

# Department of Economic Development, Tourism and Environmental Affairs (DETEA)

Vote 3

Annual Report (2012/13)















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# 1. PART A: GENERAL INFORMATION

# 1.1 Department's General Information

Department	Department of Economic Development, Tourism and Environmental Affairs	
Physical Address of Head office	34 Markgraaf Street Westdene 9301	
Postal Address	Private Bag X20801 Bloemfontein 9300	
Contact Numbers	051 400 9542	
Email Address	Tauk@detea.fs.go.za	
Website Address	www.detea.fs.gov.za	



# 1.2 List of Abbreviations /Acronyms

Acronyms	Description	
APP	Annual Performance Plan	
ASGISA	The Accelerated and Shared Growth Initiative in South Africa	
ASP	Africa Stockpile Programme	
BBBEE	Broad Based Black Economic Empowerment	
BEE	Black Economic Empowerment	
BPO&O	Business Processing Outsourcing and Off-shoring	
CAES	Compliance and Enforcement Sub-committee	
CCTV	Closed Circuit Television	
CMZ	Cape Mountain Zebra	
СТС	Cleanest Town Campaign	
DWEA	Department of Water and Environmental Affairs	
DCC	Departmental Consultative Committee	
DEAT	Department of Environmental Affairs and Tourism	
DMP	Disease Management Plan	
DOE	Department of Education	
DPSA	Department of Public Service and Administration	
DETEA	Department of Economic Development, Tourism and Environmental Affairs	
DTI	Department of Trade And Industry	
EHWP	Employee Health & Wellness Programme	
EIA	Environmental Impact Assessment	
EMC	Environmental Management Committee	
EMF	Environmental Management Framework	
EMIS	Environmental Management Impact	
EPWP	Expanded Public Works Programme	
ETEYA	Emerging Tourism Entrepreneur of the Year Awards	
FDC	Free State Development Corporation	
FIPA	Free State Investment Promotion Agency	
FS PSCBC-	Free State Public Service Coordinating Bargaining Council	
FSDP	Free State Development Programme	
FSGRB	Free State Gambling and Racing Board	
FSGDS	Free State Growth and Development Strategy	
FSLA	Free State Liquor Authority	
FSPG	Free State Provincial Government	
FSTA	Free State Tourism Authority	
FSWIT	Free State Women In Tourism	
FSYC	Free State Youth Commission	















Acronyms	Description		
HOD	Head of Department		
HRA	Health Risks Assessment		
HRD	Human Resource Development		
HRP	Human Resource Plan		
HWMP	Hazardous Waste Management Plan		
ICT	Information and Communication Technology		
IDC	Industrial Development Cooperation		
IDP	Integrated Development Plan		
IMP	Integrated Management Plan		
IPAP	The industrial Policy Action Plan		
IWMS	Integrated Waste Management Strategy		
LGI	Lake Gariep Initiative		
LED	Local Economic Development		
LUMS	Land Use Management System		
MDTP	Maluti Drakensburg Transfrontier Project		
MEC	Member of the Executive Council		
MOU	Memorandum of Understanding		
MSP	Master System Plan		
MTEF	Medium Term Expenditure Framework		
NAWA	National Association of Women Artist		
NEMA	National Environmental Management Act No. 107 of 1998, as amended		
NIPF	National Industrial Policy Framework		
NSDF	National Skills Development Framework		
NSDP	National Spatial Development Perspective		
NSF	National Skills Fund		
NSSD	National Strategy on Sustainable development		
PEC	Permit Evaluation Committee		
PFMA	Public Finance Management Act 1 of 1999		
PMDS	Performance Management Development System		
PMG	Pay Master General		
PPPF	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)		
PROPAC	Provincial Public Account Committee		
PSC	Public Service Commission		
QAA	Quality Assurance Assessors		
RIDS	Regional Industrial Development Support		
ROD	Record of Decision		
SAQA	South African Qualification Authority		



Acronyms	Description	
SAHRA	South African Heritage Resource Agency	
SAPS	South African Police Services	
SAWEN	South African Women Entrepreneurs' Network	
SAWIMA	South African Women In Mining	
SCM	Supply Chain Management	
SDF	Spatial Development Framework	
PMG	Pay Master General	
PSDF	Provincial Spatial Development Framework	
SITA	State Information Technology Agency	
SLA	Service Level Agreement	
SMME	Small, Medium & Micro Enterprises	
SOER	State of the Environment Report	
TGCSA	Tourism Grading Council of South Africa	
TWIB	Technology Women in Business	
VCCT	Voluntary and Confidential Counselling and Testing	
WIS	Waste Information System	
WSSD	World Summit on Sustainable Development	
OHSA	Organisational Health and Safety Act	



# 1.3 Strategic Overview

#### 1.3.1 Vision

The Department of Economic Development, Tourism and Environmental Affairs (DETEA) has adopted the following Vision:

A prosperous Free State that enhances the quality of life through integrated and sustainable economic growth

#### 1.3.2 Mission

The Department adopted the following Mission:

To provide sound economic and environmental management systems that ensures economic development and poverty reduction in the Free State.

#### 1.3.3 Values

The following are DETEA's shared values, as set out in the 2010/15 Strategic Plan:

Batho Pele	Putting People First		
Learning and Innovation	Encourages recognition of new information and techniques by instilling a culture of learning and innovation.		
Professionalism	All personnel should act professionally at all times when delivering services.		
Team work	Encourages team work to accomplish its mandates more effectively.		
Trustworthiness	Creates a high level of trust among working groups and individuals.		
Integrity	All personnel should hold a sense of justice and fairness towards others and clients.		
Honesty Personnel are always to provide accurate and full feedback to their colleagues, managers and clients.			

#### 1.3.4 Outcome Oriented Goals

Strategic Goal 1	To stimulate integrated sustainable economic development within the Province	
Goal Statement 1	Creation of a sustainable business environment in the Province to enhance economic growth	
Strategic Goal 2	To ensure sustainable environmental conservation within the Province	
Goal Statement 2 Contributing to sustainable environmental practices and conservation in the Province		
Strategic goal 3 Efficient and effective business processes in the Department		
Goal statement 3 To ensure functioning business processes for the Department		



## 1.4 Legislative and Other Mandates

#### 1.4.1 Constitutional Mandate

The DETEA'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, excluding lotteries and sports pools
- 4. Consumer protection
- 5. Environment
- 6. Industrial promotion
- 7. Nature conservation
- 8. Pollution control
- 9. Provincial public enterprises
- 10. Soil conservation
- 11. Liquor licences and control of undertakings that sell liquor to the public

Furthermore, the Department's constitutional mandate set out in 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.

#### 1.4.2 Legislative Mandate

Table 1 indicates core legislative mandates that are applicable to the Department.

**Table 1- Legislative Mandate** 

Legislative Mandate			
Economic Development			
<ul> <li>National Small Business Act, 1996 (Act No. 102 of 1996) and Amendments</li> <li>Business Act 1991, (Act No. 71 of 1991)</li> <li>National Small Business Amendment Act, 2004 (Act No. 29 of 2004)</li> <li>Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)</li> </ul>			
Gambling & Betting  Administration  • National Gambling Act (No. 7 of 2004)  • Free State Gambling and Liquor Authority Act, 2010 (Act No.6 of 2010)			
• Free State Consumer Affairs (Unfair Business Practices) Act, 1998 (Act No. 14 of 1998)			
<ul> <li>Liquor Act 1989, (Act No. 27 of 1989)</li> <li>National Liquor Act, 2003 (Act No. 59 of 2003)</li> <li>Free State Liquor Act, 2007 (Act No. 3 of 2007)</li> </ul>			
Trade Inspection  Trade Metrology Act, 1973 (Act No. 77 of 1973) Credit Agreement Act, 1980 (Act No. 75 of 1980)			
Environmental Affairs			

Legislative Mandate			
Protected Areas Management	<ul> <li>National Environmental Management Act, 1998 (Act No.107 of 1998) and Amendments</li> <li>Environmental Conservation Act, 1989 (Act No. 7 of 1989)</li> <li>Free State Nature Conservation Ordinance, 1969 (Ordinance No. 8 of 1969)</li> <li>Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004)</li> <li>National Environmental Management: Protected Areas Act, 2003 (Act No.57 of 2003)</li> <li>National Heritage Recourses Act, 1999 (Act No. 25 of 1999)</li> <li>World Heritage Conservation Act, 1999 (Act No. 49 of 1999)</li> <li>Game Theft Act, 1991 (Act No. 105 of 1991)</li> <li>National Water Act, 1998 (Act No. 36 of 1998)</li> <li>National Environmental Management: Waste Act, 2008 (Act No.59 of 2008)</li> <li>National Environmental Management: Air Quality Act, 2005 (Act No. 39 of 2005)</li> <li>Veld and Forest Fire Act, 1998 (Act No. 101 of 1998)</li> <li>Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983)</li> <li>Animal Protection Act, 1962 (Act No.71 of 1962)</li> </ul>		
Tourism			
Tourism	<ul> <li>Tourism Act, 1993 (Act No.72 of 1993)</li> <li>Free State Tourism Authority Act, 2005 (Act No. 3 of 2005)</li> </ul>		

