



destea

department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

**DEPARTMENT OF ECONOMIC, SMALL
BUSINESS DEVELOPMENT, TOURISM AND
ENVIRONMENTAL AFFAIRS**

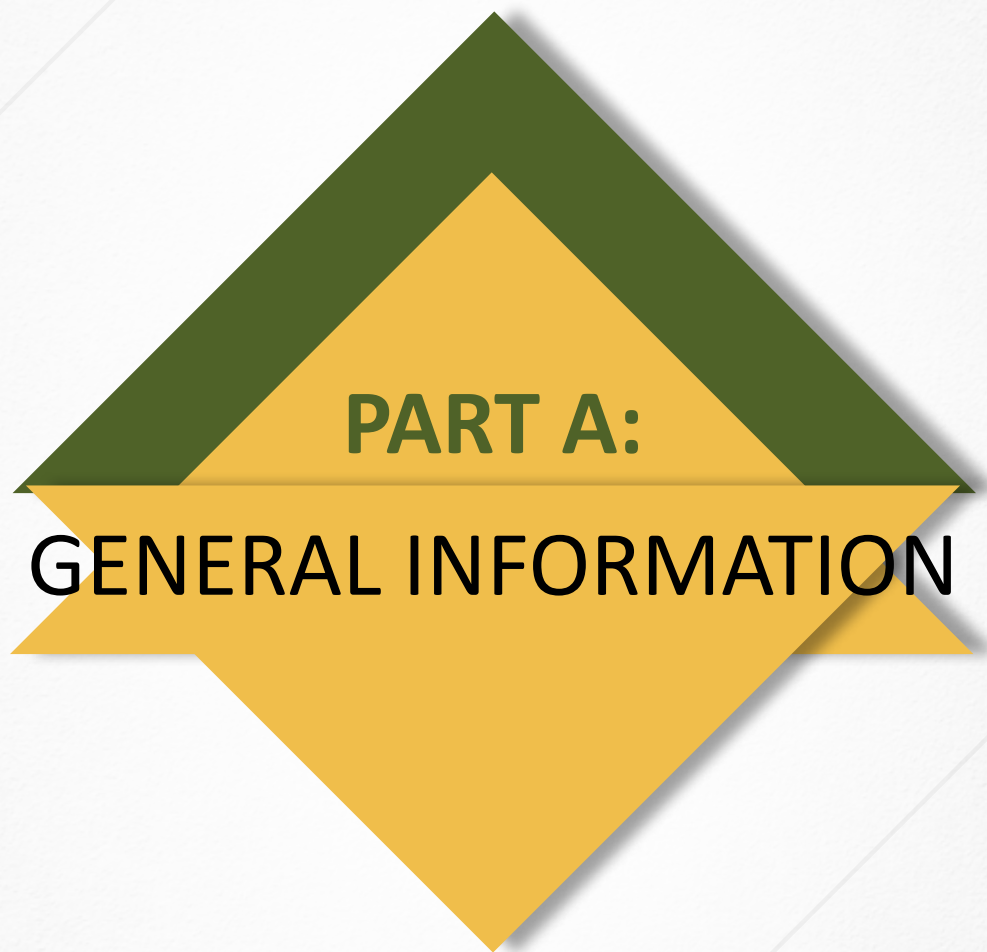
FREE STATE PROVINCE

VOTE NO. 3
ANNUAL REPORT
2018/2019 FINANCIAL YEAR

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PART A:

GENERAL INFORMATION



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FREE STATE PROVINCE

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

Acronyms	Description
AIDS	Acquired Immune Deficiency Syndrome
AMKPI	Asset Management Key Performance Indicator
APP	Annual Performance Plan
AQMP	Air Quality Management Plan
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
CCCU	Central Communication Coordinating Unit
DCC	Departmental Consultative Committee
DESTEA	Department of Economic, Small Business Development, Tourism and Environmental Affairs
DM	District Municipality
DMP	Demand Management Plan
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EHWP	Employee Health and Wellness Programme
EMC	Environmental Management Committee
EPWP	Expanded Public Works Programme
ETEYA	Emerging Tourism Entrepreneur of the Year Awards
EXCO	Executive Council
FDC	Free State Development Corporation
FS	Free State
FSGDS	Free State Growth and Development Strategy

GDP	Gross Domestic Product
GIAMA	Government Immovable Asset Management Act
HIV	Human Immune Deficiency Virus
HOD	Head of Department
HR	Human Resource
ICT	Information Communication Technology
IDP	Integrated Development Plan
IEMFFS	Integrated Environmental Management Framework of Free State
ITC	Information Technology and Communication
IWMP	Integrated Waste Management Plan
LED	Local Economic Development
MEC	Member of the Executive Council
MSP	Master Systems Plan
MTSF	Medium-Term Strategic Framework
MTEF	Medium-Term Expenditure Framework
NEMA	National Environmental Management Act
NSSD	National Strategy on Sustainable Development
PA	Protected Area
PP	Procurement Plan
PMDS	Performance Management Development System
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PMG	Pay Master General
PSBAC	Provincial Small Business Advisory Council

RIDS	Regional Industrial Development Strategy
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SMME	Small, Medium and Micro Enterprise
SMS	Senior Management Services
SRI	Social Responsibility Initiatives
Stats SA	Statistics South Africa
DTI	Department of Trade and Industry
UAMP	User Asset Management Plan
VCCT	Voluntary and Confidential Counselling and Testing
WIS	Waste Information System
LOGIS	Logistics Information System
CSD	Central Supplier Database



FOREWORD BY THE MEC

The tabling of this annual report gives an account of the undertakings made during tabling of 2018/19 budget policy statement where the department, among others, made a commitment to supporting enterprise development, promoting investment and implementing initiatives intended to attract investors nationally and internationally as well as providing effective and efficient environmental management best practices in the Free State .

The Annual Report will articulate the extent to which the Programme of Action (POA) has gone towards addressing the triple challenge of unemployment, poverty and, inequality facing the people we have the mandate to serve. The contents in the following pages outlines the work done through all the four programmes as outlined in the Annual Performs Plan approved by the Free State Legislature in the preceding year. Every effort was done, despite challenges, to deploy both the human and financial capital into ensuring that the work done responds to the needs of the people of the Free State.

The roll out of our services to the people of the Free State, was underpinned by a consultative process where the department listened to the needs and did everything within budgetary constraints to respond to them.

These roadshows, revealed that lack of entrepreneurial skills, difficulty to find suitable working space, appropriate working tools or equipment and finance are some of the challenges handicapping township enterprises. This deepened the department's resolve to resuscitate township economy.

Working together with its, partners like SEDA, Municipalities, Motheo TVET and several banks, the Container Park programme started to take shape in several townships in the Free State. To date, Parys, Clarens, Brandfort, Mangaung and Ficksburg Container parks are at different stages of completion and operation.

Another arm of the development of township economy is the Industrial Parks Revitalization Programme in collaboration with the Department of Trade and Industry (dti). Through this programme the industrial parks in Phuthaditjhaba and Botshabelo were upgraded. This industrial infrastructure has a huge potential to assist in ensuring that programmes like black industrialist programme and black economic empowerment meant at changing the structure of the economy and the ownership of means of production become a reality.

As part of the transformation agenda of the government, the Department is engaging in the transformation of the wildlife economy through its Black Game Rancher Programme. The epicenter of this programme is to assist emerging black game farmers to establish game farming enterprises by donating game to owners of suitable properties. The applicants are screened to determine their suitability as well as the suitability of properties owned by them for inclusion in the Black Game Rancher Programme.

Many of unsuspecting consumers continue to be the victims of harmful business practices where they are robbed of their hard earned money. We are pleased to announce that during the 2018/19 Financial Year, Consumer Protection Office continued to fight and resolve cases where consumers were treated unfairly during business transactions with traders. The Department's Consumer protection office continue to post successes this area.

Tourism plays a critical role in the growth of the economy of the Free State. Working with tourism product owners, travel agencies, tour operators and other relevant role players, the department continues to ensure that more tourists find the Free State as a preferred inland tourist destination.

None of these achievements would have been possible without the determination, courage, dedication and hard work of many individuals, organizations and importantly, the people of the Free State. We want to acknowledge that our first priority is to better the life of our people.

Our individual and collective challenge remains consolidating efforts to reverse the current low levels of investment in some sectors of the economy and industries which makes our country vulnerable to international competition. To address this and other challenges will need increased investment in skills development to bring our province on par with industrialized provinces.



Makalo Mohale

MEC DESTEA

DATE: 31 May 2019



REPORT OF THE ACCOUNTING OFFICER

- **Overview of the operations of the department:**

The main focus and mandate of the Department of Economic, Small Business Development, Tourism and Environmental Affairs is to champion economic activities in the Free State in order to ensure that the government programmes make a difference in the lives of our People. Our programmes for the retro under review are motivated by the principles of the National Development Plan, the Free State Growth and Development Strategy, the State of the Nation Address, the State of the Province Address and the department's Budget Vote.

The report contained in this document will outline the operation of the department which focussed primarily on:

1. Socio – Economic Transformation
2. Foreign Direct Investment
3. Business Regulation
4. Tourism Development
5. Environmental Management and
6. Effective Governance

The accomplishment of our programme of action primarily depends on co-ordination and alliance with other stakeholders like: National Departments and Provincial Departments, State owned agencies, Municipalities, Institutions of Higher Learning and other associations.

In our effort to improve service delivery to the People of the Free State, focus was placed on administrative and fiscal discipline which include filling of critical vacant funded positions in the department.

- **Overview of the financial results of the department:**

- **Departmental receipts**

Departmental receipts	2017/2018			2018//2019		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services and capital assets	21,374	20,345	1,029	25,008	23,783	1,225
Fines penalties and forfeits	134	393	(259)	799	410	389
Interest dividends and rent on land	13	28	(15)	13	63	(50)
Transactions in Financial assets and liabilities	794	1,168	(374)	314	1,057	(743)
Total	22,315	21,934	381	26,134	25,313	821

The Department held an annual game auction which resulted in sales worth R9,6 million; from which R9,1 million was paid in the 2018/19 financial year. The Department also sold game meat worth R2,3 million to the buyers who paid at the auction, as well as to the general public during game culling processes.

- **Sales of Goods & Services**

The Department could not meet the revenue target due to the following reasons:

- Part of the revenue from the game auction that was held on 16 February 2019 was only paid in the 2019/20 financial year.
- The Department has temporarily closed Phillip Sanders resort for maintenance, which resulted in a missed opportunity to collect revenue.

- **Fines, Penalties and Forfeits**

There are challenges with regard to recovery of this revenue due to the long legal process taken to conclude cases involving contravention of Sec 24 (G) of the National Environmental Management Act (NEMA).

- **Interest**

Successful recovery of interest-bearing debts from ex-employees and current employees' bursary debts resulted in over-collection.

- **Transactions in Financial Assets and Liabilities**

The recovery of previous years' expenditure (e.g. tax refund from the South African Revenue Services and staff debts) resulted in over-collection of revenue.

- Programme Expenditure

Programme Name	2017/2018			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	141 099	141 056	43	177 618	176 864	754
Environmental Affairs	136 691	137 858	(1 167)	167 783	151 259	16 524
Economic Development	218 167	201 075	17 092	226 683	221 588	5 095
Tourism	9 191	8 937	254	8 650	8 524	126
TOTAL	505 148	488 926	16 232	580 734	558 235	22 499

- Virements/Roll overs

Rollovers requested:

Earmarked funding/IEA/REA	Amount Requested for Roll-over (R)
Earmarked funding	17,087,473
IEA	2,520,521
Other	4,248,365
Total	23,856,359

Virements:

Programme	Amount (R'000)
Administration	2 560
Environmental Affairs	(2 580)
Economic Development	500
Tourism	(480)
Total	-

- A description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence:

- There was no unauthorized expenditure incurred during the year under review.

- **Future plans of the department:**

- Future plans of the department are explained in the 2019/20 Annual Performance Plan.

- **Public Private Partnerships**

- The department currently does not have any PPP's, however, it intends to explore PPP opportunities for various economic development initiatives.

- **Discontinued activities / activities to be discontinued**

- None

- **New or proposed activities**

- Support of enterprises in the Waste Economy.
- Support and expansion of infant industries.
- Focus on establishing value chains in sectors where the FS has both comparative and competitive advantages.

- **Supply chain management**

- None

- **Gifts and Donations received in kind from non-related parties**

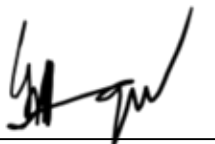
- None

- **Exemptions and deviations received from the National Treasury**

- None

- **Appreciation**

- I thank the Executive Council of the Province led by the Honorable Premier for their leadership, the MEC for strategic guidance and support, Senior Management of the Department, and staff in general for their support and dedication to serve.



Dr M Nokwequ

Accounting Officer

Department of Department of Economic, Small Business Development, Tourism and Environmental Affairs

Date: 31 May 2019

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

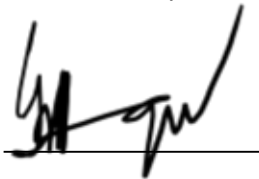
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer 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 my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2019.

Yours faithfully



Dr M Nokwequ

Accounting Officer

Date: 31 May 2019

6. STRATEGIC OVERVIEW

6.1 Vision

“A transformed economy and a prosperous society that is living in harmony with its natural resources”.

6.2 Mission

“To be a leading and developmental institution, that drives economic transformation, environmental sustainability, system change and adaptation to the ever-changing dynamics for the benefit of the Free State.”

6.3 Values

- Team Work
- Integrity
- Accountability
- Passion

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATE

The DESTEA’s constitutional mandates have been derived from Schedules 4 and 5 of the Constitution of the Republic of South Africa, which requires the Department to oversee and administer the following:

1. Trade
2. Tourism
3. Casinos, racing, gambling and wagering
4. Consumer protection
5. Environment
6. Industrial promotion
7. Nature conservation
8. Provincial public enterprises
9. Liquor licences and control of undertakings that sell liquor to the public
10. Small business development

Furthermore, the Department’s constitutional mandate is derived from Section 24 of the Constitution, which emphasises that, everyone has the right:

- a. to an environment that is not harmful to their health or well-being; and
- b. to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:
 - i. prevent pollution and ecological degradation;
 - ii. promote conservation; and
 - iii. secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

7.2. LEGISLATIVE MANDATE

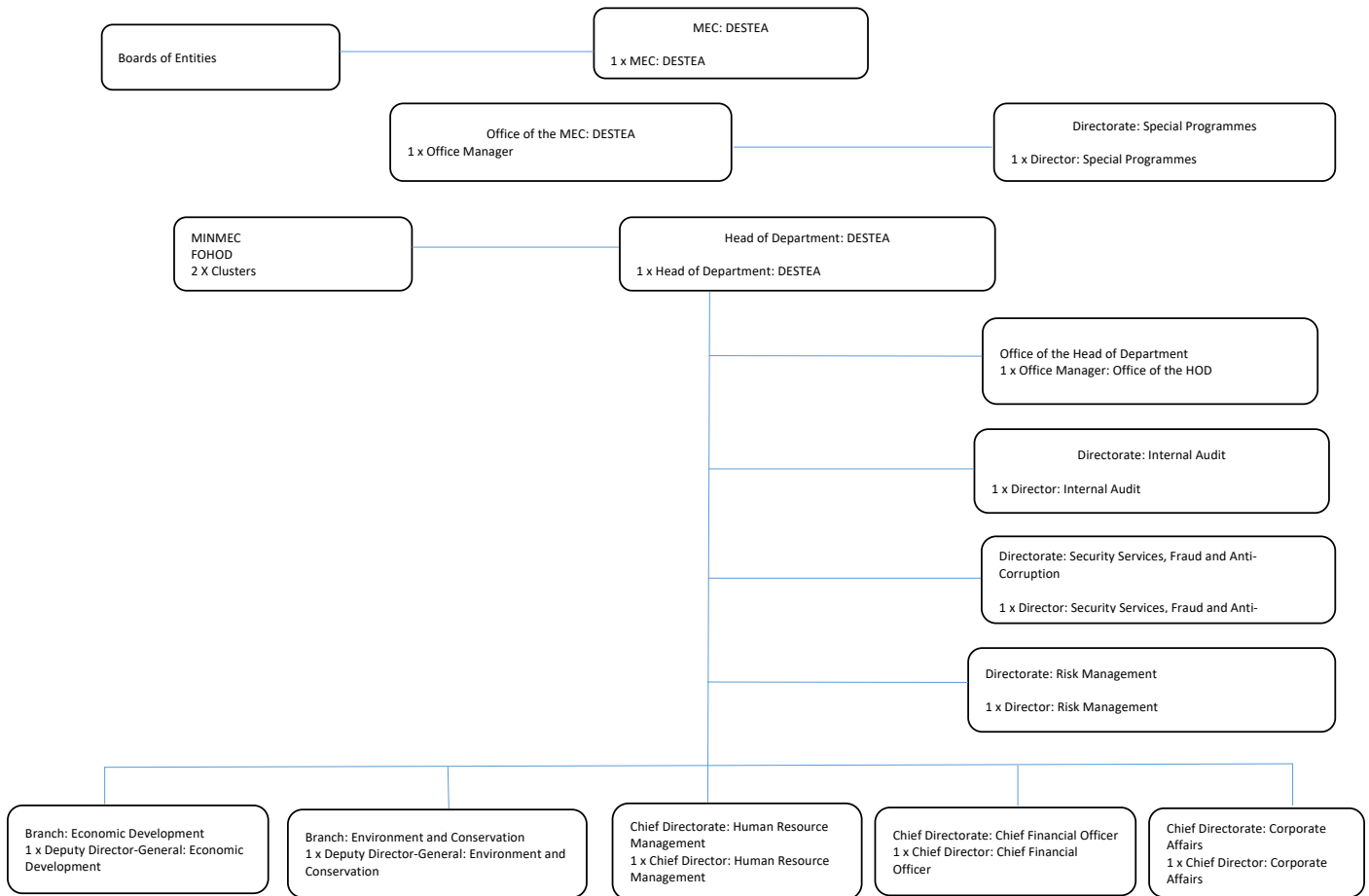
The table below indicates core legislative mandates that are applicable to departmental programmes and objectives.

Programme Name and Core Function:	Legal Mandate	Implications
Economic Development: SMME Development	<ul style="list-style-type: none"> • National Small Business Act, 1996 (Act No. 102 of 1996) and Amendments • Business Act 1991, (Act No. 71 of 1991) 	Promote policy objectives, facilitate strategy implementation and align programmes to encourage SMME development in the Province.
	<ul style="list-style-type: none"> • Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) 	Promoting Broad Based Economic Empowerment in the Province.
Economic Development: Gambling & Betting Administration	<ul style="list-style-type: none"> • Free State Gambling and Liquor Act 	The Act replaces Free State Gambling and Racing Act, 1996 (Act No. 6 of 1996)
Economic Development: Consumer Protection	<ul style="list-style-type: none"> • Free State Consumer Affairs (Unfair Business Practices) Act, 1998 (Act No. 14 of 1998) • Consumer Protection Act No 68 of 2008 	Investigation, control and prohibition of unfair business practices. Referral of matters in terms of the National Consumer Affairs Act.
Economic Development: Compliance Monitoring	<ul style="list-style-type: none"> • Credit Agreement Act 1980, (Act No. 75 of 1980) 	Business compliance monitoring and redress.
Economic Development: Liquor Administration	<ul style="list-style-type: none"> • Liquor Act 1989, (Act No. 27 of 1989) • National Liquor Act, 2003 (Act No. 59 of 2003) 	Regulating the micro-manufacturing, retailing and distribution of liquor in the Province.
Economic Development: Trade Inspection	<ul style="list-style-type: none"> • Trade Metrology Act, 1973 (Act No. 77 of 1973) • Credit Agreement Act, 1980 (Act No. 75 of 1980) 	Ensure compliance with trade metrology and credit agreement regulations.

Programme Name and Core Function:	Legal Mandate	Implications
Environmental Affairs: Protected Areas Management	<ul style="list-style-type: none"> National Environmental Management Act, 1998(Act No.107 of 1998) and Amendments 	Coordination of the implementation, regulation and administration of all mandates entrusted to other sub-programmes and ensure monitoring thereof.
	<ul style="list-style-type: none"> Environmental Conservation Act, 1989 (Act No. 7 of 1989) Free State Nature Conservation Ordinance , 1969 (Ordinance No. 8 of 1969) 	Promoting conservation in the Province.
	<ul style="list-style-type: none"> Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004) 	Ensuring Biodiversity protection in the Province.
	<ul style="list-style-type: none"> National Environmental Management: Protected Areas Act, 2003 (Act No.57 of 2003) 	Providing an efficient framework for the management of protected areas.
	<ul style="list-style-type: none"> National Heritage Recourses Act, 1999 (Act No. 25 of 1999) World Heritage Conservation Act, 1999 (Act No. 49 of 1999) 	Ensuring the protection and effective management of National Heritage and World Heritage Sites.
	<ul style="list-style-type: none"> Game Theft Act, 1991 (Act No. 105 of 1991) 	Providing a framework for the implications of game theft.
	<ul style="list-style-type: none"> National Water Act, 1998 (Act No. 36 of 1998) 	Providing a regulating framework on water usage in the Province.
	<ul style="list-style-type: none"> National Environmental Management: Waste Act, 2008 (Act No.59 of 2008) 	Ensuring effective waste management in the Province.
	<ul style="list-style-type: none"> National Environmental Management: Air Quality Act, 2005 (Act No. 39 of 2005) 	Ensuring the prevention of air pollution in the Province.
	<ul style="list-style-type: none"> Veldt and Forest Fire Act, 1998 (Act No. 101 of 1998) 	Provide a regulatory framework for the prevention and combat of veldt and forest fires.
	<ul style="list-style-type: none"> Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983) 	Ensuring the conservation of vital agricultural resources in the Province.
	<ul style="list-style-type: none"> Animal Protection Act, 1962 (Act No.71 of 1962) Spatial Planning and Land Management Act No. 16 of 2013 (SPLUMA) 	Ensuring the protection of various animal species in the Province To improve spatial planning and land management practises.

Programme Name and Core Function:	Legal Mandate	Implications
<u>Tourism</u>	<ul style="list-style-type: none"> • Tourism Act No. 3 of 2014 • Free State Tourism Authority Act, 2005 (Act No. 3 of 2005) • Tourism second amendment Act No.70 of 2000 	<p>To make provision for the promotion of tourism in the Republic; and further to regulate and rationalize the tourism industry</p> <p>Provide legal and operational framework for tourism promotion and development in the Province.</p> <p>Act provides for training and registration of tourist guides; and make provision for a code of conduct and ethics for tourist guides.</p>

8. ORGANISATIONAL STRUCTURE




The department has an approved organisational structure of 1647 posts. Of these posts, 804 posts are funded and 112 are unfunded and have been removed from PERSAL. As at 31 March 2019, the Department had a workforce of 691, this is inclusive of 676 permanent employees and 15 contract workers. The current vacancy rate is standing at 13.95% which is above the benchmark of 10%. The vacancy rate at Senior Management Services position is standing at 25.64%. The department advertised 49 posts that were vacated as a result of natural attrition and the intention is to fill these posts in the 2019/2020 financial year. The department is in the process to review the list of 112 vacant funded posts with an effort to prioritize the most critical posts to be filled in the MTEF period.

The department undertook the process of reviewing its organisational structure in order to try to operate with a mean and lean structure, address duplication of functions but at the same time aligning it with departmental mandates. This structure has since been consulted with the Department of Public Service and Administration and inputs have been received for the department to incorporate in finalising the organisational structure.

9. ENTITIES REPORTING TO THE MEC

The table below indicates the entities that report to the MEC:

Name of entity	Legislative Mandate	Financial Relationship	Nature of Operations
Free State Development Corporationz	FreeState Development Corporation Amendment Act 4 of 2010	Transfer Payment	<ul style="list-style-type: none"> Finance and advance economic growth and development, Black Economic Empowerment and SMME development and growth. Promote investment and trade within the Province and to identify, analyse, publicize and market investment and trade opportunities in the provincial economy
Free State Gambling, Liquor and Tourism Authority	Free State Gambling, Liquor Act 6 of 2010 and Tourism Authority Act 4 of 2011	Transfer Payment	<ul style="list-style-type: none"> Regulate the gambling and racing activities in the Province on behalf of the Provincial Department. Reduce socio-economic and other costs of alcohol abuse. Regulate the micro-manufacturing and retail sale of liquor or methylated spirits. Promote tourism and increase market share in the tourism industry and to coordinate marketing activities of all role players. Market major sport events for tourism promotion.



PART B:
PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 110 - 117 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

Economic Overview

According to the International Monetary Fund's (IMF) World Economic Outlook, the global expansion has weakened. The negative effects of tariff increases are becoming more visible in economic data and uncertainty arising from trade tensions remains. Other risks include geo-political developments and excessive financial market volatility. The IMF estimates that Global growth for 2018 is to stand at 3.7 percent despite weaker performance in some economies such as Europe and Asia. Additionally, it is projected that the global trade will grow at 3.5 percent in 2019 and 3.6 percent in 2020.¹

In sub-Saharan Africa, growth is expected to pick up from 2.9 percent in 2018 to 3.5 percent in 2019, and a further 3.6 percent in 2020. Over one-third of sub-Saharan economies are expected to grow above 5 percent in 2019–20. This growth however is veiled by the downward projections for Angola and Nigeria due to moderate oil prices. Despite these predictions, the IMF forecasts South Africa's economy to grow at a more modest pace between 2019 and 2020, at 1.4 percent and 1.7 percent respectively. The South African Reserve Bank's forecast is quite similar, estimating national output at 1.7 percent in 2019, 2.0 percent in 2020 and 2.2 percent in 2021. Constrained growth is attributed to subdued demand as a result of weaker levels of consumer and business confidence.²

Positively, the South African Rand is one of several emerging market currencies that has staged a recovery from its 2018 valuation lows. Since the November 2018, the national currency has appreciated by 1.4% against the US dollar, by 1.5% against the euro, and by 0.5% on a trade-weighted basis.³ However the Rand continues to remain sensitive to domestic growth prospects, political developments, policy settings and fluctuations in investor sentiment.

