

ANNUAL REPORT

2022/2023





TRADE & INVESTMENT KWAZULU-NATAL'S GENERAL INFORMATION

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trade-&-investment-kwazulu-natal

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AfCFTA	African Continental Free Trade Area
AFS	Annual Financial Statements
AG	Auditor-General
APP	Annual Performance Plan
ASB	Accounting Standards Board
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BPO	Business Process Outsourcing
BREU	Business Retention and Expansion Unit
BRICS	Brazil, Russia, India, China and South Africa
BSF	Business Support Fund
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COVID-19	Coronavirus disease 2019
CS	Corporate Services
DDI	Domestic Direct Investment
DIRCO	Department of International Relations and Cooperation
DM	Destination Marketing
DRC	Democratic Republic of Congo
dtic	Department of Trade Industry and Competition
DTPC	Dube TradePort Corporation
EAP	Employee Assistance Programme
EDPU	Export Development and Promotion Unit
EDTEA	Economic Development, Tourism and Environmental Affairs
EIA	Environmental Impact Assessment
EM	Executive Management
EMDEs	Emerging Markets and Developing Economies
ESIEID	Economic Sectors Investment, Employment and Infrastructure Development
EU	European Union
EXCO	Executive Management Committee
FDI	Foreign Direct Investment
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Product
GM	General Manager
GRAP	Generally Recognised Accounting Practice
GRAP	Generally Recognised Accounting Practice
IATF	Intra-African Trade Fair
ICT	Information and Communications Technology
IDZ	Industrial Development Zone
IEH	Industrial Economic Hub
IPA	Investment Promotion Agency

IPAP2	Industrial Policy Action Plan 2
IPU	Investment Promotion Unit
IT	Information Technology
JSE	Johannesburg Stock Exchange
KECP	KwaZulu-Natal Export Competitiveness Programme
KMU	Knowledge Management Unit
KZN	KwaZulu-Natal
MANCO	Management Committee
MCU	Marketing and Communication Sub-Unit
MEC	Member of the Executive Council
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MPL	Member of the Provincial Legislature
MSc	Master of Science
NDP	National Development Plan
NGP	National Growth Plan
OSS	One Stop Shop
PAA	Public Audit Act
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PhD	Doctor of Philosophy
POPIA	Protection of Public Information Act
(PTY) LTD	Proprietary Limited
PUM	Programma Uitzending Managers
RBIDZ	Richards Bay Industrial Development Zone
S&O	Strategy and Operations
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 on Trade and Development





GENERAL INFORMATION

MEC's Foreword	Vision, Mission, Objectives
Chairperson's Statement	Legislative and Other Mandates
Chief Executive Officer's Review	Organisational Structure
Statement of Responsibility And Confirmation of Accuracy	Executive Management Structure
Strategic Overview	

01

MEC's Foreword



MR SIBONISO DUMA
KWAZULU-NATAL MEC:
ECONOMIC DEVELOPMENT, TOURISM AND
ENVIRONMENTAL AFFAIRS

The global economic performance was largely weighed down by a number of factors including the Russia-Ukraine war, the rising cost of living in a number of countries, monetary policy tightening by central banks in response to inflation, and the slowdown in China exacerbated by the resurgence of the COVID-19 pandemic and subsequent lockdowns.

Whilst these external shocks have contributed to the limited growth potential of the country's economy, on the domestic front, persistent power cuts, entrenched structural impediments and high levels of inflation have somewhat impacted the county's path to recovery.

The year 2022 has been the most turbulent year for KwaZulu-Natal (KZN) economically, socio-politically and environmentally. Whilst the economy was recovering from the effects of COVID-19 and the July 2021 social unrest, the province was ravaged by the devastating floods that not only disrupted economic activity and caused significant damage to infrastructure but also claimed human lives.

However, this did not weaken the resilience of the people or the economy of KZN which enabled the province to weather these storms. The leadership of the Provincial Government ensured that concrete and tangible support mechanisms were implemented.

These included relief funding and various support services to assist businesses that were affected to restore operations. The relief funding, called the Business Support Fund, was, and continues to be driven by Trade & Investment KwaZulu-Natal (TIKZN) as it ensures that affected businesses receive the requisite financial assistance that will allow them to resume operations.

The KZN government's primary focus this year has been to:

- Put our province on the road to accelerated recovery and growth, and
- To renew hope and rebuild a better, prosperous and even more resilient province.

The Provincial Government remains resolute in our economic recalibration, reconstruction and recovery plan targeting increased levels of investment in priority sectors as well as infrastructure and export development.

To achieve this, there are programmes in place to ensure the deepening of localisation efforts, advance Import Substitution Industrialisation, and to stimulate entrepreneurship development. Furthermore, we intend to stabilise energy supply through alternative sources while putting measures in place to fast-track economic prosperity.

As we implement our plans to rebuild the KwaZulu-Natal economy, we continue to look to TIKZN, which has demonstrated its ability to work constructively and successfully with the Department of Economic Development, Tourism and Environmental Affairs and across other government departments, to support local companies. We are therefore convinced that this relationship will continue.

Under these trying circumstances, TIKZN redoubled its efforts to attract foreign direct investment (FDI) and to retain businesses in the province, preventing extensive job losses. To this end, the entity achieved R2.85 billion in new Greenfield investments this year with a potential 3889 jobs to be created.

“We strive to ensure that the province remains a preferred destination for investors.”

This will help to reverse the crippling effects of unemployment. We are optimistic and confident in our ability to attract further investment in the province and have no doubt that this will yield positive returns in the coming years and beyond.

Amidst uncertainty in the global economy, exacerbated by the Russia-Ukraine war and supply chain pressure that emanated from COVID-19-related lockdowns and the tilting of global demand towards commodities as prices soared, KwaZulu-Natal continued to export labour-intensive products.

This bodes well for the province’s industrialisation efforts and places it in a favourable position as firms continue to reshape their global value chains and move production away from riskier countries.

As part of our commitment to inclusive economic growth, TIKZN will ensure that previously disadvantaged individuals become increasingly integrated into, and participate in, the provincial economy as industrialists, owners of businesses, shareholders, managers, and entrepreneurs. To achieve this, the organisation has increased its efforts in capacitating previously disadvantaged individuals to be key players in the export space.

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

We are confident that the Provincial Government’s investment in TIKZN will continue to grow and yield good returns in the coming year and beyond.

With that said, I, therefore, wish to commend the TIKZN Board, the Chief Executive Officer Neville Matjie and the entire team for their performance in 2022/2023. We look forward to working with industry stakeholders through TIKZN to ensure that we rebuild the KwaZulu-Natal economy and enhance our resilience.



**HON MR AS DUMA, MPL
MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND
ENVIRONMENTAL AFFAIRS**

02

Chairperson's Statement



MS INA CRONJÉ
BOARD CHAIRPERSON
TRADE & INVESTMENT KWAZULU-NATAL

We entered 2022 weighed down by international conflicts, rising cost of living, the slowdown in China exacerbated by the resurgence of the COVID-19 pandemic and subsequent lockdowns, and a global economy that slowed to 3.2%, more than 1 percentage point weaker than expected at the end of 2021.

The growth of the global economy is still fragile as risks are heavily skewed towards the downside, particularly the uncertainty regarding the Russia-Ukraine conflict and its broader consequences. Furthermore, the financial sector stress could result in a sharp deterioration in financing conditions and compel central banks to reconsider their policy paths.

On a positive note, growth in China is expected to rebound in 2023 as extended lockdowns subside, thus boosting air travel and global trade especially for commodity exporting countries.

Africa is of course not immune to the woes of the world and economic growth in Sub-Saharan Africa decelerated to 3.9% in 2022 as persistent global inflation and tighter monetary policies led to higher borrowing costs for sub-Saharan African countries, thus placing greater pressure on exchange rates.

Growth in 2023 is expected to remain at a moderate 3.6% mainly driven by Nigeria's rising growth as it addresses insecurity in the oil sector. Moreover, the coming online of oil and gas in Niger, the Democratic Republic of the Congo,

and Senegal is expected to contribute significantly to higher GDP growth.

South Africa's economy was similarly severely impacted in 2022 by the effects of the Russia-Ukraine conflict, compounded by adverse weather conditions and persistent power cuts that continued to hold back national economic growth. The economy see-sawed between positive and negative growth during the year but we managed to avoid a technical recession. However, it has been encouraging to witness the size of the economy overall exceeding pre-pandemic levels.

However, South Africa's greatest economic limiting factors are persistent power cuts, entrenched structural impediments and high levels of inflation which continue to dent household spending. In light of this, the International Monetary Fund (IMF) has revised growth projections for South Africa downwards for the year 2023.

Notwithstanding these challenges, we aim to achieve inclusive economic growth for KwaZulu-Natal, with an emphasis on capital investments that will drive job creation. We are heartened that despite the devastating impact of the April 2022 and subsequent floods on KwaZulu-Natal's economy, which reduced the provincial GDP by an estimated R8.6 billion or by 1.1% from quarter one to quarter two, the resilience and perseverance of KwaZulu-Natal businesses remained evident. This was reflected in a more than proportionate increase in the value of exports to R173.2 billion in 2022, representing a 15.9% increase from R149.4 billion recorded in 2021.

It has also been encouraging to see most sectors in KwaZulu-Natal rebounding from the effects of the triple tragedies of COVID-19, the floods and riots during the 2022/2023 financial year. KwaZulu-Natal Province and Trade & Investment KZN (TIKZN) clients rose above adversity, and we are now able to start re-building our economy.

“If you want to go fast, go alone; but if you want to go far, go together.”

However, the energy crisis facing the country remains a major stumbling block for KwaZulu-Natal. Post the floods, certain hard-hit areas in the Province were granted partial exemption from loadshedding. But a return to the status quo, will inevitably result in production inefficiency that will delay growth in the provincial economy.

Against this economic backdrop one is reminded of the African proverb that says: “If you want to go fast, go alone; but if you want to go far, go together”, which is appropriate for how we together tackle the future of KwaZulu-Natal.

Reducing the triple threat of unemployment, inequality and poverty plaguing KwaZulu-Natal, cannot be achieved by going fast, thereby risking leaving some behind and not building lasting solutions. But we can go far by working together to create sustainable employment to bridge the inequality gap and alleviate poverty.

Thus, the challenging economic conditions in South Africa, and specifically in KwaZulu-Natal, led our government to develop a Provincial Economic Recovery and Transformation Plan, which identified specific priority sectors for intervention. This plan highlights the need to harness the export capacity of the Province in order to break into the untapped continental markets, as envisaged by the African Continental Free Trade Area Agreement (AfCFTA).

TIKZN has long been at the forefront of driving economic change in this Province. The team has certainly not rested on its laurels. It has continued implementing business rescue initiatives designed to ensure the retention of investments in the Province and the safeguarding of jobs. In line with the organisation’s mandate, TIKZN actively supported initiatives aimed at both boosting export growth and expanding key industrial sectors. This approach continues to pay dividends as evidenced by TIKZN’s performance during the 2022/2023 financial year.

Transformation of the economy to ensure inclusive economic growth is a key mandate for TIKZN, which has throughout

endeavoured to ensure that previously disadvantaged individuals become increasingly integrated into and participate in the provincial economy as industrialists, owners of businesses, shareholders, managers, and entrepreneurs. To this end TIKZN has increased its activities in the Province’s nine districts. Through this outreach our organisation sourced leads for priority groups looking to become investors in key economic sectors. As a result, investment opportunities were facilitated for 30 priority groups.

In its latest World Economic Outlook Report, the World Bank projects that South Africa’s GDP will grow by 0.1% and 1.8% in 2023 and 2024, respectively. As KwaZulu-Natal’s economy largely mirrors that of SA, we look forward to good growth, but the key to achieving, if not exceeding this projection, is to work together as government, the private sector, civil society, and labour.

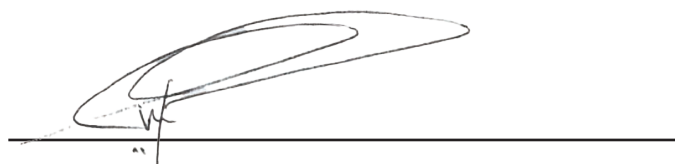
What we have achieved during this financial year and the previous two challenging years would not have been possible without the support of and confidence shown in us by the provincial government. For this we are extremely grateful and hope that our efforts will continue to instil confidence and continued support.

I want to take my hat off to all our KwaZulu-Natal businesses, the large, medium, and small enterprises that have stood their ground and battled through all the setbacks that we have experienced in the past three years.

I thank all those investors who have put their confidence in TIKZN and in the Province to invest hundreds of millions of Rands over the 2022/2023 financial year.

I also thank my colleagues on the TIKZN Board for their support, teamwork, commitment and tireless efforts to guide the organisation, and always making decisions in the best interest of TIKZN. I further express my warmest gratitude to the CEO, management, and staff of TIKZN for their unflagging spirit, passion and efforts to grow an inclusive economy in KwaZulu-Natal for the benefit of all our people.

Let us work together to grow our economy and always remember: “If you want to go fast, go alone; but if you want to go far, go together,”



MS INA CRONJÉ
BOARD CHAIRPERSON
TRADE & INVESTMENT KWAZULU-NATAL

03

Chief Executive Officer's Review



MR NEVILLE MATJIE
CHIEF EXECUTIVE OFFICER
TRADE & INVESTMENT KWAZULU-NATAL

There is no doubt that the economic climate both locally and globally has not been conducive for effective delivery. Indeed, as a country and certainly as a province we have suffered immensely, with the energy crisis exacerbating matters and further denting investor confidence.

This calls for more robust strategies and policies to be undertaken by government and key players to ensure that the right investments are attracted, and that current investments are protected so they stay in the country. Measures have to be taken to ensure that investor confidence is rebuilt, so they continue ploughing back resources that are desperately needed to stimulate the economy.

2022/2023 proved to be another event-filled financial year for KwaZulu-Natal, South Africa's second largest economy. Still recovering from the impact of the civil unrest a year earlier, the province was hit by floods in April and May, causing widespread damage to infrastructure, businesses and homes, leading to the loss of lives and jobs.

Businesses in the province, large and small, had to contend with local challenges as well as global and national economic upheavals throughout the year.

We continue to find ourselves caught up in a vicious cycle

that started globally and moved to national and provincial businesses, eventually reducing their profitability and stunting economic growth.

Global challenges have impacted the provincial economy with production costs rising exponentially in the wake of increasing fuel and fertiliser prices, interrupted global supply chains, as a result of geopolitical tension, and unprocessed driven commodity exports, and the inflation of import and export costs due to currency depreciation. In South Africa, rising input costs and inflation, the beginning of a cycle of increased interest rates and the energy crisis that is enveloping the country exacerbated this.

It came as a surprise, then, that as South Africa began its recovery from the pandemic, the national economy experienced a slight uptick. But this was short lived, and the economy quickly reversed into a technical recession.

Despite this, the provincial GDP grew by 8.8% which was based, to some extent, on certain hard-hit areas in KwaZulu-Natal being granted partial exemption during its flood recovery period. However, as the country's energy crisis continues unabated, even this province can expect outputs to shrink as companies under perform due to energy interruptions. This will, ultimately, be a setback for the KwaZulu-Natal economy.

The ongoing challenges experienced by the province have significantly changed the risk profiles of both the region and individual companies. This, inevitably, has dented investor confidence and calls for government and key stakeholders to devise and embark on more robust strategies and policies to ensure that the right investments are attracted and that current investments are protected and remain both in the country and in the province.

To achieve this, Trade & Investment KwaZulu-Natal (TIKZN) needs to be at the forefront of these activities, offering our expertise to drive investment in the province.

OPERATIONAL REVIEW

This is not an easy task, but one that the organisation is ready for, and the year-end performance certainly attests to the good work that has gone towards recovering lost ground with the following being the key performance highlights:

Despite turbulent times which eroded investor confidence, TIKZN achieved R2.835 billion in committed investments. These projects in the clothing and textile, gas production, property development and farming sectors, are expected to create 3889 jobs which will help address unemployment. In light of TIKZN's critical role in achieving inclusive economic growth to uplift KwaZulu-Natal's people, the unit also facilitated 30 investment projects for priority groups.

On the destination marketing side, the organisation has met both its targets on the investment conferences coordinated in the province and number of international investment and trade platforms hosted.

The Export Development and Promotion's Unit has exceeded all its targets for the year, attesting to the efforts the team has put on the trade front. R66,599 million in increased turnover was generated by the emerging exporters assisted by the unit.

These have collectively created 287 jobs in the province. The team also continued in its efforts to capacitate emerging priority groups of companies for export readiness, with 60 companies going through various capacity building initiatives.

Efforts to protect our investment in the province have yielded results, as evident in the performance by the Business Retention and Expansion sub-unit. The sub-unit has met and exceeded its targets. 135 businesses were supported through business retention interventions.

For the 2022/2023 financial year, the unit has committed

R1.3797 billion of expansion and retention projects through targeted support. These projects will generate a potential of 1978 jobs.

**“Trade & Investment
KwaZulu-Natal
achieved R4.2147
billion in committed
investments.”**

The Office of the CEO has met most of its targets, a testament to the work that has gone behind ensuring that the organisation strengthens service delivery for a conducive business environment, through good leadership, governance and strategic direction.

Budget constraints have impacted the organisation's delivery on the percentage of risks identified that are properly mitigated or resolved, resulting in the organisation scoring 80.76% on this measure against a target of 95%.

Human resource constraints in the One Stop Shop (OSS) has resulted in it not achieving its target on the number of strategic interventions processed. However, positive to note, is that the OSS has achieved the remainder of its targets despite these limitations.

The Knowledge Management Unit has lived up to its promise of being the knowledge partner in business, as evident in the unit's performance for the year. The team has exceeded all its targets in both Knowledge Management and Information Technology (IT).

The support services units have been of great value to the organisation as evident in their performance for the year. Finance continues to put systems in place to ensure that the organisation yet again attains a clean audit for the year. Human Resources continues to upskill and capacitate the organisation for effective delivery of the mandate.

It should be noted that strides have been made on the recruitment side with key vacancies filled using the savings accrued by the organisation as a result of insourcing the recruitment process. Also worth stating, is the work done by Marketing and Communications, which despite

budgetary constraints, generated in excess of R9 million in Added Value Equivalent (AVE). This is testament to the great effort the team has put behind driving exposure for the work done by the organisation.

A lot more effort needs to be put behind ensuring that audit findings are resolved prior to the Auditor General audit. The organisation has not met this target for the 2022/2023 financial year, clearing 89% of the audit findings against a target of 95%. This has to be monitored to ensure that there is no repeat of such in the new financial year.

Lastly, the Gauteng office has exceeded its target for the year. The team continues to generate leads for the organisation, which add to the project pipeline. A system of tracking these leads has been put in place to ensure that they materialise into projects.

I am confident in our capability to deliver solutions given our ability to recover lost economic ground during the 2022/2023 financial year. As evidence of this, I am pleased to report that all our business units achieved their targets during this period.

KEY HIGHLIGHTS

Our efforts to make this province more accessible through the Route Development Committee resulted in the return of Turkish Airlines to Durban; Airlink establishing a Durban Harare route and Lift airlines establishing a Durban Johannesburg route during the period under review. Airlines not only play an important role in bringing people to the province, but also underpin the movement of cargo and the development of trade.

As we have discovered in the past, the people and the businesses of KwaZulu-Natal are extremely resilient and we commend them for their achievements to date. However, we also need to realise that we must continue to negotiate volatile national and global economic conditions. Hence, a new way of approaching trade and investment is required.

Although foreign direct investment (FDI) remains important for the KwaZulu-Natal economy, we can no longer underestimate the importance of domestic and regional investment which can prevent an over reliance on FDI. Considering this, we have fostered joint ventures with domestic entrepreneurs to ensure their sustainability and to grow local skills.

During the year under review, despite budget constraints, TIKZN focused on enhancing the Partner to Deliver Model

as well as its engagements with Proudly SA. This resulted in the signing of an MOU which is already in operation. Other projects underway during the year will assist small and medium enterprises with e-commerce solutions.

The year ahead is not expected to be easy. However, TIKZN is confident that, by working closely with provincial government and the TIKZN Board, the organisation will continue to play a vital role in driving investment, trade, and growth in KwaZulu-Natal.

APPRECIATION

On behalf of the executive team and staff, I would like to thank the KwaZulu-Natal Provincial Government, and particularly the MEC for Economic Development and Environmental Affairs, Mr Siboniso Duma, for the support and encouragement afforded to our organisation during the 2022/2023 financial year.

In addition, I extend my appreciation to the Chairperson of the Board of Directors of TIKZN, Ms Ina Cronjé. Her astute leadership and wealth of experience in both government and the private sector have helped TIKZN to bring growth and development to our province.

Finally, I would like to extend my heartfelt appreciation to the management and staff of TIKZN for their tireless efforts to deliver more than expected despite budgetary and staff constraints.



MR NEVILLE MATJIE
CHIEF EXECUTIVE OFFICER
TRADE & INVESTMENT KWAZULU-NATAL

04

Statement Of Responsibility

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 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.
 - 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 2023.



MR NEVILLE MATJIE
CHIEF EXECUTIVE OFFICER
31 MARCH 2023



MS ZAMASOMI MSOMI
CHIEF FINANCIAL OFFICER
31 MARCH 2023

STRATEGIC OVERVIEW

Trade & Investment KwaZulu-Natal (TIKZN) is a South African trade and inward investment promotion entity, established as a Schedule 3C Public Entity, to promote the province of KwaZulu-Natal as the premier investment destination and to facilitate export trade.

TIKZN's Investment Promotion Unit is responsible for securing foreign direct investment into KwaZulu-Natal to support job creation and economic growth.

The unit supports investors investing in KwaZulu-Natal through matchmaking with potential local partners, site visits and connecting investors to provincial investment opportunities.

TIKZN is also tasked with identifying, developing, and packaging investment opportunities. This is done through its Knowledge Management Unit, which is responsible for market intelligence, research and innovation.

The organisation is also tasked with driving export trade, through the identification of new markets, facilitation of export deals and developing export capacity within the province.

Business retention and support for companies wanting to expand their operations is offered through TIKZN's Business Retention and Expansion Unit.

Operating in globally competitive markets, TIKZN is internationally acclaimed for positioning South Africa (SA) and KwaZulu-Natal as a world-class trade and investment destination, which is strategically located on SA's East Coast and covers an area of more than 94 000 square kilometres. The warm waters of the Indian Ocean, world-class game reserves, rich history, biodiversity, and major seaports, combine to make the province a prime tourist destination, an important hub for industrial development and a crucial gateway to rapidly emerging sub-Saharan markets and economies.

KwaZulu-Natal delivers:

- Superb natural resources.
- Exceptional productive capacity.
- A strong manufacturing sector and leading logistics.
- A cost of living lower than other provinces and an enviable quality of life.
- A valuable coastal location, featuring both SA's primary harbours - Durban, one of the busiest in Africa, and Richards Bay, which is SA's premier modern break-bulk harbour.
- Richards Bay Coal Terminal which is one of the world's largest coal export terminals and the largest in Africa.
- Richards Bay Industrial Development Zone (RBIDZ), a Special Economic Zone which is a purpose-built and secure industrial estate boasting award-winning industrial infrastructure on the north eastern coast of KwaZulu-Natal.
- Dube TradePort Special Economic Zone, a multimodal logistics platform, home to the King Shaka International Airport and the heart of SA's first purpose-built aerotropolis, or airport city
- World class tourist destinations.
- A diverse economy with strong manufacturing and agricultural attributes.
- An enviable lifestyle complemented by an idyllic climate.

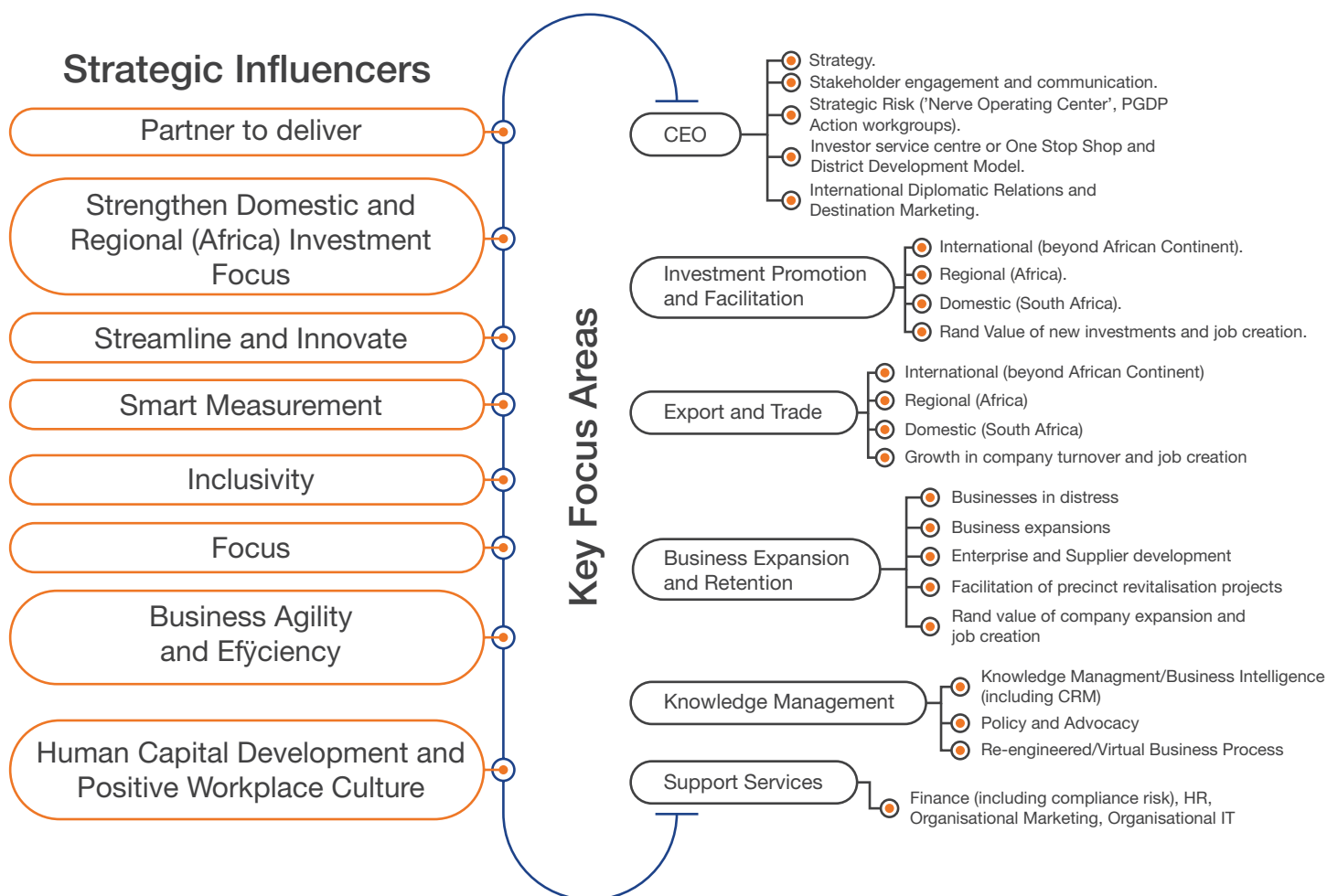
KwaZulu-Natal provides for a wide range of economic activities, including capital intensive manufacturing, transport, storage, communications, finance, business services, agriculture, forestry, fishing, and accommodation sectors. Against this background, TIKZN sets out to promote all the province's competitive advantages. In so doing, it is able to leverage an ever increasing share of the world's investment market.

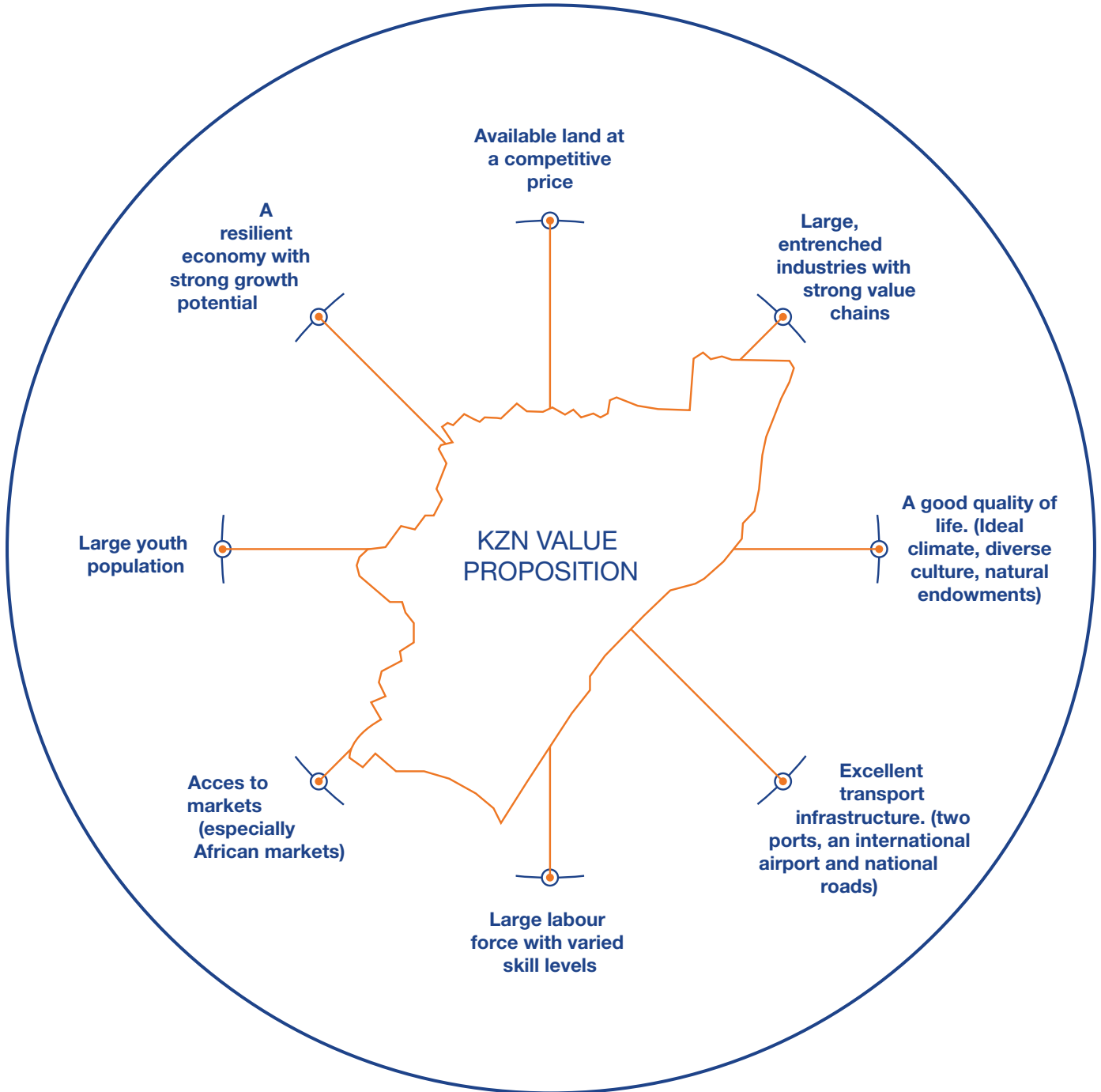
TIKZN's ultimate goal is to facilitate the establishment of new, local and foreign investment to actively support the retention and expansion of existing businesses, and to provide professional aftercare services to clients.

To this end, TIKZN is focused on outcome-based reporting in accordance with the new treasury regulations. It has redeveloped some of the performance measures for greater focus on influencing impact as part of the revised strategy and alignment to the district development model, namely:

- Increased engagement with municipal entities. This has been implemented across programmes and is aligned with stakeholder requirements to work more closely with districts in an integrater/coordinator role.
- TIKZN leading the KwaZulu-Natal Executive Liaison engagements to support district economic development.

