

Vote 4

Economic Development, Tourism and Environmental Affairs

R thousand	2019/20			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	3 233 114	3 243 407		10 293
MEC remuneration ¹	1 978	1 978		
Total amount to be appropriated	3 235 092	3 245 385		10 293
<i>of which:</i>				
Current payments	1 050 841	893 311	(157 530)	
Transfers and subsidies	2 178 201	2 329 801		151 600
Payments for capital assets	6 050	22 273		16 223
Payments for financial assets	-	-		
Responsible MEC	MEC for Economic Development, Tourism and Environmental Affairs			
Administering department	Economic Development, Tourism and Environmental Affairs			
Accounting Officer	Head: Economic Development, Tourism and Environmental Affairs			

1. Vision and mission

Vision

The vision of the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) is: *Attainment of a radically transformed, inclusive and sustainable economic growth for KZN.*

Mission statement

The department's mission is to: *Provide leadership and facilitate integrated economic planning, be a catalyst for economic transformation and sustainable development, implement strategies that drive economic growth and promote sound environmental management, create a conducive environment for trade, investment and tourism and monitor and enforce sound business and consumer regulations.*

2. Strategic objectives

Strategic policy direction: The strategic focus for EDTEA during the 5-year period is to build a resilient KZN provincial economy that can respond to global factors, stimulating provincial economic development, alignment of functions and purpose of all economic development entities, as well as building a vibrant organisation. The key strategic goals and objectives of the department include integrated economic planning and development in the province, sustainable and inclusive economic growth for job creation, preferred tourism destination in the country, sustainable environmental management and achieve institutional excellence responsive to the needs of the country.

It should be noted that the strategic goals were revised in the tabled 2019/20 APP.

3. Summary of adjusted estimates for the 2019/20 financial year

The main appropriation of EDTEA was R3.235 billion as per the *EPRE*. During the year, the department's baseline was increased by R10.293 million, resulting in an adjusted appropriation of R3.245 billion.

¹ At the time of going to print, the proclamation determining the 2019 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2019/20 *EPRE*.

The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4:

- *Roll-overs*: An amount of R7 million was rolled over from 2018/19 and was allocated against *Transfers and subsidies to: Non-profit institutions* in Programme 3: Trade and Sector Development, in respect of the Moses Kotane Institute (MKI) for operational costs of the Maritime Centre of Excellence (MCOE) which was moved from the KwaZulu-Natal Sharks Board (KZNSB) to MKI in line with recommendations in terms of the Rationalisation of public entities process. As the MCOE was self-funded by KZNSB from within its baseline, the principle of “funds follow function” did not apply in this instance.
- *Virement between programmes*: The department undertook various virements across programmes. This also affected various economic classifications and sub-programmes, as detailed later in Section 4. The virements across programmes are summarised below:
 - o Programme 1: Administration was increased by R3.126 million moved from *Goods and services* under Programme 2: Integrated Economic Development Services to *Transfers and subsidies to: Households* to cater for the MEC’s decision to fund more external bursaries in line with the department’s strategic direction of funding more bursaries for students studying toward qualifications in economic studies disciplines.
 - o Programme 2 shows a net decrease of R86.867 million as a result of virements from *Compensation of employees* (R160 000) due to non-filling of posts as a result of the Department of Public Service and Administration (DPSA) directive to not fill posts until the 6th administration came into office, and the fact that the organogram was to be reviewed. Savings of R86.707 million were identified under *Goods and services* largely due to delays caused by lengthy administrative processes affecting the implementation of projects, such as the Operation Sakhinzuzo project that supports the planting of sugarcane for small-scale farmers, Women in Construction and Mining, as well as Operation Vula projects aimed at guaranteeing markets for small-scale emerging enterprises, such as co-operatives that supply products to different government departments, etc. These savings were moved as follows:
 - R3.126 million was moved to Programme 1 under *Transfers and subsidies to: Households* to cater for the MEC’s decision to fund more external bursaries, as mentioned.
 - R36.558 million was moved to Programme 3 under *Transfers and subsidies*. In this regard, R2.677 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* to be transferred to Trade and Investment KwaZulu-Natal (TIK) for the implementation of economic development interventions. These include the Amajuba District Economic Summit, the development of an economic strategy for the uThukela District Development Agency, the development of a local economic strategy for the eDumbe Municipality, to conduct feasibility studies in respect of the Textile SEZ and Aquaculture Development Zone, revitalisation of the KZN township economy strategy, as well as for the establishment of an Industrial Conflict Team, as explained under Programme 3 below. Savings of R33.881 million were moved to *Transfers and subsidies to: Non-profit institutions*. Of this, R23.881 million was allocated to MKI, for the roll-out of Information and Communications Technology (ICT) Hubs (R11.881 million) in the Ndumo, eDumbe, uKhahlamba, Mpofana, uMzumbe, uMdoni and Mandeni Municipalities, and these are linked to MKI’s research and development section, and for the cannabis project (R12 million) aimed at bringing economic opportunities and prospects for SMMEs and small-scale growers who grow cannabis in many parts of the province. Further to this, R10 million was moved to *Transfers and subsidies to: Non-profit institutions* for transfer to the KwaZulu-Natal Film Commission (KZNFC) for the KZN Youth Film Fund which provides opportunities, especially for people from disadvantaged communities, to participate in the film industry, with the aim of addressing skills and resource scarcity.
 - R35.511 million was moved to Programme 6: Tourism under *Goods and services* (R34.811 million) for 31 tourism events to be held before the end of the financial year. These include the Durban Summer Beach Festival, Fact Durban Rocks, the Crown Gospel Awards,

uMgungundlovu Midmar Jazz Festival, the Last Dance Music Festival, Asingene Siphila Gospel Music Campaign, Newcastle Amcor Dam Music Festival, Drakensberg Extravaganza, Umthayi Marula Heritage Festival and Umdabula Kosi Music Festival. These events will take place in 10 District Municipalities, namely eThekweni Metro (6 events), uMgungundlovu (4 events), iLembe (3 events), Amajuba (3 events), King Cetshwayo (4 events), uThukela (3 events), Ugu (3 events), uMkhanyakude (3 events), Harry Gwala (1 event) and uMzinyathi (1 event). The balance of R700 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for the development of a Cultural Village in the Greater Kokstad Municipality.

- R11.672 million was moved to Programme 7: Environmental Affairs. Of this, R3.272 million was moved to *Goods and services* in respect of the Invasive Alien Species Programme (IASP) in order to cover more areas in the province than initially budgeted for and to create additional jobs. The balance of R8.400 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* for transfer to Ezemvelo KwaZulu-Natal Wildlife (EKZNW) for completion of 16 kilometres of fencing in the Hluhluwe-Imfolozi Park, which started in 2015/16 but was not completed due to insufficient funds. The MEC has made a commitment to the community that this project will be completed in 2019/20.
- o Programme 3 was increased by R59.379 million as a result of savings identified from Programmes 2, 4 and 5, as explained below.
 - R36.558 million was moved from Programme 2 under *Transfers and subsidies*. Of this, R2.677 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* to be transferred to TIK for the implementation of economic development interventions to conduct feasibility studies, among others. Further savings of R33.881 million were moved to *Transfers and subsidies to: Non-profit institutions*. Of this, R23.881 million was allocated for transfer to MKI (R11.881 million) for the roll-out of ICT Hubs in Ndumo, eDumbe, uKhahlamba, Mpofana, uMzumbe, uMdoni and Mandeni Municipalities, and these are linked to MKI's research and development section, as well as to cater for a cannabis project (R12 million) aimed at bringing economic opportunities and prospects for SMMEs and small-scale growers who grow cannabis in many parts of the province. The balance of R10 million was for transfer to the KZNFC for the KZN Youth Film Fund, as mentioned.
 - Savings of R3.014 million were identified from *Compensation of employees* in Programme 4: Business Regulation and Governance, and were moved to this programme. These funds were moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to uMkhanyakude District Municipality for the bulk infrastructure development of the Mkuze airport (R1.264 million), as well as to the uMgungundlovu Development Agency in respect of the N3 Corridor Development project (R1.750 million) which aims to promote investment opportunities and to stimulate the economy in the province.
 - Savings of R19.807 million were identified under various economic categories in Programme 5: Economic Planning. These were moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the uMkhanyakude District Municipality to cater for bulk infrastructure such as water, sewage and electricity for the Mkuze airport.
- o Programme 4 was reduced by R3.014 million under *Compensation of employees* because of non-filling of posts due to the previously explained DPSA directive and the fact that the organogram was to be reviewed. These savings were moved to Programme 3 for the Mkuze airport and N3 Corridor Development project.
- o Programme 5 reflects a net reduction of R22.378 million, and these savings were moved to Programme 3 under *Transfers and subsidies to: Provinces and municipalities* for the bulk infrastructure development of the Mkuze airport (R19.807 million) for transfer to the uMkhanyakude District Municipality. This is to cater for the bulk infrastructure, such as water, sewage and electricity for the airport. The balance of R2.571 million was moved to *Goods and services* in Programme 7 to provide for IASP in order to cover more areas in the province than initially budgeted for and to create additional jobs.

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- o Programme 6 increased by R35.511 million, with these funds moved from Programme 2 and allocated to *Goods and services* (R34.811 million) for 31 tourism events to be held before the end of 2019/20, such as the Durban Summer Beach Festival, Fact Durban Rocks, the Crown Gospel Awards, uMgungundlovu Midmar Jazz Festival, the Last Dance Music Festival, Asingene Siphila Gospel Music Campaign, Newcastle Amcor Dam Music Festival, Drakensberg Extravaganza, Umthayi Marula Heritage Festival and Umdabula Kosi Music Festival. The balance of R700 000 was moved to *Transfers and subsidies to: Provinces and municipalities* to be transferred to the Greater Kokstad Municipality for the development of a Cultural Village.
- o Programme 7 increased by R14.243 million with savings identified from Programme 2 moved to *Goods and services* for IASP (R3.272 million), as well as *Transfers and subsidies to: Departmental agencies and accounts* for transfer to EKZNW (R8.400 million) for completion of the fencing project in the Hluhluwe-Imfolozi Park. The balance of R2.571 million was moved from Programme 5 to *Goods and services* to increase the IASP budget.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Provincial Treasury approval was obtained, such as the increase in transfers to various entities, as well as the introduction of several new transfers, as explained in detail in Section 4.

Legislature approval is required for the virements undertaken from Programmes 2 and 5 which exceed the 8 per cent limit permitted in terms of the PFMA. Also, the reductions in seven transfer payments, namely KwaMajomela Manufacturing Centre, KZN Fashion Council, Cecil Mack's Border Development, KZN University Technology Transfer programme, the Council for Scientific and Industrial Research (CSIR) relating to the Industrial Symbiosis, the Thokazi Royal Lodge and Highover Wildlife Sanctuary projects, require Legislature approval. These reductions are evident in Table 4.26 under Section 9.

- *Shifts*: The department shifted R3.564 million from Programme 3 under *Goods and services* to Programme 2 under *Transfers and subsidies to: Public corporations and private enterprises* for transfer to the Ithala Development Finance Corporation (Ithala) to provide for projects related to Maritime Transport and Manufacturing sector development, where the original purpose of the funds remains unchanged. The funds will be transferred to Ithala who has been appointed as the implementing agent for the above-mentioned projects. Besides this, the department undertook extensive shifts within programmes between economic classifications, and these are detailed in Section 4.
- *Other adjustments*: The department was allocated R3.293 million for transfer to the KZNSB relating to the work that the entity is doing with regard to the Shark Repellent Technology (SRT) project. These funds were surrendered to the Provincial Revenue Fund in 2017/18 with the intention to allocate the funds back to the entity in 2019/20, if they were in a position to spend the funds on this project. These funds were allocated to *Transfers and subsidies to: Departmental agencies and accounts* in Programme 6.

Tables 4.1 and 4.2 reflect a summary of the 2019/20 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 4: Economic Development, Tourism and Environmental Affairs*.