Table 1: South African Gross Domestic Product (GDP) Growth Forecast

	IMF World Economic Outlook			SARB MPC			
	Percentage (%)			Percentage (%)			
South Africa	2018	2019	2020	2018	2019	2020	2021
	0.8	1.4	1.7	0.7	1.7	2.0	2.2

Table Adapted from: International Monetary Fund -World Economic Outlook and South African Reserve Bank- MPC Statement

Statistics South Africa reported real GDP growth of 1.1 percent year-on-year.⁴ The annual growth slightly surpasses National Treasury's expectation of 1.0 percent growth announced during the National Budget Speech in February 2019.⁵ The image below illustrates quarterly growth in the GDP from Q1:2016 to Q4:2018.

2 South African Reserve Bank- MPC Statement. January 17, 2019

3 Ibid

4 Statistics South Africa. 2019. Gross Domestic Product Q4:2018

5 Republic of South Africa: Department of National Treasury. 2019. Budget Speech

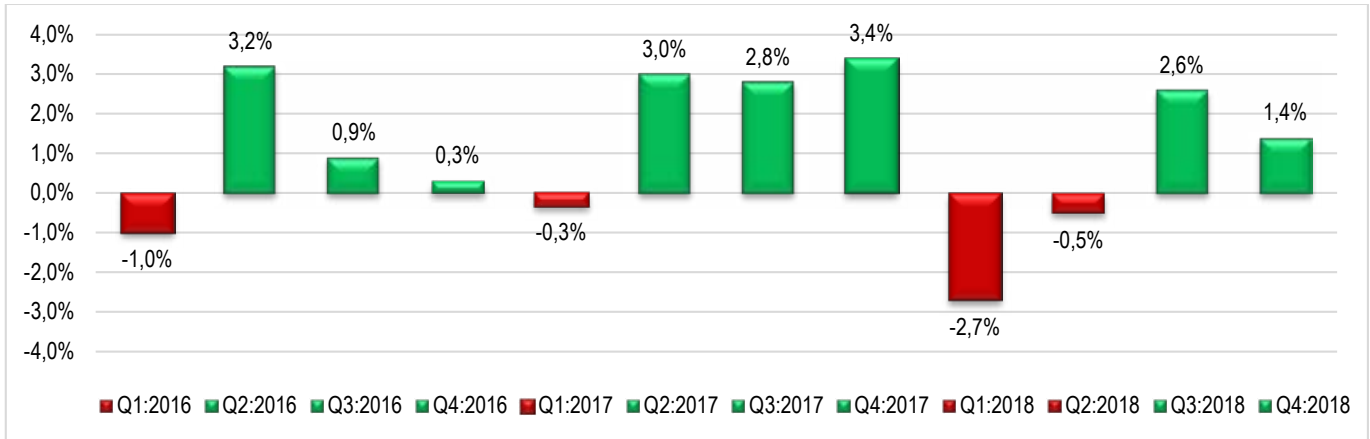
Figure 1: Growth in GDP (%) from Q1:2016 to Q4: 2018

Figure adapted from: Statistics South Africa. GDP Q4:2018. Figure 1

Population

According to the Community Survey 2016 (CS 2016) for the Free State released by Statistics South Africa (StatsSA), the provincial population stood at 2 834 714 in 2016. This figure represents a 0.7 percent growth rate as compared to the population reported during Census 2011 of 2 745 590.⁶ The Province's population in 2017 was reported at 2 882 994.⁷ Among the various Free State municipalities, Mangaung Metropolitan Municipality holds the largest population (787 803) followed by Matjhabeng (429 1130) and Maluti-a-Phofung (358 452). Tokologo Municipality in the Xhariep District recorded the lowest population (29 149) in the Free State. Metsimaholo grew the most between all the local municipalities at 2.1 percent annual growth rate. Dihlabeng Local Municipality followed closely growing at 1.9 percent annually. The district profile further showed that Fezile Dabi District was the only district that experienced negative population growth in most of its local municipalities (with the exception of Metsimaholo) over the period.

Table 2: Distribution of population by district and municipality, Census 2011 & CS 2016*

Province/district/local municipality	Census 2011	Community Survey 2016	Growth rate	2017**
Xhariep	121 945	125 884	0,7	854 000
Lejweleputswa	624 746	646 920	0,8	122 000
Thabo Mofutsanyana	735 679	779 330	1,3	635 000
Fezile Dabi	488 036	494 777	0,3	748,000
Mangaung	775 184	787 803	0,4	524 000
Free State	2 745 590	2 834 714	0,7	2 880 000

Table Source: Statistics South Africa. 2018. Free State Community Survey 2016

* Note: Data for Census 2011 have been aligned to 2016 municipal boundaries

**Note: Population figures sourced from IHS Markit Regional eXplorer version 1417

6 Statistics South Africa. 2018. Free State Community Survey 2016

7 IHS Markit Regional eXplorer version 1417

Migration is one of the demographic processes that affects population size and structure of a place at a particular time. According to results presented in CS 2016 the majority (80.4 percent) of persons born in Free State were still residing there at the time of the survey. The survey further showed that people born in the Province mainly migrate to Gauteng (11.5 percent), while less than 1% migrated to Limpopo, Eastern Cape and the Northern Cape.

Free State Labour Force Statistics

Figure 2: Summary of Free State labour market measures at a glance, Q4: 2018

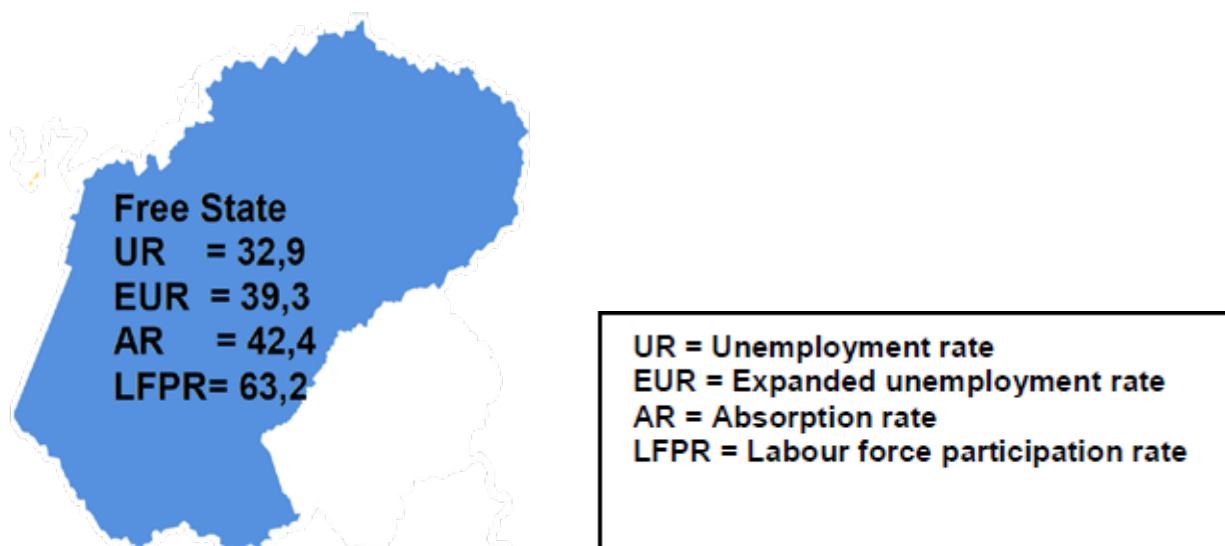


Image adapted from: Statistics South Africa. 2019. Quarterly Labour Force Survey Q4:2018

In the final quarter of 2018, the Free State Province performed well in terms of employment gains recorded the 2nd highest gains among the nine provinces. Following Gauteng (with an 86 000 increase), the Free State Province recorded a 32 000 employment increase between Q3:2018 and Q4:2018. After two consecutive quarters of recording the highest unemployment rate among the provinces, the Free State displayed signs of recovery as the official unemployment rate dropped 3.4 percentage points down to 32.9 percent in Q4:2018. The Provincial unemployment rate however increased by 0.3 of a percentage year-on-year; from 32.6 percent in Q4:2017 to 32.9 percent in Q4:2018.

The Free State's working age population remained relatively unchanged between the final quarters of 2017 and 2018, increasing by 10 000 year-on-year. The size of the Province's Labour Force also grew over the year, rising from 1 321 000 in Q4:2017 to 1 329 000 in Q4:2018 (an increase of 8 000). Of the entire Labour Force 806 000 people were employed, while 522 000 were unemployed. The unemployment rate for Non-Metro Areas dropped by 0.7 percentage points year on year, while the Metro's unemployment rate increased from 32.9 percent in Q4:2017 to 35.2 percent in Q4:2018.

Three of ten industries recorded decreases in employment between Q4:2017 and Q4:2018. Agriculture recorded 21 000 employment losses while Trade and Construction reported 23 000 and 18 000 less jobs respectively. Employment losses were offset only slightly by gains in Mining (8 000), Manufacturing (15 000), Utilities (2 000), Transport (1 000), Finance (5 000), Community and Social Service (19 000) and Private Households (13 000). The Province's Mining sector recorded the highest year-on-year percentage growth, with a 48.5 percentage point increase in employment.

Table 3: Employment by industry in the Free State Province

Employed by industry in the Free State Province									
	Oct-Dec 2017 (‘000)	Jan-Mar 2018 (‘000)	Apr-Jun 2018 (‘000)	Jul-Sep 2018 (‘000)	Oct-Dec 2018 (‘000)	Qrt-to-Qrt Change (‘000)	Year- on-Year Change (‘000)	Qrt-to-Qrt Change (percent)	Year- on-Year Change (percent)
Agriculture	77	92	71	74	57	-17	-21	-23,5	-26,7
Mining	16	18	23	24	24	1	8	3,0	48,5
Manufactur- ing	55	58	58	65	71	5	15	7,7	28,1
Utilities	9	7	10	11	10	0	2	-2,2	18,0
Construction	75	59	51	64	58	-7	-18	-10,2	-23,3
Trade	163	176	162	141	140	-1	-23	-0,6	-14,2
Transport	39	35	41	35	40	6	1	16,0	2,5
Finance	86	91	84	71	91	20	5	28,1	5,7
Community and Social Services	200	200	202	197	219	22	19	11,3	9,3
Private House- holds	84	77	84	92	96	4	13	4,4	15,0

Table adapted from: Statistics South Africa. QLFS Q4:2018 Table 3.2

Youth unemployment remains a challenge for the Free State as the Provincial NEET (not in education, employment or training) rate increased by 0.8 of a percentage point year-on-year, from 37.7 percent in Q4:2017 to 38.8 percent in Q4:2018. Despite this, the Free State rates fourth in terms of provinces with the lowest youth unemployment.

Gross Domestic Product

In 2017 the Free State Province had a total GDP of R234 billion in current prices. The 2017 GDP figure reported represents an increase from the ten years prior when the provincial GDP was R114 billion. The Free State Province contributed 5.03 percent to the South Africa GDP of R 4.65 trillion in 2017. The Province’s contribution to the National economy has remained in the same range since 2007, but it is currently lower than the peak of 5.48 percent in 2008. The annualised GDP growth has struggled to reach the pre-global financial crisis levels. In 2017, the Free State Province achieved an annual growth rate of 2.90 percent which is a significantly higher growth rate than that of the country as a whole, where the 2017 National GDP growth rate was 1.30 percent. Contrary to the short-term growth rate of 2017, the longer-term average growth rate for Free State (1.42 percent) is slightly lower than that of South Africa (1.76 percent). The economic growth in Free State peaked in 2007 at 3.71 percent.⁸

Breaking down GDP per District shows that the largest contribution to the Province came from the Mangaung Metropolitan Municipality (R93,32 billion), followed by the Fezile Dabi District Municipality (R53,51 billion) which is the industrial hub of the Free State economy. Thabo Mofutsanyana District Municipality’s (R42,43 billion) was the third largest followed by Lejweleputswa District Municipality’s (R36,83 billion) the fourth and Xhariep District Municipality’s (R7,87 billion) was the fifth in size of contribution. It is predicted that the Free State Province’s GDP will be approximately R172 billion (constant 2010 prices) in 2022, therefore accounting for 5.0 percent of the National GDP. The prediction

of the Province's GDP contribution remains in the current range. At a 0.86 percent average annual GDP growth rate between 2017 and 2022, Free State ranked the lowest compared to the other regional economies.

The Free State Province's economy is made up of various industries. The GVA-R variable provides a sector break-down, where each sector is measured in terms of its *value adding* in the local economy. The summary below puts the Gross Value Added (GVA) of National in relation to that of the Free State Province.

Table 4: Gross Value Added (GVA) by broad economic sector - Free State Province, 2017 [R billions, current prices]

	Sector contribution in R billions	% of Free State GVA	National Total	Free State sector GVA as % of national
Agriculture	11.6	5%	106.4	10.9%
Mining	21.8	10%	334.7	6.5%
Manufacturing	24.4	12%	551.6	4.4%
Electricity	10.0	5%	155.2	6.4%
Construction	5.1	2%	163.3	3.1%
Trade	29.2	14%	626.8	4.7%
Transport	22.1	11%	411.5	5.4%
Finance	33.1	16%	840.7	3.9%
Community services	52.9	25%	981.6	5.4%
Total Industries	210.2		4,171.7	5.0%

Table Source: IHS Markit Regional eXplorer version 1417

In 2017, the largest sector within the Free State Province accounting for R 52.9 billion or 25 percent of the total GVA in the Province's economy was the community services sector. The finance sector came in second contributing 16 percent to the provincial followed by the trade sector with 14 percent. The construction sector contributed the least to the economy of Free State Province making up 2.41 percent (R 5.07 billion) of the total GVA. Worth noting is that although the Free State Agriculture sector has a location quotient of 2.2, indicating that the Province has a competitive advantage in agriculture, the sector only contributes 5 percent of the provincial GVA and to 10.9 percent of the National figure. This indicates that the Province is not exploiting the sectors full potential.

Policy Environment

The mandate of the Department emanates from national and provincial policies as well as legislative frameworks, as described in our 2015 – 2020 Strategic Plan. In addition to the policies and legislation mention in the Strategic Plan of the Department, the Presidency has developed a National Development Plan (NDP) Vision 2030. This plan, which maps out the direction South Africa should take to achieve Vision 2030, was considered when developing the 2017/18 Annual Performance Plan. The main themes emphasised by the NDP includes:

- Economy and employment
- Economic infrastructure
- Transitioning to a low carbon economy
- Inclusive rural economy
- Positioning South Africa in the world

- Human settlement
- Promoting health and
- Social protection

The Medium Term Strategic Framework (MTSF), the Nine Point Plan of Government, the Provincial Growth and Development Strategy and the Provincial Programme of Action has also been encapsulated in the content of this plan.

Demand for services

The demand for environmental services is largely driven by the legislative mandate of the department to protect and sustain the natural resources of the province. The services provided by the department in this regard therefore focusses in the main on the enforcement of environmental legislation, the management of bio-diversity and climate change, as well as environmental awareness and education.

The demand for economic related services is attributable to both push and pull factors. The macro-economic policies of government has resulted in the rendering of certain services in order to achieve the various policy objectives, such as tourism and industrial development. On the other hand, the current low GDP and GVA levels in the province, coupled with significantly high levels of unemployment has necessitated the delivery of certain services, such as SMME support, mining town support and township revitalization.

2.2 Service Delivery Improvement Plan

The department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

Main services and standards:

1.1 Management of the Protected Areas: Reserves and Resorts

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Management of the Protected Areas: Reserves and Resorts	<ul style="list-style-type: none"> General Public including tourists/ adventures 	21, 5% of the original budget of R45.672m for infrastructure development used.	<ul style="list-style-type: none"> Use 100% of the allocated budget. 	28.9% of the original budget of R34,298m was used

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation		

Current/actual arrangements	Desired arrangements	Actual achievements
Monthly Meetings	<p>Monthly Meetings convened by Infrastructure Development and Maintenance Manager</p> <p>Annual meeting with role-players – Reserve and Resort management, Infrastructure component and SCM to discuss and finalise priorities and budgeting. Result is a fully functioning and up to date UAMP report.</p>	<p>Ad hoc meetings with Resorts and Reserves managers held.</p> <p>One meeting held in March to finalize infrastructure plans for Sandveld projects to the value of R17m (R5m for Fencing, R6m for Sewage and R6m for water reticulation).</p>
Courtesy		
Constant feedback through monthly infrastructure reports	<p>Constant feedback through monthly infrastructure reports</p> <p>Improved communication with all role-players required</p>	No proper feedback on status of projects.
Access		
Site Meetings	Regular Site Meetings convened by Infrastructure Development and Maintenance Manager.	Site meetings held at Tussen Die Riviere and Phillip Saunders resorts.
Information		
Place Advertisement in newspapers, e-tender.	<p>Place Advertisement in newspapers, CSD website.</p> <p>Compulsory on-site pre-bid meetings for all large Infrastructure Development and Maintenance projects.</p>	Two Infrastructure Projects advertised in the e-tender.
Openness and Transparency		
Open and Transparent Tendering System. Apply PAJA and PAIA.	<p>Open and Transparent Tendering System. Apply PAJA and PAIA.</p> <p>Appointment of reputable, experienced contractors with the required financial and human resource capacity for large Infrastructure Development and Maintenance Projects.</p>	Open and Transparent Tendering System. Apply PAJA and PAIA.
Redress		
Apply PAJA and PAIA.	Apply PAJA and PAIA provision.	N/A
Value for Money		
Infrastructure is completed within the agreed budget and timeframe and that there's Return on Investment.	<p>Infrastructure is completed to the required standard, within the agreed budget and timeframe, and that there is a Return on Investment.</p> <p>Ensure that all infrastructure remains in a good, serviceable condition through the implementation of scheduled maintenance projects.</p>	Poor workmanship for the fencing at Sandveld Resort which places departmental biological assets at risk.

Human resource

Current/actual arrangements	Desired arrangements	Actual achievements
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2 Officials	Appoint a Manager for Infrastructure Development and Maintenance (level of DD?, preferably with a QS qualification) Fully utilize the DESTEA Construction / Maintenance Team according to an approved construction / maintenance schedule rather than on an Ad Hoc basis.	Functions assigned to Acting DD: Protected Areas Management. Maintenance unit remained operating on ad hoc basis.
Training	Construction / Maintenance team officials to complete Induction Course (Module 2) and attend additional training courses according to training needs assessment.	Officials completed Module 1. Module 2 can only be done once they have completed their work place assignment.

Service delivery and monitoring

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Service Charter Provision	Service Charter Provision Complaints and. Compliments Box at all service points. Complaints Mechanism for each service point. Direct complaints mechanism – e-mail link to Deputy Directors: Reserves and Resorts.	Service Charter Posters with complaints mechanism displayed at Head Office and the reserves and resorts. Complaints and Compliments box placed at the reserves and resorts.

1.2 Black Industrialist

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Black Industrialist	<ul style="list-style-type: none"> • SMMEs • Manufacturers 	Assisted 2 black industrialists.	Assist 2 Black industrialists.	1 Black Industrialist Assisted.

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation		
Quarterly meetings with the Black industrialists and dti Black Industrialist unit	Quarterly meetings with prospective Black industrialists and the dti Black Industrialist unit.	Two meetings held.
Courtesy		

Current/actual arrangements	Desired arrangements	Actual achievements
Feedback on progress is provided to beneficiaries	Feedback on progress is provided to beneficiaries	Feedback provided. Three more potential Black Industrialist still being monitored for funding.
Access		
Assistance provided from Head Office and the Service Centers only.	Assistance provided from Head Office and the Service Centers only.	Assistance provided from Head Office and the Service Centers only.
Information		
Information is accessible to Black Industrialists through leaflets; place information on departmental website; the use of adverts.	Information is accessible to Black Industrialists through leaflets; place information on departmental website; the use of adverts.	No leaflets issued on the Black Industrialist programme.
Openness and Transparency		
Provide feedback in the annual report Apply PAJA and PAIA	Provide feedback in the annual report Apply PAJA and PAIA	Open adjudication process where there's representation from DFIs.
Redress		
Apply PAJA and PAIA	Apply PAJA and PAIA	Referrals for unsuccessful applications are made to other programmes like RET.
Value for Money		
n/a	Job Creation	Funding to the value of R1, 47m approved for furniture manufacturing.
Human Resource		
3 Officials	n/a	3 Officials

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Conduct Districts reach-out programme to enlist prospective Black Industrialists.	Conduct Districts reach-out programme to enlist prospective Black Industrialists.	0

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Service Charter Provision	Service Charter Provision Complaints and. Compliments Box at all service points. Complaints Mechanism for each service point.	Service Charter Posters with complaints mechanism displayed at Head Office and Service Centres. Complaints and Compliments box placed at all Service Centres. Developed template for complaints mechanism for each service centre.

2.3 Organisational environment

Programme structure

There were no changes in the programme structure of the Department, which is illustrated in the table below:

Programme	Sub programme
1. Administration	1.1 Office of the MEC 1.2 Management Services 1.3 Financial Management 1.4 Corporate Services
2. Environmental Affairs	2.1 Environmental Policy, Planning and Coordination 2.2 Compliance and Enforcement 2.3 Environmental Quality Management 2.4 Biodiversity Management 2.5 Environmental Empowerment Services
3. Economic and Small Business Development	3.1 Integrated Economic Development 3.2 Economic Planning 3.3 Small Business Development
4. Tourism	4.1 Tourism Planning 4.2 Tourism Growth and Development 4.3 Tourism Sector Transformation

Personnel

As at 31 March 2019, the Department had a workforce of 691, this is inclusive of 676 permanent employees and 15 contract workers. The current vacancy rate is standing at 13.95% which is above the benchmark of 10%. This percentage will decrease as soon as the department has finalised the selection process of the already advertised posts. During 2018/19 financial year, the department advertised 49 posts and these posts have not yet been filled. None of these posts have been filled as the department is awaiting finalisation of reactivation of Persal from Provincial Treasury. The intention is to further posts in the 2019/20 financial year. However, the department managed to fill 41 posts that overlapped from posts advertised during 2017/18 financial year.

The total number of employees who left the department is 38 which translates into 5.49% of the total workforce. The figure is lower than the national benchmark of 8%. It can also be indicated that the figure has gone down as compared to last year where the department was standing at 13.3%. Of the 38, sixteen (16) officials resigned, six (6) officials were transferred, two (2) officials left the department due to early retirement, one (1) official left due to ill-health retirement, eleven (11) officials left due to normal/ compulsory retirement and two (2) officials services got terminated due to death. The majority of employees who left the department are due to resignations. The significant high number of attrition is of concern due to the fact that the department is unable to retain its employees, especially those that are leaving voluntarily (resignations and or transfers). As a result, the department is unable to reduce its vacancy rate.

The age profile of the department is of a major concern in terms of critical occupation, and measures needs to be put in place in order to address anticipated retirement in some programmes such as Environmental Branch where it will be losing majority of its employees. Of the 691 employees, 147 (21.27%) are between the ages of 18 and 35 years (youth), 118 (17.08%) are between the ages of 36 and 39, 202 (29.23%) are between the ages of 40 and 49, 196 (28.36%) are between the ages of 50 and 59, 28 (4.05%) are between the ages of 60 and 65. One hundred (100) of these employees will be retiring in the next 5-10 years through normal and/or compulsory retirement. Of this number, 80 (80%) are from Environmental Management Branch, 11 (11%) from Administration and 9 (9%) are from Economic Development. In recruiting within these branches, attention will have to be put in attracting youth, especially in certain entry level posts where experience is not a

requirement. Measures need to also be put in place to vigorously implement succession planning as the department will be losing key personnel as well as critical skills in the next 1-5 years.

18 grievances were lodged and 33 misconduct cases were reported during the 2018/19 financial year. Of the 18 grievances lodged, 7 were resolved within 30 days, 1 was resolved outside the prescribed time-frames. 10 grievances are under investigation as most were lodged during March 2019. 2 misconduct cases were finalised within 90 days, 13 outside the prescribed time-frames and 19 are outstanding. The factors which contributed to the misconduct cases not finalised within 90 days were as follows:

- Non-availability of presiding officers or alleged offenders;
- Postponement of disciplinary hearings;
- Long investigations due to non-availability of external people to be interviewed.
- Veracity of documents needed by alleged transgressors through points in time, which delays process.

2.4 Key policy developments and legislative changes

There were no major changes to policies and legislation, during the period under review, which had a major impact on operations.

The Department continued with implementation of the following:

1. All environmental policies and legislation.
2. Trade related policies.
3. Economic development policies, including SMMEs and cooperatives development. Consumer protection and business regulations policies and legislation.
4. Tourism related policies.