- A more balanced approach to engaging both public sector and private sector. This correlates with the role of the organisation being a key link between business and government.
- The organisation achieving good partnerships. This approach of “partnering to deliver” will be escalated in the organisation’s future planning as resourcing is reduced.





06

Vision, Mission, Objectives

VISION, MISSION, VALUES, OBJECTIVES, SERVICES AND STRATEGIC ECONOMIC DEVELOPMENT PARTNERS

VISION

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

This will be undertaken through:

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

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

MISSION

The mission of TIKZN is to:

- Retain and ensure competitiveness of KwaZulu-Natal companies.
- Support KwaZulu-Natal companies in distress.
- Identify and package trade and investment opportunities in KwaZulu-Natal.
- Brand and market KwaZulu-Natal as an investment destination.
- Identify and package export trade and investment opportunities in KwaZulu-Natal.
- Link opportunities to the developmental needs of KwaZulu-Natal communities.
- Ensure easy access to investment and export trade opportunities.

VALUES

The values of TIKZN are to espouse:

- Professionalism
- Integrity
- Passion

OBJECTIVES

In order to meet shareholder and stakeholder expectations, TIKZN sets out to deliver exceptional levels of professional services and support to clients and stakeholders by way of:

- Attracting, developing and retaining high-performing

employees who have the skills and competencies required to manage key internal business processes, including the marketing of TIKZN as an investment promotion entity.

- Enhancing the research and knowledge capabilities of TIKZN and utilising technology as an enabler for the organisation's business.
- Ensuring compliance with corporate governance and financial reporting standards.
- Advocating for a conducive business environment in KwaZulu-Natal and marketing the province as a premier business destination.

SERVICES

TIKZN undertakes a diverse range of key activities and 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 investment and export marketing incentives.
- Advice on 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 existing and emerging international traders.
- International trade enquiry assistance.
- The location of suitable premises for investors.
- Facilitating linkages with banking institutions in securing project and operational finance.

STRATEGIC ECONOMIC DEVELOPMENT PARTNERS

TIKZN has, through its strategic partnerships, aligned with several like-minded stakeholders to synergistically and consistently promote KwaZulu-Natal's attributes. Such partnerships have led to numerous successful collaborations on projects, including inbound and outbound missions, events and promotional activities, all designed to leverage the expansion of the entity's overall business activities

Strategic partners include:

- Public entities
- Financial institutions
- Academia and research institutions
- Organised business - chambers of commerce and industry associations
- Economic development agencies
- Municipalities in KwaZulu-Natal
- Other investment promotion agencies (national and international)
- Provincial and National Government departments
- Foreign missions

TIKZN 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.



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Legislative and Other Mandates

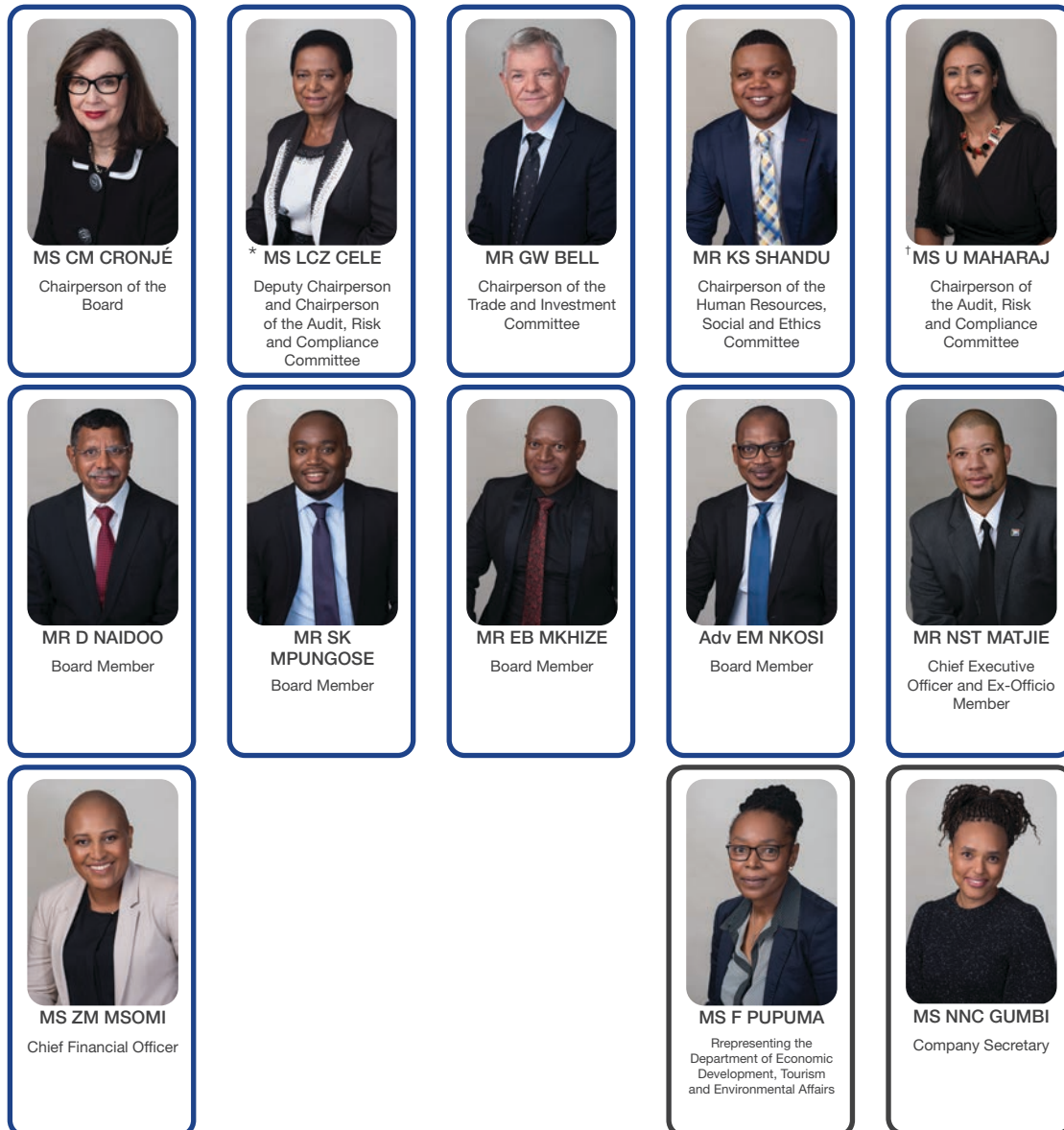
AS A SCHEDULE 3C PUBLIC ENTITY, TIKZN IS REQUIRED TO COMPLY WITH AND ADHERE TO THE:

- Constitution of the Republic of South Africa Third Amendment Act, 1996. (Act No. 07 of 1996).
- KwaZulu-Natal Trade and Investment Agency Act, 2010 (Act No. 5 of 2010).
- Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations.
- National Development Plan.
- Provincial Growth and Development Plan.
- Department of Economic Development, Tourism and Environmental Affairs Economic Transformation Plans (including Operation Vula, KwaZulu-Natal Economic Recovery and Rebuild Plans 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.
- Bilateral and Multilateral agreements signed by DIRCO, dtic, and other National Government Departments.
- Industrial Policy Action Plan.



Trade & Investment KwaZulu-Natal is a public entity in compliance with the Public Finance Management Act and is managed by a Board of Non-Executive Directors appointed by the Executive Authority. Detailed below is a list of the Board Members in the 2022/2023 financial year.

BOARD OF DIRECTORS



* Ms Cele retired from the TIKZN Board on 31 August 2022

† Ms Maharaj was appointed Chairperson of the Audit, Risk and Compliance Committee on 17 October 2022

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Executive Management Structure



**MR NEVILLE
MATJIE**
Chief Executive
Officer



**MS THULISILE
GALELEKILE**
Executive Manager:
Strategy and Operations



**MS ZAMASOMI
MSOMI**
Chief Financial Officer



**MS DUMISILE
NENE**
Executive Manager:
Corporate Services



**MR CLAUDE
MOODLEY**
Executive Manager:
Export Development
and Promotion



**MR SIHLE
NGCAMU**
Executive Manager:
Investment Promotion



**MR NISAAR
MAHOMED**
Acting Executive
Manager: Knowledge
Management



B

PERFORMANCE INFORMATION

Overview of the Economic Environment

Overview of the Organisational Environment

Strategic Programmes

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Overview of the Economic Environment

AUDITOR'S REPORT

The Auditor-General of South Africa currently performs the necessary audit procedures regarding the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion of performance against pre-determined objectives is included in the report to management, with material findings being reported on in the 'Report on the annual performance report' section of the Auditor's Report. Please refer to the Auditor's Report on page 94.

ECONOMIC OUTLOOK

THE GLOBAL ECONOMY

The global economy is reeling from three major adverse shocks in quick succession: the US-China trade conflict, the COVID-19 pandemic, and the Russia-Ukraine war which have collectively triggered arguably the most economically disruptive period since World War II.

In 2022 the global economy slowed to 3.2%, more than 1 percentage point weaker than expected at the end of 2021. The performance of the global economy was largely weighed down by the Russia-Ukraine war, the rising cost of living in a number of countries, and the slowdown in China, exacerbated by the resurgence of COVID-19 pandemic and subsequent lockdowns.

The performance of the global economy is expected to decelerate further to 2.6% and 2.9% in 2023 and 2024 respectively, as the Russia-Ukraine war intensifies, and countries continue to tighten monetary policies to cool inflation and demand. However, the full impact of monetary policy tightening is unlikely to be realised before 2024.

The growth of the global economy is still fragile as risks are heavily skewed to the downside, particularly the uncertainty regarding the Russia-Ukraine war and its broader consequences. Furthermore financial sector stress could result in a sharp deterioration in financing conditions and compel central banks to reconsider their policy paths.

The value of global trade hit a record \$32 trillion in 2022 propelled by robust growth in the first half of the year as a result of steep commodity price increases.

This negatively affected growth of global merchandise trade volumes which decelerated to 2.7% in 2022, in the second half of the year, as companies struggled with surging raw material prices and supply delays. This was exacerbated by sanctions imposed on Russia and Belarus, and the supply disruptions in China as it grappled with COVID-19 outbreaks.

As the Russia-Ukraine war caused global demand to tilt towards agricultural commodities as prices soared in 2022, KwaZulu Natal took the opportunity to export labour intensive products.

This bodes well for the province's industrialisation efforts. It places the province in a favourable position as companies reshape their global value chains and move production away from riskier countries as geopolitical tensions worsen.

Global trade is expected to face multiple challenges in 2023 as rising uncertainties and deteriorating economic conditions continue to weigh on many economies.

However, the recent decline in energy and food prices is expected to boost the purchasing power of most businesses and households and assist in lowering the headline inflation. The earlier than expected re-opening of China is expected to have a positive impact on global activity and reduce supply chain pressures.

Efforts towards transitioning to a greener global economy are expected to spur demand for environmentally sustainable products, while reducing the demand for goods from carbon intensive sectors and for fossil fuels energy.

On the downside, a number of factors continue to pose a lingering threat to global trade, including rising government debt, the escalation of the Russia-Ukraine war and intensifying trade tensions between the US and China.

THE SUB-SAHARAN AFRICA ECONOMY

Growth in Sub-Saharan Africa decelerated to 3.9% in 2022 as persistent global inflation and tighter monetary policies led to higher borrowing costs for sub-Saharan African countries, placing greater pressure on exchange rates.

Growth is expected to remain moderate at 3.6% in 2023, mainly driven by Nigeria’s rising growth following measures to address security issues in the oil sector. Moreover, the coming online of oil and gas in Niger, the Democratic Republic of the Congo, and Senegal is expected to contribute significantly to higher GDP growth. On the other hand, South Africa’s growth is projected to decelerate, weighed down by persistent power cuts, weaker external demand and structural constraints.

THE DOMESTIC ECONOMY

The year 2022 proved to be difficult for the domestic economy as a number of challenges, including, the effects of the Russia-Ukraine war, adverse weather conditions, and persistent power cuts continued to weigh on the national economic growth. Despite this, the domestic economy showed resilience and recorded a second consecutive year growth of 2.0% in 2022.

The improvement in economic growth was mainly driven by increased activity in agriculture, finance, real estate and business services which recorded positive growth rates.

Figure 10.1 shows that the South African economy returned to pre-pandemic levels as it recorded a 1.9% increase in the first quarter of 2022 representing a second consecutive quarter of upward growth. However, following this encouraging performance the economy contracted by 0.8% in the second quarter before rebounding by 1.8% in the third quarter. After rebounding formidably in the third quarter of 2022, the domestic economy returned to negative territory in the fourth quarter.

Although the country’s economic growth has seen three (3) dips in the past six quarters it continued to demonstrate signs of resilience, which has allowed the country to escape a technical recession.

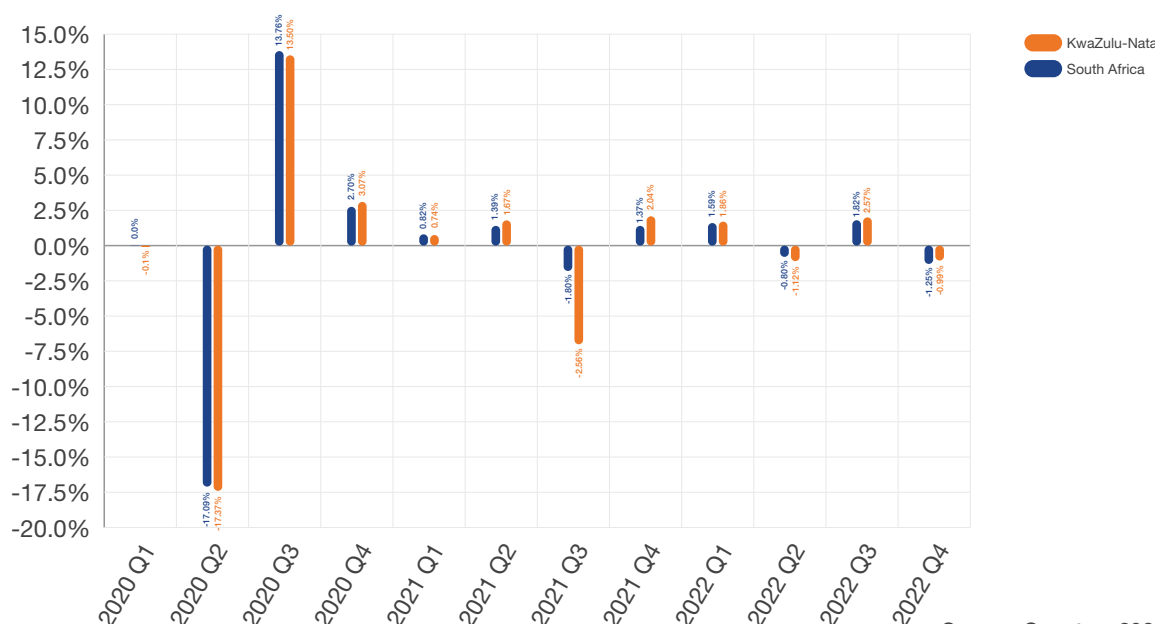
While a range of external factors, including the effects of the Russia-Ukraine war, have contributed to the limited growth potential of the country’s economy, the long-standing risks remain internal. These include the persistent power cuts, entrenched structural impediments and high levels of inflation which continue to dent household spending. Against this backdrop the International Monetary Fund (IMF) has revised its growth projections for South Africa downwards for 2023. Growth prospects for 2024 remain rather muted with national economic growth expected to average 1.3%.

KWAZULU-NATAL PROVINCIAL ECONOMY

KwaZulu-Natal, South Africa’s second largest economy, has been plagued by a number of economic shocks of varying degrees of intensity in terms of their impact on the provincial economy.

In the first quarter of 2022, the economy bounced back from the challenges that emanated from the COVID-19 pandemic and the 2021 July unrest. During the second quarter of 2022 the province was ravaged by floods that not only disrupted economic activity and caused significant damage to infrastructure, but also claimed human lives. Following a robust recovery from the floods in the third quarter, provincial economic growth reverted to negative territory in the fourth quarter of the year.

FIGURE 10.1: QUARTER ON QUARTER REAL GDP GROWTH RATES, SA AND KWAZULU-NATAL (2020-2022)



Source: Quantec, 2023

Despite the challenges, the provincial economy showed resilience and recorded an overall 2.7% growth in 2022.

The province undertook various steps to propel economic growth. However, signs of constraint and fragility in the provincial economy remained acute. Other factors that continued to hinder provincial economic growth included power cuts and the protracted closure of eThekweni municipality beaches, owing to E-coli contamination, which negatively impacted tourism recovery.

Figure 10.2 shows the sectoral share of GDP for both South Africa and KwaZulu Natal for 2022.

The GDP sectoral share for KwaZulu-Natal mirrored that of the South African economy. The main sectors with a high concentration of GDP in both the national and the provincial economies included labour intensive sectors or a combination of high labour and capital-intensive sectors.

This bodes well for the national and provincial industrialisation efforts and economic transformation towards employment creation, investment and retention.

In 2022, the main industries with a sizeable share of GDP in South Africa included finance, real estate and business services (23.9%), community, social and other personal services (15.7%), wholesale and retail trade, hotels and restaurants (11.7%), manufacturing (11.3%) and general government services (8.0%). Similarly, the main industries with high concentration of GDP in KwaZulu-Natal in 2023 included, finance, real estate and business services

(19.8%), manufacturing (15.0%), community, social and other personal services (14.7%), wholesale and retail trade, hotels and restaurants (11.7%), transport and communication (10.3%) and general government services (8.3%).

BUSINESS, TRADE AND INVESTMENT OUTLOOK - KWAZULU-NATAL PROVINCIAL ECONOMY

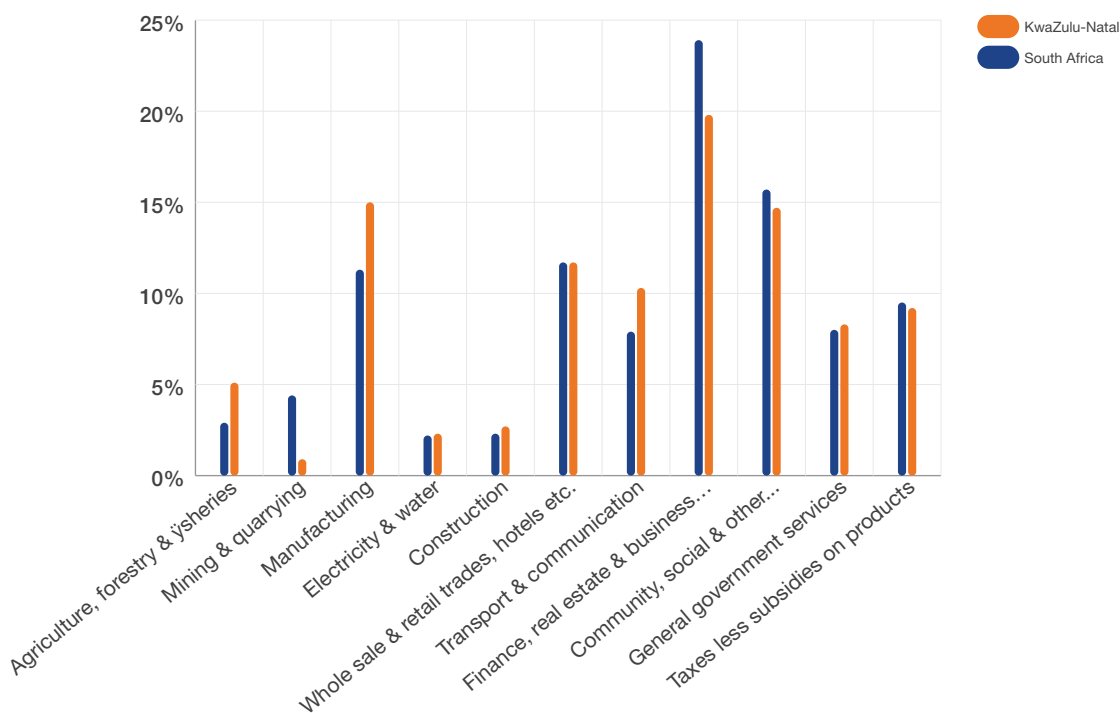
The KwaZulu-Natal economy began the 2023 year in a fairly fragile state. However, despite this, strong prospects in the manufacturing sector and other industrial sectors continue to boost optimism and inspire confidence. The increased optimism about future business conditions is mainly propelled by higher private consumption and investment. In addition, government spending is expected to provide some tailwind and drive growth as the province enters the process of rebuilding following the devastating floods.

On the downside, persistent power cuts, higher inflation and the potential for social unrest coupled with multiple shocks weighing on the global economy exacerbated by the Russia-Ukraine war, deepening tensions between the USA and China, and unprecedented natural disasters in key markets continue to pose a lingering threat to local recovery.

INTERNATIONAL TRADE AND INVESTMENT

The soundness of South Africa's banking and financial systems, the quality of infrastructure and the availability of natural resources remain key drivers of FDI inflows into the country.

FIGURE 10.2: SOUTH AFRICA AND KWAZULU-NATAL SECTORAL REAL GDP %SHARE, 2022



Source: Quantec, 2023

Despite persistent power cuts and structural constraints, investors were somewhat appeased by the political will demonstrated coupled with strong sector specific policy instruments which were generally well received. In 2022, FDI inflows amounted to approximately \$8.86 billion, representing a significant decline from \$40.89 billion recorded in 2021. Figure 10.3 shows South Africa FDI inflows for the period 2018-2022.

South Africa's total nominal export trade continued to improve and remained resilient in 2022 despite multiple shocks weighing on the global economy including supply chain disruptions and stringent lockdown restrictions in China, which is the country's main trading partner. Furthermore, on the domestic front, the frequent and prolonged power cuts and the persistent constraints in network industries such as transport significantly disrupted economic activity.

Nominal exports increased to approximately R2.0 trillion in 2022 from approximately R1.8 trillion recorded in 2021 representing a 11.4% increase. The robust performance in exports in 2022 resulted in a trade surplus of roughly R193.4 billion.

Despite the devastating impact of the April 2022 floods on KwaZulu-Natal's economic activity reducing the provincial GDP from quarter one to quarter two by an estimated R8.6 billion or by 1.1%, the resilience and perseverance of businesses was evident.

This was reflected in the more than proportionate increase in exports to R173.2 billion in 2022 representing a 15.9% increase from R149.4 billion recorded in 2021.

AFRICAN CONTINENTAL FREE TRADE AREA

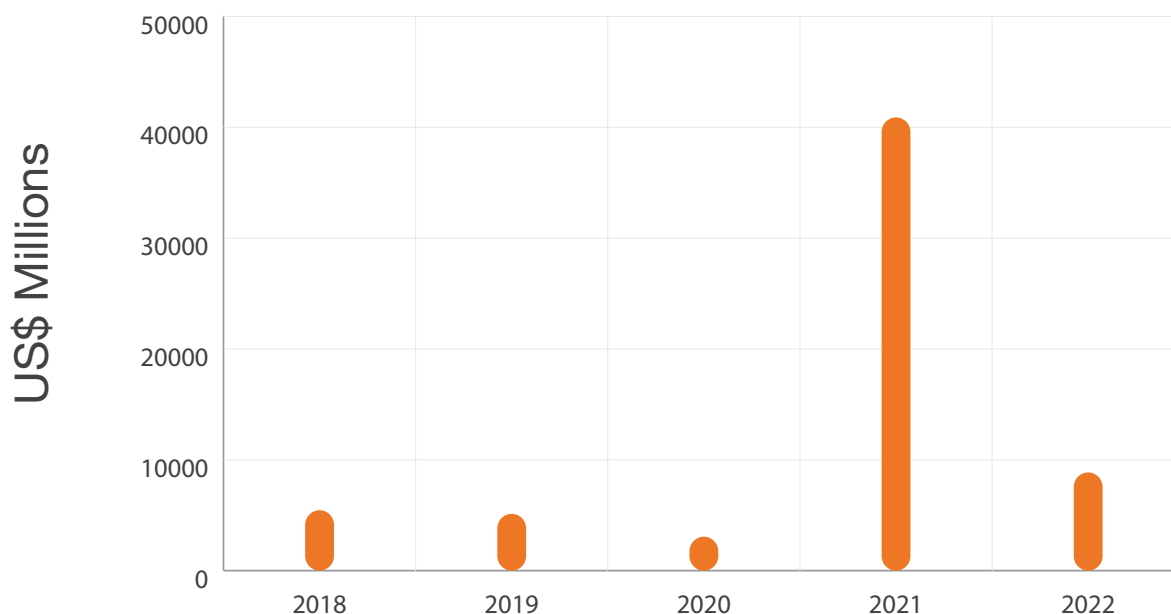
Trade integration across the African continent has long been limited by several factors including infrastructure and trade barriers. The African Continental Free Trade Area agreement (AfCFTA) seeks to reduce tariff barriers and duties on goods traded amongst African countries, to give African made goods an advantage over goods produced elsewhere in the world. Of the 55 African countries that signed only Eritrea has yet to join.

To date, 46 of the 54 signatories have deposited their instruments for ratification. The AfCFTA promises broader and deeper economic integration that will attract investment, boost trade, provide better jobs, reduce poverty, and increase shared prosperity in Africa.

On the domestic front, AfCFTA is expected to drive the demand for South African and KwaZulu-Natal products from neighbouring economies in the Southern Africa Development Community (SADC) and eventually the rest of the continent.

In nominal terms, KwaZulu-Natal's exports to Africa in 2022 totalled approximately R52.16 billion, while imports from Africa totalled approximately R8.29 billion, resulting in an overall estimated trade surplus of R43.87 billion which represent a 12.9% increase from 2021.

FIGURE 10.3: SA FOREIGN DIRECT INVESTMENT INFLOWS FOR 2018-2022



Source: UNCTAD Statistics, 2022; SARB, 2022

On average, exports from KwaZulu-Natal into Africa increased by 7% between 2018 and 2022 imports recorded a 10% increase over the same period.

The top ten products exported by KwaZulu-Natal into Africa and their respective share of the province's total Africa exports for 2022 includes: vehicles (other than railway or tramway rolling stock) parts and accessories thereof (15.4%); nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (6.6%); animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes (6.5%); cereals (6.5%); plastics and articles thereof (4.9%); paper and paperboard; articles of paper pulp, of paper or of paperboard (4.2%); iron and steel (3.7%); miscellaneous chemical products (3.0%); soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparation (3.0%); and articles of iron and steel (2.9%)

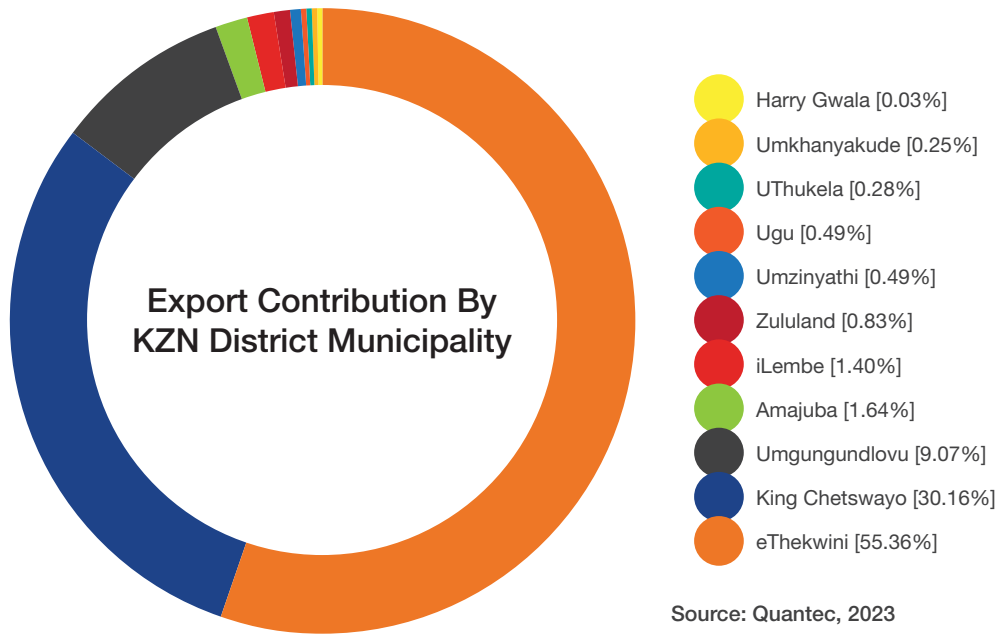
The top ten African export markets for KwaZulu-Natal's products and their respective share of the province's total Africa exports for 2022 includes: Namibia (16.5%); Botswana (13.5%); Zimbabwe (12.3%); Zambia (10.8%); eSwatini (9.2%); Mozambique (7.0%); Lesotho (5.8%); Democratic Republic of Congo (4.6%); and Tanzania (3.4%).

TABLE: 10.1: KWAZULU-NATAL'S TOP TEN EXPORTED PRODUCTS IN 2022

EXPORT PRODUCT	VALUE R BILLION
Aluminium and articles thereof	30.1
Vehicles (other than railway or tramway rolling stock) parts and accessories thereof	27.9
Ores, slag, and ash	23.8
Nuclear reactors, boilers, machinery, and mechanical appliances and parts thereof	8.8
Iron and steel	7.2
Cereals	6.6
Miscellaneous chemical products	5.9
Sugars and sugar confectionery	4.6
Animal or vegetable fats and oils and their cleavage products, prepared edible fats, animal, or vegetable waxes	4.4
Paper and paperboard; articles of paper pulp, of paper or of paperboard	3.4

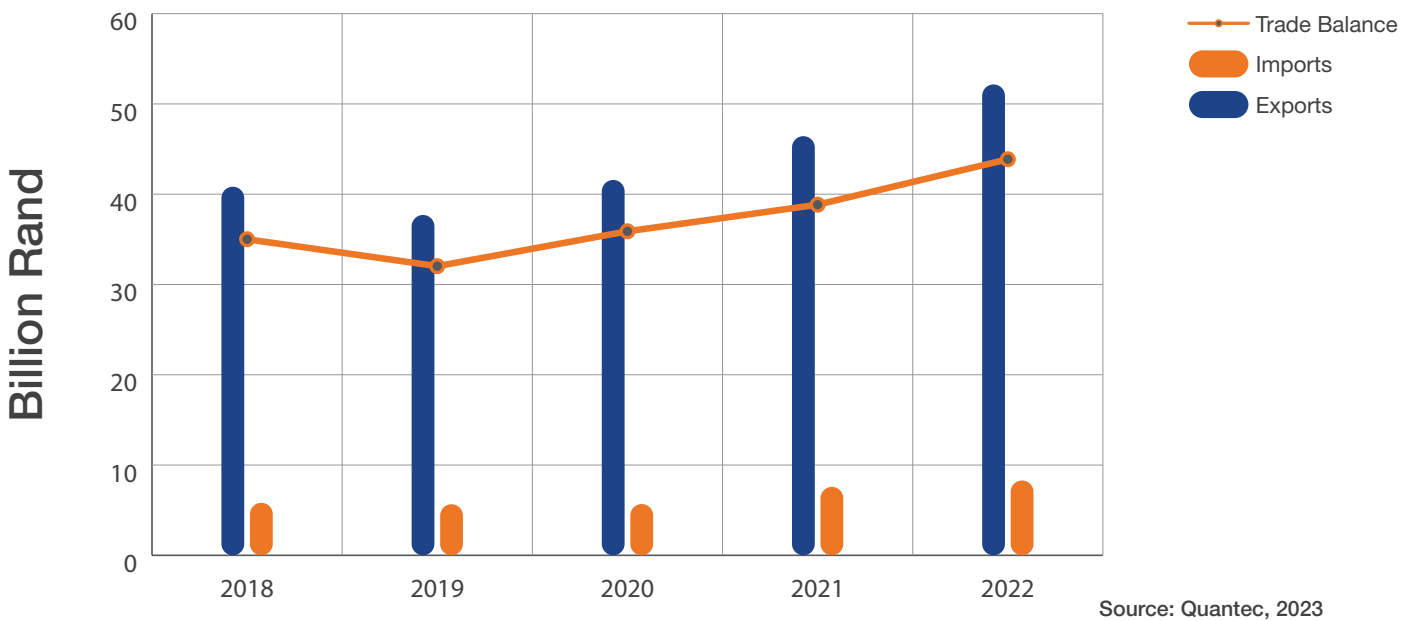
Table 12.2: South Africa's top ten exported products in 2022

EXPORT PRODUCT	VALUE R BILLION
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof, imitation jewellery and coins	438.2
Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes	291.9
Ores, slag, and ash	258.4
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	180.1
Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof	108.4
Iron and steel	107.1
Edible fruit and nuts; peel of citrus fruit or melons	72.5
Aluminium and articles thereof	35.4
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	31.9
Electrical machinery and equipment and parts thereof, sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such	30.7



At a district level, the KwaZulu-Natal district municipalities with the highest percentage contribution to exports in 2022 include eThekweni (55.4%), King Cetshwayo (30.2%) and uMgungundlovu (9.1%).

