

Vote 4

Economic Development, Tourism and Environmental Affairs

R thousand	2018/19			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	3 007 318	3 016 610		9 292
MEC remuneration ¹	1 978	1 978		
Total amount to be appropriated	3 009 296	3 018 588		9 292
<i>of which:</i>				
Current payments	902 818	850 094	(52 724)	
Transfers and subsidies	2 099 465	2 157 441		57 976
Payments for capital assets	7 013	11 053		4 040
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 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.

The department has identified the following strategic goals and objectives:

Lead and co-ordinate integrated economic planning and development.

- Co-ordinate social partners and other stakeholders in the province.
- Collect, process, maintain and report on economic and other social data.
- Track the implementation of economic interventions.
- Provide research on priority and strategic sectors.

¹ At the time of going to print, the proclamation determining the 2018 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2018/19 EPRE.

- Develop and maintain an efficient regulatory and governance framework.
- Influence policy direction for economic and infrastructure development.

Facilitate sustainable and inclusive economic growth to ensure job creation.

- Facilitate the implementation of economic transformation strategies and policies.
- Implement existing productive and service sector strategies and plans.
- Promote SMMEs and co-operatives.
- Facilitate trade and investment.

Provide preferred tourism destination in the country.

- Provide guidance, support and direction in terms of tourism policies, legislation and strategies.
- Implement the KZN Tourism Master Plan.

Implement sustainable environmental management.

- Implement environmental management strategies and plans.
- Streamline the process of Environmental Impact Assessments (EIAs).
- Promote and facilitate integrated environmental management through capacity building and awareness raising programmes and projects.

3. Summary of adjusted estimates for the 2018/19 financial year

The main appropriation of EDTEA was R3.009 billion as per the *EPRE*. During the year, the department's baseline was increased by R9.292 million, resulting in an adjusted appropriation of R3.019 billion.

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 R9.292 million was rolled over from 2017/18 and was allocated against *Goods and services* in Programme 7: Environmental Affairs, comprising the following:
 - R4.795 million was rolled over in respect of the Invasive Alien Species Programme (IASP) and these are specifically and exclusively appropriated funds. The department experienced delays in SCM processes and order numbers were therefore only issued towards the end of the financial year for the eradication of invasive species. As such, funds in respect of IASP could not be fully spent before the end of 2017/18.
 - R4.497 million in respect of chemicals for clearing alien species was rolled over. Chemicals were delivered late in March, hence the invoices could not be processed before the end of 2017/18. These funds were also specifically and exclusively appropriated in respect of IASP.
- *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:
 - Programme 1: Administration was decreased by R8.465 million from savings under *Compensation of employees* due to the non-filling of critical posts due to lengthy internal recruitment processes. These savings were moved to Programme 2: Integrated Economic Development Services for transfer to the Ithala Development Finance Corporation (Ithala) under *Transfers and subsidies to: Public corporations and private enterprises*, to provide for the Bulk Buying project. This project is 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.
 - Programme 2 shows a net increase of R171.954 million as a result of virements from all the other programmes, as follows:

- R8.465 million moved from Programme 1, as mentioned above, allocated to *Transfers and subsidies to: Public corporations and private enterprises*, to cater for the Bulk Buying project.
- R102 million was moved from Programme 3: Trade and Sector Development against *Transfers and subsidies to: Departmental agencies and accounts* related to the cancellation of a tender in respect of earthworks for the multi-storey parkade due to non-compliant bids received under the Dube TradePort Corporation (DTPC). These savings were moved to Programme 2, as follows:
 - R82 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala for the Industrial Economic Hubs (R40 million), the Enterprise Development Fund (R20 million), the Ithala SOC Limited banking licence (R19 million), as well as the Bulk Buying project (R3 million).
 - R10 million, was moved to *Goods and services* for the Bakery Support programme which aims to revitalise and support emerging bakeries.
 - R10 million was moved to *Transfers and subsidies to: Non-profit institutions* under the KwaZulu-Natal Growth Fund Trust (KZNGFT) to cater for the Sheepcor project. This is a catalytic project for the agricultural sector in KZN and is aimed at providing technical support, skills transfer, as well as facilitating access to markets for small sheep (mutton) farmers in KZN. EDTEA's role is to facilitate a grant to cover local farmer equity participation.
- An amount of R388 000 was identified against *Compensation of employees* in Programme 3 due to delays in filling posts because of lengthy internal recruitment processes. This funding was moved for transfer to Ithala under *Transfers and subsidies to: Public corporations and private enterprises*, to provide for the Bulk Buying project.
- A further R19.100 million in savings under Programme 3 against *Compensation of employees* (R2.418 million), *Goods and services* (R15.682 million) and *Transfers and subsidies to: Public corporations and private enterprises* (R1 million) was moved to Programme 2 for the Radical Agrarian Socio-economic Transformation (RASET) programme (also known as the Radical Economic Transformation programme or RET). This funding was allocated to Ithala under *Transfers and subsidies to: Public corporations and private enterprises*, and is for the purchasing of refrigerated trucks, which will be used for the collection and transportation of fresh produce and food related commodities from small farmers to distribution centres and the transportation of the goods from the distribution centres to end users. At this stage, only the iLembe, Harry Gwala, uMkhanyakude and eThekweni districts will be supported.
- R3.001 million was moved from Programme 4: Business Regulation and Governance to Programme 2 for transfer to Ithala under *Transfers and subsidies to: Public corporations and private enterprises* to cater for the Bulk Buying project.
- An amount of R39 million was moved from Programmes 4, 5, 6 and 7 from categories such as *Compensation of employees*, *Goods and services*, as well as various transfers and subsidies categories, to Programme 2 against *Transfers and subsidies to: Non-profit institutions* under the KwaZulu-Natal Growth Fund Trust (KZNGFT) to cater for the Sheepcor project.
- o Programme 3: Trade and Sector Development was decreased by a net amount of R131.488 million as follows:
 - Savings of R112 million were identified under *Transfers and subsidies to: Departmental agencies and accounts* against DTPC related to the cancellation of an earthworks tender for the multi-storey parkade, as mentioned.
 - Further savings were identified under *Compensation of employees* (R2.806 million) due to delays in filling posts because of lengthy internal recruitment processes, as well as *Goods and services* (R15.682 million) ascribed to delays in implementation of projects such as the KZN Economic Council, Industrial Economic Hubs projects, including the Fish Processing facility

and Auto Hubs, and the Automotive Strategy, largely due to the post of Director in charge of this unit being vacant and only filled recently. Also contributing to the savings in *Goods and services* was cost-cutting on items such as travel and subsistence, inventory: other supplies and transport for departmental activities.

- There were also savings against *Transfers and subsidies to: Public corporations and private enterprises* (R1 million) due to the cancellation of the transfer to the Mobility Centre (an initiative to stimulate the automotive industry in KZN) as no agreement was reached between the department, the Department of Trade and Industry (DTI) and the private sector.
 - The bulk of these funds was moved to Programme 2 under *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala for the RASET programme (R19.100 million), the Bulk Buying project (R3.388 million), the Industrial Economic Hubs (R40 million), the Enterprise Development Fund (R20 million) and the Ithala SOC Limited banking licence (R19 million), as explained previously.
 - R10 million was moved to *Goods and services* in Programme 2 for the Bakery Support programme.
 - R10 million was moved to Programme 2 against *Transfers and subsidies to: Non-profit institutions* under the KZNGFT to cater for the Sheepcor project.
 - In addition, R10 million was moved to Programme 7 under *Transfers and subsidies to: Departmental agencies and accounts* for Ezemvelo KwaZulu-Natal Wildlife (EKZNW) to offset pressures in the purchase of vehicles and weapons.
- o Programme 4: Business Regulation and Governance was reduced by a net amount of R3.282 million. Savings were identified in *Goods and services* ascribed to hosting fewer than planned departmental outreach programmes, campaigns and events, as well as cost-cutting on items such as advertising, travel and subsistence, minor assets and catering. Of this, R3.001 million was moved to Programme 2 under *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala to cater for the Bulk Buying project. The balance of R281 000 was moved to *Transfers and subsidies to: Non-profit institutions* for transfer to KZNGFT for the Sheepcor project.
 - o Programme 5: Economic Planning reflects a net reduction of R7.810 million. Savings were identified under *Compensation of employees* (R2.269 million) due to lengthy internal recruitment processes, *Goods and services* (R3.877 million) ascribed to the decision made to reprioritise projects, such as the Impact Assessments and Partnership reports, as well as cost-cutting on items such as advertising, travel and subsistence and stationery. In addition, savings of R1.300 million were identified under *Transfers and subsidies to: Province and municipalities* ascribed to the cancellation of the Cecil Mack's Border Development project due to the fact that the Jozini Municipality failed to submit a council resolution on the formulation of the Cecil Mack's Border Development Plan. In addition, savings of R300 000 were identified under *Transfers and subsidies to: Higher education institutions* ascribed to the above-mentioned cessation of transfers to the Solar PV Rooftop – Mangosuthu University of Technology (MUT) project. Savings of R64 000 were realised from *Machinery and equipment* due to delays in the purchase of computer equipment. These savings of R7.810 million were moved to Programme 2 under *Transfers and subsidies to: Non-profit institutions* for transfer to KZNGFT for the Sheepcor project.
 - o Programme 6: Tourism shows a net decrease of R16.108 million, as a result of savings from *Compensation of employees* (R4.572 million) attributed to lengthy internal recruitment processes, and from *Goods and services* (R10.861 million) related to events such as the KZN is Summer campaign and East 3 Route project which will no longer take place in 2018/19, as well as savings from cost-cutting on items such as catering, advertising, transport provided for departmental activity, travel and subsistence and rental and hiring. Also, *Transfers and subsidies to: Provinces and municipalities* was decreased by R275 000 relating to the refurbishment of the Nkungumathe Lodge in Nkandla as the project was cancelled, due to the involvement of other government departments in this project. In addition, *Transfers and subsidies to: Public corporations and*

private enterprises was decreased by R400 000 due to the cancellation of the Battlefields Festival (R150 000) and Service Excellence and Quality Assurance (R250 000) projects as a result of cancellation of the project by the host municipality (Endumeni) and the postponement of the project to 2019/20, respectively. As explained, these savings of R16.108 million were moved to Programme 2 to be transferred to KZNGFT under *Transfers and subsidies to: Non-profit institutions* for the Sheepcor project.

- o Programme 7: Environmental Affairs shows a net decrease of R4.801 million. This was a net of the movement of R14.801 million in savings moved to Programme 2 to be transferred to KZNGFT under *Transfers and subsidies to: Non-profit institutions* for the Sheepcor project. These savings were moved from *Compensation of employees* attributed to lengthy internal recruitment processes. This was offset by savings of R10 million in Programme 3, related to the DTPC cancellation of a tender, moved to this programme for transfer to EKZNW against *Transfers and subsidies to: Departmental agencies and accounts* to cater for the purchase of vehicles and weapons.

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 to Programmes 2 and 5 which exceed the 8 per cent limit permitted in terms of the PFMA. Also, the reductions in the transfer payments in respect of 11 beneficiaries including Cecil Mack's Border Development, Nkungumathe Lodge, Battlefields Festival, Service Excellence and Quality Assurance projects, Solar PV Rooftop (MUT) project and Wildlife and Environmental Society of South Africa (WESSA), etc., require Legislature approval. These reductions are evident in Table 4.26 under Section 9.