#### 1.4.3 Other Mandates: Non -Entity Specific Legislation

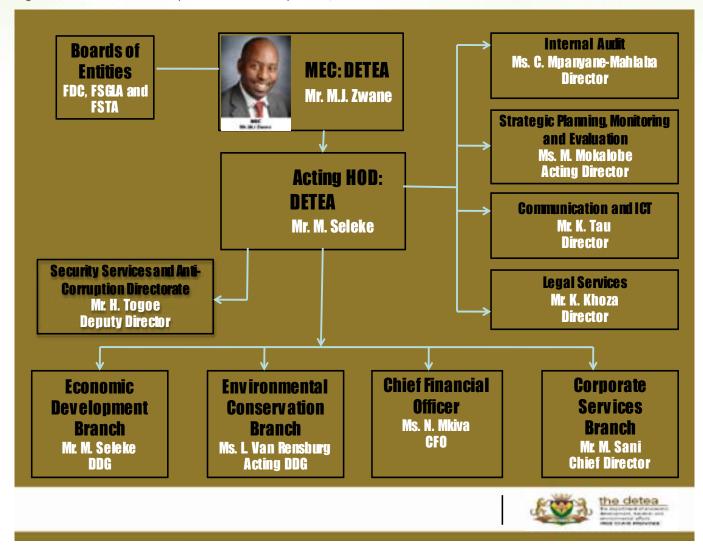
This section lists legislation that is not specific to the Department only but is gross cutting with government.

- 1. Constitution of the Republic of South Africa, 1996 Act 108 of 1996
- 2. Public Service Act, 1994 (Act No 103 of 1994) and amendments;
- 3. Public Service Regulations, 2001;
- 4. Public Finance Management Act 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999);
- 5. National Treasury Regulations 2007;
- 6. Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000); and relevant regulations 2004;
- 7. Promotion of Equality and Elimination of Unfair Discrimination Act, 2000 (Act 4 of 2000);
- 8. Intergovernmental Relations Framework Act 13 of 2005
- 9. Protected Disclosures Act Act No 26 of 2000
- 10. Employment Equity Act, No. 55 Of 1998
- 11. Labour Relations Act, 1995 (Act No. 66 of 1995)
- 12. Promotion of Access to Information Act, 2000 Act 2 of 2000
- 13. Promotion of Administrative Justice Act 3 of 2000
- 14. Basic Conditions of Employment Act, 1997 Act 75 of 1999
- 15. The Companies Act 2004 Act 20 of 2004
- 16. Occupational Health and Safety Act, 1993 Act 85 of 1999



# 1.5 Organisational Structure

The DETEA went through the process of reviewing its structure and functions in 2012/13 financial year. Below is the high level organisational structure developed after the review process;





# 1.6 Entities Reporting to the MEC

The table below provides a list of the entities reporting to the MEC: DETEA

Name of entity	Legislation	Financial Relationship	Nature of Operations
Free State Development Corporation	Free State Development Corporation Amendment Act 4 of 2010	Transfer Payment	<ul> <li>Finance and advance economic growth and development, Black Economic Empowerment and SMME development and growth.</li> <li>Promote investment and trade within the Province and to identify, analyse, publicise and market investment and trade opportunities in the provincial economy</li> </ul>
Free State Gambling and Liquor Authority	Free State Gambling and Liquor Act 6 of 2010	Transfer Payment	<ul> <li>Regulate the gambling and racing activities in the Province on behalf of the Provincial Department.</li> <li>Reduce socio-economic and other costs of alcohol abuse. Regulate the micro-manufacturing and retail sale of liquor or methylated spirits.</li> </ul>
Free State Tourism Authority	Free State Tourism Authority (FSTA) was established by Free State Tourism Authority Act No 3 of 2005	Transfer Payment	<ul> <li>Promote tourism and increase market share in the tourism industry and to coordinate marketing activities of all role players.</li> <li>Market major sport events for tourism promotion.</li> </ul>



# 1.7 Foreword by MEC

his Annual Report makes an honest assessment of our Department's performance for the 2012/13 financial year. It should be seen as a tool to reflection on the services rendered by the Department during the year under review. The intention is to portray a picture of how the Department strived to achieve its measurable objectives as stated in the Annual Performance Plan. More importantly, it affords the Department an opportunity to reflect back on its performance, challenges, weaknesses, strengths and to search for innovative ways to improve on service delivery. This annual report can be utilised as a tool by the public and Legislature to hold the Department accountable for the promises it made for the financial year.

All our efforts in 2012/13 were focused on achieving our goals that states:

- To stimulate integrated sustainable economic development within the Province;
- To ensure sustainable environmental conservation within the Province.
- Efficient and effective business processes in the Department;

The Department has performed reasonably well in contributing towards the achievement of these goals during the year and the results will be more apparent at the end of this term. Achievement of our goals will further contribute to the following prioritised outcomes:

- Decent employment through inclusive economic growth;
- Protecting and enhancing our environmental asserts and natural resources;
- · An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship.

As a lead Department on economic development in the Province, we continued to implement programmes and projects with the intension of broadening our economy as well as the level of participation. However, we realised the importance of partnering with other stakeholders such as the Institutes of Higher Learning, municipalities, other government departments and the private sector. A classic example of this partnership is implementation of the Naval Hill Planetarium project which will be completed in November 2013.

We are proud to report that the long hours of hard work in improving systems and processes for service excellence is evident in the results as demonstrated in the performance and the financial report of the Department for the 2012/13 financial year. We are convinced that more than ever before the foot soldiers in our Department have understood the Free State Growth and Development Strategy and the National Development Plan (NDP) and are geared towards its implementation.

Our undertaking is to build from the foundation we built in the previous financial year to ensure that the people of the Free State receive the services they expect from this Department. I believe that with our dedicated staff, we can improve our service delivery mechanisms and give the Free State people the services they deserve.

I thank the management and staff in general for their effort and hard work during the financial year and urge them to continue serving our people with dedication and tenacity.

Mosebenzi Zwane

MEC: Economic Development, Tourism and Environmental Affairs

Signed of this 31 day of May 2013



# 1.8 Overview of the Accounting Officer

The annual report as outlined below, present a clear picture of projects and programmes have been implemented during the past financial year as part of growing our economy whilst taking care of our natural environment. This is done primarily to achieve the Department's mandate "to provide sound economic and environmental management systems that ensure economic development and poverty eradication in the Free State".

The Department performed well in implementing some programmes such as Consumer Protector and environmental education. The consumer protection office resolved 512 of the 527 complaints submitted by the consumers, which returned an amount of R2 564 723 back to them (consumers). As part of environmental education, 376 Schools are registered in the Province for participation in Environmental Programmes. The intension is to create awareness at an early stage of children's lives to ensure long-term success of the programme.

The people of the Free State were able to benefit from programmes such as;

- SMME and cooperative support programmes;
- Infrastructure development programme at our resorts and reserves;
- Participation in Tourism Indaba and other EXPOs that exposes tourism product owners and other SMMEs to national and international markets;

It remains our considered view that we have made stride towards becoming an innovative, professional, ethical and delivery-focussed Department. This is complemented by the continued effort to improve our internal processes including governance, financial management, communication and planning.

The Department still, however, need to improve on other matters such as asset management, effective monitoring of the Public Entities and Human Resources Management. We will continue to put effort, processes and resources in place to ensure that these critical functions continuously improved. We believe that utilisation of the Management of Performance Assessment Tool (MPAT) will assist the Department to improve some of these functions.

Finally, I thank the management and our staff for all the effort and dedication shown in the year under review. Together we will continue to serve the people of the Free State Province and implement service delivery improvement programmes.

Mogokare Seleke

Accounting Officer:

Department of Economic Development, Tourism and Environmental Affairs

Signed on this 31 day of May 2013





# 2. PART B: PERFORMANCE INFORMATION

# 2.1 Accounting Officer's Statement of Responsibility for Performance Information

The Accounting Officer is responsible for the preparation of the department's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the department for the financial year ended 31 March 2013.

M. SELEKE ACCOUNTING OFFICER DETEA

31 May 2013 DATE



## 2.2 Auditor General's Report: Predetermined Objectives

The AGSA has audited the predetermined objectives of the Department and this report is on page 117 under paragraph 17.

