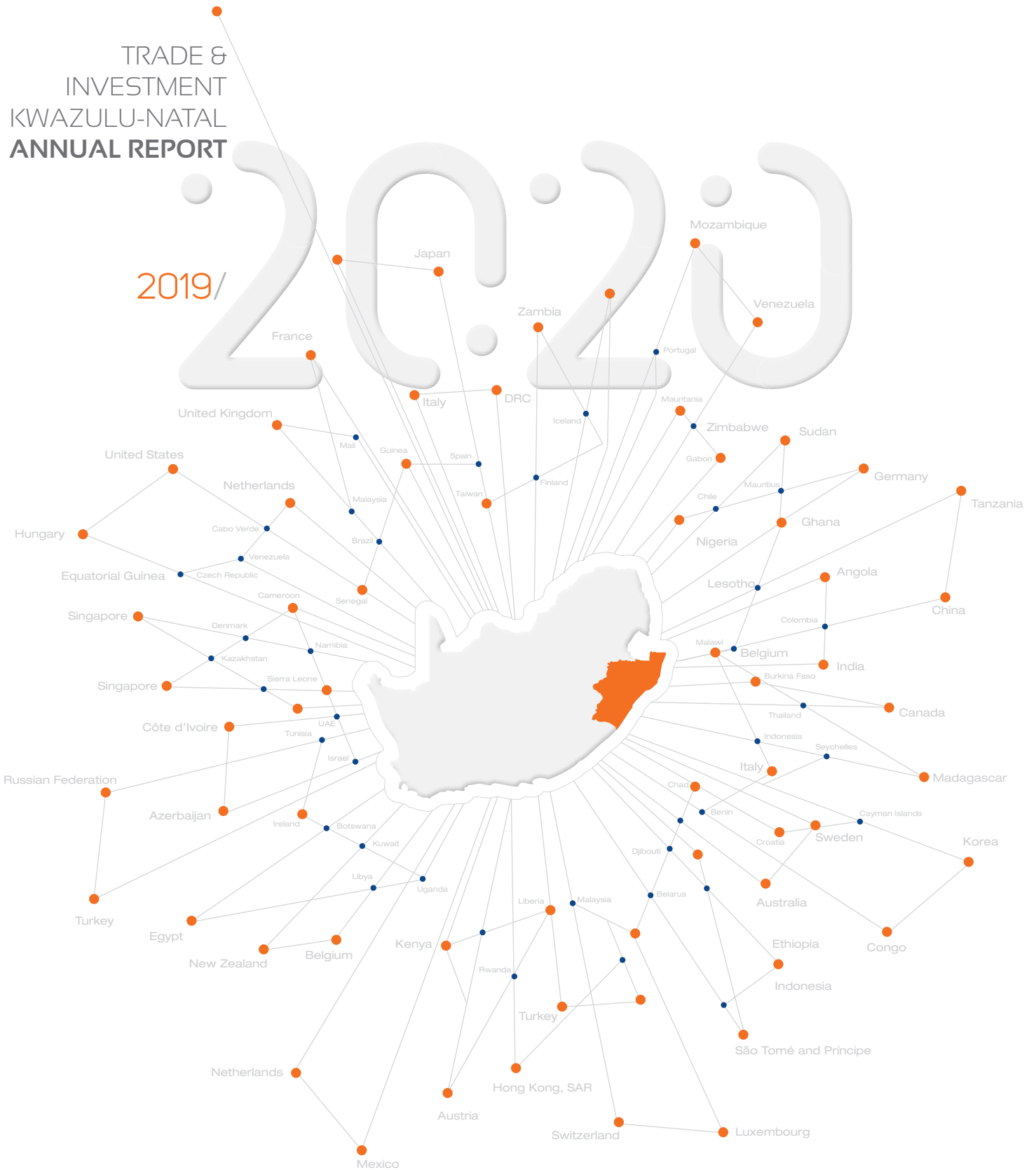
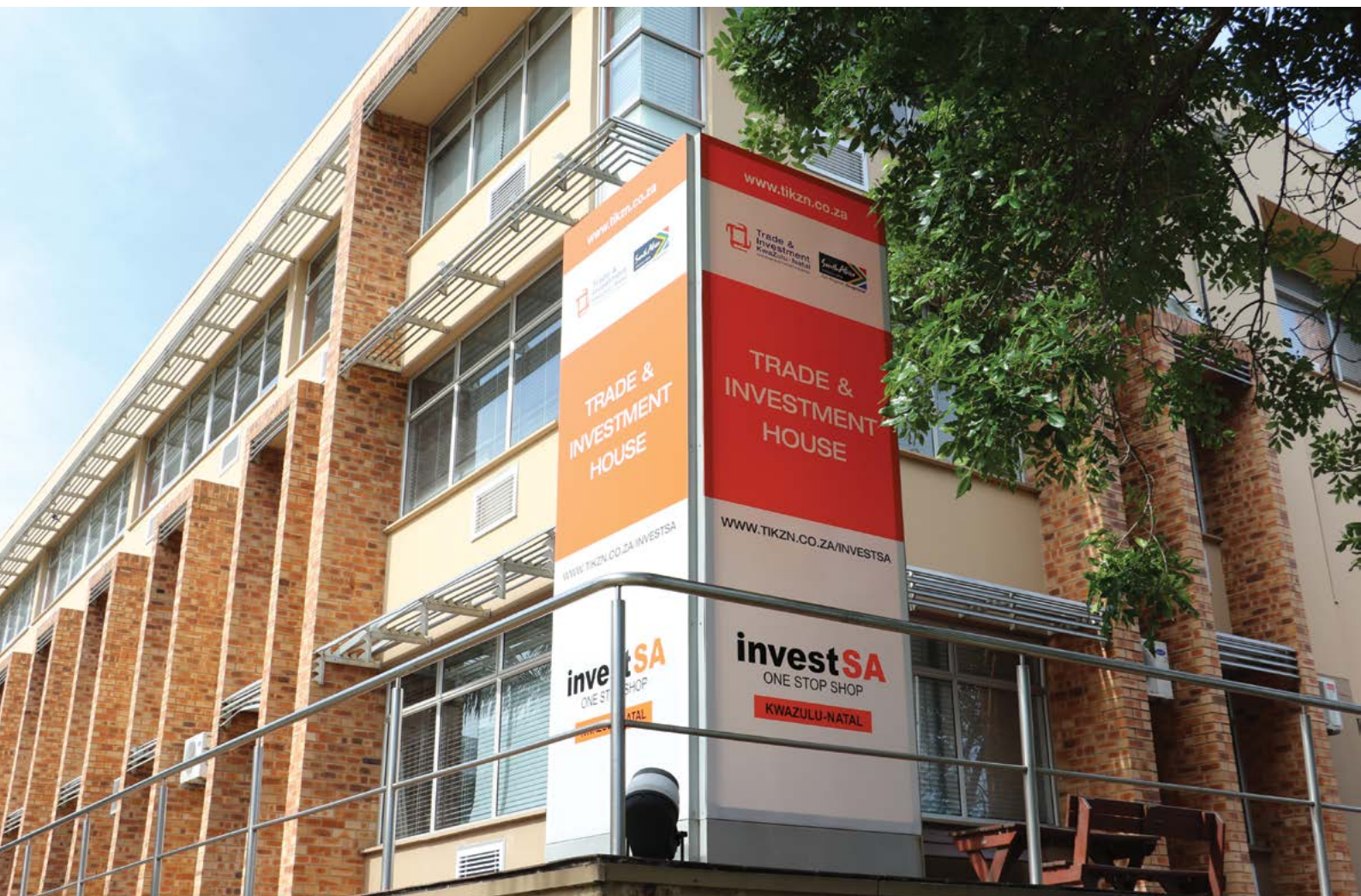


TRADE &
INVESTMENT
KWAZULU-NATAL
ANNUAL REPORT

2019/

2020





REGISTERED NAME: Trade & Investment KwaZulu-Natal

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AFS	Annual Financial Statements
A-G	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
dtic	Department of Trade and 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
GCC	Golf Co-operation Council
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



IPAP2	Industrial Action Policy Plan 2
IT	Information Technology
JSE	Johannesburg Stock Exchange
KMU	Knowledge Management Unit
KZN	KwaZulu-Natal
M&CU	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
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
- 06** Vision, Mission and Objectives
- 07** Legislative and Other Mandates
- 08** Organisational Structure
- 09** Management Structure

01 MEC'S FOREWORD

During the year under review, 2019/20, we recorded an increasing number of foreign investors who expressed an interest in investing in the Province of KwaZulu-Natal.

This was due to a conducive economic environment.

KwaZulu-Natal is an important hub of industrial development in sub-Saharan Africa, thanks to our rich natural resources and well-developed infrastructure.

Economic activities in the province are mainly concentrated in Durban and Pietermaritzburg, with significant contributions in the Richards Bay, Ladysmith, Newcastle and Port Shepstone.

Trade & Investment KwaZulu-Natal aggressively ensured that potential investors were directed to all corners of the province for the benefit of all the people of KwaZulu-Natal.

Trade & Investment KwaZulu-Natal identified nine prime targets for inward investment.

These included textiles, clothing, plastic products, chemicals (oil and gas), fabricated metal products, automotive components, wood and wood products, footwear, machinery and appliances.

In this province, we have primary and processed aluminum at world-competitive prices from local suppliers.

This is something that provides a real opportunity for investors in these sectors.

These are areas that Trade & Investment KwaZulu-Natal focused on

during the year under review.

It is important to note that the South Africa's Gross Domestic Product growth slowed from 1,3% in 2017 to an estimated 0,7% in 2018.

The medium-term outlook is, accordingly, weaker than projected in the 2018 MTBPS.

Economic growth was expected to reach 1,5% in 2019, rising to 2,1% by 2021.

Revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected, due to moderating global growth.

Consumer inflation has also been revised down, due to lower oil prices and food inflation than previously assumed.

Some of the investments that were pursued by Trade & Investment KwaZulu-Natal include the following:

- An investment of R200 million by Corobrick in a plant for the manufacturing of construction materials;
- An approximately R90 million investment by MCS Debt Recovery in the upgrading of a call centre operation located in uMhlanga;
- A R120 million investment by Connect BPS. This is a Business Process Outsourcing project located in Mt Edgecombe;
- An injection of R11 billion towards the creation of a Cato Ridge intermodal logistics hub;
- An investment of R63 million in a 100% black woman-owned dairy manufacturing, Good Life Foods (Pty) Ltd, in Howick; and



MS NOMUSA DUBE-NCUBE, MPL
MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND
ENVIRONMENTAL AFFAIRS

“Trade & Investment KwaZulu-Natal aggressively ensured that potential investors were directed to all corners of the province for the benefit of all the people of KwaZulu-Natal.”

- A focus on the R30 billion Finnenley Estate Project in Scottburgh. This is a multi-sectoral project that incorporates a residential estate, hospital, hotel development, airport and medical academic institution.

The One-Stop-Shop continues to play a critical role in terms of facilitating foreign direct investment.

We thank the Department of Trade and Industry for the co-operation extended.

Equally, we thank all other departments that are involved in this facility.

These include SARS, Home Affairs and the Department of Environmental, as well as other entities and municipalities.

We are inviting captains of industry and foreign governments to join us on a journey to create an equitable and prosperous province.

This is the vision of our former Presidents Oliver Reginald Tambo and

our beloved Tata Madiba, who voted for the first time in this province.

I wish to pay tribute to the Board, Chief Executive Officer, executive management and all categories of staff.



.....
Ms Nomusa Dube-Ncube, MPL
MEC for Economic Development,
Tourism and Environmental Affairs

“ We are inviting captains of industry and foreign governments to join us on a journey to create an equitable and prosperous province. ”



02 CHAIRPERSON'S STATEMENT

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

In line with this important role, 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 to enhance and package investment opportunities in accordance with the growth demands of investors with whom we interact, whilst at the same time giving due consideration to 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 exacting requirements of international standards. In this regard we must take cognisance of the fact that we operate within the context of Africa and other rising emerging markets, which are also becoming 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. By developing linkages with the resources sector we will be able to convert this comparative advantage into a distinct competitive advantage.

Going forward, Trade & Investment KwaZulu-Natal will consequently 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 our investment.

To this end, we will focus on markets with the highest potential for bringing investment into the province, whilst simultaneously strengthening trade within KwaZulu-Natal and South Africa, Africa and other relevant destinations.

There can be no doubt that our stated commitment to ongoing stakeholder engagement will prove to be key to unlocking trade and investment for KwaZulu-Natal.

The long-term outlook for growth in the South African economy is positive, 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 during this period.

KwaZulu-Natal, with a population of some 10,9 million people, accounted for 20% of South African society in 2014/15, but contributed only 16% to the Gross Domestic Product.

According to the latest available data, in 2014 the real economy (represented here by agriculture, mining, manufacturing and construction) made up 25% of KwaZulu-Natal's output.

The largest real economy sector was manufacturing, at 16% of the provincial economy, followed by agriculture at 3%, construction at 4% and mining at 2%.



MS INA CRONJE
BOARD CHAIRPERSON
TRADE & INVESTMENT KWAZULU-NATAL

“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.”

Together with the Provincial Government and sister entities, Trade & Investment KwaZulu-Natal must work to ensure that our province makes an ever greater contribution to the country's Gross Domestic Product.

Converting this thinking into reality requires innovative thinking and dedication to the cause in working tirelessly to remove existing constraints to economic growth, specifically the deep-seated inequalities and high rates of unemployment which still exist in our society.

Developing a more inclusive growth scenario, by providing the people of this province with the requisite skills, knowledge, access to markets and resources, together with the plethora of other opportunities to participate meaningfully in the economy, will unlock the vigour and vitality necessary for us to realise our true potential as the people and the province of KwaZulu-Natal.

APPRECIATION

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 2019/20 financial year.

We are especially thankful to the MEC for Economic Development, Tourism and Environmental Affairs, Ms Nomusa Dube-Ncube, for her unstinting interest in and support for our organisation and the business activities it undertakes on behalf of the Provincial Government.

I further take the opportunity to extend my personal appreciation to each and every member of our Board for their wise counsel and commitment in ensuring that we fulfil our mandate, through responsible and well-considered decision-making regarding the strategic direction of Trade &

Investment KwaZulu-Natal.

Lastly, to our Chief Executive Officer and staff, I thank you most sincerely for once again holding the fort during these trying times.

Your enthusiasm and commitment to our province is greatly appreciated.

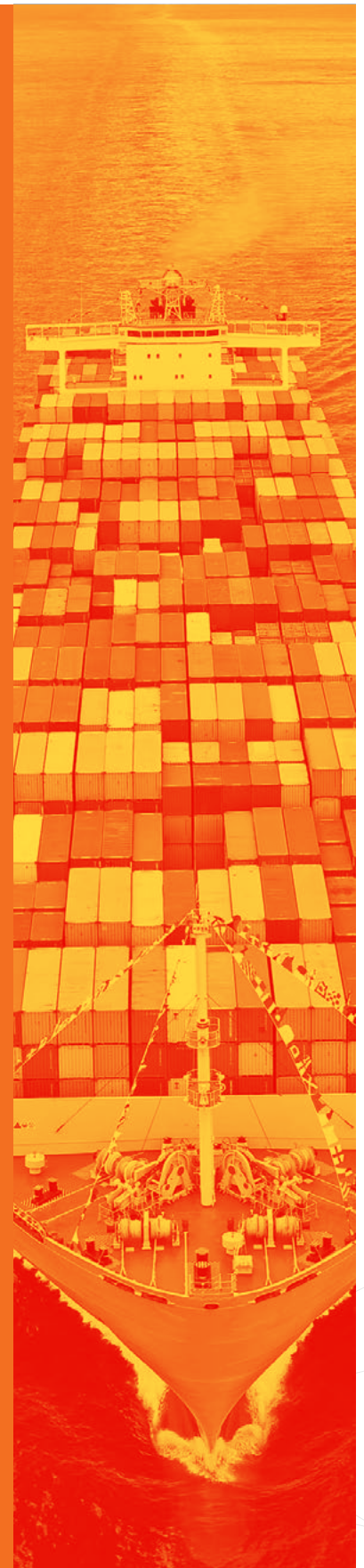
CONCLUSION

Finally, fostering an environment conducive to attracting and retaining foreign direct investment and export expansion is essential to our efforts to attain and sustain inclusive economic growth and creating new employment opportunities.

In pursuit of this quest, we recognise that, within the broad trade and investment landscape, Trade & Investment KwaZulu-Natal has the capability, experience and drive to be a critical catalyst in unlocking economic growth.



.....
Ms CM Cronjé
Chairperson



03 CHIEF EXECUTIVE OFFICER'S REVIEW

Reflecting on the 2019/20 financial year and the work of Trade & Investment KwaZulu-Natal during this most challenging period for KwaZulu-Natal, ensuring our relevance and effectiveness may be put down to the partnerships we have created with industry and key departments. Trade & Investment KwaZulu-Natal's agility and effectiveness in working together with our partners across different Government structures, and between Government and the private sector to find solutions, has proved crucial. This has not been an easy task, but is one essential to overcoming the many complex hurdles our economy faces.

Trade & Investment KwaZulu-Natal is well positioned and has ably demonstrated its ability to facilitate this 'partner to deliver' approach. We are also able to provide a platform for collaboration with Government, through the InvestSA One-Stop-Shop. In this regard, we are mandated by Provincial Government to provide a single platform, with a value proposition to investors and traders, in the marketing of KwaZulu-Natal to investors and traders. In addition, we represent a number of projects funded by the National Department of Tourism and the InvestSA One-Stop-Shop.

In essence, we work together as 'Team South Africa' in the common quest to grow our economy. It is because of this institutional set-up, together with our Board and staff's commitment to the principles of collaboration and partnership, that we have registered successful achievements against set targets.

The Coronavirus pandemic, which had its roots in the city of Wuhan, China, and manifested itself towards the end of 2019 has caused untold suffering

across the globe. The virus has spread swiftly and dangerously, affecting and infecting almost every country and, thereby, resulting in a global economic crisis; a crisis threatening the lives of people and wreaking havoc on the both developed and developing countries alike. Globally, infection numbers and deaths associated with the virus continue to rise, resulting in the need for drastic measures, inclusive of travel bans, lockdowns within countries, regions and cities, and the closure of schools and tertiary institutions. Looking to the new financial year, the organisation will re-prioritise its operations in order to create a new and impactful strategy.

During the year under review, the pace of global economic activity remained weak. The momentum in, especially, manufacturing activity, narrowed to levels unseen since the global financial crisis of 2008-09. Rising trade and geopolitical tensions increased uncertainty about the future of both the global trading system and international co-operation generally, taking a toll on business confidence, investment decisions and global trade activities.

A notable shift toward increased monetary policy accommodation through both action and communication did, to some extent, cushion the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector supported employment growth.

The global COVID-19 pandemic has inflicted a high and rising human cost world-wide, whilst necessarily harsh protection measures globally and in South Africa have rapidly and severely impacted economic activity. As a consequence of the pandemic, expectations are for a global economic



MR NEVILLE MATJIE
CHIEF EXECUTIVE OFFICER

“Trade & Investment KwaZulu-Natal's agility and effectiveness in working together with our partners across different Government structures, and between Government and the private sector to find solutions, has proved crucial”

contraction, by -3% in 2020, a great deal worse than was experienced in the 2008–09 financial crisis.

In a baseline scenario - which assumes the pandemic fades in the latter part of 2020, so enabling containment efforts to be gradually unwound - the global economy is not projected to show much growth in 2021, as economic activity normalises, assisted by policy support.

It must be said, though, that in spite of prevailing economic and political uncertainty, South Africa remains the largest hub of foreign direct investment on the continent, according to the latest Ernst & Young Inc. Africa Attractiveness Report, which covers foreign direct investment in 46 African countries and considers factors such as employment creation and foreign direct investment projects.

From a project perspective, South Africa has maintained its position as the continent's leader with a 6,9% increase in foreign direct investment projects from 2015. KwaZulu-Natal, with this country's second largest provincial economy, has remained resilient and has, on average, outperformed the national economy in recent times.

Agriculture, manufacturing, tourism, construction and logistics have shown themselves to be key drivers of the provincial economy and the subdued economic outlook makes it unlikely that provincial Gross Domestic Product will deviate significantly from the projected growth for 2017 of 1,2%.

OPERATIONAL REVIEW AND FINANCIAL YEAR HIGHLIGHTS

During the year under review, Trade & Investment KwaZulu-Natal successfully committed new investment projects valued at R2,76 billion. These investments are set to realise more than 3 845 new employment opportunities within KwaZulu-Natal.

In addition, the Trade Promotion Unit exceeded its upper-band target through

assisting 110 KwaZulu-Natal-based companies to access intra-trade opportunities, whilst a further 153 local enterprises were assisted with provincial and national export incentives. Significantly, more than 176 KwaZulu-Natal-based export companies participated in Trade & Investment KwaZulu-Natal-co-ordinated export development programmes.

Many of this unit's missions were undertaken jointly or in collaboration with the National Department of Trade, Industry and Competition. They also played a key role in the successful KwaZulu-Natal Annual Export Week and further engendered a platform for engagement between the global Halaal industry.

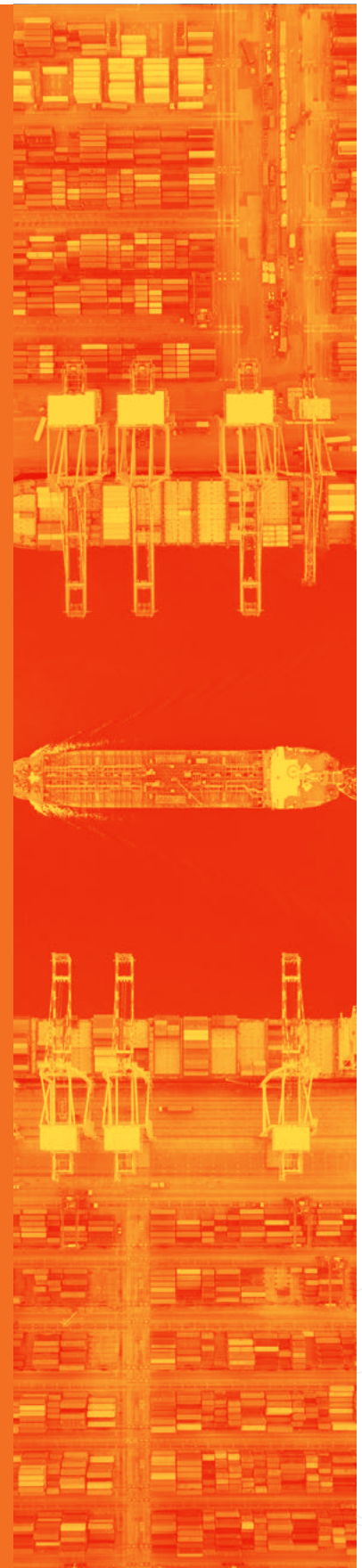
Company retention and facilitation services, aimed at supporting business expansion initiatives, saw the organisation facilitate an exceptional R2,21 billion in company expansion projects, with 2 371 new employment opportunities being created by existing businesses during the 2019/20 financial year.

KZN Investment Conference and Investor Awards

- During the year under review, Trade & Investment KwaZulu-Natal hosted the inaugural Investment Conference and Investor Awards, aimed at recognising and encouraging investors who have displayed confidence in our province by investing and remaining in KwaZulu-Natal in spite of challenges related to sound economic growth.

The conference focused on the provinces' aerotropolis masterplan launch and prompted several potential investors to attend, resulting in a number of projects developed, qualified and now forming part of Trade & Investment KwaZulu-Natal's catalytic projects pipeline.

Being in a position to tell a good story is key to attracting investment and, importantly, the companies which entered and, especially, the award-winning enterprises are KwaZulu-Natal's success stories. Moreover, the



03 CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

organisation was intent on further raising the profiles of these companies, building enhanced relationships through recognition of efforts made and commitment displayed, as well as identifying concerns and developing interventions to assist them grow and re-invest in this province.

Halaal Hub Initiative Launch - Trade & Investment KwaZulu-Natal, together with its strategic partners, launched the Halaal Initiative during the review period, introducing yet another strategic project in the province, and one whose aim is to expand the sector, thus unlocking additional new opportunities within the Halaal environment and, ultimately, enabling the establishment of additional sustainable employment opportunities.

Youth Business Indaba - During the review period, Trade & Investment KwaZulu-Natal hosted the inaugural Youth Business Indaba. This event set-out to expose the young people of KwaZulu-Natal to available business opportunities, whilst also serving to create an opportunity for participants to network with representatives of the organisation, as well as specialists from Government and private sector entities, with a focus on funding, export, trade and investment opportunities.

The 2019 event theme was 'Access to Finance and Project Support,' bringing into sharp focus funding options available to both the province's young and more established entrepreneurs.

ISO 9001 Accreditation - The 2019/20 financial year witnessed Trade & Investment KwaZulu-Natal's success in being awarded ISO 9001:2015 Quality Management Systems Certification, regarded as the world's leading quality business standard. In so doing, the organisation joined the international database of International Organisation of Standardisation-certified companies.

The said standard is based on a number of quality management principles, inclusive of a strong customer focus, and employing a mindset and approach of continual improvement.

APPRECIATION

I would like, on behalf of the executive team and members of staff, to take this opportunity to extend my thanks to the KwaZulu-Natal Provincial Government and, more especially, the MEC for Economic Development, Tourism and Environmental Affairs, Ms Nomusa Dube-Ncube, for the

support and encouragement afforded to our organisation during the 2019/20 financial year.

In addition, I extend my sincere appreciation to the decisive leadership of Trade & Investment KwaZulu-Natal's Chairperson of the Board of Directors, Ms Ina Cronjé, who is results-driven and wants the best for KwaZulu-Natal.

Her astuteness, wealth of business experience in both Government and private sector circles has, in no small measure, made an impact on the growth and development of the organisation, supported most ably by members of the Board, whose collective business acumen has contributed to taking the organisation to new heights, for the benefit of the provincial economy.

Finally, my most grateful thanks goes to the executive management and staff of Trade & Investment KwaZulu-Natal. It is a pleasure to head an organisation whose workforce displays such professionalism and passion for the task of growing our province's economy.

CONCLUSION

I would conclude by re-affirming Trade & Investment KwaZulu-Natal's commitment to promoting available investment opportunities here, ensuring that in moving forward, we seize every opportunity to robustly market KwaZulu-Natal as the leading investment destination in South Africa.



.....
Mr Neville Matjie
Chief Executive Officer



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 2020.



.....
Mr NST Matjie
Chief Executive Officer



.....
Ms Zama Msomi
Chief Financial Officer

05 STRATEGIC OVERVIEW

Operating in globally competitive markets, Trade & Investment KwaZulu-Natal is internationally acclaimed for positioning South Africa and KwaZulu-Natal as world-class investment destinations, while at the same time creating substantial and sustainable export opportunities for locally-based industries.

Trade & Investment KwaZulu-Natal, the province's trade and inward investment agency is responsible for promoting KwaZulu-Natal as a leading investment destination and for the facilitation of trade by way of offering assistance to locally-based business enterprises regarding access to new international markets.

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

Competition for Foreign Direct Investment is hugely intense and requires that Trade & Investment KwaZulu-Natal employ a team of specialists and professionals in the fields of investment promotion, strategy, research, project management, finance, marketing and human resources.

It is committed to developing in KwaZulu-Natal an operating environment conducive to business development and which has the ability to attract both local and international investors and traders by maximising the distinct competitive advantages this province enjoys and which give it the edge as a prime trade and investment destination in the international arena.

Strategically located on South Africa's East Coast, KwaZulu-Natal 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... a crucial gateway to rapidly emerging sub-Saharan economies and markets.

KwaZulu-Natal delivers:

- Superb natural resources;
- Exceptional productive capacity;
- Highly developed first-world infrastructure;
- A valuable coastal location, featuring both 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 aerropolis, or airport city; and
- An enviable lifestyle, complemented by an idyllic climate.

KwaZulu-Natal provides for a wide range of economic activities, including the capital-intensive manufacturing, transport, storage, communications, finance, business services, agriculture, forestry, fishing and accommodation sectors.

Against this background, Trade & Investment KwaZulu-Natal sets out to promote all the province's competitive advantages. In so doing, it is able to leverage an ever-increasing share of the world's investment market.