- *Shifts*: The department undertook shifting of funds between Programmes 2 and 3, due to a shift in functions between the two programmes to align with sector requirements, where the original purpose of the funds remains unchanged. Besides this, the department undertook extensive shifts within programmes between economic classifications, and these are detailed in Section 4. The department undertook the following shifts totalling R26.500 million from *Goods and services* in Programme 2 to *Transfers and subsidies to: Non-profit institutions* in Programme 3:
 - o R1.500 million in respect of the Youth in Clothing and Textile project for transfer to the KZN Fashion Council which will now implement this project on behalf of the department.
 - o R20 million to be transferred to the KwaZulu-Natal Film Commission (KZNFC) to fund the Youth in Film Production project (R5 million) and the KZN Digital Television Studio (R15 million).
 - o R5 million to be transferred to the Moses Kotane Institute (MKI) for the development of the SMME Master Plan. The purpose of this plan is to formulate a provincial wide framework that will assist in coordinating, orientating and guiding all small enterprise development programmes and related activities in KZN. The department was originally going to carry out this function, but a specialised unit within MKI was identified as being better equipped for the preparation of the Master Plan.

Tables 4.1 and 4.2 reflect a summary of the 2018/19 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				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Administration	271 110	-	-	(8 465)	-	(8 465)	262 645
2. Integrated Economic Development Services	419 310	-	-	171 954	(26 500)	145 454	564 764
3. Trade and Sector Development	901 244	-	-	(131 488)	26 500	(104 988)	796 256
4. Business Regulation and Governance	120 145	-	-	(3 282)	-	(3 282)	116 863
5. Economic Planning	40 024	-	-	(7 810)	-	(7 810)	32 214
6. Tourism	247 786	-	-	(16 108)	-	(16 108)	231 678
7. Environmental Affairs	1 009 677	9 292	-	(4 801)	-	4 491	1 014 168
Total	3 009 296	9 292	-	-	-	9 292	3 018 588
Amount to be voted							9 292

Table 4.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	902 818	9 292	-	(78 704)	16 688	(52 724)	850 094
Compensation of employees	395 703	-	-	(35 088)	-	(35 088)	360 615
Goods and services	507 115	9 292	-	(43 616)	16 688	(17 636)	489 479
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies to:	2 099 465	-	-	74 664	(16 688)	57 976	2 157 441
Provinces and municipalities	19 938	-	-	(1 575)	(1 800)	(3 375)	16 563
Departmental agencies and accounts	1 590 754	-	-	(82 000)	(19 000)	(101 000)	1 489 754
Higher education institutions	31 138	-	-	(300)	(25 838)	(26 138)	5 000
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	251 662	-	-	107 027	(6 200)	100 827	352 489
Non-profit institutions	198 577	-	-	50 500	31 000	81 500	280 077
Households	7 396	-	-	1 012	5 150	6 162	13 558
Payments for capital assets	7 013	-	-	4 040	-	4 040	11 053
Buildings and other fixed structures	-	-	-	516	-	516	516
Machinery and equipment	7 013	-	-	3 524	-	3 524	10 537
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-
Total	3 009 296	9 292	-	-	-	9 292	3 018 588
Amount to be voted							9 292

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 2018/19 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 2018/19 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which led to an overall decrease of R8.465 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		
1. Office of the MEC	29 000			937		937	29 937
2. Office of the HOD	23 069			(2 098)		(2 098)	20 971
3. Financial Management	45 064			(6 960)	(4 671)	(11 631)	33 433
4. Corporate Services	173 977			(344)	4 671	4 327	178 304
Total	271 110	-	-	(8 465)	-	(8 465)	262 645
Amount to be voted							(8 465)

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	266 715	-	-	(11 596)	-	(11 596)	255 119
Compensation of employees	111 297			(12 604)		(12 604)	98 693
Goods and services	155 418			1 008		1 008	156 426
Interest and rent on land						-	-
Transfers and subsidies to:	582	-	-	440	-	440	1 022
Provinces and municipalities	63					-	63
Departmental agencies and accounts	9					-	9
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	510			440		440	950
Payments for capital assets	3 813	-	-	2 691	-	2 691	6 504
Buildings and other fixed structures						-	-
Machinery and equipment	3 813			2 691		2 691	6 504
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	271 110	-	-	(8 465)	-	(8 465)	262 645
Amount to be voted							(8 465)

Virement – Programme 1: Administration: (R8.465 million)

The main appropriation of Programme 1 was decreased by R8.465 million, largely impacting on the Financial Management and Office of the HOD sub-programmes, as explained below:

- Savings of R12.604 million were identified under *Compensation of employees* as a result of internal delays in filling budgeted vacant posts caused by lengthy internal recruitment processes. These posts include senior management posts such as the Chief Financial Officer, Director: Legal Services and Director: Public Entities, and the savings were moved as follows:
 - R8.465 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* in Programme 2 for the Bulk Buying project for transfer to Ithala, as explained.
 - The balance of R4.139 million was moved to other economic classifications between sub-programmes within Programme 1, as follows:
 - R1.008 million was moved to *Goods and services* to defray spending pressures due to higher than anticipated costs in respect of computer services and communication costs.
 - R440 000 was moved to *Transfers and subsidies to: Households* to cater for unanticipated staff exit costs.
 - R2.691 million was moved to *Machinery and equipment* to cater for the replacement of computers, as well as for the upgrading of security equipment in the department.

These virements are permissible in terms of the PFMA and Treasury Regulations. Note that Provincial Treasury approval is not required for the increase under *Transfers and subsidies to: Households*, since it relates to staff exit costs.

Shifts – Programme 1: Administration

The following shift was undertaken across sub-programmes within the programme. The shift was within economic classification, hence is not evident in Table 4.4. The original purpose of the funds remains unchanged. An amount of R4.671 million was shifted from the sub-programme: Financial Management to the Corporate Services sub-programme within the economic classifications *Goods and services* and *Transfers and subsidies to: Provinces and municipalities* (motor vehicle licences) in order to align functions within the department, following the movement of the Transport Office component from within the Supply Chain Management (SCM) component under the sub-programme: Financial Management, to the Auxiliary Services component within the Corporate Services sub-programme.

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 2018/19 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R145.454 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	308 426			162 964	(5 000)	157 964	466 390
2. Regional and Local Economic Development	53 056			(14 740)		(14 740)	38 316
3. Economic Empowerment	57 828			23 730	(21 500)	2 230	60 058
Total	419 310	-	-	171 954	(26 500)	145 454	564 764
Amount to be voted							145 454

Table 4.6 : 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	209 851	-	-	13 949	12 688	-	26 637	236 488
Compensation of employees	67 923			2 071			2 071	69 994
Goods and services	141 928			11 878	12 688		24 566	166 494
Interest and rent on land							-	-
Transfers and subsidies to:	209 206	-	-	157 613	(39 188)	-	118 425	327 631
Provinces and municipalities							-	-
Departmental agencies and accounts	20 000				(18 500)		(18 500)	1 500
Higher education institutions	20 688				(20 688)		(20 688)	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	107 232			108 427			108 427	215 659
Non-profit institutions	54 400			49 000			49 000	103 400
Households	6 886			186			186	7 072
Payments for capital assets	253	-	-	392	-	-	392	645
Buildings and other fixed structures				76			76	76
Machinery and equipment	253			316			316	569
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	419 310	-	-	171 954	(26 500)	-	145 454	564 764
Amount to be voted							145 454	

Virement – Programme 2: Integrated Economic Development Services: R171.954 million

The main appropriation of Programme 2 was increased as a result of virements undertaken from other programmes amounting to R171.954 million allocated to this programme, mainly impacting on the Enterprise Development sub-programme, as follows:

- R79 million was identified in Programme 3 against *Transfers and subsidies to: Departmental agencies and accounts* related to the cancellation of an earthworks tender for the multi-storey parkade under DTPC. These savings were moved to Programme 2 against *Transfers and subsidies to:*

Public corporations and private enterprises for transfer to Ithala for the following:

- R40 million was allocated for the Industrial Economic Hubs.
- R20 million was allocated to the Enterprise Development Fund.
- R19 million was allocated to Ithala SOC Limited for the banking licence, with a view to becoming a formally licensed bank.
- R10 million was also identified under Programme 3 against *Transfers and subsidies to: Departmental agencies and accounts* related to the cancellation of the multi-storey parkade earthworks tender under DTTC, and this was moved to Programme 2 under *Goods and services* for the Bakery Support programme.
- Savings of R14.854 million were identified from Programmes 1, 3 and 4. These savings, as explained below, were moved to *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala for the Bulk Buying project, as follows:
 - Savings of R8.465 million were identified in Programme 1 under *Compensation of employees* as a result of delays in filling budgeted vacant posts caused by lengthy internal recruitment processes.
 - R3 million was identified in Programme 3 against *Transfers and subsidies to: Departmental agencies and accounts* related to the cancellation of the multi-storey parkade earthworks tender under DTTC.
 - R388 000 was identified as savings from Programme 3 under *Compensation of employees* as a result of internal delays in filling budgeted vacant posts caused by lengthy internal recruitment processes.
 - R3.001 million was identified as savings from Programme 4 against *Goods and services* ascribed to consumer awareness campaign events as a result of hosting fewer than planned departmental outreach programmes, campaigns and events, as well as cost-cutting on items such as advertising, travel and subsistence, minor assets and catering.
- Savings of R19.100 million were identified in Programme 3 from *Compensation of employees* (R2.418 million) due to lengthy internal recruitment processes, as well as *Goods and services* (R15.682 million) ascribed to delays in the implementation of projects such as the KZN Economic Council, as well as Industrial Economic Hub projects such as the Fish Processing facility, Auto Hubs, and the Automotive Strategy, largely resulting from an internal vacancy, as mentioned. Also contributing were savings relating to cost-cutting on items such as travel and subsistence, inventory: other supplies and transport for departmental activities. There were also savings against *Transfers and subsidies to: Public corporations and private enterprises* (R1 million) due to cancellation of the transfer to the Mobility Centre. These funds were moved to Programme 2 under *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala for the RASET programme.
- Savings of R49 million were identified from Programmes 3, 4, 5, 6 and 7. These savings were moved to *Transfers and subsidies to: Non-profit institutions* for transfer to KZNGFT for the Sheepecor project, as follows:
 - Savings of R10 million were moved from Programme 3 against *Transfers and subsidies to: Departmental agencies and accounts* related to the cancellation of the earthworks tender under DTTC.
 - Savings of R281 000 were moved from Programme 4 against *Goods and services*, ascribed to consumer awareness campaign events which were cancelled, hosting fewer than planned departmental outreach programmes, campaigns and events, as well as cost-cutting on items such as advertising, travel and subsistence, minor assets and catering.
 - Savings of R7.810 million were moved from Programme 5 against *Compensation of employees* (R2.269 million) due to lengthy internal recruitment processes, as well as *Goods and services* (R3.877 million) ascribed to the department's decision to reprioritise projects such as the Impact Assessments and Partnership reports. Also contributing were savings relating to cost-cutting on

items such as advertising, travel and subsistence and stationery. There were also savings of R1.300 million against *Transfers and subsidies to: Provinces and municipalities* ascribed to the cancellation of the Cecil Mack's Border Development project, as well as R300 000 under *Transfers and subsidies to: Higher education institutions* ascribed to a directive from the MEC to cease transfers for the Solar PV Rooftop (MUT) project, as well as *Machinery and equipment* (R64 000) due to delays in the procurement of computer equipment.

- o Savings of R16.108 million were moved from Programme 6 against *Compensation of employees* (R4.572 million) attributed to lengthy internal recruitment processes and from *Goods and services* (R10.861 million) relating to events such as the KZN is Summer campaign and East 3 Route which will no longer take place in 2018/19, as well as savings from cost-cutting on items such as catering, advertising, transport provided for departmental activity, travel and subsistence, and rental and hiring. There were also savings of R275 000 in respect of refurbishment of the Nkungumathe Lodge against *Transfers and subsidies to: Provinces and municipalities* as this project was cancelled and the funds will not be transferred in 2018/19. A further R400 000 in savings were realised under *Transfers and subsidies to: Public corporations and private enterprises* in respect of the Battlefields Festival and Service Excellence and Quality Assurance project as a result of cancellation of the former project and the postponement of the latter to 2019/20.
- o Savings of R14.801 million were moved from *Compensation of employees* in Programme 7 attributed to lengthy internal recruitment processes.

