



2020/21
TRADE & INVESTMENT KWAZULU-NATAL
ANNUALREPORT



REGISTERED NAME: Trade & Investment KwaZulu-Natal

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AFS	Annual Financial Statements
AG	Auditor-General
APP	Annual Performance Plan
ASB	Accounting Standards Board
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BPO	Business Process Outsourcing
BREU	Business Retention and Expansion Unit
BRICS	Brazil, Russia, India, China and South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DDI	Domestic Direct Investment
DIRCO	Department of International Relations and Co-operation
DRC	Democratic Republic of Congo
The dtic	Department of Trade, Industry and Competition
DTP	Dube TradePort
EAP	Employee Assistance Programme
EDTEA	Economic Development, Tourism and Environmental Affairs
EDPU	Export Development and Promotion Unit
EIA	Environmental Impact Assessment
ESID	Economic Sectors and Infrastructure Development
EU	European Union
FDE	Finance Director Europe
FDI	Foreign Direct Investment
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
ICT	Information Communications Technology
IDZ	Industrial Development Zone
IEH	Industrial Economic Hub
IGRAP	Interpretations of the Standards of Generally Recognised Accounting Practice
IPA	Investment Promotion Agency
IPU	Investment Promotion Unit

IPAP2	Industrial Action Policy Plan 2
IT	Information Technology
JSE	Johannesburg Stock Exchange
KMU	Knowledge Management Unit
KZN	KwaZulu-Natal
MCU	Marketing and Communication Unit
MEC	Member of the Executive Council
MOU	Memorandum of Understanding
MPL	Member of Provincial Legislature
MSc	Masters in Science
NDP	National Development Plan
NGP	National Growth Plan
ONE-SS	investSA KwaZulu-Natal One-Stop-Shop
PAA	Public Audit Act
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PhD	Doctor of Philosophy
(PTY) LTD	Proprietary Limited
PUM	Programma Uitzending Managers
RBIDZ	Richards Bay Industrial Development Zone
SA	South Africa
SADC	Southern African Development Community
SAITEX	South African International Trade Exhibition
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SEZ	Special Economic Zone
TAF	Technical Assistance Fund
TIKZN	Trade & Investment KwaZulu-Natal
TKZN	Tourism KwaZulu-Natal
TOR	Terms of Reference
UNCTAD	United Nations Conference for Trade and Development





GENERAL INFORMATION

Trade & Investment KwaZulu-Natal is a Schedule 3C Public Entity and operates in terms of the KwaZulu-Natal Trade & Investment Agency, 2010 (Act no. 5 of 2010).

- 01** MEC's Foreword
- 02** Chairperson's Statement
- 03** Chief Executive Officer's Review
- 04** Statement of Responsibility and Confirmation of Accuracy of the Annual Report
- 05** Strategic Overview
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01 MEC'S FOREWORD



MR RR PILLAY, MPL
MEC FOR ECONOMIC DEVELOPMENT,
TOURISM AND ENVIRONMENTAL AFFAIRS

The past financial year bore witness to some interesting movements within the South African economy as the sensitive Rand hit the spotlight again. It proved to be a difficult year especially for domestic businesses, which found themselves in the doldrums following the outbreak of the COVID-19 pandemic.

Notwithstanding policy and financial support put in place to revive the stuttering economy and encouraging growth recorded in the second and third quarters of 2020, the South African economy is estimated to have generally contracted by some 7% (or -7% shrinkage) in the full year 2020, compared against the 0,2% growth recorded in 2019.

Encouragingly, the economic environment is no longer depressed, and all indications are that the domestic economy is in for a promising year in 2021 as South Africa's growth is projected to rebound to a firm level of 3,1%, characterised by an uptick in the business and investor confidence and positive expectations from purchasing executives.

The Provincial Government has formulated a KwaZulu-Natal Economic Reconstruction and Transformation Plan, which is aimed at recalibrating the economic growth trajectory of the province following the COVID-19-induced economic crisis.

The objectives of the KwaZulu-Natal Reconstruction and Transformation Plan are as follows:

- To recalibrate, revitalise, restructure, and transform the economy of the province to achieve sustainable growth and employment creation.
- To reduce the risk of transmission of Coronavirus amongst workers and to devise a process of managing the unintended socio-economic risks of the COVID-19 crisis; and
- To formulate an actionable short, medium- and long-term plan to address the economic impact of the COVID-19 crisis and the pre-existing low levels of economic growth.

The COVID-19 pandemic has forced countries around the world to look inward and, in our case, this has cleared a path to implementing localisation, which will hasten the transformation of our economy.

We have seen the willingness of all social partners, including the giant monopoly companies with global supply chain, to localise their value chains.

Trade & Investment KwaZulu-Natal, as an agency of the Department of Economic Development, Tourism and Environmental Affairs, has proved itself to be an important asset with the provincial economic cluster, driving the promotion of the province as a globally competitive trade and investment destination and as a formidable asset in nurturing and expanding our export sector.

I therefore commend Trade & Investment KwaZulu-

Natal for its tenacity, especially amidst the prevailing tough economic times. As the KwaZulu-Natal Provincial Government, we strive to ensure that the province remains a preferred destination for investors.

We are confident that the Provincial Government's investment in Trade & Investment KwaZulu-Natal will continue to grow and will yield good returns in the coming year and beyond.

Whilst global economic growth is expected to remain around the 3,5% mark during the next several years, advanced economies, such as the United States of America, Japan, Europe and the United Kingdom, are unlikely to show sizable economic growth during this period.

It is therefore imperative that we broaden the global base from which foreign investments are attracted.

It is important to note that our ratings downgrade was not as a result of a structural or policy shift in our economy but was based on the forecasts by ratings agencies that felt that, at some point, we might not achieve our economic goals due to changes in our policy approach and this may not be good for the economy.

We take the pronouncement by the ratings agencies seriously, but equally we want to stress that our economic policies remain the same and that we remain a constitutional democracy that is also awake to the fact that our very stability depends on how quickly and expansively we distribute economic benefits.

As the Provincial Government, we are serious about changing the economic landscape in our country to accommodate the historically excluded sections of our society in a meaningful manner.

Throughout the past 27 years, our young democracy has shown resilience, equalled only by determination. We have remained true to our promise of delivering on our mandate of creating a better life for all.

I therefore commend Trade & Investment KwaZulu-Natal for its commitment to creating an environment in the province

which is conducive to business development and attractive to both local and international investors and traders.

Fostering an environment that is conducive to attracting and retaining foreign direct investment and export expansion is essential in our efforts to attain and sustain inclusive economic growth and employment creation.

Within the broad trade and investment landscape, Trade & Investment KwaZulu-Natal is a critical catalyst in unlocking that growth.



Mr RR Pillay, MPL

MEC for Economic Development,
Tourism and Environmental Affairs

“WE ARE CONFIDENT THAT THE PROVINCIAL GOVERNMENT’S INVESTMENT IN TRADE & INVESTMENT KWAZULU-NATAL WILL CONTINUE TO GROW AND WILL YIELD GOOD RETURNS IN THE COMING YEAR AND BEYOND.”

02 CHAIRPERSON'S STATEMENT



MS INA CRONJÉ
BOARD CHAIRPERSON
TRADE & INVESTMENT KWAZULU-NATAL

INTRODUCTION

South Africa has over the last two years demonstrated its commitment to the protection of the lives and livelihoods of its citizens, which required complex and difficult decisions. Most countries have grappled with the same or similar issues, often resulting in the closure of borders between countries.

The pandemic with its attendant risks has consequently disrupted global value chains and trade, as well as investment.

Although there is yet a long way to go, the post-pandemic economic recovery and reconstruction of the KwaZulu-Natal economy is geared to ensure inclusive economic transformation and growth. Such growth and transformation is premised on a model where citizens are afforded greater opportunities to participate in, contribute to and share in the rewards and benefits of a regional economy which, in turn, is better integrated into the global economy.

Reflecting on our efforts and achievements during the exceptionally difficult 2020/21 financial year, we present a picture of our year's labour which is larger than the sum of its parts. Behind the targets, figures and statistics lie deeply personal stories of individuals and communities empowered by Trade & Investment KwaZulu-Natal. Our assistance ranged from developing local manufacturers through our export training and development programme; assisting investors to settle

and operate in KwaZulu-Natal; and creating new employment opportunities for communities as a result of a number of new investments that were announced. We are proud that Trade & Investment KwaZulu-Natal has played a critical role in facilitating the achievement of inclusive economic growth and the development of KwaZulu-Natal and its people. Our organisation's strategic approach is driven by the needs of the people of our Province, with a firm focus on increased economic access, employment creation, skills development, spatial equality, environmental sustainability and infrastructure development.

Trade & Investment KwaZulu-Natal continues enhancing and packaging attractive investment opportunities in KwaZulu-Natal in line with the growing demands of the investors with whom we interact. At the same time we remain focussed on the need to increase the number and quality of export-led investments.

Critical to this has been the concerted development of our export potential as a region, ensuring that KwaZulu-Natal products meet the requirements of exacting international standards. In this regard we are cognisant of the fact that we operate within the context of Africa and other emerging markets, which are fast maturing to become drivers of global economic growth.

Key to KwaZulu-Natal's own growth trajectory is the manufacturing sector - a sector with the

highest economic and employment multipliers. Through the development of linkages with the resources sector, it will be possible to convert this comparative advantage into a distinctly competitive advantage. Going forward, Trade & Investment KwaZulu-Natal will capitalise on the Province's existing strengths, whilst remaining mindful of the need to utilise our resources efficiently and to maximum effect by targeting the specific industries and sectors which will afford us the greatest return on investment.

To this end, it is our intention to focus on markets with the highest potential for bringing investment to the province, whilst simultaneously strengthening trade within KwaZulu-Natal, South Africa, Africa and other international destinations. There can be no doubt that our stated commitment to ongoing stakeholder engagement will prove key to unlocking trade and investment for KwaZulu-Natal. The long-term outlook for growth in the South African economy remains positive - in spite of the current debilitating situation - particularly as domestic demand and commodity prices begin to recover, underpinned by strong public investment in infrastructure.

In addition, investment in the African market by multi-nationals already located in South Africa, or relocating here, has been strong and is expected to continue to grow in future.

KwaZulu-Natal, with an estimated population of 11, 5 million people, accounted for just under 20% of the South African population in 2020, and contributed approximately 16% to the Gross Domestic Product. According to the latest available data, in 2020 the real economy - represented here by agriculture, mining, manufacturing and construction - cumulatively made up 26,4% of KwaZulu-Natal's output. The largest real economic sector was manufacturing, at 15,9% of the provincial economy, followed by agriculture at 5,5%, construction at 3,4%, and mining at 1,6%.

Together with the Provincial Government and other sister entities, Trade & Investment KwaZulu-Natal remains committed to ensuring that our province makes an ever increasing contribution to the country's Gross Domestic Product. To make this a reality requires innovative thinking, continuous dedication to the cause and tireless efforts to remove existing constraints to economic growth, specifically the existing deep-seated inequalities and high rates of unemployment which continue to plague the South African society. Developing a more inclusive growth dynamic by

providing the people of this Province with the requisite skills, knowledge and access to markets and resources, together with opportunities to participate meaningfully in the economy, will unlock the vigour and vitality necessary for us to realise KwaZulu-Natal's true potential as an economic powerhouse.

APPRECIATION

Members of the Board and I join in thanking, most sincerely, the KwaZulu-Natal Provincial Government for the confidence it has displayed in Trade & Investment KwaZulu-Natal during the 2020/21 financial year. We are especially grateful to the MEC for Economic Development, Tourism and Environmental Affairs, Mr Ravi Pillay, for his unstinting interest in and support for our organisation and the business activities we undertake on behalf of the Provincial Government.

I also take the opportunity to extend my personal appreciation to each and every member of the Board for their wise counsel and commitment in ensuring that we give effect to our mandate in a principled and transparent manner. Thank you for your strategic leadership and guidance.

The lifeblood of our organisation is, of course, our staff, headed by a dedicated CEO, Mr Neville Matjie, and his capable executive team. Thank you one and all for your contributions during a most challenging year.

CONCLUSION

Finally, fostering and nurturing an environment conducive to attracting and retaining foreign direct investment, together with the active promotion of an expanded export base are fundamental to our efforts to attain and sustain inclusive economic growth and generate new employment.

Trade & Investment KwaZulu-Natal has the capability, experience and drive to be a critical catalyst in the pursuit of this quest, thus unlocking new levels of growth and development in KwaZulu-Natal.



.....
Ms Ina Cronjé

Board Chairperson
Trade & Investment KwaZulu-Natal

“IT IS OUR INTENTION TO FOCUS
ON MARKETS WITH THE HIGHEST
POTENTIAL FOR BRINGING INVESTMENT
TO THE PROVINCE”

03

CHIEF EXECUTIVE OFFICER'S REVIEW



MR NEVILLE MATJIE

CHIEF EXECUTIVE OFFICER
TRADE & INVESTMENT KWAZULU-NATAL

The year 2020 was difficult for businesses in KwaZulu-Natal, home to South Africa's second largest economy, as business activity stagnated as a consequence of the advent of the COVID-19 pandemic.

In spite of the Provincial Government's efforts to support financially beleaguered businesses and the uptick in growth recorded in both the third and second quarters of 2020, the provincial economy is estimated to have generally contracted in real terms for the full year 2020, compared to the 0,2% growth achieved in 2019.

The KwaZulu-Natal economic outlook for 2021 looks promising and all indications are that the provincial economy faces a promising year, in line with the domestic economy, given the high levels of movements in key indicators, uptick in business and investor confidence and positive prospects from purchasing managers.

Trade & Investment KwaZulu-Natal has a critical role to play in the achievement of inclusive economic growth and the development for KwaZulu-Natal and its people.

Hence our strategic approach is driven by the needs of the people of our province, with a firm focus on increased economic access, employment creation, skills development, spatial equality, environmental sustainability and infrastructure development.

Trade & Investment KwaZulu-Natal continues to enhance and package investment opportunities in line with the growing demands of the investors with whom we interact and, of equal importance, to increase the number and quality of export-led investments.

The development of our export potential as a region has become a priority, ensuring that KwaZulu-Natal products meet the requirements of exacting international standards.

We operate within the context of Africa and other emerging markets which are also competition to become drivers of global economic growth.

As a priority to KwaZulu-Natal's own growth trajectory is the manufacturing sector as it has the highest economic and employment multipliers - building linkages with the resources sector will convert this comparative advantage into a competitive advantage.

Going forward Trade & Investment KwaZulu-Natal will capitalise on the existing strengths of our province, mindful of the fact that we must use our resources efficiently and to maximum effect by targeting specific industries and sectors that will yield the greatest return on our investment.

Trade & Investment KwaZulu-Natal will focus on markets with the highest potential for bringing investment into the province, whilst at the same time strengthening our

trade activities within KwaZulu-Natal and South Africa, as well as with the rest of Africa and other appropriate destinations.

REVIEW OF OPERATIONS

During the year under review, Trade & Investment KwaZulu-Natal successfully committed nine new investment projects valued at R2,292 billion.

These investments will create more than 6 854 employment opportunities within the eThekweni, uMgungundlovu, Ilembe, Zululand and uThukela Districts. The organisation assisted 29 export-ready and registered companies.

Significantly, the Rand value increase in the turnover of KwaZulu-Natal's existing and developed exporters assisted was more than R37 631 404.

In accordance with the KwaZulu-Natal Economic Recovery Plan, Trade & Investment KwaZulu-Natal facilitated R835 million in company expansion projects and provided strategic support interventions to 104 companies in distress, which resulted in 3 256 new and retained jobs by existing businesses.

APPRECIATION

I would like to thank the KwaZulu-Natal Provincial Government and, especially, the MEC for Economic Development, Tourism and Environmental Affairs, Mr Ravi Pillay, for the support and encouragement afforded to our organisation during the 2020/21 financial year.

In addition, I extend my appreciation to the Chairperson of the Board of Directors of Trade & Investment KwaZulu-Natal, Ms Ina Cronjé. Her astuteness and wealth of experience, both in Government and the private sector, has led to a substantial impact on the growth and development of the economy of KwaZulu-Natal.

Finally, my respect and heartfelt appreciation is extended to the management and staff of Trade & Investment KwaZulu-Natal.

It is a privilege to work with a professional team, members of which are passionate about growing our province's economy.

CONCLUSION

Fostering an environment that is conducive to attracting and retaining foreign direct investment and export expansion is essential to our efforts to attain and sustain inclusive economic growth and job creation. Within the broad trade and investment landscape, Trade & Investment KwaZulu-Natal is a critical catalyst in unlocking that growth.



.....
Mr Neville Matjie

Chief Executive Officer
Trade & Investment KwaZulu-Natal

“FOSTERING AN ENVIRONMENT THAT
IS CONDUCTIVE TO ATTRACTING
AND RETAINING FOREIGN DIRECT
INVESTMENT AND EXPORT EXPANSION
IS ESSENTIAL”

04

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General;
- The Annual Report is complete, accurate and free of any omissions;
- The Annual Report has been prepared in accordance with Annual Report guidelines, as issued by the National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to a Public Entity;
- The accounting authority is responsible for the preparation

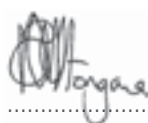
of the Annual Financial Statements and for judgements made on this information;

- The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements;
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements; and
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Public Entity for the financial year ended 31 March 2021.



Mr NST Matjie
Chief Executive Officer

Date: 31 March 2021



Ms Zama Msomi
Chief Financial Officer

Date: 31 March 2021

05 STRATEGIC OVERVIEW

Trade & Investment KwaZulu-Natal is renowned for its contribution towards positioning South Africa generally, and KwaZulu-Natal specifically, as a world-class investment destination, whilst simultaneously creating significant and sustainable export opportunities for local business enterprises.

The organisation is KwaZulu-Natal's trade and inward investment agency and is charged with responsibility for promoting this province as a leading investment destination and for the facilitation of trade, by way of offering assistance to locally-based business enterprises with regard to the accessing of new international markets.

Trade & Investment KwaZulu-Natal is a Schedule 3C Public Entity. The organisation's present Chief Executive Officer is Mr Neville Matjie, who reports to the organisation's Board, which is appointed by the Provincial MEC for Economic Development, Tourism and Environmental Affairs.

Given the highly-charged environment in which the organisation works and in which it competes for a share of Foreign Direct Investment, Trade & Investment KwaZulu-Natal employs a team of specialists and professionals, expert in the fields of investment promotion, strategy, research, project management, finance, marketing, and human resources.

The organisation is dedicated to the development in KwaZulu-Natal of a business environment which is conducive to growth and development and which has the ability to attract both local and international investors and traders by optimising the competitive advantages the province enjoys and which affords it the edge as a leading trade and investment destination in the international arena.

KwaZulu-Natal is strategically located on the East Coast of South Africa and covers an area of more than 94 000 square kilometres. The warm waters of the Indian Ocean, world-class game reserves and rich history, biodiversity and major seaports, combine to make the province a prime tourist destination and an important hub for industrial development.

This is a gateway to rapidly emerging sub-Saharan economies and markets. KwaZulu-Natal delivers:

- Excellent natural resources;
- Exceptional productive capacity;
- Highly developed first-world infrastructure;
- A coastal location, which includes both of South Africa's primary harbours - Durban, one of the busiest in Africa, and Richards Bay, the deepest break-bulk harbour in Africa;

- Dube TradePort Special Economic Zone, home to the King Shaka International Airport and the heart of South Africa's first purpose-built aerotropolis, or airport city; and
- An enviable lifestyle, complemented by an idyllic climate.

KwaZulu-Natal is home to a range of economic activities, inclusive of the manufacturing, transport, storage, communications, finance, business services, agriculture, forestry, fishing and accommodation business sectors.

In view of this, Trade & Investment KwaZulu-Natal promotes all the province's competitive advantages and, in so doing, leverages an ever-increasing share of the world's investment market.

In essence, the organisation exists to facilitate the establishment of both new local and foreign investment, to actively support the retention and expansion of existing businesses and to provide professional after-care services to its clients.

06 VISION, MISSION, VALUES, OBJECTIVES, KEY SERVICES & STRATEGIC PARTNERS

6.1 VISION

To be the leader in developing and promoting export trade in KwaZulu-Natal and to position the province as a premier destination for investment.

This will be undertaken on behalf of the Province of KwaZulu-Natal with a view to:

- Attracting new investments;
- Facilitating export opportunities; and
- Facilitating business retention and expansion programmes.

Ultimately, the success of Trade & Investment KwaZulu-Natal will assist in supporting sustainable growth in KwaZulu-Natal for the benefit of all its citizens.

6.2 MISSION

The mission of Trade & Investment KwaZulu-Natal is to:

- Identify and package export trade and investment opportunities in KwaZulu-Natal;
- Brand and market KwaZulu-Natal as an investment destination;
- Link opportunities to the developmental needs of the KwaZulu-Natal community; and
- Ensure easy access to investment and export trade opportunities.

6.3 VALUES

The values of Trade & Investment KwaZulu-Natal are to espouse:

- Professionalism;
- Integrity; and
- Passion.

6.4 OBJECTIVES

In order to meet shareholder and stakeholder expectations, Trade & Investment KwaZulu-Natal sets out to deliver exceptional levels of professional services and support to clients and stakeholders by way of:

- Attracting, developing and retaining high-performing employees who have the skills and competencies required to manage key internal business processes, including the marketing of Trade & Investment KwaZulu-Natal as an investment promotion agency;
- Enhancing the research and knowledge capabilities of Trade & Investment KwaZulu-Natal and utilising technology as an enabler for the organisation's business;
- Ensuring compliance with corporate governance and financial reporting standards; and
- Advocating for a conducive business environment in KwaZulu-Natal and marketing the province as a premier business destination.

6.5 KEY SERVICES

Trade & Investment KwaZulu-Natal undertakes a diverse range of key activities and, in addition, provides support services designed to ensure the successful promotion of business investment and trade development. Such activities and support services include:

- Joint venture facilitation;
- Business linkages between small and big businesses;
- The timely provision of relevant and reliable information to both potential and existing investors and traders;
- Assistance to both existing and new investors regarding applications for both investment and export marketing incentives;
- Applications for business permits for foreign investors;
- Negotiation for Local Government incentives on behalf of investors;
- The provision for project support and after-care services to investors;
- The provision of assistance to emerging international traders;
- International trade enquiry assistance;
- The location of suitable premises for investors; and
- Assistance in securing project and operational finance.

6.6 STRATEGIC PARTNERS

Trade & Investment KwaZulu-Natal has, through its strategic partnerships, aligned itself with a number of like-minded stakeholders in order to synergistically and consistently promote KwaZulu-Natal's attributes. Such partnerships have given effect to numerous successful collaborations on projects, including inbound and outbound missions, events and promotional activities, all designed to leverage the expansion of the agency's overall business activities.

Strategic partners include:

- Public entities;
- Financial institutions;
- Tertiary educational and research institutions;
- Business, commerce and industry associations;
- The business chamber movement, at both provincial and national levels;
- Economic development agencies;
- Municipalities in KwaZulu-Natal;
- Other investment promotion agencies (national and international); and
- Provincial and National Government departments.

Trade & Investment KwaZulu-Natal has in place the professional expertise, experience and national and international networks required to maintain and expand KwaZulu-Natal's competitive advantages as a prime investment destination and leader in export trade.

07 LEGISLATIVE AND OTHER MANDATES

As a Schedule 3C Public Entity, Trade & Investment KwaZulu-Natal is required to comply with and adhere to the:

- KwaZulu-Natal Trade & Investment Agency, 2010 (Act no. 5 of 2010);
- Public Finance Management Act and Treasury Regulations;
- National Development Plan;
- Provincial and National priorities;
- Provincial Growth and Development Plan;
- Department of Economic Development, Tourism and Environmental Affairs Radical Economic Transformation Plan (including Operation Vula, RASET, and the like);
- Policies and directives of the Department of Economic Development, Tourism and Environmental Affairs;
- Memoranda of Understanding signed with various countries around the world; and
- Bilateral and Multi-lateral agreements signed by DIRCO, DTI, and other National Government Departments.

08 ORGANISATIONAL STRUCTURE

Trade & Investment KwaZulu-Natal is a public entity, as envisaged in the PFMA, and is managed by a Board of Non-Executive Directors appointed by Executive Authority. Detailed below is a list of the Board members in the 2020/21 financial year:

BOARD OF DIRECTORS



MS CM CRONJÉ
Chairperson



MS LCZ CELE
Deputy Chairperson and Chair of the Audit, Risk and Compliance Committee



MR GW BELL
Chairman of the Trade and Investment Committee



MR K SHANDU
Chairman of the Human Resources Social and Ethics Committee



MS U MAHARAJ
Member



MR ZC NGIDI
Chairman of the Human Resources Social and Ethics Committee (deceased 29 August 2020)



MR SK MPUNGUSE
Term ended 2020



MR S NAIDOO
Term ended 2020



MR MC NGCOBO
Term ended 2020



MR NST MATJIE
Chief Executive Officer



MS Z MSOMI
Chief Financial Officer (Appointed 01 July 2020)



MS B MAPISA
Ex-officio member representing the Department of Economic Development, Tourism and Environmental Affairs (Chief Director)



MS F PUPUMA
Ex-officio member representing the Department of Economic Development, Tourism and Environmental Affairs (Chief Director)



MS NNC GUMBI
Company Secretary

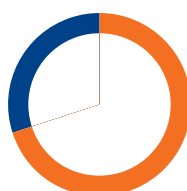
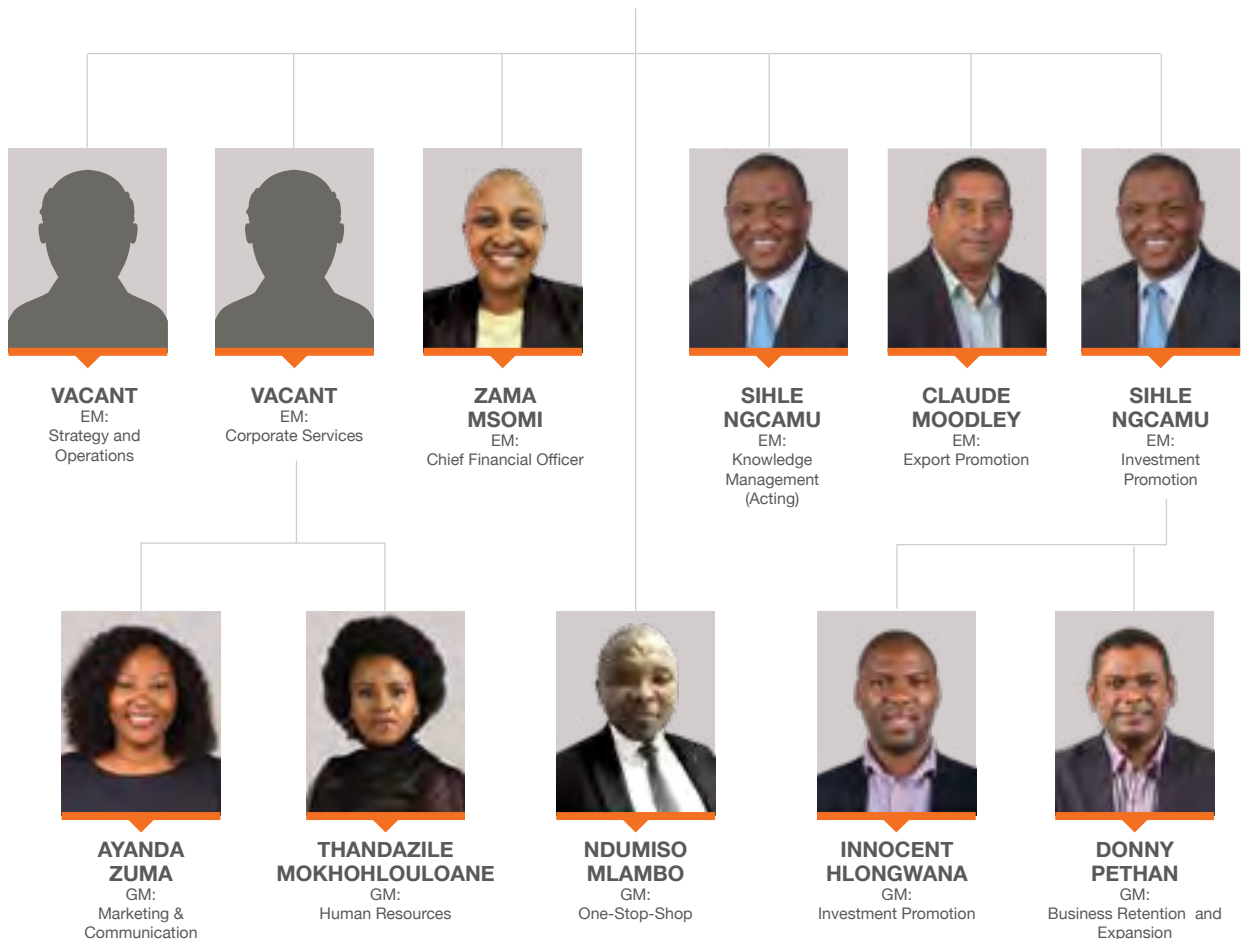
The Chief Executive Officer and Chief Financial Officer are Ex-Officio members of the Board

09 MANAGEMENT STRUCTURE

MANAGEMENT TEAM



NEVILLE MATJIE
Chief Executive Officer



Management Demographics — Male Female

KEY: EM = Executive Manager GM = General Manager





PERFORMANCE INFORMATION

The environmental and organisational performance is contained in the following reports. The organisation's key strategic objectives are reviewed in its various programmes, with measurable indicators.

- 10** Overview of the Economic Environment
- 11** Overview of the Organisational Environment
- 12** Trade & Investment KwaZulu-Natal Programmes

10 OVERVIEW OF THE ECONOMIC ENVIRONMENT

10.1 AUDITOR'S REPORT

The Auditor-General of South Africa currently performs the necessary audit procedures regarding the performance information so as to provide reasonable assurance, in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported in the 'Report on the annual performance report' section of the Auditor's Report. Refer to the Auditor's Report, published in Part E: Financial Information.

10.2 SITUATIONAL ANALYSIS

The Global Economy

In 2020, global annual growth decelerated to 3,3% amid weakening trade and investment, following the world-wide economic shutdown and closure of borders by countries aiming to contain the impact of the Coronavirus Disease 2019 (COVID-19) pandemic. The performance of the global economy remains highly uncertain in 2021, as new virus mutations raise concerns, in spite of improving sentiments from the administration of vaccines. Nevertheless, global growth is expected to recover to 6,6% in 2021, depending on the effective implementation of economic policies aimed at reducing the damage of the pandemic and the firming of trade, investment and economic activity.

In advanced economies, annual growth is estimated to have dipped to 4,7% in 2020, but is projected to rebound to 5,1% in 2021, underpinned by increased demand and fewer physical distancing activities, as more vulnerable people receive vaccinations. Annual Growth in Emerging Market and Developing Economies (EMDEs) slowed to 2,2% in 2020. However, a stronger recovery than initially expected after COVID-19-induced lockdowns were eased in some large Asian countries - including India - and is expected to provide greater impetus to trade and investment, further supporting growth.

EMDEs are expected to pick up to 6,7% in 2021, with some benefits for the KwaZulu-Natal provincial economy. Growth in Sub-Saharan Africa decelerated to 1,9% in 2020, as the pandemic negatively impacted key sectors in dominant economies, including South Africa, Nigeria, Ghana and Kenya. Growth is expected to rebound to 3,4% in 2021, mainly supported by a projected uptick in larger countries, in spite of per capita incomes remaining well below long-term averages, thereby making progress towards poverty alleviation and development goals more challenging.

Global trade volume (goods and services) broadly dipped to 8,5% in 2020, predated by many pre-COVID-19 risk factors, comprising protectionists policies, technology risks and tensions between the United States and China, on numerous

fronts, including international trade, intellectual property, and cyber security.

The slowdown led to a decline in the production of raw materials and capital goods - as supply chains tanked - also contracting manufacturing export orders with extended consequences for KwaZulu-Natal. Encouragingly global trade is expected to rebound to 8,4% in 2021, supported by improving merchandise trade which has already returned to pre-pandemic levels, although cross-border trade in services still remains subdued. Commodity prices are expected to generally improve in 2021, following significant decreases in 2020, and remain marginally firmer thereafter.