Its ultimate goal is, therefore, to facilitate the establishment of both new local and foreign investment, to actively support the retention and expansion of existing businesses here and to provide professional after-care services to 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 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:

- Retain and ensure the competitiveness of KwaZulu-Natal companies;
- Support KwaZulu-Natal companies in distress;
- 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 service 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 of 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 BOARD STRUCTURE

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 ZC NGIDI
Chairman of the
Human Resources
Social and Ethics
Committee



MS U MAHARAJ
Member



MR SK MPUNGOSE
Member



MR S NAIDOO
Member



MR MC NGCOBO
Member



MR K SHANDU
Member



MR BD DLAMINI
Resigned
31 December 2019



DR. VF MAHLATI
Resigned
30 May 2019



MR NST MATJIE
Chief Executive
Officer



MS L NYAMANDE
Chief Financial Officer
(Contract ended 31
March 2020)



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



MS B MAPISA
Shareholder
Representative



MS F PUPUMA
Shareholder
Representative



MS NNC GUMBI
Company Secretary

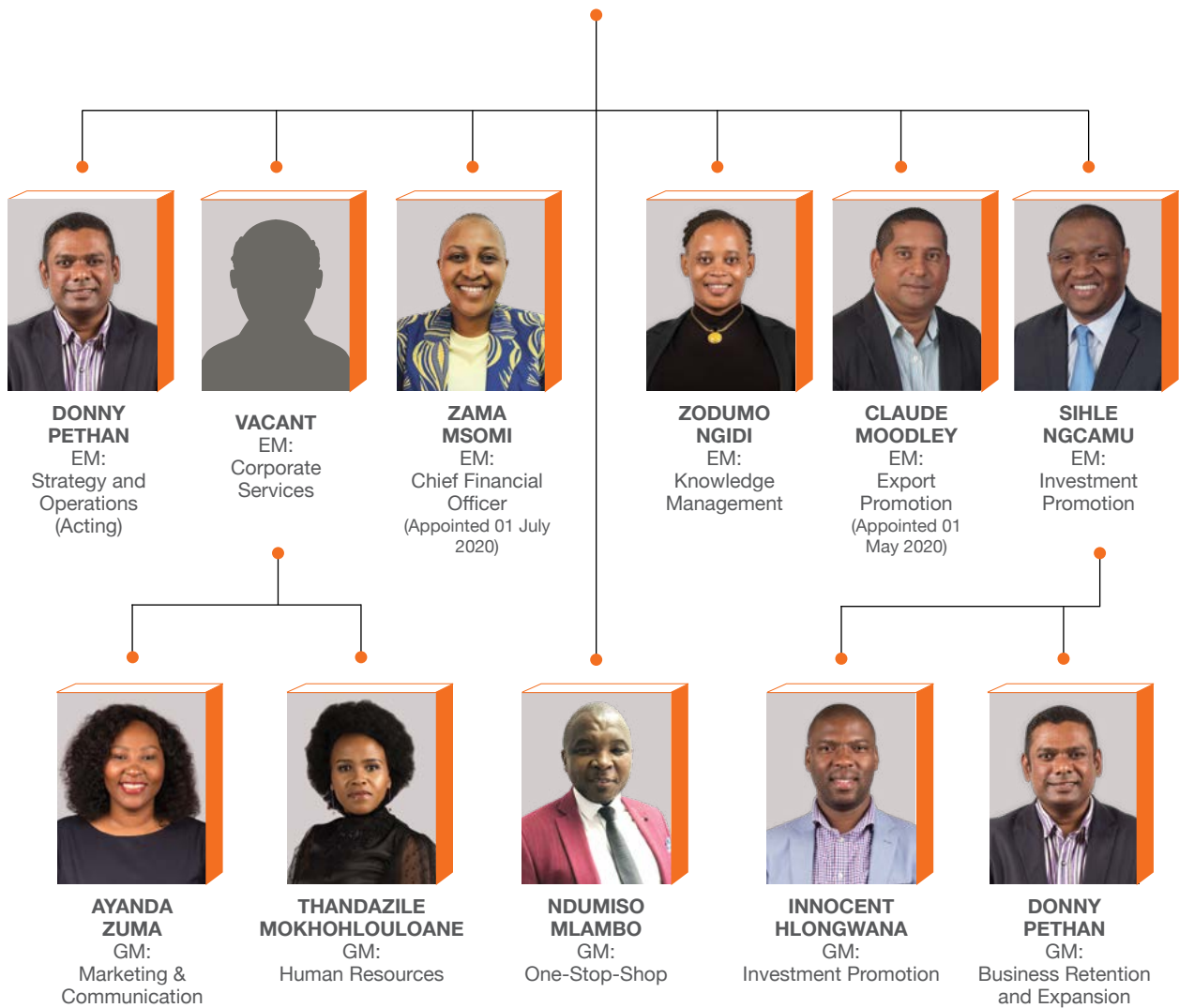
The Chief Executive Officer and Chief Financial Officer are Ex-Officio members of the Board

09 MANAGEMENT STRUCTURE

MANAGEMENT TEAM



NEVILLE MATJIE
Chief Executive Officer



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

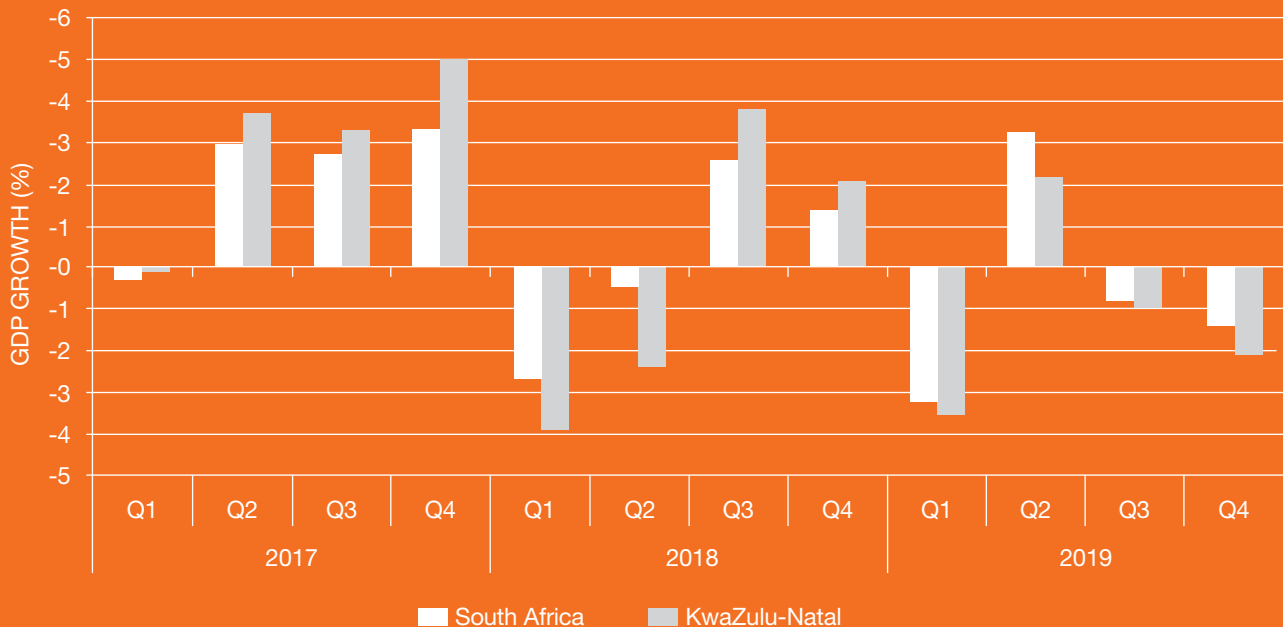
The Auditor-General of South Africa currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with 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

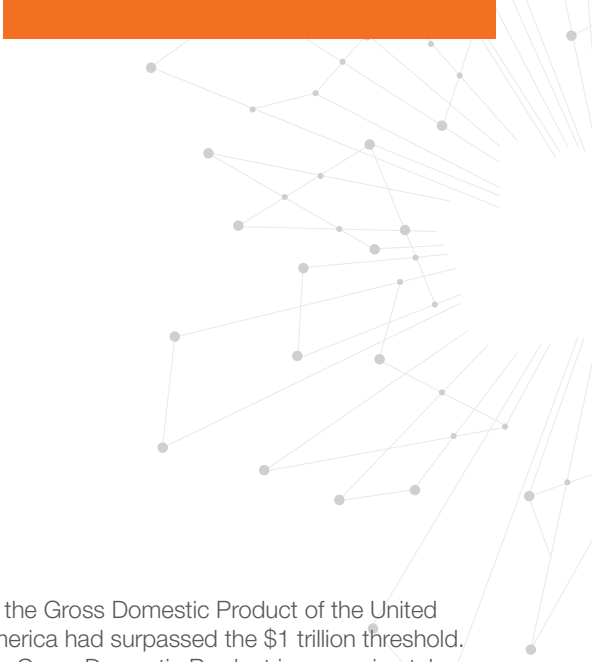
The South African economy entered into a technical recession in the last half of 2019, following a 1,4% contraction of the economy in the fourth quarter, after the economy shrank by 0,8% (revised) in the third quarter. This is the country's third recession since 1994, with the worst economic recession occurring during the period

2009/10. The second recession occurred in the first half of 2018 - largely attributed to power outages. The national Gross Domestic Product growth rate averaged at 0,3% in 2016, the lowest since the global financial crisis of 2008. The post-crisis period has been characterised by a consistent economic slump, such that the economy could not reach its potential growth, realised prior to the financial crisis, that was envisioned in the National Development Plan. Gross Domestic Product growth in South Africa and KwaZulu-Natal follow a similar trend. Since 2010, both the national and provincial economy experienced a constant decline, only recovering slightly after 2016. KwaZulu-Natal's GVA grew at a compound average annual growth rate of 1,6% from 2012 to 2017, which is 0,1% higher than South Africa's CAAGR. The economies of the Western Cape, the Northern Cape and Gauteng all grew at a higher CAAGR over the 2012 to 2017 period, at 1,8%, 1,7% and 1,8% respectively.

Figure 1: Annualised Quarter-on-Quarter GDP Growth, South Africa and KwaZulu-Natal, 2017-2019



Source: Stats SA and Quantec, 2020



KwaZulu-Natal's economic growth correlates with South Africa's economic growth. Accordingly, the province's economy contracted by 2,1% in the fourth quarter of 2019. This decline in growth will make it extremely difficult for the province to create the number of job opportunities it anticipates.

According to the South African Revenue Service merchandise trade statistics, in 2019 South Africa exported R1,3 trillion and imported R1,27 trillion worth of goods, with Asia being the country's biggest net trading partner. Of this, China accounted for R138,7 billion (10,7%) of exports and R235,1 billion (18,5%) of imports. The top three export categories from South Africa to China in 2019 were Mineral Products at 73% (R102 billion), Products Iron and Steel 14,3% (R20 billion) and Vegetables at 2,8% (R4 billion). The top three import categories were Machinery at 43% (R111 billion), Textiles at 9,3% (R22 billion) and Products Iron and Steel at 8,3% (R19 billion). The graphs and tables below provide an illustration of the extent of this trade relationship and possible consequences of any disruption.

When a crisis occurs, such as the Covid-19 pandemic, and a country like China is literally taken out of the equation, even if only temporarily, it can have very serious consequences for trading partners, if they lack an effective methodology for identifying alternative markets and sources of supply. Established global value chains are also disrupted when a dominant player like China is compromised. Given its strong trade and investment links with China, South Africa is currently very vulnerable. The world is extremely exposed to China as an export destination and supplier and while Covid-19 may be regarded in some circles as a transient event, it will have a permanent impact on China's role in world production and trade. As a result of the crisis, many countries will realise that over-reliance on China is a sub-optimal strategy and diversity would be required, if they wish to avoid a repeat of current upheavals. This will consequently have significant implications for business-planning and policy-making in South Africa.

At this stage, it is almost impossible to quantify the full economic impact of Covid-19 because China is entwined with so many industries. To put this into perspective: in 1970, China's Gross Domestic Product was less than \$100

billion, while the Gross Domestic Product of the United States of America had surpassed the \$1 trillion threshold. Now, China's Gross Domestic Product is approximately \$14 trillion, due largely to its dominance in value chains across the world¹. By their very nature, supply chains collapse quickly, because each part of the chain relies upon other parts to add to its value. They are less robust under extreme conditions, particularly when critical pieces of the production process are missing. For example, it does not help to have the circuit components of the iPhone lined-up, if the glass screens cannot be produced. It would now appear that for the first time since World War II, the global economy faces the possibility of a true decoupling of multiple trade connections, particularly when the effect of the current trade war between the USA and China is combined with the implications of the Covid-19 outbreak².

According to Dun and Bradstreet (2020), the new Coronavirus outbreak could impact more than 5 million businesses world-wide. The affected areas with 100 or more confirmed cases contain more than 90% of all active businesses in China, and around 49 000 businesses in these regions are branches and subsidiaries of foreign companies.

Almost half of the companies with subsidiaries in impacted regions are headquartered in Hong Kong, while the USA accounts for 19%, Japan 12% and Germany 5%³. Furthermore, at least 51 000 companies world-wide - 163 of which are in the Fortune 1000 - have one or more direct "tier 1" suppliers in the impacted region, while at least 5 million have one or more "tier 2" suppliers there. The impacted provinces of Guangdong, Jiangsu, Zhejiang, Beijing and Shandong account for 50% of total employment and 48% of total sales volume for the Chinese economy. The Chinese economy constitutes around 20% of global Gross Domestic Product and analysts estimate that if containment of the outbreak is delayed beyond the summer, the 'cascading effect' might cause a drag of around one percentage point on global Gross Domestic Product growth⁴.

Improved Municipal management and service delivery, infrastructure upgrades and political stability are necessary to stimulate growth in KwaZulu-Natal.

¹<https://www.marketwatch.com/story/if-the-coronavirus-isnt-contained-a-severe-global-recession-is-almost-certain-2020-02-24>

²<https://www.bloomberg.com/opinion/articles/2020-02-25/coronavirus-could-cause-sudden-collapse-of-global-supply-chains>

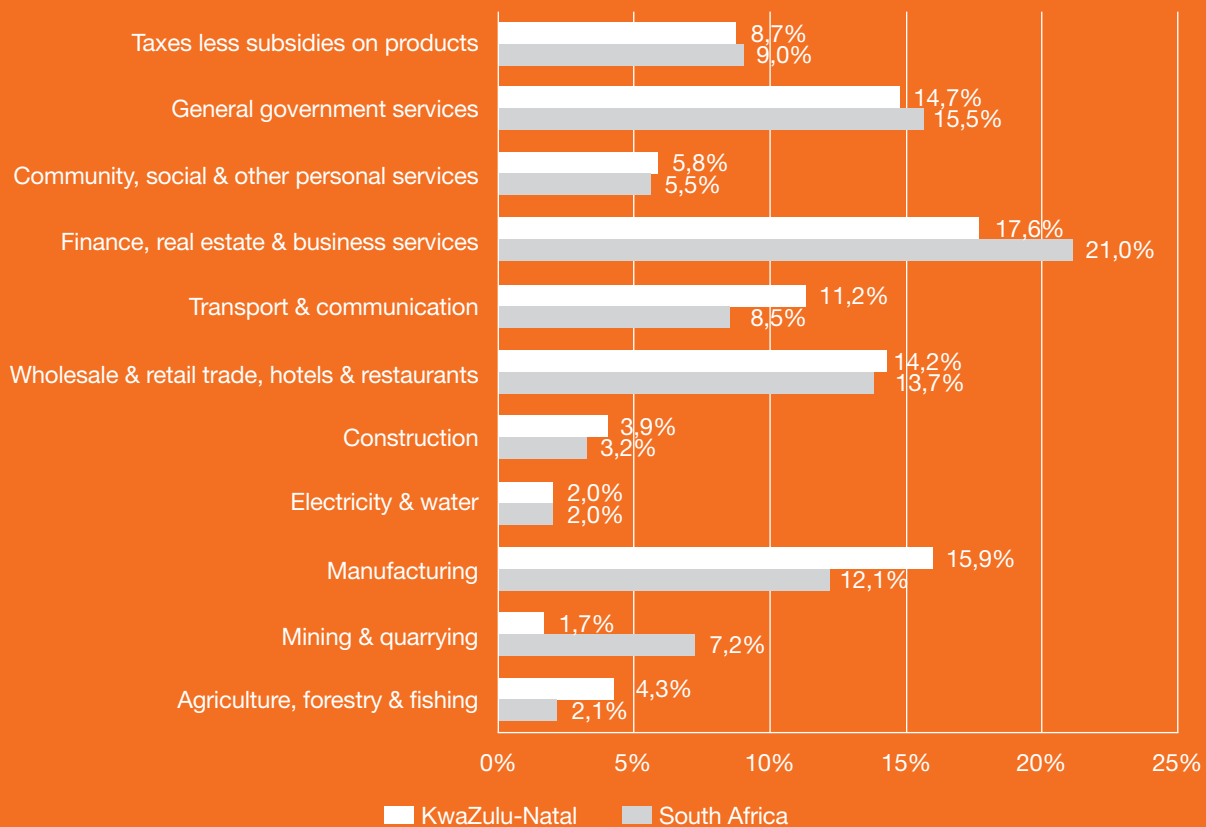
³<https://www.cnbc.com/2020/02/17/coronavirus-could-impact-5-million-companies-worldwide-research-shows.html>

⁴<https://www.cnbc.com/2020/02/17/coronavirus-could-impact-5-million-companies-worldwide-research-shows.html>

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OVERVIEW OF THE ECONOMIC ENVIRONMENT continued

Figure 2: Sectoral Concentration (%) to GDP: 2019



Source: Quantec Research, 2020

Economic growth in KwaZulu-Natal has deteriorated considerably since 2011, when it recorded a broad-based average growth rate of 3,7%. In 2017, the provincial economy grew moderately, by a seasonally adjusted 1,4%, rising from a disappointing 0,7% recorded in 2016.

Finance, mining and personal services are the only industries that experienced positive growth, but this was not sufficient for the economy to realise growth. Finance was the main positive contributor to growth (0,6 of a percentage point) and it realised the highest growth (2,7%). Indeed, this industry has realised positive growth for the past 10 years.

The South African economy is becoming more orientated towards services, given that sectors such as finance, Government and wholesale trade have, in the past 10 years, become drivers of economic growth.

There remain a few sectors which drive economic growth in KwaZulu-Natal and by, all accounts, in South Africa, and these are reflected in the abridged table adjacent.

Table 1: Sector Contribution to GDP, South Africa and KwaZulu-Natal, 2018 Q4 & 2019 Q4

Industry	South Africa				KwaZulu-Natal			
	2018:Q3	2018:Q4	2019:Q3	2019:Q4	2018:Q3	2018:Q4	2019:Q3	2019:Q4
Agriculture, forestry and fishing	13,7	7,9	-4,5	-7,6	14,0	7,9	-5,1	-8,4
Mining and quarrying	-8,9	-3,8	-6,1	1,8	-9,3	-4,1	-6,2	1,8
Manufacturing	7,5	4,5	-4,4	-1,8	7,5	4,5	-4,5	-1,9
Electricity and water	0,8	0,2	-4,9	-4,0	1,1	0,7	-4,0	-2,9
Construction	-1,7	-0,7	-6,9	-5,9	-2,1	-0,6	-5,6	-4,2
Wholesale & retail trade; hotels & restaurants	3,4	-0,7	2,6	-3,8	3,3	-0,7	2,7	-3,7
Transport and communication	6,8	7,7	-5,4	-7,2	6,9	7,8	-5,4	-7,3
Finance, real estate and business services	2,1	2,7	1,6	2,7	2,1	2,6	1,6	2,7
Community, social and other personal services	0,6	1,7	0,4	0,7	0,6	1,8	0,4	0,7
General government services	1,9	-0,6	2,4	-0,4	1,9	-0,6	2,5	-0,3
GDPR at market prices	2,6	1,4	-0,8	-1,4	3,8	2,1	-1,0	-2,1

Source: Quantec, 2020

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT

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

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

Each of the organisation's Business Units comprises a professional team of staff members, responsible for implementing identified strategic indicators so as to ensure the achievement 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 & Operations, the One-Stop-Shop Investment Centre & Advocacy, and the Gauteng Office).

Trade & Investment KwaZulu-Natal's 2019/20 budget, approved by the Department of Economic Development, Tourism and Environmental Affairs for the current medium-term expenditure framework, totalled R125,27 million.

This included 2019/20 appropriation of R89 691 000, approved virement of R12 630 000 and approved roll-overs of R22 952 000.

Such funds are managed and expended in line with the Public Finance Management Act and Treasury Regulations. The Board has ensured that it has aligned Trade & Investment KwaZulu-Natal's vision, mission and strategic objectives with the five-year plan.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

Strategic Outcome-orientated Goals:

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

These encompass 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.

Trade & Investment KwaZulu-Natal's key organisational strategic objectives are contained within four programmes, each with measurable indicators.

Programmes include:

- Corporate Services;
- Investment Promotion and Facilitation;
- Export Development and Promotion; and
- Strategy & Operations, Advocacy, Knowledge Management, One-Stop-Shop and 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.

01. MARKETING AND COMMUNICATIONS

To market and position KwaZulu-Natal as the preferred trade and investment destination					
Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of public relations programmes and advertising campaigns to market and enhance the visibility of the KwaZulu-Natal Province	34	40	62	22	Trade & Investment KwaZulu-Natal hosted three new events, its normal annual events, as well as playing a major partner role in other key stakeholder events, attracting great interest from the media. The relationship between the entity and media is one in which the entity has taken a keen interest, so as to maximise media exposure. This resulted in the entity exceeding the indicator target
Number of domestic and international marketing activations conducted and enhanced participations in existing platforms, including those in partnership with Destination Marketing	New	8	17	9	During the period under review, Trade & Investment KwaZulu-Natal participated in international platforms, such as the World Forum for Foreign Direct Investment, the Annual Investment Meeting and Tourism Africa Indaba, amongst others. The organisation also championed a number of events, such as the KwaZulu-Natal Export Week, the KwaZulu-Natal International Investment Conference, the inaugural Investor Awards, as well as the Youth Indaba and a women-focused event. Platforms such as the ECR GIBS Executive Breakfast were used to activate the service offerings of both Trade & Investment KwaZulu-Natal and the InvestSA KwaZulu-Natal One-Stop-Shop
Awareness and perception survey of KwaZulu-Natal as a trade and investment destination, measured through awareness and perception research	0	1	0	-1	There were major delays in the execution of this survey, which is intended to be completed within the first quarter of the new financial year
Number of trade and investment events conceptualised and hosted	New	12	13	1	Trade & Investment KwaZulu-Natal partnered with the Department of Economic Development, Tourism and Environmental Affairs regarding Municipal road-shows

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT continued

02. FINANCE

To comply with national and provincial treasury, regulatory and reporting standards

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Clean audit achieved	Unqualified opinion	Clean audit	TBC	TBA	TBA
Percentage of procurement spend on BEE companies with 51% or more ownership by Black African people	41,94%	55%	33,25%	-21,75%	The high value procurement transactions are related to international exhibitions, international subscriptions which don't comply with South Africa's B-BBEE legislation
Percentage of internal audit findings resolved prior to Auditor-General audit	96%	95%	79%	-16%	Six of the internal audit findings remained unresolved at year-end, being (1) Information Technology, (2), Human Resources (3) and Export Development and Promotion (1). These internal audit findings could not be addressed before financial year-end because of the COVID-19 pandemic and national lockdown
Percentage of risks identified and properly mitigated or resolved (as identified through the risk management process and documented in the risk register)	100%	95%	79%	16%	Only 45 risks were properly mitigated within the implementation dates and 12 risks are still in progress, which are ongoing actions
Number of expenditure reports and cash flow submitted to EDTEA by prescribed deadline	1	12	9	-3	Challenges experienced in securing a revised template from the Department of Economic Development, Tourism and Environmental Affairs resulted in three reports submitted post-deadline
Percentage of invoices from all service providers paid within 30 days	97,63%	90%	91,19%	1,19%	Trade & Investment KwaZulu-Natal implemented an improved payment process

03. HUMAN RESOURCES

To improve human capital to ensure high performance					
Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Percentage of Trade & Investment KwaZulu-Natal's Workplace Skills Plan implemented	95%	95%	100%	5%	A strategy of conducting targeted group training was adopted, which increased participation
Number of programmes implemented for learners and interns	New	2	7	5	Partnership with facilitators of the programmes, coupled with a high level of participation by interns assisted in this indicator being exceeded
Number of sessions hosted by Continuous Improvement facilitators	2	14	8	-6	Team journeys were planned for February and March 2020, but were postponed due the COVID-19 lockdown
Number of effective employee wellness programmes implemented; wellness culture inculcated	12	12	19	7	Target exceeded due to the need to include additional sessions for business units
Percentage of performance reviews and appraisals, including stretch targets, completed annually	100%	100%	100%	Target achieved	Target achieved
Percentage of Ethics Strategy Implementation Plan implemented	New	65%	65%	Target achieved	Ethics awareness session facilitated with staff

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT continued

04. INFORMATION AND COMMUNICATION TECHNOLOGY

To improve organisational effectiveness and efficiency through the utilisation of Information, Communication and Technology (ICT)

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of successfully implemented ICT business improvement initiatives	2	4	4	Target achieved	Target achieved
Number of projects implemented to enhance the organisation's digital presence	3	4	4	Target achieved	Target achieved
Approved Trade & Investment KwaZulu-Natal ICT Strategy; ICT Policy; and ICT Disaster Recovery Policy	New	3	0	Target not achieved	The organisation was unable to deliver the three outputs, which were dependent on the Board-approved organisational strategy.

