

VOTE 4

Economic Development and Tourism

Operational budget	R 206 233 000
MEC remuneration	R 579 000
Total amount to be appropriated	R 206 812 000
Responsible MEC	Mr R. Burrows, Minister of Economic Development and Tourism
Administrating department	Department of Economic Development and Tourism
Accounting officer	Head: Economic Development and Tourism

1. Overview

Vision

The vision of the KwaZulu-Natal department of Economic Development and Tourism is *For KwaZulu-Natal to be a thriving, empowered and globally competitive economy.*

This will ensure that, by the year 2020, KwaZulu-Natal will be a thriving, globally competitive economy that will house dynamic industrial and service sectors, with a world class tourism destination characterised by excellent service standards. There will be a high level of employment, raising the quality of life, and an economic environment supporting empowerment and creating prosperity for all.

Mission statement

The mission statement of the Department of Economic Development and Tourism was agreed to read:

To formulate and implement strategies creating an environment that is conducive to sustainable economic development in KwaZulu-Natal.

Core functions

The core functions of the department are as follows:

- To provide a one-stop economic information shop;
- To contribute to the formulation of economic policy development and articulate the economic development strategy for the province;
- To develop tourism as a key sector of the economy;
- To facilitate the increase in trade between the province and other economic regions;
- To promote economic development through the championing of public-private-partnerships;
- To promote and facilitate economic empowerment programmes;
- To promote technological innovation and increasing competitiveness in the economy;
- To champion initiatives to improve the province's logistics capabilities and enhance key supply chains;
- To provide integrated economic project support for selected categories of projects;
- To provide an effective and efficient consumer protection service; and
- To ensure effective and prudent business regulation in the province.

Legislative mandate

The legislative mandate of the Department of Economic Development and Tourism largely stems from the following main Acts, rules and legislation:

- Constitution of South Africa, specifically Section 125, as well as Schedules 4 and 5
- KwaZulu-Natal Ithala Development Finance Corporation Act 2 of 1999
- KwaZulu-Natal Tourism Act
- Liquor Act of 1989
- Public Service Act, 1994 as amended
- Public Finance Management Act, 1999, as amended
- National Treasury Financial Regulations issued in terms of the PFMA.

Challenges and developments

One of the main challenges facing the department, namely to be more focused and resourceful in addressing the growing unemployment in the province, received greater emphasis over the last year. The 2003 national Growth and Development Summit, and the 2003 mid-term budget statement of the national Minister of Finance clearly indicated government's intention to do more in terms of investing in both short and long term job creating activities. The activities of the department and its public entities in 2003/2004 reflect this growing focus on job creation. While the department continues to focus on creating an environment which stimulates private sector investment and thereby employment generation, there is a need to simultaneously facilitate action initiatives which will also stimulate the creation of jobs in the short term.

Although the budget of this department may remain small, the resources are adequate to invest in strategy development and plans for leveraging private sector investment. But in terms of skills and infrastructure to support the department's policy objectives, greater resources need to be leveraged as a matter of urgency. More personnel need to be employed, but with very specific skill sets, such as economic policy and economic information management. Also urgently required, are infrastructure and financial resources for an efficient economic intelligence service to be provided directly from the department, for the province.

Apart from the basic running costs of the department, and the services which are provided in terms of the department's mandate, there is a new immediate need for the province to find additional financial resources for "strategic" programmes, investments and government led public-private partnerships. The Dube Trade Port, incorporating King Shaka International Airport, clearly falls within this category, as do some of the mega foreign investment projects that the department's public entities Trade and Investment KZN and Ithala have been working on. Other provinces, most notably Gauteng (with its *Blue IQ* set of government driven project investments, such as the *Gautrain*) and the Eastern Cape (with its investment into the new *Coega* port) are investing substantial amounts of money into similar projects, to encourage private sector investment. Likewise, this province needs to make major strategic investments in economic infrastructure and in investment facilitation.

2. Review of the current financial year – 2003/04

In accordance with its targets, the department drafted a provincial industrial development strategy, which sets out a very carefully selected set of initiatives within the manufacturing sub-sectors, in order to raise both the competitive and the employment capacity of these targeted sectors.

In terms of interventions that have produced more immediate outputs relative to the creation of new sustainable jobs, the department's agri-business division has made great strides in moving beyond the "research and analysis" stage of last year. In 2003/04, with the R8 million allocated to agri-business, successful on-the-ground initiatives were implemented in the areas of organic vegetables, honey manufacturing, organic herb production, essential oils manufacturing from organic rose geranium, and cut flowers (*heliconias*, which are being exported to Russia), to name a few.

Within the department's sector and business development unit, support for small and medium sized businesses continued, most significantly through direct support for the 13 local business service centres spread across the province, as well as the 4 manufacturing advisory centres. In addition, the department supported a number of beneficiation projects, one of which is the titanium beneficiation project in Umhlatuze, which is already showing great promise. Other small but important initiatives were championed

in the footwear, arts and craft, aluminium and cultural industries (film and music especially). Last year the department resolved to engage two industries regarding their Black Economic Empowerment (BEE) initiatives in this province. This was not done, partly because of capacity constraints, but also because the outcome of the development of national Black Empowerment legislation was awaited.

Public entities reporting to this department also had a particularly successful year in 2003/04. Ithala reached a milestone with direct registered savings of KZN-based accountholders reaching the R1 billion mark, and a further R100 million was leveraged for on-lending to new and expanding businesses. The KZN Tourism Authority (KZNTA) achieved great success with direct tour charter agreements being struck with operators in the UK and Germany, to add to the ongoing Hungarian charters. KZNTA also launched the new “Zulu Kingdom” tourism brand for the province, to local and national applause. Trade and Investment KwaZulu-Natal underwent extensive strategy and organisational restructuring, which paid off with the agency landing a major job creating investment worth hundreds of millions, in the area of Mooi River/Mpofana (an area with unemployment levels above 85 per cent, since the closure of Mooi River Textiles some years ago).

While maintaining its record for bather protection at specific beaches in the province, the Natal Sharks Board spread its wings internationally, with new partnerships being struck with Mozambique, amongst others. Similarly, the KZN Philharmonic Orchestra (KZNPO) received local, national and international recognition in 2003/04 for its outstanding contribution to arts and culture, as it celebrated its 20th anniversary. The KZNPO continued with its *outreach* programme in the province, taking classical music genres to rural schools and communities, and inspiring many young people to move into this vital industry.

The Richards Bay Industrial Development Zone process made important progress in 2003/04, with Ithala becoming a lead agency in the initiative. However, additional funds are urgently needed for infrastructure development in the IDZ. Finally, the flagship project of the province, the Dube Trade Port, incorporating King Shaka International Airport, continues to make progress. The project’s feasibility study, undertaken in terms of Treasury Regulations pertaining to Public-Private Partnerships, was completed and an application was made for Treasury approval. Other key elements, such as the acquisition of the land at La Mercy from the Airports Company, are being overseen by a Ministerial sub-committee of the Provincial Cabinet, supported by a committee of Heads of Departments.

3. Outlook for the coming financial year – 2004/05

The department aims to make a more measurable impact in its main areas of delivery in 2004/05, encouraging its stakeholders to measure the impact of what it does, both in terms of quantity and quality.

The first key programme of the department is Spatial Economic Coordination. In the Local Economic Development sub-programme, 2004/05 marks the commencement of the implementation of the provincial LED Support Programme, with a 37 million Euro sponsorship of the European Union. In the course of this programme, the department and stakeholders will set specific goals for creating jobs, empowering individuals and communities, black empowerment and local capacity building. In the Agri-business Development sub-programme, the department plans to give direct support to emerging exporters, while continuing the development of new opportunities for beneficiation and new economy niche market products. In 2004/05, the focus will be on only four sub-sectors, namely organics, cut flowers, essential oils and forestry products. The Social Investment sub-programme aims to focus on supporting the development of institutional frameworks that support economic empowerment in rural areas.