Table 4.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation				Other adjustments	Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			
1. Administration	305 476	-	-	3 126	-	-	3 126	308 602
2. Integrated Economic Development Services	442 746	-	-	(86 867)	3 564	-	(83 303)	359 443
3. Trade and Sector Development	933 959	7 000	-	59 379	(3 564)	-	62 815	996 774
4. Business Regulation and Governance	176 463	-	-	(3 014)	-	-	(3 014)	173 449
5. Economic Planning	42 066	-	-	(22 378)	-	-	(22 378)	19 688
6. Tourism	288 997	-	-	35 511	-	3 293	38 804	327 801
7. Environmental Affairs	1 045 385	-	-	14 243	-	-	14 243	1 059 628
Total	3 235 092	7 000	-	-	-	3 293	10 293	3 245 385
Amount to be voted							10 293	10 293

Table 4.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 050 841	-	-	(117 456)	(40 074)	-	(157 530)	893 311
Compensation of employees	439 841	-	-	(73 548)	-	-	(73 548)	366 293
Goods and services	611 000	-	-	(43 908)	(40 074)	-	(83 982)	527 018
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	2 178 201	7 000	-	101 233	40 074	3 293	151 600	2 329 801
Provinces and municipalities	22 615	-	-	25 154	(1 000)	-	24 154	46 769
Departmental agencies and accounts	1 693 904	-	-	29 030	2 900	3 293	35 223	1 729 127
Higher education institutions	5 100	-	-	(5 100)	-	-	(5 100)	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	246 282	-	-	13 176	39 474	-	52 650	298 932
Non-profit institutions	208 835	7 000	-	33 400	(1 300)	-	39 100	247 935
Households	1 465	-	-	5 573	-	-	5 573	7 038
Payments for capital assets	6 050	-	-	16 223	-	-	16 223	22 273
Buildings and other fixed structures	-	-	-	7 114	-	-	7 114	7 114
Machinery and equipment	4 895	-	-	8 534	-	-	8 534	13 429
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	1 155	-	-	575	-	-	575	1 730
Payments for financial assets	-	-	-	-	-	-	-	-
Total	3 235 092	7 000	-	-	-	3 293	10 293	3 245 385
Amount to be voted								10 293

4. Changes to programme purposes and service delivery measures

The department did not change the purpose of any of its programmes.

However, it is noted that there have been some changes to service delivery measures to align the measures and targets originally published in the 2019/20 EPRE with the department's APP, which was published after the EPRE.

4.1 Programme 1: Administration

The main purpose of Programme 1 is to provide for the overall management of the department, and to render a support service to the other programmes in respect of transversal functions.

Tables 4.3 and 4.4 reflect a summary of the 2019/20 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which led to an overall increase of R3.126 million, are given in the paragraphs following the tables.

Table 4.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	31 001	-	-	(2 037)	(2 472)	-	(4 509)	26 492
2. Office of the HOD	24 043	-	-	(333)	1 500	-	1 167	25 210
3. Financial Management	48 311	-	-	(11 883)	-	-	(11 883)	36 428
4. Corporate Services	202 121	-	-	17 379	972	-	18 351	220 472
Total	305 476	-	-	3 126	-	-	3 126	308 602
Amount to be voted								3 126

Table 4.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	303 386	-	-	(14 126)	-	(14 126)	289 260
Compensation of employees	127 683			(28 266)		(28 266)	99 417
Goods and services	175 703			14 140		14 140	189 843
Interest and rent on land						-	-
Transfers and subsidies to:	65	-	-	5 097	-	5 097	5 162
Provinces and municipalities	65			54		54	119
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households				5 043		5 043	5 043
Payments for capital assets	2 025	-	-	12 155	-	12 155	14 180
Buildings and other fixed structures				7 000		7 000	7 000
Machinery and equipment	870			5 080		5 080	5 950
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets	1 155			75		75	1 230
Payments for financial assets						-	-
Total	305 476	-	-	3 126	-	3 126	308 602
Amount to be voted							3 126

Virement – Programme 1: Administration: R3.126 million

The main appropriation of Programme 1 reflects an increase of R3.126 million, being savings moved from *Goods and services* under Programme 2 to *Transfers and subsidies to: Households* under this programme to cater for additional external bursaries. The MEC directed that more external bursaries be offered in line with the department's strategic direction of funding more bursaries for students studying toward qualifications in economic studies disciplines. These funds were moved to the sub-programme: Corporate Services.

In addition, the department undertook further virement within Programme 1, across sub-programmes and economic classification as follows:

Savings of R28.266 million were identified under *Compensation of employees* due to the previously explained DPSA directive, and the need to review the organogram. As a result, the department was unable to fill posts in the first six months of 2019/20. These posts include senior management posts, such as Deputy Director: Legal Services, Deputy Director: Demand Management, Deputy Director and Assistant Director: Internal Control and Assistant Director: Asset Management. The bulk was identified from the sub-programme: Financial Management and moved to the Corporate Services sub-programme. These funds were moved as follows:

- R14.140 million was moved to *Goods and services* to defray spending pressures due to higher than anticipated costs in respect of computer services and communication under the sub-programme: Corporate Services.
- R54 000 was moved to *Transfers and subsidies to: Provinces and municipalities* in the sub-programme: Financial Management for motor vehicle licences which were under-budgeted for.
- R1.917 million was moved to *Transfers and subsidies to: Households* to cater for unanticipated staff exit costs (R43 000), that were inadequately budgeted for across all sub-programmes. The balance of R1.874 million was moved to fund additional external bursaries.
- R7 million was moved to *Buildings and other fixed structures* in the sub-programme: Corporate Services to purchase prefabricated (parkhome) offices for the Environmental Affairs officials who were vacated from the Bramhill Building in Pietermaritzburg due to safety issues. These prefabricated offices will be located at the department's premises at Cascades and 140 Boom Street.
- R5.080 million was moved to *Machinery and equipment* in the sub-programmes: Corporate Services and Office of the MEC to cater for the replacement of redundant computers (R2.580 million),

purchasing of a vehicle for the MEC (R1.500 million), as well as new office furniture (R1 million) for the MEC's new office in Durban.

- R75 000 was moved to *Software and other intangible assets* under the sub-programme: Corporate Services to cater for Microsoft licences which were under budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Shifts – Programme 1: Administration

The following shift was undertaken across sub-programmes within the programme. The shift was within economic classification, hence it is not evident in Table 4.4. The original purpose of the funds remains unchanged. An amount of R2.472 million was moved from the Office the MEC sub-programme within *Goods and services* and was shifted as follows:

- R1.500 million in respect of Operation Sukuma Sakhe (OSS) was shifted to the sub-programme: Office of the HOD, as the OSS programmes are co-ordinated by the HOD's office.
- R972 000 was moved to the sub-programme: Corporate Services to correctly place the budget in respect of the legal services function.

4.2 Programme 2: Integrated Economic Development Services

The main purpose of this programme is the provision of strategic leadership, direction and co-ordination of economic empowerment initiatives in KZN.

Tables 4.5 and 4.6 reflect a summary of the 2019/20 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall reduction of R83.303 million, are given in the paragraphs after the tables.

Table 4.5 : Programme 2: Integrated Economic Development Services

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Enterprise Development	307 518			(22 724)	3 564	(19 160)	288 358
2. Regional and Local Economic Development	56 302			(32 997)		(32 997)	23 305
3. Economic Empowerment	78 926			(31 146)		(31 146)	47 780
Total	442 746	-	-	(86 867)	3 564	(83 303)	359 443
Amount to be voted							(83 303)

Table 4.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	279 663	-	-	(98 143)	(35 910)	(134 053)	145 610
Compensation of employees	79 911			(11 436)		(11 436)	68 475
Goods and services	199 752			(86 707)	(35 910)	(122 617)	77 135
Interest and rent on land						-	-
Transfers and subsidies to:	162 613	-	-	10 863	39 474	50 337	212 950
Provinces and municipalities	4 250			(2 150)		(2 150)	2 100
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises	102 998			10 000	39 474	49 474	152 472
Non-profit institutions	54 400			2 800		2 800	57 200
Households	965			213		213	1 178
Payments for capital assets	470	-	-	413	-	413	883
Buildings and other fixed structures						-	-
Machinery and equipment	470			413		413	883
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	442 746	-	-	(86 867)	3 564	(83 303)	359 443
Amount to be voted							(83 303)

Virement – Programme 2: Integrated Economic Development Services: (R86.867 million)

The main appropriation of Programme 2 was reduced by R86.867 million across all three sub-programmes as a result of virements undertaken from this programme to other programmes. In addition, there were further virements undertaken within this programme across sub-programmes and economic classification.

In total, savings of R100.293 million were identified in this programme, with R11.436 million under *Compensation of employees* as a result of posts not filled due to the earlier explained DPSA directive and the fact that the organogram was to be reviewed. These vacant posts include Deputy Directors: Enterprise Development for iLembe and Amajuba Districts, Deputy Director: District Co-ordinator for uMkhanyakude, Deputy Director: Small Business Development and Deputy Director: Co-operatives. Savings of R86.707 million were identified under *Goods and services* due to delays caused by lengthy administrative processes in the implementation of projects, such as Operation Sakhinzuzo (which is a partnership project with Tongaat Hulett and supports the planting of sugarcane by small-scale farmers), Women in Construction and Mining, as well as Operation Vula (which provides grant funding in areas such as manufacturing, SMME development, tourism, economic infrastructure development and job creation, with a focus of providing these types of skills and business opportunities at a local level). Cost-cutting on items such as travel and subsistence, inventory: other supplies and rental and hiring also contributed to the decrease in *Goods and services*. The balance of R2.150 million was decreased in respect of the KwaMajomela Manufacturing Centre project and this was identified from *Transfers and subsidies to: Provinces and municipalities* due to slow progress in planning for this project by the Zululand District Municipality.

Of this savings, R86.867 million was moved to Programmes 1, 3, 6 and 7, as follows:

- R3.126 million was moved to *Transfers and subsidies to: Households* in Programme 1 to cater for an increase in external bursaries, as mentioned.
- R36.558 million was moved to Programme 3 under *Transfers and subsidies* as follows:
 - R2.677 million was moved to *Departmental agencies and accounts* to be transferred to TIK for the implementation of economic development interventions consisting of the Amajuba District Economic Summit, the uThukela District Development Agency and the eDumbe Municipality, as well as for conducting a feasibility study in respect of the Textile SEZ, and the Aquaculture Development Zone, while also providing for the revitalisation of KZN townships through the development of an economy strategy and implementation plan and the establishment of an Industrial Conflict team. In this regard, the aim is to facilitate the recruitment of interim capacity in the form of a specialised team to assist the province to effectively intervene in industrial conflicts, devise and implement proactive measures, track and monitor interventions, mobilise all relevant stakeholders and develop early warning systems.
 - Savings of R33.881 million were moved to *Non-profit institutions*, as follows:
 - R23.881 million for transfer to MKI, of which R11.881 million was allocated for the roll-out of ICT Hubs in Ndumo, eDumbe, uKhahlamba, Mpofana, uMzumbe, uMdoni and Mandeni Municipalities, and these are linked to MKI's research and development component. The balance of R12 million was allocated to fund the cannabis project aimed at bringing economic opportunities and prospects for SMMEs and small-scale growers who grow cannabis in many parts of KZN.
 - R10 million for transfer to the KZNFC for the KZN Youth Film Fund which provides opportunities, especially for people from disadvantaged communities, to participate in the film industry.
- R35.511 million was moved to *Goods and services* (R34.811 million) in Programme 6 for 31 tourism events, such as the Durban Summer Beach Festival, Fact Durban Rocks, the Crown Gospel Awards, uMgungundlovu Midmar Jazz Festival, the Last Dance Music Festival, Asingene Siphila Gospel Music Campaign, Newcastle Amcor Dam Music Festival, Drakensberg Extravaganza, Umthayi Marula Heritage Festival and Umdabula Kosi Music Festival that will be hosted by the department in

10 districts. The balance of R700 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for the development of a Cultural Village in the Greater Kokstad Municipality.

- R11.672 million was moved to Programme 7 as explained below:
 - R3.272 million was moved to *Goods and services* for IASP in order to cover more areas in the province and to create additional jobs.
 - R8.400 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* to EKZNW for completion of the fencing project in the Hluhluwe-Imfolozi Park.
- The balance of R13.426 million was moved across economic categories within Programme 2 as follows:
 - R2.800 million was moved to *Transfers and subsidies to: Non-profit institutions* in the sub-programme: Enterprise Development for transfer to the KwaZulu-Natal Growth Fund Trust (KZNGFT) for project finance seed capital, loans and investment, and this does not form part of the entity's operational costs.
 - R10 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* under the sub-programme: Enterprise Development for transfer to Ithala to ensure that Ithala SOC Ltd achieves its minimum Capital Adequacy Ratio requirements. In addition, virements were undertaken to correct an error in respect of transfers to Ithala where some funds were erroneously allocated against the KZN Property Development Holding SOC Ltd and the Small Business Growth Enterprise instead of the Enterprise Development Fund. This is evident in Table 4.26.
 - R213 000 was moved to *Transfers and subsidies to: Households* for unanticipated staff exit costs.
 - R413 000 was moved to *Machinery and equipment* to address spending pressures caused by the payment of invoices from 2018/19 in respect of the replacement of redundant computers.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where applicable, Provincial Treasury approval was obtained in respect of the increase in *Transfers and subsidies*.

The virements from Programme 2 exceed the 8 per cent limit permitted in terms of the PFMA, and therefore Legislature approval is required. The reduction in *Transfers and subsidies to: Provinces and municipalities* in respect of the KwaMajomela Manufacturing Centre also needs Legislature approval.