05. INVESTMENT PROMOTION AND FACILITATION PROGRAMME

To promote, attract and facilitate new fixed investment in KwaZulu-Natal (Facilitation of pre-investment opportunities)

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Rand value of new investments attracted into KwaZulu-Natal	R2,66 billion	R2,2 billion	R2,76 billion	R560 million	An additional R560 million was achieved through the high value project of R1,5 billion relating to the smartphone manufacturing facility at Dube TradePort Special Economic Zone
Number of potential jobs created from new projects	2 549	3 000	3 845	845	Support provided by various stakeholders regarding new investments resulted in additional jobs being created
Number of projects added to the investment pipeline	71	50	51	1	The target was exceeded due to the high level of co-operation from project promoters
Number of investment attraction missions facilitated (inward and outward)	32	35	27	-8	The COVID-19 pandemic prevention measures led to the cancellation of a number of planned outward and inward missions, such as Kuwait, Dubai, Ivory Coast, India, Ukraine, France and the United Kingdom

To promote, attract and facilitate new fixed investment in KwaZulu-Natal (Facilitation of pre-investment opportunities)

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
New packaged investment projects and opportunities facilitated for Black youth and women-owned businesses	10	5	6	1	The target was exceeded due to the drive aimed at accelerating Black youth and women-owned investment projects
Co-ordinate the implementation and delivery of strategic cross-cutting project opportunities in KwaZulu-Natal	New	2	3	1	One additional project funded by NDT was initiated and progressed

06. BUSINESS RETENTION AND EXPANSION

To retain and expand businesses in KwaZulu-Natal (Facilitation of post-investment opportunities)

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Rand value of company expansion projects committed	R1,155 billion	R1 billion	R2,203 billion	R1,203 billion	An additional R1,203 billion was achieved through the high value project of R1,3 billion regarding chemical manufacturing in Newcastle
Number of jobs created or retained from company expansion	3 148	2 500	2 566	66	The manufacturing, services and agro-processing sectors contributed to additional jobs achieved
Number of technical business support programmes implemented to improve business competitiveness and efficiency	19	15	27	12	Successful response to increased requests for technical support, work permits, grant funding applications and the technical assistance fund resulted in the target being exceeded
Number of distressed companies supported through business retention interventions	15	10	15	5	Continued support from stakeholder partners for business retention intervention programmes resulted in the target being exceeded

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT continued

To retain and expand businesses in KwaZulu-Natal (Facilitation of post-investment opportunities)

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of Trade & Investment KwaZulu-Natal Strategic Business Engagements with established companies in strategic industrial nodes	New	4	11	7	A high level of collaboration between business and Government in providing strategic interventions for KwaZulu-Natal companies resulted in this target being exceeded

07. DESTINATION MARKETING

To market and position KwaZulu-Natal in key markets

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of inward and outward trade and investment missions co-ordinated	21	25	15	-10	The onset of the global COVID-19 pandemic, with associated health concerns and major constraints on travel, prevented the execution of the proposed work-plan
Number of destination marketing activities implemented for Investment Promotion and Export Development	10	12	10	-2	The onset of the global Covid-19 pandemic, with associated health concerns and major constraints on travel, prevented the execution of the proposed work-plan
Number of enquiries generated through Destination Marketing activities	11	20	19	-1	The onset of the global Covid-19 pandemic, with associated health concerns and major global economic constraints, prevented the execution of the proposed work-plan
Number of annual investment conferences hosted, with the participation of international stakeholders	2	2	2	Target achieved	Target achieved

08. EXPORT DEVELOPMENT AND PROMOTION PROGRAMME

To develop, grow and promote exports from KwaZulu-Natal					
Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of KwaZulu-Natal companies that have secured export and intra-trade business opportunities	111	80	83	3	As part of creating opportunities for KwaZulu-Natal's emerging export clients, various intra-trade events were pursued at various local and national exhibitions, which contributed significantly to this target being exceeded
Number of KwaZulu-Natal exporters that have participated at trade events	143	100	141	41	Target exceeded due to the number of local trade events co-ordinated during quarters 1 and 2
Number of KwaZulu-Natal companies assisted with provincial and national export incentives (SSAS, EMIA, FAS, TAF and the like)	182	150	153	3	Target achieved due to a basket of export incentives facilitated for KwaZulu-Natal-based companies where EMIA and Trade & Investment KwaZulu-Natal's FAS being the main contributors
Number of KwaZulu-Natal export companies that have participated in Trade & Investment KwaZulu-Natal development programmes. (Training, Mentorship, Technical Support)	145	100	176	76	Target exceeded due to Trade & Investment KwaZulu-Natal co-ordinating several training, mentorship and capacity-building programmes for emerging, existing and seasoned exporters. The dti's GEP programme further boosted the numbers
Number of Black youth and women-owned businesses that have been developed and which have participated in trade events	12	10	11	1	Target achieved due to a focused development approach, where a select group of emerging exporters were provided intensive capacity-building and exposure to trade-related exhibitions

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT continued

09. OFFICE OF THE CHIEF EXECUTIVE OFFICER

To comply with national and provincial performance monitoring and evaluation standards and legislation

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of strategic plans and annual performance plans approved	2019/20 Strategic Plan and APP	2020/21 Strategic Plan and APP	2020/21 to 2024/25 Strategic Plan and 2020/21 APP	Target achieved	Target achieved
Number of quarterly monitoring reports generated	4	4	4	Target achieved	Complied with funding agreement time-frames
Number of quarterly evaluation reports produced	4	4	4	Target achieved	Complied with funding agreement time-frames
Approved, audited annual reports produced	2017/18 Annual report	2019/20 Annual Report	2018/19 Annual report produced by deadline	TBC	The 2019/20 Annual Report is only due after the Auditor-General's audit in 2020

10. ONE-STOP-SHOP INVESTMENT CENTRE & ADVOCACY

Become, through international best practice, a central point of contact, advocate for and communicator of regulatory guidelines to investors

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of capacity-building and joint marketing programmes facilitated in partnerships with DDAs/SALGA/COGTA/IGR and the like	5	9	13	4	Trade & Investment KwaZulu-Natal actively collaborated with KwaZulu-Natal economic development partners on various support interventions in a concerning low business confidence environment
Number of policy guidelines sessions facilitated	6	6	7	1	Trade & Investment KwaZulu-Natal actively participated in key platforms of strategic importance to the province

Become, through international best practice, a central point of contact, advocate for and communicator of regulatory guidelines to investors

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of strategic business interventions/ advocacy sessions facilitated (8-a-side, PBU and the like)	New	6	14	8	Trade & Investment KwaZulu-Natal actively collaborated with the KZN Growth Coalition and the Business Stability Initiative for the purposes of creating a conducive business environment
Number of projects/ companies assisted with regulatory compliance and business support (One-Stop-Shop and the like)	14	50	54	4	Trade & Investment KwaZulu-Natal received more than the usual number of enquiries for business support

11. KNOWLEDGE MANAGEMENT

To be KwaZulu-Natal's research, knowledge and business intelligence leader

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of target sector reports (export and investment) published and fact sheets developed	18	12	32	20	Sector and export outputs were combined in the financial year which resulted in increased output
Number of investment opportunities and catalytic projects identified, developed and packaged	15	12	17	5	Client requests and research collaborations contributed to additional outputs
Number of research/sectoral papers presented at key strategic partner or Trade & Investment KwaZulu-Natal-led events, (Chemicals Imbizo, Localisation Indaba and the like)	16	6	15	9	Organisational focus on 4IR and the KwaZulu-Natal Halaal Initiative, contributed to increased outputs
Number of macro-economic reports developed and disseminated. Sessions hosted, including trade and investment trend analyses, statistics and sector overviews for the province, and fact sheets	10	12	15	3	The organisation produced additional outputs in response to the need for and interest in the COVID-19 pandemic content

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OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT continued

12. GAUTENG OFFICE

To facilitate trade and investment opportunities in KwaZulu-Natal through the Gauteng Office

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Variance from Target 2019/20	Comment on Deviations
Number of qualified trade and investment leads generated and handed over from Gauteng	54	55	64	9	Marketing into several regions and interaction with trade offices and incoming delegations yielded several qualified leads
Number of international organisation/foreign investor/trade bloc sessions hosted	29	30	34	4	Several incoming delegations visited during the 2019/20 period
Number of inward investment and buying missions recruited for KwaZulu-Natal	15	15	16	1	Target exceeded. Marketing into respective regions led to increased visits from the Nordic region
Number of business development initiatives undertaken in strategic foreign markets	8	10	5	-5	Outbreak of the COVID-19 pandemic prevented the India-Africa Conclave and other platforms from taking place
Number of sector-specific and advocacy business linkage sessions hosted for KwaZulu-Natal companies	18	15	19	4	Target exceeded. Trade & Investment KwaZulu-Natal hosted many sector-specific sessions, based on the new integrated trade and investment strategy, which outlined traditional and growth sectors



12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES

12.1. MARKETING AND COMMUNICATIONS

INTRODUCTION

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

Its purpose is to conduct marketing and communication for the organisation, other business units within the agency, as well as representing the entity on marketing and communication stakeholder platforms in order to contribute towards the positioning of destination KwaZulu-Natal with shareholders, citizens, 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 engagements and general marketing. The unit actively supports platforms for the branding and positioning of KwaZulu-Natal and Trade & Investment KwaZulu-Natal, both domestically and internationally. The unit also seeks to manage the reputation of the agency and destination through the utilisation of available media opportunities.

During the period under review, the entity, province, country and world underwent significant change, which has affected the way of doing of business. The organisation, accordingly, adapted to changes within the agency, province and country, as well as having to further adapt in quarter four, as the world moved to cope with the COVID-19 pandemic.

HIGHLIGHTS

Stakeholder Management - In line with Trade & Investment KwaZulu-Natal's stakeholder engagement management plan, the Marketing and Communications Business Unit generated plans designed to achieve effective engagement with key strategic partners.

In this regard, the 2019/20 financial year saw the business unit continue engaging with local and district Municipalities through its Local and District Municipality Visitation Programme, aimed at improving relationships with such Municipalities. In May 2019, a new MEC for Economic Development, Tourism and Environmental Affairs was appointed, resulting in a new approach to engagement with communities in KwaZulu-Natal, a move which resulted in Trade & Investment KwaZulu-Natal cancelling or halting some planned events in order to support Department-led

events and stakeholder engagement strategies.

This saw Trade & Investment KwaZulu-Natal participating in a number of Department of Economic Development, Tourism and Environmental Affairs-driven campaigns and activities, which impacted on programmes detailed in the performance plan. Before strategy amendment, Trade & Investment KwaZulu-Natal had hosted a District Municipal Road-Show in the uGu District. The organisation also participated in the World Route Committee, with Marketing and Communications Business Unit and the Destination Marketing representatives forming part of the Marketing sub-committee.

The organisation recognises the importance of partnering with and supporting KwaZulu-Natal Municipalities in order to promote economic opportunities available in their regions. Such partnerships included the uMthayi Festival Business Cocktail Event, uMzinyathi Dundee July and eThekweni Business Fair. Similarly, collaboration and partnerships with additional stakeholders are also deemed important, leading to the organisation partnering with other stakeholder-led initiatives, such as the African Renaissance and the Vodacom Durban July horse racing event during the review period.

South Africa Investment Conference 2019 - President Cyril Ramaphosa hosted the second annual South African Investment Conference and Trade & Investment KwaZulu-Natal was afforded exhibition space in which to profile the province. The President used this platform to continue his investment drive, improving confidence in the country's economy and assisting in spurring sustainable and inclusive growth. Trade & Investment KwaZulu-Natal was the lead agency and was responsible for co-ordinating the province's participation at the conference. The entity working closely with strategic stakeholders, whilst project promoters packaged investments to the value of \$13,3 billion, which is projected to create 105 816 permanent and 345 901 temporary employment opportunities in a five-year period.

PUBLIC RELATIONS PUBLICITY

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

The effective employment of this channel led to the extensive coverage of key strategic events during the 2019/20 financial year and assisted in creating increased

public awareness, whilst boosting the profile of the organisation and its services.

Events in which Public Relations interventions played a key role included the KwaZulu-Natal Export Week, the inaugural International Investment Conference and Awards and the inaugural Youth in Business event, as well as in a series of planned external missions.

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 interview 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, three editions of the organisation's Emnothweni magazine were produced.

The magazine's distribution was increased to include a number of hotels, other public entities, Durban's King Shaka International Airport and Oribi Airport, in Pietermaritzburg.

FLAGSHIP EVENTS

Hosting of events is a preferred platform for Trade & Investment KwaZulu-Natal's engagement with stakeholders, buyers, exporters and investors, and aims to increase awareness of its service offering and to profile KwaZulu-Natal as the premier investment destination and an eminent trade partner.

KwaZulu-Natal International Investment Conference -

Trade & Investment KwaZulu-Natal hosted the International Investment Conference, themed 'Durban Aerotropolis' to showcase the emerging aerotropolis and other key investment opportunities across the province. The conference included an exhibition element and was used to further showcase products manufactured in KwaZulu-Natal, investment opportunities and project success stories.

KwaZulu-Natal Investor Awards - During the period under review, Trade & Investment KwaZulu-Natal hosted the inaugural Investor Awards event, designed to acknowledge and recognise those who have best contributed to the economic development of the province and have displayed their continued commitment to

KwaZulu-Natal, through their significant economic contribution and employment creation endeavours. The Investor Awards included 10 categories, which recognised both domestic and foreign investors and businesses.

YOUTH-FOCUSED EVENTS

KwaZulu-Natal Youth Business Indaba - Trade & Investment KwaZulu-Natal hosted a youth-focused business empowerment indaba. The aim of the event was to coincide with South Africa's youth month, June. The objective was to encourage the youth to take advantage of available opportunities and to bring together key role-players in the economic development sector to hear and address challenges facing young people in business. The desired outcome was for the platform to be used to promote entrepreneurship among young people, enabling them to be in a position themselves to create employment for others.

Young Women Business Dialogue - Trade & Investment KwaZulu-Natal hosted a women-focused event for the first time in 2018, to coincide with the South African Women's Month. During the period under review, the organisation partnered with the Department of Economic Development, Tourism and Environmental Affairs, through both the Department's Ministry and Women Economic Empowerment Unit, to host this young women-focused event. The responsible MEC, Ms Nomusa Dube-Ncube, is passionate about youth and women empowerment, development and the progression of young people in the business sector.

She entrusted Trade & Investment KwaZulu-Natal to give life to this vision. In its response, the organisation - on behalf of the Province of KwaZulu-Natal and through the MEC of Economic Development Tourism and Environmental Affairs - successfully hosted the Young Women Business Dialogue to discuss business opportunities available to young women in KwaZulu-Natal.

East Coast Radio/Gordon Institute of Business

Partnership - The organisation's ongoing partnership with East Coast Radio continued providing a valuable marketing platform. This platform was used to activate the service offerings of both the organisation and the InvestSA KwaZulu-Natal One-Stop-Shop. In particular, Trade & Investment KwaZulu-Natal's sponsorship of the Gordon Institute of Business' Annual Breakfast gave effect to a widely-known and highly respected stakeholder session, enabling the organisation to access a wide audience,

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

increasing the prospects for extensive communication with the market.

INTERNATIONAL PLATFORMS

During the past financial year, the Marketing and Communications Business Unit participated in two international platforms. These included the Annual Investment Meeting, hosted in Dubai, and the World Forum for Foreign Direct Investment, hosted in Sydney.

Trade & Investment KwaZulu-Natal played a leading role in co-ordinating the province's participation in both these events. The Annual Investment Meeting activation was undertaken during the Annual Investment Meeting in Dubai and enjoyed the support of the Department of Trade and Industry.

At the World Forum for Foreign Direct Investment, Trade & Investment KwaZulu-Natal and Invest Durban were recognised, winning Top Investment Promotion Agency awards.

ADVERTISING

The review period saw Trade & Investment KwaZulu-Natal embark on a strategically-planned and concerted media campaign. Platforms utilised included both print and outdoor, specifically at King Shaka International Airport, in an effort to 'own' the airport environment.

Collateral produced for events and the investment opportunities booklet were used as vehicles to promote Trade & Investment KwaZulu-Natal services and the InvestSA KwaZulu-Natal One-Stop-Shop.

SPONSORSHIPS

As part of the organisation's commitment to responsible corporate citizenship, two laptop computers were donated to the Bangha Nek Community Project during the 2019/20 financial year. In addition, a number of other activities designed to improve and strengthen broad stakeholder relations were successfully undertaken.

BRAND AWARENESS AND PERCEPTION SURVEY

During the course of the financial year, the organisation appointed a service provider to assist with the execution of 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. The survey set out to establish the following:

- The level of brand awareness amongst stakeholders;
- Stakeholders' perception of the effectiveness of the services provided by the organisation;
- The best channels of communication for reaching stakeholders;
- Stakeholders' perception of the overall visibility of the entity; and
- Stakeholders' overall perception.

In line with a Provincial Government drive to widely engage with KwaZulu-Natal's communities, Trade & Investment KwaZulu-Natal facilitated and participated in a number of Department of Economic Development, Tourism and Environmental Affairs-driven campaigns and activities, which impacted on programmes detailed in the performance plan. Activities executed in the quest to both improve and strengthen stakeholder relations included:

- A workshop and business breakfast in the uGu District of the province;
- A Youth in Business Indaba;
- Stakeholder engagement meetings with more than 20 KwaZulu-Natal-based Municipalities; and
- A partnership/collaboration with other stakeholder-led initiatives, inclusive of African Renaissance, the eThekweni SMME Fair, the uMzinyathi Dundee July and the Vodacom Durban July horse racing events, amongst many other linkages.

12.2 INVESTMENT PROMOTION AND FACILITATION

INTRODUCTION

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

- Investment facilitation - Involving both domestic and foreign investment attraction and facilitation into KwaZulu-Natal;
- Destination marketing - Actively promoting KwaZulu-Natal as a premier investment destination; and
- Business Retention and Expansion - Providing support and facilitation services with regard to the retention and expansion of businesses throughout the province.

INVESTMENT FACILITATION

Global Gross Domestic Product growth was forecast at 3,7% for 2019 (average of the International Monetary Fund and World Bank forecasts), with emerging economies forecast to grow at 4,7% for 2019. South Africa has been struggling with recessionary growth since 2014 and was

only forecast to grow at between 1,4% and 1,8% in 2019, far lower than the average Sub-Saharan rate of above 3%.

Slow growth has been due, largely, to reductions in mining and agricultural outputs, while manufacturing also declined in 2018, predominantly as a result of weak domestic demand for chemicals, clothing, textiles and footwear. KwaZulu-Natal is the second largest productive province in South Africa and accounts for 16% of total Gross Value Added and, since 2014, has followed the same sluggish growth trends as the nation as a whole.

Global flows of foreign direct investment fell by 23% in 2017. Furthermore, the global rate of return for foreign direct investment now stands at 6,7%, down from 8,1% in 2012. The fall was concentrated in developed and transition countries, while developing countries remained stable.

In spite of foreign direct investment flows to developing countries being stable, such flows to Africa fell by 21% in 2017. Foreign direct investment to South Africa dropped by

41% in 2017. Potential reasons include reduced commodity prices, continued recessionary economic growth and political instability. In terms of KwaZulu-Natal investment, a total of R21 billion was facilitated by Trade & Investment KwaZulu-Natal in the period 2008/09 to 2016/17, creating 38 490 jobs. Domestic investment accounted for 50 projects, 47% of jobs, but only 27% of investment value.

The organisation successfully attracted some R2,7 billion in new investments in the 2019/20 financial year, with the potential to create some 3 845 new employment opportunities. Additionally, the province's strategic location makes it the ideal gateway for trade in the region, with strong natural advantages and good infrastructure, including roads, harbours and airport.

However, global economies continue being impacted by critical factors, such as trade wars and, more recently, the Coronavirus (COVID-19) pandemic.

The following table reflects details of the 2019/20 financial year's four committed investment projects.

Project Name	Project Description	Location	Rand Value	Potential Jobs
Mara Phones	Smart cellular phone manufacturing project	Dube TradePort, eThekweni	R1,5 billion	1 495
Babanango Game Reserve	Game reserve in the Babanango area for tourism sector	Babanango, Zululand	R604 million	1 000
Afro Apparel Manufactures	Clothing and textile project	Isithebe, Mandeni	R359 million	1 000
The Woods	Property development	Waterfall, Hillcrest	R300 million	350
			R2,763 billion	3 845

Babanango Game Reserve - A 23 000ha game reserve is being developed, in partnership with Emcakwini Community Trust and a German Investor, Mr Helmuth Weiss, and will be located in the Ulundi Local Municipality area.

The development comprises Babanango Valley Lodge, an abattoir, conference centre and game reserve. The project is fully supported by the Department of Co-operative Governance and Traditional Affairs, the Department of Environmental Affairs, Forestry and Fisheries and the Land Claims Commission.

The total investment value of the project is R604 million, with the likelihood of creating 1 000 new employment opportunities. It constitutes one of the KwaZulu-Natal-based projects announced during the 2019 Presidential Investment Conference.

Mara Phones Africa - Located at Dube TradePort, Mara Phones Africa is the first smartphone manufacturing facility to be located in South Africa. The project is staffed by 200 formerly unemployed engineers. Of this number, more than 90% comprise youth and two thirds are women.

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When operating at full capacity, the facility will create a total of 1 495 job opportunities and is the result of a R1,5 billion investment by Mara Phones, which was supported by Government. The plant's launch in October 2019 was attended by President Cyril Ramaphosa.

The Woods - The Woods is owned by the Rowles Group which was founded in 1997 and headed by CEO David Rowles, the Rowles Group has focused on real estate development in the outer west region of the eThekweni Municipality and has been involved in retail, residential and industrial investment projects. The Woods is a family-focused residential estate fronting onto the Nkutu River in Waterfall, Hillcrest. This development is focused on providing residential units at below R1 million as there is limited accommodation available in this price range. The 14-hectare development comprises 360 sectional title- units within a protected grassland, wetland and river reserve. The total investment value of this project is R300 million and will create 600 construction jobs and 350 permanent jobs.

Afro Apparel Manufactures - This is a woman led project located in Isithebe Industrial Park. Afro Apparel Manufactures has partnered with Kingspark Manufactures to establish a plant with investment value of R359 million to create 1000 job opportunities. The Company is the process of finalising a strategic partnership with Foschini Group (TFG) to be the major supplier of chinos, jeans and other items.

BEE FINANCIAL ASSISTANCE FUND

This fund exists to assist project promoters in KwaZulu-Natal to travel in order to source technical know-how, technical agreements or conclude international partnerships.

The scheme's aim is to help Black-owned and BEE-

compliant enterprises meet their international partners in order to secure foreign direct investment, either in the form of technology transfer, skills transfer, manufacturing and distribution licences, or to secure markets.

The fund is divided into two categories, being Export Promotion Assistance and Investment Recruitment Assistance. The purpose of Export Promotion Assistance is to provide financial assistance to KwaZulu-Natal-based traders in respect of activities aimed at developing export markets for KwaZulu-Natal products and services. The purpose of Investment Recruitment Assistance is to assist KwaZulu-Natal entrepreneurs and/or consortiums which are seeking international investment partners in terms of manufacturing opportunities within the province.

The review period saw R2,015 million expended in support of KwaZulu-Natal companies seeking to engage with international markets for export promotion and investment promotion purposes. New international markets so developed included Russia, Brazil, Dubai, the United States of America, China, the United Kingdom, India and France.

The BEE Financial Assistance Fund has been responsible for promoting projects in a range of economic sectors, inclusive of property development, agro-processing, electronics and business process outsourcing.

DESTINATION MARKETING

Outward Missions - Trade & Investment KwaZulu-Natal continued its efforts to position the province as a premier investment destination for foreign direct investment through the implementation of no fewer than 10 international destination marketing activities during the 2019/20 financial year. The table below details salient information regarding outbound missions undertaken.

OUTBOUND		
Country	Event Name	Outcome
Australia	World Forum on Foreign Direct Investment in Sydney, Australia	Trade & Investment KwaZulu-Natal exhibited and participated in the 2019 Forum in Sydney, Australia

OUTBOUND		
Country	Event Name	Outcome
Indonesia and Singapore	Halaal Hub Benchmarking	A Halaal Hub benchmarking and training mission was undertaken to Jakarta and Singapore. Trade & Investment KwaZulu-Natal is championing the Halaal Hub Initiative in KwaZulu-Natal. The mission included three of the organisation's representatives, as well as representation from the Department of Economic Development, Tourism and Environmental Affairs, Minara Chamber, the SA National Halaal Authority, the National Independent Halaal Trust and Al Baraka Bank
Australia	World Routes 2019 - Adelaide, Australia	World Routes is an annual Airline Route Development Conference. The event provides key opportunities to develop airline connectivity and foster relationships in the industry. KwaZulu-Natal hosted the 2015 event. A delegation comprising representatives from the Department of Economic Development, Tourism and Environmental Affairs, Dube TradePort Corporation, Tourism KwaZulu-Natal, Trade & Investment KwaZulu-Natal, KZN Transport, Airports Company South Africa and eThekweni Municipality participated in four days of meetings with airlines and airports with a view to maintaining the existing international connections, seeking greater frequency of flights and new routes
Brazil	BRICS Business Forum, Brazil	This is the business component of an annual meeting of the Presidents of Brazil, Russia, India and South Africa. The forum seeks to encourage investment between partner countries, as well as facilitating access to the New Development Bank
China	4IR Research Delegation, China	Trade & Investment KwaZulu-Natal attended the Huwawei Connect Conference and also visited an automation product line. Other entities involved in the trip included the Department of Economic Development, Tourism and Environmental Affairs and the Moses Kotane Institute
Egypt	Official visit to Egypt to meet with Afreximbank	Trade & Investment KwaZulu-Natal participated in an official mission to Egypt to meet with Afreximbank. The MEC: Department of Economic Development, Tourism and Environmental Affairs led a delegation including representatives from Trade & Investment KwaZulu-Natal, the Department of Economic Development, Tourism and Environmental Affairs, the Durban Convention Bureau, Ithala Development Finance Corporation and the Office of the Premier
Romania and Serbia	Destination marketing missions	Trade & Investment KwaZulu-Natal undertook a destination marketing mission to Romania and Serbia, engaging with agency counterparts and stakeholder groups with the objective of showcasing KwaZulu-Natal as a business destination and strengthening linkages
United Arab Emirates	Global Business Forum 2019, Africa	Hosted every year in Dubai, this was a meeting of business and Government leaders, focusing on leveraging digital technologies and working across borders
United Kingdom	KwaZulu-Natal Investment Day, London	This was a multi-entity engagement driven by eThekweni Municipality for the purpose of attracting investment to the province. Trade & Investment KwaZulu-Natal was represented at the event

Inward Missions - The 2019/20 financial year witnessed a continued decline in the number of inward missions, compared against previous years. A total of 15 inward missions were hosted, in partnership with Chambers of Commerce and stakeholder groups in the province.

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

INWARD MISSIONS		
Country	Event Name	Outcome
France	Ambassador Christophe Farnaud and a delegation from the French Embassy in Pretoria	Ambassador Christophe Farnaud visited the province to bestow the National Order of Merit on the President of the Alliance Francaise in Durban. He was accompanied by the Trade Commissioner and the Head of Regional Economic Department for France in Southern Africa. The visit included engagements with French companies based in KwaZulu-Natal and meetings with officials in the city and the province. Trade & Investment KwaZulu-Natal provided information packs and a briefing on economic development in the province
Germany	Three inbound missions were hosted from this country including:	
	Minister of the Economy from Baden-Wurttemberg	A delegation, led by the Minister of the Economy, together with a delegation of 40 officials, academics and companies from Baden-Wurttemberg, attended a business seminar, one-on-one meetings and an official cocktail event, hosted by the MEC: Economic Development, Tourism and Environmental Affairs
	Industry 4.0 Inward Mission	Trade & Investment KwaZulu-Natal, together with the Southern African-German Chamber of Commerce, hosted a delegation comprising five companies interested in developing partnerships with local companies in automation and innovation in March 2020. The organisation hosted a business session and assisted in arranging site visits involving companies in the province
	Business Information Breakfast	A Business Information Breakfast on China was hosted by Dr Madeleine Martinek, Head of Legal & Invest at the German Industry & Commerce Greater China, Beijing. The session comprised a round-table discussion on doing business in China and potential Covid-19 outcomes
Indonesia	Indonesia Investment Seminar	The Indonesian Trade Promotion Centre Johannesburg and the Indonesia Director of Investment, based in Abu Dhabi, hosted an investment promotion seminar in Durban. Trade & Investment KwaZulu-Natal assisted with inviting delegates to attend the seminar and delivered a presentation on investment opportunities and trade in the province. Some 71 KwaZulu-Natal-based companies participated in the event
Indonesia	Indonesia Economic Attaché's visit to KwaZulu-Natal	The Indonesian Economic Attaché, Mr Abdul Gafur, visited Trade & Investment KwaZulu-Natal as part of his attendance at the KwaZulu-Natal State of the Province address in March 2020. Discussions focused on efforts to increase participation by Indonesian companies in the KwaZulu-Natal Investment Conference and general trade delegations. The Trade Commissioner also indicated a desire to work with KwaZulu-Natal in undertaking trade and investment missions to Indonesia
Italy	Italian Ambassador and Consul General's Visit	The Ambassador of Italy, together with the Italian Consul General in Johannesburg and the Italian Honorary Consul in Durban, made his first official visit to Durban to explore areas of co-operation in KwaZulu-Natal. Trade & Investment KwaZulu-Natal representatives met with the Ambassador and his team and engaged in round-table discussions aimed at exploring areas of collaboration. The Ambassador also concluded meetings with the Premier's Office and the Mayor's Office, and also visited Dube TradePort
Oman	Ambassador of the Sultanate of Oman	Ambassador Mubarak Salim Ali Alzakwani, of the Sultanate of Oman, visited the province with the purpose of engaging with the Ports of Richards Bay and Durban. The Ambassador also visited the Richards Bay Industrial Development Zone. The focus of the visit was to discuss increased port-to-port partnerships, with a view to increasing exports from South Africa to Oman

INWARD MISSIONS		
Country	Event Name	Outcome
United Arab Emirates	UAE/Invest SA Investment Mission to KwaZulu-Natal	Invest SA, through the South African Consulate in Dubai, co-ordinated an inward investment mission with four UAE investors. The delegation comprised investors from the UAE interested in partnerships, business and investment opportunities in the fields of agro-processing, automotive, business process outsourcing/information communication technology, building materials, chemicals, engineering services, hospitality and tourism, jewellery, metals and minerals, oil and gas, pharmaceuticals and power, energy efficiency and waste to energy. Trade & Investment KwaZulu-Natal co-ordinated the two-day programme in Durban, which included a business seminar and B2B meetings. Representatives from 91 KwaZulu-Natal-based companies participated in the engagement. The organisation also hosted the delegation at a networking dinner. The delegation also visited Dube TradePort
United Arab Emirates	SA/UAE Business Forum, with the Ambassador and Delegates from the UAE	Trade & Investment KwaZulu-Natal participated in a forum hosted by H E Eng, Sultan Al Mansoori, UAE Minister of Economy and the Ambassador of the UAE to South Africa H E, Mr MSSM Alhameli. The engagement included a networking dinner with the delegation and a one-day forum, which included the delegates and South African businesses in Johannesburg. Trade & Investment KwaZulu-Natal also delivered a presentation during a closed session and during the seminar, whilst additionally providing information packs for members of the visiting delegation
United Kingdom	UK Deputy High Commissioner's Visit	The United Kingdom Deputy High Commissioner, accompanied by the UK Overseas Direct Investment team, undertook his first visit to KwaZulu-Natal. The mission's purpose was to engage with Trade & Investment KwaZulu-Natal, explore opportunities for collaboration and meet with UK companies based in KwaZulu-Natal. Trade & Investment KwaZulu-Natal assisted in co-ordinating site visits for the delegation, inclusive of Dube TradePort. The Deputy High Commissioner engaged in round-table discussions with Trade & Investment KwaZulu-Natal
United Kingdom	Business Durham Inbound Mission to KwaZulu-Natal	Business Durham, an affiliate of UK Trade and Investment, from County Durham in England's north-east, undertook a trade mission to Johannesburg and Durban. Trade & Investment KwaZulu-Natal co-ordinated a two-day programme for the 13 company representatives and four officials. The programme included a business seminar attended by more than 70 KwaZulu-Natal-based companies and site visits to Durban Harbour, Dube TradePort and Urban Lime's urban renewal project on Florida Road
United States of America	Two delegations from the United States of America were hosted:	The Sister Circle Wine and Craft Inward Mission involved a delegation of female, small-scale importers, led by Ms Jennifer White. The group visited the province from California in February 2020 with the objective of importing R600 000 of wine produced by or in partnership with Black women. The delegation was also introduced to bead workers and crafters, craft beer producers and a KwaZulu-Natal gin and vodka manufacturer during a networking and tasting session, hosted at Trade & Investment KwaZulu-Natal
	Sister Circle Wine and Craft Inward Mission, from California	

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

INWARD MISSIONS		
Country	Event Name	Outcome
	The US Consul Durban's Political Representative on Economics, Ms Betsy Orlando	The US Consul Durban's new Political Representative on Economics, Ms Betsy Orlando, visited Trade & Investment KwaZulu-Natal to advise the organisation about the new political perspective on the economy, as well as the role played by the US Commercial Service in Durban
Zambia	Zambian women in agriculture educational and site visits	Some 15 female small-scale farmers from various parts of Zambia visited KwaZulu-Natal on an educational and partnership-seeking mission. Trade & Investment KwaZulu-Natal initiated a three-day programme, which included round-table discussions involving both the organisation and the Agri-Business Development Agency. Also included were visits to emerging farmer projects in the greater eThekweni Municipality's New Germany and Ottawa areas, together with a visit to Dube TradePort and engagement with representatives of Dube AgriZone

Annual Investment Conferences Hosted - KwaZulu-Natal hosted two major investment events during the review period, attended by international speakers and delegates, together with a host of South African and Sub-Saharan delegates, namely:

- The KwaZulu-Natal International Investment Conference 2019 and Investor Awards 2019; and
- The GBS Business Processing Conference 2019.