The second programme is Business and Sector Development. This programme houses the administration of liquor licensing, the administration of consumer protection services, as well as the provision of support for the growth and development of the small business sector in the province. In 2004/05, greater attention will be paid to agencies of SMME support, i.e. the local business service centres, and there are plans to significantly build their reach and capacity. With regard to sector development, specific initiatives will be implemented in 2004/05 to grow and develop various sectors in the province, including cultural industries, wood furniture, paper products, metals/aluminium, clothing/textiles, and chemicals. This will be undertaken in terms of the provincial industrial strategy.

The third programme of Tourism, Trade and Investment essentially outlines what the department aims to achieve through funding its public entities. In 2004/05, the Tourism Authority has set targets of increasing foreign tourist arrivals to 660,000 (an increase of 5 per cent), and domestic tourists to 8.2 million (an increase of 1 per cent).

Similarly, the promotion of trade and investment, through the activities of Trade and Investment KZN (TIK) and Ithala, is a top priority, since increasing investment and exports are important economic drivers. The aim is to secure a minimum of R1 billion new fixed investment in 2004/05.

The department's fourth programme is Policy Development, with the aim of leading the development and implementation of coordinated policy and strategy with respect to economic development.

The fifth and final line-function programme of the department is Special Projects. For the MTEF period, the most critical special project for the department will remain the Dube Trade Port, incorporating King Shaka International Airport. This is scheduled to be the "deal-making" year for the project, where private sector partners must be found, and the financial agreements concluded. This department similarly sees the development of the Richards Bay Industrial Development Zone (IDZ) as being a critical catalyst for significant new investment flows and high value chain building in the province.

4. Receipts and financing

4.1 Summary of receipts and financing

Table 4.1 below gives the sources of funding used for the Department of Economic Development and Tourism over the seven-year period 2000/01 to 2006/07. The table also compares actual and budgeted receipts against actual and budgeted payments.

Table 4.1: Summary of receipts and financing

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Provincial allocation	118,970	149,026	163,063	191,392	191,392	206,812	218,621	231,738
Total receipts	118,970	149,026	163,063	191,392	191,392	206,812	218,621	231,738
Total payments	115,989	131,785	164,118	192,840	180,803	206,812	218,621	231,738
Surplus/(Deficit) before financing	2,981	17,241	(1,055)	(1,448)	10,589	-	-	-
Financing								
of which								
Provincial roll-overs	188	3,448	10,847	1,448	1,448			
Provincial cash resources		1,037						
Suspension to ensuing year								
Surplus/(deficit) after financing	3,169	21,726	9,792	-	12,037	-	-	-

4.2 Departmental receipts collection

Table 4.2 gives a summary of the receipts collected by the department. Details of departmental receipts are presented in *Annexure to Vote 4 – Economic Development and Tourism*.

The main revenue that the department is responsible for collecting is in respect of liquor licences. In terms of the new Liquor Bill, the Liquor Board is proposed to be a public entity. If the Bill is eventually promulgated, then the Department of Economic Development and Tourism will no longer be responsible for liquor licence revenue collection.

The amount reflected in 2002/03 against *Sales of capital assets* includes portion of the proceeds from the sale of the Washesha Bus Company, a subsidiary of the KwaZulu Transport Company. The KwaZulu Transport Company was liquidated during 2002/03, and the subsidiary was sold as a going concern.

Table 4.2: Details of departmental receipts

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Tax receipts	-	-	-	-	-	-	-	-
Non-tax receipts	786	824	950	700	568	600	600	600
Sale of goods and services other than capital assets	786	824	950	700	568	600	600	600
Fines, penalties and forfeits	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	-	-	-	-	-	-	-	-
Transfers received	-	-	-	-	-	-	-	-
Sales of capital assets	-	-	4,184	-	-	-	-	-
Financial transactions	-	-	-	-	-	-	-	-
Total	786	824	5,134	700	568	600	600	600

5. Payment summary

This section summarises payments and budgeted estimates for the vote in terms of programmes and economic classification in the new economic reporting format. Details according to economic classification are presented in *Annexure to Vote 4 – Economic Development and Tourism*.

5.1 Programme summary

A summary of payments and budgeted estimates per programme of the department is given in Table 4.3 below. The department's budget is made up of six programmes that are directly linked to its core functions, namely Administration, Spatial Economic Co-ordination, Business and Sector Development, Tourism, Trade and Investment, Policy Development and Economic Information, and Special Projects.

Table 4.3: Summary of payments and estimates by programme

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
1. Administration	14,818	21,792	27,053	29,512	27,714	32,136	34,177	35,888
2. Spatial Economic Co-ordination	6,327	5,293	20,062	16,725	15,620	18,237	19,396	22,543
3. Business & Sector Development	7,865	15,088	17,486	33,055	27,625	34,511	36,703	38,541
4. Tourism, Trade & Investment	83,961	85,207	87,691	96,028	96,028	112,824	118,028	123,432
5. Policy Development & Economic Information	-	-	-	3,788	2,827	4,131	4,393	4,613
6. Special Projects	3,018	4,405	11,826	13,732	10,989	4,973	5,924	6,721
Total	115,989	131,785	164,118	192,840	180,803	206,812	218,621	231,738

Note: Programme 1 includes MEC remuneration payable as from 1 April 2003. Salary: R463,356. Car allowance: R115,839

5.2 Summary of economic classification

The summary of payments and budgeted estimates per economic classification is given in Table 4.4 below. With regard to the consistent increase in personnel expenditure over the MTEF, the department plans to significantly strengthen its capacity at management level. The strategic planning process has also resulted in a change to the structure of the department, so that corporate governance capacity is increased by way of recruitment of skilled management personnel.

The upward trend in current transfer payments is as a result of a strategic decision to cease the acquisition of share capital in Ithala in the 2001/02 financial year. As a result, the subsidy to Ithala was increased. The decision to cease the acquisition of share capital in Ithala in 2001/02 resulted in the major downward trend in capital expenditure.

The funding to the KwaZulu-Natal Tourism Authority was similarly increased, to cater for the aviation and charter strategy, aimed at increasing tourism to the province. The main factors contributing to the upward trend in other current expenditure was the devolution of auditors' remuneration, and the provision of office accommodation from other departments.

Table 4.4: Summary of payments and estimates by economic classification

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03					
				2003/04		2004/05	2005/06	2006/07
Current payments	30,110	45,644	75,472	93,522	82,913	90,048	96,405	103,889
Compensation of employees	14,030	17,313	19,282	32,360	22,118	34,841	37,022	39,950
Goods and services	16,080	28,331	56,190	61,162	60,795	55,207	59,383	63,939
Other	-	-	-	-	-	-	-	-
Transfers and subsidies to:	55,901	83,576	87,615	96,132	96,098	113,290	118,522	123,967
Local government	44	56	62	104	70	112	119	129
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Other	55,857	83,520	87,553	96,028	96,028	113,178	118,403	123,838
Payments for capital assets	29,978	2,565	1,031	3,186	1,792	3,474	3,694	3,882
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	29,978	2,565	1,031	3,186	1,792	3,474	3,694	3,882
Other	-	-	-	-	-	-	-	-
Total	115,989	131,785	164,118	192,840	180,803	206,812	218,621	231,738

5.3 Transfers to public entities

Table 4.5 provides a summary of departmental transfers to public entities, details of which are given below.