Shifts – Programme 2: Integrated Economic Development Services: R3.564 million

A shift of R3.564 million was undertaken increasing the main appropriation of this programme, with funds shifted from *Goods and services* in Programme 3 to *Transfers and subsidies to: Public corporations and private enterprises* under the sub-programme: Enterprise Development. The funds will be transferred to Ithala who has been appointed as the implementing agent for projects relating to the Maritime Transport and Manufacturing sector development. The purpose remains unchanged.

In addition to the shift undertaken to Programme 2, a shift of R35.910 million was undertaken from *Goods and services* to *Transfers and subsidies to: Public corporations and private enterprises* within the sub-programme: Enterprise Development for transfer to Ithala, who has been appointed as the implementing agent for the department, and the original purpose of the funds remains unchanged:

- R20 million for the Bulk Buying project aimed at enabling local small traders to get into the mainstream of the wholesale and retail sector by collective buying power to purchase directly from the manufacturers and suppliers of fast moving consumer goods, thereby securing a better pricing structure to enable them to be competitive and grow their businesses. The budget for this project was shifted to be administered by Ithala.
- R15.910 million for SMME and Co-operatives incubation and the development of Shared Economic Infrastructure Facility projects to provide co-working space for small businesses, and support

individual enterprises to improve their working conditions. The department has appointed Ithala to roll-out these projects on behalf of the department.

The department undertook extensive shifting of funds within Ithala and this is evident in Table 4.26. As such, the total increase in the transfer to Ithala was R39.474 million.

Service delivery measures – Programme 2: Integrated Economic Development Services

Table 4.7 shows the service delivery information for Programme 2 as per the department’s 2019/20 APP, as well as the actual achievements for the first six months of the year. It is noted that there are changes to most of the service delivery measures that were reflected in the 2019/20 EPRE. These changes are reflected in the 2019/20 Revised target column, and are required to ensure alignment with the APP, which was tabled after the EPRE. Measures were introduced in the APP after the EPRE was published, and these are indicated as “New” in the Original target column and the targets are shown in the Revised target column.

Table 4.7 : Service delivery measures – Programme 2: Integrated Economic Development Services

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
1. Enterprise Development – SMMEs and Co-operatives				
1.1 To promote small enterprises (SMMEs and co-operatives)	<ul style="list-style-type: none"> No. of interventions implemented to support small enterprises in all 11 districts No. of interventions to support small enterprises with access to funding No. of interventions to support creation of jobs 	New	4	10
		New	1	1
		New	2	6
2. Regional and Local Economic Development (RLED)				
2.1 To implement RLED initiatives that support employment opportunities and build the capacity of RLED stakeholders	<ul style="list-style-type: none"> No. of projects implemented that support employment opportunities No. of training interventions implemented 	New	5	3
		New	12	6
3. Economic Empowerment				
3.1 To facilitate the implementation of economic transformation strategies and policies	<ul style="list-style-type: none"> No. of youth trained No. of women trained No. of youth businesses supported through enterprise development No. of women businesses supported through enterprise development No. of B-BBEE compliance interventions implemented to improve the level of compliance No. of interventions implemented to support Operation Vula No. of interventions implemented to support the Black Industrialists 	New	200	700
		New	120	400
		New	50	35
		New	5	20
		5	8	6
		5	1	
		5	1	

4.3 Programme 3: Trade and Sector Development

The main purpose of this programme is to stimulate economic growth through industry development, trade and investment promotion.

Tables 4.8 and 4.9 reflect a summary of the 2019/20 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R62.815 million, are given in the paragraphs below the tables.

Table 4.8 : Programme 3: Trade and Sector Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Trade and Investment Promotion	588 950			3 751	(1 564)	2 187	591 137
2. Sector Development	208 225	7 000		52 128	(2 000)	57 128	265 353
3. Strategic Initiatives	136 784			3 500		3 500	140 284
Total	933 959	7 000	-	59 379	(3 564)	62 815	996 774
Amount to be voted							62 815

Table 4.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	72 440	-	-	(13 653)	(5 164)	-	(18 817)	53 623
Compensation of employees	15 324			(452)			(452)	14 872
Goods and services	57 116			(13 201)	(5 164)		(18 365)	38 751
Interest and rent on land							-	-
Transfers and subsidies to:	861 519	7 000	-	72 850	1 600	-	81 450	942 969
Provinces and municipalities	6 000			28 750			28 750	34 750
Departmental agencies and accounts	567 959			9 730	2 900		12 630	580 589
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	140 284			3 500			3 500	143 784
Non-profit institutions	146 776	7 000		30 600	(1 300)		36 300	183 076
Households	500			270			270	770
Payments for capital assets	-	-	-	182	-	-	182	182
Buildings and other fixed structures				114			114	114
Machinery and equipment				68			68	68
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	933 959	7 000	-	59 379	(3 564)	-	62 815	996 774
Amount to be voted								62 815

Roll-overs – Programme 3: Trade and Sector Development: R7 million

A roll-over of R7 million from 2018/19 was allocated to this programme in respect of MKI for operational costs of the MCOE. This function was moved from KZNSB to MKI in line with recommendations of the Rationalisation of public entities process. As the MCOE was self-funded by KZNSB from within its baseline, the principle of “funds follow function” did not apply in this instance. These funds were allocated in Programme 3 under *Transfers and subsidies to: Non-profit institutions* in the sub-programme: Sector Development.

Virement – Programme 3: Trade and Sector Development: R59.379 million

The main appropriation of Programme 3 increased by R59.379 million as a result of movement of savings from Programmes 2, 4 and 5 as summarised below:

- R36.558 million savings were moved from Programme 2 under *Goods and services* to this programme as follows:
 - R2.677 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* under the sub-programme: Trade and Investment Promotion to be transferred to TIK for the implementation of the Amajuba District Economic Summit, the uThukela District Development Agency and the eDumbe Municipality, as well as for conducting a feasibility study in respect of the Textile SEZ, and the Aquaculture Development Zone, while also providing for the revitalisation of KZN townships through the development of an economy strategy and implementation plan and the establishment of an Industrial Conflict team, as mentioned.
 - R23.881 million was moved to *Transfers and subsidies to: Non-profit institutions* in the sub-programme: Sector Development for transfer to MKI for the roll-out of ICT Hubs (R11.881 million) in various municipalities and the cannabis project (R12 million), as explained.
 - R10 million was moved to *Transfers and subsidies to: Non-profit institutions* for the KZN Youth Film Fund administered by the KZNFC under the sub-programme: Sector Development.
- Savings of R3.014 million were identified from *Compensation of employees* in Programme 4, and were moved to this programme, as explained below:
 - R1.264 million was moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the uMkhanyakude District Municipality for bulk infrastructure development of the Mkuze airport under the sub-programme: Sector Development.

Vote 4: Economic Development, Tourism and Environmental Affairs

- R1.750 million was moved to the sub-programme: Sector Development under *Transfers and subsidies to: Provinces and municipalities* to be transferred to the uMgungundlovu Development Agency for the N3 Corridor Development project, as explained.
- Savings of R19.807 million were identified under various economic categories in Programme 5 and were moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the uMkhanyakude District Municipality to cater for the bulk infrastructure development of the Mkuze airport under the sub-programme: Sector Development.

In addition to the above, various virements were undertaken within the programme as follows:

- Savings of R20.153 million were identified from *Compensation of employees* (R452 000) as a result of posts not filled due to the DPSA directive and the fact that the organogram was to be reviewed. Savings were also identified under *Goods and services* (R13.201 million) due to delays in rolling out Operation Vula projects such as Agri-business/Agro-processing, and delays in the implementation of the King Shaka International Airport (KSIA) Transport link solution project. An amount of R6.500 million was moved from *Transfers and subsidies to: Non-profit institutions* as the KZN Fashion Council was over-budgeted for (this reduction is not visible in the tables, but is evident in Table 4.26). The bulk of the savings were identified under the sub-programme: Trade and Investment Promotion, and were moved within the programme across economic categories as follows:
 - R5.929 million was moved to the sub-programme: Sector Development under *Transfers and subsidies to: Provinces and municipalities* allocated to the uMkhanyakude Municipality for the Mkuze airport bulk infrastructure.
 - R7.053 million was moved to *Transfers and subsidies to: Departmental agencies and accounts to TIK* under the sub-programme: Trade and Investment Promotion. Of this, R6.253 million was allocated for investment opportunities and the implementation of the Amajuba District Economic Summit, the uThukela District Development Agency and the eDumbe Municipality, as well as for conducting a feasibility study in respect of the Textile SEZ, and the Aquaculture Development Zone, while also providing for the revitalisation of KZN townships through the development of an economy strategy and implementation plan and the establishment of an Industrial Conflict team, as mentioned. The balance of R800 000 was moved to TIK for the KZN Growth Coalition which plays an important role in strengthening the relationship between business and provincial government and to build investment confidence in KZN, and these programmes will be co-ordinated by TIK.
 - R3.500 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* in the Strategic Initiatives sub-programme for RBIDZ for land acquisition.
 - R2.219 million was moved to *Transfers and subsidies to: Non-profit institutions* for the roll-out of ICT Hubs to various municipalities, and this is assigned to MKI under the sub-programme: Sector Development.
 - R1 million was moved to *Transfers and subsidies to: Non-profit institutions* to fund the KZN Clothing and Textile Cluster in the sub-programme: Sector Development. This is a public/private sector partnership of clothing, textile, footwear and retail firms in KZN. The cluster aims to boost the competitiveness of the local industry so that it can compete in the global market.
 - R270 000 was moved to *Transfers and subsidies to: Households* to cater for the shortfall in respect of Aerotropolis learnerships for bursaries to external students.
 - R114 000 was moved to *Buildings and other fixed structures* to cater for the erection of an ablution block for the Amakha Essential Oils project.
 - R68 000 was moved to *Machinery and equipment* to cater for the replacement of redundant computers which were purchased in 2018/19, and only delivered in 2019/20.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, Provincial Treasury approval was obtained for the increase in *Transfers and subsidies*.

The reduction in the transfer payment in respect of the KZN Fashion Council against *Transfers and subsidies to: Non-profit institutions* requires Legislature approval.

Shifts – Programme 3: Trade and Sector Development: (R3.564 million)

The main appropriation of Programme 3 decreased by R3.564 million as a result of a shift from *Goods and services* in Programme 3 under the sub-programme: Trade and Investment Promotion to *Transfers and subsidies to: Public corporations and private enterprises* in Programme 2 for transfer to Ithala relating to projects associated with the Maritime Transport and Manufacturing sector development. The entity is appointed by the department to be the implementing agent of this project, hence, the purpose of these funds remains unchanged.

In addition to the above, various shifts were undertaken between the sub-programme: Trade and Investment Promotion and the sub-programme: Sector Development but across economic classifications in Programme 3, and the original purpose of the funds remains unchanged. The shifts are as follows:

- R2 million was shifted from *Goods and services* under the sub-programme: Sector Development to *Transfers and subsidies to: Departmental agencies and accounts* under the sub-programme: Trade and Investment Promotion for transfer to TIK for the KZN Halaal Hub Initiative programme, as mentioned. This project has been assigned to TIK by the department.
- R900 000 was moved from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* for transfer to TIK for the KZN Growth Coalition within the sub-programme: Trade and Investment Promotion.
- R1.300 million for sector studies, which aim to provide a coherent and concise appraisal of the fisheries sector in KZN, was incorrectly allocated under *Transfers and subsidies to: Non-profit institutions* for transfer to MKI. This was moved to be correctly placed under *Goods and services* within the sub-programme: Sector Development.

Service delivery measures – Programme 3: Trade and Sector Development

Table 4.10 shows the service delivery information for Programme 3 as per the department's 2019/20 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. It is noted that there are changes to most of the service delivery measures that were reflected in the *EPRE*. These changes, which are reflected in the Revised target column, are required to ensure alignment with the APP, which was tabled after the *EPRE*. Most performance indicators and measures were introduced in the APP after the *EPRE* was published, and these changes are reflected in bold italics, and are indicated as “New” in the Original target column and the targets are shown in the Revised target column.

Table 4.10 : Service delivery measures – Programme 3: Trade and Sector Development

Outputs	Performance indicators	Performance Targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
1. Trade and Investment Promotion				
1.1 To stimulate inclusive growth through trade and investment promotion	<ul style="list-style-type: none"> • <i>No. of jobs created through DTPC investment attraction by EDTEA entities</i> • <i>Value of investment facilitated through trade initiatives by EDTEA entities</i> • <i>Value of imports facilitated by EDTEA entities through trade initiatives</i> • <i>No. of business expansion platforms supported (KZN Growth Coalition)</i> • <i>No. of businesses supported for competitiveness</i> 	New	Annual	9 000
		New	Annual	R15.5m
		New	Annual	R10m
		New	Annual	10
		New	Annual	20
2. Sector Development				
2.1 <i>Increased economic growth that supports decent jobs, HDIs, SMMEs and social enterprises</i>	<ul style="list-style-type: none"> • <i>No. of sustainable projects implemented that support employment opportunities</i> • No. of business plans completed • <i>No. of sector strategic interventions implemented that will unlock jobs</i> • <i>No. of people trained on BPO and ICT sector</i> • No. of clusters supported (KZN Music Cluster, KZN Clothing and Textile Cluster, KZN Fashion Council, KZN Film Industry) 	New	1	6
		2	2	3
		New	3	8
		New	-	135
		3	-	
3. Strategic Initiatives				
3.1 To facilitate the development of strategic industrial interventions	<ul style="list-style-type: none"> • <i>No. of jobs created through industrialisation</i> • <i>No. of jobs created through the oceans economy</i> • <i>No. of jobs created through infrastructure development</i> • <i>No. of people capacitated within the industrial sector</i> • <i>No. of specialist studies approvals to unlock industrial projects</i> 	New	4 000	4 500
		New	Annual	1 075
		New	Annual	100
		New	24	60
		New	Annual	6

4.4 Programme 4: Business Regulation and Governance

The aim of this programme is to enable an equitable and socially responsible business environment. Tables 4.11 and 4.12 summarise the 2019/20 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R3.014 million, are given in the paragraphs following the tables.

