



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

EASTERN CAPE PROVINCIAL PUBLIC ENTITIES

2015/16

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FOREWORD

Public entities have a prominent role to play in realizing and ensuring sound economic growth, development and stability. They are fundamental in driving the economic mandate of government through the support and development of key business sectors and industries.

However, given the current fiscal position of the province, persistent inefficiencies in the operations of public entities and a lack of value for money on investments made by these public entities, a greater focus is now on improving efficiencies, as such Schedule 3D entities will only be funded for capital expenditure. Furthermore, Provincial Treasury has committed itself to performing a detailed holistic overview of all public entities and subsidiaries in relation to their main functions, key activities, and revenue and expenditure streams in order to identify possible overlaps, gaps and possibilities for rationalization.

The review will also look at ways of creating value for money through the alignment of budgets of public entities to government policy imperatives. The above will also entail the re-allocation of resources to sectors, industries and projects with high economic impact.


Focus will also be put on the assessment of the provincial Industrial Development Zones (IDZs) in line with enhancing regional exporting capacity and diversifying the economic sectors supported by the province.

As enacted in the Special Economic Zones (SEZs) Bill, the mandate of these IDZs has broadened and are responsible for the effective and efficient implementation of government's economic initiatives.

Over the MTEF, the following areas will be prioritized by public entities:

- Renewable Energy: Through the provision of solar systems and bio-digesters as alternative sources of energy to communities that are not connected to the national grid.
- It would be in the interest of the province to preserve the establishment of the Wild Coast SEZ. Preparation and ensuring levers that will make this IDZ viable are in place.
- Agro-Processing: Support of credible business plans and ideas in the agro-sector.
- Enhanced revenue collection through the issuing of more gambling and bingo licences.
- Refining and implementing a destination marketing strategy with an aim of improving the Eastern Cape's brand as a tourism destination.
- Ensure massive production and processing of maize and sorghum through the Rural Enterprise Development hubs (RED) and implementing a forestry and timber development project.
- Support to SMMEs, co-operatives and those implementing High Impact Priority Projects and also invest in the promotion of local trade to the global market in order to attract foreign investors to the province.

It is both in the interest of the EC Government and the private sector to continue working hand in hand in developing the province, creating job opportunities and ensuring value for money is created through the programmes implemented by these entities and the lives of EC citizenry improves for the better.



Honourable Sakhumzi Somyo
MEC for Finance and Economic Development

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LIST OF ACRONYMS

AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ARDA	Agrarian Research and Development Agency
BCMM	Buffalo City Metropolitan Municipality
CATHSSETA	Culture Arts Tourism Hospitality Sport Sector Education and Training Authority
CDC	Coega Development Corporation
CEO	Chief Executive Officer
CoE	Compensation of Employees
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoT	Department of Transport
DEDEAT	Department of Economic Development, Environment Affairs and Tourism
DRDAR	Department of Rural Development and Agrarian Reform
DSDSP	Department of Social Development and Special Programmes
DSRAC	Department of Sport, Recreation, Arts and Culture
DTI	Department of Trade and Industry
ECDC	Eastern Cape Development Corporation
ECGBB	Eastern Cape Gambling and Betting Board
ECLB	Eastern Cape Liquor Board
ECPACC	Eastern Cape Provincial Arts and Culture Council
ECPTA	Eastern Cape Parks and Tourism Agency
ECRDA	Eastern Cape Rural Development Agency
ECSECC	Eastern Cape Socio-Economic Consultative Council
ELIDZ	East London Industrial Development Zone
EPRE	Estimates of Provincial Revenue and Expenditure
FAS	Foetal Alcohol Syndrome
GEF	Global Environmental Foundation
HIPP	High Impact Priority Programme
IDZ	Industrial Development Zones
MDA	Manufacturing Development Act 187 of 1993
MEC	Member of Executive Council
METT-SA	Management Effective Tracking Tool- South Africa
MTC	Mayibuye Transport Corporation
MTEF	Medium-Term Expenditure Framework
NAF	National Arts Festival
NDP	National Development Plan
NFVF	National Film and Video Foundation
NT	National Treasury
OEM	Original Equipment Manufacture
OTP	Office of the Premier

PEOH	Port Elizabeth Opera House
PFMA	Public Finance Management Act 1 of 1999 (as amended)
PICC	Presidential Infrastructure Coordinating Committee
PSDF	Provincial Spatial Development Framework
PT	Provincial Treasury
RED	Rural Enterprise Development
RFP	Request for Proposal
SABC	South African Broadcasting Corporation
SANBI	South African National Bio-diversity Institute
SAPS	South African Police Service
SATMA	South African Traditional Music Awards
SEZ	Special Economic Zone
SEZ Act	Special Economic Zone Act 16 of 2014
SIIDP	Social Integrated Infrastructure Development Programme
SMME	Small Medium and Micro Enterprise
TEP	Tourism Enterprise Partnership
TVET	Technical and Vocational Education and Training.

Overview

The Eastern Cape Government has ten provincial public entities. Six of these are listed as government non-business entities (Schedule 3C) in the Public Finance Management Act 1 of 1999 (PFMA) as amended, namely:

- Eastern Cape Socio Economic Consultative Council (ECSECC)
- Eastern Cape Rural Development Agency (ECRDA)
- Eastern Cape Parks and Tourism Agency (ECPTA)
- Eastern Cape Gambling and Betting Board (ECGBB)
- Eastern Cape Liquor Board (ECLB)
- Eastern Cape Provincial Arts and Culture Council (ECPACC)

The other four public entities are listed as government business enterprises (Schedule 3D) in the PFMA, namely:

- Eastern Cape Development Corporation (ECDC)
- East London Industrial Development Zone (ELIDZ)
- Mayibuye Transport Corporation (MTC)

Coega Development Corporation (CDC) has not been included as it is a 50 per cent subsidiary of ECDC and ECDC should thus consolidate the entity into its own numbers and strengthen oversight.

Summary of transfers to provincial public entities

Table A: Summary of transfers to provincial public entities

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% growth	
	Audited outcome			Revised Estimate	Medium-term estimate			% change from 2014/15	Avg from 2015/16 to 2017/18
R thousand									
E01 IDZ: East London Industrial Development Zone (Pty) Ltd (ELIDZ)	141 614	46 051	114 907	114 092	94 932	100 868	106 767	(16,8)	6,1
E02 ECD: Eastern Cape Development Corporation (ECDC)	92 157	146 991	202 720	155 535	207 680	146 509	155 435	33,5	(11,7)
E03 PAC: Eastern Cape Provincial Arts and Culture Council (ECPACC)	14 156	13 953	11 823	11 823	12 091	12 678	13 312	2,3	4,9
E04 GBB: Eastern Cape Gambling and Betting Board (ECGBB)	31 187	35 687	42 687	42 748	43 843	45 454	47 551	2,6	4,1
E05 ELB: Eastern Cape Liquor Board (ECLB)	32 325	33 204	43 006	42 736	41 942	43 728	45 841	(1,9)	4,5
E06 PTA: Eastern Cape Parks and Tourism Board (ECPTA)	162 899	189 562	227 119	207 882	193 081	191 204	197 116	(7,1)	1,1
E07 RDA: Eastern Cape Rural Development Agency (ECRDA)	37 072	155 000	138 137	213 671	151 573	147 522	154 898	(29,1)	1,2
E08 SEC: Eastern Cape Socio Economic Consultative Council (ECSECC)	34 271	39 879	44 540	48 908	41 737	37 011	40 862	(14,7)	(0,5)
E09 MTC: Mayibuye Transport Corporation (MTC)	61 429	68 773	102 088	116 511	108 990	112 928	118 574	(6,5)	4,3
Total payments and estimates	607 110	729 100	927 027	953 906	895 870	837 901	880 356	(6,1)	(0,7)
Total provincial payments and estimates	53 739 042	56 155 801	60 939 748	62 141 204	64 504 326	65 997 960	71 207 339	3,8	2,3
Percentage Share	1,1%	1,3%	1,5%	1,5%	1,4%	1,3%	1,2%	(9,5)	(8,6)

* Eastern Cape Appropriate Technology Unit (ECATU) ceased to exist as of end 2013/14.

Source: Provincial Treasury Database, 2015/16

Table A above indicates that total transfers to public entities increased from R607.110 million in 2011/12 to a revised estimate of R953.906 million in 2014/15 mainly due to additional funding of R330 million provided to ECDC for the implementation of Social Integrated Infrastructure Development Programme (SIIDP) and R70 million to ECRDA for the implementation of Rural Enterprise Development Hubs. In 2015/16, total transfers are projected to decrease from a revised estimate of R953.906 million to R895.869 million representing a decrease of 6.1 per cent due to the budget cuts implemented across most entities. Over the 2015 MTEF, transfers to public entities are projected to decrease by an average annual rate of 0.7 per cent.

Provincial Treasury will continue monitoring the financial performance of all provincial public entities to ensure the effective and efficient utilization of allocated funds and focus on core-items.

Revenue

Table B: Summary of actual revenue and estimates by source and entity

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised Estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue	-	-	-	-	-	-	-	
Non-tax revenue	288 420	487 293	538 022	388 793	412 507	425 998	460 600	6.1
Sale of goods and services other than capital assets	79 240	231 905	136 117	110 539	119 680	129 770	144 044	8.3
Of which:								
Admin fees	31 218	35 350	40 482	66 217	64 568	64 214	65 082	(2.5)
Sales by market establishments	23 851	27 642	26 525	30 294	38 294	48 834	60 890	26.4
Other sales	24 171	168 913	69 110	14 028	16 818	16 722	18 073	19.9
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	113 247	141 194	143 464	151 425	167 262	162 332	171 873	10.5
Other non-tax revenue	95 933	114 194	258 441	126 829	125 565	133 896	144 683	(1.0)
Transfers received	607 110	729 100	927 027	953 906	895 869	837 903	880 355	(6.1)
Sale of capital assets	(5 652)	(744)	736	-	-	-	-	0.0
Total revenue	889 878	1 215 649	1 465 785	1 342 699	1 308 376	1 263 902	1 340 956	(2.6)
E01 IDZ: East London Industrial Development Zone (Pty) Ltd (ELIDZ)	191 699	261 783	390 644	204 928	192 127	204 501	211 922	(6.2)
E02 ECD: Eastern Cape Development Corporation (ECDC)	243 201	329 966	397 713	353 293	440 812	375 485	402 896	24.8
E03 PAC: Eastern Cape Provincial Arts and Culture Council (ECPACC)	14 478	15 320	12 586	12 768	12 826	13 474	14 174	0.5
E04 GBB: Eastern Cape Gambling and Betting Board (ECGBB)	37 620	44 695	50 390	54 765	52 583	52 707	55 456	(4.0)
E05 ELB: Eastern Cape Liquor Board (ECLB)	32 523	33 511	43 560	42 936	42 142	43 930	46 041	(1.8)
E06 PTA: Eastern Cape Parks and Tourism Board (ECPA)	181 443	210 472	244 565	234 296	213 012	212 606	219 801	(9.1)
E07 RDA: Eastern Cape Rural Development Agency (ECRDA)	51 026	181 157	151 307	230 008	165 687	162 257	170 164	(28.0)
E08 SEC: Eastern Cape Socio Economic Consultative Council (ECSECC)	40 713	42 141	45 536	49 068	41 902	37 180	41 037	(14.6)
E09 MTC: Mayibuye Transport Corporation (MTC)	97 175	96 604	129 484	160 636	147 284	161 762	179 464	(8.3)
Total Revenue and estimates	889 878	1 215 649	1 465 785	1 342 699	1 308 376	1 263 902	1 340 956	(2.6)

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Table B above shows the summary of actual and projected revenue trends from the 2011/12 to 2017/18 financial years. Total revenue increased from R889.878 million in 2011/12 to a revised estimate of R1.343 billion in 2014/15. This is mainly due to an increase in government transfers to ECDC and ECRDA over the period. In 2015/16, total revenue is projected to decrease by 2.6 per cent when compared to the 2014/15 revised estimate. Furthermore, government transfers are projected at R895.869 million and non-tax revenue at R412.507 million of the total projected revenue in 2015/16.

Expenditure

Table C: Summary of actual and projected expenditure

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% growth	
	Audited outcome			Revised Estimate	Medium-term estimate			% change from 2014/15	Avg from 2015/16 to 2017/18
R thousand									
Expenses									
Current expense	1 143 217	1 088 604	1 232 725	1 286 155	1 263 842	1 191 123	1 240 870	(1.7)	(0.8)
Compensation of employees	367 460	416 887	473 808	514 610	558 062	580 504	609 157	8.4	4.5
Use of goods and services	724 284	565 859	649 677	724 369	666 746	572 919	593 061	(8.0)	(5.3)
Depreciation	44 218	99 944	102 426	40 501	31 946	30 135	30 584	(21.1)	(2.1)
Unauthorised expenditure	4 179	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	3 076	5 915	6 814	6 676	7 088	7 565	8 068	6.2	6.7
Interest	1 720	3 476	4 444	776	688	665	668	(11.4)	(1.5)
Dividends	-	-	-	-	-	-	-	-	-
Rent on land	1 356	2 439	2 370	5 900	6 400	6 900	7 400	8.5	7.5
Transfers and subsidies	10 000	57 888	62 300	56 543	28 224	31 862	33 804	(50.1)	9.5
Total Expenditure and Estimates	1 153 217	1 146 492	1 295 025	1 342 698	1 292 066	1 222 985	1 274 674	(3.8)	(0.6)
E01 IDZ: East London Industrial Development Zone (Pty) Ltd (ELIDZ)	311 080	194 753	203 909	204 928	192 127	204 501	211 922	(6.2)	5.0
E02 ECD: Eastern Cape Development Corporation (ECDC)	292 957	313 695	347 910	353 293	424 503	334 567	336 614	20.2	(10.3)
E03 PAC: Eastern Cape Provincial Arts and Culture Council (ECPACC)	15 695	15 444	13 697	12 768	12 826	13 474	14 174	0.5	5.1
E04 GBB: Eastern Cape Gambling and Betting Board (ECGBB)	42 186	45 442	51 329	54 765	52 583	52 708	55 456	(4.0)	2.7
E05 ELB: Eastern Cape Liquor Board (ECLB)	32 455	32 886	40 365	42 936	42 142	43 930	46 041	(1.8)	4.5
E06 PTA: Eastern Cape Parks and Tourism Board (ECPA)	166 773	254 213	299 387	234 296	213 012	212 606	219 801	(9.1)	1.6
E07 RDA: Eastern Cape Rural Development Agency (ECRDA)	146 934	144 266	152 435	230 008	165 688	162 257	170 165	(28.0)	1.4
E08 SEC: Eastern Cape Socio Economic Consultative Council (ECSECC)	39 273	44 441	45 175	49 068	41 902	37 180	41 037	(14.6)	(0.4)
E09 MTC: Mayibuye Transport Corporation (MTC)	105 865	101 352	140 818	160 636	147 284	161 762	179 464	(8.3)	10.4
Total Expenditure and estimate	1 153 217	1 146 492	1 295 025	1 342 698	1 292 066	1 222 985	1 274 674	(3.8)	(0.6)

Source: Provincial Treasury Database, 2015/16

Table C above shows a summary of payments and projected expenditure from the 2011/12 to the 2017/18 financial years. Total expenditure increased from R1.153 billion in 2011/12 to a revised estimate of R1.343 billion in 2014/15. In 2015/16, total expenditure is projected to decrease by 3.8 percent to R1.292 billion, due to budget cuts implemented throughout the 2015 MTEF. Over the 2015 MTEF, total expenditure is projected to decrease at an average annual rate of 0.6 per cent.

Expenditure on Compensation of Employees grew from R367.460 million in 2011/12 to the revised estimate of R514.610 million in 2014/15. Furthermore, the expenditure on compensation of employees is projected to grow by 8.4 per cent in 2015/16, above the CPI inflation rate. Over the MTEF, compensation of employees is projected to grow at an average annual rate of 4.5 per cent.

Expenditure on Goods and Services includes all operational expenditure incurred in the carrying out of mandated activities and spending in this category accounts for the largest share of total expenditure. Expenditure on Goods and Services increased from R724.284 million in 2011/12 to a revised estimate of R724.369 million in 2014/15. In 2015/16, the expenditure on Goods and Services is projected to decrease to R666.746 million due to the implementation of austerity measures reducing particularly allocations to non-core items. Over the 2015 MTEF expenditure on Goods and Services is projected to decrease from R666.746 million in 2015/16 to R593.061 million in 2017/18.

Personnel information

Table D: Summary of actual and projected personnel numbers, including Accounting Authorities (Board of Directors).

Level / classification	Actual			Mid-year	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Board Members	85	78	82	82	77	82	82
Executive management	32	33	37	39	36	37	43
Senior management (inc. specialists)	85	98	95	106	96	97	117
Middle management	92	112	119	128	117	121	144
Professionals	289	298	304	361	352	355	368
Semi-skilled	395	460	460	468	454	455	473
Very low skilled	227	250	251	229	220	228	235
Total excluding Board members	1 120	1 251	1 266	1 331	1 275	1 293	1 380
<i>of which</i>							
E01 IDZ: East London Industrial Development Zone(Pty)Ltd (ELIDZ)	64	90	91	108	108	108	108
E02 CDC: Eastern Cape Development Corporation (ECDC)	170	171	173	167	167	167	193
E03 PAC: Eastern Cape Provincial Arts and Culture Council (ECPACC)	25	25	25	25	-	25	25
E04 GBB: Eastern Cape Betting and Gambling Board (ECGBB)	39	50	55	58	58	56	58
E05 ELB: Eastern Cape Liquor Board (ECLB)	63	65	70	72	73	73	76
E06 PTA: Eastern Cape Parks and Tourism Agency (ECPTA)	433	490	481	525	489	489	528
E07 RDA: Eastern Cape Rural Development Agency (ECRDA)	153	148	147	152	152	152	171
E08 SEC: Eastern Cape Socio Economic Consultative Council (ECSECC)	62	61	66	61	60	60	61
E9 MTC: Mayibuye Transport Corporation (MTC)	196	229	240	245	245	245	242
Compensation (R'000)	367 460	416 887	473 808	514 610	558 062	580 504	609 157
Unit cost (R'000)	328,1	333,2	374,3	386,6	437,7	449,0	441,4

Source: Provincial Treasury Database, 2015/16

Table D above illustrates a summary of the personnel information and board members governing the provincial public entities. The number of board members (non-executive directors) varied over the past 4 years, decreasing from 85 in 2011/12 to 82 in 2014/15 and projected to remain constant over the 2015 MTEF.

Between 2011/12 and 2014/15, the number of filled posts increased from 1 120 to 1 331. In 2015/16, personnel numbers are projected to decrease from 1 331 in 2014/15 to 1 275. Over the MTEF, the number of personnel is projected to increase to 1 380 as part of the drive in ensuring all critical posts are filled.

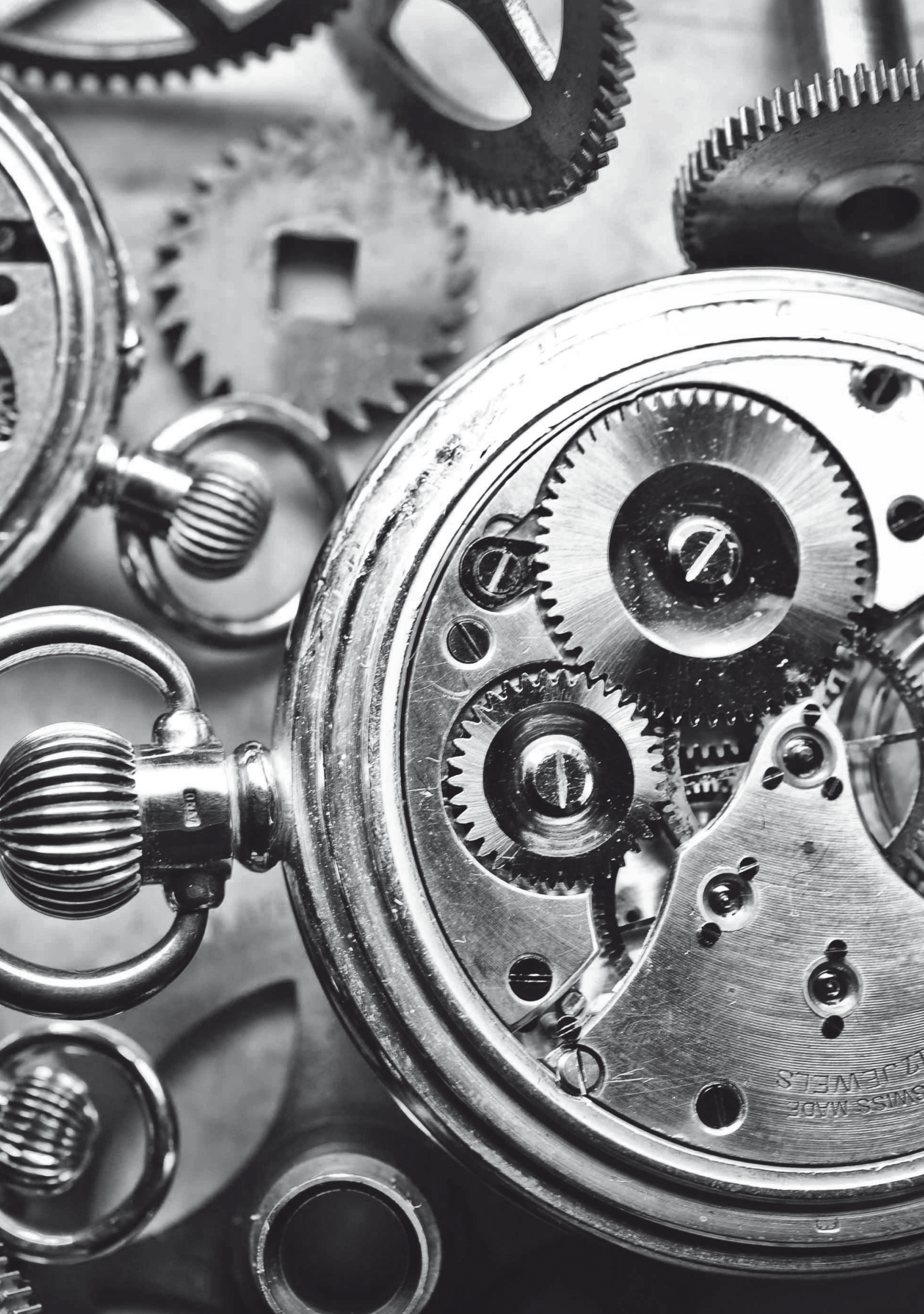
A detailed black and white photograph of mechanical gears, showing the teeth and the circular components of a watch movement. The gears are arranged in a complex, overlapping fashion, with some in sharp focus and others blurred in the background. The lighting highlights the metallic texture and the precision of the engineering.

EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

EASTERN CAPE DEVELOPMENT CORPORATION (ECDC)



Eastern Cape Development Corporation (ECDC)

1. Legislative Mandate

The Eastern Cape Development Corporation (ECDC) was established to address prevailing socio-economic challenges and market failures within the province. Its mandate is to plan, finance, co-ordinate, market, promote and contribute to the development of its people in the fields of industry, commerce, agriculture, transport and finance; focusing primarily on enterprises (emerging and existing), investors (local and international) and government. ECDC is a schedule 3D public entity in terms of the Public Finance Management Act (PFMA), which requires the entity to operate and trade under normal business principles with objectives of generating profits.

2. Vision

The vision of the ECDC is to be an innovative leader in promoting sustainable economic growth and development of the Eastern Cape.

3. Mission

To promote sustainable socio-economic development in the Eastern Cape through:

- Provision of innovative enterprise development finance; and
- Leveraging of resources, strategic alliances, investment and partnership.

4. Strategic Objectives

- Stimulate economic activity:
 - o Optimise investment in priority sectors of the provincial economy in line with government imperatives; and
 - o Increase support to at least 300 SMMEs per annum by end of 2017/18 to boost an inclusive economy.
- Optimising all resources to maximize investment returns and attain sustainability:
 - o Ensure 100 per cent adherence to relevant governance, risk and compliance regulations, laws, codes, rules and standards at all times; and
 - o Optimise support system efficiency by obtaining an 'Excellent' internal customer service rating by end of 2017/18.

5. Main Services

ECDC offers a range of finance products and enterprise support services related to the following operational areas:

- Development finance and business support;
- Property management and development;
- Innovation, trade and investment promotion and co-ordination; and
- Strategic projects.

