIS unit has been busy with the installation of upgraded GIS software to new users

As the Department is responsible for environmental management we have also implemented Windows Development Server and System Centre Configuration Manager for deployment of Applications and Operating Systems which is eliminating the use of CDs as they end up being electronic waste that is tampering with the environment.

Logis system has been implemented. The implementation of LOGIS will impact positively in improving turnaround times in the procurement processes, access to the Treasury centralised database and reporting thereof. The Department has migrated to Logis for procurement of goods and services. Challenges are still being experienced in the procure-to-pay process and causing delays in the procurement of goods and services. Although the interaction between the sub-sections Internal Control directorate, expenditure and supply chain management shows some improvement, intervention is required to ensure that processes are well-defined, transparent and efficient to ensure that service delivery is not hampered by processes. Process-wide engagement is on-going, all the way from end users to those in the Finance sub-programme.

In an effort to combat fraud and corruption, marketing material was used by the Department to relay the message of the fight against fraud and corruption. As part of the Department's pledge to combat fraud and corruption, the Department revised its code of ethics and communicated it to the employees of the Department. Compliance checks were performed on purchase orders, subsistence and travel claims and payments by the Internal Control directorate throughout the book year. Even though every effort is made to ensure compliance, the balance between compliance and service delivery, within the required time frames, has continued to challenge the Department.

The Department's risk management committee, chaired by an independent external person, has performed its function for the 2014-15 financial year. This governance structure has been in operation throughout the year. Amongst other responsibilities, risk assessment for the 2015/16 financial year was performed, covering all the directorates of the Department. This would ensure that the internal audit is not limited to a few areas of the Department's business. At least 12 policies have been reviewed in 2014-15 to identify and improve internal controls weaknesses.

The loss of assets within the Department has continued to decrease, as compared to the previous year, as more efforts were implement to safeguard assets and account for losses when the few unfortunate events do happen.

Health and wellness sessions, including financial wellness, workplace violence, and chronic fatigue among others, were conducted at head office and regional offices. Employees in all worksites were educated on health, wellness and safety through the use of teaching materials.

A total of 13 experiential learners were placed throughout the Department. There were also 10 learnerships under the environmental learnership programme whilst 17 interns were employed for a period of 12 months each.

During the year, compliance with PMDS requirements was as follows: Ninety eight (98%) contracted by the due deadline of 30 April 2014. In terms of PMDS assessments, 93% (559 out of 601) of staff submitted completed assessment forms during the year.

The Department continues to use the approved 2006 organisational structure which is now outdated and does not fully support the implementation of the Department Strategic Plan. The revised organisational structures together with the service delivery model have been submitted to the OTP and DPSA for approval.

Office space continues to be a challenge, especially at head office. The Joe Gqabi Office was relocated to new and better premises during the year.

Strategy to overcome areas of under performance

Although the financial maturity index has improved from last year, SCM continues to be an area of challenge especially with regards to process efficiency and document management. During the year the Department developed draft SCM policies and implemented more stringent internal controls. The SCM policies were approved by the MEC during March 2015, and will be fully implemented during 2015/16.

The recruitment of additional capacity, especially in contract management which is still in process and is expected to be finalised by end of June 2015. Other areas to be worked on include acquisition management, disposal management and payment of suppliers.

Human Resources is in the process of developing an HR strategy. The scores on MPAT are also improving. Other areas of interest are human resource development, recruitment, employee wellness, delegations and PMDS.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

The performance indicators of the programme provide firstly an indication of overall organisational performance and, secondly, measures of performance in the delivery of administrative service functions to the rest of the Department. Therefore, there may not be a direct link between the performance of the programme and the budget. The link is more indirect and reflected through compensation of employees, goods and services etc.

Sub-programme Expenditure

Sub- Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	910	908	2	4 826	4 342	484
Office of the HOD	56 403	56 470	(67)	58 688	54 869	3 819
Financial Management	97 366	96 865	501	88 901	76 670	12 231
Corporate Services	55 245	55 243	2	53 374	49 260	4 114
TOTAL	209 924	209 486	438	205 789	185 141	20 648

4.2 Programme 2: Economic Development and Tourism

Economic development is primarily responsible for administering sustainable economic policies and developing appropriate strategies to promote business development and job creation. The overall goal of the programme is to sustain economic development through partnerships.

This programme is structured as follows:

Sub-programme	Sub-programme Purpose
2.1: Integrated Economic Development Services	<ul style="list-style-type: none"> To support and develop business enterprises To promote economic growth and development of local economies with partnerships with key stakeholders by aligning Local and Regional Economic Development (LRED) initiatives with government programmes To facilitate the process of empowerment and creation of an enabling business environment for PDIs
2.2: Trade and Sector Development	<ul style="list-style-type: none"> To facilitate trade promotion, retention and attraction of investment in priority sectors. To facilitate implementation of National and Provincial Priority Programmes. To create an enabling environment for the sustainable economic growth and development in prioritised and emerging sectors in the Eastern Cape. To drive implementation of programmes in these prioritised sectors: agro processing; Automotive; Green Economy; Manufacturing; and Tourism
2.3: Business Regulations and Governance	<ul style="list-style-type: none"> To lobby for provision of a regulatory framework that addresses barriers in the broader business environment. To promote good corporate governance principles, stability and efficiency in doing business. To develop, implement and promote measures that ensure the rights and interests of all consumers. To promote and maintain an effective and efficient system for regulation of business, industries and sectors.
2.4: Economic Planning	<ul style="list-style-type: none"> To develop evidence based provincial policies and strategies which inform decision making processes To ensure accessible scientific information to inform economic policy and planning processes
2.5: Tourism	<ul style="list-style-type: none"> To create an enabling tourism environment through legislation, policy and strategy development To create demand and supply for tourism To ensure sustainability and tourism sector transformation

Strategic Objectives

- SO 2: [Local economic participation] – To increase the number of individuals participating in economic activity in marginalised communities, particularly on the Wild Coast.
- SO 3: [Carbon reduction and Green Economy Initiatives] – To increase activity related to low-carbon and greener economy.

Strategic objectives indicators, planned targets and actual achievements

Programme Name: Economic Development						
Strategic Objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
SO 2: [Local economic participation]: To increase the number of individuals participating in economic activity in marginalised communities, particularly on the Wild Coast.	Employment Creation (Growth in employment - %)	3.2	2.8 ⁶	0.3%	2.5% ⁷	11%
	Eastern Cape Regional Economic Growth Rate (GDPR - %)	2.6	3.0 ⁸	1.1%	1.9% ⁹	37%
SO 1: Improved Organisational Performance	Public Entities Accountability Index	8.7	8.5	6.7	(1.8) ¹⁰	79%

Performance indicators planned targets and actual achievements

No.	Programme/Sub-programme: Integrated Economic Development					
	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
Province Specific						
Programme/ Sub – programme: Integrated Economic Development						
2.1	Number of SMMEs supported ¹¹	175	240	337	97 ¹²	140%
2.2	Number of co-operatives supported	24	100	221	121 ¹³	221%

6. The reflected achievement is based on the latest available data at the time of reporting. This data is collected and calculated by Statistics South Africa, and there is a noteworthy delay on the period reported. Although the Department is reporting on performance for the 2014/2015 year, the latest data available to date actually corresponds to the 2013/2014 period (specifically from Jan 2013 to Dec 2013 and Jan 2014 to Dec 2014 respectively).

7. The source is Statistics SA – P0211. The rate of economic growth was lower due to the depressed global economy.

8. This data is collected and calculated by Statistics South Africa, and there is noteworthy delay on the period reported – given that data collection, capturing and analysis is a lengthy process. Although the Department is reporting on performance for the 2014/2015 year, the latest data available to-date actually corresponds to the 2013/2014 period (specifically from Jan 2013 to Dec 2013).

9. The source is Statistics SA – P0441. Lower performance was due to the weak global economy (of which the Eastern Cape economy is linked) which continued to experience lower growth since the financial crisis of 2009.

10. The score was lower than expected due to a number of factors, such as meetings not being as regular as planned (MEC-Boards, HOD-CEOs, PMER forum, and oversight meetings). The reports of public entities were also not always submitted on time. Transfers could not be effected swiftly due to errors in documents submitted by the entities. The shareholder compact of Coega could not be signed because of challenges with the dti.

11. In the 2013/14 financial year and prior years there were two indicators for SMMEs supported. The indicator for the 2014/15 year includes existing SMMEs supported only.

12. More effort was put into SMME financial and non-financial support to existing SMMEs. SMME support is also demand driven. There were more SMMEs coming forward for support.

13. The over achievement is an aggregation of an under achievement on the part of ECDC (planned: 100; achieved: 58) and an over achievement of the Department (planned: 0; achieved: 163). ECDC under achieved their planned target because funding from the Department was received later than planned. The Department had an agreement with the Chris Hani District Municipality for the operation of the Cooperative Development Centre (CDC) which was ending at the end of June 2014/15. There was a misalignment of timeframes between the Department and the District Municipality. Due to this misalignment and an outstanding balance owed to the CDC, the agreement was reviewed and extended to the end of the 2015/16 financial year. Transfer payments to Chris Hani DM was only effected towards the end of the fourth quarter of 2014/15, after all due processes were completed. However, the CDC continued to provide support to cooperatives but only submitted comprehensive reports at the end of the fourth quarter hence more cooperatives were supported than initially planned.



Vote 09: Department of Economic Development, Environmental Affairs & Tourism - Province of the Eastern Cape

Programme/Sub-programme: Integrated Economic Development						
No.	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
2.3	Number of economic development projects supported at local and regional levels	14	15	12	(3) ¹⁴	80%
2.4	Number of jobs created	23 457	20 376	21 693	1 317 ¹⁵	106%
Programme/Sub-programme: Trade and Industry Development						
2.5	Number of investments realised	14	15	25	10 ¹⁶	167%
2.6	Value of investments realised	This indicator was not in the APP of the Department	R2,224bn	R2,158bn	(R66mln) ¹⁷	97%
2.7	Number of investments promoted	This indicator was not in the APP of the Department	20	18	(2) ¹⁸	90%
2.8	Number of businesses assisted with export support	81	45	207	162 ¹⁹	460%
2.9	Number of people trained (sector development and strategic initiative)	14 729	14 601	8 525	(6 076) ²⁰	58%
2.10	Number of social infrastructure projects supported	2	19	4	(15) ²¹	21%
2.11	Number of entrepreneurs in the incubation programmes (in targeted sectors)	78	32	75	43 ²²	234%
2.12	Number of sustainable energy initiatives facilitated	8	5	6	1 ²³	120%
2.13	Number of manufacturing initiatives facilitated	This indicator was not in the APP of the Department	3	8	5 ²⁴	267%
Programme/Sub-programme: Business Regulations and Governance						
2.14	Number of agency performance reports analysed	24	30	24	(6) ²⁵	80%
2.15	Number of barriers addressed	0	0	0	-	-
2.16	Number of consumer education programmes conducted	6	6	6	0	100%
2.17	Number of consumer complaints received	681	1 140	647	(493) ²⁶	57%

14. Support to LRED projects is dependent on the successful execution of the "call for proposals". The quality of projects determines the support to be provided. During the year, the quality of applications received were not of acceptable quality hence fewer projects were supported.

15. The following job opportunities were created: ELIDZ- 3 217, Coega- 14 765 and ECDC - 3 711. Due to more investments than planned, additional jobs were created. There was also increased construction activity within and outside the Province through Coega's Human Capital Solutions programme.

16. The investment pipeline yielded results better than anticipated in the year due to strong effort by officials at Coega. Coega realised 19 investments; ELIDZ realised 6 investments during the year.

17. The higher the number of investments, the higher the likelihood of the investment value, however, while the number of investments realized was higher than planned, the IDZs are not in control of the amount committed by the investor. The investment value realized is an estimation based on the investment pipeline and is not a guaranteed investment. The targeted investment value was based on the investment pipeline and the amount projected from the respective investors, but not all of these investments or investment values materialized as planned. The ELIDZ realised investment worth R267 500 000 while COEGA received investments worth R1,889 billion.

18. At the end of the financial year, 2 projects were still in the packaging stage where several studies were still being undertaken. These projects will be promoted in the 2015/16 financial year.

19. Support to exporters is demand driven. The ECDC and the dti advertised and provided platforms for prospective exporters to participate. There was overwhelming response to the exporters programme by individuals and companies.

20. The number of people trained is as follows: - ELIDZ 52, ECDC 326 and COEGA 8 147. The target was not met because Coega had an initial target of 14 549 which was changed half way through the year by the Coega Board to 5 595 without notifying the department.

21. Of the original 19 projects that were approved and funded for implementation, 14 were subsequently cancelled by Provincial Treasury during the year and funding reallocated.

From the remaining 5 projects, ECDC had supported 4 by year end. Coega Development Corporation was appointed during the year as an implementing agent on a number of projects, with implementation thereof continuing in the 2015/16 financial year. Refer to Annexure 18 in the AFS further disclosure.

22. The number consists of entrepreneurs supported through ECDC (ECITI - 19) and ELIDZ (Chemin - 56). The target is demand driven. There were more people enrolled in the programme during the year.

23. More effort was put in facilitating sustainable projects by the Department and its partners. The Eastern Cape is now one of the leading sustainable energy hubs in terms of MW generated from renewable energy and investment perspective.

24. The manufacturing unit is a fairly new unit supporting the development of various sectors in the Province. Based on internal awareness and external on services provided by DEDEAT through this unit, various requests have been received and supported.

25. The under achievement is a result of an oversight on the part of the programme to prepare written analysis reports on the 2013/14 annual reports of the six public entities.

26. Fewer complaints were received than anticipated, performance targets are based on Historical Data. The Department created awareness in relation to the rights of consumers and they are becoming more aware of their rights and responsibilities. We can assume that consumers were able to assert their rights and could be assisted by the Business thus leading to a possible reduction in complaints lodged.

No.	Programme/Sub-programme: Integrated Economic Development					
	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
2.18	Number of consumer complaints resolved	920	856	651	(205) ²⁷	76%
2.19	Number of liquor licenses issued	8 550	8 075	8 311	236 ²⁸	103%
2.20	Number of people reached through awareness programmes (liquor regulation)	18 707	20 000	22 997	2 997 ²⁹	115%
2.21	Number of gambling licenses issued	13	14	18	4 ³⁰	129%
2.22	Number of awareness programmes conducted (Gambling and Betting)	10	10	10	0	100%
2.23	Value of resources mobilised for strategic projects (R'm)	R50,397m	R15m	R2,06m	R12,94m ³¹	14%
Programme/Sub-programme: Economic Planning						
2.24	Number of Research & Development initiatives supported	1	-	-	-	-
2.25	Number of provincial economic intelligence reports produced	2	2	3	1 ³²	150%
Programme/Sub-programme: Tourism						
2.26	Number of event partnerships to enhance the marketing and promotion of provincial tourism	9	6	3	(3) ³³	50%
2.27	Total number of tourism products supported	This indicator was not in the APP of the Department	168	250	82 ³⁴	149%

Key performance

Integrated Economic Development Services

The integrated economic development service encompasses work done by the ECDC, the Department and its partners. During the year, sector specific SMME workshops emanating from the resolutions of the 6th SMME conference resolutions were held in different parts of the Province. Youth business opportunities workshops were facilitated to bring awareness to youth on available businesses opportunities in various sectors. These workshops were held in Chris Hani, OR Tambo; Cacadu, Amathole and Joe Gqabi through collaboration with other stakeholders drawn from enterprise support agencies; sector departments and local municipalities. The 7th Provincial SMME conference was held in November 2014 and was attended by 450 delegates. Key resolutions focussed on agro-processing, renewable energy, business Incubation and the financial sector.

27. There is a direct relationship on complaints received and those resolved. It can be assumed that if fewer complaints are lodged, then a lower amount of Complaints can be resolved or referred to Regulatory Bodies with Jurisdiction.

28. The over achievement is a result of more people being reached through awareness campaigns with the assumption that greater awareness leads to greater compliance, leading to more license applications and approvals.

29. More people were reached due to requests from stakeholders for ECLB's interventions in some schools that have been associated with challenges of alcohol abuse. In addition, there was increased stakeholder partnerships to support awareness campaigns.

30. The ECGBB issued more licenses than anticipated for Bingo and Type B LPM sites. The additional budget that was utilised for achieving the targets is recoverable from the investigation deposit paid by the applicants.

31. A team comprising the Department, Local Government and Traditional Affairs and Public Works lobbied the Provincial Treasury for support to fund the upgrading of rural roads leading to tourism destinations, i.e. ECPTA parks. At the time of reporting, the Department could not secure the signed agreement on this commitment which amounted to R40,74m.

32. The collaboration established from the platform of the Quarterly Economic Research Forum has solidified which enabled the achievement of two Eastern Cape Economic Review reports for the financial year. Participation from the Neil Aggett Labour Studies Unit at Rhodes University has also added human resource capacity in producing the report.

33. The indicator on event partnerships is one of the compulsory measures from the ECPTA with an original target of 6. However, when the budget was cut after planning, the ECPTA reduced their target to 3. The change in target by the ECPTA in its plan was effected after the APP of the Department had been finalised. Technically, the target has been met as this corresponds with the revised target.

34. ECPTA collaborated with various municipalities such as Ingquza Municipality, Nelson Mandela Metro, Tsogo Sun, ECDC and Tourism Enterprise Partnership in the provision of support programmes to tourism businesses. The Department also provided additional funding for the programme towards the end of the financial year.



The Department has commissioned a provincial SMME baseline study which will serve as a resource to guide the development of support programmes for the SMME's in the Province. The document has provided an in-depth analysis of the challenges faced by business owners and highlighted key interventions that should be considered by policy makers and SMME practitioners for creating an enabling environment for the sector.

A total of 56 incubates were supported with technical skill with a focus on financial management and budgeting, health and safety, and quality standards as well as raw materials for the downstream chemical manufacturing incubator (CHEMIN) including a variety of products ranging from detergent manufacturing, perfume, oil and medical ointments. Three hundred and thirty-seven SMMEs were supported through funding and training.

The LRED fund received 300 applications through 3rd Call for proposals from all districts of the Province. A total of twelve projects were funded to the value of R29,1m. All LRED projects have project steering committees and monitoring of projects took place throughout the year. LRED-funded project beneficiaries have benefited from training organised through a partnership with SEDA on co-operative governance and basic book keeping.

Roadshow awareness sessions were held in all the six districts focusing on the potential for the contribution of the cooperative financial institutions to the economy. The key highlights of the CFI road shows included the outreach to many communities and provided an opportunity for the struggling CFI's to market their products and services. A CFI indaba, which was attended by more than 250 delegates, was held in October 2014 with speakers from USA, Poland and Kenya. The Department has also embarked on the awareness of the Public Sector Cooperative Bank targeting Public Servants with the aim of establishing their own CFI for savings mobilisation and financial support to members.

Trade and Industry Development

The trade and industry programme houses the Industrial Development Zones where investments and jobs were generated. Training of people in various sectors also took place. The programme was responsible for overseeing the development of sustainable energy solutions, agro-processing and manufacturing support.

Sustainable energy

Through the Independent Power Producers Programme to date, the Eastern Cape has been awarded 15 wind farms and 1 solar farm with cumulative investment of R32.7 Billion. These will increase the installed capacity to 1476 Megawatts. A combined commitment of R200 million has been allocated to enterprise development by the Independent Power Producers, while R1.4 billion has been committed for Socio-Economic Development programmes in the local communities surrounding the wind and solar farms over the 20 year life of the projects. The 13 facilities will create over 10,400 job years over their lifetime, with 1,220 jobs at peak construction. One of the Eastern Cape Round 4 wind farms is able to deliver electricity at the cheapest rate of all renewable energy facilities in the country, namely R0.58 per Kilowatt Hour. The Department monitored progress and provided institutional support of wind farms allocated in the Eastern Cape in Round 3 and 4 of the National Renewable Energy Independent Power Producer Programme (REI4P).

In excess of 45% of the total project spend of the large Renewable Energy Facilities in the Eastern Cape has been allocated for local procurement, with the intent of stimulating development of localised industries and the green economy. The local content spend will eventually equate to R10.4 Billion. SMMEs support workshops were conducted in Great Kei Municipality, Gariep Municipality, Blue Crane Route Municipality and Kouga Municipality. A SMME Resource Pack was developed and handed over to these municipalities to guide SMMEs that want to penetrate the renewable energy market, with a specific focus on supplying goods and services to large-scale renewable energy developments. Sixteen SMMEs have undergone a capacity development programme to prepare them to benefit from the large-scale renewable energy developments which resulted in one of the SMMEs being awarded a R450 000 contract for cleaning and catering and supply of water with the Dreunberg Solar PV project for one year. They will also benefit from a mentorship programme supported by the ECDC. Three other SMMEs have been awarded six government contracts (small civils, corporate clothing and agricultural supplies) while under the support of the programme. The total value of these six contracts is just over R17 million.

An important element of the renewable energy landscape is the industrial sector. Eastern Cape is now home to 8 manufacturers in the Renewable Energy Industry with a combined investment value of over R1 billion. The Dedisa Peaking Power Plant at Coega, which uses open-cycle gas turbines (OCGTs), progressed well and will be commissioned possibly in the 4th quarter of 2015.

Provincial Technical Vocational Education and Training Colleges and all the Universities in the Eastern Cape are now offering sustainable energy training and research programmes. The provincial Green Skills Forum meetings were hosted by DEDEAT and the Office of the Premier with participation by national, provincial and local players, representing the skills sector, industry



and government. In November 2014, the DEDEAT, together with the Black Management Forum Young Professionals, hosted the Provincial Sustainable Energy Forum at the UFH Energy Efficiency Building in East London. The meeting was attended by 130 stakeholders from Industry, Financing, Education and the private sector. Learners were also exposed to green skills opportunities at the National Tourism Career Expo (NTCE) held at the ELICC in November 2014. Another Green Skills Forum took place in October 2014 which was attended by a number of academics, including the speakers and industries. A key point of departure, which was discussed and clarified by the respondents, was: what needs to be done to establish a strong green skills research programme (across research institutions) and system of knowledge building to strengthen green skills for green jobs, a green economy and climate change resilient / sustainable development in South Africa.

The Karoo Basin shale gas project is progressing well through a partnership with the Nelson Mandela University. The project is expected to generate 28 masters and doctoral graduates. The component held a stakeholder engagement in Graaff Reinet as part of its objective of ensuring a pathway of socio-economic beneficiation combined with environmental best-practice through the NMMU-DEDEAT shale gas research partnership. More than 500 stakeholders participated. The engagement included an intergovernmental session. The intention of the session was for Eastern Cape political and administrative decision-makers within the shale gas exploration area to deliberate on the social, economic and environmental dynamics of shale gas exploration, extraction and beneficiation; and to work towards a common provincial policy position on questions relating to shale gas.

The energy group developed a provincial Bio-Energy Implementation Support Plan for the Province. Bio-energy promises the highest jobs to energy unit ratio, and could act as a catalyst for local economic development in rural areas. The Support Plan highlight pathways for development of prioritised bio-energy types. The pathways provide the basis for the development of a toolkit and capacity building programme to stimulate the development of the industry.

Manufacturing

The Manufacturing unit, with support from the Provincial Treasury and various provincial departments, have endeavoured to develop a local demand mechanism that targets the procurement of goods (products) and related services from Eastern Cape-based manufacturers hence ensuring increase of local content and value addition within each sector. The sectors targeted were textiles and furniture. With significant effort and support from Provincial Treasury supply chain management office and the Department of Health, specific products under the hospital linen- and nurses uniform contracts have been allocated to a company in the Dimbaza industrial area. The nurse's uniform contract is estimated at R60 million.

The Eastern Cape remains honoured to still be hosting significant Global Automotive Original Equipment Manufacturers (AOEM), namely FAW, MBSA, FORD, VWSA and GMSA, which provides significant employment in their various companies and associated supply chain networks. The manufacturing environment however still remains constrained with the cost to business within our Province rising year on year. The sustainability and competitiveness of these sectors are underpinned with the ability to deliver their products to their markets at a relatively cost effective manner, therefore satisfying the growing needs of their customers. These increasing costs are mostly related to logistics, utilities and labour. Due to these risks, the Department, with partnership from industry, has implemented a special purpose known as the Eastern Cape Automotive Cluster aimed at improving the sector's competitive advantages through targeted interventions in skills development, supplier development and logistics. This initiative has resulted in the implementation of programmes, namely the Cleaner Production- and Total Productive Maintenance programmes, which resulted in reduced input costs for participating companies. Under skills development, leadership courses have been implemented to empower the next level of management staff within these organisations. The existing institutional arrangement linked to the auto cluster remained a challenge between industry and the Department. An independent institutional arrangement will be implemented in the 2015/16 financial year.

Based on the lessons learned and successes from the EC Automotive cluster, the Manufacturing unit implemented the Non-Automotive (NAM) Cluster initiative to target the following sectors: furniture, clothing and textiles, leather and footwear, electrical and electronic, metals, chemicals and plastics. The cluster is highly dependent on a concentration of companies in a specific geographical area to participate meaningfully within this platform. Hence, with the support from industry, the Metals sub-cluster has been established in the Nelson Mandela Bay Metro and a Plastics and Chemical Sub-cluster in the Buffalo City Metro. These special purpose vehicles have been defined by industry to target interventions in market access, skills- and supplier development. Steering committees were established for each of the identified sub-clusters and formal business implementation plans were developed for each sector.

South Africa's tooling industry is an estimated R13 billion per annum market. This will increase significantly with the future demand driven by the automotive sector ramp-up to 1.2m vehicles by 2020. The local industry finds itself in a dire situation with only 15% of the South African tooling market being produced locally. Eastern Cape hosts five of the major OEMs,

which contracts a significant degree of tier 1 and tier 2 suppliers (~84 enterprises). These enterprises do require new tooling during production upgrading and introduction of new vehicle models and changes either annually or after every 3 to 4 years. The capability of the local tool making enterprises to service this potential demand is underdeveloped hence targeted programmes are needed to enhance the capabilities of these enterprises. The manufacturing unit have secured funding for the 2015/16 financial year to ensure the roll-out of the Eastern Cape Tooling Cluster Initiative in the Province.

Since 2009, during the global economic crisis, the Department and social partners have been providing support to distressed companies utilising the Training Layoff Scheme which are administered by the CCMA, risk and development funding - administered by ECDC and IDC and, lastly, the Job Stimulus Grant Funding – administered by ECDC. The Department, since 2012, has provided institutional support to 18 companies with a collective employment figure of ~2500. Without the necessary financial and non-financial support from the Department, some of these companies may have resulted in eminent closure and significant job losses. In 2014/15, the Manufacturing unit supported a textile company, Fort Hare Agri-Park Processing facility in Alice, a leather works cooperative in OR Tambo, a rusks company in Molteno, King Hintsa FET College in Butterworth whereby various action plans were developed to support these. A framework to enhance support to “Companies in Distress” was initiated in the year under review with a focus on companies operating in sectors that are targeted in the Eastern Cape Provincial Industrial Development Strategy (PIDS) and companies that have been deemed to have strategic importance for the retention and growth of the Province.

In 2014, the President launched the Operation Phakisa initiative to unlock the Oceans Economy in South Africa. The manufacturing unit supported this initiative to develop and finalise key projects that will ensure growth within the maritime / marine transport and manufacturing sector. A priority project which has been designated for the Eastern Cape is ship repair and boatbuilding for the East London port. The Manufacturing unit, with support from Transnet, industry and relevant stakeholders, will create a working group platform in 2015/16 to enhance collaborative efforts for the roll out of Operation Phakisa projects and to engage further on infrastructure development linked to boat building for this sector.

Agro-processing

A sector specialist for agro-processing was appointed at the end of the first quarter. From the sector analysis and stakeholder engagement for industry development it transpired from the engagements with different sub-sector industries that challenges vary from under-developed primary production and access to markets in some cases. A complete value approach towards the agro-industry, coupled with cluster-based development, was adopted. To support the development of the industry in the Province, the provincial Agro-Industry Development Forum was initiated. The forum is mainly coordinating and implementing the development of the sector along the entire value chain, considering the different mandates of the different government departments as well limited financial resources.

The unit further participated in the Integrated Wild Coast SEZ Project Steering Committee sessions where issues of land and raw material supply to the processing hub was highlighted as the key issues that could jeopardise the application of an SEZ. This development will be part of the priority projects of the Agro-Industry Development Forum where the Department of Rural Development and Land Reform, Department of Rural Development and Agrarian will be expected to interface with DEDEAT for the industry development as they are key stakeholders of the broader Integrated Wild Coast Development Programme.

The unit has strengthened cooperation and participation with the dti for the development of the sector. As such, participation in the development of the National Cluster Development Framework was done as well as the National Agro-Processing Forum inception. The forum is set to provide a platform for coordination and implementation of agro-processing programmes at a national level. This will link with the provincial Agro-Industry Development Forum for sustainable economic development through the agro-processing sector.

Support was provided to the chicory industry in the Alexandria area in collaboration with the Eastern Cape Chicory Industry Stakeholders and the dti. A meeting was held in November 2014 to facilitate a provincial coordinated support plan to the industry. +++ As a sequel to the Province through the Department of Rural Development and Agrarian Reform committed to support the programme through their ploughing programme R2 million. The unit has facilitated that Chicory SA, with a processing plant based in Alexandria, submits an application for consideration through the Local and Regional Economic Development grant process to support the industry.

Engagements were held with different stakeholders. These stakeholders included the Border-Kei Chamber of Business for possible Tomato Cluster development within the Buffalo City Metro, Nelson Mandela Business Chamber for Citrus Industry support and Milk South Africa (MilkSA) for the development and transformation plan and to seek alignment with the provincial industry development initiatives. The dairy sub-sector was identified as one of the priority areas for the Agro-Industrial Manufacturing Cluster Development. Further engagements will be conducted in the 2015/2016 financial year.

Business regulation and governance

The unit is responsible for, among other functions, governance and the oversight of public entities, intergovernmental relations, consumer protection and business regulation services. All SLAs between the Department and public entities were concluded at the beginning of the year. Engagements were held between the MEC and boards, CEOs and HoD and PMER forum meetings on a quarterly basis.

IGR resource mobilisation

Intergovernmental Relations work covered participating in MuniMEC Forums convened by the DLGTA and attended by the MEC, support to Joe Gqabi Regional Office as well as the Office of the MEC during the Provincial Legislature-led "Parliament to the People", engagement in Burgersdorp and preparations for the Deputy Minister of Economic Development's visit to the Province among others.

The unit is also responsible for resource mobilisation in support of key projects and activities aligned to the industrial development strategy. A total of R2,06 million was mobilised during the year to support departmental programmes. Closer cooperation with National Treasury GTAC was initiated and led to the development of a stakeholder database for the Wild Coast as well as an engagement plan for phase 2 of the work with GTAC on the Wild Coast.

Consumer education

The consumer education component conducted six education programmes across the Province with over 4500 delegates attending and being made aware of Consumer Protection Rights and the services offered by the Office of the Consumer Protector. Some of the information provided related to the basic Consumer Rights as contained in the Consumer Protection Act, attention was given to the legislative mandate of the Office, the process and tools utilised by the office, enforcement mechanisms for consumer rights and details relating to where the consumer advice offices and contact particulars for each regional office. Part of the education campaign was done through radio interviews across the Province.

The Consumer Protection Sharecall Centre was launched where consumers are now able to lodge consumer complaints without having to travel long distances to lodge complaints at a Regional Office. The Consumer Protection Call Centre, which includes an electronic case management system, became operational on 1 July 2014.

Six hundred and forty-seven complaints were received during the 2014/2015 financial year and the resolution, referral or closure of 651 complaints with an improvement year on year of pending complaints.

Business Regulation Services

The unit met with municipalities and agreed on gaps in by-laws to be addressed. Some of these include management of natural resources which create a barrier on licensing and municipalities losing revenue if not exploited. There is sufficient enthusiasm generated by municipalities on the by-law municipality support project and therefore this project continues in the 2015/16 financial year.

The Unit provides oversight support to the ECLB and the ECGBB. The ECLB issued 8311 liquor licences. A total of 22 997 people were reached through liquor awareness programmes. The ECGBB issued 18 gambling licences. A total of 10 gambling and betting awareness programmes were conducted during the year.

Economic Planning

The Economic Planning Unit produced a number of research documents which are used for planning and information purposes by the Department, its partners and other stakeholders. The following research projects were undertaken during the 2014/15 financial year:

- Socio-Economic Review and Outlook 2015
- Eastern Cape Economic Review: This publication provides a bi-annual economic overview of the performance of the Eastern Cape economy. The intention is for readers to be taken on a guided tour of the latest 'facts and figures' of the provincial economy.
- Eastern Cape Real Investment Monitor: This publication provides a concise and easy to interpret overview of recent real investment trends in the Province.