Table 4.11 : Programme 4: Business Regulation and Governance

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Regulation Services	11 180			(3 781)			(3 781)	7 399
2. Consumer Protection	31 091			2 633			2 633	33 724
3. Liquor Regulation	84 680						-	84 680
4. Gaming and Betting	49 512			(1 866)			(1 866)	47 646
Total	176 463	-	-	(3 014)	-	-	(3 014)	173 449
Amount to be voted								(3 014)

Table 4.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	46 884	-	-	(3 566)	-	-	(3 566)	43 318
Compensation of employees	33 504			(4 061)			(4 061)	29 443
Goods and services	13 380			495			495	13 875
Interest and rent on land							-	-
Transfers and subsidies to:	129 451	-	-	14	-	-	14	129 465
Provinces and municipalities							-	-
Departmental agencies and accounts	129 451						-	129 451
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				14			14	14
Payments for capital assets	128	-	-	538	-	-	538	666
Buildings and other fixed structures							-	-
Machinery and equipment	128			538			538	666
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	176 463	-	-	(3 014)	-	-	(3 014)	173 449
Amount to be voted								(3 014)

Virement – Programme 4: Business Regulation and Governance: (R3.014 million)

The main appropriation of Programme 4 was decreased by a net amount of R3.014 million which was moved to Programme 3, as follows:

- Savings of R4.061 million were identified from the sub-programmes: Regulation Services (R3.781 million) and Gaming and Betting (R1.866 million) against *Compensation of employees* due to the non-filling of posts, including Deputy Director and three Assistant Directors: Consumer Protection, as well as Assistant Directors: Business Regulation. These posts were not filled due to the DPSA directive and the fact that the organogram was to be reviewed. Of these savings, R3.014 million was moved to Programme 3, as explained below:
 - R1.264 million was moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the uMkhanyakude District Municipality for bulk infrastructure development of the Mkuze airport.
 - R1.750 million was moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the uMgungundlovu Development Agency for the N3 Corridor Development project.
- The balance of R1.047 million was moved within Programme 4, mainly to the sub-programme: Consumer Protection, as follows:
 - R495 000 was moved to *Goods and services* for the launch of the consumer business commitment pledge which is an opportunity to communicate with consumers and ensure that they are aware of their rights, as well as ensuring that businesses comply with consumer protection laws.

- o R14 000 was moved to *Transfers and subsidies to: Households* for higher than anticipated staff exit costs.
- o R538 000 was moved to *Machinery and equipment* to cater for the replacement of computer equipment which relates to 2018/19 purchases that were only delivered in 2019/20.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Service delivery measures – Programme 4: Business Regulation and Governance

Table 4.13 shows the service delivery information for Programme 4 as per the department's 2019/20 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. It is noted that there are changes to some of the service delivery measures that were reflected in the *EPRE*. These changes, which are reflected in the 2019/20 Revised target column, are required to ensure alignment with the APP, which was tabled after the *EPRE*. In some instances, the wording of the performance indicators has changed, and these changes are reflected in bold italics. Measures were introduced in the APP after the *EPRE* was published, and these are indicated as "New" in the Original target column and the targets are shown in the Revised target column. The removed performance indicators and measures are reflected in the 2019/20 Mid-year actual and Revised target columns as "n/a".

Table 4.13 : Service delivery measures – Programme 4: Business Regulation and Governance

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
1. Regulation Services				
1.1 To create a conducive regulatory environment for sustained development and support to the formal and informal business sectors	<ul style="list-style-type: none"> • <i>No. of municipalities monitored on business legislation implementation</i> • <i>No. of municipalities monitored on informal economy policy implementation</i> • No. of barriers identified • No. of barriers addressed • No. of business inspections conducted to ensure compliance with business legislation 	31 20 4 4 24	26 22 6 4 42	43 43 50
2. Consumer Protection				
2.1 To promote, protect and further the rights of consumers in the province	<ul style="list-style-type: none"> • % of community members reflecting knowledge and awareness about their consumer rights • % of business complying with Consumer Protection Act of KZN • No. of consumer surveys conducted • No. of consumer education programmes conducted • No. of inspections conducted • % complaints resolved <i>through ADR interventions</i> 	100% 100% 2 1 300 400 100%	n/a n/a n/a 423 248 89%	n/a n/a n/a
3. Liquor Regulation				
3.1 To promote and maintain an effective and efficient regulatory system for the Liquor Industry and Consumer and Regulation services	<ul style="list-style-type: none"> • No. of Liquor Authority monitoring reports (tracking the effectiveness of the KZNLA in regulating the industry) • No. of initiatives undertaken to review effectiveness of Business Regulatory Environment relating to Consumer, Liquor and Regulation Services 	4 4	n/a n/a	n/a n/a
4. Gaming and Betting				
4.1 To promote and maintain an effective and efficient regulatory system for the Liquor Industry and Consumer and Regulation services	<ul style="list-style-type: none"> • Amended KZN Gaming and Betting legislation • No. of quarterly regulatory reports on Board activities • No. of reconciled tax returns • Functionality of the KZNGBB 	Implementation of the 2017 Act and review of Regulations 4 quarterly reports 4 reconciled tax returns 4 sets of minutes of Board meetings	n/a n/a n/a n/a	n/a n/a n/a
5.1 Policy and Legislation				
5.1 <i>Enhance the Gaming and Betting regulatory environment in KZN</i>	<ul style="list-style-type: none"> • <i>No. of catalytic initiatives undertaken to encourage an effective regulatory system for liquor licensing, Gaming and Betting, Consumer Act and Business Act</i> • <i>No. of Liquor Authority monitoring reports produced, (Tracking the effectiveness of the KZNLA in regulating its respective industry)</i> • <i>No of KZNGBB monitoring reports produced (tracking the effectiveness of KZNGBB in regulating the gaming and betting industry)</i> 	New New New	2 1 1	7 4 4

4.5 Programme 5: Economic Planning

The main purpose of this programme is to develop provincial economic policies and strategies to achieve and measure sustainable economic development. The purpose is also to conduct research proposals relating to changing global trends, and to provide a wide range of information and knowledge that serve as key drivers and to regularly assess the performance of the economy.

Tables 4.14 and 4.15 summarise the 2019/20 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R22.378 million, are given in the paragraphs following the tables.

Table 4.14 : Programme 5: Economic Planning

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Policy and Planning	8 180			(2 247)			(2 247)	5 933
2. Research and Development	21 616			(13 237)			(13 237)	8 379
3. Knowledge Management	3 653			(257)			(257)	3 396
4. Monitoring and Evaluation	8 617			(6 637)			(6 637)	1 980
Total	42 066	-	-	(22 378)	-	-	(22 378)	19 688
Amount to be voted								(22 378)

Table 4.15 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	32 666	-	-	(15 593)	-	-	(15 593)	17 073
Compensation of employees	17 639			(5 657)			(5 657)	11 982
Goods and services	15 027			(9 936)			(9 936)	5 091
Interest and rent on land							-	-
Transfers and subsidies to:	9 400	-	-	(6 900)	-	-	(6 900)	2 500
Provinces and municipalities	1 300			(1 300)			(1 300)	-
Departmental agencies and accounts							-	-
Higher education institutions	5 100			(5 100)			(5 100)	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	3 000			(500)			(500)	2 500
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	-	-	-	115	-	-	115	115
Buildings and other fixed structures							-	-
Machinery and equipment				115			115	115
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	42 066	-	-	(22 378)	-	-	(22 378)	19 688
Amount to be voted								(22 378)

Virement – Programme 5: Economic Planning: (R22.378 million)

The main appropriation of Programme 5 was reduced by R22.378 million. Savings totalling R22.493 million were identified across all sub-programmes from the following categories:

- Savings of R5.657 million were identified from *Compensation of employees* as a result of posts not filled due to the DPSA directive and the fact that the organogram was to be reviewed.
- Savings of R9.936 million were identified under *Goods and services* ascribed to the decision made by management to reprioritise projects such as the Impact Assessments and Partnership reports relating to studies to determine the effectiveness of departmental strategies, policies, programmes or interventions, as well as the development of a central statistical database housing socio-economic data used to enhance departmental service delivery. The reprioritisation was undertaken to offset spending pressures in other areas, as mentioned below. In addition, there were savings from cost-cutting on items such as advertising, travel and subsistence and stationery.
- Savings of R1.300 million were realised from *Transfers and subsidies to: Provinces and municipalities* ascribed to the cancellation of Cecil Mack's Border Development project due to delays in implementation by the Jozini Municipality.

- Savings of R5.100 million were identified under *Transfers and subsidies to: Higher education institutions* in respect of the KZN University Technology transfer programme, which was erroneously budgeted for in 2019/20, since the contract for this project expired in 2018/19.
- Savings of R500 000 were identified against *Transfers and subsidies to: Public corporations and private enterprises* due to a reduction in the transfer to CSIR for the Industrial Symbiosis project which was over-budgeted for in 2019/20.

Of these savings, R22.378 million were moved to other programmes, as follows:

- R19.807 million was moved to Programme 3 under *Transfers and subsidies to: Provinces and municipalities* for the Mkuze airport for transfer to the uMkhanyakude District Municipality. This is to cater for bulk infrastructure such as water, sewage and electricity around the airport.
- R2.571 million was moved to *Goods and services* in Programme 7 to provide for the expansion of IASP, as explained.

The balance of R115 000 was moved within Programme 5 from *Goods and services* to *Machinery and equipment* to offset spending pressure brought about by the payment of invoices from 2018/19 for the procurement of computer equipment.

These virements are permissible in terms of the PFMA and Treasury Regulations.

The virements from Programme 5 significantly exceed the 8 per cent limit permitted in terms of the PFMA, and therefore Legislature approval is required. Also, the reductions in the transfer payments in respect of Cecil Mack's Border Development, KZN University Technology Transfer programme and transfer to CSIR relating to the Industrial Symbiosis projects require Legislature approval.

Service delivery measures – Programme 5: Economic Planning

Table 4.16 shows the service delivery information for Programme 5 as per the department's 2019/20 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. It is noted that there are changes to most of the service delivery measures that were reflected in the *EPRE*. These changes, which are reflected in the 2019/20 Revised target column, are required to ensure alignment with the APP, which was tabled after the *EPRE*. In some instances, the wording of the performance indicators has changed, and these changes are reflected in bold italics. Measures were introduced in the APP after the *EPRE* was published, and these are indicated as "New" in the Original target column and the targets are shown in the Revised target column.

Table 4.16 : Service delivery measures – Programme 5: Economic Planning

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
1. Policy and Planning				
1.1 To enhance the economic policy environment in KZN	<ul style="list-style-type: none"> • <i>No. of ezomnotho publications</i> • <i>No. of district profile publications</i> • <i>No. of policy briefs</i> • <i>No. of integrated economic policies/strategies reviewed/ developed</i> 	New	-	4
		New	-	2
		New	4	12
		New	-	1
2. Research and Development				
2.1 To conduct economic research for development of economic interventions	<ul style="list-style-type: none"> • <i>No. of sector value chain studies conducted</i> • <i>No. of market intelligence studies conducted</i> • <i>No. of research briefs/factsheets completed</i> • <i>No. of AWG reports submitted to KZN PPC</i> • <i>No. of innovative technologies funded</i> 	New	-	2
		New	-	1
		New	2	4
		New	1	4
		New	-	7
3. Knowledge Management				
3.1 To develop and maintain an effective knowledge management system to support management decisions	<ul style="list-style-type: none"> • <i>No. of knowledge sharing platforms created</i> • <i>No. of projects status reports</i> • <i>No. of user statistical reports in Resource Centre</i> 	New	2	4
		New	2	4
		New	1	4

Table 4.16 : Service delivery measures – Programme 5: Economic Planning

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
4. Monitoring and Evaluation				
4.1 To determine effectiveness of EDTEA policies and strategies	<ul style="list-style-type: none"> • No. of monitoring and evaluation <i>policies reviewed</i> • <i>No. of monitoring and evaluation plans developed</i> • No. of monitoring reports <i>produced</i> • No. of evaluation reports <i>produced</i> • No. of performance <i>information</i> reports <i>produced</i> 	1 New 4 5 4	- 1 1 - 1	1 5 1 5

4.6 Programme 6: Tourism

The main purpose of this programme is to stimulate economic growth through tourism development. The objectives are to create an enabling tourism environment through legislation, policy and strategy development, to create demand and supply tourism, as well as to ensure sustainability and tourism sector transformation.