The table below explains the various areas contained in the NDP, MTSF and FSGDS to which the Department contributed during the past year:

NDP	MTSF	FSGDS
Chapter 3: Economy and employment	Outcome 4: Decent employment through inclusive growth	Driver 3: Expand and diversify manufacturing opportunities
Chapter 5: Environmental sustainability	Outcome 6: An efficient, competitive and responsive infrastructure network (SIP's and SEZ's)	Driver 5: Harness and increase tourism potential and opportunities
Chapter 13: Building a capable and developmental state	Outcome 10: Protect and enhance our environmental assets and national resources	Driver 12: Integrate environmental concerns into growth and development planning
Chapter 14: Fighting Corruption	Outcome 12: An efficient, effective and developmental orientated public service	Driver 15: Foster good governance to create a conducive climate for growth and development

3. STRATEGIC OUTCOME ORIENTED GOALS

In order for the Department to fulfil its mandate, it has set the following strategic goals:

Strategic Goal 1	Provision of leadership for effective socio-economic development
Goal statement	To substantially improve socio-economic development through astute leadership in the form of strategic direction, monitoring and accountability.
Strategic Goal 2	Creation of efficient and effective financial management system for sustainability
Goal Statement	To ensure that appropriate methodologies, guidelines and processes for financial management is applied, in an efficient and accountable manner.
Strategic Goal 3	Build a responsive human resource attribute that is responsive to service demands
Goal Statement	To ensure that organizational human resources are skilled, equipped, healthy and motivated in order to meet the service delivery demands placed on the department.
Strategic Goal 4	Integrated economic development for radical transformation
Goal Statement	To ensure that economic development is planned and executed in an integrated manner, addressing the issues of poverty, job creation and inequality, whilst promoting a culture of risk avoidance, awareness and adaptation.
Strategic Goal 5	Inculcate accountable environmental management for sustainable development and inclusive economic growth
Goal Statement	To ensure, transparent, accountable and democratic environmental management systems and processes, which will support sustainable development and inclusive economic growth in the province.
Strategic Goal 6	Foster tourism sector transformation and development for improved market share
Goal Statement	To ensure transformation in the tourism sector, in order to promote equity, investment, and growth in both domestic and international tourism.
Strategic Goal 7	Business process optimization for better programme performance & co-operation
Goal Statement	To ensure optimal organizational performance and service delivery through managing and optimizing internal business processes, with emphasis on internal resource optimization, process re-design for efficiency, technology adaptation and strengthened accountability.

Progress made towards the achievement of these goals is explained elsewhere in Part B of this report.

The Department contributed significantly to the following Outcomes, as highlighted in the table below:

NDP	MTSF	Highlights *
Chapter 3: Economy and employment	Outcome 4: Decent employment through inclusive growth	<ul style="list-style-type: none"> • Continues support to new and existing SMME's. • Continues support to existing and new cooperatives. • Trade and investment promotion via Free State Development Corporation. • Education and support to client on Consumer Right. • Strengthened partnerships with DFIs. • Continues tourism promotion and marketing.

Chapter 5: Environmental sustainability	Outcome 10: Protect and enhance our environmental assets and national resources	<ul style="list-style-type: none"> • Expansion of land under conservation. • Wetland conservation. • Upgrade of certain resorts and reserves. • Continues enforcement of environmental legislation. • Wildlife Auction Conducted. • Promotion of waste recycling. • Promotion of green cities and municipalities.
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**Details of achievements are explained elsewhere in Part B of this report.*

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

To provide leadership and strategic management in accordance with Policy and Legislation and to provide appropriate support service to other programmes.

Sub-Programmes:

Programme	Sub Programme
Administration	<ol style="list-style-type: none"> 1. Management Services 2. Financial Management 3. Corporate Services

This programme contributed to the following priorities:

- **NDP:**
 - Chapter 13: Building a capable and developmental state
 - Chapter 14: Fighting Corruption
- **MTSF:**
 - Outcome 12: An efficient, effective and developmental orientated public service
- **FSGDS:**
 - Driver 15: Foster good governance to create a conducive climate for growth and development.

4.1.2. Management Services

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
Internal Audit							
1.1	Improve prosperity	Number of internal audit plans developed.	1	1	1	0	-
1.2		Number of internal audit charters developed.	1	1	0	-	-
1.3	Customer satisfaction	Number of audit committee charters developed.	1	1	1	0	-
1.4	Ensure overall corporate compliance	Number of internal audits performed.	20	22	23	+1	Reprioritisation of human resources.
Risk Management							
1.5	Ensure overall corporate compliance	Number of reviews conducted on risk registers.	1	1	1	0	-
1.6		Number of monitoring reports developed.	0	4	4	0	-
1.7		Number of emerging risk registers updated.	2	4	4	0	-
1.8		Number of awareness campaigns conducted.	2	4	4	0	-
1.9		Number of Risk Management Committee reports compiled.	2	4	3	-1	Late appointment of the Risk Committee Chairperson.
Strategic Planning, Monitoring and Evaluation							

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.10	Continuous process improvement.	Number of service delivery planning documents developed.	5	3	3	0	-
1.11		Number of Research Agendas developed	-	1	1	0	-
1.12	Improve prosperity	Number of strategic and performance plans facilitated.	1	2	2	0	-
1.13		Number of FSDM reports compiled.	16	12	12	0	-
1.14		Number of departmental projects assessed.	13	12	12	0	-
1.15		Number of cargo airports feasibility studies initiated	-	2	2	0	-
1.16	Financial stewardship	Number of unit financial reports compiled.	36	12	12	0	-
1.17	Customer satisfaction	Number of client satisfaction surveys conducted.	-	2	2	0	-
1.18	Ensure overall corporate compliance	Number of departmental annual reports facilitated.	1	1	1	0	-
1.19		Number of MPAT Self-Assessments facilitated.	1	1	1	0	-
1.20		Number of SDIP Annual Reports developed	-	1	1	0	-
1.21		Number of research policies reviewed	-	1	1	0	-
1.22		Number of SOPs reviewed.	-	1	1	0	-

Strategic Objectives								
Sub-Programme Management Services								
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations	
1.23	Economic growth	Number of reports on opportunities for SMMEs developed.	-	1	1	0	-	
1.24		Number of research projects on municipal incentives initiated.	-	1	1	0	-	
1.25		Number of PRAC meetings held.	-	4	4	0	-	
1.26		Number of intelligence reports on GDP developed.	-	1	1	0	-	
1.27		Number of poultry industry research projects initiated.	-	1	1	0	-	
1.28		Number of intelligence reports on employment statistics developed.	-	1	1	0	-	
1.29		Number of SEZ feasibility studies initiated.	-	1	1	0	-	
1.30		Number of techno park feasibility studies initiated.	-	1	1	0	-	
Security Services and Anti-Corruption								
1.31		Improve prosperity	Number of security-awareness sessions conducted.	3	4	4	0	-

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.32	Ensure overall corporate compliance	Number of Policies Reviewed and SOPs developed.	-	2	6	+4	Additional policies were reviewed in order to align with National Policies.
1.33		Number of Cases Reported and Investigated.	1	2	3	+1	Demand Driven.
1.34		Number of reports on Z204 forms submitted to SSA.	1	2	2	0	-
Communication							
1.35	Ensure overall corporate compliance	Number of implementation plans developed	12	12	12	0	-
1.36	Improve corporate communications & coordination	Number of media engagement plans developed	-	1	1	0	-
1.37		Number of media statements issued	6	14	14	0	-
1.38		% of economically active population reached in the Free State	-	75%	77%	+2%	Due to the Smart Procurement Campaign which received substantial media coverage.
1.39	Improve prosperity	Number of campaigns conducted	5	4	4	0	-
1.40		Number of publications produced.	4	4	4	0	-
1.41		Number of profiled programmes.	4	14	14	0	-
Information Technology and Knowledge Management							
1.44	Foster high performance culture	Number of implemented ICT solutions.	2	2	3	+1	Additional request received from SPME.

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.45	Enhance change management practices & training climate	Number of monitoring reports compiled for ICT services, usage of IT resources and ICT security risks.	4	4	4	0	-
1.46		Number of e-Government initiatives implemented.	2	2	2	0	-
Legal Services							
1.47	Improve prosperity	Number of legislation drafted.	1	1	0	-1	Demand driven.
1.48		Number of contracts drafted.	-	4	3	-1	Internal demand driven.
1.49		Number of contracts vetted.	-	4	4	0	-
1.50		Number of misconduct cases handled.	-	4	4	0	-
1.51		Number of grievances handled.	-	6	6	0	-
1.52		Number of disputes managed.	-	4	4	0	-
1.53		Number of workshops managed.	1	2	2	0	-
1.54		Customer Satisfaction	Number of PAIA manual published.	1	1	1	0
1.55	Ensure overall corporate compliance	Number of reports to SAHR in terms of section 32 of PAIA.	1	1	1	0	-

Strategies to overcome areas of underperformance:

- Commence with processes to appoint Risk Management Committee three months before expiry of the current term of office.
- Regularly review all standard contracts in the department.

Changes to planned targets

Indicator	Original 2018/19 Target	Adjusted 2018/19 Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Reason for Amendment
Number of internal audits performed.	16	22	4	4	7	7	Budget reprioritisation.
% of economically active population reached in the Free State	90%	75%	75%	75%	75%	75%	Budget reprioritisation.
Number of publications produced.	3	4	1	1	1	1	Budget reprioritisation.
Number of profiled programmes.	4	14	1	4	6	3	Budget reprioritisation.

4.1.3. Financial Management

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
Management Accounting							
1.1	Ensure overall corporate compliance	Number of credible budget statement submitted to treasury on time.	1	1	1	0	-
1.2		Number of credible adjustment budgets submitted to Treasury on time.	1	1	1	0	-
1.3	Improve financial sustainability	Number of in-year monitoring reports submitted to treasury on time.	12	12	12	0	-
Financial Accounting							

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.4	Financial stewardship	Number of Annual Financial Statements compiled according to prescripts.	1	1	1	0	-
1.5		Number Quarterly Interim Statements compiled according to prescripts.	3	3	3	0	-
Supply Chain Management							
1.6	Ensure overall corporate compliance	Percentage of payments made to creditors within 30 days from receipt of an invoice.	100%	100%	99.83%	-0.17%	One service provider did not provide correct tax clearance certificates in time.
1.7	Ensure overall corporate compliance	Number of days to conclude quotes/bids					
		• Transversal Contracts:	2	2	2	0	-
		• Price quotations(<30000)	4	4	4	0	-
		• Price quotation (30000-500000)	10	10	10	0	-
	• Bid/Tenders	0	60	60	0	-	
1.8		Number of procurement plan (PP) developed.	1	1	1	0	-
1.9	Improve prosperity	Percentage of procurement spend on SMME's	-	70%	88.36%	+18.36%	SMMEs have been prioritized for procurement.
1.10	Economic growth	Number of Infrastructure procurement strategy developed	-	1	1	0	-
Fleet and Asset Management							

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.11	Increase asset utilization	Number of stocktaking reports compiled.	1	1	1	0	-
1.12		Number of movable asset disposal reports compiled.	4	4	4	0	-
1.13	Improve prosperity	Number of facilities management plans (U-AMP) developed.	1	1	1	0	-
1.14	Economic growth	Number asset verification and vehicle inspection reports compiled.	4	8	8	0	-
1.15	Ensure overall corporate compliance	Number of KCM reports compiled.	-	8	8	0	-

Strategies to overcome areas of underperformance:

- Verification of tax information of service providers before awarding of contracts/orders.

4.1.4. Corporate Services

Strategic Objectives							
Sub-Programme Management Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
Corporate Services							
1.1	Customer satisfaction	Number of HIV Testing Services (HTS) rendered.	2	2	2	0	-
1.2		Number of Health Risk Assessments (HRA) conducted.	2	2	2	0	-

Strategic Objectives								
Sub-Programme Management Services								
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations	
1.3	Ensure overall corporate compliance	Number on gender Equality Strategic Framework Plans submitted.	1	1	1	0	-	
1.4		Number of Gender Equality Strategic Framework Reports submitted.	1	1	1	0	-	
1.5		Number of Job Access Strategic Framework Plans submitted.	1	1	1	0	-	
1.6		Number of Job Access Strategic Framework Report submitted to DPSA.	1	1	1	0	-	
1.7		Number of Youth accord Plan developed.	1	1	1	0	-	
1.8		Number of Youth accord report developed.	4	2	2	0	-	
1.9		Number of posts evaluated.	-	12	12	0	-	
1.10		Recruit and develop a workforce	Number of organisational structure developed.	1	1	1	0	-
1.11		Ensure overall corporate compliance	Number of reports on health and safety inspections conducted.	2	2	2	0	-
1.12	Enhance change management practices & training climate	Number of workshop on change management conducted.	1	1	1	0	-	

Strategies to overcome areas of underperformance:

- None as there were no areas of underperformance.

Changes to planned targets

Indicator	Original 2018/19 Target	Adjusted 2018/19 Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Reason for Amendment
Number of reports on Health and Safety inspection conducted	2	2 (See re-allocations to quarters)	1	1	0	0	Budget reprioritisation
Number of workshops on Change Management conducted	2	1	0	1	0	0	Budget reprioritisation

Linking performance with budgets**Sub-programme expenditure**

Sub-Programme Name	2017/18			2018/19		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	11 579	10 067	1512	12 580	13 193	(613)
Management Services	26 972	27 424	(452)	43 397	42 337	1 060
Financial Management	66 369	70 482	(4 113)	72 537	78 300	(5 763)
Corporate Services	36 179	33 083	3 096	49 104	43 034	6 070
TOTAL	141 099	141 056	43	177 618	176 864	754

4.2 Programme 2: Environmental Affairs and Conservation

To implement and monitor legislation and policies in the areas of Air Quality, Biodiversity, Climate Change, Compliance Monitoring, Environmental Impact, Protected Areas, Pollution Control, Protected Areas and Waste Management.

Sub-Programmes:

Programme	Sub Programme
Environmental Affairs and Conservation	<ol style="list-style-type: none"> 1. Environmental Policy Planning and Coordination 2. Compliance and Enforcement 3. Environmental Quality Management 4. Biodiversity Management 5. Environmental Empowerment Services

This programme contributed to the following priorities:

- **NDP:**
 - Chapter 5: Environmental Sustainability
- **MTSF:**
 - Outcome 10: Protect and enhance our environmental assets and national resources
- **FSGDS:**
 - Driver 12: Integrate environmental concerns into growth and development planning.

4.2.1. Environmental Policy Planning and Coordination

Strategic Objectives							
Environmental Policy Planning and Coordination							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Continuous process improvement	Number of environmental research projects completed.	17	3	4	+1	Collaboration between SANBI and DESTEA.
1.2		Number of provincial Air Quality Management Plans reviewed.	-	1	0	-1	Due to downward budget adjustment.
1.3		Number of functional Environmental Information Management Systems maintained (EIMS).	2	1	3	+2	The additional two systems are SPYSIS and GIS
1.4	Improve prosperity	Number of IDPs reviewed for environmental content as per requirements (DA/3.5).	23	19	19	0	-
1.5		Number of climate change response interventions implemented.	2	1	4	+3	Additional request/ invitation received.
1.6		Number of intergovernmental sector tools reviewed.	2	2	2	0	-
1.7	Enhance change management practices & training climate	Number of road shows conducted at municipal level relating to climate change.	5	5	5	0	-

4.2.2. Compliance and Enforcement

Strategic Objectives							
Compliance and Enforcement							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Ensure overall corporate compliance	Number of completed green issue criminal investigations handed to the NPA for prosecution.	26	10	10	0	-
1.2		Number of completed brown issue criminal investigations handed to the NPA for prosecution.	3	3	3	0	-
1.3		Number of administrative enforcement notices issued for non-compliance with environmental legislation.	12	12	9	-3	Demand driven.
1.4		Number of compliance inspections conducted for green issues.	800	40	414	+374	Demand driven.
1.5		Number of compliance inspections conducted for brown issues.	87	40	40	0	-
1.6		Number of Admission of Guilt Fines issued for Biodiversity related transgressions.	6	10	12	+2	Demand Driven.
1.7		Customer Satisfaction	Number of permits issued within legislated time-frames.	4200	3500	3115	-385

4.2.3. Environmental Quality Management

Strategic Objectives							
Environmental Quality Management							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Improve prosperity	Number of facilities trained on the Waste Information System.	16	7	9	+2	Additional requests from municipalities.
1.2		Percentage of waste licenses applications finalised within legislated time-frames.	100%	80%	100%	+20%	Improved internal processes.
1.3		Number of Waste Pickers trained on Social Enterprise Development and proper recycling methods	203	200	283	+83	Demand Driven.
1.4		Percentage of complete EIA applications finalized within legislated time-frames.	62%	60%	100%	+40%	All applications were finalized within the legislated time-frame.
1.5		Number of Air Quality Officers Forum meetings held.	4	4	4	0	-
1.6	Customer satisfaction	Number of Waste Management Officers Forum meetings held.	4	4	4	0	-
1.7	Ensure overall corporate compliance	Number of S24G applications finalized.	2	2	3	+1	Demand driven.
1.8		Number of waste landfill sites environmentally audited.	6	3	12	+9	Due to additional human resources allocated.
1.9	Economic growth	Number of waste re-claimers supported with recycling equipment donations/relevant training.	-	3	4	+1	Support received from PETCO.

4.2.4. Biodiversity Management

Strategic Objectives							
Biodiversity Management							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Improve prosperity	Number of new black game farmers registered in the DESTEA database.	8	20	52	+32	Demand driven.
1.2		Number of new stewardships sites assisted to increase land under conservation through the implementation of the Biodiversity Stewardship Programme (BSP).	1	1	1	0	-
1.3		Number of hectares in the conservation estate.	5486	+1300	1381	+81	Due to the size of the property added to the estate.
1.4		Number of black game farmers supported with game of various species.	0	40	0	0	Due diligence processes are still to be completed.
1.5		Number of mentorship sessions for black game farmers.	50	4	6	+2	Demand Driven.
1.6	Ensure overall corporate compliance	Percentage of area of state managed protected areas assess with a METT score above 67%.	100%	70%	100%	+30%	Improved and consistent internal processes.
1.7		Number of biodiversity plans reviewed.	1	1	1	0	-
1.8		Number of biodiversity economy initiatives implemented.	3	1	2	+1	An additional workshop was conducted to promote the biodiversity economy.

4.2.5. Environmental Empowerment Services

Strategic Objectives							
Environment Empowerment Services							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Improve prosperity	Number of community members workshopped on basic environmental management.	717	120	1130	+1010	Demand Driven.
1.2		Number of schools registered for participation in an environmental education programme.	256	115	142	+27	Additional requests received.
1.3		Number of environmental community awareness activities conducted.	69	12	64	+52	Additional requests from schools.
1.4		Number of environmental capacity building activities conducted.	38	15	25	+10	Additional request from Provincial EPWP.
1.5		Number of quality environmental education resource materials reviewed or developed.	3	1	3	+2	Additional educational resources were developed to bridge the gap between poor performing schools and good performing schools.
1.6		Number of environmental calendar days celebrated.	6	4	5	+1	Additional requests received.
1.7		Economic Growth	Number of environmental competitions conducted.	3	2	2	0
1.8	Number of work opportunities created through environmental programmes (EPWP).		1253	200	1000	+800	Revised recruitment model.
1.9	Ensure overall corporate compliance	Number of towns cleaned.	12	6	10	+4	Due to MEC's Roadshows.
1.10	Promote collaborations & partnerships	Number of EPWP sector meetings facilitated.	-	4	4	0	-

Strategies to overcome areas of underperformance:

- Increase budget allocations for air quality management.

Changes to planned targets

Indicator	Original 2018/19 Target	Adjusted 2018/19 Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Reason for Amendment
Number of intergovernmental sector tools reviewed.	4	2	1	1	0	0	Budget re-prioritisation
Number of work opportunities created through environmental programmes (EPWP)	350	200	0	0	0	200	Budget re-prioritisation
Number of community members workshopped on basic environmental management	60	120	30	30	30	30	Budget re-prioritisation
Number of environmental capacity building activities conducted.	8	15	5	5	3	2	Budget re-prioritisation
Number of new black game farmers registered in the DESTEA database	5	20	5	5	5	5	Budget re-prioritisation
Number of hectares in the conservation estate.	+ 5000	+1300	-	-	-	+1300	Budget re-prioritisation
Number of black game farmers supported with game of various species.	10	40	0	0	0	40	Budget re-prioritisation

Linking performance with budgets

Sub- Programme Name	2017/18			2018/19		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Environmental Policy Planning and Coordination	9 017	7 190	1 827	2 496	2 593	(97)
Compliance and Enforcement	14 434	15 609	(1 175)	14 075	17 974	(3 899)
Environmental quality Management	22 558	23 655	(1 097)	37 788	19 989	17 799
Biodiversity Management	78 943	80 503	(1 560)	100 399	101 186	(787)
Environmental Empowerment Services	11 739	10 901	838	13 025	9 517	3 508
Total	136 691	137 858	(1 167)	167 783	151 259	16 524

4.3 Programme 3: Economic and Small Business Development

To enhance economic development, small business develop growth in the province through financial and non-financial support programmes.

Sub-Programmes:

Programme	Sub Programme
Economic Development	<ol style="list-style-type: none"> 1. Integrated Economic Development 2. Economic Research and Planning 3. Small Business Development

This programme contributed to the following priorities:

- **NDP:**
 - Chapter 3: Economy and employment
- **MTSF:**
 - Outcome 4: Decent employment through inclusive growth
 - Outcome 6: An efficient, competitive and responsive infrastructure network
- **FSGDS:**
 - Driver 3: Expand and diversify manufacturing opportunities
 - Driver 11: Ensure social development and social security

4.3.1 Integrated Economic Development

Strategic Objectives							
Integrated Economic Development							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Improve prosperity	Number of support to attract investment.	1	2	2	0	-
1.2		Number of enterprises assisted with access to markets through exhibition platforms.	31	40	53	+13	Partnership with other stakeholders enabled support for more SMMEs.
1.3		Number of outward missions attended.	-	2	2	0	-
1.4		Number of inward missions attended.	-	4	4	0	-
1.5	Customer satisfaction	Number of sector forums coordinated.	1	1	1	0	-
1.6		Number of business chambers supported.	-	2	2	0	-
1.7	Promote collaborations & partnerships	Number of SMMEs linked to big business.	17	25	1	-24	Identified SMMEs did not meet requirements of big businesses.

4.3.2. Economic Planning

Strategic Objectives								
Economic Planning								
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations	
1.1	Economic growth	Number of Black Industrialist Support Framework established.	-	1	1	0	-	
1.2		Number of workshops conducted in priority sectors.	5	6	6	0	-	
1.3		Number of enterprises in priority sectors and identified clusters supported.	3	5	5	0	-	
1.4	Improve prosperity	Number of Black Industrialists supported.	-	2	1	-1	One application received did not comply with the BIS funding criteria.	
1.5		Number of economic development seminars/summits facilitated.	-	1	1	0	-	
1.6		Number of BATC meetings convened.	-	12	11	-1	One meeting did not take place due to insufficient applications received.	
1.7		Number of LED plans aligned to Provincial Economic Development Strategy (PEDS).	21	5	5	0	-	
1.8		Number of consumer awareness campaigns conducted.	44	20	40	+20	Due to additional requests received.	
1.9		Number of World Consumer Rights Day Commemorations held.	1	1	1	0	-	
1.10		Percentage of disputes resolve in 90 days.	77%	100%	39%	-61%	Due to unavailability of key stakeholders/resources or death of claimants/defendants.	
1.11		Customer satisfaction	Number of pro-active inspections conducted on business compliance with various industry standards.	-	40	143	+103	Due to Blitz actions as part of MEC's Roadshows.

4.3.3. Small Business Development

Strategic Objectives							
Small Business Development							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Customer satisfaction	Number of roadshows conducted	15	5	7	+2	Due to MEC outreach programmes.
1.2		Number of customer satisfaction surveys conducted	7	2	2	0	-
1.3	Optimize investments	Number of BBEE and PPPFA workshops held	4	5	5	0	-
1.4		Number of partnerships established	3	2	3	+1	Due to partnerships with external stakeholders.
1.5		Number of Economic Development forums held	4	8	8	0	-
1.6		Number of projects in critical sectors supported.	3	4	4	0	-
1.7		Number of red tape reduction meetings held.	-	4	4	0	-
1.8	Improve prosperity	Number of enterprises supported financially and non-financially.	649	350	538	+188	Due to partnership with stakeholders and funding incentives.
1.9		Number of development opportunities created to enhance entrepreneurial culture.	-	4	4	0	-

Strategies to overcome areas of underperformance:

- Capacity building activities aimed at institutionalising economic development issues within Municipalities.
- Intensified sector specific capacity building sessions for SMMEs to assist with compliance to qualifying criteria of various support initiatives.

Changes to planned targets

Indicator	Original 2018/19 Target	Adjusted 2018/19 Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Reason for Amendment
Number of business chambers supported	5	2	0	0	0	2	Budget re-prioritisation.
Number of SMMEs linked to big business.	10	25	5	10	5	5	Budget re-prioritisation.
Number of consumer awareness campaigns conducted.	36	20	5	5	5	5	Budget re-prioritisation.
Number of research documents produced on current consumer matters	2	0	0	0	0	0	Budget re-prioritisation.
Number of roadshows conducted	14	5	3	1	1	0	Budget re-prioritisation.
Number of enterprises supported financially and non-financially.	400	350	100	150	50	50	Budget re-prioritisation

Linking performance with budgets

Sub- Programme Name	2017/18			2018/19		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Integrated Economic Development	44 947	32 750	12 197	52 651	51 744	907
Economic Research and Planning	135 505	139 428	(3 923)	118 984	120 197	(1 213)
Small Business Development	37 715	28 897	8 818	55 048	49 647	5 401
Total	218 167	201 075	17 092	226 683	221 588	5 095

4.4. Programme 4: Tourism

To ensure adequate planning, growth, development and transformation in the Tourism Industry.