Ithala Development Finance Corporation – 2000/01 saw the decision to move to project specific funding, instead of the further purchase of non-specific share capital. This served to enhance the accountability of the entity to the department in terms of specific interventions required by the department. A decision was also taken to decrease the level of funding made available to the entity, as the deposit-taking activities were showing profits which could be invested back into the communities in which Ithala operates.

KZN Marketing Initiative (KMI), Regional Economic Council (REC) and Trade and Investment KwaZulu-Natal (TIKZN) – With regard to the functioning of KMI and REC, a policy decision was taken to establish a new entity named Trade and Investment KwaZulu-Natal (TIKZN), combining the two entities. The funding for KMI and REC was discontinued at the end of 2000/01, and TIKZN began operations in the middle of 2001/02. Subsequent years have seen an incremental increase in the level of funding allocated to this entity.

KwaZulu Transport – This entity was liquidated in 2001/02, and the funding ceased in the same year.

KwaZulu-Natal Tourism Authority – Due to the success achieved by this public entity, a significant increase in funding was granted. The expenditure was used to further promote the Province of KwaZulu-Natal as a preferred tourism destination. In 2003/04, an additional R10 million was provided to fund the KwaZulu-Natal aviation and charter strategy for tourism promotion.

Table 4.5: Summary of departmental transfers to public entities

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03					
				2003/04		2004/05	2005/06	2006/07
Ithala	29,000	24,843	18,000	16,000	16,000	27,447	28,555	29,483
Trade & Investment KwaZulu-Natal	-	8,500	14,671	14,146	14,146	15,425	16,405	17,226
KZN Tourism Authority	19,766	27,650	34,000	45,000	45,000	49,070	52,186	54,796
KZN Philharmonic Orchestra	5,000	4,000	4,000	4,000	4,000	4,000	4,000	4,200
Natal Sharks Board	14,762	15,794	16,882	16,882	16,882	16,882	16,882	17,727
Regional Economic Council	1,700	-	-	-	-	-	-	-
KZN Transport	12,200	2,700	-	-	-	-	-	-
KZN Marketing Initiative	1,500	-	-	-	-	-	-	-
SA Lifesaving	33	33	-	-	-	-	-	-
Total	83,961	83,520	87,553	96,028	96,028	112,824	118,028	123,432

6. Programme description

The services rendered by this department are categorised under six programmes, the details of which are discussed at greater length below. The payments and budgeted estimates for each programme are

summarised in terms of the economic classification. Details according to the economic classification are presented in *Annexure to Vote 4 – Economic Development and Tourism*.

6.1 Programme 1: Administration

Programme 1 consists of four sub-programmes, namely Ministry, Finance and General Administration, Human Resource Management, and Communication, Publicity and Information. The main objective is policy formulation by the Minister and the department's management, as well as the following:

- To keep full and proper records of the financial affairs of the department in accordance with the norms and standards of the PFMA and to render administrative and office services;
- To ensure that all aspects of human resources are executed in accordance with the regulations;
- To ensure that the department complies with relevant labour laws and legal imperatives;
- To render and facilitate IT and information support to the department; and
- To provide legal support to the department.

Tables 4.6 and 4.7 illustrate the payments and estimates of this programme over the period 2000/01 to 2005/06. The increasing trend can mainly be ascribed to the need to increase capacity within the finance section, to meet the challenges of the PFMA. In addition, more resources have been provided in the MTEF period to strengthen corporate governance of the department. The devolution of the budget for rental of office accommodation by the Department of Works, as well as the devolution of funds by the Provincial Treasury relating to audit fees, also contributed to this increase.

Table 4.6: Summary of payments and estimates: Programme 1

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
	Ministry	2,649	3,623	5,178	4,107	3,361	4,384	4,629
Finance & General Administration	12,169	13,681	13,876	16,969	16,969	18,553	19,765	20,754
Human Resource Management		3,284	3,307	3,681	2,629	4,014	4,269	4,483
Communication, Publicity & Information		1,204	4,692	4,755	4,755	5,185	5,514	5,790
Total	14,818	21,792	27,053	29,512	27,714	32,136	34,177	35,888

Table 4.7: Summary of payments and estimates by economic classification: Programme 1

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
	Current payments	14,065	21,216	27,016	27,837	26,716	30,153	32,071
Compensation of employees	8,276	9,331	11,429	14,330	11,504	15,376	16,321	17,137
Goods and services	5,789	11,885	15,587	13,507	15,212	14,777	15,750	16,538
Other	-	-	-	-	-	-	-	-
Transfers and subsidies to:	26	30	37	46	37	206	217	229
Local government	26	30	37	46	37	50	52	55
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	156	165	174
Payments for capital assets	727	546	-	1,629	961	1,777	1,889	1,984
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	727	546	-	1,629	961	1,777	1,889	1,984
Other	-	-	-	-	-	-	-	-
Total	14,818	21,792	27,053	29,512	27,714	32,136	34,177	35,888

6.2 Programme 2: Spatial Economic Co-ordination

The purpose of this programme is to facilitate and co-ordinate integrated planning and economic development within the province. This programme consists of three sub-programmes, namely Local Economic Development (LED), Agri-business, and Community Projects.

These sub-programmes are aimed at facilitating and co-ordinating implementation of the local economic development programme, and rural integrated economic frameworks and poverty eradication projects. They are further aimed at unlocking key investment projects and strengthening investment and industrial promotion, leveraging resources through public-private-partnerships, and facilitating the implementation of targeted projects.

The main objective of this programme is to facilitate the formulation and implementation of sustainable economic empowerment strategies and initiatives at the local level, by:

- Setting a broad strategic framework for LED in the province in partnership with relevant stakeholders;
- Providing strategic LED process support to local and district municipalities and their social partners;
- Leading the process of identifying and piloting new agri-business opportunities, and providing support for value-adding in the agricultural sector, with particular emphasis on promoting BEE;
- Facilitating the removal of obstacles to successful exporting in the agri-business sector and assisting in optimising the logistics infrastructure and supply-chain management tools for the growth and empowerment impact of agri-business sectors; and
- Providing resources and support for research, project development and strategy implementation at the local level, assisting local stakeholders to access resources and support from other spheres of government, donors, parastatal organisations, financial and private sector institutions, and other service providers, including giving assistance in terms of access to infrastructure, technical skills training and business management support for effective LED.

Tables 4.8 and 4.9 below summarise payments and budgeted estimates relating to Programme 2 for the period 2000/01 to 2006/07.

The increase in budget allocation is in line with the progress and funding requirements of the Dube Trade Port initiative, championed by the department. An amount of R9,9 million was provided in this programme for the establishment of the Special Purpose Vehicle during 2002/03. This expenditure was utilised to start the operations of the company and fund the process of securing National Treasury approval of the Public Private Partnership (PPP) agreement applicable to the operation.

The downward trend in expenditure for 2002/03 to 2003/04 is as a result of the transfer of the Special Projects component to its own programme, to enhance reporting and accountability.

Table 4.8: Summary of payments and estimates: Programme 2

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
LED	2,926	2,321	10,763	5,591	4,981	6,097	6,485	8,986
Agri-Business	3,401	2,972	9,299	7,753	7,753	8,454	8,991	9,441
Community Projects				3,381	2,886	3,686	3,920	4,116
Total	6,327	5,293	20,062	16,725	15,620	18,237	19,396	22,543

Table 4.9: Summary of payments and estimates by economic classification: Programme 2

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	5,344	5,163	19,827	16,190	15,376	17,610	18,729	21,828
Compensation of employees	2,023	2,754	1,937	4,012	3,122	4,331	4,606	5,911
Goods and services	3,321	2,409	17,890	12,178	12,254	13,279	14,123	15,917
Other	-	-	-	-	-	-	-	-
Transfers and subsidies to:	902	9	6	13	10	58	62	79
Local government	6	9	6	13	10	14	15	19
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Other	896	-	-	-	-	44	47	60
Payments for capital assets	81	121	229	522	234	569	605	636
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	81	121	229	522	234	569	605	636
Other	-	-	-	-	-	-	-	-
Total	6,327	5,293	20,062	16,725	15,620	18,237	19,396	22,543

Service delivery measures

Table 4.10 below illustrates the main service delivery measures pertaining to programme 2: Spatial Economic Co-ordination.