## 2.3 Overview of Departmental Performance

#### 2.3.1. Service Delivery Environment

The DETEA provides services within the economic development, tourism and environmental sectors in the Free State Province. The following are some of the key services provided directly to the public include:

- · Develop and support SMMEs and Cooperatives;
- Protect consumers from unfair business practices;
- Educate consumers on their consumer rights;
- Develop the Tourism sector in the Free State province;
- Provide environmental management services;
- · Regulate and monitor implementation of environmental policies and legislation;
- Provide various environmental licences, permits and authorisations;

These services were provided during a period where the percentage share of the Free State population as compared to the South African population was at its lowest since the first census after democracy. Comparison of the censuses undertaken in South Africa from 1996 to 2011 indicated a steady decline of the percentage share from 6.5% in 1996 to 5.3% in 2011. This has implications on the budget allocation for both the Province and the Department. This is also a period when the Free State province has been experiencing an increase in unemployment. The Labour Force Survey indicated that unemployment increased from 29.4% in quarter 4 of 2011 to 33.2% in quarter 4 of 2012, which is an increase of 12.9% in one year.

Other economic factors faced by the Province include the fact that there is generally a decline in the level of investment within the Provinces. One of the indications can be the number of Environmental Impact Assessment (EIA) application received. In 2012/13 the Department received 90 EIA applications as compared to 108 applications in 2011/12, which is a decrease of 17%. Similarly, as financial pressure mounds on businesses, some resorts to unfair businesses. For instance, there was an increase in the number of complains laid for unfair business deals in the Free State from 474 complaints in 2011/12 to 527 complaints in 2012/13, which is an increase of 11%.

The following are some of the services that were provided directly to the public;

Component	Service	Number of Clients Who Use Service
Integrated Economic Development	Assist communities to establish primary cooperatives	11
	Provide support to cooperatives	31
	Provide support to existing SMMEs	454
Business Regulations Protect consumers from unfair business practices 5		512
	An amount of R2 564 723 returned back to consumers	
Biodiversity Management, Planning	Provide day and overnight accommodation at reserves and resorts	119 377
and Research	Revenue collected R 5 847 817	
	Managed and maintain Provincial reserves and resorts	14 Reserves and 7 resorts (21)
	Donation of game to emerging black game farmer	Game donated to 4 farmers



Component	Service	Number of Clients Who Use Service
Environmental	Licensing (Trophy) Exports	1002
Empowerment and Compliance	Licensing (Trophy) Imports	57
Compilation	Provision of permits, TOPS	136
	CITES Exports	399
	CITES Imports	35
	Captivity	354
	Game fencing certificates	155
	Enforce compliance to environmental management legislation	76
	Raise awareness and increase participation in environmental activities	32064
Environmental Quality Management	Environmental authorizations issued	80
Environmental Empowerment and Compliance	Promote sustainable capacity building through Environmental Education Programmes	664

#### 2.3.2 Service Delivery Improvement Plan

DETEA selected one of its main services to be improved, which has been outlined in the Service Delivery Improvement Plan (SDIP). The tables below reflect the components of the SDIP as well as progress made in the implementation of the plans.

#### 2.3.2.1 Services Provided as Per SDIP and Standards

Main Services	Actual	Potential	Standard of	Actual Achievement
	Customers	Customers	Service	Against Standards
Provide support to cooperatives - resuscitate non functional cooperatives	Cooperatives	Entrepreneurs	5 Cooperatives	1 Cooperative

#### a) Consultation arrangements with customers

Type of Arrangement	Actual Customers	Potential Customers	Actual Achievements
Obtain a database of all registered Free State cooperatives and contact them to determine their status	Cooperatives	Entrepreneurs	A database has been obtained and cooperatives still have to be contacted to verify status. The delay was caused by the fact that CIPC data does not have contact details.



#### b) Service Delivery Access Strategy

Access Strategy	Actual achievements
Address the operational challenges in the district offices and the quality of services provided for cooperatives	Two district offices (Welkom and Bethlehem) are functional and the Department is busy with the transfer processes of officials who will be based in other district offices.
Display the Service Charter and Service Delivery Improvement Plan (SDIP) on the website	The Services Charter and SDIP of the Department were displayed on the old website. The information still has to be displayed in the new provincial website.

#### c) Service Information tool

Types of Information Tool	Actual Achievements
Information on services for cooperatives by DETEA, CIPC and DTI to be provided through information sessions, workshops and departmental website	Information sessions have been held in various towns to provide information on cooperatives.  One on one consultation were held with cooperatives at the DETEA offices.

#### d) Complaints Mechanism

Complaints Mechanism	Actual Achievements		
Complain and redress procedure to be displayed in a published charter and on the departmental website	The complaints and redress procedure was displayed in the approved charter of the department.		
Suggestion and complaints box to be placed at all entrances of the department	Suggestion and complaints box was placed at the main entrance of the department.		

#### 2.3.3 Organisational Environment

In 2012/13 the Department went through a process of cleaning up its structure, in an effort to improve efficiency and effectiveness. A process was undertaken to remove post that were deemed unnecessary and unfunded off the persal system. This process reduced the vacancy rate of the Department from 52% to 12%.

The Department has also started the process of filling critical posts and the first round of this process commenced in October 2012 when a list of posts were advertised. Parallel to this process, the following were undertaken to ensure effective and efficient utilisation of human capital;

- Shifting officials from areas with access capacity to areas where there are no personnel at all.
- Ensuring that people are correctly placed, in line with their experience and qualifications.
- · Improving internal processes and controls.
- DETEA will be embarking on an investigation to right-size the department to its core mandates.



#### 2.3.4 Key Policy Developments and Legislative Changes

In 2012/13 financial year, Norms and Standards were approved and published concerning Large Predators, Rhino and Bontebok in the Provincial Gazette 3 notices. These will have financial implication for the Department when enforcing and monitoring implementation of the norms and standards. The intension of these norms and standards is to regulate and standardise the following;

- Keeping and management of bontebok (damaliscus pygargus pygargus) in the Free State;
- · Activities regarding listed large predators by land owners, foreign clients and the exportation of hunting trophies;
- · Activities regarding white and black rhinoceros.

# 2.4 Strategic Outcome Oriented Goals

The following are DETEA strategic goals as set out in the 2010/15 Strategic Plan;

	Strategic Goal	Goal Statement		
1.	To Stimulate Integrated Sustainable Economic Development within the Province.	Creation of a suitable business environment in the Province to enhance economic growth.		
2.	To Ensure Sustainable Environmental Conservation within the Province.	Contributing to sustainable environmental practices and conservation in the Province.		
3.	Efficient and Effective Business Processes.	To ensure functioning business processes for the Department.		

The Department is further mandated to implement the following prioritised outcomes as part of the initiative to deal with the plight of poverty and unemployment in the country:

Outcome	Outcome Statement
Outcome 4	Decent employment through inclusive economic growth; An efficient, competitive and responsive economic infrastructure network;
Outcome 10	Protecting and enhancing our environmental assets and natural resources;
Outcome 12	An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship.

Planned and achieved activities, as outlined in this report, are aligned and contribute to the achievement of these outcomes. Activities/indicators contributing to outcome 12, 10 and 4 are on pages 24-35, 35-48 and 50-56 respectively.



### 2.5. Performance Information by Programme

The activities of the Department of Economic Development, Tourism and Environmental Affairs are organized according to the following programmes:

- Programme 1: Administration
- Programme 2: Environmental Affairs
- Programme 3: Economic Development

#### 2.5.1 Programme 1: Administration

#### 2.5.1.1 Purpose

To provide leadership and strategic management in accordance with legislation, regulations and policies as well as providing appropriate support service to other programmes.

#### 2.5.1.2 Relevant Outcome

This programme contributes towards Priority Outcome 12: An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship.

#### 2.5.1.3 Strategic Objectives

The following are strategic objectives of programme 1:

- Render advisory, secretarial, administrative and office support services to the MEC, including parliamentary liaison services.
- · To promote the interest of targeted and vulnerable groups by means of Departmental programmes.
- To manage and direct the Departmental transversal, administrative programmes which provide leadership to the Department.
- · To effectively maintain an oversight function of the whole Department's mandate and function.
- To ensure an effective and efficient Internal Audit function by performing audits according to an approved audit plan.
- To provide efficient and effective legal functions to the Department.
- To coordinate Security activities in the Department and render advice on security management.
- To ensure effective and efficient Financial Management by ensuring proper financial and non-financial planning, reporting and an effective supply chain management.
- To provide and retain a well developed and competent workforce.
- To enhance the effectiveness and efficiency of current working systems.
- To enhance effective and efficient Human Resource Management.
- To maintain discipline and labour peace in the Department.
- To ensure effective & efficient internal and external communication.
- To manage the corporative image of the Department through stakeholder perception management of the Department and branding of assets and promotional material.
- To ensure that IT and ICT systems in the Department are annually reviewed in terms of technology improvements, maintenance, cost efficiency and aligned with operational systems to support workflow.