FIGURE 10.5: KWAZULU-NATAL – AFRICA NOMINAL TRADE AND RESULTING TRADE BALANCE



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Overview of the Organisational Environment

The Chief Executive Officer (CEO), appointed by Trade & Investment KwaZulu-Natal's Board, is responsible for managing the day-to-day business operations of TIKZN. He is supported by members of an executive management team, responsible for the organisation's business units, who report to the CEO.

Each of the organisation's business units comprise a professional team of staff members, responsible for implementing identified strategic indicators so as to ensure the achievement of the organisation's strategic objectives. The organisation's business units comprise:

- Finance: Incorporating Supply Chain Management
- Corporate Services: Incorporating Human Resources and Marketing and Communication
- Investment Promotion and Facilitation: Incorporating Investment Promotion, Business Retention and Expansion and Destination Marketing
- Export Development and Promotion
- Knowledge Management: Incorporating Information Communications Technology (ICT)
- The Office of the Chief Executive Officer: Incorporating Strategy and Operations, KZN One Stop Shop (OSS), Investment Centre and Advocacy and the Gauteng Office

TIKZN's 2022/2023 budget, approved by EDTEA for the current medium-term expenditure framework, totalled R115 913 309. This was managed and expended in line with the Public Finance Management Act and Treasury Regulations.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

STRATEGIC OUTCOME ORIENTATED GOALS

TIKZN has formulated a set of strategic performance objectives, endorsed by the 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 utilization of ICT.
- Promote, attract, and facilitate new fixed investment in the province.
- Retain and expand businesses in KwaZulu-Natal.
- Market and position KwaZulu-Natal in key markets.
- Develop, grow, and promote exports from the province.
- Comply with national and provincial performance monitoring and evaluation standards and legislation.
- Become, through international best practice, a central point of contact, an advocate for and communicator of regulatory guidelines to investors.
- Be KwaZulu-Natal's research, knowledge, and business intelligence leader.
- Facilitate trade and investment opportunities in KwaZulu-Natal through the Gauteng Office.

PERFORMANCE INFORMATION BY PROGRAMME

TIKZN's key organisational strategic objectives are contained within seven programmes, each with measurable indicators.

The programmes include:

- Investment Promotion and Facilitation with sub,-programme Destination Marketing
- Export Development and Promotion
- Business Retention and Expansion
- Office of the CEO: Strategy and Operations and OSS
- Knowledge Management
- Support Services
- International Relations: Gauteng Office

Achievements of these strategic programmes are summarised in the following tables with further detail on pages 53 to 65.

PROGRAMME 1: INVESTMENT PROMOTION

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Growth and expansion (including transformation) of the economy through new Greenfields fixed investments	New fixed domestic and foreign investments committed in KwaZulu-Natal through targeted investment support	Rand value of new fixed domestic and foreign investment commitments in the province facilitated through targeted investment support	R2.292 billion	R8.331bn	R2.0bn	R2.835bn	R835m	The investment in property development and logistics infrastructure contributed immensely to rand value investment for the province while addressing key challenges of traffic congestion on N3 corridor
	Potential new jobs facilitated through targeted investment support	Number of potential jobs facilitated through targeted investment support	6854	3182	3000	3889	889	Target exceeded as a result of the high number of jobs to be created by Pro-Textile, Estcourt Intermodal and Serenity property development
	Investment project opportunities facilitated for priority groups	Number of investment opportunities facilitated for priority groups	19	24	20	30	10	A continuous effort to reach out to youth and women owned projects in rural towns had an impact on our organisational target for priority groups

**PROGRAMME 1: INVESTMENT PROMOTION
SUB-PROGRAMME: DESTINATION MARKETING**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Increased investment opportunities through targeted destination marketing	Destination marketing activations facilitated to create new investments	Number of international investment and trade platforms hosted	14	18	15	15	0	The target was exceeded by using more virtual online business engagement platforms
	Provincial and international investment conferences or webinars hosted	Number of investment conferences coordinated in the province	2	2	1	1	0	The target was met through collaboration with strategic economic development partners

PROGRAMME 2: EXPORT DEVELOPMENT AND PROMOTION

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Growth and expansion (including transformation) of the economy through export promotion activities.	KwaZulu-Natal exporters exposed to trade related events in targeted markets	Number of companies that participated in trade related events in targeted markets	New	New	70	42	28	Annual target was revised downwards due to economic challenges and subsequently reported in line with the reduced target. See table below	Annual target was revised downward due to COVID-19, KwaZulu-Natal looting and flooding as well as the absence of a full staff complement in the Export Unit.

PROGRAMME 2: EXPORT DEVELOPMENT AND PROMOTION

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Growth and expansion (including transformation) of the economy through export promotion activities.	Increased turnover by emerging exporters assisted by TIKZN	Rand value increase in the turnover of KwaZulu-Natal emerging exporters assisted	R37.63 million	R102,35 million	R35 million	R66.599 million	R31.599 million	The annual target was exceeded by 90% due to trade promotion activities, including Africa Week incorporating SAITEX, Africa Big 7 exhibition, Export Week 2022 and FAS funded trade events
	Jobs created by TIKZN assisted exporters in terms of trade development and promotion	Number of jobs created by KwaZulu-Natal exporters assisted	21	547	100	295	195	The annual target was exceeded by 195% due to trade promotion activities carried out. The growth in employment as a result on the rollout of the KwaZulu-Natal Exporter Competitiveness Programme also boosted employment figures
	Emerging priority group companies developed for export readiness	Number of emerging priority group companies capacitated for export readiness	69	59	40	60	20	The annual target exceeded by 50% through collaboration with various business chambers, Transnet and rolling out of specific export capacity building programmes

PROGRAMME 2: EXPORT DEVELOPMENT AND PROMOTION (CONTINUED)

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Growth and expansion (including transformation) of the economy through export promotion activities.	Exporter companies developed to increase their export propensity	Number of exporters assisted with focused capacity building and technical support	27	65	48	55	7	Annual target exceeded by 15% due to focus on KECP and roll out of interventions to increase export propensity. Capacity building and technical support mentorship programme also helped to boost the performance in this KPI
	KwaZulu-Natal exporters exposed to trade related events in targeted markets	Number of companies that participated in trade related events in targeted markets	New	New	60	151	91	Annual target exceeded by 152% despite a tough economic period. Key events attended included Africa Week incorporating SAITEX and Africa Big 7 exhibition and Export Week 2022. The FAS funded trade events also contributed to exceeding this KPI
	Trade related queries from KwaZulu-Natal exporters are facilitated to completion	Number of trade related enquiries received and facilitated to completion	New	New	50	79	29	Annual target exceeded by 58% due to the number of enquiries that the EDPU unit facilitated to completion.

PROGRAMME 3 BUSINESS RETENTION AND EXPANSION

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Transforming of the economy through expansion and retention of investments and jobs	Businesses supported through business retention interventions	Number of businesses supported through business retention interventions	104	130	100	28	-72	First quarter performance against an annual target	The annual target was subsequently increased given the focus on supporting businesses affected by the KwaZulu-Natal floods
	Expansion and retention projects committed	Rand value of expansion and retention projects committed through targeted business expansion and retention support activities	R835 million	R500 million	R800 million	R120 million	-R680 million	First quarter performance against an annual target	Business Expansion target was subsequently reduced as the organisation needed to focus on supporting businesses affected by KwaZulu-Natal floods
	Jobs created and retained through business support expansion and retention support interventions	Number of jobs from targeted expansion and retention support interventions	3 256	6 323	1 800	492	-1 308	The performance reflected is for one quarter versus an annual target	The indicator was reworded to take into consideration that the jobs reported are potential jobs.

PROGRAMME 3 BUSINESS RETENTION AND EXPANSION

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Transforming of the economy through expansion and retention of investments and jobs	Businesses supported through business retention interventions	Number of businesses supported through business retention interventions	104	130	120	135	15	The target was exceeded as the focus was on supporting businesses affected by the KwaZulu-Natal floods
	Expansion and retention projects committed	Rand value of expansion and retention projects committed through targeted business expansion and retention support activities	R835 million	R611,3 million	R600 million	R1,397 billion	R797 million	The target was exceeded as this was related to the large investment by SAB and the support provided to businesses affected by the KwaZulu-Natal floods
	Jobs created and retained through business support expansion and retention support interventions	Number of potential jobs from targeted expansion and retention support interventions	3256	6323	1800	1978	178	The target was exceeded as a result of the focus on retention of jobs
	Business support programmes implemented to improve business competitiveness and efficiency	Number of technical business support programmes implemented	New	New	9	11	2	The target was exceeded through using more virtual online capacity building programmes with businesses.
	"Proudly Made in KwaZulu-Natal Buy Local" technical initiatives facilitated	Number of "Proudly Made in KwaZulu-Natal Buy Local" technical initiatives facilitated	New	New	3	3	0	The target was met given the collaboration with strategic economic development partners

**PROGRAMME 4: OFFICE OF THE CHIEF EXECUTIVE OFFICER
SUB-PROGRAMME: STRATEGY AND OPERATIONS**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction	BBBEE compliant	Improvement on B-BBEE rating for TIKZN	Non-compliant	Level 7	Level 3	N/A	N/A	Reporting was only due in quarter four	This target was subsequently revised to level six for the remainder of the year

**PROGRAMME 4: OFFICE OF THE CHIEF EXECUTIVE OFFICER
SUB-PROGRAMME: STRATEGY AND OPERATIONS**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction	Strategic partnerships facilitated	Number of strategic partnerships/programmes facilitated	8	6	4	4	0	This target was met. The unit improved stakeholder relations with the development of a Stakeholder Management Framework defining the key stakeholders to approach for the purposes of forging strategic relationships, which yielded positive results for the entity
	Risks identified and properly mitigated or resolved	Percentage of risks identified that are properly mitigated or resolved	95%	96%	95%	80.76%	-14,24%	Processes have been put in place to track the risks on a quarterly basis. However, budget constraints hindered the organisation's ability to mitigate some of the risks identified
	BBBEE compliant	Improvement on B-BBEE rating for TIKZN	Non-compliant	Level 7	Level 6	Level 4	Exceeded the planned target by two levels	The organisation made concerted efforts to ensure that measures that contribute to the improvement of the BBBEE scoring are given more attention. This yielded positive results for the organisation as evident in the improved score

**PROGRAMME 4: OFFICE OF THE CHIEF EXECUTIVE OFFICER
SUB-PROGRAMME: ONE STOP SHOP**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction	Increased number of services offerings available at the One Stop Shop	Number of interventions facilitated through the One Stop Shop	3 609	1 064	260	213	-47	First quarter performance against an annual target	Moved to Operational Plan because the One Stop Shop does not have control over the operations of reporting entities.
	KwaZulu-Natal projects supported with strategic business interventions	Number of strategic project interventions processed by the One Stop Shop	New	11	40	3	-37	First quarter performance against an annual target	The target was reduced due to financial and resource constraints

**PROGRAMME 4: OFFICE OF THE CHIEF EXECUTIVE OFFICER
SUB-PROGRAMME: ONE STOP SHOP**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Strengthened service delivery for a conducive business environment through good leadership, governance and strategic direction	Increased number of service offerings available at the One Stop Shop	Number of interventions facilitated through the One Stop Shop	3609	1064	Moved to Operational Plan in June review	N/A	N/A	Moved to Operational Plan
	KwaZulu-Natal projects supported with strategic business interventions	Number of strategic project interventions processed by the One Stop Shop	New	11	20	18	-2	TIKZN receive many enquiries from flood affected businesses. A product offering was not available during the quarter, and only came into effect towards the end of the financial year. Whilst TIKZN may have responded to more than 20 enquiries, these do not count until the businesses apply for a specific product offering
High impact projects resolved through project brokering support interventions	High impact projects resolved through project brokering support interventions	Number of high impact (catalytic) projects resolved through project brokering support interventions	4	8	4	6	2	The target was exceeded due to more interventions for catalytic projects being available.
	Satellite district One Stop Shop established	Number of strategic partnerships with District Development Agencies for One Stop Shop services	4	5	4	5	1	The target for this indicator was exceeded. More District Municipalities were assisted despite limited resources.

PROGRAMME 5: KNOWLEDGE MANAGEMENT

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
An enabling business environment through improved knowledge and business intelligence	New investment packaged projects to stimulate the KwaZulu-Natal economy	Number of investment and export-led investment projects packaged	16	10	6	8	2	The target was exceeded due to increased interest from developers, partnerships that were forged and the availability of funding to continue with the projects
	Sector profiles developed and disseminated	Number of comprehensive Sector profiles developed and disseminated	16	16	12	13	1	The target was exceeded due to the contributions of a new sector manager and to requests for reports from stakeholders
	Quarterly economic reviews produced and disseminated	Number of economic reviews, produced and disseminated	28	27	12	26	14	The target was exceeded due to Ezomnotho contributions and additional requests from stakeholders on pertinent, current topics such as the USA/China conflict
	Policy advocacy initiatives facilitated	Number of policy advocacy initiatives facilitated	0	7	3	9	6	The target was exceeded, due in part, to interest from stakeholders around some of the new sectors e.g., cannabis and the sessions held that served to create awareness.

**PROGRAMME 5: KNOWLEDGE MANAGEMENT
SUB-PROGRAMME: INFORMATION TECHNOLOGY**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Improving organisational effectiveness and efficiency through utilisation of Information, Communication and Technology.	Business improvement through digitisation platforms for TIKZN	Number of digitisation initiatives implemented	6	4	4	6	2	The target was exceeded because necessary repairs on programmes such as Mimecast were needed to ensure continuity as well as the installation of budget management tools
	TIKZN's ICT infrastructure solutions	Number of ICT Infrastructure solutions implemented	7	8	6	9	3	The target was exceeded due to the arrival of an IT specialist who was proactive in ensuring that the implementation of IT infrastructure solutions such as FortiGate Firewall, were prioritised in order to minimise work disruptions.

**PROGRAMME 6: SUPPORT SERVICES
SUB-PROGRAMME: FINANCE**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Effective service delivery through integrated and strategic support to the organisation	Financial stability of the organisation	Percentage of internal audit findings resolved prior to AG Audit	100%	96%	95%	N/A	N/A	This is an annual target reportable in quarter 4	The indicator wording was changed to ensure that all audit findings are monitored and resolved prior to the annual AG audit, not just internal audit findings
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Effective service delivery through integrated and strategic support to the organisation	Financial stability of the organisation	Number of clean audit opinions Percentage of audit findings resolved prior to annual AG audit Percentage of payments made within 30 days	Clean Audit 2019/2020 100%	1 96%	1 95%	1 90%	0 -5%	The audit opinion reported is for the 2021/22 financial year which was completed in July 2022 The findings that were not achieved were due to budget constraints however, the entity will endeavour to clear the findings during the 2024 financial year	Achieved

**PROGRAMME 6: SUPPORT SERVICES
SUB-PROGRAMME: HUMAN RESOURCES**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Effective service delivery through integrated and strategic support to the organisation	Performance Management system implemented as per policy	Percentage of performance management system implemented	100%	100%	100%	100%	0	Target achieved	The unit has no control over the compilation of the data required to report on this indicator. Thus, the indicator and target were changed.

**PROGRAMME 6: SUPPORT SERVICES
SUB-PROGRAMME: HUMAN RESOURCES**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Effective service delivery through integrated and strategic support to the organisation	Performance Management system implemented as per policy	Number of performance reports tabled at Moderation Committee	100%	100%	1	1	0	Target met
	High performance culture driven through talent management and skills development	Percentage of training interventions implemented	100%	100%	95%	104%	9%	The hybrid method of presenting courses and group training approach helped exceed the target
	Organisational development programmes implemented (Coaching and mentoring)	Number of organisational development programmes implemented	7	13	4	10	6	Target met and exceeded because all interventions were necessary based on employee wellness needs
	Compliance to legislation and HR policies and procedures	Number of legislated compliance documents submitted	5	9	2	2	0	The set target has been achieved
		Number of compliance initiatives implemented			3	8	5	The target met and exceeded due to strengthened policy development, implementation, and enforcement

**PROGRAMME 6: SUPPORT SERVICES
SUB-PROGRAMME: MARKETING AND COMMUNICATIONS**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Effective service delivery through integrated and strategic support to the organisation	Create awareness of TIKZN offerings	Number of strategic marketing campaigns and activations	13	21	12	5	-7	First quarter contribution to 2022/2023 financial year	Three vacant positions in M & C unit necessitated target review to ensure delivery. Indicator was amended to be more organisation focussed.
	Strategic stakeholder and media engagements	Number of strategic stakeholder and media engagements held	11	13	7	5	2	First quarter contribution to 2022/2023 financial year	Three vacant positions in M & C unit necessitated target review to ensure delivery
	Enhanced visibility of organisational activities	TIKZN digital platforms initiated	13	22	13	6	-7	First quarter contribution to 2022/2023 financial year	Three vacant positions in M & C unit necessitated target review to ensure delivery. Indicator was amended to focus on initiatives activated rather than social media platforms managed

**PROGRAMME 6: SUPPORT SERVICES
SUB-PROGRAMME: MARKETING AND COMMUNICATIONS**

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS
Effective service delivery through integrated and strategic support to the organization	Create awareness of TIKZN offerings	Number of marketing initiatives in support of the organisation	13	21	8	18	10	Increase in stakeholder relationship building initiatives created new platforms to drive awareness, consideration and usage of TIKZN services
	Strategic stakeholder and media engagements	Number of strategic stakeholder and media engagements held	11	13	4	18	14	Collaboration with private and public sector partners resulted in increase of initiatives aims at highlighting opportunities for trade and investment initiatives for the period under review
	Enhanced visibility of organisational activities through digital platforms	Number of digital initiatives activated	13	22	13	23	10	Increase in campaigns and strategic partnerships resulted in increase in content creation for TIKZN digital platform

PROGRAMME 7: INTERNATIONAL RELATIONS (GAUTENG OFFICE)

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23 UNTIL DATE OF RE-TABLING	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
International relations, investment attraction and destination marketing	Investment targeting and lead generation as a component of FDI cycle	Number of Qualified leads generated	51	47	55	11	-44	Quarter one contribution to target and not whole financial year	Covid, floods and social unrest affected investor confidence and budget was decreased necessitating revision of indicators.
	International trade and investment initiatives facilitated	Number of international marketing initiatives implemented	22	26	12	6	-6	Quarter one contribution to target and not whole financial year	Covid, floods and social unrest affected investor confidence and budget was decreased necessitating revision of indicators.
	Strategic sessions hosted with trade and investment strategic partners	Number of international organisational information sharing engagements with stakeholders	36	29	35	10	-25	Quarter one contribution to target and not whole financial year	Covid, floods and social unrest affected investor confidence and budget has decreased necessitating revision of indicators.
Intra-provincial trade platforms for KwaZulu-Natal companies	Intra-provincial trade platforms for KwaZulu-Natal companies	Number of intra-trade platforms created for KwaZulu-Natal companies	24	23	25	6	-19	Quarter one contribution to target and not whole financial year	Covid, floods and social unrest affected investor confidence and budget has decreased necessitating revision of indicators.

PROGRAMME 7: INTERNATIONAL RELATIONS (GAUTENG OFFICE)

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
International relations, investment attraction and destination marketing	Investment targeting and lead generation as a component of FDI cycle	Number of qualified leads generated	51	47	28	31	3	TIKZN leveraged platforms generated from strategic partnerships forged, resulting in the organisation being given speaking opportunities in key strategic platforms such as trade shows and joint events. These helped generate leads for the organisation resulting in the unit exceeding this target.
	International trade and investment initiatives facilitated	Number of international marketing initiatives implemented	22	26	6	16	10	Several large-scale delegations visited KwaZulu-Natal during the year including ASEAN heads of missions and an international delegation from Denmark exploring areas of collaboration and investment opportunities. Leads generated from these key investment and trade drives ensured that the organisation exceeded this target.
	Strategic sessions hosted with trade and investment strategic partners	Number of international organisational information sharing engagements with stakeholders	36	29	18	23	5	The team actively pursued strategic partnerships with key players in the investment and trade space, which resulted in several sessions being hosted in partnership with these organisations. The team was also afforded several speaking opportunities. All interventions ensured that this target was exceeded.
	Intra-provincial trade platforms for KwaZulu-Natal companies	Number of intra-trade platforms created for KwaZulu-Natal companies	24	23	13	18	5	The unit facilitated B2B platforms for companies to drive exposure. This coupled with the hosting of several events, and the unit's participation in international forums ensured that leads were generated for these companies as well as the organisation. As a consequence, the team was able to exceed this target for the year.

12 STRATEGIC PROGRAMMES

INVESTMENT PROMOTION

Investment Promotion is responsible for the delivery of three programmes:

- **Investment Facilitation:** Responsible for domestic and foreign investment attraction and facilitation into KwaZulu-Natal.
- **Destination Marketing:** Responsible for actively promoting KwaZulu-Natal as a premier investment destination.
- **Business Retention and Expansion:** Responsible for providing support and facilitation services to assist the retention and expansion of businesses throughout the province.

INVESTMENT FACILITATION

At the start of 2022/2023 the business environment was negatively impacted by the KwaZulu-Natal floods. All sectors of the provincial economy were affected, especially the manufacturing, tourism and hospitality sectors.

The operational sustainability of a broad spectrum of local businesses was severely impaired and many industries became distressed. Some companies restructured resulting in job losses, others partially closed while others completely shut down operations.

The severe infrastructure damage and a surge in damage claims led to an increase in insurance costs. This coupled with a rising repo rate and the country's energy crisis, negatively impacted the cost of doing business in South Africa making it less attractive to investors. Nonetheless, some multinational corporations took a longer-term view of their South African prospects and invested in the province.

In the face of these difficulties Trade & Investment KwaZulu-Natal continued its efforts to drive investment through Investment Promotion which secured R2.835 billion in new committed investment projects during the financial year.

The projects in the clothing and textile, gas production, property development and mining sectors will create 3889 jobs for the province, and help reverse some of the crippling effects of unemployment.

This performance is mainly attributed to the following projects:

- **Pro Textile (CMT Global),** a textile and apparel manufacturing company in Ezakheni, which is the largest vertically integrated textile manufacturing plant in the Sub-Saharan region. The investment is worth R390 million and will create 1650 jobs.
- **Sino Africa Gas,** which manufactures food grade carbon dioxide for the beverage sector. Located in Newcastle, the project is valued at R60 million and will create 50 jobs.
- **Zululami Estate,** a luxury R320 million coastal estate development in KwaDukuza in the iLembe District, which will create 180 jobs.
- **Rosican,** a female owned business in the Ray Nkonyeni Municipality, is a supplier and distributor of aggregates. It offers intrusive igneous rocks crushed into different sizes as per clients' specific needs. This investment is valued at R65 million and will create nine jobs.
- **Estcourt Intermodal Terminal,** is a R1.2 billion development of a logistics park and intermodal terminal at the old Masonite/Evowood site. It will create an estimated 1000 jobs.
- **Serenity Hills Eco Estate,** is an R800 million residential secure estate with a 15-20 bed hotel in Margate. The modern living estate encompasses sustainable living with solar ready houses, and rain and stormwater harvesting. It will create 1000 jobs.

In driving transformation TIKZN endeavors to ensure that previously disadvantaged individuals become increasingly integrated into and participate in the provincial economy as industrialists, owners of businesses, shareholders, managers, and entrepreneurs.

To this end district outreach activities were increased which resulted in the facilitation of deals for 30 priority groups looking for investment opportunities.

DESTINATION MARKETING

During the year under review 11 activities were undertaken to drive awareness and generate investment leads from multinational corporations. These activities included inbound missions and online business seminars as follows:

- Norwegian Embassy: Economic delegation to KwaZulu-Natal, June 2022
- SA German Chamber: Baden-Wurtemberg engagement, June 2022
- Tropolite India: Inbound investors, July 2022
- Bridges with the World B2B South Africa: Argentina (Agricultural Machinery) webinar, July 2022
- Shanghai FAO and Orient International Group: Virtual meeting, August 2022
- APIEX Mozambique and IP Engenharia Portugal: Benchmarking visit to TIKZN, September 2022
- Vietnam B2B Session: Inbound mission to KwaZulu-Natal, November 2022
- State of Maryland: Inbound mission to KwaZulu-Natal, November 2022
- Nearsol US BPO Investment: Inbound mission to KwaZulu-Natal, November 2022
- Scandinavian Embassies Ease of Doing Business: Inbound mission to KwaZulu-Natal, November 2022
- Global Business Services Conference in partnership with BPESA, November 2022.
- What-A-Bird: German investor inbound mission to KwaZulu-Natal, December 2022

BUSINESS RETENTION AND EXPANSION

Business Retention and Expansion, in accordance with South Africa's and KwaZulu-Natal's Economic Recovery and Rebuild Plans, focused on the development and implementation of programmes aimed at retaining and expanding domestic investments in the province, as well as supporting companies with initiatives to enable them to remain invested in the province.

Following the flood disaster, TIKZN provided support for companies, by continuing to implement programmes contained in various MOUs with strategic economic development partners. These aimed to support business turnaround, development, expansions, stability and retention. This was underscored by support from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA).

Partner to deliver engagements were facilitated with the following organisations for the purposes of sharing resources and assisting with business support:

- KwaZulu-Natal Growth Coalition

- Durban Chamber of Commerce and Industry
- Pietermaritzburg Midlands Chamber of Business
- Productivity South Africa
- Industrial Development Corporation

The partner to deliver collaborations and interventions helped stimulate the real economy preventing it from sliding into de-industrialisation with all its unintended consequences.

COMPANY EXPANSION AND RETENTION FACILITATION SERVICES

Supporting business retention and expansion initiatives, 135 distressed companies were assisted and R1.397 billion was committed to company expansion and retention projects which promised job creation opportunities thus retaining a total of 1978 jobs.

Noting the effects of the KwaZulu-Natal floods and the pandemic, support initiatives were aligned to the KwaZulu-Natal Rebuild Plans. Through collaboration with development finance institutions such as Small Enterprise Finance Agency (SEFA), Ithala, National Empowerment Fund (NEF) and the Industrial Development Corporation (IDC). TIKZN commenced with the administration of the Business Support Funding received from the IDC and EDTEA to support SMMEs in the township and rural economy which were also impacted by the floods.

Priority was given to working with high valued clients and their Tier 1 and Tier 2 companies to ensure these companies followed through with their expansion plans. These retention and expansion projects were in the manufacturing, clothing, agro-processing and food and beverage industries.

Some of the KwaZulu-Natal game changing business retention and expansion projects facilitated during 2022/2023 include:

- Exemplar: A R200 million rebuild of the Greater Edendale Mall in Pietermaritzburg, destroyed during the July 2021 unrest, creating an additional 650 jobs. Phase 1, the health care section, opened on 24 August 2022. Phase 2, retail and financial services, opened on 25 November 2022. Phase 3, retail and clothing section. opened in March 2023.
- LHL Engineering: An R80 million company expansion and relocation to bigger and better premises in Durban, creating an additional 40 jobs.
- Hesto Harness: Launched by President Cyril Ramaphosa in September 2022, has created over 4000 new employment opportunities in KwaDukuza. It produces wiring harnesses for the latest Ford Ranger and Isuzu models sold locally and abroad.
- Sappi Saiccor: A R7.7 billion upgrade and expansion

project launched in September 2022 by President Cyril Ramaphosa, Vulindlela is one of the biggest dedicated pulp dissolving plants in the world. Sappi employs more than 5000 people across its network nationally with 1200 employed at the Saiccor Mill. During Vulindlela's construction an additional 2000 temporary jobs were created.

- ARTSolar: This renewable energy company in Pinetown which has localised the manufacture of integrated solar panels, batteries, and inverter systems, launched a R75 million expansion project which created an additional 200 jobs.
- Frimax: This snack food manufacturing facility in Verulam embarked on a R120 million investment, creating an additional 492 jobs.
- Huhtamaki Holdings SA: Based in Verulam, this company manufactures various packaging products. It has entered into an agreement to acquire the majority stake of Everest Flexibles (Pty) Ltd. The company acquisition is valued at R150 million and will retain 520 jobs.
- South African Breweries (SAB): The R924 million expansion of the Prospecton Brewery created some 40 full-time permanent jobs and further 750 construction jobs. As many as 58 companies were involved in the construction of which 10 came from the local ward.

ENTERPRISE DEVELOPMENT AND BUSINESS SUPPORT

TIKZN, in collaboration with its strategic economic development partners, coordinated various business and enterprise development programmes during the year under review. These included online platforms, conferences and workshops aimed at enabling enterprises to identify potential dynamic business partners capable of introducing new expertise; identify new technologies applicable in specific sectors and embark on continuous improvement processes.

The programmes provided linkages between small and large companies, improved business efficiency and innovation, reduced the cost of doing business, ensured regulatory compliance requirements were met and initiated market development and business growth.

PUM Solar Master Class

The PUM Nederland's Retired Experts Programme developed a customised Solar Master Class for 50 selected South African small and medium business owners. The programme covered the following:

- Building basic knowledge on solar for small and medium business owners.
- Implementing solar as a solution to reduce reliance on

the current electricity provider, avoid disruptions and costs of load shedding.

- Providing participating owners with a remote and physical business "solar" coach to review the need for solar in their business or provide advice on specifications and installations.

National African Federation for the Building Industry (NAFBI) annual conference co-located with the Big 5 Construct South Africa.

TIKZN supported the attendance of five KwaZulu-Natal-based B-BBEE companies at the National African Federation for the Building Industry (NAFBI) annual conference co-located with the Big 5 Construct South Africa during quarter two 2022.

The participating companies were assisted with one-on-one appointments and business introductions with a view to facilitating potential business linkages and acquired new knowledge including construction trends and predictions for the year ahead as well as business intelligence to improve their competitiveness.

DACT Localisation, Import Replacement and Enterprise Development Programme

TIKZN supported 27 SMMEs participation in the Localisation, Import Replacement and Enterprise Development programme facilitated by Global Mark (Pty) Ltd in partnership with the Downstream Aluminium Centre for Technology (DACT).

The programme consisted of various interrelated capacity building interventions i.e., training, business interventions, coaching and mentoring, preparation for export development, developing market linkages and engaging with suitable role players and stakeholders for further development support.

Automechanika Johannesburg 2022

TIKZN and nine KwaZulu-Natal companies showcased the province's competitive automotive aftermarket offerings at the seventh Automechanika Johannesburg, South Africa's leading international automotive aftermarket tradeshow, during the second quarter of 2022.

Local and international exhibiting companies showcased the latest product innovations and technologies which made the event the ideal meeting place for all involved in the industry. Rapidly changing technologies and operating processes in the motor industry have a profound effect on the way companies do business. Therefore, the event provided the needed support through comprehensive seminars and skills development programmes which encouraged employee upskilling and the development of innovative products and processes.

The nine companies made the most of the four-day event attending free-to-attend skills development workshops, various business conferences and an array of new product launches to grow their businesses.