Sub-programmes:

Programme	Sub Programme
Tourism	<ol style="list-style-type: none"> 1. Tourism Planning 2. Tourism Growth and Development 3. Transformation of Tourism Sector

This programme contributed to the following priorities:

- **NDP:**
 - Chapter 3: Economy and employment
- **MTSF:**
 - Outcome 4: Decent employment through inclusive growth
- **FSGDS:**
 - Driver 5: Harness and increase tourism potential and opportunities

4.4.1. Tourism Planning

Strategic Objectives							
Tourism Planning							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Improve prosperity	Provincial tourism master plan reviewed.	-	1	1	0	-
1.2	Customer satisfaction	Number of Tourism forums held.	-	4	3	-1	Due to unavailability of key stakeholders.
1.3		Number of IDP municipal assessments supported.	-	4	4	0	-
1.4		Number of Visitor Information Centres supported.	-	2	2	0	-
1.5		Number of service excellence campaigns conducted.	-	3	3	0	-

4.4.2. Tourism Growth and Development

Strategic Objectives							
Tourism Growth and Development							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Improve prosperity	Number of Township/Kasie tourism campaigns conducted for township development.	2	4	5	+1	Due to partnership with other stakeholders.
1.2		Number of departmental resorts and or tourist attractions audited.	-	8	13	+5	Reprioritization of human resources.
1.3		Number of reports on Quarterly statistics of tourist guide registrations developed.	-	4	4	0	-
1.4		Number of enforcement inspections participations.	-	4	3	-1	Due to unavailability of key stakeholders.
1.5		Number of updates to the Provincial Accommodation Database.	-	4	4	0	-
1.6		Number of tourism enterprises supported financially or non-financially.	-	8	29	+21	Demand driven.

4.4.3. Transformation of Tourism Sector

Strategic Objectives							
Transformation of Tourism Sector							
	Strategic objectives	Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target 2018/2019	Comment on deviations
1.1	Improve Prosperity	Number of Tourism Awards facilitated.	1	1	1	0	-
1.2		Number of Tourism Events supported.	-	6	6	0	-

Strategies to overcome areas of underperformance:

- Establishment of Provincial Tourism to facilitate strengthened relations between key stakeholders, especially provincial municipalities.

Changes to planned targets

Indicator	Original 2018/19 Target	Adjusted 2018/19 Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Reason for Amendment
Number of Township/ Kasié tourism campaigns conducted for township development.	8	4	1	1	1	1	Budget re-prioritisation.
Number of tourism enterprises supported financially or non-financially.	20	8	2	2	2	2	Budget re-prioritisation
Number of tourism SMME's incubated.	4	0	0	0	0	0	Budget re-prioritisation

Linking performance with budgets

Sub- Programme Name	2017/18			2018/19		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism Planning	6 031	5 102	929	3 734	3 363	371
Tourism Growth and Development	1 070	3 150	(2 080)	3 198	3 579	(381)
Transformation of Tourism Sector	2 090	685	1 405	1 718	1 582	136
Total	9 191	8 937	254	8 650	8 524	126

5 TRANSFER PAYMENTS

5.1. Transfer payments to public entities

As part of the departmental transfer process, the two entities of the department provided assurances that they implement effective, efficient and transparent financial management and internal controls systems, as required by the PFMA and Treasury Regulations.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Free State Gambling, Liquor and Tourism Authority	<ul style="list-style-type: none"> To promote legally compliant, responsible, sustainable and transformed gaming and liquor industries through effective licensing, regulating and reporting on the activities of the industries, and to position the Free State Province as a tourist destination of choice. 	R108 827	R108 827	<ul style="list-style-type: none"> The Entity has already rolled out and approved 79 LPM sites license for the current year. Conversion of Liquor Licenses of 1989 Act to 2010 Act. MEC approved the process that will be applied towards implementing the conversion strategy, however the Amendment Bill is currently with Legislature. The Premier is expected to sign the Bill into Law and the MEC will gazette the process and thus unlocking a revenue estimated at over R8 million will be collected. Amendments of the FS-GLTA Act: which includes the historical introduction of the Tourism Bed levy. Bookmakers Licenses. The entity has advertised the Request for Application (RFA) for an additional license. It is projected that the revenue fees that will be collected will amount to R10 Million post licensing. Tariffs increase (regulations). The Authority has resolved to increase all gambling and liquor application fees in line with the CPIX annually, with additional revenue estimated at R 2, 5 million.

Free State Development Corporation	<ul style="list-style-type: none"> Investment Facilitation and Management 	R31 000	R31 000	2 investments (including the iron smelter in Botshabelo) above R10 million committed against an annual target of 2 investments. The investment value is R322 million. The total number of jobs to be created is 4500.
Total		R139 827	R139 827	

5.2. Transfer payments to all organisations other than public entities

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
DESTEA	Transfer to Private Enterprises	SMME Support (Youth Township Revitalisation)	Yes	R2 600	R2 600	n/a
DESTEA	Transfer to Private Enterprises	SMME Support (Risk Sharing)	Yes	R150	R150	n/a
DESTEA	Transfer to Private Enterprises	SMME Support (Appointment in Small Business)	Yes	R2 450	R2 450	n/a
DESTEA	Transfer to Private Enterprises	SMME Support (Radical Economic Transformation)	Yes	R1 750	R1 750	n/a
DESTEA	Transfer to Private Enterprises	Free State Business Chamber	Yes	R1 000	R1 000	n/a
DESTEA	Non- Profit Institution	Global Trade Bridge	Yes	R 100	R100	n/a
DESTEA	Households	Global Trade Bridge	Yes	R96	96	n/a
DESTEA	Non- Profit Institution	Donations & Gifts	Yes	R200	R200	n/a
DESTEA	Households	Donations & Gifts (cash)	Yes	R121	R121	n/a
Total				R8 467	R8 467	

The table below reflects the transfer payments which were budgeted for in the period 1 April 2018 to 31 March 2019, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
None	n/a	n/a	n/a	n/a

6 **CONDITIONAL GRANTS**6.1. **Conditional grants and earmarked funds paid**

Grants And Earmarked Funds	Current Budget (R'000)	Total Expenditure (R'000)
Conditional Grant		
EPWP (integrated)	2 213	2 106
Total Conditional Grant		
Earmarked Funds		
Appointments of Small Business Dev	5 579	4 119
Global Trade	3 000	2 157
Waste management	2 000	2 000
Flee market - Development and support of crafters	5 400	3 998
Flower Festival (Transfer to FSGLTA)	8 000	8 000
Radical Economic Transformation(FDC)	2 799	2 799
Radical Econ transformation (DESTEA)	16 518	14 771
Youth Enterprise Inovo	12 500	466
Maluti SEZ	20 000	20 000
Wildlife Economy	0	0
Youth township Revitalisation	4 000	3 963
Free State business Chamber	2 000	1 581
Total	84 009	65 959

6.2 **Conditional grants and earmarked funds received**

The table below details the conditional grants and ear marked funds received during for the period 1 April 2018 to 31 March 2019.

Conditional Grant EPWP:

Department who transferred the grant	National Department of Public Works
Purpose of the grant	To alleviate unemployment, delivery goods and services labour-intensively and to provide work experience and training.
Expected outputs of the grant	Job creation
Actual outputs achieved	1000
Amount per amended DORA (R'000)	2 213 000
Amount received (R'000)	2 213 000
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	2 105 824
Reasons for the funds unspent by the entity	This is due to unpaid leave for beneficiaries absent from work.
Reasons for deviations on performance	n/a
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	Treasury Infrastructure Review Model.

7 DONOR FUNDS

7.1. Donor Funds Received

n/a

8 CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

8.1.1. Asset Management Plan

By the end of the financial year 2018/2019, the following processes had been finalised:

- Asset verification at all departmental offices.
- Monthly LOGIS/BAS Reconciliations.
- Updating of departmental asset register
- Updating of departmental U-AMP

8.1.2. Infrastructure Projects

Infrastructure projects	2017/2018			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	250	604	(354)	-	-	-
Existing infrastructure assets						
- Upgrades and additions	3 455	3 045	410	600	307	293
- Rehabilitation renovations and refurbishments				4 500	1 490	3 010
- Maintenance and repairs	9 519	9 441	78	9 100	8 114	986
Infrastructure transfer						
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
Total	13 244	13 090	134	14 200	9 911	4 289

8.1.3. Plans to close down or down-grade any current facility

There are no plans to close down or down-grade any of the current facilities. The department wants to renovate facilities so that they can be up-graded and be in a position where we can compete with private resorts and reserves.

8.1.4. Progress made on the maintenance of infrastructure

8.1.4.1. General maintenance

There are no plans to close down or down-grade any of the current facilities. The department wants to renovate facilities so that they can be up-graded and be in a position where we can compete with private resorts and reserves.

8.1.4.2. Major maintenance projects

The following major maintenance projects are receiving attention:

- Sandveld Resort Maintenance of chalets
- Philip Sanders Refurbishment
- Maria Moroka Resort Maintenance
- Soetdoring Reserve
- Water Resource Management

8.1.5. Details on how asset holding has changed during the period under review (incl. Information on disposals, scrapping and losses)

Departmental asset holding

The following changes in the departmental asset holding were observed:

Beginning of 2018/2019

End of 2018/2019

Major assets: R34 835 000

Major: R36 712 000

Minor: R27 056 000

Minor: R27 300 000

8.1.6. Current status of capital assets

The current state of departmental capital assets in terms of percentages is as follows:

- Good: 40%
- Fair: 50%
- Poor: 10%



PART C:

GOVERNANCE

1. INTRODUCTION

The Department constantly strives to improve its internal processes to ensure effectiveness and efficiency of business processes. Measures have been put in place to popularise and address issues such as the conflict of interest, code of conduct and the health safety environment. Below is an account of processes followed to address these issues.

2. RISK MANAGEMENT

DESTEA is continuously integrating risk management into business processes and improving its existing Risk Management Framework. The strategic and operational risk registers for 2017/2018 financial year were maintained and the risk mitigation activities were highlighted by risk owners and designated officials. Risk management unit monitors the implementation of risk mitigation activities on a quarterly basis

The risk management process is aligned to the planning and objective-setting process of the Department. An annual risk assessment was conducted after the approval of the Annual Performance Plan.

Strategic and operational risk registers were updated and progress on mitigating actions were monitored on a quarterly basis to address emerging risks. The Department is in process of implementing combined assurance plan aimed at consolidating all the assurance activities conducted by different assurance providers in order to ensure the achievement of the organisational objectives.

Risk Management Committee

The Department has a fully constituted and functional RMC established in terms of the Public Sector Risk Management Framework and PFMA and provides oversight over the DESTEA's risk management activities. It considers quarterly Risk Management Committee Reports highlighting risk identified throughout the institution and management's mitigation processes

The Risk Management committee is composed of senior manager who report directly to Accounting Officer and chaired by independent person. The Chairperson is Adv. Weapond who was appointed on the 18 July 2018 for the period of 3 years.

The Committee has an approved terms of reference. It also reviews and recommend for approval of Risk and Fraud management policies.

Approved Policies:

- Risk Management Policy and Strategy,
- Fraud Prevention Strategy,
- Fraud Management Policy and
- Fraud Response Plan
- Whistle blowing policy.

Risk Management Committee quarterly prepare a report that is submitted to both the Accounting Officer and Audit Committee presenting the progress and effectiveness of Risk Management activities in the department.

3. **FRAUD AND CORRUPTION**

- The department's fraud prevention plan and the progress made in implementing the fraud prevention plan:

The implementation is done through awareness sessions and investigation of reported cases

- Mechanisms in place to report fraud and corruption and how these operate.eg: Whistle blowing - The need for officials to make confidential disclosure about suspect fraud and corruption:

Presently we are relying on the National Anti-Corruption Hotline of the Public Service Commission, however, during this financial year we will be implementing the departmental e-complaint system whereby, officials and public members can report unanimously all incidents of fraud and corruption on the system.

- How these cases are reported and what action is taken?

They are reported through the Anti-Corruption Hotline and are investigated as soon as they are received.

4. **MINIMISING CONFLICT OF INTEREST**

All officials in Finance and SCM have signed the disclosure forms and declared their interest. Monitoring is done during the financial year.

5. **CODE OF CONDUCT**

The Code of Conduct is an instrument that is used in the Public Service to promote and maintain a high standard of professional ethics and good governance. It serves as a guideline to all public servants in various categories, levels and controls the relations in various ways, namely:

- a) The relationship with the legislature and the executive;
- b) The relationship between the department and the public;
- c) The relationship between the employees at different levels;
- d) The performance of duties; and
- e) Personal conduct and private interest.

The implementation of the code ensures that there is uniformity in the Public Service with regard to service delivery. It also improves loyalty and brings control, compliance as well as prevention of corruption.

Each employee in the department has been given a copy of Public Service Code of Conduct Manual and all newly appointed employees are given a copy of the code on the day they assume duty. The code was also thoroughly explained to the newly appointed employees during their induction. Furthermore, workshops on the Code of Conduct are always conducted biannually.

The Code of Conduct outlines the procedure to be followed in case of any breach of any conditions of the Code of Conduct. All instances of non-compliance with the Code of Conduct are, therefore, treated seriously by the department and, depending on the nature of misconduct, the necessary disciplinary action are taken against the perpetrators.

6. **HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

According to the Occupational Health and Safety Act no 181 of 1993, Occupational health and Safety aims "to provide for the health and safety of persons at work and for the health and safety of persons in connection

with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith”.

The following are some of the examples of risks/hazards that have been identified and addressed through this Act:

- Mechanical hazards e.g. moving parts or energy sources a broad range of machinery and equipment are high source of danger (can cause cuts, crush injuries, amputations and fractures) inspection of machinery is done biannually to check service dates and to replace damaged or worn out machines
- Ergonomic hazards e.g. working in cramp positions or spaces, poor lighting, poor seating, or standing for long period (exposure to eye strain, backache, wrist strain and sore shoulders- inspection was conducted and department was given contravention notice to correct the matters, some employees have also received ergonomic chairs to minimise backache, wrist strain and sore shoulders. These employees were also provided with pamphlets /documented information that encourages good seating positions.
- Emergency preparedness plans-evacuation plans were developed and are visible in all

The department has established an occupational Health and Safety (OHS) Committee to oversee health and safety matters in the department. The term for the previous committee ended on 31 November 2018 and the new committee was appointed for three financial years ending 31 March 2021. Members of the first committee were trained on Occupational Health and Safety (OHS) Act and First Aid Level 1 and 2, which will be the case for the new appointees in the new financial year.

The main responsibility of the Committee members is to conduct health and safety inspections at their respective workplaces. Their findings are reported to the Employee Health and Wellness unit who in turn submit a report with recommendations to the Head of Department.

Even though health hazards have been identified, it is a concern that they are not timeously attended to. In order to minimise the risks, a certain amount of the allocated budget has been set aside to correct the identified hazards. The inspection conducted by Department of Labour resulted in a contravention notice that recommended compliance with the OHS Act. To ensure compliance, managers were requested to prioritise the health threatening hazards with the available limited budget.

7. **PORTFOLIO COMMITTEES**

A Portfolio Committee Meeting took place on the following dates:

- 4 September 2018
- 6 November 2018

The Portfolio Committee raised the following issues during the year under review:

- Transformation of the game industry
- Environmental compliance
- Small business development
- Environmental impact assessment authorization

8. PROPAC RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
1	Ensure that investigations are finalized within 30 days and proper records are kept for audit purposes.	All irregular expenditure cases are investigated and finalized within 30 days after identification. Properly file all records relating to irregular expenditure	In Progress	75%
2	The Portfolio Committee resolved that the Accounting Officer should prioritise the filling of the funded vacant posts within internal audit.	Fill all the vacant funded positions	In Progress	75%
3	The Portfolio Committee resolved that the Accounting Officer should submit the signed investigation report to the Chairperson of the Portfolio Committee within 30 days after finalisation of the investigation	Submit the signed investigation report to the Chairperson of the Portfolio Committee within 30 days after finalisation of the investigation	In Progress	75%
4	Indicate consequent management steps to be taken against those who transgressed as informed by the investigation report.	Apply consequence management against those against officials found guilty of transgression as informed by the investigation report.	Completed	100%
5	The Portfolio Committee resolved that the department should provide proof that the CRO and Risk Management Committee members have completed the e-learning as per requirement.	Ensure that the CRO and Risk Management Committee members have completed the e-learning	Not completed	75%
6	The Portfolio Committee resolved that the Accounting Officer should ensure alignment between Annual Performance Plan and the ICT strategy and business and technology plans.	Ensure that there is alignment between the APP, ICT Strategy and Business and Technology Plans	Completed	100%

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
7	The Portfolio Committee resolved that the Accounting Officer should consult relevant stakeholders to follow-up the status of the legal processes for the recovery of the outstanding debt related to Phillip Saunders.	Follow up the status of the legal process for the recovery of the outstanding debt related to Phillip Saunders.	Not completed. The matter is being handled by the State Attorneys	0%
8	Senior Management should implement adequate controls and monitoring mechanisms to prevent material misstatements during financial and performance reporting and non-compliance with laws and regulations; and	Implement adequate controls and monitoring mechanisms to prevent material misstatements during financial and performance reporting and non-compliance with laws and regulations	In Progress	75%
9	Accounting Officer should provide oversight over the implementation of internal controls to ensure accurate and complete financial and performance reporting.	Establish internal control unit. Ensure that in the absence of internal control unit, oversight is provided over the implementation of internal controls	In Progress	75%
10	The correct application of accounting principles for expenditure incurred through implementing agents on behalf of the department by recording such transactions as goods & services and provide supporting documentation to confirm such expenditure. This should be done for the 2016-17 financial years as it is a recurring material misstatement and affect the 2017/18 AFS comparative figure.	Ensure correct classification of 2016/17 transfers to goods and services. Ensure that all expenditure relating to implementing agents is correctly classified as goods and services	Completed	100%
11	Expenditure incurred through implementing agents follows normal SCM processes applicable to the department and form part of the contractual obligations of the implementing agents.	Ensure that SCM processes are followed for expenditure incurred through implementing agents	Completed	100%
12	The management of performance information is improved through adequate reviews of performance reports against relevant supporting information to ensure reported achievements are valid, accurate and complete.	Ensure that there is adequate reviewing of performance reports and relevant supporting documents	Completed	100%

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
13	The Accounting Officer should provide assurance to the Portfolio Committee that management will be properly prepared for future sittings of the Portfolio Committee in order to provide factually correct and complete responses.	Ensure that management is properly prepared for the Portfolio Committee meetings	Completed	100%

9. PRIOR MODIFICATIONS TO AUDIT REPORT

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Qualified audit opinion	2017/18	<ul style="list-style-type: none"> Reclassification of transfers to goods and services Restatement of operating leases

10. INTERNAL CONTROL UNIT

Internal Control functions are performed in individual sections of the Financial Management Chief Directorate. For the Financial Accounting directorate the Internal Control function is performed in terms of the verification and safekeeping of financial transaction documentation, and ensuring the availability of credible and verifiable supporting documentation for internal and external audit purposes.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of internal audit

Internal audit unit is independent of management and reports administratively to the Accounting Officer and functionally to the Audit Committee. A three year risk based rolling strategic and annual plans were prepared by the Internal Audit Directorate and approved by the Audit Committee. The Audit Committee is of the opinion that the control environment needs improvement to provide reasonable assurance that risks are appropriately managed and that applicable legislation is adhered to. Management has implemented corrective actions where possible to ensure controls are in place and operating as intended.

Summary of audit work done

Internal audit has completed 22 audits for 2018/19 financial year due to increase in the staff complement of the unit.

The following internal audit work was completed during the year under review:

- 2017/18 Draft Annual Financial Statements
- 2018/19 Interim Financial Statements
- 2017/18 Quarterly Targets
- 2018/19 Quarterly Targets
- Occupational Health and Safety
- ICT Infrastructure

- Consulting for Revenue, Fleet and Asset Management
- Revenue Investigation
- Implementation of Projects/ Budget Speech
- Institutional Arrangements
- Infrastructure Projects
- MPAT
- Risk Management
- Follow up audit on Risk Management
- Supply Chain Management
- Enterprises Supported Financially and non-Financially
- Follow up on Revenue and Fleet Management
- Transfers to public and private entities

The following were areas of concern:

- Non finalisation on the investigation on irregular expenditure.
- Non-compliance with Occupational and Health Safety.
- Incorrect evidence on reported quarterly targets achieved.
- Non-implementation by managers on the agreed corrective actions resulted from audit findings.

Management is currently working towards resolving the above areas of concern.

Key activities of the audit committee

The Audit Committee's scope of work is determined by the requirements of **Treasury Regulation 3.1.10**. Accordingly, and in line with this section, the Committee's objectives was to assess and advise, among other things, on the following matters:

- Effectiveness of internal control system
- Activities and effectiveness of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations;
- Risk areas of the Department's operations as covered in the scope of internal and external audits;

- Adequacy, reliability and accuracy of the financial information provided to Management and other users of such information; and
- Any accounting and auditing concerns identified as a result of internal and external audits;
- The Department's compliance with legal and regulatory provisions.
- Resolve conflict between the Auditors and management.

Audit Committee Members and Attendees

The Audit Committee consists of the following members listed hereunder and met 4 times as per its approved terms of reference.

Names	Qualifications	Internal or External	If Internal, position in the department	Date appointed	Date resigned	No of meetings attended
Mr. W Rooifontein (Chairperson)	B Com Hons.	External	N/A	1 July 2017	None	04
Mr. H Mohane	MSc (Agricultural Economics) Mcom (Economics)	External	N/A	1 July 2017	None	04
Ms. NB Dyeyi	B Proc	External	N/A	1 July 2017	None	0
Dr. GG Mvuma	Ph.D Environmental Science	External	N/A	25 May 2018	None	04
Ms. KF Finger	BCom Hons MCom	External	N/A	25 May 2018	None	04

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

Audit Committee Responsibility

The Committee reports that it has operated and performed its oversight responsibilities independently and objectively in compliance with section 38 (1) (a) of the PFMA and Treasury Regulations 3.1. The Audit Committee has adopted appropriate formal terms of reference in its Audit Committee Charter. The Committee has also regulated its affairs in compliance with the Charter and has discharged its responsibilities as contained therein. The Audit Committee is an advisory Committee of the Department operating with an independent and objective overview role.

Quarterly reports to the MEC

The Audit committee has submitted their quarterly reports to the MEC highlighting certain areas of concerns and resolutions taken. The Audit Committee has had one meeting with the MEC for the period under review.

The Effectiveness of Internal Control

The system of internal control applied by the Department over risk management is effective, efficient and transparent. However, deficiencies were noted in controls in certain areas as reported by the Internal Auditors and Auditor General's report.

Although issues raised by the Auditor-General involving internal controls were responded to, management still need to ensure the elimination of these matters, paying particular attention to those raised repeatedly in previous financial periods, and the Audit Committee has reviewed the management comments in this regards and made recommendations to further improve management control mechanisms.

From the various reports of the Internal Auditors it was noted that no further matters were reported that indicates material deficiencies in the system of internal control or any deviations. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

In-Year Management and Monthly/Quarterly Report

Quarterly financial as well as non- financial reports were discussed at quarterly meetings and submitted to Provincial Treasury as required by the PFMA. These reports were reviewed by the Audit Committee and some recommendations were implemented to improve the usefulness of the reports.

Evaluation of Financial Statements

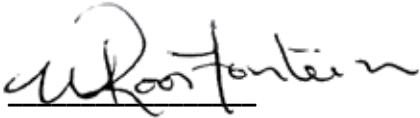
We reviewed and discussed the following:

- The annual financial statements and information on the predetermined objectives to be included in the annual report and
- Compliance with legal and regulatory provisions and have made certain recommendation.
- These recommendations include among others a review of the function of the finance function to satisfy the committee on the resources, expertise and experience of the finance function.
- Investigation on non-compliance with SCM regulations to be finalized.
- Irregularities reported by the Auditor General to be investigated.

Auditor General's Report

The Auditor General is independent external assurance giver and appointed in terms of the Public Audit Act of SA.

The Audit Committee has discussed the Auditor General's (AG) report. The Audit Committee concurs and accepts AG's conclusion and the annual financial statements and is of the opinion that the financial statements must be read together with the report of the AG.



Mr W Rooifontein

Chairperson of the Audit Committee

Economic, Small Business Development, Tourism and Environmental Affairs



PART D:
**HUMAN RESOURCE
MANAGEMENT**

1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

- **Organisational structure**

The DESTEA organisational structure has undergone rigorous review process wherein inputs and comments have been received from all heads of components. The purpose of the review was to address duplication of functions as well as to accommodate new functional directives and mandates. This structure has since been consulted with the Department of Public Service and Administration and inputs have been received for the department to incorporate in finalising the organisational structure.

The status of human resources in the department.

As at 31 March 2019, the Department had a workforce of 691, this is inclusive of 676 permanent employees and 15 contract workers. The current vacancy rate is standing at 13.95% which is above the benchmark of 10%. This percentage will decrease as soon as the department has finalised the selection process of the already advertised posts. During 2018/19 financial year, the department advertised 49 posts and these posts have not yet been filled. None of these posts have been filled as the department is awaiting finalisation of reactivation of Persal from Provincial Treasury. However, the department managed to fill 41 posts that overlapped from posts advertised during 2017/18 financial year. The intention is to fill these posts in the 2019/20 financial year.

The total number of employees who left the department is 38 which translates into 5.49% of the total workforce. The figure is lower than the national benchmark of 8%. It can also be indicated that the figure has gone down as compared to last year where the department was standing at 13.3%. Of the 38, sixteen (16) officials resigned, six (6) officials were transferred, two (2) officials left the department due to early retirement, one (1) official left due to ill-health retirement, eleven (11) officials left due to normal/ compulsory retirement and two (2) officials services got terminated due to death. The majority of employees who left the department are due to resignations. The significant high number of attrition is of concern due to the fact that the department is unable to retain its employees, especially those that are leaving voluntarily (resignations and or transfers). As a result, the department is unable to reduce its vacancy rate.