Table 4.10 Service delivery measures – Programme 2: Spatial Economic Co-ordination

Output type	Performance measures	Performance targets	
		2003/04 Estimated actual	2004/05 Estimate
Local Economic Development			
Formulating and coordinating the implementation of provincial LED strategies	<ul style="list-style-type: none"> Amount of leverage No. of Projects 	<ul style="list-style-type: none"> Leverage and Co-ordination of R13m of National LED Funds Twenty Business Plans 5 Township Regeneration Plans 	n/a
Support of Ethekwini	No. of projects supported for Ethekwini	New output	
Alignment of IDP's with Provincial Industrial Development Strategy	No. of IDP's Aligned	New output	61 IDP's aligned by March 2005
Support for Sisonke District	<ul style="list-style-type: none"> Completed LED plan No. of packaged projects emanating from plan 	New output	<ul style="list-style-type: none"> LED Plan complete by April 2004 2 Projects packaged
Support for Zululand Siyaphambili Program	No. of projects packaged	New output	2 Projects packaged
Formation and operational of sub-regional teams	Defined sub-regional services and customer needs	New output	Services defined by July 2004
Support for Uthukela and Amajuba	<ul style="list-style-type: none"> No. of LED plans completed No. of projects packaged 	New output	<ul style="list-style-type: none"> 2 LED Plans 4 Projects packaged
Support for Midlands Investment Initiative	Level of funds leveraged from other resources for Midlands Investment Initiative	New output	Sufficient funds leveraged to make the Midlands Investment Initiative an independent entity by 2008. No longer dependent on Provincial funding
Support for KZN-EC LED Programme	The existence of the KZN-EU LED programme	New output	<ul style="list-style-type: none"> MLRF procured and established PMU procured and established DA procured and established Counterparts appointed Programme operationalised by August 2004
Agri-business			
The promotion of black economic empowerment in the Agri-Business Sub-sector	<ul style="list-style-type: none"> Number of Business Plans Number of Projects 	<ul style="list-style-type: none"> Seven Business Plans 5 Niche Sector Projects 	n/a
Support for Agri-Business product export	Existence of a Market Intelligence Service	Perishable Trade Management Office business plan formulated	Production of a Monthly Agri-Business Market Intelligence Report
Organic sector development	<ul style="list-style-type: none"> No. of Municipality organics support programmes/projects No. of jobs created 	2 Organic support projects (Ndwedwe & Manguzi)	<ul style="list-style-type: none"> 3 support programmes namely : iLembe, Umgungundlovu, & Umkanyakude 200 direct/800 indirect jobs
Cut flower sector development	<ul style="list-style-type: none"> No. of Municipality cut flower programmes/projects No. of jobs created 	1 Cut-flower project in Somopo	<ul style="list-style-type: none"> 2 cut flower projects in UThungulu & Ugu 40 direct/160 indirect jobs
Essential oils sector development	<ul style="list-style-type: none"> No. of Municipality essential oils programmes/projects No. of jobs created 	2 Essential Oil projects (Nkandla & Ingwavuma)	<ul style="list-style-type: none"> 2 support programmes for Nkandla & Tembe cut-grower schemes 140 direct/560 indirect jobs
Agri-Business Policy Development	No of Provincial Agri-Business Policies and Papers produced	New output	1 Provincial Agri-Business Green Paper in partnership with KZN DAEA
Forestry Sector Development	<ul style="list-style-type: none"> No of Municipality Forestry Development programmes No. of jobs created 	1 Honey project (Nyalazi)	<ul style="list-style-type: none"> 2 community forestry projects (Uthukela & Zululand) 40 Direct Jobs/160 Indirect Jobs
Social Investment			
Develop economic potential of rural communities through community projects	<ul style="list-style-type: none"> No. of projects No. of Business plans developed 	<ul style="list-style-type: none"> 3 sewing projects, 3 poultry projects, 1 economic MPC, 1 Rural commercialization strategy 5 Business Plans 	n/a
Developing and institutional framework to support economic empowerment in rural areas	No. of Committees with a constitutions developed	New output	1 sewing, and 1 poultry project
Rural economic project identification and appraisal	<ul style="list-style-type: none"> No. of infrastructure projects completed No. of jobs created 	New output	<ul style="list-style-type: none"> Complete infrastructure for 1 sewing, and 1 poultry project 20 Permanent jobs created in a sewing project, 5 Permanent jobs created in a poultry project

6.3 Programme 3: Business and Sector Development

Programme 3 consists of five sub-programmes, namely Business Development (SMME), Liquor Licensing Administration, Consumer Affairs, Black Economic Empowerment and Sector Development. The latter two new sub-programmes were created in line with the main focus areas of the department, namely black economic empowerment and sector development. The services rendered by this programme are as follows:

- To create an appropriate environment conducive to the development of SMMEs and to raise the level of international competitiveness of SMMEs;
- To facilitate entry to export markets through various programmes;
- To conduct the administration of liquor licensing in terms of the Liquor Act, Act 27 of 89;
- To regulate the liquor industry, including street trading, business licensing and trading hours;
- To provide consumer education, protection, representation, and encourage ethical business conduct;
- To ensure business compliance with legislation to promote orderly and fair trade;
- To significantly increase black economic empowerment in the province, through creating an environment conducive to SMME development and BEE programmes; and
- To facilitate the entry of previously disadvantaged individuals (PDIs) into the economy.

Tables 4.11 and 4.12 below summarise payments and budgeted estimates relating to Programme 3. Expenditure within the programme shows a fairly consistent increase over the past four years, and a similar growth is expected to continue over the MTEF period. This is in line with the emphasis on SMME development, which is an important contributor to economic development, and is therefore one of the department's strategic priorities. The SMME directorate has utilised the increase in funding to expand its successful interventions in the SMME sector. For example, effective interventions were made in the leather, footwear, aluminium and furniture manufacturing sectors. The low 2003/04 Estimated Actual figure is mainly as a result of delays in the appointment of staff, particularly in the Black Economic Empowerment sub-programme. The resultant shortage of staff has led to delays in some of the planned projects.

In addition to the above, the 2001/02 financial year saw the operationalising of the Business Rehabilitation Trust Fund Act. This Fund was designed to assist entrepreneurs to re-establish their businesses which were lost as a result of violence during the political unrest which was prevalent during the previous regime. Increased expenditure was caused by activities undertaken in terms of the Fund's mandate.

Table 4.11: Summary of payments and estimates: Programme 3

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Business Development (SMME)	4,586	10,334	11,028	10,079	10,079	10,990	11,689	12,274
Liquor Licensing Administration	1,165	1,670	2,778	4,559	4,559	4,971	5,286	5,551
Consumer Affairs	2,114	3,084	3,680	6,565	6,565	7,159	7,613	7,994
Black Economic Empowerment				3,797	772	4,141	4,404	4,625
Sector Development				8,055	5,650	7,250	7,711	8,097
Total	7,865	15,088	17,486	33,055	27,625	34,511	36,703	38,541

Table 4.12: Summary of payments and estimates by economic classification: Programme 3

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	7,718	15,003	16,929	32,167	27,140	33,422	35,545	37,324
Compensation of employees	3,302	4,396	4,873	11,038	6,268	11,916	12,673	13,307
Goods and services	4,416	10,607	12,056	21,129	20,872	21,506	22,872	24,017
Other	-	-	-	-	-	-	-	-
Transfers and subsidies to:	11	14	16	35	20	159	169	178
Local government	11	14	16	35	20	38	41	43
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	121	128	135
Payments for capital assets	136	71	541	853	465	930	989	1,039
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	136	71	541	853	465	930	989	1,039
Other	-	-	-	-	-	-	-	-
Total	7,865	15,088	17,486	33,055	27,625	34,511	36,703	38,541

Service delivery measures

Table 4.13 below illustrates the main service delivery measures of programme 3, per sub-programme.