Tables 4.17 and 4.18 reflect a summary of the 2019/20 adjusted appropriation of Programme 6, according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R38.804 million, are given in the paragraphs following the tables.

Table 4.17 : Programme 6: Tourism

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Tourism Planning	11 310			(4 410)			(4 410)	6 900
2. Tourism Growth and Development	254 677			52 819	3 293		56 112	310 789
3. Tourism Sector Transformation	23 010			(12 898)			(12 898)	10 112
Total	288 997	-	-	35 511	-	3 293	38 804	327 801
Amount to be voted								38 804

Table 4.18 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	43 541	-	-	24 368	-	-	24 368	67 909
Compensation of employees	25 442			(8 396)			(8 396)	17 046
Goods and services	18 099			32 764			32 764	50 863
Interest and rent on land							-	-
Transfers and subsidies to:	245 456	-	-	10 700	-	3 293	13 993	259 449
Provinces and municipalities	10 000			(200)			(200)	9 800
Departmental agencies and accounts	235 456			10 900	3 293		14 193	249 649
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	-	-	-	443	-	-	443	443
Buildings and other fixed structures							-	-
Machinery and equipment				443			443	443
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	288 997	-	-	35 511	-	3 293	38 804	327 801
Amount to be voted								38 804

Virement – Programme 6: Tourism: R35.511 million

The department undertook virements between programmes, resulting in a net increase of R35.511 million in the main appropriation of Programme 6. As mentioned, savings of were moved from Programme 2 and were allocated to the sub-programme: Tourism Growth and Development under

Goods and services (R34.811 million) for 31 tourism events to be undertaken before the end of 2019/20, such as the Durban Summer Beach Festival, Fact Durban Rocks, the Crown Gospel Awards, uMgungundlovu Midmar Jazz Festival, the Last Dance Music Festival, Asingene Siphila Gospel Music Campaign, Newcastle Amcor Dam Music Festival, Drakensberg Extravaganza, Umthayi Marula Heritage Festival and Umdabula Kosi Music Festival, that will be hosted by the department in 10 districts. The balance of R700 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the Greater Kokstad Municipality for development of a Cultural Village.

The following virements were undertaken within the programme and economic categories:

- Savings of R17.443 million were identified from *Compensation of employees* (R8.396 million) due to the non-filling of vacant posts such as Deputy Director: Tourism Sector Transformation and two Administration Officers: Tourism Planning. As mentioned, posts were not filled due to the DPSA directive and the fact that the organogram was to be reviewed. Savings of R2.047 million were identified from *Goods and services* due to delays in Operation Vula projects. Savings of R7 million were moved from *Transfers and subsidies to: Provinces and municipalities* for the Thokazi Royal Lodge (R5 million) and Highover Wildlife Sanctuary (R2 million) projects which were cancelled as a result of a directive by the MEC. These savings were identified under the sub-programmes: Tourism Planning and Tourism Sector Transformation. The funds were moved as follows:
 - R6.100 million was moved to *Transfers and subsidies to: Provinces and municipalities* to cater for various projects such as Koppie Guesthouse: Mahlalela Community Trust (R500 000), Mkuze Falls (R500 000), Tourism Route Strategy (R2.100 million), KwaShushu Hotspots (R1 million) and uMzumbe Trails (R2 million). These funds were added under the sub-programme: Tourism Growth and Development. It should be noted that the Mkuze Falls and Koppie Guesthouse: Mahlalela Community Trust projects were under-budgeted for, while the others were not originally budgeted for.
 - R8.100 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* for transfer to Tourism KwaZulu-Natal (TKZN) to cater for the World Football Summit (R8 million) to be held in December 2019, and R100 000 was to fund the Newcastle Airshow under the sub-programme: Tourism Growth and Development.
 - R2.800 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* for transfer to KZNSB, to enable the entity to further develop and commercialise the SRT. This is an addition to the R3.293 million allocated back from prior years.
 - R443 000 was moved to *Machinery and equipment* to cater for replacement computers ordered in 2018/19 and were only delivered in 2019/20.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, Provincial Treasury approval was obtained, in respect of the increase in *Transfers and subsidies*.

The reduction in the transfer payments under *Transfers and subsidies to: Provinces and municipalities* for the Thokazi Royal Lodge and Highover Wildlife Sanctuary requires Legislature approval.

Other adjustments – Programme 6: Tourism: R3.293 million

An additional R3.293 million was added to *Transfers and subsidies to: Departmental agencies and accounts* to be transferred to KZNSB for the SRT. These funds were surrendered in 2017/18 with an intention to reallocate them back in 2019/20 when the entity is in a position to spend the funds. This was allocated under the sub-programme: Tourism Growth and Development.

Service delivery measures – Programme 6: Tourism

Table 4.19 shows the service delivery information for Programme 6 as per the department's 2019/20 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. It is noted that there are changes to most of the service delivery measures that were reflected in the *EPRE*. These changes, which are reflected in the 2019/20 Revised target column, are required to ensure alignment

with the APP, which was tabled after the EPRE. In some instances, the wording of the performance indicators has changed, and these changes are reflected in bold italics. Measures were introduced in the APP after the EPRE was published, and these are indicated as “New” in the Original target column and the targets are shown in the Revised target column.

Table 4.19 : Service delivery measures – Programme: Tourism

Outputs	Performance indicators	Performance targets			
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target	
1. Tourism Planning					
1.1	To provide guidance, support and direction in terms of tourism knowledge management, policies and strategies	<ul style="list-style-type: none"> • % of resolutions implemented • No. of strategic partnership (forums) sustained • No. of tourism strategies developed • No. of awareness tourism initiatives conducted 	<ul style="list-style-type: none"> New New New New 	<ul style="list-style-type: none"> - - - 1 	<ul style="list-style-type: none"> 100% 12 4 4
2. Tourism Growth and Development					
2.1	To ensure effective and efficient support for the promotion and integrated development of diverse tourism offerings	<ul style="list-style-type: none"> • No. of niche areas implemented • No. of tourist guides accredited • No. of tourism community based projects/enterprises implemented towards growth 	<ul style="list-style-type: none"> New 200 New 	<ul style="list-style-type: none"> - 120 - 	<ul style="list-style-type: none"> 1 4 4
3. Tourism Sector Transformation					
3.1	To identify and drive implementation of targeted interventions aimed at transforming the sector	<ul style="list-style-type: none"> • No. of assessments conducted on compliance with tourism sector codes • No. of service excellence initiatives implemented • No. of people trained within the tourism sector • No. of people assisted with employment opportunities within the tourism sector 	<ul style="list-style-type: none"> New 3 New 1 	<ul style="list-style-type: none"> 10 2 402 - 	<ul style="list-style-type: none"> 30 4 2 500 1

4.7 Programme 7: Environmental Affairs

This programme aims to ensure effective compliance and governance in respect of environmental management.

Tables 4.20 and 4.21 reflect a summary of the 2019/20 adjusted appropriation of Programme 7, according to sub-programme, sub-sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall net increase of R14.243 million, are given in the paragraphs following the tables.

Table 4.20 : Programme 7: Environmental Affairs

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Environmental Policy Planning and Co-ordination	30 973	-	-	(16 249)	-	(16 249)	14 724
Intergovt. Co-ordination, Spatial and Dev Planning	10 419			3 558		3 558	13 977
Climate Change Management	20 554			(19 807)		(19 807)	747
2. Compliance and Enforcement	36 065	-	-	(7 988)	-	(7 988)	28 077
Enviro. Quality Managemt Compliance and Enforcemnt	36 065			(7 988)			
3. Environmental Quality Management	60 027	-	-	(14 343)	-	(14 343)	45 684
Impact Management	32 802			(6 461)		(6 461)	26 341
Air Quality Management	5 280			(1 998)		(1 998)	3 282
Pollution and Waste Management	21 945			(5 884)		(5 884)	16 061
4. Biodiversity Management	877 187	-	-	50 364	-	50 364	927 551
Biodiversity and Protected Area Plan. and Managemt	103 772			42 371		42 371	146 143
Conservation Agencies and Services	761 038			8 400		8 400	769 438
Coastal Management	12 377			(407)		(407)	11 970
5. Environmental Empowerment Services	36 718	-	-	2 859	-	2 859	39 577
Environmental Capacity Development and Support	36 718			2 859		2 859	39 577
6. Environmental Services Administrative Support	4 415	-	-	(400)	-	(400)	4 015
Environmental Services Administrative Support	4 415			(400)		(400)	4 015
Total	1 045 385	-	-	14 243	-	14 243	1 059 628
Amount to be voted							14 243

Table 4.21 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	272 261	-	-	3 257	1 000	-	4 257	276 518
Compensation of employees	140 338			(15 280)			(15 280)	125 058
Goods and services	131 923			18 537	1 000		19 537	151 460
Interest and rent on land							-	-
Transfers and subsidies to:	769 697	-	-	8 609	(1 000)	-	7 609	777 306
Provinces and municipalities	1 000				(1 000)		(1 000)	-
Departmental agencies and accounts	761 038			8 400			8 400	769 438
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises				176			176	176
Non-profit institutions	7 659						-	7 659
Households				33			33	33
Payments for capital assets	3 427	-	-	2 377	-	-	2 377	5 804
Buildings and other fixed structures							-	-
Machinery and equipment	3 427			1 877			1 877	5 304
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets				500			500	500
Payments for financial assets							-	-
Total	1 045 385	-	-	14 243	-	-	14 243	1 059 628
Amount to be voted								14 243

Virement – Programme 7: Environmental Affairs: R14.243 million

Extensive virements were made across sub-programmes within the programme, from other programmes and between economic categories, resulting in a net increase of R14.243 million, as follows:

- R11.672 million savings from *Goods and services* in Programme 2 were moved under the Biodiversity Management sub-programme as follows:
 - R3.272 million was moved to *Goods and services* for IASP in order to cover more areas in KZN and to create more job opportunities.
 - R8.400 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* for transfer to EKZNW for completion of the fencing project at the Hluhluwe-Imfolozi Park.
- R2.571 million savings from Programme 5 were moved to *Goods and services* for IASP.

The department further undertook virements within the programme, as follows:

- Savings of R15.280 million were identified from *Compensation of employees* across all sub-programmes ascribed to non-filling of posts, as mentioned. These savings were moved to the sub-programmes Biodiversity Management, Environmental Policy Planning and Co-ordination, and the sub-programme Environmental Empowerment Services, as follows:
 - R12.694 million was moved to *Goods and services* to increase IASP, as mentioned.
 - R176 000 was moved to *Transfers and subsidies to: Public corporations and private enterprises* to cater for the purchase of a steel structure relating to the Greenest Competition winner.
 - R33 000 was moved to *Transfers and subsidies to: Households* in respect of staff exit costs.
 - R1.877 million was moved to *Machinery and equipment* for replacement furniture and computers, and this relates to outstanding 2018/19 commitments.
 - R500 000 was moved to *Software and other intangible assets* to cater for the purchase of software for the ambient air quality monitoring system, and this was not budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations. In respect of the increase in *Transfers and subsidies*, Provincial Treasury approval was obtained.

Shifts – Programme 7: Environmental Affairs

A shift was undertaken within sub-programmes but across economic classifications in Programme 7, and the original purpose of the funds remains unchanged, hence Legislature approval is not required for this

reduction in transfer. In this regard, R1 million for the Dukuduku Environmental Management Frameworks (EMFs) and Strategic Environmental Assessments (SEAs) was shifted from *Transfers and subsidies to: Provinces and municipalities to Goods and services* as the department has decided to implement the project directly, and this is in line with a directive from the MEC.

Service delivery measures – Programme 7: Environmental Affairs

Table 4.22 shows the service delivery information for Programme 7 as per the department's 2019/20 APP, as well as the actual achievements for the first six months of the year. The description of one output and one performance indicator were amended to align with the 2019/20 APP and these are indicated in bold italics. Measures were introduced in the APP after the *EPRE* was published, and these are indicated as "New" in the Original target column and the targets are shown in the Revised target column. Some targets were also changed and these are shown in the Revised target column.