6. Programme details

- **Property management and development:** Anticipates and satisfies customer needs by ensuring the availability of sustainable industrial and commercial premises for investors throughout the province and disposing a portion of residential units in a manner that maximizes returns for the corporation. The focus of this unit is the alignment of property management and development activities to the overall objectives of economic development through facilitating private sector growth.
- **Loan management:** Consists of the Loan Finance Division and Business Support. This function is

decentralized to regional offices with managers who report to Head Office.

- **Strategic infrastructure development:** Responsible for strategic infrastructure investments, with a return on investments over the long term and provide growth on the ECDC's balance sheet.
- **Office of the chief economist:** Responsible for providing high-level economic intelligence and micro-economic research analysis for key priority sectors: agro-processing; automotive and components sector; renewable energy; tourism and aqua-culture; petrol chemicals and oil; mining; ICT and film production; and contributing to projects across ECDC's diverse mandate as a development finance institution. This includes due diligence on the economic merit of ECDC projects, the socio-economic impact of ECDC funding and to identify opportunities that would benefit the ECDC in the long term.
- **Risk capital:** Assists prospective clients in developing concept documents, performing feasibility studies and developing business plans which could be bankable. It also takes the risk by injecting seed capital to start up projects.
- **Trade promotion/market access:** Provides access to international market for local products. The unit focuses on the following specific sectors: automotive sector and components, agro-processing, craft and art products.
- **Investment promotion:** Attracts foreign investors to come and invest in the province and also promotes business opportunities that have been identified and tested by the Risk Capital unit.
- **Product development and innovation:** Develops new products for the entity in general and provides innovative ideas for the Loan Division. It is also responsible for the provision of business re-engineering services to the ECDC.
- **Administered Funds:** Administering of the Imvaba Co-operative Fund for the development and support of co-operative organisations and the Jobs Stimulus Fund to support distressed industries through an incentive for saving, retaining and creating of jobs in the province.

7. 2014/15 Performance review

7.1 Key achievements

7.1.1 Property Management and Development

As at 31 December 2014, the ECDC had collected R45.700 million from rental income and R14.500 million from the disposal of 24 non-performing properties. Over the 2015 MTEF, a total of 77 non-performing properties valued at R121.404 million are in the pipeline and at various stages in the process of disposal.

7.1.2 Business Finance

As at 31 December 2014, the ECDC has approved loans amounting to R53.200 million from 291 loan applications. The loans disbursed including those approved in prior years amount to R76.600 million, whilst the impairment rate remains at 68 per cent. In total, 206 SMMEs benefited from these loan finance products in the 2014/15 financial year.

7.1.3 Administered Funds (Imvaba and Jobs Stimulus Funds)

As at 31 December 2014, a total of R6.600 million has been disbursed to co-operative organisations in the form of grants/incentives and has resulted in 382 jobs retained and/or created.

7.1.4 Business Support

The ECDC plays a crucial role in providing non-financial support to enterprises in the province. The activities of enterprise development are vital for creating sustainable businesses which contribute towards the provincial economy.

As at 31 December 2014, 49 SMMEs were given non-financially supported through identified economic sectors, including tourism, ICT and creative crafts. This included both existing and new SMMEs.

7.2 Key challenges

7.2.1 Property Management and Development

The property unit is currently encountering challenges with rental/debt collection and the process of handing over and eviction of defaulting lessees is a time consuming and costly exercise. The ECDC has embarked on a strategy of identifying and disposing non-performing properties so as to revitalise high-potential properties.

7.2.2 Business Finance

The loan portfolio of the ECDC is centred on short-term loans (Nexus and Workflow Loans) which while having quick turn-around times and potentially high development impact; the management fees charged do not sufficiently contribute towards improving the corporation's cost to income ratio. Targeted efforts are being made towards increasing contribution of long term loans to the portfolio, particularly the improvement of turn around times.

7.2.3 Administered Funds (Imvaba and Jobs Stimulus Funds)

In 2014/15, the Imvaba Co-operative Fund was allocated R13.100 million against a demand demonstrated by a pipeline of over 70 applications, totalling over R33 million of financial support required by provincial co-operative organisations. Furthermore, this excluded the non-financial support that is required by the provincial co-operative organisations.

The Job Stimulus Fund has been severely affected by a lack of dedicated personnel to administer these funds which has resulted in the review of the policies relating to the due diligence required on applications and disbursement of funds. This is expected to improve in the final quarter of 2014/15.

8. 2015/16 Performance outlook

In the 2015/16 financial year, the ECDC has committed itself on the implementation of the turnaround strategy that focuses on improving the ECDC's strategic performance, governance and financial sustainability. This includes the revision of the business model by reviewing the operations of ECDC, its funding model and investing in sustainable technology systems. The main goal of the turnaround strategy is to strengthen the financial position of the entity over the 2015 MTEF by:

- Improving own revenue generation, collection and introduction of alternative revenue streams;
- Improving and capacitating the performance information management systems;
- Investing in skills development program, within the entity; and
- Improving profit margins, so as to ensure sustainable operations.

In the 2015/16 financial year, the ECDC is targeting the following key performance outputs:

- To provide non-financial developmental support to 280 SMMEs in various priority sectors;
- To provide and disburse R105 million as loans to SMMEs;
- Rental income of R87 million from the property portfolio;
- Dispose non-performing properties worth R67.404 million; and
- Attract investments worth R700 million into the province.

9. Expenditure estimates

2015/16 Budget and MTEF Estimates

Table 1.1: ECDC Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	151 044	182 975	194 993	197 758	233 132	228 976	247 461	17,9
assets	4 164	4 292	3 334	4 662	4 200	2 800	2 800	(9,9)
Of which:								
Admin fees	4 164	4 292	3 334	4 662	4 200	2 800	2 800	(9,9)
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	-	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	79 354	99 795	103 260	92 170	115 801	104 666	112 677	25,6
Other non-tax revenue	67 526	78 888	88 399	100 926	113 131	121 510	131 984	12,1
Transfers received	92 157	146 991	202 720	155 535	207 680	146 509	155 435	33,5
Sale of capital assets								
Total revenue	243 201	329 966	397 713	353 293	440 812	375 485	402 896	24,8
Expenses								
Current expense	292 957	301 495	335 710	333 789	414 817	319 858	320 820	24,3
Compensation of employees	92 823	89 680	99 952	99 618	109 688	104 203	98 993	10,1
Use of goods and services	197 535	208 614	232 758	230 993	302 009	212 568	218 740	30,7
Depreciation	2 131	2 435	2 376	2 562	2 602	2 602	2 602	1,6
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	468	766	624	616	518	485	485	(15,9)
Interest	468	766	624	616	518	485	485	(15,9)
Dividends								
Rent on land								
Transfers and subsidies	-	12 200	12 200	19 504	9 686	14 709	15 794	(50,3)
Total expenses	292 957	313 695	347 910	353 293	424 503	334 567	336 614	20,2
Surplus / (Deficit)	(49 756)	16 271	49 803	-	16 309	40 918	66 282	0,0

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Table 1.1 above shows the actual and projected revenue and expenditure of ECDC over the 2015 MTEF. Non-tax revenue increased from R151.044 million in 2011/12 to a revised estimate of R197.758 million in 2014/15 due to an increase in gains on fair value adjustments of Investment Properties. In 2015/16, non-tax revenues are expected to increase by 17.9 per cent to R233.132 million due to an anticipated increase in the fair value adjustment of Investment Properties.

Transfers received increased from R92.157 million in 2011/12 to a revised estimate of R155.535 million in 2014/15 due to additional funding received for implementing government programmes aimed at developing the provincial economy. In 2015/16, transfers are projected to increase by 33.5 per cent to R207.680 million, due to the support of R82.394 million provided to Social Integrated Infrastructure Development Programmes (SIIDP), after a significant reduction of the 2015 MTEF indicative allocations.

As from the 2016/17 financial year, the transfers are projected to decrease significantly from R207.680 million to R155.435 million by 2017/18, primarily due to decrease in the allocations for social infrastructure projects.

Expenditure on compensation of employees increased from R92.823 million in 2011/12 to R99.618 million in 2014/15 due to the cost of living adjustments on existing employees. In 2015/16, the expenditure on compensation of employees is projected to increase by 10.1 per cent to R109.688 million and decrease to R98.993 million by 2017/18 due to employee cost cutting measures to be implemented over the 2015 MTEF.

Expenditure on goods and services increased from R197.535 million in 2011/12 to a revised estimate of R230.993 million in 2014/15 mainly as a result of the increase in spending on grant funded programs. In 2015/16, expenditure on Goods and Services are projected to increase by 30.7 per cent to R302.009 million due to an increase in the allocations for the SIIDP. However, over the 2015 MTEF this is projected to decrease to R218.740 million by 2017/18 financial year due to a function shift.

Transfers and subsidies relate to funding provided to the Automotive Industry Development Centre –

Eastern Cape (AIDC-EC). Over the 2015 MTEF, this funding is projected to decrease from R19.504 million in 2014/15 to R15.794 million in 2017/18 due to the budget cuts.

Coega Development Corporation (CDC) has not been included as it is a 50 per cent subsidiary of ECDC and ECDC should thus consolidate the entity into its own numbers and strengthen oversight.

10. Personnel Information

Table 1.2: ECDC Personnel Information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	14	12	14	12	12	12	12
Executive Management	7	8	9	9	12	12	12
Senior Management	19	20	20	16	25	25	25
Middle Management	12	15	14	15	27	27	27
Professionals	112	110	110	110	111	111	111
Semi-skilled	6	6	6	5	6	6	6
Total	170	171	173	167	193	193	193

Source: Provincial Treasury Database, 2015/16

Table 1.2 above shows the number of ECDC personnel and Accounting Authorities over the 2015 MTEF. The ECDC is governed by the Accounting Authority (Board of Directors) as required by the provisions of the PFMA No.1 of 1999 as amended, which consist of 12 non-executive directors as at 31 December 2014. The current staff capacity of ECDC is 155 (excluding the board of directors) and is projected to increase to 181 over the MTEF due to the filling of critical executive management positions and the technical capacity required for the implementation of the infrastructure projects.

Annexure: Detailed financial information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	151 044	182 975	194 993	197 758	233 132	228 976	247 461	17,9
assets	4 164	4 292	3 334	4 662	4 200	2 800	2 800	(9,9)
<i>Of which:</i>								
Admin fees	4 164	4 292	3 334	4 662	4 200	2 800	2 800	(9,9)
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	-	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	79 354	99 795	103 260	92 170	115 801	104 666	112 677	25,6
Other non-tax revenue	67 526	78 888	88 399	100 926	113 131	121 510	131 984	12,1
Transfers received	92 157	146 991	202 720	155 535	207 680	146 509	155 435	33,5
Sale of capital assets								
Total revenue	243 201	329 966	397 713	353 293	440 812	375 485	402 896	24,8
Expenses								
Current expense	292 957	301 495	335 710	333 789	414 817	319 858	320 820	24,3
Compensation of employees	92 823	89 680	99 952	99 618	109 688	104 203	98 993	10,1
Use of goods and services	197 535	208 614	232 758	230 993	302 009	212 568	218 740	30,7
Depreciation	2 131	2 435	2 376	2 562	2 602	2 602	2 602	1,6
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	468	766	624	616	518	485	485	(15,9)
Interest	468	766	624	616	518	485	485	(15,9)
Dividends								
Rent on land								
Transfers and subsidies	-	12 200	12 200	19 504	9 686	14 709	15 794	(50,3)
Total expenses	292 957	313 695	347 910	353 293	424 503	334 567	336 614	20,2
Surplus / (Deficit)	(49 756)	16 271	49 803	-	16 309	40 918	66 282	0,0

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	25 473	12 454	(50 119)	(65 354)	(33 895)	(31 489)	(42 662)	(48.1)
Adjustments for:								
Depreciation	2 131	2 435	2 376	2 562	2 602	2 602	2 602	1.6
Interest	(27 577)	(21 157)	(22 189)	(30 652)	(38 094)	(26 548)	(31 751)	24.3
Net (profit) / loss on disposal of fixed assets	335	1 642	1 140	-	-	-	-	-
Other	50 584	29 534	(31 446)	(37 263)	1 597	(7 543)	(13 513)	(104.3)
Operating surplus / (deficit) before changes in working capital	(24 283)	28 725	(316)	(65 353)	(17 586)	9 429	23 620	(73.1)
Changes in working capital	32 299	(194 397)	231 113	(301 476)	(64 008)	(34 603)	(37 086)	(78.8)
(Decrease) / increase in accounts payable	(13 276)	(95 896)	69 696	(62 922)	-	-	-	(100.0)
Decrease / (increase) in accounts receivable	(24 150)	(29 950)	(29 536)	(33 692)	(42 049)	(34 603)	(37 086)	24.8
(Decrease) / increase in provisions	69 725	(68 551)	190 953	(204 862)	(21 959)	-	-	(89.3)
Cash flow from operating activities	8 016	(165 672)	230 797	(366 830)	(81 594)	(25 174)	(13 466)	(77.8)
Transfers from government	92 157	146 991	202 720	155 535	207 680	146 509	155 435	33.5
Of which:								
Capital	-	-	-	-	-	-	-	-
Current	92 157	146 991	202 720	155 535	207 680	146 509	155 435	33.5
Cash flow from investing activities	15 139	30 075	11 535	19 066	34 155	(8 039)	(21 757)	79.1
Acquisition of Assets	(2 522)	(1 271)	(1 229)	22 154	49 904	25 504	13 504	125.3
Land	-	-	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-	-	-
Non- Residential Buildings	(2 442)	(542)	(312)	-	45	(350)	(350)	-
Investment Property	3 903	-	-	24 654	67 404	38 000	16 000	173.4
Other Structures (Infrastructure Assets)	(4)	(8)	-	-	-	4	4	-
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-
Computer equipment	(3 838)	(287)	(357)	106	106	50	50	-
Furniture and Office equipment	(71)	(434)	(560)	(1 500)	(1 500)	(1 500)	(1 500)	0.0
Other Machinery and equipment	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-
Computer Software	(70)	-	-	(1 106)	(16 151)	(10 700)	(700)	1 359.8
Mastheads and Publishing titles	-	-	-	-	-	-	-	-
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	-
Service and Operating Rights	-	-	-	-	-	-	-	-
Other Intangibles	-	-	-	-	-	-	-	-
Other flows from Investing Activities	17 661	31 346	12 764	(3 088)	(15 749)	(33 543)	(35 261)	410.0
Other 1 - Loans from group companies	9 892	3 054	3 064	(11 762)	28 200	5 618	5 608	(339.7)
Other 2 - Loans to customers and other	7 769	28 292	9 700	8 674	(43 949)	(39 161)	(40 869)	(606.7)
Cash flow from financing activities	26 315	5 023	(468)	(443)	(443)	(285)	-	0.0
Deferred Income	-	-	-	-	-	-	-	-
Borrowing Activities	(11 512)	6 215	-	-	-	-	-	-
Other	37 827	(1 192)	(468)	(443)	(443)	(285)	-	0.0
Net increase / (decrease) in cash and cash equivalents	49 470	(130 574)	241 864	(348 207)	(47 882)	(33 498)	(35 223)	(86.2)

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	642 701	700 342	764 062	809 306	833 801	874 995	921 260	3,0
Land	3 265	3 265	3 265	3 265	3 265	3 265	3 265	0,0
Dwellings	-	-	-	-	-	-	-	-
Non- Residential Buildings	19 386	19 475	19 777	19 777	19 732	19 632	19 532	(0,2)
Investment Property	615 794	674 602	739 016	784 366	793 966	825 266	871 636	1,2
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	-
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-
Computer equipment	3 430	2 122	896	790	765	759	754	(3,2)
Furniture and Office equipment	416	619	924	924	899	899	899	(2,7)
Other Machinery and equipment	239	117	7	7	7	7	7	0,0
Specialised military assets	-	-	-	-	-	-	-	-
Transport Assets	111	65	19	19	19	19	19	0,0
Computer Software	60	77	158	158	15 148	25 148	25 148	9 487,3
Mastheads and Publishing titles	-	-	-	-	-	-	-	-
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	-
Service and Operating Rights	-	-	-	-	-	-	-	-
Other Intangibles	-	-	-	-	-	-	-	-
Investments	127 505	115 657	119 823	114 915	110 584	149 157	196 183	(3,8)
Floating	127 505	115 657	119 823	114 915	110 584	149 157	196 183	(3,8)
Current	-	-	-	-	-	-	-	-
1<5 Years	-	-	-	-	-	-	-	-
5<10 Years	-	-	-	-	-	-	-	-
>10 Years	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	359 116	228 541	470 407	122 201	74 319	40 821	5 598	(39,2)
Bank	15 161	26 236	90 524	100 242	74 319	40 821	5 598	(25,9)
Cash on Hand	-	-	-	-	-	-	-	-
Other	343 955	202 305	379 883	21 959	-	-	-	(100,0)
Receivables and Prepayments	180 953	118 629	124 652	124 976	181 861	190 725	216 533	45,5
Trade Receivables	38 672	13 883	18 880	17 792	18 213	18 559	32 790	2,4
Other Receivables	140 351	103 061	105 020	106 432	162 896	171 414	182 991	53,1
Prepaid Expenses	1 930	1 685	752	752	752	752	752	0,0
Accrued Income	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Trade	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Assets	1 310 275	1 163 169	1 478 944	1 171 398	1 200 565	1 255 698	1 339 574	2,5
Capital and Reserves	970 641	993 809	1 044 070	1 043 612	1 063 198	1 111 118	1 187 400	1,9
Share Capital and Premium	421 375	427 590	427 590	427 590	427 590	427 590	427 590	0,0
Accumulated Reserves	599 022	549 948	566 219	616 022	616 022	635 610	683 527	0,0
Surplus / (Deficit)	(49 756)	16 271	49 803	-	16 309	40 918	66 282	-
Other	-	-	458	-	3 277	7 000	10 001	-
Borrowings	2 831	1 639	1 171	898	285	-	-	(68,2)
Floating	1 611	1 151	898	625	-	-	-	(100,0)
Current	1 220	488	273	273	285	-	-	4,4
1<5 Years	-	-	-	-	-	-	-	-
5<10 Years	-	-	-	-	-	-	-	-
>10 Years	-	-	-	-	-	-	-	-
Post Retirement Benefits	27 620	27 830	28 808	30 248	30 764	31 742	32 720	1,7
Present value of Funded obligations	27 620	27 830	28 808	30 248	30 764	31 742	32 720	1,7
Unrecognised transitional liabilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Trade and Other Payables	192 918	95 974	169 437	87 506	97 331	103 925	110 504	11,2
Trade Payables	2 068	24 735	26 861	26 861	3 116	3 116	3 116	(88,4)
Accrued Interest	-	-	-	-	-	-	-	-
Other	190 850	71 239	142 576	60 645	94 215	100 809	107 388	55,4
Deferred Income	103 923	35 372	226 325	-	-	-	-	-
Provisions	12 342	8 545	9 133	9 133	8 986	8 913	8 949	(1,6)
Leave pay provision	7 027	8 545	9 133	9 133	8 986	8 913	8 949	(1,6)
Other 1	5 315	-	-	-	-	-	-	-
Other 2	-	-	-	-	-	-	-	-
Other 3	-	-	-	-	-	-	-	-
Other 4	-	-	-	-	-	-	-	-
Funds Managed (e.g. Poverty Alleviation Fund)	-	-	-	-	-	-	-	-
Poverty Alleviation Fund	-	-	-	-	-	-	-	-
Regional Development Fund	-	-	-	-	-	-	-	-
Third Party Funds	-	-	-	-	-	-	-	-
Other 4	-	-	-	-	-	-	-	-
Contingent Liabilities	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-
Other 2	-	-	-	-	-	-	-	-
Other 3	-	-	-	-	-	-	-	-
Other 4	-	-	-	-	-	-	-	-

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	92 823	89 680	99 952	99 618	109 688	104 203	98 993	10.1
Personnel numbers (head count)	156	159	159	155	181	181	181	16.8
Unit cost	595	564	629	643	606	576	547	(5.7)
B. Part-time and temporary contract employees								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								
C. Interns								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								
Total for entity								
Personnel cost (R thousand)	92 823	89 680	99 952	99 618	109 688	104 203	98 993	10.1
Personnel numbers (head count)	156	159	159	155	181	181	181	16.8
Unit cost	595	564	629	643	606	576	547	(5.7)
D. Learnerships								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

* * Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	14	12	14	12	12	12	12
Executive Management	7	8	9	9	12	12	12
Senior Management	19	20	20	16	25	25	25
Middle Management	12	15	14	15	27	27	27
Professionals	112	110	110	110	111	111	111
Semi-skilled	6	6	6	5	6	6	6
Total	170	171	173	167	193	193	193

Source: Provincial Treasury Database, 2015/16



EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

EASTERN CAPE GAMBLING AND BETTING BOARD (ECGGB)



Eastern Cape Gambling and Betting Board (ECGGB)

1. Legislative Mandate

The Eastern Cape Gambling and Betting Board (ECGGB) was established in terms of the Eastern Cape Gambling and Betting Act of 1997 (as amended) and listed in the Public Finance Management Act (PFMA) as a Schedule 3C entity under the control of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). The ECGGB's mandate is to oversee all gambling and betting activities in the province and matters related thereto as contemplated in the Act.

2. Vision

The best, most efficient and empowering gambling regulator.

3. Mission

Committed to promoting a socially responsible gambling industry through regulation, licensing and appropriate enforcement of the law; and to further ensure that the Eastern Cape gambling industry is governed and managed honestly and competitively with maximum contribution to society.

4. Strategic objectives

The entity's mandate is achieved through the following key strategic objectives:

- Award gambling licences to suitable and qualified applicants;
- Strengthen effective compliance and adherence with bid commitments, licence conditions and all relevant and applicable pieces of legislation;
- Organise public education and awareness sessions on excessive and irresponsible gambling;
- Guide the development and generation of information within the gambling industry in order to make informed choices and decisions;
- Implement socio-economic development projects in order to empower communities that are the most vulnerable and impoverished in the province; and
- Develop a highly capable work force in order to optimise service delivery.

5. Main services

The entity's main services are summarised as follows:

- Conduct investigations and regulatory functions to ensure that the decision-making processes for issuing of licences are impeccable and watertight to any possible legal challenges;
- Conduct revenue and compliance audits to ensure compliance and adherence to licence conditions, legislation and regulations, and the completeness of tax revenues;
- Conduct awareness programmes to educate the public on gambling related issues in the province;
- Conduct sweeps and inspections in an effort to protect the public interest and the licenced operators from unfair and illegal competition; and
- Conduct research surveys and seminars to guide the development of information in the gambling industry.

6. Programme details

The entity's programmes are summarized as follows:

- **Corporate services management and administration:** Provides corporate administrative and management support services to the organisation and the board of directors.

- **Gambling regulation and consumer protection:** Implements the ECGBB Act and other statutory mandates through conducting investigations, licensing, compliance, revenue and environmental audits, gaming control, law enforcement, as well as protecting and educating consumers and the public on responsible gambling.
- **Research and development:** To build a strong foundation of valid and reliable empirical research to inform operational, policy advisory and public interest activities such as consumer protection.

7. 2014/15 Performance review

7.1 Key Achievements

The ECGBB is one of the largest contributors of revenue to the provincial fiscus in terms of its licences with a contribution of over R107 million at the end of the third quarter in 2014/15.

In order to improve compliance and eliminate illegal activities in the gambling industry, the entity conducted 90 inspections and 4 sweeps which resulted in 7 illegal gambling machines being confiscated and 4 illegal gambling establishments being closed down.

For revenue improvement, 37 revenue audits were conducted so as to ensure that revenue is correct and devices are not easily manipulated.

Nine awareness programmes were conducted and over 834 000 people were reached through responsible gambling campaigns. This included establishing new partnerships to conduct awareness campaigns on responsible gambling throughout the province.

Furthermore, the development of the Traditional Horse Racing policy gained momentum as the ECGBB in partnership with the Department of Sport, Recreation, Arts and Culture held policy consultation sessions in 5 districts around the province.

7.2 Key Challenges

Key challenges to the entity include the limited personnel available to regulate the growing gambling industry the constant technological transformation in the gambling industry that requires continuous upgrades to gambling and compliance verification devices; as well as the lack of expertise in the field of public education, social facilitation dialogues with communities and stakeholders to address matters of excessive and irresponsible gambling.

8. 2015/16 Performance Outlook

Key priorities for 2015/16 include:

- Issuing of the province's remaining casino and bingo licences and more site licences; this will result in an increase in the provincial tax revenue collection;
- Ensure the availability of valid data and research information about gambling in the province. This entails establishing partnerships with research institutions, provincial and national departments and state owned agencies so as to build a credible body of gambling research;
- Enhance socio-economic development initiatives by leveraging funds from the licence holders to address the negative impacts of the gambling industry on societies;
- Maintain a well regulated gambling industry in the province and strengthen effective compliance and adherence to relevant legislation; and
- Conduct gambling consumer education and protection campaigns.