- Baseline Study of SMMEs in the Eastern Cape
- The Eastern Cape Provincial Tourism Statistical Framework (phase 1)
- Technical Evaluation & Socio-Economic Analysis of Shale Gas in the Eastern Cape

Noteworthy Economic Planning and Research coordination activities were undertaken in the financial year:

- The Shale Gas Imbizo: Intergovernmental dialogue and stakeholder engagement on shale gas with the following main outcomes:
 - raised awareness of the DEDEAT research partnership with NMMU in preparing for maximum benefit of Shale Gas resources and proper environmental management in the Province.
 - updating Eastern Cape political and administrative decision-makers on aspects of social, economic and environmental dynamics of shale gas exploration, extraction and beneficiation;
 - identifying strategically important questions or themes which must be built into Provincial thinking and planning;
 - continuing the work towards a common provincial policy position and state of readiness for the imminent shale gas industry.
- Emerging Researchers Conference: Emerging views on the Eastern Economy by post-graduate students and emerging scholars from the Eastern Cape's universities; encouraging the next generation of thought leaders.
- Quarterly Economic Research Forum: Platform for research integration and collaboration amongst economic research programmes in the Province.
- Partnership with Neil Aggett Labour Studies Unit: Launch of the NALSU and release of EC labour market research publications. It is currently in its third year of its first funding cycle, which will end on 30 June 2015.
- Hosting of the SEZ Bill Dialogue, Special Economic Zones Workshop and formation of the Provincial Special Economic Zone Working Group to facilitate the transition to Special Economic Zones.

Tourism

Tourism is one of the key pillars of the industrial development strategy. During the year under review, the following achievements can be noted:

- The Eastern Cape Tourism Master Plan (2015-2020) was endorsed by the Provincial Exco.
- The National Tourism Careers Expo was successfully hosted. It attracted 8621 participants and 63 Small and Medium enterprises that benefitted directly. National Tourism Careers Expo has been very instrumental in promoting diverse careers in tourism as well as increasing the number of learners registering for tourism and hospitality although there are still low numbers in consumer studies. The new platforms included the aviation centre presented by South African Airways, the adventure corner presented by Jonginenge Holiday Adventure Programme and student-preneur which was facilitated by the South African Youth in Travel Tourism and Hospitality through the support of the NTCE partners, National Youth Development Agency and the South African Bureau of Standards. Important to note about the student-preneur is that 5 business plans from Walter Sisulu University tourism students were selected to go through a process of design by the SABS Design Institute.
- Successful hosting of the Ironman South Africa which attracted over 2300 athletes all over the world and approximately 80 000 spectators and generating over R60 million turnover from the event.
- Gazetting of the Provincial Registrar of Tourist Guides was concluded.
- Support to tourism SMEs was given to enable them to attend domestic platforms and consumer shows.
- Country Representatives were appointed in the United Kingdom (UK), Benelux Countries, United States of America (USA) and Canada to increase the visibility of the Eastern Cape in the international markets. This is beginning to yield positive results as reflected in the improvement in foreign arrivals in 2013.
- About 250 tourism enterprises were provided with training, business support and market access support in 2014/15. This was made possible through the partnership with Tourism Enterprise Partnership (TEP) and the ECPTA. An agreement between the ECPTA and TEP was signed for the support of Tourism Enterprise Development Programme and the 2015 Africa Open at East London Golf Club which was hosted and attracted more than 150 players.
- Ongoing consultations with several role players like National Heritage Council, DSRAC, and Nelson Mandela Museum on the development of the Liberation Heritage Route took place in relation to the Wild Coast Tourism.

Strategy to overcome areas of under performance

Emphasis will be put towards coordination and partnerships in order to train more young people in the Province. Coega Development Corporation has been brought in to assist with some of the social infrastructure projects. The Department will make sure that all sources of extra resources mobilised are followed up and sign off secured before the end of each financial year. Lastly, the Department will work closely with the ECPTA to secure partnerships that benefit the Province in terms of tourism and marketing.

Changes to planned targets

No changes were made.

Linking performance with budgets

Sub-programme expenditure

Sub-Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Int. Econ. Dev. Services	138 950	136 081	2 869	130 208	128 619	1 592
Trade and Sector Dev.	560 080	365 246	194 834	638 629	637 967	662
Business Reg. and Gov	107 677	107 677	-	110 041	106 861	3 180
Economic Planning	4 606	4 606	-	5 033	4 551	482
Tourism	7 954	7 954	-	3 662	3 042	620
TOTAL	819 267	621 564	197 703	887 573	881 037	6 536

The large underspending in the programme cannot be directly linked to overall underperformance on predetermined objectives because the underspending is related to the non-transfer of funds for infrastructure projects being implemented by the CDC. Through this project the programme had over spent on goods and services by R21,4 million and capital payments by R36,7 million. Underspending on transfers was approximately R255,9 million. Since the implementation of infrastructure projects by CDC had not been planned at the start of the 2014/15 financial year, the non-transfer of the funding did not impact on the performance of the programme.

4.3 Programme 3: Environmental Affairs

Environmental Affairs administers environmental policies that are cascaded down from national level in line with the mandate of the Department. Importantly, it regulates environmental management through instruments such as the environmental impact assessments, compliance and enforcement and biodiversity management tools.

The programme is structured as follows:

Sub-programme	Sub-programme purpose
3.1 : Policy Co-ordination and Environmental Planning	To establish legislation, policies, programmes, procedures and systems that will effectively empower and support the core functional programmes
3.2: Compliance and Enforcement	To ensure that environmental legislation is effectively used to protect the environment and its resources from unlawful and unsustainable exploitation and negative impact
3.3: Environmental Quality Management	To strive towards a safe and healthy environment through effective environmental impact assessment, air quality management and waste and pollution management for the people of the Eastern Cape
3.4: Biodiversity Management	To conserve the diversity of landscapes, ecosystems, habitats, biological communities, populations, species and genes and promote conservation and sustainable use of natural resources in the Eastern Cape
3.5: Environmental Empowerment Services	To empower and capacitate the external stakeholders of the Department to meaningfully participate in and contribute to effective environmental management

Strategic Objectives

SO 3: Carbon reduction applications

SO 4: Emissions reduction

SO 5: Securing the provincial conservation status



Strategic objectives indicators, planned targets and actual achievements

Programme Name: Environmental Affairs						
Strategic Objectives	Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
SO 4: Emissions reduction	CO2 Emission (Gg CO2 equivalent)	38 354	38 700	(44 804)	(6 104) ³⁵	86%
SO 5: Securing the provincial conservation status	Status of the ecosystems and species	0	8	0	(8) ³⁶	0%

Performance indicators planned targets and actual achievements

Programme Name: Environmental Affairs						
No.	Programme/Sub-programme	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
Sub-programme: Policy Co-ordination and Environmental Planning						
Sector-Specific						
3.1	Number of intergovernmental sector tools reviewed	39	45	45	0	100%
3.2	Number of legislative tools developed	1	0	0	0	-
3.3	Number of climate change response tools developed	2	0	2	2 ³⁷	200%
3.4	Number of functional environmental information management systems	3	5	5	0	100%
3.5	Number of environmental research projects undertaken	6	1	0	(1) ³⁸	0%
Sub-programme: Compliance and Enforcement						
3.6	Number of criminal enforcement actions finalised for non-compliance with environmental management legislation	72	105	70	(35) ³⁹	67%
3.7	Number of administrative enforcement actions taken for non-compliance with environmental management legislation	42	60	107	47 ⁴⁰	178%
3.8	Number of compliance inspections conducted	99	106	134	28 ⁴¹	126%

35. The main reason for exceeding the target was due to the increase in electricity consumption, petrol and diesel consumption and increased waste.

36. The Department is still in the process of compiling statistics on this measure which is dependent on a number of role players. This indicator is now a five year measure, hence in the 2015/16 annual performance plan, there are no targets for the next three years.

37. Extra effort was put resulting in the first tool (analysis of the GHG Emissions Inventory) being developed. The second project was as a result of a project which dealt with Waste Management in NMBM.

38. The draft Wild Coast Environmental Management Plan was gazetted for public comment, comments were considered and factored in. The final nodal maps were finalised in April 2015 and a Cabinet approval process will be implemented in June 2015 leading to the gazetting for implementation by the second quarter.

39. The indicator is demand driven, it is impossible to predict the expected performance with a great deal of accuracy during the planning stage even though baseline information was used.

40. The indicator is demand driven, it is impossible to predict the expected performance with a great deal of accuracy during the planning stage even though baseline information was used.

41. The over-achievement is as a result of follow ups made on authorisations issued by the Department.

Programme Name: Environmental Affairs						
No.	Programme/Sub-programme					
	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement for 2014/2015	Percentage of Target Achieved
3.9	Number of received s24G applications finalised	7	9	14	5 ⁴²	156%
Sub-programme: Environmental Quality Management						
3.10	Number of EIA applications finalised within legislated time-frames	157	127	157	30 ⁴³	124%
3.11	Number of designated organs of state with approved AQMPs	0	0	0	-	-
3.12	Number of air emissions licence applications finalised within legislated time-frames (atmospheric emissions)	12	1	2	1 ⁴⁴	200%
3.13	Number of waste licence applications finalised within legislated time-frames	23	6	40	34 ⁴⁵	667%
Sub-programme: Biodiversity Management						
Sector--Specific						
3.14	The hectares of land under conservation (both private and public) (Cumulative)	49 000	493	46 538	46 045 ⁴⁶	9 440%
3.15	Number of provincial protected areas with approved management plans	0	4	0	(4) ⁴⁷	0%
3.16	Number of Biodiversity Spatial Plans published	0	1	2	1 ⁴⁸	200%
3.17	Number of coastal management programmes adopted	1	1	1	-	100%
Sub-programme: Environmental Empowerment Services						
Sector-specific						
3.18	Number of job opportunities created through environmental programmes	586	940	1 555	615 ⁴⁹	165%
3.19	Number of environmental capacity building activities conducted	25	29	30	1	103%
3.20	Number of environmental awareness activities conducted	41	26	25	(1) ⁵⁰	96%

42. This indicator is demand driven and the Department has no control over when and if administrative fines are paid.

43. The indicator is demand driven, it is impossible to predict the expected performance with a great deal of accuracy during the planning stage even though baseline information was used.

44. The indicator is demand driven. It is not possible to predict the target accurately.

45. There was a presidential project to address the large number of municipalities who were operating waste disposal sites without the necessary waste license. The Presidency provided the additional funding to address this matter and hence the over performance.

46. The 2014/15 target of 493 hectares was based on the available resources and the projected cost of land per hectare. The contribution is as follows: ECPTA- 31 335 and the Department- 15 203. The land owners of the properties that were engaged during the course of the financial year had a change of heart and negotiations and commitment was realised earlier than planned

47. It transpired during the course of the financial year that a mistake was made in indicating that there are Management Plans that are due for approval. There are no Management Plans that are due for review in the near future.

48. The Mhlontlo Nature Reserve consultation process was finalised and the budget required for gazetting was made available by the Strategic Management Unit since the sub-programme responsible had no budget for such.

49. The over-achievement is as a result of the implementation of projects by various municipalities. The figure consist of 805 from ECPTA and 750 from the Department.

50 One activity was cancelled due to local logistics demands.

Key performance

The Environmental Affairs programme has been instrumental in areas of environmental compliance and enforcement, environmental quality management, biodiversity management and empowerment services. The following key achievements should be noted.

Policy Co-ordination and Environmental Planning

Forty-five Integrated Development Plans (IDP's) were reviewed for environment content at the COGTA Provincial Municipalities IDP's analysis session held by the programme management team. The analysis showed that there is little environmental information and environmental management units in municipalities. There is generally limited capacity to implement environmental programmes.

The Wild Coast Environmental Management Plan was gazetted for public comment during the year. The Department held workshops with communities and traditional leadership along the Wild Coast.

Compliance and Enforcement

Throughout the Province, the Department continued to undertake criminal as well as administrative enforcement actions for non-compliance with environmental management legislation during the reporting period.

The country lost 1215 rhinos to poachers during the year. However, the Eastern Cape lost only 15, of which none of these were poached on the declared nature reserves of government. Joint Operations were held during this period in various regions with other enforcement agencies such as the South African Police Services (SAPS), South African National Defence Force (SANDF), Department of Water Affairs (DWA), Municipalities, and Forestry and Fisheries. These operations included road blocks, illegal hunting, and illegal removal of sand, anti-poaching, discharging of sewerage on land, the clearing of indigenous vegetation and illegal clearing of vegetation.

The SIU cracked two big cycad cases, arresting 8 smugglers. Six cycad thieves were convicted and each sentenced to seven years imprisonment. Forty-eight cycads were recovered. A significant number of cycads were replanted in the wild. Sand mining joint operations on the Wild Coast resulted in the arrest of four people while five trucks were impounded.

Significant developments external to the Department that resulted in improved service delivery were the appointment of Honorary Officers to assist with voluntary monitoring and patrols in the Province. The Wilderness Foundation also donated eight hours of helicopter flying time which enabled the C&E unit to fly surveillance patrols along the coast.

Environmental Quality Management

A total of 157 environmental authorisations were finalised within time-frames against an annual target of 127. For this reporting year, the national norm set in Outcome 10 for finalisation of environmental authorisation was 80%. Environmental authorisations following Basic Assessment Reports (BAR) were on average finalised in 19 days, against the legislated norm of 30 days, while environmental authorisations following Scoping and Environmental Impact Reports (SEIR) were on average finalised in 37 days against a legislated norm of 45 days. This performance ranked amongst the highest amongst all Provinces and will be very difficult to improve on or even maintain. In December 2014, during this reporting year, new Environmental Impact Assessment Regulations (EIAR) were promulgated, with very tight time-frames that will be a challenge to meet.

Targets related to in-service training, co-operative governance and submission of EIA statistical reports were achieved or exceeded. The intended number of compliance inspections was not achieved. The reason for this is that, given limited human and financial resources, the processing of new EIA applications within time-frames must be prioritised at all times, as this is the key deliverable of the Directorate.

With reference to administration of appeals to the MEC against environmental authorisations issued by the department, the targets contained in the Operational Plan were not achieved. This is a demand driven indicator and it is not possible to accurately estimate how many appeals will be received in a given reporting year. In addition a number of appeals gave rise to legal implications and even litigation, and for such appeals, submissions to the MEC could thus not be made. In December 2014 new National Appeal Regulations (NAR) were promulgated with time-frames that will be extremely difficult to meet with current capacity. Lack of capacity places the Department at risk to the escalation in the number and complexity of appeals and in litigation related to environmental authorisations. It is not possible to take meaningful actions to mitigate this risk, other than to prioritise appeals and litigation over all other tasks and issues. The new organisational structure that was put on hold made provision for the required capacity, but can obviously not be implemented until the structure is approved and can be implemented.

Both Ndlambe (Port Alfred) and Amahlati (Stutterheim) have benefited from the roll out of climate change legacy projects with these municipalities being the recipients of waste recycling and EPWP programmes to reduce, recycle and manage waste in these towns.

The “Let’s Respond” Toolkit has been work shopped with the following municipalities:

- Alfred Nzo District Municipality
- Mbizana
- Maluti
- Nthabankulu
- Umzimvubu
- Port St Johns
- KSD
- OR Tambo District Municipality
- Amathole District Municipality

The purpose of the “Let’s Respond” workshop was to assist those municipalities to mainstream climate change considerations in the Municipal IDP. As a response, both Alfred Nzo and Mbizana are currently developing climate change response strategies for their respective municipalities. In Alfred Nzo and OR Tambo, newly established regional climate response co-ordinating structures have been established which join the already established one for Chris Hani District Municipality.

The DEA conducted workshops on dust regulations which were published in 2014. The training was well attended by most municipalities. A second workshop was conducted on the Climate Change Monitoring and Evaluation System (CCMES) as developed for the country. The purpose of the system is to track projects, activities and performance overall to show the implementation of climate change-related activities.

The Vertically Integrated Nationally Appropriate Mitigation Actions (V-NAMA) programme was rolled out to a few selected municipalities in the Province. Buildings have also been selected in both Nelson Mandela Bay Municipality and Chris Hani District Municipality. In the Eastern Cape a total of 40 government buildings have been identified and smart meters supplied to monitor electricity consumption. Energy Audits were conducted in all the municipalities and areas of energy savings have been identified in selected municipal buildings. The project has, however, not been successful in securing international funding for the roll out of a far larger programme of retrofitting government buildings so as to ensure they become energy efficient.

During this period, inspections were conducted on a number of landfill sites throughout the Province and many sites experience operational challenges with waste compaction, fencing and burning of waste. As a result Air Quality, Waste and Environmental Education units jointly undertook public awareness sessions and engaged the operators of waste sites about the dangers and harmfulness of burning their waste to human health and the environment.

Nelson Mandela Bay Metro (NMBM) undertook a feasibility study of the waste to energy opportunity which exists within their municipality. The study confirmed that viable projects exist which would result in the generation of 30MW of electricity from the waste streams. This matter is now being further refined and developed internally in NMBM.

The Province has firmly established itself as a destination for renewable energy and has seen the construction of numerous wind farms within the Province. In seeking to unlock the true potential of this sector through the guidance of the Department of Environmental Affairs a strategic environmental assessment has been conducted in the Province. The Province has identified two areas suitable for the roll out of renewable energy technologies.

The Province conducted the 2011 greenhouse gas emission inventory for the Eastern Cape. The inventory was able to establish that a total of 44 808 Gg CO₂ equiv. was emitted. This is a 16.8% increase over the 2010 figures. The Department is sure that emissions will be reduced in the coming years as the impacts of the energy produced by the renewable energy sector has yet to be factored into the latest greenhouse gas inventory.

Biodiversity Management

Off-road vehicle (ORV) regulations task team meetings were held to contribute to the better management of the Eastern Cape coastal area by the Department.



The Province is engaged in continuous monitoring of species and ecosystems. Biodiversity officials participated in the Cape parrot count. The Department also participated in the Vulture Count Day as part of the species monitoring programme. This included vulture nesting sites monitoring and recording. Microchipping of cycads continued throughout the year as an ongoing exercise. A research project to undertake the restoration of the Albany cycad was conducted and the results presented to the National Scientific Authority. An Albany Cycad Biodiversity Management Plan is being implemented with an identified landowner in the Province.

The rhino horn stockpile audit in private game farms was conducted with the support of the Compliance & Enforcement unit in the Chris Hani Region.

The Department, through Coastal Zone Management, has managed to assist seven Eastern Cape Coastal Municipalities in scrutinising and processing of their respective project proposals in relation to Operation Phakisa, and seven letters of support have since been issued to facilitate the necessary funding by DEA.

The 2015 provincial hunting proclamation was gazetted. The biodiversity technical committee met to discuss the Draft Translocation Norms & Standards and Regulations for the registration of professional hunters, hunting outfitters and trainers and comments were submitted to DEA.

The Mhlontlo Nature Reserve was gazetted in terms of the Protected Areas Act. The reserve is approximately 16 000ha. The area gazetted has a high biodiversity potential. The Protected land will add to the number of hectares of land under conservation in the Province.

The Nelson Mandela Metro Bioregional Plan was gazetted for implementation. The Bioregional Plan is a spatial plan that shows terrestrial and aquatic features that are critical for conserving biodiversity and maintaining ecosystem functioning.

Coastal Zone Management

The Department hosted the launch of the National Coastal Management Programme which took place at the East London International Convention Centre in March 2015.

A verification of all public launch sites in the Sara Baartman region was undertaken in January 2015 in order to determine the suitability of the sites for listing in the provincial public launch sites gazette. A provincial list of public launch sites was published in the provincial gazette for public comments in terms of Management of Public Launch Sites Regulations (PLSR). The commenting period of 30 days on the gazette expires on 30 April 2015.

Environmental Empowerment Services

The Department hosted the Environmental Awards Schools Competition in Port Elizabeth during September 2014. All winners received prize money of R100 000 while runners up won R75 000. Furthermore, the World Environmental Day Celebrations in Graff Reinet were coordinated where MEC Somyo announced that a R2m waste management project would be funded and implemented as an EPWP project, while at the Mandela Day Celebrations in Stutterheim, the MEC announced that a R2m waste management project would be funded and implemented in the Amahlati Municipality. A Provincial Desertification Day was celebrated at Sterkspruit with municipalities and sector departments delivering messages of support. A provincial Ozone Depleting Substances Day was celebrated at Mount Frere with the municipality, community and sector departments in attendance. A successful International Ozone Day celebration was also held in Buffalo City Metropolitan Municipality, Mdantsane, where the Department of Environmental Affairs, Buffalo City Metropolitan Municipality and the Department worked together to organise and host the event.

Over 1500 job opportunities were created through the environmental programmes sector EPWP projects.

The provincial Wetlands Day was celebrated in Mthatha in partnership with district, local municipality and other departments. Thirty environmental capacity building sessions were held with topics such as "Fracking in the Karoo", "Impacts of illegal sand mining" and "Energy efficiency" being discussed.

In all six regions, anti-waste burning events were held during the year to highlight the negative impacts of waste burning which is occurring amongst communities but also as a process of managing waste by the local authorities. This campaign highlighted the detrimental impacts of waste burning on the environment and public health. The events targeted communities as well as local government officials involved with waste management.

Strategy to overcome areas of under performance

This depends on the approval of the proposed functional organisational structure for the programme which will enable it to recruit personnel who will be able to proactively and reactively plan and advise on the delivery of the legislated mandate. Provision of budget to fill vacant critical posts and replacement or attrition posts will increase the capacity of the programme. In-service and external training opportunities will be facilitated as the legislative framework has evolved greatly in line with the National Development Plan, Environment Sector MTSF and Outcome 10.

Changes to planned targets

No changes to planned targets

Linking performance with budgets

The amount of underspending recorded by the programme is not material when compared to the budget. The programme operated within planned operational plans and cash flow projections and was therefore able to achieve many of its predetermined objectives, despite the challenges highlighted earlier.

Sub-programme expenditure

Sub-Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Policy Co-ordination and Environmental Planning	25 805	25 171	634	24 857	22 970	1 887
Compliance and Enforcement	43 118	43 118		41 113	39 947	1 166
Environmental Quality Management	14 153	14 130	23	14 085	12 659	1 426
Biodiversity Management	211 958	211 755	203	203 336	201 362	1 974
Environmental Empowerment Services	8 845	8 845		9 722	9 048	674
TOTAL	303 879	303 019	860	293 113	285 986	7 127



5. SUMMARY OF FINANCIAL INFORMATION

5.1. Transfer payments to Public Entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
Eastern Cape Development Corporation	<ul style="list-style-type: none"> Provides short-term and long-term development finance primarily to previously disadvantaged entrepreneurs Provides non-financial support services to facilitate enterprise development, promote trade and investment Manages investments in the form of shares on behalf of the state as well as other assets 	155 535	100%	<ul style="list-style-type: none"> 337 cooperatives were supported 3711 jobs were created 18 investments were facilitated 207 businesses were assisted with export support 326 people were trained in relation to sector development 4 social infrastructure projects were supported 19 entrepreneurs were supported through the ECITI incubation programme (detailed performance in annual report of the entity)
Eastern Gambling & Betting Board	<ul style="list-style-type: none"> Administration of applications for and licensing of gambling and betting business activities; Promotion of responsible gambling through public awareness and consumer education; Enforcement of compliance with legislation as well as with terms and conditions attached to licences. 	42 748	100%	<ul style="list-style-type: none"> 18 gambling and betting licences were issued 10 gambling and awareness programmes were conducted (detailed performance in annual report of the entity)
Eastern Cape Liquor Board	<ul style="list-style-type: none"> Administration of applications for registration and issuing of liquor license, promotion of responsible liquor trading and consumption, alerting the public to associated risks or adverse effects through public awareness and education; and Enforcement of compliance with legislation as well as with terms and conditions attached to licenses. 	42 736	100%	<ul style="list-style-type: none"> 22 997 people were reached through liquor regulation awareness programmes 8311 liquor licences were issued (detailed performance in annual report of the entity)
Eastern Cape Parks & Tourism Board	<ul style="list-style-type: none"> Management of conservation of biodiversity and sustainable utilization of natural resources within the protected areas Marketing, promotion and development of the Province as a tourism destination 	207 882	100%	<ul style="list-style-type: none"> 3 event partnerships were realised to enhance the marketing and promotion of tourism 250 tourism products were supported (detailed performance in annual report of the entity)

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
East London Industrial Development Zone	<ul style="list-style-type: none"> Develops land so as to provide suitable infrastructure for industrial development Promotes investment and trade 	118 092	100%	<ul style="list-style-type: none"> 3217 jobs were created 6 investments were realised R267 million worth of investments 52 people trained in various sectors 56 people were supported through the CHEMIN incubation programme (detailed performance in annual report of the entity)
Coega Development Corporation	<ul style="list-style-type: none"> Develops land so as to provide suitable infrastructure for industrial development Promotes investment and trade 	97 000	100%	<ul style="list-style-type: none"> 14765 jobs were created 19 investments were realised R1,8 billion investment value 8147 people trained in various sectors (detailed performance in annual report of the entity)
		663 993		

5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2014 to 31 March 2015

Name of transferee	Purpose for funds used	Compliance with Section 38(1) (j) of the PFMA	Amount transferred R'000	Amount spent by the entity R'000	Reason for funds unspent by the entity
Municipalities	The funds were used for the Greenest Municipality Competition and small town revitalization projects.	The participating municipalities are entities registered on the BAS system and comply with BAS requirement.			There were some problems (Incomplete information submitted by the entities) encountered by the Department in transferring the funds to the entities. Bottlenecks in the implementation of the projects (Governance) The variance has been requested through the roll over process as the report to release the funds was delayed.
Senqu Local Municipality			2,493	411	
Port St Johns Local Municipality			1,000	1,000	
Umzimvubu Local Municipality			1,000	-	
Amahlathi Municipality			2,550	158	
Gariep Local Municipality			500	500	
Mbizana Local Municipality			3,290	-	
Camdeboo Municipality			2,000	-	
Chris Hani Municipality			3,972	-	
Ndlambe Municipality			300	-	
Emalahleni Local Municipality	1,600	33			
Universities	The funds were used for the labour market research project at Rhodes University and shale gas research at Nelson Mandela Metropolitan University.	Service level agreement (SLA) signed.			
Nelson Mandela (Shale Gas)			8,000	8,000	
Rhodes University (Research)			2,041	2,041	
Nelson Mandela (Conference)			274	274	

Vote 09: Department of Economic Development, Environmental Affairs & Tourism - Province of the Eastern Cape

Name of transferee	Purpose for funds used	Compliance with Section 38(1) (j) of the PFMA	Amount transferred R'000	Amount spent by the entity R'000	Reason for funds unspent by the entity
Schools	The funds were used for the Environmental Awards Programme.				Transfers to schools are for competitions for greenest/cleanest town.
Loyiso Senior Secondary School	Schools utilised these funds for:		300		
Dumani Primary School	• Fencing the school yard and gardens		45		
Ntabezwe J.S.S	• Flowers for greening around the school yard.		95		
St Monica's Diocesan School	• Purchasing two concrete park tables and 10 bags of cement to enhance the school park.		45		
St Christophers Private School	• Purchasing seedlings and gardening equipment to enhance garden project.		7		
Kabega Primary School			7		
Jityaza Combined Primary School			20		
Mbodleni Junior Secondary School			15		
Marilliers Learning Acade			15		
Thoboshana Farm School			7		
Focused High School			7		
Umthawelanga Ss			70		
St John's College			15		
Hlabathi Jss			70		
Nzimankulu S.S.S			-		
Mzamba Junior Sec Sch			20		
Ndyebo Senior Secondary School			-		
Ntabenkonyana High School			-		
St Christophers Private School			95		
Focused High School			15		
Umkhankomo Sss			-		
Ebenezer Nyathi Sec School			-		
Camhams J.S.S			15		
Empumalanga			-		
Mabandla J.S.S			15		
Nozipho J.P School			-		
Jongimishini S.P.S			120		
Nolufefe S.P School			-		
Zandise J.S.S			15		
Arthur Mfebe Agricultural School			7		
Rubusana Snr.Secondary.School			-		
Unathi Mkeva Public Prim School			15		
Theodor Herzl High School			3		
Ebenezer Nyathi Sec School			3		
Theodor Herzl High School			20		
Luyteville Primary School			45		
Cabane J.S.S			7		
Sterkspruit Community S,PS			15		
Mpemba Jss			-		
Institute Of Waste Management			95		
Buckley J.S.S			-		
Holy Cross			45		
Nobuntu Ps			-		
Nkosemntu Motman High School			-		
Maria Low High School			-		
Semeni J.S.S			70		
Ithembelihle High School			-		
Bizana Village S.S.S			7		
Hlane J.S.S			-		
Iro Geroude S,P School			300		
Thakabanna S.S.S			7		
Leppan .S,PS			7		
Nzululwazi High School			7		
Jolobe J.S.S			70		
Bergview College			15		
Ilingeletu J.S.S			15		
Ecdeet			20		
			120		
			7		
			7		
			7		
			7		
			15		
			15		
			1 100		

Name of transferee	Purpose for funds used	Compliance with Section 38(1) (j) of the PFMA	Amount transferred R'000	Amount spent by the entity R'000	Reason for funds unspent by the entity
LRED Fund		SLA's signed off			The funds were transferred late in the financial year due to the delays in the due diligence done results performed by the outside service provider.
Gz Foundation Trust			3,000		
Ikusasa Green (Pty)Ltd			3,000		
Malizuke Construction			1,050		
East Coast Tissue Specialist			3,000		
Ilitha Lomzamo Trading			2,059		
Nkonkobe Economic Development			-		
Bassie Travel & Tours Cc			3,000		
Pluribix Ltd			750		
Mtshabane & Son			3,000		
Chris Hani District Co Op			3,000		
Ncera Macadamia Farming (Pty) Ltd			3,000		
Blue Karoo Trust			1,255		
Chemistry Incubator			3,000		
			1,800		

6. CONDITIONAL GRANTS

6.1 Conditional Grants and Earmarked Funds Paid

The table below describes each of the conditional and earmarked funds paid by the Department:

Conditional Grant 1: EPWP

Departmental/Municipality to whom the grant has been transferred.	Chris Hani District Municipality
Purpose of the grant	Clearing of alien and invasive plant species, also known as Lapesi <i>Euryops floribundus</i> , which has infested indigenous biodiversity area of flora and by so doing to enhance re-vegetation and regeneration of natural species in the area.
Expected outputs of the grant	Reduction of alien and invasive plant species and biodiversity and grazing land enhancement in the Chris Hani region.
Actual outputs achieved	There are indicators of alien and invasive species reduction in the cleared areas and re-vegetation and regeneration of native species such as red-grass, <i>Themeda triandra</i> , <i>Sporobolus africana</i> etc is prominent.
Amount per amended DORA	
Amount transferred	R1 472 000.00
Reasons if amount as per DORA not transferred	
Amount spent by the Department/ Municipality (R'000)	R1 472 000.00
Reasons for the unspent funds by entity	R308 000.00
Monitoring mechanism by the transferring department	Inspections in the cleared areas, monthly and quarterly reports in the form of financial and non-financial. Tracking of expenditure through financial statements with specific reference to DEDEAT financial transfers to Chris Hani DM.

7. DONOR FUNDS

7.1 Donor Funds Received

In 2012, DEDEAT and GIZ entered into two co-operation agreement for technical support, namely: support to DEDEAT in respect of the skills for Green Jobs Project; and support to DEDEAT under the South African German Energy Programme.

Under the Skills for Green Jobs, GIZ has provided a full-time Technical Advisor. The Advisor assists with capacity building of Further Education and Training (FET) lecturers, providing technical assistance to members of the Provincial Green Skills Forum, and providing support to DEDEAT at numerous career days in the Province. Furthermore, under the Skills for Green Jobs Programme, GIZ has paid for the training of Eastern Cape FET Lecturers in Germany in the fields of renewable energy and energy efficiency.

Under the South African – German Energy Programme, a full time Technical Advisor has been assigned to DEDEAT to assist in facilitating the implementation of the Provincial Sustainable Energy Strategy. The adviser has provided direct support to municipalities who have approached DEDEAT for assistance. Furthermore GIZ has commissioned the study as Mapping of Provincial & Municipal Permitting Process for IPP Projects in the Eastern Cape. The study provides support to municipalities and provincial government departments in respect of authorisations for independent power producers.

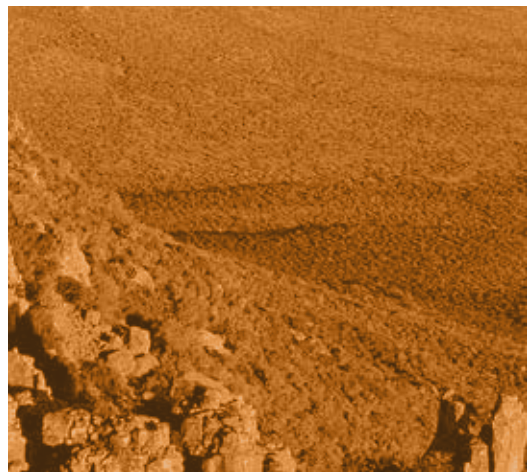
The Technical Advisers joined the Department in 2013 but it has not been the policy of GIZ to disclose the financial value of their support to DEDEAT. The value of the support cannot be quantified and is a donation in kind.

The Department was allocated the donor funding through the ECDC. However we could not claim from the fund, delays were caused by National Treasury.

8. CAPITAL INVESTMENTS

8.1 Capital Investment, Maintenance and Asset Management Plan

The Department did not have capital investments.



GOVERNANCE



Part C: Governance

1. INTRODUCTION

Commitment by the Department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which is funded by the taxpayer.