In addition, the following virements were undertaken within Programme 2:

- Savings of R6.673 million were identified under this programme from *Transfers and subsidies to: Public corporations and private enterprises* as a result of the postponement of projects, such as the Dukuduku Feasibility study (R500 000), which is awaiting input from the Department of Agriculture and Rural Development. Also postponed was the Local Competitiveness Fund – Call for Proposals (LCFCFP): Agro-processing project (R4 million) due to internal delays in advertising for proposals, and this project will be implemented in 2019/20. In addition, the Junit Manufacturing LED Clothing and Textile project (R2.173 million) was cancelled due to proposed costs far exceeding available budget. These funds were moved as follows:
 - o R2.071 million was moved to *Compensation of employees* to offset the spending pressures as this category was inadvertently under-budgeted for in the 2018/19 *EPRE*.
 - o R1.878 million was moved to *Goods and services* to offset spending pressures caused by under-budgeting for the Youth Technical skills programme in the *EPRE*.
 - o R2.146 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* to Ithala for the Bulk Buying project (the total budget for this project is R17 million).
 - o R186 000 was moved to *Transfers and subsidies to: Households* to cater for unanticipated staff exit costs (R26 000) and to cater for the shortfall in bursaries (R160 000) for students who are studying towards the Co-operative Diploma through University of KwaZulu-Natal (UKZN).
 - o R76 000 was moved to *Buildings and other fixed structures* for erecting fencing for a co-operative in line with the department's responsibility to provide support including infrastructure and production equipment.
 - o R316 000 was moved to *Machinery and equipment* to cater for the higher than anticipated cost of replacing computer equipment.

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

The virements to Programme 2 exceed the 8 per cent limit permitted in terms of the PFMA in respect of the receiving programme, and therefore Legislature approval is required.
--

Shifts – Programme 2: Integrated Economic Development Services: (R26.500 million)

Shifts of R26.500 million undertaken from this programme, with R21.500 million moved from the Economic Empowerment sub-programme and R5 million from the Enterprise Development sub-programme. The purpose of these funds remains unchanged, thus Legislature approval for the decrease in a transfer is not required. The funds were moved to Programme 3, as follows:

- R1.500 million was shifted from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* in respect of the Youth in Clothing and Textile project for the Youth Fashion Desk within KZN Fashion Council. These funds will be transferred to the KZN Fashion Council which is responsible for implementing this project.
- R20 million was shifted from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* for transfer to the KZNFC to fund the Youth Film Production project (R5 million) and the KZN Digital Television Studio (R15 million).
- R5 million was shifted from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* for transfer to MKI for the development of the SMME Master Plan.

In addition to the above, various shifts were undertaken within the sub-programmes but across economic classifications in Programme 2, and the original purpose of the funds remains unchanged. This relates to National Treasury Circular no. 21 on the classification of transfer payments, and the shifts are as follows:

- R20 million was shifted from *Transfers and subsidies to: Departmental agencies and accounts* to *Goods and services* for Co-operatives and SMME Soft Skills Training, as KZN SEDA is assigned to conduct this training on behalf of the department.
- R20.688 million was shifted from *Transfers and subsidies to: Higher education institutions* to *Goods and services* for SMME and Co-operatives Technical Skills Training. The department appointed the uMfolozi TVET College to conduct the training.
- R1.500 million was shifted from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* for the National Youth Development Agency (NYDA) Funding Partnership. This funding will be utilised for young entrepreneurs who require support. The funding is classified as a transfer due to funds being transferred to a national public entity.

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 2018/19 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. Note that the wording of a number of measures was amended to align with the 2018/19 APP, which was tabled after the *EPRE*, and this is indicated in bold italics. Two targets were also amended to align with the 2018/19 APP and this is indicated in the Revised target column. Note also that two measures are annual in nature and are only reported on after the closure of the financial year.

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actuals	2018/19 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 <i>small enterprises</i> supported with training, mentorship, funding incubation and business advisory services • No. of <i>small enterprises</i> participating in the mainstream KZN economy • No. of jobs created by supported <i>small enterprises</i> • No. of <i>entities registered with CIPC</i> • No. of interventions implemented to support <i>small enterprises</i> • No. of interventions implemented to support Operation Vula/<i>RASET</i> 	2 330	909	
		2 000	4	
		1 000	547	
		1 166	525	
		5	2	
		3	1	

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actuals	2018/19 Revised target
2. Regional and Local Economic Development				
2.1 To implement RLED initiatives that support employment opportunities and build the capacity of RLED stakeholders	• No. of employment opportunities supported	200	5	
	• No. of people trained	100	6	
3. Economic Empowerment				
3.1 To facilitate the implementation of economic transformation strategies and policies	• No. of target groups supported through training to participate in the mainstream economy	1 000	Annual	
	• No. of target group businesses supported through enterprise development to participate in the mainstream economy	50	39	
	• No. of B-BBEE compliance interventions implemented to improve the level of compliance	5	5	
	• No. of interventions implemented to support Operation Vula	3	Annual	4
	• No. of interventions implemented to support the Black Industrialists	3	1	4

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 2018/19 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R104.988 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	576 993			(126 448)		(126 448)	450 545
2. Sector Development	194 721			(5 040)	26 500	21 460	216 181
3. Strategic Initiatives	129 530					-	129 530
Total	901 244	-	-	(131 488)	26 500	(104 988)	796 256
Amount to be voted							(104 988)

Table 4.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	53 736	-	-	(20 895)	3 000	(17 895)	35 841
Compensation of employees	15 021			(2 806)		(2 806)	12 215
Goods and services	38 715			(18 089)	3 000	(15 089)	23 626
Interest and rent on land						-	-
Transfers and subsidies to:	847 508	-	-	(110 971)	23 500	(87 471)	760 037
Provinces and municipalities	11 000				(3 000)	(3 000)	8 000
Departmental agencies and accounts	554 630			(112 000)		(112 000)	442 630
Higher education institutions	5 150				(5 150)	(5 150)	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises	139 830			(1 000)	(4 500)	(5 500)	134 330
Non-profit institutions	136 898			2 000	31 000	33 000	169 898
Households				29	5 150	5 179	5 179
Payments for capital assets	-	-	-	378	-	378	378
Buildings and other fixed structures				378		378	378
Machinery and equipment						-	-
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets	-	-	-	-	-	-	-
Total	901 244	-	-	(131 488)	26 500	(104 988)	796 256
Amount to be voted							(104 988)

Virement – Programme 3: Trade and Sector Development: (R131.488 million)

The department undertook virements to Programmes 2 and 7, with the savings identified against the Trade and Investment Promotion and the Sector Development sub-programmes, as summarised below:

- Savings of R112 million were identified under *Transfers and subsidies to: Departmental agencies and accounts*, related to the cancellation of the multi-storey parkade earthworks tender in respect of DTPC.
- Further savings of R19.488 million were identified, as follows:
 - R2.806 million was identified under *Compensation of employees* due to lengthy internal recruitment processes.
 - R15.682 million was identified under *Goods and services* ascribed to delays in the implementation of projects such as the KZN Economic Council, as well as Industrial Economic Hubs including the Fish Processing facility, Auto Hubs, and the Automotive Strategy. Also contributing were savings relating to cost-cutting on items such as travel and subsistence, inventory: other supplies and transport for departmental activities.
 - R1 million in savings was identified under *Transfers and subsidies to: Public corporations and private enterprises* due to the cancellation of the transfer to the Mobility Centre (an initiative to stimulate the automotive industry in KZN), as no agreement could be reached between the department, DTI and the private sector.
- Of these funds, R101.488 million was moved to Programme 2 under *Transfers and subsidies to: Public corporations and private enterprises* and specifically to Ithala, as follows:
 - R40 million was allocated for the Industrial Economic Hubs.
 - R20 million was allocated to the Enterprise Development Fund.
 - R19 million was allocated to Ithala SOC Limited for the formalisation of the banking licence.
 - R22.488 million was allocated for RASET (R19.100 million) which includes refrigerated trucks, the ICT system and the RASET business plan, as well as the Bulk Buying project (R3.388 million).

A further R20 million was moved to Programme 2 and R10 million to Programme 7, as follows:

- R10 million was allocated under *Goods and services* for the Bakery Support programme.
- R10 million was allocated to *Transfers and subsidies to: Non-profit institutions* for the Sheepcor project for transfer to the KZNGFT.
- R10 million was allocated to *Transfers and subsidies to: Departmental agencies and accounts* in Programme 7 for transfer to EKZNW for vehicles and weapons.

In addition to the above, the following virements were undertaken within this programme across sub-programmes and economic classifications:

- Savings of R2.407 million were identified under *Goods and services* due to cost-cutting, and these savings were utilised as follows:
 - R1.500 million was moved to *Transfers and subsidies to: Non-profit institutions* for transfer to the KZN Fashion Council to cater for the Youth in Clothing and Textile project and the Youth Fashion Desk.
 - R500 000 was moved to *Transfers and subsidies to: Non-profit institutions* under Isayidi TVET College for the Ugu ICT Incubator.
 - R29 000 was moved to *Transfers and subsidies to: Households* to cater for staff exit costs.
 - R378 000 was moved to *Buildings and other fixed structures* for erecting fencing for the ANT Fisheries co-operative, which undertakes fish farming, in line with the department's responsibility to provide support to co-operatives, including infrastructure and production equipment.

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 entities, as well as the introduction of several new transfers.

The reduction in the transfer payment in respect of the Mobility Centre against *Transfers and subsidies to: Public corporations and private enterprises* and *Transfers and subsidies to: Departmental agencies and accounts* in respect of DTPC require Legislature approval.

Shifts – Programme 3: Trade and Sector Development: R26.500 million

The department undertook shifts within Programme 3 and from Programme 2 and across economic categories which resulted in a net increase of R26.500 million against this programme under the sub-programme: Sector Development. The purpose of the funds remains unchanged and Legislature approval is thus not required, as explained below:

- R26.500 million was moved from Programme 2 under *Goods and services* to be correctly placed in Programme 3 against *Transfers and subsidies to: Non-profit institutions* as follows:
 - R20 million to the KZNFC for the Digital Television Studio (R15 million) and Youth in Film production (R5 million) projects to be implemented by this entity.
 - R5 million to MKI for the development of the SMME Master Plan, to be conducted by this entity.
 - R1.500 million for the the Youth in Clothing and Textile project and the Youth Fashion Desk for transfer to the KZN Fashion Council.

Furthermore, shifts were undertaken across sub-programmes within the programme as follows:

- R3 million for the Music Academy in Ladysmith was moved from *Transfers and subsidies to: Provinces and municipalities* to *Goods and services* within Programme 3, as the project will be undertaken by the department and not the Alfred Duma municipality.
- R5.150 million was incorrectly budgeted for under *Transfers and subsidies to: Higher education institutions* for the Aerotropolis Institute and Aerotropolis Learnerships which entail bursaries to external students, as well as the District Trade and Investment Skills Development project. These funds were moved to be correctly placed under *Transfers and subsidies to: Households*.
- R4.500 million was moved from *Transfers and subsidies to: Public corporations and private enterprises* to be correctly classified against *Transfers and subsidies to: Non-profit institutions*. In this regard, R3.500 million was in respect of the KZN Fashion Council, and R1 million for the KZN Clothing and Textile Cluster, which is assigned to implement this project.

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 2018/19 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. Note that one measure was amended to align with the 2018/19 APP and this is indicated in bold italics. A target was also amended to align with the 2018/19 APP and this is indicated in the Revised target column. Note also that seven measures are annual in nature and are only reported on year-end.