9. Expenditure Estimates

2015/16 Budget and MTEF Estimates

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	6 555	9 017	7 730	12 017	8 739	7 254	7 905	(27,3)
Sale of goods and services other than capital assets	3 598	3 759	3 591	4 453	5 254	5 780	6 358	18,0
Of which:	-	-	-	-	-	-	-	
Admin fees	3 598	3 759	3 591	4 453	5 254	5 780	6 358	18,0
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	-	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	450	384	390	650	686	724	760	5,6
Other non-tax revenue	2 507	4 874	3 749	6 915	2 799	750	788	(59,5)
Transfers received	31 187	35 687	42 687	42 748	43 843	45 454	47 551	2,6
Sale of capital assets	(122)	(9)	(27)	-	-	-	-	
Total revenue	37 620	44 695	50 390	54 765	52 583	52 707	55 456	(4,0)
Expenses								
Current expense	42 186	45 442	51 329	54 765	52 583	52 708	55 456	(4,0)
Compensation of employees	14 713	20 285	25 694	28 789	31 660	33 560	35 573	10,0
Use of goods and services	26 809	24 625	25 044	25 204	20 108	18 288	18 980	(20,2)
Depreciation	663	533	590	772	815	860	903	5,6
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	
Total expenses	42 186	45 442	51 329	54 765	52 583	52 708	55 456	(4,0)
Surplus / (Deficit)	(4 565)	(747)	(938)	-	-	-	-	

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Reflected in Table 2.1 above is the summary of revenue and expenses from 2011/12 to 2017/18. In 2014/15, ECGBB awarded 8 additional bingo licences which is the major reason for the increase in non-tax revenue from R7.730 million in 2013/14 to R12.017 million in 2014/15. Other non-tax revenue (Recoveries revenue) is however estimated to decrease by 59.5 per cent in 2015/16 and even further over the MTEF due to an anticipated reduction in licensing activity.

Transfers received increased from R31.187 million in 2011/12 to R35.687 million in 2012/13, and R42.687 million in 2013/14 due to additional funding allocated for responsible gambling campaigns. Funding increases by 2.6 per cent in the 2015/16 as a result of additional funding amounting to R3.5 million allocated every year over the MTEF for the improvement in revenue mechanisms and consumer protection campaigns.

Expenditure on Compensation of Employees (CoE) has increased from R14.713 million in 2011/12 to R25.694 million in 2013/14 owing to an increase in the approved staff establishment and the filling of vacant posts. In 2015/16, CoE increases by 10 per cent due to the projected filling of 2 vacant posts. In the outer years, the increases are as a result of cost of living allowances.

Goods and Services were higher in 2011/12 because of legal fees relating to the settlement of a litigation case. The implementation of cost containment measures will result in a decreased Goods and Services budget over the MTEF. However, costs are also forecast lower over this period due to less licensing activity and a more cost-effective responsible gambling campaign.

10. Personnel information

Table 2.2: ECGBB Personnel information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	8	8	8	8	8	8	8
Executive Management	3	3	3	3	3	3	3
Senior Management	3	3	3	5	5	5	5
Middle Management	6	5	6	5	6	6	6
Professionals	11	18	19	19	20	20	20
Semi-skilled	4	9	13	12	12	12	12
Very low skilled	4	4	3	4	4	4	4
Total	39	50	55	56	58	58	58

Source: Provincial Treasury Database, 2015/16

The approved staff establishment increased over the previous 3 financial years due to a growth of licensing activities in the gambling industry, thereby requiring additional regulation by ECGBB.

In 2014/15, the entity had 50 approved posts (excluding the 8 board members) which were fully funded. As at 31 December 2014, 48 posts were filled and 2 were vacant. The remaining 2 posts are planned to be filled by the end of 2014/15.

Annexure: Detailed financial information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	6 555	9 017	7 730	12 017	8 739	7 254	7 905	(27,3)
Sale of goods and services other than capital assets	3 598	3 759	3 591	4 453	5 254	5 780	6 358	18,0
<i>Of which:</i>	-	-	-	-	-	-	-	
Admin fees	3 598	3 759	3 591	4 453	5 254	5 780	6 358	18,0
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	-	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	450	384	390	650	686	724	760	5,6
Other non-tax revenue	2 507	4 874	3 749	6 915	2 799	750	788	(59,5)
Transfers received	31 187	35 687	42 687	42 748	43 843	45 454	47 551	2,6
Sale of capital assets	(122)	(9)	(27)	-	-	-	-	
Total revenue	37 620	44 695	50 390	54 765	52 583	52 707	55 456	(4,0)
Expenses								
Current expense	42 186	45 442	51 329	54 765	52 583	52 708	55 456	(4,0)
Compensation of employees	14 713	20 285	25 694	28 789	31 660	33 560	35 573	10,0
Use of goods and services	26 809	24 625	25 044	25 204	20 108	18 288	18 980	(20,2)
Depreciation	663	533	590	772	815	860	903	5,6
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	
Total expenses	42 186	45 442	51 329	54 765	52 583	52 708	55 456	(4,0)
Surplus / (Deficit)	(4 565)	(747)	(938)	-	-	-	-	

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	532	175	227	122	129	136	142	5.6
Adjustments for:	-	-	-	-	-	-	-	
Depreciation	663	533	590	772	815	860	903	5.6
Interest	(450)	(384)	(390)	(650)	(686)	(724)	(760)	5.6
Net (profit) / loss on disposal of fixed assets	122	9	27	-	-	-	-	
Other	197	17	-	-	-	-	-	
Operating surplus / (deficit) before changes in working capital	(4 033)	(572)	(712)	122	130	136	142	6.6
Changes in working capital	(39 578)	1 180	(3 668)	1 795	(2 883)	475	501	(260.6)
(Decrease) / increase in accounts payable	(37 556)	2 971	(3 130)	957	(2 495)	881	925	(360.6)
Decrease / (increase) in accounts receivable	(2 022)	(1 791)	(538)	632	(606)	(636)	(668)	(195.8)
(Decrease) / increase in provisions	-	-	-	205	217	230	244	6.0
Cash flow from operating activities	(43 611)	607	(4 380)	1 916	(2 753)	611	643	(243.7)
Transfers from government	31 187	35 687	42 687	42 748	43 843	45 454	47 551	2.6
Of which:	-	-	-	-	-	-	-	
Capital	-	-	-	-	-	-	-	
Current	31 187	35 687	42 687	42 748	43 843	45 454	47 551	2.6
Cash flow from investing activities	(211)	(443)	(693)	(302)	34	36	38	(111.4)
Acquisition of Assets	(810)	(830)	(1 099)	(952)	(652)	(688)	(722)	(31.6)
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	(6)	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	(116)	(280)	(657)	(58)	(60)	(60)	(64)	4.1
Furniture and Office equipment	(52)	(57)	(300)	(123)	(60)	(60)	(64)	(51.4)
Other Machinery and equipment	-	(145)	(34)	(370)	(172)	(168)	(130)	(53.6)
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	(487)	(297)	-	(370)	(360)	-	(400)	(2.8)
Computer Software	(155)	(51)	(102)	(31)	-	(400)	(64)	(100.0)
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	-	-	-	-	-	
Other flows from Investing Activities	599	387	407	650	686	724	760	5.6
Other 1	149	3	17	-	-	-	-	
Other 2	450	384	390	650	686	724	760	5.6
Cash flow from financing activities	-	-	-	-	-	-	-	-
Deferred Income	-	-	-	-	-	-	-	
Borrowing Activities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Net increase / (decrease) in cash and cash equivalents	(43 822)	165	(5 073)	1 614	(2 719)	647	682	(268.5)

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	6 988	7 273	7 739	7 920	7 757	7 585	7 404	(2.1)
Land	1 071	1 071	1 071	1 071	1 071	1 071	1 071	0.0
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	4 352	4 245	4 252	4 432	4 270	4 098	3 917	(3.7)
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	302	349	704	526	423	348	298	(19.5)
Furniture and Office equipment	289	303	503	443	368	312	276	(16.8)
Other Machinery and equipment	58	181	185	426	497	530	494	16.8
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	765	978	874	895	1 043	672	921	16.6
Computer Software	151	146	151	128	85	555	428	(33.7)
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Cash and Cash Equivalents	8 725	8 942	3 869	5 483	2 764	3 411	4 093	(49.6)
Bank	8 720	8 937	3 864	5 478	2 759	3 406	4 088	(49.6)
Cash on Hand	5	5	5	5	5	5	5	0.0
Other	-	-	-	-	-	-	-	
Receivables and Prepayments	10 435	12 208	12 747	12 114	12 720	13 356	14 024	5.0
Trade Receivables	1 764	1 769	1 392	192	202	212	223	5.0
Other Receivables	8 494	10 248	10 994	11 543	12 120	12 726	13 363	5.0
Prepaid Expenses	177	191	361	379	398	418	439	5.0
Accrued Income	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	
Trade	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Total Assets	26 147	28 423	24 355	25 518	23 241	24 352	25 521	(8.9)
Capital and Reserves	4 263	3 568	1 789	1 789	1 789	1 788	1 788	(0.0)
Share Capital and Premium	-	-	-	-	-	-	-	
Accumulated Reserves	8 828	4 263	3 568	1 789	1 789	1 789	1 788	0.0
Surplus / (Deficit)	(4 565)	(747)	(938)	0	(0)	(0)	-	(151 566.0)
Other	-	52	(840)	-	-	-	-	
Borrowings	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Post Retirement Benefits	-	-	-	-	-	-	-	
Present value of Funded obligations	-	-	-	-	-	-	-	
Unrecognised transitional liabilities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Trade and Other Payables	21 885	22 073	19 148	20 105	17 611	18 491	19 416	(12.4)
Trade Payables	8 742	5 750	7 789	8 178	5 087	5 342	5 609	(37.8)
Accrued Interest	-	-	-	-	-	-	-	
Other	13 143	16 323	11 359	11 927	12 523	13 149	13 807	5.0
Deferred Income	-	-	-	-	-	-	-	
Provisions	-	2 782	3 418	3 623	3 841	4 071	4 315	6.0
Leave pay provision	-	2 782	3 418	3 623	3 841	4 071	4 315	6.0
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Funds Managed (e.g. Poverty Alleviation Fund)	-	-	-	-	-	-	-	
Poverty Alleviation Fund	-	-	-	-	-	-	-	
Regional Development Fund	-	-	-	-	-	-	-	
Third Party Funds	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Contingent Liabilities	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	

* Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	14 713	20 285	25 514	28 425	31 273	33 150	35 140	10.0
Personnel numbers (head count)	31	42	47	48	50	50	50	4.2
Unit cost	475	483	543	568	625	663	703	10.0
B. Part-time and temporary contract employees								
Personnel cost (R thousand)	-	-	-	185	198	212	224	7.1
Personnel numbers (head count)	-	-	-	1	1	1	1	0.0
Unit cost				185	198	212	224	7.1
C. Interns								
Personnel cost (R thousand)	-	-	180	180	189	198	208	5.0
Personnel numbers (head count)	-	-	3	3	3	3	3	0.0
Unit cost			60	60	63	66	69	5.0
Total for entity								
Personnel cost (R thousand)	14 713	20 285	25 694	28 789	31 660	33 560	35 573	10.0
Personnel numbers (head count)	31	42	47	48	50	50	50	4.2
Unit cost	475	483	547	576	633	671	711	10.0
D. Learnerships								
Personnel cost (R thousand)								
Personnel numbers (head count)								
Unit cost								

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

** Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

Details of personnel numbers according to salary level				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Audited outcome				Revised estimate	Medium-term estimate					
Salary level										
Board Members	8	8	8	8	8	8	8			
Executive Management	3	3	3	3	3	3	3			
Senior Management	3	3	3	5	5	5	5			
Middle Management	6	5	6	5	6	6	6			
Professionals	11	18	19	19	20	20	20			
Semi-skilled	4	9	13	12	12	12	12			
Very low skilled	4	4	3	4	4	4	4			
Total	39	50	55	56	58	58	58			


Source: Provincial Treasury Database, 2015/16



EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16



EASTERN CAPE LIQUOR BOARD (ECLB)



Eastern Cape Liquor Board (ECLB)

1. Legislative Mandate

The Eastern Cape Liquor Board (ECLB) was established in terms of the Eastern Cape Liquor Act, No 10 of 2003 ("the Act") and listed in the Public Finance Management (PFMA) Act No.1 of 1999 as amended, as a Schedule 3C entity under the control of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

The entity is mandated to regulate the registration of retail sales and micro – manufacturing of liquor in the Eastern Cape Province; to encourage and support the liquor industry; to manage and reduce the socio-economic effects of excessive alcohol consumption; and to develop new entrants in the liquor industry.

2. Vision

To be a reputable world class liquor regulator.

3. Mission

To establish a responsibly regulated, compliant and sustainable liquor industry which strives to minimise the harmful effects of alcohol.

4. Strategic objectives

The entity has the following strategic objectives in ensuring its mandate is achieved:

- To process all fully compliant liquor applications within the timeframe prescribed by the Act;
- To facilitate the implementation of programmes geared towards the empowerment of marginalised liquor traders;
- To take appropriate steps against those selling liquor outside the regulatory framework; and
- To contribute to reducing the adverse effects of excessive alcohol consumption by educating communities on dangers of alcohol abuse.

5. Main services

The entity's main services are summarised as follows:

- Ensuring efficient licensing by processing compliant liquor licence applications and issuing licences to suitable applicants;
- Empowering liquor traders by facilitating or conducting education programmes;
- Conduct pre-registration inspections to verify whether liquor licence applications meet the requirements of the Act;
- Conduct compliance monitoring inspections at registered liquor outlets to ensure full compliance with the Act and regulations;
- Identifying persons trading in liquor without valid registration and referring them to the criminal justice system for prosecution;
- Enforcing liquor legislation and registration conditions by conducting blitz operations with law enforcement agencies;
- Attending to complaints emanating from members of the public; and
- Conduct awareness programmes and social responsibility programmes, primarily to educate the public on the dangers of alcohol abuse.

6. Programme details

ECLB delivers on its mandate by organising its operations into activities which pursue the organisation's high level goals and objectives through the following programmes:

- **Licensing:** Administers the processing of applications for registration of retail sales and micro-manufacturing in accordance with the provisions of the Liquor Act (No 10 of 2003) and other applicable statutory provisions; encourages and support the development of new entrants into the liquor industry.
- **Compliance and enforcement:** Ensures full compliance with the Act by means of conducting pre-registrations to verify whether applications meet the requirements of the Act; and performs compliance and monitoring to ensure that registered retail establishments fully comply with the Act and applicable regulations.
- **Social accountability:** Educates the public on the dangers of alcohol abuse with a special focus on youth, pregnant women and road users. In addition, the programme safeguards the image of the organisation.

7. 2014/15 Performance review

7.1 Key Achievements

Revenue generated from licence fees is all paid over to the DEDEAT. The new licensing fees were approved with effect from 1 April 2014 resulting in substantial increase in revenue generation. The third quarter projections indicate that the entity will contribute over R8.6 million to the provincial fiscus.

There has been a reduction in the number of liquor applications received since last year mainly as a result of the revised licensing fees, however, at the end of the third quarter the entity managed to issue 374 new licences. Furthermore, 797 liquor traders benefited from the liquor traders development programmes facilitated by the entity compared to the 50 projected. The entity conducted 578 pre-registration inspections to ensure compliance with the Act and 4 202 compliance inspections in an endeavour to clamp down on inconsiderate liquor trading activities.

Efforts have been made to pursue illegal traders and great support has been received from the South African Police Services (SAPS). The entity identified 281 illegal traders who were referred to the criminal justice system for prosecution, with liquor confiscated with an estimated value of R185 563 and fines raised to an amount of R148 250.

The entity further carried out awareness and social accountability programmes which included 12 school based education and awareness campaigns on under-age drinking at schools in the Buffalo City Metropolitan and Nelson Mandela Metropolitan, as well as facilitating sporting activities at the Lujiza primary school to occupy young people as a means of curbing liquor abuse. Furthermore, the entity embarked on mass media campaigns during the festive season in the Eastern Cape to educate people about responsible drinking and the danger inherent in drunk driving. Over 17 000 people were reached through awareness campaigns at the end of the third quarter, compared to 15 000 projected.

7.2 Key Challenges

Key challenges to the entity include the shrinking budget allocation which impacts the entity's ability to meet the regulatory functions as legislated. The absence of municipal by-laws in some rural municipalities impedes ECLB's efforts to enforce compliance. The rising level of alcohol abuse and economic decline creates an increased demand for regulation. Lastly unorganised liquor traders make it difficult for ECLB to regulate and communicate with traders effectively.

8. 2015/16 Performance Outlook

The key priorities for the 2015/16 financial year are as follows:

- Embarking on social accountability interventions relating to anti-alcohol abuse; focusing on drunken driving, foetal alcohol syndrome (FAS) disorder and school-based campaigns, as informed by the results of the socio-economic impact study on alcohol abuse;

- Continuous engagement with liquor manufacturers and distributors for resources and support for the Liquor Traders Development Programme and Anti Liquor Abuse Campaigns, thus contributing towards socio-economic transformation of the industry;
- Continue ensuring responsible and efficient licensing by processing compliant liquor licence applications; and
- Enhancing compliance and enforcement of the Act by performing pre-registration inspections, compliance inspections at registered outlets and conducting blitz operations with SAPS.

9. Expenditure Estimates

2015/16 Budget and MTEF Estimates

Table 3.1 ECLB Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	268	328	556	200	200	200	200	0,0
Sale of goods and services other than capital assets	-	-	-	-	-	-	-	
Of which:								
Admin fees	-	-	-	-	-	-	-	
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	-	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	210	263	478	200	200	200	200	0,0
Other non-tax revenue	58	65	78	-	-	-	-	
Transfers received	32 325	33 204	43 006	42 736	41 942	43 730	45 841	(1,9)
Sale of capital assets	(70)	(21)	(2)					
Total revenue	32 523	33 511	43 560	42 936	42 142	43 930	46 041	(1,8)
Expenses								
Current expense	32 455	32 886	40 365	42 936	42 142	43 930	46 041	(1,8)
Compensation of employees	18 568	21 326	24 788	29 696	32 774	34 917	37 021	10,4
Use of goods and services	12 472	10 570	14 060	11 345	8 159	7 925	8 066	(28,1)
Depreciation	1 415	990	1 517	1 895	1 209	1 088	954	(36,2)
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies								
Total expenses	32 455	32 886	40 365	42 936	42 142	43 930	46 041	(1,8)
Surplus / (Deficit)	68	625	3 195	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Reflected in Table 3.1 above is the summary of revenue and expenses from 2011/12 to 2017/18. Total revenue comprises of transfers received from the DEDEAT and interest earned from positive bank balances. Total transfers increased from R32.325 million in 2011/12 to a revised estimate of R42.736 million in 2014/15 due to the increased operational requirements. In 2015/16, R41.942 million is allocated to the entity therefore decreasing by 1.9 per cent since 2014/15.

Expenditure on Compensation of Employees (CoE) increased from R18.568 million in 2011/12 to R29.696 million in 2014/15, due to 7 additional vacant positions being filled as well as the cost of living adjustment. CoE increases by 10.4 per cent in the 2015/16 financial year due to the appointment of 3 additional staff members. In 2016/17 and 2017/18, CoE is limited to the inflationary cost of living adjustments.

Expenditure on Goods and Services decreased from R12.472 million in 2011/12 to a revised estimate of R11.345 million in 2014/15. Savings from the business re-engineering process led to a decrease in Goods and Services from R12.472 million in 2011/12 to revised estimate of R11.345 million in 2014/15. Goods and Services increased in 2013/14 as a result of the increase in advertising, inspection and printing costs relating to the increase in number of licences issued as well as inflationary adjustments. In the 2015/16 financial year, expenditure on Goods and Services is projected to decrease by 28.1 per cent as a result of the reduction in transfers by DEDEAT to the entity. The entity intends on capitalising on relationships built with various stakeholders in order to meet some of the requirements of the Act.

10. Personnel information

Table 3.2: ECLB Personnel Information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	4	4	5	5	5	5	5
Executive Management	1	1	1	1	1	1	1
Senior Management	4	4	4	4	4	4	4
Middle Management	12	12	14	14	14	14	14
Professionals	7	9	9	12	15	15	15
Semi-skilled	32	31	33	33	33	33	33
Very low skilled	3	4	4	4	4	4	4
Total	63	65	70	73	76	76	76

Source: Provincial Treasury Database, 2015/16

The approved staff establishment has increased over the past 3 years due to an increase in licensing activity, requiring additional regulation by the ECLB. The entity has a current approved establishment of 74 posts, of which 71 are funded. The entity has 3 vacant posts which it plans to fill in the 2015/16 financial year.

The entity has 5 Board members in the current financial year; this figure remains constant over the 2015 MTEF.