#### 2.5.1.4 Sub - Programmes

The administration programmes comprises of the following sub-programmes;

Programme	Sub-Programme
Administration	1. Office of the MEC 2. Management Services 3. Financial Management 4. Corporate Services



#### 2.5.1.5 Strategic Objectives, Performance Indicators Planned Targets and Actual Achievements

The Department initiated processes to improve the efficiency and effectiveness of the internal business processes, in line with goal 3 (Efficient and Effective Business Processes) of the DETEA. In 2012/13 four Departmental processes were mapped out to outline and improve process flow within the Business Regulation and Governance unit. In support of these, 2 IT projects were rolled out as per the Master Systems Plan to improve efficiency and effectiveness in department. These in turn will contribute towards the achievement of outcome 12.

The tables below outline the non financial performance of programme 1 - Administration:

Stra	Strategic Objectives							
Sub-programme - Office of MEC								
Si	trategic Objective	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations		
1.	To promote the interest of targeted and vulnerable groups by means of Departmental programmes	Not achieved	2 Training sessions on the 8 principles on women's empowerment and gender equality	Not achieved	(100%)	DPSA was responsible for coordination of the training but the sessions were postponed		
		14 Campaigns	13 Campaigns	12 Campaigns conducted	(8%)	The provincial event task team decided not to implement 1 of the planed event due to financial constrains		



Sub-programme: Office of MEC

Sub-k	Sub-programme: Office of MEC						
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations	
1.1	Number of consultative sessions to promote the interest of targeted and vulnerable groups through Departmental programmes	4 Consultative sessions held	4 Consultative sessions	3 Consultative sessions	(25%)	1 Session was postponed	
1.2	Training sessions for SMS & MMS women conducted on the 8 principles on women's empowerment and gender equality	Not achieved	2 Training sessions	Not achieved	(100%)	DPSA was responsible for coordination of the training but the sessions were postponed	
1.3	Number of campaigns organised in partnership with provincial gender focus members as per the Provincial calendar of events	14 Campaigns	13 Campaigns	12 Campaigns conducted	(8%)	The provincial event task team decided not to implement 1 of the planed event due to financial constrains	
1.4	Number of economic empowerment organizations/ structures established	Not applicable	1 Organisation /structure	1 Structure (Entrepreneurs with Disabilities forum)	0%		
1.5	Number of existing economic empowerment organizations/ structures supported	Not applicable	4 Organisations / structures	5 Organisations / structures	25%	The departmental services were extended to support organisations from disadvantaged community areas	
1.6	Monitor and Evaluate progress on empowerment for designated groups	Not achieved	2 Monitoring reports	Not achieved	(100%)	The monitoring tool from the Department of women, children and persons with disability only became available towards the end of the last quarter	















	Strategic Objectives							
	Sub-programme: Management 9	Services						
	Strategic Objective	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations		
	Internal Audit							
1.1	To ensure an effective and efficient Internal Audit function by performing audits according to an approved audit plan	9 Internal audit reports	16 Internal audit reports	17 Internal audit reports	6%	By directive of the Treasury Internal Audit plan was reviewed in December and the scope was increased		
		14 Reports on Internal/ External Quality assurance review	14 Reports on Internal/ External Quality assurance review	15 Reports on Internal/ External Quality assurance review	7%	An additional External Assessment of Risk Management Review was done		
	Policy Monitoring and Evaluation							
1.2	To ensure effective and efficient Financial Management by ensuring proper financial and	Not achieved	4 Reports	Not achieved	(100%)	Lack of capacity		
	non-financial planning, reporting and an effective supply chain management.  Monitoring and Evaluation of programmes	4 Reports	4 Reports	4 Reports	0%			
	Project Management							
1.3	Project management	Not achieved	1 Project	Not achieved	(100%)	Lack of capacity		
	Security Services and Anti-Corrup	tion						
1.4	To coordinate Security activities in the Department and render advice on security management	Not achieved	12 Reports on monitoring of security service provider	7 Reports developed	(42%)	Lack of capacity		
		Not achieved	Fraud and Anti -Corruption Committee established	Not achieved	(100%)	Proposal submitted for approval		



	Strategic Objectives					
	Sub-programme: Management S	Services				
	Strategic Objective	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
	IGR, Oversight and Risk Manager	nent				
1.5	To effectively maintain an oversight function of the whole Department's mandate and function	1 Risk Plan Revised Plan developed	1 Revised plan	1 Plan revised	0%	

Sub-p	rogramme: Management	Services					
Performance Indicator				Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations	
	Internal Audit						
1.1	Number of Internal audit reports developed	9 Reports	16 Reports	17 Reports	6%	By directive of the Treasury Internal Audit plan was reviewed in December and the scope was increased	
1.2	Number of consulting and advisory services provided	Not applicable	3 Services	13 Services	333%	Risk Management was temporarily placed under Internal Audit	
1.3	Number of follow- up reports on implementation of assurance and consultative recommendations	2 Follow up reports conducted	4 Reports	3 Reports	(25%)	The audit will be completed during the first quarter of 2013/14 due to an extension of scope of one of the follow-up reports	
1.4	Number of reports on Internal/External Quality assurance reviews	14 Reports	14 Reports	15 Reports	7%	An additional External Assessment of Risk Management Review was done	















**Sub-programme: Management Services** 

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations			
1.5	Annual review of Audit charters, 3 years rolling plan and audit manual reviewed	1 Review	1 Review	1 Review	0%				
	Policy Monitoring and Evaluation								
1.6	Number of monitoring reports compiled	Not achieved	4 Reports	Not achieved	(100%)	Lack of capacity			
1.7	Number of Plans submitted to Treasury	1 APP	1 APP	1 APP developed and submitted to Treasury	0%				
1.8	Number of performance reports submitted to Treasury	4 Reports	4 Reports	4 Reports	0%				
1.9	An annual report submitted for tabling	1 Annual report	1 Annual report	1 Annual report submitted	0%				
1.10	Service Delivery Charter developed/ reviewed	Not achieved	Review Charter	Charter reviewed	0%				
1.11	Service Delivery Improvement Plan (SDIP) and implementation plan developed/ reviewed	Not achieved	1 Implementation plan	1 Implementation plan developed	0%				
	Project Management								
1.12	Number of projects finalised	Not achieved	1 Project	Not achieved	(100%)	Lack of capacity			
	Security Services and A	nti-Corruption							
1.13	Performance of Security service provider monitored	Not achieved	12 Reports developed	7 Reports developed	(42%)	Lack of capacity			
1.14	Information Security- Awareness Sessions	Not applicable	6 Awareness sessions	3 Awareness sessions	(50%)	Lack of capacity			



report

#### Performance Indicator Planned targets and actual achievement **Sub-programme: Management Services** Planned Deviation Comment on Performance Actual Actual Achievement Target Achievement from deviations Indicator 2012/2013 planned 2011/2012 2012/2013 target 2012/2013 1.15 Fraud and Anti Not achieved Strategy Not achieved Strategy (100%) developed by Corruption strategy approved developed Internal Audit 1.16 Fraud and Anti Not achieved Committee Not achieved Proposal submitted (100%) Corruption committee established for approval established IGR, oversight and Risk Management 1.17 1 Revised 0% Risk Assessment Plan 1 Revised 1 Plan revised plan revised annually plan developed 1.18 11 Report FDC could not Number of agency 3 Reports 12 Reports (8%)performance reports received submit 1st quarter

received















Stra	tegic Objectives					
Sub	-programme: Financial Manage	ement				
	Strategic Objectives	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
	Management Accounting					
1.1	To ensure effective and efficient Financial Management by ensuring	1 Budget statement compiled	1 Budget statement	1 Budget statement compiled	0%	
	proper financial and non- financial planning, reporting and an effective supply chain management	12 Reports compiled	12 Reports	12 Reports compiled	0%	
	Financial Management					
1.2	To ensure effective and efficient Financial Management by ensuring proper financial and non-	1 Financial statement for 2010/11	1 Annual Financial statement	1 Financial statement for 2011/12	0%	
	financial planning, reporting and an effective supply chain management	Not applicable	4 Quarterly Interim Statements	4 Interim Statements compiled	0%	
	Supply Chain Management					
1.3	To ensure effective and efficient Financial Management by ensuring proper financial and nonfinancial planning, reporting and an effective supply chain management	1 DMP approved	1 Approved DMP	1 Approved DMP	0%	
	Fleet and Asset Management					
1.4	To ensure effective and efficient Financial Management by ensuring proper financial and nonfinancial planning, reporting and an effective supply chain management	40 Reports compiled	40 Reports	37 Reports	(8%)	Consultants appointed to do the final annual stocktaking are still working on the recons and an internal official is on sick leave