Food and metal prices are projected to accelerate strongly in 2021, due to stronger growth and global demand, largely reflecting the rebound in China. Given the effects on margins of exporting companies in KwaZulu-Natal, which are increasingly facing domestic headwinds and snowballing operational costs, the rebound in commodity prices is encouraging.

THE SOUTH AFRICAN ECONOMY

The year 2020 proved difficult for domestic businesses, which found themselves in the doldrums following the outbreak of the COVID-19 pandemic. In spite of policy and financial support put in place to revive the stuttering economy and encouraging growth recorded in the second and third quarters of 2020, the South African economy is estimated to have generally contracted by some 7% (or -7% shrinkage) in the full year 2020, compared to the 0,2% growth recorded in 2019. Encouragingly, the economic environment is no longer depressed, and all indications are that the domestic economy is in for a promising year in 2021 as South Africa's growth is projected to rebound to a firm level of 3,1%, characterised by an uptick in business and investor confidence and positive expectations from purchasing executives.

Figure 1 below shows that the South African economy entered a technical recession in the first half of 2018 following a 0,5% (or -0,5%) contraction of the economy in the second quarter, after revised data showed the economy initially shrinking by 2,7% in the first quarter.

Thereafter, following resilient performances in the second half of 2018 with encouraging output levels of 2,6% and 1,4% in the third and fourth quarters respectively, the economy contracted by 3,2% in quarter one of 2019, before rebounding and expanding by 3,3% in quarter two.

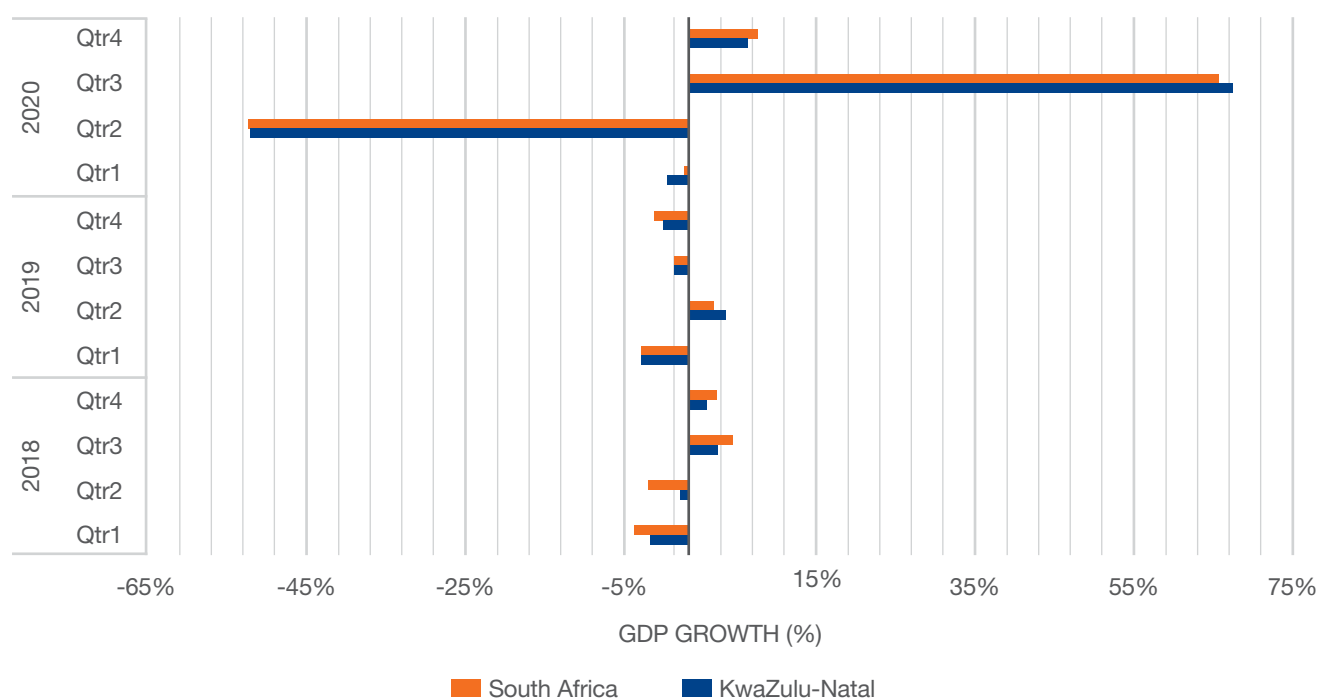
Unfortunately, the year 2019 proved generally difficult for businesses, underpinned by poor demand and economic

activity, which subsequently plunged the economy into another technical recession in the second half, following successive output shrinkages of 1,4% and 0,8% in quarter four and quarter three, respectively. As illustrated in figure 1 below, the fragile state of the South African economy was further compounded by negative shocks emanating from the COVID-19 pandemic, leading to unprecedented contraction of 51,7% (or -51,7% shrinkage) in the second quarter of 2020. The poor performance was largely due to restricted

economic activity aimed at curbing the spread of the pandemic, with imposed limitations ultimately entrenching the domestic economy in deep recession.

Although the economy rebounded in quarter three of 2020 with unparalleled quarterly expansion of 67,3% from a very low base and remained buoyant in quarter four, challenges to the economy, including the fear of contagion and the need to realign supply chain activity still remain.

Figure 1: Quarter-on-Quarter GDP Growth rates, Seasonally Adj. Annualised , SA and KZN, 2018 - 2020



Source: Stats SA, April 2021 and Quantec, April 2021

KWAZULU-NATAL PROVINCIAL ECONOMY

The year 2020 was difficult for indigenous businesses in KwaZulu-Natal, home to South Africa's second largest economy, as business activity stagnated during the advent of the COVID-19 pandemic.

In spite of the Provincial Government's efforts to support financially beleaguered businesses and the uptick in growth recorded in both the third and second quarters of 2020, the provincial economy is estimated to have generally contracted in real terms for the full year 2020, compared to the 0,1% growth achieved in 2019. KwaZulu-Natal was ranked third

in terms of the annual real economic growth rates by region for 2019, after Gauteng at 0,6% and the Western Cape at 0,4%. The KwaZulu-Natal economic outlook for 2021 looks promising and all indications are that the provincial economy is in for a promising year, in line with the domestic economy, given the high levels of co-movements in key indicators, uptick in business and investor confidence and positive prospects from purchasing managers.

Figure 1 above also shows that KwaZulu-Natal simultaneously entered into a technical recession in the first half of 2018 following a 2,3% (or -2,3%) contraction of the provincial

10 OVERVIEW OF THE ECONOMIC ENVIRONMENT continued

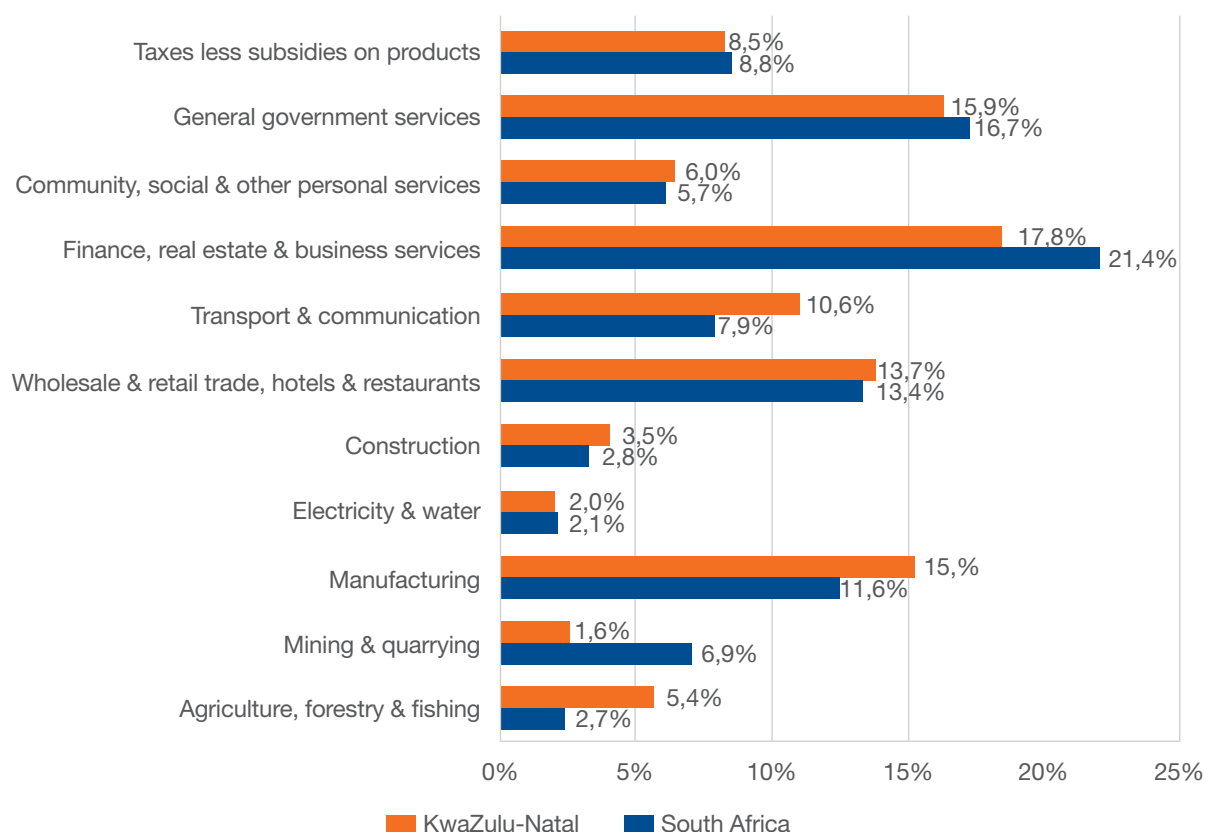
economy in the second quarter, after revised data captured the provincial economy shrinking by 3,9% in the first quarter. The provincial economy subsequently rebounded in the second half of 2018 with inspiring output levels of 3,9% and 2,2% in the third and fourth quarters respectively, contracted by 3,2% in the first quarter of 2019, before improving to 2,3% in quarter two.

Regrettably, the transmission effects of negative shocks on the domestic economy were quickly felt in the province during quarters three and four of 2019, as economic activity stagnated, catapulting the provincial economy into another technical recession in the second half. The poor performance was reflected by successive output shrinkages of 2,1% and 0,9% in quarters four and three of 2019, respectively. Similarly, negative COVID-19 pandemic shocks and restrictions in the

province led to a record contraction of 51,9% (or -51,9% shrinkage) in the second quarter of 2020. Although the provincial economy rebounded in quarter three of 2020, with unmatched quarterly expansion of 65,5% from a very soft base and remained firm in the fourth quarter, challenges to the provincial economy, including the fear of contagion and the need to realign supply chain activity towards local procurement still persist.

In 2020, the main industries with high share or concentration of GDP in South Africa, using the seasonally adjusted and annualised method, were finance, real estate and business services (21,4%), general Government services (16,7%), wholesale and retail trade, hotels and restaurants (13,4%) and manufacturing (11,6%). The statistics are illustrated in figure 2 below.

Figure 2: Sectoral Real GDP share (%), 2020



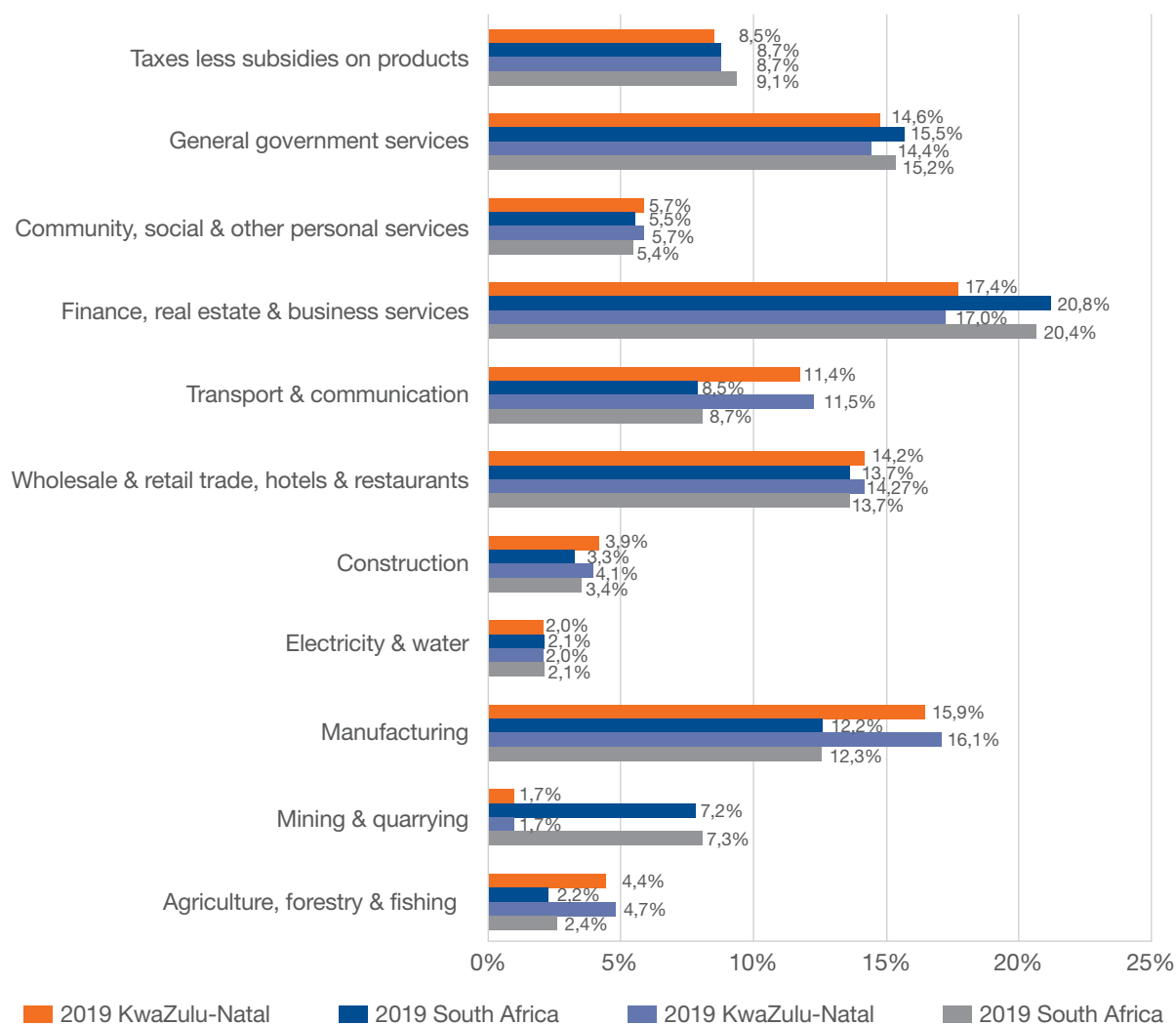
Source: Stats SA, April 2021 and Quantec, April 2021

Similarly, in 2020, the main industries with high share or concentration of GDP in KwaZulu-Natal, using the seasonally adjusted and annualised method, were finance, real estate, and business services (17,8%), general Government services (15,9%), manufacturing (15,0%), wholesale and retail trade, hotels and restaurants (13,7%) and transport and communication (10,6%). These statistics are also illustrated in figure 2 above.

Figure 3 below captures sectoral GDP share in 2018 and 2019

for both South Africa and KwaZulu-Natal. It is encouraging to note the robust performances with high concentration of GDP shares both nationally and regionally, of either labour-intensive sectors or industries with a combination of labour and capital intensity. Also, the strong performance of key sectors with the potential to expand further, such as the construction and agriculture sectors with high labour intensity, aligns with Government's plans to reconstruct and transform the economy towards better investment, job retention and creation.

Figure 3: Sectoral Real GDP share (%), 2018 and 2019



Source: Stats SA, April 2021 and Quantec, April 2021

10 OVERVIEW OF THE ECONOMIC ENVIRONMENT continued

The various industrial sectors have been instrumental in supporting and contributing to the growth of both the domestic and provincial economies. A detailed quarterly analysis reveals the key sectors which drive growth in KwaZulu-Natal and, by all accounts, in South Africa. As reflected in table 1 below, eight industries in KwaZulu-Natal posted positive growth between quarter three and quarter four of 2020.

The industrial sectors which provided the main impetus to

growth in quarter four 2020 were manufacturing (20,3%), construction (19,%), transport and communication (8,9%) and wholesale and retail trade, hotels and accommodation (7,2%). It is encouraging to note the resilience of the agricultural sector (5,3%) in quarter four 2020, given its potential to create more jobs with positive spill-overs to other industrial sectors, including agro-processing activities.

The contribution of all industrial sectors is reflected in the table below.

Table 1: Sectoral Real GDP Contribution, Seasonally adjusted and annualised, South Africa and KwaZulu-Natal, 2019 Q3&Q4 VS 2020 Q3&Q4

Industry		2019: Q3	2019: Q4	2020: Q3	2020: Q4
Agriculture, forestry and fishing	South Africa	-4,5	-7,6	20,1	5,9
	KwaZulu-Natal	-3,3	-6,9	19,7	5,3
Mining and quarrying	South Africa	-6,1	1,8	271,2	-1,4
	KwaZulu-Natal	-7,5	-0,5	250,3	-8,6
Manufacturing	South Africa	-4,4	-1,8	212,9	21,1
	KwaZulu-Natal	-4,8	-2,2	211,3	20,3
Electricity and water	South Africa	-4,9	-4,0	58,0	2,2
	KwaZulu-Natal	-3,8	-2,4	63,7	6,7
Construction	South Africa	-6,9	-5,9	73,6	11,2
	KwaZulu-Natal	-6,0	-4,4	82,5	19,4
Wholesale & retail trade, hotels & restaurants	South Africa	2,6	-3,8	137,0	9,8
	KwaZulu-Natal	2,3	-4,4	132,7	7,2
Transport and communication	South Africa	-5,4	-7,2	78,1	6,7
	KwaZulu-Natal	-4,9	-6,6	81,0	8,9
Finance, real estate and business services	South Africa	1,6	2,7	17,0	-0,2
	KwaZulu-Natal	1,7	2,8	17,1	-0,1
Community, social and other personal services	South Africa	0,4	0,7	38,7	4,8
	KwaZulu-Natal	0,4	0,6	38,5	4,6
General government services	South Africa	2,4	-0,4	1,0	0,7
	KwaZulu-Natal	2,6	-0,3	0,8	0,4
GDPR at market prices	South Africa	-0,8	-1,4	67,3	6,3
	KwaZulu-Natal	-0,9	-2,1	65,5	7,4

INTERNATIONAL TRADE

South Africa's nominal provincial export trade was resilient in spite of the COVID-19 pandemic, with exports rand value peaking at R1,3 trillion in 2020, or improving by 7,5%, when 2020 is compared against 2019.

The robust export performance in the year 2020 alone, resulted in a positive trade balance or trade surplus of R387 billion. Unfortunately, KwaZulu-Natal felt the impact of the economic shutdown due to the pandemic, as its exports for 2020 dipped by 8,8% or by R12,8 billion when compared against 2019.

However, when the trade balance (that is, exports versus imports) for 2020 is taken into consideration, the KwaZulu-Natal provincial economy performed better.

The commendable export performance compared against imports by KwaZulu-Natal in the year 2020 alone, resulted in a positive trade balance or trade surplus of R13,4 billion, as local businesses built on existing competitive advantages to weather the COVID-19 storm.

South Africa's provincial nominal imports trade with the rest of the world dipped substantially, by 11,8%, or by R149 billion in 2020 when compared against 2019, as global trading partner countries shut down their economies to mitigate the impact of the persistent COVID-19 pandemic.

KwaZulu-Natal was one of the provinces which also registered a decline in imports in 2020 relative to 2019, as imports declined by 3,9%, or by R4,8 billion, when compared against 2019.

South Africa's top five trading partners in 2020 were China (R161,39 billion), United States (R116,09 billion), Germany (R111,04 billion), United Kingdom (R67,56 billion) and Japan (R62,10 billion).

South Africa's top five import countries were China (R233,00 billion), Germany (R102,15 billion), USA (R71,99 billion), India (R58,44 billion) and Saudi Arabia (R43,78 billion).

At provincial level, KwaZulu-Natal's top five global trading partners in 2020 were the Netherlands (R14,40 billion), United States (R13,86 billion), United Kingdom (R8,19 billion), Namibia (R6,48 billion) and Botswana (R6,32 billion).

Correspondingly, KwaZulu-Natal's top five African export partner countries in 2020 were Namibia (R6,48 billion),

Botswana (R6,32 billion), Zimbabwe (R4,47 billion), Mozambique (R3,57 billion) and Zambia (R3,46 billion).

Such robust export performance augurs well and reinforces KwaZulu-Natal's reputation as the province with the highest export propensity in the country, with a fairly high level of industrialisation (measured by the relative size of manufacturing output).

Municipalities with the highest percentage contribution to exports in KwaZulu-Natal include eThekweni, King Cetshwayo and uMgungundlovu.

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT

The Chief Executive Officer, appointed by Trade & Investment KwaZulu-Natal's Board, is responsible for managing the day-to-day business operations of the organisation.

He is supported by members of an executive management team, responsible for the organisation's Business Units and who report to the Chief Executive Officer.

Each Business Unit comprises a team of professional members of staff who are responsible for implementing identified strategic indicators in order to ensure the delivery of Trade & Investment KwaZulu-Natal's strategic objectives. The organisation's Business Units comprise:

- Finance (inclusive of Supply Chain Management);
- Corporate Services (incorporating both Human Resources and Marketing and Communications);
- Investment Promotion and Facilitation (including both Business Retention and Expansion and Destination Marketing);
- Export Development and Promotion;
- Knowledge Management (inclusive of Information Communications Technology); and
- The Office of the Chief Executive Officer (which includes Strategy and Operations, the investSA KwaZulu-Natal One-Stop-Shop Investment Centre, Policy Advocacy, and the Gauteng Office).

11.1 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There have been no policy changes to the entity's mandate.

11.2 STRATEGIC OUTCOME-ORIENTATED GOALS

Trade & Investment KwaZulu-Natal has formulated a set of strategic performance objectives, endorsed by the organisation's Board. These incorporate the need to:

- Market and position KwaZulu-Natal as the preferred trade and investment destination;
- Comply with national and provincial treasury, regulatory and reporting standards;
- Improve human capital to ensure high performance;
- Improve organisational effectiveness and efficiency through the utilisation of Information, Communication and Technology;
- Promote, attract and facilitate new fixed investment in

KwaZulu-Natal;

- Retain and expand businesses in KwaZulu-Natal;
- Market and position KwaZulu-Natal in key markets;
- Develop, grow, and promote exports from KwaZulu-Natal;
- Comply with national and provincial performance monitoring and evaluation standards and legislation;
- Become, through international best practice, a central point of contact, advocate for and communicator of regulatory guidelines to investors;
- Be KwaZulu-Natal's research, knowledge and business intelligence leader; and
- Facilitate trade and investment opportunities in KwaZulu-Natal through the Gauteng Office.

Achievements with regard to the above-detailed strategic outcome-orientated goals are summarised in Part B: Performance Information, contained within this document.

The Performance Indicator Description and Performance Targets are in accordance to the Revised Trade & Investment KwaZulu-Natal 2020/21 Annual Performance Plan.

01. INVESTMENT PROMOTION

Growth and expansion (including transformation) of the economy through new greenfields fixed investments					
Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
1.1. Rand value of new domestic and foreign investments committed	R2,76 billion	R2 billion	R2,292 billion	R292 million	Projects in the manufacturing sector and property development committed high investments thereby exceeding the set target by R292 million.
1.2 Number of jobs created from new projects	3 845	3 000	6 854	3 854	The number of job creation opportunities was exceeded due to manufacturing sector investment.
1.3 Number of successful investment opportunities facilitated for priority groups (youth/ women/PWD/black-owned)	6	8	19	11	Local investment opportunities surfaced from youth and women-owned projects due to strategic focus on rural economic development.
1.4 Number of high impact and catalytic projects facilitated/ implemented	New	10	6	-4	Although the annual target was not achieved, this is a good performance given the economic challenges faced by not only South Africa, but the world. Fund Managers and Multi-nationals are cautious of their investment decision.

02. DESTINATION MARKETING

Increased investment opportunities through targeted destination marketing.					
Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
2.1 Number of international investment and trade platforms hosted (buying, selling and investment generation, e-lead generation)	15	10	14	4	Some 10 events were targeted for the period. 14 were achieved exceeding the target by four. Use of online platforms and partnerships formed with International Trade and FDI-generating organisations resulted in the target being exceeded.
2.2 Number of investment conferences co-ordinated in the province	2	1	2	1	The need to remain in constant communication with investment partners and potential investors globally, resulted in two investment conferences being co-ordinated.

03. EXPORT DEVELOPMENT AND PROMOTION

Growth and expansion (including transformation) of the economy through export promotion activities.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Rand value increase in the turnover of KZN Exporters (Existing and Seasoned) assisted	New	N/A	R37,63 million	N/A	The impact of COVID-19 on market access and the absence of physical trade platforms, has negatively impacted this indicator with only R37,63 million being reported as Rand value of export sales. This figure was expected to form the baseline, but has been negatively impacted due to the COVID-19 pandemic.
Number of market access platforms created for companies	New	60	81	21	The annual performance of this indicator was exceeded by 135%, with actual numbers exceed by 21.
Number of jobs created by KZN Exporters assisted	New	500	21	-479	The impact of COVID-19 on market access due to the absence of physical trade platforms, has negatively impacted this indicator and has resulted in the target not being achieved.
Number of export-ready and registered companies developed	11	40	69	29	The overall performance regarding this indicator was exceeded by 73% with the actual numbers being exceeded by 29.
Number of existing and seasoned exporters assisted with focused training and capacity-building	176	60	27	-33	Annual target not achieved and only 45% of the annual target was achieved in this financial year due to the negative impact of COVID-19. KwaZulu-Natal companies have been in survival mode and not wanting to focus on capacity-building.
Number of exporting deals/orders secured for KZN exporters in new markets	141	100	26	-74	Annual target not achieved and only 26% of the annual target has been achieved due to the negative impact of COVID-19 on the hosting of trade events and cross-border activities in general.

04. BUSINESS RETENTION AND EXPANSION

Transforming the economy through expansion and retention of investments and jobs.					
Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
4.1 Number of distressed businesses supported through business retention interventions	15	100	104	4	The annual target was exceeded as the focus during the year was prioritised to support companies in distress, in accordance with the KwaZulu-Natal Economic Recovery Plan.
4.2 Rand value of expansion projects committed	R2,203 billion	R500 million	R835 million	R335 million	The annual target was exceeded as the focus was in accordance with the KwaZulu-Natal Economic Recovery Plan for the prioritisation of business expansions and particular projects in key priority development corridors. There were high valued investment project associated with huge capital investments for modernisation and increasing manufacturing capacity.
4.3 Number of jobs created and retained from expansion projects	2 621	1 000	3 256	2 256	The annual target was exceeded as the company expansion programme provided new job creation opportunities and the feedback from distressed companies indicated significant jobs had been retained by these companies. There were high investment projects associated with huge capital investments for modernisation and increasing manufacturing capacity. Therefore, new job creation opportunities opened up for work-seekers in Tongaat/Verulam/ North Coast - KwaDukuza. In addition, the follow-up with distressed companies indicated companies have retained jobs.
4.4 Number of businesses supported with enterprise/supplier development interventions undertaken	New	80	104	24	The annual target was exceeded as the focus was in accordance with the KwaZulu-Natal Economic Recovery Plan, and was to support companies - which was undertaken via online business development support and via strategic collaborations with Clusters to implement SME Development/Supplier Development programmes.

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT continued

Transforming the economy through expansion and retention of investments and jobs.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
4.5 Number of precinct revitalisation projects facilitated/implemented	New	3	4	1	Target achieved. The focus was to support KwaZulu-Natal high valued clients in strategic industrial corridors and precincts.

05. STRATEGY & OPERATIONS AND ONE-STOP-SHOP

Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Strategy and Operations					
Number of Corporate Strategy and Annual Performance Plans (including monitoring and evaluation framework)	1	1	1	0	Target met as the TIKZN Corporate Plan, TIKZN APP and TIKZN AOP were compiled and submitted to the OTP and EDTEA within prescribed timeframes.
Number of strategic partnerships/programmes created and/or leveraged	14	4	8	4	The annual target was exceeded with MoUs entered into with strategic partners in accordance with the TIKZN Partner To Deliver Model.
Number of Action Work Group Engagements	New	10	22	12	Target exceeded, given the active participation of TIKZN leadership in Technical Cluster Meetings.
Percentage of risks identified and properly mitigated or resolved (as identified through the risk management process and documented in the risk register)	79%	95%	95%	0	The target was met, given the follow-through by Business Unit Leaders to implement programmes and initiatives to mitigate risk to TIKZN operations.

Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
One-Stop-Shop					
Number of business support services at One-Stop-Shop Number of business support interventions in support of COVID-19 relief measures Target revised from Quarter 2	New	4 000	3 609	-391	Target not met, given SA Risk Adjusted Strategy and moving to level 1 brought about more business activity during Q4, hence no business enquiries received during Q4.
Number of high impact projects resolved through project brokering support interventions	New	4	4	0	Target met as the KwaZulu-Natal One-Stop-Shop focused on facilitating strategic interventions for game-changer catalytic projects.
Number of strategic partnerships with District Development Agencies for One-Stop-Shop services	New	4	4	0	Target met as the KwaZulu-Natal One-Stop-Shop focused on facilitating strategic engagements with strategic economic development partners which were committed to supporting the One-Stop-Shop.
Number of district delivery model engagements with KZN Growth Coalition strategic support interventions	New	11	15	4	Target exceeded, given the active participation of TIKZN with the leadership of the KZN Growth Coalition to host KwaZulu-Natal Executive Municipality Meetings.

06. KNOWLEDGE MANAGEMENT

An enabling business environment through improved knowledge and business intelligence.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Number of investment and export-led investment projects packaged for investors and traders (localisation/import substitution)	17	11	16	5	Target exceeded, given the focus was to align opportunities in accordance with the KwaZulu-Natal Economic Recovery Plan and Sector Master Plans.
Number of comprehensive sector profiles with insights, positioning TIKZN positively to undertake its mandate	17	16	16	0	The target was met by aligning sector profiles in accordance with the KwaZulu-Natal Economic Recovery Plan and Sector Master Plans.
Number of KZN Ease of Doing Business Reports (Province and eThekweni Metro), and trade investment publications in support of COVID-19	New	5	6	1	Target was exceeded as the reports were compiled in order to promote a conducive business environment.
Number of quarterly KZN Economic Overviews, trend analyses, board reports and country targeting reports and business intelligence documents	15	13	28	15	Target was exceeded, given the need to compile information to complement the work undertaken by the respective business units.
Number of policy advocacy initiatives facilitated - (e-platform)	7	3	0	-3	Target not met as no submissions were compiled for Government intervention.

An enabling business environment through improved knowledge and business intelligence.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Information Technology					
Number of digitisation initiatives implemented for TIKZN	New	3	6	3	Target exceeded, given various initiatives implemented to support TIKZN staff and business communication during COVID-19 remote working requirements.
Number of ICT Infrastructure systems implemented	New	8	7	-1	Target not met. Overall performance of 7, including the Q1 performance achieved for the year.