Annexure: Detailed financial information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	268	328	556	200	200	200	200	0,0
Sale of goods and services other than capital assets	-	-	-	-	-	-	-	
<i>Of which:</i>								
Admin fees	-	-	-	-	-	-	-	
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	-	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	210	263	478	200	200	200	200	0,0
Other non-tax revenue	58	65	78	-	-	-	-	
Transfers received	32 325	33 204	43 006	42 736	41 942	43 730	45 841	(1,9)
Sale of capital assets	(70)	(21)	(2)					
Total revenue	32 523	33 511	43 560	42 936	42 142	43 930	46 041	(1,8)
Expenses								
Current expense	32 455	32 886	40 365	42 936	42 142	43 930	46 041	(1,8)
Compensation of employees	18 568	21 326	24 788	29 696	32 774	34 917	37 021	10,4
Use of goods and services	12 472	10 570	14 060	11 345	8 159	7 925	8 066	(28,1)
Depreciation	1 415	990	1 517	1 895	1 209	1 088	954	(36,2)
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies								
Total expenses	32 455	32 886	40 365	42 936	42 142	43 930	46 041	(1,8)
Surplus / (Deficit)	68	625	3 195	-	-	-	-	

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	1 485	1 158	1 726	1 073	309	488	554	(71.2)
Adjustments for:								
Depreciation	1 415	990	1 517	1 273	509	688	754	(60.0)
Interest				(200)	(200)	(200)	(200)	0.0
Net (profit) / loss on disposal of fixed assets	70	21	2					
Other	-	147	207					
Operating surplus / (deficit) before changes in working capital	1 553	1 783	4 921	1 073	309	488	554	(71.2)
Changes in working capital	3 738	1 581	(462)	(2 441)	1 566	1 365	1 365	(164.2)
(Decrease) / increase in accounts payable	3 847	1 453	(2 664)	(2 431)	1 616	1 375	1 375	(166.5)
Decrease / (increase) in accounts receivable	(109)	129	(79)	(10)	(50)	(10)	(10)	400.0
(Decrease) / increase in provisions			2 281					
Cash flow from operating activities	5 292	3 364	4 459	(1 368)	1 875	1 853	1 919	(237.1)
Transfers from government	32 325	33 204	43 006	42 736	41 942	43 730	45 841	(1.9)
Of which:								
Capital								
Current	32 325	33 204	43 006	42 736	41 942	43 730	45 841	(1.9)
Cash flow from investing activities	(420)	(506)	(4 066)	(2 240)	(189)	(306)	(200)	(91.6)
Acquisition of Assets	(420)	(506)	(4 066)	(2 240)	(189)	(306)	(200)	(91.6)
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	(305)	(142)	(478)	(210)	(189)	(306)	(200)	(10.0)
Furniture and Office equipment	(115)	(364)	(156)	(140)	-	-	-	(100.0)
Other Machinery and equipment	-	-	-	(160)	-	-	-	(100.0)
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	-	-	(417)	-	-	-	-	
Computer Software	-	-	-	-	-	-	-	
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	(3 015)	(1 730)	-	-	-	(100.0)
Other flows from Investing Activities	-	-	-	-	-	-	-	
Other 1								
Other 2								
Cash flow from financing activities	(766)	(432)	(1 157)	(650)	(320)	(250)	(450)	(50.8)
Deferred Income								
Borrowing Activities								
Other	(766)	(432)	(1 157)	(650)	(320)	(250)	(450)	(50.8)
Net increase / (decrease) in cash and cash equivalents	4 106	2 426	(764)	(4 258)	1 366	1 297	1 269	(132.1)

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	3 311	2 659	6 278	8 333	9 283	10 121	10 717	11.4
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	79	6	-	7	87	53	20	1 142.9
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	465	446	790	2 215	3 038	1 218	3 544	37.2
Furniture and Office equipment	1 418	1 231	1 422	1 148	1 912	3 531	1 834	66.6
Other Machinery and equipment	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	885	509	403	978	752	875	875	(23.1)
Computer Software	-	-	-	-	-	-	-	
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	464	467	3 663	3 985	3 494	4 444	4 444	(12.3)
Investments	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Cash and Cash Equivalents	8 936	11 362	10 598	7 796	9 162	10 459	11 728	17.5
Bank	8 931	11 353	10 588	7 790	9 156	10 453	11 722	17.5
Cash on Hand	5	9	10	6	6	6	6	0.0
Other	-	-	-	-	-	-	-	
Receivables and Prepayments	235	106	185	175	125	115	105	(28.6)
Trade Receivables	235	106	185	175	125	115	105	(28.6)
Other Receivables	-	-	-	-	-	-	-	
Prepaid Expenses	-	-	-	-	-	-	-	
Accrued Income	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	
Trade	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Total Assets	12 482	14 127	17 061	16 304	18 570	20 695	22 550	13.9
Capital and Reserves	2 318	2 943	6 138	6 138	6 138	6 138	6 138	0.0
Share Capital and Premium	-	-	-	-	-	-	-	
Accumulated Reserves	2 250	2 318	2 943	6 138	6 138	6 138	6 138	0.0
Surplus / (Deficit)	68	625	3 195	-	0	-	-	
Other	-	-	-	-	-	-	-	
Borrowings	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Post Retirement Benefits	-	-	-	-	-	-	-	
Present value of Funded obligations	-	-	-	-	-	-	-	
Unrecognised transitional liabilities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Trade and Other Payables	10 164	11 185	10 924	10 167	12 433	14 558	16 413	22.3
Trade Payables	8 937	10 390	9 614	8 493	11 783	13 808	15 933	38.7
Accrued Interest	-	-	-	-	-	-	-	
Other	1 227	795	1 310	1 674	650	750	480	(61.2)
Deferred Income	-	-	-	-	-	-	-	
Provisions	-	-	-	-	-	-	-	
Leave pay provision	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Funds Managed (e.g. Poverty Alleviation Fund)	-	-	-	-	-	-	-	
Poverty Alleviation Fund	-	-	-	-	-	-	-	
Regional Development Fund	-	-	-	-	-	-	-	
Third Party Funds	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Contingent Liabilities	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	18 568	21 326	24 788	29 696	32 774	34 917	37 021	10.4
Personnel numbers (head count)	59	61	65	68	71	71	71	4.4
Unit cost	315	350	381	437	462	492	521	5.7
B. Part-time and temporary contract employees								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								
C. Interns								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								
Total for entity								
Personnel cost (R thousand)	18 568	21 326	24 788	29 696	32 774	34 917	37 021	10.4
Personnel numbers (head count)	59	61	65	68	71	71	71	4.4
Unit cost	315	350	381	437	462	492	521	5.7
D. Learnerships								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

* * Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

Details of personnel numbers according to salary level							
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	4	4	5	5	5	5	5
Executive Management	1	1	1	1	1	1	1
Senior Management	4	4	4	4	4	4	4
Middle Management	12	12	14	14	14	14	14
Professionals	7	9	9	12	15	15	15
Semi-skilled	32	31	33	33	33	33	33
Very low skilled	3	4	4	4	4	4	4
Total	63	65	70	73	76	76	76

Source: Provincial Treasury Database, 2015/16



EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

EASTERN CAPE PROVINCIAL ARTS AND CULTURE COUNCIL (ECPACC)



Eastern Cape Provincial Arts and Culture Council (ECPACC)

1. Legislative Mandate

The Eastern Cape Provincial Arts and Culture Council (ECPACC), was established in terms of the Eastern Cape Provincial Arts and Culture Council Act of 2000, and listed in the Public Finance Management Act (PFMA) as a Schedule 3C entity under the control of the Department of Sports, Recreation and Arts and Culture (DSRAC).

2. Vision

To create an enabling environment for the development of arts and culture in the province.

3. Mission

To promote, support, develop, protect, preserve the arts, enhance public appreciation and participation in the arts and ensure the development of a broad, inclusive and identifiable Eastern Cape culture.

4. Strategic objectives

In accordance with the aim and responsibilities to promote, support, develop, protect and preserve arts and culture in the province, the entity has the following strategic objectives:

- Development and maintenance of programmes and projects of excellence;
- Promotion of district art, community arts development projects; and
- Enhancement of human capital development programmes.
- Film – Craft Sector Development

5. Main services

In an effort to deliver on its mandate, the entity's main services are summarised as follows:

- Development and support of arts and cultural activities including drama, dance, music, poetry and crafts;
- Coordinate and ensure access to markets for arts and cultural products with key industry role players both locally and internationally;
- Provision of craft materials, tools, equipment and other resources to enable a more meaningful participation by arts and culture practitioners;
- Coordinate and facilitate training and development to improve art production, nurture self-sustainability and evolve from livelihood-orientated projects to sustainable small enterprises; and
- Provision of support to film production in the province in order to increase the provincial content on local and national media (radio and television).

6. Programme details

- **Attainment of excellence:** Nurture and develop projects of excellence in music, dance, drama, film, craft, language, and publishing. It also strives to co-ordinate efforts aimed at enhancing the quality and output of arts and culture in the province.
- **Support to artists:** Identify and nurture community and individual arts and culture projects in the province through financial assistance and guidance. This includes the granting of bursaries to deserving and needy tertiary students in arts related study fields.
- **Film sector development:** Implement integrated film development strategies and plans in order to maximize the economic benefits of the film industry in the province. Market the province as a film destination of choice for national and international film production houses.

7. 2014/15 Performance review

7.1 Key Achievements

In 2014/15, ECPACC delivered craft material, beads, industrial and sewing machines and musical instruments to 42 project beneficiaries; 2 of the beneficiaries were community projects supporting people with disabilities.

Fourteen (14) artists and crafters were granted funding to the value of R1 million to showcase their productions at the prestigious National Arts Festival in Grahamstown.

The Film Office, in collaboration with Media Workshop and the National Film and Video Foundation (NFVF) provided film production training to six emerging filmmakers. Training on business proposals was conducted by the South African Broadcasting Corporation (SABC) in an endeavour to address the lack of uniquely Eastern Cape content on SABC. Consequently, 6 participants of the highly successful Sediba Spark Scriptwriting Programme were selected to develop a Bible Series which will be presented to the SABC and other funders.

The Fashion Design Innovation Centre at the Eastern Cape Art and Craft Hub in Mthatha introduced a computer aided design software platform for design, pattern making and grading. The first intake at the centre was unemployed Fashion Design graduates from the Walter Sisulu University. It is hoped that this initiative will have positive spin-offs for the manufacturing and textile industry.

Crafters supported by ECPACC participated in the Houston Texas Art League project in the United States of America (USA) to bead a massive tapestry. The exporting of these unique skills will result in immeasurable benefits for both the craft industry and our economy.

In collaboration with the Small Enterprise Development Agency (SEDA) and the Eastern Cape Development Corporation (ECDCC), ECPACC identified projects that will help create employment and sustainable livelihoods. These projects will be scaled up and provided with better resources so that they evolve from livelihood-type projects to sustainable small enterprises.

7.2 Key Challenges

Although crafters exhibited at the South African Traditional Music Awards (SATMA), King Williams Town Craft Market and Buffalo City Metro Carnival, the remoteness of the Amathole and Eastern Cape Art and Craft Hubs remains a challenge. The craft hubs are not strategically located to attract customers and thus potential revenue collection is not maximised.

Owing to budget constraints, the entity is faced with a challenge in conducting periodic impact assessments, monitoring and evaluation of funded projects and community art centres. Therefore, the entity is unable to ascertain whether there is adequate return on its investment.

The non-filling of the critical vacant posts of Art Development Officers brings a huge risk to any impact the invested resources of the entity would have achieved.

8. 2015/16 Performance outlook

Over the 2015 MTEF, ECPACC has prioritized the following areas:

- Support of the Fashion Design Innovation Centre as well as art and craft training and development programs facilitated by craft hubs;
- Provide art and craft programs to rural communities across the province so as to transform the industry and create decent employment and sustainable livelihoods;
- Film Office will provide training and skills development, audience development and promote the province as a film destination of choice via our partnership with the National Film and Video Foundation (NFVF);
- Strengthening education and building skills by awarding bursaries to varsity students furthering their studies in arts; and

- Promote arts and culture through the funding of district projects and support of artists performing at the National Arts Festival thus creating social cohesion amongst communities.

9. Expenditure estimates

2015/16 Budget and MTEF Estimates

Table 4.1: ECPACC Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue	-	-	-	-	-	-	-	
Non-tax revenue	322	1 367	763	945	735	796	862	(22.2)
assets	139	611	188	550	605	666	732	10.0
Of which:								
Admin fees	-	-	-	-	-	-	-	
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	139	611	188	550	605	666	732	10.0
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	133	102	64	125	130	130	130	4.0
Other non-tax revenue	50	654	511	270	-	-	-	(100.0)
Transfers received	14 156	13 953	11 823	11 823	12 091	12 678	13 312	2.3
Sale of capital assets								
Total revenue	14 478	15 320	12 586	12 768	12 826	13 474	14 174	0.5
Expenses								
Current expense	15 695	15 444	13 697	12 768	12 826	13 474	14 174	0.5
Compensation of employees	4 277	4 457	4 817	5 967	6 355	6 768	7 208	6.5
Use of goods and services	11 195	10 791	8 781	6 611	6 281	6 516	6 776	(5.0)
Depreciation	220	196	99	190	190	190	190	0.0
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	3	-	-	-	-	-	-	
Interest	3	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	
Total expenses	15 695	15 444	13 697	12 768	12 826	13 474	14 174	0.5
Surplus / (Deficit)	(1 217)	(124)	(1 111)	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/166

Non-tax revenue decreased from R1.367 million in 2012/13 to a revised estimate of R945 thousand in 2014/15. This is mainly due to the reduction in the administered fee revenue. In 2015/16, revenue is expected to decline by 22.2 per cent to R735 thousand. Over the MTEF, non-tax revenue is anticipated to increase gradually to an estimated R862 thousand in 2017/18, due to strengthened investment in craft hub promotional programmes.

Government transfers have declined significantly over the years, thus resulting in the accumulation of deficits. Transfers declined from R14.156 million in 2011/12 to R11.823 million in 2013/14. Transfers remained the same at R11.823 million in 2014/15, but will see an increase of 2.3 per cent in 2015/16. Transfers will increase moderately to an estimated R13.312 million in 2017/18.

Compensation of Employees increased from R4.277 million in 2011/12 to a revised estimate of R5.967 million in 2014/15. In 2015/16, the budget increases by 6.5 per cent to R6.355 million. Over the MTEF, the budget grows by an annual average of 6.5 per cent to accommodate the cost of living adjustment.

Expenditure on Goods and Services will decline as a consequence of the provincial budget cuts. Expenditure decreased from R11.195 million in 2011/12 to a revised estimate of R6.611 million in 2014/15. In 2015/16, the budget decreases by a further 5 per cent owing to non-recurring expenditure on film projects.

10. Personnel information

Table 4.2: ECPACC Personnel information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	4	4	5	5	5	5	5
Executive Management	1	1	1	1	1	1	1
Senior Management	1	1	1	1	1	1	1
Middle Management	5	5	5	5	5	5	5
Professionals	4	4	4	4	4	4	4
Semi-skilled	2	2	1	1	1	1	1
Very low skilled	8	8	8	8	8	8	8
Total	25	25	25	25	25	25	25

Source: Provincial Treasury Database, 2015/16

ECPACC has an approved establishment of 28 posts, of which only 20 are funded. As at 31 December 2014, all funded posts were filled. ECPACC currently does not have a Supply Chain Manager or an HR Manager and these posts have been identified as critical vacant post by AGSA. Furthermore, three Arts Development Officers are required to assist the Arts Development Manager to assess projects, make recommendations for funding and perform compliance checks on projects funded. There is no plan to fill these posts over the MTEF due to the reduction in transfers received.

The entity had an interim council comprised of 4 members, whose term of office expired in October 2014. The Executive Authority is in the process of appointing a new council. Council members will be capped at 5 members over the MTEF.

Annexure: Detailed Financial Information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue	-	-	-	-	-	-	-	
Non-tax revenue	322	1 367	763	945	735	796	862	(22.2)
assets	139	611	188	550	605	666	732	10.0
Of which:								
Admin fees	-	-	-	-	-	-	-	
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	139	611	188	550	605	666	732	10.0
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	133	102	64	125	130	130	130	4.0
Other non-tax revenue	50	654	511	270	-	-	-	(100.0)
Transfers received	14 156	13 953	11 823	11 823	12 091	12 678	13 312	2.3
Sale of capital assets								
Total revenue	14 478	15 320	12 586	12 768	12 826	13 474	14 174	0.5
Expenses								
Current expense	15 695	15 444	13 697	12 768	12 826	13 474	14 174	0.5
Compensation of employees	4 277	4 457	4 817	5 967	6 355	6 768	7 208	6.5
Use of goods and services	11 195	10 791	8 781	6 611	6 281	6 516	6 776	(5.0)
Depreciation	220	196	99	190	190	190	190	0.0
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	3	-	-	-	-	-	-	
Interest	3	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	
Total expenses	15 695	15 444	13 697	12 768	12 826	13 474	14 174	0.5
Surplus / (Deficit)	(1 217)	(124)	(1 111)	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual	1 104	(1 834)	232	(91)	100	60	60	(209.9)
Adjustments for:								
Depreciation	220	196	99	190	190	190	190	0.0
Interest	(133)	(102)	(64)	(125)	(130)	(130)	(130)	4.0
assets	3	1	-	-	-	-	-	
Other	1 014	(1 929)	197	(156)	40	-	-	(125.6)
changes in working capital	(113)	(1 958)	(879)	(91)	100	60	60	(209.9)
Changes in working capital	771	(1 539)	334	(752)	(67)	(105)	(5)	(91.1)
(Decrease) / increase in accounts payable	796	(1 563)	(64)	(697)	(10)	(50)	-	(98.6)
Decrease / (increase) in accounts receivable	6	103	(29)	(180)	(7)	(5)	(5)	(96.1)
(Decrease) / increase in provisions	(31)	(79)	427	125	(50)	(50)	-	(140.0)
Cash flow from operating activities	658	(3 497)	(545)	(843)	33	(45)	55	(103.9)
Transfers from government	14 156	13 953	11 823	11 823	12 091	12 678	13 312	2.3
Of which:								
Capital	-	-	-	-	-	-	-	
Current	14 156	13 953	11 823	11 823	12 091	12 678	13 312	2.3
Cash flow from investing activities	114	78	53	732	(7)	(18)	(18)	(101.0)
Acquisition of Assets	(19)	(24)	(11)	(93)	(137)	(148)	(148)	47.3
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	(9)	(11)	(6)	(50)	(90)	(32)	(32)	80.0
Furniture and Office equipment	(10)	(7)	(5)	(33)	(37)	(37)	(37)	12.1
Other Machinery and equipment	-	-	-	-	-	(69)	(69)	
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	
Computer Software	-	(6)	-	(10)	(10)	(10)	(10)	0.0
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	-	-	-	-	-	
Other flows from Investing Activities	133	102	64	825	130	130	130	(84.2)
Other 1	133	102	64	125	130	130	130	4.0
Other 2	-	-	-	700	-	-	-	(100.0)
Cash flow from financing activities	-	-	-	-	-	-	-	-
Deferred Income	-	-	-	-	-	-	-	
Borrowing Activities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Net increase / (decrease) in cash and cash equivalents	772	(3 419)	(492)	(111)	26	(63)	37	(123.4)

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	665	492	405	345	293	251	216	(15.1)
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	33	1	9	41	27	19	12	(34.1)
Furniture and Office equipment	356	272	221	220	198	178	160	(10.0)
Other Machinery and equipment	254	213	172	83	67	53	43	(19.3)
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	
Computer Software	22	6	3	1	1	1	1	0.0
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Cash and Cash Equivalents	4 197	778	286	175	201	138	175	14.9
Bank	4 197	778	286	175	201	138	175	14.9
Cash on Hand	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Receivables and Prepayments	253	254	284	104	97	92	87	(6.7)
Trade Receivables	214	215	245	65	59	53	47	(9.2)
Other Receivables	39	39	39	39	38	39	40	(2.6)
Prepaid Expenses	-	-	-	-	-	-	-	
Accrued Income	-	-	-	-	-	-	-	
Inventory	235	212	275	150	200	250	250	33.3
Trade	235	212	275	150	200	250	250	33.3
Other	-	-	-	-	-	-	-	
Total Assets	5 350	1 736	1 250	774	791	731	728	2.2
Capital and Reserves	1 072	603	(507)	(286)	(259)	(269)	(272)	(9.4)
Share Capital and Premium	-	-	-	-	-	-	-	
Accumulated Reserves	2 289	1 072	603	(507)	(286)	(259)	(269)	(43.6)
Surplus / (Deficit)	(1 217)	(124)	(1 111)	-	-	-	-	
Other	-	(345)	1	221	27	(10)	(3)	(87.8)
Borrowings	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Post Retirement Benefits	-	-	-	-	-	-	-	
Present value of Funded obligations	-	-	-	-	-	-	-	
Unrecognised transitional liabilities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Trade and Other Payables	2 232	668	1 096	600	550	500	500	(8.3)
Trade Payables	2 232	668	1 096	600	550	500	500	(8.3)
Accrued Interest	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Deferred Income	-	-	-	-	-	-	-	
Provisions	-	-	-	-	-	-	-	
Leave pay provision	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Funds Managed (e.g. Poverty Alleviation)	2 046	465	661	460	500	500	500	8.7
Poverty Alleviation Fund	-	-	-	-	-	-	-	
Regional Development Fund	-	-	-	-	-	-	-	
Third Party Funds	2 046	465	661	460	500	500	500	8.7
Other 4	-	-	-	-	-	-	-	
Contingent Liabilities	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	4 277	4 457	4 817	5 967	6 355	6 768	7 208	6.5
Personnel numbers (head count)	21	21	20	20	20	20	20	0.0
Unit cost	204	212	241	298	318	338	360	6.5
B. Part-time and temporary contract								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost	-	-	-	-	-	-	-	
C. Interns								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost	-	-	-	-	-	-	-	
Total for entity								
Personnel cost (R thousand)	4 277	4 457	4 817	5 967	6 355	6 768	7 208	6.5
Personnel numbers (head count)	21	21	20	20	20	20	20	0.0
Unit cost	204	212	241	298	318	338	360	6.5
D. Learnerships								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost	-	-	-	-	-	-	-	

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

** Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	4	4	5	5	5	5	5
Executive Management	1	1	1	1	1	1	1
Senior Management	1	1	1	1	1	1	1
Middle Management	5	5	5	5	5	5	5
Professionals	4	4	4	4	4	4	4
Semi-skilled	2	2	1	1	1	1	1
Very low skilled	8	8	8	8	8	8	8
Total	25	25	25	25	25	25	25

Source: Provincial Treasury Database, 2015/16

A detailed black and white photograph of mechanical gears, likely from a watch movement. The image shows several interlocking gears of different sizes, with fine teeth and polished metal surfaces. The lighting creates highlights and shadows that emphasize the intricate details of the machinery.

EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

EASTERN CAPE PARKS & TOURISM AGENCY (ECPTA)



Eastern Cape Parks & Tourism Agency (ECPTA)

1. Legislative mandate

The Eastern Cape Parks and Tourism Agency (ECPTA) was established in July 2010 through the merger of the Eastern Cape Parks and Eastern Cape Tourism Board in terms of the Eastern Cape Parks and Tourism Agency Act (Act No.2 of 2010) and listed in the Public Finance Management Act No. 1 of 1999, as amended as a Schedule 3C public entity, under the control of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

The mandate of the ECPTA is to provide for the effective management and conservation of biodiversity and eco-systems in defined protected areas, as well as to foster, promote, sustainably develop, market and transform the tourism industry within the Province. Thus the entity is entrusted with protecting the environmental assets of the Province for the benefit of present and future generations, prevent pollution and ecological degradation, promote conservation, secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

2. Vision

Responsible tourism and conservation management that underpins sustainable development of the Eastern Cape.

3. Mission

ECPTA will become the premier conservation and tourism agency by pursuing equitable low carbon emission growth through innovation and collaboration.

4. Strategic objectives

The following are the agency's strategic objectives aligned to national and provincial policy priorities:

- Implementation of a decision support system for biodiversity conservation in the province;
- Ensure that the province is ranked in the top 3 most-visited destinations in the domestic market;
- Expand participation of previously advantaged business owners in mainstream tourism industry;
- Maintain effective management of protected areas;
- Comply with relevant legislative prescripts for the security of protected areas;
- Expand the participation of previously disadvantage individuals as consumers in the game and conservation industries; and
- Ensures the Agency's ability to meet its mandate by providing cross-cutting support services.

5. Main services

In line with its mandate, the main services rendered by the agency are as follows:

- Provide scientific and technical advice to promote biodiversity conservation best practice as well as effective and appropriate planning and policy development;
- Ensure the expansion of the protected areas estate of the province;
- Create employment opportunities through Green Job projects, the Expanded Public Works Programmes (EPWP) and seasonal harvesting of natural resources;
- Create economic opportunities by creating a demand for goods and services and unlocking opportunities for economic development for entrepreneurs, concessionaires, eco-tourism and cultural tourism linkages;
- Develop economic infrastructure relating to tourism, reserves operations and public servitudes;

- Support the education curriculum by developing environmental education centres in the reserves and promoting environmental education and awareness programmes for sustainable natural resource use;
- Combat poaching, illegal use of natural resources and trade in endangered species;
- Provision of ecological goods and services, for example clean water through catchments management, combating soil erosion and carbon sequestration;
- Facilitate access to natural resources within the reserve, for example thatching grass, fish, venison and firewood;
- Support human capital development initiatives to ensure optimal socio-economic impact on communities; and
- Strengthen the capacity of communities to effectively participate in biodiversity conservation and co-management of Provincial Parks.

6. Programme details

- **Biodiversity conservation:** Ensures efficient and effective management of a system for protected areas in the province with an emphasis on the conservation of biodiversity and the sustainable use of natural resources within provincial protected areas.
- **Destination tourism:** Markets, promotes and develops the province as a tourism destination through creating awareness of tourism opportunities, promoting provincial parks and providing credible visitor information.
- **Operations:** Manage operations of tourism, regional office and effectively manage and safeguard the operations of the reserves (protected areas) in association with Biodiversity Conservation and Destination Tourism.
- **Corporate management support:** Provides overall organizational human capital and financial management.

7. 2014/15 Performance review

7.1 Key achievements

The protected areas estate of the province increased from 499 800 hectares in 2013/14 to 524 800 hectares in 2014/15. The Intention to Declare Notice and Schedule for new reserves and protected areas with a total of 39 248 hectares – was submitted to the MEC. The public participation consultation will commence soon and it is expected that the declaration will be gazetted by the end of the financial year. The entity has developed a longitudinal programme on key protected areas to document changes in vegetation possibly resulting from climate change. These climate change considerations now form an integral part of the Eastern Cape Protected Areas Strategy and are a key component of the Stewardship Programme.

The entity facilitated the hosting of the 6th National People and Parks Conference in the province. Skills development and service quality imperatives of the National Tourism Sector Strategy came into keen focus during the conference, particularly the elevation of service standards in the private sector and tourism as a driver to create jobs for the youth. The Southern African Wildlife Management Association (SAWMA) Conference was also hosted in the province, where several staff members presented research papers. These platforms assist in elevating the quality of scientific research conducted on the management of renewable natural resource and wildlife and thus assist in appropriate planning and policy development.

The entity concluded a 3 year successful hosting of the National Tourism Careers Expo (NTCE). More than 20 000 learners, teachers and unemployed graduates have been exposed to various careers in both the conservation and tourism industries. Partnerships with CATHSSETA and Tourism Enterprise Partnership (TEP) have assisted in leveraging human capital development for biodiversity conservation and business skills training initiatives for tourism product owners. These investments have started to bear dividends as the province has increased participants in the Lilizela Awards from 93 to 149 in the current financial year. Furthermore, at the National Lilizela Awards, the Eastern Cape was third overall with 9 winners, compared to 2 in the previous year.

The entity supported several events such as the Buyelekhaya Music Festival and the Isingqisethu Wild Coast Cultural Festival in partnership with the department of Sports, Arts and Culture (DSRAC) in an endeavour to promote heritage tourism in the province. In the period under review 467 job opportunities were created through the EPWP.