The age profile of the department is of a major concern in terms of critical occupation, and measures needs to be put in place in order to address anticipated retirement in some programmes such as Environmental Branch where it will be losing majority of its employees. Of the 691 employees, 147 (21.27%) are between the ages of 18 and 35 years (youth), 118 (17.08%) are between the ages of 36 and 39, 202 (29.23%) are between the ages of 40 and 49, 196 (28.36%) are between the ages of 50 and 59, 28 (4.05%) are between the ages of 60 and 65. One hundred (100) of these employees will be retiring in the next 5-10 years through normal and/or compulsory retirement. Of this number, 80 (80%) are from Environmental Management Branch, 11 (11%) from Administration and 9 (9%) are from Economic Development. In recruiting within these branches, attention will have to be put in attracting youth, especially in certain entry level posts where experience is not a requirement. Measures need to also be put in place to vigorously implement succession planning as the department will be losing key personnel as well as critical skills in the next 1-5 years.

- **Human resource priorities for the year under review and the impact of these.**

Even though the department could not fill the 49 advertised posts, 41 posts that overlapped from posts advertised during 2017/18 financial year were filled.

As an ongoing process to capacitate and develop its employees, the department rolled out 32 training programmes of the 10 planned programmes. The reason for overachievement is due to the fact that Component set aside training budget within their line budget in order to address gaps that were identified in officials' Performance and Development Plans, where Skills Levy was insufficient. The trainings provided were able to equip employees with knowledge and skills thereby enhancing productivity in terms of service delivery. Furthermore, 25 employees were awarded part-time bursaries to study over a period of time in order to increase a pool of qualified employees in the department for employability. This number will be in addition to the 19 bursars who were offered bursaries from the previous academic year. In total the department has 44 bursary holder as at 31 March 2019.

- **Workforce planning and key strategies to attract and recruit a skilled and capable workforce.**

In attracting skilled and capable workforce, DESTEA make use of various national print media and Public Service and Administration Website to recruit prospective employees from salary levels 9–16. During the interviews, SMS members undergo technical exercise where after they undergo competency assessment to identify potential or gaps in a candidate. Identified gaps are then included in the SMS member's Performance Development Plan to address these gaps.

- **Employee performance management**

For the period of 2018/19 performance cycle, the Department of Public Service and Administration (DPSA) has introduced new directives with regard to the implementation of the Performance Management and Development System (PMDS) for all levels within the Public Service with a view of improving efficiency in the implementation of the new system. Trainings on the new system were provided but more workshops will be rolled out to ensure all employees are able to implement these new directives.

During the 2018/19 performance cycle, majority of employees have entered into performance agreements. Of the 28 SMS members that were in service, 27 (96.4%) entered into performance agreement. The reason for non-submission of one SMS member is because she is on an international study trip. The department has a backlog in terms of payment of SMS outcome for the 3 past financial years (2014/15, 2015/16, 2017/18). Payment for the 2017/18 for employees on salary levels 2-12 was approved during March 2019.

- **Employee wellness programmes Programmes (EHWP)**

The department cares for the health and wellness of employees and their families. This is done through the implementation of the Employee Health and Wellness Programme. Through this Programme, four pillars are attended to, thus; the HIV/AIDS, TB & STI Management, Health and Productivity Management (HPM), Wellness Management (WM) and Safety, Health, Environment, Risk and Quality Management (SHERQ). The EHW programme offers different services including amongst others, HIV Testing Services, Health Risk As-

assessments, Occupational health and Safety inspections, Psycho-social wellness (counselling), Physical wellness (Sports and Recreation) and different educational awareness campaigns. During 2018-19 financial year, the programme also extended to health and wellness of male employees through a formal event specifically dedicated to them addressing male issues like prostate cancer sessions, sexual health, Gays and Lesbians, relationships that included marriage, parental roles among other topics of the day. These employees also had an opportunity to test for HIV, Diabetes Mellitus, Cholesterol, Blood pressure and screen for TB.

In commemorating different health calendar days, the department hosted Women's Health and Wellness Day addressing women related matters, which was similar to the male event. Implementing the EHWP created an opportunity to provide care and support to the affected and infected employees. To support employees needing treatments of different diseases, employees were referred to different health institutions for enrolment in the Disease Management Programme (DMP). Employees and their families were provided with counselling. Furthermore, The Occupational Health and Safety inspections were conducted to ensure the minimisation and where possible, the elimination of health hazards. The EHWP also implemented the Sports and Recreation activities which encouraged to participate in different sporting codes during wellness days and throughout the year on a weekly base. Interdepartmental Sporting tournaments also marked the financial year it lobbied interest of employees with regard to sports and recreation. The EHWP also established relationships with different stakeholders to form a positive partnership that brought services to the employees.

- **Highlights/ achievements and challenges faced by the department, as well as future human resource plans /goals:**
- **Highlight/ achievements:**

Fifty-five (55) Standard Operating Procedures were developed in responding to Auditor-General's query in that business processes are not effectively documented. Majority of these SOPs were in the line functions (Environmental Management and Economic Development Branch)

Sports and Recreation activities made an impact in encouraging the physical excises. Interdepartmental games were held, and the relationships were established between DESTEA and DEA North West, EDTEA Limpopo Province, DETEA Northern Cape. Men's health and Wellness event was held to address male issues and about 250 male employees attended. Women also had an opportunity to address female issues through an event dedicated to them. They also had an opportunity to conduct Pap smear and breast cancers through the initiative of the department.

- **Challenges faced by the department:**
- The delay in appointing the service provider to render a comprehensive programme hampers service delivery. Services that are compromised include access to 24 hour counselling services that is multilingual and more other services with different scope of practice.
- Limited resources that includes high shortage of staff and unavailability of GG transport compromises effective service delivery. Medical Surveillance services are also not available to ensure proper placement and wellbeing of employees.

- Delay in responding to IOD cases by Department of Labour also compromises the services provided to employees as it affects the payment of service providers.
- Non-compliance with the OHS Act also posed a challenge during the financial year under review.
- High vacancy rate, especially within the Environmental Management Branch.
- Non-filling of vacant funded posts.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	176 866	108 676	2 401	0	61.45	449
Environmental Affairs	151 259	117 249	381	1 009	77.52	294
Economic Development	221 588	36 848	3 742	743	16.63	378
Tourism	8 524	7 021	0	0	82.36	466
TOTAL	558 237	269 794	6 523	1 752	46.50	355

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee
Contract (Levels 1-2)	131	0		131 000
Contract (Levels 3-5)	931	0.30		155 167
Contract (Levels 6-8)	2 545	0.90		318 125
Contract (Levels 9-12)	2 821	1		940 333
Contract (Levels 13-16)	2 511	0.90		1 255 500

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee
Contract Other	27	0		0
Lower skilled (Levels 1-2)	5 398	1.90	32	174 129
Skilled (Levels 3-5)	70 930	24.90	298	218 920
Highly skilled production (Levels 6-8)	66 771	23.50	177	318 125
Highly skilled supervision (Levels 9-12)	81 619	28.70	117	715 956
Senior management (Levels 13-16)	34 648	12.20	30	1 194 759
Total	268 794	94.50	654	355 078

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATION	94 085	53.70	984	0.60	3 259	1.90	5 039	2.90
ECONOMIC DEVELOPMENT	99 009	58.10	2 812	1.70	4 369	2.60	8 153	4.80
ENVIRONMENTAL AFFAIRS	32 310	14.30	0	0	0	0	4 755	2.10
TOURISM	6 071	66.50	0	0	206	2.30	313	3.40
TOTAL	231 475	192.60	3 796	2.30	7 834	6.80	18 260	13.20

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Contract (Levels 1-2)	132	100	0	0	0	0	0	0
Contract (Levels 3-5)	1 081	116.10	6	0.60	0	0	0	0
Contract (Levels 6-8)	2 484	97.30	5	0.20	7	0.30	16	0.60
Contract (Levels 9-12)	2 575	85.60	0	0	0	0	0	0
Contract (Levels >= 13)	2 091	79.20	0	0	138	5.20	0	0

Contract Other	27	100	0	0	0	0	0	0
Lower skilled (Levels 1-2)	3 859	70.30	104	1.90	390	7.10	572	10.40
Skilled (Levels 3-5)	52 561	70.60	1 879	2.50	4 223	5.70	7 682	10.30
Highly skilled production (Levels 6-8)	60 156	86.10	748	1.10	2 191	3.10	3 976	5.70
Highly skilled supervision (Levels 9-12)	75 266	86	1 076	1.20	1 251	1.40	2 482	2.80
Senior manage- ment (Levels >= 13)	31 221	84.10	0	0	656	1.80	91	0.20
19 Periodical Remuneration								
TOTAL	231 475	81.40	3 818	1.30	8 855	3.10	14 818	5.20

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Table 3.2.1 Employment and vacancies by programme as on 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	283	239	15.55	1
Environmental Affairs	400	345	13.75	1
Economic Development	103	92	10.68	0
Tourism	17	15	11.76	0
Total	803	691	13.95	2

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	35	32	8.57	0
Skilled(3-5)	367	330	10.08	0
Highly skilled production (6-8)	207	182	12.08	0
Highly skilled supervision (9-12)	156	119	23.7	1
Senior management (13-16)	38	28	26.32	1
Total	803	691	13.95	2

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Top Management (15-16)	3	1	66.67%	0
Senior Management (13-14)	35	27	22.86%	1
Middle Management & Professionals (11-12)	59	46	22.03%	0
Junior Management & Supervisors (8-10)	146	116	20.55%	1
Administrative Office Workers & related (5-7)	287	254	11.50%	0
Elementary & Semi Skilled (1-4)	273	247	9.52%	0
Total	803	691	13.95%	2

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	2	0	0	2	100
Salary Level 14	8	5	62.50	3	37.50
Salary Level 13	27	22	81.48	5	18.52
Total	38	28	73.68	10	26.32

Table 3.3.2 SMS post information as on 30 September 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	2	1	50	1	50
Salary Level 14	7	5	71.43	3	42.86
Salary Level 13	28	22	78.57	5	18.52
Total	38	28	73.68	10	27.03

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 12 months of becoming vacant	
Director-General/ Head of Department	1	1	Director-General/ Head of Department
Salary Level 16	0	0	Salary Level 16
Salary Level 15	1	0	Salary Level 15
Salary Level 14	0	0	Salary Level 14
Salary Level 13	0	0	Salary Level 13
Total	2	1	

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2018 and 31 March 2019

Reasons for vacancies not advertised within twelve months
Not applicable

Reasons for vacancies not filled within six months
Projected overspending highlighted by Provincial Treasury made the department to put the process of filling of posts in abeyance until this matter is addressed

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
None as this is beyond HR's control

Reasons for vacancies not filled within six months
None as this is beyond HR's control

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	34	0	0	0	0	0	0
Skilled (Levels 3-5)	368	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	207	3	1.45	0	0	0	0
Highly skilled supervision (Levels 9-12)	156	5	3.2	0	0	0	0
Senior Management Service Band A	27	4	14.81	0	0	0	0
Senior Management Service Band B	8	0	0	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	803	12	1.49	0	0	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	0	-	-	-
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability					Total
Employees with a disability					0

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	73	0	0	0
Skilled (Levels3-5)	265	25	15	2.54
Highly skilled production (Levels 6-8)	177	8	11	6.20
Highly skilled supervision (Levels 9-12)	110	6	11	9.69
Senior Management Service Bands A	22	2	1	4.5
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	0	0	0	0

Contracts	16	2	4	25.0
Total	669	43	42	6.18

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical Occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Top Management (15-16)	1	0	0	0
Senior Management (13-14)	27	2	1	4.08
Middle Management & Professionals (11-12)	40	6	3	6.98
Junior Management & Supervisors (8-10)	112	0	12	10.71
Administrative Office Workers & related (5-7)	218	12	11	6.57
Elementary & Semi Skilled (1-4)	260	21	12	4.79
TOTAL	658	41	38	5.49

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2018 and 31 March 2019

Termination Type	Number	% of Total Resignations
Death	2	5.26
Resignation	15	39.47
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	2.6
Retirement	13	34.2
Transfer to other Public Service Departments	6	15.79
Other	1	2.6
Total	38	
Total number of employees who left as a % of total employment	691	5.49

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Top Management (15-16)	1	1	100	0	0
Senior Management (13-14)	27	0	0	0	0
Middle Management & Professionals (11-12)	40	0	0	12	29.27
Junior Management & Supervisors (8-10)	112	1	0.90	52	46.85
Administrative Office Workers & related (5-7)	218	3	1.39	74	34.10
Elementary & Semi Skilled (1-4)	260	0	0	179	68.85
TOTAL	658	5	0.77	317	48.32

Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	73	0	0	49	67.12
Skilled (Levels 3-5)	266	3	1.12	162	61.13
Highly skilled production (Levels 6-8)	179	0	0	59	33.33
Highly skilled supervision (Levels 9-12)	112	1	0.89	47	0
Senior Management (Level 13-16)	28	1	4.17	0	0
Total	653	5	0.76	317	48.18

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	0	0	2	11	0	0	0	28
Professionals	22	2	0	3	16	1	0	1	45
Technicians and associate professional	19	2	0	25	24	0	0	2	72
Clerks	136	2	0	8	131	1	0	13	291
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	145	13	0	1	82	4	0	0	241
Total	338	19	0	39	264	6	0	16	682
Employees with disabilities	5	0	0	2	2	0	0	0	9

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	0	0	1	0	0	0	6
Senior Management	11	0	0	2	8	0	0	0	21
Professionally qualified and experienced specialists and mid-management	22	2	0	3	16	1	0	1	45
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	90	3	0	28	103	0	0	12	236

Table 3.6.6 Disciplinary action for the period 1 April 2018 and 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Written warning	0	0	0	0	0	0	0	0	0
Final Written warning	5	0	0	0	0	0	0	0	5

Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	6	0	0	0	6	0	0	0	12
Professionals	19	0	0	1	20	1	0	0	41
Technicians and associate professionals	5	0	0	0	4	0	0	0	9
Clerks	113	0	0	1	152	0	0	0	266
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	27	7	0	0	78	0	0	0	112
Total	170	19	0	45	263	6	1	17	440

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2019

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	0	0	0
Salary Level 16	0	0	0	0
Salary Level 15	2	1	1	3.57
Salary Level 14	8	5	5	17.85
Salary Level 13	31	22	21	78.57
Total	42	28	27	96.4

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2019

Reasons
1 SMS member on International Study Leave

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2019

Reasons
Not applicable

3.8 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 and 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	54	317	17.06	684	13
Female	55	257	21.40	661	12
Asian					
Male	0	1	0	0	0
Female	0	0	0	0	0
Coloured					
Male	1	16	6.25	33	33000

Female	3	6	50	26	89
White					
Male	9	45	20	172	19
Female	8	17	47.5	122	15
Total	130	658	19.76	1698	89311

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	7	73	9.6	34	4857	0.01
Skilled (level 3-5)	44	266	16.54	298	6772	0.12
Highly skilled production (level 6-8)	50	179	27.93	632	12640	0.26
Highly skilled supervision (level 9-12)	29	112	25.89	779	26862	0.32
Total	130	630	20.63	1743	13407	0.73

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Legislators, senior officials and managers	0	29	0%	779	26862
Technicians and associate professionals	117	153	75.47	632	12640
Administrative Office Workers	44	218	20.2%	298	6772
Elementary occupations	7	259	2.7%	34	4857
Total	130	659	19.73	1743	13407

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	22	0	0	0	0
Band B	0	5	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	1	0	0	0	0
Total	0	28	0	0	0	0

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0	0	0	0	0

3.7 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018

Salary Band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee days/number of employees	Estimated Cost (R'000)
Lower Skills (Level 1-2)	119	76.5	21	2.99	5.7	45
Skilled (levels 3-5)	1434	76.7	215	30.67	6.7	780
Highly skilled production (levels 6-8)	802	87.3	117	16.69	6.9	834
Highly skilled supervision (levels 9 -12)	456	76.8	72	10.27	6.3	934
Top and Senior management (levels 13-16)	90	88.9	16	2.28	5.6	389
Total	2 901	80	441	62.91	6.8	2982

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

Salary Band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	8	100	1	0.14	8	3
Skilled (Levels 3-5)	493	100	15	2.13	32.7	29
Highly skilled production (Levels 6-8)	47	100	5	0.71	9.4	70
Highly skilled supervision (Levels 9-12)	105	100	2	0.28	52.5	176
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	661	100	23	3.5	21.2	278

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	627	31	20.22
Skilled Levels 3-5)	7718	329	23.45
Highly skilled production (Levels 6-8)	3 884	177	21.94
Highly skilled supervision(Levels 9-12)	2 687	111	24.20
Senior management (Levels 13-16)	684	29	23.58
Total	15 600	677	23.04

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2019
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	7	2	3.5	23.14
Highly skilled production (Levels 6-8)	1	1	1	29.2
Highly skilled supervision(Levels 9-12)	58	3	19.3	38.19
Senior management (Levels 13-16)	0	0	0	32.31
Total	66	6	11	28.89

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2017/18 due to non-utilisation of leave for the previous cycle	734	20	37
Capped leave pay-outs on termination of service for 2016/17	710	7	101
Current leave pay-out on termination of service for 2016/17	321	17	19
Total	1 765	44	52

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
1. Game Capture	Conducting HIV Testing Services and Health Risk Assessments Education and awareness sessions First Aid training Condom distribution and demonstration Providing PPE Counselling and emotional support
2. Cleaners	Conducting HIV Testing Services and Health Risk Assessments Education and awareness sessions First Aid training Provide PPE Condom distribution and demonstration Counselling and emotional support
3. Employees residing at Resorts and Reserves	Conducting HIV Testing Services and Health Risk Assessments Education and awareness session First Aid training Provide PPE Condom distribution and demonstration Counselling and emotional support
4. Contraction and Maintenance team	Education and awareness sessions First Aid training Provide PPE Condom distribution and demonstration Counselling and emotional support
5. EPWP Contractors	Education and awareness sessions Provide PPE First Aid training Condom distribution and demonstration Counselling and emotional support
6. Contract and Leaners employees	Education and awareness sessions Condom distribution and demonstration Counselling and emotional support

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Y		Acting Director: OHRD
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Y		1 Deputy Director: EHWP 1 Assistant Director: HIV/AIDS and TB Management 1 OHS Practitioner 1 Wellness Management Practitioner 1 Health and Productivity Practitioner 1 HIV/AIDS and TB Management Coordinator R1.2 M dedicated budget for the component
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Y		The EHWP implements the four pillars that includes Health and Productivity, HIV/AIDS Management, Wellness Management and Occupational Health and Safety.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Y		The EHWP committee was established to serve for a period of three (3) years from 2016-2018. All departmental institutions are represented in a committee
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Y		HIV Policies are in place but was not reviewed during the financial year, EE Act is also implemented
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Y		Policies are in place and are implemented. Information sessions are conducted to educate employees
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Y		HTS and HRA campaigns are conducted every six months. The services are brought to the workplace to ensure accessibility to services. During the first quarter, 258 employees tested for HIV and 7 was found to be positive The third quarter revealed that 206 employees tested and 11 tested positive

Question	Yes	No	Details, if yes
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Y		A research was conducted on the implemented EHW Programmes DPSA continually evaluate and monitors the EHW Programme through conducting audits, monitoring reports such as annual implementation reports, System monitoring tool is also continually completed and submitted to DPSA

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter	Date
None	

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	5.2
Verbal warning	0	0
Written warning	0	0
Final written warning	5	26.3
Suspended without pay	5	26.3
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	7	37
Case withdrawn	1	5.2
Total	19	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
Theft	0	0
Performing remunerative work	0	0
Insubordination	8	73
Absenteeism	3	27
TOTAL	11	100

Table 3.12.3.1 Total misconduct cases for the period 1 April 2018 - 31 March 2019

Type of misconduct	Number of cases outstanding 01 April 2018	Number of cases added in 2018/19	Number of cases finalised in 2018/19	Number of Cases outstanding 31 March 2019
Performing remunerative work	0	0	0	0
Insubordination	7	1	8	0
Absenteeism	0	3	3	0
Fraud	7	0	0	7
TOTAL	14	4	11	7

Table 3.12.4 Grievances lodged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	8	67
Number of grievances not resolved	4	33
Total number of grievances lodged	12	100

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	01	8
Number of disputes dismissed	11	92
Total number of disputes lodged	12	100

Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

Number of people suspended	9
Number of people whose suspension exceeded 30 days	8
Average number of days suspended	380
Cost of suspension(R'000)	5 689

3.13 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	2	0	2
	Male	18	0	0	0	0
Professionals	Female	18	0	0	0	0
	Male	26	0	0	0	0
Technicians and associate professionals	Female	25	0	0	0	0
	Male	46	0	0	0	0
Clerks	Female	139	0	4	0	4
	Male	136	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	88	0	4	0	4
	Male	152	0	0	0	0
Sub Total	Female	281	0	0	0	0
	Male	378	0	0	0	0
Total		659	0	10	0	10

Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	2	5	7
	Male	18	-	-	-	-
Professionals	Female	18	0	2	6	8
	Male	26	-	-	-	-
Technicians and associate professionals	Female	25	0	-	1	1
	Male	46	-	-	-	-
Clerks	Female	139	0	8	19	27
	Male	136	-	-	-	-

Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	88	0	3	0	3
	Male	152	-	-	-	-
Sub Total	Female	281	0			
	Male	378	0			
Total		656	0	15	31	46

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2018 and 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	3	30
Temporary Total Disablement	7	70
Permanent Disablement	0	0
Fatal	0	0
Total	10	100

3.15 Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
None	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	N/A	N/A	N/A

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	N/A	N/A	N/A

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2018 and 31 March 2019

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	N/A	N/A	N/A

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision(Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0



PART E:
FINANCIAL INFORMATION

Report of the auditor-general to the Free State Legislature on vote no. 3: Department of Economic, Small Business Development, Tourism and Environmental Affairs

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Economic, Small Business Development, Tourism and Environmental Affairs set out on pages 118 to 190, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, and the cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Department of Economic, Small Business Development, Tourism and Environmental Affairs as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act no. 1 of 2018) (Dora).

Basis for qualified opinion

Goods and services

3. I was unable to obtain sufficient appropriate audit evidence for expenditure relating to goods and services of R7 165 009 (2018: R10 655 981) due to the unavailability of supporting documentation to confirm that goods and services paid for had actually been received and correctly accounted for. I was unable to confirm goods and services by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to goods and services stated at R126 273 000 (2018: R115 289 000) in note 5 to the financial statements.
4. The department did not classify expenditure in accordance with chapter 8, Expenditure, in the MCS. The department incorrectly classified the different expenditure line items within goods and services as disclosed in note 5 to the financial statements. Consequently, contractors was overstated by R5 426 954, advertising understated by R3 174 159, catering understated by R1 389 011 and agency and support understated by R863 783. Similarly, venues and facilities, consumables and consultants were also incorrectly classified. I was unable to determine the full extent of the misstatement of goods and services as it was impractical to do so. Additionally, there was an impact on the expenditure per economic classification in the appropriation statement due to the incorrect classifications mentioned above.

Movable tangible capital assets

5. I was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as some of the assets included in the asset register could not be physically verified. I was unable to confirm the assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R64 012 000 in note 28 to the financial statements. There was also an impact on the disclosure for movable tangible capital assets under investigation included as part of note 28 to the financial statements.

Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
7. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure

10. As disclosed in note 24 to the financial statements, irregular expenditure of R7 742 000 (2018: R20 958 000) was incurred due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being determined.

Material impairments of debtors

11. As disclosed in notes 12.5 and 23.2 to the financial statements, a provision for impairment of R16 838 000 (2018: R15 359 000) has been made with regard to accrued departmental revenue as a result of possible non-recovery of rental income from a debtor.

Underspending of the budget

12. As disclosed in the appropriation statement, the department materially underspent the budget by R22 499 000 mostly on environmental affairs and economic development programmes.

Restatement of corresponding figures

13. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2019.

Other matter

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Service delivery

15. The department transferred R10, 8m in earmarked funds to the entities under its oversight control, as appropriated by the provincial treasury, for the flower festival and radical economic transformation. Although the entities submitted regular performance reports in terms of transfer agreements, compliance with transferring conditions could not be confirmed during the audit processes at these entities.

Unaudited supplementary schedules

16. The supplementary information set out on pages 192 to 197 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Economic, Small Business Development, Tourism and Environmental Affairs' 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 department or to cease operations, or has no realistic alternative but to do so.

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

19. 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.
20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

21. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
22. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
23. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – environmental affairs	47 – 53
Programme 3 – economic and small business development	54 – 58

24. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

25. The findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 2 – environmental affairs

26. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.

Programme 3 – economic and small business development

27. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.

Other matters

28. I draw attention to the matters below.

Achievement of planned targets

29. Refer to the annual performance report on pages 37 to 61 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

Adjustment of material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: environmental affairs and programme 3: economic and small business development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

31. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

32. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

33. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework or supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Procurement and contract management

34. Some quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed to comply with treasury regulation 16A8.3.
35. Some quotations were awarded to bidders based on preference points that were not allocated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and the Preferential Procurement Regulations.
36. Some of the IT-related goods and services, classified as mandatory, were not procured through the State Information Technology Agency (SITA) as required by treasury regulation 16A6.3(e) and section 7(3) of the SITA Act, 1998 (Act No.88 of 1998).

Expenditure management

37. Effective and appropriate steps were not taken to prevent irregular expenditure of R7 742 000 disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with the supply chain management processes. In addition, the full extent of irregular expenditure is still in the process of being determined
38. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Revenue management

39. Interest was not charged at the approved rates determined by the minister of Finance, as required by treasury regulation 11.5.1.
40. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.