Hosted for the first time in KwaZulu-Natal, both events generated positive feedback from participants and, most importantly, members of the private sector - at whom the events were targeted.

The province and its array of investment opportunities was professionally showcased for the benefit of the range of attendees from across South and Southern Africa, as well as representatives from targeted key global investment source markets.

In addition, the inaugural Investor Awards ceremony was staged, to great acclaim.

Positive feedback was also received from the Provincial Government, partner entities, chambers movements and other stakeholders involved in investment promotion.

12.3 BUSINESS RETENTION AND EXPANSION

The Business Retention and Expansion Unit is responsible for the development and implementation of programmes aimed at retaining and expanding foreign and domestic

investments in KwaZulu-Natal.

Such initiatives enable businesses to improve profitability and re-affirm their commitment to remaining invested in the province.

During the 2019/20 financial year, we experienced a low economic growth rate, low business confidence, a rising unemployment rate and the concerning state of Municipality services and infrastructure, the poor state of industrial parks and matters of conflict between the community and business in strategic industrial nodes, all of which negatively impacted the operational sustainability of KwaZulu-Natal-based businesses.

A number of industries were in distress, with some undergoing business rescue processes, while others took the decision to partially close operations and, in some instances, to completely shut down operations.

Regions in the province most affected included the industrial areas of Newcastle, Mandeni, Pietermaritzburg, Ladysmith, Richards Bay, Durban and the South Coast.

TRADE & INVESTMENT KWAZULU-NATAL BUSINESS SUPPORT FUND POLICY

The Trade & Investment KwaZulu-Natal Board approved the Trade & Investment KwaZulu-Natal Business Support Fund Policy (BSFP) to provide support for companies during difficult times. The BSFP provides 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 appreciates the support afforded by the Department of Economic Development, Tourism and Environmental Affairs, which provided additional funding towards the Trade & Investment KwaZulu-Natal Business Support Fund Policy. The Trade & Investment KwaZulu-Natal Business Support Fund Policy may, therefore, be regarded as a financial assistance programme, established to support strategic companies and industries which contribute to economic development within the province.

It is only intended for enterprises which are in distress or are undertaking expansion plans in priority sectors biased towards the KwaZulu-Natal Provincial Growth and Development Strategy. Proposed funding measures in the Trade & Investment KwaZulu-Natal Business Support Fund Policy are for:

- Distressed company turn-around plans;
- Lean manufacturing implementation;
- Skills support;
- Business conflict;
- Due diligence funding for BEE acquisition;
- Supplier development and enterprise development; and
- Strategic business support.

The Trade & Investment KwaZulu-Natal Business Support Fund Policy operates in accordance with the best practices required by a public entity in stimulating the real economy

through interventions, thus preventing the economy from sliding into de-industrialisation and its unintended consequences. Accordingly, during the 2019/20 financial year, Trade & Investment KwaZulu-Natal approved a total of R3 248 000 to support strategic industries, facilitate BEE acquisition and company turn-around interventions.

The organisation has also, latterly, acknowledged the impact of the COVID-19 pandemic on company operations and during 2020/21 will endeavour - through the Trade & Investment KwaZulu-Natal Business Support Fund Policy - to provide support funding for companies impacted by the debilitating effects of the global pandemic.

COMPANY RETENTION AND FACILITATION SERVICES

In support of business retention and expansion initiatives, Trade & Investment KwaZulu-Natal facilitated R2,215 billion in company expansion projects, creating some 2 621 employment opportunities. This was achieved through collaboration with and strategic support from our strategic economic development partners, including industry associations, Municipalities, development finance institutions and the DTI.

Company expansions were realised in a range of sectors, including the manufacturing of white goods, agri-business, metals, medical, engineering, automotive and call centres. The table overleaf depicts expansion projects realised during the 2019/20 financial year.

Company	Sector	Location	Jobs	Value
Brother International (Acquisition of Lanxes)	Chemicals	Newcastle	230	R1,3bn
Kerry	Food & Beverage	Cato Ridge	225	R520m
Smart Pellet	Renewable Energy	Ballito	85	R120m
Nortex SA (Acquisition of Zorbatex)	Textile	Ladysmith	500	R90m
Mak Plastics	Plastic Recycling	Cane Lands	200	R74m
MC Biofuels	Renewable Energy	Newcastle	1000	R40m
Green Urban Mining	Tyre Recycling	Cato Ridge	10	R30m
Finlam Automotive	Automotive	eThekwini	11	R7m
Total			2 576	R2,203 bn

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

Name of Company	Sector	Location	Jobs	Value
Brother International (Acquisition of Lanxes)	Chemicals	Newcastle	230	R1,3 billion
Kerry	Food & Beverage	Cato Ridge	225	R520 million
Smart Pellet	Renewable Energy	Hammarisdale	85	R120 million
Nortex SA (Acquisition of Zorbatex)	Textile	Ladysmith	500	R90 million
Mak Plastics	Plastic Recycling	Cane Lands	200	R74 million
MC Biofuels	Renewable Energy	Newcastle	1 000	R40 million
Green Urban Mining	Tyre Recycling	Cato Ridge	10	R30 million
PSR Plant Hire	Block Manufacturing	Mandeni	300	R21,5 million
Finlam Automotive	Automotive	eThekwini	11	R7 million
Casket Emporium	Furniture	Ballito	45	R6 million
Dilex Purification	Services	eThekwini	10	R6 million
Rocky Brands	Consumer Goods	Cornubia	5	R900 000
			2 621	R2,215 billion

BUSINESS CONFERENCES AND EXHIBITIONS

Trade & Investment KwaZulu-Natal, in collaboration with its strategic partners, facilitated the participation of KwaZulu-Natal-based companies on key 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. The intended objective of participation was to promote expanded business growth, company transformation and the encouragement of re-investments by companies. Such strategic platforms included:

Africa Health 2019 (28 to 30 May 2019) - Trade & Investment KwaZulu-Natal facilitated participation of six

KwaZulu-Natal companies, namely Endomed (B-BBEE level 1), Sanichem (B-BBEE level 2), Baphila Herbs (B-BBEE level 1), New Horizon Metals (B-BBEE level 1), Be Safe Paramedical (B-BBEE level 2) and Water Med (B-BBEE level 4) in exhibiting medical health-care-related products and services at Africa Health 2019.

The companies also attended the conference's information sharing sessions, thus providing further business intelligence, enabling improved competitiveness.

Source Africa 2019 (June 2019) - Trade & Investment KwaZulu-Natal has participated in this annual event during the past six years.

It has become the premier sourcing event on the African continent, bringing together suppliers, manufacturers, service providers and buyers in the apparel, textiles and

footwear sectors.

During the review period, the organisation facilitated exhibition and fashion show participation in the event for 20 KwaZulu-Natal-based companies, being ZETU Shoes (B-BBEE Status: Level 1), Women's Vision Primary Co-Operative (B-BBEE Status: Level 3), Footstyle (B-BBEE Status: Level 2), Cindy HCC (B-BBEE Status: Level 4), Novitas Shoes (B-BBEE Status: Level 2), Iced Chilli Design Studio (B-BBEE Status: non-compliant), Angel Soft (B-BBEE Status: Level 1), Yadah Exclusives (B-BBEE Status: Level 1), Spilla Jeans (B-BBEE Status: Level 1), Saddler Belts (B-BBEE Status: non-compliant), Briteshadow (B-BBEE Status: Level 1), Mtofo Designs (B-BBEE Status: Level 1), Sluvin Designs (B-BBEE Status: Level 1), Speed Zipper (B-BBEE Status: Level 1), Beez Couture (B-BBEE Status: Level 1), Zebra Armour (B-BBEE Status: Level 4), Neoglo Safety Wear (B-BBEE Status: Level 1), Nikkita Footwear (B-BBEE Status: Level 3), Palm Footwear Manufacturers (B-BBEE Status: Level 1) and Dumabezwe (B-BBEE Status: Level 1).

Manufacturing Indaba 2019 - The Manufacturing Indaba supports the vision of the National Development Plan through the Department of Trade, Industry and Competition (DTIC) Industrial Policy Action Plan, which is the framework for the nation's economic development and structure to prevent industrial decline and to support growth and diversification of South Africa's manufacturing sector.

Trade & Investment KwaZulu-Natal assisted 10 KwaZulu-Natal companies, including Sentifique Kreations (B-BBEE Status: Level 1), Siyasebenza Manufacturing (B-BBEE Status: Level 1), Dudu and Sipho (B-BBEE Status: Level 1), Thulasizwe Global Projects (B-BBEE Status: Level 1), RN Liquids (B-BBEE Status: Level 1), Frutee Belliez (B-BBEE Status: Level 1), Sunshine Honey (B-BBEE Status: Level 1), Candlelights Bags (B-BBEE Status: Level 1), Sunola Oil Mills (B-BBEE Status: Level 4) and ARTsolar (Pty) Ltd (B-BBEE Status: Level 2) to participate in this event.

Positive feedback was received from the participating enterprises in terms of the impact the event has had on businesses.

Smart Procurement World 2019 - Trade & Investment KwaZulu-Natal facilitated the participation of 10 Trade & Investment KwaZulu-Natal suppliers to exhibit and attend the procurement conference in accordance with the

organisation's supplier development programme. These companies included Shangase Brands (B-BBEE Status: Level 1), Tunnel Solutions (B-BBEE Status: Level 1), Ilitha Management Consultants (B-BBEE Status: Level 1), Sengikwenzile Supplier Services (B-BBEE Status: Level 1), Manelise Group (B-BBEE Status: Level 1), Switched On Trade (B-BBEE Status: Level 1), PZ Finance Institute (B-BBEE Status: Level 1), TKN Incorporated (B-BBEE Status: Level 1), Richards Bay Oils (B-BBEE Status: Level 1) and Innosa Projects (B-BBEE Status: Level 1).

The exhibition and conference assisted suppliers to better understand available procurement opportunities in both the public and private sectors and to source local content, whilst affording them a platform to develop joint ventures and strategic partnerships.

Both Government and corporate South Africa are looking to enterprise and supplier development as a means of providing sustainable economic growth and development.

Automechanika Johannesburg 2019 - This year's event was the sixth time that Automechanika Trade Fair has been staged in South Africa and the second time being co-located with the Futuroad Expo, Sub-Saharan Africa's leading professional event for the truck, bus and commercial vehicle industry. Trade & Investment KwaZulu-Natal facilitated 12 KwaZulu-Natal-based companies to exhibit at this event, namely Hesto Harnesses (B-BBEE Status: Level 2), Dr Colourchip SA (B-BBEE Status: Level 1), Sealtron (B-BBEE Status: Level 1), Lumen Special Cables (B-BBEE Status: Level 2), McNaughtan's (B-BBEE Status: Level 4), Crisp Air (B-BBEE Status: Level 1), Thekwini Wire (B-BBEE Status: Level 1), Handel Street (B-BBEE Status: Level 2), Rapid 3D Printing (B-BBEE Status: Level 4), Aerosol Canners (B-BBEE Status: Level 4), SOMTA Tools (B-BBEE Status: Level 6) and Mahindra/AIH (B-BBEE Status: Level 4).

The event provided participating enterprises with business linkages and new customers.

KwaZulu-Natal Industrial Technology Exhibition 2019 (24 to 26 July 2019) - Trade & Investment KwaZulu-Natal facilitated participation in this event by 10 KwaZulu-Natal-based companies, inclusive of Graphix Supply World (B-BBEE Level 8), SICK (B-BBEE Level 3), GUD Holdings (B-BBEE Level 5), Samac Engineering Solutions (B-BBEE Level 1), Rapid 3DJV (B-BBEE Level 8), Powertrans (B-BBEE Level 1), LHL Engineering (B-BBEE Level 1),

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

Techno Tape (B-BBEE Level 1), Burcap Plastics (B-BBEE Level 8) and LC Packaging (B-BBEE Level 8).

Participants showcased light and heavy industrial technology, as well as packaging and printing-related products and services at the exhibition. Company representatives also attended various seminars on the latest industrial technology trends. A Trade & Investment KwaZulu-Natal representative was afforded the opportunity to deliver a presentation at the conference and the chance to profile both this priority sector and KwaZulu-Natal as a leading business destination.

Participants were introduced to a range of aftermarket light and heavy industrial technology products and services and were assisted with the arrangement of a series of one-on-one appointments.

Arab Health 2020 (27 to 30 January 2020) - Trade & Investment KwaZulu-Natal provided financial assistance scheme support to seven KwaZulu-Natal manufacturing companies to exhibit and attend the Arab Health Conference at the Dubai World Trade Centre. This is the largest gathering of health-care and trade professionals in the Middle East and North Africa region. Companies supported included Endomed (B-BBEE Level 1), Baphila Herbal Solutions (B-BBEE Level 1), Sanichem (B-BBEE Level 2), Watermed (B-BBEE Level 4), Beier Drawtex (B-BBEE Level 2), Be Safe Para Medicals (B-BBEE Level 2) and HBM-SA (B-BBEE Level 1).

The 2020 edition of the event drew more than 4 100 exhibiting companies and 84 400 attendees from 160 countries.

This conference provided updates and insights into cutting-edge medical procedures, techniques and skills. Trade & Investment KwaZulu-Natal hosted an information-sharing session with the SA Consul General and UAE-based companies in the pharmaceutical and medical device field at the Dubai World Trade Centre. In addition, the organisation had a speaking role at the conference, profiling this priority sector in KwaZulu-Natal and promoting the province as a leading business destination. The KwaZulu-Natal-based companies were afforded the opportunity to network and create further business linkages.

BUSINESS TURN-AROUND SOLUTIONS

Trade & Investment KwaZulu-Natal assisted various companies with business turn-around solutions during the 2019/20 financial year. This entailed assisting and supporting KwaZulu-Natal-based companies to access turn-around

programmes, as well as critical skills permits.

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. This programme has greatly benefited a host of KwaZulu-Natal-based companies, cutting losses and improving productivity levels and overall efficiency, thereby increasing their general competitiveness.

INFORMATION SHARING SEMINARS

Trade & Investment KwaZulu-Natal, working with private sector industry associations and public sector partners, facilitated a number of information-sharing seminars during the period under review. Sessions included:

RPMASA Technical Information-Sharing Session

(13 June 2019) - Trade & Investment KwaZulu-Natal collaborated with the Responsible Packaging Management Association of Southern Africa to implement a 2019 information-sharing workshop for the benefit of stakeholders and role-players in the chemicals and maritime sectors regarding supply chain improvements.

This round-table information-sharing session programme also focused on investment promotion opportunities, as identified during the National Localisation Indaba, improved knowledge-sharing for the chemicals and maritime sectors strategy and supply chains and improved safety, efficiency and compliance in these manufacturing environments.

Youth Enterprise Development Programme

Trade & Investment KwaZulu-Natal partnered with Junior Achievement South Africa (JASA) to commence with the delivery of a Youth Enterprise Development Programme (YEDP) to 140 young people between the ages of 18 - 35 years in the following districts: Ugu, King Cetshwayo, uMgungundlovu and uThukela District Municipality. JASA worked closely with the stakeholders in Ugu at Gamalakhe location, Umgungundlovu at Sweet Waters and in uThukela at Steadville area.

The programme in uThukela District Municipality had to be suspended due to a lack of adequate updates by prospective beneficiaries. The support from Ugu Local Municipality and Umgungundlovu made it possible for the two programmes to be completed successfully. The programme at Sweet Waters commenced in September 2019 and all 20 classroom training sessions were

completed in November 2019. The programmes started with 38 participants, 29 students completed the programme and 16 received certificates.

Thirteen students were not certified due to failing to submit a Portfolio of Evidence. The programme at Gamalakhe commenced in October 2019 and all 20 classroom training sessions were completed in November 2019. A total of 30 students received certificates from the initial 38 who started the programme.

The YEDP will take place in King Cetshwayo District Municipality and uThukela District Municipality during the 2020/21 financial year.

Endumeni Business Breakfast - The purpose of this event was to bring the public and private sector together in order to foster a partnership, the primary objective of which was to develop trust and cultivate common goals and strategies between the Municipality and the local business community.

The session served to identify key strategic areas through which to assist in growing the economy of Endumeni Municipality, thereby creating an ever more conducive environment for investment.

Alfred Duma BRE Programme - Business retention and expansion is key to engaging KwaZulu-Natal's business community. It is imperative to keep businesses abreast with information and programmes which could be beneficial to their operations.

In this respect, the Alfred Duma Municipality committed to creating sustainable and enterprising business opportunities within the greater community in the Ladysmith region.

The Alfred Duma Local Municipality, in collaboration with economic development partners, the uThukela Development Agency, the Ladysmith Chamber of Commerce and Trade & Investment KwaZulu-Natal participated in this successful event.

Automotive Investment Scheme Information-Sharing Session - The Automotive Investment Scheme (AIS) provides an incentive designed to grow and develop the automotive sector through investment in new, or replacement models and components that will increase plant production volumes, sustain employment and/or strengthen the automotive value chain.

This information-sharing session was facilitated by Trade

& Investment KwaZulu-Natal with the Durban Automotive Cluster. Attendees voiced their appreciation for the technical content of a most successful session.

12.4 EXPORT DEVELOPMENT AND PROMOTION

12.4.1 EXPORT PROMOTION

INTRODUCTION:

The annual performance of the Export Development and Promotion Unit has been consistent year-on-year, with targets being consistently exceeded.

The first three quarters of the 2019/20 financial year proved exceptionally busy in terms of trade promotion events and company participation at such events.

A significant contributing factor to this was the number of local trade events co-ordinated during quarters one and two.

The approval of international events provided additional momentum towards both achieving and exceeding annual targets.

Driving these market access opportunities were the robust facilitation support provided by Trade & Investment KwaZulu-Natal to KwaZulu-Natal-based companies, ensuring access to various market access incentives, both national and provincial.

The review period saw no fewer than 153 incentives successfully facilitated on behalf of local companies, resulting in some 110 of these companies successfully accessing national and international markets.

Due to budgetary constraints, trade activities slowed notably during the latter part of the financial year, although this did not have an overly negative impact on the organisation's annual performance.

The tables below reflect the types of internal and local events co-ordinated during the period under review.

INTERNATIONAL EVENTS

Trade & Investment KwaZulu-Natal facilitated access to various provincial and national export incentives on behalf of KwaZulu-Natal-based companies, enabling them to participate in a range of trade events during the 2019/20 financial year, including those listed in the table overleaf:

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

Destination	Activity	Date	Participants
New York, USA	Summer Fancy Food Show	23 - 25 June 2019	5
Mumbai and New Delhi, India	Outward Selling Mission	13 - 20 July 2019	4
London, United Kingdom	Africa Fashion Week London	9 - 12 August 2019	11
Russia	World Food Moscow	24 - 27 September 2019	4
Cologne, Germany	Anuga Food Fair	5 - 9 October 2019	3
Oman	Food Hospitality Oman 2019	14 - 16 October 2019	4
Samara, Russia	World Halaal Day 2019	1 - 7 October 2019	4
Dongguan, Zhanjiang, Shanghai, China	Dongguan and Zhanjiang Aquaculture Project CIIE 2019	31 October - 10 November 2019	2 Officials
Cairo, Egypt	Destination Africa Egypt	9 - 11 November 2019	4
Mauritius	Trade Mission to Mauritius	17 - 23 November 2019	8
United Arab Emirates	Gulfood 2020	16- 20 February 2020	6

LOCAL EXHIBITIONS

In line with the need to create opportunities for KwaZulu-Natal's emerging export clients, a number of intra-trade events were pursued at various local and national exhibitions in South Africa.

These events provided emergent export companies

with opportunities to learn and to practice marketing their companies and products, thus providing access to national buyers and, in some instances, international representatives.

Exhibitions attended during the 2019/20 financial year are detailed in the table below.

Destination	Activity	Date	Participants
Cape Town, South Africa	Decorex Cape Town	1 - 5 May 2019	6
Johannesburg, South Africa	Southern African Local Manufacturing Expo 2019	21 - 23 May 2019	6
Cape Town, South Africa	Source Africa 2019	11 - 13 June 2019	20
Johannesburg, South Africa	Africa Big 7	23 - 25 June 2019	8
Durban, South Africa	2019 House and Garden Show	28 June - 7 July 2019	14
Johannesburg, South Africa	Decorex Johannesburg 2019	7 - 11 August 2019	8
Johannesburg, South Africa	SARCDCA Christmas Show 2019	22 - 25 August 2019	5
Durban, South Africa	Durban Business Fair 2019	22 - 29 September 2019	10

12.4.2 EXPORT DEVELOPMENT

During the year under review, Trade & Investment KwaZulu-Natal afforded access to emerging, existing and seasoned exporters a number of training, mentorship and capacity-building programmes.

Some 176 exporters benefited from such programmes, exceeding the target by 76.

Trade & Investment KwaZulu-Natal also embarked on a new initiative designed to expose Black youth and woman-

owned companies to the world of export over a three to six-month period.

The organisation provided training and workshops, as well as enabling participation in trade-related exhibitions for the benefit of 11 identified companies.

EXPORT TRAINING

The table below details a number of training programmes and workshops hosted by Trade & Investment KwaZulu-Natal during the 2019/20 financial year:

Activity	Date	Participants
PUM Information Session	3 April 2019	7
African Exporter Networking Session	10 April 2019	9
DTI-GEPP Programme - Pongola	27 June 2019	30
DTI-GEPP Programme - Richards Bay	28 June 2019	37
DTI-GEPP Programme - Durban	9 - 12 July 2019	10
DTI-GEPP Programme - Durban	26 - 29 August	15
Anuga Preparatory Workshop	5 September 2019	8
DTI-GEPP Programme - Durban	4 - 5 November 2019	14
SES Mentorship	17 September - 19 October 2019	1
Exhibition Do's and Don'ts	2 August 2019	15
Emerging Graduation Programme	9 - 10 December 2019	20
Advanced Exporter Training Session	2 - 3 December 2019	7
Advanced Exporter Training Session	22 - 23 January 2020	11
Advanced Exporter Training Session	11 - 12 February 2020	9
Advanced Exporter Training Session	10 - 11 March 2020	7
Durban Business Fair	22 - 29 September 2019	2
Export Week Exhibition	14 - 18 October 2019	2

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

INTERNATIONAL MENTORSHIP PROGRAMMES

During the review period, Trade & Investment KwaZulu-Natal continued rolling-out international mentorship programmes through PUM, SIPPO and SES, with PUM experts mentoring a number of KwaZulu-Natal-based companies in the fields of industrial bagging, commercial packaging and footwear, whilst SES experts mentored a number of local textile and clothing companies

PUM Mentorship - The Programme Uitzendings Manager (PUM) is a Netherlands-based mentorship programme aimed at providing companies in developing countries with access to experts based in the Netherlands.

During the 2019/20 financial year, a number of mentorship programmes were implemented involving, specifically, export-related companies, which were assisted to enhance their export capabilities. Such mentorship endeavours included support in terms of both the operational and marketing aspects of the participating business enterprises.

SIPPO Programme - The Swiss Import Promotion Programme (SIPPO) promotes sustainable and inclusive trade and strengthens the competitive position of companies in 11 partner countries through business support organisations, thereby facilitating market access to Switzerland, the European Union and regional markets.

Through the SIPPO programme, the organisation was able to enhance its skills in terms of the overall co-ordination of trade shows, inclusive of preparation, execution and post-event follow-up. It was also able to develop and enhance a mentorship-programme for the provision of training and one-on-one support assistance for companies, so enabling them to develop their own individual export marketing strategies.

SES Germany - Mentorship Programme - The Senior Experten Service (SES) Germany Mentorship Programme was introduced as a service offering by the Department of Economic Development, Tourism and Environmental Affairs during the 2019/20 financial year. This programme provided access to a wide range of services, with a pool of more than 13 000 experts from which to select. Such support could well be extended to some six months.

Trade & Investment KwaZulu-Natal facilitated access to this support for the benefit of companies active in the footwear, clothing and manufacturing sectors.

STRATEGIC ACTIVITIES:

KZN Export Information Portal (www.exportkzn.co.za) -

During the 2019/20 financial year, a review of the KZN Export Information Portal was conducted, providing the motivation for an upgrade and update of this information platform.

The KZN Export Information Portal is a resource tool enabling the location of information pertaining to export, in terms of trade information, trade agreements, duties on products, product and sector fact sheets, as well as country profiles, to name but a few of the available offerings. The platform also provides companies with access to a business linkage platform.

The system upgrade will introduce enhanced communication and database capabilities, together with improved navigation, tools and resources. The system is set for re-launch during the first quarter of the new financial year.

DSM Model/Training - Trade & Investment KwaZulu-Natal provides valuable market intelligence and analyses through the use of sophisticated tools. One such tool is the Decision Support Model (DSM) tool, a quantitative tool which utilises trade data and various filters to determine the potential export opportunity of products into various markets.

In June 2019, four members of the organisation's staff successfully underwent the user accreditation process, ensuring the consistent and effective use of this tool going forward. In addition, members of staff were provided with quarterly training on macro-economic and global factors. This, coupled with frequent economic news feeds, provided for the development of an invaluable knowledge base; knowledge which has significantly enhanced interaction and consultation with KwaZulu-Natal-based companies.

KZN Export Competitiveness Enhancement

Programme - A total of 20 KwaZulu-Natal-based companies participated in the KZN Export Competitiveness Enhancement Programme during the review period. The programme comprised two categories, namely an emerging category of 15 companies which have embarked on a six-month development programme, and an advanced group category, in which five companies have embarked on a 10-month development programme.

The programme was implemented as a partnership

between Trade & Investment KwaZulu-Natal, the Department of Economic Development, Tourism and Environmental Affairs and SEDAKZN, with the service provider being Productivity SA. It commenced in 2018 and concluded in September 2019. The programme was designed to improve the productivity and competitiveness of a group of KwaZulu-Natal-based emerging and existing exporters, so as to increase their propensity to export.