7.2 Key challenges

Despite the abovementioned achievements, the accessibility of our provincial reserves, heritage sites and other tourist attractions still remains a challenge. The condition of the access roads pose a significant strategic risk on the ability of the entity to drive its commercialization strategy through the mobilization of private sector investors to develop tourist attractions and thus enhance the Province's natural endowment. Investors can only be attracted where infrastructure contributes to the realization of economic returns.

The expansion of the protected areas network needs intensive capital resources which the entity does not have at its disposal.

8. 2015/16 Performance outlook

Over the MTEF, the ECPTA will focus on the following policy priorities:

- Intensify efforts to transform the economy by creating jobs in the conservation and tourism sectors and open both sectors up to mainstream participation by previously disadvantaged individuals;
- Fighting crime and corruption by enhancing the anti-poaching and reserve security capabilities, including working closely with law enforcement and the security cluster to ensure compliance with the National Environmental Management Act;
- Conduct community engagement and awareness campaigns to encourage responsible resource use and decrease poaching;
- Maintain our position as the leading management authority of declared nature reserves in the country;
- Promote the Eastern Cape as a preferred tourism destination through institutionalising the provincial tourism brand and working towards regaining a top-three SA Tourism ranking as a domestic tourism destination; and
- Refine our business model to better integrate scientific services, tourism and conservation infrastructure development, and destination marketing efforts.

9. Expenditure Estimates

2015/16 Budget and MTEF estimates

Table 5.1: ECPTA Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	18 556	20 842	17 446	26 414	19 932	21 402	22 686	(24,5)
Sale of goods and services other than capital assets	16 082	17 994	14 005	13 478	16 213	16 056	17 341	20,3
Of which:								
Admin fees	-	-	-	-	-	-	-	
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	16 082	17 994	14 005	13 478	16 213	16 056	17 341	20,3
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	1 103	1 228	1 444	1 500	1 584	1 584	1 584	5,6
Other non-tax revenue	1 371	1 620	1 997	11 436	2 135	3 761	3 761	(81,3)
Transfers received	162 899	189 562	227 119	207 882	193 080	191 204	197 115	(7,1)
Sale of capital assets	(12)	68	-	-	-	-	-	
Total revenue	181 443	210 472	244 565	234 296	213 012	212 606	219 801	(9,1)
Expenses								
Current expense	156 773	244 213	289 387	219 696	213 012	212 606	219 801	(3,0)
Compensation of employees	100 698	102 620	114 190	118 979	125 642	129 589	137 589	5,6
Use of goods and services	54 861	82 028	115 932	84 733	76 564	75 062	74 869	(9,6)
Depreciation	1 122	58 942	58 818	15 984	10 806	7 955	7 343	(32,4)
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	92	623	447	-	-	-	-	
Interest	92	623	447	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies	10 000	10 000	10 000	14 600	-	-	-	(100,0)
Total expenses	166 773	254 213	299 387	234 296	213 012	212 606	219 801	(9,1)
Surplus / (Deficit)	14 670	(43 741)	(54 822)	-	-	-	-	

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Non-tax revenue has fluctuated with economic trends as it increased from R18.556 million in 2011/12 to R20.842 million in 2012/13, but declined to R17.446 million in 2013/14. In 2014/15, revenue collection is estimated to rise to R26.414 million as capital investments in reserve accommodation start to bear dividends and an increase in game sales. Over the 2015 MTEF, non-tax revenue is projected to decline owing to non-recurring insurance recoveries.

Transfers received increased between 2011/12 and 2013/14 from R162.899 million to R227.119 million due to funding received for infrastructure and destination marketing. The 2014/15 revised estimate for transfers received decreased due to the discontinuation of the once-off allocation of R10 million for the Home of Legends project. Over the 2015 MTEF, the projected decrease from R207.882 million in 2014/15 to R193.080 million in 2015/16 is due to the decision taken by the Province for ECPTA to focus on maintenance of the existing structures and the capital projects to be undertaken by the Department of Roads and Public works (DRPW).

Compensation of Employees increased from R100.698 million in 2010/11 to a revised estimate of R118.979 in 2014/15 as the Agency embarked on filling vacancies among skilled professionals and senior management. The 2015 MTEF estimates are based on annual salary increases.

Goods and Services have increased from R54.861 million in 2011/12 to R115.932 million in 2013/14 as the Agency undertook a massive refurbishment of road networks within the reserves and the alignment of on-reserve properties to the occupational health and safety regulations. In 2015/16, expenditure declines by 9.6 per cent to R76.564 million due to the constrained fiscal environment.

Transfers and Subsidies relate to strategic events partnerships, where the Agency funds the Standard Bank Ironman, the Africa Golf Open Tournament both held in East London annually and the Isingqi-sethu Heritage Festival on the Wild Coast. Transfers have increased from R10 million in 2011/12 to a revised estimate of R14.600 million in 2014/15. Over the 2015 MTEF, there are no transfers projected by the Agency, owing to the tight fiscal environment.

10. Personnel information

Table 5.2: ECPTA Personnel information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	9	7	7	7	7	7	7
Executive Management	6	6	5	3	6	6	6
Senior Management	35	37	32	33	40	40	40
Middle Management	20	27	29	26	32	32	32
Professionals	49	51	54	54	60	62	64
Semi-skilled	171	215	213	216	228	228	229
Very low skilled	143	147	141	150	155	152	150
Total	433	490	481	489	528	527	528

Source: Provincial Treasury Database, 2015/16

The ECPTA has an approved establishment of 525 posts. As at the 31 December 2014, 482 posts were filled, of which 9 are external to the establishment. It is anticipated that an additional 39 posts, which includes game rangers in a bid to increase the on-reserve security capabilities, will be filled by the end of the financial year. There is no planned recruitment over the MTEF except the filling of vacancies that become vacant through natural attrition and resignation. The board is comprised of 7 members and will be capped at this level over the MTEF period.

Annexure: Detailed Financial Information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	%
	Audited outcome			Revised estimate	Medium-term estimate			change from 2014/15
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	18 556	20 842	17 446	26 414	19 932	21 402	22 686	(24,5)
Sale of goods and services other than capital assets	16 082	17 994	14 005	13 478	16 213	16 056	17 341	20,3
<i>Of which:</i>								
Admin fees	-	-	-	-	-	-	-	
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	16 082	17 994	14 005	13 478	16 213	16 056	17 341	20,3
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	1 103	1 228	1 444	1 500	1 584	1 584	1 584	5,6
Other non-tax revenue	1 371	1 620	1 997	11 436	2 135	3 761	3 761	(81,3)
Transfers received	162 899	189 562	227 119	207 882	193 080	191 204	197 115	(7,1)
Sale of capital assets	(12)	68	-	-	-	-	-	
Total revenue	181 443	210 472	244 565	234 296	213 012	212 606	219 801	(9,1)
Expenses								
Current expense	156 773	244 213	289 387	219 696	213 012	212 606	219 801	(3,0)
Compensation of employees	100 698	102 620	114 190	118 979	125 642	129 589	137 589	5,6
Use of goods and services	54 861	82 028	115 932	84 733	76 564	75 062	74 869	(9,6)
Depreciation	1 122	58 942	58 818	15 984	10 806	7 955	7 343	(32,4)
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	92	623	447	-	-	-	-	
Interest	92	623	447	-	-	-	-	
Dividends	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	
Transfers and subsidies	10 000	10 000	10 000	14 600	-	-	-	(100,0)
Total expenses	166 773	254 213	299 387	234 296	213 012	212 606	219 801	(9,1)
Surplus / (Deficit)	14 670	(43 741)	(54 822)	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	(15 166)	77 237	42 417	15 984	10 806	7 955	8 233	(32.4)
Adjustments for:								
Depreciation	1 122	58 942	58 818	15 984	10 806	7 955	8 233	(32.4)
Interest	-	-	-	-	-	-	-	
Net (profit) / loss on disposal of fixed assets	12	(68)	-	-	-	-	-	
Other	(16 300)	18 363	(16 401)	-	-	-	-	
Operating surplus / (deficit) before changes in working capital	(496)	33 496	(12 405)	15 984	10 806	7 955	8 233	(32.4)
Changes in working capital	(7 810)	13 833	163	(10 508)	306	1 072	1 867	(102.9)
(Decrease) / increase in accounts payable	(6 060)	12 504	341	(9 858)	1 415	2 261	3 168	(114.4)
Decrease / (increase) in accounts receivable	(1 770)	1 330	(158)	(671)	(1 100)	(1 199)	(1 300)	64.0
(Decrease) / increase in provisions	20	(1)	(20)	21	(9)	10	(1)	(142.9)
Cash flow from operating activities	(8 306)	47 329	(12 242)	5 476	11 112	9 026	10 100	102.9
Transfers from government	162 899	189 562	227 119	215 765	193 080	191 204	197 115	(10.5)
Of which:								
Capital								
Current	162 899	189 562	227 119	215 765	193 080	191 204	197 115	(10.5)
Cash flow from investing activities	(6 107)	(13 470)	(21 371)	(6 264)	(7 568)	(3 335)	(3 335)	20.8
Acquisition of Assets	(4 960)	(11 571)	(19 016)	(5 884)	(7 568)	(3 335)	(3 335)	28.6
Land								
Dwellings	(1 024)	(7 910)	(2 476)	(1 814)	(2 588)	-	-	42.7
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	(1 729)	(695)	(12 282)	(664)	(500)	(500)	(500)	(24.7)
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	(2 618)	-	-	
Computer equipment	(783)	(510)	(1 478)	(3 190)	(1 631)	(1 585)	(1 585)	(48.9)
Furniture and Office equipment	(369)	(842)	(634)	(130)	(231)	-	-	77.7
Other Machinery and equipment	(128)	(100)	(290)	(86)	-	(1 250)	(1 250)	(100.0)
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	(927)	(1 514)	(1 856)	-	-	-	-	
Computer Software	-	-	-	-	-	-	-	
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	-	-	-	-	-	
Other flows from Investing Activities	(1 147)	(1 899)	(2 355)	(380)	-	-	-	(100.0)
Other 1	(1 147)	(1 899)	(2 355)	(380)	-	-	-	(100.0)
Other 2	-	-	-	-	-	-	-	
Cash flow from financing activities	1 119	(2 197)	(13 820)	(13 935)	(10 477)	698	(467)	(24.8)
Deferred Income	(6 540)	-	-	-	-	-	-	
Borrowing Activities	-	-	-	-	-	-	-	
Other	7 659	(2 197)	(13 820)	(13 935)	(10 477)	698	(467)	(24.8)
Net increase / (decrease) in cash and cash equivalents	(13 294)	31 662	(47 433)	(14 723)	(6 933)	6 389	6 298	(52.9)

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	100 475	430 588	397 252	387 532	384 294	379 674	374 776	(0.8)
Land	160	160	160	160	160	160	160	0.0
Dwellings	16 733	138 229	134 804	133 922	133 831	131 155	128 532	(0.1)
Non- Residential Buildings	-	-	-	-	-	-	-	-
Investment Property	6 851	6 709	6 567	6 425	6 283	6 141	5 999	(2.2)
Other Structures (Infrastructure Assets)	12 486	207 780	182 745	177 318	171 907	166 677	161 621	(3.1)
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	-
Capital Work in Progress	10 735	9 675	12 030	10 009	8 327	6 928	5 764	(16.8)
Heritage Assets	22 991	22 991	22 991	22 991	22 991	22 991	22 991	0.0
Biological Assets	12 210	9 070	12 995	10 210	10 210	10 950	10 950	0.0
Computer equipment	3 747	2 839	2 173	3 538	4 903	6 268	7 633	38.6
Furniture and Office equipment	4 095	17 402	12 015	12 145	14 824	17 503	20 182	22.1
Other Machinery and equipment	4 519	2 717	1 848	1 891	1 934	1 977	2 020	2.3
Specialised military assets	-	-	-	-	-	-	-	-
Transport Assets	5 948	10 367	7 196	7 196	7 196	7 196	7 196	0.0
Computer Software	-	2 649	1 728	1 728	1 728	1 728	1 728	0.0
Mastheads and Publishing titles	-	-	-	-	-	-	-	-
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	-
Service and Operating Rights	-	-	-	-	-	-	-	-
Other Intangibles	-	-	-	-	-	-	-	-
Investments	-	81	-	-	-	-	-	-
Floating	-	-	-	-	-	-	-	-
Current	-	81	-	-	-	-	-	-
1<5 Years	-	-	-	-	-	-	-	-
5<10 Years	-	-	-	-	-	-	-	-
>10 Years	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	43 150	74 812	27 379	12 656	5 723	12 112	18 410	(54.8)
Bank	30 712	59 931	20 198	6 356	823	6 787	13 085	(87.1)
Cash on Hand	67	40	60	50	50	50	50	0.0
Other	12 371	14 841	7 121	6 250	4 850	5 275	5 275	(22.4)
Receivables and Prepayments	2 933	1 584	1 691	2 362	3 462	4 662	5 962	46.6
Trade Receivables	700	383	1 096	222	131	66	33	(40.9)
Other Receivables	2 233	1 201	595	2 140	3 331	4 596	5 929	55.7
Prepaid Expenses	-	-	-	-	-	-	-	-
Accrued Income	-	-	-	-	-	-	-	-
Inventory	29	30	50	29	38	28	29	31.0
Trade	29	30	50	29	38	28	29	31.0
Other	-	-	-	-	-	-	-	-
Total Assets	146 587	507 095	426 372	402 579	393 517	396 476	399 177	(2.3)
Capital and Reserves	74 717	402 354	347 718	347 718	347 718	347 718	347 718	(0.0)
Share Capital and Premium	-	-	-	-	-	-	-	-
Accumulated Reserves	20 743	406 791	363 236	308 414	308 414	308 414	308 414	0.0
Surplus / (Deficit)	14 670	(43 741)	(54 822)	0	(0)	(0)	0	(145.9)
Other	39 304	39 304	39 304	39 304	39 304	39 304	39 304	0.0
Borrowings	-	717	80	1 402	935	468	1	(33.3)
Floating	-	-	-	-	-	-	-	-
Current	-	371	52	600	400	200	-	(33.3)
1<5 Years	-	346	28	802	535	268	1	(33.3)
5<10 Years	-	-	-	-	-	-	-	-
>10 Years	-	-	-	-	-	-	-	-
Post Retirement Benefits	-	4 851	4 622	4 622	4 622	4 622	4 622	0.0
Present value of Funded obligations	-	4 851	4 622	4 622	4 622	4 622	4 622	0.0
Unrecognised transitional liabilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Trade and Other Payables	12 604	26 949	26 628	16 770	17 764	21 108	24 276	5.9
Trade Payables	10 572	25 435	26 003	13 519	14 578	18 714	21 882	7.8
Accrued Interest	-	-	-	-	-	-	-	-
Other	2 032	1 514	625	3 251	3 186	2 394	2 394	(2.0)
Deferred Income	31 224	45 504	33 206	18 820	10 210	10 950	10 950	(45.7)
Provisions	5 876	6 335	6 997	6 997	7 418	6 335	6 335	6.0
Leave pay provision	5 876	6 335	6 997	6 997	7 418	6 335	6 335	6.0
Other 1	-	-	-	-	-	-	-	-
Other 2	-	-	-	-	-	-	-	-
Other 3	-	-	-	-	-	-	-	-
Other 4	-	-	-	-	-	-	-	-
Funds Managed (e.g. Poverty Alleviation Fund)	22 166	20 385	7 121	6 250	4 850	5 275	5 275	(22.4)
Poverty Alleviation Fund	12 166	14 864	7 121	6 250	4 850	5 275	5 275	(22.4)
Regional Development Fund	-	-	-	-	-	-	-	-
Third Party Funds	-	-	-	-	-	-	-	-
Other 4	10 000	5 521	-	-	-	-	-	-
Contingent Liabilities	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-
Other 2	-	-	-	-	-	-	-	-
Other 3	-	-	-	-	-	-	-	-
Other 4	-	-	-	-	-	-	-	-

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	100 698	102 620	114 190	118 979	125 642	129 589	137 589	5.6
Personnel numbers (head count)	424	483	474	482	521	520	521	8.1
Unit cost	237	212	241	247	241	249	264	(2.3)
B. Part-time and temporary contract employees								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost	-	-	-	-	-	-	-	
C. Interns								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost	-	-	-	-	-	-	-	
Total for entity								
Personnel cost (R thousand)	100 698	102 620	114 190	118 979	125 642	129 589	137 589	5.6
Personnel numbers (head count)	424	483	474	482	521	520	521	8.1
Unit cost	237	212	241	247	241	249	264	(2.3)
D. Learnerships								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost	-	-	-	-	-	-	-	

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

* * Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	9	7	7	7	7	7	7
Executive Management	6	6	5	3	6	6	6
Senior Management	35	37	32	33	40	40	40
Middle Management	20	27	29	26	32	32	32
Professionals	49	51	54	54	60	62	64
Semi-skilled	171	215	213	216	228	228	229
Very low skilled	143	147	141	150	155	152	150
Total	433	490	481	489	528	527	528

Source: Provincial Treasury Database, 2015/16



EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

**EASTERN
CAPE RURAL
DEVELOPMENT
AGENCY (ECRDA)**



Eastern Cape Rural Development Agency (ECRDA)

1. Legislative mandate

Eastern Cape Rural Development Agency (ECRDA) is listed as a schedule 3C entity in terms of the Public Finance Management Act 1 of 1999 (PFMA), as amended. The mandate of the ECRDA is to promote, support, coordinate and facilitate the implementation of integrated rural development in the Eastern Cape.

2. Vision

To be a leading and vibrant organization that improves livelihoods and develops sustainable rural communities in the Eastern Cape.

3. Mission

ECRDA's mission is building a vibrant and sustainable rural economy through, coordinating and facilitating the implementation of integrated high impact programmes for rural development and agrarian reform in the Eastern Cape by forming partnerships with rural communities and other stakeholders.

4. Strategic Objectives

To promote, support and facilitate rural development in the province through:

- Mobilising financial resources; providing financial and supportive services to persons conducting business within and are permanent citizens of the province;
- Promoting and encouraging private sector investment in the province and the participation of the private sector towards economic growth;
- Promoting, assisting and encouraging the development of the Province's human resources and financial infrastructure, in association with other institutions with similar or related objectives;
- Acting as the governments' agent for performing any development-related tasks and responsibilities that the government consider to be more efficiently or effectively performed by a corporate entity;
- Driving, coordinating and project managing integrated programmes of rural development, land reform and agrarian transformation in the province;
- Promoting applied research and innovative technologies for rural development in the province;
- Planning, monitoring and evaluating rural development in the province;
- Facilitating the participation of the private sector and community organizations in rural development programmes;
- Support and co-ordinate integrated programmes of land reform; and
- Project managing rural development interventions in the province.

5. Main Services

The strategic focus of the ECRDA is directed towards 5 key policy priorities in support of the rural development in the province:

- **Loan Finance** – Provision of loans primarily to rural communities in support of rural development initiatives;
- **Rural Enterprise Development (RED) Hubs** – The project is built around the support of 3 elements, which make up the basic 'value-chain' of the rural economy, which are:
 - o Production – Maize/Sorghum must be grown /produced in the community on a significant scale;
 - o Processing – Maize/Sorghum must be processed in the community in order to derive benefit from the value chain; and

- o Marketing - Farmers must be able to sell their produce to the community and marketing channels need to be available for excess produce (Off take agreements).
- **Forestry and Timber Development** – Planning, promotion, initiating, resourcing, facilitating and supporting the establishment of commercial and community owned/operated forestry in the province;
- **Livestock development** – Facilitate the commercialisation of livestock production in emerging and communal areas so that the participants can take part in the main stream economy; and
- **Renewable Energy** – Provision of alternative sources of energy to rural communities so as to reduce reliance on the conventional grid.

6. Programme details

- **Pillar 1:** Effective co-ordination and implementation of agrarian-driven High Impact Priority Programmes (HIPPs);
- **Pillar 2:** Promote entrepreneurship through rural finance and support programmes;
- **Pillar 3:** Develop, institutionalize and sustain an effective, capable and fit-for-purpose organization including project management, targeted research and an innovation driven agency;
- **Pillar 4:** Leverage strategic partnerships towards the implementation and funding of rural development initiatives; and
- **Pillar 5:** Develop a sustainable, localized and institutionalized framework.

7. 2014/15 Performance review

7.1 Key achievements

ECRDA is currently implementing the RED Hubs and has identified 4 sites, of which 2 sites (Ncora and Mqanduli) are funded through a partnership between the Development Bank of South Africa's (DBSA) Jobs Fund, ECRDA and ECDC. The remaining 2 (Lady Frere and Bizana) sites are funded by the Eastern Cape Government. In Ncora and Mqanduli, maize harvesting was completed in October 2014 yielding 1 783 tons and 564 tons, respectively. Maize planting for the second season commenced in November 2014, and amounted to 936 hectares (ha) in Mqanduli and 993 ha in Ncora. An additional 750 ton silo has been completed in Mqanduli, while the construction of silo bases has been completed in Ncora and mechanisation equipment delivered at both sites. The Mqanduli and Bizana RED Hubs were officially launched by the MEC for DRDAR in November and December 2014.

At Lady Frere, about 800 ha of grain sorghum has been planted while in Mbizana, 900 ha of maize were planted. Eight tractors, a one ton bakkie and other implements have been procured and delivered in Mbizana RED Hub, while the outstanding equipment is planned to be delivered by the end of 2014/15 financial year. To date, these RED Hubs have created 32 jobs each.

An Interim Business Plan on the Business Rescue Process for both the Magwa and Majola Tea Estates has been developed and submitted to the Economic Cluster and Cabinet for their approval and support. Furthermore, a Project Steering Committee on the business rescue process has been established to ensure effective and efficient operations of the Tea Estates. A service provider has been appointed to assist with the above.

ECRDA has commenced with the integration of its subsidiary, Agrarian Research and Development Agency (ARDA) into the operations of ECRDA. This process is projected to be completed by the end of 2014/15. The ECRDA is continuing with the Cradock Ethanol Project in renewable energy sector, which includes feedstock aggregation as a result of the integration of ECRDA and ARDA.

Sorghum trials of 20 ha were planted at Lady Frere and 1 000 ha were established as a precursor to the commercial production of sorghum for the bio-fuels industry that commenced in the 3rd quarter of 2014/15. However, key challenges experienced with the National Department of Energy, Water Affairs and Agriculture regarding incentives are, water and land usage which will result in further delays in implementation of bio-fuels project.

As at 31 December 2014, ECRDA has made transfer payments to some of its subsidiaries and associate entities, which include Magwa Enterprise Tea (R2.765 million) and Ncera Macademia (R7.5 million).

ECRDA's loan book remains heavily impaired, although new agency loans (issued after the integration of ECRFC and Asgisa-EC) are reflecting improving trends.

7.2 Key challenges

7.2.1 Agro-processing

The entry and active participation of small and medium rural based agro-processing enterprises is hampered by several over-arching challenges, despite the potential to grow.

Some of challenges limiting meaningful participation in the agro-processing sector in the province include but not limited to:

- Lack of technical and entrepreneurial skills;
- Lack of appropriate processing technology;
- Lack of adequate enterprise development instruments such as access to finance, access to markets and incubation;
- Lack of infrastructure and logistics investment; and
- Inadequate Research and Development including technology transfer.

Within the context of a rural enterprise development, ECRDA ensures that appropriate agro-processing infrastructure is provided. This includes provision of storage facilities such as silos and sheds and related mechanization equipment to support the milling plants.

7.2.2 Forestry and Timber Development

The forestry, timber processing, pulp and paper and furniture industries play an important role in the South African economy by creating jobs in rural areas where few employment opportunities exist. In the Eastern Cape, the forestry sector has the potential to contribute significantly to rural economic development.

Rural poverty in the province has forced people to pursue unsustainable practices which satisfy basic needs or offer quick cash returns. Across the entire province, young indigenous trees are cut for firewood and sold along the roads. Poor communities do not see any immediate cash value from indigenous forests, leading to undervaluation of the resource. This is due to a lack planning, promotion, initiating, resourcing, facilitating and supporting the establishment of commercial and community owned/operated forestry in the province.

7.2.3 Livestock development

Eastern Cape has the highest number of cattle, about three million at least, in the hands of rural households and emerging farmers. Despite this good perspective, the province continues to import red meat from three other provinces, i.e. Free State, Gauteng and KwaZulu-Natal. The main reason is that there is minimal value added in the province, such access to markets including the establishment of feedlots and auctions. This has resulted in the province being unable to meet its demand for Grade A and B beef.