Consequence management

41. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA.

Other information

42. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements,

the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

43. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
44. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
45. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
46. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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

47. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the findings on compliance with legislation included in this report.
48. The leadership of the department did not adequately oversee the implementation of internal controls and action plans that would address misstatements reported in the previous year to prevent repeat findings. This was mainly due to the slow response by leadership as deficiencies in the design and implementation of actions plans were not identified in time and addressed. Furthermore, the department had a high turnover of political office bearers.
49. Senior management did not provide adequate supervisory and monitoring controls over financial reporting and compliance with legislation. This was mainly due to the lack of consequences management, as no action was taken against non-compliance and incorrect reporting.
50. Management has implemented risk registers for recording emerging risks mostly identified during the audit process. This is to address gaps in the identification and mitigation of emerging risks that have not been recorded in the risk registers, which are approved before the completion of the preceding audit cycle.

Other reports

51. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my

opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

52. Management was investigating the possible abuse of travel and subsistence claims by departmental staff. The investigation started in 2015 and was ongoing at the reporting date.

Auditer - General

Bloemfontein

31 July 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in

the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Economic, Small Business Development, Tourism and Environmental Affairs' ability 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 the 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 a department to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

**For the year ended
31 March 2019**

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Appropriation per programme																	
2018/19						2017/18											
Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure								
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		R'000						
1. Administration	175 058	-	2 560	177 618	176 864	754	99.6%	141 099	141 056								
2. Environmental Affairs	170 363	-	(2 580)	167 783	151 259	16 524	90.2%	136 691	137 858								
3. Economic Development	226 183	-	500	226 683	221 588	5 095	97.8%	218 167	201 075								
4. Tourism	9 130	-	(480)	8 650	8 524	126	98.5%	9 191	8 937								
TOTAL	580 734	-	-	580 734	558 235	22 499	96.1%	505 148	488 926								
						2018/19						2017/18					
TOTAL (brought forward)				Final Appropriation	Actual Expenditure				Final Appropriation	Actual Expenditure							
Reconciliation with statement of financial performance																	
Actual amounts per statement of financial performance (total revenue)																	
ADD				580 734					505 148								
Aid assistance					169					51							
Actual amounts per statement of financial performance (total expenditure)					558 404					488 977							

Appropriation per economic classification		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	422 193	(10 219)	2 230	414 204	396 067	18 137	95.6%	345 482	350 538	
Compensation of employees	273 145	(1 130)	(1 970)	270 045	269 794	251	99.9%	232 465	235 250	
Salaries and wages	247 387	(14 330)	(1 970)	231 087	231 475	(388)	100.2%	211 948	201 362	
Social contributions	25 758	13 200	-	38 958	38 319	639	98.4%	20 517	33 888	
Goods and services	149 048	(9 089)	4 200	144 159	126 273	17 886	87.6%	113 017	115 288	
Administrative fees	447	(42)	-	405	445	(40)	109.9%	234	282	
Advertising	3 653	(455)	-	3 198	2 785	413	87.1%	5 331	5 376	
Minor assets	1 937	(763)	-	1 174	593	581	50.5%	1 698	749	
Audit costs: External	6 200	-	-	6 200	6 100	100	98.4%	6 396	6 467	
Bursaries: Employees	500	347	500	1 347	1 419	(72)	105.3%	437	410	
Catering: Departmental activities	3 602	785	(15)	4 372	3 827	545	87.5%	5 303	5 014	
Communication	3 206	(524)	(10)	2 672	3 396	(724)	127.1%	4 549	4 263	
Computer services	7 836	(811)	-	7 025	6 783	242	96.6%	2 227	1 340	
Consultants: Business and advisory services	14 125	(10 768)	-	3 357	3 081	276	91.8%	5 770	5 534	
Legal services	681	618	-	1 299	1 293	6	99.5%	415	333	
Contractors	16 520	5 932	(500)	21 952	20 674	1 278	94.2%	10 096	8 128	

Agency and support / outsourced services	27 713	(3 510)	2 400	26 603	10 758	15 845	40.4%	10 279	13 093
Entertainment	-	-	-	-	-	-	-	19	14
Fleet services	9 000	1 571	-	10 571	11 296	(725)	106.9%	12 450	12 538
Inventory: Other supplies	300	(130)	-	170	167	3	98.2%	-	-
Consumable supplies	10 426	(5 214)	-	5 212	4 753	459	91.2%	6 739	5 875
Consumable: Stationery printing and office supplies	4 094	(679)	-	3 415	2 821	594	82.6%	4 070	3 238
Operating leases	9 167	5 430	1 900	16 497	16 817	(320)	101.9%	9 233	12 933
Property payments	1 916	(35)	-	1 881	957	924	50.9%	9 726	10 022
Travel and subsistence	18 396	(1 653)	(75)	16 668	19 494	(2 826)	117.0%	12 916	14 877
Training and development	5 635	1 494	-	7 129	6 524	605	91.5%	2 766	2 532
Operating payments	1 337	(157)	-	1 180	1 238	(58)	104.9%	738	863
Venues and facilities	1 260	(879)	-	381	286	95	75.1%	1 001	886
Rental and hiring	1 096	354	-	1 450	766	684	52.8%	624	521
Transfers and subsidies	141 701	8 114	-	149 815	149 466	349	99.8%	147 635	128 906
Departmental agencies and accounts	109 033	(20)	-	109 013	108 928	85	99.9%	112 925	112 809
Departmental agencies and accounts	109 033	(20)	-	109 013	108 928	85	99.9%	112 925	112 809
Public corporations and private enterprises	32 000	6 950	-	38 950	38 950	-	100.0%	32 260	14 465
Public corporations	31 000	-	-	31 000	31 000	-	100.0%	32 260	14 465
Other transfers to public corporations	31 000	-	-	31 000	31 000	-	100.0%	32 260	14 465

Private enterprises	1 000	6 950	-	7 950	-	100.0%	-	-
Other transfers to private enterprises	1 000	6 950	-	7 950	-	100.0%	-	-
Non-profit institutions	67	360	-	200	227	46.8%	-	-
Households	601	824	-	1 388	37	97.5%	2 450	1 632
Social benefits	601	1 307	-	1 267	639	66.5%	440	593
Other transfers to households	-	(483)	-	121	(604)	(25.1%)	2 010	1 039
Payments for capital assets	16 840	1 925	(2 300)	12 470	3 995	75.7%	12 001	9 441
Buildings and other fixed structures	7 000	-	(1 900)	1 797	3 303	35.2%	3 705	3 892
Buildings	7 000	-	(1 900)	1 797	3 303	35.2%	250	847
Other fixed structures	-	-	-	-	-	-	3 455	3 045
Machinery and equipment	9 077	2 455	(330)	10 673	529	95.3%	7 951	5 549
Transport equipment	53	150	-	200	3	98.5%	40	-
Other machinery and equipment	9 024	2 305	(330)	10 473	526	95.2%	7 911	5 549
Intangible assets	763	(530)	(70)	-	163	-	345	-
Payments for financial assets	-	180	70	232	18	92.8%	30	41
TOTAL	580 734	-	-	558 235	22 499	96.1%	505 148	488 926

Programme 1: ADMINISTRATION											
2018/19											2017/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Sub programme											
1. Office of the MEC	13 933	(1 353)	-	12 580	13 193	(613)	104.9%	11 579	10 067		
2. Management Services	45 201	(1 804)	-	43 397	42 337	1 060	97.6%	26 972	27 424		
3. Financial Management	69 853	714	1 970	72 537	78 300	(5 763)	107.9%	66 369	70 482		
4. Corporate Services	46 071	2 443	590	49 104	43 034	6 070	87.6%	36 179	33 083		
Total for sub programmes	175 058	-	2 560	177 618	176 864	754	99.6%	141 099	141 056		
Economic classification											
Current payments	168 557	1 058	2 490	172 105	171 692	413	99.8%	136 139	137 737		
Compensation of employees	108 993	(400)	90	108 683	108 676	7	100.0%	80 616	80 558		
Salaries and wages	98 344	(4 447)	90	93 987	94 085	(98)	100.1%	70 957	73 421		

Programme 1: ADMINISTRATION	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social contributions	10 649	4 047	-	14 696	14 591	105	99.3%	9 659	7 138
Goods and services	59 564	1 458	2 400	63 422	63 016	406	99.4%	55 523	57 179
Administrative fees	447	(42)	-	405	445	(40)	109.9%	150	200
Advertising	2 373	(262)	-	2 111	1 990	121	94.3%	3 718	3 671
Minor assets	779	(167)	-	612	190	422	31.0%	775	543
Audit costs: External	6 200	-	-	6 200	6 100	100	98.4%	6 426	6 426
Bursaries: Employees	500	347	500	1 347	1 419	(72)	105.3%	437	410
Catering: Departmental activities	1 189	300	-	1 489	1 396	93	93.8%	2 172	2 094
Communication	2 721	(414)	-	2 307	3 045	(738)	132.0%	3 678	3 413
Computer services	7 832	(811)	-	7 021	6 521	500	92.9%	2 225	1 326
Consultants: Business and advisory services	1 940	(440)	-	1 500	1 329	171	88.6%	509	326
Legal services	660	636	-	1 296	1 292	4	99.7%	410	329
Contractors	1 413	731	-	2 144	1 990	154	92.8%	2 702	2 594
Fleet services	9 000	(1 400)	-	7 600	8 326	(726)	109.6%	12 450	12 538
Consumable supplies	928	401	-	1 329	1 032	297	77.6%	1 290	913
Consumable: Stationery printing and office supplies	2 438	(491)	-	1 947	1 574	373	80.8%	2 181	1 737
Operating leases	9 167	5 430	1 900	16 497	16 817	(320)	101.9%	9 233	12 933
Property payments	60	(10)	-	50	19	31	38.0%	60	702

Programme 1: ADMINISTRATION		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Transport provided: Departmental activity	-	-	-	-	6 888	-	-	-	-	-
Travel and subsistence	7 565	(898)	-	6 667	6 888	(221)	103.3%	4 696	4 522	
Training and development	3 133	(582)	-	2 551	2 401	150	94.1%	1 740	1 855	
Operating payments	418	(138)	-	280	210	70	75.0%	317	305	
Venues and facilities	756	(711)	-	45	11	34	24.4%	37	30	
Rental and hiring	44	(21)	-	23	21	2	91.3%	317	312	
Transfers and subsidies	4	250	-	254	243	11	96.7%	444	414	
Departmental agencies and accounts	4	-	-	4	-	4	-	4	-	
Departmental agencies	4	-	-	4	-	4	-	4	-	
Non-profit institutions	-	100	-	100	100	-	100.0%	-	-	
Households	-	150	-	150	143	7	95.3%	440	414	
Social benefits	-	150	-	150	143	7	95.3%	250	224	
Other transfers to households	-	-	-	-	-	-	-	190	190	

Programme 1: ADMINISTRATION		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Payments for capital assets	6 497	(1 348)	-	5 149	4 830	319	93.8%	4 516	2 886	
Machinery and equipment	6 497	(1 348)	-	5 149	4 830	319	93.8%	4 516	2 886	
Other machinery and equipment	6 497	(1 348)	-	5 149	4 830	319	93.8%	4 516	2 886	
Software and other intangible assets	20	(20)	-	-	-	-	-	-	-	
Payments for financial assets	-	40	70	110	99	11	90.0%	-	19	
TOTAL	175 058	-	2 560	177 618	176 864	754	99.6%	141 099	141 056	

1.1 Office of the MEC												
2018/19											2017/18	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Current payments	13 738	(1 320)	-	12 418	12 963	(545)	104.4%	11 419	9 882			
Compensation of employees	9 402	(1 156)	-	8 246	8 946	(700)	108.5%	8 281	7 371			
Goods and services	4 336	(164)	-	4 172	4 017	155	96.3%	3 138	2 511			
Transfers and subsidies	-	60	-	60	81	(21)	135.0%	-	60			
Households	-	60	-	60	81	(21)	135.0%	-	60			
Payments for capital assets	195	(93)	-	102	103	(1)	101.0%	160	106			
Machinery and equipment	195	(93)	-	102	103	(1)	101.0%	160	106			
Payments for financial assets	-	-	-	-	46	(46)	-	-	19			
TOTAL	13 933	(1 353)	-	12 580	13 193	(613)	104.9%	11 579	10 067			

1.2 Management Services		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	44 709	(1 944)	-	42 765	41 753	1 012	97.6%	24 504	25 981	
Compensation of employees	37 756	(635)	-	37 121	36 746	375	99.0%	21 696	22 746	
Goods and services	6 953	(1 309)	-	5 644	5 007	637	88.7%	2 808	3 236	
Transfers and subsidies	-	100	-	100	106	(6)	106.0%	440	304	
Households	-	-	-	-	6	(6)	-	440	304	
Non-profit institution	-	100	-	100	100	-	100.0%	-	-	
Payments for capital assets	492	-	-	492	475	17	96.5%	2 028	1 139	
Machinery and equipment	492	-	-	492	475	17	96.5%	2 028	1 139	
Payments for financial assets	-	40	-	40	3	37	7.5%	-	-	
TOTAL	45 201	(1 804)	-	43 397	42 337	1 060	97.6%	26 972	27 424	

1.3 Financial Management		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	64 149	2 379	1 900	68 428	74 235	(5 807)	108.5%	64 503	69 245	
Compensation of employees	33 676	(1 607)	-	32 069	36 445	(4 376)	113.6%	26 838	28 070	
Goods and services	30 473	3 986	1 900	36 359	37 790	(1 431)	103.9%	37 665	41 175	
Transfers and subsidies	2	-	-	2	8	(6)	400.0%	2	13	
Departmental agencies and accounts	2	-	-	2	-	2	-	2	-	
Households	-	-	-	-	8	(8)	-	-	13	
Payments for capital assets	5 702	(1 665)	-	4 037	4 007	30	99.3%	1 864	1 224	
Machinery and equipment	5 702	(1 665)	-	4 037	4 007	30	99.3%	1 864	1 224	
Payments for financial assets	-	-	70	70	50	20	71.4%	-	-	
TOTAL	69 853	714	1 970	72 537	78 300	(5 763)	107.9%	66 369	70 482	

1.4 Corporate Services		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	45 961	1 943	590	48 494	42 741	5 753	88.1%	35 713	32 629	
Compensation of employees	28 159	2 998	90	31 247	26 539	4 708	84.9%	23 801	22 372	
Goods and services	17 802	(1 005)	500	17 247	16 202	1 045	93.9%	11 912	10 257	
Transfers and subsidies	2	90	-	92	48	44	52.2%	2	37	
Departmental agencies and accounts	2	-	-	2	-	2	-	2	-	
Households	-	90	-	90	48	42	53.3%	-	37	
Payments for capital assets	108	410	-	518	245	273	47.3%	464	417	
Machinery and equipment	88	430	-	518	245	273	47.3%	464	417	
Software and other intangible assets	20	(20)	-	-	-	-	-	-	-	
TOTAL	46 071	2 443	590	49 104	43 034	6 070	87.6%	36 179	33 083	

Programme 2: Environmental Affairs	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Advertising	249	71	-	320	45	275	14.1%	101	140
Minor assets	956	(440)	-	516	366	150	70.9%	808	124
Catering: Departmental activities	561	(8)	-	553	494	59	89.3%	882	794
Communication	241	19	-	260	300	(40)	115.4%	417	467
Computer services	1	-	-	1	262	(261)	26200.0%	2	14
Consultants: Business and advisory services	983	(6)	-	977	1 009	(32)	103.3%	964	591
Contractors	12 763	2 099	(500)	14 362	13 736	626	95.6%	6 327	4 438
Agency and support / outsourced services	12 645	85	-	12 730	682	12 048	5.4%	43	17
Inventory: Other supplies	300	(130)	-	170	167	3	98.2%	-	-
Consumable supplies	3 666	(425)	-	3 241	3 125	116	96.4%	5 306	4 795
Consumable: Stationery printing and office supplies	1 169	(133)	-	1 036	964	72	93.1%	1 388	1 146
Property payments	1 856	(25)	-	1 831	938	893	51.2%	9 666	9 320
Travel and subsistence	5 330	(567)	-	4 763	6 055	(1 292)	127.1%	2 742	5 439
Training and development	816	(417)	-	399	381	18	95.5%	415	348
Operating payments	596	(142)	-	454	625	(171)	137.7%	185	497
Venues and facilities	12	(5)	-	7	7	-	100.0%	-	-
Rental and hiring	693	(60)	-	633	619	14	97.8%	214	169
Transfers and subsidies	269	1 130	-	1 399	1 100	299	78.6%	506	339

Programme 2: Environmental Affairs		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Departmental agencies and accounts	202	(20)	-	182	101	81	55.5%	196	39	
Departmental agencies	202	(20)	-	182	101	81	55.5%	196	39	
Non-profit institutions	67	150	-	217	-	217	-	-	-	
Households	-	1 000	-	1 000	999	1	99.9%	310	300	
Social benefits	-	1 000	-	1 000	999	1	99.9%	180	270	
Other transfers to households	-	-	-	-	-	-	-	130	30	
Payments for capital assets	9 115	(555)	(1 970)	6 590	3 027	4 002	45.9%	6 445	5 899	
Buildings and other fixed structures	7 000	-	(1 900)	5 100	1 797	3 303	35.2%	3 705	3 892	
Buildings	7 000	-	(1 900)	5 100	1 797	3 303	35.2%	250	847	
Other fixed structures	-	-	-	-	-	-	-	3 455	3 045	
Machinery and equipment	1 372	(45)	-	1 327	1 230	97	92.7%	2 395	2 007	
Transport equipment	53	150	-	203	200	3	98.5%	40	-	
Other machinery and equipment	1 319	(195)	-	1 124	1 030	94	91.6%	2 355	2 007	
Intangible assets	743	(510)	(70)	163	-	163	-	345	-	
Payments for financial assets	-	110	-	110	108	2	98.2%	15	12	
TOTAL	170 363	-	(2 580)	167 783	151 259	16 524	90.2%	136 691	137 858	

2.1 Environmental Policy Planning and Coordination		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	4 029	(1 581)	-	2 448	2 559	(111)	104.5%	8 896	7 162	
Compensation of employees	3 368	(1 581)	-	1 787	1 873	(86)	104.8%	8 312	6 374	
Goods and services	661	-	-	661	686	(25)	103.8%	584	788	
Transfers and subsidies	-	-	-	-	-	-	-	-	35	
Households	-	-	-	-	-	-	-	-	35	
Payments for capital assets	361	(313)	-	48	34	14	70.8%	121	(7)	
Machinery and equipment	61	(13)	-	48	34	14	70.8%	121	(7)	
Software and other intangible assets	300	(300)	-	-	-	-	-	-	-	
TOTAL	4 390	(1 894)	-	2 496	2 593	(97)	103.9%	9 017	7 190	

2.2 Compliance and Enforcement		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	12 328	1 523	-	13 851	17 477	(3 626)	126.2%	13 883	15 534	
Compensation of employees	8 879	2 772	-	11 651	14 794	(3 143)	127.0%	12 241	13 789	
Goods and services	3 449	(1 249)	-	2 200	2 683	(483)	122.0%	1 642	1 745	
Transfers and subsidies	-	-	-	-	416	(416)	-	-	-	
Households	-	-	-	-	416	(416)	-	-	-	
Payments for capital assets	514	(220)	(70)	224	68	156	30.4%	551	75	
Machinery and equipment	71	(10)	-	61	68	(7)	111.5%	221	75	
Software and intangible asset	443	(210)	(70)	163	-	163	-	330	-	
Payments for financial assets	-	-	-	-	13	(13)	-	-	-	
TOTAL	12 842	1 303	(70)	14 075	17 974	(3 899)	127.7%	14 434	15 609	

2.3 Environmental Quality Management		2018/19							2017/18	
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Economic classification										
Current payments	36 634	552	-	37 186	19 448	17 738	52.3%	21 183	21 926	
Compensation of employees	17 346	(363)	-	16 983	11 834	5 149	69.7%	14 319	16 539	
Goods and services	19 288	915	-	20 203	7 614	12 589	37.7%	6 864	5 387	
Transfers and subsidies	67	-	-	67	55	12	82.1%	105	92	
Departmental agencies and accounts	-	-	-	-	-	-	-	5	-	
Households	-	-	-	-	55	(55)	-	100	92	
Non-profit institutions	67	-	-	67	-	67	-	-	-	
Payments for capital assets	367	78	-	445	412	33	92.6%	1 255	1 637	
Machinery and equipment	367	78	-	445	412	33	92.6%	1 255	1 637	
Payments for financial assets	-	90	-	90	74	16	82.2%	15	-	
TOTAL	37 068	720	-	37 788	19 989	17 799	52.9%	22 558	23 655	

2.4 Biodiversity Management		2018/19						2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	99 014	(4 981)	(500)	93 533	98 199	(4 666)	105.0%	74 221	76 208
Compensation of employees	81 297	(5 126)	-	76 171	81 020	(4 849)	106.4%	55 343	57 582
Goods and services	17 717	145	(500)	17 362	17 179	183	98.9%	18 878	18 626
Transfers and subsidies	202	980	-	1 182	627	555	53.0%	271	171
Departmental agencies and accounts	202	(20)	-	182	101	81	55.5%	191	39
Households	-	1 000	-	1 000	526	474	52.6%	80	132
Payments for capital assets	7 664	(100)	(1 900)	5 664	2 340	3 324	41.3%	4 451	4 121
Building and other fixed structures	7 000	-	(1 900)	5 100	1 797	3 303	35.2%	3 705	3 892
Machinery and equipment	664	(100)	-	564	543	21	96.3%	746	229
Payments for financial assets	-	20	-	20	20	-	100.0%	-	3
TOTAL	106 880	(4 081)	(2 400)	100 399	101 186	(787)	100.8%	78 943	80 503

2.5 Environmental Empowerment Service		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	8 974	3 802	(110)	12 666	9 341	3 325	73.7%	11 542	10 778	
Compensation of employees	7 252	3 697	(110)	10 839	7 728	3 111	71.3%	9 966	8 943	
Goods and services	1 722	105	-	1 827	1 613	214	88.3%	1 576	1 835	
Transfers and subsidies	-	150	-	150	2	148	1.3%	130	41	
Non-profit institutions	-	150	-	150	-	150	-	-	-	
Households	-	-	-	-	2	(2)	-	130	41	
Payments for capital assets	209	-	-	209	173	36	82.8%	67	73	
Machinery and equipment	209	-	-	209	173	36	82.8%	52	73	
Software and other intangible asset	-	-	-	-	-	-	-	15	-	
Payments for financial assets	-	-	-	-	1	(1)	-	-	9	
TOTAL	9 183	3 952	(110)	13 025	9 517	3 508	73.1%	11 739	10 901	

Programme 3: Economic and Small Business Development											
	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Sub programme											
1. Integrated Economic Development	61 601	(8 890)	(60)	52 651	51 744	907	98.3%	44 947	32 750		
2. Economic Research and Planning	120 919	(1 728)	(207)	118 984	120 197	(1 213)	101.0%	135 505	139 428		
3. Small Business Development	43 663	10 618	767	55 048	49 647	5 401	90.2%	37 715	28 897		
Total for sub programmes	226 183	-	500	226 683	221 588	5 095	97.8%	218 167	201 075		
Economic classification											
Current payments	83 655	(10 562)	830	73 923	68 912	5 011	93.2%	70 508	72 323		
Compensation of employees	38 607	(130)	(1 570)	36 907	36 848	59	99.8%	43 690	43 662		
Salaries and wages	37 245	(3 991)	(1 570)	31 684	32 310	(626)	102.0%	42 403	39 276		
Social contributions	1 362	3 861	-	5 223	4 538	685	86.9%	1 287	4 386		
Goods and services	45 048	(10 432)	2 400	37 016	32 064	4 952	86.6%	26 818	28 661		
Advertising	1 011	(244)	-	767	750	17	97.8%	1 497	1 530		
Minor assets	182	(143)	-	39	31	8	79.5%	115	82		
Audit costs: External	-	-	-	-	-	-	-	(30)	41		
Catering: Departmental activities	1 752	493	-	2 245	1 856	389	82.7%	2 179	2 061		
Communication	211	(114)	-	97	49	48	50.5%	412	371		

Programme 3: Economic and Small Business Development	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Computer services	3	-	-	3	-	3	-	-	-
Consultants: Business and advisory services	11 202	(10 322)	-	880	743	137	84.4%	4 297	4 617
Legal services	21	(18)	-	3	1	2	33.3%	5	4
Contractors	1 924	3 093	-	5 017	4 524	493	90.2%	927	960
Agency and support / outsourced services	15 068	(3 595)	2 400	13 873	10 076	3 797	72.6%	10 236	13 076
Entertainment	-	-	-	-	-	-	-	19	14
Fleet services	-	2 971	-	2 971	2 970	1	100.0%	-	-
Consumable supplies	5 555	(5 144)	-	411	367	44	89.3%	130	162
Consumable: Stationery printing and office supplies	432	(55)	-	377	229	148	60.7%	467	329
Travel and subsistence	4 999	(271)	-	4 728	6 049	(1 321)	127.9%	4 831	4 226
Training and development	1 686	2 493	-	4 179	3 742	437	89.5%	605	329
Operating payments	321	124	-	445	402	43	90.3%	176	60
Venues and facilities	442	(153)	-	289	244	45	84.4%	859	759
Rental and hiring	239	453	-	692	31	661	4.5%	93	40
Transfers and subsidies	141 428	6 704	-	148 132	148 094	38	100.0%	146 645	128 117