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

Outputs	Performance indicators	Performance Targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. Trade and Investment Promotion				
1.1 To stimulate inclusive growth through trade and investment promotion	<ul style="list-style-type: none"> • Rand value of investment attracted to KZN and exports facilitated • No. of interventions implemented to support exports and investment (KZN Exporter Competitiveness Programme) • No. of investment and export (trade) strategies developed 	R8.8bn	Annual	R8.8 million
		1	Annual	
		1	Annual	

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

Outputs	Performance indicators	Performance Targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
2. Sector Development				
2.1	To implement existing productive and service sector strategies and plans	<ul style="list-style-type: none"> No. of projects implemented that support employment opportunities No. of business plans completed No. of strategic interventions implemented No. of people trained on sector based skills No. of clusters supported (KZN Music Cluster, KZN Clothing and Textile Cluster, KZN Fashion Council, KZN Film Industry) 	6 5 10 300 3	2 1 3 150 -
3. Strategic Initiatives				
3.1	To provide and facilitate the development of strategic industrial interventions	<ul style="list-style-type: none"> Rand value of investment committed in strategic infrastructure development (SEZ and Industrial Economic Hubs) No. of infrastructure projects facilitated to support Aerotropolis, Maritime and Industrial Economic Hubs Annual employment opportunities created through Industrial Economic Hubs, Aerotropolis, Maritime and SEZ No. of people benefited from skills development in support of Aerotropolis, Industrial Economic Hubs, SEZ and Maritime 	R16m 2 150 104	Annual Annual Annual Annual

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 2018/19 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 R3.282 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	9 268			(1 646)			(1 646)	7 622
2. Consumer Protection	30 688			(1 636)			(1 636)	29 052
3. Liquor Regulation	80 189						-	80 189
Total	120 145	-	-	(3 282)	-	-	(3 282)	116 863
Amount to be voted								(3 282)

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	39 686	-	-	(3 615)	-	-	(3 615)	36 071
Compensation of employees	21 486			1 904			1 904	23 390
Goods and services	18 200			(5 519)			(5 519)	12 681
Interest and rent on land							-	-
Transfers and subsidies to:	80 189	-	-	18	-	-	18	80 207
Provinces and municipalities							-	-
Departmental agencies and accounts	80 189						-	80 189
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				18			18	18
Payments for capital assets	270	-	-	315	-	-	315	585
Buildings and other fixed structures							-	-
Machinery and equipment	270			315			315	585
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	120 145	-	-	(3 282)	-	-	(3 282)	116 863
Amount to be voted								(3 282)

Virement – Programme 4: Business Regulation and Governance: (R3.282 million)

The main appropriation of Programme 4 was decreased by a net amount of R3.282 million which was moved from the sub-programme: Regulation Services (R1.646 million) and Consumer Protection (R1.636 million), as follows:

- Savings of R5.519 million were identified under *Goods and services* in respect of consumer awareness campaign events savings as a result of hosting fewer than planned departmental outreach programmes, campaigns and events, cost-cutting on items such as advertising, travel and subsistence, minor assets and catering. Of this amount, R3.282 million was moved as follows:
 - R281 000 was moved to Programme 2 under *Transfers and subsidies to: Non-profit institutions to KZNGFT* to cater for the Sheepcor project.
 - R3.001 million was moved to Programme 2 to *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala for the Bulk Buying project.
- The balance of R2.237 million was moved within the programme, as follows:
 - R1.904 million was moved to cater for spending pressures in *Compensation of employees* due to earlier than anticipated appointment of five Assistant Directors.
 - R18 000 was moved to *Transfers and subsidies to: Households* to cater for staff exit costs.
 - R315 000 was moved to *Machinery and equipment* to cater for furniture and computer equipment for new appointees.

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 2018/19 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. Note that three measures were amended to align with the 2018/19 APP and this is indicated in bold italics. Note also that three measures in this programme were removed to align with the 2018/19 APP. The removed measures are reflected in the 2018/19 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			
		2018/19 Original target	2018/19 Mid-year actual	2018/19 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"> • No. of municipalities monitored <i>on business legislation implementation</i> • No. of municipalities monitored <i>on informal economy policy implementation</i> • No. of barriers identified • No. of barriers addressed • No. of business <i>inspections</i> conducted to ensure compliance with business legislation 	31 20 4 4 18	19 19 2 2 80	
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 education programmes conducted • No. of inspections conducted • % complaints resolved • No. of consumer surveys conducted 	90% 90% 1 250 400 90% 2	n/a n/a 820 285 89% n/a	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	2 2	

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 2018/19 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 R7.810 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	8 941			(2 702)			(2 702)	6 239
2. Research and Development	18 289			(3 387)			(3 387)	14 902
3. Knowledge Management	3 695			(125)			(125)	3 570
4. Monitoring and Evaluation	9 099			(1 596)			(1 596)	7 503
Total	40 024	-	-	(7 810)	-	-	(7 810)	32 214
Amount to be voted							(7 810)	

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	26 594	-	-	(6 157)	3 000	-	(3 157)	23 437
Compensation of employees	18 196			(2 280)			(2 280)	15 916
Goods and services	8 398			(3 877)	3 000		(877)	7 521
Interest and rent on land							-	-
Transfers and subsidies to:	13 300	-	-	(1 589)	(3 000)	-	(4 589)	8 711
Provinces and municipalities	2 500			(1 300)			(1 300)	1 200
Departmental agencies and accounts	2 500				(2 500)		(2 500)	-
Higher education institutions	5 300			(300)			(300)	5 000
Foreign governments and international organisations							-	-
Public corporations and private enterprises	3 000				(500)		(500)	2 500
Non-profit institutions							-	-
Households				11			11	11
Payments for capital assets	130	-	-	(64)	-	-	(64)	66
Buildings and other fixed structures							-	-
Machinery and equipment	130			(64)			(64)	66
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	40 024	-	-	(7 810)	-	-	(7 810)	32 214
Amount to be voted							(7 810)	

Virement – Programme 5: Economic Planning: (R7.810 million)

The main appropriation of Programme 5 was reduced by R7.810 million which was moved from the sub-programmes: Policy and Planning (R2.702 million), Research and Development (R3.387 million), Knowledge Management (R125 000) and Monitoring and Evaluation (R1.596 million). These savings were moved to Programme 2 to be transferred to KZNGFT under *Transfers and subsidies to: Non-profit institutions* for the Sheepcor project. The savings were as follows:

- Savings of R2.269 million were identified from *Compensation of employees* due to delays in the filling of posts because of lengthy internal recruitment processes.
- Savings of R3.877 million were identified under *Goods and services* ascribed to the decision made to reprioritise projects such as the Impact Assessments and Partnership reports. In addition, there were savings from cost-cutting on items such as advertising, travel and subsistence and stationery.
- Also contributing were savings of R1.300 million from *Transfers and subsidies to: Provinces and municipalities* ascribed to the cancellation of Cecil Mack's Border Development project.

- Savings of R300 000 were identified under *Transfers and subsidies to: Higher education institutions* due to a directive from the MEC to cease transfers for the Solar PV Rooftop (MUT) project.
- Savings of R64 000 were identified against *Machinery and equipment* due to delays in the procurement of computer equipment.

The following virement was undertaken within Programme 5:

- Savings of R11 000 were moved from *Compensation of employees* to *Transfers and subsidies to: Households* within the programme, to cater for staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations. The reduction in *Machinery and equipment* does not require Legislature approval because the Vote as a whole reflects an increase under *Payment for capital assets*.

The virements from Programme 5 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 and Solar PV Rooftop (MUT) projects require Legislature approval.

Shifts – Programme 5: Economic Planning

The following shifts were undertaken across economic categories within the programme and this is not evident in Table 4.14 above. The original purpose of the funds remains unchanged and Legislature approval is thus not required, and these shifts are described as follows:

- R2.500 million was incorrectly allocated, in terms of the previously mentioned National Treasury Classification Circular no. 21, under *Transfers and subsidies to: Departmental agencies and accounts* and these funds were moved to be correctly placed under *Transfers and subsidies to: Public corporations and private enterprises* for the Industrial Symbiosis project.
- R3 million relating to the KZN Bio-energy Action Plan was moved from *Transfers and subsidies to: Public corporations and private enterprises* to *Goods and services*. There is no change in purpose but the department is undertaking the procurement process in respect of this project.

Service delivery measures – Programme 5: Economic Planning

Table 4.16 shows the service delivery information for Programme 5 as per the department's 2018/19 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. The description of one output, as well as two performance measures were amended to align with the 2018/19 APP and this is indicated in bold italics. Note also that six measures are annual in nature and are only reported on after the closure of the financial year.

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. Policy and Planning				
1.1 To <i>enhance</i> economic policy environment in KZN	<ul style="list-style-type: none"> • No. of policies/strategies formulated/reviewed • No. of economic publications • No. of policy analysis/advocacy reports 	1 6 2	Annual 3 Annual	
2. Research and Development				
2.1 To conduct economic research	<ul style="list-style-type: none"> • No. of research reports produced • No. of strategic research partnerships established or maintained 	5 3	1 Annual	
3. Knowledge Management				
3.1 To develop and maintain an effective knowledge management system to support management decisions	<ul style="list-style-type: none"> • No. of reports on the development of an integrated statistical database • No. of reports tracking provincial knowledge base <i>indicators</i> • No. of learning platforms conducted 	1 4 4	Annual 2 2	

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
4. Monitoring and Evaluation				
4.1	To determine effectiveness of EDTEA policies, <i>programmes</i> and strategies	<ul style="list-style-type: none"> No. of monitoring and evaluation plans/tools developed or reviewed No. of monitoring reports No. of evaluation reports No. of performance verification reports 	1 4 5 4	Annual Annual 2 2

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 2018/19 adjusted appropriation of Programme 6, according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R16.108 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	18 363			(8 559)	(2 000)		(10 559)	7 804
2. Tourism Growth and Development	214 552			(3 379)	2 000		(1 379)	213 173
3. Tourism Sector Transformation	14 871			(4 170)			(4 170)	10 701
Total	247 786	-	-	(16 108)	-	-	(16 108)	231 678
Amount to be voted								(16 108)

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	44 897	-	-	(15 451)	(2 000)	-	(17 451)	27 446
Compensation of employees	23 913			(4 590)			(4 590)	19 323
Goods and services	20 984			(10 861)	(2 000)		(12 861)	8 123
Interest and rent on land							-	-
Transfers and subsidies to:	202 889	-	-	(657)	2 000	-	1 343	204 232
Provinces and municipalities	5 375			(275)	1 200		925	6 300
Departmental agencies and accounts	195 914				2 000		2 000	197 914
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 600			(400)	(1 200)		(1 600)	-
Non-profit institutions							-	-
Households				18			18	18
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	247 786	-	-	(16 108)	-	-	(16 108)	231 678
Amount to be voted								(16 108)

Virement – Programme 6: Tourism: (R16.108 million)

The department undertook virements within the programme, to Programme 2 and between economic categories, resulting in a net decrease of R16.108 million, across all three sub-programmes, as explained below:

- Savings of R4.572 million were moved from *Compensation of employees* attributed to lengthy internal recruitment processes.
- Savings of R10.861 million were identified under *Goods and services* relating to events such as the KZN is Summer campaign and East 3 Route project, which will no longer take place in 2018/19. There were also savings resulting from cost-cutting on items such as catering, advertising, transport provided for departmental activity, travel and subsistence, as well as rental and hiring.
- Savings of R275 000 were realised in respect of the Nkungumathe Lodge against *Transfers and subsidies to: Provinces and municipalities*. This project was cancelled due to the involvement of other government departments in this project.
- R400 000 was moved from *Transfers and subsidies to: Public corporations and private enterprises* for the Battlefields Festival (R150 000) and Service Excellence and Quality Assurance (R250 000) projects as a result of cancellation of the project by the host municipality, and the postponement of the project to 2019/20, respectively.

These savings were moved to Programme 2 to be transferred to the KZNGFT under *Transfers and subsidies to: Non-profit institutions* for the Sheepecor project.

- A further virement was undertaken within Programme 6 where savings of R18 000 were moved from *Compensation of employees* to *Transfers and subsidies to: Households* for staff exit costs.