2. RISK MANAGEMENT

The Department revised and implemented its risk management policy and framework for the year under review, which outlined the approach to risk management within the department. The risk appetite and tolerance framework developed sets the risk tolerance within the department.

The annual risk assessment review was conducted at business unit level, mainly considering strategic, operational and fraud risks. Risks were categorised, prioritised and a selection of the top sixteen strategic risks was made from all three main divisions for ease of a focused management. During the course of the year, emerging risks were considered.

The Department appointed an external risk management committee chairperson for the first time, with the aim to ensure objectiveness and efficiency in risk management advisory and oversight. As risk management was included in the senior management performance agreements as a key result area, the management of risks formed part of their day-to-day activities. Management was required to report to the risk management committee on management of risk within their areas of responsibility. The committee considered the reports and provided advice, within the context of the risk appetite and tolerance framework. The committee submitted its reports to the Accounting Officer and the Audit committee on a quarterly basis.

An audit of risk management, including follow-up on implementation of the internal audit recommendations was effectively implemented. Risk management is a standing agenda item in the audit committee meetings. The risk management committee reports are also considered by the audit committee on a quarterly basis.

The effectiveness of risk management within the Department has not achieved the desired level. Having said that, the independent assessments conducted by the Presidency (MPAT), Treasury (FMCMM) and Internal Audit, though different tools and techniques were applied, points to the overall result of stagnation. Despite the above, some work in progress has been noted in the following strategic service delivery areas:

- Sustainable energy;
- Consumer protection and
- Environmental management.

3. FRAUD AND CORRUPTION

The Department's fraud prevention plan and the progress made in implementing the fraud prevention plan:

Fraud risk assessment was conducted within the Department which forms the basis of the fraud prevention plan. The plan was distributed to the employees of the Department for implementation.

The Department has continuously informed the employees, service providers, service delivery partners and the general public about mechanisms available to them to report fraud and corruption through the following:

NO	To whom communicated	Means of communication
1	Employees	Salary-pay slip
2		Banners
3		Procurement specification
4		Digital Video
5		Whistle blowing policy
6		Fraud Prevention Plan
7	Service Providers and Service delivery partners	Procurement specification
8		Payment stubs
9		Intranet
10	General public	Car license disc holders
11		Banners – In Department events and offices

The Department communicated the message on the duty to report fraud and corruption to the employees via electronic email reminders. The ethics pledge displayed in the Department's premises was also personally signed by employees of the Department to pledge to ethical conduct.

4. MINIMISING CONFLICT OF INTEREST

The Department keeps a register of declared financial interests by the senior management service (SMS) members in terms of chapter 3 (F1)(d) of the Public Service Relations. SMS members disclosed their financial interest to the Executive Authority, and submitted the same to the Public Service Commission. In the 2014-15 financial year, eDisclosure was introduced for the first time. This Department of Public Service and Administration system further requires the disclosure of vehicles registered in the names of SMS members as an additional disclosure, which was submitted by the SMS members. The register of the disclosed financial interests was compared to the Department's supplier database to ensure that no conflict of interest existed.

The processes followed to manage the conflict of interest include:

- a. Disclosure of financial interests by senior management, Supply Chain Management Practitioners, role players and BID Committee members.
- b. Vetting of senior management, staff and key suppliers.
- c. Ensuring proper delegation of financial, human resource and supply chain management functions.
- d. Verification of bidders' conduct against the register of tender defaulters.
- e. Verification of the Standard Bidding Documents (SBD 4) during the procurement process.
- f. The service providers are required to disclose their financial interests and connected government employees through the supply chain management processes.

Cooperative governance between the Department and South African Police Service, Trade and Industry, Provincial and National Treasury, South African Revenue Services and State Security Agency enhanced management of conflict of interest.

5. CODE OF CONDUCT

The Code should act as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with other. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the public service.

The primary purpose of the Code is a positive one, viz. to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct in terms of Section 20 (t) of the Public Service Act, 1994 read with section, and may be dealt with in accordance with the relevant sections of the Act, if he or she contravenes any provision of the Code of Conduct or fails to comply with any provision thereof.

A pledge signed by the executive management is displayed in the Department's offices to give effect to commitment by top management to abide by the Department's Code of Conduct.

Meetings with regions have been held during the year to promote the Code of Conduct.



6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The following health safety and environmental issues were notable during the year:

- Lack of proper ventilation due to fixed window panes. This could lead to easy spread of infectious airborne diseases like TB and influenza. If there could be a serious outbreak, many employees could be infected and this would affect service delivery.
- This coupled with the issue of inadequate air conditioners has made the building to be extremely hot in summer leading to a high heat discomfort index. This has led to a sick building syndrome where many employees have been complaining about shortness of breath, headaches, sinusitis etc. The effect of this is a high rate of absenteeism where some supervisors claim they cannot force people to come to the offices (if they prefer working from home) because they understand their plight. There is therefore no proper leave management and the Department is losing a lot of money on un-explained absenteeism.
- No Emergency Evacuation Plans due to absence of floor plans and SCM delays that make it hard to get a service provider to draw up these plans. This is a serious contravention of the Occupational Health and Safety Act which could lead to litigations against the Department should a disaster strike and lives are lost.
- Absence of fire alarms in the building which would lead to a big confusion during evacuation should a fire break out.
- Evacuation drills are not conducted caused by absence of fire alarms which poses a huge risk should an emergency strike. Employees have no clue as to where to go or what to do in such events. Some don't even know the location of Assembly Points outside the building because these could only be shown during the drills.
- File storage compartments that are inside the Finance section. This exacerbates the heat and blocks the natural light. The employees could fall sick because of this.
- In some offices, like HR, there are still network cables that are lying across the floor and this poses a huge risk of an injury on duty (IOD) where the Department can be sued for millions of rands by employees or visitors.
- Inadequate access control in the building whereby there are no proper screening on visitors for weapons and any day an estranged spouse could come in and shoot a partner inside the offices or even a disgruntled employee for that matter.
- Absence of proper Health and Safety equipment in the Amalinda office of the Environmental Affairs Chief Directorate is also a challenge that could lead to litigations against the Department should any disaster happen there.
- Ergonomics: most offices are not conducive for the optimal performance by employees as far as office space (some are too cramped), lighting (too bright), and chairs are concerned.
- Absence of a standby generator in times of power outage where people are locked up in elevators. A diabetic or claustrophobic person could collapse inside there and the Department could be sued.
- The regional offices seem to have minor challenges, especially now that the Chris Hani has relocated to Komani hospital, Joe Gqabi is about to move to new premises, and OR Tambo is under renovation.
- The absence of seat wipes puts female employees (especially) at risk of contracting diseases.

7. PORTFOLIO COMMITTEES

The Department participated in all Portfolio Committee meetings called by the Portfolio Committee on Economic Development, Environmental Affairs and Tourism. This was in relation to budgeting, planning and reporting.

8. SCOPA RESOLUTIONS

The Department was not called by for SCOPA hearings hence there were no SCOPA resolutions for the Department in 2014/15.

9. PRIOR MODIFICATION TO AUDIT REPORTS

The Department has included the following information in the table as follows:

Nature non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and as required by Section 40(1) (a) of the PFMA.	2012/13	Management has ensured proper review of AFS. The AFS are prepared on time, according to a detailed plan to accommodate proper review by Management, IA and AC before submission to Auditor General and Provincial Treasury.
Improper conduct and failure to comply with the SCM system against officials were not investigated, in contravention of Treasury Regulation 16A9.1 (b).	2013/14	Management has taken steps of investigating the officials that don't comply with SCM systems. There is a drive by management to encourage all staff members to declare all financial interests.
Effective steps were not taken to prevent irregular, fruitless and wasteful expenditure, as required by Section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.	2012/13	The Department has in the year under review established a committee to investigate and take immediate steps on all identified irregular expenditure. The SCM unit has improved its systems in the identification of irregular and classification of all transactions that meet the deviation requirements as prescribed by the Treasury Regulations.
Effective and appropriate steps were not taken to collect all money due, as required by Section 38(1)(c)(i) of the PFMA and Treasury Regulations 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).	2012/13	Management has appointed a consultant to conduct the full forensic investigation of the non-payment of amount due to the ECDC COOP fund. The Department on other cases depends on SAPS in processing criminal cases to be reviewed by the courts.
Interest was not charged on debts as required by Treasury Regulation 11.5.1.		The Department has since written to National Treasury to condone this transgression.
Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of Public Service Regulation 1/MI/D.8.	2013/14	The Department has introduced a checking and verification process this is a requirement before appointment of employees.
Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.	2012/13	
Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1. Deviations were approved by the Accounting Officer even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.	2012/13	
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by the supply chain regulations, Treasury Regulation 16A6.3(a) and the preferential procurement regulations.	2012/13	

10. INTERNAL CONTROL UNIT

The internal control directorate checks purchase orders, subsistence and travel allowance claims and payments for compliance with laws and regulation, internal controls, over and above the management review processes. The internal control directorate has distributed a total of 613 internal control discs containing the internal control documents to the departmental staff and trained 52 officials (including interns) on internal to ensure understanding and uniform implementation of internal controls. At least 12 policy reviews were done by the internal control directorate in 2014-15 financial year.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

We are pleased to present our report for the financial year ended 31 March 2015.



12. COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2015.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act (PFMA) and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter; has regulated its affairs in compliance with this charter; and has discharged all its responsibilities as contained therein.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and meet at least four times per annum as per its approved terms of reference. During the current year eight meetings were held. The members and their attendance of the meetings held are as follows:

Name of member	Qualifications	Internal or external member	Date appointed	Date resigned/ terminated	Number of meetings attended
Tracy Cumming	CA (SA), CTA, B Com.	External	01 August 2014	Current	5
Simthandile Peter	LLB	External	01 August 2014	Current	5
Luyanda Mangquku (reappointed)	BCompt, CA (SA)	External	01 August 2014	Current	5
Craig Sparg	B Com, CTA, CA(SA)	External	01 August 2014	Current	5
Nkosana Sifumba	B Com, MBL, CISA, CGEIT	External	01 August 2014	Current	5

The Effectiveness of Internal Control

In line with the PFMA and King III Report on Corporate Governance requirements, the Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that deficiencies in the system of internal control or deviations. Accordingly, we can report that the system of internal control was not entirely effective for the year under review.

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is partially satisfied with the content and quality of the quarterly financial reports prepared and issued by the Accounting Officer of the Department during the year under review.

The Audit Committee is partially satisfied with the content and quality of quarterly performance reports prepared and issued by the Accounting Officer of the Department during the year under review.

Evaluation of Financial Statements and Annual Performance Report

The Audit Committee held Special Audit Committee meetings on 22 May 2015 and 27 May 2015.

The Audit Committee has:

- Reviewed and discussed the annual financial statements to be included in the annual report, with the Accounting Officer;
- Reviewed possible changes in accounting policies and practices;
- Reviewed the Auditor General of South Africa's management report and management's response thereto;
- Advised the Accounting Officer that the financial statements and Performance Report may not be free from material misstatements due to the failure of internal controls during the preparation process; and
- Reviewed the Department's compliance with legal and regulatory provisions.

Based on the Audit Committee's review of the annual financial statements the Committee resolved to recommend to the Executive Authority that the financial statements be submitted to the Auditor-General of South Africa for auditing. The Annual Report and information on predetermined objectives were not submitted to the Audit Committee timely for review. We were therefore unable to conduct a review of the information on predetermined objective and were unable to conclude if the information should be submitted to the Auditor-General of South Africa for auditing.

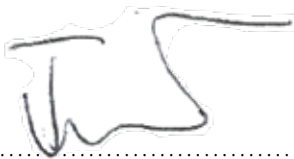
The Audit Committee accepts the audited annual financial statements and annual performance information report, and are of the opinion that the audited annual financial statements and the annual performance information report should be accepted and read together with the report of the Auditor General of South Africa.

Internal Audit

A quality assurance review of the Internal Audit function was performed by the Institute of Internal Auditors. Internal Audit received a Partially Conforms (PC) rating. The Audit Committee is partially satisfied that the Internal Audit function is operating effectively and that the audit addresses the risks pertinent to the Department.

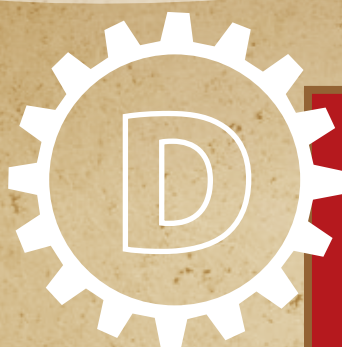
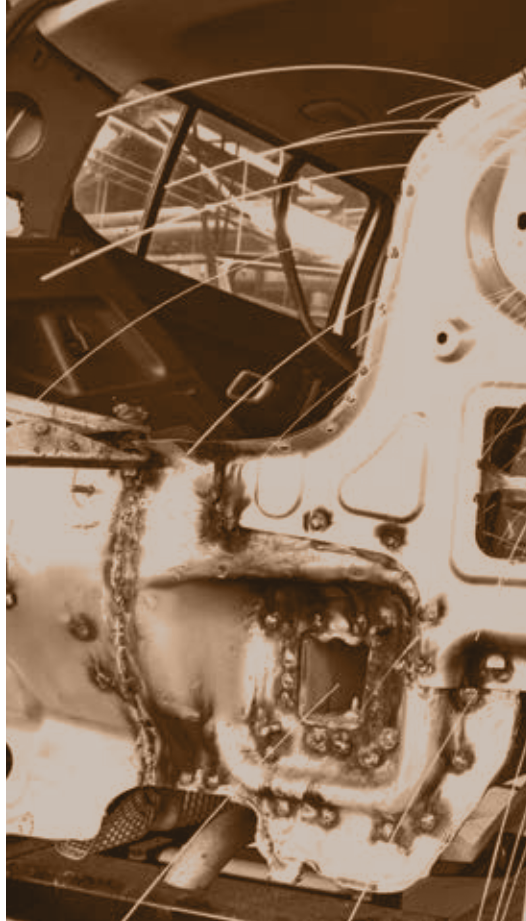
Auditor-General of South Africa

The Audit Committee has met with the Auditor General of South Africa to discuss the audit strategy at the commencement of the audit as well as at the conclusion of the audit to ensure that there are no unresolved issues.



.....
Mrs T Cumming
Chairperson of the Audit Committee
31 July 2015





HUMAN RESOURCE MANAGEMENT

Part D: Human Resource Management

1. LEGISLATION THAT GOVERN HR MANAGEMENT

The following pieces of legislation govern the activities of the human resource function in the Department:

- The Constitution of the Republic of South Africa (Act 106 of 1996)
- Public Service Act of 1994
- Public Service Regulations Act of 2001
- Labour Relations Act
- Occupational Health and Safety Act
- Basic Conditions of Employment Act
- Skills Development Act

2. INTRODUCTION

The Human Resource Management unit of the Department is responsible for staff provisioning, management of employee benefits, management of labour relations, management of staff performance, organisational development and employee wellness.

Priorities for 2014/2015 include the finalisation of organisational realignment process, review of HRM business processes, filing of critical vacancies at SMS level, implementation of employee wellness strategy, improved management of labour relations, improved employee morale and the development of a new human capital management strategy for the next term of government.

Alignment of Service Delivery Model with the revised organogram is complete in order to ensure adequate organisational capacity to achieve service delivery at the periphery. Migration of staff will assume once approval is obtained, it is envisaged that implementation of the revised organogram will be effected during quarter 3 and 4 of 2015/2016. This will bring about stability in the organisation and will assist in reducing capacity gaps in Supply Chain Management and Finance.

Managing Labour Relations in the Department has improved during the second quarters of the financial year and this can be attributed to new interventions such as capacitation of line managers.

Efficiencies have improved in the area of recruitment and selection. New control measures have been put in place to ensure that recruitment and selection process are followed to the letter thus reducing high volume of grievances to a minimum. This intervention has also improved the confidence of departmental employees and external stakeholders into the departmental processes and procedures.

Quality of performance contracts for SMS members has improved and the general performance trend in the Department has improved at all occupational levels. This is an indication of characteristics of a learning organisation. Adherence to timeframes, checks and balances has improved significantly. To this effect, the Department has been leading in the Province in terms of compliance with the HRM status report regarding PMDS. DEDEAT has been rated top by OTP in terms of contracting and submitting reviews on time during the year under review. It is envisaged that this trend will improve for the better in 2015/2016 due to a number of interventions that are being implemented, such as training of managers and supervisors on managing PMDS in order to achieve a high culture of performance.

A significant number of Audit findings for 2013/2014 financial year have been since closed and control measures have been put in place in order to minimise risks and mitigate against repeat audit findings.

From a transformation front, the workforce profile of the Department as at the end of the financial year indicates 33% under representation of women at SMS occupational levels. The Executive Management of the Department has resolve to implement the attraction and retention strategy in order to improve the status quo. In this regard, competent women will be given an opportunity in order to normalise this situation.

Leave Management has been a challenge at head office and in districts. Leave management has been projectized and the Regional Directors have been called to account by submitting a management plan which is monitored by head office HRPP



on a weekly basis. The aim of this leave management project is to institutionalise basic practices and procedures of leave management such as proper implementation of time and attendance, document management and leave reconciliations on EVAYA, PERSAL and attendance registers. In addition, HRPP will continue with training of managers and supervisors on leave management standard operating procedures. Head office HRPP staff have been working voluntary overtime in order to accelerate this project with the aim of closing all the audit findings and putting control measures in place.

Career development of internal employees is being prioritised. Employees are now given an opportunity to act in vacant Senior Management positions in order to hone their management skills and to expose them to complex real life situations where leadership and management competencies must be demonstrated. This has yielded good results in that officials who were demoralised are now better engaged and empowered and are learning critical skills that will help them cope with the demands of complex work roles.

Morale has improved to an extent as a result of implementing an "Employee empowerment month" which sought to provide a platform of engagement between employees and Executive Management of the Department in pursuit of promoting sound relations, conducive working environment and improved attitudes.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1. Personnel Related Expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2014 and 31 March 2015

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	Average Personnel Cost per Employee (R'000)
Administration	209 486	106 518	0	0	50,8	187
Economic development	621 564	39 605	0	0	6,4	69
Environmental affairs	303 019	67 809	0	0	22,4	119
TOTAL	1 134 069	213 932	0	0	18,9	375

Personnel expenditure excludes R289 000 spent under member's remuneration.

Table 3.1.2 Personnel costs by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Skilled (level 3-5)	23 734	10,6	130	182 569
Highly skilled production (levels 6-8)	70 789	31,8	248	285 440
Highly skilled supervision (levels 9-12)	77 111	34,6	138	558 775
Senior and Top management (levels 13-16)	28 468	12,8	30	948 933
Contract (Levels 3-5)	1 671	0,7	7	238 714
Contract (Levels 6-8)	1 219	0,5	2	609 500
Contract (Levels 9-12)	4 547	2	9	505 222
Contract (Levels 13-16)	6 998	3,1	8	874 750
Abnormal Appointment	1 966	0,9	38	51737
Total	216503	97,1	610	354923

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2014 and 31 March 2015

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Costs	Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	HOA as a % of Personnel Costs	Amount (R'000)	Medical aid as a % of Personnel Costs
Administration	82825	75,8	62	0,1	3634	3,3	4670	4,3
Economic development	31804	75,7	0	0	1258	3	1169	2,8
Environmental affairs	53089	74,2	0	0	1656	2,3	2663	3,7
TOTAL	167718	75,2	62	0	6548	2,9	8502	3,8

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2014 and 31 March 2015

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Costs	Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	HOA as a % of Personnel Costs	Amount (R'000)	Medical Aid as a % of Personnel Costs
Skilled (level 3-5)	16154	67,7	17	0,1	1424	6	2160	9
Highly skilled production (Levels 6-8)	52400	73,4	29	0	2493	3,5	3745	5,2
Highly skilled supervision (Levels 9-12)	59517	74,1	16	0	1644	2	2235	2,8
Senior management (Levels 13-16)	23775	78,5	0	0	848	2,8	347	1,1
Total	151846	75,2	62	0	6409	2,9	8487	3,8

3.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Table 3.2.1 Employment and vacancies by programme as on 31 March 2015

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate	Number of Employees Additional to the Establishment
Administration	321	298	7,2	13
Economic development	111	96	13,5	1
Environmental affairs	189	178	5,8	0
Total	621	572	7,9	14

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2015

Salary band	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate	Number of Employees Additional to the Establishment
Skilled(3-5)	138	130	5,8	0
Highly skilled production (6-8)	270	248	8,1	0
Highly skilled supervision (9-12)	155	138	11	
Senior management (13-16)	32	30	6,3	0
Contract (levels 3-5)	7	7	0	7
Contract (levels 6-8)	2	2	0	3
Contract (levels 9-12)	9	9	0	4
Contract (levels 13-16)	8	8	0	0
Total	621	572	7,9	14

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2015

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	32	31	3,1	0
Agricultural animal oceanography forestry & other science, Permanent	84	73	13,1	0
Agriculture related, Permanent	15	15	0	0
Bus and heavy vehicle drivers, Permanent	3	3	0	0
Cleaners in offices workshops hospitals etc., Permanent	37	32	13,5	0
Client inform clerks (switchboard, receptionist, information clerks), Permanent	6	6	0	0
Computer system designers and analysts. Permanent	1	1	0	0
Conservation labourers, Permanent	6	3	50	0
Economists, Permanent	1	1	0	0
Engineering sciences related, Permanent	3	3	0	0
Farming forestry advisors and farm managers, Permanent	15	14	6,7	0
Finance and economics related, Permanent	26	23	11,5	10
Financial and related professionals, Permanent	30	30	0	0
Financial clerks and credit controllers, Permanent	1	1	0	0
Head of Department/Chief Executive Officer, Permanent	17	17	0	0
Human resources & organisational development & relate prof. Permanent	32	29	9,4	0
Human resources clerks, Permanent	4	3	25	0
Human resources related, Permanent	2	1	50	4
Information technology related, Permanent	3	3	0	0
Language practitioners, interpreters & other communication, Permanent	4	4	0	0
Legal related, Permanent	1	1	0	0
Library mail and related clerks, Permanent	7	7	0	0
Life sciences related, Permanent	16	14	12,5	0
Light vehicle drivers, Permanent	4	4	0	0
Logistical support personnel, Permanent	40	40	0	0
Material-recording and transport clerks, Permanent	40	37	7,5	0
Nature conservation and oceanographical related technician, Permanent	28	26	7,1	0
Other administrative, related clerks and organisers, Permanent	5	3	40	0
Other administrative policy and related officers, Permanent	26	26	0	0

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Other information technology personnel, Permanent	5	3	40	0
Other occupations, Permanent	26	26	0	0
Regulatory inspectors, Permanent	6	6	0	0
Secretaries & other keyboard operating clerks, Permanent	36	36	0	0
Security guards, Permanent	21	21	0	0
Security officers, Permanent	4	3	25	0
Senior managers, Permanent	31	28	9,7	0
Trade/industry advisers & other related profession, Permanent	34	27	20,6	0
TOTAL	621	572	7,9	14

3.3. Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16	1	1	3%	0	0%
Salary Level 15	0	0	0%	0	0%
Salary Level 14	7	6	15%	1	3%
Salary Level 13	31	29	74%	2	5%
Total	39	30	92%	3	8%

Table 3.3.2 SMS post information as on 30 September 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16	1	1	3%	0	0%
Salary Level 15	0	0	0%	0	0%
Salary Level 14	7	7	18%	0	0%
Salary Level 13	31	29	74%	2	5%
Total	39	37	95%	2	5%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2014 and 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16	1	1	3%	0	0%
Salary Level 15	0	0	0%	0	0%
Salary Level 14	7	6	15%	1	3%
Salary Level 13	31	29	74%	2	5%
Total	39	30	92%	3	8%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS – Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months
The one consistent reason for variance is the budget cuts on COE that the Department experienced. The Department resolved to reprioritise its budget and not continue to fill all the vacancies. This has affected turnaround times for filling of vacancies and also the vacancy rate of the department.
Interventions: Implementation of the Career Development Strategy of the Province has been adopted by the Department. This strategy and policy allows the Department to rotate staff to areas of interest and to vulnerable units in order to both capacitate themselves for career growth opportunities that may exist in future for internal employees, and also to close capacity gaps within the most vulnerable units as far as human capital is concerned. This work reorganisation will be carried through to the new financial year.

(See Public Service Regulations Chapter 1, Part VII C.1A.3).

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months
It was not by the choice or negligence of the officials. See response in Table 3.3.4.
Reasons for vacancies not filled within six months
It was not by the choice or negligence of the officials. See response in Table 3.3.4.

(See Public Service Regulations Chapter 1, Part VII C.1A.2 and Section 16A(1) or (2) of the Public Service Act).

3.4. Job Evaluation

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job evaluation by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Posts Upgraded		Posts downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	168	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	432	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	218	0	0	0	0	0	0
Senior management Service band A	22	0	0	0	0	0	0
Senior management Service band B	6	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Contract (Levels 3-5)	8	0	0	0	0	0	0
Contract (Levels 6-8)	8	0	0	0	0	0	0
Contract (Levels 9-12)	7	0	0	0	0	0	0

Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Posts Upgraded		Posts downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Contract (Band A)	5	0	0	0	0	0	0
Contract (Band B)	2	0	0	0	0	0	0
TOTAL	877	0	0	0	0	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2014 and 31 March 2015

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2014 and 31 March 2015

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
ACCOUNTING CLERK	2	0	0	
ACCOUNTING CLERK	14	8	8	
ACCOUNTING CLERK CHIEF	1	4	4	
ADMINISTRATION CLERK	26	8	8	
ADMINISTRATION CLERK				
ADMINISTRATION CLERK	3	4	4	
ADMINISTRATION CLERK	1	4	4	
ADMINISTRATION CLERK	1	4	4	
ADMINISTRATION CLERK	1	4	9	
ADMINISTRATION CLERK	1	7	7	
ADMINISTRATION CLERK	1	7		
ADMINISTRATION CLERK	3	7	7	
ADMINISTRATION CLERK	1	7	7	
ADMINISTRATION CLERK	1	9	9	
ADMINISTRATION CLERK	1	10	10	
ADMINISTRATION CLERK	3	7	7	
ADMINISTRATION CLERK	1	7	7	
ADMINISTRATION CLERK GRADE III SENIOR	1	8	8	
ADMINISTRATIVE OFFICER	1	8	9	
ADMINISTRATIVE OFFICER	1	7	7	
ADMINISTRATIVE OFFICER	1	7	10	
ADMINISTRATIVE OFFICER		10	8	
ADMINISTRATIVE OFFICER				
ADMINISTRATIVE OFFICER	1	7		
ADMINISTRATIVE OFFICER	4			
ADMINISTRATIVE OFFICER	1	10	10	
ADMINISTRATIVE OFFICER		7	7	
ADMINISTRATIVE OFFICER	5	7	7	
ADMINISTRATIVE OFFICER	4	8		
ADMINISTRATIVE OFFICER ASSISTANT	1	7	8	OSD upgrade
ADMINISTRATIVE OFFICER ASSISTANT	1	8	8	
ASSISTANT DIRECTOR: LOGISTICS & STORES		9	10	
ASSISTANT MANAGER: CONSUMER PROTECTION	1	10	10	
ASSISTANT MANAGER: ECONOMIC DEVELOPMENT	1		10	
ASSISTANT MANAGER: ECONOMIC DEVELOPMENT		10	10	
ASSISTANT MANAGER: HUMAN RESOURCE PLANNING	1			
ASSISTANT MANAGER: INFORMATION SYSTEM DEVELOPER	1	10	10	
ASSISTANT MANAGER: INTERNAL AUDITOR			10	upgrade
ASSISTANT MANAGER: OFFICE SUPPORT		9	10	upgrade
ASSISTANT MANAGER: OFFICE SUPPORT	1	9	10	
ASSISTANT MANAGER: SPECIAL PROGRAMMES				
ASSISTANT MANAGER: SPECIAL PROGRAMMES		9	10	
ASSISTANT MANAGER: SPECIAL PROGRAMMES				
ASSISTANT MANAGER: SPECIAL PROGRAMMES		10	10	
ASSISTANT MANAGER: SPECIAL PROGRAMMES	9		10	
ASSISTANT MANAGER: SUPPLY CHAIN MANAGEMENT		10	10	
ASSISTANT RECORDS CONTROLLER				
BIODIVERSITY OFFICER CONTROL GRADE A				
BIODIVERSITY OFFICER CONTROL GRADE A		7	OSD	
BIODIVERSITY OFFICER CONTROL GRADE A				
BIODIVERSITY OFFICER CONTROL GRADE A				
BIODIVERSITY OFFICER CONTROL GRADE A				
BIODIVERSITY OFFICER CONTROL GRADE A				
BIODIVERSITY OFFICER CONTROL GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE A				
BIODIVERSITY OFFICER PRODUCTION GRADE A				
BIODIVERSITY OFFICER PRODUCTION GRADE A				
BIODIVERSITY OFFICER PRODUCTION GRADE A				
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BIODIVERSITY OFFICER PRODUCTION GRADE A				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE C				
CHIEF ACCOUNTING CLERK				
CHIEF ACCOUNTING CLERK				
CHIEF ADMINISTRATION CLERK				



Vote 09: Department of Economic Development, Environmental Affairs & Tourism - Province of the Eastern Cape

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE B				
BIODIVERSITY OFFICER PRODUCTION GRADE C				
CHIEF ACCOUNTING CLERK				
CHIEF ACCOUNTING CLERK				
CHIEF ADMINISTRATION CLERK				
CHIEF ADMINISTRATION CLERK				
CHIEF ADMINISTRATION CLERK				
CHIEF ADMINISTRATION CLERK				
CHIEF ADMINISTRATION CLERK				
CHIEF CONSUMER ADVISOR				
CHIEF CONSUMER ADVISOR				
CHIEF FINANCIAL OFFICER				
COMMUNICATION OFFICER				
COMMUNICATION OFFICER				
CONSUMER ADVISOR				
CONSUMER ADVISOR				
CONSUMER ADVISOR				
CONSUMER ADVISOR				
CONSUMER ADVISOR				
CONSUMER ADVISOR			14	
CONSUMER PROTECTOR				
CONSUMER PROTECTOR			14	
CUSTOMER CARE:OFFICER				
DEPUTY DIRECTOR: ENERGY RESEARCH			14	
DEPUTY DIRECTOR: PORTFOLIO				
DIERCTOR: PUBLIC ENTIRIES FINANCIAL OVERSIGHT			14	
DRIVER				
DRIVER	11		14	
EAP PRACTITIONER				
ENVIRONMENTAL OFFICER CONTROL GRADE A			OSD	
ENVIRONMENTAL OFFICER CONTROL GRADE A		13	15	
ENVIRONMENTAL OFFICER CONTROL GRADE A		13	7	
ENVIRONMENTAL OFFICER CONTROL GRADE A	1		5	
ENVIRONMENTAL OFFICER CONTROL GRADE A			5	
ENVIRONMENTAL OFFICER CONTROL GRADE B	17			
ENVIRONMENTAL OFFICER CONTROL GRADE B	1			
ENVIRONMENTAL OFFICER PRODUCTION GRADE A			12	
ENVIRONMENTAL OFFICER PRODUCTION GRADE A	4	10	12	
ENVIRONMENTAL OFFICER PRODUCTION GRADE A		7	13	
ENVIRONMENTAL OFFICER PRODUCTION GRADE A		7		
ENVIRONMENTAL OFFICER PRODUCTION GRADE A			7	
ENVIRONMENTAL OFFICER PRODUCTION GRADE A			7	
ENVIRONMENTAL OFFICER PRODUCTION GRADE A		13		
ENVIRONMENTAL OFFICER PRODUCTION GRADE A		4	13	
ENVIRONMENTAL OFFICER PRODUCTION GRADE A			12	
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A	6			
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE A				
ENVIRONMENTAL OFFICER PRODUCTION GRADE B				
ENVIRONMENTAL OFFICER PRODUCTION GRADE B				
ENVIRONMENTAL OFFICER PRODUCTION GRADE C			7	
ENVIRONMENTAL OFFICER PRODUCTION GRADE C				
ENVIRONMENTAL OFFICER SPECIALISED PRODUCTION				
ENVIRONMENTAL OFFICER SPECIALISED PRODUCTION				
ENVIRONMENTAL OFFICER SPECIALISED PRODUCTION				
ENVIRONMENTAL OFFICER SPECIALISED PRODUCTION				
ENVIRONMENTAL OFFICER SPECIALISED PRODUCTION				
ENVIRONMENTAL OFFICER SPECIALISED PRODUCTION				