7.2.4 Renewable Energy

The province has significant economic potential and competitive advantage in terms of renewable energy resources, but very few renewable energy projects have been implemented. Renewable energy sources, other than biomass (the energy from plants and plant-derived materials), have not yet been optimally explored. There is a need for the private and public sector to forge partnerships in initiating renewable energy initiatives. Such partnerships will overcome market barriers and promote the widespread use of sustainable energy solutions. This in the end will contribute towards job creation and optimal utilization of available resources and less reliance on conventional power grids.

7.2.5 Rural finance

In the Eastern Cape, access to finance is particularly limited for poor households and for micro, small, and medium enterprises. Poorly developed infrastructure, dispersed economic activity, and inadequate availability of skilled personnel constrain the provision of financial services in rural areas and make transaction costs very high. In addition, inadequate knowledge among service providers operating in rural parts of the Eastern Cape and insufficient products tailored to rural needs makes the availability of financial services in rural areas scarce.

8. 2015/16 Performance outlook

The ECRDA will continue to focus on the establishment and support of RED Hubs in the province, with pilot projects being Mqanduli, Ncora, Lady Frere and Bizana. The goal is to ensure massive production and processing of maize and sorghum by providing an enabling environment for the local co-operative organisations to be self-sustainable.

In addition, the entity will be continuing to implement a forestry and timber development project with the support of the DBSA's Jobs Fund and ECDC focusing on Forest Plantation with communities. This will enable the province to address backlogs in forestry development, such as forestry licensing and transfer of government held forest plantations into the ownership and control of communities.

Furthermore, the entity will also dedicate its focus on the livestock development by creating a conducive environment for small scale farmers to trade and market their livestock through feedlots and organized markets (auctions). The latter includes leveraging financial and non-financial support from other public and private institutions.

With the integration of ARDA into the ECRDA, the entity has enhanced its functions on renewable energy. In 2015/16, the focus will be on the provision of solar systems and bio-digesters as alternative sources of energy to communities that are not connected to the national grid. This will include the co-ordination and facilitation of farmers that will be producing the feedstock (sorghum) for the initiated bio-ethanol plant in Cradock.

9. Expenditure Estimates

2015/16 Budget and MTEF Estimates

Table 6.1: ECRDA Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue	-	-	-	-	-	-	-	
Non-tax revenue	13 954	26 987	13 111	16 337	14 114	14 735	15 266	(13,6)
Sale of goods and services other than capital assets	3 792	2 663	3 074	5 327	2 700	2 750	2 800	(49,3)
Of which:								
Admin fees	3 792	2 457	3 074	5 327	2 700	2 750	2 800	(49,3)
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	206	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	3 781	3 118	3 737	3 728	3 914	4 110	4 316	5,0
Other non-tax revenue	6 381	21 206	6 300	7 282	7 500	7 875	8 151	3,0
Transfers received	37 072	155 000	138 137	213 671	151 573	147 522	154 898	(29,1)
Sale of capital assets	-	(830)	59	-	-	-	-	
Total revenue	51 026	181 157	151 307	230 008	165 687	162 257	170 164	(28,0)
Expenses								
Current expense	146 934	108 578	112 335	207 569	147 150	145 104	152 154	(29,1)
Compensation of employees	28 000	47 323	49 656	60 500	72 096	76 782	81 773	19,2
Use of goods and services	116 093	54 561	56 481	136 604	63 411	55 657	56 650	(53,6)
Depreciation	1 412	4 227	3 807	4 455	5 123	5 635	6 199	15,0
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	1 429	2 467	2 392	6 011	6 520	7 030	7 533	8,5
Interest	73	28	22	111	120	130	133	8,0
Dividends	-	-	-	-	-	-	-	
Rent on land	1 356	2 439	2 370	5 900	6 400	6 900	7 400	8,5
Transfers and subsidies	-	35 688	40 100	22 439	18 538	17 153	18 010	(17,4)
Total expenses	146 934	144 266	152 435	230 008	165 688	162 257	170 165	(28,0)
Surplus / (Deficit)	(95 908)	36 891	(1 128)	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Depicted in Table 6.1 above is the summary of revenue and expenses from 2011/12 to 2016/17. The ECRDA does not generate any tax revenues and its main source of income is government grants, rental income, interest charged on the loan book and fees for implementing projects. Non-tax revenue is expected to decrease from a revised estimate of R16.337 million in 2014/15 to R14.114 million in 2015/16, decreasing by 13.6 per cent mainly due to the decrease in administration fees income.

Transfers received by means of government grants have shown a significant increase from R37.072 million in 2011/12 to a revised estimate of R213.671 million in 2014/15. This is attributable to the recapitalization of the ECRDA since the merger of ECRFC and Asgisa-EC and the R70 million allocated for the establishment of the RED Hubs.

In 2015/16, transfers are projected to decrease by 29.1 per cent to R151.573 million due to the once off funding for the infrastructure and mechanization of the RED Hubs. Over the 2015 MTEF, the indicative allocations to the entity are increasing minimally to R154.898 million by 2017/18 as a result of a constrained fiscal environment.

Expenditure on Compensation of Employees increased from R28 million in 2011/12 to a revised estimate of R60.500 million in 2014/15. The increase was as a result of the establishment of ECRDA (merger of ECRFC and Asgisa-EC). In 2015/16, it is projected that the expenditure on Compensation of Employees will increase significantly by 19.2 per cent to R72.096 million due to the integration of ARDA. Over the 2015 MTEF, expenditure is projected to grow moderately.

Expenditure on Goods and Services decreased significantly from R116.093 million in 2011/12 to R56.841 million in 2013/14 due to operational costs of Asgisa-EC that were not funded when it was merged with ECRFC in 2011/12. Expenditure on Goods and Services increased significantly from R56.841 million in 2013/14 to R136.604 million in 2014/15. This was due to an additional allocation for RED Hubs. In 2015/16, expenditure on Goods and Services is projected to decrease significantly by 53.6 per cent to R63.411 million, mainly due to a once off funding for infrastructure and mechanization for the RED Hubs.

10. Personnel Information

Table 6.2: ECRDA Personnel Information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	11	11	11	11	11	11	11
Executive Management	3	4	3	4	5	5	5
Senior Management	5	4	4	3	3	3	3
Middle Management	13	13	14	20	25	25	25
Professionals	25	23	23	43	46	47	48
Semi-skilled	68	66	65	47	52	52	52
Very low skilled	28	27	27	24	29	29	29
Total	153	148	147	152	171	172	173

Source: Provincial Treasury Database, 2015/16

ECRDA is governed by the Accounting Authority (Board of Directors), which consist of 11 Non-Executive Directors. The ECRDA is currently operating with a staff capacity of 141 (excluding the board of directors) and is projecting to increase personnel numbers to 162 by 2017/18 due to the capacity requirements for the establishment of RED Hubs.

Annexure: Detailed Financial Information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue	-	-	-	-	-	-	-	
Non-tax revenue	13 954	26 987	13 111	16 337	14 114	14 735	15 266	(13,6)
Sale of goods and services other than capital assets	3 792	2 663	3 074	5 327	2 700	2 750	2 800	(49,3)
Of which:								
Admin fees	3 792	2 457	3 074	5 327	2 700	2 750	2 800	(49,3)
Sales by market establishments	-	-	-	-	-	-	-	
Other sales	-	206	-	-	-	-	-	
Fines penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	3 781	3 118	3 737	3 728	3 914	4 110	4 316	5,0
Other non-tax revenue	6 381	21 206	6 300	7 282	7 500	7 875	8 151	3,0
Transfers received	37 072	155 000	138 137	213 671	151 573	147 522	154 898	(29,1)
Sale of capital assets	-	(830)	59	-	-	-	-	
Total revenue	51 026	181 157	151 307	230 008	165 687	162 257	170 164	(28,0)
Expenses								
Current expense	146 934	108 578	112 335	207 569	147 150	145 104	152 154	(29,1)
Compensation of employees	28 000	47 323	49 656	60 500	72 096	76 782	81 773	19,2
Use of goods and services	116 093	54 561	56 481	136 604	63 411	55 657	56 650	(53,6)
Depreciation	1 412	4 227	3 807	4 455	5 123	5 635	6 199	15,0
Unauthorised expenditure	-	-	-	-	-	-	-	
Interest, dividends and rent on land	1 429	2 467	2 392	6 011	6 520	7 030	7 533	8,5
Interest	73	28	22	111	120	130	133	8,0
Dividends	-	-	-	-	-	-	-	
Rent on land	1 356	2 439	2 370	5 900	6 400	6 900	7 400	8,5
Transfers and subsidies	-	35 688	40 100	22 439	18 538	17 153	18 010	(17,4)
Total expenses	146 934	144 266	152 435	230 008	165 688	162 257	170 165	(28,0)
Surplus / (Deficit)	(95 908)	36 891	(1 128)	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	97 507	(89 784)	34 066	(6 754)	8 297	12 994	4 947	(222.8)
Adjustments for:								
Depreciation	1 412	4 227	3 807	4 455	5 123	5 635	6 199	15.0
Interest	73	28	26	111	120	130	133	8.0
Net (profit) / loss on disposal of fixed assets	8	839	59	1	-	-	-	(100.0)
Other	96 014	(94 878)	30 175	(11 320)	3 054	7 229	(1 385)	(127.0)
Operating surplus / (deficit) before changes in working capital	1 599	(52 893)	32 938	(6 754)	8 296	12 994	4 946	(222.8)
Changes in working capital	(25 309)	8 910	(8 898)	6 746	(62)	(616)	(1 972)	(100.9)
(Decrease) / increase in accounts payable	(27 630)	8 837	(1 369)	(5 108)	1 071	1 301	(788)	(121.0)
Decrease / (increase) in accounts receivable	2 475	(13)	(2 067)	10 842	(1 590)	(2 305)	(1 599)	(114.7)
(Decrease) / increase in provisions	(154)	86	(5 462)	1 012	457	388	415	(54.8)
Cash flow from operating activities	(23 710)	(43 983)	24 040	(8)	8 234	12 378	2 974	(103 030.0)
Transfers from government	37 072	155 000	138 137	213 671	151 573	147 522	154 898	(29.1)
Of which:								
Capital	-	-	-	-	-	-	-	
Current	37 072	155 000	138 137	213 671	151 573	147 522	154 898	(29.1)
Cash flow from investing activities	48 502	(2 766)	(1 915)	(5 790)	(3 460)	(4 575)	(4 861)	(40.2)
Acquisition of Assets	(2 450)	(2 766)	(1 543)	(5 790)	(3 460)	(4 575)	(4 861)	(40.2)
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	9	-	-	-	-	-	
Computer equipment	(762)	(766)	(813)	-	-	-	(1 200)	
Furniture and Office equipment	-	-	(573)	(4 200)	(950)	(1 036)	(150)	(77.4)
Other Machinery and equipment	(35)	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	(111)	-	-	(500)	(1 400)	(2 400)	(2 400)	180.0
Computer Software	(1 419)	(1 844)	-	(990)	(1 010)	(1 030)	(1 051)	2.0
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	(123)	(165)	(157)	(100)	(100)	(109)	(60)	0.0
Other flows from Investing Activities	50 952	-	(372)	-	-	-	-	
Other 1	51 233	-	59	-	-	-	-	
Other 2	(281)	-	(431)	-	-	-	-	
Cash flow from financing activities	(72)	(82 827)	313	-	-	-	-	
Deferred Income	-	-	-	-	-	-	-	
Borrowing Activities	(72)	-	-	-	-	-	-	
Other	-	(82 827)	313	-	-	-	-	
Net increase / (decrease) in cash and cash equivalents	24 720	(129 576)	22 438	(5 798)	4 775	7 803	(1 886)	(182.3)

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	17 175	14 382	12 011	22 490	21 589	22 631	22 788	(4.0)
Land	559	559	559	559	559	559	559	0.0
Dwellings	-	-	-	-	-	-	-	-
Non- Residential Buildings	2 731	2 667	2 667	3 589	3 625	3 697	3 771	1.0
Investment Property	1 952	1 914	1 878	2 009	2 050	2 234	2 279	2.0
Other Structures (Infrastructure Assets)	189	115	48	-	-	-	-	-
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-
Biological Assets	322	-	-	-	-	-	-	-
Computer equipment	1 488	1 465	1 866	5 880	2 780	3 030	3 121	(52.7)
Furniture and Office equipment	1 672	1 116	1 134	4 485	4 261	4 048	3 845	(5.0)
Other Machinery and equipment	2 444	1 253	957	2 234	2 278	2 483	2 582	2.0
Specialised military assets	-	-	-	-	-	-	-	-
Transport Assets	4 210	2 841	1 412	1 912	4 178	4 554	4 645	118.5
Computer Software	1 610	2 453	1 490	1 822	1 859	2 026	1 985	2.0
Mastheads and Publishing titles	-	-	-	-	-	-	-	-
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	-
Service and Operating Rights	-	-	-	-	-	-	-	-
Other Intangibles	-	-	-	-	-	-	-	-
Investments	6 892	7 293	7 724	7 737	7 969	8 686	8 512	3.0
Floating	6 892	7 293	7 724	7 737	7 969	8 686	8 512	3.0
Current	-	-	-	-	-	-	-	-
1<5 Years	-	-	-	-	-	-	-	-
5<10 Years	-	-	-	-	-	-	-	-
>10 Years	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	192 608	63 031	85 471	81 363	86 138	93 941	92 055	5.9
Bank	192 604	63 026	85 466	81 357	86 131	93 934	92 048	5.9
Cash on Hand	4	5	5	6	7	7	7	16.7
Other	-	-	-	-	-	-	-	-
Receivables and Prepayments	70 147	118 348	86 891	76 049	77 639	79 944	81 543	2.1
Trade Receivables	1 974	60 851	27 282	2 286	2 400	2 448	2 497	5.0
Other Receivables	68 172	57 497	59 609	73 764	75 239	77 496	79 046	2.0
Prepaid Expenses	-	-	-	-	-	-	-	-
Accrued Income	-	-	-	-	-	-	-	-
Inventory	227	141	98	251	265	288	294	5.5
Trade	227	141	98	251	265	288	294	5.5
Other	-	-	-	-	-	-	-	-
Total Assets	287 050	203 196	192 195	187 891	193 600	205 490	205 192	3.0
Capital and Reserves	79 321	133 238	132 110	132 546	132 571	132 611	132 621	0.0
Share Capital and Premium	41 989	41 989	41 989	41 989	41 989	41 989	41 989	0.0
Accumulated Reserves	212 409	116 502	153 393	152 264	152 265	152 265	152 265	0.0
Surplus / (Deficit)	(95 908)	36 891	(1 128)	(0)	(0)	0	(0)	(75.3)
Other	(79 170)	(62 144)	(62 144)	(61 707)	(61 683)	(61 643)	(61 633)	(0.0)
Borrowings	40 687	34 285	24 014	-	-	-	-	-
Floating	-	-	-	-	-	-	-	-
Current	40 546	34 001	23 862	-	-	-	-	-
1<5 Years	141	284	152	-	-	-	-	-
5<10 Years	-	-	-	-	-	-	-	-
>10 Years	-	-	-	-	-	-	-	-
Post Retirement Benefits	-	-	-	-	-	-	-	-
Present value of Funded obligations	-	-	-	-	-	-	-	-
Unrecognised transitional liabilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Trade and Other Payables	12 725	21 126	18 500	13 389	14 460	15 761	14 973	8.0
Trade Payables	12 083	20 033	17 299	13 389	14 460	15 761	14 973	8.0
Accrued Interest	-	-	-	-	-	-	-	-
Other	642	1 094	1 200	-	-	-	-	-
Deferred Income	37 189	11 358	13 835	433	455	496	506	5.1
Provisions	2 870	3 188	3 736	5 081	5 538	5 926	6 341	9.0
Leave pay provision	2 799	3 117	3 665	5 081	5 538	5 926	6 341	9.0
Other 1	71	71	71	-	-	-	-	-
Other 2	-	-	-	-	-	-	-	-
Other 3	-	-	-	-	-	-	-	-
Other 4	-	-	-	-	-	-	-	-
Funds Managed (e.g. Poverty Alleviation Fund)	114 258	-	-	36 441	40 577	50 697	50 753	11.3
Poverty Alleviation Fund	-	-	-	-	-	-	-	-
Regional Development Fund	-	-	-	-	-	-	-	-
Third Party Funds	114 258	-	-	36 441	40 577	50 697	50 753	11.3
Other 4	-	-	-	-	-	-	-	-
Contingent Liabilities	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-
Other 2	-	-	-	-	-	-	-	-
Other 3	-	-	-	-	-	-	-	-
Other 4	-	-	-	-	-	-	-	-

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	28 000	47 323	49 656	60 500	72 096	76 782	81 773	19.2
Personnel numbers (head count)	142	137	136	141	160	161	162	13.5
Unit cost	197	345	365	429	451	477	505	5.0
B. Part-time and temporary contract employees								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								
C. Interns								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								
Total for entity								
Personnel cost (R thousand)	28 000	47 323	49 656	60 500	72 096	76 782	81 773	19.2
Personnel numbers (head count)	142	137	136	141	160	161	162	13.5
Unit cost	197	345	365	429	451	477	505	5.0
D. Learnerships								
Personnel cost (R thousand)	-	-	-	-	-	-	-	
Personnel numbers (head count)	-	-	-	-	-	-	-	
Unit cost								

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

** Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	11	11	11	11	11	11	11
Executive Management	3	4	3	4	5	5	5
Senior Management	5	4	4	3	3	3	3
Middle Management	13	13	14	20	25	25	25
Professionals	25	23	23	43	46	47	48
Semi-skilled	68	66	65	47	52	52	52
Very low skilled	28	27	27	24	29	29	29
Total	153	148	147	152	171	172	173

Source: Provincial Treasury Database, 2015/16



EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

**EASTERN CAPE
SOCIO ECONOMIC
CONSULTATIVE
COUNCIL
(ECSECC)**



Eastern Cape Socio Economic Consultative Council (ECSECC)

1. Legislative mandate

The Eastern Cape Socio Economic Consultative Council (ECSECC) is a section 21 company in terms of the Companies Act and is listed as a Schedule 3C public entity in the Public Finance Management Act No. 1 of 1999, as amended and administered by the Office of the Premier (OTP).

2. Vision

A poverty free Eastern Cape where everyone benefits equally from the economy and realise their human capital potential.

3. Mission

The mission of ECSECC is to be a multi-stakeholder centre of excellence in applied policy research, development planning and facilitation. Thus its mandate is to advise and assist the government and other ECSECC stakeholders to achieve an integrated development strategy for the province and its constituent regions in order to address the socio-economic issues, in particular, the needs of the deprived communities and underdeveloped areas. Furthermore, to support government in advancing efficient service delivery and assist the provincial government in developing policies and strategies that will facilitate the provincial economy growth.

4. Strategic objectives

The entity's strategic objectives are as follows:

- Effective, efficient and development-oriented governance and management;
- Effective and efficient operations and knowledge management;
- To support economic development policy, strategy and planning in the Eastern Cape province;
- Develop and drive a common provincial infrastructure agenda to support socio-economic development;
- Support the building of a capable developmental state;
- To conceptualise and facilitate measures to improve quality in education and training in the Eastern Cape;
- Reduce the rate of new HIV and TB infections using combination prevention methods and a multi-sectorial approach;
- Protect human rights, end all unlawful discrimination and inequality among people affected by HIV; and
- Ensure functionality of AIDS councils in the Eastern Cape.

5. Main Services

In line with its mandate, the entity's main services are as follows:

- Facilitate and coordinate the implementation of development programmes between all key stakeholders in the province;
- Facilitate development by providing an avenue for formal inputs into the policy-making process of government;
- Support government in advancing efficient service delivery;
- Empower communities and the grassroots structures of civil society to engage in development; and
- Assist the provincial government in developing policies and strategies that will facilitate the growth of the provincial economy.

6. Programme details

The programme details of the entity are as follows:

- **Economic governance:** Supports economic development policy, strategy and planning in the province;
- **Infrastructure governance:** Develops and drives a common provincial infrastructure agenda to support socio-economic development;
- **Strategic governance support:** Supports the building of a capable developmental state;
- **Human resource development:** Conceptualises and facilitates measures to improve quality in education and training; and
- **HIV/AIDS:** Assists the province to effectively manage the province's response to HIV/AIDS, TB and STIs.

7. 2014/15 Performance review

7.1 Key Achievements

In partnership with the Presidential Infrastructure Co-ordinating Commission (PICC) Secretariat and the Provincial Spatial Development Framework (PSDF), the entity has compiled a database of enrolment rates, programme offerings and throughput rates for all Technical Vocational Education Training (TVET) colleges in the province. The database was compiled to assess the capability of TVET colleges in the province to respond to the skills requirements of Strategic Infrastructure Plans (SIP) project. Furthermore, the entity participated in the launch of the PICC Skills Book, which profiles critical occupations and projected skills demand for various SIP projects. The skills book will be instrumental for skills planning, not only for infrastructure projects, but for all sectors of the economy.

In the area of supporting economic development policy, strategy and planning, the entity developed five flagship programmes in the context of the Vision 2030 Provincial Development Plan (PDP). The five programmes were: Ocean Economy, EPWP Transformation, Irrigation Agriculture, EC Energy Hub and EC Logistics. Public policy engagements were facilitated with various stakeholders on topics such as rebuilding the capacity for economic growth in the 2 metropolitan municipalities as well as land reform, land restitution and farm workers' rights. Other seminars were held to tackle issues on the irrigation agriculture, revitalization of the rural economy through the development of smallholder farmers and agricultural employment.

Provided access to socio-economic information and development indicators about the province including adapting and releasing the Census 2011 data into a provincial context. This has assisted in the strategic planning of provincial departments and public entities. The entity provided support to local municipalities and to the provincial government, particularly in the packaging of infrastructure development programmes and co-ordinating the work of the PICC in the province. The Nelson Mandela Metropolitan Municipality (NMMM) in particular was supported through the facilitation of engagements with national government to secure funding and raise capital for critical economic infrastructure and the improvement of public participation in developing a credible budget that embodies the growth and development imperatives of the NMMM.

Implementation of the provincial strategic plan on HIV/AIDS has picked up momentum. The entity partnered with the Department of Health (DoH) and Persons Living With Aids (PLWA) to advocate for the uptake of fixed dose combination among people living with HIV. Interventions to deal with stigma, discrimination and the violation of human rights for people with HIV are on-going. The entity has recently concluded research on HIV incidence within the correctional Services System. A process for policy recommendations has been initiated with the South African National Aids Council (SANAC) and the national department of correctional services.

7.2 Key challenges

Despite efforts to strengthen our human capital in new areas of demand as informed by national and

provincial policy priorities, the demand for the entity's services especially from municipalities far exceeds the available capacity and resources within the entity.

8. 2015/16 Performance outlook

The following are the key focus areas over the 2015 MTEF:

- Support the OTP in the cascading of the PDP across the province;
- Accelerate job creation in the province through facilitating the implementation of key strategies, such as anti-poverty and skills development strategies;
- Facilitate and monitor the implementation of the provincial HIV/AIDS strategies;
- Leveraging the necessary resources for catalytic infrastructure development projects in liaison with the PICC and sector departments;
- Contribute to strengthening the Office of the Premiers' role in co-ordinating and monitoring the implementation of provincial plans;
- Continue to mobilise and empower communities in order to participate in policy development processes as part of a strategy to deepen public participation;
- Focus on building productive capacity in the agro, green and tourism industries through the Wild Coast Development Initiative (WCDI) programme and Special Economic Zone; and
- Paying attention to underlying structural economic determinants of poverty in order to deliver quality services, broad-based economic participation, and seek new ways of building legitimate and capable communities.