07. SUPPORT SERVICES

Effective service delivery through integrated and strategic support to the organisation.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Finance					
Clean Audit Report	Clean audit	Clean audit	Clean audit 2019/20	0	Target met.
Percentage of internal audit findings resolved prior to A-G audit	79%	95%	100%	5%	Target exceeded as all audit queries have been resolved.
Improve on B-BBEE rating for TIKZN	Non-compliant	Level 4	To be determined	-	A service provider will be appointed to carry out the assessment in the first quarter of the 2021/22 financial year.
Percentage of payments made within 30 days to TIKZN suppliers	91,19%	95%	96%	1%	Target exceeded by 1%

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT continued

Effective service delivery through integrated and strategic support to the organisation.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Human Resources					
Annual performance reviews	New	100%	100%	0	Target met.
Number of staff trained/e-platforms revised wording from quarter 2	New	100%	100%	0	Target met, given online group training programmes implemented.
Number of organisational development programmes implemented/e-platforms	New	4	7	3	Online wellness approach and the appointment of a Wellness Co-ordinator by Life EHS helped to exceed the target.
Number of monitoring activities conducted	New	4	5	1	Target exceeded, given the proactive consultation process initiated by the department.
Marketing and Communications					
Number of strategic marketing campaigns and activations	New	4	13	9	Target exceeded. With slow down on marketing activities, due to budget cuts, TIKZN capitalised on partnerships to execute brand and destination campaigns.
Number of "Proudly Made in KZN" and "Buy Local" awareness campaigns	New	12	6	-6	The reduced budget hindered the execution of other campaign elements which included outdoor campaigns, the coffee table book and audio-visual promotional material.
Number of strategic stakeholder and media engagements	New	6	11	5	Target exceeded. The use of digital platforms to engage with Municipalities, as well as one-on-one engagements with media contributed to the target being exceeded.

Effective service delivery through integrated and strategic support to the organisation.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Marketing and Communications					
Produce the Annual Report in line with the Treasury and A-G stipulated deadlines	New	1	1	0	Target met.
Develop and manage TIKZN digital platforms	New	6	13	7	The use of social media platforms to stream activities contributed to the target being exceeded.

08. GAUTENG OFFICE

International relations, investment attraction and destination marketing.

Performance Indicator	Actual Achievement 2019/20	Planned Target 2020/21	Actual Achievement 2020/21	Variance from Target 2020/21	Comment on Deviations
Number of qualified leads generated (e-leads)	64	45	51	6	The Gauteng Office facilitated more than the usual online number of events, hence received more quality leads.
Number of international marketing initiatives implemented (online)	34	12	22	10	The Gauteng Office facilitated more than the usual online number of events, given the South African lockdown measures and social distancing requirements.
Number of investment, trade, sector-based, international organisation platforms (online)	5	30	36	6	The Gauteng Office collaborated with economic development partners and held various online events during lockdown.
Number of intra-trade platforms created for KZN companies	New	20	24	4	The Gauteng Office collaborated with economic development partners and held various online intra-trade events during lockdown.

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES

TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES

Trade & Investment KwaZulu-Natal's business activities are conducted through a range of programmes, including:

PROGRAMMES
Investment Promotion and Facilitation
Business Retention and Expansion
Export Development and Promotion
investSA KwaZulu-Natal One-Stop-Shop
Knowledge Management
Marketing and Communications
Human Resources
Gauteng Office

12.1 INVESTMENT PROMOTION AND FACILITATION

INTRODUCTION

The Investment Promotion Business Unit is responsible for the delivery of three sub-programmes, being:

- Investment facilitation - Responsible for both domestic and foreign investment attraction and facilitation into KwaZulu-Natal;
- Destination marketing - Responsible for actively promoting KwaZulu-Natal as a premier investment destination; and
- Business Retention and Expansion - Responsible for providing support and facilitation services with regard to the retention and expansion of businesses throughout the Province.

INVESTMENT FACILITATION

KwaZulu-Natal remains attractive to Foreign Direct Investment and international funders have shown an interest in infrastructure and commercial projects in the province.

For the period under review, an amount of R2,292 billion has been invested in the following sectors:

- Property development;
- Automotive;
- Steel beneficiation; and
- Manufacturing.

The table opposite reflects details of nine committed investment projects in the 2020/21 financial year.

No.	Project Name	Project Description	Location	Rand Value	Potential Jobs
1	Hesto Harness	The project entails manufacturing of automotive components for Original Equipment Manufacturers based in South Africa.	Stanger	R900 million	3 300
2	Coconathi (Pty) Ltd	Coconathi (Pty) Ltd is an agro-processing operation located in Dube TradePort Special Economic Zone.	Dube TradePort Special Economic Zone	R50 million	35
3	Afro India	The project entails copper and aluminium beneficiation for both domestic and foreign markets.	Isipingo	R115 million	200
4	Platinum Cement Industries	This is a cement manufacturing project targeting domestic market and SADC countries.	Umbogintwini	R400 million	200
5	Burj	This is a combined hotel and residential apartments project which is part of the city centre rejuvenation programme.	South Beach, Durban	R85 million	500
6	La Mercy Hotel and Apartments	The project entails the development of Greenfield luxury residences and the refurbishment of the La Mercy Hotel.	La Mercy	R400 million	2 000
7	New Casings	This is an abattoir and meat processing facility based in Vryheid. This facility will supply the local market, but mainly targeting the supply of beef to China.	Vryheid	R60 million	200
8	Dach South Africa	The project entails cultivation, production and manufacturing of both Cannabis as well as Hemp products.	Winterton	R210 million	119
9	Good Life Foods	The production of Kiefer product that is used for health benefits.	Howick	R72 million	300
Total				R2,292 billion	6 854

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

HIGHLIGHTS ON SOME OF THE COMMITTED PROJECTS

Hesto Harness: Hesto Harness, part of the Metair Group, secured multiple contracts to support Ford Motor Company of Southern Africa's investment and production expansion programme.

The deal is expected to create 3 300 jobs with capital investment of R900 million in a Greenfield project. This project is estimated to generate between R25 billion and R28 billion of turnover over the model life from mid-2022, depending on the final project volumes and launch date.

This commitment will include the construction of a new manufacturing facility in Stanger, northern KwaZulu-Natal. In addition to Hesto Harness, which will be the largest beneficiary supplying a wide range of wire harnesses, a number of other subsidiaries will support Ford, including Unitrade, Automould and Lumotech, with a variety of wires and plastic and chrome-plated parts, as well as headlights and taillights.

Platinum Cement Industries: This R400 million cement manufacturing project will be located in Umbogintwini, on the previous Huntsman site. The project promoters were supported to secure this suitable site and the project will create an estimated 200 new employment opportunities.

The cement industry has seen a tremendous increase of imports into South Africa, resulting in imports impacting negatively on local producing companies and undercutting local supplies by almost 45% in price.

Government has implemented a number of initiatives to reduce the imports of cement from countries such as Pakistan and Vietnam.

This project will address the import substitution gap and, in turn, bring in the latest technology innovation via Foreign Direct Investment and assist in building local manufacturing capacity.

Afro India: This is a copper and aluminium beneficiation project in Isipingo. Afro India had been involved in the collection and recycling of scrap metals which they supplied to local foundries and also exported to India and Pakistan.

The company then sought to introduce a new project, along its value chain, which was to smelt and beneficiate scrap, and particularly aluminium and copper, which would be sold locally and also exported as semi-finished and finished

products. This project will create 200 new job opportunities.

TECHNICAL ASSISTANCE FUND (TAF)

The Technical Assistance Fund was established to assist project promoters in KwaZulu-Natal to package projects so that they might qualify for funding from larger financial institutions. The main objectives of the fund are to:

- Assist project promoters in identified selected priority areas in the development of bankable business plans;
- Assist in the preparation of project feasibility studies in support of investment proposals to be submitted to financial institutions; and
- Address various technical needs and challenges related to the packaging or preparation of projects for financing and implementation purposes. These include technical viability assessments, financial analyses, market analyses, environmental impact assessments (EIAs) and business plan enhancements.

In spite of a challenging year due to COVID-19, Trade & Investment KwaZulu-Natal was able to support nine projects through TAF to the tune of R1,9 million during the 2020/21 financial year. Supported projects were in the following sectors: tourism, manufacturing, property development and agriculture.

DEPARTMENT OF TOURISM PROJECTS FACILITATED BY TRADE & INVESTMENT KWAZULU-NATAL

In 2018 the Department of Tourism (DoT) appointed Trade & Investment KwaZulu-Natal as an implementing agent for three tourism projects, inclusive of:

- Bhanga Nek Lodge - R20 million;
- Lilani Hot Springs - R17 million; and
- Umhlabuyalingana Skills Development Programme - R6 million.

An additional allocation of R3 million was provided for project sustainability regarding Bhanga Nek, at R1,6 million and Lilani Hot Springs at R1,4 million bringing the total budget for all three projects to R46 million.

- Umhlabuyalingana Skills Development Programme was successfully implemented during the 2020/21 financial year and learners were placed in various tourism establishments for experiential learning. Some 60 learners participated in this programme and the graduation of learners is expected to be held in October 2021, after the issuing of certificates of competency by CATHSSETA;
- There was an unexpected delay in appointing a contractor for Bhanga Nek. The tender has been re-advertised and construction is expected to commence in August 2021; and
- The construction of Lilani Hot Springs has commenced and Phase 1 is expected to be completed in December 2021.

12.2 DESTINATION MARKETING

INTERNATIONAL INVESTMENT AND TRADE PLATFORMS HOSTED

The COVID-19 global pandemic demanded that Trade & Investment KwaZulu-Natal review its operational techniques in positioning the province as a premier investment destination for foreign direct investment and trade.

Whilst 10 engagements were targeted, a total of 15 were achieved during the course of the review period. Of this number, only three involved face-to-face visits from outside the province, with a further 12 executed virtually through various online platforms.

The table below provides detailed information about each activity undertaken.

INWARD AND OUTWARD MISSIONS		
Country	Event Name	Outcome
China	Fujian Economic and Trade Co-operation Online Promotion Conference	More than 300 Chinese investors participated with six KwaZulu-Natal Project Promoters presenting their opportunities. Some 2 960 participants joined the three-hour live stream from around the world, with the majority coming from China.
China	Amajuba - Wudi County China Co-operation Meeting	The meeting included Amajuba Municipality, OTP, COGTA, EDTEA, TIKZN, TKZN, Agriculture, Private Sector Partners and a panel of Government Representatives and investors from Shandong. Chinese companies in the session showed a focused interest in co-operating and investing in the blue economy, chemicals and plastics, as well as in sand/silicate opportunities.
Germany	Baden-Wurttemberg Online Africa Summit 2020	KwaZulu-Natal represented South Africa in an event which included host partners Ethiopia and Ghana. US Ambassadorial and Consular Team - the new team of appointments from the US Embassy in Pretoria, the US Commercial Service in Johannesburg and the US Consul General in Durban were hosted at a briefing session by TIKZN.
Germany	Manifesting German-South African Trade Relations	Hosted by the Afrika-Verein (German-African Business Association) with TIKZN, the SA Ambassador to Germany, the CEO and Sector Heads of Afrika-Verein, DTIC and Siemens Africa, the event focused on opportunities for growth in South Africa generally and KwaZulu-Natal particularly.
India	TIKZN-India Manufacturing Investor Round-table (Outbound)	A total of 40 Indian investors participated in an investment seminar focusing on the KwaZulu-Natal manufacturing sector. Targeted engagements were undertaken with each participant, with one resulting in a follow-up meeting by IP and with an automated valve manufacturer considering investment in KwaZulu-Natal.
India	TIKZN-India Agro-Processing Investor Round-table (Outbound)	A total of 30 Indian investors participated in an investment seminar focusing on the KwaZulu-Natal agro-processing sector. Further targeted engagements were undertaken with each participant.
Indonesia	Ambassador of Indonesia - Visit to KwaZulu-Natal (Inbound)	A round-table discussion with an Indonesian delegation, led by the Ambassador to South Africa. The KwaZulu-Natal delegation, led by the MEC, with TIKZN, Tourism KwaZulu-Natal, the Durban Chamber of Commerce and Industry and Minara, participated in discussions whose focus was on trade, investment and tourism.

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

INWARD AND OUTWARD MISSIONS		
Country	Event Name	Outcome
Multi-Country	KwaZulu-Natal Diplomatic Corps Breakfast	TIKZN worked with the Office of the Premier and the Department of Economic Development, Tourism and Environmental Affairs to host a KwaZulu-Natal Diplomatic Corps Breakfast, led by the Premier, Sihle Zikalala, and the then MEC, Nomusa Dube-Ncube. The diplomatic delegation was led by the Dean of the KwaZulu-Natal Corps representing Belgium, the Consul Generals of China, India, Lesotho and the United States, as well as several local Honorary Consuls, such as Italy, Cyprus, Greece and Switzerland.
Singapore	Singapore Indian Chamber of Commerce and Industry (SICCI) Online Seminar	A Singapore Indian Chamber of Commerce and Industry (SICCI) online seminar was co-ordinated in partnership with the South African High Commission in Singapore. The seminar focused on the development of business opportunities between the two regions and considered skills transfer and new technologies.
Turkey	Turkey Online Pharmaceutical Investor Round-table	A Virtual Investor Round-table was facilitated in partnership with the South African Embassy in Ankara, with participants from the pharmaceutical sector in Turkey. Follow-ups with participants is ongoing.
Turkey	Turkey Online Automotive Expo 2020	This is an annual event which was, for first time, conducted online. TIKZN was afforded the opportunity to make a pre-recorded virtual presentation about the KwaZulu-Natal automotive sector and provided a link site in the virtual event. The site was hosted for six months to increase exposure of participants.
United Kingdom	Online Trading Showcase: North East England (UK Inbound Delegation)	Some 13 UK companies presented in a session, together with officials from the cities of Durham and Newcastle, senior KwaZulu-Natal representatives and the North East England Chamber. Some 96 KwaZulu-Natal companies participated in the online showcase.
United Kingdom	Northwest Trade UK Online Discussion	Following KwaZulu-Natal's partnership with the North East of England, Trade Northwest, the UK Government's unit responsible for cities such as Manchester and Liverpool hosted an online discussion.
United States	Trade, Investment and Boat Buying Tourism Opportunities in South Africa	TIKZN worked with Tourism KwaZulu-Natal and the South African Embassy in Washington to present the provincial offering to potential boat buyers who are considering both investment and tourism in South African coastal regions. Wesgro and the Eastern Cape Development Corporation, together with the South African Boat Builders Association, also made presentations.

INTERNATIONAL INVESTMENT CONFERENCES

Two international investor conferences were co-ordinated by Trade & Investment KwaZulu-Natal during the course of the review period. They included:

- The China (Fujian)-South Africa (KwaZulu-Natal) Economic and Trade Co-operation Online Conference (as referenced above) - This was staged in partnership with the South African Consulate in Shanghai. The Fujian Provincial Government provided a platform for six KwaZulu-Natal investors, who were featured in the KwaZulu-Natal Investment Projects booklet, to showcase their projects to 300 Chinese investors. The provinces of Fujian and KwaZulu-Natal were both showcased with videos and presentations, as well as speaker opportunities by senior members of the respective Governments; and
- The South African Presidential Investment Conference - KwaZulu-Natal hosted a satellite event, including a series of site visits and investor engagements, in the week of the Third Presidential Investment Conference, with an investor session held at the Durban Aerotropolis Centre, located within Dube TradePort Special Economic Zone. The investor session was hosted by the then MEC Nomusa Dube-Ncube and was attended by the KwaZulu-Natal Diplomatic Corps, KwaZulu-Natal investors and senior representatives of Government and KwaZulu-Natal entities.

12.3 EXPORT DEVELOPMENT AND PROMOTION

EXPORT PROMOTION

The overall performance of the Export Development and Promotion Unit (EDPU) was satisfactory, in spite of being met with critical challenges during the 2020/21 financial year. The impact of the pandemic had a direct negative

impact on export development and promotion activities, the consequence of borders being closed and the curbing of physical exhibitions and trade missions convened. In addition, many companies adopted a state of survival and were not prepared to focus efforts on capacity-building initiatives. This was further compounded by key position vacancies with the Business Unit not being filled, together with cuts in the operational budget.

In spite of these negative aspects, Trade & Investment KwaZulu-Natal was able to facilitate access to markets for 26 companies, resulting in more than R37 million in sales generated. A keen focus was applied to online trade and capacity-building events, which resulted in 76 companies accessing online trade platforms and more than 90 companies being trained.

During the 2020/21 financial year several strategic initiatives were completed, which added to the Business Unit's service offering. These initiatives included an upgrade to the KZN Export Information Portal, the conclusion of a Memorandum of Understanding with Transnet Port Terminal for R7 million funding over three years, for the roll-out of the Transnet Port Terminal and Trade & Investment KwaZulu-Natal Enterprise Development Programme. The EDPU also partnered with the Department of Small Business to roll-out a COVID-19 Relief Fund for the Creative Industry in the amount of R1,9 million, which saw disbursements during the year to 80 enterprises.

EXPORT DEVELOPMENT

Several export development programmes were rolled-out during the 2020/21 financial year. A summary of these activities is contained in the following table.

#	Activities	Attendees
1	Emerging graduation training, via Zoom session with Marvilogix International	39
2	Phase 1 of the Global Exporter Passport Programme (GEPP)	12
3	Global Exporter Passport Programme (GEPP), facilitated by the DTIC & TIKZN	18
4	ITAC Export Permit, facilitated for My Body Guru to export Hand Sanitiser	1
5	FDA Registrations: Bespoke Manufacturers and Demway Trading	2
6	TIKZN SIPPO Export Marketing Plan (EMP) training	7
7	Bureau Veritas Mentorship programme	9
8	Export Marketing Plan Training and Mentorship Programme	8
Total		96

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

SWISS IMPORT PROMOTION ORGANISATION (SIPPO)

Several collaborative events took place with SIPPO for the benefit of both business support organisations and KwaZulu-Natal companies.

A stakeholder engagement workshop was co-ordinated by SIPPO and included representation from DTIC, Wesgro, Trade & Investment KwaZulu-Natal and CECOSA. This event was aimed at strengthening stakeholder relations so as to better co-ordinate trade and collaboration with various stakeholders regarding trade-related activities.

Through the support of SIPPO, the EDPU was able to develop and facilitate the roll-out of a new offering, being the Export Marketing Plan Training and Mentorship Programme, which has seen two groups of companies participate and resulting in each company having a detailed export marketing plan in place.

TRADE & INVESTMENT KWAZULU-NATAL TRADE DSM TRAINING

Almost 10 Trade DSM Training sessions were conducted during the year, including online sessions for practitioners on how to better utilise the DSM tool, as well as sessions for senior management on the state of the economy and the impact of COVID-19 on trade and investment. During the 2020/21 financial year, three practitioners underwent the accreditation process on this tool, with all three completing the process successfully.

TPT ENTERPRISE DEVELOPMENT PROGRAMME

A Memorandum of Understanding was signed between Trade & Investment KwaZulu-Natal and TPT for the roll-out of the TPT and Trade & Investment KwaZulu-Natal Enterprise Development Programme, through which TPT was to provide R7 million in funding over three years.

Trade & Investment KwaZulu-Natal was to roll-out the programme and cover export capacity-building, technical support, market access and access to critical capital equipment. The selection of the companies was completed, as well as certain development work. A more formal roll-out is planned for the new financial year, once funds agreed have been transferred.

EMERGING GRADUATION PROGRAMME

The Export Graduation Programme for Emerging Companies was conceived at the end of 2016. The duration of the programme is six months and provides for companies to attend two days a month for a six-month period.

The aim of the programme was for emerging companies

to determine internal areas of concern and requiring further development in order to become successful in the field of exports. The programme covers research, identifying markets, costing and export transactions. Some 39 emerging exporters were provided access to this programme during the 2020/21 financial year.

UPDATE ON DTIC'S GLOBAL EXPORT PASSPORT PROGRAMME

The roll-out of the Global Export Passport Programme, in collaboration with the DTIC, took place in quarters three and four, with 30 companies participating in the programme. In addition, two Trade & Investment KwaZulu-Natal members of staff were coached so as to become future trainers for this programme.

A recent review of the training was initiated by the DTIC, in consultation with Cyrille Hugon, of Open Trade Gate Sweden. The conclusion reached was that sessions should continue, although selection should be more focused with regard to the target audiences. The capacitating of officials is also expected to reduce over-reliance on service providers and cut the costs associated with offering this programme in future.

COVID-19 RELIEF FUND (DEPARTMENT OF SMALL BUSINESS - DEPARTMENT OF SPORTS, ARTS AND CRAFTS)

The Department of Small Business Development, in partnership with the Department of Sports, Arts and Culture, signed a Memorandum of Agreement to provide the COVID-19 Relief Fund to the craft, design, visual arts and audio-visual sectors, managed and disbursed by the nine provinces. KwaZulu-Natal, under the auspices of Trade & Investment KwaZulu-Natal, and in partnership with the KwaZulu-Natal Department of Arts and Culture, collaborated in assisting and providing support for the disbursement of the COVID-19 Relief Fund, which was provided by DSBD and DSAC, and valued at R2 475 777.

Three rounds of disbursement were undertaken, from October 2020 to March 2021, with a total of 80 entities benefiting from this support, and amounting to disbursement of R1 934 966. The remainder of these funds were transferred to CDI in the Western Cape for disbursement in that province.

EXPORT PROMOTION

Trade promotion activities undertaken in the 2020/21 financial year are detailed in the table below. It should be noted that the pandemic impacted negatively on the hosting of and physical participation in trade events during the review period.

#	Activities	Date	Participants
1	SaladPlate	July 2020	6
2	Destination Africa	16 November - 16 December 2021	10
3	Speciality Fine Foods	19-22 January 2021	3
4	Artisanal Master Class for exporting into the USA	28 January 2021	7
5	Africa Energy Indaba	01-05 March 2021	5
6	E-Commerce in the USA	09 February 2021	11
7	Boat Building ITI Americas	15 February 2021	3
8	Fashion Without Borders	24-26 March 2021	6
9	Americas Food and Beverage	02-14 November 2020	6
10	All Fashion Sourcing	13-16 October 2020	10
11	Omnia Health	12-16 October 2020	9
Total		96	76

KZN EXPORT INFORMATION PORTAL

The upgrade of the KZN Export Information Portal (www.exportkzn.co.za) was completed and the portal went live and operational. The portal was demonstrated during the KZN Export Week 2020, in December 2020, as a means of encouraging companies to use the portal and to upload their company information to the portal. Migration of old system information into the new system, as well as updating documentation has been completed. Individual client information was being updated by respective clients and a campaign commenced to update and increase the companies that are registered on the system, so as to link opportunities to companies. There was a delay in the completion of the virtual company tours due to the impact of the pandemic and attendant restricted access to companies. This has, however, since been resolved.

KZN'S AFRICA EXPORT STRATEGY

The KZN's Africa Export Strategy was compiled by Trade & Investment KwaZulu-Natal to determine the opportunity and viability of indigenous companies and businesses operating in this province venturing into the rest of the Africa or expanding continental trading activity on the back of the implementation of the Africa Continental Free Trade Area (AfCFTA) Agreement. The launch of this strategy was expected to take place in quarter 1 of the new financial year with the support of the responsible MEC and other key stakeholders, in order to promote trade into Africa. Aspects of the implementation plan include regional trade days for the seven regional groupings, consisting of 27 selected African markets. These trade days would include a trade conference component, online exhibition and a business-to-business

facility, with the view to promoting Intra-Africa Trade.

SALADPLATE: JULY 2020

SaladPlate was created by INFORMA, a trade show organiser of food, hospitality and related industry exhibitions targeting the ASEAN region and with a database of 530 000 buyers. This is an online marketplace especially tailored to match food and hospitality buyers and sellers and brings together all INFORMA's Asia food buyers who visit their events, such as FHC China, FHA Singapore, HOFEX Hong Kong and more than 20 other Asia food events into one highly impactful virtual trade portal. It also provides different workflow solutions which assist manufacturers save time and money. EDPU supported six KwaZulu-Natal companies in terms of this first virtual trade event. Initially, Trade & Investment KwaZulu-Natal arranged for free 30-day trial subscriptions for several local food-related companies and, based on that success, provided support for six companies to exhibit online.

DESTINATION AFRICA: NOVEMBER 2020 - 16 DEC 2021

Given the effects of the pandemic on exhibition events, ExpoLink took the initiative to 'Go Virtual.' In line with the Egyptian Digital Transformation strategy, the Egyptian Exporters Association and ExpoLink launched a new digital service that aimed to accelerate growth and connectivity regionally and internationally, called the Marketnext Ecosystem. This online platform offered exhibitors and visitors easy connection via a customised B2B tool. Aside from a virtual exhibition stand, the Destination Africa virtual event also featured question-and-answer sessions, live video and voice chatting, product videos and catalogues, from which 10 KwaZulu-Natal-based companies benefited through

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

access to trade platforms. The platform will be active for a year and clients are assigned weekly tasks (specific to their industry), enabling improvement on their global marketing footprint.

AFRICA ENERGY INDABA: 1-5 MARCH 2021

The Africa Energy Indaba provided an effective way to connect exhibitors and delegates in the energy and alternative energy space. Data and analytics made available to exhibitors revealed who had engaged with exhibitor content and for how long, whilst the virtual environment enabled delegates to easily locate and engage with exhibitors. Initial feedback indicated 1 100 active users on the platform, 434 contacts made between attendees and more than 170 people visiting various chat rooms within the platform. This event was a collaboration with BR&E and five companies attended.

MAJOR SUCCESSES

- After sustained communication with various officials at ITAC, client company, My Body Guru, received permit approval to export hand sanitiser to Mozambique, Angola and Bahrain. The export permit allowing the company to export to Bahrain was crucial as it had received an extremely lucrative order from French retailer, Carrefour. This initial order was set to open the door to subsequent supply to other markets, including other parts of Europe;
- KwaZulu-Natal sauce, condiment, and peri-peri manufacturer, Great Hearts of Africa, exported three 20-foot containers to Russia, with the total export valued at R716 000;
- XKG Logistic exported timber to China to the value of R3,7 million;
- Superinga reported sales/export orders of approximately R1,5 million following its participation in the Speciality Fine Foods Show. The event was sponsored by the US Trade Hub, with Trade & Investment KwaZulu-Natal being responsible for the recruitment, planning and co-ordination of local companies on the platform;
- Zebra Armor concluded inter-provincial trade to the value of R5 million;
- Sluvin Designs reported sales of approximately R60 000 following its participation in the Destination Africa virtual show, which event was sponsored by Trade & Investment KwaZulu-Natal;
- Elangeni Soaps secured export orders to the value of R2 million as a result of its participation in Gulffood 2020, which was facilitated by Trade & Investment KwaZulu-Natal;
- Involvement in the COVID-19 Relief Fund disbursement for creative industries, which resulted in 33 companies being approved for assistance. A total of R2,47 million was secured from DSBD, of which R300 000 was

allocated for business development support within the creative industry;

- R7 million was secured for Emerging Exporters for the TPT and Trade & Investment KwaZulu-Natal Enterprise Development Programme; and
- R1 million was secured for the roll-out of the KwaZulu-Natal Export Competitiveness Enhancement Programme.

12.4 BUSINESS RETENTION AND EXPANSION

During the 2020/21 financial year, business operations were negatively impacted by the COVID-19 pandemic, all of which negatively impacted the operational sustainability of KwaZulu-Natal-based businesses.

There were number of industries in distress and some companies made the decision to restructure with some job losses, partially close operations and, in some instances, to completely shut down operations. All regions in the province were affected which included the tourism and hospitality sectors.

The Business Retention and Expansion Unit (BREU) in accordance with the South African and KwaZulu-Natal Economic Recovery Plan, focused on the development and implementation of programmes aimed at retaining and expanding domestic investments in KwaZulu-Natal.

The COVID-19 pandemic and the South African Government's risk-adjusted strategy impacted on business and jobs.

Thus, the BREU focus was to support companies with initiatives to enable business profitability improvements and to remain invested in the province.

FOCUS ON BUSINESS RETENTION AND EXPANSION

In order for Trade & Investment KwaZulu-Natal to respond to and provide support for companies during difficult times, the organisation's Board approved the fact that the organisation should focus reprioritised resources in order to support companies, provide support interventions and measures to assist manufacturing companies in distress and support for business expansions to stimulate economic growth, thereby averting de-industrialisation.

Trade & Investment KwaZulu-Natal accordingly entered into various Memorandum of Understanding agreements and support engagements with strategic economic development partners in terms of the Partner to Deliver Strategy in support of business turn-around, business development, business expansions, business stability and business retention with the support of the Department of Economic Development,

Tourism and Environmental Affairs.

The Partner to Deliver engagements were concluded with the following organisations for the purposes of sharing resources, and assisting with business support:

- KZN Growth Coalition;
- The Clusters (Durban Automotive Cluster, Durban Chemicals Cluster, KZN Clothing & Textile Cluster and eThekweni Furniture Cluster);
- Durban Chamber of Commerce and Industry;
- Pietermaritzburg Midlands Chamber of Business;
- Transnet; and
- Productivity South Africa.

The Partner to Deliver collaborations assisted in stimulating the real economy through interventions, thus preventing the economy from sliding into de-industrialisation and its unintended consequences.

COMPANY RETENTION AND FACILITATION SERVICES

In support of business retention and expansion initiatives, Trade & Investment KwaZulu-Natal facilitated R835 million in company expansion projects, with new job creation opportunities of 491 and from the 104 distressed companies supported with strategic interventions, 52 reported having retained 2 765 jobs.

This was achieved through collaboration with and strategic support from our economic development partners, including industry associations, Municipalities, development finance institutions and the dtic.

The KwaZulu-Natal high valued company expansions announced during the President's Investment Conference 2020, were in the manufacturing areas of food and beverage, engineering and the automotive sectors, as illustrated in the below table.

No.	Activities	Date	Participants	Value	New jobs
1	United Steel	The company has been trading in the Republic and in accordance with the company expansion plans, has purchased the equipment and machinery from Metso. Lease of former Metso premises at Isithebe from Ithala.	Mandeni Municipality	R350 million	250
2	Frimax	FMCG - The company manufactures potato crisps.	eThekweni Municipality (Opposite Dube TradePort)	R380 million	100 new 100 (indirect during construction)
3	Unitrade	Manufacturer and supplier of most types of PVC insulated copper cables for the automotive industry.	KwaDukuza Municipality	R105 million	41
Total			76	R835 million	491

BUSINESS DEVELOPMENT AND ENTERPRISE DEVELOPMENT SUPPORT

Trade & Investment KwaZulu-Natal, in collaboration with its strategic partners, facilitated the participation of KwaZulu-Natal-based companies on key online platforms in order to support such enterprises with business development opportunities in such areas as the identification of potential dynamic business partners capable of introducing new expertise, identifying new technologies applicable in specific sectors, and providing linkages between small-size firms and large-scale companies. A total of 104 companies benefitted from the various online programmes.

Trade & Investment KwaZulu-Natal is appreciative of the collaboration with the various clusters, inclusive of Durban Automotive Cluster (DAC), KZN Clothing and Textile Cluster (KZNCTC), Durban Chemicals Cluster (DCC) and the eThekweni Furniture Cluster (EFC), in accordance with the Partner to Deliver model, which supported companies via online training assistance to companies regarding matters around adjusting to trading in the 'New Normal' operating environment compliance requirements, business linkages, market development and business growth.

The organisation is also appreciative of the collaboration with

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

the PUM Programme and Productivity SA. Accordingly, Trade & Investment KwaZulu-Natal held various information-sharing sessions to support KwaZulu-Natal-based companies to access both PUM and PSA programmes.

These programmes provide expert consultants, with industry and technical experience and knowledge to guide companies in the quest to improve efficiencies and the strategic planning of business operations. Experts are placed within enterprises to study areas of operational efficiency which might be improved.

DISTRESSED COMPANIES - BUSINESS TURN-AROUND SOLUTIONS

Trade & Investment KwaZulu-Natal engaged with 104 companies in distress, assisting them in terms of matters pertaining to COVID-19 business relief support, operator permits, business linkages and concerns pertaining to Municipality services and business continuity. Some of the distressed companies have reported the ability to retain jobs, with the accumulated jobs from 52 companies totalling 2 765.

STRATEGIC COLLABORATION WITH JUNIOR ACHIEVERS SOUTH AFRICA

During 2020/21, Trade & Investment KwaZulu-Natal partnered with Junior Achievement South Africa (JASA) to deliver a Youth Enterprise Programme (YEDP) to young people between the ages of 18 and 35 in the uThukela (Ladysmith) and King Cetshwayo (Richards Bay) districts, reaching 75 students.