Performance Indicator Planned targets and actual achievement							
Sub-pr	ogramme: Financial Managen	nent					
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations	
	Management Accounting						
1.1	Budget statement submitted to Treasury on time	1 Budget statement compiled	1 Budget statement	1 Budget statement compiled	0%		
1.2	Number of In-Year monitoring	12 Reports compiled	12 Reports	12 Reports compiled	0%		
	Financial Management						
1.3	Annual Financial statement compiled according to prescripts	1 Financial statement for 2010/11	1 Annual Financial statement	1 Financial statement for 2011/12	0%		
1.4	Quarterly Interim Statements compiled according to prescripts	Not applicable	4 Quarterly Interim Statements	4 Interim Statements compiled	0%		
1.5	Number of PERSAL/BAS Reconciliations to monitor the payroll function	12 Reports	12 PERSAL/ BAS reports	12 PERSAL/ BAS compiled	0%		
1.6	Number of Key Control Matrix reports compiled and submitted	Not applicable	12 Key Control Matrix reports	12 Key Control Matrix reports compiled	0%		
1.7	Percentage of revenue collection annually	Not applicable	90 % Revenue collection	91% Revenue collected	1%	Improvement of revenue collection management	
1.8	Number of BAS Bank Exception reports cleared annually to enable the closing of month and financial year	12 Reports	36 BAS Exception reports	12 BAS Exception reports cleared		This was a typing error the planned output should be 12 per year and 3 per quarter	
1.9	Number of Irregular, Fruitless & Wasteful and Unauthorised Expenditure reports compiled and submitted	Not applicable	12 Reports	12 Reports submitted	0%		















Performance	Indicator	Planned t	targets and	actual	achievement

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
	Supply Chain Management					
1.10	Percentage of payments made to creditors within 30 days from receipt of an invoice	99%	85 %	97.7	15%	Chief users submitted invoices on time
1.11	Number of commitment reports developed	12 Reports developed	12 Reports	12 Reports developed	0%	
1.12	Approved Demand Management Plan compiled	1 DMP approved	1 Approved DMP	1 Approved DMP	0%	
1.13	Monitoring report on the Annual Procurement Plan	Not applicable	4 Reports	Not achieved	0%	Verification was done with each request but due to capacity constraints the reports could not be prepared
	Fleet and Asset Management					
1.14	Number of asset related status reports: BAS/ Logis reconciliation reports, Logis asset reports balancing, AMKPI Reports and Fleet Utilisation Reports	40 Reports compiled	40 Reports	37	(8%)	Consultants appointed to do the final annual stocktaking are still working on the recons and an internal official is on sick leave
1.15	Status reports on management of government garage accounts	Not applicable	12 Reports	12 Reports	0%	Claims for Feb and March 2013 were settled only in April 2013
1.16	Quarterly Status Reports on	Not applicable	4 Reports	4 Reports	0%	

maintenance of office space



Strat	Strategic Objectives								
Sub	-programme: Corporate Se	rvices							
	Strategic Objectives	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations			
Human Resource Management									
1.	To enhance effective and efficient Human Resource Management	35 Posts evaluated	52 Posts	30 Posts	(42%)	Unavailability of managers to participate in the JE interviews			
		3 ABET sites established	2 Sites	2 Sites	0%				
2.	To provide and retain a well developed and competent workforce	12 Training programmes conducted	8 Training programmes conducted	6 Programmes listed in the WSP and HR Plan	(25%)	Delay in obtaining quotations from accredited service providers who are mostly from outside the Province			
		2 HCT conducted	2 HCT	2 HCT conducted	0%				
		2 Induction sessions held	2 Induction sessions	1 Induction session held	(50%)	There were no new employees appointed from October 2012 to 31 March 2013			
3.	To enhance effective and efficient Human Resource Management	90 Posts filled	90 Posts	67 Posts	(26%)	There was a delay in granting approval to fill advertised posts			
4.	To maintain discipline and labour peace in the Department	2 Misconduct cases finalized within time frame	All misconduct cases	Of the 9 misconduct cases received, 5 were resolved outside the 60 days and 4 still outstanding	(44%)	Unavailability of presiding officers and postponement was agreed upon by the parties			















Strat	egic Objectives					
Sub	-programme: Corporate Se	rvices				
	Strategic Objectives	Actual Planned Target Achievement 2012/2013 2011/2012		Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
	Communication					
5.	To ensure effective & efficient internal and external communication	Appearances received from media houses on the media list. Therefore reach 11745804 people (accumulative)	60% of economically active population	73% of economically active population	22%	Media campaigns were undertaken throughout the year to make sure that stakeholders are aware of the department's activities
6.	Corporative image	1 Strategy	Approved Annual Communication strategy	1 Strategy	0%	
	Legal Services					
7.	To provide efficient and effective legal functions to the Department	5 High Court Applications dealt with	All applications	2 Notices and 1 High court applications	0%	
		No summons received	All summons	2 Summons received	0%	
	Information Technology and	d Knowledge Mana	gement			
8.	To ensure that IT and ICT systems in the Department are annually reviewed in terms of technology improvements, maintenance, cost efficiency and aligned with operational systems to support workflow	4 Reports	4 Reports	4 Reports	0%	



Sub-programme. numan nesource management								
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations		
1.1	Number of vacant and funded posts filled	90 Posts filled	90 Posts	67 Posts	(26%)	There was a delay in granting approval to fill advertised posts		
1.2	Number of HR Policies developed	1 Policy on Whistle-blowing developed	2 HR Policies Developed namely: Overtime and Resettlement	2 HR Policies Developed	0%			
1.3	Percentage of temporary incapacity leave applications finalised within 60 days	60% Finalised within 60 days	100%	64% (149 received, 96 finalised within 60 days, 31 finalised after 60 days)	(36%)	Late finalisation of temporary incapacity leave applications by the Health Risk Manager		
1.4	Annual report on approved probations	Not applicable	1 Annual Report	1 Annual Report	0%			
1.5	Training provided according to WSP and HR plan	12 Training programmes conducted	8 Training programmes conducted	6 Programmes listed in the WSP and HR Plan	(25%)	Delay in obtaining quotations from accredited service providers who are mostly from outside the Province		
1.6	Percentage of interns re- cruited as compared to staff establishment	Not achieved	2.5 % of staff establishment	Not achieved	(100%)	There was a delay in granting approval to appoint the interns		
1.7	Number of induction sessions held	2 Induction sessions held	2 Induction sessions	1 Induction session held	(50%)	There were no new employees appointed from October 2012 to 31 March 2013		
1.8	Annual excellence award function held	1 Annual excellence award function	1 Excellence award	1 Annual excellence award function held	0%			
1.9	ABET literacy programmes sites maintained	3 ABET sites established	2 Sites	2 Sites	0%			















	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.10	Management Plan on PMDS implementation developed	1 Management Plan developed	1 Manage- ment Plan	1 Manage- ment Plan	0%	
1.11	Number of monitoring and evaluation reports on submitted PMDS documents	4 M&E reports compiled	4 M&E reports	3 M&E reports	(25%)	The assumption was that new appointments of staff would be made in the HRD component. The component only had capacity to develop 3 reports
1.12	Number of training session on PMDS	Not achieved	5 Sessions	5 Sessions	0%	
1.13	Number of inspections on compilation of job descriptions	Not achieved	2 Inspections per directo- rate	1 Inspection per directorate	(50%)	The assumption was that new appointments of staff would be made in the HRD component. The component only had capacity to undertake 1 inspection
1.14	Number of HIV/AIDS Counselling and Testing (HCT) programme conducted	2 HCT con- ducted	2 HCT	2 HCT conducted	0%	
1.15	Number of Health Risk Assessments (HRA) conducted	2 HRA con- ducted	2 HRA	2 HRA conducted	0%	
1.16	Report on corrective meas- ures implemented as per Health risk/hazard register	57%	1 Report	1 Report	0%	
1.17	Number of information sessions held with Unions	Not achieved	4 Information sessions	1 Information session	(75%)	Initially the unions did not see value of the meeting until the 3rd quarter meeting was held