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Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
PERSONAL ASSISTANT	1		4	
PERSONAL ASSISTANT	1		14	
PERSONAL ASSISTANT	8		14	
PERSONAL ASSISTANT			14	
PERSONAL ASSISTANT			14	
PERSONAL ASSISTANT			14	
PERSONAL ASSISTANT	2		14	
PERSONAL ASSISTANT			7	
PERSONNEL OFFICER			7	
PERSONNEL OFFICER			7	
PERSONNEL PRACTITIONER			12	
PRINCIPAL LED ADVISOR			12	
PRINCIPAL LED ADVISOR			12	
PRINCIPAL PERSONNEL OFFICER	1		13	
RECORDS CONTROLLER			11	
RENEWABLE ENERGY SPECIALIST	1		7	
RESEACHER			7	
RESOURCE CENTRE ASSISTANT	1		8	
RESOURCE CENTRE ASSISTANT				
RESOURCE CENTRE ASSISTANT	1		7	
SECURITY OFFICER			7	
SECURITY OFFICER			7	
SECURITY OFFICER			13	
SECURITY OFFICER			10	
SECURITY OFFICER			13	
SECURITY OFFICER			7	
SECURITY OFFICER	1		7	
SENIOR MANAGER SUPPLY CHAIN	4		7	
SENIOR MANAGER: AIR QUALITY & WASTE MGT			7	
SENIOR MANAGER: ALFRED NZO DISTRICT OFFICE			7	
SENIOR MANAGER: ALFRED NZO DISTRICT OFFICE			13	
SENIOR MANAGER: AMATHOLE DISTRICT OFFICE			13	
SENIOR MANAGER: DGITO			13	
SENIOR MANAGER: DONOR MOBILISATION			13	
SENIOR MANAGER: ECONOMIST			13	
SENIOR MANAGER: EMPLOYEE PRACTICES			7	
SENIOR MANAGER: FINANCIAL MANAGEMENT			13	
SENIOR MANAGER: INTERNAL AUDITOR			13	
SENIOR MANAGER: O.R TAMBO DISTRICT OFFICE			13	
SENIOR MANAGER: STRATEGIC PLANNING			13	
SENIOR MANAGER: UKHAHLAMBA DISTRICT OFFICE			13	
SPECIALIST: AGRO-INDUSTRIAL			13	
STATE ACCOUNTANT			13	
STATE ACCOUNTANT			13	
STATE ACCOUNTANT			13	
TOURISM OFFICER			7	
TOURISM OFFICER			7	
TRADE AND INDUSTRY ADVISOR				
TRADE AND INDUSTRY ADVISOR				
TRADE AND INDUSTRY ADVISOR				
TRADE AND INDUSTRY ADVISOR				
TRADE AND INDUSTRY ADVISOR				
TRADE AND INDUSTRY ADVISOR				
TRADE AND INDUSTRY ADVISOR				
TRADE AND INDUSTRY ADVISOR				
TRADE INSPECTOR				
TRADE INSPECTOR				
TRADE INSPECTOR				
TRANSPORT OFFICER				
TRANSPORT OFFICER				
TRANSPORT OFFICER				
TRANSPORT OFFICER				
Percentage of total employed				



The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2014 and 31 March 2015

Beneficiary	African	Asian	Coloured	White	Total
Female	17	0	0	1	0
Male	16	0	1	1	0
Total	33	0	1	2	36
Employees with a disability	0	0	0	0	0

3.5. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Number of Employees at Beginning of Period- April 2014	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover R mte
Skilled (Levels3-5)	141	0	8	5,7
Highly skilled production (Levels 6-8)	251	14	12	4,8
Highly skilled supervision (Levels 9-12)	148	1	10	6,8
Senior management Service bands A	25	0	1	4
Senior management Service bands B	4	1	0	0
Senior management Service bands C	2	0	0	0
Contracts	30	8	11	27
Total	601	24	42	48.3

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2014 and 31 March 2015

Occupation	Employment at Beginning of Period (April 2014)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	43	1	4	9,3
Agriculture animal oceanography forestry & other science, Permanent	64	13	2	3,1
Agriculture related, Permanent	16	0	1	6,3
Bus and heavy vehicle drivers, Permanent	3	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	40	0	6	15
Client inform clerks (switchboard reception inform clerks), Permanent	7	0	2	28,6
Computer system designers and analysts, Permanent	2	0	0	0
Conservation labourers, Permanent	1	0	0	0
Economists, Permanent	2	1	0	0
Engineering sciences related, Permanent	1	0	0	0
Farming forestry advisors and farm managers, Permanent	3	0	0	0
Finance and economics related, Permanent	15	1	1	6,7
Financial and related professionals, Permanent	24	1	2	8,3
Financial clerks and credit controllers, Permanent	25	0	1	4
Human resources and organisational development & relate prof Permanent	1	0	0	0
Human resources clerks, Permanent	17	1	2	11,8
Human resources related, Permanent	34	1	1	2,9
Information technology related, Permanent	4	0	1	25
Language practitioners, interpreters & other community, Permanent	1	0	0	0
Legal related, Permanent	3	0	0	0
Library mail and related clerks, Permanent	1	0	0	0
Life sciences related, Permanent	8	0	1	12,5
Light vehicle drivers, Permanent	1	0	0	0
Logistical support personnel, Permanent	7	0	0	0
Material-recording and transport clerks, Permanent	18	0	4	22,2
Nature conservation and oceanographical related technician, Permanent	4	0	0	0
Other administrative, related clerks and organisers, Permanent	44	0	2	4,5
Other administrative policy and related officers, Permanent	27	0	3	11,1
Other information technology personnel, Permanent	27	0	0	0
Other occupations, Permanent	4	0	1	25
Regulatory inspectors, Permanent	31	0	1	3,2
Secretaries & other keyboard operating clerks, Permanent	7	1	1	14,3
Security guards, Permanent	44	0	3	6,8
Security officers, Permanent	21	0	0	0
Senior managers, Permanent	3	0	0	0
Trade/industry advisers & other related profession, Permanent	26	4	3	11,5
TOTAL	601	24	42	7

The table below identifies the major reasons why staff have left the Department

Table 3.5.3 Reasons why staff have left the Department for the period 1 April 2014 and 31 March 2015

Termination Type	Number	% of Total Resignations
Death	4	10,25
Resignation	13	33,33
Expiry of contract	7	17,96
Retirement	15	38,46
TOTAL	39	100
Total number of employees who left as a % of total employment	6.5	



Table 3.5.4 Promotions by critical occupation for the period 1 April 2014 and 31 March 2015

Occupation	Employment at Beginning of Period (April 2014)	Promotions to Another Salary Level	Salary Level Promotions as a % of Employment	Notch Progressions as a % of Employment
Administrative related	43	0	0	24
Agricultural animal oceanography forestry & other science	64	1	1,6	39
Agriculture related	16	0	0	14
Bus and heavy vehicle drivers	3	0	0	3
Cleaners in offices workshops hospitals etc.	40	0	0	37
Client inform clerks (switchboard, receptionist, information clerks)	7	0	0	6
Computer system designers and analysts	2	0	0	0
Conservation labourers	1	0	0	1
Economists	2	0	0	1
Engineering sciences related	1	0	0	1
Farming, forestry advisors and farm managers	3	0	0	3
Finance and economics related	15	0	0	9
Financial and related professionals	24	0	0	12
Financial clerks and credit controllers	25	0	0	24
Head of Department/Chief Executive Officer	1	0	0	1
Human resources, organisational development & relate prof	17	1	5,9	10
Human resources clerks	34	0	0	28
Human resources related	4	0	0	1
Information technology related	1	1	100	0
Language practitioners, interpreters & other communication	3	0	0	2
Legal related	1	0	0	0
Library mail and related clerks	8	0	0	5
Life sciences related	1	0	0	1
Light vehicle drivers	7	0	0	7
Logistical support personnel	18	0	0	17
Material-recording and transport clerks	4	0	0	3
Nature conservation and oceanographical related technicians	44	0	0	28
Other administrative, related clerks and organisers	27	0	0	32
Other administrative policy and related officers	27	0	0	17
Other information technology personnel	4	1	25	2
Other occupations	31	0	0	23
Regulatory inspectors	7	0	0	5
Secretaries & other keyboard operating clerks	44	1	2,3	34
Security guards	21	0	0	20
Security officers	3	0	0	3
Senior managers	26	0	0	19
Trade/industry advisers & other related profession	22	3	13,6	17
TOTAL	601	8	1,3	449

Table 3.5.5 Promotions by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Employment at Beginning of Period (April 2014)	Promotions to Another Salary Level	Salary Level Promotions as a % of Employment	Progressions to Another Notch within Salary Level	
Skilled (Levels 3-5), Permanent	141	0	0	131	92,9
Highly skilled production (Levels 6-8), Permanent	251	5	2	178	70,9
Highly skilled supervision (Levels 9-12), Permanent	148	3	2	102	68,9
Senior management (Levels 13-16), Permanent	31	0	0	23	74,2
Contract (Levels 3-5), Permanent	10	0	0	10	100
Contract (Levels 6-8), Permanent	6	0	0	0	0
Contract (Levels 9-12), Permanent	7	0	0	2	28,6
Contract (Levels 13-16), Permanent	7	0	0	3	42,9
TOTAL	601	8	1,3	449	74,7

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2015

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	16	0	1	17	1	9	0	0	9	2	29
Professionals, Permanent	77	3	1	81	13	84	1	1	86	4	184
Technicians and associate professionals, Permanent	43	0	0	43	8	57	1	0	58	5	114
Clerks, Permanent	41	1	0	42	0	96	3	0	99	5	146
Service and sales workers, Permanent	21	1	0	22	0	8	0	0	8	0	30
Plant and machine operators and assemblers, Permanent	10	0	0	10	0	0	0	0	0	0	10
Elementary occupations, Permanent	21	0	0	21	3	33	1	0	34	1	59
Employees with disabilities	5	0	0	5	0	0	0	0	0	0	5
TOTAL	229	5	2	236	25	287	6	1	294	17	572

Table 3.6.2 - Total number of employees (incl. employees with disabilities) per occupational bands as on 31 March 2015

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top management, Permanent	1	0	0	1	0	0	0	0	0	0	1
Senior management, Permanent	13	0	0	13	4	10	0	0	10	2	29
Professionally qualified and experienced specialists and mid-management, Permanent	60	1	1	62	18	54	0	1	55	3	138

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	87	2	0	89	3	143	4	0	147	9	248
Semi-skilled and discretionary decision making, Permanent	59	1	0	60	0	67	2	0	69	1	130
Contract (senior management), Permanent	4	1	1	6	0	1	0	0	1	1	8
Contract (professionally qualified), Permanent	5	0	0	5	0	3	0	0	3	1	9
Contract (skilled technical), Permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (semi-skilled), Permanent	0	0	0	0	0	7	0	0	7	0	7
TOTAL	229	5	2	236	25	287	6	1	294	17	572

Table 3.6.3 Recruitment for the period 1 April 2014 and 31 March 2015

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male Total	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	1	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	7	0	0	7	0	7	0	0	7	0	14
Contract (senior management), Permanent	2	0	1	3	0	0	0	0	0	1	4
Contract (professionally qualified), Permanent	1	0	0	1	0	1	0	0	1	1	3
TOTAL	11	0	1	12	0	9	0	0	9	2	23

Table 3.6.4 – Promotions for the period 1 April 2014 and 31 March 2015

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior management, Permanent	1	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	10	0	0	10	3	7	0	0	7	2	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	43	0	1	44	16	41	0	1	42	3	103
Semi-skilled and discretionary decision making, Permanent	60	1	0	61	0	115	3	0	118	4	183
Contract (senior management), Permanent	61	1	0	62	0	67	2	0	69	0	138

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (skilled technical), Permanent	2	1	0	3	0	0	0	0	0	0	3
Contract (semi-skilled), Permanent	2	0	0	2	0	0	0	0	0	0	2
Employees with disabilities	4	0	0	0	0	0	0	0	0	0	4
TOTAL	183	3	1	183	19	230	5	1	236	9	447

Table 3.6.5 - Terminations for the period 1 April 2014 and 31 March 2015

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior management, Permanent	1	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	6	0	0	6	0	4	0	0	4	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	9	0	0	9	0	3	0	0	3	0	12
Semi-skilled and discretionary decision making, Permanent	5	0	0	5	0	3	0	0	3	0	8
Contract (senior management), Permanent	2	0	0	2	0	0	0	0	0	0	2
Contract (semi-skilled), Permanent	1	0	0	1	0	1	0	0	1	0	2
TOTAL	24	0	0	24	0	11	0	0	11	0	35

Table 3.6.6 Disciplinary action for the period 1 April 2014 and 31 March 2015

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
TOTAL	9	Nil	Nil	1	5	Nil	Nil	Nil	15

Table 3.6.7 Skills development for the period 1 April 2014 and 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	3	0	0	0	3
Professionals	7	0	0	0	12	0	0	0	19
Technicians and associate professionals	4	0	0	0	1	0	0	0	5
Clerks	20	0	0	0	102	0	0	0	122
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	1	0	0	0	0	0	0	0	1
TOTAL	33	0	0	0	118	0	0	0	151
Employees with disabilities	1	0	0	0	0	0	0	0	1

3.7 Signing of Performance Agreements by SMS members

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, and salary bands and critical occupations.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16	1	1	3%	0	0%
Salary Level 15	0	0	0%	0	0%
Salary Level 14	7	6	15%	1	3%
Salary Level 13	31	29	74%	2	5%
TOTAL	39	30	92%	3	8%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2014

Reasons
All Executive and Senior Managers have compiled and submitted their Performance Agreements as required by Chapter 4 of the SMS Handbook.
The following Members namely, Ms T. Sigwela, Ms R. de Bruin, Mr V.Sadiki and Mr A.Skenjana were appointed after 31 May 2014.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2014

Reasons
No disciplinary measures have been taken as all Members have complied as required.

3.8 Performance Rewards

3.8.1 Performance rewards by race, gender and disability for the period 1 April 2014 and 31 March 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within group	Cost (R'000)	Average cost per employee (R'000)
African, Male	5	224	2,2	82	16 301
Asian, Male	0	2	0	0	0
Coloured, Male	0	5	0	0	0
White, Male	6	25	24	123	20 524
African, Female	18	287	6,3	154	8 539
Asian, Female	0	1	0	0	0
Coloured, Female	1	6	50	20	6 615
White, Female	7	17	41,2	95	13 622
TOTAL	37	567			

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2014 and 31 March 2015

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of Total within salary bands	Total cost (R'000)	Average cost per employee (R)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	1	0				
Skilled (Level 3-5)	7	130	5,4	42	6 000	
Highly skilled production (Level 6-8)	21	248	8,5	192	9 143	
Highly skilled supervision (Level 9-12)	9	138	6,5	166	18 444	
TOTAL	38	516				

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2014 and 31 March 2015

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within occupation	Total cost (R)	Average cost per employee
SMS Level 13 to 14	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
TOTAL					

Notes:

The CORE classification, as prescribed by the DPSA, was used for completion of this table.

Table 3.8.4 Performance related rewards (cash bonus), by salary band for senior management for the period 1 April 2014 and 31 March 2015

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of Total within salary bands	Total cost (R'000)	Average cost per employee	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
TOTAL						

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	01 April 2014		31 March 2015		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (Level 9-12)	0	0	0	0	0	0
Contract (Level 13-16)	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2014 and 31 March 2015

Major Occupation	01 April 2014		31 March 2015		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Senior management	0	0	0	0	0	0
Middle management	0	0	0	0	0	0

3.10 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2014 and 31 December 2014

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave
Skilled (Levels 3-5)	1200	77,1	117	24,5	10	720	117
Highly skilled production (Levels 6-8)	1595	71,1	213	44,6	7	1 666	213
Highly skilled supervision (Levels 9-12)	847	75,3	111	23,2	8	1 500	111
Senior management (Levels 13-16)	89	79,8	18	3,8	5	291	18
Contract (Levels 3-5)	48	58,3	7	1,5	7	30	7
Contract (Levels 6-8)	20	80	3	0,6	7	19	3
Contract (Levels 9-12)	66	90,9	5	1	13	108	5
Contract (Levels 13-16)	17	82,4	4	0,8	4	57	4
TOTAL	3882	74,3	478	100	8	4391	478

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2014 and 31 December 2014

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Days With Medical Certification	Total Number of Employees Using Disability Leave
Highly skilled production (Levels 6-8)	113	100	5	62,5	23	114	113	0
Highly skilled supervision (Levels 9-12)	81	100	1	12,5	81	151	81	0
TOTAL	194	200	6	75	104	265	194	16

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires the management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual leave for the period 1 January 2014 and 31 December 2014

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who Took leave
Skilled (Levels 3-5)	3811	28	138
Highly skilled production (Levels 6-8)	5932,09	22	267
Highly skilled supervision (Levels 9-12)	3843	26	149
Senior management (Levels 13-16)	647	22	29
Contract (Levels 3-5)	182	18	10
Contract (Levels 6-8)	84	14	6
Contract (Levels 9-12)	193	18	11
Contract (Levels 13-16)	112	14	8
TOTAL	14804,09	24	618

Table 3.10.4 Capped leave for the period 1 January 2014 and 31 December 2014

Salary Band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2014	Number of Employees who took Capped Leave	Total Number of Capped Leave Available at 31 December 2014	Number of Employees as at 31 December 2014
Skilled (Levels 3-5)	28	4	76	7	6520	141
Highly skilled production (Levels 6-8)	35	9	94	4	7271	251
Highly skilled supervision (Levels 9-12)	21	7	93	3	5763	25
TOTAL	84	6	87	14	19554	417

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2014 and 31 March 2015

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave pay-out for 2013/14 due to non-utilisation of leave for previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2014/15	2 588	31	83484
Current leave pay-out on termination of service for 2014/15	72	10	7200
TOTAL	2660	41	64878

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV & Related Diseases (if any)	Key Steps Taken to Reduce the Risk
Most employees at Beacon Hill (Head office) whose immune system is compromised are at a risk for contracting TB due to the lack of ventilation in the building and several suspected cases have been picked up by GEMS during quarterly Health Risk Assessments	All attempts have been made to engage all the HODs of DEDEAT, SOC.DEV. & DPW to get an alternative accommodation for the departments but nothing has materialised up to this moment.

Table 3.11.2 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if Yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Nosipho Xhego Director: HR Planning & Practises
2. Does the Department have a dedicated unit, or has it designated specific staff members, to promote the health and well-being of employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		2 employees (1 Deputy Director plus 1 Practitioner) The annual budget is R 750 000, although the Unit is at liberty to utilize the one from HRPP should a need arise

Question	Yes	No	Details, if Yes
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	Yes		Wellness Management(EAP) which includes counselling Health & Productivity Management which includes Health Risk Assessments (HRAs), IOD & PILIR HIV & AIDS and TB Management which includes HCT, care and support Safety, Health, Environment, Risk and Quality Management (Risk Assessments and Hazard Identification)
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		It is an all-encompassing Employee Health and Wellness Committee that looks into all the health and safety issues of the Department. Ms N. Xhego- HRPP Ms B. Maseko-EHW Ms N. Zingani- EHW Mr M. Bozo-Finance Mr A. Dlomo- Strategic Planning & Information Management Mr B. Masika- Risk Management Mr V. Nghona-SPU Ms A. Fala- Conditions of Service Mr S. Mpetsheni- Labour Relations Mr M. Mqgabuzana- Security Management Ms N. Radebe- Office Management Mrs C. Ferreira- Economic Development Mr L. Mardon- Environmental Affairs Organized Labour: PSA- Mr S. Siciko Organized Labour: NEHAWU- Ms G. Dlamini Reps from worksite wellness committees: Mrs C. Bramdav- Amathole Mr Sidumo- Chris Hani Ms N. Nomzaza- Alfred Nzo Ms N. Mampofu- OR Tambo Mr D. Rademeyer- Cacadu Ms S. Mtongana- Joe Gqabi Mr T. Kraai- Head Office
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		An HIV & AIDS and TB Policy has been developed but delayed getting consulted upon by the Policy Forum hence it is not yet approved by the MEC
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Conducted awareness campaigns on living with HIV & AIDS Trained Peer Educators to assist such employees with care and support Conducted one-on-one management consultations to identify challenges they face when dealing with their ill subordinates and then equipped with the skill of constructive confrontation.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that have you achieved.	Yes		<ul style="list-style-type: none"> There is still a challenge in the number of employees who undergo HCT. The total number of employees who tested in our QT HCTs is around 105
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	These have not yet been developed due to challenges of capacity in the Unit.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2014 and 31 March 2015

Subject Matter	Date
GPSCCBC Resolution 3 of 2014 – Organizational Rights Agreement Between The State as Employer in the Sector and Admitted Trade Unions	7 July 2014

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2014 and 31 March 2015

Outcomes of Disciplinary Hearings	Number	% of Total
Counselling referral	1	7
Written warning	0	0
Final written warning	1	7
Suspensions without pay	0	0
Withdrawals	2	13
Pending	2	13
Dismissals	1	7
Abscondment	2	13
Not Guilty	2	13
Verbal Warning	4	27
Total	15	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2014 and 31 March 2015

Type of misconduct	Number	% of Total
Assault	0	0
Insubordination	0	0
Misuse of vehicle	6	40
Unbecoming conduct	2	13
Unauthorised removal of state asset	0	0
Unauthorised absence from the work station	2	13
Poor performance	0	0
Negligence	0	0
Giving false information	2	13
Under the influence of liquor at work	0	0
Failure to carry lawful instruction	0	0
Bringing the Organisation in disrepute	1	7
Abscondment	1	7
Irregular and Wasteful Expenditure	1	7
TOTAL	15	100

Table 3.12.4 Grievances logged for the period 1 April 2014 and 31 March 2015

	Number	% of Total
Not resolved	27	49
Resolved	28	51
TOTAL	55	100



Table 3.12.5 Disputes logged with Councils for the period 1 April 2014 and 31 March 2015

	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	2	100

Table 3.12.6 Strike actions for the period 1 April 2014 and 31 March 2015

Total number of persons working days lost	0
0	0
0	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2014 and 31 March 2015

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	176
Cost (R'000) of suspension	R 343 531.05

3.13 Skills Development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2014 and 31 March 2015

Occupational Category	Gender	Number of Employees as at 1 April 2014	Training Needs Identified at Start of the Reporting Period			
			Leadership	Skills Programmes & Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female			6		6
	Male			6		6
Professionals	Female		0	40	0	40
	Male		0	40	0	40
Technicians and associate professionals	Female		0	10	0	10
	Male		0	5	0	5
Clerks	Female		0	80	0	80
	Male		0	60	0	60
Service and sales workers	Female		0	0	0	0
	Male		0	0	0	0
Skilled agriculture and fishery workers	Female		0	0	0	0
	Male		0	0	0	0
Craft and related trades workers	Female		0	0	0	0
Plant and machine operators and assemblers	Male		0	10	0	10
	Female		0	0	0	0
Elementary occupations	Male		0	15	0	15
	Female		0	20	0	20
Sub Total	Female		0	156	0	156
	Male		0	136	0	136

Table 3.13.2 Training provided for the period for the period 1 April 2014 and 31 March 2015

Occupational Category	Gender	Number of Employees as at 1 April 2014	Training Provided within the Reporting Period			
			Learnership	Skills Programmes & Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female			0	3	3
	Male			0	0	0
Professionals	Female			12	0	12
	Male			7	0	7
Technicians and associate professionals	Female			1	0	1
	Male			4	0	4
Clerks	Female			102	0	102
	Male			20	0	20
Service and sales workers	Female			0	0	0
	Male			0	0	0
Skilled agriculture and fishery workers	Female			0	0	0
	Male			0	0	0
Craft and related trades workers	Female			0	0	0
	Male			0	0	0
Plant and machine operators and assemblers	Female			0	0	0
	Male			0	0	0
Elementary occupations	Female			0	0	0
	Male			1	0	1
Sub Total	Female			115	3	118
	Male			32	0	32
Total				147	3	150

3.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2014 and 31 March 2015

Nature of Injury on Duty	Number	% of total
Required basic medical attention only	0	0
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	0	0

3.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2014 and 31 March 2015

Project Title	Total Number of Consultants That Worked on Project	Duration Work Days	Contract Value in Rand
Human Capital Dev. Strategy	1	5 weeks	200 000

Total Number of Projects	Total Individual Consultants	Total Duration Work Days	Total Contract Value in Rand
N/A	N/A	N/A	N/A

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups That Work on the Project
Human Capital Dev. Strategy	100%	100%	3

Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2014 and 31 March 2015

Project Title	Total Number of Consultants That Worked on Project	Duration Work Days	Donor and Contract Value in Rand
N/A	N/A	N/A	N/A

Total Number of Projects	Total Individual Consultants	Total Duration Work Days	Total Contract Value in Rand
N/A	N/A	N/A	N/A

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups That Work on the Project
N/A	N/A	N/A	N/A

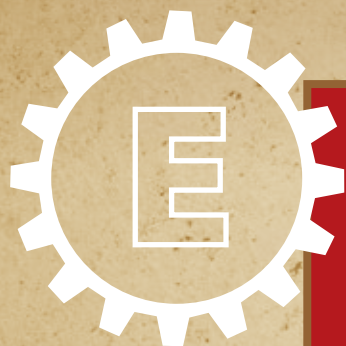


3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2014 and 31 March 2015

Salary Band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	N/A	N/A	N/A	N/A
Skilled (Level 3-5)	N/A	N/A	N/A	N/A
Highly skilled production (Level 6-8)	N/A	N/A	N/A	N/A
Highly skilled supervision (Level 9-12)	N/A	N/A	N/A	N/A
Senior management (Levels 13-16)	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A





FINANCIAL INFORMATION

Part E: Financial Information

1. REPORT OF THE ACCOUNTING OFFICER

Report by the Accounting Officer to the Executive Authority and Provincial Legislature of the Republic of South Africa.

1.1 General review of the state of financial affairs

1.1.1 Important policy decisions and strategic issues facing the Department

The policies implemented by the Department, in alignment to national and provincial priorities did not change from the 2013/14 financial year. The implementation of the Special Economic Zone (SEZ) Act 16 of 2014 and its Regulations has not yet been fully implemented. The Department is awaiting outcomes of the Eastern Cape submission, applying for a third SEZ, namely, Wild Coast SEZ. The Wild Coast SEZ would be an addition to the existing East London IDZ as well as Coega Industrial Development Zone (IDZ).

The Department, being the custodian of economic development, is still faced with many challenges such as limited financial resources set aside to deal with poverty, unemployment, deindustrialisation and investment promotion in the Province. The energy crisis in the country has further contributed towards the subdued investment climate, and investment promotion is being further affected by the weak global economy. The two IDZs are still struggling to attract as many investments as initially targeted.

The sustainable energy, manufacturing- and agro-industrial sectors, together with the 'oceans economy', are amongst of the most promising sectors for boosting the economy as well as creating new jobs. Thus the Department is dedicating resources and concerted efforts aimed at realising envisaged opportunities.

The Department have been facing significant challenges regarding the de-industrialization trend within the Province. This may impede the concerted efforts by the Department to attract investment to the Province in targeted sectors. The retention of existing industrial capacity are of significant importance, hence the Department is dedicating resources to counter the impact of this trend.

Due to limited project management skills, slow decision making processes and challenges in accountability, the ECDC infrastructure projects could not all be implemented during the year under review. In the coming financial year, Coega Development Corporation have been brought on board as another implementing agent to fast track delivery of the infrastructure projects.

Rhino poaching and removal of protected plants and the non-adherence to environmental legislation continues to be a problem in the Province. The Department does not have human or financial capacity to allocate to stemming the cases, and relies mostly on the dedicated existing personnel at the Department and ECPTA, together with partnerships with outside stakeholders.

1.1.2 Comment on significant events that have taken place during the year

In three bidding rounds of the Independent Power Producers Programme to date, the Eastern Cape has been awarded fifteen (15) wind farms and one solar farm. A combined commitment of R200 million has been allocated to enterprise development by the Independent Power Producers, while R1.4 billion has been committed for Socio-Economic Development programmes in the local communities surrounding the wind and solar farms over the 20 year life of the projects. The 13 facilities will create over 10,400 job years over their lifetime, with 1,220 jobs at peak construction. A substantial number of further bidding rounds are expected in the near term.

It is crucial that Small and Medium Enterprises close to these developments are able to participate as suppliers of goods and services. Over the past year the Department has facilitated an SMME supplier development programme in the Sara Baartman, Amathole and Joe Gqabi municipalities. This programme has so far engaged with 172 SMMEs, with dedicated support to sixteen (16) of the most promising SMMEs. The programme is aimed at black- women- and youth- owned businesses. The programme continues in the new financial year and we will solicit the support from all the relevant agencies including ECDC, SEDA, SEFA, NYDA and Department of Small Business Development among others.

The Eastern Cape is now home to eight (8) manufacturers in the Renewable Energy Industry. Three of these manufacturers are in the East London and Coega Industrial Development Zones, with a combined investment value of over R1 billion. In addition to these investments, the ELIDZ is developing its own wind farm utilising a local wind turbine manufacturer in East London. The turbines will produce in excess of three million kilowatt-hours per annum allowing the ELIDZ to save R98 million in electricity costs over 20 years while at the same time strengthening energy security for its industries.



The potential shale gas reserves in the Karoo Basin, and the related environmental risks and socio-economic implications remain of significant interest to provincial government. In partnership with the Nelson Mandela Metropolitan University, ground-breaking scientific research is currently underway to map out a detailed technical understanding of the potential shale gas resource and possible environmental risks associated with its extraction, in particular in relation to ground water and surface ecosystems. In a world-first, a forensic baseline of ground-water hydro-chemistry, as well as three dimensional imaging of the deep sub-surface of the Karoo is being rolled out to better understand these risks and enable effective monitoring. This is being done in close consultation with farmers and rural communities. Most significantly, rural women and high-school leavers will be trained to be active participants in the process, learning how to sample and take water-chemistry composition measurements. This Citizen Science program empowers communities to lead in charting the path of sustainable groundwater monitoring and local economic development. This investment in research will enable provincial government to plan for optimal socio-economic and environmentally responsible outcomes should shale gas exploration be found to be viable. These developments are strongly aligned with the Provincial Bio-Energy Implementation Support Plan which is being undertaken by the Department.

During 2014/15 the President launched "Operation Phakisa" - an initiative to unlock the oceans economy in South Africa. The Department supported this initiative by expediting key officials to drive interventions in the following sectors: Maritime Transport and Manufacturing, Aquaculture, Marine Protection Services and Oceans Governance and the Oil and Gas Sector. Priority projects have been designated for the Eastern Cape namely ship repair and boatbuilding for the East London Port, aquaculture for ELIDZ, Coega, Hamburg and Qolora. Particular products have been targeted for these areas, namely abalone, finfish, mussels and seaweed.

Transnet has commenced with the upgrading of equipment for the ship repair facilities and is currently investigating the potential to draw in an investor to the East London Port to establish a boat building facility.

Coega IDZ have been in discussions with Transnet to construct a ship repair facility at the Port of Nqgura. The targeted vessel types would be container vessels, vehicle carriers, dry bulk vessels and oil tanker vessels; all these types of vessels pass within the Eastern Cape coastline catchment area. Port of Nqgura have been repairing vessels due to spill over from Saldanha Bay IDZ. The establishment of critical infrastructure will enable the Port to capture this market along the coastline. Transnet has completed the feasibility for the establishment of this facility and this will be unpacked further in the new financial year.

Coega IDZ have commenced with the development of an Aquaculture development zone. This Aquaculture Development Cluster are estimated at an investment value of close to R2bil with the potential to unlock 5600 jobs based on the feasibility that was undertaken.

The ELIDZ as an additional to the zone have earmarked 30ha's to the Development of an Aquaculture Development Zone with the potential of unlocking 2000 direct jobs. The entity have been targeting various stakeholders to attract various investors within these areas for the production of finfish, abalone, mussels and seaweed.

As part of potential expansion plans of the ELIDZ, interests have been showed by international investors in the establishment of a ship repair facility within the IDZ domain. As this is still been investigated, the IDZ will focus significantly on efforts to unlock this new sector within the East London region.

The Department will provide critical support these initiatives in the new financial year to unlock these sectors within the Province to contribute significantly to the reduction of unemployment.

The Department will be developing provincial informal business strategy as a response to the challenges facing the SMME sector particularly the micro sector which constitute 96% of the SMME sector. The Department has commissioned a study on SMME baseline study and key recommendations coming from the study includes a review of funding mechanism for the informal sector, provision of institutional support to the informal business sector, and development of tailor-made Enterprise Development Support for the informal business sector.

Partnerships with enterprise development have yielded good results and more than 200 tourism businesses participated in business support and skills development programs. Working together with our SMMEs we will intensify such programmes as mentorship, business management, customer care, and market access.

Through a partnership with the National Department of Tourism, DEDEAT and CATHSSETA, the Department has managed to successfully host the National Tourism Careers Expo for the third time. It has exposed more than 8,000 tourism learners and students in various careers and training opportunities and has assisted to better understand the challenges on the skills demand and supply in the tourism sector.

In the year under review rhino poaching in the region had been on the increase. However, the Province has not been as hard-hit as other Provinces, with both the provincial and SANParks not experiencing any incidents of poaching. Fifteen incidents were recorded in private game farms in 2014, and seven poaching incidences by February 2015. This matter is being investigated by DEDEAT and Hawks.

However, there were cycad poaching incidents that resulted in an arrest in Cathcart of two persons who were subsequently sentenced to seven years each and in Kirkwood four persons were convicted. During these cases 171 cycads were confiscated to the value exceeding R5 million and some of these have been replanted in the wild.

The establishment of volunteer clusters of Honorary Environmental Officers has resulted in improved intelligence gathering, visibility and proactive enforcement. This initiative will be expanded and improved upon in the coming year with greater focus on training and joint operations in environmental crime hotspots.