In accordance with Trade & Investment KwaZulu-Natal and JASA's activities, the scope of work included programme marketing, partner engagement, student recruitment, student enrolment, business skills training, field trips, submission of PoEs, assessment, moderation, and the issue of results for assessments. The objectives of the YEDP are:

- To equip students with the skills necessary to establish a sustainable business;
- To encourage students to start-up sustainable small businesses;
- To inform students about available resources in terms of acquiring investors and funding;
- To make students aware of resources available for continued support and advice following programme completion; and
- To introduce students to micro-finance institutions as a funding option for their business start-ups.

The onset of the COVID-19 pandemic in March 2020 affected the JASA programme's planning and roll-out of

funded programmes. The situation demanded adherence to COVID-19 lockdown regulations, announced by National Government. During this time, the organisation reviewed programme content and prepared for its online presentations to ensure that learning continued.

Google-classroom was identified as a viable platform to engage learners online. JASA programmes, including YEDP, were reviewed and customised to be relevant for the online platform and JASA staff members, agents and facilitators were trained on G-suit and Google-classroom.

The programme staged in the Alfred Duma district was the first YEDP/JASA programme to be implemented online with students. This was made possible through support from the National Youth Development Agency and Alfred Duma Local Municipality officials, who arranged for the venue and data to be in place for students to engage with the programme using the online platform.

In Richards Bay, the programme was implemented face-to-face with the students. JASA recruited facilitators, who were trained in 2019 on the YEDP programme, to facilitate the programme.

12.5 OFFICE OF THE CEO: INVESTSA KWAZULU-NATAL ONE-STOP-SHOP

The organisation was mandated by the Department of Trade, Industry and Competition (The dtic) to establish and operate the KwaZulu-Natal One-Stop-Shop Centre. The Centre currently hosts Companies and Intellectual Property Commission (CIPC), Environmental Impact Assessment (EIAs), Exports, South African Revenue Service (SARS) and Home Affairs as operational entities.

BUSINESS UNUSUAL

During the 2020/21 financial year, the world experienced the COVID-19 pandemic, which led to the country being locked down (levels 5, 4 and 3) during quarter 1 and quarter 2 of the review period.

This meant operating in an unusual business environment, wherein it was necessary to rely on electronic communication to reach key stakeholders and/or target markets.

THE RESPONSE DURING THE HEIGHT OF THE PANDEMIC

The organisation responded to the unusual operating environment by establishing a Business Support Desk.

The latter was responsible for assisting entrepreneurs to link with a number of relief funds, established by Government.

ONE-STOP-SHOP BUSINESS SUPPORT DESK TOTAL NUMBER OF ENQUIRIES

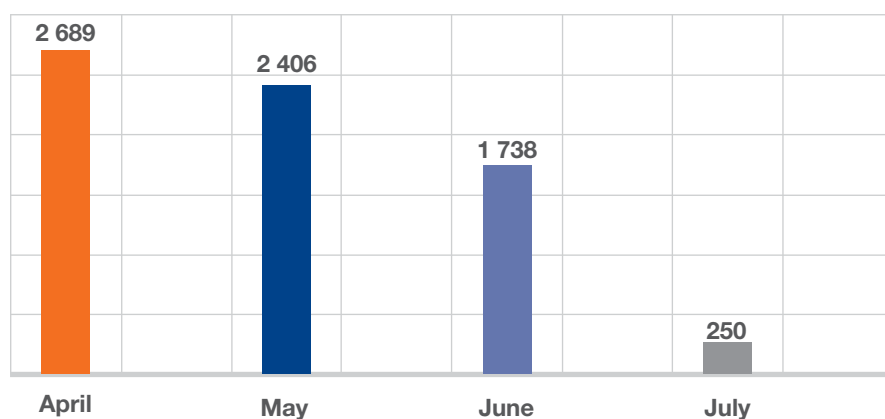


Figure 4: Number of Enquiries Handled

During the period under review, our business support desk processed or handled approximately 3 609 enquiries or applications from across KwaZulu-Natal between April and July 2020 - being the height of lockdown. Many businesses

experienced difficulties during the hard lockdown and required assistance from Government with regard to their challenges. Entities were assisted by either linking them with relief funds or by providing them with different forms of advice.

SMME RELIEF FUNDS APPROVED IN KWAZULU-NATAL APRIL, MAY, JUNE, 2020

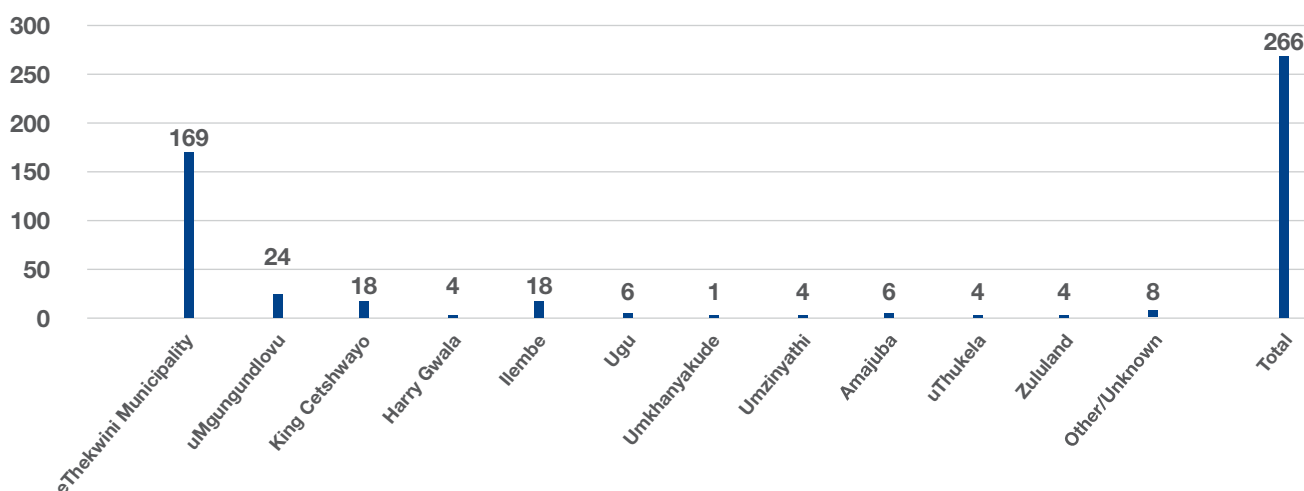


Figure 5: SMMEs approved for Relief Funds.

Across KwaZulu-Natal, entities were approved by the Department of Small Business for SMME Relief Funds. A total of some 266 entities were approved for funding in KwaZulu-Natal during quarter 1 and quarter 2. The majority (63,53%) of which were based in the eThekweni Municipality area.

INVESTSA KWAZULU-NATAL ONE-STOP-SHOP ACTIVITIES DURING THE YEAR

Over and above access to SMME relief funds, the One-Stop-Shop Centre processed some 1 075 investor enquiries or applications during the review period.

- About 82 businesses submitted enquiries relating to

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company registrations or de-registrations, which were logged with CIPC;

- Approximately 928 applications for export permits were registered with the Export Agency;
- Nine EIA applications were logged with the EIA unit of the Department of Economic Development, Tourism and Environmental Affairs; and
- About 56 VISA enquiries were lodged with VFS, which was acting on behalf of the Department of Home Affairs. These included corporate VISA applications made by medium and large businesses.

The KwaZulu-Natal One-Stop-Shop also hosted a number of online investor support events, which included;

- An online infrastructure finance workshop which was addressed by DBSA representatives and attended by a group of investors, representatives from Municipalities, the Dube TradePort Corporation and the Richards Bay Industrial Development Zone;
- A delegation of investors from Australia; and
- An online workshop for black industrialists, addressed by the dti and relating to the Black Industrialist Incentives Programme.

In terms of facilitating catalytic projects and the role of rendering project brokering services, the organisation assisted a number of investors in unlocking their investment applications:

- An investor in a R1,6 billion tourism initiative was assisted with a letter of recommendation for their Corporate Visa application from the Department of Trade, Industry & Competition after convening meetings with the Department of Home Affairs and the Department of Trade, Industry and Competition. This project is expected to create approximately 1 500 job opportunities;
- An investor in an R18 billion mixed-use development, with commercial and human settlement components, was assisted with access to infrastructure finance. This

project is expected to create approximately 40 000 job opportunities; and

- An investor in a multi-million Rand retail centre development was approved for Trade & Investment KwaZulu-Natal's Technical Assistance Fund in order to conduct professional studies. This project is expected to create approximately 200 job opportunities.

12.6 KNOWLEDGE MANAGEMENT

The Knowledge Management Business Unit is responsible for developing packaged projects and contributing to the development of catalytic projects, at various levels of development.

The unit's primary focus is on the development of sector analysis reports, fact sheets, value chain studies and export research.

These, collectively, contribute to the identification of investment opportunities that are packaged in collaboration with other stakeholders and project promoters.

Export research involved product and market opportunity studies, the results of which contributed to export development and promotion decisions.

These outputs were disseminated to both internal and external stakeholders.

The unit also contributed to the development of sectoral research papers and content, which were presented to key strategic stakeholders.

PROJECT PACKAGING

During the 2020/21 financial year, Trade & Investment KwaZulu-Natal packaged the following projects:

Project Name	Job Description
Establishment of a waste biomass processing plant	The project looks at the possibility of establishing a bio-refinery in Harding, KwaZulu-Natal, which would utilise chemical fractionation and pyrolysis to produce biochar, charcoal, wood vinegar, pine resins, hemicellulose sugars and essential oils. Project partners were agreed upon as well as community beneficiaries. The project also looked at viable and sustainable means of securing feedstocks pursuant to discussions with the South African Farmers Development Association (sugar cane biomass) and Hans Merensky (timber waste and sawdust). It was established that this project's viability rested on an ability to secure 3 tons of waste biomass (sugar) per week and 200 tons of sawdust waste per annum.

Project Name	Job Description
KwaZulu-Natal Medical Hub of Excellence Feasibility Study	The focus areas for this study include medical tourism, medical equipment manufacturing and medical training across the value chain. Several key provincial departments have been co-opted onto the steering committee, including EDTEA, Department of Health, Tourism, uMgungundlovu District Municipality, the Development Agency and the Midlands Chamber. The study was completed with a recommendation suggesting that Trade & Investment KwaZulu-Natal be the lead agent and that it set up an oversight committee to deal with the implementation of several projects emanating from this study.
The Development of a Hydrogen Economy	This study acknowledges the growing appreciation that South Africa offers significant competitive advantages in the production of hydrogen that can be used for domestic decarbonisation in transport and industry, as well as for export. As the world becomes more reliant on renewables as its primary source of energy, hydrogen offers an unparalleled solution for the transport, storage and efficient utilisation of clean energy. Supplying hydrogen to industrial users has accelerated across the globe. Hydrogen provides clear opportunities for South Africa to become an energy exporter. While the hydrogen economy is still in its infancy there exist tremendous opportunities from recognising its potential as a game-changer in the local, regional and national energy landscape.
The establishment of a Drone Industry in KwaZulu-Natal	In spite of being in existence before the term 'fourth industrial revolution' came into being, drones and artificial intelligence have become almost synonymous with this new digital age. The sector has experienced exponential growth and in the USA, alone it is expected to grow from 42 000 commercial drones in 2016 to 600 000 by 2022 and this year the industry will grow to US\$100 billion. In South Africa, the industry contributes more than R3 billion to the country's GDP with potential revenue of in excess of R24 billion. This concept paper has attempted to shed some light on the drone industry, both locally and abroad. Furthermore, it intended to identify the potential opportunities and limitations of this industry, while giving serious consideration to the possibilities of KwaZulu-Natal's entry into the drone industry. MKI has commenced with a drone value chain study. Trade & Investment KwaZulu-Natal is leading and facilitating the participation of all role-players through a project steering committee that provides oversight and quality assurance on the outputs of the study.
The establishment of an Industrial Symbiosis programme within Industrial Estates	The study aims at drawing attention to global best practice examples where industrial symbiosis principles are adopted, which allows for waste exchanges between companies in an industrial estate. This waste includes metals, wood, paper, plastic, polystyrene, ICT parts, foam and rubber, all of which have ongoing applications beyond their initial use. Industrial estates are primarily designed to improve production efficiency through the clustering of manufacturing industries and services, but most pose a danger to the environment. Increased awareness of environmental issues and increasingly stringent regulations are now pushing estates to look for cost-effective ways to improve their environmental performance. This study argues that the establishment of an Industrial Symbiosis (IS) programme at an industrial estate will have profound benefits. These will, firstly, accrue to the industrial tenants who, by diverting their wastes to other companies for whom this would be a resource, will leverage additional revenue and, secondly, once operational, an IS system will serve as a vehicle to attract further investment into the area through the arrival of other like-minded industries keen to exploit these benefits.

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Project Name	Job Description
Overview of the South Coast Crayfish (East Coast Rock Lobster) Fishing Activities	This business plan proposes four main and complementary strategies to support the improvement of the Ugu South Coast Small-Scale Fishing (East Coast Rock Lobster) proposal on the south coast of KwaZulu-Natal. This is summarised below: • Ugu Seafood Company: Involves the creation of a new vertically integrated commercialisation and distribution entity that will, in partnership with the fishery co-operatives/individuals, address many of the supply-chain inefficiencies that erode value and/or that disproportionately disperse revenues among supply-chain middlemen on the South Coast; • Small Boats Incentives: Involves the establishment of a fisheries-specific grant/credit-line that promotes the acquiring of basic fishing equipment and tools to help local fishers and entrepreneurs take advantage of business opportunities offered by the sector. This structure will also provide technical support for both existing fishing co-operatives and independent fishers to improve their capacity; and • Ugu Fishing Storage/Innovation Lab: A business plan proposes the establishment of a cold storage facility with a lab for basic tests for traceability purposes. The Storage/Lab facility will also provide the institutional platform required to facilitate the application of the Ugu Small-Scale Fishing strategy. The estimated total project value is R50 million, and a total of 150 people will be employed, including small-scale fishers.
Grain Hub Project	The agricultural industry is not immune to the apartheid economic exclusion and distorted patterns of ownership. This is one of the principal reasons for the transformation imperative in the sector. The democratic government has introduced various policy interventions focusing on agricultural development. However, in spite of these various interventions, the skewed participation and ownership patterns have persisted, with most black producers and those in rural areas struggling to operate sustainable and viable enterprises that can compete successfully in markets. This study identified opportunities that will ensure the meaningful participation of previously disadvantaged farmers in the sector. Opportunities include: • Production - Farmers have extensive experience in the production of maize and other grains. However, they are limited in terms of resources to work the land optimally. Therefore, a grain farmer-owned development company is possible and will be responsible for supporting farmers through bulk sourcing of inputs, storage of inputs, facilitating mechanisation, providing, or facilitating agronomic services and harvest of crops. • Silos - Many constraints experienced by emerging and small-scale farmers arise because they are located in remote rural areas with poor infrastructural development. In rural areas, storage facilities are generally non-existent and this is a major constraint to farmers in rural areas. Storage facilities are an important marketing function, which involves holding and preserving goods from the time they are produced until they are needed for consumption. They also ensure a continuous flow of goods into the market; and

Project Name	Job Description
	• Milling - The establishment of a grain milling business to cater for farmers produce has been identified as key to the transformation agenda in this sector. Generally, there is lack of knowledge and capacity in marketing produce amongst smallholder farmers and this weakness affects their ability to compete. Access to markets is weak, or in some cases non-existent, as markets still appear to be dominated by a few large producers.
KZN Honey Hub	The KwaZulu honey hub is proposed to be based in the Ugu District, with bee-keeping undertaken in Sappi & Mondi forests in and around uMzinto, Harding, Port Shepstone and other areas. The honey from these areas of production may be taken to Margate for extraction and packaging. Honey will be packaged in 500g and 375g derivatives and sold into retail outlets. The study proposes two distribution channels, one being the retail channel and the other being a direct channel where KwaZulu Honey Hub will sell to end-users. The honey to be produced is pure and the source is Eucalyptus, which provides a particular taste, and colour. In addition, the project will offer pollination services to farmers. Pollination is a lucrative business, as more than 70% of all agricultural produce is pollinated by bees and there are only a few beekeepers in place. This can be facilitated by recruiting at least 100 individuals or 20 co-operatives who will be provided with the necessary training and equipment required for the successful production of honey. These individuals/co-operatives will be trained in all aspects of bee-keeping, including hive preparation, trapping of bees, management of hives and management of apiary sites and harvesting and they will be afforded technical support to ensure that the required yields per individual/co-operative are achieved. The business model is to achieve a production level of 200 tons per annum.

HIGH-IMPACT STRATEGIC INITIATIVES

Trade & Investment KwaZulu-Natal was also responsible for the identification and development of a number of

high-impact strategies, in collaboration with Government stakeholders, during the reporting period. These included the following:

Project Name	Job Description
The KZN Rural and Township Economic Revitalisation Strategy	• The KZN Rural and Township Economic Revitalisation Strategy (KZN RTERS) is an integral part of the drive towards reviving the economy in the province, with its focus on entrepreneurial development and enterprise development in the rural and township economies; • Rural areas and townships in KwaZulu Natal have been facing economic decline during the past several decades. Many of these areas have deteriorated drastically and are plagued with issues of poor infrastructure, poor service delivery, inequality, poverty and high unemployment;

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TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

Project Name	Job Description
	• The aim of the RTERS is to inform required Government interventions in townships and rural areas to create the economic turn-around of these areas in KwaZulu-Natal; • The study identified 15 drivers of the rural and township economic revitalisation strategy, with related high-impact projects. These included: • Enterprise development and support; • Informal economy; • Supplier development and wider value chains; • Manufacturing, industrialisation and productivity; • Human resource development; • Infrastructure development and support; • Digital innovation and knowledge systems; • Access to productive rural land; • Access to commercially viable township land; • Access to markets; • Access to finance; • An enabling regulatory environment; • Partnerships and social compacts; • Image enhancement, investment promotion and marketing; and • Spatial transformation.
uThukela Economic Development Agency and uThukela District Municipality Economic Development Strategy	This project is a joint initiative between TIKZN, EDTEA, uThukela Economic Development Agency (UEDA) and uThukela District Municipality. The objective of the study is to formulate an implementable Economic Development Strategy for the UEDA, in partnership with uThukela District Municipality, other local municipalities and various agencies within uThukela, to promote and support sustainable economic development initiatives within its area of jurisdiction. Taking into consideration demographics of the district, development indicators, economic sector analyses and SWOT analyses, the study identified seven priority areas that have the potential to develop and grow the local the economy of the district. These are as follows: • Development of and support for the tourism sector; • Expansion of the agricultural sector; • Support for the informal economy and small enterprises; • Expansion and diversification of the manufacturing sector; • Improvement of the institutional capacity and policy environment for effective LED; • Ensuring effective education, skills and capacity development; and • Expansion and development of strategic economic infrastructure.

Project Name	Job Description
eDumbe Municipality Local Economic Development Strategy	- The LED Strategy aims to provide an implementable strategic plan which enables the eDumbe Local Municipality to fulfil its functional responsibility of enabling social and economic development within its area of jurisdiction, so as to improve the quality of life of its residents. The development of the reviewed LED Strategy was informed by giving consideration to the socio-economic characteristics of the area and potential opportunities and constraints, resources availability, competitive advantages and the prescriptive policy and macro-plan and strategies context within which the eDumbe Local Municipality exists. The study identified the following strategic focus areas to drive the economic growth of eDumbe Municipality: Agriculture Growth and Development - to include niche/specialty crops, agricultural commercialisation, agriculture market infrastructure (fresh produce and livestock), maize milling, timber saw milling, meat processing, agri-parks/agri hub concessions, oils/herbal products processing and packaging and vegetable processing and packaging; Tourism Growth and Development - to include tourism product development, tourism marketing, tourism infrastructure and tourism SMME formation and growth; Strategic Infrastructure Investment and Spatial Development - encompassing mining and quarrying, 'green' energy, recycling, charcoal manufacturing, pulp and paper manufacturing and animal feeds manufacturing; and Broader Socio-Economic Development - to include SMME/entrepreneurial support, internet connectivity, youth skills enhancement and schools infrastructure.

BUSINESS INTELLIGENCE REPORTS

Trade & Investment KwaZulu-Natal undertook a number of research-related projects during the 2020/21 financial year. Research work included comprehensive sector profiles, fact sheets and trend analyses. These included:

- Mining of precious metals and minerals sector analysis;
- Sugar manufacturing value chain analysis;
- Medical waste global trends versus South Africa;
- Localisation;
- Plastic sector analysis;
- Cotton textile industry sector report;
- The changing face of manufacturing;
- The European Union's COVID-19 incentives and their impact on exports;
- Tourism quarterly performance;
- Student accommodation trends: Designing for the new normal;
- Livestock farming trends; and
- Medical tourism and 4IR era.

INFORMATION TECHNOLOGY

Trade & Investment KwaZulu-Natal's information communication technology function is regarded as a core enabler for the organisation to achieve its vision, mission and objectives.

During the period under review, the organisation implemented

seven ICT business improvement solutions and a further four projects designed to enhance the organisation's digital presence. Projects implemented by the organisation's IT function to enhance its digital presence, in collaboration with the Marketing and Communications Business Unit, included:

- Trade & Investment KwaZulu-Natal Export KZN portal upgrade;
- Human resource training/facilitator evaluation system;
- Electronic invitations, surveys and RSVP for events; and
- Development of an internal e-Newsletter (Thintana);

Seven ICT business improvement solutions were successfully implemented against a target of eight and included:

- Implementation of COVID-19 online resources, surveys and cyber-security enhancement of the organisation's website;
- The organisation's boardroom upgrade, inclusive of equipment, cabling and cabinets;
- Implementation of online collaboration tools and solutions, using Microsoft Teams and Zoom, and involving business unit groups;
- The organisation's leave application system (Sage VIP - Premier ESS) was migrated from in-house to the cloud, enhancing the ability to make applications and receive approvals;
- Business telephone (MTN PABX Solution) upgrade and expansion;

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- Trade & Investment KwaZulu-Natal site assessment and network audit with recommendations that will be incorporated into IT performance; and
- Multi-purpose server for network consolidation to replace hardware that has reached the end of its useful life.

Further, the organisation developed and commenced with implementation of a five-year ICT Strategy. This strategy outlines how the IT function will support the corporate strategy, through a series of initiatives designed to enhance the current relationship that exists between the organisation's various departments and IT, and will also drive efficiency, quality services and organisational transformation. The IT Strategy aims to:

- Improve IT process efficiency and effectiveness;
- Deploy a modernised IT infrastructure that fosters collaboration, knowledge management and analytics;
- Ensure data integration and analytics; and
- Ensure security, reliability and sustainability of the organisation's systems, as required and in support of key regulations and mandates.

12.7 SUPPORT SERVICES: MARKETING AND COMMUNICATIONS

Trade & Investment KwaZulu-Natal's Marketing and Communication Business Unit exists to meet the organisation's marketing and communication needs.

Its purpose is to conduct marketing and communication for the organisation and other business units within the agency, as well as to represent the entity in marketing and communication stakeholder platforms in order to contribute towards the positioning of destination KwaZulu-Natal with shareholders, citizens and both domestic and international businesses.

The Business Unit works towards meeting all marketing needs, inclusive of, but not restricted to, the corporate brand, public relations, event management, stakeholder engagement and general marketing.

The Business Unit actively supports platforms for the branding and positioning of KwaZulu-Natal and Trade & Investment KwaZulu-Natal, both domestically and internationally.

The Business Unit also seeks to manage the reputation of the agency and destination through the utilisation of available media opportunities.

During the review period, the entity, province, country and world underwent significant changes and events which affected the way of doing of business. The marketing

activities were affected by change, whilst the province and country introduced leadership changes and, then, in quarter four the world was hit by the COVID-19 pandemic.

KEY HIGHLIGHTS: STAKEHOLDER MANAGEMENT

In March 2020, South Africa was hit by the COVID-19 pandemic, which was discovered in China late in November and started spreading globally in December 2019. This resulted in a country-wide shut-down, negatively impacting many planned events which had to be cancelled.

In line with Trade & Investment KwaZulu-Natal's Stakeholder Engagement Management Plan, the Marketing and Communication Business Unit generated plans designed to achieve effective engagement with key strategic partners electronically. In this regard, the 2020/21 financial year saw the business unit continue with its engagement plans with local and district municipalities, using digital platforms to improve relationships with Municipalities.

Due to lockdown regulations which affected the business of engagements, Trade & Investment KwaZulu-Natal put on hold engagements with businesses in each district, but maintained engagement with the LED officials. In this regard, six district municipalities, together with their respective local municipalities, were engaged. They included the uMgungundlovu; uGu, King Cetshwayo, uThukela, uMzinyathi and Zululand districts.

Given that successful stakeholder engagements assist in building and maintaining key relationships, the Business Unit was intent on conducting engagements online and, once pandemic restrictions were eased, returned to physical interactions.

In line with Trade & Investment KwaZulu-Natal's stakeholder engagement management plan, the Marketing and Communications Business Unit also continued implementing a number of planned engagements with key strategic partners, whilst adhering to COVID-19 protocols. Strategic stakeholder engagements hosted included ACSA, Brand SA, the Belgian Consul, Productivity SA, Proudly South Africa, Transnet, ECR, Gagasi FM and Vuma FM.

The majority of engagements gave consideration to possible collaborations going forward. Once the lockdown regulations were eased, Trade & Investment KwaZulu-Natal partnered with the Department of Economic Development, Tourism and Environmental Affairs and Tourism KwaZulu-Natal to execute a joint road-show, which took place on the South Coast in partnership with the South Coast Development Agency and uGu District Municipality, and in uThukela in partnership with

Okhahlamba Local and uThukela District Municipalities as well as Ezemvelo KZN Wildlife, and in Zululand in partnership with uPhongolo Local and Zululand District Municipalities.

The activation in the uThukela District enjoyed the inclusion of several Ambassadors, who were exposed to potential investment opportunities in that region.

In a further effort to keep the lines of engagement open, Trade & Investment KwaZulu-Natal also engaged with a group of KwaZulu-Natal alumni with an interest in doing business in KwaZulu-Natal.

The South African Investment Conference (SAIC) was held in a hybrid format, with provinces hosting a number of activations. Trade & Investment KwaZulu-Natal, together with strategic stakeholders, such as the Department of Economic Development, Tourism and Environmental Affairs and Dube TradePort Corporation, planned and executed a company visitation programme, inclusive of site visits to SAPPI SAICCOR Mill, Conlog and LM Diapers.

These visits were attended by the MEC for the Department of Economic Development, Tourism and Environmental Affairs and KwaZulu-Natal's Premier.

The media play a critical role in the promotion of both the organisation and the province and, as such, it remains a key stakeholder. During the period under review, the organisation hosted a group of journalists in an effort to further cement relations between the media and Trade & Investment KwaZulu-Natal. Engagements were held with East Coast Radio, Gagasi FM and Vuma FM.

PUBLIC RELATIONS PUBLICITY AND COMMUNICATIONS

Public Relations remains a crucially important communications channel for Trade & Investment KwaZulu-Natal.

The effective employment of this channel led to extensive coverage of key strategic events during the 2020/21 financial year and assisted in creating enhanced public awareness, whilst boosting the profile of the organisation and its services.

Events in which Public Relations interventions played a key role included the Department of Economic Development, Tourism and Environmental Affairs-Tourism KwaZulu-Natal and Investment Road-show, various company visitation programmes and Umhlanga Arch Hotel.

Media engagement in the fourth quarter involved journalistic representation from The Witness, Newsroom Africa, Lotus FM, SABC-uKhozi FM, The South African, The Municipal

Focus Magazine, KZN Invest Magazine and Eyethu News.

Other Public Relations platforms, not directly linked to events, employed during the review period included a number of interviews involving the Chief Executive Officer and members of the Executive team on both Gagasi FM and East Coast Radio.

The Gagasi FM interviews provided a very useful platform to succinctly unpack the journey and experience of attracting foreign direct investment to KwaZulu-Natal.

EMNOTHWENI MAGAZINE

During the year under review, two editions of the organisation's Emnothweni magazine were produced.

'PROUDLY MADE IN KWAZULU-NATAL' AND 'BUY LOCAL' AWARENESS CAMPAIGNS

In support of a call made by the South African President, Trade & Investment KwaZulu-Natal developed a 'Buy Local' campaign. The initial campaign involved appealing to the hearts and minds of the public in terms of them supporting the local business community.

This campaign was flighted via the organisation's social media platforms and in its Emnothweni publications.

Emnothweni issue 26 covered eight stories and issue 27 covered six stories in terms of products and services available in the province.

As part of its tourism and investment activations, the organisation instituted visits to Beaver's Creek Coffee Farm, Cathedral Peak Wine Estate (wine grower's project) and Ntonga small-scale farmers.

BRAND AWARENESS AND PERCEPTION SURVEY

During the course of the financial year, the organisation executed a brand perception survey.

The primary objective behind this exercise was to conduct an extensive brand awareness and perception research study in order to effectively measure Trade & Investment KwaZulu-Natal's performance in the marketplace.

Unprompted brand awareness levels were generally low within the target audience, necessitating an improvement in awareness campaigns focusing on the destination and entity.

Increased brand visibility is an imperative, not only in light of the depressed brand awareness levels, but also because the survey revealed a positive relationship between active brand interactions and brand perceptions. This improvement will

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focus on destination marketing - as this was the lowest rated area - which promotes the province as a leading investment destination.

COVID-19

The following elements of the COVID-19 response activation were executed: An email banner was adapted to promote the InvestSA KwaZulu-Natal One-Stop-Shop business rescue and support desk initiative. In addition, social media platforms were updated with COVID-19 safety messages, One-Stop-Shop business rescue advertisements were generated, the President's summary was disseminated and an invitation to attend a Department of Economic Development, Tourism and Environmental Affairs business rescue webinar was designed.

12.8 GAUTENG OFFICE

Trade & Investment KwaZulu-Natal's Gauteng Office is mandated to assist with marketing and image-building of KwaZulu-Natal as a premier investment destination and trading partner to strategic partners in order to foster new relationships and strengthen existing associations.

The strategic focus area of the Gauteng Office is regional representation, which includes key functions of international and diplomatic relations representation, project generation (investor targeting and qualification), stakeholder management and destination marketing.

QUALIFIED LEADS GENERATED

During the review period the Gauteng Office generated and presented 51 business leads, against a target of 45.

Investment leads produced during the 2020/21 financial year emanated from, but were not limited to, Sweden, Finland, the United Kingdom, the United States of America, Belarus, China and Colombia. Leads were generated across a range of sectors, inclusive of aquaculture, advanced manufacturing, ICT, renewable energy and various services.

NUMBER OF INTERNATIONAL MARKETING INITIATIVES IMPLEMENTED (ONLINE)

Working against a target of 12, the Gauteng Office hosted 22 international marketing initiatives online during the period under review. Highlights included:

- Virtual business seminars focusing on trade and investment opportunities between KwaZulu-Natal and Spain, Portugal, the Nordics, Botswana, the USA, Sri Lanka, India, the European Union and Australia, to name but a few;
- Hosting of a technical visit undertaken to Gauteng by

KwaZulu-Natal's Heads of Department, where meetings were arranged between Heads of Missions from various Embassies to discuss areas of collaboration and further opportunities for trade and investment;

- Hosting of a multi-sectoral Ukrainian business delegation in Gauteng; and
- A Trade & Investment KwaZulu-Natal speakership opportunity at the Michigan Global Business Conference, where KwaZulu-Natal investment opportunities were presented and showcased to an international audience.

In the face of the COVID-19 pandemic, the world looked to adapt, finding new ways of engaging in order to promote trade and investment in a more targeted way.

This opportunity lent itself to Trade & Investment KwaZulu-Natal reaching a local and international audience, based on the Gauteng Office's continued successful relationship with various international and national stakeholders headquartered in Gauteng.

NUMBER OF INVESTMENT, TRADE, SECTOR-BASED, INTERNATIONAL ORGANISATION PLATFORMS (ONLINE)

The Gauteng Office hosted sector-based trade and investment events online so as to create opportunities for showcasing the value proposition and opportunities in priority sectors.