	Performance Indicator	Actual Planned Achievement Target 2011/2012 2012/2013		Actual Achievement 2012/2013	Deviation from planned	Comment on Deviations
					target 2012/2013	
1.18	Annual HR Conference held	1 HR Conference held	1 HR Conference	1 HR Conference held	0%	
1.19	Grievances resolved within prescribed time limit (30 days)	19 Grievance cases received and finalized within pre- scribed time limit	All griev- ances	Of the 34 grievances received, 29 were resolved within 30 days, 3 outside 30 days and 2 still outstanding	(15%)	3 Cases dragged because the aggrieved were uncooperative. Awaiting directive from DPSA on one case. In the other case, the accuracy of the facts is in dispute
1.20	Resolve misconduct cases within prescribed time limit (60 days)	2 Misconduct cases final- ized within time frame	All misconduct cases	Of the 9 mis- conduct cases received, 5 were resolved outside the 60 days and 4 still outstanding	(44%)	Unavailability of presiding officers and post-ponement was agreed upon by the parties
1.21	Monthly status reports on cases submitted to management	12 Reports compiled and distributed	12 Reports	9 Reports	(25)%	The reports for 2 <sup>nd</sup> quarter could not be accounted for
1.22	Number of reports on griev- ances, misconduct cases and disputes submitted to Public Service Commission	4 Reports compiled and distributed	4 Reports	2 Griev- ance reports to PSC. 6 misconduct and griev- ances to Pre- mier's office	(50%)	A mistake was made when grievances and misconduct were combined in one performance measure. Reports to PSC are supposed to be 2 and misconduct reports to the Premier's office are 6
1.23	Number of workshops conducted on Labour Relations matters	20 Workshops conducted	40 Work- shops	7 Workshops	(82%)	Poor planning that led to lack of alignment be- tween branches















	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.24	Number of posts evaluated	35 Posts evaluated	52 Posts	30 Posts	(42%)	Unavailability of managers to participate in the JE interviews
1.25	Number of HR processes mapped out	6 HRM pro- cesses	4 HR pro- cesses	4 Processes mapped out	0%	
	Communication					
1.26	Reach and impact of used communication channels	Appearances received from media houses reaching 11 745 804 peo- ple (cumulative)	60% of economically active popu- lation	73% of eco- nomically active population	22%	Media campaigns were undertaken throughout the year to make sure that stakeholders are aware of the department's activities
1.27	Number of speeches developed in line with policy and approved guidelines	20 Speeches prepared	20 MEC and HOD speeches	19 Speeches prepared	(5%)	Speeches are written as per request from the MEC and HOD's offices
1.28	Annual Communication strategy developed in line with government priorities	1 Strategy	Approved Annual Com- munication strategy	1 Strategy developed	0%	
1.29	Number of communication programmes submitted to Central Communication Coordinating Unit (CCCU)	4 Com- munication Programmes coordinated	4 Com- munication Programmes	4 Com- munication Programmes coordinated	0%	
1.30	Number of campaigns managed	4 Campaigns coordinated	4 Campaigns	4 Campaigns coordinated	0%	
	Legal Services					
1.31	Received High Court applications dealt with	100% Court Applications	All applica- tions	2 Notices and 1 High Court application	0%	
1.32	Received Summons dealt with	100% of received summonses	All summons	2 Summons received	0%	



Sub-programme: Human Resource Management

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.33	Requested Legal opinions provided within 14 days	12 Legal Opin- ions, 6 PAIA Applications	All requests	14 Legal Opin- ions provided	0%	
	Information Technology and K	nowledge Managem	nent			
1.34	Reports on availability and delivery of IT services	Not applicable	4 Reports	4 Reports	0%	
1.35	Number of projects rolled out as per MSP	2 Projects	2 Projects	2 Projects	0%	
1.36	Reports on utilization of IT resources	Not applicable	1 Report	1 Report	0%	
1.37	Reports on state of the IT in the department	4 Reports	4 Reports	4 Reports	0%	



## 2.5.1.7 Linking Performance with Budgets

The table below indicates the financial implications of the activities performed in programme 1- Administration in 2012/13:

	2011/201	2			2012/2013	
Sub- Programme Name	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Office of the MEC	10 329	9 206	1 123	8 506	8 280	226
Management Services	21 762	20 173	1 589	21 986	17 575	4 411
Financial Management	40 791	40 612	179	32 966	35 057	-2 091
Corporate Services	26 468	26 951	-483	23 197	22 635	562
Total	99 350	96 942	2 408	86 655	83 547	3 108

The Department has been gradually reducing the budget allocation of programme 1 from R90 961 on 2010/11, R99 350 in 2011/12 to R86 655 in 2012/13 in an effort to utilise more funds for the core functions. However, caution was still taken to ensure that this does not compromise achievement of our 3<sup>rd</sup> goal: *Efficient and Effective Business Processes*. Expenditure pattern in this programme changed from 99.2% in 2009/10, 96.9% in 2010/11, and 97.6% in 2011/12 to 96.4% in 2012/13. The main focus in the financial year under review was putting in place policies, plans and process maps in place to improve business processes in the department and most of these did not require funding.



## 2.5.2 Programme 2: Environmental Affairs

### 2.5.2.1. Purpose

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

#### 2.5.2.2 Relevant Outcome

This programme contributes towards Priority Outcome 10: Protect and enhance our environmental assets and natural resources. All achieved activities under this section were planned to protect and enhance the environmental assets and natural resources of the Province.

### 2.5.2.3 Strategic Objectives

The following are strategic objectives of programme 2:

- To Ensure Sustainable Development;
- To Build Capacity in Environmental Management;
- To Ensure Compliance with environmental legislation;
- To Ensure a Healthy Environment, and
- To Ensure Biodiversity Conservation

### 2.5.2.4 Sub - Programmes

The administration programmes comprises of the following sub-programmes;

Sub-Programmes Sub-Programmes
1. Biodiversity Management, Planning and Research
2. Environment Quality Management
3. Environmental Empowerment and Compliance

### 2.5.1.5 Strategic Objectives, Performance Indicators Planned Targets and Actual Achievements

Sub-programme: Biodiversity Management, Planning and Research								
	Strategic Objectives	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations		
1.	To Ensure Biodiversity Conservation	13 Wetlands rehabilitated	6 Wetlands rehabilitated	11 Wetlands rehabilitated	83%	After the rehabilitation of the 6 wetlands remaining funds were used to rehabilitate a further 5 wetlands		
		15 Research projects	10 Research projects	10 Research projects initiated	0%			
		7 Game farmers established and 4 new farms are in the pipeline	3 Black game farmers	4 Black game farmers	25%	More requests met the minimum requirements		
2.	To Ensure Sustainable Development	25 IDPs reviewed for environmental content as per requirements	25 IDPs reviewed for environmental content as per requirements	24 IDPs reviewed for environmental content as per requirements	(4%)	Mangaung local municipality and Motheo district became a Metro		
		Report not produced because EIP still has to be gazetted	Annual report on EIP activities	Report not produced	(100%)	Awaiting to be gazetted		















Sub-programme: Biodiversity Management, Planning and Research

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.1	Number of wetlands rehabilitated	13 Wetlands rehabilitated	6 Wetlands Rehabilitated	11 Wetlands rehabilitated	83%	After the rehabilitation of the 6 wetlands remaining funds were used to rehabilitate a further 5 wetlands
1.2	Construction of artificial wetland for secondary sewage treatment	Not applicable	1 Pilot project initiated	0 Pilot projects initiated	(100%)	Awaiting funds from National Department of Environmental Affairs to initiate pilot project
1.3	Number of research projects initiated as per environmental legislation	15 Research projects	10 Research projects	10 Research projects initiated	0%	
1.4	Is there a gazetted biodiversity conservation plan?	Draft Plan developed	Draft Biodiversity Plan finalised	Draft Biodiversity Plan finalised	0%	
1.5	Provincial list of threatened and protected ecosystems in terms of the Biodiversity Act developed	Yes	Finalise ecosystems map and identify threatened ecosystems	Finalised map of provincial threatened ecosystems	0%	
1.6	Number of inspections to management of damage causing animals	Not applicable	16 Inspections	27 Inspections	69%	Demand driven: more requests for inspections were received
1.7	Number of functional environmental information management database maintained	Not applicable	Database maintained	Database maintained	0%	
1.8	Number of land owners engaged for stewardship programme	Not applicable	4 Landowners	65 Landowners	1525%	More land owners are willing to participate in the programme



Sub-programme: Biodiversity Management, Planning and Research

- C pi	ogramme. Biodiversity					
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.1	Number of wetlands rehabilitated	13 Wetlands rehabilitated	6 Wetlands Rehabilitated	11 Wetlands rehabilitated	83%	After the rehabilitation of the 6 wetlands remaining funds were used to rehabilitate a further 5 wetlands
1.9	Number of game farms established	7 Game farmers established and 4 new farms are in the pipeline	3 Black game farmers	4 Black game farmers	25%	More requests met the minimum requirements
1.10	Number of Provincial Protected Areas with approved Integrated Management Plans	11 Management plans reviewed and approved	2 Management Plans Reviews completed	1 Management Plan Reviews completed	(50%)	Due to the Land Claims in Maria Moroka, which has not yet been settled
1.11	The percentage of all land under conservation (both private and public)	3.24%	3.05 %	3.05 %	0%	
1.12	The number of hectares under conservation (including biodiversity stewardship)	Not applicable	395409	390409	(1.3%)	Negotiations with farmers to purchase the identified land took longer than anticipated
1.13	Number of hectares of land that was cleared of invasive alien species in the Province	928.5 ha	150ha	870ha	480%	Additional funding was received from EPWP fund
1.14	Number of game management activities implemented according to Annual Game Management Plan	Not applicable	5 Activities	5 Activities	0%	