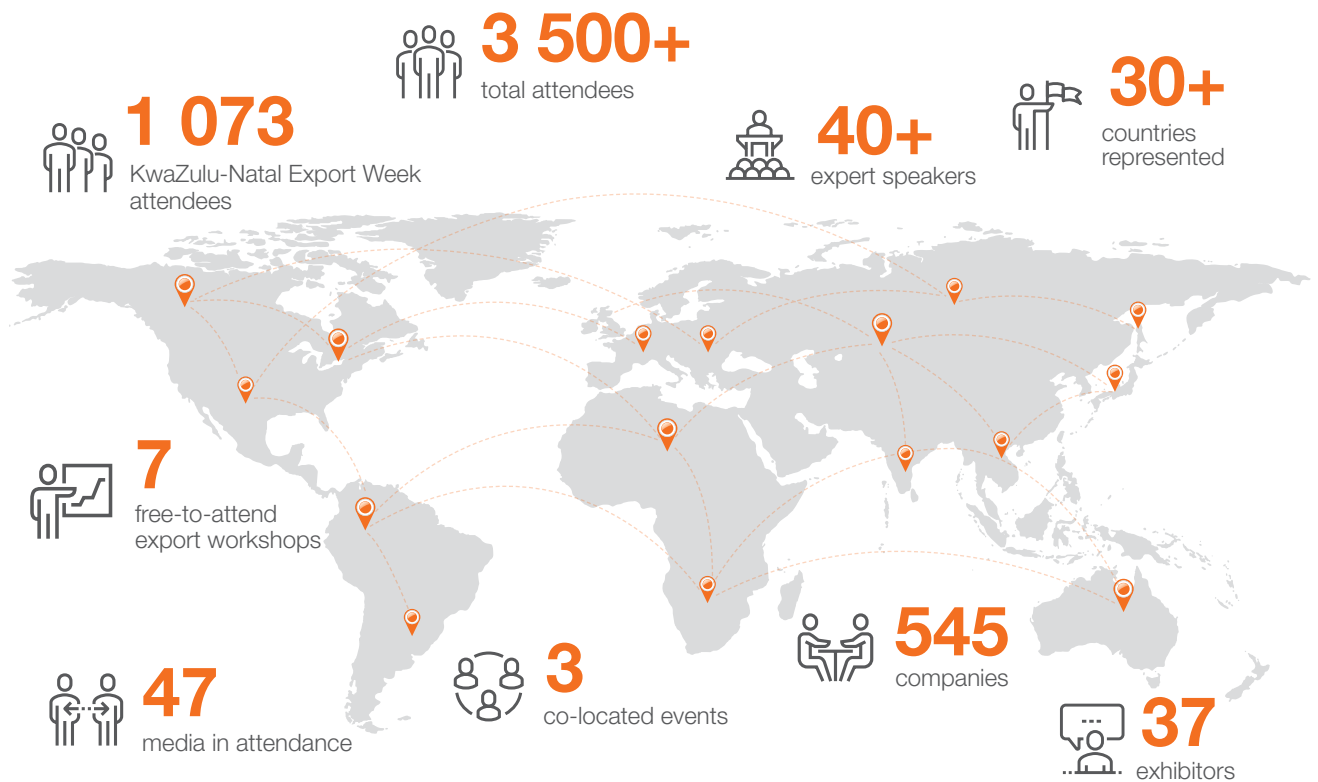
The next programme was poised to commence in April 2020, with a total of 70 participating companies set to benefit from the support.

KZN Export Week 2019 - KZN Export Week 2019 was held at the Inkosi Albert Luthuli ICC in Durban between 14 and 18 October 2019 and collocated with Drone Con 2019 and Africa Ports Evolution 2019.

The KZN Export Week and Summit was developed by Trade & Investment KwaZulu-Natal eight years ago with the

objective of encouraging KwaZulu-Natal-based companies to enter the export market. It also offered an export master class for the advancement of more experienced exporters, together with an export readiness training programme for emerging exporters. It additionally served to encourage Black-owned companies to take-up opportunities to participate in this space.

The event profiled KwaZulu-Natal's successful exporters, who gave of their time to share their experience, proffer advice to aspirant exporters and highlight challenges faced, describing how such obstacles were overcome. KZN Export Week also generated awareness of trade trends and statistics and afforded the opportunity to share best practice knowledge in terms of promoting exports generally. The week-long programme of activities provided for professional development and the dissemination of information about growth sectors and export market opportunities. The infographic below indicates details of quantitative KZN Export Week 2019 outcomes.



12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

2019/20 SUCCESSES

Trade & Investment KwaZulu-Natal facilitated a number of major successes in the field of export development promotion during the 2019/20 financial year, inclusive of the following:

- Shangase Brands successfully accessed the Namibian market as a result of its participation in the Southern African Local Manufacturing Expo, held in 2019;
- Superinga finalised an export order into Ghana in 2019 and worked closely with one of Trade & Investment KwaZulu-Natal's export training service providers, namely ABC Kings, with regard to documentation requirements for this market;
- Rocky Brands reported sales of more than R60 000 during its participation in the House and Garden Show 2019, which also afforded them the opportunity to launch a new product line;
- Energy Supplements successfully negotiated a large Russian order in 2019, the result of initial contact made with an importer at SIAL 2018;
- Great Heart of Africa received an order for a twenty-foot equivalent unit (TEU) of product from Pakistan, the consequence of ongoing negotiations with the client;
- The achievement of combined sales, valued at R802 570, by 13 KwaZulu-Natal-based companies which participated in the House and Garden Show;
- The achievement of combined sales and orders valued at R274 485 and R138 700 respectively by seven KwaZulu-Natal enterprises which participated in Decorex Johannesburg;
- The generation of orders valued at R80 940 at SARCD

Christmas, a retail toy, decor and gift trade show;

- Investment KwaZulu-Natal - and successfully accessed funding from the dti to the value of R1,2 million; and
- Minnie's Food Enterprise sold in excess of R8 000 worth of goods during its participation in Food Hospitality Oman 2019, as well as securing an export order worth R300 000 during the event. The company also finalised the appointment of a distributor in Oman.

12.5 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. These outputs, collectively totalled 17 in the 2019/20 financial year.


The unit focused on the development of sector analysis reports, fact sheets, value chain studies and export research. 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 review period, Trade & Investment KwaZulu-Natal was responsible for packaging the following projects:

Name	Description	Value
Establishment of KwaZulu-Natal digital hubs	The Provincial Government had taken a decision to establish these digital hubs, on nine sites throughout the province. These sites have been identified, meetings held with various stakeholders and agreement reached on the implementation plan and roll-out of these facilities in a sustainable manner. The first was rolled-out at Isithebe and included participation from Microsoft, the DTIC and the Moses Kotane Institute.	R16 million
Electronic Refurbishment Hubs	A feasibility study and business plan were developed by eThekweni Municipality in order to investigate the potential for such an establishment, in collaboration with Trade & Investment KwaZulu-Natal. The idea was for these refurbishment centres to be included in the overall design of the Digital Hubs in order to ensure greater sustainability.	R5,5 million per centre



Name	Description	Value
NU Dawn Eggs Business Rescue Project	Nu Dawn Eggs is a Black-owned and managed company which produces, packs, markets and distributes more than 350 000 eggs. Feed accounts for some 60% of business input costs. A dramatic increase in input cost at a time when a drop in the egg price was experienced led to cash-flow problems in the business. The project promoter approached the KwaZulu-Natal Provincial Department of Agriculture & Rural Development for business rescue assistance. The Department, in turn, approached Trade & Investment KwaZulu-Natal to assist with packaging a business rescue plan, essentially to offset the high feed costs.	R12 million Jobs: 20
NU Dawn Feed Project	NU Dawn cc is a Black-owned and managed company which produces, packs, markets and distributes more than 350 000 eggs. Feed accounts for some 60% of business input costs. The company is considering producing its own feed and selling the excess to neighbouring emerging poultry farmers. Stakeholders include the Department of Trade and Industry, the Department of Agriculture & Rural Development, NU Dawn Eggs, the Agribusiness Development Agency and the South African Poultry Producers Association.	R68 million Jobs: 20
Umkhanyakude Pork Abattoir & Processing Facility Project	Umkhanyakude District Municipality has experienced the exponential growth of piggeries in the district. However, local farmers have to transport their produce more than 250km to Darnal Abattoir, which is the closest such facility. Thus, the establishment of an abattoir was deemed a necessity. The tentative site is in Mtubatuba, which is within 100km of most of the beneficiary farmers.	R43 million Jobs: 15
Clothing & Textile Special Economic Zone	The Clothing & Textile Special Economic Zone is a strategic catalytic project, funded by the Provincial Department of Economic Development, Tourism and Environmental Affairs and implemented by Trade & Investment KwaZulu-Natal to stimulate the clothing and textile sector, by attracting foreign and local companies to establish businesses as a means of addressing sector challenges. Challenges include, but are not limited to, the need to focus on the use of advanced technologies to manufacture alternative textiles using plant-based ingredients, such as hemp and other plant fibres, the need to attract investment in the manufacturing of niche areas, such as - but not limited to sportswear, the need to attract foreign companies capable of providing new and advanced technology, so providing KwaZulu-Natal the cutting-edge in niche areas. The uThukela area has been identified for the development of the Special Economic Zone, creating a catalytic project that will stimulate corridor development from Alfred Duma, Mpofana and Msunduzi Local Municipalities through to the north and south of Durban.	R1,5 million (for project packaging) Jobs: 100

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

HIGH-IMPACT PROJECTS

Trade & Investment KwaZulu-Natal was also responsible for the identification and development of a number of high-impact projects, in collaboration with key Government stakeholders, during the period under review.

These include the following:

Name	Description	Progress
Aquaculture Development Zone Project	The province aims to establish a vibrant and a sustainable aquaculture and fish-farming sector. The sector will foster economic development in the province, as well as encouraging food security, making a contribution towards the province's exports and creating employment opportunities within the province. Trade & Investment KwaZulu-Natal is playing a lead role in this regard.	Terms of reference for feasibility and business plan development have been distributed and a service provider will be appointed in the 2020/21 financial year.
KZN Halaal Initiative 2019/20	This is a strategic initiative, funded by the Provincial Department of Economic Development, Tourism and Environmental Affairs and implemented by Trade & Investment KwaZulu-Natal over three years, to 2022. The programme employs four strategic pillars of development, focusing on the attraction of strategic investment projects, both foreign and local, in Halaal manufacturing for exports. Other key areas of focus include the development of key Halaal-accredited infrastructure in logistics and transport, cold storage and warehousing facilities, undertaken in partnership with Dube TradePort Corporation. Other areas for Halaal-accredited facilities have also been identified within the tourism sector and will involve the development of a KwaZulu-Natal Halaal Tourism Strategy. This initiative has the potential to grow exports, create niche manufacturing facilities, generate strategic growth in Africa, develop tourism industry new markets and direct marketing to potential international investors through the strong international linkages already established from the 2019/20 financial year and on an ongoing basis.	KwaZulu-Natal was selected to host the World Halaal Day Summit 2021 at the Durban ICC. (Previous World Halaal Day events have been held in Russia, Korea, India and Singapore, and attract, on average, some 1 000 local and international delegates, including traders, investors and key government representatives from across the globe who have developed/are developing the Halaal sector in their own countries).
KZN Municipality Energy Master Plan	Cities around the world have been implementing energy-intensity benchmarking and energy efficiency programmes for a significant period of time and have achieved measurable levels of success in so doing. The eThekweni Energy Master Plan has demonstrated that the Metro could achieve its 40% renewable energy target by 2050 and, in the process, save in excess of R1 billion annually, if it converted to renewable energy sources.	Energy master plans were developed for eThekweni Municipality, the Richards Bay Industrial Development Zone and Dube TradePort, as well as for Municipalities

RESEARCH

Trade & Investment KwaZulu-Natal undertook a number of research-related projects during the 2019/20 financial year.

These included:

- 36 target export and investment sector reports being published and fact sheets developed;
- 17 investment opportunities and catalytic projects identified, developed and packaged;
- 17 research/sectoral papers being presented at key strategic partner or organisation-led events; and
- 15 macro-economic reports developed and disseminated.

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 2019/20 financial year, the organisation implemented four ICT business improvement initiatives and a further four 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:

- Development of Online RSVP and Event Monitoring Systems for the following flagship events:
 - KZN Youth Indaba Event; and
 - KZN Investor Awards and Conference, which also included the creation of reporting for the judges to make accurate decisions about winners. This resulted in 47 companies entering the Awards and more than 900 delegates registering on the online system.
- Development of the 2019 Export Week Sub-Site's online RSVP Registration System, and the development of a B2B Meeting Scheduling Platform for participants, the publication of content and the management of presentations on the sub-site; and
- Implementation, configuration and support of Swiss Import Promotion Programme (SIPPO) sponsored CRM (app.b2btrace.com), designed for the organisation's Export Development and Promotion Unit.

Four ICT business improvement initiatives were successfully implemented against a target of four and included:

- SAP version upgrade and cloud migration;
- Implementation of new firewall and Wi-Fi Solution;
- Implementation of new data back-up and disaster recovery solution; and
- Enhancement of SAP reporting functionality, such as BEE.

12.6 GAUTENG OFFICE

Trade & Investment KwaZulu-Natal is mandated to market KwaZulu-Natal as the premier investment destination and to grow the provincial export capacity of the province.

In pursuit of this objective, the Gauteng Office is directed to assist with both the marketing endeavours and image-building activities of KwaZulu-Natal as a premier investment destination and trading partner to strategic partners in order to foster new, and strengthen existing, relationships.

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.

Investor targeting is undertaken through the hosting of inbound delegations, targeting local investors in Gauteng, outbound missions internationally and locally and the hosting of sessions with international organisations or sector-specific updates in conjunction with other units of the organisation.

Projects are also generated and qualified by means of the presentation of identified opportunities, sector value propositions and the provisioning of KwaZulu-Natal market-related information.

Destination marketing is undertaken regionally by promoting KwaZulu-Natal as the premier investment location and trade hub of the country, outlining the advantages of the destination and highlighting its strategic nature.

QUALIFIED LEADS GENERATED

During the review period the Gauteng Office generated and presented 64 business leads, against a target of 55.

Investment leads produced during the 2019/20 financial year emanated from South Africa, China, Russia, countries from the European Union and the United States of America.

12 TRADE & INVESTMENT KWAZULU-NATAL PROGRAMMES continued

Leads were generated across a range of sectors, inclusive of advanced manufacturing, renewable energy, clean-tech, agri-processing, ICT and various services.

DELEGATIONS REFERRED TO KWAZULU-NATAL

Working against a target of 15, the Gauteng Office referred 16 delegations to KwaZulu-Natal during the period under review.

Delegations referred included countries such as China, Finland, Netherlands, United States of America, Oman, Georgia and Singapore.

Highlights included:

- A business seminar hosted with the Embassy of Georgia in KwaZulu-Natal, showcasing business opportunities between KwaZulu-Natal and Georgia;
- A visit from the Ambassador of the Oman Embassy in South Africa to meet with and visit existing Special Economic Zones in order to discuss export opportunities between these Special Economic Zones and the Port of Sohar in Oman; and
- Assisting the Professional Team consulting on behalf of Heineken to identify a potential site for the establishment of a production facility on the North Coast of KwaZulu-Natal to expand the company's geographical footprint.

SESSIONS HOSTED IN PARTNERSHIP WITH INTERNATIONAL ORGANISATIONS OR HOSTING OF INTERNATIONAL DELEGATIONS

The Gauteng office hosted 35 events with international organisations, trade offices and bilateral chambers, against a target of 30.

These presentation opportunities were conducted in conjunction with a number of international partners, namely The Nordic South African Business Association, Advance International Business Development (Pty) Ltd, the Embassy of Lithuania, the Holland Business Chamber Southern Africa, Access African Channel, the Embassy of Georgia, the South African Portuguese Chamber of Commerce, Zurcom, the Belgium Chamber of Commerce South Africa, the French South Africa Chamber of Commerce and Industry, DIRCO and GTS South Africa.

International delegations hosted in Gauteng during the 2019/20 financial year included:

- A delegation from Illinois, United States of America, seeking opportunities in the health sector, which was

arranged by Zurcom;

- A power, energy and construction delegation from China, seeking large-scale power and energy turn-key 'Greenfield' projects;
- Delegates from The Department for International Trade: United Kingdom, seeking to launch capacity-building programmes for Investment Promotion Agencies; and
- A delegation from Poland, comprising representatives from various sectors of industry, seeking partners in KwaZulu-Natal.

Highlights of the review period included:

- The facilitation of an international panel discussing best export practices, during the Global Trade Show South Africa event. The event was attended by Ambassadors, Trade Commissioners and international organisation representatives from various countries;
- A networking reception, hosted by Trade & Investment KwaZulu-Natal, together with Dube TradePort Corporation to showcase Dube TradePort Special Economic Zone and Trade & Investment KwaZulu-Natal's services, as well as investment opportunities available in the province;
- A business showcasing event, in partnership with the French SA Chamber of Commerce and Industry and the Holland Business Chamber Southern Africa, which afforded Trade & Investment KwaZulu-Natal the opportunity to present on the ease of doing business in KwaZulu-Natal, together with local company representatives; and
- An inclusive growth event, in partnership with the JSE and Access Africa Channel, beneficial in promoting Trade & Investment KwaZulu-Natal to an international audience based in South Africa. The dialogue related to inclusive growth and its economic impact on KwaZulu-Natal, as well as sharing success stories, investment opportunities and case-studies relating to existing KwaZulu-Natal-based companies.

SECTOR-BASED EVENTS HOSTED

The Gauteng Office hosts sector-based events to create opportunities for showcasing the value proposition and opportunities in priority sectors.

The Gauteng Office hosted 19 such events during the 2019/20 financial year, against an annual target of 15.

Major 2019/20 financial year highlights included:

- The presentation of opportunities within the province's

traditional and growth priority sectors to delegates from Lithuania;

- The hosting of the Ports Indaba session, in partnership with the Holland Business Chamber Southern Africa, to create awareness for companies and representatives within the fuel storage and supply value chain in terms of available opportunities to access fuel storage facilities;
- A multi-sectoral presentation seminar, hosted for Nordic Region delegates, in partnership with Advance International Business Development (Pty) Ltd.;
- The Trade & Investment KwaZulu-Natal hosting of presentation seminars in Gauteng for the priority sectors identified in its growth and investment strategy, inclusive of agriculture, manufacturing, the oceans economy, property and infrastructure development, and services;
- Multi-sectoral presentations and promotion of investment opportunities available were showcased to various bilateral chambers, including the Belgian Chamber of Commerce, Holland Business Chamber Southern Africa, Nordic South African Business Association and the French South Africa Chamber of Commerce and Industry; and
- A Wind, Energy and Biodiversity Summit, co-hosted with the South African Portuguese Chamber of

Commerce, during which Trade & Investment KwaZulu-Natal presented investment opportunities available in the renewable energy sector.

BUSINESS OPPORTUNITIES GENERATED IN FOREIGN MARKETS

Business opportunities generated in foreign markets during the 2019/20 financial year included:

- A mission to the Basque Region (Bilbao, Spain and Oslo and Norway) to explore areas of co-operation for companies keen to enter South Africa, and attending the Nordic Africa Business Association Conference;
- Presentations on KwaZulu-Natal opportunities and Trade & Investment KwaZulu-Natal services in Helsinki, Finland and Copenhagen, Denmark and the follow-up of project leads and opportunities; and
- Leading a business delegation, accompanied by the MEC for Human Settlements and Public Works, to Russia, and attending the Russia-Africa Summit, which focused on key areas of co-operation between Russia and African countries.





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

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CORPORATE GOVERNANCE STATEMENT

GOVERNANCE

Trade & Investment KwaZulu-Natal is a provincial public entity and is governed by both the KwaZulu-Natal Trade and Investment Agency Act, 2010 (Act No. 5 of 2010) and the Public Finance Management Act.

The organisation 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.

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

Portfolio Committees -

Parliament exercises its role over the entity by interrogating its annual financial statements and any other relevant documents which have 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 over the service delivery performance of the entity and is concerned with service delivery and enhancing economic growth and, as such, reviews the non-financial information contained in the annual reports of the entity.

During the financial year under review, four (4), Finance Portfolio Committee meetings and four (4) SCOPA meetings were held. No issues were raised by the Portfolio Committees.

Executive Authority -

The Executive Authority of Trade & Investment KwaZulu-Natal is the MEC for Economic Development, Tourism and Environmental Affairs, who is responsible for appointing members of the organisation's Board. 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 held with the Department of Economic Development, Tourism and Environmental Affairs to discuss the performance reports. During the financial year under review, performance reports were submitted within set time-frames and the Chief Executive Officer attended the quarterly meetings to discuss progress against set targets.

The Accounting Authority/Board -

The Board is the Accounting Authority of Trade & Investment KwaZulu-Natal. It 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 has absolute responsibility for effective organisational performance, as per the entity's mandate, and is fully accountable to the Shareholder for such performance.

The Board appreciates that strategy, risk, performance and sustainability are inseparable and gives effect to this by contributing to and approving 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. 5 of 2010) ('the Act') and the Public Finance Management Act and are further guided by the principles of good corporate governance, as contained in King IV.

The role and responsibilities of the Board include the responsibility to:

- Exercise the duty of utmost care to ensure reasonable protection of Trade & Investment KwaZulu-Natal's assets and records;
- Act with fidelity, honesty, integrity and in the best interests of the entity in managing the financial affairs of Trade & Investment KwaZulu-Natal;
- Provide strategic direction and leadership to Trade & Investment KwaZulu-Natal. The Board performs

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;

- Formulate, monitor and review the corporate strategy, major plans of action, risk policy, annual budgets and business plans;
- Retain full and effective control and management over the affairs of Trade & Investment KwaZulu-Natal;
- Provide effective leadership based on an ethical foundation, which is characterised by acting with responsibility, honesty, integrity, accountability and transparency. This sets the tone, from the top, to promote an ethical culture within Trade & Investment KwaZulu-Natal;
- Ensure that the entity is and is seen to be a responsible corporate citizen by having regard for not only the financial aspects of the business of Trade & Investment KwaZulu-Natal, but also the impact that its business operations may have on the environment and the society within which it operates;
- Govern technology and information in a manner which supports the organisation's ability to set and achieve its strategic objectives;
- Consider and approve the annual financial statements; and
- Ensure that Trade & Investment KwaZulu-Natal complies with 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 adhering to the Board Charter. The Charter confirms that members of the Board 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 annual financial statements;
- Monitoring transformation and empowerment;
- Determining appropriate remuneration policies and practices; and

- Balanced and transparent reporting to stakeholders.

As per the 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.

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 -

During the financial year under review, the Board comprised 11 Non-executive Members and the Chief Executive Officer as an ex-officio member of the Board.

The members of the Board have extensive business experience and specialist skills across a range of sectors, including, inter alia, finance, legal, human resources, the labour market, economics, investment and export.

This enables the members to provide balanced, independent advice and judgement in the decision-making process.

In terms of the Trade & Investment KwaZulu-Natal Act, the organisation's Board members hold office for a period of five years, or such shorter period as the Responsible MEC 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 10 years.

13 CORPORATE GOVERNANCE STATEMENT continued

The terms of office of three Non-executive Board members expired on 31 August 2019 and the Board members were re-appointed for a further term of office.

The terms of office of a further six Board members will expire on 31 August 2020.

The Board and Shareholder are currently engaging in discussions relating to the Board succession plan, to ensure that there is no impact on Board activities.

The Board entertained two resignations during the reporting period, inclusive of Dr VF Mahlathi, who resigned effective


30 May 2019, and Mr DB Dlamini, effective 31 December 2019. Dr Mahlathi and Mr Dlamini both contributed immensely to the organisation's progress, as well as to the Board and its Sub-Committees during their tenure.

The vacancies created by the resignations have not yet been filled by the responsible MEC, in terms of section 5 of the Trade & Investment KwaZulu-Natal Act, leaving nine Non-executive Members that constitute the Board.

During the 2019/20 financial year, four ordinary board meetings and one strategy planning meeting were held.

Composition of the Board during the 2019/20 financial year

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Committee Membership	No. of Board Meetings Held	No. of Board Meetings Attended
Ms CM Cronjé**	Chairperson	1/09/2019	BA (Hons); UED; BProc; Dip. Environmental Law; LLM (Environmental/Constitutional Law)	Law; public finance; governance; environmental	Attends all Board meetings	5	5
Ms LCZ Cele**	Deputy Chairperson	1/09/2019	BCom; Postgraduate Dip. Tax; Executive Leadership Dev. Programme; MAcc (Taxation)	Finance, corporate governance, business management	Chairperson of Audit, Risk & Compliance Committee	5	5
Mr GW Bell**	Non-Executive Board Member	1/09/2019	Mechanical Engineering Dip	Business management, Manufacturing Industry, investment and export	Chairperson of Trade and Investment Committee	5	4
Mr DB Dlamini***	Non-Executive Board Member	15/11/2017	BA (Politics, Philosophy & Public Administration); MPA	Public administration, business management and community development	Trade and Investment Committee HR, Social and Ethics Committee (from 29/3/2019)	5	2



Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Committee Membership	No. of Board Meetings Held	No. of Board Meetings Attended
Ms U Maharaj	Non-Executive Board Member	15/11/2017	BAct Honours; Post Graduate Dip. Accounting Chartered Accountant (SA)	Business management, human resource strategy, training, coaching and leadership development	Audit, Risk & Compliance Committee HR, Social and Ethics Committee	5	5
Dr VF Mahlati*	Non-Executive Board Member	15/11/2017	PhD (Rural Economics); Master's in social policy and planning	Human resource, planning and development skills	Trade and Investment Committee	5	0
Mr SK Mpungose	Non-Executive Board Member	15/11/2017	BCom (Economics & Management); BCom Honours (Economics); MCom (Advanced Applied Economics)	Applied economics and finance, and business management	Trade and Investment Committee	5	5
Mr S Naidoo	Non-Executive Board Member	15/11/2017	BA; BAdmin, Honours (Industrial Psychology)	Human resources, investment and export, business management and community development	HR, Social and Ethics Committee	5	5
Mr MC Ngcobo	Non-Executive Board Member	15/11/2017	BCom Accounting Honours; Chartered Accountant	Development finance, corporate and investment banking, private equity, auditing, venture capital and business development	Audit, Risk & Compliance Committee	5	4

13 CORPORATE GOVERNANCE STATEMENT continued

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Committee Membership	No. of Board Meetings Held	No. of Board Meetings Attended
Mr ZC Ngidi	Non-Executive Board Member	15/11/2017	BA, law and LLB	Legal, corporate governance and labour	Member of HR, Social & Ethics Committee (HRSEC) Chairperson of HRSEC (from 29/03/2019)	5	3
Mr KS Shandu	Non-Executive Board Member	15/11/2017	National Diploma (Chemical Engineering)	Business management and community development	Trade and Investment Committee	5	4
Mr NST Matjie	CEO/ Executive Board Member (Ex-Officio)	01/10/2018	MSc Investment Promotion & Econ., Post-graduate Dip. Business Management, BA Comm	Trade and investment, export, business management, policy advocacy, governance	Attends all Board and Committee Meetings	5	5
<p>* Dr VF Mahlali resigned 30 May 2019 ** Terms of Office ended on 31 August 2019. Re-appointed on 01 September 2019 *** Mr DB Dlamini resigned 31 December 2019</p>							

BOARD COMMITTEES

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

Such 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, which are tabled at every meeting of the Board.

Trade & Investment KwaZulu-Natal has in place the following well-established Board Committees, namely the

Audit, Risk and Compliance Committee, Human Resources and the Social and Ethics Committee, as well as the Trade and Investment Committee.

Board Committees Membership and Attendance

Name of Board Members	Committee Meetings					
	Audit, Risk and Compliance		Human Resources, Social and Ethics (HRSEC)		Trade and Investment Committee	
	Held	Attended	Held	Attended	Held	Attended
Ms CM Cronjé*			3	1		
Mrs LCZ Cele	5	5				
Mr MC Ngcobo	5	5				
Ms U Maharaj	5	5	3	3		
Mr ZC Ngidi			3	3		
Mr S Naidoo			3	3		
Mr GW Bell					3	3
Mr DB Dlamini***			3	2	3	2
Dr VF Mahlali**					3	0
Mr SK Mpungose					3	3
Mr KS Shandu					3	2

* Attended X1 HRSEC meeting by invitation
 ** Resigned 30 May 2019
 *** Resigned 31 December 2019

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 being responsible to:

- Regularly evaluate and monitor human resources policies in order to ensure that such policies are up-to-date with the latest legislative requirements;
- Recommend the organisation's staffing requirements by regularly monitoring that the staffing structure is in line with the organisation's strategic plan and employment

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CORPORATE GOVERNANCE STATEMENT continued

equity targets;

- Regularly evaluates and monitors the performance management policy and the implementation thereof in order to ensure that conditions are kept up-to-date with latest developments;
- Monitor the implementation of the performance management system;
- Deliberate over remuneration and incentives;
- Monitor the organisation'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 Trade & Investment KwaZulu-Natal's:
 - Promotion of equality, prevention of unfair discrimination and reduction of corruption;
 - Contribution to the development of communities in which its activities are predominantly conducted, or within which its products or services are predominantly marketed; and
 - Recording of sponsorship, donations and charitable giving.
- Deal with environmental, health and public safety issues, including the impact of Trade & Investment KwaZulu-Natal's activities and of its products or services on such issues;
- Deal with stakeholder relationships;
- Review labour and employment, including drawing matters within its mandate to the attention of the Board, as required;
- Consider ethics and compliance with laws and regulations relevant to the Committee's area of responsibility; and
- Ensure that the organisation's ethics are managed in a manner which supports the establishment of an ethical culture.