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

The reduction in the transfer payments under *Transfers and subsidies to: Provinces and municipalities* for the Nkungumathe Lodge project and *Transfers and subsidies to: Public corporations and private enterprises* in respect of the Service Excellence and Quality Assurance project and Battlefields Festival require Legislature approval.

Shifts – Programme 6: Tourism

The department undertook the following shifts within the programme, and the original purpose of the funds remains unchanged:

- R1.200 million was incorrectly classified under *Transfers and subsidies to: Public corporations and private enterprises* for the Sibhudu Caves and KwaShushu Hotsprings project, which is a natural hot spring on an island in the middle of the Thukela River below Ntunjambili (Kranskop). The project has the potential of becoming a catalyst for tourism development in the hinterland areas of the district and will address the challenge of geographical spread of tourism products, visitors and transformation in the sector. The funds were moved to *Transfers and subsidies to: Provinces and municipalities* to be transferred to the iLembe Enterprise Development Agency, which is a development agency of the iLembe District Municipality.
- An amount of R2 million relating to the Nelson Mandela Centenary Celebration was shifted from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts*. The department will collaborate with the KZN Tourism Authority (TKZN) and other stakeholders in the implementation of activities aligned to the 100 Years Centennial aimed at promoting KZN tourism.

Service delivery measures – Programme 6: Tourism

Table 4.19 shows the service delivery information for Programme 6 as per the department's 2018/19 APP and the *EPRE*, as well as the actual achievements for the first six months of the year.

The description of one output was amended to align with the 2018/19 APP and this is indicated in bold italics. Note that seven measures are annual in nature and are only reported on after the closure of the financial year.

Table 4.19 : Service delivery measures – Programme: Tourism

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 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"> No. of strategic partnership forums established and sustained between public, private and communities No. of tourism research reports, policies, strategies and frameworks identified and developed No. of advocacy and awareness on tourism initiatives inclusive of policies and legislation co-ordinated 	12	6	
		7	-	
		3	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"> % of tourism product and service supported in KZN % Increase in tourism establishments that are in compliance with tourism sector legislation No. of people employed in the tourism sector No. of niche and diverse tourism products identified and supported No. of Tourist Guides accredited No. of tourist guide inspections conducted to curb illegal guiding and enforce continuous compliance with tourism legislation No. of tourism interventions implemented towards growth and employment creation 	100%	Annual	
		60%	Annual	
		50	Annual	
		1	Annual	
		200	140	
		4	Annual	
		6	Annual	
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 tourism enterprises complying with the Tourism Sector Codes No. of Service Excellence initiatives implemented No. of sector transformation, capacity building and skills development interventions implemented No. of tourism interventions implemented towards growth and employment creation 	30	10	
		3	-	
		15	8	
		1	Annual	

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 2018/19 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 R4.491 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	Other adjustments		
1. Environmental Policy Planning and Co-ordination	16 413			(3 608)		(3 608)	12 805
Intergovt. Co-ordination, Spatial and Dev Planning	13 538			(3 281)		(3 281)	10 257
Climate Change Management	2 875			(328)		(328)	2 547
2. Compliance and Enforcement	42 141			(10 495)		(10 495)	31 646
Enviro. Quality Managemt Compliance and Enforcemnt	42 141			(10 495)		(10 495)	31 646
3. Environmental Quality Management	59 862			(11 234)		(11 234)	48 628
Impact Management	32 995			(7 863)		(7 863)	25 132
Air Quality Management	6 250			(301)		(301)	5 949
Pollution and Waste Management	20 617			(3 070)		(3 070)	17 547
4. Biodiversity Management	843 432	9 292		32 519		41 811	885 243
Biodiversity and Protected Area Plan. and Managemt	94 165	9 292		4 067		13 359	107 524
Conservation Agencies and Services	737 512			30 000		30 000	767 512
Coastal Management	11 755			(1 548)		(1 548)	10 207
5. Environmental Empowerment Services	41 284			(9 316)		(9 316)	31 968
Environmental Capacity Development and Support	41 284			(9 316)		(9 316)	31 968
6. Environmental Services Support	6 545			(2 667)		(2 667)	3 878
Environmental Services Administrative Support	6 545			(2 667)		(2 667)	3 878
Total	1 009 677	9 292	-	(4 801)	-	4 491	1 014 168
Amount to be voted							4 491

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	261 339	9 292	-	(34 939)	-	-	(25 647)	235 692
Compensation of employees	137 867			(16 783)			(16 783)	121 084
Goods and services	123 472	9 292		(18 156)			(8 864)	114 608
Interest and rent on land							-	-
Transfers and subsidies to:	745 791	-	-	29 810	-	-	29 810	775 601
Provinces and municipalities	1 000						-	1 000
Departmental agencies and accounts	737 512			30 000			30 000	767 512
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	7 279			(500)			(500)	6 779
Households				310			310	310
Payments for capital assets	2 547	-	-	328	-	-	328	2 875
Buildings and other fixed structures				62			62	62
Machinery and equipment	2 547			266			266	2 813
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 009 677	9 292	-	(4 801)	-	-	4 491	1 014 168
Amount to be voted								4 491

Roll-overs – Programme 7: Environmental Affairs: R9.292 million

An amount of R9.292 million was rolled over from 2017/18 and these funds were allocated against *Goods and services* under the Biodiversity Management sub-programme, as explained below:

- R4.795 million was rolled over in respect of IASP, relating to funds that were specifically and exclusively appropriated. The department experienced delays in SCM processes in 2017/18 and order numbers were thus only issued towards the end of the financial year. As such, funds in respect IASP could not be fully spent before the end of 2017/18, but were committed by year-end.
- R4.497 million, also in respect of IASP related to chemicals for clearing alien species, was rolled over. The chemicals were delivered late in March, hence the invoices could not be processed before the end of 2017/18.

Virement – Programme 7: Environmental Affairs: (R4.801 million)

The department undertook virements within and to other programmes and economic categories, resulting in a net decrease of R4.801 million as explained below:

- Savings of R10 million in Programme 3, related to the DTPC cancellation of the multi-storey parkade earthworks tender, was moved to this programme for transfer to EKZNW against *Transfers and subsidies to: Departmental agencies and accounts* to cater for the purchase of vehicles and weapons.
- Savings of R14.801 million were identified under *Compensation of employees* attributed to lengthy internal recruitment processes, and were moved to Programme 2 to be transferred to the KZNGFT under *Transfers and subsidies to: Non-profit institutions* for the Sheepecor project.

The following virements were undertaken between economic classifications:

- Savings of R20 million were identified from other categories within Programme 7 against *Compensation of employees*, *Goods and services*, and *Transfers and subsidies to: Non-profit institutions*. These savings were moved to *Transfers and subsidies to: Departmental agencies and accounts* for transfer to EKZNW to cater for various projects including commercial operations infrastructure (Hilltop, Thendele, Mkhuze), water infrastructure (Spioenkop, Highmoor), conservation facilities and infrastructure (rehabilitation at Giants Castle), as well as purchasing of vehicles for the entity. The sources of these savings were as follows:

- o R1.344 million was identified under *Compensation of employees* attributed to lengthy internal recruitment processes.
- o R18.156 million was identified under *Goods and services* mainly from cost-cutting on items such as travel and subsistence, stationery: consumable supplies, contractors and, communication costs, as well as the cancellation of consultants for research and advisory services.
- o Savings of R500 000 were identified in respect of WESSA against *Transfers and subsidies to: Non-profit institutions*. The annual transfer was cancelled due to expiry of the contract, which will be renegotiated for 2019/20.
- Savings of R638 000 were identified under *Compensation of employees* attributed to lengthy internal recruitment processes and were moved to the following:
 - o R310 000 was moved to *Transfers and subsidies to: Households* for staff exit costs.
 - o R62 000 was moved to *Buildings and other fixed structures* to erect a fence and install electric cables for ambient stations, which are used to analyse air pollution in Ballito and Mandeni.
 - o R266 000 was moved to *Machinery and equipment* for the replacement of computer equipment.

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

The reduction in the transfer payment under *Transfers and subsidies to: Non-profit institutions* in respect of WESSA requires Legislature approval.

Service delivery measures – Programme 7: Environmental Affairs

Table 4.22 shows the service delivery information for Programme 7 as per the department's 2018/19 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 2018/19 APP and these are indicated in bold italics. Five targets have been amended to align with the 2018/19 APP and these are indicated in the Revised target column. Note that six measures are annual in nature and are only reported on after the closure of the financial year. Note also that one measure in this programme was removed to align with the 2018/19 APP. The removed measure is reflected in the 2018/19 Mid-year actual and Revised target columns as "n/a".

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year Actual	2018/19 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 functional environmental information management systems • No. of climate change response tools developed 	54 2 12 1	Annual Annual Annual Annual
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 	280 4 850 25	- - - -
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 AQMPs • % Atmospheric Emission Licences with complete applications issued within legislated timeframes • % of facilities with Atmospheric Emission Licences reporting to the National Atmospheric Emissions Inventory System (NAEIS) • % of waste licence applications finalised within legislated timeframes 	98% 1 100% 90% 100%	- Annual - n/a -

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year Actual	2018/19 Revised target
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 adopted No. of <i>work</i> opportunities created through environmental programmes No. of hectares cleared of invasive alien species No. of fulltime equivalence /created FTEs 	1 8 500 140 000 2 608	Annual - - -	 120 000 2 217
5. Environmental Empowerment Services				
5.1 To <i>improve</i> community empowerment through environmental <i>awareness and educational programmes</i>	<ul style="list-style-type: none"> No. of environmental capacity building activities conducted No. of environmental awareness activities conducted 	50 1 000	- -	55

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. 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 R63.292 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 Other adjustments		
1. Prog. 2: KZN Growth Fund Trust	54 400			49 000		49 000	103 400
2. Prog. 3: Moses Kotane Institute	50 131				5 000	5 000	55 131
3. Prog. 7: Invasive Alien Species Prog.	14 952	9 292				9 292	24 244
Total	119 483	9 292	-	49 000	5 000	63 292	182 775
Amount to be voted							63 292

- *Roll-overs*: A total of R9.292 million was rolled over as follows:
 - o R4.795 million was in respect of IASP and these funds were specifically and exclusively appropriated. The department experienced delays in 2017/18 as a result of SCM processes and order numbers were thus only issued towards the end of the financial year. As such, funds in respect of IASP could not be fully spent before the end of 2017/18. These funds were allocated against *Goods and services* in Programme 7.
 - o R4.497 million was also in respect of IASP related to chemicals for clearing alien species. The chemicals were delivered late in March, hence the invoices could not be processed before the end of 2017/18. These funds were also allocated against *Goods and services* in Programme 7.
- *Virement*: A total of R49 million in savings identified from Programmes 3,4, 5, 6 and 7 were moved for transfer to the KZNGFT for the Sheepecor project. Provincial Treasury approval was obtained for this increase in transfer.
- *Shifts*: R5 million was moved to the MKI for the development of the SMME Master Plan, to be conducted by this entity.

6. Gifts, donations and sponsorships

The department is not envisaging making any donations exceeding R100 000. However, two of the department's public entities anticipate the following donations, which require Legislature approval:

- Trade and Investment KwaZulu-Natal (TIK) intends to sponsor the Africa Sustainability Summit at the Johannesburg Stock Exchange with support of R125 000.
- Richards Bay Industrial Development Zone Company (Pty) Ltd (RBIDZ) intends to sponsor the National Business Awards with support of R115 000.