Sub-programme: Biodiversity Management, Planning and Research

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.1	Number of wetlands rehabilitated	13 Wetlands rehabilitated	6 Wetlands Rehabilitated	11 Wetlands rehabilitated	83%	After the rehabilitation of the 6 wetlands remaining funds were used to rehabilitate a further 5 wetlands
1.16	Number of IDPs reviewed for environmental content as per legislative requirements (DA3.5)	25 IDPs	25 IDPs	24 IDPs	(4%)	Mangaung local municipality and Motheo district changed to one Metro
1.16	Number of IDPs reflecting environmental content with an above average 3/5 rating	Not applicable	3 IDPs	3 IDPs	0%	
1.17	Number of EMFs developed per province	3 EMFs	1 EMFs	1 EMFs	0%	
1.18	Number of compliance report against Environmental Implementation Plan (EIP)	Report not produced because EIP still has to be gazetted	Annual report on EIP activities	Report not produced	(100%)	Awaiting to be gazetted



#### **Strategic Objectives Sub-programme: Environmental Quality Management** Strategic Objectives Actual Planned Actual Deviation Comment on Deviations Achievement Target Achievement from 2011/2012 2012/2013 2012/2013 planned target 2012/2013 To Ensure 60 140 80 (43%) Delays of a Healthy Environmental Environmental Environmental Consultants to Environment Authorisations Authorisations Authorisations submit reports issued issued issued result in delays to finalise EIA applications Not applicable 20 Facilities 7 Facilities (65%) The enabling trained on WIS trained on WIS legislation was only promulgated in January 2013 5 District 9 District 4 District (33%) Except for Mohokare and municipalities municipalities municipalities with Integrated and 1 Metro Dihlabeng Local Waste Municipalities Management other Plans (IWMP) municipalities did not take up the challenge of developing IWMP















# Sub-programme: Environmental Quality Management

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.1	Provincial Air Quality Officers report	Not applicable	1 Report	1 Report compiled	0%	
1.2	Number of Provincial Air Quality forum meetings held	3 Meetings	4 Meetings	4 Meetings	0%	
1.3	Number of district or local municipalities that have prepared AQM plans	2 District	1 District	Not achieved	(100%)	Demand Driven; The request to develop the plan was only received in February 2013
1.4	Number of Air Quality Management and Atmospheric Emissions Licensing workshops held	Not applicable	5 Workshops	5 Workshops held	0%	
1.5	Provincial Atmospheric Emissions License Fee Calculator System developed	Not applicable	1 System	Not achieved	(100%)	The project has been transferred to DEA
1.6	Provincial emissions inventory developed	Not achieved	1 Inventory	Inventory has not yet been finalised	(80%)	Consultants have been appointed to develop the Air Quality Source and Greenhouse Gas Inventories and work has commenced
1.7	Number of Provincial climate change committees established	Not achieved	1 Committee 1 Meeting	1 Committee established 1 Meeting held	0%	



#### **Performance Indicator Planned Targets and Actual Achievement Sub-programme: Environmental Quality Management** Performance Actual **Planned Target** Actual Deviation Comment on Achievement 2012/2013 Achievement from Indicator **Deviations** 2011/2012 2012/2013 planned target 2012/2013 1.8 Provincial Climate Not applicable The Service (90%) The Department 1 Strategy Change Response provider has tried to secure Strategy developed been appointed services of and is currently specialists at the busy with the University who delayed until a vulnerability assessment service provider was appointed. Four postgraduates were appointed by the former into the project 1.9 0% Number of 12 Campaigns Yes 2 Awareness awareness campaign held campaigns concerning climate change 1.10 No No 0% Number of Not applicable Air Quality Management tools implemented 1.11 (60%) Number of Not applicable 5 Campaigns 2 Awareness Due to service Renewable campaigns held delivery protests energy and in three districts energy efficiency and it was decided that in future the awareness campaigns held project will be undertaken by SALGA 1.12 Number of facilities 34 Facilities 5 Facilities (85%) Municipalities do 1 Facility reporting into the not have weighing Waste Information bridges to gather information System (WIS) 1.13 7 Facilities Number of facilities Not applicable 20 Facilities (65%)The enabling trained on the legislation was Waste Information only promulgated System in January 2013















# Sub-programme: Environmental Quality Management

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.14	Number of Provincial Waste Management Officers Forum Meetings held	Not applicable	4 Meeting	4 Meetings	0%	
1.15	Number of Waste Management tools implemented	Not applicable	1 Tool	2 Tools	100%	After needs analysis an additional reclaim centre was established
1.16	Database of bio-medical waste producers developed	Not applicable	1 Database	Not achieved	(100%)	Free State University withdrew their bid so the procurement process had to be redone
1.17	Guidelines for the Management of Health Care Risk Waste in the Province developed	Not applicable	1 Guidelines	Not achieved	(100%)	Free State University withdrew their bid so the procurement process had to be redone
1.18	Number of district, local municipalities and metros Integrated Waste Management Plans (IWMP) developed	5 Municipalities	9 Local Municipalities	4 District municipalities and 1 Metro	(44%)	Except for Mohokare and Dihlabeng Local Municipalities other municipalities did not take up the challenge of developing IWMP
1.19	Provincial Integrated Waste Management Plan (IWMP) developed	Not achieved	1 IWMP	Not achieved	(100%)	Consultants have been appointed late due to delayed tender processes



#### **Performance Indicator Planned Targets and Actual Achievement Sub-programme: Environmental Quality Management** Actual **Planned Target** Actual Deviation Performance Comment on Achievement 2012/2013 Achievement Indicator from **Deviations** 2011/2012 2012/2013 planned target 2012/2013 1.20 Hazardous Waste Not achieved 1 HWSI Not achieved Free State (100)% source inventory University (HWSI) developed withdrew their bid and the bid process needs to be restarted Demand driven: 1.21 Number of Waste 16 Applications 18 Applications 6 Applications (67%)Management Can only process the number of licenses applications applications finalised received 1.22 Number of 108 Applications 140 Applications 90 Applications (36%)Demand driven Environmental The number Impact Assessment depends on (EIA) applications applications received received 1.23 Number of 60 Authorisations 140 80 (42%)Delays by Authorisations Authorisations Environmental Consultants to Authorisations submit reports issued result in delays to finalise EIA applications 1.24 Number of EIAs 60 EIAs 140 EIAs 109 EIAs (75 (22%)Demand driven finalised within current cases and delays legislated time and 34 cases Consultants to frames from the submit reports previous year) 1.25 Number of EIA 140 Applications 110 Applications 60 Applications (21%)Delays of applications (109 EIA above Consultants to finalised plus 1) submit reports result in delays to issue EIA 1.26 Number of reports Demand driven. Not applicable 4 Reports 1 Report (75%)on Atmospheric Fewer AEL **Emissions** applications Licenses compiled were lodged than originally anticipated















# Sub-programme: Environmental Quality Management

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.27	Number of Integrated (EIA) applications finalised	Not applicable	5 Applications	1 Applications	(80%)	Demand driven. Can only process the number of applications received
1.28	Number of Workshops held with Environmental Assessment Practitioners	Not applicable	2 Workshops	2 Workshops	0%	
1.29	Number of Workshops held with Sector Departments	Not applicable	2 Workshops	2 Workshops	0%	
1.30	Participate in water demand planning and conservation forums	2 Meetings	4 Forum meetings	2 Meetings	(50%)	These meetings are called by National Department of Environment an Water Affairs
1.31	Number of Provincial catchment management areas committee meetings attended to monitor catchment areas	2 Meetings	4 Meetings	2 Meetings	(50%)	These meetings are called by National Department of Environment an Water Affairs
1.32	Number of Provincial River Health Committee meetings attended to monitor water quality	3 Meetings	4 Meetings	1 Meeting	(75%)	These meetings are facilitated by National Department of Environment and Water Affairs



Perfor	mance Indicator Plan	ned Targets and Ac	tual Achievement			
Sub-p	rogramme: Environme	ental Quality Manag	ement			
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.33	Number of Meetings held with Mining Companies on mine drainage control	Not applicable	4 Meetings	1 Meetings	(75%)	The meetings should be with DPME not the companies