Productivity SA Business Turnaround Programmes

Through the support of TIKZN, the following businesses benefited from participating in the Productivity SA Business Turnaround programme during 2022/2023:

- Jen Group Manufacturing (Pty) Ltd, a specialist packaging company that offers a total solution to packaging requirements for their customers.
- Obees Brands, a manufacturer and supplier of healing foods and herbal remedies. TIKZN has been actively developing and growing the company by providing a number of platforms to display their products.
- Nutrivita, a black women-owned agro-processing enterprise located at Dube TradePort. It operates in the wellness and food manufacturing and retail sector.

Amajuba District Business Engagement Session

It is imperative to keep businesses abreast of information and programmes which could be beneficial to their operations. Municipal activities, budget plans as well as capex and infrastructure development are key for the development of regions within municipal boundaries.

TIKZN, together with the Amajuba District Municipality, provided a platform for local businesses to engage with local government and identify support and capacity building opportunities and provide a framework for cost effective service delivery to the community.

National Regulator for Compulsory Specifications Information Session

TIKZN enabled local companies to take part in a National Regulator for Compulsory Specifications (NRCS) information session. The NRCS enforces regulations under the Legal Metrology Act which applies to measurable products and services, measurements in trade, health, safety and the environment and any measuring instrument used for prescribed purposes.

Prospecton Business Engagement Workshop

TIKZN collaborated with the eThekweni Municipality to implement the 2022/2023 Prospecton Business Engagement Workshop held during the first quarter of the year.

TIKZN hosted stakeholders and role players in the Prospecton Industrial Area and used the session to communicate mechanisms to assist flood damaged businesses, work already undertaken to help businesses as well as report on developments regarding the Durban Automotive Supplier Park.

EXPORT DEVELOPMENT AND PROMOTION

Export Development and Promotion is responsible for delivery on:

- Export development - Assisting and guiding small, medium and large companies with export-readiness support as well as assisting existing exporters increase their propensity to export.
- Export promotion - Providing market access opportunities into domestic and international markets for KwaZulu-Natal products and services.
- Export Competitiveness - Improving the productivity and competitiveness of enterprises.

SUMMARY OF PERFORMANCE

During the 2022/2023 financial year, Export Development and Promotion engaged in several activities which contributed to exceeding its annual performance targets.

These results were achieved despite key positions only being filled during the third quarter. Staff performed beyond their work allocation with great team spirit and a genuine passion to make a difference in the province and to ensure that results were achieved and targets met.

The impact of these efforts was realised in a R66.599 million increase in turnover for emerging KwaZulu-Natal exporters supported by TIKZN. Full-time and temporary jobs created by these exporters was 287.

Export Promotion

The unit facilitated several trade events in which over 150 KwaZulu-Natal companies participated. These included:

- Malaysia International Halal Showcase (MIHAS) 2022
- Feira Internacional De Angola (FILDA) 2022
- Feira Internacional de Maputo/ Maputo International Fair (FACIM) 2022
- Southern African International Trade Exhibition (SAITEX)
- Africa Big 7
- Solar Power Africa
- Cannabis Expo 2023

Preparatory work is also underway on several trade missions into Africa to take advantage of the AfCFTA and participation in the China Permanent Exhibition which is planned to take place during the 2023/2024 financial year.

TIKZN was afforded the opportunity to champion the trade exhibition of the Ugu District Business Indaba and Exhibition in which 40 businesses and 14 government entities participated. This formed part of a series of events held in November to commemorate the Economic Development, Tourism and Environmental Affairs MEC Mr Siboniso Duma's 100 days in office.

The 11th KwaZulu-Natal Export Week themed “Think Africa, Think Growth” and hosted at different venues from 29 November to 2 December 2022, strongly focused on promoting Intra-Africa trade following the signing into operation of the AfCFTA on 30 May 2019.

Over the years this event has grown exponentially adding components such as an inward African delegation participation, Intra-Africa trade, an exhibition component, and case studies.

Thirty-five local exhibitors from the export sector, including exporters, export credit agencies and chambers of commerce participated. The event was attended by 235 people including international delegates on days one and two.

Export Week focused on capacity building with an Export Essentials programme catering for 138 emerging exporters and an Export Masterclass session for 67 participants.

On the final day of Export Week 68 participants took part in the KwaZulu-Natal Golf Challenge, which was a further opportunity for businesses to network.

TIKZN also hosted two visitation programmes for 22 local and international business delegates to Dube TradePort (DTP) and Richards Bay Industrial Development Zone (RBIDZ).

Export Development

Year two of TIKZN’s export capacity building programmes benefited 115 KwaZulu-Natal business as detailed in Table 12.1 on page 58. This followed a positive review, by Transnet Port Terminals (TPT), of the 2021/2022 TPT and TIKZN Enterprise Development Programme and the release, by TPT, of R2,33 million in funding for the programme in the 2022/2023 financial year.

Export Competitiveness

The KwaZulu-Natal Exporter Competitiveness Programme (KECP), which was funded by EDTEA and project managed by TIKZN in conjunction with Productivity SA as the implementation partner, involved setting aside R2 million which enabled the roll out of two phases of the programme, both of which had components for existing and emerging exporters.

KECP is a cluster-based programme with the objective of creating an information sharing and lessons learnt platform around operations management activities and challenges.

The programme looked at improving the productivity and competitiveness of enterprises through improved value chain efficiencies, implementing clusters for improving industrial competitiveness, collaborative relations and implementing processes of continuous improvement.

A total of 125 interventions were concluded for 58 participating KwaZulu-Natal companies with a combined staff complement of 2762 and a combined turnover of R1,175 billion.

Despite some challenges which include the COVID-19 Pandemic, civil unrest, and the April 2022 floods KECP was implemented successfully across all participating companies with great commitment from their management teams.

While the tracking of the programme’s impact results will continue, 78 jobs were created by the time the implementation of project phases one and two were completed.

TABLE 12.1: SUMMARY OF EXPORT PROMOTION ACTIVITIES UNDERTAKEN DURING 2022/2023

NO.	EVENT	ACTIVITY	DATE	PARTICIPANTS
1	Tourism Indaba	New export markets accessed for KwaZulu-Natal companies: Intra-African Trade	03 – 05 May 2022	4
2	DRC Mining Week	New export markets accessed for KwaZulu-Natal companies: DRC	01 – 03 June 2022	1
3	Automechanika Johannesburg	New export markets accessed for KwaZulu-Natal companies: South Africa	07 – 10 June 2022	7
4	Summer Fancy Food	New export markets accessed for KwaZulu-Natal companies: South Africa	12 – 14 June 2022	5
5	International Agri- Food & Industrial Summit	New export markets accessed for KwaZulu-Natal companies: South Africa	16 – 19 June 2022	5
6	Africa Trade Week (SAITEX)	New export markets accessed for KwaZulu-Natal companies: Intra-African Trade	19 – 21 June 2022	8
7	Africa Big 7 Exhibition	New export markets accessed for KwaZulu-Natal companies: South Africa	19 – 21 June 2022	7
8	Decorex JHB	New export markets accessed for KwaZulu-Natal companies: South Africa	16 – 19 June 2022	5
9	House and Garden	New export markets accessed for KwaZulu-Natal companies: South Africa	24 June – 3 July 2022	6
10	FILDA	New export markets accessed for KwaZulu-Natal companies:	12 – 16 July 2022	1
11	Decorex	New export markets accessed for KwaZulu-Natal companies: South Africa	03 – 06 August 2022	5
12	ACHEMA	New export markets accessed for KwaZulu-Natal companies: Frankfurt	22 – 26 August 2022	1
13	FACIM	New export markets accessed for KwaZulu-Natal companies: Maputo, Mozambique	31 August – 05 September 2022	1
14	Seychelles Fashion Week	New export markets accessed for KwaZulu-Natal companies: Seychelles	26 September – 02 October 2022	2
15	Namibia Individual OSM	New export markets accessed for KwaZulu-Natal companies: Namibia	28 September 2022	1
16	Africa Fashion Week London	New export markets accessed for KwaZulu-Natal companies: London, UK	08 – 09 October 3 2022	3
17	Organic and Natural Products Africa Expo	Intra-trade Business Fair: South Africa	21 – 23 October 2022	6
18	Antigua Individual OUTBOUND Selling Mission	Intra-trade Business Fair: Antigua	06 – 08 November 2022	1
19	MEC KwaZulu-Natal EDTEA 100 Days in Office	Intra-trade Business Fair: KwaZulu-Natal South Coast, South Africa	26 November 2022	33
20	KwaZulu-Natal Export Week	Intra-trade Business Fair KwaZulu-Natal Durban, South Africa	29 – 30 November 2022	35

SUMMARY OF EXPORT PROMOTION ACTIVITIES UNDERTAKEN DURING THE 2022/2023 CONTINUED

NO.	EVENT	ACTIVITY	DATE	PARTICIPANTS
21	World Peace Conference and Exhibition	New export markets accessed for KwaZulu-Natal companies: Annheim, Germany	03 – 04 December 2022	1
22	Vryheid Youth in Business	New export markets accessed for KwaZulu-Natal companies: South Africa	26 – 28 January 2023	1
23	Birmingham Spring Fair	New export markets accessed for KwaZulu-Natal companies: UK	05 – 06 February 2023	1
24	Solar Power Africa	New export markets accessed for KwaZulu-Natal companies: South Africa	08 – 10 February 2023	4
25	Magic Las Vegas	New export markets accessed for KwaZulu-Natal companies: USA	13 –15 February 2023	1
26	Gulf Food	New export markets accessed for KwaZulu-Natal companies: South Africa	20 – 24 February 2023	1
27	Foodex Japan	New export markets accessed for KwaZulu-Natal companies: Japan	07 – 10 March 2023	1
28	Cannabis Expo	New export markets accessed for KwaZulu-Natal companies: South Africa	24 – 26 March 2023	3
Total				151

EXPORT DEVELOPMENT

Several export development programmes were rolled out during the 2022/2023 financial year.

TABLE 12.2: LIST OF EXPORT TRADE DEVELOPMENT ACTIVITIES

NO.	ACTIVITIES	PARTICIPANTS
1	PMB Chamber Global Export Accelerator Programme (GEAP) training	21
2	KwaZulu-Natal Exporter Competitiveness Programme (KAIZEN) Close-Out Report	4
3	KwaZulu-Natal Exporter Competitiveness Programme (KAIZEN) Benchmarking Reports	3
4	GEAP training - Preparing for Exhibitions	19
5	Emerging Graduation Programme	11
6	Finance Assistance Scheme Applications	7
7	KwaZulu-Natal Exporter Competitiveness Programme (KCEP) Phase Two	5
8	Transnet Ports Authority (TPT) Kaizen Training	6
9	GHS Training on Packaging of Chemical Products	1
10	KwaZulu-Natal Exporter Competitiveness Programme (KCEP) Reports	4
11	Kaizen Close-out Report Phase 1	6
12	KwaZulu-Natal Exporter Competitiveness Programme (KCEP) Stage 3 and Stage 4	4
13	KCEP Phase 2 Benchmarking reports	3
14	Advanced Exporter Training	11
15	Capacity Building Stage 2	4
16	Phase 1 Close-out Reports	6
Total		116

KNOWLEDGE MANAGEMENT

Knowledge Management takes its cue from the organisation's tagline which is to be the knowledge partner in business thus allowing it to efficiently identify, organise, store and disseminate collective knowledge in the organisation. It therefore produces sector reports, fact sheets and export research.

It also contributes towards the development of catalytic projects and identification of investment opportunities that are packaged in collaboration with other stakeholders and project promoters.

During the review period numerous projects across the economic spectrum were packaged, including aircraft maintenance, repair and overhaul, aquaculture, smart water meters, the establishment of a materials recovery facility and a clothing and textile SEZ.

Furthermore, collaboration with other stakeholders in roundtable forums reinvigorated interest in new sectors such as cannabis. Focus on Policy Advocacy resulted in interactions with a disparate group of external stakeholders from the International Trade Administration Commission of South Africa (ITAC) to Stats SA, and these and similar relationships look set to continue.

Finally, the adoption of the IT Strategy galvanised interest in the organisation's ICT platforms. Not only have systems been repaired and strengthened, but relationships were forged with sister entities such as Dube TradePort to improve TIKZN's capabilities.

The organisation has also been proactive in ensuring that cyber security workshops were conducted for all staff.

TABLE 12.3: DETAILS OF PROJECTS PACKAGED BY TIKZN WITH PROMOTERS DURING 2022/2023

PROJECT NAME	DESCRIPTION
Maintenance, repair and overhaul of aircrafts	The province of KwaZulu Natal, with its increasing connectivity, strategic location advantage, rich pool of engineering expertise and strong automotive and textiles sectors, has huge potential to be a maintenance, repair and overhaul (MRO) hub for aircraft. This report presents a business case for the establishment of an MRO facility in KwaZulu-Natal and further looks at opportunities that the province can exploit to attract potential investments within the MRO sector. The report uses Singapore Changi as a case study to identify lessons to be learned to further strengthen the establishment of an MRO hub.
Smart water meters	South Africa has positioned itself as a key player within the global water meter manufacturing, design and maintenance industry. Furthermore, the country has developed strong policy support for the sector inclusive of a tariff protection and preferential procurement policy. Despite this, the country is a net importer of water meters. This report applies the Business Model Canvas framework to present an investment opportunity for water meter production, particularly the establishment of a smart water metre manufacturing plant in the province. This opportunity would also allow the province to own the smart water meter manufacturing ecosystem in its entirety.
Clothing and textile SEZ revised business plan: Multiyear project	The business plan for the Clothing and Textile SEZ was successfully completed. EDTEA has been engaged to source funding to set up a Project Management Unit that will implement the Clothing and Textile SEZ in line with the business plan and the dtic SEZ regulations.
KwaZulu-Natal Eco-Park: Leather training, incubation and biomass factory: Multiyear project	This multiyear project entails the development of the KwaZulu-Natal Eco-Hub development on land that is owned by the KwaZulu-Natal Government in Imbali, Pietermaritzburg. The project has secured two private company investments. It is, however, work in progress with detailed concept plans for an integrated build approach completed. Ekuza Consultants were awarded the tender to assist with the technical reports, EIA and documentation including a Bill of Quantities. The project is expected to be fully operational in 2027.
KwaZulu-Natal Aqua Zone (fish and prawn fish): Multiyear project	This project is part of the Aquaculture sector programme. It entails the development of an Aqua-zone area within the KwaZulu-Natal coastal belt. A comprehensive site analysis was conducted, and further funds are required to undertake a comprehensive EIA study for the preferred site. This project is estimated to cost \$3billion.
Establishment of a materials recovery facility (MRF)	This project concerns the roll out of MRFs throughout KwaZulu-Natal. It is hoped that these MRFs will provide the requisite feedstock (waste) for waste to energy projects that are emerging in the province. The project involves the development of a business plan and funding document as well as site identification for three other MRFs. Currently the output for a typical MRF has grown from 40 tons to 100 tons of waste per month, hence the need for more of these facilities. Site selection has commenced, and the developer is considering the utilisation of municipal land, most notably with uMgungundlovu providing a potential site.

BUSINESS INTELLIGENCE REPORTS

TIKZN undertook a number of research-related projects during the 2022/23 financial year. Research work included comprehensive sector profiles, fact sheets and trend analyses. These were:

- Tourism sector report
- Game meat sector report
- Nano textile sector report
- Textile milling sector report
- Property development sector report
- Industrial hemp sector report
- Essential oils sector study report
- Fact sheet for coal mining sector in KwaZulu-Natal
- Green hydrogen sector report
- Biodiversity sector report
- Solar sector report
- Hydrogenated vegetable oil sector report
- Water meter sector report
- MRO sector report

INFORMATION TECHNOLOGY

Information and Communication Technology (ICT) refers to the use of digital technologies to process, store, and exchange information and includes tools and applications such as computers, smartphones, internet, social media, email, and software. It is the backbone of all organisations and ensures that they become more efficient and effective. During the period under review, ICT implemented projects that were designed to enhance the organisation's digital presence. These were:

- An update of TIKZN's SAP system with an e-requisition system and the Seidor Clarity Budget Management Tool. Users were trained on the systems and both systems were rolled out successfully.
- A daily backup system was put in place with disaster recovery testing scheduled annually during the off-peak season when there were limited staff in the office i.e., December holidays. At the time of writing this report the external systems were under review as these were outside the IT unit's control. Service providers have undertaken to commence disaster recovery testing in June of the 2023/2024 financial year.
- In keeping with the issue of segregation of duties, the IT Strategy recommended the appointment an IT Specialist and this post was filled during the year under review.
- TIKZN has subscribed to FortiGate firewall, which is a leading network defense tool to minimise the risk of cyber attacks. The organisation has conducted the initial training on cyber security, which included phishing. Training will be done regularly to increase awareness of cyber security which is a significant risk to the entity.

- An MOU has been signed between TIKZN and one of its sister entities, Dube TradePort (DTP), which will allow DTP to provide timeous and cost-effective IT support to the entity.
- The labelling of LAN cables was completed in all offices and the server room during the year. This was done to ensure that IT support teams can undertake network repairs quickly and cost-effectively.

MARKETING AND COMMUNICATIONS

The impact of unprecedented events in KwaZulu-Natal over the past two years necessitated that TIKZN focus its efforts on business recovery to support the sustainability of investments in the province. As such, budget allocations leaned towards efforts to support of this focus. The Marketing and Communications sub-unit played a critical role in supporting TIKZN achieve its mammoth task against a strained fiscus.

To support the entity the unit focused on three key activities, being improving stakeholder relations, increasing digital media participation, and increasing marketing campaign volumes.

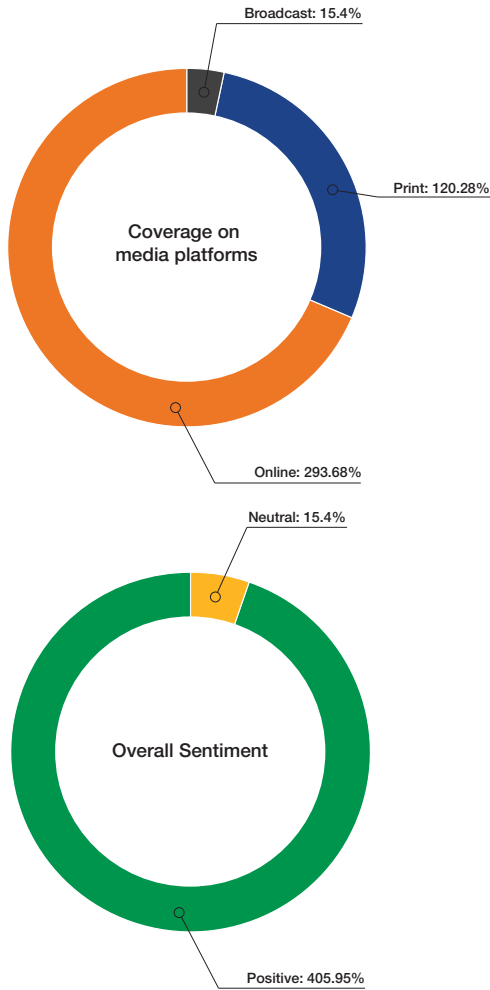
By focusing on these three key activities Marketing and Communications exceeded its targets for the year, despite a constrained marketing budget, providing necessary support to the entity in ensuring that it reached stakeholders needing assistance, whilst growing awareness, consideration and usage of TIKZN services.

Despite this achievement, the sub-unit still needed to drive the TIKZN mandate of promoting KwaZulu-Natal as the premier destination for trade and investment. Strategic partnerships with stakeholders such as Richards Bay Industrial Development Zone (RBIDZ), DTP, Invest Durban, Transnet, Tourism KwaZulu-Natal, Brand SA and Proudly SA yielded outstanding results in driving awareness and consideration of KwaZulu-Natal as an investment destination of choice. Sharing resources and platforms with these institutions resulted in growing engagement opportunities with local and international media channels in the traditional and digital media space.

STRATEGIC MARKETING CAMPAIGNS AND ACTIVATIONS

Strategic marketing campaigns and activations for the review period included organisational marketing, destination marketing, communication campaigns, marketing campaigns, marketing collateral and topic-specific campaigns. Some 18 strategic marketing campaigns and activations were executed against a target of 12.

FIGURE 12.1: BROADCAST PLATFORM SUMMARY FOR 2022/2023 AND OVERALL TIKZN COVERAGE SENTIMENT



These key marketing campaigns included but were not limited to the following:

Doing Business with KwaZulu-Natal Dialogue (Cape Town) 06 March 2023

- The Doing Business with KwaZulu-Natal Dialogue is a destination marketing campaign aimed at recruiting investors and businesses that require TIKZN services. Thus, the theme for the 2022 conference was “KwaZulu-Natal, open for business.” This campaign profiled TIKZN as an investment and trade partner and KwaZulu-Natal as an investment destination. TIKZN partnered with RBIDZ, DTP, the Development Bank of Southern Africa and Nyanza Light Metals in undertaking this event.

Youth Business Indaba 15 June 2022

- TIKZN in collaboration with Enterprise iLembe, hosted the Youth Business Indaba at The Capital Zimbali. The theme for the session was Promoting Youth Entrepreneurship to Grow Youth Employment for an Inclusive and Transformed Economy. The sharing of experiences, the challenges of being in business

and how they made it work, by a young restaurateur and construction company owner were among the highlights of the Indaba.

In Conversation with Business (Durban) 05 November 2022

TIKZN, at EDTEA’s request, hosted a business breakfast for 250 people, at the Durban ICC. The aim of this engagement was to:

- Showcase the province as a destination for inclusive economic activity and catalyst for capital investments
- Commemorate the 100 days in office of EDTEA MEC, Mr. Siboniso Duma
- Highlight investment offerings by EDTEA entities
- Elevate KwaZulu-Natal as the premier investment and tourism destination of choice
- Showcase the Ease of Doing Business in KwaZulu-Natal and the invest SA KwaZulu-Natal One Stop Shop
- Showcase provincial successes and major events that would be taking place in the province
- Provide feedback on the re-building of KwaZulu-Natal’s economy post the unrest and floods

EDTEA Business Support Flood Relief Fund

- In addressing the challenges faced by business due to the 2022 and 2023 KwaZulu-Natal floods, EDTEA provided grant funding for impacted KwaZulu-Natal businesses and TIKZN was appointed by EDTEA as the official administrator of this fund. As such TIKZN was responsible for developing a campaign to promote the relief fund to businesses that could potentially qualify. This campaign consisted of a media press briefing and a month-long advertising campaign on Ukhozi FM, Gagasi FM, East Coast Radio and TIKZN social media platforms.

STAKEHOLDER AND MEDIA ENGAGEMENT

The Marketing team’s streamlined focus yielded positive results for TIKZN which achieved more than R9 million in added value equivalent, the bulk of which was positive exposure of the entity. Not only was this a commendable achievement, given the limited budget, it attested to the proactive approach taken by the unit to drive awareness of the entity’s key initiatives.

The organisation achieved a target of 18 stakeholder and media engagement initiatives against a target of seven for the year. Engagements included the following key initiatives:

- The uMthayi Festival stakeholder dinner 10 February 2023.
- The Vietnamese Ambassador to South Africa visit to KwaZulu-Natal as part of their economic diplomatic programme 16 march 20234

- The CEO's roadshow - 17 February 2023
- Doing Business with KwaZulu-Natal Dialogue stakeholder engagement - 6 March 2023
- The Africa Energy Indaba Exhibition stakeholder engagement - 7- 9 March 2023
- The Buy Local Summit Exhibition - 28 -29 March 2023
- SA Profile Magazine Volume 06
- Black Business Quarterly Issue 95
- The EDTEA Business Support Flood Relief Fund media briefing

MANAGEMENT OF SOCIAL MEDIA PLATFORMS

The growth of digital media interaction is a phenomenon that is well entrenched in society, which has required businesses to re-evaluate their efforts in maximising these platforms. In doing so, TIKZN developed an annual social media content plan to support its efforts to solicit awareness, engagement, and usage. For the period under review TIKZN successfully ran 23 online social campaigns against a target of 13.

The entity used Facebook, Instagram, LinkedIn, YouTube, Twitter, and its website to ensure widespread online awareness creation. Major topics covered during the review period included:

- Vietnamese Ambassador visit
- Baden-Württemberg delegation reception
- TIKZN manager honoured by Indian Consulate
- KwaZulu-Natal Investment Conference
- EDTEA Business Support Flood Relief Fund
- International Women's Day
- Doing Business with KwaZulu-Natal Dialogue video wrap
- Doing Business with KwaZulu-Natal Dialogue adverts
- invest SA KwaZulu-Natal OSS Business Seminar invitation
- KwaZulu-Natal traders' invitation to exhibit at TIKZN's pavilion at the Dongguan Permanent Exhibition

CORPORATE SOCIAL INVESTMENT

TIKZN participated in various community outreach programmes aimed at supporting government's socio-economic transformation agenda. TIKZN identified four CSI initiatives for the 2022/2023 year, which focused on youth development and education. These included participation in:

- Mandela Day in collaboration with Transnet to handover blankets for vulnerable children at Amanzimtoti Child and Family Welfare Society.
- TIKZN staff donations of food items to flood victims at Emachobeni in Inanda
- Donating calculators, sanitary towels and school bags to Abalindi Children's Home in Inanda

- Taking Abalindi Children's Home management to Blessed Gerard Care Centre in Mandeni and LIV Village in Cottonlands for a benchmarking exercise to enable them to improve on the work being done in the home.

GAUTENG OFFICE

During the year under review TIKZN's Gauteng Office, which is responsible for International Relations, Lead Generation and Destination Marketing, continued its work in marketing and building the image of KwaZulu-Natal as a premier investment destination and TIKZN as a trading partner to strategic partners. It also continued fostering new relationships while strengthening existing ones. The daily business of the Gauteng Office included providing regional international and diplomatic relations representation, project generation (investor targeting and qualification), stakeholder engagement and management and destination marketing.

QUALIFIED LEADS GENERATED

During 2022/2023, the Gauteng Office generated and presented 30 business leads, against a target of 28, which emanated from, but were not limited to, the Czech Republic, Switzerland, France, Hungary, United States, Colombia and South Africa.

These leads ranged across the sectors comprising energy (concentrated solar power), tourism infrastructure, food processing, facilities management and several service industries.

NUMBER OF INTERNATIONAL MARKETING INITIATIVES IMPLEMENTED

Working against a target of six, the Gauteng Office hosted and participated in 16 international marketing initiatives. A few of the highlights include:

- EU delegation of Trade and Economic Section, with French and Dutch trade commissioners looking at trade and investment opportunities in KwaZulu-Natal, including a presentation to companies on Economic Partnership Agreement opportunities. This coincided with a political delegation introduction to the Office of the Premier.
- US Consulate collaboration on intellectual property
- Outward mission to International Cannabis Europe, and trade and investment opportunities presentation to the Investment Development Agency (IDA) Ireland.
- Outward mission to IDA Ireland for best practice benchmarking/partnership.
- Facilitation of a Heads of Mission visit from the Association of Southeast Nations (ASEAN) region to KwaZulu-Natal.
- Facilitation of a delegation of businesses across various sectors from the Rhineland in Germany.

- Diplomatic visits from the Canadian High Commission, Vietnamese Ambassador and International Enterprise Singapore.

INVESTMENT, TRADE, SECTOR-BASED AND INTERNATIONAL ORGANISATION PLATFORMS

The Gauteng Office hosted several trade and investment events to create opportunities to highlight the value proposition and opportunities in priority sectors and generate leads. TIKZN was also invited to participate in several speaking platforms to provide an outline of its services and KwaZulu-Natal's trade and investment opportunities.

The Gauteng Office hosted and participated in 23 events during the 2022/2023 financial year, against a target of 18. Major highlights included:

- An EU/TIKZN and EU Partners for Growth, trade and investment opportunities event
- A TIKZN cannabis workshop
- A TIKZN/US Consulate/Innovate Durban Intellectual property event
- An ASEAN/TIKZN business seminar for companies
- A TIKZN/Lithuania delegation opportunity showcase
- A Hunan/TIKZN business seminar
- A Business Networking seminar with the Department of International Relations and Cooperation
- A TIKZN investSA One Stop Shop Event
- Speaking opportunities at SME Aisle (Finland), International Cannabis Europe (Germany), Sister Cities International Conference (USA/SA), International Women's Day event with the Indian Consulate and Mais Africa (Brazil)

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

The Gauteng Office hosts intra-trade events platforms to create opportunities for showcasing KwaZulu-Natal companies to local and international audiences for promotion of their products and services.

The Gauteng Office hosted 18 events during the review period against a target of 16.

Highlights include:

- A NAFBI Construction seminar speaking opportunity
- A cannabis workshop and EU trade and investment workshop business to business platform
- An ASEAN business to business platform
- A business to business meetings during Rhineland delegation programme
- A Manufacturing Circle Export Forum
- An Organic and Natural Product expo forum and business to business meetings
- A Buy Local Summit KwaZulu-Natal company showcase
- The Federation for India Exporters Business to Business Forum
- Company specific programmes namely Altum Group (Colombia) and Serenity Hills (Switzerland) showcase at TIKZN investSA One Stop Shop Seminar



INVESTSA KWAZULU-NATAL ONE STOP SHOP

INTRODUCTION

The investSA KwaZulu-Natal One Stop Shop (KZN OSS), which has been in operation in KwaZulu-Natal since 2017, was commended by the Department Trade Investment and Competition (the dtic) for being the best performing OSS in the country, during the review period.

While the start of the 2022/2023 financial year was a difficult operating period for the KZN OSS with the April/May 2022 flooding negatively affecting most businesses in the province and creating an uncertain investment environment, the business unit, with dtic financial support, expanded its footprint to district level and facilitated much needed brand awareness for TIKZN and the province.

During the latter part of the year, on 2 November 2022 the uMgungundlovu District One Stop Shop office was officially launched by the MEC for Economic Development, Tourism and Environmental Affairs, the Honourable Mr Siboniso Duma. This new office recorded 32 applications for the year.

KZN OSS self-service terminals were well used during the year facilitating online applications for Water Use Licenses, VISAs, Land Zoning, and company registration with CIPC.

Furthermore, funding was allocated for the development of an iLembe District One Stop Shop, which will be launched during the new financial year.

The KZN OSS processed 1260 applications lodged with TIKZN for the TIKZN IDC Grant Fund of R10 million set up during 2021/2022 to assist businesses affected by the July 2021 civil riots.

During the third quarter of the year the KZN OSS hosted

a successful investor workshop in Durban which was attended by 53 delegates and the year closed with a Gauteng Business Seminar for some 50 delegates including Ambassadors attending. These events were also attended by the Department of Home Affairs, Department of Environmental Affairs, the dtic and key stakeholders in attracting investment to South Africa and KwaZulu-Natal.

The KZN OSS is currently addressing some of the leads that were generated from these events relating to VISA applications, Eskom grid connection and Environmental Impact Assessments (EIA) and Environmental Management Plans (EMP) which are key tools for ensuring sustainable development.

During the year the Tourism Grading Council opened offices in the Durban and Pietermaritzburg KZN OSS business units, a step which will provide easier access to information and assistance for KwaZulu-Natal tourism accommodation providers.

PERFORMANCE OF ONE STOP SHOP BUSINESS UNITS

The KZN OSS improved its performance during the year increasing the number of applications and approvals processed to a total of 2313. This was a significant improvement on the 2021/22 record of 1212 applications and approvals.

CATALYTIC PROJECTS FACILITATED

The KZN OSS assisted an investor with their application for the release of land in terms of the Agricultural Act 70 of 1970 in respect of land parcels earmarked for the Cato Ridge South Industrial Park. The application was approved on 1 June 2022.

It also facilitated meetings for the DTP involving its EIA application for the old airport site in Prospecton which is earmarked for an Auto Supplier Park.