The Committee met three times during the course of the financial year under review. Key activities undertaken by the Committee during this period included, inter alia:

- Consistent with Trade & Investment KwaZulu-Natal's objective of aligning with both provincial and national B-BBEE mandates in implementing Broad-Based Black Economic Empowerment initiatives to positively impact on the lives of the broader community in which it operates, its employees and all other stakeholders, the Trade & Investment KwaZulu-Natal Transformation Strategy was developed in the 2018/19 financial year to guide the organisation in ensuring the achievement and promotion of economic transformation through its

operational activities;

- The focus of the period under review was the development of the organisation's B-BBEE Strategy Implementation Plan, with the emphasis on strategic interventions aimed at assisting the organisation in improving its B-BBEE rating level. The implementation of the transformation strategy is monitored on a quarterly basis;
- Development and approval of Trade & Investment KwaZulu-Natal's Total Rewards and Remuneration Strategy;
- In line with the Ethics Strategy Implementation Plan, an Ethics Risk Assessment was conducted to determine the ethics risks that the organisation is exposed to and to develop mitigating interventions. The Ethics Risk Register was approved by the Board and the risk mitigation plans and progress will be monitored on a quarterly basis;
- A Skills Audit was conducted and finalised. The Work Skills Plan (WSP) was submitted, an annual training plan was developed and implemented. A figure of 65% was set as an annual target and 100% was achieved;
- ISO:9001/15 certification for the organisation;
- Reviewing quarterly B-BBEE reports, which provide an update of the procurement spend with Black Economic Empowerment companies and BEE-compliant companies;
- Filling of critical vacant positions, with a recruitment update being reviewed quarterly by the Human Resource and Ethics Board Sub-committee (HRESC), together with time-frames. The plan was to fill 12 vacant posts approved by the Office of the Premier. Good progress has been made, with 10 of these positions having been finalised and two being at the short-listing stage;
- Reviewing and approving various human resources policies and reviewing and recommending new policies to the Board; and
- Reviewing quarterly reports concerning whistle-blowing activities.

Trade and Investment Committee -

The role of the Committee is to assist the Board with the oversight on the execution of the trade and investment mandate and related activities of the entity, including 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, as well as advising and supporting

the Export and Investment Promotion Operational Units in fulfilling the mandate of the organisation and their key objectives and, further, to present new proposals on trade and investment initiatives to the Board.

The Committee has 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 the organisation's trade and investment strategies;
- Monitoring and oversight of the entity's activities with regard to:
 - Reviewing and monitoring of organisational performance;
 - Implementation of One-Stop-Shop services in promoting the ease of doing business;
 - Development and management of 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 and undertook the following key activities:

- Development and approval of the Business Support Fund Policy by the Board and to manage the implementation of the Business Support Fund provided by the Department of Economic Development, Tourism and Environmental Affairs, to assist with the retention and expansion of KwaZulu-Natal-based businesses. The policy explores support intervention measures that Trade & Investment KwaZulu-Natal can utilise to rescue distressed manufacturing companies and support business expansions, in order to stimulate economic growth and avert de-industrialisation;
- Reviewing the final draft of the KwaZulu-Natal Integrated Trade and Investment Strategy (ITIS), which was endorsed by the Board. ITIS is a provincial strategy aimed at boosting export trade and investment within KwaZulu-Natal, which will increase provincial growth and development and assist in reducing poverty and inequality, whilst creating new employment opportunities;
- Reviewing/monitoring progress reports regarding the implementation of National Department of Tourism projects;

- KZN Export Week 2019 concept and post-event report, as well as KZN International Investment Conference 2019 and Investor Awards;
- Reviewing quarterly organisational performance reports and monitoring organisational performance against set targets;
- Development of the red meat (beef) sector Transformation Implementation Plan. The plan emphasises activities to be undertaken in the transformation of the beef industry in KwaZulu-Natal;
- Reviewing, monitoring and providing input to business retention and support intervention measures, giving due consideration to various matters from business disruptions to business restructuring and distressed companies;
- Monitoring and reviewing on a quarterly basis the progress of the KwaZulu-Natal One-Stop-Shop, ensuring that it is capacitated and delivers on its mandate;
- Organisation's five-year Corporate Strategic Plan and Annual Performance Plan; and
- Conducting the annual review of the Trade and Investment Committee's Terms of Reference to ensure relevance.

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.

13 CORPORATE GOVERNANCE STATEMENT continued

Name	Remuneration (R)	Travel and Other Allowance (R)	Total (R)
Ms CM Cronjé Chairperson of the Board	502 625	26 103	528 728
Ms LCZ Cele Deputy Chairperson	413 054	35 277	448 331
Mr GW Bell Non-executive Member	136 925	0	136 925
Mr DB Dlamini** Non-executive Member	80 398	10 274	90 672
Ms U Maharaj Non-executive Member	168 578	51 105	219 683
Dr VF Mahlali* Non-executive Member	6 056	0	6 056
Mr SK Mpungose Non-executive Member	125 741	22 985	148 726
Mr S Naidoo Non-executive Member	143 127	0	143 127
Mr MC Ngcobo Non-executive Member	134 165	8 708	142 873
Mr ZC Ngidi Non-executive Member	152 804	10 736	163 540
Mr KS Shandu Non-executive Member	139 988	51 107	191 095
* Resigned 30 May 2019			
** Resigned 31 December 2019			

RISK MANAGEMENT

Trade & Investment KwaZulu-Natal follows a disciplined approach to evaluating risks and developing appropriate strategies to mitigate and manage risk. Such risk management methodology is considered by the Audit, Risk and Compliance Committee and enhancements agreed during the financial year under review 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 that disclosure regarding risk 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 Audit, Risk and Compliance 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 the organisation 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 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. During the period under review, the Business Continuity Management Policy and Information Technology Disaster Recovery Plan

were reviewed and approved by the Board. The entity's management of risk is maturing steadily. The top five risks,

as per Trade & Investment KwaZulu-Natal's risk register, are as follows:

Risk	Mitigation Plans	Progress Made
<p>1. Inability to recruit, develop and retain suitable staff</p>	<ol style="list-style-type: none"> 1. Develop and implement Remuneration Strategy; 2. Review and implement change management process; 3. Implement Succession Plan; 4. Implement training plan for critical competencies; 5. Enhance the Retention Strategy; 6. Monitor BEE targets; 7. Maintain ongoing engagement with the Department regarding the filling of vacancies 	<ol style="list-style-type: none"> 1. The remuneration strategy was developed, taking into account comments raised by the Human Resources, Social and Ethics Committee and approved by the Board on 8 August 2019; 2. The change management process is being implemented with facilitators having had a session with the interns. Of 14 planned MANCO Team Journeys, eight were conducted. Other team journeys planned for February and March 2020 were postponed due the COVID-19 lockdown; 3. The succession plan development areas have been integrated and are now being implemented as part of the training plan. Progress is being reviewed on a quarterly basis; 4. The Skills Audit was finalised. The WSP was submitted and the annual Training Plan was developed and implemented. 65% was set as an annual target, 100% has been achieved - target exceeded; 5. The Remuneration Strategy was presented to, and accordingly approved by, the Board on 08 August 2019; 6. Both the Transformation Strategy Implementation Plan developed and B-BBEE reports are considered by the Human Resources, Social and Ethics Committee on a quarterly basis, with significant comments on areas of improvement identified to ensure BEE targets are attained and the entity progresses to its desired BEE rating. targets are monitored quarterly; 7. The recruitment update is presented to the Human Resources, Social and Ethics Committee, together with timeframes, during quarterly meetings. The plan was to fill 12 vacant posts approved by the Office of the Premier/ Provincial Treasury. Good progress has been made as 10 of these positions have been finalised and two are at the short-listing stage.
<p>2. Non-alignment of IT initiatives to business systems/objectives</p>	<ol style="list-style-type: none"> 1. Continue to align IT strategy with business strategy (automation/ online electronic processes) 	<ol style="list-style-type: none"> 1. IT Strategy and IT policy review process has been initiated. The IT strategy bid was awarded in March 2020. A project inception meeting was held on 23 March 2020. The IT Strategy is to be aligned to approved Organisational Strategy. The Organisational Strategy was approved on 27 March 2020;

13 CORPORATE GOVERNANCE STATEMENT continued

Risk	Mitigation Plans	Progress Made
	<ol style="list-style-type: none"> 2. Workshop management on IT activities; 3. Continuous improvement of IT supporting infrastructure; 4. IT budget reprioritisation (including leverage); 5. Capacity and skills (IT interns); 6. Co-ordination and implementation of Trade & Investment KwaZulu-Natal Social Media Platform, in conjunction with Marketing and Communications. 	<ol style="list-style-type: none"> 2. A Cyber Security Workshop was arranged and took place on 02 March 2020. MANCO, ARC, Finance and the IT Steering Committee attended the workshop; 3. An organisation Firewall Upgrade and Wi-Fi Upgrade were completed in December 2019; 4. The IT Budget has been incorporated under Finance; 5. Human Resources was engaged and it was established that the next cycle of interns will commence in the new year. The IT Network Support Contract Services will, instead, be used to address IT capacity concerns and gaps for the current financial year. Awaiting the intern selection process to commence; 6. Trade & Investment KwaZulu-Natal is active on widely-used social media platforms. Further research on best practice will be undertaken on an ongoing basis to facilitate continuous improvement. The IT Strategy will also inform certain strategies and approaches.
<p>3.1 Inability to promote and develop export trade</p> <p>3.2 Failure to meet export targets</p>	<ol style="list-style-type: none"> 1. Motivate for requisite budget and human resource allocation; 2. Implementation of the integrated investment and export strategy for KwaZulu-Natal; 3. Review internal bridging finance mechanism to support exporters with the Department of Economic Development, Tourism and Environmental Affairs; 4. International Developmental Exporter Programmes with Senior Experten Service - German Government Programme; 5. Training on competitiveness improvement for exporters (Productivity SA); 6. Enhance export product and sector information; 7. Develop and implement an export transformation programme; 8. Ensure collaboration with Africa Exim Bank and other funding agencies; 	<ol style="list-style-type: none"> 1. Motivation undertaken. The Department has indicated that no additional resources will be allocated to entities, unless they were part of the requests sent in the past financial year; 2. The strategy has been utilised to inform the APP for Trade & Investment KwaZulu-Natal and EDPU for 2020/21, with new indicators and targets defined; 3. There has been no request for Bridging Finance as yet. EDPU has undertaken three TAF applications as the value of the applications were manageable within TAF. The EDPU will now also utilise the organisation's Business Support Fund Policy (approved by the Board) to assist existing manufacturers; 4. SES Programme for Exporters already implemented (e.g. INSA); 5. The KwaZulu-Natal Exporter Competitiveness Enhancement Programme was launched on 20 September 2018, with 40 persons in attendance. 20 KwaZulu-Natal companies participated in this programme, comprising two categories i.e. an emerging category of 15 companies that embarked on a six-month development programme, and an advanced group of five companies that embarked on a 10-month development programme. This programme was implemented as a partnership between Trade & Investment KwaZulu-Natal, the Department of Economic Development, Tourism and Environmental Affairs and SEDAKZN, with the service provider being Productivity SA. The pilot programme was concluded in September 2019. The pilot programme was completed



Risk	Mitigation Plans	Progress Made
	9. Benchmark international best practice analysis.	<p>successfully and the second group will commence in the new financial year (2020/21). The Department of Economic Development, Tourism and Environmental Affairs has earmarked R1,8 million and participants will be requested to contribute approximately 30% towards the overall cost;</p> <p>6. The newly revamped Export Information Portal will be launched at the end of May 2020, due to delays and impact caused by COVID-19 and lockdown. Work is still being undertaken on updating export-related information with the Knowledge Management Unit providing the necessary support;</p> <p>7. The Export Enhancement and Transformation Programme is ongoing and EDPU is exploring the implementation of a number of focused development activities and mentorship programmes during the 2020/21 financial year;</p> <p>8. AFREXIM Bank serves large corporates, Governments and financial institutions with various export and intra-trade-related finance and development needs. Ideally, it considers transactions above \$30 million dollars. During our extensive engagement with bank executives, it was indicated that secondment opportunities, to develop Trade & Investment KwaZulu-Natal staff, were available in Egypt. These may be pursued by the Chief Executive Officer during the next Inter-Africa Trade Conference, hosted by AFREXIM Bank, in Rwanda in April 2020;</p> <p>9. These visits have not commenced because of budgetary constraints, but through our strategic partner, SIPPO, information on how New Zealand Trade and Enterprise has embarked upon an Assessment and Benchmarking Programme to Measure Performance is currently being studied. There is also a tool available from the International Trade Centre of the WTO which will be used. There is a self-assessment tool available and Trade & Investment KwaZulu-Natal is able to secure a benchmark through them. This will be pursued in the new financial year.</p>
4. Inability to retain and expand investment in KwaZulu-Natal	<ol style="list-style-type: none"> 1. Implement an integrated investment and export strategy; 2. Roll-out of the BHI (Hot line for issues/early warning systems); 3. Develop and implement business support measures; 	<ol style="list-style-type: none"> 1. Whilst the Department of Economic Development, Tourism and Environmental Affairs is currently presenting the Strategy to the various sub-committees and, thereafter, to Cabinet for approval, Trade & Investment KwaZulu-Natal has incorporated this strategy into its new five-year strategic plan, Annual Performance Plan (2020/21) and Operational Plan (2021/21). The strategy has been utilised to inform new indicators and to define targets;

Risk	Mitigation Plans	Progress Made
	<ol style="list-style-type: none"> 4. Co-ordinate a rapid response team for companies in distress and appropriate intervention in unrest situations; 5. Expand community liaison and awareness for new projects. 	<ol style="list-style-type: none"> 2. Trade & Investment KwaZulu-Natal has compiled a Memorandum of Understanding with various Clusters (DAC, KZNCTC, KZNFC, KZNCC), incorporating a three-year programme for the six key manufacturing sectors: automotive, CTF, food & beverage, metals, plastics & chemicals, and ship-building & repairs. A standardised and effective reporting mechanism that empowers the organisation to respond in a timely manner to adverse business conditions in key sectors of the economy will be introduced. This will be referred to as the KZN Business Distress Portal; 3. The KZN Business Support Fund Policy has been developed and approved by Trade & Investment KwaZulu-Natal's Board. The organisation has commenced with implementation of the Policy. In addition the organisation assists companies in participating in strategic priority Business Development Conferences and Exhibitions. The organisation also supports companies with Business Turnaround Solutions, such as PUM and SES. Trade & Investment KwaZulu-Natal further facilitates strategic content of interest to companies by way of Information Sharing Sessions. It also supports companies with matters associated with other SOEs and Government Departments; 4. Trade & Investment KwaZulu-Natal has collaborated with the Department of Economic Development, Tourism and Environmental Affairs and the KZN Growth Coalition regarding rapid response interventions. The eThekweni Model is in operation. WhatsApp groups are in place, which alerts the KwaZulu-Natal Premier and MECs in terms of response to incidents. A SAPS portal is under development; 5. This is on-going and the level of engagement varies from project to project. The organisation's service offerings and district level projects were presented during Municipal road-shows, led by the Premier's Office. Trade & Investment KwaZulu-Natal, in collaboration with the KZN Growth Coalition, are partnering on the reporting of catalytic projects (public and private sector).

Risk	Mitigation Plans	Progress Made
5. Failure to attract new investments in the province	<ol style="list-style-type: none"> 1. Implement integrated provincial trade and investment strategy; 2. Strengthen relationships with finance houses, fund managers and equity firms; 3. Review and update the Investment Opportunities Booklet with relevant stakeholders; 4. Co-ordinate an annual investment conference; 5. Enhance One-Stop-Shop effectiveness; 6. Undertake trade and investment promotion outward missions to key markets. 	<ol style="list-style-type: none"> 1. Whilst the Department of Economic Development, Tourism and Environmental Affairs is currently presenting the Strategy to the various sub-committees and, thereafter, to Cabinet for approval, Trade & Investment KwaZulu-Natal has incorporated this strategy into its new five-year strategic plan, Annual Performance Plan (2020/21) and Operational Plan (2021/21). The strategy has been utilised to inform new indicators and to define targets. Initiatives implemented during the fourth quarter 2019/20 include a GBS investment conference, Municipal road-shows, the hosting of inbound missions and outbound missions undertaken to key markets, as well as engagements with strategic funding institutions, such as the KZN Growth Fund, Ithala and IDC; 2. Continuous engagements are held at a strategic and project level with the KZN Growth Fund, Ithala, NEF and IDC; 3. Project facilitation and support for Project Promoters is provided on all projects published in the Investment Opportunities Booklet; 4. In partnership with the dti, the Department of Economic Development, Tourism and Environmental Affairs and BPESA, Trade & Investment KwaZulu-Natal successfully hosted the Global Business Services Conference between 20 and 22 November 2019; 5. Recruitment of the One-Stop-Shop General Manager was finalised and the incumbent commenced duties in January 2020; 6. Outbound missions to China, Germany, Poland, Sweden, Australia and Brazil were undertaken during the third quarter of 2019/20.

INTERNAL CONTROL UNIT

The effectiveness of internal control mechanisms lies in regular management reporting. The Chief Financial Officer is responsible for reporting quarterly 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. During the review period, several initiatives were undertaken to ensure improved internal control, including:

- 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 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. In terms of the review period, these included:

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- 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, Risk and Compliance 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.

Internal audits which were conducted during the review period included:

- Annual Financial Statements review;
- Interim Financial Statements review;
- Follow-up review: Knowledge Management, Human Resource Management and Performance Information;
- IT general controls review;
- Export Development and Investment Promotion; and
- Audit on Performance Information.

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 Audit, Risk and Compliance Committee is to assist the Board in fulfilling its oversight functions in terms of the Public Finance Management Act, which includes ensuring the integrity of financial reporting and the 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, scope of work, annual audit and applicable levels of materiality. The Committee also monitors developments 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 frameworks;
- 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's Terms of Reference on an annual basis;
- The execution of all responsibilities, as outlined in the Audit, Risk and Compliance Committee's Terms of Reference; and
- An evaluation of the Committee's and individual member's performance on a regular basis.

Depicted below is 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; Postgraduate Dip. Tax; Executive Leadership Dev. Programme; MAcc (Taxation)	Internal	Independent non-executive Board member	5	5
Ms U Maharaj	BAct Honours; Post GraduatDip.Accounting Chartered Accountant (SA)	Internal	Independent non-executive Board member	5	5
Mr MC Ngcobo	BCom Accounting Honours; Chartered Accountant	Internal	Independent non-executive Board member	5	5

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, the 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 Secretariat to the Board and its Committees and is charged with preparing meeting agendas, circulating Board and Committee papers and ensuring that accurate records of Minutes are maintained.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has the 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 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 Committee.

Compliance with the KwaZulu-Natal Trade & Investment Agency Act has received primary attention during the period under review, as has the Public Finance Management Act 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.

This ensures that where non-compliance is detected, in terms of internal controls, corrective measures may be implemented in order to address weaknesses in a timely manner. Organisational policies are reviewed 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, 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 a Tip-Offs Anonymous hotline, when they have reasonable grounds to believe the existence of 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 utilised to report any offence or suspected fraudulent activity without fear or occupational detriment and/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, both Board members and members of staff are required to provide a declaration of their financial and business interests. At every Board and Committee meeting a second stage of declaration is applied and pertains to potential conflict of interest for matters on the agenda for the meeting and every Board member is required to complete 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 annually. Members of the management team and staff are encouraged to disclose any gifts they may receive. 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 entity's Environmental Management Policy sets out guidelines for and its commitment to the promotion of environmental protection and adherence to health and safety practices, as well as to the protection and enhancement of its image, credibility and sustainability, as a responsible and reputable corporate citizen 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 Resources Management

14 HUMAN RESOURCES MANAGEMENT

INTRODUCTION

Human Resources Overview -

The Human Resource Business Unit is concerned with the attraction, development and retention of talent. Trade & Investment KwaZulu-Natal's human resources strategy is aimed at creating an environment conducive to the achievement of this objective.

The development of employees remains one of the organisation's key priorities, given the shortage of skills in the investment promotion space and, to this effect, the organisation's 2019/20 financial year focus was the development of critical competencies, a move which resulted in a number of the organisation's members of staff embarking on training activities.

Skills Development -

Skills development remains the core in ensuring that the staff competencies are enhanced on an ongoing basis within the organisation. The approach is to make certain that staff members are developed to a level where they are more than capable of delivering against the organisation's mandate. The achievement of organisational objectives will, therefore, always be driven by the capabilities of members of staff.

The review period witnessed the embarkation on a skills audit process; a process which involved every member of the organisation's staff, inclusive of business unit heads. The project was driven by the organisation's Skills Development and Employment Equity Committee. The process was intense and participative, ensuring complete buy-in and inclusive outcomes, and led to the formulation of the Workplace Skills Plan, which was submitted to the Services SETA, thereby meeting legislative requirements.

The budget allocated to skills development amounted to R1 046 267 and was invested in areas identified through performance reviews, whose outcomes formed the basis of the development of the training plan. Encouragingly, 95% of the set target was exceeded.

Identified areas included budgeting and financial management, project management, trade agreements and trade laws, digital marketing, cyber crime training, handling of disciplinary matters, supply chain management, advanced computer packages, public speaking, management and supervisory and effective handling of disciplinary enquiries. To ascertain return on investment and monitor progress, training feedback reports were presented,

so enabling reporting following participant attendance of training.

HR Priorities -

Human resources priorities enshrined in the organisation's Human Resources Strategy addresses both short- and long-term organisational challenges, inclusive of the:

- ISO 9001 Quality Management System;
- Remuneration Strategy;
- Recruitment of personnel in critical approved positions;
- Performance management;
- Continuous improvement; and
- Skills audit and capacity development.

Organisational Capacity/Workforce Planning -

During the past three years, the organisation has struggled with limited capacity and the 2019/20 financial year was no exception in this regard.

Cost control measures continued to put strain on the effective facilitation of manpower planning. The organisation did, however, facilitate the filling of the 12 vacancies, following authorisation from the Premier's Office. This project was driven through specific time-frames, intended to ensure proper management and speedy delivery. Good progress was made, although the COVID-19 lockdown will only see the majority of appointed candidates take-up their positions in the new financial year.

In spite of challenges relating to the recruitment of the 12 approved vacant positions, five were filled and a further five had achieved confirmed appointments, with individuals only taking up such positions in the new financial year, the consequence of the COVID-19 lockdown. The remaining two positions are yet to be finalised.

Strategic Alignment and Change Management Process -

The Continuous Improvement Process is a change management process aimed at facilitating sustainable organisational alignment and change management to enhance its capability to deliver against its mandate and strategy. The organisation is focused on becoming a high-performance enterprise, through the inculcation of a high-performance culture and establishment of high-performance teams. Management has led by example in this respect, holding intensive continuous improvement sessions to ensure that previously-faced challenges were overcome. Internal facilitators undertook the change management sessions, which included the involvement of young graduates/interns. Sessions opened the door to a

keen sense of introspection, engagement, envisioning and planning at every level.

Employee Wellness Programme -

Ongoing marketing, awareness and planned campaigns and interventions were staged during the review period, ensuring the organisation's wellness programme continued to play a vital part in ensuring that staff live a healthy and balanced life.

The utilisation of and participation in planned projects and activities realised significant improvement, the result of the Human Resources Business Unit working collaboratively with representatives of the organisation's other business units. Implemented programmes aimed at ensuring the success of the wellness programme as it related to such aspects as health, emotion, psycho-social matters, financial situations, woman empowerment and work-life balance.

The organisation's 2019/20 financial year's Wellness Day included numerous team-building activities and it was encouraging to witness the widespread participation of attendees, ranging from Board Chairperson to members of the management team and members of staff.

Trade & Investment KwaZulu-Natal's Employee Wellness Programme is regarded as critical, especially given the challenging demands of the working environment in light of challenges associated with the COVID-19 pandemic.

The organisation's wellness service provider continued providing employee education and undertook awareness initiatives, as well as offering an employee assistance support programme during the review period. Going forward, the organisation has identified the following focus areas for implementation, as a means of further improving the overall health of staff members:

- Health risk screening;
- Team development;
- Emotional psycho-social programmes; and
- Spiritual and mental well-being.

Policy Development -

The Organisation and Strategic Information Service has revealed that properly formulated Human Resources Policies and Procedures play a significant role in boosting the overall success of a business.

In view of this, Trade & Investment KwaZulu-Natal's philosophy revolves around ensuring that policies are up-to-date and in line with legislation. In this respect, it is pleasing

to report that a Remuneration Strategy and a Rewards and Recognition Policy were approved by the Board during the year under review.

Looking forward, the organisation has resolved that all policies dating back three years should be reviewed and approved by the Board.

Achievements -

- Development and approval of a Remuneration Strategy;
- Youth Employment Award: Host Employer Recognition Certificate;
- Implementation of the Core and Advanced Trade and Investment Promotion and Economic Development Programme by participants from KwaZulu-Natal, Gauteng and the Eastern Cape;
- ISO 9001 accreditation;
- Implementation of a Drivers Licence programme for interns;
- The recruitment of eight graduates currently serving internships; and
- The facilitation of the recruitment process of 12 approved vacant positions.

Challenges -

- Salary negotiations remain a challenge.

Future Human Resources Plans -

- Implementation of the ISO 9001 Quality Management System;
- Implementation of a Succession Plan;
- Review of policies;
- Recruitment of personnel in remaining critical and approved positions; and
- Active and vigorous marketing of the Trade and Investment Programme on Economic Development (TIPED).

HUMAN RESOURCES OVERSIGHT STATISTICS

Training and Development -

During the period under review, members of staff were identified and trained. These interventions were identified during performance appraisals and were included in the Workplace Skills Plan.

14 HUMAN RESOURCES MANAGEMENT continued

TRAINING AND DEVELOPMENT			
PROGRAMME/ACTIVITY/ OBJECTIVE	AVERAGE TRAINING COST PER EMPLOYEE	NUMBER OF EMPLOYEES TRAINED	TRAINING EXPENDITURE (R'000)
Budgeting and Financial Management Training	R3 000	15	R45 000
Project Management Training for Secretaries	R19 998	1	R19 998
Trade Agreements and Trade Laws	R1 217	6	R7 302
Report Writing/Communication Skills and Business Writing Training	R3 232	9	R29 088
Excel and PowerPoint Training	R6 300	7	R44 100
Public Speaking Training for Marketing	R17 249	4	R68 996
Digital Marketing Training	R8 969	6	R53 814
Effective Handling of Disciplinary Enquiries, Executive and General Managers	R1 840	9	R16 560
National Conference on Ethical Leadership and Governance	R9 194	1	R9 194
Advanced Excel and PowerPoint	R1 350	10	R13 500
TIPED Programme	R28 550	3	R85 650
Certified Administration and Office Management Profession	R17 999	1	R17 999
Supervisory Skills Training for Managers	R5 790	8	R46 320
Cyber Crime Training for Staff and Board Members	R971	25	R24 275
Improve Audit Opinion	R9 999	1	R9 999
Supply Chain Management Training	R8 749	4	R34 996
Advanced High Profile for Secretaries	R10 500	1	R10 500
Advanced Excel and PowerPoint	R3 033	9	R27 297
Project Management Training	R7 590	1	R7 590
Smart Cities and Aerotropolis Masterclass	R6 000	1	R6 000

PIVOTAL TRAINING		
Master's Degree Registration Fee	DUT	R830
BA in Disaster Management and Safety	Lyceum College	R24 635
Diploma in International Trade Management	ITRISA	R20 000
PhD Studies	University of Stellenbosch	R14 167
MBA Assessment	University of KwaZulu-Natal	R1 560
Continuation of Studies	UNISA	R3 270
Continuation of Studies	CIMA	R12 605
Study Textbooks for CIMA Subjects	CIMA	R7 800
PhD Studies	University of Stellenbosch	R10 159
BCOM Financial Management	MANCOSA	R26 255
MBA Dissertation	MANCOSA	R1 500
BA in Disaster Management	Safety First Association	R1 007

EMPLOYMENT AND VACANCIES			
PROGRAMME/ACTIVITY/ OBJECTIVE	2019/20 APPROVED POSTS	2019/20 NUMBER OF EMPLOYEES	2019/20 VACANCIES
Office of the CEO and Gauteng Office	10	6	4
Knowledge Management	7	5	2
Investment Promotion and Business Retention	17	15	2
Finance	9	8	1
Corporate Services (Marketing and Human Resources)	11	8	3
Export Development and Promotion	8	6	2

14 HUMAN RESOURCES MANAGEMENT continued

EMPLOYMENT AND VACANCIES			
	APPROVED POSTS	NUMBER OF EMPLOYEES	VACANCIES
Top Management	7	6	1
Senior Management	5	5	0
Professionally Qualified	18	16	2
Skilled	26	17	9
Semi-skilled	8	6	2
Unskilled	1	1	0
Total	65	51	14

EMPLOYMENT CHANGES			
SALARY BAND	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	1	0	6
Senior Management	1	0	5
Professionally Qualified	3	0	16
Skilled	0	0	17
Semi-skilled	0	1	6
Unskilled	0	0	1
Total	5	1	51

REASON FOR LEAVING	
REASON	NUMBER
Death	0
Resignation	1
Dismissal	0
Retirement	0
Ill-health	0
Expiry of Contract	0
Total	1

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION	
NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	1
Written Warning	0
Final Written Warning	1
Dismissal	0
Total	2

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	2	2	0	0	2	0	0	0	0	0	6
Senior Management	2	0	1	0	2	0	0	0	0	0	5
Professionally Qualified and Experienced Specialists and Mid-Management	5	2	1	1	5	0	1	1	0	0	16
Skilled Technical and Academically Qualified workers, Junior Management, Supervisors, Foremen and Superintendents	1	1	1	1	8	0	4	1	0	0	17
Semi-skilled and Discretionary Decision-making	0	0	0	0	2	0	3	1	0	0	6
Unskilled and Defined Decision-making	0	0	0	0	1	0	0	0	0	0	1
TOTAL PERMANENT	10	5	3	2	20	0	8	3	0	0	51
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	10	5	3	2	20	0	8	3	0	0	51





ANNUAL FINANCIAL STATEMENTS

15 GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Schedule 3C PFMA - Provincial Public Entity established in terms of the KwaZulu-Natal Trade & Investment Agency (Act No.5 of 2010)
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 consolidated 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 as at the end of the financial year 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 judgements 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 97 to 148, which have been prepared on the going concern basis, were approved by the Members of the Board.