Programme 3: Economic and Small Business Development											
2018/19											2017/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Departmental agencies and accounts	108 827	-	-	108 827	108 827	-	100.0%	108 827	112 725	-	112 770
Departmental agencies	108 827	-	-	108 827	108 827	-	100.0%	108 827	112 725	-	112 770
Public corporations and private enterprises	32 000	6 950	-	38 950	38 950	-	100.0%	38 950	32 260	-	14 465
Public corporations	31 000	-	-	31 000	31 000	-	100.0%	31 000	32 260	-	14 465
Other transfers to public corporations	1 000	6 950	-	7 950	7 950	-	100.0%	7 950	-	-	-
Private enterprises	1 000	6 950	-	7 950	7 950	-	100.0%	7 950	-	-	-
Non-profit institutions	-	110	-	110	100	10	90.9%	100	-	-	-
Households	601	(356)	-	245	217	28	88.6%	217	1 660	-	882
Social benefits	601	127	-	728	100	628	13.7%	100	-	-	63
Other transfers to households	-	(483)	-	(483)	117	(600)	(24.2%)	117	1 660	-	819
Payments for capital assets	1 100	3 828	(330)	4 598	4 557	41	99.1%	4 557	999	41	625
Machinery and equipment	1 100	3 828	(330)	4 598	4 557	41	99.1%	4 557	999	41	625
Other machinery and equipment	1 100	3 828	(330)	4 598	4 557	41	99.1%	4 557	999	41	625

Programme 3: Economic and Small Business Development									
2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for financial assets	-	30	-	30	25	5	83.3%	15	10
TOTAL	226 183	-	500	226 683	221 588	5 095	97.8%	218 167	201 075

3.1 Integrated Economic Development									
2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29 471	(11 723)	-	17 748	16 853	895	95.0%	17 687	23 285
Compensation of employees	11 412	(5 632)	-	5 780	6 548	(768)	113.3%	11 605	13 483
Goods and services	18 059	(6 091)	-	11 968	10 305	1 663	86.1%	6 082	9 802
Transfers and subsidies	32 000	2 833	-	34 833	34 822	11	100.0%	27 260	9 465
Public corporations and private enterprises	32 000	2 600	-	34 600	34 600	-	100.0%	27 260	9 465
Non-profit institutions	-	110	-	110	100	10	90.9%	-	-
Households	-	123	-	123	122	1	99.2%	-	-

3.1 Integrated Economic Development									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Payments for capital assets	130	-	(60)	70	48	22	68.6%	-	-
Machinery and equipment	130	-	(60)	70	48	22	68.6%	-	-
Payments for financial assets	-	-	-	-	21	(21)	-	-	-
TOTAL	61 601	(8 890)	(60)	52 651	51 744	907	98.3%	44 947	32 750

3.2 Economic Research and Planning									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	11 729	(1 728)	-	10 001	11 228	(1 227)	112.3%	22 674	26 485
Compensation of employees	8 183	(567)	-	7 616	8 796	(1 180)	115.5%	15 057	19 001
Goods and services	3 546	(1 161)	-	2 385	2 432	(47)	102.0%	7 617	7 484
Transfers and subsidies	108 827	-	-	108 827	108 827	-	100.0%	112 725	112 770
Departmental agencies and accounts	108 827	-	-	108 827	108 827	-	100.0%	112 725	112 770

	363	-	(207)	156	138	18	88.5%	106	173
Payments for capital assets									
Machinery and equipment	363	-	(207)	156	138	18	88.5%	106	173
Payments for financial assets	-	-	-	-	4	(4)	-	-	-
TOTAL	120 919	(1 728)	(207)	118 984	120 197	(1 213)	101.0%	135 505	139 428

3.3 Small Business Development	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	42 455	2 889	830	46 174	40 831	5 343	88.4%	30 147	22 553
Compensation of employees	19 012	6 069	(1 570)	23 511	21 504	2 007	91.5%	17 028	11 178
Goods and services	23 443	(3 180)	2 400	22 663	19 327	3 336	85.3%	13 119	11 375
Transfers and subsidies	601	3 871	-	4 472	4 445	27	99.4%	6 660	5 882
Public corporations and private enterprises	-	4 350	-	4 350	4 350	-	100.0%	5 000	5 000
Households	601	(479)	-	122	95	27	77.9%	1 660	882
Payments for capital assets	607	3 828	(63)	4 372	4 371	1	100.0%	893	452
Machinery and equipment	607	3 828	(63)	4 372	4 371	1	100.0%	893	452

3.3 Small Business Development									
2018/19						2017/18			
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for financial assets	-	30	-	30	-	30	-	15	10
TOTAL	43 663	10 618	767	55 048	49 647	5 401	90.2%	37 715	28 897

Programme 4: Tourism									
2018/19						2017/18			
Sub programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Tourism Planning	8 712	(4 678)	(300)	3 734	3 363	371	90.1%	6 031	5 102
2. Tourism Growth and Development	115	3 063	20	3 198	3 579	(381)	111.9%	1 070	3 150
3. Tourism Sector Transformation	303	1 615	(200)	1 718	1 582	136	92.1%	2 090	685
Total for sub programmes	9 130	-	(480)	8 650	8 524	126	98.5%	9 191	8 937
Economic classification									
Current payments	9 002	(30)	(480)	8 492	8 439	53	99.4%	9 110	8 870

Programme 4: Tourism	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Compensation of employees	7 403	1	(380)	7 024	7 021	3	100.0%	7 978	7 803
Salaries and wages	6 910	(704)	(380)	5 826	6 071	(245)	104.2%	7 512	7 037
Social contributions	493	705	-	1 198	950	248	79.3%	466	766
Goods and services	1 599	(31)	(100)	1 468	1 418	50	96.6%	1 132	1 067
Advertising	20	(20)	-	-	-	-	-	15	35
Minor assets	20	(13)	-	7	6	1	85.7%	-	-
Catering: Departmental activities	100	-	(15)	85	81	4	95.3%	70	65
Communication	33	(15)	(10)	8	2	6	25.0%	42	12
Contractors	420	9	-	429	424	5	98.8%	140	137
Consumable supplies	277	(46)	-	231	229	2	99.1%	13	5
Consumable: Stationery printing and office supplies	55	-	-	55	54	1	98.2%	34	26
Travel and subsistence	502	83	(75)	510	502	8	98.4%	647	690
Training and development	-	-	-	-	-	-	-	6	-
Operating payments	2	(1)	-	1	1	-	100.0%	60	-
Venues and facilities	50	(10)	-	40	24	16	60.0%	105	97
Rental and hiring	120	(18)	-	102	95	7	93.1%	-	-
Transfers and subsidies	-	30	-	30	29	1	96.7%	40	36

Programme 4: Tourism	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	30	-	30	29	1	96.7%	40	36
Social benefits	-	30	-	30	25	5	83.3%	10	36
Other transfers to households	-	-	-	-	4	(4)	-	30	-
Payments for capital assets	128	-	-	128	56	72	43.8%	41	31
Machinery and equipment	128	-	-	-	56	72	43.8%	41	31
Other machinery and equipment	128	-	-	-	56	72	43.8%	41	31
TOTAL	9 130	-	(480)	8 650	8 524	126	98.5%	9 191	8 937

4.1 Tourism Planning	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 584	(4 683)	(300)	3 601	3 303	298	91.7%	5 950	5 071
Compensation of employees	7 190	(4 636)	(200)	2 354	2 046	308	86.9%	4 978	4 177
Goods and services	1 394	(47)	(100)	1 247	1 257	(10)	100.8%	972	894
Transfers and subsidies	-	5	-	5	4	1	80.0%	40	-
Households	-	5	-	5	4	1	80.0%	40	-

4.1 Tourism Planning		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Payments for capital assets	128	-	-	128	56	72	43.8%	41	31	
Machinery and equipment	128	-	-	128	56	72	43.8%	41	31	
TOTAL	8 712	(4 678)	(300)	3 734	3 363	371	90.1%	6 031	5 102	

4.2 Tourism Growth and Development		2018/19							2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Current payments	115	3 038	20	3 173	3 554	(381)	112.0%	1 070	3 114	
Compensation of employees	-	3 013	20	3 033	3 426	(393)	113.0%	1 000	2 958	
Goods and services	115	25	-	140	128	12	91.4%	70	156	
Transfers and subsidies	-	25	-	25	25	-	100.0%	-	36	
Households	-	25	-	25	25	-	100.0%	-	36	
TOTAL	115	3 063	20	3 198	3 579	(381)	111.9%	1 070	3 150	

4.3 Tourism Sector Transformation		2018/19							2017/18	
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Economic classification										
Current payments	303	1 615	(200)	1 718	1 582	136	92.1%	2 090	685	
Compensation of employees	213	1 624	(200)	1 637	1 549	88	94.6%	2 000	668	
Goods and services	90	(9)	-	81	33	48	40.7%	90	17	
TOTAL	303	1 615	(200)	1 718	1 582	136	92.1%	2 090	685	

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in the note on Transfers and subsidies disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. **Detail of specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. **Detail on payments for financial assets**

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. **Explanations of material variances from Amounts Voted (after Virement):**

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	Administration	177 618	176 864	754	0.42%
	Environmental Affairs	167 783	151 259	16 524	9.85%
	Economic and Small Business Development	226 683	221 588	5 095	2.25%
	Tourism	8 650	8 524	126	1.46%
4.2	Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
	Current payments				
	Compensation of employees	270 045	269 794	251	0.09%
	Goods and services	144 159	126 273	17 886	12.41%
	Transfers and subsidies				
	Departmental agencies and accounts	109 013	108 928	85	0.08%
	Public corporations and private enterprises	38 950	38 950	-	0.00%
	Non-profit institutions	427	200	227	53.16%
	Households	1 425	1 390	35	2.46%
	Payments for capital assets				
	Buildings and other fixed structures	5 100	1 797	3 303	64.76%
	Machinery and equipment	11 202	10 673	529	4.72%
	Intangible assets	163	-	163	100.00%
	Payments for financial assets	250	232	18	7.20%

4.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	EPWP Incentive Grant	2 213	2 106	107	4.84%

	Note	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	1	580 734	505 148
Departmental revenue	2	-	-
TOTAL REVENUE		580 734	505 148
EXPENDITURE			
Current expenditure			
Compensation of employees	4	269 794	235 249
Goods and services	5	126 273	115 289
Aid assistance	3	169	51
Total current expenditure		396 236	350 589
Transfers and subsidies			
Transfers and subsidies	7	149 466	128 904
Total transfers and subsidies		149 466	128 904
Expenditure for capital assets			
Tangible assets	8	12 468	9 443
Total expenditure for capital assets		12 468	9 443
Payments for financial assets	6	234	41
TOTAL EXPENDITURE		558 404	488 977
SURPLUS/(DEFICIT) FOR THE YEAR		22 330	16 171
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		22 499	16 222
Annual appropriation		22 392	16 042
Conditional grants		107	180
Aid assistance	3	(169)	(51)
SURPLUS/(DEFICIT) FOR THE YEAR		22 330	16 171

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		27 559	17 379
Unauthorised expenditure	9	1 167	1 167
Cash and cash equivalents	10	12 845	530
Prepayments and advances	11	7 983	13 617
Receivables	12	5 564	2 065
Non-current assets		1 700	2 126
Receivables	12	1 700	2 126
TOTAL ASSETS		29 259	19 505
LIABILITIES			
Current liabilities		28 395	18 439
Voted funds to be surrendered to the Revenue Fund	13	26 999	17 389
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	1 318	801
Payables	15	4	6
Aid assistance unutilised	3	74	243
TOTAL LIABILITIES		28 395	18 439
NET ASSETS		864	1 066
		2018/19 R'000	2017/18 R'000
Represented by:			
Recoverable revenue		864	1 066
TOTAL		864	1 066

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Recoverable revenue			
Opening balance		1 066	929
Transfers:		(202)	137
Irrecoverable amounts written off	6.1	174	19
Debts revised			62
Debts recovered (included in departmental receipts)		(1 000)	(1 093)
Debts raised		624	1 149
Closing balance		<u>864</u>	<u>1 066</u>
TOTAL		<u><u>864</u></u>	<u><u>1 066</u></u>

	Note	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		599 001	518 956
Annual appropriated funds received	<u>1.1</u>	585 234	505 148
Departmental revenue received	<u>2</u>	13 704	13 780
Interest received	<u>2.3</u>	63	28
Net (increase)/decrease in working capital		2 559	(15 552)
Surrendered to Revenue Fund		(42 183)	(33 947)
Current payments		(396 236)	(349 422)
Payments for financial assets		(243)	(41)
Transfers and subsidies paid		(149 466)	(128 904)
Net cash flow available from operating activities	<u>16</u>	13 441	(8 910)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(12 468)	(9 443)
Proceeds from sale of capital assets	<u>2.4</u>	11 544	8 126
(Increase)/decrease in other financial assets			
Net cash flows from investing activities		(924)	(1 317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(202)	137
Net cash flows from financing activities		(202)	137
Net increase/(decrease) in cash and cash equivalents		12 315	(10 090)
Cash and cash equivalents at beginning of period		530	10 620
Cash and cash equivalents at end of period	<u>17</u>	12 845	530

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies	
<p>The financial statements have been prepared in accordance with the following policies which have been applied consistently in all material aspects unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Comparative information</p>
5.1	<p>Prior period comparative information</p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
5.2	<p>Current year comparison with budget</p> <p>A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
6	<p>Revenue</p>
6.1	<p>Appropriated funds</p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
6.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>

6.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
7	Expenditure
7.1	Compensation of employees
7.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
7.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
7.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
7.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
7.4	Leases
7.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
7.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost being the fair value of the asset; or • the sum of the minimum lease payments made including any payments made to acquire ownership at the end of the lease term excluding interest.
8	Aid Assistance
8.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

8.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
9	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand deposits held other short-term highly liquid investments and bank overdrafts.</p>
10	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are recognised in the statement of financial performance when goods/services are delivered to the department and when expenditure reports/ proof of payments are presented to the department.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
11	<p>Receivables</p> <p>Receivables are recognised in the statement of financial position at cost plus accrued interest where interest is charged less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
12	<p>Financial assets</p>
12.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date a department shall measure its financial assets at cost less amounts already settled or written-off except for recognised receivables which are measured at cost plus accrued interest where interest is charged less amounts already settled or written-off.</p>
12.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset an estimation of the reduction in the recorded carrying value to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset is recorded in the notes to the financial statements.</p>
13	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
14	<p>Capital Assets</p>
14.1	<p>Immovable capital assets</p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>

14.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2005 may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
14.3	<p>Recording and removal requirements for capital assets that could not be found during the asset verification exercise</p> <p>Assets that could not be found during the asset verification exercise are documented in a loss control register. These discrepancies are followed up and investigated. The outcome of the investigation will determine whether the asset has been lost, stolen, or possibly sold but not updated. Where the asset has been lost or stolen the authorisation process should be followed to allow for the asset to be written off and the asset register updated. This write-off is disclosed in the note for Assets written-off.</p> <p>Where the process has not been completed the department must include a narrative with a summary of assets that could not be found and are under investigation. These assets will remain in the asset register until the investigation is complete and the outcome of that investigation will determine the way forward regarding the treatment of these assets.</p>
14.4	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2005 may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
14.5	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset the asset is transferred to the custodian subsequent to completion.</p>
15	<p>Provisions and Contingents</p>
15.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and 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 of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
15.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>

15.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
15.4	<p>Commitments</p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
16	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by the Provincial Legislature with funding and the related funds are received; or • approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
17	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
18	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine in which case reasons thereof are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>

19	<p>Changes in accounting policies accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
20	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
21	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard.</p>
22	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
23	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
24	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

PART B: EXPLANATORY NOTES

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for Provincial Departments (Voted funds):

	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	177 618	182 118	(4 500)	141 099	141 099
Environmental Affairs	167 783	167 783	-	136 691	136 691
Economic and Small Business Development	226 683	226 683	-	218 167	218 167
Tourism	8 650	8 650	-	9 191	9 191
Total	580 734	585 234	(4 500)	505 148	505 148

1.2 Conditional grants

	Note	2018/19 R'000	2017/18 R'000
Total grants received	32	<u>2 213</u>	<u>2 000</u>
Provincial grants included in Total Grants received		<u>2 213</u>	<u>2 000</u>

2. Departmental revenue

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets	2.1	12 238	12 218
Fines penalties and forfeits	2.2	410	393
Interest dividends and rent on land	2.3	63	28
Sales of capital assets	2.4	11 544	8 126
Transactions in financial assets and liabilities	2.5	1 056	1 169
Total revenue collected		<u>25 311</u>	<u>21 934</u>
Less: Own revenue included in appropriation	14	25 311	21 934
Departmental revenue collected		<u>-</u>	<u>-</u>

2.1 Sales of goods and services other than capital assets

	Note	2018/19	2017/18
	<u>2</u>	R'000	R'000
Sales of goods and services produced by the department		12 221	12 210
Sales by market establishment		4	-
Administrative fees		2 140	2 109
Other sales		10 077	10 101
Sales of scrap waste and other used current goods		17	8
Total		12 238	12 218

2.2 Fines penalties and forfeits

	Note	2018/19	2017/18
	<u>2</u>	R'000	R'000
Fines		410	393
Total		410	393

2.3 Interest dividends and rent on land

	Note	2018/19	2017/18
	<u>2</u>	R'000	R'000
Interest		63	28
Total		63	28

2.4 Sale of capital assets

	Note	2018/19	2017/18
	<u>2</u>	R'000	R'000
Tangible assets		11 544	8 126
Biological assets	28.2	11 544	8 126
Total		11 544	8 126

2.5 Transactions in financial assets and liabilities

	Note	2018/19	2017/18
	<u>2</u>	R'000	R'000
Receivables		1 006	1 159
Stale cheques written back		50	10
Total		1 056	1 169

3. Aid assistance

		2018/19	2017/18
	2	R'000	R'000
Opening Balance		243	294
Prior period error		-	-
As restated		243	294
Transferred from statement of financial performance		(169)	(51)
Closing Balance		74	243

3.1 Analysis of balance by source

		2018/19	2017/18
	Note	R'000	R'000
Aid assistance from other sources	3	74	243
Closing balance		74	243

3.2 Analysis of balance

		2018/19	2017/18
	Note	R'000	R'000
Aid assistance unutilised	3	74	243
Closing balance		74	243
Aid assistance not requested/not received		-	-

3.3 Aid assistance expenditure per economic classification

	2018/19	2017/18
	R'000	R'000
Current	169	51
Total aid assistance expenditure	169	51

4. Compensation of employees

4.1 Salaries and Wages

	2018/19	2017/18
	R'000	R'000
Basic salary	182 657	160 344
Performance award	4 987	57
Service Based	1 426	430
Compensative/circumstantial	7 337	7 244
Periodic payments	22	1 237
Other non-pensionable allowances	35 047	32 051
Total	231 476	201 363

4.2 Social contributions

	2018/19	2017/18
	R'000	R'000
Employer contributions		
Pension	23 501	20 643
Medical	14 773	13 188
Bargaining council	44	55
Total	38 318	33 886
Total compensation of employees	269 794	235 249
Average number of employees	677	693

5. Goods and services

	Note	2018/19	2017/18
		R'000	R'000
Administrative fees		445	282
Advertising		2 785	5 378
Minor assets	5.1	593	749
Bursaries (employees)		1 419	410
Catering		3 828	5 014
Communication		3 394	4 262
Computer services	5.2	6 783	1 341
Consultants: Business and advisory services		3 081	5 534
Legal services		1 293	333
Contractors		20 674	15 582
Agency and support / outsourced services		10 758	13 094
Entertainment		-	14
Audit cost – external	5.3	6 100	6 467
Fleet services		11 296	12 538
Inventory	5.4	168	-
Consumables	5.5	7 575	9 111
Operating leases		16 817	12 933
Property payments	5.6	956	2 570
Rental and hiring		766	522
Travel and subsistence	5.7	19 495	14 877
Venues and facilities		285	886
Training and development		6 524	2 532
Other operating expenditure	5.8	1 238	860
Total		126 273	115 289

5.1 Minor assets

	Note	2018/19	2017/18
	<u>5</u>	R'000	R'000
Tangible assets			
Machinery and equipment		593	749
Total		<u>593</u>	<u>749</u>

5.2 Computer services

	Note	2018/19	2017/18
	<u>5</u>	R'000	R'000
SITA computer services		1 661	1 020
External computer service providers		5 122	321
Total		<u>6 783</u>	<u>1 341</u>

5.3 Audit cost – External

	Note	2018/19	2017/18
	<u>5</u>	R'000	R'000
Regularity audits		6 100	6 426
Performance audits		-	41
Total		<u>6 100</u>	<u>6 467</u>

5.4 Inventory

	Note	2018/19	2017/18
	<u>5</u>	R'000	R'000
Other supplies	5.4.1	168	-
Total		<u>168</u>	<u>-</u>

5.4.1 Other supplies

	Note	2018/19	2017/18
	<u>5.4</u>	R'000	R'000
Ammunition and security supplies		168	-
Total		<u>168</u>	<u>-</u>

5.5 Consumables

	Note	2018/19	2017/18
	<u>5</u>	R'000	R'000
Consumable supplies		4 755	5 875
Uniform and clothing		1 603	1 366
Household supplies		1 093	1 101
Building material and supplies		1 366	1 819
IT consumables		16	57
Other consumables		677	1 532
Stationery printing and office supplies		2 820	3 226
Total		<u>7 575</u>	<u>9 111</u>

5.6 Property payments

	Note	2018/19	2017/18
		R'000	R'000
Municipal services	5	8	26
Property maintenance and repairs		928	2 534
Other		20	10
Total		956	2 570

5.7 Travel and subsistence

	Note	2018/19	2017/18
		R'000	R'000
Local	5	14 808	11 955
Foreign		4 687	2 922
Total		19 495	14 877

5.8 Other operating expenditure

	Note	2018/19	2017/18
		R'000	R'000
Professional bodies membership and subscription fees	5	44	-
Resettlement costs		202	31
Other		992	829
Total		1 238	860

6. Payments for financial assets

	Note	2018/19	2017/18
		R'000	R'000
Material losses through criminal conduct		60	22
Theft	6.2	60	22
Debts written off	6.1	174	19
Total		234	41

6.1 Debts written off

	Note	2018/19	2017/18
		R'000	R'000
Nature of debts written off	6		
Recoverable revenue written off			
Debt write-off (Salary overpayments)		174	19
Total debt written off		174	19

6.2 Details of theft

	<i>Note</i>	2018/19	2017/18
	6	R'000	R'000
Nature of theft			
Assets stolen (i.e. laptops, TV's and decoders)		60	22
Total		60	22

7. Transfers and subsidies

	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Departmental agencies and accounts	Annex 1B	108 928	112 809
Public corporations and private enterprises	Annex 1D	38 950	14 465
Non-profit institutions	Annex 1F	200	-
Households	Annex 1G	1 388	1 630
Total		149 466	128 904

8. Expenditure for capital assets

	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Tangible assets			
Buildings and other fixed structures	29	5 625	3 893
Machinery and equipment	28	6 843	5 550
Total		12 468	9 443

8.1 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets			
Buildings and other fixed structures	5 625	-	5 625
Machinery and equipment	6 843	-	6 843
Total	12 468	-	12 468

8.2 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets			
Buildings and other fixed structures	3 893	-	3 893
Machinery and equipment	5 550	-	5 550
Total	9 443	-	9 443

8.3 Finance lease expenditure included in Expenditure for capital assets

	2018/19 R'000	2017/18 R'000
Tangible assets		
Machinery and equipment	4 452	1 760
Total	4 452	1 760

9. Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	2018/19 R'000	2017/18 R'000
Opening balance	1 167	
Prior period error		-
As restated	1 167	-
Unauthorised expenditure – discovered in current year (as restated)	-	1 167
Closing balance	1 167	1 167

Analysis of closing balance

Unauthorised expenditure awaiting authorisation	1 167	1 167
Total	1 167	1 167

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2018/19 R'000	2017/18 R'000
Current	1 167	1 167
Total	1 167	1 167

9.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2018/19 R'000	2017/18 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	1 167	1 167
Total	1 167	1 167

10. Cash and cash equivalents

	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account	12 775	262
Disbursements	-	198
Cash on hand	70	70
Total	12 845	530

11. Prepayments and advances

	Note	2018/19 R'000	2017/18 R'000
Travel and subsistence		67	17
Advances paid (Not expensed)	11.1	7 916	13 600
Total		7 983	13 617

11.1 Advances paid (Not expensed)

	Note	Balance as at 1 April 2018 R'000	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2019 R'000
Public entities	11	13 600	(5 684)	-	-	7 916
Total		13 600	(5 684)	-	-	7 916

	Note	Balance as at 1 April 2017 R'000	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2018 R'000
Public entities	11	-	-	-	13 600	13 600
Total		-	-	-	13 600	13 600

12. Receivables

	Note	2018/19			2017/18		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1	5 362	-	5 362	1 668	-	1 668
Recoverable expenditure	12.3	78	-	78	158	-	158
Staff debt	12.4	116	343	459	239	598	837
Other debtors	12.5	8	1 357	1 365	-	1 528	1 528
Total		5 564	1 700	7 264	2 065	2 126	4 191

12.1 Claims recoverable

	Note	2018/19 R'000	2017/18 R'000
National departments	12 and Annex 4	3 624	-
Provincial departments		1 738	1 668
Total		5 362	1 668

12.2 Recoverable expenditure (disallowance accounts)

	<i>Note</i>	2018/19	2017/18
	<i>12</i>	R'000	R'000
Disall Damages & Losses: CA		78	115
Sal: Deduction Disall Acc: CA		-	1
Sal: Reversal Control: CA		-	33
Sal: Tax Debt: CA		-	1
Sal: GEHS Refund Control Acc: CL		-	8
Total		<u>78</u>	<u>158</u>

12.3 Staff debt

	<i>Note</i>	2018/19	2017/18
	<i>12</i>	R'000	R'000
Bursary (employee and non-employee)		161	194
Tax debt		14	23
Communication debt		-	109
Employee debt		16	29
Ex-employee debt		2	76
Salary overpayment		241	364
Losses		25	42
Total		<u>459</u>	<u>837</u>

12.4 Other debtors

	<i>Note</i>	2018/19	2017/18
	<i>12</i>	R'000	R'000
Supplier		1 365	1 528
Total		<u>1 365</u>	<u>1 528</u>

12.5 Impairment of receivables

	2018/19	2017/18
	R'000	R'000
Estimate of impairment of receivables	1 357	1 536
Total	<u>1 357</u>	<u>1 536</u>

The basis for the impairment is based on debts older than 3 years excluding the debts with active instalment repayments.