TABLE 12.4: KZN ONE STOP SHOP PERFORMANCE DURING 2022/2023

ENTITIES	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL	%
CIPC	18	30	23	36	107	4.62%
VFS	14	20	14	18	66	2.85%
EIAs	01	01	00	01	03	0.13%
Exports	148	208	176	216	748	32.33%
KwaZulu-Natal OSS	32	09	452	864	1 357	58.66%
PMB OSS	00	00	07	25	32	1.38%
Total	213	268	672	1 160	2 313	100.00%





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

Introduction	Board Committees:
Portfolio Committees	Human Resources, Social and Ethics Committee
Executive Authority	Trade and Investment Committee
The Board	Audit, Risk and Compliance Committee
The Role of the Board	
Board Charter	
Composition of the Board	
Board Induction, Training and Development	

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Corporate Governance Statement

INTRODUCTION

Trade & Investment KwaZulu-Natal (TIKZN) upholds the highest possible corporate governance standards by ensuring adherence to all relevant legislative requirements which include the entity's enabling legislation i.e., the KwaZulu-Natal Trade and Investment Agency Act, 2010, the PFMA as well as good governance principles contained in the King IV Report on Corporate Governance for South Africa (King IV), while recognising that governance goes beyond a set of frameworks, principles, policies, and rules. The Board of TIKZN is ultimately responsible for ensuring high corporate governance standards, assisted by management, and aims to instill a culture of compliance and good governance.

TIKZN is continuously committed to applying sound and meaningful governance practices and to conducting its affairs with integrity. It regularly reviews its governance structures, practices, and processes to ensure continued alignment with legislative and regulatory changes and to continuously reflect best practice.

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

PORTFOLIO COMMITTEES

Parliament exercises its oversight role over the entity by interrogating its annual financial statements and any other relevant documents which must 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. As such it reviews the non-financial information contained in the annual reports of the entity.

EXECUTIVE AUTHORITY

The Board reports to EDTEA through the annual report and the quarterly performance reports covering performance targets set out in the business plan, strategic plan, and the annual funding agreement.

In addition, quarterly meetings are attended with EDTEA to discuss the performance reports. The Board also attends briefing sessions when requested by the Executive Authority. Shareholder representatives serve on the Board ex-officio and attend Board and Committee meetings.

During the period under review, the performance reports were submitted within set timeframes and the Chief Executive Officer (CEO) attended all the quarterly meetings to discuss progress against the set targets.

THE BOARD

The Board acts as the focal point for, and custodian of corporate governance and constitutes a fundamental base for the application of corporate governance principles at TIKZN as well as ensuring the maintenance of the highest standards of ethics. It has absolute responsibility for effective organisational performance as per the entity's mandate and is fully accountable to the Shareholder and entity for such performance.

The Board appreciates that strategy, risk, performance, and sustainability are inseparable and gives effect to this by contributing to, and approving the strategy, 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 set out in the KwaZulu-Natal Trade and Investment Agency Act, 2010 (Trade & Investment KwaZulu-Natal Act) and the PFMA and is further guided by the principles of good corporate governance as set out in the King IV Report.

The role and responsibilities of the Board include the following:

- The duty of utmost care to ensure reasonable protection of TIKZN's assets and records.
- To act with fidelity, honesty, integrity and in the best interests of the entity in managing the financial affairs of TIKZN.
- Providing strategic direction and leadership to TIKZN. The Board has a strategic function in terms of providing the vision, mission, and goals of the entity. These are determined in conjunction with the CEO and the executive team.
- Formulating, monitoring, and reviewing the corporate strategy, major plans of action, risk policy, annual budgets, and business plans.
- Retaining full and effective control and management over the affairs of TIKZN.
- To provide effective leadership that is based on an ethical foundation, which is characterised by acting responsibly, honestly, with integrity, accountability, and transparency. This sets the tone from the top to promote an ethical culture within TIKZN.
- To ensure that the entity is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of TIKZN but also the impact that the business operations may have on the environment and the society within which it operates
- To govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives
- Considering and approving the annual financial statements
- Ensuring that TIKZN 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 Charter is reviewed annually to ensure its effectiveness and relevance, and during the period under review, the Trade & Investment KwaZulu-Natal Board continued to adhere to its Charter.

The Charter confirms that the Board members retain overall responsibility and accountability for approving strategic plans; monitoring operational performance and management; determination of policy and processes to ensure the integrity of TIKZN's risk management and internal controls; legislative, regulatory and governance compliance; approval of significant accounting policies and annual financial statements; monitoring transformation and empowerment; determination of 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; deliberating over a range of key issues, ensuring the proper direction and management of TIKZN.

The Chairperson provides the Board with leadership and guidance and encourages full and proper deliberation on all matters requiring the Board's attention.

The CEO is charged with the day-to-day management of the organisation's operations and assists the Board in providing strategic and policy direction to the entity.

Within the defined levels of authority, the CEO assumes responsibility for implementing decisions of the Board and is accountable to the Board for the effective functioning of the entity within the Board-determined policy guidelines.

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

COMPOSITION OF THE BOARD

As of 31 March 2023 all non-executive Board members were appointed by the KwaZulu-Natal MEC for Economic Development, Tourism and Environmental Affairs (Shareholder) in accordance with section 5 of the Trade & Investment KwaZulu-Natal Act.

In terms of section 5(1), the Board of Trade & Investment KwaZulu-Natal consists of at least five, but not more than 20 members and the CEO ex-officio, as contemplated in section 16(5).

During the financial year under review the Board comprised of eight non-executive members and one executive member and the CEO, as an ex-officio member of the Board.

The majority of Board members (78%) are Black comprising four Africans, two Asians, one coloured and two white members while two female members account for 22% of the Board.

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



TIKZN Board Members

Front from left: S Shandu, LCZ Cele, CM Cronjé Chairperson, NST Matjie, GW Bell

Back from left: D Naidoo, NMC Gumbi, EM Nkosi, F Papuma, EB Mkize, ZM Msomi, U Maharaj, SK Mpungose

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

In terms of the Trade & Investment KwaZulu-Natal Act, Board members hold office for a period of five years or such shorter period as the responsible MEC may determine and are eligible for re-appointment at the expiry of such period, provided that they have not served on the Board for a continuous period of ten years.

During the year under review, the term of office of one non-executive board member expired on 31 August 2022.

No new members were appointed to the Board during the 2022/23 financial year.

During the period under review, three ordinary board meetings and one strategy review meeting were held. In addition, three special meetings were convened to consider specific and urgent business issues which arose between the scheduled meetings. The March 2023 ordinary meeting was postponed and only took place in the new financial year.

TABLE 13.1: COMPOSITION OF THE BOARD DURING THE 2022/2023 FINANCIAL YEAR

NAME	DESIGNATION	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD COMMITTEE MEMBERSHIP ²	SCHEDULED BOARD MEETINGS (ORDINARY, STRATEGY AND SPECIAL)	NO. OF BOARD MEETINGS ATTENDED
Ms CM Cronjé	Chairperson	01/09/2019	BA (Hons); UED; BProc; Dip. Environmental Law; LLM (Environmental/Constitutional law)	Law; public finance; governance; environment	N/A	6	6
Mrs LCZ Cele ¹	Deputy Chairperson	01/09/2019	BCom; Postgraduate Dip. Tax; Executive Leadership Dev. Programme; MAcc (Taxation)	Finance, corporate governance, business management	Chairperson of Audit, Risk & Compliance Committee. (Retired August 2022)	2	2
Mr GW Bell	Non-Executive Board Member	01/09/2019	Mechanical Engineering Diploma	Business management, Manufacturing Industry, Investment and Export	Chairperson of Trade & Investment Committee. Member of Audit, Risk & Compliance Committee	6	6
Ms U Maharaj	Non-Executive Board Member	01/08/2021	BAct Honours; Post Graduate Dip. Accounting; Chartered Accountant (SA)	Business management, human resource strategy, coaching and leadership development	Member of Audit, Risk & Compliance Committee until July 2022 and HR, Social & Ethics Committee. Chair of Audit Compliance and Risk Committee from 17 October 2022	6	6
Mr EB Mkhize	Non-Executive Board Member	01/08/2021	Dip. Political & Social Development; Dip. Labour Economics; BSocSci (Industrial & Working Life); BSocSci (Hons) (Sociology)	Business Administration and management, Labour economics, Political and social development, Project management	Member of Trade & Investment Committee	6	6

COMPOSITION OF THE BOARD DURING THE 2022/2023 FINANCIAL YEAR CONTINUED

NAME	DESIGNATION	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD COMMITTEE MEMBERSHIP ²	SCHEDULED BOARD MEETINGS (ORDINARY, STRATEGY AND SPECIAL)	NO. OF BOARD MEETINGS ATTENDED
Mr SK Mpungose	Non-Executive Board Member	01/08/2021	BCom (Economics & Management); BCom Honours (Economics); MCom (Advanced applied Economics)	Applied economics and finance; Education and business management	Member of Trade & Investment Committee and Member of Audit, Risk & Compliance Committee from November 2022	6	4
Mr D Naidoo	Non-Executive Board Member	01/08/2021	BA (Law); LLB	Law, Financial management (SCM, contract development), Investments, Imports and exports, Energy, Infrastructure, Project management, Government experience, Environmental management	Member of HR, Social & Ethics Committee and Audit, Risk & Compliance Committee	6	5
Adv EM Nkosi	Non-Executive Board Member	01/08/2021	B. Juris; LLB; Diploma HRM; Executive Development Programme on Municipal Finance	Human Resource Management (HRM), Legal, Labour relations, Financial management (SCM), Government experience and Corporate governance.	Member of HR, Social and Ethics Committee	6	6
Mr KS Shandu	Non-Executive Board Member	01/08/2021	National Diploma (Chemical Engineering)	Business management and community development	Chairperson of HR, Social & Ethics Committee. Member of Trade & Investment Committee	6	6
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	6	6

¹Term of office ended on 31 August 2022.

BOARD INDUCTION, TRAINING AND DEVELOPMENT

Trade & Investment KwaZulu-Natal believes in the professionalism of directors and recognises the importance of ongoing director development as a means of strengthening the effectiveness of individual directors and the Board.

To this end, the organisation adopted a director development plan which is reviewed and updated annually and ensures access to an appropriate balance of knowledge, skills, experience, and independence. It provides members with the opportunity to better understand their fiduciary duties and responsibilities as directors, and keep abreast of legislative and regulatory changes and best practice.

TIKZN continually provides the Board with information on its business and changes in the business landscape to keep them abreast of the changing business and corporate governance requirements. The Board also makes use of external expertise on matters outside their knowledge, skills, and experience.

Board members are afforded an opportunity to visit TIKZN project sites as part of their oversight role, and are briefed on legal developments and changes in the risk and general business environment on an on-going basis

BOARD COMMITTEES

The Board has delegated specific functions to its well-structured committees but without abdicating its own responsibilities. The delegation is recorded by a 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 and have work plans which serve as a mechanism to ensure that meetings are structured in such a manner that they meet the King IV governance recommendations, the enabling legislation and that PFMA requirements are addressed.

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

These reports highlight emerging risks and recommend strategies that are deemed appropriate to enable the Board to monitor, among others, key organisational risk areas.

TIKZN has the following established Board Committees: the Audit, Risk and Compliance Committee, Human Resources, Social and Ethics Committee as well as the Trade and Investment Committee.

Table 13.2: BOARD COMMITTEES AND SCHEDULE OF ATTENDANCE AT MEETINGS

NAME OF BOARD MEMBERS	COMMITTEE MEETINGS					
	AUDIT, RISK & COMPLIANCE COMMITTEE (ARCC)		TRADE AND INVESTMENT COMMITTEE (TIC)		HR, SOCIAL & ETHICS COMMITTEE (HRSEC)	
	SCHEDULED MEETINGS (ORDINARY, OTHER/ SPECIAL)	ATTENDED MEETINGS	SCHEDULED MEETINGS (ORDINARY, OTHER/ SPECIAL)	ATTENDED MEETINGS	SCHEDULED MEETINGS (ORDINARY, OTHER/ SPECIAL)	ATTENDED MEETINGS
Mrs LCZ Cele	2	2 (Chair) ¹				
Ms U Maharaj	6	6 (Chair) ²			6	5
Mr D Naidoo	6	6			6	4
Mr GW Bell	6	5	6	6 (Chair)		
Mr SK Mpungose	4	3	6	6		
Mr EB Mkhize			6	6		
Mr KS Shandu			6	6	6	6 (Chair)
Adv EM Nkosi					6	6
Ms CM Cronjé ³	1	1	1	1	1	1

1.Retired, 31 August 2022
2.From 17 October 2022
3.By invitation

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 TIKZN as well as human resources matters focusing on the entity's talent attraction, retention, succession planning, training, development, and remuneration.

The Committee has an independent role with accountability to the Board and operates as an overseer and maker of recommendations to the Board for its consideration and final approval.

The responsibilities of the Committee are recorded in its Terms of Reference and are summarised as follows:

- Regularly evaluate and monitor the human resources policies to ensure that the policies are up to date with the latest legislative requirements
- Recommend staffing requirements for TIKZN by regularly monitoring that the organisational structure of the entity in line with its strategic plan and employment equity targets.
- Regularly evaluate and monitor the performance management policy and the implementation thereof to ensure that conditions are kept up to date with the latest developments.
- Monitor the implementation of the performance management system.
- Remuneration, benefits, and incentives.
- Monitor TIKZN's activities with regards to any relevant legislation, other legal requirements or prevailing codes of best practice pertaining to matters relating to social and economic development.
- Good corporate citizenship, including TIKZN'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.
 - Record of sponsorship, donations, and charitable giving.
- The environment, health, and public safety, including the impact of TIKZN's activities and its products or services on such issues.
- Stakeholder relationships.
- Labour relations and employment, including drawing matters within its mandate to the attention of the Board as required.
- Ethics and compliance with laws and regulations relevant to the Committee's areas of responsibility.
- Ensuring that the ethics of TIKZN are managed in a way that supports the establishment of an ethical culture.

The Committee met six times during the financial period under review, which included special meetings to deal with specific and urgent business issues which arose between the scheduled meetings.

TRADE AND INVESTMENT COMMITTEE

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

- 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.
- Advice to and support of the Export and Investment Promotion Operational Business Units in the fulfilment of the organisation's mandate and their key objectives.
- Present the Board with new proposals on trade and investment initiatives.

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

- Providing strategic direction and support for the development and implementation of Trade and Investment Strategies in TIKZN.
- Monitoring and oversight of the entity's activities regarding:
 - Reviewing and monitoring of organisational performance
 - Implementation of One Stop Shop Services in promoting ease of doing business
 - Development and management of partnerships.
 - Investment Promotion and Facilitation
 - Export Development and Promotion
 - Research and Information
 - Policy advocacy and operational efficiency

During the year under review, the Committee held four ordinary meetings, one special meeting to consider urgent business matters which arose between the scheduled meetings and one joint sitting with the Audit, Risk and Compliance Committee to consider urgent project related matters.

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.

TIKZN schedules five Board meetings per annum and members are remunerated for attendance at these, Board and/or quarterly Board Sub-Committee meetings.

Board members are 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.

RISK MANAGEMENT

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

The Board is responsible for the oversight of risk management and has delegated the responsibility to the Audit, Risk and Compliance Committee, which responsible for ensuring that TIKZN has implemented an effective policy and plan to manage risk and disclosure.

While the head 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 to ensure that they are appropriate. It advises the Board and management on the organisation's risk management and independently monitors the effectiveness of the system of risk management.

Annually 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 top five risks identified in the 2022/23 financial year included:

- Budget Constraints. Limited budget to deliver on the organisation's mandate. The root causes of this risk were:
 - Fiscal constraints caused by the downward turn of the economy.
 - Unprecedented events being the COVID-19 pandemic, climate change, social unrest and global conflict resulting in reprioritised budgets.
 - Over reliance on government funding.
- Challenges to retain and expand investment in KwaZulu-Natal. The root causes of this risk were attributed to:
 - Adjustment to COVID-19 and unprecedented events resulting an economic downturn.
 - An uncondusive business environment impacting on business reinvestment decisions.
 - Ineffective management of key strategic industrial precincts resulting in low confidence.
 - Constrained business retention resources, i.e., human capital vacancy, and availability of funding.
 - "Business forums" activities of site invasions and illegal disruptions of business operations and business continuity plans.
 - Lack of provincial stimulus funding to support

TABLE 13.3: REMUNERATION OF BOARD MEMBERS

NAME	REMUNERATION (R)	TRAVEL AND OTHER ALLOWANCE (R)	TOTAL (R)
Ms CM Cronjé Chairperson of the Board	521 636.74	13 622.64	535 259.38
Mrs LCZ Cele Deputy Chairperson	171 858.38		171 858.38
Mr GW Bell Non-executive Member	187 972.83		187 972.83
Ms U Maharaj Non-executive Member	197 813.94	5 568.57	203 382.51
Mr EB Mkhize Non-executive Member	132 773.83		132 773.83
Mr SK Mpungose Non-executive Member	115 320.83		115 320.83
Mr D Naidoo Non-executive Member	165 553.25		165 553.25
Adv EM Nkosi Non-executive Member	131 015.50		131 015.50
Mr KS Shandu Non-executive Member	207 470.93	10 256.24	217 736.17

affected business during times of disasters and service delivery and social protests impacting on business activities.

- Failure to attract new investment in the province. Root causes of this risk included, but were not limited to:
 - The global changing trade and investment landscape, unprecedented events including an uncertain political environment that impacted on the South Africa and the KwaZulu-Natal economy.
 - Restrictive international travel regulations negatively impacting on investment and trade promotion activities.
 - Postponement/deferment of investment decisions by investors and project promoters.
 - Lack of human resource skills to tap into emerging sectors.
 - Red tape and inefficient approval processes which hindered investments including regulatory frameworks and aging and inefficient rail, road and ports infrastructure.
- Inability to promote trade and failure to meet export targets. The root causes included:
 - The impact of COVID-19 travel restrictions which impacted on the movement of goods.
 - Supply side challenges due to reduced production as a result of COVID-19, flooding and social unrest.
 - Insufficient budget, resources, capacity, reprioritisation of budget.
 - Trade barriers and regulations, trade infrastructure including tariffs vs. non tariffs/SADC/EU, carbon taxes and access to rail and ports.
 - International competitiveness reduced due to the high cost of doing business in SA, poor quality, logistics, port congestion, infrastructure damage to rail and road, increased input costs of raw material imported from Ukraine and Russia.
 - Lack of budget and skills to keep abreast with technology advancement such as 4IR, CRM, integrated databases, paperless systems.
 - An inability to guarantee access to the dtic incentives which impact on market access initiatives.
- Gaps in compliance resulting in partial and/or inconsistent adherence to compliance requirements. The root causes were identified as being:
 - The lack of an approved compliance manual and a legal universe.
 - Lack of business unit compliance management plans.
 - Lack of awareness, monitoring and evaluation.
 - The lack of consequence management

Risk management or mitigation strategies adopted and implemented, in an effort to strengthen the control environment for the identified risks within the entity, were

monitored by management with the assistance of internal audit, which provided quarterly assurance to the Audit, Risk and Compliance Committee and the Board, on the effectiveness and efficiencies of such controls.

The entity's management of risk is maturing steadily.

INTERNAL CONTROL UNIT

The effectiveness of internal control mechanisms is seen as regular management reporting. The CEO 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 across the entity.

During the review period several initiatives were undertaken to ensure improved internal control, including:

- An annual review of relevant 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.
- 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 Committee and the Internal Audit Charter. The 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 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 coordinated, thus providing an objective overview of the entity's operating systems of internal control and reporting. These include the following:

- Approval of the internal audit plan and work conducted by internal auditors in ensuring that action plans which are in place mitigate risks on matters reported to the Committee.
- An analysis of the Internal Audit Charter.
- An evaluation 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 cooperation and coordination between the internal and external audit functions.
- 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.

During the year under review the Internal Audit was undertaken by BDO Advisory Services in line with an approved internal audit plan. Their internal audit activities included:

- Interim and Annual Financial Statement reviews
- Performance Information review for each quarter
- Auditor General and Internal Audit follow up review
- Procurement and Contract Management Audit
- Supplier Development Workshop
- Risk Assessment
- POPIA Compliance Audit
- Business Unit Audits for the Information Technology, Export Development and Promotion, and Finance units and of the Office CEO

AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee comprises four independent non-executive members who are appointed by the Board.

The primary role of the Committee is to assist the Board in fulfilling its oversight functions in terms of the PFMA which includes ensuring the integrity of financial reporting and audit process, together with the maintenance of sound risk management and internal control systems.

In pursuing these objectives, the Committee oversees the external auditors, the scope of work, the annual audit, and the applicable levels of materiality.

The Committee monitors development in corporate governance, thus ensuring that the entity continues applying high and appropriate standards.

The primary functions of the committee include, inter alia reviewing and recommending to the Board the following:

- An examination and review of the Annual Financial Statements with management and 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 entity's internal control system, information technology security and control.
- The control procedures followed by management and an assessment of their effectiveness, such as the safeguarding of organisational assets and the implementation of a fraud and prevention plan.
- An annual review of the risk management plan and related policies and framework.
- Compliance with the prescribed accounting framework, legal, statutory, and regulatory matters.
- A review of the external auditor's proposed audit scope, approach, and coordination of the audit effort with internal audit.
- A review and confirmation of the independence of the external auditors.
- A review and assessment of the adequacy of the internal audit charter and Audit, Risk and Compliance Committee terms of reference on an annual basis.
- The execution of all responsibilities, as outlined in the Committee's Terms of Reference.
- An evaluation of the Committee's and individual member's performance on a regular basis.

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, changes in legislation, compliance, and the members fiduciary responsibilities.
- Responsibility for Board and Committee Charters.
- Preparation of annual work plans and meeting schedules, Board induction, orientation and ongoing training.
- The development of board members and facilitation of Board evaluations.

The Company Secretary also acts as the secretariat to the Board and its Committees and is charged with preparing meeting agendas, circulation of 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 Compliance Officer and Company Secretary assists

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

During the period under review, TIKZN set out to build an effective Compliance Management System based on a bedrock of documentation that espouses the philosophical and systematic approach to compliance, transparently and consistently with South African good practices.

The first cornerstone to be set in place in achieving a Compliance Management System was the approval and implementation of a Compliance Policy, which the Board approved on 30 March 2022.

The Compliance Policy codifies the tone and philosophy in a top-down approach to compliance management. Implementing the Compliance Policy will require TIKZN to standardise its Compliance Management Standard Operating Procedures in a compliance manual.

TIKZN is formulating this manual which will be used by members of the Audit, Risk and Compliance Committee in the implementation of the Compliance Policy.

POPIA COMPLIANCE

The 2022/23 Financial Year saw the intensification of efforts to ensure compliance with POPIA regulations. Both the POPIA Policy and the PAIA Manual were approved and a workshop with staff was held to ensure that they adhere to the prescripts of these two documents.

The year under review also saw the organisation undergoing a POPIA Internal Audit process to ascertain levels of compliance as well as identify gaps and risks in the implementation process. The audit process identified key areas that needed attention and the MANCO team worked tirelessly throughout the year to ensure that these gaps were closed.

Overall, most of the gaps identified in the audit process have been closed, with others expected to be closed by July 2023. Regular POPIA compliance reports continued to be submitted to the Audit, Risk and Compliance Committee and the reported on activities undertaken to enforce POPIA compliance.

Supply Chain Management related reports were also tabled and reviewed quarterly by the Committee.

TABLE:13.4 INFORMATION REGARDING THE AUDIT, RISK AND COMPLIANCE COMMITTEE MEMBERS

NAME	QUALIFICATIONS	INTERNAL/ EXTERNAL	IF INTERNAL, POSITION WITHIN PUBLIC ENTITY	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms LCZ Cele ¹	BCom Postgraduate Dip. Tax Executive Leadership Dev. Programme MAcc (Taxation)	Internal	Independent non-executive Board member	2	2
Ms U Maharaj ²	BAcct Honours Post Graduate Dip. Accounting Chartered Accountant (SA)	Internal	Independent non-executive Board member	6	6
Mr GW Bell	Mechanical Engineering Dip	Internal	Independent non-executive Board member	6	5
Mr D Naidoo	BA (Law) LLB	Internal	Independent non-executive Board member	6	6
Mr SK Mpungose ³	BCom (Economics & Management) BCom Honours (Economics) MCom (Advanced applied Economics)	Internal	Independent non-executive Board member	4	3

1. Retired 31 August 2022
2. Chairperson from 17 October 2022
3. Appointed to the Committee from 17 October 2022

Organisational policies were reviewed to ensure alignment with legislation, whilst also giving effect to adequate governance and operational effectiveness.

FRAUD AND CORRUPTION

TIKZN 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 the Board of Directors and staff to display integrity, respect, openness and affords them the right and obligation to challenge others who are not adhering to these values.

The entity also has an approved Fraud Prevention Policy and Plan as well as a Whistle-blowing Policy. These policies provide means by which employees and other stakeholders can raise concerns with appropriate line management or via the Tip-Offs Anonymous hotline, when they have reasonable grounds to believe that there are irregular activities involving TIKZN.

The entity's operational whistle-blowing hotline can be used 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 pertaining to fraud and corruption, together with the implementation and maintenance of the Fraud Prevention Plan.

During the period under review, the Internal Audit assignments included a Fraud, Risk and Ethics review. The internal audit findings were tabled with and reviewed by both the Audit, Risk and Compliance Committee and the Human Resources, Social and Ethics Committee as well as the Board.

The continuous areas of improvement that have been implemented include: Fraud and Ethics Training and awareness programmes and a revised Board approved Code of Ethics Policy. Ethics Management is being monitored through the Human Resources, Social and Ethics Committee.

CONFLICTS OF INTEREST

Annually Board members and staff are required to provide a declaration of their financial and business interests.

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

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

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

The Board has an approved Conflict of Interest Management Policy which formally regulates the procedures and process of conflict-of-interest management in the context of the TIKZN Board members. The policy demonstrates the organisation's commitment to always conducting ethical and honest business.

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

With regards to external parties, TIKZN'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 the staff of TIKZN.

HEALTH, SAFETY AND ENVIRONMENTAL (SHE) ISSUES

TIKZN closely monitors health, safety and environmental issues which may have an impact on its operations and staff.

The entity's Environmental Management Policy sets out guidelines and its commitment towards the promotion of environmental protection and adherence to health and safety practices, as well as to protect and enhance the image, credibility, and sustainability of TIKZN as a responsible and reputable corporate citizen of KwaZulu-Natal.

The entity has a Board-approved Occupational Health and Safety (OHS) Policy and a Safety Health Environment Risk and Quality (SHERQ) Implementation Plan.

The OHS policy provides a framework for health and safety management and establishes minimum occupational health and safety standards and requirements for TIKZN to reduce risk to employees and visitors.

It is based on the principle that dangers in the workplace must be addressed by communication and cooperation between the staff and the entity. Both parties must proactively identify dangers and develop control measures to make the workplace safe.

In this way, TIKZN and the staff are involved in a system where health and safety representatives may inspect the workplace regularly and then report to a health and safety committee, which in turn may submit recommendations to management.

Health and Safety will ensure business optimisation and improvement through:

- Protection of human lives and environmental duty of care.
- Proper analysis of customer and stakeholder needs and expectations.
- Effective business objectives and priority setting to meet or exceed those needs and expectations.
- Establishment of measures for the achievement of business objectives.
- Systematic approach to defining, controlling, and continually improving business processes.
- Advancing business practices in line with international best practices, legislative requirements, and corporate best practice innovations.

The SHERQ implementation plan is a guideline document in which the entity sets out provisions for and management of health and safety facilities, hygiene rules, identification of the various risks, their management and initiating controls.

The plan has a system in place for promoting the health and safety of employees and visitors in the workplace through:

- The reduction and control of health and safety risks.
- Providing procedures to guide staff regarding identification, management, control, and elimination of the relevant risks.
- Implementing a system of corrective steps for improvement of quality.
- Implementing a system to reduce errors and following an approach to eliminate repeat incidents.

SHERQ is an essential system for improving the health and safety profile of the entity, reducing its impact on the environment and ensuring consistency in quality.

COVID-19

The 2022/23 financial year had less COVID-19 pandemic impact than the previous year and on 5 April 2022, the president of the Republic of South Africa discontinued COVID-19 regulations. However, the pandemic had become a new disruptor to business processes. The organisation had to continue seeking an alternative means to be resilient, ensure business continuity and maintain the safety of employees in the workplace by implementing non-pharmaceutical measures.



These included providing alcohol-based hand sanitisers and wipes across offices and providing masks as and when necessary.

During the review period, one employee contracted COVID-19. There have been no staff fatalities since the onset of the pandemic.

Despite the lifting of COVID-19 regulations, TIKZN continued to provide post pandemic psychosocial support for the mental wellness of the employees.

Psychosocial interventions included, but were not limited to:

- Stress Resilience
- Cancer Awareness
- Dealing with family related issues
- Dealing with burnout
- Financial guidance
- Languishing: long-term emotional side effect of the COVID-19 pandemic
- Mental Wellbeing: Adjustment difficulties
- Winter cheat sheet: Five ways to stay healthy as the cold rolls in

The organisation remains committed to ensuring a safe work environment and is striving to ensure that all employees are as healthy as possible in order to perform their duties.

ISO 9001:2015 IMPLEMENTATION

In 2019, the Board initiated the ISO 9001:2015 Quality Management System (QMS) as part of the organisation's business processes.

It is pleasing to advise that the organisation was assessed on 28 January 2022 and successfully retained its ISO 9001:2015 certification.

During the process of obtaining the ISO 9001:2015 certification, the following were developed and maintained throughout the years:

- Quality Manual
- Quality Policy
- Policy Statement
- Procedure Manual
- Updated business process flows and new process flows created
- Reviewing customer feedback platforms
- Interrogation of the QMS to ensure all potential risks were addressed
- Document Register

Business process flows are continuously scrutinised, reviewed, and aligned to ensure that quality is upheld throughout the organisation, whilst delivering high customer and stakeholder satisfaction.

In keeping abreast of the latest ISO 9001:2015 developments, awareness and implementation of the ISO 9001:2015 standards and Internal QMS Auditing training sessions were conducted for all staff and Board members for oversight purposes.





Human Resources Management

Introduction	Employee Relations
Human Resources Priorities	Employment Equity
Talent Management	Employee Recognition and
Learning and Development	Rewards
Human Resource Compliance, Governance and Controls	Future Priorities

14

Human Resources Management

OVERVIEW OF HUMAN RESOURCES MANAGEMENT

Human Resource (HR) management focuses on attraction, development, retention, reward and continuous maintenance of the well-being of a talented workforce.

Trade & Investment KwaZulu-Natal (TIKZN) endeavours to create a working environment that is conducive to optimum productivity whilst providing an active learning space where new skills and experience are acquired by the entity's valued employees.

Simultaneously, the maintenance of discipline and compliance to all relevant labour legislation remains a key component of HR responsibilities.

HUMAN RESOURCES PRIORITIES

The priorities for the year under review included the following:

- Continuing to ensure the safety and health of employees during the COVID-19 pandemic.
- Implementing the Human Resources Strategy for 2022-2025 and other approved policies.
- Continuing with the review of Human Resources Policies to ensure proper alignment with labour legislation.

TALENT MANAGEMENT

TALENT ACQUISITION

During the 2022/2023 financial year, a total of 14 critical vacancies were identified and processes to obtain approval for the filling of these positions began. This required liaison with the Department of Economic Development, Tourism and Environmental Affairs, Provincial Treasury and the Office of the Premier. The process was finalised during the year under review and TIKZN embarked on the recruitment process.

As at 31 March 2023, 13 of the 14 critical vacancies were filled.

These positions are:

- General Manager: Human Resources
- General Manager: Marketing and Communications
- Manager Export Promotion
- Sector Specialist
- Communications Specialist
- IT Specialist
- Human Resources Officer
- Export Officer (x2)
- Business Retention and Expansion Officer
- Accounts Payable Officer
- Business Development Officer
- Marketing Officer

TABLE 14.1: SUMMARY OF FULL-TIME STAFF MOVEMENTS DURING 2022/2023 AND TOTAL NUMBER OF EMPLOYEES ON 31 MARCH 2023

CATEGORY	NUMBER OF EMPLOYEES ON 31 MARCH 2022	APPOINTMENTS	TERMINATIONS	NUMBER OF EMPLOYEES ON 31 MARCH 2023
Top Management	6	0	0	6
Senior Management	5	2	0	7
Middle Management	14	3	1	16
Junior Management	16	8	2	22
Semi-skilled	9	0	3	6
Unskilled	1	0	0	1
TOTAL	51	13	6	58

The process of filling the critical vacancy of Executive Manager: Knowledge Management has been finalised with the successful candidate due to assume duty in May 2023.