.....
Ms CM Cronjé
Chairperson

17 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

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 including IT Risks.

The primary role of the Committee is to ensure integrity of financial reporting and audit processes and maintaining of sound risk management and internal controls.

The Committee has a 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) and Treasury Regulation 27.1.

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

The Audit Committee reports that it has discharged its responsibilities as stipulated in Section 38(10) (1) of the PFMA of 1999 and Treasury Regulation Section 3.1.

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

NAME	QUALIFICATIONS	INTERNAL/EXTERNAL	IF INTERNAL, POSITION IN PUBLIC ENTITY	NO. OF ORDINARY MEETINGS ATTENDED	NO. OF SPECIAL MEETINGS ATTENDED
Ms LCZ Cele	BCom; Post-graduate Dip. Tax; Executive Leadership Dev. Programme; MAcc (Taxation)	Internal	Independent Non-Executive Board Member	4/4	1/1
Ms U Maharaj	BAct Honours; Post-graduate Dip. Accounting Chartered Accountant (SA)	Internal	Independent Non-Executive Board Member	4/4	1/1
Mr MC Ngcobo	BCom Accounting Honours; Chartered Accountant (SA)	Internal	Independent Non-Executive Board Member	4/4	1/1

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 implementation of 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.

- These are achieved by means of the implementation of a risk management process, as well as the identification of corrective actions, suggestions and enhancements to the controls and processes;
- The Committee also reviews 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. The Committee also checks if any of those reported matters reflect any material deficiencies in the system of internal controls;
- The Committee is also responsible for the review of the in-year monitoring (IYM) report and monthly/quarterly reports submitted in terms of the PFMA and the Division

of Revenue Act. The Audit Committee is reporting 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 control over 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 of 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

- OMA Chartered Accountants were appointed as Internal Auditors since the 23rd of January 2018 and their contract ended at 31 March 2020;
- The Committee continuously assesses the effectiveness of the Internal Audit function;
- The Committee ensures that In-Committee meetings are held with both Internal and External auditors in order to identify any potential weaknesses so that management can rectify them timeously; and
- The Committee is reporting that it is satisfied with the functions of the Internal Audit and the quality of the reports issued.

Risk Management


- The Committee has overall responsibility for risk management whilst management is accountable for designing, implementing and monitoring of this process;
- The Committee also has a responsibility to assess the reports provided by Management on the progress made in order to obtain assurance on the overall system of risk management; and
- Assessing 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 those not adequately addressed by the entity;
- The Committee reviews the information on predetermined objectives to be included in the annual report and ensures that such information is verifiable, meaningful and relevant;
- The Committee is also tasked with monitoring the Supply Chain Management (SCM) related submissions and that all the relevant Treasury circulars were 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 to focus on critical and key deliverables of the entity and to ensure that the entity continues to work towards attainment and sustainability of good audit outcome.



.....
Ms LCZ Cele
Chairperson

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REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON TRADE AND INVESTMENT KWAZULU-NATAL

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Trade and Investment KwaZulu-Natal set out on pages 86 to 148, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the 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 the Trade and Investment KwaZulu-Natal as at 31 March 2020, 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 this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes), as well as the 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority is responsible for the preparation

and fair presentation of the financial statements in accordance with 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.

7. 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

8. 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.
9. 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

10. 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 selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the entity. 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 also do not extend to any disclosures or assertions relating to 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.

12. 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 the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2020:

Programmes	Pages in the annual performance report
Programme 2 – Investment promotion and facilitation	30-31

13. 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.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 27 to 36 for information on the achievement of planned targets for the year and explanations provided for the under-/over-achievement of a number of targets.

Report on the audit of compliance with legislation Introduction and scope

17. 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.

18. 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

19. 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.
20. 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 thereon.
21. 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 the 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.
22. If, based on the work I have performed on the other information 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.
23. I have nothing to report in this regard.

Internal control deficiencies

24. 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.

Other reports

25. I draw attention to the following engagement conducted by an external party that had, or could have, an impact on the matters reported in the entity's financial

18 REPORT OF THE AUDITOR GENERAL

statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

26. Theft of laptops were reported to the South African Police Services and an independent consultant was appointed, at the request of the chief executive officer, to perform an investigation into theft of these laptops at the entity, covering the period 1 April 2019 to 31 March 2020. This investigation was still in progress at the date of this report.

Auditor-General

Pietermaritzburg
16 October 2020



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 the selected programme 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 board of directors, which constitutes 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 the Trade and 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 confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing 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 2020.

1. Incorporation

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

The entity also assists KwaZulu-Natal companies in distress facing challenges with turn-around strategies as well as to support those organisations that want to expand their operations. The entity has posted a net deficit of (R14,212,723) for the period under review.

This comprises mainly committed unspent conditional grants. The request by management to roll-over these funds to the 2019/20 financial year was approved by Treasury and EDTEA in the current year.

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 providing funding for the 2020/21 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 of every meeting. As at the year ended 31 March 2020, 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 Cronjé (Chairperson)	SA	
Ms LCZ Cele (Deputy Chairperson)	SA	
Mr GW Bell	SA	
Ms U Maharaj	SA	
Mr SK Mpungose	SA	
Mr MC Ngcobo	SA	
Mr ZC Ngidi	SA	
Mr KS Shandu	SA	
Mr S Naidoo	SA	
Mr B Dlamini	SA	Resigned 31/12/19
Dr VF Mahlati	SA	Resigned 30/05/19

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 and Investment KwaZulu-Natal
PO Box 4245
Durban
4000

9. Corporate Governance General

The Board is 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; and
- Is of a unitary structure comprising:
 - Non-Executive Directors, all of whom are independent directors as defined in the 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 Board meetings were held during the period. 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 in 31 March 2020 was Ms LCZ Cele, who is a Non-Executive Director and Member of the Board. The Committee met four times during the period under review.

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

Internal audit

The internal audit service contract with OMA Chartered Accountants Inc. came into an end at 31 March 2020. An interim review engagement was agreed upon with Provincial Treasury to utilise its Financial Reporting Services Unit to review the Annual Financial Statements and Performance Information.

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 2020.

The Annual Financial Statements were prepared on the basis of Generally Recognised Accounting Practice (GRAP).



.....
Ms NN Gumbi
Company Secretary

21 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

FIGURES IN RAND

	Note(s)	2020	2019
Assets			
Current Assets			
Receivables from exchange transactions	4	2 837 928	2 845 910
Cash and cash equivalents	5	41 556 055	49 740 533
		44 393 983	52 586 443
Non-Current Assets			
Property, plant and equipment	2	5 730 311	7 435 403
Intangible assets	3	2 433	77 029
		5 732 744	7 512 432
Total Assets		50 126 727	60 098 875
Liabilities			
Current Liabilities			
Finance lease obligation	6	38 952	14 218
Payables from exchange transactions	7	8 602 059	6 747 757
Unspent conditional grants and receipts	8	33 456 262	34 003 741
Provisions	27	3 224 153	3 481 555
Conditional grants to be surrendered	35	3 048 000	-
Non-Current Liabilities			
Finance lease obligation	6	198 420	-
Total Liabilities		48 567 846	44 247 271
Net Assets		1 558 881	15 851 604
Accumulated surplus		1 558 881	15 851 604

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2020

FIGURES IN RAND

Note(s)

2020

2019

Revenue

Other income	28	168 705	125 315
Interest received - investment	12	841 048	961 026
Government grants and subsidies	9	99 820 479	88 340 783
Total revenue	9	100 830 232	89 427 124

Expenditure

Employee-related costs	11	(44 226 624)	(40 010 881)
Depreciation and amortisation		(2 744 582)	(2 708 908)
Finance costs	13	(55 915)	(8 126)
Repairs and maintenance	34	(841 086)	(593 992)
Other operating expenses	10	(67 254 748)	(51 469 884)
Total expenditure		(115 122 955)	(94 791 791)
Deficit for the year ended 31 March 2020	36	(14 292 723)	(5 364 667)

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STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2020

FIGURES IN RAND

	Note(s)	Accumulated surplus	Total net assets
Balance at 01 April 2018		23 216 271	23 216 271
Changes in net assets			
Surplus transfer to TAF		(2 000 000)	(2 000 000)
Deficit for the year		(5 364 667)	(5 364 667)
Total changes		(7 364 667)	(7 364 667)
Balance at 01 April 2019		15 851 604	15 851 604
Changes in net assets			
Deficit for the year	36	(14 292 723)	(14 292 723)
Total changes		(14 292 723)	(14 292 723)
Balance at 31 March 2020		1 558 881	1 558 881

24 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

FIGURES IN RAND

Note(s)

2020

2019

Cash flows from operating activities

Receipts

Government grants and subsidies	5	102 321 000	101 457 217
Interest income	9	841 048	961 026
Other receipts	9	168 705	125 315
		103 330 753	102 543 558

Payments

Employee costs	11	(43 512 099)	(39 155 648)
Payments to suppliers		(61 987 938)	(51 461 443)
Finance costs	13	(55 915)	(8 126)
Other payments		(2 219 756)	(2 552 087)
Payment from provisions	27	(2 997 785)	(2 964 567)
		(110 773 493)	(96 141 871)
Net cash flows from operating activities	15	(7 442 740)	6 401 687

Cash flows from investing activities

Purchase of property, plant and equipment	2	(717 004)	(731 463)
Purchase of other intangible assets	3	-	(8 349)
Net cash flows from investing activities		(717 004)	(739 812)

Cash flows from financing activities

Finance lease payments		(24 734)	(103 215)
Net increase/(decrease) in cash and cash equivalents		(8 184 478)	5 558 660
Cash and cash equivalents at the beginning of the year		49 740 533	44 181 873
Cash and cash equivalents for the year ended 31 March 2020	5	41 556 055	49 740 533

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

BUDGET ON ACCRUAL 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	-	-	-	168 705	168 705	
Interest received - investment	-	-	-	841 048	841 048	9
Total revenue from exchange transactions	-	-	-	1 009 753	1 009 753	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies - Department of Trade and Industry	-	2 000 000	2 000 000	-	(2 000 000)	9
Government grants and subsidies - National Department of Tourism	-	19 605 953	19 605 953	-	(19 605 953)	9 & 33.1
Government grants and subsidies	89 691 000	35 582 000	125 273 000	99 820 479	(25 452 521)	9 & 33.1
Total revenue from non-exchange transactions	89 691 000	57 187 953	146 878 953	99 820 479	(47 058 474)	
Total revenue	89 691 000	57 187 953	146 878 953	100 830 232	(46 048 721)	

BUDGET ON ACCRUAL BASIS

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Reference
Expenditure						
Personnel	(47 850 060)	(1 000 000)	(48 850 060)	(44 071 267)	4 778 793	33.2
Travel and accommodation	(3 974 616)	-	(3 974 616)	(2 879 311)	1 095 305	33.3
Administration and operational costs	(16 695 477)	-	(16 695 477)	(24 989 495)	(8 294 018)	33.4
Project-specific consultancy fees	(4 360 751)	(44 384 953)	(48 745 704)	(14 267 508)	34 478 196	33.5
International marketing	(6 656 312)	(500 000)	(7 156 312)	(6 414 665)	741 647	33.6
Inward missions	(1 046 021)	(4 000 000)	(5 046 021)	(4 235 556)	810 465	33.7
Export development and promotion	(2 314 612)	(1 323 000)	(3 637 612)	(5 910 148)	(2 272 536)	33.8
Marketing and communication	(5 797 140)	(5 480 000)	(11 277 140)	(12 355 005)	(1 077 865)	33.9
Capital costs	(996 011)	(500 000)	(1 496 011)	(717 003)	779 008	33.10
Total expenditure	(89 691 000)	(57 187 953)	(146 878 953)	(115 839 958)	31 038 995	
Deficit	-	-	-	(15 009 726)	(15 009 726)	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	(15 009 726)	(15 009 726)	
Reconciliation						
Capital costs				717 003		33.10
Actual amount in the statement of financial performance				(14 292 723)		

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 2019 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. There were new relevant standards issued which were taken into account during the preparation of the Annual Financial Statements.

The effective dates of some of the Standards will come into effect early in the 2020/21 financial year.

(a) - GRAP 20 - Related-party disclosure - Effective date 1 April 2019 - 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 entity is a member of a related group of entities controlled by EDTEA therefore this Standard has an impact on the presentation of its Annual Financial Statements.

- (b) - GRAP 34 - Separate financial statements - Effective date 1 April 2020 - The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. This Standard has no impact on the presentation of the entity's Annual Financial Statements.
- (c) - GRAP 38 - Disclosure of interests in other entities - Effective date 1 April 2020 - The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:
- (i) The nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
 - (ii) The effects of those interests on its financial position, financial performance and cash flows.

This Standard will have no impact on the presentation of the entity's Annual Financial Statements.

- (d) - GRAP 108 - Statutory Receivables - Effective date - 1 April 2020 - Statutory receivables arise from legislation, supporting regulations or similar means, and are settled in cash or another financial asset. The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

This Standard will have no impact on the presentation of the entity's Annual Financial Statements.

- (e) - IGRAP 19 - Liabilities to Pay Levies - Effective date - 1 April 2019 - The object of this Standard is to provide guidance on when to recognise a liability to pay a levy in the Annual Financial Statements of the entity. The reporting entity has an obligation to pay levies recognised in accordance with GRAP 19 and required in terms of the relevant legislation or similar means.

This Standard does not have an impact on the

presentation of the entity's Annual Financial Statements. The entity is exempted for payment of levies and income tax in terms of section 10(1)(a)(i) of the Income Tax Act and the entity does not collect levies on behalf of the Government.

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 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, its 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

26 ACCOUNTING POLICIES continued

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 2020.

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 - 8 years
Office equipment	Straight line	5 - 12 years
IT equipment	Straight line	3 - 6 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, and the like.

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	Depreciation method	Average useful life
Computer software	Straight line	3 years

Intangible assets are derecognised:

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

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; and
- 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

26 ACCOUNTING POLICIES continued

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.

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; and
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; and
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

Leases - These are included at amortised cost as per the amortisation table.

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.

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; and
- 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.

26 ACCOUNTING POLICIES continued

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 buildings 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 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 Employee 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.

1.7 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.

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.

1.8 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 are recognised when they are realised or realisable, and are 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.

26 ACCOUNTING POLICIES continued

1.9 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 realised or realisable, and are 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 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 another 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.

1.11 Payables from Exchange and Non-Exchange Transactions

Payables from exchange transactions are 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 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 in 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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 1 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.

1.16 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

26 ACCOUNTING POLICIES continued

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;
- KwaZulu-Natal Halaal Hub;
- KwaZulu-Natal Growth Coalition;
- Business Rescue Fund;
- NDT Projects Fund;
- Implementation of Development Interventions;
- Textile and Aquaculture projects and economic development strategy; and
- Economic Summit.

1.17 Budget Information

An 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 01-04-19 to 31-03-20.

The Annual Financial Statements are prepared on the accrual basis and budgets are prepared 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.

1.18 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 direction and operational management of an 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.

1.19 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.

1.20 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-cancellable 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

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2. Property, plant and equipment

	2020			2019		
	Cost/ Valuation	Accumulated Depreciation & Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Depreciation & Accumulated Impairment	Carrying Value
Furniture and fixtures	1 804 554	(1 226 718)	577 836	1 685 229	(1 042 355)	642 874
Office equipment	1 394 787	(737 590)	657 197	1 315 390	(889 413)	425 977
IT equipment	2 176 199	(1 783 979)	392 220	1 985 217	(1 774 405)	210 812
Leasehold improvements	8 696 192	(4 593 134)	4 103 058	8 696 192	(2 540 452)	6 155 740
Total	14 071 732	(8 341 421)	5 730 311	13 682 028	(6 246 625)	7 435 403

Reconciliation of property, plant and equipment - 31 March 2020

	Opening Balance	Additions Through Outright Purchase	Additions Through Finance Lease	Depreciation	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
	7 435 403	717 004	247 889	(2 669 985)	5 730 311

Reconciliation of property, plant and equipment - March 2019

	Opening Balance	Additions	Other Changes, Movements	Depreciation	Total
Furniture and fixtures	764 346	80 766	-	(202 238)	642 874
Office equipment	245 394	373 167	11 596	(204 180)	425 977
IT equipment	410 806	10 672	-	(210 666)	210 812
Leasehold improvements	7 933 491	266 858	-	(2 044 609)	6 155 740
	9 354 037	731 463	11 596	(2 661 693)	7 435 403

FIGURES IN RAND

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The entity assesses the useful lives of assets in use at the end of every financial year. During 2019/20 financial year period, the entity undertook an exercise to assess the useful lives of assets written-off which consisted of furniture and office equipment items. Management took a decision not to revise the fixed asset register with new estimated values as these were regarded as immaterial to make adjustments to PPE. The values indicated were informed by the price of similar items which were sold internally as well as comparison with market prices on the internet.

Table A depicts classes and total value of assets that were bought from the previous tenant in 2008. Most of these assets were recorded into books at low values and have since reached the end of their economic lives and are fully depreciated. Computer equipment consists of items that are in the process of being replaced in the 2020/21 financial year, some of these items will be donated to educational institutions in line with the PFMA regulation. The entity took a decision to host software programmes externally on cloud as a measure to minimise risk. Most of the software programmes reflected at nil values were tailor-made for the entity and there is no market price with which to benchmark. Table B depicts leased asset that was acquired through a finance lease arrangement and is being depreciated over a period of three years which is the shorter of the useful life and leased term in accordance with GRAP 13. The initial value of the leased machine was R32 054.

During the 2019/20 financial year, the entity acquired five additional office automated machines through a transversal contract with EDTEA. After consultation with the internal auditors, with regard to the correct recognition of these types of assets, the copiers were recognised in terms of the finance lease arrangement under the category of property, plant and equipment in the financial statements. The risks and rewards incidental to ownership were determined to be spread between the entity and the lessor in terms of GRAP 13.13 and 13.14. In light of the lease term running over the majority of the asset's economic life and the present value of minimum payments slightly exceeding the fair value of the asset at inception, the recognition was classified as finance lease. The cost of each copier was R49 577, including VAT and is depreciated over a period of five years which was considered by management to be the majority use of its economic life.

Table C depicts the initial values of the furniture and fittings assets nature that were fully depreciated and were sold to staff through a competitive bidding process.

Table D depicts the value of the 16 laptops that were lost due to theft. The matter was reported to the South African Police Services (SAPS) at year end. These laptops were fully depreciated at the year ended 31 March 2020.

Table E depicts the total value of assets written-off through disposal, including three old office machines that were returned to the supplier at the end of the lease term.

Table A - Historical value of fully depreciated assets still in use

Computer equipment	1 461 406	1 553 554
Computer software	1 519 303	1 381 135
Furniture and fittings	734 808	653 426
Office equipment	473 552	403 216
	4 189 069	3 991 331

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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Table B - Depreciated value of the finance leased asset

Xerox X6655i Multi-Functional Copier - 315 955 3174	12 277	18 710
Xerox AltaLink C08035 - 371 779 0137	41 406	-
Xerox AltaLink C08035 - 371 776 1412	41 406	-
Xerox AltaLink C08035 - 371 776 3202	41 406	-
Xerox AltaLink C08035 - 371 776 3156	41 406	-
Xerox AltaLink C08035 - 371 776 0815	41 406	-
	<u>219 307</u>	<u>18 710</u>

Table C - Historical value of the items disposed of through sale to staff

Furniture and fittings	<u>34 635</u>	<u>-</u>
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Table D - Historical value of the computer items lost due to theft

Computer items	<u>223 559</u>	<u>-</u>
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Table E - Asset written-off at year end

	Cost	Accumulated Depreciation	Carrying Amount
Furniture and fittings	34 635	(34 635)	-
Computer equipment	229 087	(229 087)	-
Office equipment	324 208	(324 208)	-
	<u>587 930</u>	<u>(587 930)</u>	<u>-</u>

3. Intangible assets

	2020			2019		
	Cost/ Valuation	Accumulated Amortisation & Accumulated Impairment	Carrying Value	Cost/ Valuation	Accumulated Amortisation & Accumulated Impairment	Carrying Value
Computer software, other	<u>1 527 652</u>	<u>(1 525 219)</u>	<u>2 433</u>	<u>1 527 652</u>	<u>(1 450 623)</u>	<u>77 029</u>

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

Reconciliation of intangible assets - 31 March 2020

	Opening Balance	Additions	Amortisation	Total
Computer software, other	115 895	8 349	(47 215)	77 029

Some of the entity's intangible assets were recorded as fully amortised by the year ended 31 March 2020. The entity resolved 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 safety of the information.

4. Receivables from exchange transactions

Travel advances	126 315	66 920
Prepayments	1 367 643	1 395 540
Deposits	452 310	452 310
Other receivables - Main account	891 660	931 140
	2 837 928	2 845 910

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 000	3 000
Standard Bank Account (Main Bank)	21 976 641	24 639 536
Standard Bank Account (Main bank - NDT Tourism Projects)	17 628 217	19 605 953
Standard Bank Account (TAF)	1 948 197	5 492 044
	41 556 055	49 740 533

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2020	2019
Preliminary, deposits and short-term interest-bearing accounts		
Opening balance (cash and cash equivalents)	24 642 536	36 942 363
Receipts for the period from Government Grants	102 321 000	101 457 217
Other receipts for the period (interest income, refunds, transfers and other income)	1 012 753	2 649 448
Payment for the period including transfers	(105 996 648)	(116 406 492)
	21 979 641	24 642 536

Standard Bank Account (Technical Assistance Fund)

Opening balance (cash and cash equivalents)	5 492 044	7 239 511
Payments for the period including transfers	(3 543 847)	(1 747 467)
	1 948 197	5 492 044

A total of five accounts are held with Standard Bank and these are mainly used for the day-to-day transactions of the entity, such as payment of staff salaries, short-term interest-bearing account, tourism growth projects (NDT funding) and Technical Assistance Fund account (TAF).

Standard Bank Account (NDT Tourism Projects)

Opening balance	19 605 953	6 477 783
Receipts for the period from Government Grants	-	13 522 217
Payments for the period including transfers	(1 977 736)	(394 047)
	17 628 217	19 605 953

6. Finance lease obligation

Minimum lease payments due

- within one year	104 907	15 745
- in second to fifth year inclusive	315 362	-
	420 269	15 745
less: future finance charges	(182 897)	(1 527)
Present value of minimum lease payments	237 372	14 218

FIGURES IN RAND

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Present value of minimum lease payments due

- within one year	38 952	14 218
- in second to fifth year inclusive	198 420	-
	237 372	14 218
Non-current liabilities	198 420	-
Current liabilities	38 952	-
	237 372	-

The total liability of the entity is in respect of the finance lease agreements with regards to an office automated solution copier in the Gauteng office as well in the Durban main office. The finance lease agreement for three machines in Durban came to an end in the prior year (2018/19), subsequently the entity acquired five replacement copiers which were delivered early in the 2019/20 financial year.

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% per annum, 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

Trade payables	1 182 222	799 036
Staff claims	43 519	-
Accrued expense	3 081 319	2 152 701
Leave liability (provision)	4 294 927	3 580 402
Sundry suppliers	-	215 618
	8 602 059	6 747 757

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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2019

The following balances were settled within 30 days after the end of the periods 31 March 2020 and 31 March 2019 respectively.

Accounts settled within 30 days

Trade payables	1 283 775	799 036
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8. Unspent conditional grants and receipts

Technical Assistance Fund (TAF)	1 948 198	3 245 770
One-Stop-Shop	2 165 526	3 979 951
Youth in manufacturing	-	3 048 000
KwaZulu-Natal Halaal Hub	1 537 367	-
KwaZulu-Natal Growth Coalition	2 700 000	-
Business Rescue Fund	2 976 954	4 124 067
NDT Tourism Projects Fund	17 628 217	19 605 953
Textile and aquaculture projects	3 000 000	-
Development of local economic strategies and economic summit	1 500 000	-
	33 456 262	34 003 741

The closing balance of unspent conditional grants and receipts for the year ended 31 March 2020 were included in the roll-over request submitted to EDTEA, Treasury and the National Department of Tourism.

Reconciliation - Technical Assistance Fund (TAF)

Opening balance	3 245 770	2 641 511
Transferred from roll-over funds (industrial symbiosis)	-	349 138
Transferred from surplus funds	-	2 000 000
Less: expenses incurred during the year	(1 297 572)	(1 744 879)
	1 948 198	3 245 770

FIGURES IN RAND

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Reconciliation - Industrial Symbiosis

Opening balance	-	349 138
Transferred to Technical Assistance Fund	-	(349 138)
	-	-

Reconciliation - On- Stop-Shop

Opening balance	3 979 951	2 246 809
Conditional grant received	-	2 000 000
Less: expenses incurred during the year	(1 814 425)	(266 858)
	2 165 526	3 979 951

Reconciliation - Youth Manufacturing Sector-Focused

Opening balance	3 048 000	3 048 000
less: amount to be paid back to Treasury	(3 048 000)	-
	-	3 048 000

KwaZulu-Natal Halaal Hub

Opening Balance	-	-
Conditional grant received	2 000 000	-
Less: expenses incurred during the year	(462 633)	-
	1 537 367	-

KwaZulu-Natal Growth Coalition

Opening balance	-	-
Conditional grant received	3 700 000	-
Less: expenses incurred during the year	(1 000 000)	-
	2 700 000	-

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2020	2019
Reconciliation - Business Rescue Fund		
Opening balance	4 124 067	4 124 067
Less: expenses incurred during the period	(1 147 113)	-
	2 976 954	4 124 067
Reconciliation - National Department of Tourism (NDT) Fund		
Opening balance	19 605 953	6 477 783
Conditional grant received	-	13 522 217
Less: expenses incurred during the year	(1 977 736)	(394 047)
	17 628 217	19 605 953
Implementation of Development Interventions		
Conditional grant received	2 430 000	-
Less: expenses incurred during the year	(2 430 000)	-
	-	-
Textile and aquaculture projects		
Conditional grant received	3 000 000	-
	3 000 000	-
Development of local economic strategies and economic summit		
Conditional grant received	1 500 000	-
	1 500 000	-

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 the 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. The Technical Assistance Fund (TAF) was accounted for as a conditional grant in the year ended 31 March 2020.