The donations exceeding R100 000 made by two of the department's public entities 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 decrease of R111.484 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	-	-	-	516	-	-	516	516
Maintenance and repair: Current						-	-	-
Upgrades and additions: Capital				516		516	516	516
Refurbishment and rehabilitation: Capital						-	-	-
New infrastructure assets: Capital						-	-	-
Infrastructure transfers	530 513	-	-	(112 000)	-	-	(112 000)	418 513
Infrastructure transfers: Capital	530 513			(112 000)			(112 000)	418 513
Infrastructure transfers: Current						-	-	-
Infrastructure: Payments for financial assets						-	-	-
Infrastructure: Leases						-	-	-
Non infrastructure						-	-	-
Capital infrastructure	530 513	-	-	(111 484)	-	-	(111 484)	419 029
Current infrastructure	-	-	-	-	-	-	-	-
Total	530 513	-	-	(111 484)	-	-	(111 484)	419 029
Amount to be voted								(111 484)

- *Virements*: The department moved funding totalling R111.484 million, as follows:
 - R516 000 was moved from *Compensation of employees* in Programme 7 and *Goods and services* in Programmes 2 and 3 to cater for erecting a fence and installing electric cables for ambient stations (R62 000), as mentioned. Funding was allocated for erecting fencing for co-operatives (R76 000) and the ANT Fisheries co-operative, in line with the department's responsibility to provide support including infrastructure and production equipment (R378 000). Provincial Treasury approval was obtained for this increase in transfer.

The reduction in the transfer payment in respect of the DTPC requires Legislature approval.

- R112 million was identified as savings under *Infrastructure transfers: Capital*, related to the cancellation of the multi-storey parkade earthworks tender in respect of DTPC. This funding was moved to Programmes 2 and 7, as mentioned in sections 4.2 and 4.7, respectively.

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		
7. Environmental Affairs	3 740	-	-	-	-	-	-	3 740
EPWP Integrated Grant for Provinces	3 740						-	3 740
Total	3 740	-	-	-	-	-	-	3 740
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 Liquor Authority (KZNLA), KwaZulu-Natal Sharks Board (KZNSB), EKZWN 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 R57.976 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	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
1. Administration	582	-	-	440	-	-	440	1 022
Provinces and municipalities	63	-	-	-	-	-	-	63
Motor vehicle licences	63	-	-	-	-	-	-	63
Departmental agencies and accounts	9	-	-	-	-	-	-	9
SABC TV licences	9	-	-	-	-	-	-	9
Households	510	-	-	440	-	-	440	950
Bursaries	510	-	-	-	-	-	-	510
Staff exit costs	-	-	-	440	-	-	440	440
2. Integrated Economic Development Services	209 206	-	-	157 613	(39 188)	-	118 425	327 631
Departmental agencies and accounts	20 000	-	-	-	(18 500)	-	(18 500)	1 500
KZN SEDA	20 000	-	-	-	(20 000)	-	(20 000)	-
NYDA Funding Partnership	-	-	-	-	1 500	-	1 500	1 500
Higher education institutions	20 688	-	-	-	(20 688)	-	(20 688)	-
uMfolozi TVET College - Co-op's skills training	20 688	-	-	-	(20 688)	-	(20 688)	-
Public corporations and private enterprises	107 232	-	-	108 427	-	-	108 427	215 659
Dukuduku Feasibility study	500	-	-	(500)	-	-	(500)	-
Ithala Development Finance Corporation	100 559	-	-	115 100	-	-	115 100	215 659
<i>of which</i>								
Bulk Buying project	-	-	-	17 000	-	-	17 000	17 000
Enterprise Development Fund	44 771	-	-	20 000	-	-	20 000	64 771
Ithala	55 788	-	-	-	-	-	-	55 788
Industrial Economic Hubs	-	-	-	40 000	-	-	40 000	40 000
Ithala SOC (Limited)	-	-	-	19 000	-	-	19 000	19 000
RASET	-	-	-	19 100	-	-	19 100	19 100
Junit Manufacturing LED Clothing and Textile	2 173	-	-	(2 173)	-	-	(2 173)	-
LCFCFP: Agro-processing	4 000	-	-	(4 000)	-	-	(4 000)	-
Non-profit institutions	54 400	-	-	49 000	-	-	49 000	103 400
KZN Growth Fund Trust	54 400	-	-	49 000	-	-	49 000	103 400
Households	6 886	-	-	186	-	-	186	7 072
Bursaries	6 886	-	-	160	-	-	160	7 046
Staff exit costs	-	-	-	26	-	-	26	26
3. Trade and Sector Development	847 508	-	-	(110 971)	23 500	-	(87 471)	760 037
Provinces and municipalities	11 000	-	-	-	(3 000)	-	(3 000)	8 000
KSIA Transport	3 000	-	-	-	-	-	-	3 000
Margate Airport	3 000	-	-	-	-	-	-	3 000
Mkuze Airport	2 000	-	-	-	-	-	-	2 000
Music Academy in Ladysmith	3 000	-	-	-	(3 000)	-	(3 000)	-
Departmental agencies and accounts	554 630	-	-	(112 000)	-	-	(112 000)	442 630
DTPC	468 695	-	-	(112 000)	-	-	(112 000)	356 695
TIK	85 935	-	-	-	-	-	-	85 935
Higher education institutions	5 150	-	-	-	(5 150)	-	(5 150)	-
Aerotropolis Institute	4 000	-	-	-	(4 000)	-	(4 000)	-
Aerotropolis Learnerships	1 000	-	-	-	(1 000)	-	(1 000)	-
District Trade and Investment Skills Dev.	150	-	-	-	(150)	-	(150)	-
Public corporations and private enterprises	139 830	-	-	(1 000)	(4 500)	-	(5 500)	134 330
Africa Television Market	800	-	-	-	-	-	-	800
KZN Clothing and Textile Cluster	1 000	-	-	-	(1 000)	-	(1 000)	-
KZN Fashion Council	3 500	-	-	-	(3 500)	-	(3 500)	-
KZN Music Cluster (KUMISA)	4 000	-	-	-	-	-	-	4 000
Mobility Centre	1 000	-	-	(1 000)	-	-	(1 000)	-
RBIDZ	129 530	-	-	-	-	-	-	129 530
Non-profit institutions	136 898	-	-	2 000	31 000	-	33 000	169 898
eThekweni Maritime Cluster	1 000	-	-	-	-	-	-	1 000
INK ICT for Disability Entrepreneurship	1 000	-	-	-	-	-	-	1 000
KZN Clothing and Textile Cluster	-	-	-	1 500	5 000	-	6 500	6 500
KZN Fashion Council	-	-	-	-	5 000	-	5 000	5 000
KZNFC	76 267	-	-	-	20 000	-	20 000	96 267
Moses Kotane Institute	50 131	-	-	-	5 000	-	5 000	55 131
Msunduzi Incubator	3 000	-	-	-	-	-	-	3 000
Nature, Envir. and Wildlife Filmmakers Congr.	1 000	-	-	-	-	-	-	1 000
Richards Bay ICT Incubator	1 500	-	-	-	-	-	-	1 500
Smart City Innovation ICT Hub	3 000	-	-	-	-	-	-	3 000
Ugu ICT Incubator	-	-	-	500	-	-	500	500
Households	-	-	-	29	5 150	-	5 179	5 179
Bursaries	-	-	-	-	5 150	-	5 150	5 150
Staff exit costs	-	-	-	29	-	-	29	29

Table 4.26 : Summary of transfers and subsidies by programme and main category (cont.)

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
4. Business Regulation and Governance	80 189	-	-	18	-	-	18	80 207
Departmental agencies and accounts	80 189	-	-	-	-	-	-	80 189
KZNLA	80 189	-	-	-	-	-	-	80 189
Households	-	-	-	18	-	-	18	18
Staff exit costs	-	-	-	18	-	-	18	18
5. Economic Planning	13 300	-	-	(1 589)	(3 000)	-	(4 589)	8 711
Provinces and municipalities	2 500	-	-	(1 300)	-	-	(1 300)	1 200
Jozini - Cecil Mack's Border Development	1 300	-	-	(1 300)	-	-	(1 300)	-
Umhlabuyalingana - Kosi Bay Border Dev.	1 200	-	-	-	-	-	-	1 200
Departmental agencies and accounts	2 500	-	-	-	(2 500)	-	(2 500)	-
Industrial Symbiosis	2 500	-	-	-	(2 500)	-	(2 500)	-
Higher education institutions	5 300	-	-	(300)	-	-	(300)	5 000
Solar PV Rooftop: MUT	300	-	-	(300)	-	-	(300)	-
MUT - Univer. Tech Transfer prog	5 000	-	-	-	(5 000)	-	(5 000)	-
DUT - Univer. Tech Transfer prog	-	-	-	-	1 043	-	1 043	1 043
UKZN - Univer. Tech Transfer prog	-	-	-	-	2 404	-	2 404	2 404
UNIZULU - Univer. Tech Transfer prog	-	-	-	-	1 553	-	1 553	1 553
Public corporations and private enterprises	3 000	-	-	-	(500)	-	(500)	2 500
Industrial Symbiosis	-	-	-	-	2 500	-	2 500	2 500
KZN Bio-Energy Action Plan	3 000	-	-	-	(3 000)	-	(3 000)	-
Households	-	-	-	11	-	-	11	11
Staff exit costs	-	-	-	11	-	-	11	11
6. Tourism	202 889	-	-	(657)	2 000	-	1 343	204 232
Provinces and municipalities	5 375	-	-	(275)	1 200	-	925	6 300
Koppie Guesthouse: Mahlalele Comm. Trust	500	-	-	-	-	-	-	500
Mkuze Falls	500	-	-	-	-	-	-	500
Mzumbe Trails	2 000	-	-	-	-	-	-	2 000
Nkungumathe Lodge	275	-	-	(275)	-	-	(275)	-
Sibhudu Caves and KwaShushu Hot Springs	-	-	-	-	1 200	-	1 200	1 200
Tourism Route Strategy - various municipalities	2 100	-	-	-	-	-	-	2 100
Departmental agencies and accounts	195 914	-	-	-	2 000	-	2 000	197 914
KZNSB	71 897	-	-	-	-	-	-	71 897
TKZN	124 017	-	-	-	2 000	-	2 000	126 017
Public corporations and private enterprises	1 600	-	-	(400)	(1 200)	-	(1 600)	-
Battlefields Festival	150	-	-	(150)	-	-	(150)	-
Service Excellence and Quality Assurance	250	-	-	(250)	-	-	(250)	-
Sibhudu Caves and KwaShushu Hot Springs	1 200	-	-	-	(1 200)	-	(1 200)	-
Households	-	-	-	18	-	-	18	18
Staff exit costs	-	-	-	18	-	-	18	18
7. Environmental Affairs	745 791	-	-	29 810	-	-	29 810	775 601
Provinces and municipalities	1 000	-	-	-	-	-	-	1 000
Dev of EMFs and SEAs	1 000	-	-	-	-	-	-	1 000
Departmental agencies and accounts	737 512	-	-	30 000	-	-	30 000	767 512
EKZNV	737 512	-	-	30 000	-	-	30 000	767 512
<i>Of which:</i>								
<i>Invasive Alien Species Programme</i>	40 204	-	-	-	-	-	-	40 204
<i>Rhino anti-poaching</i>	9 240	-	-	-	-	-	-	9 240
<i>Subsidy from Vote 4</i>	688 068	-	-	-	-	-	-	688 068
<i>Conservation facilities and infrastructure</i>	-	-	-	7 000	-	-	7 000	7 000
<i>Vehicles and weapons for the entity</i>	-	-	-	13 400	-	-	13 400	13 400
<i>Water infrastructure</i>	-	-	-	1 600	-	-	1 600	1 600
<i>Commercial operations infrastructure</i>	-	-	-	8 000	-	-	8 000	8 000
Non-profit institutions	7 279	-	-	(500)	-	-	(500)	6 779
SAAMBR	6 779	-	-	-	-	-	-	6 779
WESSA	500	-	-	(500)	-	-	(500)	-
Households	-	-	-	310	-	-	310	310
Staff exit costs	-	-	-	310	-	-	310	310
Total	2 099 465	-	-	74 664	(16 688)	-	57 976	2 157 441
Amount to be voted								57 976

- **Virement:** The department undertook the following virements affecting transfers and subsidies, which resulted in a net increase of R74.664 million, as follows:
 - o Savings of R440 000 were identified from *Compensation of employees* within Programme 1, and were moved to *Households* to cater for unanticipated staff exit costs.
 - o Programme 2 shows an increase of R157.613 million as a result of extensive virements undertaken. In this regard, savings were moved from *Compensation of employees* (Programmes 1, 3, 5, 6 and 7), *Goods and services* (Programmes 2, 3, 4, 5 and 6), *Provinces and municipalities* (Programme 6) and *Public corporations and private enterprises* (Programme 2 and 6) to *Transfers and subsidies* in Programme 2. The category *Public corporations and private enterprises* was increased by a net amount of R108.427 million, as follows:

- R115.100 million was added to the transfer to Ithala. This is made up as follows:
 - R17 million is to cater for the Bulk Buying project. These projects will be implemented by Ithala on behalf of the department.
 - R20 million is for increasing the baseline of the Enterprise Development Fund.
 - R40 million is for the Industrial Economic Hubs.
 - R19 million is for Ithala SOC Limited for the formalisation of the banking licence.
 - R19.100 million is in respect of the RASET programme.
- Mitigating this were savings of R6.673 million identified as a result of the cancellation of projects such as the Dukuduku Feasibility study (R500 000), Junit Manufacturing LED Clothing and Textile (R2.173 million) and LCFCFP: Agro-Processing (R4 million). Of this, R2.146 million is part of the amount that was moved to *Public corporations and private enterprises* for the Bulk Buying project assigned to Ithala.