Table 4.22 : Service delivery measures – Programme 7: Environmental Affairs

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
1. Environmental Policy Planning and Co-ordination				
1.1 To ensure the implementation of Environmental Management tools to support economic development through enhanced governance systems and capacity	<ul style="list-style-type: none"> No. of intergovernmental sector tools reviewed No. of environmental legislative tools developed No. of environmental research projects completed No. of functional environmental information management systems No. of climate change response tools developed No of district climate change adaptation interventions implemented No. of severe weather watch notifications released No. of provincial green economy reports developed 	54 1 1 12 1 New New New	- - - 6 - 3 - -	2 - - - - 11 18 1
2. Compliance and Enforcement				
2.1 To achieve effective, integrated and co-ordinated compliance monitoring and enforcement of environmental legislation in the province	<ul style="list-style-type: none"> No. of administrative enforcement notices issued for non-compliance with environmental legislation No. of completed criminal investigations handed to NPA for prosecutions No. of compliance inspections conducted No. of S24G applications finalised No. of permitted landfill sites monitored for compliance 	240 4 900 11 New	99 1 435 2 3	15
3. Environmental Quality Management				
3.1 To promote and regulate environmental quality management through environmental impacts mitigate	<ul style="list-style-type: none"> % of complete EIA applications finalised within legislated timeframes No. of designated organs of state with approved Air Quality Management Plans % Atmospheric Emission Licences with complete applications issued within legislated timeframes % of facilities with Atmospheric Emission Licences reporting to the National Atmospheric Emissions Inventory System % of waste licence reviewed No. of ambient air quality monitoring reports produced No. of recycling projects supported No. of provincial waste dialogues convened No. of designated organs of state with approve AQMPs No. of work opportunities created in the circular economy 	98% 1 100% 100% New New New New New New	100% - - - - 1 16 - - -	100% - - - 50% 4 11 1 1 200
4. Biodiversity Management				
4.1 To control and manage the spread of invasive alien species	<ul style="list-style-type: none"> No. of coastal management programmes developed No. of job opportunities created through environmental programmes No. of hectares cleared of invasive alien species No. of fulltime equivalent /created FTEs No. of estuarine management plans developed No. of source to coast clean up interventions implemented No. of coastal monitoring and enforcement campaigns conducted No. of coastal vulnerability reports produced No. of beneficiaries trained on IASP eradication No. of oversight reports on biodiversity mandate implementation by EKZNW produced 	1 8 500 140 000 2 608 New New New New New New New	- 3 360 5 766 6 - - - - - -	7 500 120 000 2119 1 3 3 1 150 1
5. Environmental Empowerment Services				
5.1 To improve community empowerment through environmental awareness and educational programmes	<ul style="list-style-type: none"> No. of environmental capacity building activities conducted No. of environmental awareness activities conducted No. of provincial conceptual frameworks No. of clean up campaigns hosted 	65 800 New New	49 819 - 46	1200 1 300

5. Specifically and exclusively appropriated allocations

Table 4.23 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act, 2019. Note that conditional grants, as well as transfers to public entities and local government (which are also specifically and exclusively appropriated funds) are not included here, as these are discussed in Sections 8, 9 and 10 below. Note also that the amount in respect of IASP relates to departmental funding for this programme, and excludes the funding transferred to EKZNW in this regard, which is specified in Table 4.26 below.

Details of the main adjustments, which resulted in an overall increase of R34.600 million in respect of the department's specifically and exclusively appropriated funding, are provided after the table.

Table 4.23 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
1. Prog. 2: KZNGFT	54 400			2 800		2 800	57 200
2. Prog. 3: MKI	55 738	7 000		26 100	(1 300)	31 800	87 538
3. Prog. 7: Invasive Alien Species prog.	58 247					-	58 247
4. Prog. 7: SAAMBR	7 159					-	7 159
5. Prog. 7: WESSA	500					-	500
Total	176 044	7 000	-	28 900	(1 300)	34 600	210 644
Amount to be voted							34 600

- *Roll-overs*: A total of R7 million was rolled over from 2018/19, and was allocated under *Transfers and subsidies to: Non-profit institutions* in Programme 3, in respect of MKI for operational costs of the MCOE which was moved from the KZNSB to MKI in line with recommendations in terms of the Rationalisation of public entities process. As the MCOE was self-funded by KZNSB from within its baseline, the principle of “funds follow function” did not apply in this instance. These funds were specifically and exclusively appropriated for MCOE operational costs.
- *Virements*: Reflects a virement of R28.900 million as follows:
 - o R2.800 million was moved to *Transfers and subsidies to: Non-profit institutions* in the sub-programme: Enterprise Development for transfer to KZNGFT for project finance seed capital, loans and investment, and this does not form part of the entity's operational costs.
 - o R26.100 million was moved to *Non-profit institutions* under MKI for the roll-out of ICT Hubs (R14.100 million) in various municipalities and the cannabis project (R12 million).
- *Shifts*: Shows a movement of R1.300 million for sector studies and this was moved from *Non-profit institutions* to MKI to *Goods and services*.

6. Gifts, donations and sponsorships

The department is not envisaging making any donations exceeding R100 000. However, three of the department's public entities made the following donations, which were supported in principle by Provincial Treasury, but require Legislature approval:

- TIK sponsored the Renewable Energy Summit with support of R113 218. This event was held in Johannesburg from 28 to 29 May 2019.
- The Dube TradePort Corporation (DTPC) sponsored the Manufacturing Indaba event with support of R109 125. This event was held in Johannesburg from 24 to 25 June 2019.
- Ithala sponsored the MyBest Childhood Foundation School of Wellness programme with support of R200 000 in remote areas where schools are often overlooked and under-resourced. This sponsorship was in respect of school signage erected in 20 schools, a feeding scheme for 50 needy children within each school and for implementing vegetable garden projects.

These donations made by three of the department's public entities exceed R100 000 and thus require Legislature approval.

7. Infrastructure

Table 4.24 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall increase of R10.614 million in respect of the department's infrastructure payments, are provided in the paragraphs following the table.

Table 4.24 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	-	-	-	-	-	-	-	-
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital							-	-
New infrastructure assets: Capital				7 114			7 114	7 114
Infrastructure transfers	560 222	-	-	3 500	-	-	3 500	563 722
Infrastructure transfers: Capital	560 222			3 500			3 500	563 722
Infrastructure transfers: Current							-	-
Infrastructure: Payments for financial assets							-	-
Infrastructure: Leases							-	-
Non infrastructure							-	-
Capital infrastructure	560 222	-	-	10 614	-	-	10 614	570 836
Current infrastructure	-	-	-	-	-	-	-	-
Total	560 222	-	-	10 614	-	-	10 614	570 836
Amount to be voted								10 614

- *Virements*: The department's infrastructure budget was increased by R10.614 million as follows:
 - *New infrastructure assets: Capital* reflects a virement of R7.114 million. In this regard, savings were identified under *Compensation of employees* in Programmes 1 and 3 due to the DPSA directive, and the organogram was to be reviewed. These funds were moved as follows:
 - R7 million was moved within Programme 1 to cater for prefabricated offices for Environmental Affairs staff who were vacated from the Bramhill Building due to safety issues. These parkhomes will be located at the Cascades and 141 Boom Street premises.
 - R114 000 was moved within Programme 3 to erect an ablution block for the Amakha Essential Oils project.
 - *Infrastructure transfers: Capital* was increased by R3.500 million from savings identified under *Goods and services* in Programme 3 due to delays in the rolling out of Operation Vula projects. These funds were allocated to the RBIDZ for land acquisition.

8. Conditional grants

Table 4.25 provides a summary of conditional grants. There were no adjustments made to the conditional grant allocation of the department, which is allocated to *Goods and services*.

Table 4.25 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Programme 7: Environmental Affairs	5 529	-	-	-	-	-	-	5 529
EPWP Integrated Grant for Provinces	5 529						-	5 529
Total	5 529	-	-	-	-	-	-	5 529
Amount to be voted								-

9. Transfers and subsidies

Table 4.26 shows the summary of transfers and subsidies by programme and main category. The table includes transfers made to the department's public entities, including Ithala, TIK, DTPC, RBIDZ, KZNFC, KwaZulu-Natal Gaming and Betting Board (KZNGBB), KwaZulu-Natal Liquor Authority (KZNLA), KZNSB, EKZNW and TKZN, which are specifically appropriated in terms of the KZN Adjustments Appropriation Act. Details of the main adjustments, which resulted in an overall increase of R151.600 million, are provided in the paragraphs after the table.

Table 4.26 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
1. Administration	65	-	-	5 097	-	-	5 097	5 162
Provinces and municipalities	65	-	-	54	-	-	54	119
Motor vehicle licences	65	-	-	54	-	-	54	119
Households	-	-	-	5 043	-	-	5 043	5 043
Bursaries	-	-	-	5 000	-	-	5 000	5 000
Staff exit costs	-	-	-	43	-	-	43	43
2. Integrated Economic Development Services	162 613	-	-	10 863	39 474	-	50 337	212 950
Provinces and municipalities	4 250	-	-	(2 150)	-	-	(2 150)	2 100
KwaMajomela Manufacturing Centre	4 250	-	-	(2 150)	-	-	(2 150)	2 100
Public corporations and private enterprises	102 998	-	-	10 000	39 474	-	49 474	152 472
Ithala	102 998	-	-	10 000	39 474	-	49 474	152 472
of which								
Enterprise Development Fund	43 238	-	-	59 760	-	-	59 760	102 998
Bulk Buying project	-	-	-	-	20 000	-	20 000	20 000
Shared Infrast. & SMME & Co-ops incubation	-	-	-	-	15 910	-	15 910	15 910
Maritime Transport and Manuf. sector dev.	-	-	-	-	3 564	-	3 564	3 564
KZN Property Dev. Holding SOC Ltd	32 196	-	-	(32 196)	-	-	(32 196)	-
Small Business Growth Enterprise	27 564	-	-	(27 564)	-	-	(27 564)	-
Ithala SOC Ltd	-	-	-	10 000	-	-	10 000	10 000
Non-profit institutions	54 400	-	-	2 800	-	-	2 800	57 200
KZNGFT	54 400	-	-	2 800	-	-	2 800	57 200
Households	965	-	-	213	-	-	213	1 178
Bursaries	965	-	-	-	-	-	-	965
Staff exit costs	-	-	-	213	-	-	213	213
3. Trade and Sector Development	861 519	7 000	-	72 850	1 600	-	81 450	942 969
Provinces and municipalities	6 000	-	-	28 750	-	-	28 750	34 750
Margate Airport	3 000	-	-	-	-	-	-	3 000
Mkuze Airport	3 000	-	-	27 000	-	-	27 000	30 000
N3 Corridor Development	-	-	-	1 750	-	-	1 750	1 750
Departmental agencies and accounts	567 959	-	-	9 730	2 900	-	12 630	580 589
DTPC	478 268	-	-	-	-	-	-	478 268
TIK	89 691	-	-	9 730	2 900	-	12 630	102 321
Public corporations and private enterprises	140 284	-	-	3 500	-	-	3 500	143 784
KZN Music Cluster (KUMISA)	3 500	-	-	-	-	-	-	3 500
RBIDZ	136 784	-	-	3 500	-	-	3 500	140 284
Non-profit institutions	146 776	7 000	-	30 600	(1 300)	-	36 300	183 076
KZN Clothing and Textile Cluster	2 500	-	-	1 000	-	-	1 000	3 500
KZN Fashion Council	8 000	-	-	(6 500)	-	-	(6 500)	1 500
KZNFC	80 538	-	-	10 000	-	-	10 000	90 538
MKI	55 738	7 000	-	26 100	(1 300)	-	31 800	87 538
Households	500	-	-	270	-	-	270	770
Aerotropolis Learnership	500	-	-	270	-	-	270	770
4. Business Regulation and Governance	129 451	-	-	14	-	-	14	129 465
Departmental agencies and accounts	129 451	-	-	-	-	-	-	129 451
KZNGBB	44 771	-	-	-	-	-	-	44 771
KZNLA	84 680	-	-	-	-	-	-	84 680
Households	-	-	-	14	-	-	14	14
Staff exit costs	-	-	-	14	-	-	14	14
5. Economic Planning	9 400	-	-	(6 900)	-	-	(6 900)	2 500
Provinces and municipalities	1 300	-	-	(1 300)	-	-	(1 300)	-
Cecil Mack's Border Dev.	1 300	-	-	(1 300)	-	-	(1 300)	-
Higher education institutions	5 100	-	-	(5 100)	-	-	(5 100)	-
KZN Univer. Tech Transfer prog	5 100	-	-	(5 100)	-	-	(5 100)	-
Public corporations and private enterprises	3 000	-	-	(500)	-	-	(500)	2 500
CSIR - Industrial Symbiosis	3 000	-	-	(500)	-	-	(500)	2 500
6. Tourism	245 456	-	-	10 700	-	3 293	13 993	259 449
Provinces and municipalities	10 000	-	-	(200)	-	-	(200)	9 800
Cultural Village	-	-	-	700	-	-	700	700
Highover Wildlife Sanctuary	2 000	-	-	(2 000)	-	-	(2 000)	-
Koppie Guesthouse: Mahlalela Comm. Trust	1 000	-	-	500	-	-	500	1 500
KwaShushu Hotsprings	-	-	-	1 000	-	-	1 000	1 000
Mkuze Falls	2 000	-	-	500	-	-	500	2 500
uMzambe Trails	-	-	-	2 000	-	-	2 000	2 000
Thokazi Royal Lodge	5 000	-	-	(5 000)	-	-	(5 000)	-
Tourism Route Strategy	-	-	-	2 100	-	-	2 100	2 100
Departmental agencies and accounts	235 456	-	-	10 900	-	3 293	14 193	249 649
KZNSB	73 494	-	-	2 800	-	3 293	6 093	79 587
TKZN	161 962	-	-	8 100	-	-	8 100	170 062
7. Environmental Affairs	769 697	-	-	8 609	(1 000)	-	7 609	777 306
Provinces and municipalities	1 000	-	-	-	(1 000)	-	(1 000)	-
Dukuduku EMFs and SEAs	1 000	-	-	-	(1 000)	-	(1 000)	-
Departmental agencies and accounts	761 038	-	-	8 400	-	-	8 400	769 438
EKZNNW	761 038	-	-	8 400	-	-	8 400	769 438
of which								
Subsidy from Vote 4	718 502	-	-	-	-	-	-	718 502
Invasive Alien Species Programme	42 536	-	-	-	-	-	-	42 536
Hluhluwe-Imfolozi Park Fencing	-	-	-	8 400	-	-	8 400	8 400
Public corporations and private enterprises	-	-	-	176	-	-	176	176
Greenest Competition winners	-	-	-	176	-	-	176	176
Non-profit institutions	7 659	-	-	-	-	-	-	7 659
SAAMBR	7 159	-	-	-	-	-	-	7 159
WESSA	500	-	-	-	-	-	-	500
Households	-	-	-	33	-	-	33	33
Staff exit costs	-	-	-	33	-	-	33	33
Total	2 178 201	7 000	-	101 233	40 074	3 293	151 600	2 329 801
Amount to be voted								151 600