Table 4.13: Service delivery measures – Programme 3: Business and Sector Development

Output type	Performance measures	Performance targets	
		2003/04 Estimated actual	2004/05 Estimate
Business Development			
Development of youth owned businesses Programmes to facilitate or improve SMME access to finance	<ul style="list-style-type: none"> No. of youth operated businesses Existence of a Model for village banking No. of SMME loans approved 	<ul style="list-style-type: none"> 10 youth-owned enterprises 1 New Scheme/fund to facilitate or improve SMME access to finance 	<ul style="list-style-type: none"> 20 youth owned businesses Extended life of the KZN Business Rehabilitation Trust Fund by three years, by the end of April 2004. Establish forum of banks by end of May 2004 to deal with SMME access to finance. Convene quarterly meetings of the forum. Implement micro finance model for the province.
Improved performance and effectiveness of Local Business Service Centres (LBSC)	Fully implemented sustainable operational model for the LBSC's	<ul style="list-style-type: none"> 12 new business management systems implemented in the LBSC's 12 capacity building plans implemented in the LBSC's 	<ul style="list-style-type: none"> An implemented capacity building and sustainability plan for 12 LBSC's. A developed effective mechanism for monitoring and evaluating performance of LBSC's by recording accurate data and statistics on number of new businesses and jobs created. Provide direction and promote effective coordination to SMME support services (e.g. via SMME Service Provider Forum quarterly and monthly meetings). Facilitate closer linkage/synergy with LBSC and MAC programmes 2 Tender advice centres established.
Effective coordination and synergy in SMME service provision	No. of Provincial Service provider Forums convened	4 Provincial SPF meetings and district council meetings	4 provincial SPF meetings and district council meetings.
Improved international competitiveness of local manufacturing firms	No. of manufacturing Advisory Centres (MAC's) established	4 MAC's established	4 MAC's maintained
Support and promotion of Entrepreneurship	<ul style="list-style-type: none"> No. of youth entrepreneurs trained in business management No. of new successful business start-up No. of schools and tertiary institutions teaching entrepreneurship 	100 young entrepreneurs trained	<ul style="list-style-type: none"> Full record of new successful business start-ups and related statistics such as the number of jobs created, increased income compiled by March 2005. 1 partnership with education & training authorities & private sector for promotion of entrepreneurship by June 2004
Liquor Licensing Administration			
Liquor license applications	No. of applications processed	1197 applications processed	1600 applications processed
To facilitate entry of disadvantaged liquor operators into liquor industry	No. of unlicensed traders integrated	1000 unlicensed traders integrated	2250 unlicensed traders integrated
Business Regulation Inspection	No. of Inspections	2500 inspections carried out	2500 inspections carried out
Convert existing licenses into new Act	No. of licenses converted	Nil – New Act not implemented	14000 licenses converted
Consumer Affairs			
Specific Consumer education	No. of consumers/service providers engaged in education programme	480000 consumers	600000 consumers
Provision of General Consumer Information	No. of consumers/service providers aware of their consumer rights through general advertising initiatives	11 million people	13 million people
Consumer Complaints handling	% of complaints successfully handled	77% of complaints successfully handled	84% of complaints successfully handled
Black Economic Empowerment			
Effective strategies to promote BEE around the province	No. of interventions to promote BEE in the province	1 Position paper on BEE	n/a
Facilitation of increased BEE opportunities in various large scale development initiatives around the province	<ul style="list-style-type: none"> No. of interventions to facilitate opportunities for black entrepreneurs to enter large scale business in KZN No. of black entrepreneurs accessing business opportunities in key/strategic initiatives around the province 	<ul style="list-style-type: none"> Developed comprehensive database of key investment & procurement opportunities Established management structure for identification of appropriated BEE participants 	n/a
Develop policy and legislative instruments to promote BEE	Existence of a fully developed and adopted official Provincial BEE policy	1 research paper on different models of BEE	<ul style="list-style-type: none"> Work started on development of policy on BEE 1 stakeholder conference to adopt policy
Facilitate BEE in large-scale investment initiatives	No. of agreements for BEE involvement in major projects	Facilitation started on BEE agreements in construction sector	4 new BEE project agreements
Affirmative procurement monitoring	Existence of an effective monitoring mechanism of affirmative procurement practice	Research started into models for effective monitoring of affirmative procurement policies/strategies	1 assessment report of progress in government's affirmative procurement policies and their impact on BEE
Facilitation of implementation of BEE sector charters in province for selected sectors	Existence of fully developed BEE sector charter	New Programme	Work started on development of KZN BEE sector charters
Sector Development			
Arts and Craft Industry Development programme	<ul style="list-style-type: none"> No. of craft producers assisted in gaining access to market opportunities No. training programmes for the training of craft producers in business/marketing skills 	<ul style="list-style-type: none"> 300 craft producers assisted to gain access to market opportunities 3 training/capacity building programmes with ESKOM, SABS & CSIR facilitated 	<ul style="list-style-type: none"> 300 craft producers assisted to gain access to market opportunities 3 training/capacity building programmes with ESKOM, SABS & CSIR facilitated 1 database of KZN crafters compiled
Development of SMME opportunities in targeted sectors	No. of SMME opportunities facilitated	<ul style="list-style-type: none"> 10 small entrepreneurs within the aluminium sector supported 12 new SMME opportunities in the furniture sector facilitated 5 new SMME opportunities in the entertainment industry facilitated 	n/a

Table 4.13: Service delivery measures – Programme 3: Business and Sector Development

Output type	Performance measures	Performance targets	
		2003/04 Estimated actual	2004/05 Estimate
Development of the Clothing Sector	<ul style="list-style-type: none"> Existence of clothing sector cluster to identify cluster opportunities and role of government support Existence of a niche market report identifying appropriate product and market niche 	New output	<ul style="list-style-type: none"> Fully functioning cluster by March 2005
Development of the ICT/Electronics sector	<ul style="list-style-type: none"> No. of mentorship programmes established between new entrants and established players established No. of opportunities in ICT sector identified 	New output	<ul style="list-style-type: none"> 1 mentorship programme between established players and new entrants for purposes of industry benchmarking 3 opportunities identified
Development of the Music Industry sector	No. of small business opportunities	New output	<ul style="list-style-type: none"> 2 small business opportunity projects by March 2005 1 fully functioning music industry cluster by March 2005
Development of the Wood and Wood Products Sector	<ul style="list-style-type: none"> Existence of industry cluster to improve industry collaboration No. of Trade shows attended No. of training initiatives supported 	New output	<ul style="list-style-type: none"> 2 trade shows/exhibitions attended Support Durban Institute of Training Training Programme concluded Initiative European KZN Design and marketing partnership by March 2005

6.4 Programme 4: Tourism, Trade and Investment

Tables 4.14 and 4.15 below summarise payments and budgeted estimates relating to Programme 4: Tourism, Trade and Investment. Over the past years under review, spending within the programme has mainly been focussed on public entities. More detailed comments in respect of each public entity are provided in section 5.3 above, namely *Transfers to Public Entities*.