The Department succeeded in meeting legislative timeframes in the processing of Environmental Impact Assessments (EIA) applications. The Department prioritised issues relating to municipal infrastructure and services through participation in Provincial Municipal Infrastructure Forums at provincial and district levels. In December 2014 the new National EIA Regulations were promulgated, which included very tight timeframes for EIA processes. The Department will be required to finalise 98 percent of all applications received within stipulated timeframes. A departmental Quarterly Environmental Quality Management forum will be utilised to capacitate stakeholders in implementing these regulations.

1.1.3 Comment on major projects undertaken or completed during the year

- (i) The Department, in partnership with a host of national and provincial departments and municipalities, continued interventions to address rampant poverty and underdevelopment. A key intervention is the Integrated Wild Coast Development Programme, aimed at crowding-in public and private sector investment around transport and bulk infrastructure, addressing land administration bottlenecks, promoting urban nodal development, and creating jobs through agricultural and tourism development.
- (ii) With the ports being expanded and rail infrastructure being planned, projects by Transnet are showing significant progress, especially the manganese and iron ore rail from the Northern Cape to Port Elizabeth.
- (iii) The manufacturing environment still remains constraint with the cost to business within our Province rising year on year. The sustainability and competitiveness of these sectors are underpinned with the ability to deliver their products to their markets at a relevantly cost effective manner therefore satisfying the growing needs of their customers. These increasing costs are mostly related to logistics, utilities and labour. Due to these risks, the Department, with partnership from industry, has implemented special purpose vehicles known as the Eastern Cape Automotive-, Non-Automotive Manufacturing- and Agro-Industrial Manufacturing clusters aimed at improving the sector's competitive advantages through targeted interventions in Skills development, Supplier development, Logistics, Energy and Market Growth. These clusters have been established to promote localisation of manufacturing in the Province.
- (iv) The Presidential Infrastructure Co-ordinating Commission (PICC)'s second 'Infrastructure Implementation Plan' includes 18 strategic infrastructure projects (SIPs) across all three spheres of government. SIP-3 comprises projects designed to bolster the Eastern Cape's industrial and agricultural development and export capacity. Some progress on the SIP-3 initiatives, including the construction of a dam on the Umzimvubu River and N2 road, has been recorded.
- (v) Through the implementation of Eastern Cape Parks and Tourism Agency EPWP infrastructure projects and the Department-funded environment sector projects more than 700 work opportunities were created.
- (vi) The Department has developed the Local and Regional Economic Development (LRED) funding policy and mandate, LRED funding criteria and guidelines which created the DEDEAT LRED Fund. Through the LRED fund, the Department approved and supported 14 LRED projects in the 2014/15 financial year. An amount of R29, 114m was transferred directly to beneficiaries.
- (vii) The Department has entered into a collaboration agreement with SEDA for the purposes of developing the business initiatives of entrepreneurs in the Eastern Cape Province. DEDEAT-funded LRED projects in particular with the view to promote and grow them, in the process creating sustainable jobs and supporting economic development in the Eastern Cape Province. The intention was that both parties will work together in promoting the establishment and development of local and regional economic development partnerships in the Eastern Cape Province and provide skills development to entrepreneurs.
- (viii) The Department hosted the 4th national CFI indaba in collaboration with Cooperative Bank Development Agency and NACFISA on the 16-19 October 2014. The conference was honoured by representatives of the credit union movement from as far as Poland, USA and Kenya who shared their experiences on the development of the CFI sector. The 4th CFI indaba was historic in a sense as it was the first one to be championed by the CFI movement in South Africa under the Banner of NACFISA. The conference ended with an awareness march that was attended by hundreds of the delegates drawn from all nine Provinces in South Africa.
- (ix) The Department facilitated a successful 7th Provincial SMME conference on 18-20 November 2014 in partnership with the national Department of Small Business Development and other key stakeholders. The key resolutions that emerged included the following: a) Expansion of the support given to SMMEs in the REI4P into other local municipalities that have a potential of wind farms, b) Establishment of a coordinating structure for public institutions for the advancement of the Agro-Processing

initiatives in the Province, c) ProvinceSupport for the growth and expansion of the business incubators in the Province with a particular focus on the rural communities, d) Hosting a workshop for the DFIs and commercial banks for building partnerships around support on key projects advancing development of the SMME sector, and e) Partnership with DSBD on the roll out of the one stop shops in the Province.

1.2 Spending Trends per Programme

1. Programmes	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation
	R'000	R'000	R'000	%
Administration				
Current payment	195 147	195 150	(3)	100,0%
Transfers and subsidies	2 615	2 610	5	99,8%
Payment of capital assets	12 162	11 726	436	96,4%
Total	209 924	209 486	438	99,8%
Economic Development				
Current Payments	60 607	82 029	(21 422)	135,3%
Transfers and subsidies	758 660	502 794	255 866	66,3%
Payment of capital assets	-	36 741	(36 741)	
Total	819 267	621 564	197 703	75,9%
Environmental Affairs				
Current Payments	79 486	79 486	-	100,0%
Transfers and subsidies	224 393	223 533	860	99,6%
Total	303 879	303 879	860	99,7%
Subtotal	1 333 070	1 134 069	199 001	85,1%
Statutory Appropriation				
Current Payments	289	289	-	0%
Total	289	289	-	0%
Grand Total	1 333 359	1 134 358	199 001	85,1%

The Department has not overspent on the vote and has utilised 85,1% of its allocated budget.

a) Compensation of employees

The department over spent on compensation of employees within Administration by R753,000 (0.7%). This amount is considered to be immaterial as it represents 0.1% of total expenditure.

b) Goods and services

The department over spent on goods and services by R20,672 million (16.9%) as a result of the inclusion of expenditure incurred on the implementation of infrastructure projects being implemented by the CDC in the integrated social Infrastructure Development Programme of the Province.

c) Transfers and subsidies

The under expenditure with regards to transfer and subsidies is due to the reporting and compliance requirements that are in place by Provincial Treasury to necessitate transfer; these were not met by the CDC hence in addition Provincial Treasury could not approve processing of the transfer. Due diligence that was instigated by the evaluation committee on the LRED funding fund same projects to be high risk to transfer funds to the companies as information submitted was inadequate. Did not meet application requirements.

d) Payment of capital assets

Coega Development Corporation is managing projects on behalf of the Department and all assets bought on the projects are accounted for by the Department. The reason for over expenditure is as explained for goods and services. The Department will transfer the assets on completion of the projects as per section 42 of the PFMA.

e) Virements

The department shifted R317 000 from Environmental Affairs to a minimum for the payment of leave gratuities of employees who had resigned, retired or deceased. The budgeted amount was insufficient. Furthermore, R593 000 was shifted from an underspending in Environmental Affairs to Economic Development to cover a shortfall in personnel costs for sector specialists.

f) Payment of capital assets

The under expenditure with regards to payment of capital emanated from the delay in securing the additional vehicles for the head office and the regions for 2014/15 financial year.

1.2.1 Conditional grants and earmarked funds paid

Name of Grant	Amount (R'000)
EPWP (Christ Hani District Municipality)	1 472
TOTAL	1 472

See Note 34 of the Annual Financial Statements.

1.3 Service rendered by the Department

The Department provides a number of core external services which can be summarised as follows:

Economic Development

- Create an enabling environment for mainstreaming enterprises owned by Previously Disadvantaged Individuals (PDI's) and Historically Disadvantaged Individuals (HDI's) into the economy.
- Transform the economy for equitable distribution of wealth and sustainable growth.
- Facilitate trade, export promotion and attract investment.
- Co-ordinate localised production, manufacturing and trade based on nodes and clusters established to service local needs.
- Actively promote the green economy.
- Implement an enabling regulatory and licensing framework for liquor retailing, liquor manufacturing and gaming.
- Actively promote responsible liquor usage and gambling.
- Collect and remit revenue to the state.
- Lobby for the removal of business barriers and promote consumer awareness.
- Comply with the Unfair Business Practices Act and the Consumer Protection Act.
- Guide decision making on economic growth and development, including the green economy.
- Facilitate the dissemination of meaningful economic data and analysis to stakeholders in municipalities and communities.

Environmental Affairs

- Establish legislation, policies, programmes, procedures and systems that will effectively empower and support the core functional programmes of the Environmental Affairs programme.
- Conserve the diversity of landscapes, ecosystems, habitats, biological communities, populations, species and genes and promote conservation and sustainable use of natural resources in the Eastern Cape.
- Strive towards a safe and healthy environment through effective environmental impact management, air quality management and waste and pollution management for the people of the Eastern Cape.
- Ensure that environmental legislation is effectively used to protect the environment and its resources from unlawful and unsustainable exploitation and negative impacts.
- Empower and capacitate the external stakeholders of the Department to meaningfully participate in and contribute to effective environmental management.



1.4 Tariff Policy

The legislation establishing public entities provide for the collection of revenue by the Eastern Cape Liquor Board (ECLB), Eastern Cape Gambling and Betting Board (ECGGB) and Eastern Cape Parks and Tourism Agency (ECPTA) falling within the functional responsibility of the Economic Development Programme.

These legislative provisions prescribe how revenue should be managed, including remittance of certain amounts to the State in compliance with the provisions of the PFMA and Treasury prescripts.

EASTERN CAPE LIQUOR BOARD/LIQUOR LICENCE FEES	
APPLICATIONS-SCHEDULE 1	
CATEGORY	FEE
Application for registration(lodgement fees)	R2 500
Application to procure a controlling interest in the business to which registration relates	R 500
Application for the transfer of certificate of registration(lodgement)	R 750
Application for removal of certificate	R 750
Application for a copy of a registration certificate and the conditions thereto or of any application	R 250
Lodgement of an appeal	R 750
REGISTRATIONS-SCHEDULE 2	
New registration-retail sale of liquor for consumption off the premises(validation fee)	R5000
New registration-retail sale of liquor for consumption on the premises.	R8000
New registration-retail sale and consumption of liquor on and off premises	R2000
New registration-retail sale and consumption of liquor at special events	R1000
Transfer or removal of a registration-retail sale of liquor for consumption off the premises	R1250
Transfer or removal of a registration-retail sale of liquor for consumption on the premises	R1000
Transfer or removal of a registration-retail sale of liquor for consumption on and off the premises.	R1000
Annual licence fees-retail sale of liquor for consumption off the premises	R2500
Annual licence fees-retail sale of liquor for consumption on the premises	R3000
Annual licence fees- retail sale and consumption of liquor on and off the premises	R2500
Environmental affairs	
National environmental management act, 1998(act no.107 of 1988(fees for consideration and processing of application for environmental authorisations and amendments thereto under section 24(5)©(i),24(5)(j)and(44(1)(a)and(b)	
APPLICATION	FEE
Application for an environmental authorization for which basic assessment is required in terms of the Environmental Impact Assessment Regulations	R2000
Application for environmental authorization for which a S&EIR is required in terms of the Environmental Impact Assessment Regulation	R10 000
Application dealt with in terms of Section 24L of the Act.	(a)100% of the most expensive application, namely, R10000(Ten Thousand Rand) if S&EIR is triggered and R2000 (Two Thousand Rand) if the basic assessment is triggered; (b) 50% of the other application, namely, R5000 (five thousand Rand) if basic assessment is triggered.
Amendment of an environment authorization on application by the holder of an environmental authorization.	R2000
Hunting license (RSA)	R20,00 per year

Vote 09: Department of Economic Development, Environmental Affairs & Tourism - Province of the Eastern Cape

Hunting license (Ciskei)	R10,00 per year
Permit to act as a Professional Hunter	R50,00 per year
Licence to sell projected flora	R20,00 per year
Professional Hunting register	R90,00 per year
Fresh water angling licences	R2,00 per year
Off Road vehicle permit	As per Marine and coastal management task team recommendation.
Boating launching site	R5000,00 for a three year period from date of issue
TOPS REGULATION	FEE
6(3)(B) = All restricted activities	
International import/export/re-export	
Permit application	R50
Hunting/catching/killing	R100
Gathering/plucking/collecting	R50
Conveying/moving/translocation	R50
Growing/breeding/propagating	R50
Selling/buying/receiving/giving/donating	R50
Game farm hunting permit (per registered game farm)	R50
Nursery possession permit(per registered nursery)	R500
Personal effect permit(per registered wild life trader)	R500
Possession permit	R50
30(3)(b)- Registration	R1000
Standing permit	R1000
38(2)(b)- Renewal	R50
41(2)(b)- Amendment	R100
Hunt	R100
50(b)- Lost/stolen permit	R50
55(2)(B)(ii)	R50
CITIES REGULATION	
Conventional International in Endangered Species of wild fauna & flora.	
Export permit	R250
Export permit with addendum	R300
Renewal	R100
Lost permit	R150
Once off payment in a calendar year for all CITIES permits	R5000
BABS(Bio prospecting ,Access and Benefit Sharing Regulations)	FEE
Research permit for project involving indigenous knowledge	R1000
GENERAL	
Private Photostat copies	Contract tariffs
Private telephone calls	Post office tariffs
Private taxes	Post office tariffs
Official housing	As per tariffs as determined by Department of Public Works
Domestic Affairs	Actual cost



1.5 Free Services

Free services rendered by the Department that had a tariff being charged during the year would have yielded significant revenue are as follows:

- The registration of business enterprises and administrative support given to applicants is rendered at no charge. Charging a fee based on 10-30% of applicable standard rate would yield significant revenue given an annual average of 200 applications handled by the Enterprise Development Unit. Currently registration fees for close corporations, co-operative enterprises and others ranged between R250.00 – R300.00 per business license.
- The provision of permits for all relevant environmental legislation in the Eastern Cape (i.e. cycad registration, certificates of adequate enclosure, driving in the coastal conservation area and environmental education). The revision of tariffs should be considered as these are charged either through TOPs (registration of nurseries for cycad growers) and Fauna & Flora permits are covered as well. See tariffs above.
- The provision of permits for all relevant environmental legislation in the Eastern Cape (i.e. flora growers, certificates of adequate enclosure, driving in the coastal conservation area, wildlife management and Threatened or Protected Species (TOPS), Bioprospecting, Access and Benefit Sharing Regulations, BABS & (Convention in International Trade on Endangered Species of Wild fauna & Flora) CITES.
- Review and issue environmental authorisations or atmospheric emission licenses (environmental impact assessment, landfill sites and air quality) and processing and issuing of fines for National Environmental Management Act (NEMA) Section 24(g).
- Review and processing of applications for the environmental authorisations and amendments or atmospheric emission licenses (environmental impact assessment, and air quality).
- The provision for consideration and processing of applications for the waste management licences, transfer, renewal and amendments.
- Section 24G of NEMA provides for the rectification of unlawful commencement of NEMA (SEMAS) listed activities that is commencing with an activity without a requisite authorisation.

1.6 Inventories

All Departmental inventory opening and closing balances together with movements for the year will be reflected in the Annexure 6 on Inventory.

1.7 Capacity Constraints

Capacity constraints in service delivery programmes have been addressed in the short term through the appointment of sector specialists on contract and projects allocated to public entities. The constraints will be permanently addressed when the revised departmental organogram is approved. The approval of the departmental organogram will, amongst other things, address the capacity constraints in the Financial Management division supply chain in particular.

1.8 Utilisation of Donor Funds

In 2012, DEDEAT and GIZ entered into two co-operation agreements for technical support, namely: support to DEDEAT in respect of the skills for Green Jobs Project; and support to DEDEAT under the South African German Energy Programme.

Under the Skills for Green Jobs, GIZ has provided a full-time Technical Advisor. The Advisor assists with capacity building of Further Education and Training (FET) lecturers, providing technical assistance to members of the Provincial Green Skills Forum, and providing support to DEDEAT at numerous career days in the Province. Furthermore, under the Skills for Green Jobs Programme, GIZ has paid for the training of Eastern Cape FET Lecturers in Germany in the fields of renewable energy and energy efficiency.

Under the South African – German Energy Programme, a full time Technical Advisor has been assigned to DEDEAT to assist in facilitating the implementation of the Provincial Sustainable Energy Strategy. The adviser has provided direct support to municipalities who have approached DEDEAT for assistance. Furthermore GIZ has commissioned the study as Mapping of Provincial & Municipal Permitting Process for IPP Projects in the Eastern Cape. The study provides support to municipalities and provincial government departments in respect of authorisations for independent power producers.

The Technical Advisers joined the Department in 2013 but it has not been the policy of GIZ to disclose the financial value of their support to DEDEAT. The value of the support cannot be quantified and is a donation in kind.

1.9 Trading Entities and Public Entities

The Department supports six Public Entities of which 2 are Schedule 3 D entities. The Department is responsible for the oversight of all the public entities and provides funding to East London Industrial Development Zone and Coega Development Zones. The current Special Economic Zone (SEZ) Bill under discussion will assist in dealing with the role played by Provincial Government regarding the IDZs.

The Department's Public Entities and their respective functions:

Name of Public Entity	Legislation under which established	Main purpose of the Public Entity/Reasons for transfers
Eastern Cape Development Corporation (ECDC)	National Small Business Act of 1995. Business Act 71 of 1991. Eastern Cape Development Act 2 of 1997 (EC) Policy document from the DTI	To facilitate economic development in the Province by promoting investment, small business development and innovative development financing.
Eastern Cape Tourism Board (ECTB)	Eastern Cape Tourism Board Act No8 of 2003 (EC)	To promote and facilitate tourism and tourism development in the Province, including sustainable investment and job creation.
The Eastern Cape Gambling Board (ECGGB)	Gambling and Betting Act 5 of 1997 (EC)	To regulate and manage the gambling and betting industry in the Province.
The Eastern Cape Liquor Board	The Liquor Act No 10 of 2003	To regulate and manage the retail sale of liquor in the Province.
Eastern Cape Parks and Tourism Agency (ECPTA)	Eastern Cape Parks and Tourism Agency Act No.2 of 2010.	To provide for the establishment of the Eastern Cape Parks and Tourism Agency in order to develop and manage protected areas and to promote and facilitate the development of tourism in the Province and to confer powers, functions and duties upon that Agency.
The Coega Development Corporation (ECDC subsidiary)	The Industrial Development Zone Programme of the DTI	To promote and facilitate the establishment of the East London IDZ and the further development of the Port of East London as a focus for private sector investment.
The East London Development Zone Corporation (ECDC subsidiary)	The Industrial Development Zone Programme of the DTI	To adjudicate disputes arising from unfair business practices in the Province.

Provide a brief summary of the activities in the trading, public as well as unlisted entities/funds that form part of the Minister's portfolio. Provide comparative information on what was reported in the previous year, as well as any new developments. See Annexure 2 to the Annual Financial Statements. Provide indication of losses and guarantees.

1.10 Organisations to whom transfer payments have been made

Transfers to Public Entities

AGENCY /ACCOUNT	AMOUNT
Eastern Cape Development Corporation	155 535
Eastern Cape Gambling and Betting Board	42 748
East London Industrial Development Zone (IDZ)	118 092
Eastern Cape Liquor Board	42 736
Eastern Cape Parks and Tourism Agency	207 882
Coega Development Corporation	97 000
TOTAL	663 993

Transfers to Universities and Technikons

UNIVERSITY	NATURE OF TRANSFER	AMOUNT
Nelson Mandela Metropolitan University	Shale Gas and Conference	8 000
Nelson Mandela Metropolitan University/ Rhodes University	Emerging Research project that is conducted by the Provincial Universities and was held at NNMU as the venue.	274
Rhodes University	Initiation of Public sector jobs, data collection and reporting for Economic Development cluster seminars /Public dialogues	2 041
TOTAL AMOUNT		10 315

Other Transfers to Private Enterprises

NAME OF PRIVATE ENTERPRISE	NAME OF FUND	AMOUNT
Chemistry incubator	Local and Regional Economic Development Funds	1 800
GZ foundation trust	Local and Regional Economic Development Funds	3 000
Ikusasa Green (PTY) LTD	Local and Regional Economic Development Funds	3 000
Malizuke Construction	Local and Regional Economic Development Funds	1 050
East Cape Tissue Specialist	Local and Regional Economic Development Funds	3 000
Ilitha Lomzamo Trading	Local and Regional Economic Development Funds	2 059
Nkonkobe Economic Development Agency	Local and Regional Economic Development Funds	3 000
Bassie Travel and Tours cc.	Local and Regional Economic Development Funds	750
Pluribix (LTD)	Local and Regional Economic Development Funds	3 000
Matshabane & Sons cc	Local and Regional Economic Development Funds	3 000
Christ Hani District Cooperative development Centre	Local and Regional Economic Development Funds	3 000
Ncera Macadamia farming (PTY) LTD	Local and Regional Economic Development Funds	1 255
Blue Karoo Trust	Local and Regional Economic Development Funds	3 000
TOTAL		30 914

Transfers to Municipalities

NAME OF MUNICIPALITY	PROGRAMME DESCRIPTION/ REASON FOR TRANSFER	AMOUNT
Amahlathi Local Municipality	To Conduct the Survey on local business Enabling Env.	350
Chris Hani District Municipality	Co-operative Development Centre	2 500
Port St Johns Local Municipality	Small Town Revitalisation project	1 000
Umzimvubu Local Municipality	Small Town Revitalisation project	500
Emalahleni Municipality	Waste Management Project	1 600
TOTAL		5 950

Transfers to other Entities and Greenest Municipality

NAME OF ENTITY / MUNICIPALITY	REASON FOR TRANSFER / REASON FOR TRANSFER	AMOUNT
Ndlambe Local Municipality	Greenest Municipality Awards Competition	300
Amahlathi Local Municipality	Greenest Municipality Awards Competition	200
Umzimvubu Local Municipality	Greenest Municipality Awards Competition	500
TOTAL		1 000

Transfers to Municipalities for EPWP (Extended Public Works Program)

NAME OF MUNICIPALITY	PROGRAM DESCRIPTION / REASON FOR TRANSFER	AMOUNT
Mbizana Local Municipality	Alien Plant Removal project	3 290
Camdeboo Local Municipality	Waste management project	2 000
Gariep Local Municipality	Waste management project	500
Amahlathi Local Municipality	Waste management project	2 000
Senqu Local Municipality	Slangbos removal project	2 493
Emalahleni Local Municipality	Waste management project	1 600
TOTAL		11 883

Transfers to other Entities and Environmental Award Competition.

NAME OF ENTITY	REASON FOR TRANSFER	AMOUNT
Mabandla Junior Secondary School.	Environmental Awards competition	45
Zandise J.S.S	Environmental Awards competition	95
Unathi Primary School.	Environmental Awards competition	45
Buckley Junior Secondary School	Environmental Awards competition	7
Holy Cross	Environmental Awards competition	7
Nobuntu Primary School.	Environmental Awards competition	7
Loyiso High School	Environmental Awards competition	20
Thoboshane Farm School	Environmental Awards competition	15
Ntabenkonyana	Environmental Awards competition	15
Nkosemntu High School	Environmental Awards competition	7
Sterkspruit School	Environmental Awards competition	7
Luyteville School	Environmental Awards competition	70
Umthawelanga	Environmental Awards competition	15
Maria Louw High School	Environmental Awards competition	70
Jongimishini Senior Primary School	Environmental Awards competition	15
Semeni Junior Secondary School.	Environmental Awards competition	15
Mzamba Comprehensive School	Environmental Awards competition	7
Nzimankulu High School	Environmental Awards competition	15
Ithembelihle High School	Environmental Awards competition	15
Bizana Village Senior Secondary School	Environmental Awards competition	20
St Christopher's Primary. School	Environmental Awards competition	95
St John's College	Environmental Awards competition	120
Hlane Junior School	Environmental Awards competition	120
IRO Getroude Senior Primary School	Environmental Awards competition	7
Kabega Primary School	Environmental Awards competition	15
Nozipho Junior Secondary School	Environmental Awards competition	7
Ntabezwe Junior Secondary School.	Environmental Awards competition	20
Marilliers Learning Academy	Environmental Awards competition	15
Thakabanna Senior Secondary School	Environmental Awards competition	7
Empumalanga	Environmental Awards competition	20
Christopher's Senior Secondary School	Environmental Awards competition	3
Focused High School	Environmental Awards competition	3
Leppan Primary School	Environmental Awards competition	15

NAME OF ENTITY	REASON FOR TRANSFER	AMOUNT
Nzululwazi High School	Environmental Awards competition	7
Jolobe Junior Secondary School	Environmental Awards competition	7
Bergview College	Environmental Awards competition	15
Ilingelethu Junior Secondary School	Environmental Awards competition	15
Institute of Waste Management	Environmental Awards competition	300
TOTAL		2 397

Public-Private Enterprises (PPT)

The PPP agreement is between the DEDEAT and the GIZ which deals with identifying new sources of Renewable Energy. The agreement is based on the secondment of International renewable advisors to provide support to the Department. This agreement will be ending on the 31 October 2015.

1.11 Corporate governance arrangements

STRUCTURE	FUNCTION	MEETING DATES
Top Management	The Top Management Forum is a forum comprising the most senior personnel in the Department, public entities, the MEC and the Chief of Staff. The Top Management Forum is accountable to the MEC and serves as a formal communication link with the Executive Authority.	26 May 2014 4 June 2014 18 September 2014 19 December 2014 19 February 2015
Executive Committee (EXCO)	EXCO comprises of the HOD as the Chairperson, Programme Managers, General Managers, CFO, COO, Chief of Staff, Senior Manager: Office of the HOD as the Secretariat, Chief Audit Executive, SM: Compliance and risk management, DGITO and Chief Communications Officer. The Executive Committee is accountable to the MEC with regard to matters relating to the general performance of the Department.	14 April 2014 19 May 2014 26 May 2014 29 May 2014 23 June 2014 21 July 2014 15 September 2014 4 November 2014 25 November 2014 25 March 2015
Management Committee (JEXMA)	Membership of this forum comprises of the following people: the HOD as the Chairperson; Programme Managers and General Managers, CFO Chief of Staff, Senior Managers and Regional Directors, Managers (as and when required), Office of the HOD as the Secretariat, Parliamentary Liaison Officer (PLO) and Chief Communications Officer. MANCO is responsible for operational and administrative efficiency of the organisation and gives effect to EXCO interventions regarding operational and administrative performance.	09 June 2014 11 August 2014 08 December 2014 27 February 2015
Audit Committee	The Audit Committee comprises of three independent persons appointed by the MEC to undertake oversight responsibilities as contained in the Audit Charter. The audit committee is also attended by the HOD, Programme Managers, General Managers, CFO, COO, DGITO, Chief Audit Executive as the secretariat, Chief of Staff and SM: Office of the HOD.	Scheduled meetings Q1 04/09/2014 Q2 27/11/2014 Q3 26/02/2015 Special AFS 22/05/2014 Special Management Report 24/07/2014.
Risk Committee	The Risk Committee comprises of three independent members appointed by the HOD, of which the chairperson is an external person (outside government) and undertakes oversight responsibilities as contained in the committee charter. The risk champions (Chief Directors, Departmental Government Information Technology Officer and heads of components reporting directly to the Head of Department (HOD) are standing invitees of the committee meetings and other persons are invited when required. The committee has met quarterly in this financial year.	28 July 2014 19 November 2014 26 March 2015

1.12 Risk management

The Department revised and implemented its risk management policy and framework for the year under review, which outlined the approach to risk management within the Department. The risk appetite and tolerance framework developed sets the risk tolerance within the Department.

The annual risk assessment review was conducted at business unit level, mainly considering strategic, operational and fraud risks. Risks were categorised, prioritised and a selection of the top sixteen strategic risks was made from all three main divisions for ease of a focused management. During the course of the year, emerging risks were considered.

The Department appointed an external risk management committee chairperson for the first time, with the aim to ensure objectiveness and efficiency in risk management advisory and oversight. As risk management was included in the senior management performance agreements as a key result area, the management of risks formed part of their day-to-day activities. Management was required to report to the risk management committee on management of risk within their areas of responsibility. The committee considered the reports and provided advice, within the context of the risk appetite and tolerance framework. The committee submitted its reports to the Accounting Officer and the Audit committee on a quarterly basis.

An audit of risk management, including follow-up on implementation of the internal audit recommendations was effectively implemented. Risk management is a standing agenda item in the audit committee meetings. The risk management committee reports are also considered by the audit committee on a quarterly basis.

The effectiveness of risk management within the Department has not achieved the desired level. Having said that, the independent assessments conducted by the Presidency (MPAT), Treasury (FMCMM) and Internal Audit, though different tools and techniques were applied, points to the overall result of stagnation. Despite the above, some work in progress has been noted in the following strategic service delivery areas:

1. Sustainable energy;
2. Consumer protection and
3. Environmental management.

1.13 Fraud Prevention

1. Fraud risk assessment was conducted within the Department which forms the basis of the fraud prevention plan. The plan was distributed to the employees of the Department for implementation.
2. The Department has continuously informed the employees, service providers, service delivery partners and the general public about mechanisms available to them to report fraud and corruption through the following:

NO	RECIPIENT	SOURCE
1	Employees	Salary-pay slip
2		Banners
3		Procurement specification
4		Digital Video
5		Whistle blowing policy
6		Fraud Prevention Plan
7	Service Providers and Service delivery partners	Procurement specification
8		Payment stubs
9		Intranet
10	General public	Car license disc holders
11		Banners – In Department events and offices

3. The Department communicated the message on the duty to report fraud and corruption to the employees via electronic email reminders.
4. The ethics pledge displayed in the Department's premises was also personally signed by employees of the Department to pledge to ethical conduct.



The report of the audit committee reflects its effectiveness and assistance that it has provided throughout the financial year since it took its appointment.

1.14 Minimising Conflict of interest

The process followed to manage the conflict of interest include:

- Disclosure of financial interests by senior management, Supply Chain Management Practitioners, role players and Bid Committee members.
- The vetting of senior management, staff and key suppliers.
- Assurance of proper financial, supply chain and human resources delegations management.
- The implementation of key controls that are required by procurement legislation in awarding of bids.

1.15 Discontinued activities/activities to be discontinued

There are no activities that have been discontinued and there is no intention to discontinue any other services.

1.16 New/proposed activities

There are no new proposed activities.

1.17 Asset management

All departmental assets have been captured in the asset register. The Department's asset register is compliant with the Asset Management Reforms. The Department has not encountered any problems with the recording of assets. In the year under review the Department has disposed assets to non-profit organisations, church, schools in the Province and auction.

1.18 Inventories

All Departmental inventory opening and closing balances, together with movements for the year, will be reflected in the Annexure 6 on Inventory.

1.19 Events after the reporting date

No events were recorded after the reporting date.

1.20 Information on predetermined objectives

The Department has implemented a comprehensive performance management and reporting process that includes controls over quarterly reporting, the validation of portfolios of evidence supporting reported performance. This ensured credible and consistent reporting to departmental governance structures regarding performance and remedial actions required to improve performance deficiencies. Performance management and reporting processes are audited by Internal Audit.

1.21 SCOPA resolutions

The Department was not called for SCOPA hearings hence there were no SCOPA resolutions for the Department in 2014/15.

1.22 Prior modifications to audit reports

The Department has included the following information:

Nature non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and as required by Section 40(1) (a) of the PFMA.	2012/13	Management has ensured proper review of AFS. The AFS are prepared on time, according to a detailed plan to accommodate proper review by Management, IA and AC before submission to Auditor General and Provincial Treasury.
Improper conduct and failure to comply with the SCM system against officials were not investigated, in contravention of Treasury Regulation 16A9.1 (b).	2013/14	Management has taken steps of investigating the officials that don't comply with SCM systems. There is a drive by management to encourage all staff members to declare all financial interests.
Effective steps were not taken to prevent irregular, fruitless and wasteful expenditure, as required by Section 38(1) (c) (ii) of the PFMA and Treasury Regulation 9.1.1.	2012/13	The Department has in the year under review established a committee to investigate and take immediate steps on all identified irregular expenditure. The SCM unit has improved its systems in the identification of irregular and classification of all transactions that meet the deviation requirements as prescribed by the Treasury Regulations.
Effective and appropriate steps were not taken to collect all money due, as required by Section 38(1) (c) (i) of the PFMA and Treasury Regulations 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).	2012/13	Management has appointed a consultant to conduct the full forensic investigation of the non-payment of amount due to the ECDC COOP fund. The Department on other cases depends on SAPS in processing criminal cases to be reviewed by the courts.
Interest was not charged on debts as required by Treasury Regulation 11.5.1.		The Department has since written to National Treasury to condone this transgression.
Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of Public Service Regulation 1/MI/D.8.	2013/14	The Department has introduced a checking and verification process. This is a requirement before appointment of employees.
Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.	2012/13	The Department has introduced more control measures and the new organogram will enhance capacity in the SCM unit.
Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1. Deviations were approved by the Accounting Officer even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.	2012/13	The Department has introduced more control measures and the new organogram will enhance capacity in the SCM unit.
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by the supply chain regulations, Treasury Regulation 16A6.3 (a) and the preferential procurement regulations.	2012/13	The Department has introduced more control measures and the new organogram will enhance capacity in the SCM unit.

1.23 Exemptions and deviations received from the National Treasury

There were no exemptions and deviations received from the National Treasury during the year.

1.24 Interim Financial Statements

The Department has submitted interim financial statements for three quarters as required by treasury and these have been reviewed by the departmental internal audit unit. The quality of the submission has improved and the establishment of an accounting service unit upon approval of the department's organogram will enhance quality assurance in this regard.