- *Roll-overs*: An amount of R7 million was rolled over from 2018/19 in respect of MKI for operational costs of MCOE, as mentioned. These funds were allocated to Programme 3 under *Non-profit institutions*.
- *Virement*: The department undertook the following virements affecting transfers and subsidies:
 - o Programme 1 was increased by R5.097 million as explained below:
 - R54 000 was moved to *Provinces and municipalities* for motor vehicle licences that were under-budgeted for.
 - R5.043 million was moved to *Households* to cater for additional external bursaries (R5 million) due to a decision by the MEC in line with the department's strategic direction of funding more bursaries for students studying towards qualifications in economic studies disciplines, as well as unanticipated staff exit costs (R43 000).
 - o Programme 2 reflects a net increase of R10.863 million moved within the programme, as follows:
 - R10 million was moved to *Public corporations and private enterprises* for transfer Ithala SOC Ltd to ensure it achieves its minimum Capital Adequacy Ratio, as detailed earlier. In addition, virements were undertaken to correct an error in respect of transfer to Ithala where some funds were erroneously allocated against the KZN Property Development Holding SOC Ltd and the Small Business Growth Enterprise instead of the Enterprise Development.
 - R2.800 million was moved to KZNGFT under *Non-profit institutions* for project finance seed capital, loans and investment, and this does not form part of the entity's operational costs.
 - R213 000 was moved to *Households* for unanticipated staff exit costs.
 - Mitigating this was a R2.150 million reduction in respect of the KwaMajomela Manufacturing Centre project. These funds were moved from *Provinces and municipalities* due to slow progress in planning this project by the Zululand Municipality.
 - o Programme 3 was increased by R72.850 million, explained as follows:
 - R27 million was moved to *Provinces and municipalities* for transfer to the uMkhanyakude District Municipality to cater for bulk infrastructure relating to the Mkuze airport project.
 - R1.750 million was moved to *Provinces and municipalities* for transfer to the uMgungundlovu Development Agency for the N3 Corridor Development project.
 - R9.730 million was added to TIK for various projects including the implementation of economic development interventions (R8.930 million) consisting of the Amajuba District Economic Summit, the uThukela District Development Agency and the eDumbe Municipality, as well as for conducting a feasibility study in respect of the Textile SEZ, and the Aquaculture Development Zone, while also providing for the revitalisation of KZN townships through the development of an economy strategy and implementation plan and the establishment of an Industrial Conflict team. The balance of R800 000 was moved to fund the KZN Growth Coalition, as mentioned.
 - R3.500 million was moved to *Public corporations and private enterprises* for transfer to the RBIDZ for land acquisition.
 - R1 million was moved to *Non-profit institutions* for the KZN Clothing and Textile Cluster programme.
 - R26.100 million was moved to *Non-profit institutions* under MKI for the roll-out of ICT Hubs (R14.100 million) in various municipalities and the cannabis project (R12 million).
 - R10 million was moved to *Non-profit institutions* for transfer to the KZNFC for the Youth Film Fund.
 - R270 000 was moved to *Households* to defray spending pressures in respect of Aerotropolis learnerships for bursaries to external students.

Reducing this was an amount of R6.500 million which was incorrectly budgeted for under the KZN Fashion Council.

- o Programme 4 increased by R14 000 under *Households* to cater for unanticipated staff exit costs.
- o Programme 5 reflects a reduction of R6.900 million as follows:
 - R1.300 million was moved from *Provinces and municipalities* ascribed to the cancellation of the Cecil Mack’s Border Development project.
 - R5.100 million was realized as savings against *Higher education institutions* in respect of the KZN University Technology Transfer programme which was erroneously budgeted for.
 - R500 000 was identified against *Public corporations and private enterprises* due to a reduction in the transfer to the CSIR for Industrial Symbiosis which was over-budgeted for.
- o Programme 6 was increased by a net amount of R10.700 million as explained in detail below:
 - *Provinces and municipalities* reflects a net reduction of R200 000 which was moved to offset pressures in other categories. This related to projects such as the Thokazi Royal Lodge (R5 million) and Highover Wildlife Sanctuary (R2 million), which were cancelled as a result of a directive by the MEC. Of this, R6.100 million was reprioritised and re-directed to fund other programmes within the same category, such as Koppie Guesthouse: Mahlalela Community Trust (R500 000), Mkuze Falls (R500 000), KwaShushu Hotsprings (R1 million), Tourism Route Strategy (R2.100 million), uMzumbe Trails (R2 million) and the development of a Cultural Village (R700 000) in the Greater Kokstad Municipality. It should be noted that the Mkuze Falls and Koppie Guesthouse: Mahlalela Community Trust projects were under-budgeted for, while the others were not originally budgeted for.
 - R8.100 million was added to *Departmental agencies and accounts* for transfer to TKZN, with R8 million allocated to cater for the World Football Summit to be held in December 2019, and R100 000 to fund the Newcastle Airshow.
 - R2.800 million was moved to *Departmental agencies and accounts* for transfer to KZNSB to enable the entity to further develop and commercialise the SRT. This is an addition to the R3.293 million allocated back from prior years.
- o Programme 7 was increased by R8.609 million, as follows:
 - R8.400 million to *Departmental agencies and accounts* for transfer to EKZWN for completion of the fencing project in the Hluhluwe-Imfolozi Park.
 - R176 000 was moved to *Public corporations and private enterprises* to cater for the purchase of a steel structure relating to the Greenest Competition winner.
 - R33 000 was moved to *Households* for unanticipated staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Provincial Treasury approval was obtained, such as the increase in transfers to various entities, as well as the introduction of several new transfers, as explained in detail in Section 4.

Legislature approval is required for the reductions in respect of seven transfer payments, namely the KwaMajomela Manufacturing Centre, KZN Fashion Council, Cecil Mack’s Border Development, KZN University Technology Transfer programme, CSIR: Industrial Symbiosis, the Thokazi Royal Lodge and Highover Wildlife Sanctuary projects, as highlighted in grey in Table 4.26.

- *Shifts*: The department undertook the following shifts, and the purpose of funds remains unchanged:
 - o Programme 2 was increased by R39.474 million added to *Public corporations and private enterprises* for transfer to Ithala which is assigned to implement the following projects:

- R3.564 million for projects related to the Maritime Transport and Manufacturing sector development was moved from *Goods and services* in Programme 3 to Programme 2 for transfer to Ithala.
- R20 million for the Bulk Buying project was shifted from *Goods and services* to *Public corporations and private enterprises* within Programme 2.
- R15.910 million for SMME and Co-operatives incubation, as well as the development of Shared Economic Infrastructure Facility projects was shifted from *Goods and services* to *Public corporations and private enterprises* within Programme 2.
- o Programme 3 shows a net increase of R1.600 million as follows:
 - R2 million for the KZN Halaal Hub was shifted from *Goods and services* to *Departmental agencies and accounts* for transfer to TIK.
 - R900 000 for the KZN Growth Coalition was moved from *Goods and services* to *Departmental agencies and accounts* for transfer to TIK.
 - R1.300 million for sector studies was moved from *Non-profit institutions* to MKI to *Goods and services*.
- o Programme 7 was reduced by R1 million for the Dukuduku EMFs and SEAs which was moved from *Provinces and municipalities* to *Goods and services* as the department has decided to implement the project themselves following a directive from the MEC in this regard.
- *Other adjustments:* The transfer and subsidy allocation was increased by R3.293 million added to *Departmental agencies and accounts* to be transferred to KZNSB for the SRT. These funds were surrendered in 2017/18 with an intention to reallocate them back in 2019/20 when the entity is in a position to spend the funds.

10. Transfers to local government

Tables 4.27 to 4.39 show details of transfers to local government. It is noted that the amount against *Provinces and municipalities* in Table 4.26 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. It is further noted that allocations to specific municipalities will be gazetted following the tabling of the Adjustments Estimate, in line with DORA requirements. Details of the main adjustments, which resulted in an overall increase of R22.350 million, are as follows:

- *Virement:* The department undertook the following virements affecting transfers to municipalities which resulted in a net increase of R23.350 million:
 - o R2 million in respect of uMzumbe Trails in the Ugu Municipality (Table 4.38).
 - o R27 million for the Mkuze Airport project in the uMkhanyakude Municipality (Table 4.28).
 - o R500 000 for Mkuze Falls under the uPhongolo Municipality (Table 4.32).
 - o R500 000 for Koppie Guesthouse: Mahlalela Community Trust in the uPhongolo Municipality (Table 4.35).
 - o R1 million in respect of KwaShushu Hotsprings under the iLembe Municipality (Table 4.36).
 - o R2.100 million for the Tourism Route Strategy in the uMkhanyakude, King Cetshwayo and Zululand Municipalities (Table 4.37).
 - o R700 000 in respect of the Cultural Village project under the Greater Kokstad Municipality (Table 4.39).

Mitigating this to some extent was a reduction in the following:

- o R1.300 million was moved from the Jozini Municipality due to the cancellation of the Cecil Mack's Border Development project (Table 4.34).

- o R2.150 million in respect of KwaMajomela Manufacturing Centre in the Zululand Municipality, was reduced due to slow progress in planning for this project by the Zululand District municipality (Table 4.33).
- o R2 million in respect of the Highover Wildlife Sanctuary under uMgungundlovu Municipality was cancelled as a result of a directive by the MEC (Table 4.30).
- o R5 million for the Thokazi Royal Lodge under the Zululand Municipality was cancelled as a result of a directive by the MEC (Table 4.29).

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Provincial Treasury approval was obtained, such as the increase in transfers to various municipalities.

The reductions in transfers to various municipalities, highlighted in grey in the tables, require Legislature approval.

- *Shifts*: Shifts were undertaken which resulted in a net decrease of R1 million in respect of Dukuduku EMFs and SEAs. These funds were shifted from *Provinces and municipalities* to *Goods and services* as this project will be implemented by the department, and will no longer be implemented by the Mtubatuba Municipality. The original purpose of the funds remains unchanged, hence Legislature approval is not required for this reduction in transfer.