The actual expenditure reflected in the tables below for 2001/02 and 2002/03 is slightly higher than the figures reflected in the Public Entity table (Table 4.5) in section 5.3 above, because programme 4 includes capital expenditure relating to provincial motor transport in 2001/02 and 2002/03, as well as public entities.

Table 4.14: Summary of payments and estimates: Programme 4

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited			2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03	2003/04				
Tourism Development & Promotion	19,766	27,650	34,000	45,000	45,000	49,070	52,186	54,796
Beach Tourism Protection Services	14,762	15,794	16,882	16,882	16,882	16,882	16,882	17,727
Cultural Tourism Promotion	5,000	4,000	4,000	4,000	4,000	4,000	4,000	4,200
Trade & Investment Promotion		8,500	14,671	14,146	14,146	15,425	16,405	17,226
Trade & Investment Project Financing		24,843	18,000	16,000	16,000	27,447	28,555	29,483
KZN Transport	12,200	2,700						
KZN Marketing Initiative	1,500							
SA Lifesaving	33	33						
Regional Economic Council	1,700							
Provincial Motor Transport (Capital)		1,687	138					
Trade & Investment Project Financing (Capital)	29,000							
Total	83,961	85,207	87,691	96,028	96,028	112,824	118,028	123,432

Table 4.15: Summary of payments and estimates by economic classification: Programme 4

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited			2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03	2003/04				
Current payments	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers and subsidies to:	54,961	83,520	87,553	96,028	96,028	112,824	118,028	123,432
Local government	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Other	54,961	83,520	87,553	96,028	96,028	112,824	118,028	123,432
Payments	29,000	1,687	138	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	29,000	1,687	138	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	83,961	85,207	87,691	96,028	96,028	112,824	118,028	123,432

6.5 Programme 5: Policy Development and Economic Information

In 2003/04, a new programme, namely Programme 5: Policy Development and Economic Information, was created, in line with the department's strategic objectives. There are two sub-programmes under this programme, Policy Development and Economic Information and Research Services, which seek to provide policy requisites for the implementation of strategic projects, and formulate economic frameworks within the macro-economy of KwaZulu-Natal. An economic information and research service provides readily available economic statistics and information to inform the policy development component, and is responsible for compiling, collating and disseminating this information to the department's customers. Tables 4.16 and 4.17 below illustrate payments and estimates relating to this programme.

Table 4.16: Summary of payments and estimates: Programme 5

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Policy Development				2,807	2,227	3,061	3,256	3,419
Economic Information & Research Services				981	600	1,070	1,137	1,194
Total	-	-	-	3,788	2,827	4,131	4,393	4,613

Table 4.17: Summary of payments and estimates by economic classification: Programme 5

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	-	-	-	3,748	2,742	4,072	4,330	4,545
Compensation of employees	-	-	-	1,455	1,070	1,571	1,671	1,755
Goods and services	-	-	-	2,293	1,672	2,501	2,659	2,790
Other	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	-	5	3	21	22	24
Local government	-	-	-	5	3	5	5	6
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	16	17	18
Payments for capital assets	-	-	-	35	82	38	41	44
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	35	82	38	41	44
Other	-	-	-	-	-	-	-	-
Total	-	-	-	3,788	2,827	4,131	4,393	4,613

Service delivery measures

Table 4.18 below illustrates the main service delivery measures pertaining to programme 5.

Table 4.18 Service delivery measures – Programme 5: Policy Development and Economic Information

Output type	Performance measures	Performance targets	
		2003/04 Estimated actual	2004/05 Estimate
Policy Development			
Public Private Partnership	Existence of a report analyzing trends and showing best PPP practice	New output	1 study and report complete by March 2005
KwaZulu-Natal Economic Review	Existence of a report analyzing economic development trends in KZN	New output	1 Study and report completed by March 2005
Industrial Development Strategy	Existence of a documented and published Industrial Development Strategy for KZN	Strategy document completed	1 Public Stakeholder workshop
Economic Information and Research Services			
Production of Economic Statistics Bulletin	N.o of Economic Statistics Bulletins	Monthly – as from April 2003	Monthly – as from April 2004
Establishment of a resource centre	Existence of a fully functioning Resource Centre	New output	<ul style="list-style-type: none"> Plan for resource centre documented by March 2005 Resources secured and available by March 2005
Conducting analysis of economic trends	No. of research reports available	New output	1 Report by March 2005

6.6 Programme 6: Special Projects

The Special Projects component, formerly located in Programme 2, now falls within this new programme. There is only one sub-programme under this programme, also called Special Projects, the payments and budgeted estimates of which are illustrated in Tables 4.19 and 4.20 below.

The increase in budget allocation is in line with the progress and funding requirements of the Dube Trade Port initiative. This is a provincial initiative aimed at participating in the new world economy, and becoming part of the global supply chain. The Dube Trade Port project incorporates activities relating to King Shaka Airport, the current Durban International Airport Site, Industrial Development Zones, Cyber Port and Cyber Village, as well as an integrated freight rail line strategy. The 2002/03 financial year saw the approval by the National Cabinet for the re-location of the Durban International Airport to La Mercy, which accounts for the sharp rise in the expenditure in this year. This expenditure was utilised to start the operations of the company and fund the process of securing National Treasury approval of the Public Private Partnership (PPP) agreement applicable to the operation.

The additional projects housed in this programme have a defined lifespan and further require high level intervention, and have therefore been prioritised under the Special Projects programme.

Table 4.19: Summary of payments and estimates: Programme 6

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Special Projects	3,018	4,405	11,826	13,732	10,989	4,973	5,924	6,721
Total	3,018	4,405	11,826	13,732	10,989	4,973	5,924	6,721

Table 4.20: Summary of payments and estimates by economic classification: Programme 6

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	2,983	4,262	11,700	13,580	10,939	4,791	5,730	6,517
Compensation of employees	429	832	1,043	1,525	154	1,647	1,751	1,840
Goods and services	2,554	3,430	10,657	12,055	10,785	3,144	3,979	4,677
Other	-	-	-	-	-	-	-	-
Transfers and subsidies to:	1	3	3	5	-	22	24	25
Local government	1	3	3	5	-	5	6	6
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	17	18	19
Payments for capital assets	34	140	123	147	50	160	170	179
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	34	140	123	147	50	160	170	179
Other	-	-	-	-	-	-	-	-
Total	3,018	4,405	11,826	13,732	10,989	4,973	5,924	6,721

Service delivery measures

Table 4.21 below illustrates the main service delivery measures pertaining to programme 6.

Table 4.21 Service delivery measures – Programme 6: Special Projects

Output type	Performance measures	Performance targets	
		2003/04 Estimated actual	2004/05 Estimate
Special Projects			
Dube Trade Port	Existence of the Dube Trade Port	<ul style="list-style-type: none"> Financial transaction advisors appointed Report published 	<ul style="list-style-type: none"> Completed model for financial viability Treasury approval 1 complete Master plan underway
Support of Film Industry in KZN	Existence of a KZN Film Commission	New programme	2 studies and reports on feasibility of establishment of a KZN Film Commission
Development of a tertiary research links	<ul style="list-style-type: none"> Existence of a partnership agreement with HE institution to assist DEDT in research Existence of a masters programme in Transport and Logistic 	1 Signed MOU with HE Institution	<ul style="list-style-type: none"> 1 signed HOU with HE institution Masters programme commenced