The Gauteng Office hosted 36 events in the 2020/21 financial year, against a target of 30. Major highlights included:

- An online seminar showcasing the organisation's Business Retention Unit and the support mechanisms offered;
- An online seminar dealing with turn-around management and rescue strategies and procedures for distressed businesses or companies heading towards business distress;
- A Women in Business Trade and Investment Seminar speakership opportunity, hosted by Richards Bay Industrial Development Zone;
- The hosting of an online Swiss ICT business delegation and presentation of opportunities KwaZulu-Natal has to offer within the ICT sector; and
- An online Funders Round-table session showcasing one of KwaZulu-Natal's medical tourism projects which was seeking funding.

NUMBER OF INTRA-TRADE PLATFORMS CREATED FOR KWAZULU-NATAL COMPANIES

The Gauteng Office hosted intra-trade events to create opportunities for the showcasing of KwaZulu-Natal-based

companies to access local and international audiences for the promotion of their products and services. The Gauteng Office hosted 24 events during the review period, against a target of 20.

Highlights included:

- A health think tank portal development, where KwaZulu-Natal manufacturers and suppliers of health-care devices, equipment and services were identified, collated and presented, so as to be included into an online portal to showcase their products and service offerings to local and international consumers;
- Doing business with Australia, where Australian companies based in KwaZulu-Natal provided an overview to an international audience of the benefits of doing business in the province;
- Showcasing of the Dube TradePort Special Economic Zone's air cargo services to local and international logistics companies;
- Hosting of a B2B online seminar with the Zelenograd Development Corporation (Russia), which focused on health sector companies, showcasing KwaZulu-Natal;
- A B2B online seminar with multi-sector companies from Zhejiang, China, with participation of KwaZulu-Natal-based companies; and
- A B2B trade seminar dealing with opportunities for first and second generation bioethanol for exports to the European Union.





CORPORATE GOVERNANCE

Trade & Investment KwaZulu-Natal is wholly-committed to adherence to sound governance practices and to the conducting of its business activities with integrity.

13 Corporate Governance Statement

13 CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Trade & Investment KwaZulu-Natal upholds the highest possible corporate governance standards by ensuring adherence to all relevant legislative requirements, including good governance principles as contained in the King IV Report on Corporate Governance for South Africa (King IV), while recognising that governance goes beyond a set of frameworks, principles, policies, and rules.

The organisation's Board is ultimately responsible for ensuring high governance standards, assisted by management, and aims to instil a culture of compliance and good governance.

Trade & Investment KwaZulu-Natal is continuously committed to applying sound and meaningful governance practices and to conducting its affairs with integrity. The Board regularly reviews its governance structures, practices and processes, so as to ensure continued alignment with legislative and regulatory changes and to continuously reflect best practice.

The Board, represented by its Chairperson and the responsible KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs annually sign a Shareholders Compact, which documents comprehensively each signatory's responsibilities.

PORTFOLIO COMMITTEES

Parliament exercises its role with regard to the entity by interrogating its annual financial statements and any other relevant documents which are required to be tabled from time to time. The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the external auditor, whilst the Portfolio Committee exercises oversight of the service delivery performance of the entity. Being concerned with service delivery and the enhancement of economic growth, it reviews the non-financial information contained in the annual reports of the entity.

EXECUTIVE AUTHORITY

The Board reports to the Department of Economic Development, Tourism and Environmental Affairs through the annual report and quarterly performance reports covering performance targets set out in the business plan, strategic plan and the annual funding agreement. In addition, quarterly meetings are attended with the department to discuss the performance reports. The Board also attends briefing sessions upon request by the Executive Authority. Shareholder representatives serve on the Board, ex officio, and attend both Board and Committee meetings. During the period under review, performance reports were submitted within set timeframes and the Chief Executive Officer

attended all quarterly meetings to discuss progress against set targets.

THE BOARD

The Board acts as the focal point for, and custodian of, corporate governance and constitutes a fundamental base for the application of corporate governance principles within Trade & Investment KwaZulu-Natal, as well as ensuring the maintenance of the highest standards of ethics.

The Board assumes absolute responsibility for effective organisational performance, as per the entity's mandate, and is fully accountable to the Shareholder and entity for such performance.

The Board appreciates that strategy, risk, performance and sustainability are inseparable and gives effect to this by contributing to and approving the strategy, as well as satisfying itself that the strategy and business plans do not give rise to risks which have not been thoroughly assessed by management, identifying key performance and risk areas and ensuring that the strategy will result in sustainable outcomes.

THE ROLE OF THE BOARD

The Board has specific responsibilities as set out in the KwaZulu-Natal Trade and Investment Agency Act, 2010 (Act No. 05 of 2010) ('TIKZN Act') and the PFMA and are further guided by the principles of good corporate governance as set out in King IV. The role and responsibilities of the Board include the following:

- The duty of utmost care to ensure reasonable protection of Trade & Investment KwaZulu-Natal's assets and records;
- To act with fidelity, honesty, integrity and in the best interests of the entity in managing the financial affairs of Trade & Investment KwaZulu-Natal;
- To provide strategic direction and leadership to Trade & Investment KwaZulu-Natal. The Board has a strategic function in terms of providing the vision, mission and goals of the entity. These are determined in conjunction with the Chief Executive Officer and the executive team;
- To formulate, monitor and review the corporate strategy, major plans of action, risk policy, annual budgets and business plans;
- To retain full and effective control and management over the affairs of Trade & Investment KwaZulu-Natal;
- To provide effective leadership based on an ethical foundation, which is characterised by acting responsibly, honestly, with integrity, accountability and transparency. This sets the tone from the top to promote an ethical culture within Trade & Investment KwaZulu-Natal;
- To ensure that the entity is and is seen to be a responsible

corporate citizen by having regard to not only the financial aspects of the business of Trade & Investment KwaZulu-Natal, but also the impact that the business operations may have on the environment and the society within which it operates;

- To govern technology and information in a manner which supports the organisation's ability to set and achieve its strategic objectives;
- To consider and approve the annual financial statements; and
- To ensure that Trade & Investment KwaZulu-Natal complies with all applicable laws, regulations, Government policy and codes of best practice.

BOARD CHARTER

The Board has adopted a formal Board Charter, setting out its role and responsibilities, composition, and functioning.

The Board Charter is reviewed annually to ensure its effectiveness and relevance. During the period under review, the Board continued to adhere to said Board Charter. The Charter confirms that the Board members retain overall responsibility and accountability for:

- Approving strategic plans;
- Monitoring operational performance and management;
- Determining policy and processes to ensure the integrity of Trade & Investment KwaZulu-Natal's risk management and internal controls;
- Legislative, regulatory and governance compliance;
- Approval of significant accounting policies and the annual financial statements;
- Monitoring transformation and empowerment;
- Determining appropriate remuneration policies and practices; and
- Balanced and transparent reporting to stakeholders.

As per the Board Charter, the Board meets a minimum of four times a year to discharge its duties.

The Board deliberates over a range of key issues, ensuring the proper direction and management of Trade & Investment KwaZulu-Natal. The Chairperson provides the Board with leadership and guidance and encourages full and proper deliberation on all matters requiring the Board's attention. The Chief Executive Officer is charged with the day-to-day management of the organisation's operations and assists the Board in providing strategic and policy direction to Trade & Investment KwaZulu-Natal. Within the defined levels of authority, the Chief Executive Officer assumes responsibility for implementing decisions of the Board and is accountable to the Board for the effective functioning of the organisation within Board-determined policy guidelines.

All Board members are entitled to seek independent professional advice concerning the affairs of the entity, in appropriate circumstances, and have unrestricted access to the Company Secretary and Board records, as well as any information that they may require to effectively discharge their duties.

COMPOSITION OF THE BOARD

All non-executive Board members are appointed by the responsible KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs (Shareholder), in accordance with Section 5 of the Trade & Investment KwaZulu-Natal Act. During the financial year under review, the Board comprised nine non-executive members and one executive member, the Chief Executive Officer as an ex officio member of the Board.

The Board members have extensive business experience and specialist skills across a range of sectors, including inter-alia finance, legal, human resources, labour market, economics, investment and export. This enables members to provide balanced, independent advice and judgement in the decision-making process.

In terms of the Trade & Investment KwaZulu-Natal Act, Board members hold office for a period of five years, or such shorter period as the responsible Member of the Executive Council for Economic Development, Tourism and Environmental Affairs may determine and are eligible for re-appointment at the expiry of such period, provided that no person may be re-appointed after having served on the Board for a continuous period of ten years.

The terms of office of five non-executive Board members expired on 14 November 2020. The Shareholder re-appointed two Board members for a period of six months to ensure continuity of the Board activities and functionality and for the conclusion of the appointment of new Board members.

Sadly, the 2020/21 financial year saw the untimely passing of Mr ZC Ngidi, a valued member of the Board since 2017 who also served as the Chairperson of the Human Resources, Social and Ethics Committee. Mr Ngidi brought a wealth of experience and made valuable contributions to the Board, its sub-committees and the organisation during his tenure.

During the period under review, four ordinary board meetings and one strategy planning meeting were held. In addition, a further two special meetings were convened to consider specific and urgent business issues which arose between scheduled meetings.

13 CORPORATE GOVERNANCE STATEMENT continued

COMPOSITION OF THE BOARD DURING THE 2020/21 FINANCIAL YEAR

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Committee Membership	No. of Board Meetings Attended
Ms CM Cronjé	Chairperson	1/09/2019	BA (Hons); UED; BProc; Post-graduate Dip. Environmental Law; LLM (Environmental/ Constitutional Law)	Law; public finance; governance; environmental	Member of HR, Social and Ethics Committee (from 31/08/2020)	7
Ms LCZ Cele	Deputy Chairperson	1/09/2019	BCom; Post-Graduate Dip. Tax; Executive Leadership Dev. Programme; MAcc (Taxation)	Finance, corporate governance, business management	Chairperson of Audit, Risk & Compliance Committee. Member of Trade & Investment Committee (from 27/11/2020)	7
Mr GW Bell	Non-Executive Board Member	1/09/2019	Mechanical Engineering Dip	Business management, Manufacturing Industry, investment and export	Chairperson of Trade & Investment Committee. Member of Audit, Risk & Compliance Committee (from 27/11/2020)	7
Ms U Maharaj ¹	Non-Executive Board Member	16/11/2020	BACct Honours; Post-Graduate Dip. Accounting; Chartered Accountant (SA)	Business management, human resource strategy, coaching and leadership development	Member of Audit, Risk & Compliance Committee and HR, Social and Ethics Committee	7
Mr SK Mpungose ¹	Non-Executive Board Member	15/11/2017	BCom (Economics & Management); BCom Honours (Economics); MCom (Advanced applied Economics)	Applied economics and finance; and business management	Member of Trade & Investment Committee	5

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Committee Membership	No. of Board Meetings Attended
Mr S Naidoo ¹	Non-Executive Board Member	15/11/2017	BA; BAdmin, Honours (Industrial Psychology)	Human resources, investment and export, business management and community development	Member of HR, Social and Ethics Committee	5
Mr MC Ngcobo ¹	Non-Executive Board Member	15/11/2017	BCom Accounting Honours; Chartered Accountant (SA)	Development finance, corporate and investment banking, private equity, auditing, venture capital and business development	Member of Audit, Risk & Compliance Committee	4
Mr ZC Ngidi ²	Non-Executive Board Member	15/11/2017	BA, law and LLB	Legal, corporate governance and labour	Chairperson of HR, Social and Ethics Committee	3
Mr KS Shandu ¹	Non-Executive Board Member	16/11/2020	National Diploma (Chemical Engineering)	Business management and community development	Member of Trade & Investment Committee. Chairperson of HR, Social and Ethics Committee (from 27/11/2020)	7
Mr NST Matjie	CEO/Executive Board Member (Ex-Officio)	01/10/2018	BA Comm; Post-graduate Dip. Business Management; Msc Investment Promotion & Econ.	Trade and investment, export, business management, policy advocacy, governance	Attends all Board and Committee Meetings	7

1. Terms of office for Ms U Maharaj, Messrs. SK Mpungose, S Naidoo, MC Ngcobo and KS Shandu expired on 14 November 2020.

Ms U Maharaj and Mr KS Shandu were reappointed on 16 November 2020.

2. Mr ZC Ngidi passed away on 29 August 2020.

13 CORPORATE GOVERNANCE STATEMENT continued

BOARD EVALUATION

In line with the requirements of the Board Charter and the recommendations of King IV, the evaluation of the Board, its committees and individual Board members, including the Chairperson, is conducted at least every two years by an independent person.

Consequently, during the period under review, the Board and Committee effectiveness was evaluated by an external independent service provider.

The Board evaluation process was based on a quantitative and qualitative approach, which consisted of assessment questionnaires designed to assess the performance of the Board and its Committees against accepted good corporate governance principles and practices and to extract honest feedback from the Directors about the effectiveness and performance of the Board as a whole, including the Committees, with recommended actions to address areas of improvement.

Members of the Board were provided an opportunity to provide qualitative commentary based on their assessment for each evaluation category. Areas of Assessment included:

- Board composition;
- Board culture;
- Board roles and responsibilities;
- Board committees; and
- Board role-players.

The questionnaires completed and interviews conducted revealed that, overall, the Board is performing at a good level, according to the views of the Board. The Board has full and effective control of the organisation.

Trade & Investment KwaZulu-Natal performed exceptionally well in the area of governance, covering Board roles and responsibilities, Board Committees and Board role-players.

The Board's performance is regarded as very good overall and it is working very well with the leadership of the Chief Executive Officer and executive management.

The Board evaluation was conducted towards the end of the 2020/21 financial period and, accordingly, the Board is reviewing recommendations on areas of improvement and any potential training needs and skills that may be required for the Board as a collective, with a view to ensuring that adopted recommendations are implemented and progress made on the implementation of the outcomes. The Board Evaluation Report is shared with the Shareholder.

BOARD COMMITTEES

The Board has delegated specific functions to its well-structured Committees, without abdicating its own responsibilities.

The delegation is recorded by formally approved terms of reference for each committee, which are reviewed annually to ensure their effectiveness and relevance.

The committees are appropriately constituted with due regard to the skills required by each committee.

The Board effectively monitors the activities of its sub-committees through comprehensive reports tabled at every meeting of the Board.

Trade & Investment KwaZulu-Natal has the following established Board Committees in place: Audit, Risk and Compliance Committee, Human Resources, Social and Ethics Committee and the Trade and Investment Committee.

BOARD COMMITTEES AND SCHEDULE OF ATTENDANCE AT MEETINGS

Name of Board Members	Committee Meetings									
	Audit, Risk and Compliance		Human Resources, Social and Ethics (HRSEC)		Trade and Investment Committee		Ad-hoc Joint Committee: HRSEC & ARCC		Ad-hoc Selection Panels	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mrs LCZ Cele ⁴	7	7			1	1	1	1		
Mr MC Ngcobo ¹	7	6					1	1		
Ms U Maharaj ¹	7	7	6	6			1	1	5	5
Mr ZC Ngidi ²			6	2			1	1		
Mr S Naidoo ¹			6	5			1	1		
Ms CM Cronjé ³			5	5					4	4
Mr GW Bell ⁴	1	1			3	3				
Mr SK Mpungose ¹					3	2				
Mr KS Shandu ^{1*}			1	1	3	3			8	8
1. Terms of office for Ms U Maharaj, Messrs. MC Ngcobo, S Naidoo, SK Mpungose and KS Shandu expired on 14/11/2020. Ms U Maharaj and Mr KS Shandu were reappointed on 16/11/2020. 2. Mr ZC Ngidi passed away on 29/08/2020. 3. Ms CM Cronjé appointed as member of the HRSEC on 31/08/2020. 4. Mrs LCZ Cele appointed as member of the Trade & Investment Committee and Mr GW Bell appointed as member of the ARCC on 27/11/2020. * Mr KS Shandu appointed as Chairperson of the HRSEC on 27/11/2020.										

HUMAN RESOURCES, SOCIAL AND ETHICS COMMITTEE

The role of the Committee is to assist the Board with the oversight of social and ethical matters relating to Trade & Investment KwaZulu-Natal, as well as human resources matters focusing on the organisation's attraction, retention, succession planning, training, development and remuneration of talent. The Committee plays an independent role with accountability to the Board and operates as an overseer and maker of recommendations to the Board for its consideration and final approval. The responsibilities of the Committee are recorded in its Terms of Reference and are summarised as

follows:

- Regularly evaluate and monitor human resources policies in order to ensure that policies are up to date with the latest legislative requirements;
- Recommend staffing requirements of Trade & Investment KwaZulu-Natal by regularly monitoring that the staffing structure is in line with the organisation's strategic plan and employment equity targets;
- Regularly evaluate and monitor the performance management policy and the implementation thereof in order to ensure that conditions are kept up to date with latest developments;

13 CORPORATE GOVERNANCE STATEMENT continued

- Monitor the implementation of the performance management system;
- Remuneration and incentives;
- Monitor Trade & Investment KwaZulu-Natal's activities with regard to any relevant legislation, other legal requirements or prevailing codes of best practice pertaining to matters relating to social and economic development and good corporate citizenship, including the organisation's:
 - Promotion of equality, prevention of unfair discrimination and reduction of corruption;
 - Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - Record sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of Trade & Investment KwaZulu-Natal's activities and of its products or services on such issues;
- Stakeholder relationships;
- Labour and employment, including drawing matters within its mandate to the attention of the Board as required;
- Ethics and compliance with laws and regulations relevant to the committee's areas of responsibility; and
- Ensuring that the ethics of Trade & Investment KwaZulu-Natal are managed in a manner which supports the establishment of an ethical culture.

The Committee met six times during the course of the financial period under review, which included two special meetings to deal with urgent business matters which arose between scheduled meetings.

TRADE AND INVESTMENT COMMITTEE

The role of the Committee is to assist the Board with the oversight of the execution of the trade and investment mandate and related activities of the entity.

This includes business operational strategy and policy advocacy, investment promotion and facilitation, export development and promotion, business retention and expansion, research and innovation enterprise development and organisational performance monitoring, to advise and support the export and investment promotion operational units in fulfilling the mandate of the organisation and their key objectives and to present new proposals on trade and Investment initiatives to the Board.

The Committee plays an independent role, operating as an overseer and maker of recommendations to the Board for its consideration and final approval. The Committee's key responsibilities as contained in its Terms of Reference include inter-alia:

- Providing strategic direction and support for the development and implementation of trade and investment strategies within Trade & Investment KwaZulu-Natal;
- Monitoring and oversight of the entity's activities with regard to:
 - Reviewing and monitoring of organisational performance;
 - Implementing One-Stop-Shop services in promoting the ease of doing business;
 - Developing and managing partnerships;
 - Investment promotion and facilitation;
 - Export development and promotion;
 - Research and information; and
 - Policy advocacy and operational efficiency.

During the year under review, the Committee held three ordinary meetings.

REMUNERATION OF BOARD MEMBERS

The Board is remunerated in terms of a directive issued by the MEC for the Department of Economic Development, Tourism and Environmental Affairs, in line with National Treasury guidelines regarding Board remuneration.

Trade & Investment KwaZulu-Natal schedules five Board meetings per annum and members are remunerated for attendance at such scheduled Board and/or quarterly Board Committee meetings.

Board members are also reimbursed for travel and related expenses in line with the entity's subsistence and travel policy.

Members are paid a retainer fee quarterly and are paid at an hourly rate for special meetings.

Name	Remuneration (R)	Travel and Other Allowance (R)	Total (R)
Ms CM Cronjé Chairperson of the Board	529 112	748,24	529 860
Ms LCZ Cele Deputy Chairperson	417 376	-	417 376
Mr GW Bell Non-executive Member	165 139	-	165 139
Ms U Maharaj Non-executive Member	194 491	676,60	195 168
Mr SK Mpungose Non-executive Member	87 066	-	87 066
Mr S Naidoo Non-executive Member	105 923	-	105 923
Mr MC Ngcobo Non-executive Member	95 268	-	95 268
Mr ZC Ngidi Non-executive Member (Deceased 29/08/2020)	75 611	-	75 611
Mr KS Shandu Non-executive Member	190 082	-	190 082

RISK MANAGEMENT

The organisation follows a disciplined approach to evaluating risks and developing appropriate strategies to mitigate and manage risk. The risk management methodology is considered by the Audit, Risk and Compliance Committee and enhancements during the financial year have been recommended and adopted.

The Board is responsible for the oversight of risk management and has delegated the responsibility to the Audit, Risk and Compliance Committee.

This Committee is responsible for ensuring that Trade & Investment KwaZulu-Natal has implemented an effective policy and plan to manage risk and disclosure regarding risk that is comprehensive, timely and relevant.

Whilst the line manager of each Business Unit assumes primary responsibility for identifying and managing risks inherent to the operations of his/her unit, the Audit, Risk and Compliance Committee reviews the risk management strategies, policies and procedures so as to ensure that they are appropriate. The Committee advises the Board and management on the entity's risk management and independently monitors the effectiveness of the system of

risk management.

On an annual basis Trade & Investment KwaZulu-Natal conducts a risk assessment to determine the effectiveness of its risk management strategy and to identify new and emerging significant risks that could hinder the achievement of its strategic objectives. The risk management or mitigation strategies adopted in an effort to strengthen the control environment for the identified risks within the entity are implemented and monitored by management, with the assistance of internal audit, which body provides assurance to both the Audit, Risk and Compliance Committee and Board, on a quarterly basis, in terms of the effectiveness and efficiencies of such controls.

The entity's management of risk is maturing steadily.

INTERNAL CONTROL UNIT

The effectiveness of internal control mechanisms is regular management reporting. The Chief Financial Officer is responsible for reporting each quarter on the operations of the financial and accounting control frameworks and the Board also receives assurance from the Audit, Risk and Compliance Committee, which derives its information through regular audit reports on risk and internal control across the entity.

13 CORPORATE GOVERNANCE STATEMENT continued

During the financial year under review, several initiatives were undertaken to ensure improved internal control:

- An annual review of all finance policies and procedures;
- The implementation of action plans for internal and external audit findings;
- Compliance with policies and procedures and within the prescribed accounting framework;
- A review of the controls designed to ensure that assets are safeguarded; and
- A review of risk management and related policies.

INTERNAL AUDIT

The Audit, Risk and Compliance Committee is responsible for ensuring that the internal audit function is independent and enjoys the necessary resources, standing and authority within the entity to enable it to effectively discharge its duties. The role of internal audit is outlined in the Terms of Reference of the Audit, Risk and Compliance Committee and the Internal Audit Charter. The Audit, Risk and Compliance Committee oversees interaction between internal audit, external audit and management, whilst also ensuring that these relationships are productive and add value to the organisation.

The Audit, Risk and Compliance Committee also monitors, guides and supervises the functioning of internal audit, ensuring that the services of both internal and external audit are sufficiently clarified and co-ordinated, so providing an objective overview of the entity's operating systems of internal control and reporting. These include:

- Approval of the internal audit plan and work carried out by internal audit in ensuring that action plans which are in place mitigate risks on matters reported to the Audit Committee;
- A review of the Internal Audit Charter;
- A review of the adequacy of corrective action taken in response to significant internal audit findings;
- A review of significant matters reported by the internal audit function;
- An assessment of the adequacy of the performance of the internal audit function;
- A review of co-operation and co-ordination between the internal and external audit functions; and
- An evaluation of the independence and effectiveness of the internal audit function, inclusive of compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Audit.

Following the expiry of the three-year term of office of OMA Chartered Accountants Inc., BDO Advisory Services has been appointed as the new service provider for three years and has commenced internal audit activities, as per an

approved internal audit plan.

AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee comprises a minimum of three independent non-executive members, who are appointed from the Board.

The primary role of the Committee is to assist the Board in fulfilling its oversight functions in terms of the PFMA which includes ensuring the integrity of financial reporting and audit process, together with the maintenance of sound risk management and internal control systems. In pursuing these objectives, the Committee oversees relations with the external auditors, the scope of work, the annual audit and applicable levels of materiality. The Committee monitors development in corporate governance, thus ensuring that the entity continues applying high and appropriate standards. The primary functions of the Committee include, inter-alia, reviewing and recommending to the Board the following:

- An examination and review of the annual financial statements with management and the external auditors to ensure that they are complete and consistent with information provided to them, prior to submitting to the regulators;
- The effectiveness of the organisation's internal control system and information technology security and control;
- The control procedures followed by management and an assessment of their effectiveness, such as the safeguarding of organisational assets;
- The implementation of a fraud and prevention plan to detect fraud;
- An annual review of the risk management plan and related policies and framework;
- Compliance with the prescribed accounting framework, legal, statutory and regulatory matters;
- A review of the external auditors' proposed audit scope, approach and co-ordination of the audit effort with internal audit;
- A review and confirmation of the independence of the external auditors;
- A review and assessment of the adequacy of the internal audit charter and Audit, Risk and Compliance Committee Terms of Reference on an annual basis;
- The execution of all responsibilities, as outlined in the Audit, Risk and Compliance Committee Terms of Reference; and
- An evaluation of the Committee's and individual member's performance on a regular basis.

The table opposite discloses relevant information regarding the Audit, Risk and Compliance Committee members:

Name	Qualifications	Internal/ External	If Internal, Position within Public Entity	Meetings Held	Meetings Attended
Ms LCZ Cele	BCom; Post-Graduate Dip. Tax; Executive Leadership Dev. Programme; MAcc (Taxation)	Internal	Independent non-executive Board member	7	7
Ms U Maharaj ¹	BActt Honours; Post-Graduate Dip.Accounting Chartered Accountant (SA)	Internal	Independent non-executive Board member	7	7
Mr MC Ngcobo ¹	BCom Accounting Honours; Chartered Accountant (SA)	Internal	Independent non-executive Board member	6	6
Mr GW Bell ²	Mechanical Engineering Dip	Internal	Independent non-executive Board member	1	1
1. Term of office expired on 14/11/2020. Ms Maharaj reappointed on 16/11/2020. 2. Appointed on 27/11/2020.					

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures and all regulatory and governance codes are observed. The Company Secretary's functions include, inter-alia, being the central source of guidance and advice to the Board and within the entity on matters of good governance and changes in legislation, compliance and the members fiduciary responsibilities, responsibility for Board and Committee Charters, preparation of annual work plans and meeting schedules, Board induction, orientation and ongoing training and development of board members and facilitation of Board evaluations.

The Company Secretary also acts as the secretariat to the Board and its Committees and is charged with preparing meeting agendas, the circulation of Board and Committee papers and ensuring that accurate records of Minutes are maintained.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has overall responsibility for ensuring that the entity complies with all applicable laws and regulations. This responsibility has been delegated to the Audit, Risk and Compliance Committee, which is charged with ensuring that the task is correctly and appropriately executed.

The Company Secretary assists the Audit, Risk and Compliance Committee to monitor the entity's compliance with all relevant laws and regulations and such compliance is considered by the internal audit function, as well as the Audit, Risk and Compliance Committee. Compliance with the

KwaZulu-Natal Trade & Investment Agency Act has received primary attention during the period under review, as has the PFMA and Treasury Regulations.

Regular compliance updates are submitted to the Audit, Risk and Compliance Committee by means of a detailed legal and regulatory compliance monitoring checklist designed to assess the entity's level of compliance to the relevant laws, regulations, codes and standards, thus ensuring that where non-compliance is detected in terms of internal controls, corrective measures may be implemented in order to address any weaknesses in a timely manner.

Improvements have been made to the compliance checklists, in the form of a Compliance Risk Management Plan, for identifying, assessing and managing compliance risks. This monitoring tool will guide and assist the organisation in its compliance with the requirements contained in the relevant laws. Considerable progress is also being made in order to achieve the goal of an enterprise-wide compliance management system for the organisation. Organisational policies are reviewed at least annually so as to ensure alignment with legislation, whilst also giving effect to adequate governance and operational effectiveness.

FRAUD AND CORRUPTION

Trade & Investment KwaZulu-Natal subscribes to the highest ethical standards of business conduct.

A set of values and a code of business conduct, set out in the Code of Ethics Policy, requires staff to display integrity,

13 CORPORATE GOVERNANCE STATEMENT continued

respect and openness and affords them the right and obligation to challenge others who are not adhering to these values.

The entity also has in place an approved Fraud Prevention Policy and Plan, as well as a Whistle-blowing Policy.

These policies provide the means by which employees and other stakeholders are able to raise concerns with appropriate line management or via the Tip-Offs Anonymous Hotline, where they have reasonable grounds to believe that there exist irregular activities involving Trade & Investment KwaZulu-Natal. Additionally, all members of staff and members of the Board are required to declare any personal financial interest they may have on an annual basis.

The entity's operational Whistle-blowing Hotline is managed by Deloitte & Touche and the hotline may be used to report any offence or suspected fraudulent activity without fear or occupational detriment/victimisation.

Both the Human Resources, Social and Ethics Committee and the Audit, Risk and Compliance Committee perform an oversight role regarding issues pertaining to fraud and corruption, together with the implementation and maintenance of the Fraud Prevention Plan.

CONFLICTS OF INTEREST

On an annual basis, Board members and staff members are required to provide an annual declaration of their financial and business interests.

At every Board and Committee meeting there is a second stage of declaration of potential conflict of interest for matters on the agenda for the meeting and every Board member completes a Declaration of Interest form prior to each meeting.

Should a conflict of interest occur, the affected Board member may not vote on any matter in which that individual has an interest. Additionally, the Board member is recused from any meeting where such matters are discussed.

A register of declarations of interest is maintained by the Company Secretary and is updated on an annual basis.

During the period under review a Conflict of Interest Management Policy for the Board was developed and approved, which formally regulates the procedures and processes of conflict of interest management in the context of Board members.

The policy demonstrates the organisation's commitment to conducting ethical and honest business at all times.

Members of the management team and staff are encouraged to disclose any gifts they may have received. Such disclosures are entered into the organisation's Gift Registry, which is managed by the Chief Financial Officer.

With regard to external parties, Trade & Investment KwaZulu-Natal's procurement processes require that potential service providers complete and sign a form indicating any conflicts of interest in the processes or any linkages they may have with staff of the organisation.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Trade & Investment KwaZulu-Natal closely monitors health, safety and environmental issues which may have an impact on its operations.

The organisation's Environmental Management Policy sets out guidelines and its commitment towards the promotion of environmental protection and adherence to health and safety practices, as well as to the protection and enhancement of the image, credibility and sustainability of Trade & Investment KwaZulu-Natal as a responsible and reputable corporate citizen of the province of KwaZulu-Natal.



HUMAN RESOURCES MANAGEMENT

Through the delivery of sound human resource services, approaches and practices, Trade & Investment KwaZulu-Natal remains committed to the attraction, development and retention of talent.

14 HUMAN RESOURCE MANAGEMENT

INTRODUCTION

OVERVIEW OF HUMAN RESOURCE MATTERS:

The Human Resource Business Unit focuses on attraction, development, retention and continuous maintenance of the well-being of our talented workforce. We endeavour to create a working environment that is conducive to optimum productivity and an active learning space, where new skills and experience is acquired. The maintenance of discipline and compliance with all relevant governing prescripts is key.

SKILLS DEVELOPMENT

Skills development interventions play a crucial role in ensuring that the organisation continues to up-skill its workforce to meet the ever-changing demands of the operations.

The training interventions implemented during the period under review were aimed at nurturing and sharpening staff skills and knowledge in their areas of expertise so as to positively contribute towards the attainment of both business unit and overall organisation objectives.

During the 2020/21 financial year the total budget allocated for skills development training totalled R885 688, which accounted for 2% of the overall personnel budget.

In spite of the challenges presented by the COVID-19 pandemic, the Human Resource Business Unit managed to implement all planned training interventions on behalf of the organisation's employees.

This was achieved through a combination of face-to-face and online platforms to deliver training interventions. An electronic training evaluation survey was implemented as a tool to monitor and gauge the effectiveness of training and positive feedback was received.

HUMAN RESOURCES PRIORITIES

The Human Resources priorities enshrined in the Human Resources Strategy address short and long-term organisational challenges, including:

- Leadership programmes - IODSA;
- Disciplinary code of conduct;
- Digital marketing;
- Leave management (HRIS);
- Trade agreements;
- Project packaging training; and
- Report writing and presentation skills training.

ORGANISATIONAL CAPACITY/WORKFORCE PLANNING

During past years, the organisation has battled with restricted capacity, including the year under review. In spite the strain

experienced due the continued cost control measures and COVID-19 pandemic concerns, the Human Resource Business Unit managed to effectively facilitate manpower planning.