13. Voted funds to be surrendered to the Revenue Fund

	Note	2018/19 R'000	2017/18 R'000
Opening balance		17 389	11 920
Prior period error		-	-
As restated		17 389	11 920
Transfer from statement of financial performance (as restated)		22 499	16 222
Add: Unauthorised expenditure for current year	9	-	1 167
Voted funds not requested/not received		4 500	-
Paid during the year		(17 389)	(11 920)
Closing balance		26 999	17 389

14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	2018/19 R'000	2017/18 R'000
Opening balance	801	894
Prior period error	-	-
As restated	801	894
Own revenue included in appropriation	25 311	21 934
Paid during the year	(24 794)	(22 027)
Closing balance	1 318	801

15. Payables – current

	Note	2018/19 R'000	2017/18 R'000
Clearing accounts	15.1	4	6
Total		4	6

	Note	2018/19 R'000	2017/18 R'000
Sal: ACB Recalls: CA	15	-	6
Sal: Garnishee Order: CL		4	-
Total		4	6

16. Net cash flow available from operating activities

	2018/19 R'000	2017/18 R'000
Net surplus/(deficit) as per Statement of Financial Performance	22 330	16 171
Add back non cash/cash movements not deemed operating activities	(8 889)	(25 081)
(Increase)/decrease in receivables	(3 073)	(791)
(Increase)/decrease in prepayments and advances	5 634	(13 600)
Increase/(decrease) in payables – current	(2)	6
Proceeds from sale of capital assets	(11 544)	(8 126)
Expenditure on capital assets	12 468	9 443
Surrenders to Revenue Fund	(42 183)	(33 947)
Voted funds not requested/not received	4 500	-
Own revenue included in appropriation	25 311	21 934
Net cash flow generated by operating activities	13 441	(8 910)

17. Reconciliation of cash and cash equivalents for cash flow purposes

	2018/19	2017/18
	R'000	R'000
Consolidated Paymaster General account	12 775	262
Disbursements	-	198
Cash on hand	70	70
Total	12 845	530

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

	2018/19	2017/18
	R'000	R'000
Liable to Nature		
Claims against the department	-	24 713
	Annex 3B	
Total	-	24 713

19. Commitments

	2018/19	2017/18
	R'000	R'000
Current expenditure		
Approved and contracted	44 468	9 914
Approved but not yet contracted	-	913
	44 468	10 827
Capital expenditure		
Approved and contracted	19 369	13 307
Approved but not yet contracted	-	148
	19 369	13 455
Total Commitments	63 837	24 282

The following contracts are for longer than 1 year: Construction of Fence at Sandveld Nature Reserve contract, Implementation, Coordination and Management of the Free State Programme to Clean Up Water Resources (Dams & Rivers), the refurbishment of Philip Saunders Resort and the Roll out of Portable Waste Management, Accelerating Management awareness & Innovative Service Delivery. The department is participating in the transversal catering contract but at this stage the department cannot estimate the financial effect of transversal contracts "approved by not yet contracted".

20. Accruals and payables not recognised

20.1 Accruals

	2018/19			2017/18
	R'000			R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	2 843	3 220	6 063	5 522
Total	2 843	3 220	6 063	5 522

	2018/19	2017/18
	R'000	R'000
Listed by programme level		
Administration	6 063	4 632
Environmental Affairs	-	84
Economic Development	-	806
Total	6 063	5 522

20.2 Payables not recognised

	2018/19			2017/18
	R'000			R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	6 634	-	6 634	486
Total	6 634	-	6 634	486

	2018/19	2017/18
	R'000	R'000
Listed by programme level		
Administration	27	105
Environmental Affairs	6 577	-
Economic Development	30	381
Tourism	-	-
Total	6 634	486

	2018/19	2017/18
	R'000	R'000
Included in the above totals are the following:		
Confirmed balances with other departments	Annex 5 22	24
Total	22	24

21. Employee benefits

	2018/19	2017/18
	R'000	R'000
Leave entitlement	11 885	11 626
Service bonus	7 337	6 496
Performance awards	10 440	9 117
Capped leave commitments	5 985	6 183
Other	186	973
Total	35 833	34 395

Included in Other is overtime worked but not yet paid as at 31 March 2019 and long service awards provision. Negative leave balances amounting to R234 755.94 are included in leave entitlement.

22. Lease commitments

22.1 Operating leases

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	6 103	6 103
Later than 1 year and not later than 5 years	-	-	-	7 502	7 502
Total lease commitments	-	-	-	13 605	13 605

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	9 742	9 742
Later than 1 year and not later than 5 years	-	-	-	11 661	11 661
Total lease commitments	-	-	-	21 403	21 403

The major operating lease arrangement of the department is for the government owned vehicles that are being leased from Fleet Management.

22.2 Finance leases

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	1 185	1 185
Later than 1 year and not later than 5 years	-	-	-	260	260
Total lease commitments	-	-	-	1 450	1 450

2017/18	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	1 216	1 216
Later than 1 year and not later than 5 years	-	-	-	517	517
Total lease commitments	-	-	-	1 733	1 733

The major finance leasing arrangements of the department is with Vodacom for the Cell phones and data cards.

23. Accrued departmental revenue

	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets	22 745	20 349
Sale of capital assets	-	619
Total	22 745	20 968

23.1 Analysis of accrued departmental revenue

	2018/19 R'000	2017/18 R'000
Opening balance	20 968	18 167
Add: amounts recorded	1 777	2 801
Closing balance	22 745	20 968

23.2 Impairment of accrued departmental revenue

	2018/19	2017/18
	R'000	R'000
Estimate of impairment of accrued departmental revenue	15 473	13 823
Total	15 473	13 823

Impairment is assessed at each reporting date and is based on the following:

- (a) Where there have not been payments in the recent past and management is of the opinion that the amount will not be collected, the amount is wholly impaired. This does not apply where there is a payment agreement
- (b) Where there is contractual agreements in place, it is assumed that the parties will honour the agreements and thus debt is impaired based contractual agreement.
- (c) Where department's debt collection processes indicate non-recovery, such debt will be impaired.

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	2018/19	2017/18
	R'000	R'000
Opening balance	97 256	78 382
Prior period error	-	-
As restated	97 256	78 382
Add: Irregular expenditure – relating to prior year	3 253	9 171
Add: Irregular expenditure – relating to current year	4 489	11 787
Less: Prior year amounts condoned	-	(2 084)
Closing balance	104 998	97 256

Analysis of awaiting condonation per age classification

Current year	4 489	11 787
Prior years	100 509	85 469
Total	104 998	97 256

24.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
SCM processes not followed for the telephone system	Under Investigation	876
Splitting of orders	Under Investigation	1 446
Tender not advertised for 21 Days	Under Investigation	1 596
Expenditure incurred on the event management contract for the 2018/19 budget speech	Under Investigation	211
Three quotations not obtained and deviation not approved	Under Investigation	131
Service providers in service of the state	Under Investigation	98
Non-compliance with section 67 of PFMA	Under Investigation	3 384
Total		7 742

24.3 Details of irregular expenditures under assessment (not included in the main note)

Incident	2018/19
	R'000
The were no appropriate processes in place to ensure adherence to applicable Supply Chain Management (SCM) laws and regulations in the procurement of outside legal expertise to represent government historically up until the end of the 2018-19 financial year, by the State Attorney.	3 918
Expenditure in excess of contracted amount	324
Transversal Procurement: Shareholders of the winning bidders has interest in the other participating company	401
Service providers in service of the state	500
Procurement (Transversal): Contract price for Transportation and shuttle services transversal is above the tendered price.	291
Transversal procurement: B-BBEE Verification Agency of the winning bidders for Events Management transversal contract is not registered with SANAS	19
Procurement and contract management (Transversal): Contracts extended were assessed as not being justified	6 034
Procurement (Transversal): Contracts extended on a month to month basis	15
SCM: Transversal contracts extended were assessed as not being justified	746
Procurement and contract management: PPPF	2 475
Goods and Services: Non-compliance with section 67 of PFMA	945
Procurement (Transversal): SCM_Catering - Non-compliance tax status found on CSD report for winning bidders	41
Total	15 709

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	2018/19	2017/18
	R'000	R'000
Opening balance	2 205	-
Prior period error	-	-
As restated	2 205	-
Fruitless and wasteful expenditure – relating to current year	902	2 205
Closing balance	3 107	2 205

25.2 Analysis of awaiting resolution per economic classification

	2018/19	2017/18
	R'000	R'000
Current	428	-
Capital	2 679	2 205
Total	3 107	2 205

25.3 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
A double payment was made to FDC	Under investigation	176
VAT was paid to SITA for international procurement which is zero-rated.	Under investigation	252
VAT paid to JVC that is not a VAT vendor.	Under investigation	474
Total		902

26. Related party transactions

Payments made	2018/19 R'000	2017/18 R'000
Goods and Services	4 301	1 961
Transfers	139 827	152 685
Total	144 128	154 646
	<i>Note</i>	
	2018/19 R'000	2017/18 R'000
Year end balances arising from payments		
Receivables from related parties	7 916	13 600
Total	7 916	13 600

Related party relationships of the department are with The Free State Gambling, Liquor and Tourism Authority and The Free State Development Corporation.

27. Key management personnel

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	2	1 978	1 978
Officials:			
Level 15 to 16	1	1 941	2 855
Level 14 (incl. CFO if at a lower level)	5	5 724	6 594
Family members of key management personnel	0	-	-
Total		9 643	11 427

28. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	33 809	-	2 391	524	35 676
Transport assets	4 748	-	51	99	4 700
Computer equipment	11 096	-	1 246	225	12 117
Furniture and office equipment	9 894	-	466	90	10 270
Other machinery and equipment	8 071	-	628	110	8 589
SPECIALISED MILITARY ASSETS	1 036	-	-	-	1 036
Specialised military assets	1 036	-	-	-	1 036
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	34 845	-	2 391	524	36 712

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	495	5 072

1. Some of the assets under investigation could not be found during the Asset Verification process. For these assets further investigations will be conducted with respective asset holders so that all assets are accounted for.

2. Some the assets under investigation include those assets that were transferred to resorts and reserves during the movement.

28.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current not paid (Paid current year received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	6 843	-	(4 452)	-	2 391
Transport assets	51	-	-	-	51
Computer equipment	1 246	-	-	-	1 246
Furniture and office equipment	466	-	-	-	466
Other machinery and equipment	5 080	-	(4 452)	-	628
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	6 843	-	(4 452)	-	2 391

28.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	37	487	524	-
Transport assets	-	99	99	-
Computer equipment	-	225	225	-
Furniture and office equipment	-	90	90	-
Other machinery and equipment	37	73	110	-
BIOLOGICAL ASSETS				11 544
Biological assets	-	-	-	11 544
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	37	487	524	11 544

28.3 Movement for 2017/18

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	31 377	495	3 328	1 391	33 809
Transport assets	5 527	-	-	779	4 748
Computer equipment	9 600	11	1 492	7	11 096
Furniture and office equipment	8 626	-	1 268	-	9 894
Other machinery and equipment	7 624	484	568	605	8 071
SPECIALISED MILITARY ASSETS	1 036	-	-	-	1 036
Specialised military assets	1 036	-	-	-	1 036
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	32 413	495	3 328	1 391	34 845

28.3.1 Prior period error

	2017/18 R'000
Nature of prior period error	
Relating to 2017/18 (affecting the opening balance)	495
Laptop transferred with MEC to DARD but not included in closing balance for 2017/18	11
S42 baler machines transferred to municipalities not included in the opening balance before disposal	484
Total prior period errors	495

28.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	314	-	-	26 742	-	27 056
Additions	-	-	-	593	-	593
Disposals	-	-	-	(349)	-	(349)
TOTAL MINOR ASSETS	314	-	-	26 986	-	27 300

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equip- ment	Biological assets	Total
Number of R1 minor assets	-	-	-	1	-	1
Number of minor assets at cost	129	-	-	17 660	-	17 789
TOTAL NUMBER OF MINOR ASSETS	129	-	-	17 661	-	17 790

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	1 632	2 553

1. Some of the assets under investigation could not be found during the Asset Verification process. For these assets further investigations will be conducted with respective asset holders so that all assets are accounted for.

2. Some the assets under investigation include those assets that were transferred to resorts and reserves during the movement.

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	314	-	-	26 121	-	26 435
Prior period error	-	-	-	12	-	12
Additions	-	-	-	737	-	737
Disposals	-	-	-	(128)	-	(128)
TOTAL MINOR ASSETS	314	-	-	26 742	-	27 056

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1	-	1
Number of minor assets at cost	129	-	-	17 696	-	17 825
TOTAL NUMBER OF MINOR ASSETS	129	-	-	17 697	-	17 826

28.4.1 Prior period error

	2017/18 R'000
Nature of prior period error	
Relating to 2017/18 [affecting the opening balance]	12
Assets transferred to Karee Nursery but were not included in the closing balance of 2017/18	8
Computer MEC was transferred to DARD with but not included in closing balance for 2017/18	4
Total prior period errors	12

28.5 S42 Movable Capital Assets

MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
No. of Assets	-	-	-	34	-	34
Value of the assets (R'000)	-	-	-	358	-	358

MINOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
No. of Assets	-	-	-	229	-	229
Value of the assets (R'000)	-	-	-	259	-	259

29. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	50 774	-	50 774
Other fixed structures	-	-	50 774	-	50 774
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	50 774	-	50 774

29.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current not paid (Paid current year received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	5 626	50 774	(5 626)	-	50 774
Other fixed structures	5 626	50 774	(5 626)	-	50 774
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	5 626	50 774	(5 626)	-	50 774

29.2 Capital Work-in-progress

29.2 CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

	Opening balance 1 April 2018	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2019
<i>Note</i>	R'000	R'000	R'000	R'000
<i>Annexure 7</i>				
Buildings and other fixed structures	56 001	5 626	(50 774)	10 853
TOTAL	56 001	5 626	(50 774)	10 853

Maria Moroka project is in practical completion stage and is to be transferred in terms of S42 once the process has been finalised and both accounting officers have signed off. Soetdoring project is also in practical completion stage and the project has been added to the departmental asset register.

Age analysis on ongoing projects	Number of projects		2018/19
	Planned Construction not started	Planned Construction started	Total R'000
0 to 1 Year	-	2	5 318
1 to 3 Years	-	1	5 535
Total	-	3	10 853

Accruals and payables not recognised relating to Capital WIP

	2018/19	2017/18
	R'000	R'000
Maria Moroka - Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	115	115
Total	115	115

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Opening balance 1 April 2017	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
<i>Note</i>	R'000	R'000	R'000	R'000	R'000
<i>Annexure 7</i>					
Buildings and other fixed structures	56 926	(5 025)	4 100	-	56 001
TOTAL	56 926	(5 025)	4 100	-	56 001

Age analysis on ongoing projects	Number of projects		2017/18
	Planned Construction not started	Planned Construction started	Total R'000
0 to 1 Year	-	-	-
1 to 3 Years	-	1	5 535
3 to 5 Years	-	1	26 299
Longer than 5 Years	-	1	24 167
Total	-	3	56 001

Include discussion on projects longer than 5 years in Capital WIP

Maria Moroka Resort - The project is on a Practical Completion stage and the retention monies have been paid.

A restatement has been made on the 2018 opening balance as the projects across the resorts and reserves are current payments and not capital expenditure.

29.3 S42 Immovable assets

Assets to be transferred in terms of S42 of the PFMA – 2018/19

	Number of assets	Value of assets R'000
BUILDINGS AND OTHER FIXED STRUCTURES		
Other fixed structures	-	24 475
TOTAL	-	24 475

Maria Moroka project is in practical completion stage and is to be transferred in terms of S42 once the process has been finalised and both accounting officers have signed off.

30. Prior period errors

30.1 Correction of prior period errors

	Note	Amount before error correction	Prior period error	Restated Amount
		2017/18 R'000	2017/18 R'000	2017/18 R'000
Expenditure:				
Prepayments (Not expensed)	11	13 600	(13 600)	-
Advances (Not Expensed)	11	-	13 600	13 600
Net effect		13 600	-	13 600

The advance payment made to the FDC was erroneously disclosed as a prepayment and not as an advance payment.

	Note	Amount before error correction 2017/18 R'000	Prior period error 2017/18 R'000	Restated Amount 2017/18 R'000
Other:				
Employee benefits	21	33 923	472	34 395
Operating leases	22.1	21 695	(292)	21 403
Impairment of Accrued Departmental revenue	23	10 863	2 960	13 823
Related party transactions - Transfers	26	-	154 646	154 646
Related party transactions - Receivables from related parties	26	-	13 600	13 600
Key Management Personnel	27	12 757	(1 330)	11 427
S42 Movable assets	28.5	-	617	617
Capital work-in-progress	29.2	56 926	(5 025)	51 901
Net effect		136 164	165 648	301 812

The related party note was corrected because the payments to related parties, under the control of the MEC, were not disclosed in the prior year together with the receivables from the related parties.

Assets subjected to S42 transfers was corrected to reflect the Karee assets that were subjected to transfer to DARD as at 31 March 2018 but were not yet transferred as at 31 March 2018, but were only transferred in the May 2018.

The comparative amount for Key Management Personnel has been restated to exclude the remuneration of Mr Khotle as he has been seconded to Health and is part of the decision making at Health and is therefore regarded as part Key Management at Health.

The comparative amount for Operating leases as the amounts for the Fleet Vehicles was incorrectly calculated in the prior year as incorrect tariffs were used and some of the vehicles included in the calculation were no longer leased by the department.

Accrued departmental revenue: The impairment has been restated to ensure consistency on the basis of impairment.

WIP: A restatement has been made on the 2018 opening balance as the projects across the resorts and reserves are current payments and not capital expenditure. Long service awards provision was included under employee benefits.

31. Transfer of functions

The Free State Executive Council approved on 10 October 2017 to transfer the function of Horticulture i.e. Karee Nursery which falls under Environmental Management to the Department of Agriculture and Rural Development with effect from 01 November 2017.

Karee Nursery has 23 employees. Due to the EXCO Resolution to transfer Karee Nursery to the Department of Agriculture and Rural Development, it will also be appropriate that the affected officials be transferred. Section 14 (4) of the Public Service Act, 1994, as amended, was adhered to.

The Department of Agriculture and Rural Development was engaged about the transfer of Karee Nursery and its personnel to their department and it was agreed that the affected officials would assume duty in the Department with effect from 01 November 2017. The two recognised unions in the Department, namely PSA and NEHAWU, were engaged about the transfer of Karee Nursery during the special DTT meetings held on 24 and 30 October 2017 respectively. The two unions agreed to the transfer.

The compensation budget for the remainder of the financial year from 01 November 2017 to 31 March 2017, which amounts to R2 370 678.00 was transferred to the Department of Agriculture and Rural Development in April 2018.

Movable tangible assets to the value of R617 080.82 were transferred to the Department of Agriculture and Rural Development in May 2018.

31.1 Statement of Financial Position

	Bal per dept 2017/18 AFS before transfer	Functions per dept (transferred) / received	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2017/18 Bal after transfer
	2017/18 R'000	2017/18 R'000	2017/18 R'000	2017/18 R'000	2017/18 R'000
ASSETS					
Current Assets	17 379				17 379
Unauthorised expenditure	1 167				1 167
Cash and cash equivalents	530				530
Prepayments and advances	13 617				13 617
Receivables	2 065				2 065
Non-Current Assets					
Receivables	2 126				2 126
TOTAL ASSETS	19 505	-	-	-	19 505
LIABILITIES					
Current Liabilities	18 439				18 439
Voted funds to be surrendered to the Revenue Fund	17 389				17 389
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	801				801
Payables	6				6
Aid assistance unutilised	243				243
TOTAL LIABILITIES	18 439	-	-	-	18 439
NET ASSETS	1 066	-	-	-	1 066

31.2 Notes

	Bal per dept 2017/18 AFS before transfer 2017/18 R'000	Functions per dept (transferred) / received 2017/18 R'000	Functions per dept (transferred) / received 2017/18 R'000	Functions per dept (transferred) / received 2017/18 R'000	2017/18 Bal after transfer 2017/18 R'000
Contingent liabilities	24 713				24 713
Commitments	24 282				24 282
Accruals	5 522				5 522
Payables not recognised	486				486
Employee benefits	34 395				34 395
Lease commitments – Operating lease	21 403				21 403
Lease commitments – Finance lease	1 733				1 733
Accrued departmental revenue	20 349				20 349
Irregular expenditure	97 256				97 256
Fruitless and wasteful expenditure	2 205				2 205
Impairment	13 823				13 823
Movable tangible capital assets	61 901	(617)			61 284

All records of affected officials (this is inclusive of all HR and PERSAL files and records) will be transferred to Agriculture and Rural Development and a list of all officials to be transferred has been drawn up.

All movable assets will be transferred to Department of Agriculture and Rural Development and a list of all assets to be transferred has been drawn up for the signature of DESTEA HOD and acceptance by the HOD of Agriculture and Rural Development.

Free State Executive Council resolution approved by the Premier, Mr ES Magashule, on 10 October 2017.

A submission for the transfer of officials to the Department of Agriculture and Rural Development was approved by the DESTEA MEC, MEC B Malakoane, on 14 December 2017. It was clearly stated that the conditions of employment for the transferred officials will not, in any way, be negatively affected as they will retain their current salaries and benefits.

32. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT				2017/18	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / Overspending	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
EPWP Incentive Grant For Infrastructure	2 213	-	-	-	2 213	2 213	2 106	107	95%	2 000	1 820
TOTAL	2 213	-	-	-	2 213	2 213	2 106	107	95%	2 000	1 820

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION					TRANSFER		2017/18 Final Appropriation R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %		
PROV DA:FS GAMBLING&LIQUOR AUTH	108 827	-	-	108 827	108 827	100%	58 349	
PROV DA:FS TOURISM AUTHORITY	-	-	-	-	-	-	54 376	
COM:LICENCES (RADIO&TV)	206	-	(20)	186	101	54%	200	
TOTAL	109 033	-	(20)	109 013	108 928		112 925	

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ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2017/18 Final Appropriation R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Capital R'000	Current R'000		
Public Corporations										
Transfers										
FREE STATE DEVELOPMENT CORP	31 000	-	-	31 000	31 000	100%	-	31 000		27 260
TOTAL	31 000	-	-	31 000	31 000	100%	-	31 000		27 260
Private Enterprises										
Transfers										
FREE STATE BUSINESS CHAMBER	1 000	-	-	1 000	1 000	100%	-	1 000		5 000
CO-OPERATIVES INCENTIVES SCHEME	6 950	-	-	6 950	6 950	100%	-	6 950		-
TOTAL	7 950	-	-	7 950	7 950	100%	-	7 950		5 000
TOTAL	38 950	-	-	38 950	38 950	100%	-	38 950		32 260

A restatement has been made for the prior year amount for transfers to FDC. The amount was incorrectly disclosed as R32 260 instead of R27 260.

ANNEXURE 1F
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
NON-PROFIT INSTITUTIONS							
Transfers							
NPI	67	-	360	427	200	47%	-
TOTAL	67	-	360	427	200	47%	-

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
HOUSEHOLDS							
Transfers							
H/H EMPL S/BEN:LEAVE GRATUITY	-	-	123	123	1 255	1 020%	440
H/H: DONATIONS & GIFTS (CASH)	601	-	631	1 232	120	10%	2 010
H/H EMPL S/BEN:INJURY ON DUTY	-	-	70	70	13	19%	-
TOTAL	601	-	824	1 425	1 388		2 450

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ANNEXURE 1I

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	PAID BACK ON/BY 31 MARCH R'000	CLOSING BALANCE R'000
Received in cash						
Department of Environmental Affairs	Free State Priority Biodiversity Rehabilitation Project (FSPBR)	243	-	169	-	74
TOTAL		243	-	169	-	74

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2019 R'000
Claims against the department					
PKX Capital	12 441	-	12 441	-	-
Home Made Retail	12 272	-	12 272	-	-
TOTAL	24 713	-	24 713	-	-

ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Department								
Health: FS	444	226	-	-	444	226		
Human Settlement: GP	-	-	-	165	-	165		
DIRCO: GP	3 624	-	-	-	3 624	-		
Agriculture: FS	1 294	1 278	-	-	1 294	1 278		
TOTAL	5 362	1 504	-	165	5 362	1 669		

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS								
Current								
Premier: FS	-	24	-	-	-	24		
DARD: FS	22	-	-	-	22	-		
TOTAL	22	24	-	-	22	24		

ANNEXURE 7

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	56 001	5 626	(50 774)	10 853
TOTAL	56 001	5 626	(50 774)	10 853

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	56 926	(5 025)	4 100	-	56 001
TOTAL	56 926	(5 025)	4 100	-	56 001

A restatement has been made on the 2018 opening balance as the projects across the resorts and reserves are current payments and not capital expenditure.