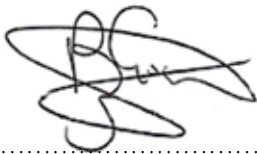
1.25 Other

The Department has paid for the buildings it occupies in East London, Queenstown, Aliwal North and King William's Town to the value of R708 557.08. The Department of Public Works is not a related party as defined by the Modified Cash Standards but this is a significant transaction. Other offices in Mthatha, Maluti and Port Elizabeth are government buildings.

No other material facts or circumstances which may have a material effect on the understanding of the financial state of affairs of the Department, and which have not been disclosed elsewhere, have been identified

1.26 Approval

The Annual Financial Statements set out on pages 115 to 171 have been approved by the Accounting Officer.



.....
Mr Bongani Gxilishe
Accounting Officer
29 May 2015



2. ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2015

The Accounting Office is responsible for the preparation of the Department's Annual Financial Statements (AFS) and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the Department for the financial year ended 31 March 2015.

The external auditors are engaged to express an independent opinion on the AFS of the Department.

The Department of Economic Development, Environmental Affairs and Tourism's AFS for the year ended 31 March 2015 have been examined by the external auditors and their report is presented on page 110.

The Annual Financial Statements of the Department set out on page 115 to page 171 have been approved.



3. Report of the Auditor General

Report of the auditor-general to the Eastern Cape Provincial Legislature on vote no. 9: Department of Economic Development, Environmental Affairs and Tourism

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism set out on pages 115 to 171, which comprise the appropriation statement, the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the MCS prescribed by the National Treasury and the requirements of the PFMA and DoRA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Irregular expenditure

8. As disclosed in note 25 to the financial statements, the department incurred irregular expenditure amounting to R28,8 million during the year ended 31 March 2015. This is as a result of non-compliance with procurement requirements and human resource procedures. In addition, R26,2 million of the irregular expenditure was disclosed as still awaiting condonation as at 31 March 2015.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2015:
- Programme 2: economic development and tourism, on pages 35 to 38
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:
- Programme 2: economic development and tourism

Additional matters

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matters:

Achievement of planned targets

16. Refer to the annual performance report on pages 35 to 38 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for programme 2: economic development and tourism. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements, performance report and annual report

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.



Consequence management

20. Allegations of improper conduct and failure to comply with the supply chain management system against officials were not investigated, as required by treasury regulation (TR) 16A9.1(b).
21. Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted irregular as well as fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA and TR 9.1.3.
22. Appropriate action was not taken against officials and/or role players in the supply chain management system where investigations proved failure to comply with the supply chain management system, as required by TR 16A9.1(b)(i).

Expenditure management

23. Effective steps were not taken to prevent irregular as well as fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.
24. Contractual obligations and money owed by the department were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the PFMA and TR 8.2.3.

Revenue management

25. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).
26. Interest was not charged on debts, as required by TR 11.5.1.

Transfer of funds

27. Funds were transferred to entities without obtaining written assurance that the entity had implemented effective, efficient and transparent financial management and internal control systems, as required by section 38(1)(j) of the PFMA.
28. Appropriate measures were not maintained to ensure that transfers and subsidies to entities were applied for their intended purposes, as required by TR 8.4.1.

Human resource management

29. Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of public service regulation 1/VI/D.8.

Internal audit

30. The internal audit function did not assess the operational procedure and monitoring mechanisms relating to all transfers made and received, including transfers in terms of the annual DoRA, as required by TR 3.2.8.

Strategic planning and performance management

31. Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management were not maintained, as required by section 38(1)(a)(i) of the PFMA.

Internal control

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

33. Senior management did not sufficiently discharge their oversight responsibilities, as policies and procedures for adequately monitoring and reporting disclosure items and compliance were insufficient or outdated. The organogram had still not been approved at year-end, despite this being reported as a shortcoming in previous financial years.

34. A number of repeat findings were reported because of the slow response by senior leadership to the messages of the auditor-general.
35. The action plan developed by management was not sufficient to address repeat findings on irregular expenditure, control deficiencies relating to disclosure and compliance matters.
36. Capacity constraints within the department were addressed by the utilisation of interns but the work performed by the interns was not adequately supervised and monitored, as evidenced by the numerous control deficiencies, non-compliance and misstatements reported. This contributed to the overall financial and compliance findings reported.
37. Senior leadership did not exercise appropriate consequence management relating to non-adherence to policies and procedures, which resulted in numerous recurring findings on compliance and deficiencies in the annual performance report.

Financial and performance management

38. The financial statements submitted for auditing contained numerous material errors that were not identified during management's review processes. In addition, adjustments were required to the performance report submitted for auditing, as a result of a lack of adequate processes for entity indicators and inadequate consequence management when officials did not comply with policies and procedures.
39. Numerous instances of non-compliance were again noted during the financial year, as a result of inadequate monitoring at the department.

Governance

40. Risk monitoring activities did not effectively address the department's risks throughout the financial year, and management did not appropriately monitor the responses to risks identified.
41. The internal audit unit and the audit committee could not be fully effective assurance providers, due to management not providing them with relevant reports and portfolios of evidence on time. Management did also not adequately respond to their messages.

OTHER REPORTS

Investigations

42. An independent consulting firm was engaged to perform a forensic investigation relating to the cooperative fund at the request of the department. The investigation was still in progress at the reporting date.
43. The Public Service Commission is investigating allegations of fraud relating to previous financial years. This investigation was also still in progress at the date of this report.

Auditor-General.

East London
30 July 2015



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence





ANNUAL FINANCIAL STATEMENTS

4. Annual Financial Statements

A. APPROPRIATION STATEMENT for the year ended 31 March 2015

Appropriation per programme		2014/15						2013/14		
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Voted funds and Direct charges										
Programme										
1 Administration		208 834	773	317	209 924	209 486	438	99,8%	205 789	185 141
2 Economic Development and Tourism		819 435	(761)	593	819 267	621 564	197 703	75,9%	887 573	881 037
3 Environmental Affairs		304 801	(12)	(910)	303 879	303 019	860	99,7%	293 113	285 986
Programme sub total		1 333 070	-	-	1 333 070	1 134 069	199 001	85%	1 386 475	1 352 164
Statutory Appropriation		289	-	-	289	289	-	100,0%	1 652	1 652
Members' remuneration		289	-	-	289	289	-	100,0%	1 652	1 652
TOTAL		1 333 359	0	0	1 333 359	1 134 358	199 001	85%	1 388 127	1 353 816
Reconciliation with Statement of Financial Performance										
Add:										
Departmental receipts					126 981					
Actual amounts per Statement of Financial Performance (Total Revenue)					1 460 340				1 388 127	
Actual amounts per Statement of Financial Performance Expenditure						1 134 358				1 353 816

A. APPROPRIATION STATEMENT for the year ended 31 March 2015

Appropriation per economic classification		2014/15						2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	334 899	-	630	335 529	356 954	(21 425)	106,4%	327 805	300 159
Compensation of employees	213 468	-	-	213 468	214 221	(753)	100,4%	201 353	194 490
Salaries and wages	213 468	-	-	213 468	214 221	(753)	100,4%	191 417	184 800
Social contributions	-	-	-	-	-	-	-	9 936	9 690
Goods and services	121 431	0	630	122 061	142 733	(20 672)	116,9%	126 452	105 669
Administrative fees	400	(293)	-	107	107	-	100,0%	49	46
Advertising	4 119	(1 659)	-	2 460	2 461	(1)	100,0%	5 328	4 325
Minor assets	868	(836)	-	32	32	-	100,0%	1 030	689
Audit costs: External	4 968	(31)	-	4 937	4 937	-	100,0%	3 546	3 447
Bursaries: Employees	1 559	205	-	1 764	1 764	-	100,0%	1 372	1 285
Catering: Departmental activities	2 847	(288)	-	2 559	2 559	-	100,0%	2 550	2 091
Communication (G&S)	5 663	(2 098)	-	3 565	3 565	-	100,0%	7 537	3 818
Computer services	5 083	27	-	5 110	5 110	-	100,0%	9 841	9 284
Consultants: Business and advisory services	13 267	(10 151)	-	3 116	3 116	-	100,0%	10 169	7 780
Infrastructure and planning services	1 642	(1 642)	-	-	-	-	-	-	-
Legal services	3 933	(2 074)	506	2 365	2 365	-	100,0%	4 618	4 415
Contractors	717	(151)	-	566	566	-	100,0%	1 124	1 019
Agency and support / outsourced services	965	17 442	-	18 407	39 828	(21 421)	216,4%	-	-
Entertainment	-	-	-	-	-	-	-	230	223
Fleet services (including government motor transport)	5 761	(1 259)	-	4 502	4 502	-	100,0%	5 899	5 491
Inventory: Food and food supplies	400	(400)	-	-	-	-	-	263	263
Inventory: Fuel, oil and gas	2 742	(2 742)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	393	(321)	-	72	72	-	100,0%	216	-
Inventory: Medical supplies	36	(36)	-	0	0	-	-	-	-

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Appropriation per economic classification	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Medicine	0	0	-	0	0	-	-	50	6
Medsas inventory interface	100	(100)	-	0	0	-	-	-	-
Inventory: Other supplies	74	(74)	-	0	0	-	-	668	561
Consumable supplies	723	1 122	-	1 845	1 845	-	100,0%	1 369	1 112
Consumable: Stationery, printing and office supplies	2 322	(2 322)	-	-	-	-	-	4 105	3 298
Operating leases	27 972	8 943	124	37 039	37 039	-	100,0%	20 876	18 510
Property payments	4 813	(1 187)	-	3 626	3 626	-	100,0%	3 447	2 978
Transport provided: Departmental activity	655	(655)	-	-	-	-	-	-	-
Travel and subsistence	18 110	3 045	-	21 155	20 405	750	96,5%	32 208	26 851
Training and development	2 896	(518)	-	2 378	2 378	-	100,0%	2 562	1 830
Operating payments	2 801	(1 254)	-	1 547	1 547	-	100,0%	78	74
Venues and facilities	5 437	(826)	-	4 611	4 611	-	100,0%	7 172	6 177
Rental and hiring	165	133	-	298	298	-	100,0%	145	96
Transfers and subsidies	986 174	-	(506)	985 668	728 937	256 731	74,0%	1 039 342	1 038 416
Provinces and municipalities	19 358	-	-	19 358	18 705	653	96,6%	12 123	12 123
Municipalities	19 358	-	-	19 358	18 705	653	96,6%	12 123	12 123
Municipal bank accounts	19 358	-	-	19 358	18 705	653	96,6%	12 123	12 123
Departmental agencies and accounts	912 993	-	4 000	916 993	663 996	252 997	72,4%	984 223	984 223
Departmental agencies (non-business entities)	912 993	-	4 000	916 993	663 996	252 997	72,4%	984 223	984 223
Higher education institutions	10 315	-	-	10 315	10 315	0	100,0%	11 064	11 064
Public corporations and private enterprises	38 560	-	(4 823)	33 737	30 915	2 822	91,6%	29 689	28 827
Public corporations	520	-	(4 317)	3 797	-	(3 797)	-	515	-
Other transfers to public corporations	520	-	(4 317)	3 797	-	(3 797)	-	515	-
Private enterprises	38 040	-	(506)	37 534	30 915	6 619	82,4%	29 174	28 827
Other transfers to private enterprises	38 040	-	(506)	37 534	30 915	6 619	82,4%	29 174	28 827
Non-profit institutions	2 650	-	-	2 650	2 396	254	90,4%	1 000	1 000

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Appropriation per economic classification	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Households	2 298	-	317	2 615	2 610	5	99,8%	1 243	1 179
Other transfers to households	2 298	-	317	2 615	2 610	5	99,8%	1 243	1 179
Payments for capital assets	12 286	-	(124)	12 162	48 467	(36 305)	398,5%	20 980	14 890
Buildings and other fixed structures	-	-	-	-	36 741	(36 741)	-	-	-
Other fixed structures	-	-	-	-	36 741	(-36 741)	-	-	-
Machinery and equipment	12 286	-	(124)	12 162	11 068	1 094	91,0%	20 980	14 890
Transport equipment	-	-	-	-	-	-	-	11 448	6 446
Other machinery and equipment	12 286	-	(124)	12 162	11 068	1 094	91,0%	9 532	8 444
Software and other intangible assets	-	-	-	-	658	(658)	-	-	-
Payment for financial assets	1 333 359	-	-	1 333 359	1 134 358	199 001	85,1%	1 388 127	1 353 816

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Programme 1: Administration

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme	208 834	773	317	209 924	209 486	438	99,8%	205 789	185 141
1 Office of the MEC	2 412	(1 502)	-	910	908	2	99,8%	4 826	4 342
2 Office of the HOD	56 099	428	(124)	56 403	56 470	(67)	100,1%	58 688	54 869
3 Financial Management	97 467	(225)	124	97 366	96 865	501	99,5%	88 901	76 670
4 Corporate Services	52 856	2 072	317	55 245	55 243	2	100,0%	53 374	49 260
	208 834	773	317	209 924	209 486	438	99,8%	205 789	185 141
Economic classification	194 250	773	124	195 147	195 150	(3)	100,0%	183 723	168 813
Current payments	105 755	10	-	105 765	106 518	(753)	100,7%	95 644	93 532
Compensation of employees	105 755	10	-	105 765	106 518	(753)	100,7%	95 644	93 532
Salaries and wages	88 495	763	124	89 382	88 632	750	99,2%	88 079	75 281
Goods and services	327	(231)	-	96	96	-	100,0%	10	10
Administrative fees	2 137	(1 216)	-	921	921	-	100,0%	2 933	2 304
Advertising	765	(735)	-	30	30	-	100,0%	850	628
Minor assets	4 968	(31)	-	4 937	4 937	-	100,0%	3 546	3 447
Audit costs: External	1 559	205	-	1 764	1 764	-	100,0%	1 372	1 285
Bursaries: Employees	685	(100)	-	585	585	-	100,0%	596	446
Catering: Departmental activities	4 570	(1 092)	-	3 478	3 478	-	100,0%	6 094	2 388
Communication (G&S)	3 115	1 017	-	4 132	4 132	-	100,0%	9 595	9 174
Computer services	6 910	(5 380)	-	1 530	1 530	-	100,0%	6 974	5 383
Consultants: Business and advisory services	3 933	(2 074)	-	1 859	1 859	-	100,0%	3 687	3 625
Legal services	614	(205)	-	409	409	-	100,0%	1 064	970
Contractors	965	7 896	-	8 861	8 861	-	100,0%	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	230	223
Entertainment	5 761	(1 259)	-	4 502	4 502	-	100,0%	5 899	5 491
Fleet services (including government motor transport)	400	(400)	-	-	-	-	-	263	263
Inventory: Food and food supplies	2 742	(2 742)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	343	(271)	-	72	72	-	100,0%	216	-
Inventory: Medical supplies	36	(36)	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	50	6
Inventory: Other supplies	-	-	-	-	-	-	-	597	534
Consumable supplies	700	1 090	-	1 790	1 790	-	100,0%	1 009	821
Consumable: Stationery, printing and office supplies	1 791	(1 791)	-	-	-	-	-	2 242	1 894
Operating leases	27 972	8 943	124	37 039	37 039	-	100,0%	19 552	18 510

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Property payments	4 813	(1 187)	-	3 626	3 626	-	100,0%	3 447	2 978
Transport provided: Departmental activity	265	(265)	-	-	-	-	-	-	-
Travel and subsistence	7 717	1 375	-	9 092	8 342	750	91,8%	15 299	12 971
Training and development	1 614	624	-	2 238	2 238	-	100,0%	1 883	1 478
Operating payments	2 694	(1 833)	-	861	861	-	100,0%	47	47
Venues and facilities	1 099	461	-	1 560	1 560	-	100,0%	614	405
Rental and hiring	-	-	-	-	-	-	-	10	-
Transfers and subsidies	2 298	-	317	2 615	2 610	5	99,8%	1 096	1 095
Households	2 298	-	317	2 615	2 610	5	99,8%	1 096	1 095
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	2 298	-	317	2 615	2 610	5	99,8%	1 096	1 095
Payments for capital assets	12 286	-	(124)	12 162	11 726	436	96,4%	20 970	14 882
Machinery and equipment	12 286	-	(124)	12 162	11 068	1 094	91,0%	20 970	14 882
Transport equipment	-	-	0	-	-	-	-	11 448	6 446
Other machinery and equipment	12 286	-	(124)	12 162	11 068	1 094	91,0%	9 522	8 436
Software and other intangible assets	-	-	-	-	658	(658)	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	351
	208 834	773	317	209 924	209 486	438	99,8%	205 789	185 141

Sub programme: 1.1: Office of the MEC

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	2 412	(1 502)	-	910	908	2	99,8%	4 826	4 342
Current payments	1 501	(866)	-	635	633	2	99,7%	3 253	3 154
Compensation of employees	1 501	(866)	-	635	633	2	99,7%	3 253	3 154
Salaries and wages	-	-	-	-	-	-	-	-	-
Social contributions	911	(636)	-	275	275	-	100,0%	1 573	1 188
Goods and services	50	(50)	-	-	-	-	-	-	-
Administrative fees	10	(10)	-	-	-	-	-	-	-
Advertising	15	(12)	-	3	3	-	100,0%	70	38
Catering: Departmental activities	124	(124)	-	-	-	-	-	39	6
Communication (G&S)	-	-	-	-	-	-	-	-	-
Computer services	151	(151)	-	-	-	-	-	70	48
Consultants: Business and advisory services	30	(30)	-	-	-	-	-	-	-
Agency and support / outsourced services	50	(50)	-	-	-	-	-	30	5
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

	413	(164)	-	249	249	-	100,0%	1 296	1 057
Travel and subsistence	20	3	-	23	23	-	100,0%	-	9
Operating payments	-	-	-	-	-	-	-	-	-
Venues and facilities	48	(48)	-	-	-	-	-	58	25
Rental and hiring	-	-	-	-	-	-	-	10	-
Total	2 412	(1 502)	-	910	908	2	99,8%	4 826	4 342

Sub programme: 1.2: Office of the HOD

Economic classification	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	55 187	662	-	55 849	55 812	37	99,9%	57 288	53 813
Compensation of employees	36 886	(78)	-	36 808	36 808	-	100,0%	29 297	28 731
Salaries and wages	36 886	(78)	-	36 808	36 808	-	100,0%	29 297	28 731
Goods and services	18 301	740	-	19 041	19 004	37	99,8%	27 991	25 082
Administrative fees	210	(149)	-	61	61	-	100,0%	-	-
Advertising	187	(187)	-	-	-	-	-	1 396	1 241
Minor assets	91	(91)	-	-	-	-	-	107	105
Catering: Departmental activities	467	(120)	-	347	347	-	100,0%	293	249
Communication (G&S)	779	(752)	-	27	27	-	100,0%	156	147
Computer services	3 115	1 017	-	4 132	4 132	-	100,0%	9 595	9 174
Consultants: Business and advisory services	3 372	(2 372)	-	1 000	1 000	-	100,0%	5 032	3 677
Legal services	3 363	(2 231)	-	1 132	1 132	-	100,0%	3 441	3 431
Contractors	77	109	-	186	186	-	100,0%	-	-
Agency and support / outsourced services	-	4 861	-	4 861	4 861	-	100,0%	-	-
Entertainment	-	-	-	-	-	-	-	230	223
Consumable supplies	-	966	-	966	966	-	100,0%	117	88
Consumable: Stationery, printing and office supplies	133	(133)	-	-	-	-	-	320	281
Operating leases	1 200	(1 163)	-	37	-	37	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	3 841	788	-	4 629	4 629	-	100,0%	6 512	5 797
Training and development	562	84	-	646	646	-	100,0%	792	669
Operating payments	269	(206)	-	63	63	-	100,0%	-	-
Venues and facilities	635	319	-	954	954	-	100,0%	-	-
Payments for capital assets	912	(234)	(124)	554	658	(104)	118,8%	1 400	1 056
Machinery and equipment	912	(234)	(124)	554	658	(104)	-	1 400	1 056
Other machinery and equipment	912	(234)	(124)	554	658	(104)	-	1 400	1 056
Software and other intangible assets	-	-	-	-	658	(658)	-	-	-
Total	56 099	428	(124)	56 403	56 470	(67)	100,1%	58 688	54 869

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Sub programme: 1.3: Financial Management

Economic classification	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	86 093	(459)	124	85 758	85 797	(39)	100,0%	69 398	62 559
Compensation of employees	35 588	(832)	-	34 756	34 758	(2)	100,0%	31 385	30 214
Salaries and wages	35 588	(832)	-	34 756	34 758	(2)	100,0%	31 385	30 214
Goods and services	50 505	373	124	51 002	51 039	(37)	100,1%	38 013	32 345
Administrative fees	17	(5)	-	12	12	-	100,0%	10	10
Advertising	840	(358)	-	482	482	-	100,0%	214	212
Minor assets	200	(200)	-	-	-	-	-	373	346
Audit costs: External	4 968	(31)	-	4 937	4 937	-	100,0%	3 546	3 447
Catering: Departmental activities	73	(44)	-	29	29	-	100,0%	18	12
Communication (G&S)	(1)	(1)	-	(1)	(1)	-	100,0%	1 865	(1 436)
Consultants: Business and advisory services	2 550	(2 268)	-	282	282	-	100,0%	793	792
Contractors	26	(25)	-	1	1	-	100,0%	-	-
Agency and support / outsourced services	885	115	-	1 000	1 000	-	100,0%	-	-
Fleet services (including government motor transport)	5 761	(1 259)	-	4 502	4 502	-	100,0%	5 899	5 491
Inventory: Food and food supplies	400	(400)	-	-	-	-	-	263	263
Inventory: Fuel, oil and gas	2 742	(2 742)	-	-	-	-	-	-	-
Inventory: Materials and supplies	20	(20)	-	-	-	-	-	-	-
Consumable supplies	43	130	-	173	173	-	100,0%	52	51
Consumable: Stationery, printing and office supplies	1 434	(1 434)	-	-	-	-	-	1 732	1 519
Operating leases	26 772	10 106	124	37 002	37 039	(37)	100,1%	19 552	18 510
Property payments	1 092	(1 092)	-	-	-	-	-	-	-
Transport provided: Departmental activity	265	(265)	-	-	-	-	-	-	-
Travel and subsistence	1 433	616	-	2 049	2 049	-	100,0%	3 249	2 698
Training and development	193	(100)	-	93	93	-	100,0%	269	254
Operating payments	650	(260)	-	390	390	-	100,0%	47	47
Venues and facilities	142	(91)	-	51	51	-	100,0%	131	129
Payments for capital assets	11 374	234	-	11 608	11 068	540	95,3%	19 503	13 760
Machinery and equipment	11 374	234	-	11 608	11 068	540	95,3%	19 503	13 760
Transport equipment	-	-	-	-	-	-	-	11 448	6 446
Other machinery and equipment	11 374	234	-	11 608	11 068	540	95,3%	8 055	7 314
Payment for financial assets	-	-	-	-	-	-	-	-	351
Total	97 467	(225)	124	97 366	96 865	501	99,5%	88 901	76 670

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Sub programme: 1.4: Corporate Services

	2014/15					2013/14			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification									
Current payments	50 558	2 072	-	52 630	52 633	(3)	100,0%	52 211	48 099
Compensation of employees	31 780	1 786	-	33 566	34 319	(753)	102,2%	31 709	31 433
Salaries and wages	31 780	1 786	-	33 566	34 319	(753)	102,2%	31 709	31 433
Goods and services	18 778	286	-	19 064	18 314	750	96,1%	20 502	16 666
Administrative fees	50	(27)	-	23	23	-	100,0%	-	-
Advertising	1 100	(661)	-	439	439	-	100,0%	1 323	851
Minor assets	474	(444)	-	30	30	-	100,0%	370	177
Bursaries: Employees	1 559	205	-	1 764	1 764	-	100,0%	1 372	1 285
Catering: Departmental activities	130	76	-	206	206	-	100,0%	215	147
Communication (G&S)	3 668	(216)	-	3 452	3 452	-	100,0%	4 034	3 671
Consultants: Business and advisory services	837	(589)	-	248	248	-	100,0%	1 079	866
Legal services	570	157	-	727	727	-	100,0%	246	194
Contractors	511	(289)	-	222	222	-	100,0%	1 064	970
Agency and support / outsourced services	50	2 950	-	3 000	3 000	-	100,0%	-	-
Inventory: Materials and supplies	323	(251)	-	72	72	-	100,0%	216	-
Inventory: Medical supplies	36	(36)	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	50	6
Inventory: Other supplies	-	-	-	-	-	-	-	597	534
Consumable supplies	657	(6)	-	651	651	-	100,0%	840	682
Consumable: Stationery, printing and office supplies	174	(174)	-	-	-	-	-	160	89
Property payments	3 721	(95)	-	3 626	3 626	-	100,0%	3 447	2 978
Travel and subsistence	2 030	135	-	2 165	1 415	750	65,4%	4 242	3 419
Training and development	839	637	-	1 476	1 476	-	100,0%	822	546
Operating payments	1 775	(1 367)	-	408	408	-	100,0%	-	-
Venues and facilities	274	281	-	555	555	-	100,0%	425	251
Transfers and subsidies	2 298	-	317	2 615	2 610	5	99,8%	1 096	1 095
Households	2 298	-	317	2 615	2 610	5	99,8%	1 096	1 095
Other transfers to households	2 298	-	317	2 615	2 610	5	99,8%	1 096	1 095
Payments for capital assets	-	-	-	-	-	-	-	67	66
Machinery and equipment	-	-	-	-	-	-	-	67	66
Other machinery and equipment	-	-	-	-	-	-	-	67	66
Total	52 856	2 072	317	55 245	55 243	2	100,0%	53 374	49 260

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Programme 2: Economic Development and Tourism

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Sub programme									
1 Integrated Economic Development Services	148 195	(5 296)	(3 949)	138 950	136 081	2 869	97,9%	130 208	128 616
2 Trade and Sector Development	550 420	6 168	3 492	560 080	365 246	194 834	65,2%	638 629	637 967
3 Business Regulation and Governance	109 389	(3 083)	1 371	107 677	107 677	-	100,0%	110 041	106 861
4 Economic Planning	7 236	(1 968)	(662)	4 606	4 606	-	100,0%	5 033	4 551
5 Tourism	4 195	3 418	341	7 954	7 954	-	100,0%	3 662	3 042
	8 19 435	(761)	593	8 19 267	621 564	197 703	75,9%	887 573	881 037
Economic classification									
Current payments	60 269	(761)	1 099	60 607	82 029	(21 422)	135,3%	57 792	51 668
Compensation of employees	39 012	-	593	39 605	39 605	-	100,0%	38 469	36 108
Salaries and wages	39 012	-	593	39 605	39 605	-	100,0%	38 469	36 108
Social contributions	-	(761)	506	21 002	42 424	(21 422)	202,0%	-	15 560
Goods and services	(10)	20	-	10	10	-	100,0%	39	36
Administrative fees	1 453	(541)	-	912	913	(1)	100,1%	2 046	1 826
Advertising	963	(213)	-	750	750	-	100,0%	1 250	1 037
Catering: Departmental activities	1 018	(1 005)	-	13	13	-	100,0%	661	659
Communication (G&S)	1 968	(990)	-	978	978	-	100,0%	246	110
Computer services	5 026	(3 440)	-	1 586	1 586	-	100,0%	2 352	2 108
Consultants: Business and advisory services	1 642	(1 642)	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	506	506	506	-	100,0%	24	-
Legal services	-	45	-	45	45	-	100,0%	58	47
Contractors	-	9 546	-	9 546	30 967	(21 421)	324,4%	-	-
Agency and support / outsourced services	-	-	-	1	1	-	100,0%	-	-
Consumable supplies	-	1	-	-	-	-	-	96	38
Consumable: Stationery, printing and office supplies	350	(350)	-	-	-	-	-	-	-
Transport provided: Departmental activity	390	(390)	-	-	-	-	-	-	-
Travel and subsistence	3 831	439	-	4 270	4 270	-	100,0%	7 527	5 652
Training and development	1 228	(1 190)	-	38	38	-	100,0%	515	203
Operating payments	71	502	-	573	573	-	100,0%	-	-
Venues and facilities	3 327	(1 650)	-	1 677	1 677	-	100,0%	4 421	3 791
Rental and hiring	-	97	-	97	97	-	100,0%	88	53
Transfers and subsidies	759 166	-	(506)	758 660	502 794	255 866	66,3%	829 771	829 361
Provinces and municipalities	4 350	-	-	4 350	4 350	-	100,0%	1 550	1 550
Municipalities	4 350	-	-	4 350	4 350	-	100,0%	1 550	1 550
Municipal bank accounts	4 350	-	-	4 350	4 350	-	100,0%	1 550	1 550

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

	2014/15					2013/14			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Departmental agencies and accounts	705 111	-	4 000	709 111	456 144	252 997	64,3%	787 836	787 836
Departmental agencies (non-business entities)	705 111	-	4 000	705 111	456 144	252 997	64,3%	787 836	787 836
Higher education institutions	10 315	-	-	10 315	10 315	-	100,0%	11 064	11 064
Public corporations and private enterprises	38 040	-	(4 506)	33 534	30 915	2 619	92,2%	29 174	28 827
Private enterprises	38 040	-	(4 506)	33 534	30 915	2 619	92,2%	29 174	28 827
Other transfers to private enterprises	38 040	-	(4 506)	33 534	30 915	2 619	92,2%	29 174	28 827
Non-profit institutions	1 350	-	-	1 350	1 100	250	81,5%	-	-
Households	-	-	-	-	-	-	-	147	84
Other transfers to households	-	-	-	-	-	-	-	147	84
Payments for capital assets	-	-	-	-	36 741	(36 741)	-	10	8
Buildings and other fixed structures	-	-	-	-	36 741	(36 741)	-	-	-
Other fixed structures	-	-	-	-	36 741	(36 741)	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	10	8
Other machinery and equipment	-	-	-	-	-	-	-	10	8
	819 435	(716)	593	819 267	621 564	197 703	75,9%	887 573	881 037

Sub programme: 2.1: Integrated Economic Development Services

	2014/15					2013/14			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification									
Current payments	16 829	6	557	17 392	17 392	-	100,0%	15 522	14 340
Compensation of employees	13 464	-	51	13 515	13 515	-	100,0%	12 684	12 416
Salaries and wages	13 464	-	51	13 515	13 515	-	100,0%	12 684	12 416
Goods and services	3 365	6	506	3 877	3 877	-	100,0%	2 838	1 924
Advertising	84	228	-	312	312	-	100,0%	-	-
Catering: Departmental activities	90	26	-	116	116	-	100,0%	374	286
Consultants: Business and advisory services	705	(66)	-	639	639	-	100,0%	-	-
Legal services	-	-	506	506	506	-	100,0%	-	-
Travel and subsistence	709	380	-	1 089	1 089	-	100,0%	2 059	1 382
Training and development	949	(949)	-	-	-	-	-	54	18
Operating payments	24	-	-	24	24	-	100,0%	-	-
Venues and facilities	804	387	-	1 191	1 191	-	100,0%	351	238
Transfers and subsidies	131 366	(5 302)	(506)	125 558	118 689	2 869	97,6%	114 686	114 276
Provinces and municipalities	2 850	-	-	2 850	2 850	-	100,0%	350	350
Municipalities	2 850	-	-	2 850	2 850	-	100,0%	350	350
Municipal bank accounts	2 850	-	-	2 850	2 850	-	100,0%	350	350

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Economic classification	2014/15					2013/14			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Departmental agencies and accounts	89 126	(5 302)	-	83 824	83 824	-	100,0%	83 915	83 915
Departmental agencies (non-business entities)	89 126	(5 302)	-	83 824	83 824	-	100,0%	83 915	83 915
Higher education institutions	-	-	(4 506)	-	-	2 619	92,1%	29 174	28 827
Public corporations and private enterprises	38 040	-	(4 506)	33 534	30 915	2 619	92,1%	29 174	28 827
Private enterprises	38 040	-	(4 506)	33 534	30 915	2 619	92,1%	29 174	28 827
Other transfers to private enterprises	38 040	-	(4 506)	33 534	30 915	2 619	92,1%	29 174	28 827
Non-profit institutions	1 350	-	-	1 350	1 100	250	81,5%	-	-
Households	-	-	-	-	-	-	-	147	84
Other transfers to households	-	-	-	-	-	-	-	147	84
Total	148 195	(5 296)	(3 949)	138 950	136 081	2 869	97,9%	130 208	128 616