Table 4.21 Service delivery measures – Programme 6: Special Projects

Output type	Performance measures	Performance targets	
		2003/04 Estimated actual	2004/05 Estimate
Pilot Freight Village	Developed framework for establishment of a pilot Freight Village in KZN to support the Dube Trade Port	Proposals for an in-depth study has been completed but not awarded due to delays	n/a
Establish a township regeneration project	No. of Township regeneration projects	1 Township Media Centre project conceptualized	1 Township Media Centre project MOU signed
Establish of African Festival	Successful African Union festival to commemorate the launch of AU in KZN	<ul style="list-style-type: none"> • Concept paper developed • Proposals for funding submitted to donors and funders 	n/a
Establishment of viable Bed & Breakfast, Guest Houses and hospitality industry in the Townships	No. of project plans to establish bed and breakfast operators in targeted townships	1 proposal for funding completed and submitted to funders and donors	n/a
Southern Industrial Area development support	No. of projects supported	New programme	1 project supported and 1 partnership agreement between Ethekwini and DEDT signed
Midlands Logistics Network support	No. of completed studies to understand the Midlands Logistics Network	New programme	1 Study completed by March 2005
Provision of Economic intelligence	Fully functioning unit within the department	New programme	Unit operational by March 2005

7. Other programme information

7.1 Personnel numbers and costs

Table 4.22 below summarises the approved establishment per programme as well as the total personnel costs of the department. Personnel costs have increased as a result of changes in the approved establishment of the department, mainly due to the creation of new posts in terms of the departmental strategic plan.

Table 4.22: Personnel numbers and costs

Personnel numbers	As at					
	31 March 2000	31 March 2001	31 March 2002	31 March 2003	31 March 2004	31 March 2005
Programme 1: Administration	103	107	54	61	60	60
Programme 2: Spatial Economic Co-ordination			17	33	13	13
Programme 3: Business & Sector Development			42	13	41	41
Programme 4: Tourism, Trade & Investment			-	-		
Programme 5: Policy Development & Economic Information					4	4
Programme 6: Special Projects					2	2
Total	103	107	113	107	120	120
Total personnel cost (R000)	11,319	13,152	17,369	19,088	21,651	34,769
Unit cost (R000)	110	123	154	178	180	290

7.2 Training

Table 4.23 below reflects the expenditure and estimates for training for the seven year period. The increase in the training costs from the previous year is a result of the government policy on human resource development. Departments are required by the Skills Development Act to budget at least 1 percent of its personnel expense on staff training.

Table 4.23 Expenditure on training

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Programme 1: Administration	88	98	83	698	138	746	787	827
Programme 2: Spatial Economic Co-ordination		20	1	259	40	275	290	315
Programme 3: Business & Sector Development		44	28	668	161	308	346	385
Programme 4: Tourism, Trade & Investment								
Programme 5: Policy Development & Economic Information				165	15	174	183	193
Programme 6: Special Projects				47		51	54	56
Total	88	162	112	1,837	354	1,554	1,660	1,776

ANNEXURE TO VOTE 4 – ECONOMIC DEVELOPMENT AND TOURISM

Table 4.A: Details of departmental receipts

R000	Outcome			Adjusted budget 2003/04	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2004/05	2005/06	2006/07
Tax receipts	-	-	-	-	-	-	-	-
Casino taxes								
Motor vehicle licenses								
Horseracing								
Other taxes								
Non-tax receipts	786	824	950	700	568	600	600	600
Sale of goods and services other than capital asset	786	824	950	700	568	600	600	600
Sales of goods and services produced by dept.	786	824	950	700	568	600	600	600
Sales by market establishments								
Administrative fees								
Other sales	786	824	950	700	568	600	600	600
Sales of scrap, waste, arms and other used current goods (excluding capital assets)								
Fines, penalties and forfeits								
Interest, dividends and rent on land	-	-	-	-	-	-	-	-
Interest								
Dividends								
Rent on land								
Transfers received from:	-	-	-	-	-	-	-	-
Other governmental units								
Universities and technikons								
Foreign governments								
International organisations								
Public corporations and private enterprises								
Households and non-profit institutions								
Sales of capital assets	-	-	4,184	-	-	-	-	-
Land and subsoil assets								
Other capital assets			4,184					
Financial transactions	-	-	-	-	-	-	-	-
Total	786	824	5,134	700	568	600	600	600

Table 4.B: Details of payments and estimates by economic classification

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	30,110	45,644	75,472	93,522	82,913	90,048	96,405	103,889
Compensation of employees	14,030	17,313	19,282	32,360	22,118	34,841	37,022	39,950
Salaries and wages	11,871	14,648	16,313	27,375	18,712	29,419	31,262	33,734
Social contributions	2,159	2,665	2,969	4,985	3,406	5,422	5,760	6,216
Goods and services	16,080	28,331	56,190	61,162	60,795	55,207	59,383	63,939
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-
Transfers and subsidies to:	55,901	83,576	87,615	96,132	96,098	113,290	118,522	123,967
Local government	44	56	62	104	70	112	119	129
Municipalities	44	56	62	104	70	112	119	129
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	55,857	83,520	87,553	96,028	96,028	113,178	118,403	123,838
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	55,857	83,520	87,553	96,028	96,028	113,178	118,403	123,838
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Foreign governments and international organisation	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-
Payments for capital assets	29,978	2,565	1,031	3,186	1,792	3,474	3,694	3,882
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	29,978	2,565	1,031	3,186	1,792	3,474	3,694	3,882
Transport equipment	29,000	1,687	138	-	-	-	-	-
Other machinery and equipment	978	878	893	3,186	1,792	3,474	3,694	3,882
Cultivated assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Total	115,989	131,785	164,118	192,840	180,803	206,812	218,621	231,738

Table 4.C: Details of payments and estimates by economic classification - Programme 1

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	14,065	21,216	27,016	27,837	26,716	30,153	32,071	33,675
Compensation of employees	8,276	9,331	11,429	14,330	11,504	15,376	16,321	17,137
Salaries and wages	7,004	7,897	9,672	12,120	9,736	12,988	13,786	14,476
Social contributions	1,272	1,434	1,757	2,210	1,768	2,388	2,535	2,661
Goods and services	5,789	11,885	15,587	13,507	15,212	14,777	15,750	16,538
<i>of which</i>								
Administrative costs	3,342	4,789	4,925	5,455	5,255	5,998	6,413	6,740
Consultant fees	1,894	3,979	6,604	3,368	3,368	3,673	3,906	4,105
Other	553	3,117	4,058	4,684	6,589	5,106	5,431	5,693
Interest and rent on land	-	-	-	-	-	-	-	-
Interest								
Rent on land								
Financial transactions in assets and liabilities								
Unauthorised expenditure								
Transfers and subsidies to:	26	30	37	46	37	206	217	229
Local government	26	30	37	46	37	50	52	55
Municipalities	26	30	37	46	37	50	52	55
Municipal agencies and funds								
Departmental agencies and accounts	-	-	-	-	-	156	165	174
Social security funds								
Entities receiving funds						156	165	174
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Private enterprises	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Foreign governments and international organisation								
Non-profit institutions								
Households	-	-	-	-	-	-	-	-
Social benefits								
Other transfers to households								
Payments for capital assets	727	546	-	1,629	961	1,777	1,889	1,984
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings								
Other fixed structures								
Machinery and equipment	727	546	-	1,629	961	1,777	1,889	1,984
Transport equipment								
Other machinery and equipment	727	546	-	1,629	961	1,777	1,889	1,984
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Total	14,818	21,792	27,053	29,512	27,714	32,136	34,177	35,888

Table 4.D: Details of payments and estimates by economic classification - Programme 2