9. Expenditure estimates

2015/16 Budget and MTEF Estimates

Table 7.1: ECSECC Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	6 442	2 214	971	160	165	169	175	3.1
Sale of goods and services other than capital assets	-	-	-	-	-	-	-	
Of which:								
Admin fees								
Sales by market establishments								
Other sales								
Fines penalties and forfeits								
Interest, dividends and rent on land	174	149	219	160	165	169	175	3.1
Other non-tax revenue	6 268	2 065	752					
Transfers received	34 271	39 879	44 540	48 908	41 737	37 011	40 862	(14.7)
Sale of capital assets		48	25					
Total revenue	40 713	42 141	45 536	49 068	41 902	37 180	41 037	(14.6)
Expenses								
Current expense	39 273	44 441	45 175	49 068	41 902	37 180	41 037	(14.6)
Compensation of employees	23 726	27 319	29 669	31 601	31 987	31 987	33 906	1.2
Use of goods and services	14 870	16 362	14 823	16 605	9 017	4 251	6 189	(45.7)
Depreciation	631	747	672	813	848	892	892	4.3
Unauthorised expenditure								
Interest, dividends and rent on land	46	13	11	49	50	50	50	2.0
Interest	46	13	11	49	50	50	50	2.0
Dividends								
Rent on land								
Transfers and subsidies								
Total expenses	39 273	44 441	45 175	49 068	41 902	37 180	41 037	(14.6)
Surplus / (Deficit)	1 440	(2 300)	361	-	-	-	-	

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Transfers received increased from R34.271 million in 2011/12 to a revised estimate of R48.908 million in 2014/15. The increase is attributable to additional allocations of R13.450 million in respect of research projects conducted in respect of the WCDI project, Eastern Cape Jobs Strategy support, the Supplier Development Programme and Manufacturing Sector support. Of the 2014/15 allocation, R1.590 million has been used for the drafting of the PDP and R5.700 million for work related to the PICC. However, in 2015/16 projected transfers decline by 14.7 per cent as the number of planned projects undertaken on behalf of third parties has decreased and the decline in the spending ceilings.

Compensation of Employees increased from R23.726 million in 2011/12 to a revised estimate of R31.601 million in 2014/15 as a result of an increase in personnel numbers and normal annual salary increase for cost of living. In 2015/16, Compensation of Employees increases marginally to R31.987 million and will be capped at this level for 2016/17 owing to austerity measures.

Goods and Services are mainly driven by administration and operational costs from subsistence and travel. Movements in spending have been sporadic and this is attributable to the number of projects being undertaken in each year. Expenditure has increased from R14.870 million in 2011/12 to a revised estimate of R16.605 million in 2014/15. In 2015/16, goods and services expenditure declines significantly as a result of the reprioritisation of funds allocated to core services.

10. Personnel information

Table 7.2: ECSECC Personnel information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	14	14	14	14	14	14	14
Executive Management	1	1	2	3	3	3	3
Senior Management	8	9	10	8	9	9	9
Middle Management	6	5	5	5	4	4	4
Professionals	18	22	22	20	21	21	21
Semi-skilled	6	7	10	7	7	7	7
Very low skilled	9	3	3	3	3	3	3
Total	62	61	66	60	61	61	61

Source: Provincial Treasury Database, 2015/16

ECSECC has an approved establishment of 48 posts. As at 31 December 2014, 46 posts were filled. The entity has decided to freeze the 2 vacant posts due to anticipated austerity measures. Over the MTEF, there will be 1 additional post of a Communication Specialist. This post will be funded in conjunction with the Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH. In 2015/16 financial year, ECSECC will only be responsible for 25 per cent of the cost of the position.

ECSECC is governed by a multi-stakeholder Board of Directors who account to the Premier as the Executive Authority. The Board members are elected at the annual general meeting held in August each year. The Board members are nominated by the 6 constituent stakeholder that make up ECSECC in terms of Memorandum of Incorporation. The stakeholder constituencies are Provincial Government, Organised Labour, Organised Business, Local Government, Institutions of Higher Learning and Non-Government Organisations (NGOs).

Each stakeholder constituency nominates 2 representatives to serve on the Board of Directors at the annual general meeting while an additional 2 independent members from the public serve on the Board.

Annexure: Detailed Financial Information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	6 442	2 214	971	160	165	169	175	3.1
Sale of goods and services other than capital assets	-	-	-	-	-	-	-	
<i>Of which:</i>								
Admin fees								
Sales by market establishments								
Other sales								
Fines penalties and forfeits								
Interest, dividends and rent on land	174	149	219	160	165	169	175	3.1
Other non-tax revenue	6 268	2 065	752					
Transfers received	34 271	39 879	44 540	48 908	41 737	37 011	40 862	(14.7)
Sale of capital assets		48	25					
Total revenue	40 713	42 141	45 536	49 068	41 902	37 180	41 037	(14.6)
Expenses								
Current expense	39 273	44 441	45 175	49 068	41 902	37 180	41 037	(14.6)
Compensation of employees	23 726	27 319	29 669	31 601	31 987	31 987	33 906	1.2
Use of goods and services	14 870	16 362	14 823	16 605	9 017	4 251	6 189	(45.7)
Depreciation	631	747	672	813	848	892	892	4.3
Unauthorised expenditure								
Interest, dividends and rent on land	46	13	11	49	50	50	50	2.0
Interest	46	13	11	49	50	50	50	2.0
Dividends								
Rent on land								
Transfers and subsidies								
Total expenses	39 273	44 441	45 175	49 068	41 902	37 180	41 037	(14.6)
Surplus / (Deficit)	1 440	(2 300)	361	-	-	-	-	

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	925	605	366	1 920	398	443	127	(79.3)
Adjustments for:								
Depreciation	631	747	672	813	848	892	892	4.3
Interest	46	13	11	49	50	50	50	2.0
Net (profit) / loss on disposal of fixed assets	12	(48)	(25)	-				
Other	236	(107)	(292)	1 058	(500)	(499)	(815)	(147.3)
Operating surplus / (deficit) before changes in working capital	2 365	(1 695)	727	1 920	398	443	127	(79.3)
Changes in working capital	731	109	(863)	(1 243)	(452)	(760)	61	(63.6)
(Decrease) / increase in accounts payable	559	497	(684)	(1 717)	(500)	(798)	88	(70.9)
Decrease / (increase) in accounts receivable	(108)	(308)	(283)	456	(13)	(26)	(39)	(102.9)
(Decrease) / increase in provisions	280	(80)	104	18	61	64	12	238.9
Cash flow from operating activities	3 096	(1 586)	(136)	677	(54)	(317)	188	(108.0)
Transfers from government	34 271	39 879	44 540	48 908	41 737	37 011	40 862	(14.7)
Of which:								
Capital								
Current	34 271	39 879	44 540	48 908	41 737	37 011	40 862	(14.7)
Cash flow from investing activities	(667)	(299)	(478)	(500)	(432)	(444)	(488)	(13.6)
Acquisition of Assets	(667)	(299)	(478)	(500)	(432)	(444)	(488)	(13.6)
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	(591)	(299)	(478)	(500)	(432)	(444)	(488)	(13.6)
Furniture and Office equipment	-	-	-	-	-	-	-	
Other Machinery and equipment	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	
Computer Software	(76)	-	-	-	-	-	-	
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	-	-	-	-	-	
Other flows from Investing Activities	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Cash flow from financing activities	157	(113)	(115)	(97)	(14)	(39)	(100)	(85.6)
Deferred Income								
Borrowing Activities	157	(113)	(115)	(97)	(14)	(39)	(100)	(85.6)
Other								
Net increase / (decrease) in cash and cash equivalents	2 586	(1 998)	(729)	80	(500)	(800)	(400)	(725.0)

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	2 029	1 630	1 461	1 933	2 057	3 163	3 133	6.4
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	-	-	-	-	-	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	469	498	494	494	494	2 031	2 031	0.0
Furniture and Office equipment	1 454	1 072	938	1 438	1 438	1 072	1 072	0.0
Other Machinery and equipment	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	
Computer Software	106	60	29	1	125	60	30	12 400.0
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Cash and Cash Equivalents	6 150	4 151	3 422	3 502	3 002	2 202	1 802	(14.3)
Bank	6 150	4 150	3 420	3 500	3 000	2 200	1 800	(14.3)
Cash on Hand	-	1	2	2	2	2	2	0.0
Other	-	-	-	-	-	-	-	
Receivables and Prepayments	285	593	876	420	433	446	459	3.1
Trade Receivables	-	180	-	-	-	-	-	
Other Receivables	48	17	77	-	-	-	-	
Prepaid Expenses	237	396	799	420	433	446	459	3.1
Accrued Income	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	
Trade	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Total Assets	8 464	6 374	5 759	5 855	5 492	5 811	5 394	(6.2)
Capital and Reserves	1 150	(1 602)	2 022	(278)	(278)	(278)	(278)	0.0
Share Capital and Premium	-	-	-	-	-	-	-	
Accumulated Reserves	-	698	1 661	(278)	(278)	(278)	(278)	(278.0)
Surplus / (Deficit)	1 440	(2 300)	361	-	-	-	-	
Other	(290)	-	-	-	-	-	-	
Borrowings	632	612	216	2 011	2 087	3 140	2 623	3.8
Floating	-	-	-	-	-	-	-	
Current	108	115	216	98	39	150	115	(60.2)
1<5 Years	524	497	-	1 913	2 048	2 990	2 508	7.1
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Post Retirement Benefits	-	-	-	-	-	-	-	
Present value of Funded obligations	-	-	-	-	-	-	-	
Unrecognised transitional liabilities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Trade and Other Payables	4 904	5 401	4 717	3 000	2 500	1 702	1 790	(16.7)
Trade Payables	4 904	5 401	4 717	3 000	2 500	1 702	1 790	(16.7)
Accrued Interest	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Deferred Income	-	-	-	-	-	-	-	
Provisions	1 080	1 000	1 104	1 122	1 183	1 247	1 259	5.4
Leave pay provision	920	954	1 101	1 074	1 134	1 198	1 210	5.6
Other 1	160	46	3	48	49	49	49	2.1
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Funds Managed (e.g. Poverty Alleviation Fund)	-	-	-	-	-	-	-	
Poverty Alleviation Fund	-	-	-	-	-	-	-	
Regional Development Fund	-	-	-	-	-	-	-	
Third Party Funds	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Contingent Liabilities	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	23 411	27 319	28 523	30 329	31 898	31 897	33 815	5.2
Personnel numbers (head count)	43	47	47	40	46	46	46	15.0
Unit cost	544	581	607	758	693	693	735	(8.5)
B. Part-time and temporary contract employees								
Personnel cost (R thousand)	122		1 052	1 230				(100.0)
Personnel numbers (head count)	2		4	5				(100.0)
Unit cost	61		263	246				
C. Interns								
Personnel cost (R thousand)	193		94	42	89	90	91	111.9
Personnel numbers (head count)	3		1	1	1	1	1	0.0
Unit cost	64		94	42	89	90	91	111.9
Total for entity								
Personnel cost (R thousand)	23 726	27 319	29 669	31 601	31 987	31 987	33 906	1.2
Personnel numbers (head count)	48	47	52	46	47	47	47	2.2
Unit cost	494	581	571	687	681	681	721	(0.9)
D. Learnerships								
Personnel cost (R thousand)								
Personnel numbers (head count)								
Unit cost								

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

* Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

2011/12 2012/13 2013/14				2014/15	2015/16 2016/17 2017/18		
Audited outcome				Revised estimate	Medium-term estimate		
Salary level							
Board Members	14	14	14	14	14	14	14
Executive Management	1	1	2	3	3	3	3
Senior Management	8	9	10	8	9	9	9
Middle Management	6	5	5	5	4	4	4
Professionals	18	22	22	20	21	21	21
Semi-skilled	6	7	10	7	7	7	7
Very low skilled	9	3	3	3	3	3	3
Total	62	61	66	60	61	61	61

Source: Provincial Treasury Database, 2015/16



EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

EAST LONDON INDUSTRIAL DEVELOPMENT ZONE (ELIDZ)



East London Industrial Development Zone (ELIDZ)

1. Legislative Mandate

The East London IDZ was established under the Manufacturing Development Act (MDA), Act 187 of 1993. The Act's regulations establishing the Industrial Development Zone (IDZ) Programme are to administer the application and appointment of IDZ operators and enterprises, to administer IDZs, and to provide matters incidental thereto. The Special Economic Zone (SEZ), Act 16 of 2014 was passed as the new legislative framework for Special Economic Zones, which are inclusive of the Industrial Development Zones. ELIDZ is a Schedule 3D public entity as listed in the Public Finance Management Act (PFMA).

2. Vision

A prestigious industrial complex where highly competitive organisations thrive on streamlined business benefits and stimulate regional economic growth.

3. Mission

To provide investor solutions and to attract and develop strategic industries that strengthen South Africa's global competitiveness through the development and operation of a thriving, specialized industrial complex.

4. Strategic objectives

The entity's mandate is achieved through the following strategic objectives:

- Secure at least 4 strategic, targeted investments per annum;
- Generate positive IDZ property portfolio performance and yields per annum;
- Manage IDZ safety, health and environmental practices and controls to minimize adverse incidents and non-compliance citations;
- Maximise ELIDZ's procurement impact to ensure that it is supportive of the Broad-Based Black Economic Empowerment and the development of SMMEs and women-owned enterprises;
- Generate positive economic returns from approved investments into the IDZ;
- Develop and operate a Science Technology Park with increasing services; and
- Optimise the ELIDZ corporate social investment impact.

5. Main services

To develop, operate and maintain a modernised infrastructure, location and services that are capable of attracting strategic investments that:

- Promote the export competitiveness of provincial and South African manufactured products/services;
- Strengthen, expand and diversify the provincial economy;
- Enable the efficient usage of natural resources in the zone;
- Secure advanced foreign production and technology methods; and
- Encourage skills transfer and local intellectual capital development.

6. Programme details

- **Zone development:** Attraction of targeted investors and investments, development, provision of infrastructure and customized superstructure solutions to investors and management of the ELIDZ property portfolio.

- **Zone operations:** Aims to operate a commercially viable, effective, attractive and sustainable, specialized industrial destination through the pursuit of value-adding strategies, effective planned preventative maintenance, facilities management, and expansions and alterations to existing infrastructure as well as factories in the zone.
- **Office of the CEO:** Provides strategic direction and leadership to the executive management of the organisation and serves as a principal interface between the Board and the ELIDZ business units for enterprise governance and the deliberation and resolution of strategic matters.
- **Corporate affairs:** The activities that are combined within this composite programme relate to the management and direction of the corporate affairs of the ELIDZ organisation in support of the core business of the organisation.
- **Financial management:** Manages the financial affairs of ELIDZ optimally to enable it to procure all resources needed to execute the entity's strategic and business plans and to nurture the organization towards financial self-sufficiency.

7.2014/15 Performance review

7.1 Key Achievements

During the period under review, five investors have been approved subject to the finalization of lease agreements. The average duration of lease terms is 120 months against a target of 94 months which is a positive outcome on performance.

The average vacancy rate per annum in IDZ-constructed operational tenant facilities was at 1.4 per cent which exceeds annual target of 4 per cent. This can be attributed to intense property marketing efforts of the ELIDZ. Furthermore, 12 tenants renewed their lease agreements and additional 12 new tenants took occupation during the year.

Number of job opportunities created through economic development programmes were 3 217 against a target of 5 200.

7.2 Key Challenges

The absence of IDZ specific incentives continues to hamper the efforts to attract more investors into the zone. Uncertainties over the imminent SEZ value proposition continue to affect the ELIDZ's value proposition. In the quest to attract foreign direct investment, the ELIDZ still experience challenges around securing funding for the construction and settlement of the investors.

The assurance of adequate funding for operational expenses, specifically the planned preventative maintenance as well as reliability centred maintenance and ensuring a high level of facilities management to the investors located in the zone, allowing for full use of the infrastructure located in the zone, thus ensuring future sustainability.

8. 2015/16 Performance outlook

- The packaging and establishment of a metal surface treatment plant within the ELIDZ to further improve the competitiveness of the province as an automotive investment destination;
- Rehabilitation of grain elevator estimated at R20 million; this is part of facilitating the growth strategy of the port in support of agro-processing investment;
- Continue intensifying marketing and selling efforts of the ELIDZ as suitable investment destination to targeted investors;
- Expedite signing of investors already approved; and
- Continue with intensifying efforts to raise funds for the Multi-model OEM project.

9. Expenditure Estimates

2015/16 Budget and MTEF Estimates

Table 8.1: ELIDZ Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	55 533	215 732	275 056	90 836	97 195	103 633	105 155	7,0
Sale of goods and services other than capital assets	27 614	174 944	85 400	51 775	52 414	52 884	53 124	1,2
Of which:								
Admin fees	19 664	24 842	30 483	51 775	52 414	52 884	53 124	1,2
Sales by market establishments								
Other sales	7 950	150 102	54 917					
Fines penalties and forfeits								
Interest, dividends and rent on land	27 919	36 087	33 483	39 061	44 781	50 749	52 031	14,6
Other non-tax revenue		4 701	156 173					
Transfers received	141 614	46 051	114 907	114 092	94 932	100 868	106 767	(16,8)
Sale of capital assets	(5 448)		681					
Total revenue	191 699	261 783	390 644	204 928	192 127	204 501	211 922	(6,2)
Expenses								
Current expense	311 080	194 753	203 909	204 928	192 127	204 501	211 922	(6,2)
Compensation of employees	43 340	56 373	70 403	81 200	81 375	87 071	93 166	0,2
Use of goods and services	248 785	119 644	108 889	123 728	110 752	117 430	118 756	(10,5)
Depreciation	18 930	18 449	21 910					
Unauthorised expenditure								
Interest, dividends and rent on land	25	287	2 707	-	-	-	-	
Interest	25	287	2 707					
Dividends								
Rent on land								
Transfers and subsidies								
Total expenses	311 080	194 753	203 909	204 928	192 127	204 501	211 922	(6,2)
Surplus / (Deficit)	(119 381)	67 030	186 735	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

In 2014/15, own revenue is estimated at R90.836 million due to an increase in rental and utilities income and new investors that have taken occupation during the year. It will further increase from R97.195 million in 2015/16 to R105.155 million in 2017/18 due to planned new investors, increased tariffs and standard escalations.

Transfers decreased from R141.614 million in 2011/12 to R46.051 million in 2012/13. Transfers will decrease from R114.092 million in 2014/15 to R94.932 million in 2015/16 due to budget cuts owing to a tight fiscal environment.

Compensation of Employees increased from R43.340 million in 2011/12 to R70.403 million in 2013/14. This was due to the filling of vacant posts at senior and middle management levels, as well as the effects of annual inflationary salary adjustments. The 2015 MTEF estimates make provision of a 7 percent increment for inflationary expectations which accounts for the MTEF increases.

Goods and Services will remain fairly constant over the MTEF due to the introduction of cost saving measures to curb spending. It is anticipated to decrease from R123.728 million in 2014/15 to R110.752 million in 2015/16.

10. Personnel Information

Table 8.2: ELIDZ Personnel Information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	8	8	8	8	8	8	8
Executive Management	5	8	8	6	6	6	6
Senior Management	7	15	15	18	18	18	18
Middle Management	10	16	16	13	13	13	13
Professionals	17	26	27	38	38	38	38
Semi-skilled	15	15	15	15	15	15	15
Very low skilled	2	2	2	10	10	10	10
Total	64	90	91	108	108	108	108

Source: Provincial Treasury Database, 2015/16

The number of board members remains constant at 8 over the MTEF. The successful growth of ELIDZ, coupled with increased operational activities and long term strategic projects has resulted in a significant increase of the head count since 2011/12. Most of the positions were filled during 2012/13. Currently, 100 posts are filled (excluding board members), the entity projects to maintain the staff complement over the 2015 MTEF.

Annexure: Detailed Financial Information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	55 533	215 732	275 056	90 836	97 195	103 633	105 155	7,0
Sale of goods and services other than capital assets	27 614	174 944	85 400	51 775	52 414	52 884	53 124	1,2
<i>Of which:</i>								
Admin fees	19 664	24 842	30 483	51 775	52 414	52 884	53 124	1,2
Sales by market establishments								
Other sales	7 950	150 102	54 917					
Fines penalties and forfeits								
Interest, dividends and rent on land	27 919	36 087	33 483	39 061	44 781	50 749	52 031	14,6
Other non-tax revenue		4 701	156 173					
Transfers received	141 614	46 051	114 907	114 092	94 932	100 868	106 767	(16,8)
Sale of capital assets	(5 448)		681					
Total revenue	191 699	261 783	390 644	204 928	192 127	204 501	211 922	(6,2)
Expenses								
Current expense	311 080	194 753	203 909	204 928	192 127	204 501	211 922	(6,2)
Compensation of employees	43 340	56 373	70 403	81 200	81 375	87 071	93 166	0,2
Use of goods and services	248 785	119 644	108 889	123 728	110 752	117 430	118 756	(10,5)
Depreciation	18 930	18 449	21 910					
Unauthorised expenditure								
Interest, dividends and rent on land	25	287	2 707	-	-	-	-	
Interest	25	287	2 707					
Dividends								
Rent on land								
Transfers and subsidies								
Total expenses	311 080	194 753	203 909	204 928	192 127	204 501	211 922	(6,2)
Surplus / (Deficit)	(119 381)	67 030	186 735	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	187 813	9 623	(132 106)	13 974	13 758	14 487	15 206	(1.5)
Adjustments for:								
Depreciation	18 930	18 449	21 910					
Interest	(235)	749	1 844					
Net (profit) / loss on disposal of fixed assets	5 448		(681)					
Other	163 670	(9 575)	(155 179)	13 974	13 758	14 487	15 206	(1.5)
Operating surplus / (deficit) before changes in working capital	68 432	76 653	54 629	13 974	13 758	14 487	15 206	(1.5)
Changes in working capital	172 356	(65 919)	80 376	173 194	150 284	148 974	74 344	(13.2)
(Decrease) / increase in accounts payable	50 764	(59 941)	33 198	27 011	(9 055)	(32 280)	(24 568)	(133.5)
Decrease / (increase) in accounts receivable	(17 524)	1 553	(2 676)	69	(9)	(1 630)	(2 546)	(113.0)
(Decrease) / increase in provisions	139 116	(7 531)	49 854	146 114	159 348	182 884	101 458	9.1
Cash flow from operating activities	240 788	10 734	135 005	187 168	164 042	163 461	89 550	(12.4)
Transfers from government	312 896	196 051	214 907	314 451	319 932	300 868	306 767	1.7
Of which:								
Capital	171 282	150 000	100 000	200 359	225 000	200 000	200 000	12.3
Current	141 614	46 051	114 907	114 092	94 932	100 868	106 767	(16.8)
Cash flow from investing activities	(253 353)	(232 636)	(164 058)	(113 763)	(133 034)	(212 326)	(246 041)	16.9
Acquisition of Assets	(253 353)	(232 636)	(164 058)	(113 763)	(133 034)	(212 326)	(246 041)	16.9
Land								
Dwellings								
Non- Residential Buildings								
Investment Property	(124 105)	(236 462)	(110 746)	(97 213)	(115 393)	(162 776)	(184 596)	18.7
Other Structures (Infrastructure Assets)	(56 299)	(27 678)	(287)	(12 000)	(13 000)	(45 000)	(57 895)	8.3
Mineral and Similar Non - Regenerative Resources								
Capital Work in Progress	(20 058)	(16 872)	(33 482)					
Heritage Assets								
Biological Assets								
Computer equipment		(1 582)	(14 931)					
Furniture and Office equipment	(190)	(165)	(372)	(50)	(50)	(50)	(50)	0.0
Other Machinery and equipment	(2 701)		(1 967)					
Specialised military assets								
Transport Assets		(427)						
Computer Software				(4 500)	(4 591)	(4 500)	(3 500)	2.0
Mastheads and Publishing titles								
Patents, Licences, Copyrights, Brand names and Trademarks								
Recipes, Formulae, Prototypes, Designs and Models								
Service and Operating Rights								
Other Intangibles	(50 000)	50 550	(2 273)					
Other flows from Investing Activities	-	-	-	-	-	-	-	-
Other 1								
Other 2								
Cash flow from financing activities	-	-	-	-	-	-	-	-
Deferred Income								
Borrowing Activities								
Other								
Net increase / (decrease) in cash and cash equivalents	(12 565)	(221 902)	(29 053)	73 405	31 008	(48 865)	(156 491)	(57.8)

** Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	1 193 517	1 460 619	1 757 474	1 723 699	2 203 294	2 198 709	2 414 488	27.8
Land	3 821	3 821	3 821	3 821	3 821	3 821	3 821	0.0
Dwellings								
Non- Residential Buildings								
Investment Property	771 984	1 012 358	1 280 060	1 294 896	1 798 057	1 791 233	1 985 524	38.9
Other Structures (Infrastructure Assets)	372 807	384 789	366 513	363 206	334 419	334 102	352 148	(7.9)
Mineral and Similar Non - Regenerative Resources								
Capital Work in Progress	31 426	48 299	81 780	39 081	43 004	44 294	46 536	10.0
Heritage Assets								
Biological Assets								
Computer equipment								
Furniture and Office equipment	6 746	6 730	21 618	3 764	3 778	3 978	4 214	0.4
Other Machinery and equipment	1 039	934	32	1 324	1 322	1 392	1 424	(0.2)
Specialised military assets								
Transport Assets	590	847	669	973	1 026	1 080	1 195	5.4
Computer Software	4 089	2 252	2 981	16 534	17 767	18 709	19 526	7.5
Mastheads and Publishing titles								
Patents, Licences, Copyrights, Brand names and Trademarks								
Recipes, Formulae, Prototypes, Designs and Models								
Service and Operating Rights								
Other Intangibles	1 015	589		100	100	100	100	0.0
Investments	-	-	808	808	404	201	-	(50.0)
Floating	-	-	-	-	-	-	-	
Current	-	-	808	808	404	201	-	(50.0)
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Cash and Cash Equivalents	370 933	148 999	119 946	5 001	190 835	139 131	121 970	3 715.9
Bank	370 933	148 999	119 946	195	492	492	512	152.3
Cash on Hand	-	-	-	1	2	2	2	100.0
Other	-	-	-	4 805	190 341	138 637	121 456	3 861.3
Receivables and Prepayments	74 335	24 744	27 495	31 476	31 418	33 107	33 551	(0.2)
Trade Receivables	25 716	24 163	26 839	9 584	9 566	9 044	15 231	(0.2)
Other Receivables	48 619	581	656	20 054	20 017	22 131	16 895	(0.2)
Prepaid Expenses	-	-	-	1 838	1 835	1 932	1 425	(0.2)
Accrued Income	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	
Trade	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Total Assets	1 638 785	1 634 362	1 905 723	1 760 984	2 425 951	2 371 148	2 570 009	37.8
Capital and Reserves	(93 228)	(26 199)	160 536	(244 816)	(263 671)	(263 207)	(263 111)	7.7
Share Capital and Premium	1	1	1	1	1	1	1	0.0
Accumulated Reserves	17 846	(101 536)	(34 506)	(253 572)	(272 427)	(272 427)	(272 427)	7.4
Surplus / (Deficit)	(119 381)	67 030	186 735	-	-	-	-	
Other	8 306	8 306	8 306	8 755	8 755	9 219	9 315	0.0
Borrowings	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Post Retirement Benefits	-	-	-	-	-	-	-	
Present value of Funded obligations	-	-	-	-	-	-	-	
Unrecognised transitional liabilities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Trade and Other Payables	845 712	202 219	339 477	404 680	395 625	45 389	385 743	(2.2)
Trade Payables	85 050	25 110	58 307	35 000	35 031	36 923	37 458	0.1
Accrued Interest	372 443	267	140 585	363 790	355 182	2 854	342 569	(2.4)
Other	388 219	176 842	140 585	5 890	5 412	5 612	5 716	(8.1)
Deferred Income	1 255 250	1 456 641	1 544 862	1 566 230	2 290 280	2 597 399	2 715 400	46.2
Provisions	3 394	1 602	629	5 312	5 696	5 890	6 015	7.2
Leave pay provision	3 394	1 602	629	5 312	5 696	5 890	6 015	7.2
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Funds Managed (e.g. Poverty Alleviation Fund)	-	-	-	-	-	-	-	
Poverty Alleviation Fund	-	-	-	-	-	-	-	
Regional Development Fund	-	-	-	-	-	-	-	
Third Party Funds	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Contingent Liabilities	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	43 340	56 373	70 403	81 200	81 375	87 071	93 166	0.2
Personnel numbers (head count)	50	70	65	78	70	70	70	(10.3)
Unit cost	867	805	1 083	1 041	1 163	1 244	1 331	11.7
B. Part-time and temporary contract employees								
Personnel cost (R thousand)								
Personnel numbers (head count)								
Unit cost								
C. Interns								
Personnel cost (R thousand)	296	792	880	1 452	1 980	1 980	1 980	36.4
Personnel numbers (head count)	6	12	18	22	30	30	30	36.4
Unit cost	49	66	49	66	66	66	66	0.0
Total for entity								
Personnel cost (R thousand)	43 636	57 165	71 283	82 652	83 355	89 051	95 146	0.9
Personnel numbers (head count)	56	82	83	100	100	100	100	0.0
Unit cost	779	697	859	827	834	891	951	0.9
D. Learnerships								
Personnel cost (R thousand)								
Personnel numbers (head count)								
Unit cost								

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

** Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	8	8	8	8	8	8	8
Executive Management	5	8	8	6	6	6	6
Senior Management	7	15	15	18	18	18	18
Middle Management	10	16	16	13	13	13	13
Professionals	17	26	27	38	38	38	38
Semi-skilled	15	15	15	15	15	15	15
Very low skilled	2	2	2	10	10	10	10
Total	64	90	91	108	108	108	108

Source: Provincial Treasury Database, 2015/16



EASTERN CAPE

ESTIMATES OF PUBLIC ENTITIES REVENUE & EXPENDITURE

2015/16

MAYIBUYE TRANSPORT CORPORATION (MTC)



Mayibuye Transport Corporation (MTC)

1. Legislative Mandate

The Corporation is governed by the Corporations Transitional Provisions Act of 1995 (Act no. 12 of 1995) with the objective to plan and finance or to establish undertakings for the transportation of passengers at reasonable rates along designated routes and according to set time tables. It is listed in the Public Finance Management Act (PFMA) as a Schedule 3D provincial public entity under the jurisdiction of the Department of Transport.

The institutional environment of good governance is prescribed by the Constitution of South Africa, 1996; the Public Finance Management Act, 1999 and the Protocol on Corporate Governance and the King Code III on Corporate Governance.

MTC through its provision of public transportation assists in advancing the values of human dignity, equality and freedom, whilst ensuring the realization of the economic and social advancement of citizens by contributing to the overall economic growth of the province.

2. Vision

To be the public transporter of choice.

3. Mission

MTC will provide a safe, reliable, affordable public transport service that is responsive to its environment.

4. Strategic objectives

The MTC has the following strategic objectives:

- Reduce reliance on government aid funding by increasing own revenue from a ratio of 80/20 to 50/50;
- Increase the number of people who use the MTC bus services;
- To improve proximity of bus services to commuters;
- Stimulate social and economic connectivity between the rural, peri-urban and urban areas by increasing the number of routes operated from 39 to 76;
- Increase awareness of the MTC brand amongst all stakeholders;
- Contribute to skills development in the automotive sector in the province through structured apprenticeship programmes; and
- Contribute to socio-economic growth by emulating the Eastern Cape Employment Equity Index.

5. Main services

MTC provides public transportation to a population of 2.2 million people in the Buffalo City Metropolitan Municipality area, the Amathole and Chris Hani district municipalities, the rural hinterlands in Nkonkobe, Amahlathi and Lukhanji local municipalities.

6. Programme details

MTC is made up of the following programmes:

- **Office of the CEO:** Facilitates the coordination between the Board of Directors, Shareholder, Executives and Stakeholders. Responsible for the formulation and implementation of policy and strategy. Ensures that effective planning and reporting systems are established based on internal management co-operation and communications. Ensure that external partnership networks are

developed and managed for the benefit of the Mayibuye Transport Corporation.

- **Strategic department:** Orchestrates the connection between strategy and execution. Oversees alignment of all management processes with strategy and is responsible for the coordination and preparation of the strategic plan, planning processes, reporting and organizational performance improvement. Provides strategic leadership and management in accordance with legislation, policies and furthermore ensured support to the Office of the CEO, the Board and all programmes within the corporation.
- **Human resources:** Provides an internal enabling function and support service to the other programmes with regard to Human Resource Management and Development.
- **Finance:** Ensures the provision of systematic financial management systems designed to co-ordinate the organization's budget and resource requirements. Such activities include ensuring compliance with regulatory provisions required to facilitate the funding of the MTC as well as to take appropriate steps to ensure that expenditure occurs within the approved budget. Maintains a fair, equitable, transparent and cost-effective procurement system; and also ensures that effective and appropriate steps are taken to prevent unauthorised, irregular or fruitless and wasteful expenditure.
- **Engineering:** Provides safe and reliable fleet, management of inventory as well as facilities and infrastructure management.
- **Operations:** Provides passenger transport services. Coordinates bus services on all routes. Enhances and safeguards revenue streams.

7. 2014/15 Performance review

7.1. Key Achievements

- The MTC has completed 95 per cent of all trips on time and attained a 78 per cent customer satisfaction rate. Furthermore, a total of 65 per cent of customers reported that MTC's services are better as twelve months ago;
- No fatal accidents have been caused by the MTC in the current financial year;
- The MTC in partnership with the Department of Transport has concluded an agreement with the Transport Education and Training Authority (TETA) to train and mentor 20 apprentices;
- MTC has conducted an excess of 1 462 safety checks during the current year. This has greatly assisted the MTC in ensuring that no fatal accidents have been caused by the entity; and
- To date, MTC has transported over 1.6 million passengers and travelled in excess of 1.7 million kilometers with a functioning fleet of 48 buses.

7.2. Key Challenges

The challenges faced by the Corporation can be summarised as follows:

- The existing business model does not heed macro public transport policy in South Africa. The National Land Transport Act of 2009 propagates a contracting relationship between government and operators, which are interpreted to mean that MTC cannot enter into, as per this legislation. The current public transport policy has not yet been implemented by the MTC due to lack of funding and capacity for implementing the policy;
- Close to half of the MTC fleet is older than 17 years which poses a greater risk to passenger safety. Furthermore, the current fleet is not environmentally sensitive or energy-efficient thereby hampering the MTC's ability to contribute to the climate change agenda;
- The majority of customers are from poor backgrounds and cannot afford an economic fare. A significant size (30 per cent) of the MTC customer base is unemployed with the majority of customers earning a household income of less than R5000 per month;
- The bulk of MTC routes run within the most underdeveloped parts of the Province which results in massive mechanical repair and maintenance costs; and

- Budgetary constraints to implement planned projects and capacitate the organisation with adequate human resources.

8. 2015/16 Performance outlook

The outlook for the 2015/16 financial year can be summarised as follows:

- The development of an organisational restructuring plan and business model optimization strategy that will ensure an efficient, effective and service oriented organization which is financially secure;
- Lobbying for approval of the recapitalisation plan;
- Position the MTC to participate in the Provincial Integrated Public Transport Master Plan and the BCMM Integrated Public Transport System;
- Improve and increase route coverage and in so-doing revenue;
- Establishing the East London-Bhisho Park and Ride Service;
- Purchasing of 7 new buses at a projected cost of R14.3 million;
- Improve the audit outcome on financial management and maintain a clean audit outcome on performance information; and
- Providing a dedicated schedule staff bus transport service to the East London Industrial Development Zone.

9. 2015/16 Budget and MTEF Estimates

2015/16 Budget and MTEF Estimates

Table 9.1: MTC Statement of Financial Performance

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	35 746	27 831	27 396	44 125	38 294	48 834	60 890	(13,2)
Sale of goods and services other than capital assets	23 851	27 642	26 525	30 294	38 294	48 834	60 890	26,4
Of which:								
Admin fees								
Sales by market establishments	23 851	27 642	26 525	30 294	38 294	48 834	60 890	26,4
Other sales							-	
Fines penalties and forfeits								
Interest, dividends and rent on land	123	68	389	13 831				(100,0)
Other non-tax revenue	11 772	121	482					
Transfers received	61 429	68 773	102 088	116 511	108 990	112 928	118 574	(6,5)
Sale of capital assets								
Total revenue	97 175	96 604	129 484	160 636	147 284	161 762	179 464	(8,3)
Expenses								
Current expense	105 865	101 352	140 818	160 636	147 284	161 762	179 464	(8,3)
Compensation of employees	41 315	47 504	54 639	58 259	66 485	75 627	83 928	14,1
Use of goods and services	41 664	38 664	72 908	88 546	70 445	75 222	84 034	(20,4)
Depreciation	17 694	13 425	12 638	13 831	10 354	10 913	11 502	(25,1)
Unauthorised expenditure	4 179							
Interest, dividends and rent on land	1 013	1 759	633	-	-	-	-	
Interest	1 013	1 759	633					
Dividends								
Rent on land								
Transfers and subsidies								
Total expenses	105 865	101 352	140 818	160 636	147 284	161 762	179 464	(8,3)
Surplus / (Deficit)	(8 690)	(4 748)	(11 334)	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Reflected in table 9.1 above is the statement of financial performance of MTC from 2011/12 and projected performance for the 2015 MTEF.

MTC has developed strategies to increase own generated revenue from the current 80:20 ratio government transfer to own generated revenue to a ratio of 50:50 over 5 years. As a result, own revenue is estimated to increase by 26 per cent from R30.294 million in 2014/15 to R38.294 million in 2015/16.

In 2013/14, transfers received increased to R102.088 million to fund the operating costs of the corporation in line with additional fleet. The 2015/16 transfers will decrease by 6.5 percent from the 2014/15 revised estimate.

Compensation of Employees (CoE) increased from R41.315 million in 2011/12 to a revised estimate of R58.259 million in 2014/15 due to additional posts filled including the Chief Financial Officer's position. In 2015/16, CoE is expected to increase by 14 per cent to R66.485 million due to inflationary cost of living adjustments and anticipated filling of additional posts.

Goods and Services increased from R41.664 million in 2011/12 to a revised estimate of R88.546 million in 2014/15. During 2015/16, goods and services are projected to decrease by 20 per cent to R70.445 million. The latter is due to the reduced capital grant from R20 million in 2014/15 to R10 million in 2015/16.

10. Personnel Information

Table 9.2: MTC Personnel Information

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	13	10	10	12	12	12	12
Executive Management	5	1	5	7	6	6	6
Senior Management	3	5	6	9	12	13	13
Middle Management	8	14	16	18	18	20	20
Professionals	46	35	36	55	53	61	61
Semi-skilled	91	109	104	119	119	119	119
Very low skilled	30	55	63	25	22	21	25
Total	196	229	240	245	242	252	256

Currently, MTC has 12 board members and the number will remain the same over the 2015 MTEF. Personnel numbers (excluding board members) will further increase over the MTEF from 230 to 244 as a result of the restructuring programme and the 13 additional routes to be operated.

Annexure: Detailed Financial Information

Summary of revenue and expenses

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Revenue								
Tax revenue								
Non-tax revenue	35 746	27 831	27 396	44 125	38 294	48 834	60 890	(13,2)
Sale of goods and services other than capital assets	23 851	27 642	26 525	30 294	38 294	48 834	60 890	26,4
<i>Of which:</i>								
Admin fees								
Sales by market establishments	23 851	27 642	26 525	30 294	38 294	48 834	60 890	26,4
Other sales							-	
Fines penalties and forfeits								
Interest, dividends and rent on land	123	68	389	13 831				(100,0)
Other non-tax revenue	11 772	121	482					
Transfers received	61 429	68 773	102 088	116 511	108 990	112 928	118 574	(6,5)
Sale of capital assets								
Total revenue	97 175	96 604	129 484	160 636	147 284	161 762	179 464	(8,3)
Expenses								
Current expense	105 865	101 352	140 818	160 636	147 284	161 762	179 464	(8,3)
Compensation of employees	41 315	47 504	54 639	58 259	66 485	75 627	83 928	14,1
Use of goods and services	41 664	38 664	72 908	88 546	70 445	75 222	84 034	(20,4)
Depreciation	17 694	13 425	12 638	13 831	10 354	10 913	11 502	(25,1)
Unauthorised expenditure	4 179							
Interest, dividends and rent on land	1 013	1 759	633	-	-	-	-	
Interest	1 013	1 759	633					
Dividends								
Rent on land								
Transfers and subsidies								
Total expenses	105 865	101 352	140 818	160 636	147 284	161 762	179 464	(8,3)
Surplus / (Deficit)	(8 690)	(4 748)	(11 334)	-	-	-	-	

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Cash flow summary

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Adjust surplus / (deficit) for accrual transactions	19 053	13 443	12 638	13 831	10 354	10 913	11 502	(25.1)
Adjustments for:								
Depreciation	17 694	13 425	12 638	13 831	10 354	10 913	11 502	(25.1)
Interest								
Net (profit) / loss on disposal of fixed assets	6	18	-					
Other	1 353							
Operating surplus / (deficit) before changes in working capital	10 363	8 695	1 304	13 831	10 354	10 913	11 502	(25.1)
Changes in working capital	3 565	(68 611)	1 629	-	-	-	-	
(Decrease) / increase in accounts payable	2 803	(4 242)	1 093					
Decrease / (increase) in accounts receivable	157	(861)	281					
(Decrease) / increase in provisions	605	(63 508)	255					
Cash flow from operating activities	13 928	(59 916)	2 933	13 831	10 354	10 913	11 502	(25.1)
Transfers from government	61 429	68 773	102 088	116 511	108 990	112 928	118 574	(6.5)
Of which:								
Capital	10 000	5 000	28 000	20 000	10 000	8 988	9 437	(50.0)
Current	51 429	63 773	74 088	96 511	98 990	103 940	109 137	2.6
Cash flow from investing activities	(20 230)	(640)	(18 775)	(41 206)	(10 000)	(15 000)	(20 000)	(75.7)
Acquisition of Assets	(20 230)	(640)	(18 775)	(41 206)	(10 000)	(15 000)	(20 000)	(75.7)
Land	-	-	-	-	-	-	-	
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	(280)	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	-	(112)	-	(2 000)	(5 000)	(10 000)	
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	(730)	-	-	-	-	-	-	
Furniture and Office equipment	(101)	(99)	(454)	-	-	-	-	
Other Machinery and equipment	(7 357)	(12)	(54)	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	(11 762)	-	(17 879)	(41 206)	(8 000)	(10 000)	(10 000)	(80.6)
Computer Software	-	-	-	-	-	-	-	
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	(529)	(276)	-	-	-	-	
Other flows from Investing Activities	-	-	-	-	-	-	-	
Other 1								
Other 2								
Cash flow from financing activities	17 218	60 552	21 278	20 000	-	-	-	(100.0)
Deferred Income	-	-	-	-	-	-	-	
Borrowing Activities	7 218	(3 058)	(6 722)	-	-	-	-	
Other	10 000	63 610	28 000	20 000	-	-	-	(100.0)
Net increase / (decrease) in cash and cash equivalents	10 916	(4)	5 436	(7 375)	354	(4 087)	(8 498)	(104.8)

* * Percentage change from 2014/15 to 2015/16

Source: Provincial Treasury Database, 2015/16

Balance Sheet Data

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
R thousand								
Carrying Value of Assets	56 737	64 597	70 696	98 071	97 717	101 804	110 301	(0.4)
Land	-	3 878	3 878	3 878	3 878	3 878	3 878	0.0
Dwellings	-	-	-	-	-	-	-	
Non- Residential Buildings	4 950	14 788	13 542	13 542	13 542	13 542	13 542	0.0
Investment Property	-	-	-	-	-	-	-	
Other Structures (Infrastructure Assets)	-	1 562	1 363	1 363	3 363	8 363	18 363	146.7
Mineral and Similar Non - Regenerative Resources	-	-	-	-	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	
Biological Assets	-	-	-	-	-	-	-	
Computer equipment	1 390	-	-	-	-	-	-	
Furniture and Office equipment	574	2 268	2 145	2 145	2 145	2 145	2 145	0.0
Other Machinery and equipment	4 081	774	592	592	592	592	592	0.0
Specialised military assets	-	-	-	-	-	-	-	
Transport Assets	45 742	40 673	48 246	75 621	73 267	72 354	70 851	(3.1)
Computer Software	-	-	-	-	-	-	-	
Mastheads and Publishing titles	-	-	-	-	-	-	-	
Patents, Licences, Copyrights, Brand names and Trademarks	-	-	-	-	-	-	-	
Recipes, Formulae, Prototypes, Designs and Models	-	-	-	-	-	-	-	
Service and Operating Rights	-	-	-	-	-	-	-	
Other Intangibles	-	654	930	930	930	930	930	0.0
Investments	-	-	-	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	
1<5 Years	-	-	-	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Cash and Cash Equivalents	106	102	5 579	101	205	205	205	103.0
Bank	101	97	5 574	101	200	200	200	98.0
Cash on Hand	5	5	5	-	5	5	5	
Other	-	-	-	-	-	-	-	
Receivables and Prepayments	370	1 221	939	974	600	600	600	(38.4)
Trade Receivables	-	1 221	939	-	600	600	600	
Other Receivables	370	-	-	974	-	-	-	(100.0)
Prepaid Expenses	-	-	-	-	-	-	-	
Accrued Income	-	-	-	-	-	-	-	
Inventory	867	5 765	5 510	162	-	-	-	(100.0)
Trade	867	5 765	5 510	162	-	-	-	(100.0)
Other	-	-	-	-	-	-	-	
Total Assets	58 080	71 685	82 724	99 308	98 522	102 609	111 106	(0.8)
Capital and Reserves	(15 596)	43 266	59 932	79 932	89 932	98 920	108 356	12.5
Share Capital and Premium	56 761	120 371	148 371	168 371	178 371	187 359	196 796	5.9
Accumulated Reserves	(63 667)	(72 357)	(77 105)	(88 439)	(88 439)	(88 439)	(88 439)	0.0
Surplus / (Deficit)	(8 690)	(4 748)	(11 334)	-	-	(0)	(0)	
Other	-	-	-	-	-	-	-	
Borrowings	15 434	12 075	5 352	-	-	-	-	
Floating	-	-	-	-	-	-	-	
Current	6 346	5 353	94	-	-	-	-	
1<5 Years	9 088	6 722	5 258	-	-	-	-	
5<10 Years	-	-	-	-	-	-	-	
>10 Years	-	-	-	-	-	-	-	
Post Retirement Benefits	-	-	-	-	-	-	-	
Present value of Funded obligations	-	-	-	-	-	-	-	
Unrecognised transitional liabilities	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	
Trade and Other Payables	9 622	10 081	11 175	6 169	10 000	10 000	10 000	62.1
Trade Payables	3 519	3 928	4 658	3 461	10 000	10 000	10 000	188.9
Accrued Interest	-	-	-	-	-	-	-	
Other	6 103	6 153	6 517	2 708	-	-	-	(100.0)
Deferred Income	-	-	-	-	-	-	-	
Provisions	-	-	-	-	-	-	-	
Leave pay provision	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Funds Managed (e.g. Poverty Alleviation Fund)	-	-	-	-	-	-	-	
Poverty Alleviation Fund	-	-	-	-	-	-	-	
Regional Development Fund	-	-	-	-	-	-	-	
Third Party Funds	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	
Contingent Liabilities	-	-	-	-	-	-	-	
Other 1	-	-	-	-	-	-	-	
Other 2	-	-	-	-	-	-	-	
Other 3	-	-	-	-	-	-	-	
Other 4	-	-	-	-	-	-	-	

* Percentage change from 2014/15 to 2015/16

Details of personnel numbers, compensation of employees and unit cost

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% change from 2014/15
	Audited outcome			Revised estimate	Medium-term estimate			
Headcount								
A. Permanent and full-time-contract employees								
Personnel cost (R thousand)	41 315	47 504	54 639	58 259	66 485	75 627	83 928	14.1
Personnel numbers (head count)	183	219	230	233	230	240	244	(1.3)
Unit cost	226	217	238	250	289	315	344	15.6
B. Part-time and temporary contract employees								
Personnel cost (R thousand)								
Personnel numbers (head count)								
Unit cost								
C. Interns								
Personnel cost (R thousand)								
Personnel numbers (head count)								
Unit cost								
Total for entity								
Personnel cost (R thousand)	41 315	47 504	54 639	58 259	66 485	75 627	83 928	14.1
Personnel numbers (head count)	183	219	230	233	230	240	244	(1.3)
Unit cost	226	217	238	250	289	315	344	15.6
D. Learnerships								
Personnel cost (R thousand)								
Personnel numbers (head count)								
Unit cost								

1. A permanent employee is someone who is employed for an indefinite period. This period may be full time or part time.

2. A temporary employee is someone who is employed for a fixed time period for a specific task only.

3. A contract employee is appropriate where certain specialist skills are needed on a temporary basis; the contractor is required to provide a result, act independently and invoice the client.

4. A part time employee is someone who is employed for a set number of hours each week that are less than the full-time hours for the same position.

5. A full time contract worker is someone employed for a fixed term excluding a casual worker or an employee to whom a retirement age applies.

6. An Intern is a person employed in the public service in an internship programme, for unemployed graduates who do not have any work experience in the field for which they have studied.

7. A learnership agreement is a contract for a specific time period between a learner; an employer and a training provider.

* Percentage change from 2014/15 to 2015/16

Details of personnel numbers according to salary level

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Audited outcome			Revised estimate	Medium-term estimate		
Salary level							
Board Members	13	10	10	12	12	12	12
Executive Management	5	1	5	7	6	6	6
Senior Management	3	5	6	9	12	13	13
Middle Management	8	14	16	18	18	20	20
Professionals	46	35	36	55	53	61	61
Semi-skilled	91	109	104	119	119	119	119
Very low skilled	30	55	63	25	22	21	25
Total	196	229	240	245	242	252	256

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