Sub programme: 2.2: Trade and Sector Development

Economic classification	2014/15					2013/14			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	11 919	866	(508)	12 277	33 699	(21 422)	274,5%	10 526	9 864
Compensation of employees	6 730	-	(508)	6 222	6 222	-	100,0%	6 577	6 125
Salaries and wages	6 730	-	(508)	6 222	6 222	-	100,0%	6 577	6 125
Goods and services	5 189	866	-	6 055	27 477	(21 422)	453,8%	3 949	3 739
Administrative fees	-	-	-	-	-	-	-	39	36
Advertising	90	-	-	90	91	(1)	101,1%	62	-
Catering: Departmental activities	155	111	-	266	266	0	100,0%	194	193
Communication (G&S)	392	(392)	-	-	-	-	-	659	659
Computer services	368	(368)	-	-	-	-	-	-	-
Consultants: Business and advisory services	2 528	(2 528)	-	-	-	-	-	924	900
Agency and support / outsourced services	-	3 487	-	3 487	24 908	(21 421)	714,3%	-	-
Travel and subsistence	674	1 176	-	1 850	1 850	-	100,0%	1 214	1 135
Training and development	28	10	-	38	38	-	100,0%	53	53
Venues and facilities	954	(630)	-	324	324	-	100,0%	792	751
Rental and hiring	-	-	-	-	-	-	-	12	12
Transfers and subsidies	538 501	5 302	4 000	547 803	294 806	252 997	53,8%	628 103	628 103
Departmental agencies and accounts	530 501	5 302	4 000	539 803	286 806	252 997	53,1%	620 103	620 103
Departmental agencies (non-business entities)	530 501	5 302	4 000	539 803	286 806	252 997	53,1%	620 103	620 103
Higher education institutions	8 000	-	-	8 000	8 000	-	100,0%	8 000	8 000
Payments for capital assets	-	-	-	-	36 741	(36 741)	-	-	-
Buildings and other fixed structures	-	-	-	-	36 741	(36 741)	-	-	-
Other fixed structures	-	-	-	-	36 741	(36 741)	-	-	-
Total	550 420	6 168	3 492	560 080	365 246	194 834	65,2%	638 629	637 967

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Sub programme: 2.3: Business Regulation and Governance

Economic classification	2014/15				2013/14				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	22 405	(3 083)	1 371	20 693	20 693	-	100,0%	25 013	21 835
Compensation of employees	14 486	-	1 371	15 857	15 857	-	100,0%	14 973	13 913
Salaries and wages	14 486	-	1 371	15 857	15 857	-	100,0%	14 973	13 913
Goods and services	7 919	(3 083)	-	4 836	4 836	-	100,0%	10 040	7 922
Administrative fees	(10)	20	-	10	10	-	100,0%	-	-
Advertising	1 279	(769)	-	510	510	-	100,0%	1 974	1 816
Catering: Departmental activities	578	(281)	-	297	297	-	100,0%	565	465
Computer services	1 600	(622)	-	978	978	-	100,0%	-	-
Consultants: Business and advisory services	562	(103)	-	459	459	-	100,0%	1 223	1 004
Legal services	-	-	-	-	-	-	-	24	-
Contractors	-	45	-	45	45	-	100,0%	58	47
Agency and support / outsourced services	-	1 198	-	1 198	1 198	-	100,0%	-	-
Consumable: Stationery, printing and office supplies	350	(350)	-	-	-	-	-	96	38
Transport provided: Departmental activity	390	(390)	-	-	-	-	-	-	-
Travel and subsistence	1 852	(1 258)	-	594	594	-	100,0%	2 669	1 877
Training and development	251	(251)	-	-	-	-	-	324	79
Operating payments	47	502	-	549	549	-	100,0%	-	-
Venues and facilities	1 020	(921)	-	99	99	-	100,0%	3 031	2 555
Rental and hiring	-	97	-	97	97	-	100,0%	76	41
Transfers and subsidies	86 984	-	-	86 984	86 984	-	100,0%	85 018	85 018
Provinces and municipalities	1 500	-	-	1 500	1 500	-	100,0%	1 200	1 200
Municipalities	1 500	-	-	1 500	1 500	-	100,0%	1 200	1 200
Municipal bank accounts	1 500	-	-	1 500	1 500	-	100,0%	1 200	1 200
Departmental agencies and accounts	85 484	-	-	85 484	85 484	-	100,0%	83 818	83 818
Departmental agencies (non-business entities)	85 484	-	-	85 484	85 484	-	100,0%	83 818	83 818
Payments for capital assets	-	-	-	-	-	-	-	10	8
Machinery and equipment	-	-	-	-	-	-	-	10	8
Other machinery and equipment	-	-	-	-	-	-	-	10	8
Total	109 389	(3 083)	1 371	107 677	107 677	-	100,0%	110 041	106 861

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Sub programme: 2.4: Economic Planning

Economic classification	2014/15				2013/14				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	4 921	(1 968)	(662)	2 291	2 291	-	100,0%	3 069	2 587
Compensation of employees	2 257	-	(662)	1 595	1 595	-	100,0%	1 869	1 646
Salaries and wages	2 257	-	(662)	1 595	1 595	-	100,0%	1 869	1 646
Goods and services	2 664	(1 968)	-	696	696	-	100,0%	1 200	941
Advertising	-	-	-	-	-	-	-	10	10
Catering: Departmental activities	-	-	-	-	-	-	-	96	79
Communication (G&S)	26	(13)	-	13	13	-	100,0%	-	-
Computer services	-	-	-	-	-	-	-	246	110
Consultants: Business and advisory services	331	137	-	468	468	-	100,0%	31	31
Infrastructure and planning services	1 642	(1 642)	-	-	-	-	-	-	-
Travel and subsistence	216	(1)	-	215	215	-	100,0%	550	464
Training and development	-	-	-	0	-	-	-	20	20
Venues and facilities	449	(449)	-	0	-	-	-	247	247
Transfers and subsidies	2 315	-	-	2 315	2 315	-	100,0%	1 964	1 964
Higher education institutions	2 315	-	-	2 315	2 315	-	100,0%	1 964	1 964
Total	7 236	(1 968)	(662)	4 606	4 606	-	100,0%	5 033	4 551

Sub programme: 2.5: Tourism

Economic classification	2014/15				2013/14				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	4 195	3 418	341	7 954	7 954	-	100,0%	3 662	3 042
Compensation of employees	2 075	-	341	2 416	2 416	-	100,0%	2 366	2 008
Salaries and wages	2 075	-	341	2 416	2 416	-	100,0%	2 366	2 008
Goods and services	2 120	3 418	-	5 538	5 538	-	100,0%	1 296	1 034
Catering: Departmental activities	140	(69)	-	71	71	-	100,0%	21	14
Communication (G&S)	600	(600)	-	-	-	-	-	2	-
Consultants: Business and advisory services	900	(880)	-	20	20	-	100,0%	174	173
Agency and support / outsourced services	-	4 861	-	4 861	4 861	-	100,0%	-	-
Consumable supplies	-	1	-	1	1	-	100,0%	-	-
Travel and subsistence	380	142	-	522	522	-	100,0%	1 035	794
Training and development	-	-	-	-	-	-	-	64	53
Venues and facilities	100	(37)	-	63	63	-	100,0%	-	-
Total	4 195	3 418	341	7 954	7 954	-	100,0%	3 662	3 042

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Programme 3: Environmental Affairs

	2014/15					2013/14			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Environmental Policy, Planning and Coordination	24 055	1 750	-	25 805	25 171	634	97,5%	24 857	22 970
2 Compliance and Enforcement	43 839	(721)	-	43 118	43 118	-	100,0%	41 113	39 947
3 Environmental Quality Management	12 083	2 070	-	14 153	14 130	23	99,8%	14 085	12 659
4 Biodiversity Management	216 249	(3 381)	(910)	211 958	211 755	203	99,9%	203 336	201 362
5 Environmental Empowerment Services	8 575	270	-	8 845	8 845	-	100,0%	9 722	9 048
	304 801	(12)	(910)	303 879	303 019	860	99,7%	293 113	285 986
Economic classification									
Current payments	80 091	(12)	(593)	79 486	79 486	-	100,0%	84 638	78 026
Compensation of employees	68 412	(10)	(593)	67 809	67 809	-	100,0%	65 588	63 198
Salaries and wages	68 412	(10)	(593)	67 809	67 809	-	100,0%	55 652	53 508
Social contributions	-	-	-	-	-	-	-	9 936	9 690
Goods and services	11 679	(2)	-	11 677	11 677	-	100,0%	19 050	14 828
Administrative fees	83	(82)	-	1	1	-	100,0%	-	-
Advertising	529	98	-	627	627	-	100,0%	349	195
Minor assets	103	(101)	-	2	2	-	100,0%	180	61
Catering: Departmental activities	1 199	25	-	1 224	1 224	-	100,0%	704	608
Communication (G&S)	75	(1)	-	74	74	-	100,0%	782	771
Consultants: Business and advisory services	1 331	(1 331)	-	-	-	-	-	843	289
Legal services	-	0	-	-	-	-	-	907	790
Contractors	103	9	-	112	112	-	100,0%	2	2
Inventory: Materials and supplies	50	(50)	-	-	-	-	-	-	-
Meddas inventory interface	100	(100)	-	-	-	-	-	-	-
Inventory: Other supplies	74	(74)	-	-	-	-	-	71	27
Consumable supplies	23	31	-	54	54	-	100,0%	360	291
Consumable: Stationery, printing and office supplies	181	(181)	-	-	-	-	-	1 767	1 366
Operating leases	-	-	-	-	-	-	-	1 324	-
Travel and subsistence	6 562	1 231	-	7 793	7 793	-	100,0%	9 382	8 228
Training and development	54	48	-	102	102	-	100,0%	164	149
Operating payments	36	77	-	113	113	-	100,0%	31	27
Venues and facilities	1 011	363	-	1 374	1 374	-	100,0%	2 137	1 981
Rental and hiring	165	36	-	201	201	-	100,0%	47	43
Transfers and subsidies	224 710	-	(317)	224 393	223 533	860	99,6%	208 475	207 960
Provinces and municipalities	15 008	-	-	15 008	14 355	653	95,6%	10 573	10 573
Municipalities	15 008	-	-	15 008	14 355	653	95,6%	10 573	10 573
Municipal bank accounts	15 008	-	-	15 008	14 355	653	95,6%	10 573	10 573

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Departmental agencies and accounts	207 882	-	-	207 882	207 882	-	100,0%	196 387	196 387
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	207 882	-	-	207 882	207 882	-	100,0%	196 387	196 387
Public corporations and private enterprises	520	-	(317)	203	-	203	-	515	-
Public corporations	520	-	(317)	203	-	203	-	515	-
Other transfers to public corporations	520	-	(317)	203	-	203	-	515	-
Non-profit institutions	1 300	-	-	1 300	1 296	4	99,7%	1 000	1 000
	304 801	(12)	(910)	303 879	303 019	860	99,7%	293 113	285 986

Sub programme: 3.1: Environmental Policy, Planning and Coordination

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification									
Current payments	9 370	1 750		11 120	11 120		100,0%	14 284	12 397
Compensation of employees	7 733	932	-	8 665	8 665	-	100,0%	9 936	9 690
Salaries and wages	7 733	932	-	8 665	8 665	-	100,0%	-	-
Social contributions	-	-	-	-	-	-	-	9 936	9 690
Goods and services	1 637	818	-	2 455	2 455	-	100,0%	4 348	2 707
Advertising	129	131	-	260	260	-	100,0%	349	195
Catering: Departmental activities	281	85	-	366	366	-	100,0%	-	-
Communication (G&S)	75	(1)	-	74	74	-	100,0%	782	771
Contractors	52	(1)	-	51	51	-	100,0%	-	-
Consumable supplies	-	-	-	-	-	-	-	11	-
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	6	5
Operating leases	-	-	-	-	-	-	-	1 324	-
Travel and subsistence	964	464	-	1 428	1 428	-	100,0%	1 406	1 283
Training and development	9	-	-	9	9	-	100,0%	32	16
Operating payments	-	39	-	39	39	-	100,0%	-	-
Venues and facilities	127	77	-	204	204	-	100,0%	438	437
Rental and hiring	-	24	-	24	24	-	100,0%	-	-
Transfers and subsidies	14 685			14 685	14 051	634	95,7%	10 573	10 573
Provinces and municipalities	13 385	-	-	13 385	12 755	630	95,3%	9 573	9 573
Municipalities	13 385	-	-	13 385	12 755	630	95,3%	9 573	9 573
Municipal bank accounts	13 385	-	-	13 385	12 755	630	95,3%	9 573	9 573
Non-profit institutions	1 300	-	-	1 300	1 296	4	99,7%	1 000	1 000
Total	24 055	1 750		25 805	25 171	634	97,5%	24 857	22 970

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Sub programme: 3.2: Compliance and Enforcement

Economic classification	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	43 839	(721)	-	43 118	43 118	-	100,0%	41 113	39 947
Compensation of employees	41 744	(1 100)	-	40 644	40 644	-	100,0%	38 462	37 786
Salaries and wages	41 744	(1 100)	-	40 644	40 644	-	100,0%	38 462	37 786
Goods and services	2 095	379	-	2 474	2 474	-	100,0%	2 651	2 161
Administrative fees	30	(30)	-	-	-	-	-	-	-
Advertising	40	(40)	-	-	-	-	-	-	-
Minor assets	103	(101)	-	2	2	-	100,0%	105	61
Catering: Departmental activities	-	-	-	-	-	-	-	8	3
Inventory: Materials and supplies	50	(50)	-	-	-	-	-	-	-
Medsas inventory interface	100	(100)	-	-	-	-	-	-	-
Inventory: Other supplies	74	(74)	-	-	-	-	-	71	27
Consumable supplies	5	31	-	36	36	-	100,0%	212	190
Travel and subsistence	1 570	287	-	1 857	1 857	-	100,0%	2 116	1 746
Training and development	-	-	-	-	-	-	-	54	54
Operating payments	36	38	-	74	74	-	100,0%	31	27
Venues and facilities	87	418	-	505	505	-	100,0%	54	53
Total	43 839	(721)	0	43 118	43 118	-	100,0%	41 113	39 947

Sub programme: 3.3: Environmental Quality Management

Economic classification	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	10 460	2 070	-	12 530	12 530	-	100,0%	14 085	12 659
Compensation of employees	8 437	2 155	-	10 592	10 592	-	100,0%	9 656	8 906
Salaries and wages	8 437	2 155	-	10 592	10 592	-	100,0%	9 656	8 906
Goods and services	2 023	(85)	-	1 938	1 938	-	100,0%	4 429	3 753
Consultants: Business and advisory services	-	-	-	-	-	-	-	233	232
Consumable supplies	-	-	-	-	-	-	-	66	34
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	1 411	1 308
Travel and subsistence	1 790	(38)	-	1 752	1 752	-	100,0%	2 190	1 717
Training and development	45	-	-	45	45	-	100,0%	-	-
Venues and facilities	188	(47)	-	141	141	-	100,0%	529	462

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

	2014/15					2013/14			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification									
Transfers and subsidies	1 623	-	-	1 623	1 600	23	98,6%	-	-
Provinces and municipalities	1 623	-	-	1 623	1 600	23	98,6%	-	-
Municipalities	1 623	-	-	1 623	1 600	23	98,6%	-	-
Municipal bank accounts	1 623	-	-	1 623	1 600	23	98,6%	-	-
Total	12 083	2 070	-	14 153	14 130	23	99,8%	14 085	12 659

Sub programme: 3.4: Biodiversity Management

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification									
Current payments	7 847	(3 381)	(593)	3 873	3 873	-	100,0%	6 434	4 975
Compensation of employees	4 760	(2 399)	(593)	1 768	1 768	-	100,0%	2 234	1 779
Salaries and wages	4 760	(2 399)	(593)	1 768	1 768	-	100,0%	2 234	1 779
Goods and services	3 087	(982)	-	2 105	2 105	-	100,0%	4 200	3 196
Administrative fees	53	(52)	-	1	1	-	100,0%	-	-
Catering: Departmental activities	24	32	-	56	56	-	100,0%	95	68
Consultants: Business and advisory services	1 331	(1 331)	-	-	-	-	-	610	57
Consumable supplies	14	-	-	14	14	-	100,0%	66	63
Consumable: Stationery, printing and office supplies	181	(181)	-	-	-	-	-	350	53
Travel and subsistence	1 347	568	-	1 915	1 915	-	100,0%	2 579	2 511
Training and development	-	48	-	48	48	-	100,0%	38	39
Venues and facilities	137	(66)	-	71	71	-	100,0%	462	405
Transfers and subsidies	208 402	-	(317)	208 085	207 882	203	99,9%	196 902	196 387
Departmental agencies and accounts	207 882	-	-	207 882	207 882	-	100,0%	196 387	196 387
Departmental agencies (non-business entities)	207 882	-	-	207 882	207 882	-	100,0%	196 387	196 387
Public corporations and private enterprises	520	-	(317)	203	-	203	-	515	-
Public corporations	520	-	(317)	203	-	203	-	515	-
Other transfers to public corporations	520	-	(317)	203	-	203	-	515	-
Total	216 249	(3 381)	(910)	211 958	211 755	203	99,9%	203 336	201 362

A. APPROPRIATION STATEMENT for the year ended 31 March 2015 CONTINUED

Sub programme: 3.5: Environmental Empowerment Services

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Economic classification	8 575	270	-	8 845	8 845	-	100,0%	8 722	8 048
Current payments	5 738	402	-	6 140	6 140	-	100,0%	5 300	5 037
Compensation of employees	5 738	402	-	6 140	6 140	-	100,0%	5 300	5 037
Salaries and wages	2 837	(132)	-	2 705	2 705	-	100,0%	3 422	3 011
Goods and services	360	7	-	367	367	-	100,0%	-	-
Advertising	-	-	-	-	-	-	-	75	-
Minor assets	-	-	-	-	-	-	-	601	537
Catering: Departmental activities	894	(92)	-	802	802	-	100,0%	907	790
Legal services	51	10	-	61	61	-	100,0%	2	2
Contractors	4	-	-	4	4	-	100,0%	5	4
Consumable supplies	891	(50)	-	841	841	-	100,0%	1 091	971
Travel and subsistence	-	-	-	-	-	-	-	40	40
Training and development	472	(19)	-	453	453	-	100,0%	654	624
Venues and facilities	165	12	-	177	177	-	100,0%	47	43
Rental and hiring	-	-	-	-	-	-	-	1 000	1 000
Transfers and subsidies	-	-	-	-	-	-	-	1 000	1 000
Provinces and municipalities	-	-	-	-	-	-	-	1 000	1 000
Municipalities	-	-	-	-	-	-	-	1 000	1 000
Municipal bank accounts	-	-	-	-	-	-	-	1 000	1 000
Total	8 575	270	-	8 845	8 845	-	100,0%	9 722	9 048

Direct charges

	2014/15						2013/14		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Sub programme									
1 Members' remuneration	289	-	-	289	289	-	100,0%	1 652	1 652
Economic classification	289	-	-	289	289	-	100,0%	1 652	1 652
Current payments	289	-	-	289	289	-	100,0%	1 652	1 652
Compensation of employees	289	-	-	289	289	-	100,0%	1 652	1 652
Salaries and wages	289	-	-	289	289	-	100,0%	1 652	1 652

B. NOTES TO THE APPROPRIATION STATEMENT For the year ended 31 March 2015

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies disclosure notes and Annexure 1(B-G) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

Per programme:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
Administration	209 924	209 486	438	99.8
Economic Development	819 267	621 564	197 703	75.9
Environmental Affairs	303 879	303 019	860	99.7

The policy on the disbursement of LRED funds has a control requirement where due diligence is done on all approved projects. Those that through this exercise are perceived as high risk, these funds are not awarded hence there is an underspending. The other difference has been the delay in the transfer of infrastructure funds to COEGA

B. NOTES TO THE APPROPRIATION STATEMENT CONTINUED

Per economic classification:	Final	Actual	Variance	Variance as a %
	Appropriation	Expenditure		of Final Approp.
	R'000	R'000	R'000	%
Current expenditure	335 529	356 954	(21 425)	106
Compensation of employees	213 468	214 221	(753)	100.4
Goods and services	122 061	142 733	(20 672)	116.9
Transfers and subsidies	985 668	728 937	256 731	74.0
Provinces and municipalities	19 358	18 705	653	96.6
Departmental agencies and accounts	916 993	663 996	252 997	72.4
Higher education institutions	10 315	10 315	-	100.0
Public corporations and private enterprises	33 737	30 915	2 822	91.6
Non-profit institutions	2 650	2 396	254	90.4
Households	2 615	2 610	5	99.8
Payments for capital assets	12 162	48 467	(36 305)	398.5
Buildings and other fixed structures	-	36 741	(36 741)	
Machinery and equipment	12 162	11 068	1 094	91.0
Software and other intangible assets		658	(658)	

The department over spent on goods and services by R20,672 million (16.9%) as a result of the inclusion of expenditure incurred on the implementation of infrastructure projects being implemented by the CDC in the integrated social Infrastructure Development Programme of the Province.

Per conditional grant	Final	Actual	Variance	Variance as a %
	Appropriation	Expenditure		of Final Approp.
	R'000	R'000	R'000	%
Extended Public Works Programme (EPWP)	2 102	1 472	630	70.0

National Department of Public Works could not grant approval for the transfer of the Extended Public Works Programme (EPWP) funds as the municipalities could not submit credible and compliant progress report for additional tranches to be transferred.



C. STATEMENT OF FINANCIAL PERFORMANCE

	Note	2014/15 R'000	2013/14 R'000
REVENUE			
Annual appropriation	1	1 333 070	1 386 475
Statutory appropriation	2	289	1 652
Departmental revenue	3	126 981	-
TOTAL REVENUE		1 460 340	1 388 127
EXPENDITURE			
Current expenditure			
Compensation of employees	4	214 222	194 492
Goods and services	5	142 731	106 068
Total current expenditure		356 953	300 560
Transfers and subsidies			
Transfers and subsidies	7	728 934	1 038 015
Total transfers and subsidies		728 934	1 038 015
Expenditure for capital assets			
Tangible assets	8	48 471	14 890
Total expenditure for capital assets		48 471	14 890
Payments for financial assets		-	351
TOTAL EXPENDITURE		1 134 358	1 353 816
SURPLUS/(DEFICIT) FOR THE YEAR		325 982	34 311
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		199 001	34 311
Annual appropriation		199 001	34 311
Departmental revenue and NRF Receipts		126 981	-
SURPLUS/(DEFICIT) FOR THE YEAR		325 982	34 311

D. STATEMENT OF FINANCIAL POSITION

	Note	2014/15 R'000	2013/14 R'000
ASSETS			
Current assets		108 532	12 655
Cash and cash equivalents	9	11 255	9 235
Prepayments and advances	10	94 833	-
Receivables	11	2 444	2 853
Voted funds to be received from the Revenue Fund	14	-	567
Non-current assets		449 605	449 676
Investments	12	427 590	427 590
Receivables	11	2 054	1 986
Loans	13	19 961	20 100
TOTAL ASSETS		558 137	462 331
LIABILITIES			
Current liabilities		107 744	10 884
Voted funds to be paid to the Revenue Fund	14	77 015	-
Departmental revenue to be surrendered to the Revenue Fund	15	30 371	10 568
Payables	16	358	316
Non-current liabilities			
Payables	16	3 232	3 590
TOTAL LIABILITIES		110 976	14 474
NET ASSETS		447 161	447 857
Represented by:			
Capitalisation reserve		427 590	427 590
Recoverable revenue		19 572	20 267
TOTAL		447 161	447 857



E. STATEMENT OF CHANGES IN NET ASSETS

NET ASSETS	Note	2014/15 R'000	2013/14 R'000
Capitalisation Reserves			
Opening balance		427 590	427 590
Closing balance		427 590	427 590
Recoverable revenue			
Opening balance		20 267	20 949
Transfers:		(696)	(682)
Debts raised		(696)	(682)
Closing balance		19 571	20 267
TOTAL		447 161	447 857

F. STATEMENT OF CASH FLOW

	Note	2014/15 R'000	2013/14 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 472 479	1 479 115
Annual appropriated funds received	1.1	1 211 084	1 351 597
Statutory appropriated funds received	2	289	1 652
Departmental revenue received	3	261 093	125 535
Interest received	3.3	13	331
Net (increase)/decrease in working capital		(94 450)	1 326
Surrendered to Revenue Fund		(240 736)	(130 045)
Current payments		(356 953)	(300 560)
Payments for financial assets			(351)
Transfers and subsidies paid		(728 934)	(1 038 015)
Net cash flow available from operating activities	17	51 406	11 470
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(48 471)	(14 890)
(Increase)/decrease in loans		139	(461)
(Increase)/decrease in investments			-
Net cash flows from investing activities		(48 332)	(15 351)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(696)	(682)
(Increase)/decrease in non current liabilities		(358)	-
Net cash flows from financing activities		(1 054)	(682)
Net increase/(decrease) in cash and cash equivalents		2 020	(4 563)
Cash and cash equivalents at beginning of period		9 235	13 798
Cash and cash equivalents at end of period	18	11 255	9 235

G. ACCOUNTING POLICIES

Summary of significant accounting policies	
<p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with Modified Cash Standard as prescribed and relevant guidelines specified / issued by the National Treasury.</p> <p>The annual financial statements presented fairly reflect the primary and secondary information of the department.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.</p>
6.	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p>Revenue</p>
7.1	<p>Appropriated funds</p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>

G. ACCOUNTING POLICIES CONTINUED

8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.1.3	Employee benefits Short-term employee benefits that give rise to a present legal or constructive obligation in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or statement of financial position.
8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
8.3	Accrued expenditure payable Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department. Accrued expenditure payable is measured at cost.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	Aid assistance paid Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
11	Prepayments and advances Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are recognised as and when the goods/services are received or the funds are utilised in a future period longer than one month from payment and the amount is material. Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost. Prepayments are expensed if the funds are utilised in a future period less than one month from payment.
12	Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
13	Investments Investments are recognised in the statement of financial position at cost.

G. ACCOUNTING POLICIES CONTINUED

14	<p>Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements. Once debts are confirmed as irrecoverable they are written off. The Department shall assess at each reporting date whether there is any objective evidence that a financial asset is impaired. The cumulative loss shall be between the acquisition cost and the current fair value of the financial asset.</p>
15	<p>Payables Loans and payables are recognised in the statement of financial position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets Recognition Capital assets are initially recognised if they meet the following criteria: <ul style="list-style-type: none"> ▪ It is probable that future economic benefits or service potential will flow to the department; and ▪ The cost or fair value of the asset can be reliably measured. Measurement Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another Department in which case the completed project costs are transferred to that department. Presentation and disclosure Capital assets purchased are recorded as expenditure under "expenditure for capital assets" in the statement of financial performance. Capital assets are also recorded on the notes to the financial statements where details of opening balance, additions, disposals and closing balance are provided. Details on capital work in progress are shown in the annexures to the financial statements.</p>
16.2	<p>Movable capital assets Recognition Capital assets are initially recognised if they meet the following criteria: <ul style="list-style-type: none"> ▪ It is probable that future economic benefits or service potential will flow to the department; and ▪ The cost or fair value of the asset can be reliably measured. Measurement Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another Department in which case the completed project costs are transferred to that department. Presentation and disclosure Capital assets purchased are recorded as expenditure under "expenditure for capital assets" in the statement of financial performance. Capital assets are also recorded on the notes to the financial statements where details of opening balance, additions, disposals and closing balance are provided. Details on capital work in progress are shown in the annexures to the financial statements.</p>

G. ACCOUNTING POLICIES CONTINUED

16.3	<p>Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <ul style="list-style-type: none"> Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project. Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably</p>
17.3	<p>Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department</p>
17.4	<p>Commitments Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash</p>
18	<p>Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> approved by Parliament or the Provincial Legislature with funding and the related funds are received; or approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>

G. ACCOUNTING POLICIES CONTINUED

21	<p>Changes in accounting policies, accounting estimates and errors Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Agent-Principal arrangements When the Department is the principal it will recognise any payment made to the agent in the statement of financial performance unless it is a prepayment in which case the policy of prepayments and advances above will apply. Any asset or liability associated with the activity undertaken by the agent is included in the disclosure notes to the financial statements.</p> <p>The Department accounts for the funds provided by the principal to execute the agreed tasks as an advance in the statement of financial position. If the Department has not received an advance it will raise a receivable for expenditure spent on behalf of the principal and therefore due by the principal. Any asset or liability associated with the activity undertaken by them should be included in the statement of financial position and in the notes to the financial statements.</p>
24	<p>Related party transactions Transactions and balances with related parties falling under the same MEC's portfolio are included in the disclosure notes, except for those transactions that occur within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and terms and conditions within the normal operating parameters established by that reporting department's legal mandate.</p> <p>A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.</p> <p>Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity (where these individuals are paid by the department)</p>
25	<p>Recoverable Revenue Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
26	<p>Capitalization Reserve The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
27	<p>Key management personnel Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.</p>

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

		2014/15		2013/14
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/not received R'000	Appropriation received R'000
Administration	209 924	209 312	612	184 575
Economic Development	819 267	699 031	120 236	881 035
Environment affairs	303 879	302 741	1 138	285 987
Total	1 333 070	1 211 084	121 986	1 351 597

R350 million was ring-fenced for infrastructure project to be implemented by Eastern Cape Development Corporation (ECDC), of which R100 million could not be transferred based on the report on deliverables as required in the Service Level Agreement between the Department and the entity.

1.2 Conditional grants

	Note	2014/15 R'000	2013/14 R'000
Total grants received	36	1 472	550
Provincial grants included in Total Grants received		-	-

2. Statutory appropriation

	2014/15 R'000	2013/14 R'000
Member of executive committee/parliamentary officers	289	1 652
Total	289	1 652
Actual Statutory Appropriation Received	289	1 652

In the new term of the Executing Authority is responsible for two departments and the Provincial Planning and Treasury pays the member's remuneration.



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

3. Departmental Revenue

	Note	2014/15 R'000	2013/14 R'000
Tax revenue		161 090	123 484
Sales of goods and services other than capital assets	3.1	1 090	802
Fines penalties and forfeits	3.2	1 427	818
Interest dividends and rent on land	3.3	13	331
Transactions in financial assets and liabilities	3.4	97 486	431
Total revenue collected		<u>261 106</u>	<u>125 866</u>
Less: Own revenue included in appropriation	15	134 125	125 866
Departmental revenue collected		<u>126 981</u>	<u>-</u>

The over collection of own revenue is due to the opening of new Bingo licenses by ECGBBB and increase in tariffs of liquor licenses.

		2014/15 R'000	2013/14 R'000
3.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department	3	1 090	802
Other sales		<u>1 090</u>	<u>802</u>
Total		<u>1 090</u>	<u>802</u>
3.2 Fines penalties and forfeits			
Fines	3	1 427	818
Total		<u>1 427</u>	<u>818</u>
3.3 Interest dividends and rent on land			
Interest	3	13	331
Total		<u>13</u>	<u>331</u>
3.4 Transactions in financial assets and liabilities			
Other Receipts including Recoverable Revenue	3	97 486	431
Total		<u>97 486</u>	<u>431</u>

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

4. Compensation of employees

	2014/15 R'000	2013/14 R'000
4.1 Salaries and wages		
Basic salary	153 257	137 962
Performance award	567	780
Service Based	213	244
Compensative/circumstantial	2 450	1 578
Other non-pensionable allowances	30 217	27 986
Total	186 704	168 550
Included in salaries is R289 000 for the Member of the Executive Council.		
4.2 Social contributions		
Employer contributions		
Pension	18 939	17 147
Medical	8 535	8 759
UIF	5	-
Bargaining council	39	36
Total	27 518	25 942
Total compensation of employees	214 222	194 492
Average number of employees	627	623



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

5. Goods and services

	Note	2014/15 R'000	2013/14 R'000
Administrative fees		107	177
Advertising		2 460	4 329
Minor assets	5.1	32	728
Bursaries (employees)		1 764	1 286
Catering		2 559	1 488
Communication		3 565	3 724
Computer Services	5.2	5 110	9 349
Consultants: Business and advisory services		3 116	5 482
Legal services		2 365	4 415
Contractors		566	1 526
Agency and support / outsourced services		39 828	2 298
Audit cost – external	5.3	4 937	3 447
Fleet services		4 502	5 491
Inventory	5.4	72	561
Consumables	5.5	1 845	3 013
Operating leases		37 039	18 510
Property payments	5.6	3 626	3 401
Rental and hiring		298	70
Travel and subsistence	5.7	20 473	25 147
Venues and facilities		4 611	7 806
Training and development		2 378	1 302
Other operating expenditure	5.8	1 478	2 518
Total		142 731	106 068

The increase in goods & services is caused by outsource services and projects the Department undertook; Operating lease increase was caused by additional machines for replacement of the obsolete equipment and the new video conferencing facility has been installed across the regions and Head office, which contributed to a reduction in travel and subsistence claim and venues and facilities.