Table 4.27 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	3 000	-	-	2 000	-	-	2 000	5 000
B KZN216 Ray Nkonyeni	3 000	-	-	-	-	-	-	3 000
C DC21 Ugu District Municipality	-	-	-	2 000	-	-	2 000	2 000
Total: uMgungundlovu Municipalities	2 000	-	-	(2 000)	-	-	(2 000)	-
C DC22 uMgungundlovu District Municipality	2 000	-	-	(2 000)	-	-	(2 000)	-
Total: Zululand Municipalities	12 250	-	-	(5 450)	-	-	(5 450)	6 800
B KZN262 uPhongolo	3 000	-	-	1 000	-	-	1 000	4 000
C DC26 Zululand District Municipality	9 250	-	-	(6 450)	-	-	(6 450)	2 800
Total: uMkhanyakude Municipalities	5 300	-	-	26 400	(1 000)	-	25 400	30 700
B KZN272 Jozini	1 300	-	-	(1 300)	-	-	(1 300)	-
B KZN275 Mtubatuba	1 000	-	-	-	(1 000)	-	(1 000)	-
C DC27 uMkhanyakude District Municipality	3 000	-	-	27 700	-	-	27 700	30 700
Total: King Cetshwayo Municipalities	-	-	-	700	-	-	700	700
C DC28 King Cetshwayo District Municipality	-	-	-	700	-	-	700	700
Total: iLembe Municipalities	-	-	-	1 000	-	-	1 000	1 000
C DC29 iLembe District Municipality	-	-	-	1 000	-	-	1 000	1 000
Total: Harry Gwala Municipalities	-	-	-	700	-	-	700	700
B KZN433 Greater Kokstad	-	-	-	700	-	-	700	700
Total	22 550	-	-	23 350	(1 000)	-	22 350	44 900
Amount to be voted								22 350

Table 4.28 : Transfers to local government - Airports

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	3 000	-	-	-	-	-	-	3 000
B KZN216 Ray Nkonyeni	3 000	-	-	-	-	-	-	3 000
Total: uMkhanyakude Municipalities	3 000	-	-	27 000	-	-	27 000	30 000
C DC27 uMkhanyakude District Municipality	3 000	-	-	27 000	-	-	27 000	30 000
Total	6 000	-	-	27 000	-	-	27 000	33 000
Amount to be voted								27 000

Table 4.29 : Transfers to local government - Thokazi Royal Lodge

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Zululand Municipalities	5 000	-	-	(5 000)	-	-	(5 000)	-
C DC26 Zululand District Municipality	5 000	-	-	(5 000)	-	-	(5 000)	-
Total	5 000	-	-	(5 000)	-	-	(5 000)	-
Amount to be voted								(5 000)

Vote 4: Economic Development, Tourism and Environmental Affairs

Table 4.30 : Transfers to local government - Highover Wildlife Sanctuary

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: uMgungundlovu Municipalities	2 000	-	-	(2 000)	-	(2 000)	-
C DC22 uMgungundlovu District Municipality	2 000			(2 000)		(2 000)	-
Total	2 000	-	-	(2 000)	-	(2 000)	-
Amount to be voted							(2 000)

Table 4.31 : Transfers to local government - Dukuduku EMFs and SEAs

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: uMkhanyakude Municipalities	1 000	-	-	-	(1 000)	(1 000)	-
B KZN275 Mtubatuba	1 000				(1 000)	(1 000)	-
Total	1 000	-	-	-	(1 000)	(1 000)	-
Amount to be voted							(1 000)

Table 4.32 : Transfers to local government - Mkuze Falls

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: Zululand Municipalities	2 000	-	-	500	-	500	2 500
B KZN262 uPhongolo	2 000			500		500	2 500
Total	2 000	-	-	500	-	500	2 500
Amount to be voted							500

Table 4.33 : Transfers to local government - KwaMajomela Manufacturing Centre

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: Zululand Municipalities	4 250	-	-	(2 150)	-	(2 150)	2 100
C DC26 Zululand District Municipality	4 250			(2 150)		(2 150)	2 100
Total	4 250	-	-	(2 150)	-	(2 150)	2 100
Amount to be voted							(2 150)

Table 4.34 : Transfers to local government - Cecil Mack's Border Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: uMkhanyakude Municipalities	1 300	-	-	(1 300)	-	(1 300)	-
B KZN272 Jozini	1 300			(1 300)		(1 300)	-
Total	1 300	-	-	(1 300)	-	(1 300)	-
Amount to be voted							(1 300)

Table 4.35 : Transfers to local government - Koppie Guesthouse: Mahlalela Comm. Trust

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: Zululand Municipalities	1 000	-	-	500	-	500	1 500
B KZN262 uPhongolo	1 000			500		500	1 500
Total	1 000	-	-	500	-	500	1 500
Amount to be voted							500

Table 4.36 : Transfers to local government - KwaShushu Hot Springs

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: iLembe Municipalities	-	-	-	1 000	-	1 000	1 000
C DC29 iLembe District Municipality				1 000		1 000	1 000
Total	-	-	-	1 000	-	1 000	1 000
Amount to be voted							1 000

Table 4.37 : Transfers to local government - Tourism Route Strategy

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: Zululand Municipalities	-	-	-	700	-	700	700
C DC26 Zululand District Municipality				700		700	700
Total: uMkhanyakude Municipalities	-	-	-	700	-	700	700
C DC27 uMkhanyakude District Municipality				700		700	700
Total: King Cetshwayo Municipalities	-	-	-	700	-	700	700
C DC28 King Cetshwayo District Municipality				700		700	700
Total	-	-	-	2 100	-	2 100	2 100
Amount to be voted							2 100

Table 4.38 : Transfers to local government - uMzambe Trails

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: Ugu Municipalities	-	-	-	2 000	-	2 000	2 000
C DC21 Ugu District Municipality				2 000		2 000	2 000
Total	-	-	-	2 000	-	2 000	2 000
Amount to be voted							2 000

Table 4.39 : Transfers to local government - Cultural Village

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Total: Harry Gwala Municipalities	-	-	-	700	-	700	700
B KZN433 Greater Kokstad				700		700	700
Total	-	-	-	700	-	700	700
Amount to be voted							700

11. Actual payments and revised spending projections for the rest of 2019/20

Tables 4.40 and 4.41 reflect actual payments as at the end of September 2019, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2018/19 Audited outcome.

The department spent 40.7 per cent of their adjusted appropriation in the first six months, which is below the 50 per cent straight-line benchmark. The department is projecting to spend 59.3 per cent of the adjusted appropriation in the second half of the year, due to additional funds received, as well as projects that will be undertaken.

Table 4.40 : Actual payments and revised spending projections by programme

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019	% of budget	October 2019 - March 2020	% of budget	
1. Administration	251 776	308 602	120 814	39.1	187 788	60.9	308 602
2. Integrated Economic Development Services	535 740	359 443	107 379	29.9	252 064	70.1	359 443
3. Trade and Sector Development	761 676	996 774	404 995	40.6	591 779	59.4	996 774
4. Business Regulation and Governance	114 695	173 449	76 865	44.3	96 584	55.7	173 449
5. Economic Planning	28 615	19 688	7 046	35.8	12 642	64.2	19 688
6. Tourism	244 785	327 801	143 322	43.7	184 479	56.3	327 801
7. Environmental Affairs	973 642	1 059 628	460 542	43.5	599 086	56.5	1 059 628
Total	2 910 929	3 245 385	1 320 963	40.7	1 924 422	59.3	3 245 385

Vote 4: Economic Development, Tourism and Environmental Affairs

Table 4.41 : Actual payments and revised spending projections by economic classification

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019		October 2019 - March 2020		
			% of budget		% of budget		
Current payments	655 830	893 311	299 091	33.5	594 220	66.5	893 311
Compensation of employees	334 734	366 293	176 141	48.1	190 152	51.9	366 293
Goods and services	321 096	527 018	122 950	23.3	404 068	76.7	527 018
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies to:	2 243 710	2 329 801	1 018 057	43.7	1 311 744	56.3	2 329 801
Provinces and municipalities	7 321	46 769	3 054	6.5	43 715	93.5	46 769
Departmental agencies and accounts	1 515 248	1 729 127	822 040	47.5	907 087	52.5	1 729 127
Higher education institutions	4 571	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	412 489	298 932	68 392	22.9	230 540	77.1	298 932
Non-profit institutions	291 577	247 935	123 968	50.0	123 967	50.0	247 935
Households	12 504	7 038	603	8.6	6 435	91.4	7 038
Payments for capital assets	11 187	22 273	3 815	17.1	18 458	82.9	22 273
Buildings and other fixed structures	522	7 114	114	1.6	7 000	98.4	7 114
Machinery and equipment	10 618	13 429	3 701	27.6	9 728	72.4	13 429
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	47	1 730	-	-	1 730	100.0	1 730
Payments for financial assets	202	-	-	-	-	-	-
Total	2 910 929	3 245 385	1 320 963	40.7	1 924 422	59.3	3 245 385

Table 4.A : Summary by economic classification : Economic Development, Tourism and Environmental Affairs

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	1 050 841	-	-	(117 456)	(40 074)	-	(157 530)	893 311
Compensation of employees	439 841	-	-	(73 548)	-	-	(73 548)	366 293
Salaries and wages	364 392	-	-	(41 987)	-	-	(41 987)	322 405
Social contributions	75 449	-	-	(31 561)	-	-	(31 561)	43 888
Goods and services	611 000	-	-	(43 908)	(40 074)	-	(83 982)	527 018
Administrative fees	1 511	-	-	278	-	-	278	1 789
Advertising	11 920	-	-	3 846	-	-	3 846	15 766
Minor assets	3 632	-	-	(1 784)	-	-	(1 784)	1 848
Audit cost: External	3 900	-	-	1 530	-	-	1 530	5 430
Bursaries: Employees	1 500	-	-	(412)	-	-	(412)	1 088
Catering: Departmental activities	2 566	-	-	(222)	-	-	(222)	2 344
Communication (G&S)	15 252	-	-	(1 586)	-	-	(1 586)	13 666
Computer services	17 032	-	-	13 150	-	-	13 150	30 182
Cons. & prof serv: Business and advisory services	231 490	-	-	(97 549)	(62 588)	-	(160 137)	71 353
Infrastructure and planning	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	4 714	-	-	(2 899)	-	-	(2 899)	1 815
Legal costs	4 250	-	-	139	-	-	139	4 389
Contractors	28 786	-	-	49 561	-	-	49 561	78 347
Agency and support / outsourced services	66 969	-	-	21 920	-	-	21 920	88 889
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl gov't motor transport)	5 000	-	-	(491)	-	-	(491)	4 509
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	13 556	-	-	(477)	-	-	(477)	13 079
Inventory: Farming supplies	13 892	-	-	(2 465)	-	-	(2 465)	11 427
Inventory: Food and food supplies	980	-	-	(980)	-	-	(980)	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	17 485	-	-	(17 055)	-	-	(17 055)	430
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medias inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	94	-	-	2 974	-	-	2 974	3 068
Consumable supplies	7 157	-	-	(335)	-	-	(335)	6 822
Consumable: Stationery, printing and office supplies	7 762	-	-	(4 533)	-	-	(4 533)	3 229
Operating leases	48 208	-	-	(2 503)	-	-	(2 503)	45 705
Property payments	40 916	-	-	(6 252)	-	-	(6 252)	34 664
Transport provided: Departmental activity	1 399	-	-	(473)	-	-	(473)	926
Travel and subsistence	46 439	-	-	(7 173)	-	-	(7 173)	39 266
Training and development	4 020	-	-	7 573	22 514	-	30 087	34 107
Operating payments	5 786	-	-	(1 209)	-	-	(1 209)	4 577
Venues and facilities	2 344	-	-	3 504	-	-	3 504	5 848
Rental and hiring	2 440	-	-	15	-	-	15	2 455
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	2 178 201	7 000	-	101 233	40 074	3 293	151 600	2 329 801
Provinces and municipalities	22 615	-	-	25 154	(1 000)	-	24 154	46 769
Provinces	65	-	-	54	-	-	54	119
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	65	-	-	54	-	-	54	119
Municipalities	22 550	-	-	25 100	(1 000)	-	24 100	46 650
Municipalities	11 550	-	-	33 350	-	-	33 350	44 900
Municipal agencies and funds	11 000	-	-	(8 250)	(1 000)	-	(9 250)	1 750
Departmental agencies and accounts	1 693 904	-	-	29 030	2 900	3 293	35 223	1 729 127
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	1 693 904	-	-	29 030	2 900	3 293	35 223	1 729 127
Higher education institutions	5 100	-	-	(5 100)	-	-	(5 100)	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	246 282	-	-	13 176	39 474	-	52 650	298 932
Public corporations	242 782	-	-	13 000	39 474	-	52 474	295 256
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	242 782	-	-	13 000	39 474	-	52 474	295 256
Private enterprises	3 500	-	-	176	-	-	176	3 676
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	3 500	-	-	176	-	-	176	3 676
Non-profit institutions	208 835	7 000	-	33 400	(1 300)	-	39 100	247 935
Households	1 465	-	-	5 573	-	-	5 573	7 038
Social benefits	-	-	-	303	-	-	303	303
Other transfers to households	1 465	-	-	5 270	-	-	5 270	6 735
Payments for capital assets	6 050	-	-	16 223	-	-	16 223	22 273
Buildings and other fixed structures	-	-	-	7 114	-	-	7 114	7 114
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	7 114	-	-	7 114	7 114
Machinery and equipment	4 895	-	-	8 534	-	-	8 534	13 429
Transport equipment	-	-	-	1 500	-	-	1 500	1 500
Other machinery and equipment	4 895	-	-	7 034	-	-	7 034	11 929
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	1 155	-	-	575	-	-	575	1 730
Payments for financial assets	-	-	-	-	-	-	-	-
Total	3 235 092	7 000	-	-	-	3 293	10 293	3 245 385
Amount to be voted								10 293