It is pleasing to report that 12 vacancies approved by the Office of the Premier were filled successfully, with just one starting on 01 May 2021.

Of the Executive positions which became vacant as a result of the expiry of such contracts in 2020, two positions were filled, whilst the remaining two positions resulted in offers being made and accepted by the incumbents, who were to assume duty on 01 May 2021.

HEALTH AND SAFETY

The COVID-19 pandemic presented leaders with complicated and complex challenges and no easy answers. The ongoing crisis reminded the organisation about the critical role that leaders and leadership play in dealing with unexpected events threatening the existence of organisations world-wide.

Several prevailing challenges were addressed through strict adherence to the Regulations issued by the National Government. Internally, the immediate appointment of a COVID-19 Health and Safety Committee, as well as the official appointment of the General Manager: Human Resources, made it easy for the organisation to address pandemic-related challenges.

Frequent meetings were held by the Committee and communication to staff proved more than adequate.

A COVID-19 Remote Working Survey was conducted, aimed at generating an understanding of the challenges employees face with regard to tools while working from home and whether such an environment is conducive for them to be productive.

The survey specifically focused on communication of health and safety within the organisation, employee wellness services, productivity, the impact of COVID-19, IT support system and behaviour. It is pleasing to report that 95% of employees were pleased with the manner in which the organisation responded to the pandemic.

ISO 9001

Trade & Investment KwaZulu-Natal engaged with an ISO 9001 internal audit process in preparation for an ISO 9001: 2015 Quality Management System Surveillance audit, as well as a recommendation for the certificate registration maintenance for the year 2021.

It is pleasing to report that the ASR Certification Team proudly recommended Trade & Investment KwaZulu-Natal, Kingsmead Office Park, Kingsmead Boulevard, 1 Arundel Close, Stalwart Simelane St, Durban, 4001 for ISO 9001:2015 Registration Maintain by American Systems Registrar, 5281 Clyde Park Ave. SW Suite 1, Wyoming, and MI 49509, USA.

EMPLOYEE WELLNESS PROGRAMME

The organisation's wellness programme continued playing a vital part in ensuring that staff are able to live a healthy and balanced life. This is critical, especially given the challenges posed by the COVID-19 pandemic and the demands of the operating environment.

In previous wellness reports it was reported that body mass index (BMI) figures posed a risk factor for the organisation. There has been significant improvement with regard to Cholesterol levels amongst staff - previously found to be a risk factor - which reduced by 9,39% to 21,21%.

This reflects improved life-style changes and an overall improvement in the health and well-being of employees. The overall factors considered included cholesterol, glucose, blood pressure and VCT testing.

In the year under review, the organisation conducted two COVID-19 tests for all staff. A medical doctor conducted on-site COVID-19 risk assessments and it is pleasing to report that at the time (06/09/2020) all 54 tested staff proved negative. Health screenings focused on improving the overall health of employees.

- Low risk - 28 employees;
- Medium risk - 19 employees; and
- High risk - 6 employees.

Special measures were implemented for employees identified as high risk and extra PPE, workplace readiness plan and remote working rotation plan was implemented to ensure risk is minimised.

Although the report stated that a high risk group existed, their underlying medical conditions were well-controlled. The HR Unit also proactively conducted online mental and financial wellness awareness programmes to inform and educate staff.

At the end of the financial year in March 2021, Trade & Investment KwaZulu-Natal together with the newly appointed Wellness Co-ordinator from Careways facilitated another health risk screening for Trade & Investment KwaZulu-Natal (40 participants) which revealed that lifestyle changes can improve the overall health and wellness of employees. Weight management and high blood pressure seem to be significant

problems experienced by individuals, highlighting the need for education regarding diet and nutrition, maintaining a healthy lifestyle and the importance of exercising.

The report recommended that employees should constantly be reminded about important health and wellness-related information, assisting employees to become informed about their potential health risks, and encouraging them to make behaviour changes required to improve on their health status.

POLICY DEVELOPMENT

It is Trade & Investment KwaZulu-Natal's philosophy that well-developed policies are part of the retention strategy as they ensure compliance while being user-friendly. The Board directed that all 18 HR Policies be developed afresh.

An external Service Provider was appointed accordingly, but sadly produced sub-standard materials. To salvage the situation, the HR Unit together with the Compliance Officer have developed four policies namely, Gender Based Violence policy, Recruitment and Selection policy, Recognition and Rewards policy and Generic Implementation Plan for Health and Safety Environment risk and Quality Management (SHERQ).

The remaining policies are continuously being updated and aligned to the Trade & Investment KwaZulu-Natal corporate strategy.

ACHIEVEMENTS

- Implementing COVID-19 systems and procedures, vigorously engaging with employees during an unprecedented and challenging time of the COVID-19 pandemic;
- Successful implementation of all planned training initiatives covering all employees;
- Maintaining ISO 9001: 2015 certification with the American Systems Register;
- Recruitment of 11 graduates through the internship programme, funded by Trade & Investment KwaZulu-Natal in spite of challenges faced with SACGRA; and
- All 12 vacant positions approved by the Office of the Premier in previous years were filled.

CHALLENGES

- Limited capacity for policy development; and
- Filling of the vacant position process is overly cumbersome.

FUTURE HUMAN RESOURCE PLANS

- Integration of the ISO 9001 Quality Management System with Corporate Strategy and Annual Performance Plan;

14 HUMAN RESOURCE MANAGEMENT continued

- Implementation of a Succession Plan;
- Work-shopping of policies;
- Leadership Management and Development Programme;
- Team Development Interventions; and
- Strengthening of relationship with the University of KwaZulu-Natal and marketing of TIPED.

HUMAN RESOURCE OVERSIGHT STATISTICS TRAINING AND DEVELOPMENT

The below listed interventions were implemented during the period under review. These were informed by a needs analysis and aimed at enhancing the capacity of individuals and business units to attain set goals and objectives.

Programme/Activity/ Objective	Average Training Cost Per Employee	Number Of Employees Trained	Training Expenditure (R'000)
Business Development Training	R4 000	6	R24 000
Basic Quality Awareness and ISO 9001:2015 QMS Requirements	R1 251	50	R62 580
Adobe Design Application Training for Marketing	R7 970	4	R31 880
Managing Remote Employees	R1 999	1	R1 999
Report Writing and Minute Taking	R7 466	3	R22 400
Presentation Skills and Public Speaking	R3 588	4	R14 352
Project Management	R2 500	5	R12 500
Trade Agreement Training	R2 250	3	R6 750
Disciplinary Awareness Training	R324	50	R16 200
IODSA Training	R8 437	11	R92 814
ESS Leave Training	R255	23	R5 865
Advanced Microsoft Word	R4 500	5	R22 500
Advanced Excel and PowerPoint	R2 185	9	R19 665
General Management Programme	R157 500	1	R157 500
		Total	R491 005

PIVOTAL TRAINING

Certificate in Secretarial Studies	Berea Technical College	R26 600
BA in Disaster Management and Safety (3 rd year)	Lyceum College	R17 734
Bachelor of Commerce in Financial Management (3 rd year)	MANCOSA	R32 670
Post-Graduate Diploma in Public Management	University of Witwatersrand	R38 340
Post-Graduate Diploma in Management Sciences	Durban University of Technology	R50 000
Bachelor of Business Administration Honours	MANCOSA	R18 260
Master's in Management Sciences: Marketing	Durban University of Technology	R18 530
Master of Commerce in Leadership Studies	University of KwaZulu-Natal	R24 100
Master of Business Administration (x 2 employees)	MANCOSA	R119 485
Global MBA: Project Management	London School of Business & Finance	R40 000
Graduate Development Programme (Internship)	TIKZN	R396 766
	Total	R782 485

EMPLOYMENT AND VACANCIES

Programme/Activity/Objective	2020/21 Approved Posts	2020/21 Number Of Employees	2020/21 Vacancies
Office of the CEO and Gauteng Office	11	9	2
Knowledge Management	8	7	1
Investment Promotion and Business Retention	17	16	1
Finance	9	8	1
Corporate Services (Marketing and Human Resources)	11	8	3
Export Development and Promotion	8	5	3

	Approved Posts	Number of Employees	Vacancies
Top Management	7	5	2
Senior Management	5	5	0
Professionally Qualified	18	16	2
Skilled	26	20	6
Semi-skilled	8	7	1
Unskilled	1	1	0
Total	65	54	11

EMPLOYMENT CHANGES

Salary Band	Appointments	Terminations	Employment at end of the Period
Top Management	1	0	5
Senior Management	0	0	5
Professionally Qualified	1	0	17
Skilled	3	0	20
Semi-skilled	1	1	6
Unskilled	0	0	1
Total	5	1	54

14 HUMAN RESOURCE MANAGEMENT continued

REASON FOR LEAVING

Reason	Number
Death	0
Resignation	0
Dismissal	1
Retirement	0
Ill-health	0
Expiry of Contract	0
Total	1

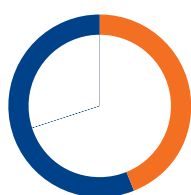
LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature Of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	1
Total	1

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

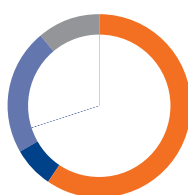
Workforce Profile for all Employees, Including People with Disabilities -

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	1	1	1	0	2	0	0	0	0	0	5
Senior Management	2	0	1	0	3	0	0	1	0	0	7
Professionally Qualified and Experienced Specialists and Mid-Management	6	2	0	1	4	0	1	1	0	0	15
Skilled Technical and Academically Qualified workers, Junior Management, Supervisors, Foremen and Superintendents	2	1	2	1	6	0	4	1	0	0	17
Semi-skilled and Discretionary Decision-making	3	0	0	0	2	0	3	1	0	0	9
Unskilled and Defined Decision-making	0	0	0	0	1	0	0	0	0	0	1
TOTAL PERMANENT	14	4	4	2	18	0	8	4	0	0	54
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	14	4	4	2	18	0	8	4	0	0	54



Gender Demographics

Male Female



Race Demographics

African Coloureds Indians Whites



ANNUAL
FINANCIAL
STATEMENTS

15 GENERAL INFORMATION

Country of incorporation and domicile	Republic of South Africa
Legal form of entity	Schedule 3C Public Entity
Nature of business and principal activities	Trade and Investment Promotion Agency
Board Chairperson	Ms CM Cronjé
Registered office	Trade & Investment House 1 Arundel Close Kingsmead Office Park Durban, 4000
Business address	Trade & Investment House 1 Arundel Close Kingsmead Office Park Durban, 4000
Postal address	Trade & Investment KwaZulu-Natal PO Box 4245 Durban, 4000
Bankers	The Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa
Secretary	Ms NNC Gumbi
Company registration number	KwaZulu-Natal Trade and Investment Agency Act, 2010 (Act No.5 of 2010)
Preparer	The financial statements were internally compiled by: Ms Zamasomi Msomi, Chief Financial Officer

The reports and statements set out below comprise the Annual Financial Statements presented to the provincial legislature:

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16 BOARD'S RESPONSIBILITIES AND APPROVAL

The Members of the Board are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report.

It is the responsibility of the Members to ensure that the annual financial statements fairly present the state of affairs of the entity for the year ended 31 March 2021 and the results of its operations and cash flows for the period then ended.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgement and estimates.

The Members of the Board acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment.

To enable the Members to meet these responsibilities, they ensure that the entity complies with best standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk is maintained.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the entity is identifying, assessing, managing and monitoring all known forms of risks across the entity. Whilst operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Members of the Board are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements.

However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatements.

The entity is wholly dependent on the Department of Economic Development, Tourism and Environmental Affairs for continued funding of its operations.

The Annual Financial Statements are prepared on the basis that the entity is a going concern and that the Provincial Government has neither the intention nor the need to liquidate or curtail materially the scale of operation.

Although the Members of the Board are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors.

The external auditors are responsible for the audit of the entity's Annual Financial Statements and reporting at year end.

The Annual Financial Statements set out on pages 79 to 140, which have been prepared on the going concern basis, were approved by the Members of the Board.



.....
Ms Ina Cronjé
Board Chairperson
Trade & Investment KwaZulu-Natal

17 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial period ended 31 March 2021.

Audit Committee Responsibility, Membership and Attendance

The entity has a functional Audit, Risk and Compliance Committee which oversees the Audit, Risk Management and Compliance functions. The primary role of the Committee is to ensure that there is integrity in financial reporting, audit processes, risk management and internal controls.

The Committee has formal Terms of Reference which are reviewed annually and has regulated its affairs in compliance with Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA), Act No1 of 1999 and Treasury Regulation 27.1.

The Committee comprises three independent non-executive members; Mrs LCZ Cele (Chairperson), Ms U Maharaj and Mr MC Ngcobo who are appointed by the Board.

During November 2020 Mr GW Bell replaced Mr Ngcobo to form part of the Audit, Risk and Compliance Committee.

The Audit Committee reports that it has discharged its responsibilities as stipulated in Section 38(1) (j) of the Public Finance Management Act (PFMA, Act No. 1 of 1999) and Treasury Regulation Section 3.1.

The table below discloses relevant information regarding the Audit, Risk and Compliance Committee members:

NAME	QUALIFICATIONS	INTERNAL/EXTERNAL	IF INTERNAL, POSITION IN PUBLIC ENTITY	NUMBER OF AUDIT, RISK AND COMPLIANCE COMMITTEE MEETINGS ATTENDED
Ms LCZ Cele	MAcc, Taxation	Internal	Independent Non-Executive Board Member	7/7
Ms U Maharaj*	CA(SA)	Internal	Independent Non-Executive Board Member	7/7
Mr MC Ngcobo**	CA(SA)	Internal	Independent Non-Executive Board Member	6/6
Mr GW Bell ***	Mechanical Engineering Diploma	Internal	Independent Non-Executive Board Member	1/1

* Ms U Maharaj re-appointed on 16/11/2020

** Mr MC Ngcobo's term of office expired on 14/11/2020

*** Mr GW Bell was appointed on 27/11/2020

The Effectiveness of Internal Controls:

The Audit Committee is responsible for overseeing the following:

- The Committee is tasked with ensuring that the entity has adequate and effective systems of internal controls, risk management and information technology;
- The Committee is tasked with ensuring that adequate controls to safeguard assets are in place;
- The Committee is responsible for monitoring the implementation of the fraud and prevention plan;
- The Committee is also responsible for assessment of the scope of work covered by Internal Auditors;
- The Committee is also tasked with ensuring that the entity adheres to best practice which is in line with the PFMA (Act No 1 of 1999) and the King IV Report on Corporate

Governance which require that management maintains and enforces strict internal controls;

- The Committee also reviews various reports issued by the Internal Auditors, and the Management Report of the Auditor-General South Africa, in order to identify any matters that were reported that indicate any material deficiencies in the system of internal controls;
- The Committee is also responsible for the review of the In-Year Monitoring report and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act;
- The Committee therefore reports that it is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the entity during the period under review; and
- The Committee further reports that the systems of internal controls over the financial reporting for the period under review were efficient and effective.

Evaluation of Annual Financial Statements:

The Audit Committee has;

- Reviewed the audited Annual Financial Statements included in the Annual Report with the Auditor-General South Africa; internal auditors and the Chief Executive Officer;
- Reviewed the Auditor-General South Africa's Management report thereto;
- Reviewed changes in Accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments and noted the nature of the transactions and ensured that these were dealt with appropriately.

Internal Audit:

- BDO Advisory Services (Pty) Ltd was appointed as Internal Auditors effective 1 March 2021 and their contract will end on 31 July 2023;
- The Committee continuously assesses the effectiveness of the Internal Audit function;
- Committee meetings are held with both internal and external auditors in order to identify any potential weaknesses so that management can rectify them in a timely manner; and
- The Committee will continue to review reports from internal auditors in order to assess their performance thereof.

Risk Management:

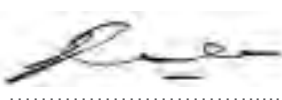
- The Committee has overall responsibility for risk management, whilst management is accountable for designing, implementing and monitoring this process;
- The Committee has a responsibility to assess reports provided by Management on the progress made in order to obtain assurance on the overall system of risk management; and
- The Committee also has a responsibility to assess the effectiveness of the overall system of risk management process. This includes assessing if there are any major incidents/losses attributable to the failure of the risk management process, and any major successes/gains achieved, or losses/incidents avoided.

Compliance:

- The Committee undertakes reviews of the entity's compliance with legal and regulatory provisions;
- The Committee reviews the state of any unresolved issues raised and not adequately addressed by the entity;
- The Committee reviews the information on predetermined objectives to be included in the annual report and to ensure that such information is verifiable, meaningful and relevant;

- The Committee is also tasked with monitoring Supply Chain Management (SCM) related submissions and that all the relevant Treasury circulars are adhered to; and
- The Committee has been instrumental in ensuring that the organisation's Information Technology (IT) maturity improves and has provided several key suggestions to assist the entity in this regard.

The Committee continues to apply itself and pays special attention to critical and key deliverables of the entity and to ensure that the entity continues to work towards the attainment and sustainability of a clean audit outcome annually.



Mrs. LCZ Cele
Chairperson

18 REPORT OF THE AUDITOR-GENERAL

Report of the Auditor-General to KwaZulu-Natal Provincial Legislature on Trade & Investment KwaZulu-Natal

Opinion

1. I have audited the financial statements of Trade and Investment KwaZulu-Natal set out on pages 78 to 140, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Trade & Investment KwaZulu-Natal as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa.

I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 35 to the financial statements, the

corresponding figures for 31 March 2020 were restated as a result of errors in the financial statements of the entity, at and for the year ended 31 March 2021.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported

performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents.

I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery.

My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 2 – investment promotion on page 27 presented in the annual performance report of the entity for the year ended 31 March 2021.
15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents.

I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for programme 2 – investment promotion.

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. The annual performance report on pages 27 to 35 sets out information on the achievement of planned targets for the year.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing.

These material misstatements were in the reported performance information of the investment promotion programme. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report.

The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. The other information I obtained prior to the date of this auditor's report is the member of executive committee's foreword, chairperson's statement and the chief executive officer's review, and the report of the audit committee is expected to be made available to me after

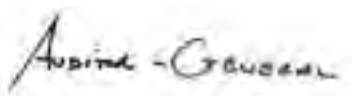
18 REPORT OF THE AUDITOR-GENERAL continued

31 July 2021.

26. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
27. When I do receive and read the audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.



Pietermaritzburg
30 July 2021



Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain

audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors, which constitutes the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Trade & Investment KwaZulu-Natal to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

19 BOARD'S REPORT

The Members of the Board submit their report for the year ended 31 March 2021.

1. Incorporation

Trade & Investment KwaZulu-Natal (TIKZN) is a Provincial Public Entity listed under Schedule 3C of the Public Finance Management Act (PFMA Act 1 of 1999). The entity reports directly to the Department of Economic Development, Tourism and Environmental Affairs (EDTEA).

2. Review of activities

Main business and operations

Trade & Investment KwaZulu-Natal is a provincial Public Entity established to promote the province of KwaZulu-Natal (KZN) as a premier investment destination, to develop and promote trade by assisting KZN companies to access new markets.

The entity also assists KZN companies in distress facing challenges with turnaround strategies as well as to support those organisations that want to expand their operations.

The entity has posted a net surplus of R662 733 for the financial year under review. The request by management to rollover these funds to the 2021/22 financial year was approved by Treasury and EDTEA.

3. Going concern

The Annual Financial Statements have been prepared on the basis of GRAP and accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities and commitments will occur in the ordinary course of business.

To date EDTEA has committed to provide funding for the 2021/22 financial year in terms of the Medium-Term Expenditure Framework (MTEF) and signed Funding Agreement (FA).

The ability for the entity to continue as a going concern is dependent on a number of factors which include, adequate cashflow to run operations, skilled management, as well as a fully functional Board which provides direction to management to ensure that the entity fulfills its mandate in terms of its enabling legislation (TIKZN Act No. 5 of 2010) and in terms of its Funding Agreement with EDTEA which is signed annually.

This will ensure that funding is guaranteed and the entity continues as a going concern.

4. Subsequent events

As at the date of reporting, the Members of the Board were not aware of any matters or circumstances that can impact on the entity's business and status as a going concern.

5. Members' interest in contracts

Members of the Board are required to complete declaration of interest forms in every meeting. As at 31 March 2021, no conflict of interest was recorded.

6. Accounting policies

The Annual Financial Statements were prepared in accordance with the prescribed South African Standards of Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board.

7. Members of the Board

The Members of the Board are as follows:

Name	Nationality	Changes
Ms CM Cronje' (Chairperson)	SA	
Ms LCZ Cele (Deputy Chairperson)	SA	
Mr GW Bell	SA	
Ms U Maharaj	SA	
Mr SK Mpungose	SA	Term ended in November 2020
Mr MC Ngcobo	SA	Term ended in November 2020
Mr ZC Ngidi	SA	Passed in August 2020
Mr KS Shandu	SA	
Mr S Naidoo	SA	Term ended in November 2020

19 BOARD'S REPORT continued

8. Secretary

The company secretary of the entity is Ms NNC Gumbi.

Business address

Trade and Investment House
1 Arundel Close
Kingsmead Office Park
Durban
4000

Postal address

Trade & Investment KwaZulu-Natal
PO Box 4245
Durban
4000

9. Corporate Governance General

The Members of the Board are committed to business integrity, transparency and professionalism in all its activities.

As part of this commitment the Members of the Board support the highest standards of corporate governance and the ongoing development of best practice.

The Board monitors the entity's compliance with Good Corporate Governance Practices in line with the King IV Report on Corporate Governance for South Africa (King IV).

The salient features of the entity's adoption of King IV are outlined below:

Members of the Board

The Board:

- Retains full control over the entity, its plans and strategy;
- Acknowledges its responsibilities regarding the review of the entity's strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- Is of a unitary structure comprising:
 - Non-Executive Directors, all of whom are independent directors as defined in King IV.
 - Executive Director (CEO - Ex Officio).

Chairperson and Chief Executive Officer

The Chairperson is a Non-Executive and Independent Director as defined by the PFMA, TIKZN Act and the King IV report.

The roles of the Chairperson and Chief Executive Officer are

separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the executive managers of the entity are determined by the Human Resources, Social and Ethics Committee in consultation with the Members of the Board.

Board Meetings

Five Ordinary Board meetings and two Special Board meetings were held during the 2020/21 financial year. The Board is scheduled to meet at least four times per annum.

Non-executive directors have access to all members of management of the entity.

Audit, Risk and Compliance Committee

The Chairperson of the Audit, Risk and Compliance Committee (Audit Committee) for the year ended 31 March 2021 was Ms LCZ Cele, who is a Non-Executive Director of the Board. Four Audit Committee meetings and two special audit meetings were held during the period under review.

The Board is satisfied that the Audit Committee was properly constituted and that it executed its responsibility as expected in terms of the PFMA, TIKZN Act and the King IV report.

Internal audit

The entity appointed BDO Advisory Services (Pty) Ltd as the new internal audit service provider effective 01 March 2021.

10. Bankers

Standard Bank of South Africa Limited.

11. Auditors

The Auditor-General of South Africa will continue as the external auditors of the entity in the ensuing year.

20 COMPANY SECRETARY'S CERTIFICATION

Declaration by the Company Secretary

Trade & Investment KwaZulu-Natal has been operating as a Provincial Public Entity for the year ended 31 March 2021.
The Annual Financial Statements (AFS) were prepared on the basis of Generally Recognised Accounting Practice (GRAP).



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Ms NN Gumbi
Company Secretary

21 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

FIGURES IN RAND

Note(s)

2021

2020 Restated

Assets

Current Assets

Receivables from exchange transactions	4	2 189 181	2 837 928
Cash and cash equivalents	5	41 602 308	41 556 055
		43 791 489	44 393 983

Non-Current Assets

Property, plant and equipment	2	4 115 264	5 730 311
Intangible assets	3	49 309	2 433
		4 164 573	5 732 744
Total Assets		47 956 062	50 126 727

Liabilities

Current Liabilities

Finance lease obligation	6	46 833	38 952
Payables from exchange transactions	7	27 188 355	28 859 571
Unspent conditional grants and receipts	8	12 990 861	13 662 519
Provisions	27	4 493 614	2 760 384
Conditional grants to be surrendered	36	-	3 048 000

Non-Current Liabilities

Finance lease obligation	6	148 910	198 420
Total Liabilities		44 868 573	48 567 846
Net Assets		3 087 489	1 558 881
Accumulated surplus		3 087 489	1 558 881

22 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2021

FIGURES IN RAND

Note(s)

2021

2020 Restated

Revenue

Other income	28	548 163	168 705
Receipts from principal-agent arrangements	34	226 345	-
Interest received - investment	12	413 469	841 048
Government grants and subsidies	9	84 086 658	96 028 319
Total revenue	9	85 274 635	97 038 072

Expenditure

Employee-related costs	11	(46 375 644)	(44 226 624)
Depreciation and amortisation		(2 859 969)	(2 744 582)
Finance costs	13	(71 364)	(55 915)
Irrecoverable debts written-off	37	(204 778)	-
Other operating expenses	10	(35 100 147)	(63 462 588)
Total expenditure		(84 611 902)	(110 489 709)
Surplus/(deficit) for the year ended 31 March 2021		662 733	(14 292 723)

23 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2021

FIGURES IN RAND

	Accumulated surplus	Total net assets
Balance at 01 April 2019	16 315 373	16 315 373
Changes in net assets		
Deficit for the year	(14 292 723)	(14 292 723)
Total changes	(14 292 723)	(14 292 723)
Balance at 01 April 2020	1 558 881	1 558 881
Changes in net assets		
Prior year adjustment	865 875	865 875
Net income/(losses) recognised directly in net assets	865 875	865 875
Surplus for the year	662 733	662 733
Total changes	1 528 608	1 528 608
Balance at 31 March 2021	3 087 489	3 087 489

24 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

FIGURES IN RAND

Note(s)

2021

2020 Restated

Cash flows from operating activities

Receipts

Government grants and subsidies	5	83 415 000	102 321 000
Interest income	9	413 469	841 048
Other receipts	9	548 163	168 705
Receipts from principal-agent arrangements	7	6 475 778	-
		90 852 410	103 330 753

Payments

Employee costs	11	(46 291 010)	(43 512 099)
Payments to suppliers		(33 785 910)	(58 195 778)
Finance costs	13	(71 364)	(55 915)
Board emoluments and allowances		(1 858 026)	(2 219 756)
Payment from provisions	27	-	(2 997 785)
Payments from principal-agent arrangements	34	(8 332 294)	(3 792 160)
		(90 338 604)	(110 773 493)
Net cash flows from operating activities	15	513 806	(7 442 740)

Cash flows from investing activities

Purchase of property, plant and equipment	2	(365 843)	(717 004)
Purchase of other intangible assets	3	(60 081)	-
Net cash flows from investing activities		(425 924)	(717 004)

Cash flows from financing activities

Finance lease liability		(41 629)	(24 734)
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Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year		41 556 055	49 740 533
Cash and cash equivalents for the year ended 31 March 2021	5	41 602 308	41 556 055

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

BUDGET ON CASH BASIS

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Reference
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Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other income	-	-	-	774 508	774 508	
Interest received - investment	-	-	-	413 469	413 469	9
Total revenue from exchange transactions	-	-	-	1 187 977	1 187 977	

Revenue from non-exchange transactions

Transfer revenue

Government grants and subsidies	81 915 000	15 069 000	96 984 000	84 086 658	(12 897 342)	9 & 33.1
Total revenue	81 915 000	15 069 000	96 984 000	85 274 635	(11 709 365)	

BUDGET ON CASH BASIS

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Reference
Expenditure						
Personnel	(43 570 607)	-	(43 570 607)	(46 839 412)	(3 268 805)	
Travel and accommodation	(1 198 000)	-	(1 198 000)	(842 386)	355 614	33.2
Administration and operational costs	(20 167 292)	-	(20 167 292)	(26 722 042)	(6 554 750)	33.3
Project-specific consultancy fees	(12 797 524)	(12 903 000)	(25 700 524)	(7 566 702)	18 133 822	33.4
Export development and promotion	(1 100 000)	-	(1 100 000)	(818 830)	281 170	33.5
Marketing and communication	(2 781 577)	(2 166 000)	(4 947 577)	(1 822 530)	3 125 047	33.6
Capital costs	(300 000)	-	(300 000)	(425 924)	(125 924)	33.7
Total expenditure	(81 915 000)	(15 069 000)	(96 984 000)	(85 037 826)	11 946 174	
Surplus/(Deficit)	-	-	-	236 809	236 809	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement						
	-	-	-	236 809	236 809	
Reconciliation						
Capital Costs	-	-	-	425 924	-	33.7
Actual Amount in the Statement of Financial Performance	-	-	-	662 733	-	

26 ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act 1 of 1999) as amended. The Annual Financial Statements of the entity have been prepared based on the expectation that the entity will continue to operate as a going concern for the next 12 months.

Presentation currency

The Annual Financial Statements of the entity are presented in South African Rand, which is the functional currency of the entity.

Accrual basis

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The principal accounting policies adopted in the preparation of these Annual Financial Statements are set out below.

Offsetting

Assets and liabilities, revenue and expenses have not been offset, except where offsetting is required or permitted by GRAP.

Comparability

Comparative information represents the results of the financial year ended 31 March 2021 which were presented on the same basis as the previous year. In the preparation of the Annual Financial Statements, the entity has taken into consideration the guidelines, the list of standards and pronouncements in terms of GRAP Reporting Framework.

The following GRAP standards were issued but not adopted by the entity as they do not have any impact on the Annual Financial Statements for the year ended 31 March 2021.

- GRAP 18	Segment reporting
- GRAP 34	Separate financial statements
- GRAP 35	Consolidated financial statements
- GRAP 36	Investments in associates and joint ventures
- GRAP 37	Joint arrangements
- GRAP 38	Disclosure of interests in other entities.
- GRAP 108	Statutory receivables
- GRAP 110	Living and non-living resources
- IGRAP 1	Applying the probability test on initial recognition of revenue
- IGRAP19	Liabilities to pay levies
- IGRAP20	Adjustments to revenue

The principal accounting policies adopted in the preparation of these Annual Financial Statements are set out below:

- GRAP 1	Presentation of Financial Statements
- GRAP 2	Cash Flow Statement
- GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 5	Borrowing Costs
- GRAP 6	Consolidated and Separate Financial Statements
- GRAP 9	Revenue from Exchange Transactions
- GRAP 12	Inventories
- GRAP 13	Leases
- GRAP 14	Events after the Reporting Date
- GRAP 16	Investment Property
- GRAP 17	Property, Plant and Equipment
- GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
- GRAP 20	Related Party
- GRAP 21	Impairment of Non-Cash-Generating Assets
- GRAP 23	Revenue from Non-Exchange Transactions
- GRAP 24	Presentation of Budget Information
- GRAP 26	Impairment of Cash-Generating Assets
- GRAP 31	Intangible Assets
- GRAP 104	Financial Instruments
- GRAP 104(r)	Financial Instruments (revised) - effective date is on 01 April 2021 and therefore has no impact in the 2020/21 financial year
- GRAP 106	Transfer of Functions between Entities Not Under Common Control
- GRAP 109	Accounting by Principals and Agents

These accounting policies are consistent with the previous periods except for the first time adoption of the GRAP Standard.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the

surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. The provisions are measured at the present value of the estimated future outflows required to settle the obligation.

Additional disclosure of these estimates of provisions are included in note 27 for Provisions.

Estimation of useful lives of tangible and intangible assets

The entity's management determines the estimated useful lives and related depreciation and amortisation charges for the tangible and intangible assets based on industry norm as well as the management's estimation of an asset's condition, current use and expected future use.

1.2 Property, Plant and Equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Initial Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Initial Measurement

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of the item is measured reliably after taking into account trade discounts and rebates which are deductible from the initial cost. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's

deemed cost is the carrying amount of the asset(s) given up. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include, costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and rehabilitation of the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment.

Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Subsequent Measurement

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful life of all categories of Property, Plant and Equipment are assessed on an annual basis.