FIGURES IN RAND

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One-Stop-Shop (OSS)

The One-Stop-Shop centralises the execution of a number of regulatory compliance and value-added services through a combination of a virtual and physical facility. The facility houses regulatory offices of the government for investor assistance such as a help desk for the Department of Home Affairs, SARS, a Visa application centre and the Department of Trade, Industry and Competition (DTIC) help-desk.

At 31 March 2020, an amount of R1 814 426 was spent by the entity for marketing and advertising campaigns of the facility.

Youth in ICT and manufacturing sector-focused

An amount of R3 048 000 was received from EDTEA and was to be channelled towards youth projects in ICT. The amount was due to be surrendered to Treasury. Upon the review of the project, it had not met all protocols within EDTEA. Refer to note 35.

KwaZulu-Natal Halaal Hub

In the 2015/16 financial year, the entity identified the need to investigate the establishment of a Halaal Hub in KwaZulu-Natal. 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 was 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 it would support a Hub specifically customised for the needs of the Halaal manufacturing sector. In the 2019/10 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.

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 was to develop business stability 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 included stakeholders from different sectors, such as property developers, tourism operators, investment agencies, ICT, and the like. At 31 March 2020, an amount of R1 million was spent by the entity in staging an Executive Liaison Campaign with the captains of the targeted industries.

Business Rescue Fund

A total amount of R4 124 067 was approved from the surplus funds in the 2017/18 financial year. The purpose of this fund was to assist local companies in distress who may have ended up closing down or requiring strategic interventions. This fund therefore assisted affected companies to remain operational and save jobs. An amount of R1 147 112 was spent during the year ended 31 March 2020 towards business rescue initiatives.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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National Department of Tourism (NDT) Fund

Tourism growth projects are funded by the National Department of Tourism in order to rehabilitate two tourism sites in KwaZulu-Natal and to implement a tourism hospitality skills programme. R19,605 million was approved from the 2018/19 roll-over funds and R1 977 735 was incurred for expenses relating to travel, design and architectural work by the appointed lead consultant. At year end 31 March 2020, the roll-out plan was being implemented by the lead consultant for the appointment of the contractors to start with the construction work on Lilani Hotspring and Bhanga Nek tourism sites. The appointment of the service provider for the tourism hospitality skills programme was finalised at year end and the work is expected to start in the 2020/21 financial year.

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 the 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.

Acquaculture and textile projects

It was established that the aquaculture and fish farming sector has the potential to foster economic development in the province. Projects can also foster food security and contribute towards the province's exports and create jobs for people.

R1,5 million was approved by EDTEA in the 2019/20 financial year to develop a feasibility study, business plan and conceptual designs for an aquaculture development site in KwaZulu-Natal.

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 the development of a clothing and textile Special Economic Zone in KwaZulu-Natal.

The rationale for this study is that the establishment of Special Economic Zone will revitalise the clothing and textile sector by benefiting manufacturers with incentives associated with the Special Economic Zone.

Development of local economic strategies and economic summit

An amount of R1,500,000 was allocated by EDTEA on condition that it was utilised for the development of the KwaZulu-Natal townships, rural economies revitalisation strategy and economic summit.

The development of local economic 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's resolution.

FIGURES IN RAND

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9. Revenue

Other income	168 705	125 315
Interest received - investment	841 048	961 026
Government grants and subsidies	99 820 479	88 340 783
	100 830 232	89 427 124

The amounts included in revenue arising from exchanges of goods or services are as follows:

Other income	168 705	125 315
Interest received - investment	841 048	961 026
	1 009 753	1 086 341

The amounts included in revenue arising from non-exchange transactions are as follows:

Transfer revenue

Government grants and subsidies - Halaal Hub	462 633	-
Government grants and subsidies - Implementation of development interventions	2 430 000	-
Government grants and subsidies - TAF	1 297 573	1 744 879
Government grants and subsidies - Business Rescue	1 147 113	-
Government grants and subsidies - Main	89 691 000	85 935 000
Government grants and subsidies - KZN Growth Coalition	1 000 000	-
Government grants and subsidies - One-Stop-Shop	1 814 425	266 858
Government grants and subsidies - NDT Tourism Projects	1 977 735	394 046
	99 820 479	88 340 783

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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10. Other Operating Expenses

Advertising, marketing and communication costs	12 355 005	7 246 821
Auditors remuneration	2 003 988	1 555 028
Bank charges	61 858	53 243
Cleaning	291 317	286 719
Computer expenses	729 343	449 644
Project-specific consulting fees (note 33.5)	14 270 834	7 247 409
Consumables	126 108	98 824
Lease rentals on operating lease	5 326 985	5 334 076
Entertainment	174 472	176 024
Recruitment costs	1 384 763	543 321
Exhibition costs	4 235 556	3 417 321
Insurance	473 067	404 423
Conferences and seminars	170 000	323 685
IT expenses	402 134	236 070
Promotions and sponsorships	5 910 148	3 715 823
Board emoluments and allowances	2 219 756	2 552 087
Board training and other costs	394 682	289 142
Board travel and accommodation	35 875	283 973
BEE financial assistance	1 303 743	1 076 822
Postage and courier	68 496	21 957
Printing and stationery	360 807	208 058
Security for office premises	446 111	464 741
Staff welfare	331 361	205 100
Subscriptions and membership fees	2 273 965	2 890 248
Telephone and fax	1 009 389	738 083
Training	1 073 593	848 055
Travel - local	2 879 311	3 123 376
International marketing	6 414 665	7 142 131
Electricity	448 940	514 937
Lease rentals on finance lease	78 476	22 743
	67 254 748	51 469 884

FIGURES IN RAND

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11. Employee-related costs

Basic	23 439 975	21 146 889
Bonus	2 740 383	1 892 605
Medical aid - company contributions	893 307	800 791
UIF	219 519	167 933
WCA	78 409	55 147
SDL	330 966	329 453
Leave pay provision charge	714 525	855 233
Pension fund contributions	6 142 642	5 379 285
PAYE	9 666 898	9 383 545
	44 226 624	40 010 881
Number of employees	52	46

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 2020 (31 March 2019) Trade & Investment KwaZulu-Natal made contributions as follows:

Employees contributions

Pension contributions	5 562 059	4 871 191
Group life and disability	341 416	298 787
Administration costs	239 167	209 307
	6 142 642	5 379 285

Trade & Investment KwaZulu-Natal made pension contributions, life cover, disability, funeral and administration contributions for its Executive Managers for the year ended 31 March 2020

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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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

Trade & Investment KwaZulu-Natal made pension contributions for its Executive Managers for the financial year ending 31 March 2019 as follows:

Executive Managers contributions - 31 March 2019	Pension Contribution	Group Life and Disability	Funeral and Administration	Total
NST Matjie	299 967	18 572	13 010	331 549
L Nyamande	227 267	14 071	9 857	251 195
IM Miya	227 267	14 071	9 857	251 195
RN Ngcamu	227 237	14 069	9 856	251 162
LG Bouah	227 267	14 071	9 857	251 195
	1 209 005	74 854	52 437	1 336 296

12. Investment revenue

Interest revenue

Bank	841 048	961 026
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Interest received from the entity's short-term investment account held with Standard Bank of South Africa

FIGURES IN RAND

2020

2019

13. Finance costs

Finance lease costs

55 915

8 126

14. Auditors' Fees

Fees

2 003 988

1 555 028

15. Cash generated from operations

Deficit

(14 292 723)

(5 364 667)

Adjustments for:

Depreciation and amortisation

2 744 582

2 708 908

Movements in provisions

(257 402)

516 981

Transfer from surplus funds (TAF)

-

(2 000 000)

Transfer to Treasury

3 048 000

-

Changes in working capital:

Receivables from exchange transactions

7 981

(1 329 952)

Payables from exchange transactions

1 854 301

(3 261 404)

Other payments from non-exchange transactions

-

15 388

Unspent conditional grants and receipts

(547 479)

15 116 433

(7 442 740)

6 401 687

16. Operating Lease

Total Operating lease

- Within one year

5 588 863

5 166 295

- In second to fifth year inclusive

6 983 971

12 563 233

12 572 834

17 729 528

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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Kingsmead Investment (Pty) Ltd

- Minimum payment within one year	5 153 863	4 772 095
- In second to fifth year inclusive	6 983 971	12 137 833
	12 137 834	16 909 928

Friedshelf 385 cc

- Minimum payment within one year	435 000	394 200
- In second to fifth year inclusive	-	425 400
	435 000	819 600

(1) Kingsmead Investment (Pty) Ltd

The lease agreement for the Durban administration offices was initially concluded with the previous landlord, namely Crescendo Management Services (Pty) Ltd on 01 July 2017 for a 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 which was entered into on 01 April 2018 for a period of three years. The Gauteng office was established to target investors based in Gauteng, but who wanted to invest in KwaZulu-Natal.

17. Commitments - Trade & Investment KwaZulu-Natal Main Activities

Approved and contracted

Operational	20 080 032	14 397 735
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FIGURES IN RAND

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2019

18. Commitments - Technical Assistance Fund

The value of the approved TAF projects since the inception of the fund is R10,995,277 and an amount of R9,049,107 was disbursed since inception. A project for Environmental Impact Analysis for Jozini Service Station was suspended due to compliance reasons which could not be met. The cost of the project was initially estimated at R275,595. The total commitment relating to this fund for the year ended 31 March 2020 was R1,670,575.

19. Related Parties

Related party transactions

Income received from related parties

Department of Economic Development, Tourism and Environmental Affairs (EDTEA)	102 321 000	112 044 000
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Expenditure transactions with related parties

Ithala SOC Limited	57 995	35 000
Richards Bay Industrial Development Zone (RBIDZ)	126 529	117 138
KwaZulu-Natal Tourism Authority (Tourism KwaZulu-Natal)	1 000 000	1 752 529

Receivables balances with related parties

Richards Bay Industrial Development Zone (EDTEA)	126 529	117 138
Department of Economic Development, Tourism and Environmental Affairs (EDTEA)	356 224	356 224

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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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. R102,321,000 was received in tranche payments from EDTEA in line with the funding agreement for the financial year 2019/20.

An amount of R356,224 was raised against EDTEA at year ended 31 March 2019. In terms of the 2018/19 funding agreement, a further R1,000,000 was supposed to be transferred by EDTEA to Trade & Investment KwaZulu-Natal to cater for expenses relating to the development of the KwaZulu-Natal Integrated Trade and Investment strategy. The transfer was not made at the end of 2018/19. As a result, the entity had to raise a debt against EDTEA to the extent of the amount spent.

Richards Bay Industrial Development Zone (RBIDZ)

The comparative amount indicated relates to the 50% recovery of costs paid on behalf of RBIDZ for shared services relating to the annual internet subscription for standardised international Trade and Industry database. The primary objective of the shared database is to firmly maintain and distribute a comprehensive and up-to-date set of data collection that the two entities often need to monitor the economy of South Africa.

Ithala Development Finance Corporation

The comparative figure relates to expenses for brokerage services offered by Ithala Development Finance Corporation to provide for indemnity insurance cover for senior Executive and Non-Executive Members of the entity. Ithala SOC Limited is a 100% owned subsidiary of Ithala Development Finance Corporation Limited (IDFC). Ithala Development Finance Corporation Limited is one of the entities in the group of entities controlled by EDTEA.

KwaZulu-Natal Tourism Authority (Tourism KwaZulu-Natal)

An 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 was in support of British Airways to firmly establish a route between London Heathrow and Durban KwaZulu-Natal, 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.

FIGURES IN RAND

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- (1) KwaZulu-Natal Tourism Authority
- (2) KwaZulu-Natal Liquor Authority
- (3) KwaZulu-Natal Sharks Board
- (4) KwaZulu-Natal Growth Fund
- (5) Dube TradePort Corporation
- (6) Richards Bay IDZ
- (7) Moses Kotane Institute
- (8) KwaZulu-Natal Film Commission
- (9) Ithala Development Finance Corporation
- (10) KwaZulu-Natal Ezemvelo Wildlife
- (11) KwaZulu-Natal Gaming and Betting Board
- (12) Ithala SOC Limited

20. Non-Executive Directors' emoluments and Executive Managers' remuneration

Members of the Board were paid directors fees/emoluments for the year ended 31 March 2020 as prescribed by the KwaZulu-Natal Provincial Treasury.

Non-Executive Directors

31 March 2020

	Emoluments	Travel Allowances	Total
Ms CM Croné (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 Mahlali (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

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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2019

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

31 March 2019

	Emoluments	Travel Allowances	Total
Ms CM Cronjé (Chairperson)	543 182	47 531	590 713
Ms LCZ Cele (Deputy Chairperson)	454 043	15 798	469 841
Mr GW Bell	163 915	-	163 915
Mr CS Gina	164 281	30 615	194 896
Dr VF Mahlali	72 192	-	72 192
Ms U Maharaj	197 895	18 458	216 353
Mr SK Mpungose	127 800	-	127 800
Mr M Ngcobo	156 286	-	156 286
Mr ZC Ngidi	132 281	5 105	137 386
Mr K Shandu	139 274	1 227	140 501
Mr S Naidoo	135 092	-	135 092
Mr BD Dlamini	131 716	15 396	147 112
	2 417 957	134 130	2 552 087

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 2019	2 017 836	181 270	108 881	109 970	2 417 957

Executive managers remuneration is on a Total Cost to Company and includes travel allowances and medical contributions.

FIGURES IN RAND

2020

2019

Executive Managers - 31 March 2020	Salary	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 on 01 June 2019)	1 127 515	-	35 356	-	1 162 871
	9 213 591	197 029	645 294	815 564	10 871 478

Executive Managers - 31 March 2019	Salary and Leave Pay Benefits	Medical Aid	Travel and Allowances	Performance Bonus	Total
NST Matjie - CEO (appointed on 1 October 2018)	2 071 684	-	233 026	171 006	2 475 716
L Nyamande - CFO	1 452 947	-	18 860	113 989	1 585 796
RN Ngcamu	1 291 616	76 388	213 220	154 700	1 735 924
LG Bouah	1 495 396	61 086	80 897	171 006	1 808 385
IM Miya	1 413 500	55 545	25 973	154 700	1 649 718
	7 725 143	193 019	571 976	765 401	9 255 539

21. Fruitless and wasteful expenditure

Opening balance	-	14 339
Written-off expenditure as irrecoverable	-	(14 339)
	-	-

The entity did not incur fruitless and wasteful expenditure in the 2019/20 financial year.

In the 2018/19 financial year an amount of R14,339 was reported as fruitless and wasteful expenditure. This expenditure related to flight bookings that were missed due to circumstances that were beyond the traveller's control. The Board resolved that the expenditure must be written-off as irrecoverable as circumstances under which the expenditure was incurred could not have been avoided.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

	2020	2019
22. Irregular expenditure		
Opening balance	351 838	275 967
Irregular expenditure incurred	412 214	351 838
Less: Condoned irregular expenditure	(764 052)	(275 967)
	-	351 838

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.

The expenditure for R275,967 was brought forward in the 2018/19 financial year and related to service providers contracted to provide training to staff members. This process was regarded as flawed. The staff member implicated was disciplined and resigned thereafter. The matter was reported to the South African Police Services (SAPS) as required by Treasury Regulations. This information was submitted to Treasury, EDTEA and the Executive Authority as required by applicable legislation.

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 the 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 at year end of 2018/19, the process of appointing a principal agent to oversee the start of work at Bhanga Nek is still underway and it is anticipated that the appointment will be made in July 2020. Delays are attributed to lengthy consultation with the communities who have an interest in these tourism growth projects. Other detailed explanations are provided under 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 under note 33.

FIGURES IN RAND

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Changes from the approved budget to the final budget

The changes in the approved budget appropriation for 2019/20 resulted from the approved utilisation of the 2018/2019 surplus funds. Provincial Treasury approved R35,6 million of the retained surpluses for the entity to provide technical support for business propositions and funding for requests for small businesses to enhance the KwaZulu-Natal export information portal and export promotion, funding to support youth in ICT and manufacturing sector, operational and marketing activities for the One-Stop-Shop facility, retention programmes to support distressed companies, funding for route development projects relating to international direct flights, funding for export initiatives and funding in connection with recruitment costs.

Year ended 31 March 2020

	Total Budget	Final Budget (Adjusted Budget)	Actual Expenditure
Trade & Investment KwaZulu-Natal - Public entity	89 691 000	146 878 953	115 122 955

Year ended 31 March 2019

	Total Budget	Final Budget (Adjusted Budget)	Actual Expenditure (Restated)
Trade & Investment KwaZulu-Natal - Public entity	85 935 000	132 044 000	94 791 791

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 the retained surplus and roll-over funds	949 314	10 054 121
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Contingent liability from the retained surplus and roll-over funds

In 2019/20 the entity has disclosed an amount of R949,314 as a contingent liability after taking into account unspent conditional grants and other commitments.

In 2018/19 the entity disclosed an amount of R10,054,121 as a contingent liability. This relates to surplus funds and unspent conditional grants as required by GRAP 19.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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26. Reporting Period

The reporting period of the entity is for 12 months ended 31 March 2020.

27. Provisions

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	3 204 153	(3 481 555)	3 204 153
Long-service recognition award	-	20 000	-	20 000
	3 481 555	3 224 153	(3 481 555)	3 224 153

Reconciliation of provisions - 31 March 2020

	Opening Balance	Additions	Utilised During the Year	Reversed During the Year	Total
Pro-rata bonus provision and performance bonus provisions	-	3 481 555	(2 954 573)	2 954 573	3 481 555

A provision of R463,770 was recognised in respect of staff bonuses (13th cheque) owed to employees at 31 March 2020. R20,000 was provided at year end 31 March 2020 for long-service recognition for staff who have served more years in the organisation. An amount of R2,740,383 was provided at 31 March 2020 for staff performance bonuses. An amount of R3,003,555 was paid in the year ended 31 March 2020 in respect of the staff performance bonuses, an adjustment of R109,247 was made from the prior year provision amount for alignment with the actual payment. An amount of R368,753 that was provided as a bonus provision (13th cheque) in the prior year was settled in November 2019. R3,481,555 was provided in the 2018/19 for pro-rata bonus provision (13th cheque) as well as staff performance bonuses.

28. Other Revenue

Other income	168 705	125 315
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Other income comprises refunds from suppliers and approved sale of assets to staff.

FIGURES IN RAND

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29. Going Concern

The entity had an accumulated surplus of R1,558,881 for the year ended 31 March 2020 (31 March 2019, accumulated surplus of R15,851,604). The entity's total assets exceeded its total liabilities by R1,558,881 for the year ended 31 March 2020 (31 March 2019, total assets exceeded the total liabilities by R15,851,604). 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 2020/21 financial year in terms of the Medium-Term Expenditure Framework (MTEF) and signed MOU.

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 2020) were noted.

Non-adjusting

There were two non-adjusting events noted after the reporting date:

- The performance contracts for the three Executive Managers came to an end on 31 March 2020. There were no adjustments required to be made as a result of their departure.
- Following the outbreak of the COVID-19 pandemic, the South African Government announced sweeping measures to tackle the spread of the disease which put South Africa under lockdown. A relief fund of R500 billion was announced by the South African President, of which R130 billion was to be funded through Government reprioritisation, as a result Government departments and public entities in KwaZulu-Natal were requested to contribute to the fund by raising R7 billion.

In support of the calling by the KwaZulu-Nata Provincial Government to contribute towards the National Treasury COVID-19 initiative to combat the deadly virus, the entity committed itself to surrender a portion of its 2020/21 appropriation. No adjustment were required to the 2019/20 Annual Financial Statements as the budget cut affected the operations of the subsequent year.

31. Financial Instruments

Year ended 31 March 2020 - Total financial 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

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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31 March 2020 - Total liabilities	1 year or less	1 to 5 years	Total
Accruals and payables	8 602 059	-	8 602 059
Finance lease liability	7 423	-	7 423
Transfer to Treasury	3 048 000	-	3 048 000
	11 657 402	-	11 657 402

31 March 2019 - Total assets	1 year or less	1 to 5 years	Total
TAF cash and cash equivalents	5 492 044	-	5 492 044
TIKZN cash and cash equivalents	24 642 537	-	24 642 537
NDT tourism projects cash and cash equivalents	19 605 953	-	19 605 953
Receivables	2 845 910	-	2 845 910
	52 586 444	-	52 586 444

31 March 2019 - Total liabilities	1 year or less	1 to 5 years	Total
Accruals and payables	6 747 757	-	6 747 757
Finance lease liability	14 218	-	14 218
	6 761 975	-	6 761 975

Credit Risk

The items indicated under trade and other receivables refer to subscriptions and rental prepayments in the operating leases for the Durban and Gauteng Offices 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, risks arising out of the decline in the Rand have not been passed onto the entity.

FIGURES IN RAND

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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.

32. Reconciliation of Amounts in Terms of GRAP 24

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)

Year ended 31 March 2019

Actual amount on comparable basis in the budget and actual comparative statement

Operating Activities	Financing Activities	Investing Activities	Total
6 401 687	(103 215)	(739 812)	5 558 660

33. Actual Operating Expenditure Versus Budget Operating Expenditure

33.1. Government Grants and Subsidies

The approved appropriation for the entity was R89,691,000 which was later adjusted by the approved roll-over funds and virements of R35,6 million from 2018/19 surplus funds and conditional grants. A further R19,6 million was approved as a roll-over from prior year surplus funds by the National Department of Tourism (NDT). The aim of the fund is to initiate the process of rehabilitation of two sites for tourism attraction, and tourism skills development initiatives. R2 million was approved by the Department of Trade, Industry and Competition (DTIC) for allocation towards marketing and awareness campaigns of the One-Stop-Shop. The additional funds resulted in the total adjusted budget of R146,878,953 in the 2019/20 financial year.

The entity had received R102,321,000 from EDTEA by the end of the financial year 31 March 2020. It was noted that no allocation was received from DTIC at year end.

33.2. Personnel Costs (Compensation of Employees)

Compensation of employees spent 86% of the adjusted budget of R48,850 million. This was below the 100% straight line benchmark at year end as the entity was still in the process of filling a number of vacant posts which were approved in the prior year. It is envisaged that the process will be completed in the 2020/21 financial year. R1 million was approved by Treasury from prior year surplus funds to meet related expenses from the recruitment process.

33.3. Travel and Accommodation

Travel and accommodation spent 98% at the financial year ended 31 March 2020 as some of the initiatives were done in partnership with EDTEA with the intention of curbing costs related to travel and accommodation, hence the under expenditure.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

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33.4. Administration and Operational Costs

Administration and operational costs were noted to have been overspent at the financial year ended 31 March 2020. Most of the items were spent in line with the budget. The following items were exceptions;

- Audit fees were noted to have been overspent due to the internal audit service which is no longer supported by Treasury;
- Repairs and maintenance costs were overspent due to emergency work undertaken;
- Subscriptions were overspent due to the volatility of the Rand against stronger currencies; and
- Depreciation and amortisation for the period fall under this category and were recognised as non-cash items. The 2019/20 figure was significantly higher than the prior year's comparative figure due to additional assets acquired for additional staff.

33.5. Project-Specific Consultancy Fees

The expenditure relating to project-specific professional fees was relatively low at year end. This was attributable to delays resulting from lengthy consultation with project promoters and communities, as well as approval delays from the respective stakeholders related to community-based projects. Even though the budget was largely underspent in this area, the entity committed the Technical Assistance Fund (TAF), manufacturing programmes, business support and rescue initiatives which will be completed in the 2020/21 financial year.

Tourism revitalisation projects funded by the National Department of Tourism (NDT), namely Lilani Hotsprings, Bhanga Nek Lodge in Kosi Bay, as well as hospitality tourism and skills development programmes within the area of Umhlabuyalingana were also delayed due to slow consultation with municipalities and communities which impacted SCM processes for the appointment of suitable contractors.

(a) Technical Assistance Fund (TAF)

A total amount of R1,297,572 was disbursed for TAF projects during the year ended 31 March 2020. A total amount of R1,670,575 was committed at the end of the financial year 2019/20. 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) Youth in ICT and Manufacturing

An amount of R3,048,000 was provided to TIKZN by EDTEA with the intention of supporting youth projects in ICT and manufacturing. However, due to an EDTEA project review, the fund was recalled as the project was deemed to have not adequately met all EDTEA processes. The amount was due to be returned to Treasury in the 2020/21 financial year.

(c) Business Rescue Fund

An amount of R2,707 million was approved in the 2018/19 financial year from the unspent conditional grant in order to assist KwaZulu-Natal companies in distress with turn-around strategies or technical support. An amount of R1,147 million 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 used to support other companies already in the pipeline of companies under distress and requiring assistance.

FIGURES IN RAND

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2019

(d) National Department of Tourism

The total budget appropriation for the entity was adjusted by R19,6 million from the approved roll-over funds from the National Department of Tourism (NDT). The main purpose of the fund is to identify and implement sustainable tourism projects with the objective of creating a world-class destination that will attract business investment and ensure tourism growth in the Province of KwaZulu-Natal. Two tourism sites were identified by NDT to be rehabilitated and the programme is already at an advanced stage and anticipated to be fully operational by the end of the 2020/21 financial year.

33.6. International Marketing

The over-expenditure on international marketing is attributed to the entity's collaboration efforts with EDTEA in a number of initiatives to stimulate the economy of KwaZulu-Natal. It was noted that the increase in the number of international marketing initiatives co-ordinated with EDTEA and other entities had led to an increase in related expenditure for the financial year under review. A significant part of the over-expenditure was also attributed to the increased focus on local marketing and development aimed at promoting export readiness for companies and the promotion of the Province of KwaZulu-Natal.

33.7. Inward Marketing Activities

Inward marketing activities spent 84% of the allocated budget for the year ended 31 March 2020. The number of the inward investment initiatives were moderately reduced in the 2019/20 financial year in line with cost containment guidelines implemented by Provincial Treasury. International investors who visited the Province of KwaZulu-Natal were hosted in collaboration with other entities on a cost-sharing basis. This included the hosting of international investors who visited the Province to seek investment opportunities and to attend an investment conference which was hosted by the entity in the second quarter of 2019/20.

33.8. Export Development and Promotion

The export development and promotion programme provides export training support to emerging exporters and market access opportunities. In the 2019/20 financial year, the programme realised over-expenditure as a result of the following events;

- a) Export week
- b) International export trade events and
- c) High demand for participation in local export exhibition events.

An amount of R1,3 million was approved from roll-over funds to defray the over-expenditure as well as assisting the entity in meeting the demand of export development and promotion initiatives.

33.9. Marketing and Communication

Over-expenditure recorded at year end for marketing and communication was attributed to an extensive marketing drive by the entity to increase awareness in the province through participation in relevant platforms, such as youth development in business, outreach campaigns and advertising, as well as public relations activations. The cost of marketing and communication was also directly linked to events and initiatives driven and supported by the entity. An amount of R3,5 million was approved from the roll-over funds to meet the escalation of costs from the demand of marketing-related activities, such as brand awareness, publications, hosting of municipal road-shows and others. An amount of R1,8 million was spent on advertising and the promotion of the One-Stop-Shop activations.

27 NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

FIGURES IN RAND

2020

2019

33.10. Capital Costs Budget

The capital costs budget spent 48% at 31 March 2020 on computer equipment, office equipment and furniture. The costs related to replacement of assets, such as old furniture and computer equipment which were no longer functional. No funds were spent on software and other intangible assets at 31 March 2020.

34. Repairs and Maintenance

Overhead costs - repairs and maintenance to property

841 086

593 992

The entity incurred costs of R841,086 during the year ended 31 March 2020, R593,992 (31 March 2019) related to the internal maintenance of its administration offices. Repairs and maintenance relates to property, as is required by GRAP 17.

35. 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 disbursement 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 protocols. The amount was accordingly reclassified from unspent conditional grants, to funds to be surrendered to Treasury. Refer note 8.

36. Deficit for the Year Ended 31 March 2020

In 2019/20 the entity recorded a deficit of R14,292,723 which was funded from the prior year's accumulated surplus. The entity was approved a roll-over of R12,823 million in 2018/19. These funds were largely attributed to a number of vacancies in the entity and the delayed roll-out of some initiatives. The entity requested Provincial Treasury to utilise the surplus funds for, amongst others, the Technical Assistance Fund, recruitment costs, IT-related projects, marketing-related activities and export development and promotion activities, as well as catering for the Gauteng Office's operating costs.

37. B-BBEE Compliance





Section 13G of the amended B-BBEE Act requires all spheres of Government, public entities and organs of state to report on their compliance with Broad-Based Black Economic Empowerment legislation. The report is to be reflected in the entity's audited Annual Financial Statements and Annual Reports in line with the Public Finance Management Act 1 of 1999.

The entity disclosed the information in the Annual Report in compliance with B-BBEE legislation under the section titled B-BBEE Compliance Performance Information.

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