5.1 Minor assets	2014/15 R'000	2013/14 R'000
Tangible assets	32	728
Machinery and equipment	32	728
Total	32	728

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

	Note	2014/15 R'000	2013/14 R'000
5.2 Computer services	5		
SITA computer services		1 863	4 325
External computer service providers		3 247	5 024
Total		5 110	9 349
5.3 Audit cost – External	5		
Regularity audits		4 937	3 447
Total		4 937	3 447
5.4 Inventory	5		
Clothing material and accessories		-	534
Materials and supplies		72	-
Other supplies		-	27
Total		72	561
5.4.1 Other Supplies			
Ammunition and security supplies		-	27
Total		-	27
		2014/15 R'000	2013/14 R'000
5.5 Consumables	5		
Consumable supplies		958	1 406
Uniform and clothing		19	382
Household supplies		585	296
Building material and supplies		11	302
IT consumables		213	88
Other consumables		130	338
Stationery printing and office supplies		887	1 607
Total		1 845	3 013



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

5.6 Property payments

Municipal services	5	49	367
Property maintenance and repairs		13	10
Other		3 564	3 024
Total		3 626	3 401
		2014/15	2013/14
		R'000	R'000

5.7 Travel and subsistence

Local		20 123	25 033
Foreign		350	114
Total		20 473	25 147

5.8 Other operating expenditure

		2014/2015	2013/2014
		R'000	R'000
Professional bodies membership and subscription fees	5	71	362
Resettlement costs		409	530
Other		998	1 626
Total		1 478	2 518

6. Payments for financial assets

	Note	2014/15	2013/14
		R'000	R'000
Material losses through criminal conduct			
Theft	6.1	-	351
Total		-	351

6.1 Details of theft

	6	2014/15	2013/14
		R'000	R'000
Nature of theft			
Debts written off		-	351
Total		-	351

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

		2014/2015	2013/2014
		R'000	R'000
7. Transfers and subsidies			
	Note		
Provinces and municipalities	37	18 705	11 723
Departmental agencies and accounts	Annex 1B	663 993	984 223
Higher education institutions	Annex 1C	10 315	11 064
Public corporations and private enterprises	Annex 1D	30 914	28 827
Non-profit institutions	Annex 1F	2 397	1 000
Households	Annex 1G	2 610	1 178
Total		728 934	1 038 015
Unspent funds transferred to the above beneficiaries		35 030	300 582

8. Expenditure for capital assets

	Note	2014/15	2013/14
		R'000	R'000
Tangible assets		48 471	14 890
Buildings and other fixed structures	34	36 745	-
Machinery and equipment	32	11 726	14 890
Total		48 471	14 890

8.1 Analysis of funds utilised to acquire capital assets – 2014/2015

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	48 471		48 471
Buildings and other fixed structures	36 745	-	36 745
Machinery and equipment	11 726	-	11 726
Total	48 471	-	48 471

8.2 Analysis of funds utilised to acquire capital assets – 2013/2014

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	14 890	-	14 890
Machinery and equipment	14 890	-	14 890
Total	14 890	-	14 890



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Finance lease expenditure included in Expenditure for capital assets	2014/15	2013/14
Tangible assets	R'000	R'000
Machinery and equipment	10 895	11 513
Total	10 895	11 513

	2014/15	2013/14
	R'000	R'000
Consolidated Paymaster General Account	11 255	9 235
Total	11 255	9 235

	2014/15	2013/14
	R'000	R'000
Prepayments	94 833	-
Total	94 833	-

CDC is managing projects on behalf of the Department and has not spent the full amount paid to them at year end.

11. Receivables

		2014/15			Total	2013/14
	Note	Less than one year	One to three years	Older than three years	R'000	R'000
		R'000	R'000	R'000		
Claims recoverable	11			8	8	23
Staff debt	Annex 4	2 444	485	1 561	4 490	4 816
Total	11	2 444	485	1 569	4 498	4 839

11.1	Claims recoverable	Note	2014/15	2013/14
			R'000	R'000
		11		
	National departments		-	7
	Provincial departments		8	16
	Total		8	23

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

11.2 Staff debt		2014/15	2013/14
		R'000	R'000
Debt Account	11	4 490	4 816
Total		4 490	4 816

		2014/15	2013/14
		R'000	R'000
Estimate of impairment of receivables		1 988	1 809
Total		1 988	1 809

The impairment is based on all debts with an age of more than one year, refer to note 30.

12. Investments

	Note	2014/15	2013/14
		R'000	R'000
Non-Current			
Shares and other equity			
Eastern Cape Development Corporation		427 590	427 590
East London Industrial Development Zone		-	-
Total		427 590	427 590
Total non-current		427 590	427 590
		2014/15	2013/14
		R'000	R'000
Analysis of non-current investments			
Opening balance		427 590	427 590
Non-cash movements		-	-
Closing balance		427 590	427 590

The Department hold 74% investment in East London Industrial Development Zone as a result of decoupling with Eastern Cape Development Corporation

13. Loans

		2014/15	2013/14
		R'000	R'000
Private enterprises		19 961	20 100
Total		19 961	20 100
Analysis of Balance			
Opening balance		20 100	19 639
New Issues		128	990
Repayments		(267)	(529)
Closing balance		19 961	20 100



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

13.1 Impairment of loans	2014/15	2013/14
	R'000	R'000
Estimate of impairment of loans	18 058	14 796
Total	18 058	14 796

Impairment is calculated based on the assessment of recoverability of the loans, this is also based on the Departmental circular 1 of 2014. Refer to note 30.

14. Voted funds to be received from the Revenue Fund

	Note	2014/15	2013/14
		R'000	R'000
Opening balance		(567)	805
Transfer from statement of financial performance (as restated)		199 001	34 311
Voted funds not requested/not received	1.1	(121 986)	(34 878)
Paid during the year		567	(805)
Closing balance		77 015	(567)

15. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2014/15	2013/14
		R'000	R'000
Opening balance		10 568	13 942
Transfer from Statement of Financial Performance (as restated)		126 981	-
Own revenue included in appropriation		134 125	125 866
Paid during the year		(241 303)	(129 240)
Closing balance		30 371	10 568

16. Payables – current

	Note	2014/15	2013/14
		R'000	R'000
Amounts owing to other entities			
Clearing accounts	16.1	358	316
Total		358	316

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

16.1 Clearing accounts

	Note	2014/15 R'000	2013/14 R'000
Debt Receivable Income	16	346	286
Debt Receivable Interest			19
Salary Income Tax		12	11
Total		358	316

16.2 Payables – Non current

	Note	2014/15			Total R'000	2013/14 R'000
		One to two years R'000	Two to three years R'000	More than three years R'000		
Other payables	16	3 184			3 184	3 590
Debt receivable interest		48			48	
Total		3 232			3 232	3 590

17. Net cash flow available from operating activities

	2014/15 R'000	2013/14 R'000
Net surplus/(deficit) as per Statement of Financial Performance	325 982	34 311
Add back non cash/cash movements not deemed operating activities	(274 576)	(22 841)
(Increase)/decrease in receivables	341	(2 234)
(Increase)/decrease in prepayments and advances	(94 833)	
Increase/(decrease) in payables	42	3 560
Expenditure on capital assets	48 471	14 890
Surrenders to Revenue Fund	(240 736)	(130 045)
Voted funds not requested/not received	(121 986)	(34 878)
Own revenue included in appropriation	134 125	125 866
Net cash flow generated by operating activities	51 405	11 470



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

18. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2014/15 R'000	2013/14 R'000
Consolidated Paymaster General account		11 255	9 235
Total		11 255	9 235

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

Liable to	Nature		2014/15 R'000	2013/14 R'000
Housing loan guarantees	Employees	Annex 3A	-	83
Claims against the department	Court cases	Annex 3B	5 646	10 770
Total			5 646	10 853

The contingent liabilities relate to legal claims, the amount and expected date of any payments is dependent on the outcome of the legal proceedings.

19.2 Contingent assets

Nature of contingent asset		2014/15 R'000	2013/14 R'000
MS E Kirchner Case		-	88
Total		-	88

The possibility of reimbursement is not known.

20. Commitments

	Note	2014/15 R'000	2013/14 R'000
Current expenditure			
Approved and contracted		16 476	14 566
Total Commitments		16 476	14 566

Of the approved current year commitments their aging is as follows:

Current expenditure	Due within 1 year R'000	Due within more than 1 year R'000
Approved and contracted	12 192	4 284

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

21. Accruals

Listed by economic classification	2014/15			2013/14
			R'000	R'000
	30 Days	30+ Days	Total	Total
Goods and services	3 547	981	4 528	5 426
Total	3 547	981	4 528	5 426

Listed by programme level	2014/15		2013/14
		R'000	R'000
Administration		3 327	3 336
Economic Development		610	1 153
Environmental affairs		591	937
Total		4 528	5 426
Confirmed balances with other departments	Annex 5	-	473
Total		-	473

22. Employee benefits

	2014/15	2013/14
	R'000	R'000
Leave entitlement	9 450	9 742
Service bonus (Thirteenth cheque)	5 930	5 458
Performance awards	411	952
Capped leave commitments	19 460	19 591
Other	115	-
Total	35 366	35 743

Included in the leave entitlement and capped leave commitment balances are negative leave balances to the value of R 114 948, these negative leave balances evolved due to delays in Authorising approved and captured leaves on system(persal) hence available leave days balances are not updating at the time leave forms are approved.



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

23. Lease commitments

23.1 Operating leases expenditure

	Machinery and equipment R'000	Total R'000
2014/15		
Not later than 1 year	20 193	20 193
Later than 1 year and not later than 5 years	19 957	19 957
Total lease commitments	40 150	40 150
2013/14		
Not later than 1 year	11 020	11 020
Later than 1 year and not later than 5 years	8 246	8 246
Total lease commitments	19 266	19 266

There were new lease entered into in the current year. These lease include security cameras and laptop lease, fax machines, video conferencing

23.2 Finance leases expenditure

	Transport Equipment R'000	Machinery and equipment R'000	Total R'000
2014/2015			
Not later than 1 year	2 321	3 785	6 106
Later than 1 year and not later than 5 years	2 856	3 191	6 047
Total lease commitments	5 177	6 976	12 153
2013/2014			
Not later than 1 year	4 544	4 466	9 010
Later than 1 year and not later than 5 years	2 831	5 955	8 786
Total lease commitments	7 375	10 421	17 796

The finance lease consists of PABX (fax facility) and government fleet. One of the PABX lease contract have been cancelled and most lease terms are elapsing. Also the motor vehicles have been in use for over 2 years already and the commitment is for 3 years. Future commitment has decreased from 4 years to 3 years

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

24. Accrued departmental revenue

	Note	2014/15 R'000	2013/14 R'000
Tax revenue		12 503	11 569
Sale of capital asset		149	
Transaction in financial asset and liabilities		-	722
Interest dividends and rent on land		14	32
Total		12 666	12 323

24.1 Analysis of accrued departmental revenue	Note	2014/15 R'000	2012/13 R'000
Opening balance		12 323	6 579
Less: amounts received		(12 323)	(6 579)
Add: amounts recognised		12 666	12 323
Closing balance		12 666	12 323

25 Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2014/15 R'000	2013/14 R'000
Opening balance		19 317	18 389
Add: Irregular expenditure – relating to prior year		-	2 591
Add: Irregular expenditure – relating to current year		28 773	30 407
Less: Prior year amounts condoned		(9 600)	(15 640)
Less: Current year amounts condoned		(12 253)	(16 430)
Less: Amounts recoverable (not condoned)		-	-
Less: Amounts not recoverable (not condoned)		-	-
Irregular expenditure awaiting condonation		26 237	19 317

25.2 Analysis of awaiting condonation per age classification

	Note	2014/15 R'000	2013/14 R'000
Current year		16 521	13 978
Prior years		9 716	5 339
Total		26 237	19 317



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2014/15 R'000
Non-compliance with SCM procedures	No disciplinary steps were taken, recommendations with regards to the non-compliance with SCM procedures matters are made in the condonement report.	5 093
No proper procurement procedure followed	Steps and recommendations to the matters are made in the condonement report	8 104
Employee costs - post upgrades	Matter is still under investigation.	4 023
CDC irregular for NMBM contract expenditure	Matter is still under investigation.	11 554
Total		28 774

Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2014/15 R'000
Non-compliance with SCM processes	Accounting Officer	21 853
Total		21 853

26 Fruitless and wasteful expenditure

26.1 Reconciliation of fruitless and wasteful expenditure

	Note	2014/15 R'000	2013/14 R'000
Opening balance		3 000	1 079
Fruitless and wasteful expenditure – relating to current year		135	1 921
Fruitless and wasteful expenditure awaiting resolution		3 135	3 000
Analysis of awaiting resolution per economic classification			
Current		3 135	3 000
Total		3 135	3 000

26.2 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2014/15 R'000
Cancellation of accommodation reserved	Matter under investigation	16
Anticipated attendance was not reached	Matter under investigation	27
Cost of adverts for tenders that never started	Matter under investigation	92
Total		135

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

27. Related party transactions

	2014/15 R'000	2013/14 R'000
Payments made		
Goods and services	7 877	15 892
Total	7 877	15 892

Related parties

Eastern Cape Development Corporation
 Eastern Cape Gambling & Betting Board
 Eastern Cape Liquor Board
 Eastern Capes Parks and Tourism Agency
 Coega Development Corporation
 East London Industrial Development Zone
 Provincial Planning and Treasury

Relationship

Subsidiary
 Public Entity in the same MEC Portfolio
 Public Entity in the same MEC Portfolio
 Public Entity in the same MEC Portfolio
 Public Entity in the same MEC Portfolio
 Public Entity in the same MEC Portfolio
 In the same MEC Portfolio

28. Key management personnel

	No. of Individuals	2014/15 R'000	2013/14 R'000
Political office bearers (provide detail below)	1	434	1 652
Officials:			
Level 15 to 16	1	1 798	1 634
Level 14 (incl. CFO if at a lower level)	7	6 326	5 785
Family members of key management personnel		-	-
Total		8 558	9 071



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

29. Public Private Partnership

	Note	2014/15 R'000	2013/14 R'000
Contract fee paid		150	235
Indexed component		150	235
Analysis of indexed component		150	235
Compensation of employees		150	235
Other		-	67
Other obligations		-	67

The Department and GIZ agreed on the following: to focus on assisting in the establishment and operations of a secretariat for provincial green skills forum, relevant structures are established on provincial level and address topic of skills for green economy, green training and up skills for the green economy and in turn the Department shall pay for the accommodation and traveling expenses for GIZ two employees as they are from Germany. This PPP started on 15th January 2013 until 31 October 2015.

30. Impairment: other

	Note	2014/15 R'000	2013/14 R'000
Staff Debts		1 988	1 809
Loan		18 058	14 796
Total		20 046	16 605

The above impairment relate to debts owing to the Department by employees and/or former employees of the department. In calculating the impairment the Department has considered the aging of the debts, and have impaired for 100% of all debtor balances where there has been no movement for a period of 1 year. There is significant uncertainty on the recoverability of debt that is aged over a period of 1 year, based on prior experience.

Impairment on loans increased by R 3.3m in the current year because the Coop were not honouring their payments. After further investigation and monitoring it was identified that some of the Coops were struggling. Also some of the Coops did not exist anymore. A further impairment was calculated based on the assessment of recoverability of the loans, this is also based on the Departmental circular 1 of 2014. Imvaba fund relates to the provincial co-operative loan fund, which is administered by ECDC on the department's behalf. The loans are secured by notary bonds over the movable assets of the co-operatives. Upon monitoring of the co-operatives the Department has applied the following basis in calculating the impairment provision over the loans. The co-operatives have been grouped into the following categories:

1. Co-operatives that no longer exist/deregistered. (100% of the loan will be provided for since there is no entity to recover from);
2. Co-operatives that are technically solvent and operating, but have not been making repayments. (50% of the loan will be provided for as recovery is limited to movable assets who's value has depreciated and partial repayments subject to legal action);
3. Co-operatives that are technically insolvent and operating, but have not been making repayments. (75% of the loan will be provided for as recovery is limited to movable assets who's value has depreciated); and
4. Co-operatives that are paying on an inconsistent basis (25% of the loan will be provided for, as the full amount cannot be recovered with inconsistent repayment).

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

31. Provisions

	Note	2014/15 R'000	2013/14 R'000
Claims recovery		8	22
Total		8	22

31.1 Reconciliation of movement in provisions – 2014/2015

	Claims R'000	Total R'000
Opening balance	22	22
Change in provision due to change is estimation inputs	(14)	(14)
Closing balance	8	8

31.2 Reconciliation of movement in provisions - 2013/14

	Claims R'000	Total R'000
Opening balance	25	25
Increase in provision	(3)	
Change in provision due to change in estimation of inputs		(3)
Closing balance	22	22

Comparative figures were changed to comply with the MCS.

32. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	23 964		844	2 838	21 970
Transport assets	1 819	-	-	856	963
Computer equipment	13 294	-	559	1 831	12 022
Furniture and office equipment	7 863	-	128	28	7 963
Other machinery and equipment	988		157	123	1 022
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	23 964		844	2 838	21 970



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash R'000	Non-cash R'000	Capital Work in Progress current costs and finance lease payments R'000	Received current not paid Paid current year received prior year R'000	Total R'000
MACHINERY AND EQUIPMENT	11 725		(10 895)	14	844
Transport assets	5 122	-	(5 122)	-	
Computer equipment	559	-		-	559
Furniture and office equipment	128			-	128
Other machinery and equipment	5 916		(5 773)	14	157
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	11 725		(10 895)	14	844

32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	856	1 982	2 838	-
Transport assets	856	-	856	-
Computer equipment	-	1 831	1 831	-
Furniture and office equipment	-	28	28	-
Other machinery and equipment	-	123	123	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	856	1 982	2 838	-

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

32.3 Movement for 2013/2014

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	21 783	(5 215)	8 599	1 203	23 964
Transport assets	856	-	963	-	1 819
Computer equipment	12 574		1 846	1 126	13 294
Furniture and office equipment	7 535		391	63	7 863
Other machinery and equipment	818	(5 215)	5 399	14	988
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	21 783	(5 215)	8 599	1 203	23 964



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

32.4 Minor assets

Movements in Minor Assets 31 March 2015

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	2	8 058	8 060
Additions	-	32	32
Disposals	-	(378)	(378)
TOTAL MINOR ASSETS	2	7 712	7 714

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	1	343	344
Number of minor assets at cost		7 780	7 780
TOTAL NUMBER OF MINOR ASSETS	1	8 123	8 124

Movement in minor assets 31 March 2014

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	2	7 590	7 592
Prior period error		283	283
Additions	-	528	528
Disposals		343	343
TOTAL MINOR ASSETS	2	8 058	8 060

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

33. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	2 179	-	-	-	2 179
TOTAL INTANGIBLE CAPITAL ASSETS	2 179	-	-	-	2 179

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	2 179	-	-	-	2 179
TOTAL INTANGIBLE CAPITAL ASSETS	2 179	-	-	-	2 179

34. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS				

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES					
Other fixed structures	36 746		(36 746)		-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	36 746		(36 746)		-

The Department will transfer the assets on completion of the projects as per section 42 of the PFMA.

H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Prior period errors

35. Correction of prior period errors for secondary information

Movable tangible capital assets note 32

	Note	2013/14
		R'000
Opening Balance		29 179
Other machinery and equipment		(5 215)
Net effect		<u>23 964</u>

Minor assets

	Note	2013/14
		R'000
Opening Balance		8 058
Other machinery and equipment		(7 775)
Net effect		<u>283</u>

In the prior year, the treatment of cell phone contract assets was not in line with the MCS. These have been deducted from the opening balance of the earliest period or the error. The correction was required in order to comply with the MCS.



H. NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

36. STATEMENT OF CONDITIONAL AND UNCONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %
EPWP incentive grant (Chris Hani Municipality)	2 102	-	-	2 102	1 472	630	

37. STATEMENT OF CONDITIONAL AND UNCONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %
Senqu Local Municipality	2 493	-	-	2 493	2 493	-	-
Port St Johns Local Municipality	1 000	-	-	1 000	1 000	-	-
Umvubu Local Municipality	1 000	-	-	1 000	1 000	-	-
Amahlathi Municipality	2 550	-	-	2 550	2 550	-	-
Gariep Local Municipality	500	-	-	500	500	-	-
Mbizana Local Municipality	3 290	-	-	3 290	3 290	-	-
Cardeboo Municipality	2 000	-	-	2 000	2 000	-	-
Chris Hani Municipality	4 602	-	-	3 972	3 972	630	-
Ndlambe Municipality	300	-	-	300	300	-	-
Emalahleni Local Municipality	1 623	-	-	1 600	1 600	23	-
	19 358	-	-	18 705	18 705	653	-

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2013/14	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality	Division of Revenue Act R'000	Division of Revenue Act R'000
Amahlathi Municipality	2 550	-	-	2 550	-	-	2 550	158	-	-	200
Chris Hani Municipality (CDC)	2 500	-	-	2 500	-	-	2 500	-	-	-	-
Chris Hani Municipality (EPWP)	2 102	-	-	1 472	630	-	1 472	300	-	-	-
Camdeboo Municipality	2 000	-	-	2 000	-	-	2 000	-	-	-	-
Senqu Municipality	2 493	-	-	2 493	-	-	2 493	411	-	-	1 523
Gariep Municipality	500	-	-	500	-	-	500	500	-	-	1 500
Mbizana Municipality	3 290	-	-	3 290	-	-	3 290	-	-	-	-
Port ST Johns Municipality	1 000	-	-	1 000	-	-	1 000	1 000	-	-	4 400
Umzavubu Municipality	1 000	-	-	1 000	-	-	1 000	-	-	-	2 70
Ndlambe Municipality	300	-	-	300	-	-	300	-	-	-	-
Emalahleni Municipality	1 623	-	-	1 600	23	-	1 600	33	-	-	-
Elundini Municipality	-	-	-	-	-	-	-	-	-	-	350
Intsika Yethu Municipality	-	-	-	-	-	-	-	-	-	-	500
TOTAL	19 358	18 705	653	18 705	2 402	18 705	18 705	2 402	11 173	11 173	

EPWP has been allocated R2 102m of which an amount of R10 283m has been topped up by the Department and allocated to various municipalities. The difference is in respect of Cooperation Development Centre in Chris Hani, Local Business Enabling Environment Survey in Amahlathi, Waste Management Project at Emalahleni, small town revitalisation program in Port ST Johns and Umzimvubu.

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2013/14
	Adjusted Appropriation R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Appropriation Act R'000
Eastern Cape Development Corporation	155 535	-	-	155 535	155 535	100%	497 944
Eastern Gambling & Betting Board	42 748	-	-	42 748	42 748	100%	42 687
Eastern Cape Liquor Board	42 736	-	-	42 736	42 736	100%	41 131
Eastern Cape Parks& Tourism Board	207 882	-	-	207 882	207 882	100%	196 387
East London Industrial Development Zone	114 092	-	4 000	118 092	118 092	100%	114 907
Coega Development Corporation	350 000	-	-	350 000	97 000	100%	82 000
	912 993	-	4 000	916 993	663 993		975 056

R350 million was ring-fenced for infrastructure project to be implemented by Eastern Cape Development Corporation (ECDC), of which R100 million could not be transferred based on the report on deliverables as required in the SLA between the Department and the entity. Of the R250 million transferred to Coega an arrangement was made for the implementation of infrastructure projects and disaster schools projects. Only R97 000 000 was a transfer.

ANNEXURE 1C

STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS

NAME OF HIGHER EDUCATION INSTITUTION	TRANSFER ALLOCATION				TRANSFER			2013/2014
	Adjusted Appropriation R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	% of Available funds Transferred %	Appropriation Act R'000
Nelson Mandela (Shale Gas)	8 000	-	-	8 000	8 000	-	-	8 000
Rhodes University(Neil Aggett Labour Studies Unit)	2 041	-	-	2 041	2 041	-	-	1 964
Nelson Mandela/ Rhodes University (Emerging Research Project)	274	-	-	274	274	-	-	-
University of Fort Hare								1 100
	10 315	-	-	10 315	10 315	-	-	11 064

Technical and Socio-Economic evaluation of shale gas in the Eastern Cape Karoo. This project establishes an environmental and technical baseline, which will provide the foundation for environmental monitoring on the one hand and socio-economic beneficiation on the other.

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2013/14
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers									
Maluti Drakensburg Development Programme	520			520	-				
Sub Total	520			520					
Private Enterprises									
Transfers									
CHEMISTRY INCUBATOR	1 800	-	-	1 800	1 800	100%	-	-	1 800
HERSHELL SANDSTONE MINE	-	-	-	-	-	-	-	-	500
EMTHONJENI ARTS	-	-	-	-	-	-	-	-	3 000
P S J WOODWORK CO-OPERATIVE LIMI	-	-	-	-	-	-	-	-	3 000
BAMBANANI GARDEN AGRICULTURAL CO	-	-	-	-	-	-	-	-	750
GZ FOUNDATION TRUST	3 000	-	-	3 000	3 000	100%	-	-	3 000
MALAKHIWE BAKERY CO-OPRATIVELTD	-	-	-	-	-	-	-	-	750
IKUSASA GREEN (PTY)LTD	3 000	-	-	3 000	3 000	100%	-	-	3 000
ABENZI WOODHOUSE	-	-	-	-	-	-	-	-	3 000
NOMZAMO CLEANING SERVICES CO/OPE	-	-	-	-	-	-	-	-	1 762
RASMENI'S FARMING PRIMARY CO-OP	-	-	-	-	-	-	-	-	3 000
ZINGISA WARD 25	-	-	-	-	-	-	-	-	1 095
WILLDWVALE HONEY	-	-	-	-	-	-	-	-	1 095
AMADELA-KUFA AGRICULTURAL SECOND	-	-	-	-	-	-	-	-	1 000
MASIPHAKAME BAKERY	-	-	-	-	-	-	-	-	500
SITHI MAKUKANYE PRIMARY CO/OPRA	-	-	-	-	-	-	-	-	1 600
EKHEPHINI COMMUNITY RADIO	-	-	-	-	-	-	-	-	1 070
MALIZUKE CONSTRUCTION EAST COAST TISSUE SPECIALIST	1 050	-	-	1 050	1 050	100%	-	-	-
ILITHA LOMZAMO TRADING	3 000	-	-	3 000	3 000	100%	-	-	-
NKONKOBÉ ECONOMIC DEVELOPMENT	2 059	-	-	2 059	2 059	100%	-	-	-
BASSIE TRAVEL & TOURS CC	3 000	-	-	3 000	3 000	100%	-	-	-
PLURIBIX LTD	750	-	-	750	750	100%	-	-	-
MATSHABANE & SON	3 000	-	-	3 000	3 000	100%	-	-	-
CHRIS HANI DISTRICT CO OP	3 000	-	-	3 000	3 000	100%	-	-	-
NCERA MACADAMIA FARMING (PTY)	1 255	-	-	1 255	1 255	100%	-	-	-
BLUE KAROO TRUST	3 000	-	-	3 000	3 000	100%	-	-	-
LRED FUNDS (UNALLOCATED)	7 126			7 126					9 514
Sub Total	38 040			38 040	30 914				38 341
TOTAL	38 040			38 040	30 914				38 341

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1F

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2013/14
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
ST MATHEWS HIGH SCHOOL	-			-	-		15
LOYISO SENIOR SECONDARY SCHOOL	20			20	20		5
DUMANI PRIMARY SCHOOL	-			-	-		20
NTABEZWE J.S.S	20			20	20		120
ST MONICA'S DIOCESAN SCHOOL	-			-	-		15
ST CHRISTOPHERS PRIVATE SCHOOL	95			95	95		20
KABEGA PRIMARY SCHOOL	15			15	15		5
JITYAZA COMBINED PRIMARY SCHOOL	-			-	-		5
MBODLENI JUNIOR SECONDARY SCHOOL	-			-	-		5
MARILLIERS LEARNING ACADE	15			15	15		20
THOBOSHANA FARM SCHOOL	15			15	15		70
FOCUSED HIGH SCHOOL	-			-	-		20
UMTHAWELANGA SS	15			15	15		15
ST JOHN'S COLLEGE	120			120	120		15
HLABATHI JSS	-			-	-		15
NZIMANKULU S.S.S	15			15	15		15
MZAMBA JUNIOR SEC SCH	7			7	7		5
NDYEBO SENIOR SECONDARY SCHOOL	-			-	-		15
NTABENKONYANA HIGH SCHOOL	15			15	15		5
ST CHRISTOPHERS PRIVATE SCHOOL	3			3	3		98
FOCUSED HIGH SCHOOL	3			3	3		97
UMKHANKOMO SSS	-			-	-		5
EBENEZER NYATHI SEC SCHOOL	-			-	-		20
CAMHAMS J.S.S	-			-	-		5
EMPUMALANGA	20			20	20		15
MABANDLA J.S.S	45			45	45		5
NOZIPHO J.P SCHOOL	7			7	7		5
JONGIMISHINI S.P.S	15			15	15		15
NOLUFEFE S.P SCHOOL	-			-	-		95
ZANDISE J.S.S	95			95	95		15
ARTHUR MFEBE AGRICULTURAL SCHOOL	-			-	-		20
RUBUSANA SNR.SECONDARY.SCHOOL	-			-	-		5
UNATHI MKEVA PUBLIC PRIM SCHOOL	45			45	45		45
THEODOR HERZL HIGH SCHOOL	-			-	-		50
EBENEZER NYATHI SEC SCHOOL	-			-	-		25
THEODOR HERZL HIGH SCHOOL	-			-	-		20
LUYTEVILLE PRIMARY SCHOOL	70			70	70		15
CABANE J.S.S	-			-	-		15
STERKSPRUIT COMMUNITY S.P.S	7			7	7		5
MPEMBA JSS	-			-	-		20
INSTITUTE OF WASTE MANAGEMENT	300			300	300		-
BUCKLEY J.S.S	7			7	7		-
HOLY CROSS	7			7	7		-
NOBUNTU PS	7			7	7		-

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2013/14
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
NKOSEMNTU MOTMAN HIGH SCHOOL	7			7	7		-
MARIA LOW HIGH SCHOOL	70			70	70		-
SEMENI J.S.S	15			15	15		-
ITHEMBELIHLE HIGH SCHOOL	15			15	15		-
BIZANA VILLAGE S.S.S	20			20	20		-
HLANE J.S.S	120			120	120		-
IRO GEROUDE S.P SCHOOL	7			7	7		-
THAKABANNA S.S.S	7			7	7		-
LEPPAN .S.PS	15			15	15		-
NZULULWAZI HIGH SCHOOL	7			7	7		-
JOLOBE J.S.S	7			7	7		-
BERGVIEW COLLEGE	15			15	15		-
ILINGELETHU J.S.S	15			15	15		-
UNALLOCATED	4			4			-
EC DISABILITY ECONOMIC EMPOWEREMENT TRUST	1 350		-	1 350	1 100		-
	2 650	-	-	2 650	2 397		1 000



I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2013/14
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Injury on duty	-	-	-	-	-		87
Leave gratuity	2 298	-	-	2 298	2 610	114%	1 091
Total	2 298	-	-	2 298	2 610		1 178

ANNEXURE 1H

STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT DONATION OR SPONSORSHIP	2014/15	2013/14
		R'000	R'000
Received in cash			
Mr. B. Gxilishe	Excursion		11
Mr. B. Gxilishe	Bottle of Wine		-
Mr. D. Kentane	Samsung Galaxy Tab 3 178cm		4
Mar. M. Bozo	Samsung Galaxy Tab 3 178cm		4
Mar. T. Manyonga	Samsung Galaxy Tab 3 178cm		4
Mar. S. Madolo	Samsung Galaxy Tab 3 178cm		4
Mar. B. Qaba	Samsung Galaxy Tab 3 178cm		4
Ms N. Booi	Samsung Galaxy Tab 3 178cm		4
Ms L. Nyoka	Samsung Galaxy Tab 3 178cm		4
Subtotal			39
TOTAL			39

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	State Entity's PFMA Schedule type (2013/2014)	% Held 14/15	% Held 13/14	Number of shares held		Cost of investment R'000		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed Yes/No
				2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Provincial Public Entity Eastern Cape Development Corporation	3D	100	100	427 590 000	427 590 000	427 590	427 590	1 274 868	1 275 713	131 124	181 406	No
East London Industrial Development Zone	3D	74	-	74 000	-	0	-	177 065 326	-	58 268 771	-	No
Total				427 664 000	427 590 000	427 590	427 590	178 340 194	1 275 713	58 399 895	181 406	

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Guarantees drawdowns during the year	Guaranteed repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
ABSA bank		-	83	-	83	-	-	-	-
Total		-	83	-	83	-	-	-	-

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015

Nature of liability	Opening balance 1 April 2014	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2015
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Pending court cases	10 770	4 424	9 548	-	5 646
TOTAL	10 770	4 424	9 548	-	5 646

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 4

CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	R'000	R'000	R'000	R'000	R'000	R'000

Department

Department of Health EC

Department of Education EC

Environmental Affairs WC

DEAT-National

Office of the Premier

	-	1	-	-	-	1
	-	2	2		2	2
	-	5	5		5	5
	-	15	-		-	15
Total	-	23	7		7	23

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	R'000	R'000	R'000	R'000	R'000	R'000

DEPARTMENTS

Current

Eastern Cape Office of the Premier

	-	473	-	-	-	473
Total		473			-	473

ANNEXURE 6

INVENTORY

Inventory	Note	Quantity	2014/15	Quantity	2013/14
			R'000		R'000

Opening balance			-		571
Add/(Less): Adjustments to prior year balance					
Add: Additions/Purchases – Cash			72		571
Add: Additions - Non-cash					561
(Less): Disposals					
(Less): Issues			(72)		(561)
Add/(Less): Adjustments					
Closing balance			-		-

I. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 7

Movement in Capital Work-in-Progress

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	36 746	-	36 746
Other fixed structures	-	36 746	-	36 746
TOTAL	-	36 746	-	36 746

The Department will transfer the assets on completion of the projects as per section 42 of the PFMA.



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EASTERN CAPE
ECONOMIC DEVELOPMENT,
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