In addition, two other categories were increased from the savings mentioned above, as follows:

- *Non-profit institutions* was increased by R49 million for transfer to KZNGFT for the Sheepecor project.
- R186 000 was moved to *Households* to cater for unanticipated staff exit costs (R26 000) and to cater for the shortfall in bursaries for students who are studying towards a Co-operative Diploma through UKZN (R160 000).
- o Programme 3 decreased by a net amount of R110.971 million, as follows:
 - The transfer to the DTPC (*Departmental agencies and accounts*) was reduced by R112 million attributed to the cancellation of the earthworks tender for the multi-storey parkade, due to non-compliant bids received. This funding was moved to Programme 2 (R92 million), as mentioned above, as well as to Programme 7 for transfer to EKZNW (R10 million) for vehicles and weapons. The balance of R10 million was moved to *Goods and services* in Programme 2 for the Bakery Support project.

Savings of R2.029 million were identified under *Goods and services* due to cost-cutting. These savings were utilised as follows:

- R2 million was moved to *Non-profit institutions* for the KZN Fashion Council (R1.500 million) to cater for the Youth in Clothing and Textile project and the Youth Fashion Desk, and against the Isayidi TVET College (R500 000) for the Ugu ICT Incubator.
- R29 000 was moved to *Households* to cater for unanticipated staff exit costs.
- This was reduced by savings of R1 million under *Public corporations and private enterprises* due to cancellation of the transfer to the Mobility Centre, as no agreement could be reached between the department, DTI and the private sector. These funds moved to Programme 2 under *Public corporations and private enterprises* to Ithala to cater for the RASET programmes.
- o In Programme 4, savings of R18 000 were moved from *Goods and services* to *Households* to cater for unanticipated staff exit costs.
- o Programme 5 shows a decrease of R1.589 million as a result of virements of R1.300 million undertaken from *Provinces and municipalities* and R300 000 against *Higher education institutions* ascribed to the cancellation of Cecil Mack's Border Development and Solar PV Rooftop Projects, respectively. These savings were moved to Programme 2 to be transferred to the KZNGFT under *Non-profit institutions* for the Sheepecor project. This was mitigated by a movement of R11 000, being savings identified against *Compensation of employees* due to lengthy internal recruitment processes, moved to *Households* to address pressures brought about by unanticipated staff exit costs.
- o Programme 6 reflects a net decrease of R657 000 with savings of R675 000 moved to Programme 2 to the KZNGFT against *Non-profit institutions* for the Sheepecor project. These savings were due to the Nkungumathe Lodge project against *Provinces and municipalities*

(R275 000) and *Public corporations and private enterprises* in respect of the Battlefields Festival (R150 000) and Service Excellence and Quality Assurance (R250 000) projects, as a result of cancellation of the project by the host municipality, and the postponement of the project to 2019/20, respectively. These savings were reduced by a movement of R18 000 in savings identified against *Compensation of employees*, and moved to *Households* to cater for unanticipated staff exit costs.

- o With regard to Programme 7, transfer and subsidies showed a net increase of R29.810 million, which is made up by the following virements:
 - R10 million was moved from savings under Programme 2 against the transfer to DTPC related to the cancellation of the multi-storey parkade earthworks tender, as mentioned. This funding was allocated to *Departmental agencies and accounts* for transfer to EKZNW to address pressures in purchasing vehicles and weapons.
 - Savings of R20 million identified within the programme under *Compensation of employees, Goods and services* and *Non-profit institutions* were moved to EKZNW under *Departmental agencies and accounts* to address spending pressures from various projects including commercial operations infrastructure (Hilltop, Thendele, Mkhuze), water infrastructure, conservation facilities and infrastructure, as well as purchasing of vehicles for the entity.
 - Savings of R500 000 in respect of the transfer to WESSA were identified against *Non-profit institutions* as the WESSA contract was cancelled due to expiry of the contract, and will be renegotiated for 2019/20. These savings were moved to EKZNW under *Departmental agencies and accounts*, as mentioned above.
 - Savings of R310 000 were identified from *Compensation of employees* and were moved to cover unanticipated staff exit costs.

Provincial Treasury approval was received for the increases in transfers.

The reductions in 11 transfer payments highlighted in grey in Table 4.26 require Legislature approval.
--

- *Shifts*: The following shifts were undertaken, which resulted in a net decrease against *Transfers and subsidies* of R16.688 million, and the purpose of these funds remains unchanged:
 - o Programme 2 shows a decrease of R39.188 million, after funds were shifted in respect of *Transfers and subsidies* and these are explained below:
 - R20 million was shifted from *Departmental agencies and accounts* to *Goods and services* for the KZN SEDA related to Co-operatives and SMME Soft Skills Training. This shift relates to the previously mentioned National Treasury circular no. 21 regarding the classification of transfers. SEDA is assigned to conduct this training on behalf of the department and this has to be classified as *Goods and services*.
 - Mitigating this decrease was a shift of R1.500 million from *Goods and services* to *Departmental agencies and accounts* for the NYDA Funding Partnership. This shift relates to the previously mentioned National Treasury circular regarding the classification of transfers and is classified as a transfer due to funds being transferred to a national public entity.
 - R20.688 million was shifted from *Higher education institutions* to *Goods and services* for SMME and Co-operatives Technical Skills Training, related to the previously mentioned National Treasury circular. The department appointed the uMfolozi TVET College to conduct the training on their behalf therefore requiring a change in classification to *Goods and services*.
 - o The department undertook shifts within Programme 3, from Programme 2 and between economic categories which resulted in a net increase of R23.500 million in *Transfers and subsidies*, as follows:
 - R3 million for the Music Academy in Ladysmith was moved from *Provinces and municipalities* to *Goods and services* within Programme 3, as this programme will be undertaken by the department directly, and not by the Alfred Duma municipality.

- R5.150 million was incorrectly budgeted under *Higher Education Institutions* for the Aerotropolis Institute and Aerotropolis Learnerships, as well as the District Trade and Investment Skills Development project. As these funds entail bursaries to external students, they were moved to be correctly placed under *Households*.
- R4.500 million was moved from *Public corporations and private enterprises* to be correctly classified against *Non-profit institutions*. In this regard, R3.500 million was in respect of the KZN Fashion Council, and R1 million for the KZN Clothing and Textile Cluster.
- *Non-profit institutions* was increased by R31 million, as follows:
 - R4.500 million was moved from *Public corporations and private enterprises* to be correctly classified against *Non-profit institutions*, as mentioned above.
 - R1.500 million was moved from *Goods and services* for the the Youth in Clothing and Textile project and the Youth Fashion Desk for transfer to the KZN Fashion Council.
 - R25 million was moved from Programme 2 under *Goods and services* to be correctly placed in Programme 3 against *Non-profit institutions*, with R20 million moved to the KZNFC for the Digital Television Studio (R15 million) and for the Youth in Film Production (R5 million). A further R5 million was moved to the MKI for the development of the SMME Master Plan.
- *Households* was increased by R5.150 million for bursaries to external students, as mentioned.
- o Programme 5 shows a net decrease of R3 million. This movement related to the KZN Bio-energy Action Plan, which was moved from *Public corporations and private enterprises* to *Goods and services*. There is no change in purpose but the department is undertaking the procurement process. In addition, there were shifts within the programme, as follows:
 - R2.500 million for the Industrial Symbiosis project was incorrectly allocated under *Departmental agencies and accounts* in terms of the previously mentioned National Treasury classification circular, and these funds were moved to be correctly placed under *Public corporations and private enterprises* within Programme 5.
 - Furthermore, a correction was also made within *Higher education institutions*, where R5 million for the KZN University Technology Transfer programme was erroneously allocated to MUT in the *EPRE*. The funding was moved to the correct institutions with R1.553 million moved to UNIZULU, R2.404 million to UKZN and R1.043 million to the Durban University of Technology.
- o Programme 6 undertook various shifts which resulted in an increase of R2 million as follows:
 - R2 million relating to the Nelson Mandela Centenary Celebration was shifted from *Goods and services* to *Departmental agencies and accounts*, since this project is assigned to TKZN.
 - R1.200 million for the Sibhudu Caves and KwaShushu Hotsprings project was incorrectly classified as *Public corporations and private enterprises*. The funds were moved to be correctly placed under *Provinces and municipalities*. These funds will be transferred to the iLembe Enterprise Development Agency is a development agency of the iLembe District Municipality. The purpose of the funds remains unchanged.

10. Transfers to local government

Table 4.27 to Table 4.40 shows 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 decrease of R3.375 million, are as follows:

- *Virement*: The department undertook the following virements affecting transfers to municipalities which resulted in a net decrease of R1.575 million:

- o R1.300 million was moved from *Provinces and municipalities* due to the cancellation of the Cecil Mack's Border Development project.
- o R275 000 in respect of the Nkungumathe Lodge project was moved from *Provinces and municipalities* as this project was cancelled and will no longer be implemented in 2018/19.
- o These savings were moved to the KZNGFT in *Non-profit institutions* for the Sheepcor project.

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

- *Shifts*: Shifts were undertaken which reflected in a net decrease of R1.800 million as follows:
 - o R3 million for the Music Academy in Ladysmith was moved from *Provinces and municipalities* to *Goods and services* within Programme 3, as this programme will be undertaken by the department directly, and not by the Alfred Duma municipality.
 - o R1.200 million for the Sibhudu Caves and KwaShushu Hotsprings project was incorrectly classified under *Public corporations and private enterprises*. The funds were moved to be correctly placed under *Provinces and municipalities*. These funds will be transferred to the iLembe Enterprise Development Agency, which is a development agency of the iLembe District Municipality. The original purpose of the funds remains unchanged.