TERMINATIONS

A total of six employees terminated their contracts of employment with TIKZN during the year under review. Five out of the six resigned whilst one employee was dismissed following the appropriate disciplinary action being taken by the entity.

VACANCIES

As of 31 March 2023, TIKZN had a total of seven vacant positions spread across different business units. In percentage terms, this translates to an 11% vacancy rate.

TABLE 14.2: SUMMARY OF EMPLOYMENT AND VACANCIES

BUSINESS UNITS	TOTAL NUMBER OF POSITIONS ON THE ORGANOGRAM	TOTAL VACANCIES
Office of the CEO and Gauteng office	10	1
Knowledge Management	10	2
Investment Promotion and Business Retention	17	1
Finance	7	1
Corporate Services (Marketing and Human Resources)	13	1
Export Development and Promotion	8	1
TOTAL	65	7

LEARNING AND DEVELOPMENT

The training interventions implemented during the financial year were aimed at sharpening employees' skills and knowledge in their areas of expertise, to positively contribute towards the attainment of business units' targets and overall organisation objectives. The total budget allocated for skills development was R900 000.00. TIKZN implemented interventions that included a cooperative education programme, staff bursaries and skills programmes that focused on individual and group training.

BURSARY SCHEME

TIKZN provides financial support to employees to not only develop their potential but also to achieve the organisation's overall goals and objectives. The bursary scheme provides tuition fees for employees' chosen fields of study at institutions of higher education. HR is responsible for the provision of constant academic support and monitoring of each beneficiary's academic performance to ensure returns on investment and effective utilisation of funds for its intended purpose. A total of eight employees were awarded bursaries to study further in different fields.

TABLE:14.3: SUMMARY OF EMPLOYEE ACADEMIC STUDIES

STUDY/COURSE	NQF LEVEL	NO. OF EMPLOYEES ENROLLED
Doctor of Philosophy	10	1
Master's Degree	9	4
Post Graduate Diploma / Honours Degree	8	1
Bachelor's Degree	7	2
Total		8

COOPERATIVE EDUCATION PROGRAMME

TIKZN has availed opportunities to graduates and in-service trainees with the aim of contributing towards skills and youth development, addressing youth unemployment, providing work experience opportunities through structured internships and Work Integrated Learning (WIL) programmes. The programme presents interns with greater opportunities including educational training, workplace readiness and experience to equip them to be competitive in the professional world. A total of 10 interns and two in-service trainees benefited from the cooperative education programme during the 2022/2023 financial year.

HUMAN RESOURCE COMPLIANCE, GOVERNANCE AND CONTROLS

The HR sub-unit led by the Executive Manager: Corporate Services, reviewed four policies. The policies were approved by the TIKZN Board during the 2022/2023 financial year, in the spirit of advancing a culture of good governance and compliance. The policies are as follows:

- Disciplinary Policy
- Grievance Resolution Procedure
- Sexual Harassment, General Harassment and Bullying Policy
- Ethics Strategy

EMPLOYEE RELATIONS

Human Resources ensures that the organisation continuously complies with applicable labour legislation and promotes a harmonious work environment. Consequence management implemented during the 2022/2023 financial year in response to misconduct by employees as well as disputes lodged against the organisation by former employees are reflected in table 14.4

TABLE 14.4: SUMMARY OF MISCONDUCT AND DISPUTES

NATURE OF ACTION	NUMBER OF CASES
Final Written Warning	1
Disciplinary Proceedings	2
Dismissal	1
Disputes at CCMA	2

EMPLOYEE RECOGNITION AND REWARDS

The TIKZN Recognition and Rewards Policy seeks to recognise and reward service excellence as well as encourage employees to continue to provide quality output and take an innovative approach to meeting their responsibilities. During the CEO's quarterly engagement sessions, he recognised and rewarded the best performing employees in various categories as laid out in the Recognition and Rewards Policy. These sessions contribute to employee engagement, leading to various overall benefits for TIKZN which include increased productivity and staff retention.

TABLE 14.5: SERVICE EXCELLENCE REWARDS

RECOGNITION CATEGORY	NUMBER OF AWARDEES
Customer Care Awards	4
Best Innovative and Cost Saving Award	1
Best Leader Award	2
Going an Extra Mile Award	2
Most Improved Business Process and Cost Saving Award	1
Personal Development Award	1
CEO's Award	5

EMPLOYMENT EQUITY

TIKZN has complied with Section 21 of the Employment Equity Act by submitting the EEA2 and EEA4 reports to the Department of Employment and Labour online.

The table on page 87 shows the current workforce profile of the organisation, including people with disabilities, as of 31 March 2023. It depicts the workforce in terms of occupational levels, race and gender.

FUTURE PRIORITIES

Given the prevailing economic uncertainties, budget constraints and the stress experienced by the TIKZN workforce during the year under review and in the future, the organisation faces a number of important challenges. These are exacerbated by the constant shift in the work environment in the post pandemic world resulting in a number of changes, including the prevalence of a hybrid workforce.

Therefore, TIKZN's key focus will be:

- To robustly implement the Human Resources Strategy and approved policies to create a culture of compliance.
- To promote active employee engagement through employee wellness initiatives.
- To promote organisational values and culture aimed at increasing productivity.
- To digitise HR processes in line with industry 4.0 principles to improve HR service delivery.
- To vigorously implement the Employment Equity Plan to drive the attainment of diversity, equity and inclusion in the workplace.

TABLE 14.6: TIKZN WORKFORCE PROFILE AS OF 31 MARCH 2023

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	1	1	1	0	3	0	0	0	0	0	6
Senior management	4	0	1	0	1	0	0	1	0	0	7
Professionally qualified and experienced specialists and mid-management	6	3	0	1	6	0	1	0	0	0	17
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	7	1	1	0	8	0	4	1	0	0	20
Semi-skilled with discretionary decision making	2	0	0	0	2	0	1	1	0	0	7
Unskilled with defined decision making	0	0	0	0	1	0	0	0	0	0	1
TOTAL PERMANENT	20	5	3	2	21	0	6	3	0	0	58
Temporary employees	0	0	0	0	1	0	0	0	0	0	1
GRAND TOTAL	20	5	3	1	22	0	6	3	0	0	59





Annual Financial Statements

General Information	Statement of Financial Performance
Board's Responsibilities and Approval	Statement of Changes in Net Assets
Audit Committee Report	Cash Flow Statement
Report of The Auditor-General	Statement of Comparison of Budget and Actual Amounts
Board Report	Accounting Policies
Company Secretary's Certifications	Notes to the Annual Financial Statements
Statement of Financial Position	

General Information

Country of incorporation and domicile	Republic of South Africa
Legal form of Entity	Schedule 3C Public Entity
Nature of business and principal activities	Trade & Investment Promotion Agency
Board Chairperson	Ms CM Cronjé
Registered office	Trade & Investment House 1 Arundel Close Kingsmead Office Park Durban 4001
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	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. 05 of 2010)
Preparer	The Annual Financial Statements were internally compiled by: Ms Zamasomi Msomi Chief Financial Officer

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Board's Responsibilities and Approval

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

It is the responsibility of the members to ensure that the Annual Financial Statements fairly present the state of affairs of the entity for the year ended 31 March 2023 and the results of its operations and cash flows for the year then ended.

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

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

The members 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 endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems

and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members 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 Environment Affairs (EDTEA) 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 internal auditors are responsible for the internal audit of the entity's Annual Financial Statements and reporting at year end.

The Annual Financial Statements set out on page 101 to 145 which have been prepared on the going concern basis, were approved by the Members of the Board.



MS INA CRONJÉ
BOARD CHAIRPERSON
TRADE & INVESTMENT KWAZULU-NATAL

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Audit, Risk and Compliance Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

AUDIT RISK AND COMPLIANCE COMMITTEE RESPONSIBILITY, MEMBERSHIP AND ATTENDANCE

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

The Committee has a formal Terms of Reference, which is 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 four independent non-executive members: Ms LCZ Cele (Chairperson – retired August 2022), Ms Usha Maharaj (member appointed as Chairperson – October 2022), Mr GW Bell, Mr D Naidoo and Mr SK Mpungose (appointed as member – October 2022). The Audit, Risk and Compliance 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 OF THE ARC COMMITTEE MEMBERS

NAME	QUALIFICATIONS	INTERNAL/ EXTERNAL	IF INTERNAL, POSITION IN PUBLIC ENTITY	NO. OF ORDINARY MEETINGS ATTENDED	NO. OF SPECIAL MEETINGS ATTENDED
Mrs LCZ Cele	BCom; Post-graduate Diploma Tax; Executive Leadership Development Programme; MAcc. (Taxation)	Internal	Independent Non-Executive Board Member	2 of 2	N/A
Mrs U Maharaj	BActt (Hons); Post-graduate Diploma Accounting; Chartered Accountant (SA)	Internal	Independent Non-Executive Board Member	4 of 4	2 of 2
Mr GW Bell	Mechanical Engineering Diploma	Internal	Independent Non-Executive Board Member	3 of 4	2 of 2
Mr D Naidoo	B.A. (Law) LLB	Internal	Independent Non-Executive Board Member	4 of 4	2 of 2
Mr SK Mpungose	BCom (Economics & Management) BCom Hons. (Economics) MCom (Advanced Applied Economics)	Internal	Independent Non-Executive Board Member	2 of 2	1 of 2

THE EFFECTIVENESS OF INTERNAL CONTROLS

The Committee is responsible for overseeing the following:

- Ensuring that the entity has adequate and effective systems of internal controls, risk management, and information technology.

- Ensuring that adequate controls to safeguard assets are in place.
- The implementation of a fraud prevention plan.
- Assessing the scope of work covered by Internal Auditors.
- Ensuring that the entity adheres to best practice, in line with the PFMA (Act No.1 of 1999) and the King IV Report on Corporate Governance, which requires

management to maintain and enforce strict internal controls. This is achieved through implementing a risk management process, and identifying corrective actions, suggestions and enhancements to controls and processes.

The Committee is responsible for reviewing the following:

- Reports issued by the Internal Auditors and the Management Report of the Auditor-General South Africa, to identify any matters that were reported. The Committee also considers whether any of those reported matters reflect material deficiencies in the system of internal controls.
- The in-year monitoring (IYM) report and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act (Act No. 5 of 2022). The Audit, Risk and Compliance Committee reports that it is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the entity during the period under review.
- The systems of internal control over the financial reporting for the period under review were efficient and effective.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit, Risk and Compliance Committee has:

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

INTERNAL AUDIT

- BDO Advisory Services (Pty) Ltd were appointed as Internal Auditors, effective 1 March 2021 and their contract will end on 31 July 2025.
- The Committee continuously assesses the effectiveness of the internal audit function.
- Committee meetings are held with Internal and External auditors to identify any potential weaknesses so that management can rectify them in a timely manner.
- The Committee will continue to review reports from the internal auditors and assess their performance.

RISK MANAGEMENT

- The Committee has overall responsibility for risk management, and management is accountable for designing, implementing and monitoring this process.
- The Committee also has a responsibility to assess the reports provided by management on the progress made, to obtain assurance on the overall system of risk management.
- The Committee is responsible for assessing the effectiveness of the overall system of the 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 reviews of the entity's compliance with legal and regulatory requirements.
- 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 tasked with monitoring the Supply Chain Management (SCM) related submissions ensuring that all relevant Treasury circulars were adhered to.
- 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.

The Committee continues to apply itself, focus on critical and key deliverables of the entity and to ensure that the entity continues to work towards the attainment and sustainability of a clean audit outcome.



MRS U MAHARAJ
CHAIRPERSON OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE
TRADE & INVESTMENT KWAZULU-NATAL

Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature on TIKZN

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 102 to 145, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trade and Investment KwaZulu-Natal as at 31 March 2023, 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
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.

RESPONSIBILITIES OF THE AUDITOR- GENERAL 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

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 must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measure the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 1 - Investment Promotion	33-34	To promote and facilitate new fixed investment in the KZN province

12. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented

in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance conclusion.
15. I did not identify any material findings on the reported performance information of the selected programme.

REPORT ON COMPLIANCE WITH LEGISLATION

16. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
18. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
19. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

20. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported on in this auditor's report.
21. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

22. My responsibility is to read this other information and, in doing so, consider whether it 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.
23. The other information I obtained prior to the date of this auditor's report is the member of executive committee's foreword, chairperson's statement and the chief executive officer's review, and the report of the audit committee is expected to be made available to me after 31 July 2023.
24. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
25. When I do receive and read the audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

Auditor General

Pietermaritzburg
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

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

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
 - conclude on the appropriateness of the 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 entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material

uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51 (1)(b)(ii); 51 (1)(e)(iii) Section 53(4) Section 55(1)(b); 55(1)(c)(i) Section 44, 45(b), 38(1)(b) Section 57(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1 ; 8.2.2 Treasury Regulation 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b) ; 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A 8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2(a)(ii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31 .1.2(c') Treasury Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(7 A)
PPPFA	Section 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5. 7 Paragraph 6.8 Paragraph 7 .8 Paragraph 8.2; 8.5 Paragraph 9.1 Paragraph 10.1; 10.2 Paragraph 11.1
PPR 2022	Paragraph 4.4
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (c)-(d)
NT SCM Instruction Note 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b) ; 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
Practice Note 5 of 2009/10	Paragraph 3.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
NT instruction note 1 of 2021/22	Paragraph 4.1

The Members of the Board submit their report for the 12 months ended 31 March 2023.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

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

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

The entity has posted a net deficit of R3 388 658 (31 March 2022: net deficit of R4 691 227) for the financial year ended 31 March 2023.

3. GOING CONCERN

The Annual Financial Statements have been prepared on the basis of GRAP and accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities and commitments will occur in the ordinary course of business. To date EDTEA has committed to provide funding for the 2023/2024 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 cash flow 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.05 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.

The entity has a net deficit of R3 388 658, this amount also includes the non-cash items (i.e. depreciation and finance costs). It must also be noted that from the accumulated deficit over the previous year, the actual expenditure of the amounts is actually spent in the current year however the income can only be recognized in the year it was received.

The entity had an accumulated surplus of R1 039 536 for the year ended 31 March 2023 (31 March 2022, accumulated deficit of R719 506). The entity's total assets exceeded its liabilities by R1 039 536 for the year ended 31 March 2023 (31 March 2022, total liabilities exceeded the total assets by R719 506). The Annual Financial Statements were 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 2023/2024 financial year in terms of the Medium Term Expenditure Framework (MTEF) and signed MOU.

4. SUBSEQUENT EVENTS

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

5. MEMBERS' INTEREST IN CONTRACTS

Members of the Board are required to complete declaration of interest forms in every meeting. As at the end of the year which ended on 31 March 2023, 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	BOARD APPOINTMENTS AND CHANGES
Ms CM Cronjé (Chairperson)	South African	Appointed on 01 September 2014
Ms LCZ Cele (Deputy Chairperson)	South African	Term ended on 31 August 2022
Mr GW Bell	South African	Appointed on 01 September 2014
Ms U Maharaj	South African	Re-appointed on 01 August 2021
Mr SK Mpungose	South African	Appointed on 01 August 2021
Mr EB Mkhize	South African	Appointed on 01 August 2021
Mr D Naidoo	South African	Appointed on 01 August 2021
Adv EM Nkosi	South African	Appointed on 01 August 2021
Mr KS Shandu	South African	Re-appointed on 01 August 2021

8. SECRETARY

The company secretary of the entity is Ms NNC Gumbi.

Business address

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

Postal address

Trade & Investment KZN
PO Box 4245
Durban
4000

9. CORPORATE GOVERNANCE

GENERAL

The Members of the Board are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment the Members of the Board support the highest standards of corporate governance and the ongoing development of best practice. The Board monitors the entity's compliance with Good Corporate Governance Practices in line with the King IV Report on Corporate Governance for South Africa (King IV).

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

MEMBERS OF THE BOARD

The Members of the Board:

- Retains full control over the entity, its plans and strategy.
- Acknowledges its responsibilities regarding review of the entity's strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity.
- Is of a unitary structure comprising:
 - Non-Executive Directors, all of whom are independent directors as defined in 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 (5) Ordinary Board meetings were held during the period ended 31 March 2023. The Board is scheduled to meet at least (4) four times per annum.

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

AUDIT, RISK AND COMPLIANCE COMMITTEE

The Chairperson for the Audit, Risk and Compliance Committee (ARC Committee) for the first two quarters of the year was Ms LCZ Cele who was the Non-Executive Director and the Member of the Board until 31 August 2022. Ms U Maharaj who is the Non-Executive Director and the Member of the Board was subsequently appointed as the new Chairperson of the ARC Committee and she chaired the last 2 meetings of the committee for the year ended 31 March 2023.

The Board appointed Mr SK Mpungose to fully constitute members of the Committee. Four (4) Committee meetings were held during the year under review.

The Board is satisfied that the ARC Committee was properly constituted and that they executed their responsibilities as expected of them in terms of the PFMA, TIKZN Agency Act and King IV report.

INTERNAL AUDIT

BDO Advisory Services (Pty) Ltd was still contracted to the entity as internal audit service provider for the year ended 31 March 2023.

10. BANKERS

Standard Bank of South Africa Limited.

11. AUDITORS

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

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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 2023. The Annual Financial Statements (AFS) were prepared on the basis of Generally Recognised Accounting Practice (GRAP).



MS NN GUMBI
COMPANY SECRETARY

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Statement of Financial Position as at 31 March 2023

FIGURES IN RAND

NOTES

2023

RESTATED
2022**Assets****Current Assets**

Receivables from exchange transactions

4 2,316,419 2,663,509

Cash and cash equivalents

5 105,418,745 66,049,019

107,735,164 68,712,528**Non-Current Assets**

Property, plant and equipment

2 6,769,794 2,529,216

Intangible assets

3 52,022 124,661

6,821,816 2,653,877**Total Assets****114,556,980 71,366,405****Liabilities****Current Liabilities**

Finance lease obligation

6 78,722 58,287

Payables from exchange transactions

7 92,693,106 54,345,520

Unspent conditional grants and receipts

8 17,991,466 15,077,302

Provisions

27 2,738,571 2,510,503

113,501,865 71,991,612**Non-Current Liabilities**

Finance lease obligation

6 15,579 94,299

Total Liabilities**113,517,444 72,085,911****Net Assets****1,039,536 (719,506)**

Accumulated Surplus/ (Deficit)

1,039,536 (719,506)

Statement of Financial Performance for the year ended 31 March 2023

FIGURES IN RAND

NOTES

2023

RESTATED
2022

Revenue

Revenue from exchange transactions

Other income

Interest received - investment

Total revenue from exchange transactions

9 & 28	104,445	26,072
12	931,889	428,830
	1,036,334	454,902

Revenue from non-exchange transactions

Transfer revenue

Government grants and subsidies

Total revenue

	98,292,886	96,219,560
9	99,329,220	96,674,462

Expenditure

Employee related costs

Depreciation and amortisation

Finance costs

Other operating expenses

Total expenditure

Loss on disposal of assets

Surplus/ (Deficit) for the year ended 31 March 2023

11	(55,611,163)	(53,045,540)
2 & 3	(1,862,212)	(2,950,643)
13	(38,749)	(53,429)
10	(45,205,754)	(44,986,410)
	(102,717,878)	(101,036,022)
	-	(329,667)
	(3,388,658)	(4,691,227)

23 Statement of Changes in Net Assets for the year ended 31 March 2023

FIGURES IN RAND	NOTES	ACCUMULATED SURPLUS/ (DEFICIT)	TOTAL NET ASSETS
Opening balance as previously reported		3,087,489	3,087,489
Adjustments			
Prior year adjustments		884,232	884,232
Balance at April 1, 2021 as restated*		3,971,721	3,971,721
Changes in net assets			
Prior period error adjustments from change in useful lives		5,147,700	5,147,700
Surplus/(Deficit) for the year ended 31 March 2022		(4,691,227)	(4,691,227)
Total changes		456,473	456,473
Balance at 01 April 2022		4,428,194	4,428,194
Changes in net assets			
Surplus/(Deficit) for the year ended 31 March 2023		(3,388,658)	(3,388,658)
Total changes		(3,388,658)	(3,388,658)
Balance at March 31, 2023		1,039,536	1,039,536

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Cash Flow Statement for the year ended 31 March 2023

FIGURES IN RAND

NOTES

2023

2022

Cash flows from operating activities**Receipts**

Government Grants and Subsidies	106,216,000	99,306,000
Interest income	931,889	428,830
Interest and other income for principal-agent account	1,188,400	-
Receipts from promotional events and refunds	104,445	26,072
Receipts from principal-agent arrangements	74,565,809	56,451,781
	183,006,543	156,212,683

Payments

Employee costs	(55,307,201)	(52,761,915)
Payments to suppliers	(58,368,515)	(36,826,496)
Finance costs	(38,749)	(53,429)
Board emoluments and allowances	(1,860,872)	(1,866,417)
Payments to principal-agent arrangements	(27,120,743)	(39,329,178)
	(142,696,080)	(130,837,435)
Net cash flows from operating activities	40,310,463	25,375,248

Cash flows from investing activities

Purchase of property, plant and equipment	(882,452)	(804,133)
Purchase of other intangible assets	-	(81,248)
Net cash flows from investing activities	(882,452)	(885,381)

Cash flows from financing activities

Finance lease liability	(58,285)	(43,156)
Net increase / (decrease) in cash and cash equivalents	39,369,726	24,446,711
Cash and cash equivalents at the beginning of the year	66,049,019	41,602,308
Cash and cash equivalents (at the end of the year 31 March 2023 / 31 March 2022)	105,418,745	66,049,019

25 Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2023

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	104,445	104,445	
Interest received - investment	-	-	-	931,889	931,889	
Total revenue from exchange transactions	-	-	-	1,036,334	1,036,334	
Revenue from non-exchange transactions						
Transfer revenue						
Government Grants and Subsidies	85,436,000	30,477,301	115,913,301	98,292,886	(17,620,415)	9 & 33.1
Total revenue	85,436,000	30,477,301	115,913,301	99,329,220	(16,584,081)	
Expenditure						
Personnel	(55,358,326)	-	(55,358,326)	(55,611,163)	(252,837)	33.2
Travel and Accommodation	(3,468,937)	-	(3,468,937)	(3,589,502)	(120,565)	33.3
Administration and Operational Costs	(19,849,207)	-	(19,849,207)	(24,857,887)	(5,008,680)	33.4
Project specific consultancy fees	(1,327,956)	(27,710,966)	(29,038,922)	(9,944,438)	19,094,484	33.5
Depreciation and amortisation	-	-	-	(1,862,212)	(1,862,212)	33.4
Inward Missions	(500,000)	(1,766,335)	(2,266,335)	(1,944,668)	321,667	
Export Development and Promotion	(1,581,810)	-	(1,581,810)	(1,201,533)	380,277	33.6
Marketing and Communication	(2,667,437)	(1,000,000)	(3,667,437)	(3,706,475)	(39,038)	33.7
Capital Costs	(682,327)	-	(682,327)	(882,452)	(200,125)	33.8
Total expenditure	(85,436,000)	(30,477,301)	(115,913,301)	(103,600,330)	12,312,971	
Deficit	-	-	-	(4,271,110)	(4,271,110)	
Actual Amount on Comparable Basis as presented in the Budget and Actual Comparative statement	-	-	-	(4,271,110)	(4,271,110)	
Reconciliation						
Capital Costs				882,452		33.8
Actual Amount in the Statement of Financial Performance				(3,388,658)		

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 twelve (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 2023 which were presented on the same basis as the previous year. In the preparation of the Annual Financial Statements, the entity has taken into consideration the guidelines, the list of standards and pronouncements in terms of GRAP Reporting Framework.

The following GRAP standards were issued but not adopted by the entity as they do not have any impact on the Annual Financial Statements for the year ended 31 March 2023.

- GRAP 18 Segment reporting
- GRAP 34 Separate financial statements
- GRAP 35 Consolidated financial statements
- GRAP 36 Investments in Associates and Joint Ventures
- GRAP 37 Joint arrangements
- GRAP 38 Disclosure of interests in other entities.
- GRAP 108 Statutory receivables
- GRAP 110 Living and non-living resources
- IGRAP 1 Applying the probability test on initial recognition of revenue
- IGRAP 19 Liabilities to pay levies
- IGRAP 20 Adjustments to revenue

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

- GRAP 1 Presentation of Financial Statement
- GRAP 2 Cash Flow Statement
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 9 Revenue from Exchange Transactions
- GRAP 13 Leases
- GRAP 14 Events after the Reporting Date
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Asset
- GRAP 20 Related Party
- GRAP 21 Impairment of non-cash generating asset
- GRAP 23 Revenue from Non-exchange transactions
- GRAP 25 Employees benefits
- GRAP 24 Presentation of budget information
- GRAP 26 Impairment of cash generating assets
- GRAP 31 Intangible Assets
- GRAP 104 Financial Instruments
- GRAP 104(r) Financial Instruments (revised)
- GRAP 106 Transfer of functions between entities not under common control
- GRAP 109 Accounting by Principals and Agents

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

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

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

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

Estimation of useful lives of tangible and intangible assets

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

1.2 PROPERTY, PLANT AND EQUIPMENT

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

Initial Recognition

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

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

Initial Measurement

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of the item is measured reliably after taking into account trade discounts and rebates which are deductible from the initial cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include, costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is de-recognised.

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

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

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

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

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

Subsequent measurement

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

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

The useful lives of items of property, plant and equipment were assessed at 31 March 2023.

Note that there is a change from 5 years in the prior year for leasehold improvements. The average useful lives of leasehold improvements has changed from 5 years to 10 years. Refer to Note 2 for further details.

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight line	5 - 13 years
Office equipment	Straight line	5 - 13 years
IT equipment	Straight line	3 - 13 years
Leasehold improvements	Straight line	10 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.

De-recognition

An item of property, plant and equipment is de-recognised 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 de-recognition of an item of property, plant and equipment is included in the surplus or deficit when the item is de-recognised. The gain or loss arising from the de-recognition 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 and registered 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 cabinet, wiring, carpeting, flooring and electricity, etc.

Leasehold improvements are initially recognised at cost.

Subsequent measurement

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

1.3 INTANGIBLE ASSETS

An asset is identified as an intangible asset when it

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

Initial Recognition

An intangible asset is recognised when:

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

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

Intangible assets are initially recognised at cost.

Measurement

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

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	AMORTISATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	3 - 9 years

Intangible assets are de-recognised:

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

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

Amortisation and impairment

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

1.4 FINANCIAL INSTRUMENTS

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

Initial recognition and measurement

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

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.

De-recognition

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

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;
- are held for trading.

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

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

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

Classification

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

Class

- Staff control accounts (travel advances)
- Prepayments

- Deposits
- Other receivables

The entity has the following types of financial liabilities grouped under payables from exchange transactions class reflected on the face of the Statement of Financial Position and supported by the accompanying disclosure notes thereto:

Class

- Trade payables
- Staff control account
- Accrued expenses
- Finance lease liability
- Leave liability
- Payables from principal-agent arrangements
- 13th Cheque Bonus Accruals

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

- amortised cost
- 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, refunds and staff advances. The deposit amount is insignificant and therefore was not amortised.

Liabilities

Trade liabilities including accrued expenses, staff claims, payables from principal-agent arrangements and the 13th Cheque bonus accruals are expected to be settled within the initial credit period in line with the Government sector norm.

Leave liabilities are expected to be settled at fair value.

Cash and cash equivalents

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

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

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the Statement of the Financial Performance.

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

1.5 LEASES

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

When a lease includes both land and 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 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

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

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

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

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

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

Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.7 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.

1.8 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.9 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Recognition

Revenue is recognised when it is realised or realisable, and is earned when goods are transferred or services rendered. Revenue can be recognised in cash or accrued.

The following recognition criteria must be met;

- persuasive evidence of an arrangement must exist,
- delivery must have occurred or services been rendered,
- the price must be fixed or determinable, and
- collectability should be reasonably assured.

The amount of revenue must be reasonably measured and the costs of revenue must be reasonably measured.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.10 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

Recognition

Revenue is recognised when it is realised or realisable, and is earned when goods are transferred or services rendered. Revenue can be recognised in cash or accrued.

The following recognition criteria must be met;

- persuasive evidence of an arrangement must exist,
- delivery must have occurred or services been rendered,
- the price must be fixed or determinable, and
- collectability should be reasonably assured.

The amount of revenue must be reasonably measured and the costs of revenue must be reasonably measured.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.11 RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS AND LOANS AND RECEIVABLES

Receivables from exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to other party in exchange.

Receivables from non-exchange transactions are defined as transactions where the entity receives from another entity without directly giving approximately equal value in exchange.

Management assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should

be recorded in surplus or deficit, management uses observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Where there is evidence of an impairment loss, the loss is recognised in the surplus or deficit for the year. The impairment is measured as the difference between the debtor's carrying amount and the present value of estimated future cashflows discounted at the effective interest rate, computed at the time of the initial recognition.

Receivables that are settled within a period of twelve (12) months are classified as current trade receivables. Long-term receivables are classified as non-current receivables.

Recognition and measurement

Trade and other receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

1.12 PAYABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Payables from exchange transactions are the ones in which the entity and the supplier receive and sacrifice a consideration of approximate equal value.

Payables relating to non-exchange transaction are the ones in which the entity and the supplier receive and sacrifice a consideration of approximate value without directly giving value in exchange.

Payables are the liabilities that the entity owe to their suppliers as the result of purchasing goods or rendering the services on credit.

Recognition and measurement

Payables are types of current liabilities which are normally paid within one (1) year from the purchasing date. The entity records and recognises payables at the same time the entity records and recognises the expenses or assets of the same transactions.

For the rendering of the services or purchase of goods that immediately pay-off, recording of account payable is not necessary unless it is required by the control of the entity in its accounting system. In case the payable is expected to be paid more than one (1) year, then the related liabilities are recorded in non-current liabilities categories.

Accounts payables are the balance sheet items and the recognition of them is the result of the accrual accounting concept. The entity records and recognises accounts payable at the time the entity has legal obligation to pay

for the goods or services that have been procured at the agreed amount per contract or invoices.

1.13 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method. Investment income comprises of interest from deposits placed with a reputable financial institution.

1.14 ACCOUNTING BY PRINCIPALS AND AGENTS

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The entity has the following principal-agent conditional grants dealt with under GRAP 109:

- One Stop Shop facility marketing fund
- National Department of Tourism (NDT) tourism growth projects fund
- IDC business support fund
- Transnet Port Terminals (TPT) export development fund
- EDTEA floods disaster relief fund

1.15 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance for the period concerned after the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 2 of 2019/2020 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.

1.18 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The entity has the following Conditional Grants:

- Technical Assistance Fund (TAF)
- KwaZulu-Natal Growth Coalition
- Clothing and Textile, and Aquaculture projects and economy development strategy
- Development of local economy
- Competitiveness Export Enhancement Programmes
- SMME & Cooperatives Technical Support Programme
- Drakensberg Cableway project
- Leather Processing Hub
- Lilani Hotspring project

1.19 BUDGET INFORMATION

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by an entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The budget information is prepared on the cash basis

while the Annual Financial Statements are prepared on the accrual basis.

The approved budget covers the fiscal period from 4/1/2022 to 3/31/2023.

The Annual Financial Statements are done on accrual basis and budgets are done on the cash basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.20 RELATED PARTIES

The objective of this Standard is to ensure that a reporting entity's Annual Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Standard requires disclosures of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standards of GRAP on Consolidated Financial Statements (GRAP 35) and Separate Financial Statements.