The useful lives of items of property, plant and equipment were assessed at the end of March 2021.

26 ACCOUNTING POLICIES continued

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 - 13 years
Office equipment	Straight line	5 - 13 years
IT equipment	Straight line	3 - 13 years
Leasehold improvements	Straight line	5 years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each annual reporting date.

Where expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the entity.

The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Derecognition

An item of property, plant and equipment is derecognised when the asset is disposed of or when there are no further future economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

A finance leased asset is depreciated over the shorter of the leased term and its useful life unless there is reasonable certainty that the lessee will obtain ownership of the asset by the end of the lease term in which case the entity depreciates

the asset over its useful life.

In line with the National Treasury Regulations, it is organisational policy to donate items of computer equipment to identified educational institutions.

Leasehold Improvements

Leasehold improvements are defined as permanent improvements constructed or installed on property that is leased under an operating lease or rental agreement. Permanent improvements to lease property are those items that cannot be removed without causing substantial damage to the leased premises such as built in cabinets, wiring, carpeting, flooring and electricity, etc.

Leasehold improvements are initially recognised at cost.

Subsequent Measurement

The leasehold improvements are capitalised and amortised over the remaining life of the leased term or the estimated useful life of the improvements.

1.3 Intangible Assets

An asset is identified as an intangible asset when it:

- Is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, or
- Arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Initial Recognition

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment loss.

Intangible assets are initially recognised at cost.

Measurement

An intangible asset that is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Amortisation is provided to write-down the intangible assets,

on a straight line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Computer software	Straight line	3 - 9 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Amortisation and Impairment

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

1.4 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial Recognition and Measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market-related. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement

of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- Cash;
- A residual interest of another entity; or
- A contractual right to:
 - Receive cash or another financial asset from another entity; or
 - Exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
 - Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.
- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

26 ACCOUNTING POLICIES continued

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at fair value at initial recognition; or
- Are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading. A financial instrument is held for trading if:
 - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Staff control accounts (travel advances)
Prepayments
Deposits
Other receivables

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Trade payables
Staff control account
Accrued expenses
Long-term finance leases

Financial liabilities and financial assets are initially measured at fair value subsequently at:

- Amortised cost; and
- Cost depending on their nature.

The entity's financial liabilities and financial assets are required to be amortised (except for financial leases), however these were not amortised due to the following reasons:

Other Receivables

Other receivables include a combination of deposits for rentals, municipal rates and staff mission advances. Staff mission advances were not amortised because they are expected to be received before the end of the 2020/21 financial period.

The deposit amount is insignificant and therefore was not amortised.

Liabilities

Trade liabilities - These are expected to be settled within the initial credit period in line with the Government sector norm.

Leave - Leave costs are expected to be settled at fair value.

Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with bank(s) including call deposits. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

The entity categorises cash and cash equivalents as financial assets, the closing balance on the bank account is representative of its fair value of the monies held.

Initial Recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial Measurement of Financial Assets and Financial Liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Subsequent Measurement of Financial Assets and Financial Liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and Uncollectibility of Financial Assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account.

The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account.

The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the

date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the statement of the financial performance.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the statement of the financial performance.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessee is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of the remaining balance of the liability.

Any contingent rents are expensed in the period in which

26 ACCOUNTING POLICIES continued

they are incurred.

Operating Leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Impairment of Non-Cash-Generating Assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

(a) The period of time over which an asset is expected to be

used by the entity; or

(b) The number of production or similar units expected to be obtained from the asset by the entity.

Recognition and Measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an Impairment Loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation

(amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.7 Employees Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- The proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- The proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- An entity's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Post-employment Benefits: Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an

asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- As an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.8 Provisions and Contingencies

Provisions are recognised when:

- The entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset.

The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

26 ACCOUNTING POLICIES continued

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised.

Provisions are not recognised for future operating deficits. If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.9 Revenue from Exchange Transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Recognition

Revenue is recognised when it is realised or realisable, and earned when goods are transferred or services rendered. Revenue can be recognised in cash or accrued for. The following recognition criteria must be met:

- Persuasive evidence of an arrangement must exist,
- Delivery must have occurred or services been rendered,
- The price must be fixed or determinable, and
- Collectability should be reasonably assured.

The amount of revenue must be reasonably measured and the costs of revenue must be reasonably measured.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.10 Revenue from Non-Exchange Transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Recognition

Revenue are recognised when they are realized or realizable, and are earned when goods are transferred or services rendered. Revenue can be recognized in cash or accrued for. The following recognition criteria must be met;

- persuasive evidence of an arrangement must exist,
- delivery must have occurred or services been rendered,
- the price must be fixed or determinable, and
- collectability should be reasonably assured.

The amount of revenue must be reasonably measured and the costs of revenue must be reasonably measured.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.11 Receivables from Exchange and Non-Exchange Transactions and Loans and Receivables

Receivables from exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to other party in exchange.

Receivables from non-exchange transactions are defined as transactions where the entity receives from another entity without directly giving approximately equal value in exchange.

Management assesses its trade receivables and loans and receivables for impairment at the end of each reporting

period. In determining whether an impairment loss should be recorded in surplus or deficit, management uses observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Where there is evidence of an impairment loss, the loss is recognised in the surplus or deficit for the year.

The impairment is measured as the difference between the debtor's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at the time of the initial recognition.

Receivables that are settled within a period of 12 months are classified as current trade receivables. Long-term receivables are classified as non-current receivables.

Recognition and Measurement

Trade and other receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

1.12 Payables from Exchange and Non-Exchange Transactions

Payables from exchange transactions are the ones in which the entity and the supplier receive and sacrifice a consideration of approximate equal value.

Payables relating to non-exchange transaction are the ones in which the entity and the supplier receive and sacrifice a consideration of approximate value without directly giving value in exchange.

Payables are the liabilities that the entity owe to their suppliers as the result of purchasing goods or rendering the services on credit.

Recognition and Measurement

Payables are types of current liabilities which are normally paid within one year from the purchasing date. The entity records and recognises payables at the same time the entity records and recognises the expenses or assets of the same transactions.

For the rendering of the services or purchase of goods that immediately pay-off, recording of account payable is not necessary unless it is required by the control of the entity in its accounting system.

In case the payable is expected to be paid more than one year, then the related liabilities are recorded in non-current

liabilities categories.

Accounts payables are the balance sheet items and the recognition of them is the result of the accrual accounting concept.

The entity records and recognises accounts payable at the time the entity has legal obligation to pay for the goods or services that have been procured at the agreed amount per contract or invoices.

1.13 Investment Income

Investment income is recognised on a time-proportion basis using the effective interest method. Investment income comprises interest from deposits placed with a reputable financial institution.

1.14 Accounting by Principals and Agents Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying Whether an Entity is a Principal or an Agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding Arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

26 ACCOUNTING POLICIES continued

Assessing which Entity Benefits from the Transactions with Third Parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent.

The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.15 Translation of Foreign Currencies Foreign Currency Transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of

historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Annual Financial Statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.16 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance for the period concerned after the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular Expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) This Act; or
- (b) The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) Any provincial legislation providing for procurement procedures in that Provincial Government.

National Treasury practice note no. 2 of 2019/20 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 01 April 2019):

Irregular expenditure that was incurred and identified during the current financial period and which was condoned before period end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register.

In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial period and for which condonement is being awaited at period end must be recorded in the irregular expenditure register.

No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.18 Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement.

To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The entity has the following Conditional Grants:

- Technical Assistance Fund (TAF)
- One-Stop-Shop (dealt with under GRAP 109)
- KwaZulu-Natal Halaal Hub
- KwaZulu-Natal Growth Coalition
- Business Rescue Fund
- NDT Projects Fund (dealt with under GRAP 109)
- Implementation of development interventions
- Clothing and textile and aquaculture projects and economy development strategy
- Development of local economy strategies and economy summit
- Competitiveness Enterprise
- SMME and Co-operatives Technical Support Programme
- Audi-Visual, Visual Art, Craft and Design Relief Fund (dealt with under GRAP 109)

1.19 Budget information

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation

or similar.

General purpose financial reporting by an entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The budget information is prepared on the cash basis while the Annual Financial Statements are prepared on the accrual basis.

The approved budget covers the fiscal period from 01-04-20 to 31-03-21.

The Annual Financial Statements are done on the accrual basis and budgets are done on the cash basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.20 Related Parties

The objective of this Standard is to ensure that a reporting entity's Annual Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Standard requires disclosures of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standards of GRAP on Consolidated Financial Statements (GRAP 35) and Separate Financial Statements.

The entity operates in an economic sector currently dominated by public entities directly or indirectly owned by the South African Government. Related party transactions and outstanding balances within an economic entity are disclosed in an entity's financial statements.

Intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the economic entity.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Management holds positions of responsibility within an entity.

Members of management are responsible for the strategic

26 ACCOUNTING POLICIES continued

direction and operational management of entity and are entrusted with significant authority. Their remuneration may be established by estate or by another body independent of the reporting entity.

However, their responsibilities may enable them to influence the benefits of office that flow to them, or their related parties or parties that they represent on the governing body.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by management in their dealings with the entity.

Related parties are disclosed in terms of GRAP 20.

1.21 Events after Reporting Date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.22 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are not included.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND

2021

2020 Restated

2. Property, plant and equipment

	31 March 2021			31 March 2020		
	Cost/ valuation	Accumulated depreciation & accumulated impairment	Carrying value	Cost/ valuation	Accumulated depreciation & accumulated impairment	Carrying value
Furniture and fixtures	1 818 582	(1 185 901)	632 681	1 804 554	(1 226 718)	577 836
Office equipment	1 466 932	(813 109)	653 823	1 394 787	(737 590)	657 197
IT equipment	2 455 868	(1 680 774)	775 094	2 176 199	(1 783 979)	392 220
Leasehold improvements	8 696 192	(6 642 526)	2 053 666	8 696 192	(4 593 134)	4 103 058
Total	14 437 574	(10 322 310)	4 115 264	14 071 732	(8 341 421)	5 730 311

Reconciliation of property, plant and equipment - 31 March 2021

	Opening balance	Additions	Additional costs through reassessment	Depreciation	Total
Furniture and fixtures	577 836	14 028	273 977	(233 160)	632 681
Office equipment	657 197	72 145	126 958	(202 476)	653 824
IT equipment	392 220	279 669	464 941	(361 737)	775 093
Leasehold improvements	4 103 058	-	-	(2 049 392)	2 053 666
Total	5 730 311	365 842	865 876	(2 846 765)	4 115 264

Reconciliation of property, plant and equipment - March 2020

	Opening balance (restated)	Additions	Additions through transfer of functions/ mergers	Depreciation (restated)	Total
Furniture and fixtures	642 874	153 960	-	(218 998)	577 836
Office equipment	425 977	155 716	247 889	(172 385)	657 197
IT equipment	210 812	407 328	-	(225 920)	392 220
Leasehold improvements	6 155 740	-	-	(2 052 682)	4 103 058
Total	7 435 403	717 004	247 889	(2 669 985)	5 730 311

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

2021

2020

During the 2020/21 financial year, the entity undertook an exercise to assess the useful lives of fully depreciated assets which consisted of furniture and office equipment items. The purpose of the exercise was to determine the market value for each item for the year under review. Management took a decision to revise the fixed asset reported balances with the estimated values as these were regarded as deemed necessary for the adjustments of PPE.

The values were informed by the price of similar items which were sold internally as well as comparison with market prices on the internet. Table A refers to prior year and depicts classes and total value of assets that were bought from the previous tenant in 2008. Most of these assets were re-assessed in the 2020/21 financial year after having reached the end of their economic lives. The entity took a decision to host software programmes externally on cloud as a measure to minimise ownership risk.

Most of these software programmes were disposed of as they were tailor-made for the entity and there was no market price to benchmark with. Table B depicts leased assets that were acquired through a finance lease arrangement and were recognised in accordance with GRAP 13 at the acquisition date.

Table C depicts the initial values of the furniture and fittings assets that were fully depreciated and were approved for disposal through a staff competitive bidding process in the prior year.

Table D depicts the value of the 16 laptops that were lost through theft in the prior year. The matter was reported to the South African Police Services (SAPS) for investigation. The internal investigation by an independent investigator was instituted and finalised during the financial year 2020/21. An insurance payout of R96 188 was received at year end for the lost laptops. Table E - depicts the total value of assets written-off at 31 March 2021.

Table A - Historical value of fully depreciated assets still in use

Computer equipment	-	1 461 406
Computer software	-	1 519 303
Furniture and fittings	-	734 808
Office equipment	-	473 552
	-	4 189 069

Table B - Carrying amounts for the finance leased assets

Xerox X66655i Multi-Functional Copier - 315 955 3174	-	12 277
Xerox AltaLink C08035 - 371 779 0137	31 494	41 406
Xerox AltaLink C08035 - 371 776 1412	31 494	41 406
Xerox AltaLink C08035 - 371 776 3202	31 494	41 406
Xerox AltaLink C08035 - 371 776 3156	31 494	41 406
Xerox AltaLink C08035 - 371 776 0815	31 494	41 406
	157 470	219 307

FIGURES IN RAND

2021

2020

Table C - Historical value of the items approved for disposal through a staff competitive bidding process

Furniture and fittings	-	34 635
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Table D - Historical value of the computer items lost through theft

Computer items	-	223 559
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Value of assets written-off at 31 March 2020

	Cost	Accumulated Depreciation
Furniture and fittings	34 635	(34 635)
Computer equipment	229 087	(229 087)
Office equipment	324 208	(324 208)
	587 930	(587 930)

3. Intangible assets

	31 March 2021			31 March 2020		
	Cost/ valuation	Accumulated amortisation & accumulated impairment	Carrying value	Cost/ valuation	Accumulated amortisation & accumulated impairment	Carrying value
Computer software, other	307 360	(258 051)	49 309	1 527 652	(1 525 219)	2 433

Reconciliation of intangible assets - 31 March 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 433	60 081	(13 205)	49 309

Table E - Value of intangible assets written-off at 31 March 2021

	Cost	Accumulated amortisation	Total
Computer software	1 280 374	(1 280 374)	-

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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Reconciliation of intangible assets - 31 March 2020

	Opening balance	Amortisation	Total
Computer software, other	77 029	(74 596)	2 433

A number of software applications of the entity were recorded as fully amortised in the prior period ended 31 March 2021. The entity took a resolution to host most of its software programmes on cloud. The cost associated with the offsite hosting of the software programmes, such as PABX, Windows 365 and SAP Business One proved to be cost-effective in terms of space, upgrading and security of the information.

4. Receivables from Exchange Transactions

Travel advances	10 068	126 315
Prepayments	1 442 847	1 367 643
Deposits	452 310	452 310
Other receivables	283 956	891 660
	2 189 181	2 837 928

5. Cash and cash equivalents

At 31 March 2021 (31 March 2020 - R41 556 055) cash and cash equivalents consisted of:

Cash on hand	2 886	3 000
Standard Bank Account (Main Bank)	23 896 837	21 976 641
Standard Bank Account (NDT Tourism Projects)	12 667 672	17 628 217
Standard Bank Account (TAF)	5 034 913	1 948 197
	41 602 308	41 556 055

Preliminary, deposits and short-term interest bearing accounts

Opening balance (cash and cash equivalents)	21 979 641	24 642 536
Receipts for the period from Government Grants	89 534 554	102 321 000
Other receipts for the period (interest income, refunds, transfers and other income)	1 318 490	1 012 753
Payment for the period including transfers	(88 935 848)	(105 996 648)
	23 896 837	21 979 641

FIGURES IN RAND

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Standard Bank Account (Technical Assistance Fund)

Opening balance (cash and cash equivalents)	1 948 197	5 492 044
Payments for the period including transfers	(1 413 284)	(3 543 847)
Receipts for the period from Government Grants	4 500 000	-
	5 034 913	1 948 197

Standard Bank Account (NDT Tourism Projects)

Opening balance	17 628 217	19 605 953
Payments for the period including transfers	(4 960 545)	(1 977 736)
	12 667 672	17 628 217

A total of five accounts are held with Standard Bank and these are mainly used for day-to-day transactions of the entity, such as payment for staff salaries, short-term interest bearing account, tourism growth projects (NDT funding) and Technical Assistance Fund account (TAF).

6. Finance Lease Obligation

Minimum lease payments due

- within one year	97 034	104 907
- in second to fifth year inclusive	210 244	315 362
	307 278	420 269
less: future finance charges	(111 535)	(182 897)
Present value of minimum lease payments	195 743	237 372

Present value of minimum lease payments due

- within one year	43 156	38 952
- in second to fifth year inclusive	152 587	198 420
	195 743	237 372

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2021	2020
Non-current liabilities	148 910	198 420
Current liabilities	46 833	38 952
	195 743	237 372

The total liability of the entity is in respect of the finance lease agreements with regard to office automated machines (copiers) for the Gauteng and Durban main offices.

It is entity's policy to lease certain equipment such as copiers and all these are treated as finance lease. The remaining average lease term for the Gauteng office machine was determined at three years at a rate implicit in the lease determined at 15,23% p.a. while the rate implicit for the Durban finance lease arrangement was determined at 30,43%. Interest rates are linked to prime rate at the contract date. The entity's obligations under the finance lease is secured by the lessor's charge over the leased asset.

7. Payables from Exchange Transactions

		Restated
Trade payables	1 085 555	1 182 222
Staff claims	9 150	43 519
Accrued expense	3 282 089	3 081 391
Leave liability	4 379 561	4 294 927
Payables from principal-agent arrangements	17 937 227	19 793 743
13 th cheque bonus	494 773	463 769
	27 188 355	28 859 571

The following balances were settled within 30 days after the year ended 31 March 2021 and 31 March 2020 respectively.

Accounts settled within 30 days

Trade payables and staff claims	1 094 705	1 283 775
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Payables from principal-agent arrangements**(a) Department of Trade Industry and Competition (the dtic)**

An amount of R4 728 743 (31 March 2020: R2 165 526) was recorded as payables from advance payment made by the Department of Trade, Industry and Competition at 31 March 2021. The advance payments were made to the entity to facilitate the construction of the One-Stop-Shop facility and setting up the operations of the facility, including funding of the marketing activities of the One-Stop-Shop as prescribed in the binding agreement.

(b) National Department of Tourism (NDT)

An amount of R12 667 672 (31 March 2020: R17 628 217) was recorded as payables from advance payments made by the National Department of Tourism at 31 March 2021. The purpose of the advance payment is to facilitate the rehabilitation of the identified tourism sites in KZN as well as the implementation of the tourism hospitality skills programme.

(c) Department of Small Business Development (DSBD)

In the 2020/21 financial year, the entity recognised an amount of R540 812 (31 March 2020: R0) as payables from advance payments made by the Department of Small Business Development (DSBD) to support the industry in audio-visual, visual art, craft and design after being negatively impacted by the economy lockdown of the country as a result of the COVID-19 pandemic.

Payables from principal-agent arrangement

Department of Trade, Industry and Competition (the dtic)	4 728 743	2 165 526
National Department of Tourism (NDT)	12 667 672	17 628 217
Department of Small Business Development (DSBD)	540 812	-
	17 937 227	19 793 743

The opening balances for payables from principal-agent arrangement for the year ended 31 March 2021 were included in roll-over request submitted to relevant principals.

Department of Trade, Industry and Competition

Opening balance	2 165 526	3 979 951
Expenses incurred on behalf of the principal	(1 436 783)	(1 814 425)
Amount received from the principal	4 000 000	-
	4 728 743	2 165 526

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2021	2020
National Department of Tourism		
Opening balance	17 628 217	19 605 953
Expenses incurred on behalf of the principal	(4 960 545)	(1 977 736)
	12 667 672	17 628 217

Department of Small Business Development

Amount received from the principal	2 475 778	-
Expenses incurred on behalf of the principal	(1 934 966)	-
	540 812	-

8. Unspent Conditional Grants and Receipts

		Restated
Technical Assistance Fund (TAF)	5 034 913	1 948 198
KwaZulu-Natal Halaal Hub	1 537 367	1 537 367
KwaZulu-Natal Growth Coalition	-	2 700 000
Business Rescue Fund	2 268 567	2 976 954
Clothing and textile projects	349 425	1 500 000
Aquaculture projects	1 500 000	1 500 000
Development of local economic strategies and economic summit	800 589	1 500 000
Competitiveness Enterprise	1 000 000	-
SMME and Co-operatives Technical Support Programme	500 000	-
	12 990 861	13 662 519

The opening balances for unspent conditional grants and receipts for the year ended 31 March 2021 were included in the roll-over request submitted to EDTEA and Treasury for KwaZulu-Natal Provincial Government.

Reconciliation - Technical Assistance Fund (TAF)

Opening balance	1 948 198	3 245 770
Less: expenses incurred during the year	(1 413 285)	(1 297 572)
Conditional grant received	4 500 000	-
	5 034 913	1 948 198

FIGURES IN RAND

2021

2020

Reconciliation - One-Stop-Shop

Less: expenses incurred during the year

- -

Reconciliation - Youth Manufacturing Sector-Focused

Opening balance

- 3 048 000

Less: amount paid back to Treasury

- (3 048 000)

- -

KwaZulu-Natal Halaal Hub

Opening balance

1 537 367 -

Conditional grant received

- 2 000 000

Less: expenses incurred during the year

- (462 633)

1 537 367 1 537 367

KwaZulu-Natal Growth Coalition

Opening balance

2 700 000 -

Conditional grant received

- 3 700 000

Less: expenses incurred during the year

(2 700 000) (1 000 000)

- **2 700 000**

Reconciliation - Business Rescue Fund

Opening balance

2 976 954 4 124 067

Less: expenses incurred during the year

(708 387) (1 147 113)

2 268 567 2 976 954

Reconciliation - National Department of Tourism (NDT) Fund

Less: expenses incurred during the year

- -

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2021	2020
Implementation of development interventions		
Conditional grant received	-	2 430 000
Less: expenses incurred during the year	-	(2 430 000)
	-	-
Clothing and textile projects		
Opening balance	1 500 000	-
Conditional grant received	-	1 500 000
Less: expenses incurred during the period	(1 150 575)	-
	349 425	1 500 000
Aquaculture projects		
Opening balance	1 500 000	-
Conditional grant received	-	1 500 000
	1 500 000	1 500 000
Development of local economy strategies and economy summit		
Opening balance	1 500 000	-
Conditional grant received	-	1 500 000
Less: expenses incurred during the period	(699 411)	-
	800 589	1 500 000
Competitiveness Enterprise		
Conditional grant received	1 000 000	-
SMME and Co-operatives Technical Support Programme		
Conditional grant received	500 000	-

Technical Assistance Fund (TAF)

The purpose of the fund is to assist project promoters to prepare and package their projects to the level of quality that will allow them to access funding from main financial institutions. The fund has proved beneficial as some of the projects funded have moved closer to operational stages and some are already operational. An additional fund of R4,5 million was received from EDTEA as a top-up to support the demand of the business propositions mainly from the SMMEs. R1 413 285 was recorded as spent at year ended 31 March 2021. The Technical Assistance Fund (TAF) was accounted for as a conditional grant in the period ended 31 March 2021.

Youth in ICT and manufacturing sector-focused

An amount of R3 048 000 which was received from EDTEA in the prior year (31 March 2020) was to be channelled towards the promotion of youth projects in the ICT and manufacturing sector. The amount was surrendered to the Provincial Treasury of KwaZulu-Natal during the period ended 31 March 2021 due to non-compliance of the project, which did not meet all protocols prescribed by EDTEA (Refer to note 36).

KwaZulu-Natal Halaal Hub

In the 2015/16 financial year, the entity identified the need to investigate the establishment of a Halaal Hub in KZN. This was undertaken through a pre-feasibility study which indicated that the potential for such a development was feasible. The results of the assessment revealed that there is sufficient local demand for industrial space for manufacturing as well as a growing local and global demand for Halaal products. A survey of the local Halaal sector indicated that the sector would support a Hub specifically customised for the needs of the Halaal manufacturing sector. In the 2019/20 financial year the entity received an amount of R2 million to pursue the project of which R462 633 was spent on the development of the Halaal initiative, Halaal benchmarking and securing the World Halaal Day development programme.

In the period ended 31 March 2021 the entity recorded an amount of R1 537 367 as not yet being used, due to delays in launching the project initiative in full following the outbreak of the COVID-19 pandemic.

KwaZulu-Natal Growth Coalition Fund

In the 2019/20 financial year, an amount of R3,7 million was received from EDTEA to facilitate robust discussions with the business community. The aim of the project is to develop business stability which is aimed at dealing with industrial conflict, business disruptions and illegal site invasion forums in the Province of KwaZulu-Natal. The targeted markets and beneficiaries for this initiative include stakeholders from different sectors such as property developers, tourism operators, investment agencies, ICT, etc. At 31 March 2021, an amount of R2 980 000 (31 March 2020: R1 000 000) was spent by the entity in staging an Executive Liaison Campaign with the captains of the targeted industries. An additional expense of R280 000 was absorbed from the entity's operational budget.

Business Rescue Fund

A total amount of R4 124 066 was approved from the surplus funds in the 2017/18 financial year. The purpose of this fund is to assist local companies who are in distress which may end up closing down if they do not obtain strategic intervention from the Provincial Government. This fund is meant to assist the affected companies to remain afloat and continue with operations in order to save jobs. An amount of R708 387 was paid during the period ended 31 March 2021 (31 March 2020: R1 147 112 towards business rescue initiatives).

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

2021

2020

Implementation of Development Interventions

An amount of R430 000 was allocated by EDTEA to the entity to develop an integrated trade and investment strategy for the province. This amount was used in full during the financial year 2019/20 in developing the trade and investment strategy as a concerted effort to attract investment to the province and to address structural hindrances to growth and development. A further R2 million was allocated by EDTEA to the entity to assist in facilitating an investment conference meant to boost investor confidence in the province, as well as promoting exports and showcasing investment opportunities to potential investors.

This amount was used in full during the 2019/20 financial year and no further income was received in the 2020/21 financial year.

Clothing and Textile Projects

An amount of R1,5 million was approved by EDTEA to conduct a site audit and analysis, feasibility study and a comprehensive business plan for development of the clothing and textile special economic zone in KwaZulu-Natal. The rationale for this study is that the establishment of a special economic zone will revitalise the clothing and textile sector by enabling manufacturers to access incentives associated with the Special Economic Zone. The entity recorded a total expenditure of R1 150 575 spent on this project during the period ended 31 March 2021.

Aquaculture Projects

An amount of R1,5 million was allocated by EDTEA in the 2019/20 financial year after it was established that the aquaculture and fish farming sector have the potential to foster economic development in the province.

The aquaculture projects can foster food security and can contribute towards the province's export development which will in turn, create sustainable employment in KZN. The allocated amount is meant to develop a feasibility study, business plans and conceptual designs for an aquaculture development site in KwaZulu-Natal.

There was no expenditure incurred for the year ended 31 March 2021 due to delays caused by the forced lockdown as a result of the COVID-19 outbreak.

Development of Local Economy Strategies and Economy Summit

An amount of R1 500 000 was allocated by EDTEA on condition that it was utilised towards the development of the KZN township and rural economies revitalisation strategy and economy summit. The development of local economy strategies for eDumbe and Uthukela Municipalities as well as the rural and township economy revitalisation strategy and implementation plan were approved in terms of the KwaZulu-Natal Provincial Cabinet resolution. R699 411 was spent during the year ended 31 March 2021 for this purpose.

Competitiveness Enterprise

A sum of R1 000 000 was made available by EDTEA as a conditional grant to the entity to support Competitiveness Enterprise as part of an enabling initiative and effort in driving the economic development of the province. The programme for the fund was not finalised at year ended 31 March 2021, and as a result no expenditure was recorded during the time leading to the end of the financial year 2020/21.

SMME and Co-operatives Technical Support Programme

An amount of R500 000 was received from EDTEA to be utilised for the SMME and Co-operatives Technical Support Programme. The programme for the fund was not finalised at year ended 31 March 2021 and as a result no expenditure was incurred at year end.

FIGURES IN RAND

2021

2020 Restated

9. Revenue

Other income	774 508	168 705
Interest received - investment	413 469	841 048
Government grants and subsidies	84 086 658	96 028 319
	85 274 635	97 038 072

The amount included in revenue arising from exchanges of goods or services is as follows:

Other income	774 508	168 705
Interest received - investment	413 469	841 048
	1 187 977	1 009 753

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants and subsidies - Halaal Hub	-	462 633
Government grants and subsidies - Implementation of development interventions	-	2 430 000
Government grants and subsidies - Textile, clothing and aquaculture projects	1 150 575	-
Government grants and subsidies - Development of local economy strategies and economy summit	699 412	-
Government grants and subsidies - TAF	1 413 285	1 297 573
Government grants and subsidies - Business rescue	708 386	1 147 113
Government grants and subsidies - Main	77 415 000	89 691 000
Government grants and subsidies - KZN Growth Coalition	2 700 000	1 000 000
	84 086 658	96 028 319

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2021	2020 Restated
10. Other Operating Expenses		
Advertising, marketing and communication costs	1 822 530	12 355 005
Auditors remuneration	1 461 981	2 003 988
Bank charges	51 016	61 858
Cleaning and garden services	273 998	291 317
Computer expenses	362 165	729 343
Professional fees	7 511 717	10 478 674
Consumables	49 978	126 108
Lease rentals on operating lease	5 327 160	5 326 985
Refreshments for external meetings	10 541	174 472
Recruitment costs	1 733 341	1 384 763
Export training and exhibition costs	818 830	4 235 556
Insurance	524 127	473 067
Conferences and seminars	115 896	170 000
IT expenses	518 529	402 134
Repairs and maintenance	344 010	841 086
Promotions and sponsorships	309 392	5 910 148
Board emoluments and allowances	1 858 026	2 219 756
Board training and other costs	270 024	394 682
Board travel and accommodation	16 828	35 875
BEE financial assistance	-	1 303 743
Postage and courier	12 140	68 496
Printing and stationery	139 708	360 807
Security for office premises	427 800	446 111
Staff welfare	219 974	331 361
Subscriptions and membership fees	1 249 063	2 273 965
Telephone and fax	1 082 707	1 009 389
Training	883 739	1 073 593
Travel - local	842 386	2 879 311
International marketing	-	6 414 665
Water and electricity	568 386	448 940
Business retention costs	6 110 685	-
Occupational health and safety	62 560	-
Lease rentals on finance lease	-	78 476
PPE and sanitisation expenses	120 910	-
	35 100 147	64 303 674

FIGURES IN RAND

2021

2020

11. Employee-Related Costs

Basic salaries	26 210 571	23 439 975
Performance bonuses	1 753 239	2 740 383
Medical aid - company contributions	1 038 332	893 307
Unemployment insurance fund	197 558	219 519
Workmen's compensation contribution	77 804	78 409
Skills development levy	260 838	330 966
Leave pay provision charge	84 634	714 525
Pension fund contributions	6 565 001	6 142 642
PAYE	10 187 667	9 666 898
	46 375 644	44 226 624
Number of employees	64	52

The entity has a Defined Contribution Plan with Alexander Forbes. Employees contribute a minimum of 7,5% and the employer contributes 13,065%. For the year ended 31 March 2021 (31 March 2020) Trade & Investment KwaZulu-Natal made contributions as follows.

Employees contributions

Pension contributions	5 944 303	5 562 059
Group life and disability	365 004	341 416
Administration costs	255 693	239 167
	6 565 000	6 142 642

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

2021

2020

Trade & Investment KwaZulu-Natal made pension contributions, life cover, disability, funeral and administration contributions for its Executive Managers for the year ended 31 March 2021.