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		
A KZN2000 eThekweni	3 000	-	-	-	-	-	3 000
Total: Ugu Municipalities	5 000	-	-	-	-	-	5 000
B KZN216 Ray Nkonyeni	3 000	-	-	-	-	-	3 000
C DC21 Ugu District Municipality	2 000	-	-	-	-	-	2 000
Total: uThukela Municipalities	3 000	-	-	-	(3 000)	(3 000)	-
B KZN238 Alfred Duma	3 000	-	-	-	(3 000)	(3 000)	-
Total: Zululand Municipalities	1 700	-	-	-	-	-	1 700
B KZN262 uPhongolo	1 000	-	-	-	-	-	1 000
C DC26 Zululand District Municipality	700	-	-	-	-	-	700
Total: uMkhanyakude Municipalities	6 200	-	-	(1 300)	-	(1 300)	4 900
B KZN271 uMhlabuyalingana	1 200	-	-	-	-	-	1 200
B KZN272 Jozini	1 300	-	-	(1 300)	-	(1 300)	-
C DC27 uMkhanyakude District Municipality	3 700	-	-	-	-	-	3 700
Total: King Cetshwayo Municipalities	975	-	-	(275)	-	(275)	700
B KZN285 Mthonjaneni	275	-	-	(275)	-	(275)	-
C DC28 King Cetshwayo District Municipality	700	-	-	-	-	-	700
Total: iLembe Municipalities	-	-	-	-	1 200	1 200	1 200
C DC29 iLembe District Municipality	-	-	-	-	1 200	1 200	1 200
Total	19 875	-	-	(1 575)	(1 800)	(3 375)	16 500
Amount to be voted							(3 375)

Table 4.28 : Transfers to local government - KSIA Transport

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
A KZN2000 eThekweni	3 000	-	-	-	-	-	3 000
Total	3 000	-	-	-	-	-	3 000
Amount to be voted							-

Table 4.29 : Transfers to local government - Music Academy in Ladysmith

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Total: uThukela Municipalities	3 000	-	-	-	(3 000)	(3 000)	-
B KZN238 Alfred Duma	3 000	-	-	-	(3 000)	(3 000)	-
Total	3 000	-	-	-	(3 000)	(3 000)	-
Amount to be voted							(3 000)

Vote 4: Economic Development, Tourism and Environmental Affairs

Table 4.30 : Transfers to local government - Margate Airport

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	3 000	-	-	-	-	-	-	3 000
Amount to be voted								-

Table 4.31 : Transfers to local government - Mkuze Airport

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Total: uMkhanyakude Municipalities	2 000	-	-	-	-	-	-	2 000
C DC27 uMkhanyakude District Municipality	2 000	-	-	-	-	-	-	2 000
Total	2 000	-	-	-	-	-	-	2 000
Amount to be voted								-

Table 4.32 : Transfers to local government - Cecil Mack's Border Dev

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
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 4.33 : Transfers to local government - Kosi Bay Border Dev

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Total: uMkhanyakude Municipalities	1 200	-	-	-	-	-	-	1 200
B KZN271 uMhlabuyalingana	1 200	-	-	-	-	-	-	1 200
Total	1 200	-	-	-	-	-	-	1 200
Amount to be voted								-

Table 4.34 : 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	Other adjustments		
Total: Zululand Municipalities	500	-	-	-	-	-	-	500
B KZN262 uPhongolo	500	-	-	-	-	-	-	500
Total	500	-	-	-	-	-	-	500
Amount to be voted								-

Table 4.35 : Transfers to local government - Mkuze Falls

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

Table 4.36 : Transfers to local government - Mzumbe Trails

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

Table 4.37 : Transfers to local government - Nkungumathe Lodge

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Total: King Cetshwayo Municipalities	275	-	-	(275)	-	-	(275)	-
B KZN285 Mthonjaneni	275	-	-	(275)	-	-	(275)	-
Total	275	-	-	(275)	-	-	(275)	-
Amount to be voted								(275)

Table 4.38 : Transfers to local government - Tourism Route Strategy

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

Table 4.39 : Transfers to local government - Dev of EMFs and SEAs

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Total: uMkhanyakude Municipalities	1 000	-	-	-	-	-	-	1 000
C DC27 uMkhanyakude District Municipality	1 000	-	-	-	-	-	-	1 000
Total	1 000	-	-	-	-	-	-	1 000
Amount to be voted								-

Table 4.40 : Transfers to local government - Sibhudu Caves and KwaShushu Hot Springs

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Total: iLembe Municipalities	-	-	-	-	1 200	-	1 200	1 200
C DC29 iLembe District Municipality	-	-	-	-	1 200	-	1 200	1 200
Total	-	-	-	-	1 200	-	1 200	1 200
Amount to be voted								1 200

11. Actual payments and revised spending projections for the rest of 2018/19

Tables 4.41 and 4.42 reflect actual payments as at the end of September 2018, 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 2017/18 Audited outcome.

The department spent 37 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 63 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 4.41 : Actual payments and revised spending projections by programme

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018	% of budget	October 2018 - March 2019	% of budget	
1. Administration	228 775	262 645	119 538	45.5	143 107	54.5	262 645
2. Integrated Economic Development Services	390 291	564 764	92 649	16.4	472 115	83.6	564 764
3. Trade and Sector Development	806 994	796 256	365 454	45.9	430 802	54.1	796 256
4. Business Regulation and Governance	101 820	116 863	48 829	41.8	68 034	58.2	116 863
5. Economic Planning	23 814	32 214	10 960	34.0	21 254	66.0	32 214
6. Tourism	208 197	231 678	99 025	42.7	132 653	57.3	231 678
7. Environmental Affairs	936 069	1 014 168	380 412	37.5	633 756	62.5	1 014 168
Total	2 695 960	3 018 588	1 116 867	37.0	1 901 721	63.0	3 018 588

Vote 4: Economic Development, Tourism and Environmental Affairs

Table 4.42 : Actual payments and revised spending projections by economic classification

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018		October 2018 - March 2019		
			% of budget		% of budget		
Current payments	596 782	850 094	273 508	32.2	576 586	67.8	850 094
Compensation of employees	295 109	360 615	163 074	45.2	197 541	54.8	360 615
Goods and services	301 673	489 479	110 434	22.6	379 045	77.4	489 479
Interest and rent on land		-		-		-	
Transfers and subsidies to:	2 087 089	2 157 441	841 311	39.0	1 316 130	61.0	2 157 441
Provinces and municipalities	33 096	16 563		-	16 563	100.0	16 563
Departmental agencies and accounts	1 490 731	1 489 754	659 934	44.3	829 820	55.7	1 489 754
Higher education institutions		5 000		-	5 000	100.0	5 000
Foreign governments and international organisations		-		-		-	
Public corporations and private enterprises	341 904	352 489	56 471	16.0	296 018	84.0	352 489
Non-profit institutions	211 823	280 077	124 066	44.3	156 011	55.7	280 077
Households	9 535	13 558	840	6.2	12 718	93.8	13 558
Payments for capital assets	12 025	11 053	2 048	18.5	9 005	81.5	11 053
Buildings and other fixed structures		516	516	100.0			516
Machinery and equipment	11 898	10 537	1 508	14.3	9 029	85.7	10 537
Heritage assets		-		-			
Specialised military assets		-		-			
Biological assets		-		-			
Land and subsoil assets		-		-			
Software and other intangible assets	127		24		(24)		
Payments for financial assets	64	-	-	-	-	-	-
Total	2 695 960	3 018 588	1 116 867	37.0	1 901 721	63.0	3 018 588

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	902 818	9 292	-	(78 704)	16 688	-	(52 724)	850 094
Compensation of employees	395 703	-	-	(35 088)	-	-	(35 088)	360 615
Salaries and wages	325 189	-	-	(15 462)	-	-	(15 462)	309 727
Social contributions	70 514	-	-	(19 626)	-	-	(19 626)	50 888
Goods and services	507 115	9 292	-	(43 616)	16 688	-	(17 636)	489 479
Administrative fees	993	-	-	623	-	-	623	1 616
Advertising	15 660	-	-	(7 714)	-	-	(7 714)	7 946
Minor assets	3 869	-	-	(1 827)	-	-	(1 827)	2 042
Audit cost: External	6 000	-	-	(135)	-	-	(135)	5 865
Bursaries: Employees	1 620	-	-	(610)	-	-	(610)	1 010
Catering: Departmental activities	3 699	-	-	272	-	-	272	3 971
Communication (G&S)	8 199	-	-	616	-	-	616	8 815
Computer services	18 000	-	-	7 479	-	-	7 479	25 479
Cons. & prof serv: Business and advisory services	127 678	-	-	15 760	(4 812)	-	10 948	138 626
Infrastructure and planning	-	-	-	-	-	-	-	-
Laboratory services	22	-	-	(11)	-	-	(11)	11
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	4 110	-	-	1 093	-	-	1 093	5 203
Contractors	38 146	-	-	(21 881)	1 500	-	(20 381)	17 765
Agency and support / outsourced services	62 690	4 795	-	(69)	-	-	4 726	67 416
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl gov't motor transport)	4 608	-	-	-	-	-	-	4 608
Housing	-	-	-	-	-	-	-	-
Inventories: Clothing material and accessories	5 532	-	-	6 140	-	-	6 140	11 672
Inventories: Farming supplies	34 411	4 497	-	(1 009)	-	-	3 488	37 899
Inventories: Food and food supplies	-	-	-	-	-	-	-	-
Inventories: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventories: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventories: Materials and supplies	63	-	-	(25)	-	-	(25)	38
Inventories: Medical supplies	100	-	-	-	-	-	-	100
Inventories: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventories: Other supplies	2 137	-	-	(1 831)	-	-	(1 831)	306
Consumable supplies	2 546	-	-	(975)	-	-	(975)	1 571
Consumables: Stationery, printing and office supplies	5 281	-	-	(2 386)	-	-	(2 386)	2 895
Operating leases	47 126	-	-	(9 948)	-	-	(9 948)	37 178
Property payments	30 641	-	-	2 155	-	-	2 155	32 796
Transport provided: Departmental activity	2 284	-	-	(997)	-	-	(997)	1 287
Travel and subsistence	60 520	-	-	(22 928)	-	-	(22 928)	37 592
Training and development	7 087	-	-	(2 012)	20 000	-	17 988	25 075
Operating payments	8 104	-	-	(2 692)	-	-	(2 692)	5 412
Venues and facilities	3 544	-	-	(793)	-	-	(793)	2 751
Rental and hiring	2 445	-	-	89	-	-	89	2 534
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	2 099 465	-	-	74 664	(16 688)	-	57 976	2 157 441
Provinces and municipalities	19 938	-	-	(1 575)	(1 800)	-	(3 375)	16 563
Provinces	63	-	-	-	-	-	-	63
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	63	-	-	-	-	-	-	63
Municipalities	19 875	-	-	(1 575)	(1 800)	-	(3 375)	16 500
Municipalities	10 500	-	-	(1 300)	-	-	(1 300)	9 200
Municipal agencies and funds	9 375	-	-	(275)	(1 800)	-	(2 075)	7 300
Departmental agencies and accounts	1 590 754	-	-	(82 000)	(19 000)	-	(101 000)	1 489 754
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	1 590 754	-	-	(82 000)	(19 000)	-	(101 000)	1 489 754
Higher education institutions	31 138	-	-	(300)	(25 838)	-	(26 138)	5 000
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	251 662	-	-	107 027	(6 200)	-	100 827	352 489
Public corporations	233 089	-	-	115 100	(500)	-	114 600	347 689
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	233 089	-	-	115 100	(500)	-	114 600	347 689
Private enterprises	18 573	-	-	(8 073)	(5 700)	-	(13 773)	4 800
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	18 573	-	-	(8 073)	(5 700)	-	(13 773)	4 800
Non-profit institutions	198 577	-	-	50 500	31 000	-	81 500	280 077
Households	7 396	-	-	1 012	5 150	-	6 162	13 558
Social benefits	-	-	-	852	-	-	852	852
Other transfers to households	7 396	-	-	160	5 150	-	5 310	12 706
Payments for capital assets	7 013	-	-	4 040	-	-	4 040	11 053
Buildings and other fixed structures	-	-	-	516	-	-	516	516
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	516	-	-	516	516
Machinery and equipment	7 013	-	-	3 524	-	-	3 524	10 537
Transport equipment	-	-	-	-	-	-	-	-
Other machinery and equipment	7 013	-	-	3 524	-	-	3 524	10 537
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	3 009 296	9 292	-	-	-	-	9 292	3 018 588
Amount to be voted								9 292