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	5,344	5,163	19,827	16,190	15,376	17,610	18,729	21,828
Compensation of employees	2,023	2,754	1,937	4,012	3,122	4,331	4,606	5,911
Salaries and wages	1,711	2,329	1,638	3,395	2,640	3,656	3,888	4,990
Social contributions	312	425	299	617	482	675	718	921
Goods and services	3,321	2,409	17,890	12,178	12,254	13,279	14,123	15,917
<i>of which</i>								
Consultant fees	3,048	1,797	15,695	10,734	10,369	11,704	12,448	13,083
Other	273	612	2,195	1,444	1,885	1,575	1,675	2,834
Interest and rent on land	-	-	-	-	-	-	-	-
Interest								
Rent on land								
Financial transactions in assets and liabilities								
Unauthorised expenditure								
Transfers and subsidies to:	902	9	6	13	10	58	62	79
Local government	6	9	6	13	10	14	15	19
Municipalities	6	9	6	13	10	14	15	19
Municipal agencies and funds								
Departmental agencies and accounts	896	-	-	-	-	44	47	60
Social security funds								
Entities receiving funds	896					44	47	60
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Private enterprises	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Foreign governments and international organisations								
Non-profit institutions								
Households	-	-	-	-	-	-	-	-
Social benefits								
Other transfers to households								
Payments for capital assets	81	121	229	522	234	569	605	636
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings								
Other fixed structures								
Machinery and equipment	81	121	229	522	234	569	605	636
Transport equipment								
Other machinery and equipment	81	121	229	522	234	569	605	636
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Total	6,327	5,293	20,062	16,725	15,620	18,237	19,396	22,543

Table 4.E: Details of payments and estimates by economic classification - Programme 3

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	7,718	15,003	16,929	32,167	27,140	33,422	35,545	37,324
Compensation of employees	3,302	4,396	4,873	11,038	6,268	11,916	12,673	13,307
Salaries and wages	2,793	3,718	4,121	9,335	5,301	10,059	10,699	11,234
Social contributions	509	678	752	1,703	967	1,857	1,974	2,073
Goods and services	4,416	10,607	12,056	21,129	20,872	21,506	22,872	24,017
<i>of which</i>								
Consultant fees	3,460	9,395	9,782	17,295	15,605	17,325	18,426	19,366
Other	956	1,212	2,274	3,834	5,267	4,181	4,446	4,651
Interest and rent on land	-	-	-	-	-	-	-	-
Interest								
Rent on land								
Financial transactions in assets and liabilities								
Unauthorised expenditure								
Transfers and subsidies to:	11	14	16	35	20	159	169	178
Local government	11	14	16	35	20	38	41	43
Municipalities	11	14	16	35	20	38	41	43
Municipal agencies and funds								
Departmental agencies and accounts	-	-	-	-	-	121	128	135
Social security funds								
Entities receiving funds						121	128	135
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Private enterprises	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Foreign governments and international organisation								
Non-profit institutions								
Households	-	-	-	-	-	-	-	-
Social benefits								
Other transfers to households								
Payments for capital assets	136	71	541	853	465	930	989	1,039
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings								
Other fixed structures								
Machinery and equipment	136	71	541	853	465	930	989	1,039
Transport equipment								
Other machinery and equipment	136	71	541	853	465	930	989	1,039
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Total	7,865	15,088	17,486	33,055	27,625	34,511	36,703	38,541

Table 4.F: Details of payments and estimates by economic classification - Programme 4

R000	Outcome			Adjusted budget 2003/04	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2004/05	2005/06	2006/07
Current payments	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-
Salaries and wages								
Social contributions								
Goods and services	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-
Interest								
Rent on land								
Financial transactions in assets and liabilities								
Unauthorised expenditure								
Transfers and subsidies to:	54,961	83,520	87,553	96,028	96,028	112,824	118,028	123,432
Local government	-	-	-	-	-	-	-	-
Municipalities								
Municipal agencies and funds								
Departmental agencies and accounts	54,961	83,520	87,553	96,028	96,028	112,824	118,028	123,432
Social security funds								
Entities receiving funds	54,961	83,520	87,553	96,028	96,028	112,824	118,028	123,432
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production								
Other transfers								
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production								
Other transfers								
Foreign governments and international organisations								
Non-profit institutions								
Households	-	-	-	-	-	-	-	-
Social benefits								
Other transfers to households								
Payments for capital assets	29,000	1,687	138	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings								
Other fixed structures								
Machinery and equipment	29,000	1,687	138	-	-	-	-	-
Transport equipment	29,000	1,687	138					
Other machinery and equipment								
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Total	83,961	85,207	87,691	96,028	96,028	112,824	118,028	123,432

Budget Statement 2

Table 4.G: Details of payments and estimates by economic classification - Programme 5

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	-	-	-	3,748	2,742	4,072	4,330	4,545
Compensation of employees	-	-	-	1,455	1,070	1,571	1,671	1,755
Salaries and wages				1,232	905	1,326	1,411	1,481
Social contributions				223	165	245	260	274
Goods and services	-	-	-	2,293	1,672	2,501	2,659	2,790
<i>of which</i>								
Consultant fees				1,350	1,350	1,472	1,566	1,646
Other				943	322	1,029	1,093	1,144
Interest and rent on land	-	-	-	-	-	-	-	-
Interest								
Rent on land								
Financial transactions in assets and liabilities								
Unauthorised expenditure								
Transfers and subsidies to:	-	-	-	5	3	21	22	24
Local government	-	-	-	5	3	5	5	6
Municipalities				5	3	5	5	6
Municipal agencies and funds								
Departmental agencies and accounts	-	-	-	-	-	16	17	18
Social security funds								
Entities receiving funds						16	17	18
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Private enterprises	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Foreign governments and international organisation								
Non-profit institutions								
Households	-	-	-	-	-	-	-	-
Social benefits								
Other transfers to households								
Payments for capital assets	-	-	-	35	82	38	41	44
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings								
Other fixed structures								
Machinery and equipment	-	-	-	35	82	38	41	44
Transport equipment								
Other machinery and equipment				35	82	38	41	44
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Total	-	-	-	3,788	2,827	4,131	4,393	4,613

Table 4.H: Details of payments and estimates by economic classification - Programme 6

R000	Outcome			Adjusted budget	Estimated actual	Medium-term estimates		
	Audited 2000/01	Audited 2001/02	Audited 2002/03			2003/04	2004/05	2005/06
Current payments	2,983	4,262	11,700	13,580	10,939	4,791	5,730	6,517
Compensation of employees	429	832	1,043	1,525	154	1,647	1,751	1,840
Salaries and wages	363	704	882	1,293	130	1,390	1,478	1,553
Social contributions	66	128	161	232	24	257	273	287
Goods and services	2,554	3,430	10,657	12,055	10,785	3,144	3,979	4,677
<i>of which</i>								
Consultant fees	2,397	3,273	10,559	11,400	10,727	2,431	3,220	3,894
Other	157	157	98	655	58	713	759	783
Interest and rent on land	-	-	-	-	-	-	-	-
Interest								
Rent on land								
Financial transactions in assets and liabilities								
Unauthorised expenditure								
Transfers and subsidies to:	1	3	3	5	-	22	24	25
Local government	1	3	3	5	-	5	6	6
Municipalities	1	3	3	5	-	5	6	6
Municipal agencies and funds								
Departmental agencies and accounts	-	-	-	-	-	17	18	19
Social security funds								
Entities receiving funds						17	18	19
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Private enterprises	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>								
<i>Other transfers</i>								
Foreign governments and international organisations								
Non-profit institutions								
Households	-	-	-	-	-	-	-	-
Social benefits								
Other transfers to households								
Payments for capital assets	34	140	123	147	50	160	170	179
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings								
Other fixed structures								
Machinery and equipment	34	140	123	147	50	160	170	179
Transport equipment								
Other machinery and equipment	34	140	123	147	50	160	170	179
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Total	3,018	4,405	11,826	13,732	10,989	4,973	5,924	6,721