The entity operates in an economic sector currently dominated by public entities directly or indirectly owned by the South African Government. Related party transactions and outstanding balances within an economic entity are disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the economic entity.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Management holds positions of responsibility within an entity. Members of management are responsible for the strategic direction and operational management of entity and are entrusted with significant authority. Their remuneration may be established by estate or by another body independent of the reporting entity. However, their responsibilities may enable them to influence the benefits of office that flow to them, or their related parties or parties that they represent on the governing body.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by management in their dealings with the entity.

Related parties are disclosed in terms of GRAP 20.

1.21 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.22 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are not included.

25 Notes to the Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	31 MARCH 2023			RESTATED 31 MARCH 2022		
	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Furniture and fixtures	1,869,437	(1,158,471)	710,966	1,851,364	(832,285)	1,019,079
Office equipment	1,304,260	(931,377)	372,883	1,403,659	(887,077)	516,582
IT equipment	2,887,047	(1,385,340)	1,501,707	2,070,103	(1,155,179)	914,924
Leasehold improvements	8,774,192	(4,589,954)	4,184,238	8,774,192	(8,695,561)	78,631
Total	14,834,936	(8,065,142)	6,769,794	14,099,318	(11,570,102)	2,529,216

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - YEAR ENDED 31 MARCH 2023

	OPENING BALANCE	ADDITIONS	PRIOR PERIOD ERROR ADJUSTMENTS	DEPRECIATION	TOTAL
Furniture and fixtures	1,019,078	24,150	(104,843)	(227,419)	710,966
Office equipment	516,581	41,358	30,697	(215,753)	372,883
IT equipment	914,924	816,944	238,580	(468,742)	1,501,706
Leasehold improvements	78,631	-	5,008,772	(903,164)	4,184,239
	2,529,214	882,452	5,173,206	(1,815,078)	6,769,794

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 31 MARCH 2022

	OPENING BALANCE	ADDITIONS	CHANGE IN USEFUL LIFE ADJUSTMENTS	DISPOSALS	DEPRECIATION	TOTAL
Furniture and fixtures	632,681	183,260	568,910	(99,442)	(266,331)	1,019,078
Office equipment	653,823	128,140	77,516	(113,473)	(229,425)	516,581
IT equipment	775,094	414,732	477,508	(374,791)	(377,619)	914,924
Leasehold improvements	2,053,666	78,000	-	-	(2,053,035)	78,631
	4,115,264	804,132	1,123,934	(587,706)	(2,926,410)	2,529,214

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In the year ended 31 March 2023 the entity undertook an assessment of the useful lives of the assets, the adjustment to Property, Plant and Equipment was made from the result of the assessment of the useful lives.

Old and damaged items related to furniture and scrapped office equipment items were sold at a nominal amount to an external bidder involved in the recycling business. Other old items were separately identified and set aside for donation to an underprivileged institution in education located in KwaZulu-Natal. The approved disposal of the computer equipment and related items through a donation process was not finalised by the TIKZN Corporate Social Responsibility Committee (CSR) at 31 March 2023 as there were some delays with the selection of the school.

There were no repairs and maintenance expenses incurred for Property, Plant and Equipment (PPE) for the year ended 31 March 2023 (31 March 2022: R0,00).

Leased assets that were acquired through a finance lease arrangement were recognised in accordance with GRAP 13 at the acquisition date.

In 2017/2018 financial year, the entity effected improvements to the leased Durban administration building. The purpose of these improvements was to accommodate the One Stop-Shop facility aimed to provide integrated and centralised Governmental services that are convenient to potential investors for business registration purposes and regulatory compliance with regulations and laws. These improvements met the definition of the Leasehold Improvements under GRAP 17 of the Property, Plant and Equipment and were therefore accordingly capitalised. At the time of the improvements it was envisaged that the building was to be utilised to the extent of the remaining lease term which was four (4) years and three (3) months.

The leasehold improvements which were originally depreciated over a 5 year period, will be consumed over a further 5 years over the lease term of the property. The condition of assets were considered and management have revised the amortisation period to 10 years for leasehold improvements.

The resulting prior period error adjustments are disclosed in Note 35.

CARRYING AMOUNTS FOR THE FINANCE LEASED ASSETS

Figures in Rand

	31 MARCH 2023	31 MARCH 2022
Xerox AltaLink CO8035 - 371 779 0137	11,643	21,574
Xerox AltaLink CO8035 - 371 776 1412	11,643	21,574
Xerox AltaLink CO8035- 371 776 3202	11,643	21,574
Xerox AltaLink CO8035 - 371 776 3156	11,643	21,574
Xerox AltaLink CO8035 - 371 776 0815	11,643	21,574
	58,215	107,870

3. INTANGIBLE ASSETS

	31 MARCH 2023			RESTATED 31 MARCH 2022		
	COST / VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Computer software, other	89,143	(37,121)	52,022	388,608	(263,947)	124,661

RECONCILIATION OF INTANGIBLE ASSETS - YEAR ENDED 31 MARCH 2023

	OPENING BALANCE	PRIOR PERIOD ERROR ADJUSTMENTS	AMORTISATION	TOTAL
Computer software, other	124,661	(25,505)	(47,134)	52,022

RECONCILIATION OF INTANGIBLE ASSETS - 31 MARCH 2022

	OPENING BALANCE	ADDITIONS	CHANGE IN USEFUL LIFE ADJUSTMENTS	AMORTISATION	TOTAL
Computer software, other	49,309	81,248	18,339	(24,235)	124,661

Intangible assets constitute windows software and Adobe design applications software. Other applications software such as SAP Business One are cloud-based hosted applications which are considered by the entity as a resource not owned or controlled by the entity.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand	31 MARCH 2023	31 MARCH 2022
Prepayments	1,528,926	2,182,002
Deposits	452,310	452,310
Other receivables	335,183	29,197
	2,316,419	2,663,509

TRADE AND OTHER RECEIVABLES

Receivables from exchange transactions comprise of the prepayments from subscriptions and municipal deposits balances that were owing to the entity at 31 March 2023. Other receivables and prepayments are expected to be settled in less than one (1) year from the date under review. Municipal deposits would be expected to be refunded by the landlord upon the termination of the lease agreement of the Durban and Gauteng administration offices.

5. CASH AND CASH EQUIVALENTS

For the year ended 31 March 2023 (31 March 2022 - R66 049 019) Cash and cash equivalents consisted of:

Figures in Rand	31 MARCH 2023	31 MARCH 2022
Cash on hand	4,683	3,831
Standard Bank Account (Main Bank)	31,024,657	40,879,164
Standard Bank Account (IDC flood relief fund)	89,107	197,292
Standard Bank Account (Main bank - NDT Tourism Projects)	5,792,336	23,205,257
Standard Bank Account (TAF)	512,280	1,763,475
Standard Bank Account (EDTEA floods relief fund)	67,995,682	-
	105,418,745	66,049,019

STANDARD BANK ACCOUNT (PRELIMINARY, DEPOSITS AND SHORT-TERM INTEREST BEARING ACCOUNTS)

Opening balance (cash and cash equivalents)	40,882,995	23,896,837
Receipts for the year from government grants and subsidies (EDTEA)	106,216,000	113,639,333
Other grants for principal-agent arrangements	4,333,333	-
Interest and other income	1,036,334	454,902
Other receipts (receivables and refunds)	17,631	-
Payment for the year including transfers and refunds	(121,461,636)	(97,108,077)
	31,024,657	40,882,995

STANDARD BANK ACCOUNT (TECHNICAL ASSISTANCE FUND)

Opening balance (cash and cash equivalents)	1,763,475	5,034,913
Payments for the year including transfers	(1,251,195)	(3,271,438)
	512,280	1,763,475

STANDARD BANK ACCOUNT (NDT TOURISM PROJECTS)

Opening balance (cash and cash equivalents)	23,205,257	12,667,672
Government grant received	2,732,476	21,753,194
Other receipts for the year (interest income, refunds, transfers and other income)	692,495	363,870
Payments for the year including transfers	(20,837,892)	(11,579,479)
	5,792,336	23,205,257

STANDARD BANK ACCOUNT (IDC FLOODS RELIEF FUND)

Opening balance (cash and cash equivalents)	197,292	-
Grant received including transfers	10,000,000	20,000,000
Other receipts for the year (interest income, refunds, transfers and other income)	-	91,496
Payments for the year including transfers	(10,108,185)	(19,894,204)
	89,107	197,292

STANDARD BANK ACCOUNT (EDTEA FLOODS RELIEF FUND)

Grant received	67,500,000	-
Other receipts for the year (interest income, refunds, transfers and other income)	495,904	-
Payments for the year including transfers	(222)	-
	67,995,682	-

A total of ten (10) bank accounts are held with Standard Bank of South Africa, these accounts are primarily used for day to day transactions such as payment of suppliers accounts, monthly staff salaries, interest earning from short-term interest bearing accounts, payment of expenses for tourism growth projects, payment of business propositions expenses, disbursements of floods and unrest relief funds.

In the prior financial year ended 31 March 2022, Standard Bank main account held an amount of R10 000 000 received from IDC to support business which were impacted by the civil unrest. This amount was transferred to the dedicated bank account for IDC in 2022/2023 financial year.

During the course of the financial year ended 31 March 2023, the entity receipted an overpaid revenue amount of R5 000 000 from the KwaZulu-Natal Provincial Treasury. The overpaid revenue amount was refunded to the KwaZulu-Natal Treasury in the same financial year.

6. FINANCE LEASE OBLIGATION

Figures in Rand

	31 MARCH 2023	31 MARCH 2022
MINIMUM LEASE PAYMENTS DUE		
- within one year	97,034	97,034
- in second to fifth year inclusive	16,173	113,208
	113,207	210,242
less: future finance charges	(18,906)	(57,656)
Present value of minimum lease payments	94,301	152,586
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE		
- within one year	78,721	58,287
- in second to fifth year inclusive	15,580	94,299
	94,301	152,586
Non-current liabilities	15,579	94,299
Current liabilities	78,722	58,287
	94,301	152,586

The total liability of the entity is in respect of the finance lease agreements with regards to office automated machines (copiers) for the Durban administration offices.

It is entity's policy to lease certain equipment such as copiers, the nature of transactions for these equipment are treated under finance lease obligations.

The remaining average lease term for the Durban finance lease obligations was determined at the implicit rate of 30.43% per annum.

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 charges over the leased asset.

7. PAYABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand	31 MARCH 2023	31 MARCH 2022
Trade payables	71,402	10,243,011
Staff Claims	723	25,561
Accrued expense	3,437,248	3,907,651
Leave Liability	4,967,146	4,663,186
Payables from principal-agent arrangements	83,693,295	35,059,830
13th Cheque Bonus Accruals	523,292	446,281
	92,693,106	54,345,520

The following balances were settled within 30 days after the year ended 31 March 2023 and 31 March 2022 respectively.

ACCOUNTS SETTLED WITHIN 30 DAYS

Trade payable and staff claims.

72,125	10,268,571
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PAYABLES FROM PRINCIPAL-AGENT ARRANGEMENTS

(a) Department of Trade Industry and Competition (the dtic)

An amount of R3 980 592 (31 March 2022: R3 101 810) was recorded as a payable balance from principal-agent arrangements for the year ended 31 March 2023.

The payable balance resulted from the additional amount of R2 000 000 made to the entity by the Department of Trade and Competition (dtic) to fund the operational requirements of the One Stop Shop facility. An amount of R1 121 218 was spent on marketing campaigns associated with government integrated functions of the facility which include, amongst others; business registrations and regulatory compliance with related laws and regulations.

The integrated activities of the One Stop Shop are outlined in the binding agreement signed in 2017/2018 financial year.

(b) National Department of Tourism (NDT)

An amount of R9 370 236 (31 March 2022: R23 115 146) was recorded a payable balance due to the National Department of Tourism under the principal-agent arrangements for the year ended 31 March 2023. The purpose of the fund is to facilitate rehabilitation of the identified tourism sites situated in KwaZulu-Natal as well as the implementation of the tourism hospitality skills programme. A total disbursement of R17 169 880 was recorded for the year under review.

The fund was able to earn a total interest of R692 495 from the unutilised funds kept in the short-term interest bearing

account with the reputable financial institution.

In 2021/2022 financial year, a total amount of R21 753 794 was received in two (2) tranches to finalise the construction at Lilani Hotspring tourism site in Greytown and in Bhanganek tourism sites as well as the promotion of youth hospitality skills within the Umhlabuyalingana community. A total disbursements of R11 579 479 was made during the year ended in 31 March 2022 for the purposes as specified. The fund was able to generate interests from the short term investment account, other receipts were recorded as refunds to the dedicated fund by the contractor.

The binding agreement with the National Department of Tourism deemed to meet the conditions of the principal-agent arrangements transactions as defined in GRAP109 for accounting by principals and agents.

(c) Department of Small Business Development (DSBD)

In the prior financial year ended 31 March 2022, the entity had recognised an amount of R226 345 as an income from the fund after it was agreed upon with DBSD to utilize the remaining funds towards business development support for KZN businesses. The purpose of the DSBD fund was to support the industry in audio visual, visual art, craft and design after it was negatively impacted by the economy lockdown of the country as a result of the COVID 19 outbreak. An amount of R314 467 was agreed upon to be transferred to the craft and design institute based in the Western Cape.

There were no further engagement by the entity with DSBD during the year ended 31 March 2023.

(d) Transnet Port Terminals (TPT)

During the year ended 31 March 2023, the entity received a second funding tranche of R2 333 333 (31 March 2022: R2 333 333) from TPT in terms of the existing binding agreement. The purpose of the fund is to provide export development and promotional support for the 10 identified and approved companies over a period of three (3) years. A total budget of R7 million was agreed upon at the start date of the agreement to be set aside by TPT for development of these companies.

It was agreed that the entity will receive a one-third (1/3) of the set aside amount over a period of three (3) years from the date of inception.

The entity had spent R1 632 763 (31 March 2022: R778,018) during the year under review.

(e) Industrial Development Corporation (IDC)

During the year ended 31 March 2023, the entity recorded a total disbursement of R7 196 659 (31 March 2022: R22 803 937) from the business recovery and support funding received from IDC in 2021/2022 financial year.

Industrial Development Corporation (IDC) established the post unrest recovery fund to address the urgent need to assist companies and entities that were affected by the unrest and looting which occurred in Gauteng and KZN in July 2021. IDC partnered with TIKZN to provide an efficient, effective, economical and expeditious service to the affected traders.

An amount of R30 000 000 was paid to the entity in the prior financial year ended 31 March 2022 for payments towards business recovery and support for affected businesses. An interest amount of R91,496 was earned in the same period from the short-term invested funds account with the reputable institution.

(f) EDTEA floods disaster fund

The Department of Economic Development, Tourism and Environmental Affairs (EDTEA) in response to the President's declaration of disaster in KwaZulu-Natal with regards to the catastrophic floods which happened in April 2022, EDTEA appointed the entity as an official inward investment promotion agency to execute the resuscitation of businesses which were affected by floods.

An amount of R67 500 000 was advanced to the entity in the last quarter of 2022/2023 financial year to manage and disburse relief funds to the affected businesses. The programme for the disbursement of funds was not yet finalised by the entity at 31 March 2023 however during the last part of the year the fund earned a total interest of R495 904 and paid bank administration fees of R222 at year end.

A separate concluded binding agreement with EDTEA deemed to meet the conditions of the principal-agent arrangements as defined in GRAP 109 for accounting of principal-agent arrangements transactions.

Figures in Rand

31 MARCH 2023

31 MARCH 2022

PAYABLES FROM PRINCIPAL-AGENT ARRANGEMENT

Department of Trade, Industry and Competition (the dtic)	3,980,592	3,101,810
National Department of Tourism (NDT)	9,370,236	23,115,146
Department of Small Business Development (DSBD)	-	-
Transnet Port Terminals (TPT)	2,255,885	1,555,315
Industrial Development Corporations (IDC)	90,900	7,287,559
Department of Economic Development, Tourism and Environmental Affairs (EDTEA)	67,995,682	-

83,693,295

35,059,830

Total closing balances for payables from principal-agent arrangement for the year ended 31 March 2023 were recorded at R81 587 459 (31 March 2022: R35 059 830) as tabled below.

DEPARTMENT OF TRADE INDUSTRY AND COMPETITION (DTIC)

Opening balance	3,101,810	4,728,743
Expenses for the principal-agent account	(1,121,218)	(3,626,933)
Grant received under principal-agent arrangements	2,000,000	2,000,000

3,980,592

3,101,810

7. PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Figures in Rand	31 MARCH 2023	31 MARCH 2022
NATIONAL DEPARTMENT OF TOURISM (NDT)		
Opening balance	23,115,145	12,667,672
Expenses for the principal-agent account	(17,169,880)	(11,579,479)
Grants received under principal-agent arrangements	2,732,476	21,753,794
Refunds	-	54,173
Interest earned from short-term invested funds	692,495	218,985
	9,370,236	23,115,145
DEPARTMENT OF SMALL BUSINESS DEVELOPMENT (DSBD)		
Opening balance	-	540,812
Expenses for the principal-agent account	-	(314,467)
Commission fees as agreed upon with DSBD	-	(226,345)
	-	-
TRANSNET PORT TERMINALS (TPT)		
Opening balance	1,555,315	-
Grants received under principal-agent arrangements	2,333,333	2,333,333
Disbursements and other expenses for the principal-agent account	(1,632,763)	(778,018)
	2,255,885	1,555,315
INDUSTRIAL DEVELOPMENT CORPORATION (IDC)		
Opening balance	7,287,559	-
Grants received under principal-agent arrangements	-	30,000,000
Disbursements and other expenses for the principal-agent account	(7,196,659)	(22,803,937)
Interest earned from short-term invested funds	-	91,496
	90,900	7,287,559
DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS (EDTEA)		
Grants received under principal-agent arrangements	67,500,000	-
Disbursements and other expenses for the principal-agent account	(222)	-
Interest earned from short-term invested funds	495,904	-
	67,995,682	-

8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Figures in Rand	31 MARCH 2023	31 MARCH 2022
Technical Assistance Fund (TAF)	512,280	1,763,475
Lilani Hotspring development	2,469,885	-
One Stop Shop (OSS)	262,536	1,000,000
KwaZulu-Natal Halaal Hub	-	-
Business Rescue Fund	-	-
Leather Processing Hub	9,902,064	5,000,000
Clothing and textile projects	-	349,425
Aquaculture projects	643,480	1,093,245
Development of local economic (Global Business Services Conference)	-	766,335
Competitiveness Export Enhancement Programme	-	1,620,000
SMME and Co-operatives Technical Support Programme	-	500,000
Drakensberg Cable Car	4,201,221	2,984,821
	17,991,466	15,077,301

The opening balances for unspent conditional grants and receipts for the year ended 31 March 2023 were included in the rollover request submitted to EDTEA and Treasury for KwaZulu-Natal provincial government.

TECHNICAL ASSISTANCE FUND (TAF)

Opening balance	1,763,475	5,034,913
Less expenses incurred during the year	(1,251,195)	(3,271,438)
	512,280	1,763,475

LILANI HOTSPRING PROJECT

Conditional grant received	5,000,000	-
Less expenses incurred during the year	(2,530,115)	-
	2,469,885	-

ONE STOP SHOP

Opening balance	1,000,000	-
Conditional grant received	-	1,000,000
Less expenses incurred during the year	(737,464)	-
	262,536	1,000,000

KWAZULU-NATAL HALAAL HUB

Opening balance	-	1,537,367
Less expenses incurred during the year	-	(1,537,367)
	-	-

KWAZULU-NATAL GROWTH COALITION

Opening balance	-	-
Conditional grant received	3,000,000	3,000,000
Less expenses incurred during the year	(2,795,628)	(3,000,000)
Transferred to income	(204,372)	-
	-	-

8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (CONTINUED)

Figures in Rand	31 MARCH 2023	31 MARCH 2022
BUSINESS RESCUE FUND		
Opening balance	-	2,268,567
Less expenses incurred during the year	-	(2,268,567)
	-	-
LEATHER PROCESSING HUB		
Opening balance	5,000,000	-
Conditional grant received	5,000,000	5,000,000
Less expenses incurred during the year	(97,936)	-
	9,902,064	5,000,000
CLOTHING AND TEXTILE PROJECTS		
Opening balance	349,425	349,425
Less expenses incurred during the year	(349,425)	-
	-	349,425
AQUACULTURE PROJECTS		
Opening balance	1,093,245	1,500,000
Less expenses incurred during the year	(449,765)	(406,755)
	643,480	1,093,245
DEVELOPMENT OF LOCAL ECONOMY (GLOBAL BUSINESS SERVICES CONFERENCE)		
Opening balance	766,335	800,589
Conditional grant received	1,000,000	-
Less expenses incurred during the year	(1,766,335)	(34,254)
	-	766,335
COMPETITIVENESS EXPORT ENHANCEMENT PROGRAMME		
Opening balance	1,620,000	1,000,000
Conditional grant received	-	1,000,000
Refunds from suppliers	380,000	-
Less expenses incurred during the year	(2,000,000)	(380,000)
	-	1,620,000
SMME & CO-OPERATIVES TECHNICAL SUPPORT PROGRAMME		
Opening balance	500,000	500,000
Less expenses incurred during the year	(491,050)	-
Amount transferred to operating expenses	(8,950)	-
	-	500,000
DRAKENSBERG CABLE CAR		
Opening balance	2,984,821	-
Conditional grant received	1,400,000	3,000,000
Less expenses incurred during the year	(183,600)	(15,179)
	4,201,221	2,984,821

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 the SMMEs 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 expenditure to the total amount of R1 251 195 (31 March 2022: R3 271 438) for the year ended 31 March 2023 was incurred for the same purpose.

The remaining balance on Technical Assistance Fund (TAF) was recognised as an unspent conditional grant in the year ended 31 March 2023.

Lilani Hotsprings tourism site project

A lump sum of R5 000 000 financial support was received from EDTEA during the course of the year ended 31 March 2023 to defray expenses attributed to project expenditure overruns from the National Department of Tourism (NDT) allocation for the Lilani Hotsprings rehabilitation of the tourism site situated between Greytown and Kranskop in KZN.

An amount of R2 530 116 was recorded by the entity on 31 March 2023 (31 March 2022: R0.00) relating to construction and rehabilitation costs. These activities were not completed at year end and were envisaged to be completed in 2023/2024 financial year.

One Stop Shop

In 2021/2022 financial year, an amount of R1 000 000 was received from EDTEA as a conditional grant contribution towards the support of the integrated services of the one-stop shop facility. This amount was earmarked to be specifically utilised for the roll-out of these services to investment agencies located in three (3) municipal districts. The entity was initially appointed by the Department of Trade, Industry and Competition (the dtic) as an implementing agency for centralised Governmental services that are convenient to potential investors for business registration purposes and regulatory compliance with the regulations and laws.

In the year ended 31 March 2023, a total expenditure amount of R737 464 (31 March 2022: R0,00) was spent to roll-out two one stop shop facilities for uMngungundlovu and ILembe districts.

KwaZulu-Natal Halaal Hub

In the 2015/2016 financial year, the entity identified the need to investigate the establishment of a Halaal Hub in KZN. This was undertaken through a pre-feasibility study which indicated that the potential for such a development is feasible. The results of the assessment revealed that

there is sufficient local demand for industrial space for manufacturing as well as a growing local and global demand for Halaal products. A survey of the local Halaal sector indicated that the sector would support a Hub specifically customised for the needs of the Halaal manufacturing sector.

In the financial year ended 31 March 2022 the entity had spent the remaining amount for the initiatives relating to the development programmes of the Halaal sector.

There were no other conditional grants received for this project during the year ended 31 March 2023.

KwaZulu-Natal Growth Coalition Fund

The entity received an amount of R3 000 000 from EDTEA to engage and facilitate robust discussions with the business community on business environmental challenges and possible solutions. The aim of the coalition is to develop the business stability which is aimed at dealing with the industrial conflicts, business disruptions and illegal site invasion forums in the Province of KwaZulu-Natal. The targeted markets and beneficiaries for this initiative include stakeholders from different sectors such as property developers, tourism operators, investment agencies, ICT, and other industry captains for different sectors.

An amount of R2 795 628 was fully utilised for the objectives of the KwaZulu-Natal Growth Coalition by the year ended in 31 March 2023 (31 March 2022: R3 000 000).

Business Rescue Fund

In 2021/2022 financial year, an amount of R2 268 567 was approved from rollover funds to assist local companies that were in financial distress and might have ended up closing down if there was no strategic intervention from the provincial government. The fund assisted the affected companies to remain afloat and continued with their operations to save jobs.

The 2021/2022 remaining amount was fully utilised in the year ended 31 March 2022.

No other conditional grant was received during the year ended 31 March 2023.

Leather Processing Hub

In the year ended 31 March 2023, an additional amount of R5 000 000 (31 March 2022: R5 000 000) was received from EDTEA to fund a turnkey development project for an integrated Eco-park, to be developed on land owned by EDTEA in Mbali in Pietermaritzburg, to establish a leather processing and training incubation facility and biomass factory.

In December 2022, the service provider was appointed and commissioned to develop a 3 year program that will start from conceptualization of the project through to final implementation. An amount of R97 936 was spent on advertising for submission of the bid proposals within the financial year ended 31 March 2023. The remaining amount at the end of the financial year for the funding of the project was recorded by the entity as R9 902 064.

The program was finalised by the appointed service provider after the financial year ended that on 31 March 2023.

The project duration is 36 months which will end in 2025/2026 financial year.

Clothing and Textile projects

The entity recorded a total expenditure of R349 425 at 31 March 2023 which was spent to conduct a site audit and analysis, feasibility study and a comprehensive business plan for development of the clothing and textile special economic zone in KwaZulu-Natal. The rationale for this study is that the establishment of a special economic zone will revitalize the clothing and textile sector by benefiting manufacturers with the incentives associated with the special economic zone.

There was no expenditure incurred in the prior period, the remaining balance of the funding was fully utilized in 2022/2023 financial year.

Aquaculture projects

An amount of R449 765 (31 March 2022: R406 755) was spent during the year ended 31 March 2023 by the entity to defray expenses in-connection with the finalisation of an aquaculture feasibility study, business plans and conceptual designs for the aquaculture development site in the Province of KZN. This came about after it was established that the aquaculture and fish farming sector have a potential to foster economic development in the province. The aquaculture projects can foster food security and can contribute towards the province's export development which would in turn create sustainable employment.

An amount of R643 480 (31 March 2022: R1 093 245) was recorded as a remaining balance on unspent conditional grants at 31 March 2023.

Development of local economy

An amount of R766 335 (31 March 2022: R0,00) was approved as a rollover from the prior year remaining balance. The rollover approval came after the strategy on local economy development was completed. The remaining balance was requested to be re-directed towards the Global Business Services (GBS) investment conference

that was held in November 2022. A Memorandum of Understanding on hosting the event was agreed upon between the entity and Business Process Enabling South Africa (BPESA) as an effort to stimulate economic impact, job creation opportunities and contribution to GDP of the Province of KZN.

A financial support of R1 000 000 was advanced to the entity by EDTEA for logistics of the conference and other related expenses which were recorded at R1 766 335 by the entity at year ended 31 March 2023.

Competitiveness Export Enhancement Programme

A total expenditure amount of R2 000 000 (31 March 2022: R380 000) was spent by the entity to support the competitiveness export enhancement programme as part of the enabling initiative in exporting and economic development of the province.

There was no remaining balance of the funding at 31 March 2023.

SMME & Cooperatives Technical Support Programme

An amount of R500,000 was approved from rollover requests in the prior year. The money was to be utilised for the SMMEs & Cooperatives technical support programme during the year under review. The programme for this initiative was accordingly implemented during the course of the year ended 31 March 2023.

An expenditure amount of R491 050 was incurred during the year under review ended on 31 March 2023.

Drakensberg Cable way

In the prior year ended on 31 March 2022, an amount of R3 000 000 was approved and paid by EDTEA to the entity to facilitate environmental impact assessment study for the erection of a cableway in Drakensberg. The funding is earmarked to ensure that all environmental regulatory requirements are met; relevant environmental issues and impacts are identified and assessed; and, that appropriate mitigation measures considered in the environmental impact assessment reports are submitted to Competent Authority for review and consideration. The process requires engagement with the key stakeholders, authorities and interested, and affected communities and parties as this was regarded as a highly environmentally sensitive site. This site is located in the buffer zone of the Ukhahlamba World Heritage.

A further R1 400 000 was advanced to the entity by the mother department (EDTEA) to meet the estimated rising costs of the project.

The entity recorded an amount of R183 600 on 31 March 2023 (31 March 2022: R15 179) for advertising of the invitations for bid proposals from the interested service providers. There were delays with the signing of the Service Level Agreement (SLA) with the relevant stakeholders (including the community) which unavoidably resulted to the delays in appointing the suitable service provider to

conduct the study, the appointment was finalised later in the reporting year. The work has been scheduled to commence in 2023/2024 financial year.

A remaining amount for this project was recorded at R4 201 221 by the entity at 31 March 2023.

9. REVENUE

Figures in Rand

	31 MARCH 2023	31 MARCH 2022
Other income	104,445	26,072
Interest received - investment	931,889	428,830
Government Grants and Subsidies	98,292,886	96,219,560
	99,329,220	96,674,462

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

Other income	104,445	26,072
Interest received - investment	931,889	428,830
	1,036,334	454,902

THE GOVERNMENT GRANTS AND SUBSIDIES AMOUNT INCLUDED IN THE TOTAL REVENUE AMOUNT ARISE FROM THE NON-EXCHANGE TRANSACTIONS AS FOLLOWS

Halaal Hub Project	-	1,537,367
Export Competitiveness Programme	2,000,000	380,000
Clothing, Textile and Economic Zones	349,425	-
Development of local economy (Global Business Services Conference)	1,766,335	34,254
Drakensberg Cableway Project	183,600	15,179
Technical Assistance Fund (TAF)	1,251,195	3,271,438
Business Support Initiative	-	2,268,567
Main Operating grant	85,436,000	85,306,000
KwaZulu-Natal Growth Coalition	3,000,000	3,000,000
Aquaculture projects	449,765	406,755
One Stop Shop marketing campaigns	737,464	-
Leather Processing Hub	97,936	-
SMME & Co-operatives Technical Support	491,050	-
Lilani Hotspring Tourism Programme Fund	2,530,116	-
	98,292,886	96,219,560

10. OTHER OPERATING EXPENSES

Figures in Rand

	31 MARCH 2023	31 MARCH 2022
Advertising, Marketing and Communication costs	3,706,475	2,097,452
Auditors remuneration	2,637,273	2,498,090
Bank charges	121,355	127,461
Cleaning and garden services	227,225	249,844
Computer expenses	1,978,019	612,355
Professional fees	9,944,438	14,180,108
Consumables	109,612	87,792
Lease rentals on operating lease	5,634,514	5,343,394
Refreshments for external meetings	60,440	43,612
BBBEE compliance and social responsibility	-	124,470
Recruitment costs	498,063	23,020
Export training and exhibition costs	1,201,533	2,156,360
Insurance	732,951	603,667
Conferences and seminars	257,657	9,423
IT expenses	265,746	564,726
Repairs and maintenance	280,231	360,483
Promotions and sponsorships	740,693	1,455,696
Board emoluments and allowances	1,860,872	1,866,417
Board training and other costs	157,844	134,033
Board travel and accommodation	229,047	69,277
Postage and courier	14,703	19,299
Printing and stationery	330,843	217,804
Security for office premises	403,908	427,800
Staff welfare	186,561	358,845
Subscriptions and membership fees	2,567,795	3,950,247
Telephone and fax	681,727	564,468
Training	649,720	718,818
Travel - local	3,589,502	2,169,285
International marketing	1,944,668	121,051
Water and electricity	798,690	606,234
Business retention costs	3,393,649	3,212,530
Occupational Health and Safety	-	3,755
PPE and sanitisation expenses	-	8,594
	45,205,754	44,986,410

11. EMPLOYEE RELATED COSTS

Figures in Rand	31 MARCH 2023	31 MARCH 2022
Basic Salaries	34,185,608	29,842,622
Performance Bonuses	-	1,491,872
Medical aid - company contributions	1,013,794	1,041,739
Unemployment Insurance Fund	237,412	228,219
Workmen's compensation contribution	60,451	74,860
Skills Development Levy	459,408	459,378
Leave pay provision charge	303,960	283,625
Pension Fund contributions	7,326,596	7,050,399
PAYE	12,023,934	12,572,826
	55,611,163	53,045,540
Number of employees (57 permanent employees, 1 fixed-term contract employee and 12 employees under internship programme (31 March 2022 : 51 permanent employees and 9 employees under internship programme)	70	60

The entity has a Defined Contribution Plan with Alexander Forbes. Employees contributed a minimum of 7,5% and the employer contributed 13,065% for the year ended 31 March 2023 (31 March 2022: R7 050 398) Trade & Investment KwaZulu-Natal made contributions as follows.