Executive Managers contributions - 31 March 2021	Pension contribution	Group life and disability	Funeral and administration	Total
NST Matjie	372 667	23 074	16 163	411 904
Z Msomi (appointed 01 July 2020)	172 959	10 709	7 502	191 170
C Moodley (appointed 01 May 2020)	208 301	12 897	9 035	230 233
RN Ngcamu	227 237	14 070	9 856	251 163
ZWM Ngidi	209 318	12 960	9 078	231 356
	1 190 482	73 710	51 634	1 315 826

Trade & Investment KwaZulu-Natal made pension contributions for its Executive Managers for the financial year ending 31 March 2020 as follows;

Executive Managers contributions - 31 March 2020	Pension contribution	Group life and disability	Funeral and administration	Total
NST Matjie	372 667	23 074	16 164	411 905
L Nyamande (term ended 31 March 2020)	227 267	14 071	9 857	251 195
IM Miya (term ended 31 March 2020)	227 267	14 071	9 857	251 195
RN Ngcamu	227 237	14 071	9 857	251 165
LG Bouah (term ended 31 March 2020)	227 267	14 071	9 857	251 195
ZWM Ngidi (joined the entity on 01 June 2019)	174 431	10 800	7 566	192 797
	1 456 136	90 158	63 158	1 609 452

12. Investment Revenue

Interest revenue

Bank	413 469	841 048
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Interest received from the entity's short-term investment account held with Standard Bank of South Africa.

FIGURES IN RAND

2021

2020

13. Finance Costs

Finance lease costs

71 364

55 915

14. Auditors' Fees

Fees

1 461 981

2 003 988

15. Cash Generated from Operations

Surplus/(Deficit)

662 733

(14 292 723)

Adjustments for:

Depreciation and amortisation

2 859 969

2 744 582

Movements in provisions

2 197 008

(257 402)

Transfer to Treasury

(3 048 000)

3 048 000

Changes in working capital:

Receivables from exchange transactions

648 747

7 981

Payables from exchange transactions

(2 134 993)

21 648 044

Unspent conditional grants and receipts

(671 658)

(20 341 222)

513 806

(7 442 740)

16. Operating Lease

Total operating lease

- Within one year

5 566 172

5 588 863

- In second to fifth years inclusive

1 417 799

6 983 971

6 983 971

12 572 834

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2021	2020
Kingsmead Investment (Pty) Ltd		
- Minimum payment within one year	5 566 172	5 153 863
- In second to fifth years inclusive	1 417 799	6 983 971
	6 983 971	12 137 834
Friedshelf 385 cc		
- Minimum payment within one year	206 836	435 000

(1) Kingsmead Investment (Pty) Ltd

The lease agreement for Durban administration offices was initially concluded with the previous landlord, namely Crescendo Management Services (Pty) Ltd on 01 July 2017 for the period of five years. On 19 June 2019, the ownership of the property was transferred to the new landlord called, Kingsmead Investment (Pty) Ltd. All rights, benefits and obligations that were due to Crescendo Management Services (Pty) Ltd under the existing lease agreement were duly transferred to the new lessor.

(2) Friedshelf 385 cc

The entity has a lease agreement for its Gauteng satellite offices with a company called Friedshelf 385 cc which was entered into on 01 April 2018 for a period of three years. The office was established to target investors based in Gauteng, but wanted to invest in KwaZulu-Natal. The lease agreement came to an end on 31 March 2021 and was extended for a period of five months to allow a proper comparative analysis with other similar corporate offices in the area. The extension of the lease contract was done in line with the National Treasury Instruction note 3 of 2016/17 for management of expansions or variation of orders against the original contract. The extension of this lease contract was limited to 15% variation.

17. Commitments - Trade & Investment KwaZulu-Natal Main Activities

Approved and contracted

Operational	28 593 101	20 080 032
-------------	------------	------------

18. Commitments - Technical Assistance Fund

The value of the approved TAF projects since the inception of the fund is R11 476 603 and an amount of R10 471 821 was disbursed since inception. The total commitment relating to this fund for the year ended 31 March 2021 was R1 004 782.

FIGURES IN RAND

2021

2020

19. Related Parties

Related party transactions

Income received from related parties

Department of Economic Development, Tourism and Environmental Affairs (EDTEA)	83 415 000	102 321 000
KwaZulu-Natal Tourism Authority (Tourism KwaZulu-Natal)	372 192	-

Expenditure transactions with related parties

Ithala SOC Limited	-	57 995
Richards Bay Industrial Development Zone (RBIDZ)	-	126 529
KwaZulu-Natal Tourism Authority (Tourism KwaZulu-Natal)	-	1 000 000

Receivable balances with related parties

Richards Bay Industrial Development Zone (RBIDZ)	-	126 529
Department of Economic Development, Tourism and Environmental Affairs (EDTEA)	-	356 224

Department of Economic Development, Tourism and Environmental Affairs (EDTEA)

EDTEA is the sole shareholder of Trade & Investment KwaZulu-Natal (TIKZN). The entity receives two funds in the form of grants which are conditional on the terms stipulated in the Memorandum of Understanding (MOU) signed with EDTEA. The grants are received for the purpose of supporting the delivery of services as set out in the MOU. Conditions stipulated in the main grant were met hence the grant was recognised as revenue. R83 415 000 (31 March 2020: R102 321 000) was received in tranche payments from EDTEA in line with the funding agreement for the year ended 31 March 2021. An amount of R356 224 raised as a debt against EDTEA in the prior year was included in the total grant for the financial year 2020/21.

Richards Bay Industrial Development Zone (RBIDZ)

An amount of R126 529 which was raised in the prior year as a debt against RBIDZ for shared services relating to the annual internet subscription for standardised international trade and industry database was written-off as irrecoverable debt at year ended 31 March 2021. The primary objective of the shared database was to firmly maintain and distribute a comprehensive and up-to-date set of data collection that the two entities often needed to monitor the economy of South Africa. The management of RBIDZ rejected the 50% claim from the shared annual subscription charge that was submitted by TIKZN. RBIDZ rejected the claim on the basis that it could not be substantiated on their part and therefore could not be settled.

Ithala Development Finance Corporation

The prior year expenses related to brokerage services offered by Ithala Development Finance Corporation to provide for indemnity insurance cover for senior Executive and Non-Executive Members of the entity were paid for in the period ended 31 March 2021. Ithala Development Finance Corporation Limited is one of the entities in the group of entities that are controlled by EDTEA.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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2020

KwaZulu-Natal Tourism Authority (Tourism KwaZulu-Natal)

An amount of R372 192 was received from KwaZulu-Natal Tourism Authority as a refund from the unutilised funds relating to the contribution made by TIKZN to support the British Airways campaign to promote route development between London and Durban as part of the trade and investment promotion initiative.

A prior year comparative amount of R1 000 000 was paid to KwaZulu-Natal Tourism Authority to honour a partnership agreement to collaborate in a marketing drive for route development and attraction of international airlines to operate from King Shaka International Airport. The first programme is in support of British Airways to firmly establish a route between London and Durban for trade and investment purposes.

Key Management Personnel

Transactions with key management personnel are disclosed in note 20 of the Annual Financial Statements

Other Entities Controlled by EDTEA

Trade & Investment KwaZulu-Natal is a member of a group of entities controlled by EDTEA. The following entities are related parties as defined in terms of paragraph 10 (b) (i) of GRAP 20 as they are all controlled by EDTEA.

- (1) KZN Tourism Authority
- (2) KZN Liquor Authority
- (3) KZN Sharks Board
- (4) KZN Growth Fund
- (5) Dube TradePort Corporation
- (6) Richards Bay IDZ
- (7) Moses Kotane Institute
- (8) KZN Film Commission
- (9) Ithala Development Finance Corporation
- (10) KZN Ezemvelo Wildlife
- (11) KwaZulu-Natal Gaming and Betting Board
- (12) Ithala SOC Limited

FIGURES IN RAND

2021

2020

20. Non-Executive Directors' Emoluments and Executive Managers' Remuneration

Members of the Board were paid Directors fees/emoluments for the year ended 31 March 2021 as prescribed by the KZN Provincial Treasury.

Non-Executive Directors

31 March 2021

	Emoluments	Travel Allowances	Total
Ms CM Cronje' (Chairperson)	529 112	748	529 860
Ms LCZ Cele (Deputy Chairperson)	417 376	-	417 376
Mr GW Bell	165 139	-	165 139
Ms U Maharaj	194 491	677	195 168
Mr SK Mpungose	87 066	-	87 066
Mr MC Ngcobo	95 268	-	95 268
Mr ZC Ngidi (passed away on 29/08/2020)	75 611	-	75 611
Mr KS Shandu	190 081	-	190 081
Mr S Naidoo	105 923	-	105 923
	1 860 067	1 425	1 861 492

Committees of the Board

	Ordinary Board Committee	Audit, Risk and Compliance Committee	Human Resources, Social and Ethics Committee	Trade & Investment Committee	Total
Total Board fees - 31 March 2021	1 411 046	179 180	178 560	91 281	1 860 067

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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Non-Executive Directors - 31 March 2020

	Emoluments	Travel Allowances	Total
Ms CM Cronje' (Chairperson)	502 625	26 103	528 728
Ms LCZ Cele (Deputy Chairperson)	413 054	35 277	448 331
Mr GW Bell	136 925	-	136 925
Mr BD Dlamini (resigned 31 December 2019)	80 398	10 274	90 672
Dr VF Mahlati (resigned 30 May 2019)	6 056	-	6 056
Ms U Maharaj	168 578	51 105	219 683
Mr SK Mpungose	125 741	22 985	148 726
Mr MC Ngcobo	134 165	8 708	142 873
Mr ZC Ngidi	152 804	10 736	163 540
Mr KS Shandu	139 988	51 107	191 095
Mr S Naidoo	143 127	-	143 127
	2 003 461	216 295	2 219 756

Committees of the Board

	Ordinary Board Committee	Audit, Risk and Compliance Committee	Human Resources, Social and Ethics Committee	Trade & Investment Committee	Total
Total Board fees - 31 March 2020	1 621 715	181 271	104 348	96 127	2 003 461

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Executive managers remuneration is on a Total Cost to Company and includes travel allowances and medical contributions.

Executive Managers - 31 March 2021

	Salary	Medical aid	Travel and allowances	Performance bonus	Total
NST Matjie - CEO	2 415 901	-	92 605	-	2 508 506
Z Msomi - CFO (appointed 01 July 2020)	1 133 070	-	949	-	1 134 019
RN Ngcamu	1 368 136	106 716	13 222	-	1 488 074
C Moodley (appointed 01 May 2020)	1 368 834	58 440	27 493	-	1 454 767
ZMW Ngidi	1 359 018	-	-	-	1 359 018
	7 644 959	165 156	134 269	-	7 944 384

Executive Managers - 31 March 2020

	Salary and leave pay benefits	Medical aid	Travel and allowances	Performance bonus	Total
NST Matjie - CEO	2 408 901	-	249 756	253 706	2 912 363
L Nyamande - CFO (term ended 31 March 2020)	1 469 045	-	21 473	154 720	1 645 238
RN Ngcamu	1 385 807	81 262	171 184	154 700	1 792 953
LG Bouah (term ended 31 March 2020)	1 414 130	54 915	148 984	154 720	1 772 749
IM Miya (term ended 31 March 2020)	1 408 193	60 852	18 541	97 718	1 585 304
ZMW Ngidi (appointed 01 June 2019)	1 127 515	-	35 356	-	1 162 871
	9 213 591	197 029	645 294	815 564	10 871 478

21. Fruitless and Wasteful Expenditure

The entity did not incur fruitless and wasteful expenditure in the year ended 31 March 2021

22. Irregular Expenditure

Opening balance	-	351 838
Irregular expenditure incurred	109 550	412 214
Less: Approved condonation	(109 550)	(764 052)
	-	-

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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In the 2020/21 financial year, an amount of R109 550 was identified and deemed irregular expenditure in relation to the cleaning and hygiene services for the entity. In 2017 the entity entered into a cleaning contract with a company called Cleanspot for a period of two years. Towards the end of 2019 the entity started a new procurement process to appoint a new service provider of which only two service providers responded with their quotations exceeding R500 000. This necessitated that the process be redirected as a tender process instead of a quotation process. Whilst the tender process was ongoing, the entity explored the extension of the contract using 15% variation as per the Instruction Note 3 of 2016/17. The variation took the contract term to 31 March 2021.

In March 2021 the country was placed under the forced lockdown due to the COVID-19 outbreak. During the time no bids could be executed as there were no economic activities taking place. The entity engaged the Provincial Treasury to grant a further extension in view of the forced lockdown until such time that the entity was able to finalise its tender process. The Provincial Treasury did not respond on time until late in September 2020 at which the entity had already exceeded the 15% variation and, as a result, the expenditure was deemed irregular expenditure by the entity at year ended 31 March 2021. The irregular expenditure was subsequently condoned.

In the prior year ended at 31 March 2020, an amount of R351 838 was disclosed as irregular expenditure in the 2018/19 financial year. A further R412 214 was incurred in the 2019/20 financial year. The amounts related to the Gauteng office lease which was renewed as a single source and approved by the Accounting Officer. However, the total lease exceeded R500 000 and was supposed to be approved by the Provincial Treasury. Management rectified this matter in the 2019/20 financial year and the condonation of the irregular expenditure and the remaining period was approved by Provincial Treasury.

23. Budget Differences

Material differences between budget and actual amounts

The differences between budget and actual expenditure are mainly due to changes in prices, activities as well as foreign exchange differences. The changes are mainly noted in the following items: international travel, consultancy fees (project-specific) as well as subscriptions. Budget for project-specific consulting fees was materially underspent, this is due to the lengthy process of appointing a principal-agent to facilitate the rehabilitation of two tourism projects, Lilani Hotsprings and Bhanga Nek tourism sites and hospitality tourism skills development in Umhlabuyalingana. The process of appointing a principal-agent for Lilani Hotspring was finalised in prior year, 31 March 2020. Meanwhile the process of appointing a principal-agent to oversee the start of work at Bhanga Nek was delayed due to the national lockdown as a result of the COVID-19 outbreak. Other delays were attributed to lengthy consultation with the communities who have an interest in the tourism growth projects.

Other detailed explanations are provided in note 33.

Differences between budget and actual expenditure

There are differences between budget and actual amounts as the basis of preparation and presentation differ. The Annual Financial Statements for the entity are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. Budget is prepared on a cash basis and the details of the differences between actuals and approved budget are indicated in the statement of comparisons of budget and actual amounts.

Detailed explanations have been included in note 33.

Changes from the approved budget to the final budget

The changes in the approved budget appropriation for 2019/20 resulted from the approved roll-over of unconditional grants. Provincial Treasury approved R15 069 million as a roll-over from unconditional grants to provide technical support for business propositions, operational and marketing activities for the One-Stop-Shop facility, retention programmes to support distressed companies, development of textile and aquaculture feasibility studies, growth coalition and industrial conflict management, to support the establishment of the Halaal Hub in KwaZulu-Natal, construction of the tourism site projects and skills development, and development of local economic strategies for identified municipalities and township revitalisation strategy.

Year ended 31 March 2021

	Total budget	Final budget (adjusted budget)	Actual expenditure
Trade & Investment KwaZulu-Natal - Public Entity	81 915 000	96 984 000	84 611 902

Year ended 31 March 2020

	Total budget	Final budget (adjusted budget)	Actual expenditure (restated)
Trade & Investment KwaZulu-Natal - Public Entity	89 691 000	146 878 953	111 330 795

24. Financial Statements Preparation

The Annual Financial Statements were prepared on the basis of GRAP as required by the PFMA.

25. Contingent Liability

Contingent liability from retained surplus and roll-over funds	-	949 314
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Contingent liability from the retained surplus and roll-over funds in compliance with National Treasury no.12 of 2020/21, no contingent liabilities were disclosed at year ended 31 March 2021.

26. Reporting Period

The reporting period of the entity is for the 12 months ended 31 March 2021

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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27. Provisions

Reconciliation of provisions - 31 March 2021

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Pro-rata bonus provision and performance					
Bonus provisions	2 740 383	4 493 623	-	(2 740 383)	4 493 623
Long-service recognition award	20 000	-	(20 000)	-	-
	2 760 383	4 493 623	(20 000)	(2 740 383)	4 493 623

Reconciliation of provisions - 31 March 2020

	Opening balance	Additions	Utilised during the year	Total
Pro-rata bonus provision and performance bonus provisions	3 481 555	2 740 383	(3 481 555)	2 740 383
Long-service recognition award	-	20 000	-	20 000
	3 481 555	2 760 383	(3 481 555)	2 760 383

A provision of R2 246 812 for payment of the 2021/22 performance bonuses was recognised at year ended 31 March 2021. The timing and the total value of this provision was uncertain at year end as the process of staff performance assessment was not concluded by the organisation.

A prior year provision of R20 000 for long-service recognition for staff was paid in the period ended 31 March 2021.

An amount of R2 740 383 provided in the prior year (31 March 2020) for staff performance bonuses was reversed in the period ended 31 March 2021. The reversal of the provision for performance bonuses was informed by the pronouncement made by the KwaZulu-Natal Provincial Government to suspend the payment of the performance bonuses in the fight against the COVID-19 pandemic.

However, the payment for 2019/20 performance bonuses was later approved for payment in the 2021/22 financial period. A provision for R2 246 811 was made in this regard at 31 March 2021. The total amount of the provision was not certain at year end as the staff performance assessments were not yet finalised.

28. Other Revenue

Other income	774 508	168 705
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Other income comprises refunds from suppliers and approved sale of assets to staff.

29. Going Concern

The entity had an accumulated surplus of R3 087 489 for the year ended 31 March 2021 (31 March 2020, accumulated surplus of R1 558 881). The entity's total assets exceeded its total liabilities by R3 087 489 for the year ended 31 March 2021 (31 March 2020, total assets exceeded the total liabilities by R1 558 881). The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. To date EDTEA has committed to provide funding for the 2021/22 financial year in terms of the Medium-Term Expenditure Framework (MTEF) and signed MOU.

The prior year accumulated surplus was corrected as a prior period error as indicated in note 35.

30. Events After The Reporting Date

Events after the reporting date are classified into two categories, adjusting and non-adjusting.

Adjusting events after the reporting date

No adjusting events after the reporting date (31 March 2021) were noted.

Non-adjusting

The roll-over application was submitted in June 2021. However, this did not require any adjustment to the Annual Financial Statements of the entity

31. Financial Instruments

31 March 2021 - Total Financial Assets

	1 year or less	1 to 5 years	Total
TAF cash and cash equivalents	5 034 913		5 034 913
TIKZN cash and cash equivalents	23 899 723	-	23 899 723
NDT tourism projects cash and cash equivalents	12 667 672	-	12 667 672
Receivables	2 189 181	-	2 189 181
	43 791 489	-	43 791 489

31 March 2021 - Total Liabilities

	1 year or less	1 to 5 years	Total
Accruals and payables	27 188 355	-	27 188 355
Finance lease liability	46 833	148 910	195 743
	27 235 188	148 910	27 384 098

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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31 March 2020 - Total Assets

	1 year or less	1 to 5 years	Total
TAF cash and cash equivalents	1 948 197	-	1 948 197
TIKZN cash and cash equivalents	21 979 641	-	21 979 641
NDT tourism projects cash and cash equivalents	17 628 217	-	17 628 217
Receivables	2 837 928	-	2 837 928
	44 393 983	-	44 393 983

31 March 2020 - Total Liabilities

	1 year or less	1 to 5 years	Restated Total
Accruals and payables	28 859 571	-	28 859 571
Finance lease liability	7 423	-	7 423
Transfer to Treasury	3 048 000	-	3 048 000
	31 914 994	-	31 914 994

Credit Risk

The items indicated under trade and other receivables refer to subscriptions and rental prepayments in the leases for the Durban office and travel advance payments for staff business travel. The cash and cash equivalents are deposits which are placed with highly reputable financial institutions. These deposits comprise grants received from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and these grants are deposited as drawdowns every month. The entity limits its exposure by dealing with well-established financial institutions.

Liquidity Risk

The entity's exposure to liquidity risk is very minimal as it is 100% funded by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). The annual budgets are approved at the beginning of each fiscal year and drawdowns are requested on a monthly basis. Cashflows are monitored monthly and against budgets and adjustments are made where necessary. Risk management assessments are conducted bi-annually to assist with identifying any possible cashflows, liquidity or other risks.

Interest Rate Risk

Although the entity's funds are subject to interest rate risk, these funds are placed with reputable financial institutions. The entity does not hedge any of its funds but monitors the fluctuations in interest rates and obtains advice from bank officials on a regular basis. Although the Rand has fluctuated in recent months, the risks arising out of the decline in the Rand have not been passed on to the entity.

Currency Risk

Although the entity's funds that are placed with financial institutions may be subject to currency risk, this does not affect the cashflows of the entity as the majority of our liabilities are Rand denominated.

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32. Reconciliation of Amounts in Terms of GRAP 24

Year ended 31 March 2021

Actual amount on comparable basis in the budget and actual comparative statement

Operating activities	Financing activities	Investing activities	Total
513 806	(41 629)	(425 924)	46 253

Year ended 31 March 2020

Actual amount on comparable basis in the budget and actual comparative statement

Operating activities	Financing activities	Investing activities	Total
(7 442 740)	(24 734)	(717 004)	(8 184 478)

33. Actual Operating Expenditure Versus Budget Operating Expenditure

33.1. Government Grants and Subsidies

The entity was initially approved for the budget appropriation of R90,3 million for its planned operating activities and staff compensation costs. The outbreak of the COVID-19 pandemic resulted in the entity having to reprioritise its budget in response to the pandemic, which impacted negatively on the entity's budget allocation by a R13,432 million reduction.

The National Government issued a directive that all Government departments and public entities must surrender a portion of their budget appropriation in order to fight the spread of the pandemic, hence the reduction of budget.

The revised budget appropriation for the entity after the reduction was recorded at R76,9 million as the new allocation for the 2020/21 financial year, a further R5 million was received by the entity to support the development of SMMEs in the province. An approved amount of R15,069 million was rolled-over from the 2019/20 financial year for activities still in progress at year ended 31 March 2021.

An amount of R17,628 million for tourism projects was approved as part of the roll-over funds from the unspent conditional grants. The fund was received from the National Department of Tourism (NDT) to rehabilitate two sites for tourism attraction and skills development.

The entity received R81,915 million from EDTEA by the end of the financial year 31 March 2021.

33.2. Travel and Accommodation

Spending on subsistence and travel was low as a result of the COVID-19 pandemic and subsequent restrictions on travel and large gatherings.

33.3. Administration and Operational Costs

The budget for administration and operational costs, also considered as goods and services costs, was moderately spent based on the nature of expenditure which were not necessarily affected by the pandemic and ongoing in nature. Such spending included security costs, cleaning services costs, operating lease costs for the Durban and Gauteng office, costs relating to repairs and maintenance, external audit costs and others.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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Depreciation and amortisation for the period fall under this category and were recognised as non-cash items. The entity monitors the implementation of cost-cutting measures, through stringent monitoring of usage in respect of cellphones and telephones, colour printing and stationery. The rate of spending against these items was noted as low due to the number of vacancies in the entity. The low rate of spending was partly offset by higher data costs in respect of staff working from home due to COVID-19 lockdown restrictions.

33.4. Project-Specific Consultancy Fees

Apart from delays resulting from the lengthy consultation process with project promoters and communities, as well as delays experienced in the SCM process for the main projects, the COVID-19 pandemic further exacerbated the progress of these projects as the country went into lockdown, which resulted in the under-expenditure of this item. The progress on tourism revitalisation projects and skills development funded by the National Department of Tourism (NDT), as one of the main projects, were heavily impacted by the forced lockdown.

(a) Technical Assistance Fund (TAF)

A total amount of R1 413 284 was disbursed for TAF projects during the year ended 31 March 2021. A total amount of R1 004 782 was committed at the end of the year under review, 31 March 2021. The TAF budget was approved from the prior year surplus funds in order to meet the demand by companies for assistance from the entity.

(b) Clothing and Textile, and Aquaculture Feasibility Studies

An amount of R3 000 000 was committed by the entity for the following two feasibility studies:

- To conduct a site audit and analysis for development of the clothing and textile Special Economic Zone in KwaZulu-Natal in order to attract export-oriented clothing and textile manufacturing investment which will accelerate economic growth and create new jobs.
- To develop feasibility, business plan and conceptual designs for an aquaculture development site in KwaZulu-Natal. It has been established that aquaculture and fish farming contribute significantly to household income, nutrition, poverty alleviation and food security.

The entity recorded a total expenditure of R1 150 575 spent on the establishment of the Special Economic Zones to revitalise the clothing and textile sector.

(c) Business Rescue Fund

An amount of R2,9 million was approved by EDTEA as a conditional grant to assist KwaZulu-Natal companies in distress with turn-around strategies or technical support. An amount of R708 387 was spent after being approved by the Board of TIKZN to assist with a contingency water facility for Sumitomo Rubber South Africa, in Ladysmith. It is expected that the remaining balance will be utilised to support other companies already in the pipeline under financial distress and requiring assistance.

33.5 Export Development and Promotion

The export development and promotion programme provides export training support to emerging exporters and market access opportunities. The progress on export development and promotion initiatives was impacted by the outbreak of the pandemic and the national lockdown which delayed most of the export promotion projects.

33.6. Marketing and Communication

Budget for marketing programmes, such as promotional events and awareness campaigns for the advertisement of the One-Stop-Shop facility was not spent in full as it was initially anticipated. The planned marketing programmes were impacted by the national lockdown resulting from the outbreak of the COVID-19 pandemic.

33.7. Capital Costs budget

The capital costs budget was slightly overspent, mainly on computer equipment for new employees who had joined the organisation.

33.8. COVID-19 Expenses (PPE and Sanitisation Expenses)

The entity incurred expenses of R120 910 in the 2020/21 financial year related to COVID-19 protocols on a safe environment, such as personal protective equipment, sanitisation of offices and other protective measures. The COVID-19 pandemic is unprecedented and continues to cause a lot of uncertainty in the general economic outlook of the country and the entity.

34. Accounting by Principal-Agent Arrangements

The entity is a party to a principal-agent arrangement.

Details of the arrangement are as follows:

(a) National Department of Tourism (NDT)

The National Department of Tourism and Trade & Investment KwaZulu-Natal (TIKZN) agreed to regulate their working relationship in the implementation of tourism projects, namely: Lilani Hotsprings, Hospitality Skills Development and a Tourism Business Development Programme and Bhanga Nek Community Camps projects in accordance with the binding agreement entered into in the 2018/19 financial year.

The entity acts on behalf of the department in rehabilitation of the tourism sites at Lilani and Bhanga Nek, as well as the implementation of the tourism hospitality skills development and tourism business development projects. Refer to note 7 for expenses incurred on behalf of the principal.

(b) Department of Trade, Industry and Competition (the dtic)

As part of the Foreign Direct Investment (FDI) enabler to facilitate a reduction of potential administrative burdens, the entity and the department entered into a contractual working arrangement to set up a One-Stop-Shop facility as an inter-governmental clearing house to attend to challenges often encountered by investors.

The dtic agreed to make funding available to TIKZN towards the establishment of the One-Stop-Shop centre and binds itself to the provision of the binding agreement.

Trade & Investment KwaZulu-Natal undertook to construct and set up the operations of the facility, as intended, including marketing of the facility's activities.

Refer to note 7 for expenses incurred on behalf of the principal

(c) Department of Small Business Development (DSBD)

DSBD and TIKZN entered into a formalised and regulated working relationship to provide a relief fund to the Audio-Visual, Visual Art and, Craft and Design sector which was negatively impacted by the outbreak of the COVID-19 pandemic.

DSBD approved TIKZN as one of the qualifying institutions to implement the disbursement of the relief fund. Additionally TIKZN will also address challenges within the sector, such as production inefficiencies, barriers to access the market, and others.

Refer to note 7 for expenses incurred on behalf of the principal.

An amount of R226 345 will be received by TIKZN as a form of commission, as agreed upon by the two entities.

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35. Prior Period Error

(a) Accounting for Principal-Agent Transactions

Management of the entity, while preparing for the Annual Financial Statements for the year ended 31 March 2021, noticed that GRAP 109 which became effective in 2019 was not applied in the prior year. GRAP 109 deals with the recognition and disclosure of the principal-agent transactions. The prior period error is in connection with the non-recognition of the principal-agent transactions in respect of the National Department of Tourism and the Department of Trade, Industry and Competition binding agreements to which the entity is a party.

The prior period accounting errors affected payables from exchange transactions, unspent conditional grants, revenue, other operating expenses and payments to suppliers from cash flows from operating activities on the cash flow statements.

(b) 13th Cheque Bonus Liability

Management incorrectly classified the 13th cheque bonus liability as a provision instead of a payable. After investigation and consultation with the relevant Standard, management opted to reclassify the total amount of the 13th cheque bonus liability from being a provision to a payable. The effect of this decision resulted in a prior period error for the 2019/20 13th cheque bonus liability.

Payables from exchange transactions

According to statement of financial position as at 31 March 2020	-	8 602 059
Payables from principal-agent arrangement	-	19 793 743
13 th cheque bonus liability	-	463 769
	-	28 859 571

Unspent conditional grants

According to statement of financial position as at 31 March 2020	-	33 456 262
Payables from principal-agent arrangement	-	(19 793 743)
	-	13 662 519

Revenue

According to statement of financial performance for the year ended 31 March 2020	-	99 820 479
Revenue recognised in terms of GRAP 23	-	(3 792 160)
	-	96 028 319

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Other operating expenses

According to statement of financial performance for the year ended 31 March 2020	-	67 254 748
Principal-agent expenses	-	(3 792 160)
	-	63 462 588

Cash flow from operating activities

According to cash flow statement for the year ended 31 March 2020	-	61 987 938
Payments from principal-agent arrangement	-	(3 782 160)
	-	58 205 778

Provisions

According to statement of financial position as at 31 March 2020	-	3 224 153
13th cheque bonus liability	-	(463 769)
	-	2 760 384

(b) Assets - Prior Year Accumulated Depreciation

After embarking on a comprehensive exercise to reassess the useful lives of the assets, management took a decision to retrospectively adjust the financial statements by the omitted depreciation amounts for furniture and fittings, computer equipment and office equipment. The adjustment represented a prior period error which was accounted for at year end. The effect of the prior year adjustment resulted in the increase in accumulated surplus.

Accumulated surplus

According to statement of changes in net assets	-	1 558 881
Prior period adjustment from accumulated depreciation	-	865 875
	-	2 424 756

36. Conditional Grants to be Surrendered

An amount of R3 048 000 was transferred to TIKZN from EDTEA with the intention of allocating these funds to projects focusing on ICT manufacturing. Terms of funding and the allocation from EDTEA for the disbursements had not been defined.

A Memorandum of Agreement was not finalised with EDTEA and upon legal review of the project, it was deemed to have not complied with all the protocols. The amount was accordingly reclassified from unspent conditional grants and was refunded back to Treasury (refer note 8).

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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37. Irrecoverable Debts Written-off

(a) RBIDZ irrecoverable debt written-off (R126 529)

An amount of R126 529 was owed by Richards Bay Industrial Development Zone (RBIDZ) for the shared costs of the online subscription fees relating to the access to market research database. RBIDZ has a sole mandate to encourage local companies to take advantage of international export competitiveness. The entity reports to the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and is a related party to TIKZN.

In 2015 TIKZN and RBIDZ forged a partnership arrangement to access the database managed by the company called Quantec Research on a 50/50 cost-sharing basis of the annual subscription cost.

In 2020/21 RBIDZ rejected the 50% claim from the shared Quantec annual subscription fee submitted by TIKZN. The entity cited reasons that the basis in which the claims have been submitted could not be substantiated on their part and therefore will cease to make any related payments. The management of TIKZN subsequently resolved to approve the write-off of the debt as irrecoverable in nature when taking into account all the factors concerned.

(b) LDM Consulting Irrecoverable Debt Written-off (R78 249)

In the 2018/19 financial year, an amount of R78 249 was recognised as a debt against LDM Consulting, a company which was awarded a contract to construct a One-Stop-Shop facility for the entity. The main objective of this facility is to provide comprehensive and integrated Government services under one roof, such as VISA applications, business work permits, advisory services, company registrations, and other services.

The nature of the debt related to the duplicated amount paid in error in favour of the construction company. After engaging the management of LDM Consulting to have the money refunded it emerged that there were outstanding accounts for the work in connection with the installation of smoke and heat detectors in the facility.

It was resolved that the outstanding accounts be netted off against the duplicated payment and the remaining balance be refunded. The amount that was initially recognised as a debt against LDM Consulting was subsequently approved by management to be written-off as an irrecoverable amount at the year ended 31 March 2021.



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