EMPLOYEES CONTRIBUTIONS

Pension contributions	6,640,333	6,386,818
Group life and disability	402,833	390,222
Funeral and Administration costs	283,430	273,358
	7,326,596	7,050,398

Trade & Investment KwaZulu-Natal made pension contributions, life cover, disability, funeral and administration contributions for its Executive Managers for the year ended 31 March 2023.

EXECUTIVE MANAGERS CONTRIBUTIONS - YEAR ENDED 31 MARCH 2023	PENSION CONTRIBUTION	GROUP LIFE AND DISABILITY	FUNERAL AND ADMINISTRATION	TOTAL
NST Matjie	412,766	25,557	17,903	456,226
Z Msomi	268,509	16,625	11,646	296,780
TO Galelekile	252,647	15,643	10,958	279,248
C Moodley	251,688	15,583	10,916	278,187
RN Ngcamu	251,688	15,583	10,916	278,187
	1,437,298	88,991	62,339	1,588,628

Trade & Investment KwaZulu-Natal made pension contributions for its Executive Managers for the financial year ended 31 March 2022 as follows;

EXECUTIVE MANAGERS CONTRIBUTIONS - 31 MARCH 2022	PENSION CONTRIBUTION	GROUP LIFE AND DISABILITY	FUNERAL AND ADMINISTRATION	TOTAL
NST Matjie	387,573	23,997	16,810	428,380
Z Msomi	252,121	15,610	10,935	278,666
TO Galelekile	197,689	12,240	8,574	218,503
C Moodley	236,327	14,632	10,250	261,209
RN Ngcamu	236,327	14,632	10,250	261,209
ZWM Ngidi (contract terminated on 16 April 2021)	17,443	1,080	757	19,280
	1,327,480	82,191	57,576	1,467,247

12. INVESTMENT REVENUE

Figures in Rand

31 MARCH 2023

31 MARCH 2022

INTEREST REVENUE

Bank

931,889

428,830

Interest received from the entity's short term investment account held with Standard Bank of South Africa

13. FINANCE COSTS

Finance lease costs

38,749

53,429

14. AUDITORS' FEES

Fees

2,637,273

2,498,090

15. CASH GENERATED FROM OPERATIONS

Surplus / (Deficit)

(3,388,658)

(4,691,227)

ADJUSTMENTS FOR:

Depreciation and amortisation

1,862,212

2,950,643

Loss on disposal of assets

-

329,667

Movements in provisions

228,067

(1,983,113)

CHANGES IN WORKING CAPITAL:

Receivables from exchange transactions

347,092

(474,328)

Payables from exchange transactions

38,347,587

27,157,165

Unspent conditional grants and receipts

2,914,163

2,086,441

40,310,463

25,375,248

16. OPERATING LEASE

TOTAL OPERATING LEASE

- Within one year

1,811,277

1,874,051

- In second to fifth year inclusive

1,102,609

1,558,861

2,913,886

3,432,912

KINGSMEAD INVESTMENT (PTY) LTD

- Minimum payment within one year

1,355,025

1,417,799

FRIEDSHELF 385 CC

- Minimum payment within one year

456,252

456,252

- In second to fifth years inclusive

1,102,609

1,558,861

1,558,861

2,015,113

(1) Kingsmead Investment (Pty) Ltd

The lease agreement for Durban administration offices was initially concluded with the previous landlord, namely Crescendo Management Services (Pty) Ltd on 01 July 2017 for the period of five (5) 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.

The term of this lease came to an end on 30 June 2022 at which the entity undertook to extend the lease term by a further one (1) year until 30 June 2023 with the benefit of about 4.5% reduction in the square meterage rate. After consideration of benefits of the lease and the reduction in lease costs offered by the landlord the lease term was subsequently increased to 30 June 2027.

The lease will be affected by the leasehold improvements which were originally depreciated over a 5 year period in line with the extension as indicated on Note 2.

(2) Friedshelf 385 cc

The entity has a lease agreement in place for its Gauteng satellite offices with the company called Friedshelf 385 CC. This lease was renewed in the 2021/2022 financial year for further period of 5 years. The Gauteng office was established to target investors based in Gauteng Province but wanted to invest in KwaZulu-Natal. The landlord agreed not to increase rental costs by an inflationary escalation rate for the duration of the lease term.

17. COMMITMENTS - TRADE & INVESTMENT KWAZULU-NATAL MAIN ACTIVITIES

Figures in Rand	31 MARCH 2023	31 MARCH 2022
Operational Commitments	34,323,317	28,214,818

18. COMMITMENTS - TECHNICAL ASSISTANCE FUNDS

On 31 March 2023, the total value of the approved TAF projects since the inception of the fund was R15 418 152 (31 March 2022: R15 072 245) and an amount of R15 089 734 (31 March 2022) was disbursed since the inception. The total commitment relating to this fund for the year ended 31 March 2023 was R328 418 (31 March 2022: R1 300 178).

19. RELATED PARTIES

RELATED PARTY TRANSACTIONS

Income received from related parties

Department of Economic Development, Tourism and Environmental Affairs (EDTEA)

173,716,000

99,306,000

Expenditure transactions with related parties

KZN Tourism Authority

(500,000)

-

Ithala SOC Limited

-

(64,494)

Ithala Development Finance Corporation

-

(500,000)

Department of Economic Development, Tourism and Environmental Affairs (EDTEA)

(5,000,000)

(1,000,000)

Department of Economic Development, Tourism and Environmental Affairs (EDTEA)

EDTEA is the sole shareholder of Trade & Investment KwaZulu-Natal (TIKZN) as Schedule 3C Public Entity. The entity is approved to receive operating funds and other project-dedicated funds based on the terms and conditions stipulated in the funding agreement signed with the sole shareholder.

The grants are received for purposes of advancing service delivery as set out in the funding agreement. The terms and conditions for the the main grant were met hence the grant was recognised as revenue. During the course of 2022/2023 financial year ended on 31 March 2023, a total amount of R173 716 000 (31 March 2022: R99 306 000) was received from the sole shareholder (EDTEA) as follows;

- a. operating purposes (R85,4 million),
- b. floods relief fund (R67,5 million),
- c. projects-specific grants (R15,8 million) and
- d. over payment of grant receipt made to the entity (R5,0 million).

In the year ended 31 March 2023, an amount of R5 000 000 (31 March 2022: R1 000 000) was refunded to the shareholder after it was discovered that it was overpaid to the entity.

KZN Tourism Authority

KZN Tourism Authority is one of the entities in the group that are funded and controlled by EDTEA. Trade & Investment KZN (TIKZN) is a member of the same group of entities that are controlled and funded by EDTEA.

During the year under review, TIKZN partnered with Tourism KwaZulu-Natal (TKZN) in promoting the Durban July 2022 horse racing event, which attracts strategic KZN stakeholders.

Ithala SOC Limited

Ithala SOC Limited is a licensed financial services and credit provider and is a 100% owned subsidiary of Ithala Development Corporation Limited.

Ithala Development Corporation Limited is one of the entities in the group of entries that are controlled by EDTEA. In the prior year ended 31 March 2022, an amount of R64 694 related 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.

There were no brokerage expenses incurred during the year ended 31 March 2023.

Ithala Development Corporation Limited

In 2021/2022 financial year, an amount of R500 000 was paid to Ithala Development Corporation Limited for business support funding for the company called Umphemvemve Projects and Supplies (Pty) Ltd which had acquired a nontransformed chicken franchise named Africaz Chicken in Newcastle. The funding was aimed at resuscitating the business after its trading stock was spoiled due to operations shutdown because of the COVID19 outbreak in 2019/2020.

Ithala Development Corporation Limited is one of the entities in the group that are funded and controlled by EDTEA.

There were no other payments made to the related party during the year ended 31 March 2023.

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.

- KZN Tourism Authority
- KZN Liquor Authority
- KZN Sharks Board
- KZN Growth Fund
- Dube Trade Port Corporation
- Richards Bay IDZ
- Moses Kotane Institute
- KZN Film Commission
- Ithala Development Finance Corporation
- KZN Ezemvelo Wildlife
- KwaZulu-Natal Gaming and Betting Board
- Ithala SOC Limited

20. NON-EXECUTIVE DIRECTORS' EMOLUMENTS AND EXECUTIVE MANAGERS' REMUNERATIONS

Members of the Board were paid directors fees / emoluments and travel allowances for the year ended 31 March 2023 (31 March 2022: R1 876 942) as prescribed by the KZN Provincial Treasury.

NON-EXECUTIVE DIRECTORS, YEAR ENDED 31 MARCH 2023	EMOLUMENTS	TRAVEL ALLOWANCES	TOTAL
Ms CM Cronjé (Chairperson)	521,637	13,623	535,260
Ms LCZ Cele (Deputy Chairperson)	171,859	-	171,859
Mr GW Bell	187,972	-	187,972
Mr ME Nkosi	131,016	-	131,016
Mr EB Mkhize	132,774	-	132,774
Ms U Maharaj	197,814	5,568	203,382
Mr SK Mpungose	115,321	-	115,321
Mr KS Shandu	207,471	10,264	217,735
Mr D Naidoo	165,553	-	165,553
	1,831,417	29,455	1,860,872

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 - year ended 31 March 2023	1,362,246	206,639	128,923	133,609	1,831,417

NON-EXECUTIVE DIRECTORS 31 MARCH 2022	EMOLUMENTS	TRAVEL ALLOWANCES	TOTAL
Ms CM Cronjé (Chairperson)	516,859	1,363	518,222
Ms LCZ Cele (Deputy Chairperson)	416,243	-	416,243
Mr GW Bell	189,182	-	189,182
Mr ME Nkosi	62,587	-	62,587
Mr EB Mkhize	77,304	-	77,304
Ms U Maharaj	189,990	4,196	194,186
Mr SK Mpungose	77,304	-	77,304
Mr KS Shandu	231,339	4,966	236,305
Mr D Naidoo	105,609	-	105,609
	1,866,417	10,525	1,876,942

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 - year ended 31 March 2022	1,369,796	210,758	174,083	111,780	1,866,417

20. NON-EXECUTIVE DIRECTORS' EMOLUMENTS AND EXECUTIVE MANAGERS' REMUNERATIONS (CONTINUED)

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

EXECUTIVE MANAGERS, YEAR ENDED 31 MARCH 2023	SALARY	MEDICAL AID	TRAVEL AND ALLOWANCES	PERFORMANCE BONUS	TOTAL
NST Matjie - CEO	2,713,047	-	192,199	208,306	3,113,552
Z Msomi - CFO	1,773,551	-	18,101	153,573	1,945,225
RN Ngcamu	1,642,117	100,242	49,663	127,017	1,919,039
C Moodley	1,600,343	64,356	47,555	127,017	1,839,271
D Nene	1,740,000	-	18,759	120,000	1,878,759
T Galelekile	1,670,898	-	35,480	127,500	1,833,878
	11,139,956	164,598	361,757	863,413	12,529,724

EXECUTIVE MANAGERS, YEAR ENDED 31 MARCH 2022	SALARY AND LEAVE PAY BENEFITS	MEDICAL AID	TRAVEL AND ALLOWANCES	PERFORMANCE BONUS	TOTAL
NST Matjie - CEO	2,489,198	-	195,814	560,823	3,245,835
Z Msomi - CFO	1,666,837	-	30,285	182,411	1,879,533
RN Ngcamu	1,489,622	95,070	134,591	309,399	2,028,682
C Moodley	1,434,038	61,032	106,347	117,182	1,718,599
ZMW Ngidi	240,106	-	-	-	240,106
D Nene	1,422,667	-	93,749	-	1,516,416
T Galelekile	1,307,851	-	-	-	1,307,851
	10,050,319	156,102	560,786	1,169,815	11,937,022

21. FRUITLESS AND WASTEFUL EXPENDITURE

The entity did not incur any fruitless and wasteful expenditure in the year ended 31 March 2023 (31 March 2022: R0,00).

22. IRREGULAR EXPENDITURE

The entity did not incur any irregular expenditure during the year ended 31 March 2023 (31 March 2022: R0,00).

23. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

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 were 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 actual expenditure and approved

budget are indicated in the Statement of Comparisons of Budget and Actual Amounts.

Detailed explanations have been provided under note 33.

CHANGES FROM THE APPROVED BUDGET TO THE FINAL BUDGET

The changes in the approved budget appropriation for 2022/2023 resulted from the approved rollover of unconditional grants. Provincial Treasury approved R15 077 301 million as a rollover from unconditional grants to provide technical support for business propositions, leather processing hub, district investment agencies roll-out for One Stop Shop facilities, clothing and textile feasibility study, development of textile and aquaculture feasibility studies, development of local economy, Drakensberg cable car project to stimulate tourism growth within Ukhahlamba region, competitiveness export enhancement initiatives and SMME and Cooperatives Technical Support programme.

The entity's 2022/2023 budget was further adjusted by a total amount of R15 400 000 that was allocated to specific projects and ongoing initiatives as follows;

- Lilani Hot Springs tourism project (R5,0 million)
- Leather processing hub, training incubation and biomass project (R5,0 million)

- Global Business Services Conference (R1,0 million)
- Growth coalition initiatives (R3,0 million)
- Drakenberg cable car project (R1,4 million)

YEAR ENDED 31 MARCH 2023

TOTAL BUDGET	FINAL BUDGET (ADJUSTED BUDGET)	ACTUAL EXPENDITURE
85,436,000	115,913,301	(102,717,878)

Trade & Investment KZN - Public Entity

YEAR ENDED 31 MARCH 2022

TOTAL BUDGET	FINAL BUDGET (ADJUSTED BUDGET)	ACTUAL EXPENDITURE
85,306,000	111,297,494	(101,036,022)

Trade & Investment KZN - Public Entity

Figures in Rand

31 MARCH 2023

31 MARCH 2022

RECONCILIATION FOR THE UNCONDITIONAL GRANT

Opening balance	981,074	4,924,070
Grants received from EDTEA	85,436,000	85,306,000
Less actual expenditure (excluding expenditure from unspent conditional grants)	(90,065,364)	(89,248,996)
	(3,648,290)	981,074

24. FINANCIAL STATEMENTS PREPARATION

The Annual Financial Statements were prepared on the basis of GRAP as required by the PFMA.

25. CONTINGENT LIABILITY

The entity is conducting an exercise on the potential impact of foreign transactions on import duties liable to SARS. The exercise is in progress and the impact, if any, has not been quantified at year end.

26. REPORTING PERIOD

The reporting period of the entity is for 12 months ended 31 March 2023.

27. PROVISIONS

RECONCILIATION OF PROVISIONS - YEAR ENDED 31 MARCH 2023

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	REVERSED DURING THE YEAR	TOTAL
Pro-rata Bonus Provision and Performance	2,475,503	2,738,571	(2,776,692)	301,189	2,738,571
Long-service recognition award	35,000	-	(35,000)	-	-
	2,510,503	2,738,571	(2,811,692)	301,189	2,738,571

RECONCILIATION OF PROVISIONS - YEAR ENDED 31 MARCH 2022

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	REVERSED DURING THE YEAR	TOTAL
Pro-rata Bonus Provision and Performance	4,493,623	2,475,503	(4,722,312)	228,689	2,475,503
Long-service recognition award	-	35,000	-	-	35,000
	4,493,623	2,510,503	(4,722,312)	228,689	2,510,503

In the year ended 31 March 2023, an actual total amount of R2 811 692 was paid to staff based on the outcome of the results for staff performance assessments as well as long-service recognition awards for the financial year ended 31 March 2022. An amount of R310 189 was subsequently reversed from the provisions as the value of the performance bonuses was uncertain at the time when it was raised.

A total amount of R2 738 571 (including employees' tax portion) was provided for staff performance bonuses based on the prior year individual performance assessment which the entity considered as reasonable estimates after taking into account prior period factors that existed in the period ended 31 March 2023.

In the prior year ended on 31 March 2022, a total amount of R4 722 312 was paid by the entity to staff for performance bonuses related to two (2) prior periods. An adjustment of R228 689 was made against the total liability of R4 493 623 that was provided for performance bonuses in 2020/2021 financial year. The actual value of the performance bonuses was uncertain at the time of the provision.

A total amount of R2 475 503 was provided for staff performance bonuses based on the prior year individual performance assessment which the entity considered a reasonable estimate after taking into account similar factors existed in the period ended 31 March 2022. This position was reviewed by management at year end after new factors emerged. An amount of R983,631 included in the total provision, was recorded as provision for PAYE.

A provision of R35 000 was catered for at the year ended 31 March 2022 for staff that were due for long-service recognition awards.

28. OTHER REVENUE

Figures in Rand

	31 MARCH 2023	31 MARCH 2022
Other income	104,445	26,072

Other income comprises of refunds from suppliers and approved sale of the scrapped items belonging to the entity.

29. GOING CONCERN

The entity had an accumulated surplus of R1 039 536 for the year ended 31 March 2023 (31 March 2022, accumulated deficit of R719 506). The entity's total assets exceeded its total liabilities by R1 039 536 for the year ended 31 March 2023 (31 March 2022, total liabilities exceeded the total assets by R719 506).

The Annual Financial Statements were 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 2023/2024 financial year in terms of the Medium Term Expenditure Framework (MTEF) and signed MOU.

31. FINANCIAL INSTRUMENTS

YEAR ENDED 31 MARCH 2023 - TOTAL FINANCIAL ASSETS

TAF cash and cash equivalents	512,280
TIKZN cash and cash equivalents	31,029,340
NDT Tourism Projects cash and cash equivalents	5,792,336
IDC relief funds cash and cash equivalents	89,107
Receivables	2,316,419
EDTEA floods relief fund	67,995,682
Total	107,735,164

YEAR ENDED 31 MARCH 2023 - TOTAL LIABILITIES

Accruals and payables	92,693,106
Finance lease liability	78,722
Total	92,771,828

YEAR ENDED 31 MARCH 2022 - TOTAL FINANCIAL ASSETS

TAF cash and cash equivalents	1,763,475
TIKZN cash and cash equivalents	40,882,995
NDT Tourism Projects cash and cash equivalents	23,205,257
IDC relief funds cash and cash equivalents	197,292
Receivables	2,663,509
Total	68,712,528

YEAR ENDED 31 MARCH 2022 - TOTAL LIABILITIES

Accruals and payables	54,345,520
Finance lease liability	58,287
Total	54,403,807

30. EVENTS AFTER THE REPORTING DATE

Events after reporting date are classified into two (2) categories, adjusting and non-adjusting.

ADJUSTING EVENTS AFTER THE REPORTING DATE

No adjusting events after the reporting date (31 March 2023) were noted.

NON-ADJUSTING

A pronouncement was made by the Industrial Development Corporation (IDC) to appoint the entity as an implementing agent to disburse R10 000 000 funding aimed at resuscitating informal businesses that were affected by the devastating floods in April 2022.

At 31 March 2023, the entity had finalised an evaluation criteria on how these funds would be disbursed to qualifying applicants. However at the reporting date the funding had not yet been received by the entity, therefore, it was considered premature to effect any adjustments to the Annual Financial Statements for the year ended 31 March 2023 as the pronouncement was deemed to have a non-adjusting effect.

1 YEAR OR LESS	1 TO 5 YEARS	TOTAL
512,280	-	512,280
31,029,340	-	31,029,340
5,792,336	-	5,792,336
89,107	-	89,107
2,316,419	-	2,316,419
67,995,682	-	67,995,682
107,735,164	-	107,735,164

1 YEAR OR LESS	1 TO 5 YEARS	TOTAL
92,693,106	-	92,693,106
78,722	15,579	94,301
92,771,828	15,579	92,787,407

1 YEAR OR LESS	1 TO 5 YEARS	TOTAL
1,763,475	-	1,763,475
40,882,995	-	40,882,995
23,205,257	-	23,205,257
197,292	-	197,292
2,663,509	-	2,663,509
68,712,528	-	68,712,528

1 YEAR OR LESS	1 TO 5 YEARS	TOTAL
54,345,520	-	54,345,520
58,287	94,299	152,586
54,403,807	94,299	54,498,106

31. FINANCIAL INSTRUMENTS (CONTINUED)

CREDIT RISK

The items indicated under trade and other receivables refer to subscriptions and rental prepayments in the leases for the Durban office and travel advance payments for staff business travel. The cash and cash equivalents are deposits which are placed with highly reputable financial institutions. These deposits comprise of grants received from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and these grants are deposited as draw-downs every month. Other deposits were received as conditional grants from Industrial Development Corporation (IDC) and the National Department of Tourism (NDT) for special projects. 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 draw-downs 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 cash flows, 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 the recent months, the risks arising out of the decline in the Rand have not been passed onto the entity.

CURRENCY RISK

Although the entity's funds that are placed with financial institutions maybe subject to currency risk this does not affect the cashflows of the entity as majority of our liabilities are Rand denominated.

32. RECONCILIATION OF AMOUNTS IN TERMS OF GRAP 24

YEAR ENDED 31 MARCH 2023

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

OPERATING ACTIVITIES	FINANCING ACTIVITIES	INVESTING ACTIVITIES	TOTAL
40,310,463	(58,285)	(882,452)	39,369,726

YEAR ENDED 31 MARCH 2022

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

OPERATING ACTIVITIES	FINANCING ACTIVITIES	INVESTING ACTIVITIES	TOTAL
25,375,248	(43,156)	(885,381)	24,446,711

33. ACTUAL OPERATING EXPENDITURE VERSUS BUDGET OPERATING EXPENDITURE

33.1. GOVERNMENT GRANTS AND SUBSIDIES

The entity was approved for the budget appropriation of R85 436 000 to fund its operating activities and compensation of staff in the financial year 2022/2023. The budget was adjusted by an amount of R15 077 301 that was approved from 2021/2022 rollover funds to finalise programmes that are already in the pipeline such as; the setting up of a leather processing and biomass facility; Drakensberg cableway project to stimulate tourism growth within the area of Ukhahlamba region; aquaculture projects; clothing and textile feasibility studies; One Stop Shop roll-out to three district investment

agencies in KZN; development of local economy by hosting an investment conference in November 2022; and other ongoing initiatives.

An additional total amount of R15 400 000 was further allocated to the entity during the course of the year under review as a top up funding to oversee the completion of the strategic interventions and economic growth initiatives as referred to in the disclosure note 23.

33.2. PERSONNEL EXPENDITURE

The entity recorded a total expenditure of R55 611 161 for the year ended 31 March 2023. The total expenditure in the compensation of employees was slightly overspent by 0.4% of the annual budget, a slight over expenditure was noted by management as being attributed to new staff who

joined the entity later later in the financial year under review. The staff leave costs which are classified as non cash items were noted to had significantly reduced at year ended 31 March 2023 due to December 2022 leave days taken by staff.

Provisions for performance bonuses were included under personnel expenditure at 31 March 2023.

33.3. TRAVEL AND ACCOMMODATION

Spending on travel costs recorded slightly over 100% spent of the allocated budget, the over expenditure of 3.5% is relatively attributed to the increased number of staff compliment and the demand for regular travelling requirements for site inspections and projects monitoring. Examples of travel include regular travelling to Kosi Bay and Lilani to monitor the progress regarding the developments of the tourism sites situated in the northern part of the KwaZulu-Natal and midlands.

33.4. ADMINISTRATION AND OPERATIONAL COSTS

The budget for Administration and Operational costs, also considered as goods and services costs, was exceeded by 33.6% of the allocated annual budget. It was noted that the over expenditure was attributed to items such as international subscriptions costs which were highly affected by the volatility of the Rand against the domination of other international currencies which pushed the cost higher than normal; external audit was noted as higher than usual, this is because the Auditor-General had outsourced some of its services to other independent audit firms, this has resulted into the escalation of cost of the external audit as the rate would had been expected to be higher than normal. Connectivity and servicing costs of the IT resources were significantly high relative to the increased number of staff and maintenance costs of older machines which could not be replaced due to budget constraints.

Depreciation and amortisation for the period fall under this category and were recognised as non-cash items, ordinarily these items are included as part of the administration and operational costs.

The entity continues to monitor the implementation of cost-cutting measures through stringent monitoring measures relating to control of some of the administrative and operating costs such as telephones, colour printing and stationery, advertising and marketing costs. Savings from lower spending items were used to defray over expenditure on other items under this category. Interest generated from the entity's interest-bearing accounts assisted the entity in meeting expenditure pressures from administration and operational demands.

33.5. PROJECT SPECIFIC CONSULTANCY FEES

The actual expenditure for project specific consultancy fees were recorded at R9 944 438 for the year ended 31 March 2023. This was translated to 34.2% spent compared to adjusted budget for 2022/2023 financial year.

Under expenditure was mainly attributed to lengthy SCM processes which were completed later in the year under review for the appointments of suitable service providers, such as;

- the appointment of the preferred service provider to undertake a study for leather processing hub and biomass facility;
- the appointment of the preferred service provider for the Drakensberg cable way project in the Ukhahlamba region, this project was also affected by delays in finalising the Service Level Agreement and other agreements with the interested stakeholders which included the community trust interested in this particular project;
- EIA process the Aquaculture project is still to be completed.
- TAF projects for business propositions have been committed but not yet finalised.
- Lilani Hotspring project for the resuscitation of the tourism site between Greytown and Kranskop is still underway but not yet completed.

33.6. EXPORT DEVELOPMENT AND PROMOTION

A total amount of R1 201 533 was incurred for export development and promotion programme which translated to be 76% spent of the allocated annual budget. It was confirmed that a number of export initiatives scheduled to be undertaken within 2022/2023 financial year were completed on time such as export training support for emerging exporters to access opportunities in the export industry; export exhibitions and Transnet Port Terminals (TPT) export development programmes collaborated with the entity. However the under expenditure of around 24% was recorded by the entity at year ended 31 March 2023 due to the refund from the supplier of the TPT collaborated export initiative which could not be undertaken.

33.7. MARKETING AND COMMUNICATION

The budget for marketing programmes, such as, promotional events, advertising awareness campaigns and media relations and PR activations was 100% spent compared to the allocated annual budget, as a result there were no reasons for variances at 31 March 2023.

33.8. CAPITAL COSTS BUDGET

The entity spent R882 452 on capital costs budget during the financial year ended 31 March 2023, the over expenditure was recorded at 29,3% at year end and was attributed to the demand for acquisition of computer and other office equipment for new staff who joined the organisation during the year. The over expenditure was defrayed from savings realised from other budgeted items.

34. ACCOUNTING BY PRINCIPAL-AGENT ARRANGEMENTS

The entity is a party to a principal-agent arrangements
Details of the arrangements are as follows:

(a) National Department of Tourism (NDT)

The National Department of Tourism and Trade & Investment KwaZulu-Natal (TIKZN) agreed to regulate their working relationship in the implementation of the tourism projects, namely; Lilani Hotsprings, Hospitality Skills Development and Tourism Business Development Programme, and Bhanga Nek Community Camps projects in accordance with the binding agreement entered into in 2018/2019 financial year.

The entity was appointed by NDT to act as an agent on its behalf to rehabilitate tourism sites at Lilani and Bhanganek, as well as implementing tourism hospitality skills development and tourism business development programmes at these tourism sites.

Refer to note 7 for expenses incurred on behalf of the principal for the year ended 31 March 2023.

(b) Department of Trade Industry and Commission (the dtic)

As part of the Foreign Direct Investment (FDI) enabler to facilitate reduction of potential administrative burdens, the entity and the department entered into a contractual working arrangement to set up a One Stop Shop facility as an intergovernmental clearing house to attend to challenges often encountered by the investors.

The dtic agreed to make funding available to TIKZN towards the establishment of the One Stop Shop centre and binds itself to the provision of the binding agreement.

Trade & Investment KZN undertook to construct and set up the operations of the facility as intended including marketing of the facility's activities.

Refer to note 7 for expenses incurred on behalf of the principal for the year ended 31 March 2023.

(c) Department of Small Business Development (DSBD)

DSBD and TIKZN entered into a formalised and regulated working relationship to provide a relief fund to the Audio-Visual, Visual Art and, Craft and Design sector which was negatively impacted by the outbreak of the COVID 19 pandemic.

DSBD approved TIKZN as one of the qualifying institutions to implement the disbursement of the relief fund. The entity was able to address the challenges within the sector, such as production inefficiencies and barriers that were faced by the industry to access the market.

A remaining amount of R226 345 was agreed upon by DSBD in 2021/2022 to be retained by the entity for initiatives related to business support services.

Refer to note 7 for expenses incurred on behalf of the principal reflected in the prior year ended 31 March 2022.

There were no further engagements with DSBD as the principal in the year ended 31 March 2023.

(d) Transnet Port Terminal (TPT)

Transnet Port Terminal (TPT) and TIKZN entered into a binding agreement whereby it was agreed to fund the TPT and TIKZN Enterprise Programme that will be implemented by TIKZN for designated and identified groups (emerging black exporters, youth, women and people with disabilities (PWD) export enterprise).

TPT agreed to allocate R7 000 000 for 10 KZN companies on the exporter development programme which covers a period of 3 years. This translated to R2 333 333 per annum of which the second tranche was received within the financial year ended 31 March 2023.

Refer to note 7 for expenses incurred on behalf of the principal for the year ended 31 March 2023.

(e) Industrial Development Corporation (IDC)

In 2021/2022 financial year the Industrial Development Corporation (IDC) entered into a partnership agreement with TIKZN as an implementing agent to oversee disbursements of funds to assist the companies and entities that were affected by the unrest and looting which occurred in Gauteng and in KwaZulu-Natal in the month of July 2021. An amount of R30 million was made available to the entity in tranches, R22,8 million was disbursed for this course. The entity was able to earn R91 496 from the short-term investments accounts at the time, this interest was put back into the fund.

Refer Note 7 for expenses incurred on behalf of the principal for the year ended 31 March 2023.

(f) Economic Development, Tourism and Environmental Affairs (EDTEA).

The Economic Development, Tourism and Environmental Affairs (EDTEA) in response to the President's declaration of disaster in KwaZulu-Natal with regards to the April 2022 flooding which resulted in damages within the Province, EDTEA appointed Trade & Investment KwaZulu-Natal as an official inward promotion agency to execute the resuscitation of businesses affected by the floods. An amount of R67 500 000 was received by the entity in the year ended 31 March 2023 for this purpose.

A separate concluded binding agreement with EDTEA as the principal met the conditions of the Principal-Agent arrangements for GRAP 109.

Refer Note 7 for the analysis of the account.

35. PRIOR PERIOD ERROR ADJUSTMENT FROM CHANGE IN USEFUL LIVES

The entity performed an assessment exercise for the useful lives of its assets with the view to ensure that the entity's assets are reported correctly at their carrying values for the year ended 31 March 2023.

The accumulated surplus account was required to be adjusted accordingly after the exercise was completed, the adjustment was made based on the system's-calculated results which were adequately tested.

The adjustment represented a prior period error adjustments which were accounted for at 31 March 2023 as follows.

Figures in Rand	31 MARCH 2023	31 MARCH 2022
Leasehold improvements	-	5,008,772
Computer Equipment	-	238,580
Furniture and Fittings	-	(104,844)
Office Equipment	-	30,697
Computer Software	-	(25,505)
	-	5,147,700
Statement of Changes in Net Assets		
Opening balance at 1 April 2022 as previously reported	-	(719,506)
Prior period error adjustment	-	5,147,700
Re-stated opening balance at 1 April 2022	-	4,428,194

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