	Strategic Objectives Sub-programme: Environmental Empowerment and Compliance							
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations		
1	To Ensure Compliance with environmental legislation	182 Enforcement actions undertaken for non-compliance	150 Enforcement actions undertaken for non-compliance	394 Enforcement actions	163%	Due to increased capacity more inspections were conducted		
		3971 Permits issued	3 500 Permits	4421 Permits issued	26%	Demand driven. More applications were received than originally anticipated		
		21 EMI	59 Provincial EMI	64 Provincial EMI	8%	Officials not initially identified requested training and were subsequently included in the training programme		



#### **Strategic Objectives** Sub-programme: Environmental Empowerment and Compliance Performance Planned Actual Deviation Comment on Actual Achievement Target Achievement Indicator **Deviations** from 2011/2012 2012/2013 2012/2013 planned target 2012/2013 To Build Capacity 120 Schools 50 Schools 376 Schools 652% Demand driven. in Environmental registered for registered for registered for More schools registered Management participation in participation in participation in environmental environmental environmental than initially anticipated. programmes programmes programmes 24 Youth groups 15 Youth 3 Youth groups (80%) Experience registered in groups registered in difficulty in environmental registered in environmental identifying programmes environmental interested youth programmes programmes groups 25 Teachers 100 Teachers 1247 Teachers 1147% Due to the trained on popularity of the eco-schools more requests for teacher training was received

Sub-programme Environmental Empowerment and Compliance							
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations	
1.1	Number of landscaping activities undertaken	106 Activities	120 Activities	170 Activities	42%	There were more requests from communities and municipalities	
1.2	Number of indigenous plants produced	30 187 Plants	30 000 Plants	34 049 Plants	13%	Due to favourable weather conditions more were cultivated	
1.3	Number of indigenous plants planted	19 334 Plants	20 000 Plants	19 171 Plants	(4%)	Due to development of parks, marginally less plants were planted	



Perforr	mance Indicator Pla	nned Targets and A	ctual Achievement			
Sub-pı	rogramme Environm	nental Empowermen	t and Compliance			
ı	Performance Indicator			Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
1.4	Number of outreach programmes conducted	53 Programmes	120 Programmes	130 Programmes	8%	More opportunities for outreach programs presented themselves than what was initially anticipated
1.5	Number of teachers trained in environmental education	25 Teachers	100 Teachers	1247 Teachers	1147%	Due to the popularity of the eco-schools more requests for teacher training was received
1.6	Number of Urban conservancies established in township	6 Conservancies	4 Urban conservancies	8 Conservancies	100%	During the training sessions of communities awareness is raised about conservancies and from that more conservancies were established
1.7	Number of Local Environmental Forums established	1 Local Environmental Forum	2 Local Environmental Forums	2 Local Environmental Forums	0%	
1.8	Number of Community members trained as Urban rangers	264 Community members	100 Community members	1161 Community members trained	1061%	More requests from EPWP and Municipalities for Basic Environmental Management awareness sessions
1.9	Number of Honorary Nature Conservators (HNC) trained	18 HNC	30 HNC	116 HNC trained	287%	More training sessions were done and more honorary nature conservators turned up at the sessions that are presented after hours















# Sub-programme Environmental Empowerment and Compliance

ļ	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
1.10	Number of registered Schools for participation in an Environmental Programme	120 Schools	50 Schools	376 Schools	652%	Demand driven. More schools registered than initially anticipated
1.11	Number of environmental awareness activities conducted	31 Awareness	13 Awareness	29 Awareness	123%	There was more demand for the services of the Department
1.12	Number of environmental exhibitions	6 Exhibitions	10 Exhibitions	6 Exhibitions	(40%)	Opportunities for participating in environmental exhibitions were less than anticipated
1.13	Number of youth groups registered in an environmental programs	24 Youth groups	15 Youth groups	3 Youth groups	(80%)	Experience difficulty in identifying interested youth groups
1.14	Number of learners that attended environmental awareness activities	3825	40000	24469	(39%)	Due to closure of Maria Moroka Environmental Education Centre, the renovations at WPGR and the building of the EE centre at Gariep Hatchery the target could not be achieved
1.15	Number of stakeholders who attended environmental activities	32400 Stakeholders	10 000 Stakeholders	32064 Stakeholders	220%	More stakeholders than initially anticipated attended the awareness activities. Training, EE activities and enviro-quiz. All individuals seen as stakeholders.



#### **Performance Indicator Planned Targets and Actual Achievement Sub-programme Environmental Empowerment and Compliance** Performance Actual **Planned Target** Actual Deviation Comment on Achievement Achievement Indicator 2012/2013 from deviations 2011/2012 2012/2013 planned target 2012/2013 1.16 Number of people Not applicable 50 People 145 People 190% More people were directly benefiting reached through from Sustainable training programs livelihood than initially Programmes anticipated 1.17 28% Number of job Not applicable 50 Job 64 Job More people were opportunities opportunities opportunities reached through created through training programs environmental than initially programmes anticipated 1.18 People had to be Number of Not applicable 20 People 24 People 20% people benefiting trained in Alien from skills plant eradication development programme interventions 1.19 Number of 3971 Permits 3 500 Permits 4421 Permits 26% Demand driven. Biodiversity issued More applications permits of all were received types issued than originally anticipated 1.20 21 Provincial 59 Provincial 64 Provincial 8% Number of Officials not registered **EMIs EMIs EMIs** initially identified Environmental (municipalities) Management requested Inspectors (EMI) training and were subsequently in the Province trained included in the training programme 1.21 Number of 163% 182 Enforcement 150 394 Due to increased enforcement actions Enforcement Enforcement capacity more actions actions actions inspections were undertaken for conducted non-compliance with biodiversity/ conservation management

legislation















# Sub-programme Environmental Empowerment and Compliance

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
1.22	Number of cases registered for non compliance with Air quality management legislation	1 Case	1 Case	17 Cases	1600%	Demand driven. More cases of non-compliance were reported than what was originally anticipated.
1.23	Number of actions taken with regard to illegal activities	48 Actions	15 Actions	80 Actions	433%	Due to increased capacity more inspections were conducted
1.24	Number of activities that comply with Environmental Impact Management legislation	2153 Activities	150 Activities	52 Activities	(65%)	This is a demand driven target
1.25	Number of complaints followed-up	34 Complaints	65 Complaints	87 Complaints	34%	Demand driven. Received more complaints that anticipated
1.26	Number of emergency incidents finalised	9 Incidents	4 Incidents	1 Incidents	(75%)	Demand driven
1.27	Number of Air Quality Management related emergency incidents reports responded to	Not applicable	4 Reports	1 Report	(75%)	Demand drive. Can only respond to the number of incidents reported
1.28	Number of complaints with regard to Environmental Impact Assessments followed-up	34 Complaints	35 Complaints	66 Complaints	89%	Demand driven. Received more complaints than originally anticipated



#### **Performance Indicator Planned Targets and Actual Achievement Sub-programme Environmental Empowerment and Compliance** Performance Actual **Planned Target** Actual Deviation Comment on Indicator **Achievement** 2012/2013 Achievement from deviations 2011/2012 2012/2013 planned target 2012/2013 1.29 Number Not applicable 15 Enforcement 35 Enforcement 133% Due to reallocation of criminal actions actions of resources enforcement more cases were actions investigated undertaken for non compliance with environmental management legislation 1.30 Number of S30 Not applicable 1 Report 1 Report 0% emergency incidents reports responded to and finalised 1.31 Number of 40% 2 Applications 5 Applications 7 Applications Due to received S24G reallocation of applications resources more finalized applications were finalised 1.32 Number of Not applicable 100 43 (57%)Demand driven administrative and cases are enforcement dealt with in actions accordance undertaken with National Prosecution for non compliance with Authority Environmental Impact Management legislation 1.33 Number of 346 592% Not applicable 50 Due to compliance reallocation of monitoring resources more inspections inspections were conducted carried out 1.34 Number of 9 4 1 Awaiting final (75%)reports from emergency incidents finalised consultants regarding rehabilitation



## 2.5.1.5 Linking performance with budgets

	2011/2012				2012/2013	
Sub-Programme Name	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Environmental Quality Management	16 584	8 627	7 957	17 853	9 214	8 639
Environ policy Coordination Planning and Empowerment	17 024	18 976	-1 952	16 850	15 203	1 647
Compliance and Enforcement	7 496	9 248	-1 752	504	9 068	-564
Biodiversity Management	117 871	117 456	415	113 561	121 178	-7 617
Total	158 975	154 307	4 668	156 768	154 663	2 108

The expenditure incurred in this programme was to contribute to the achievement of goal 2 of the Department, which is *to ensure sustainable environmental conservation within the Province*. This also contributed to the Outcome 10 as set out in the prioritised national Outcome Based Plan. Expenditure pattern in this programme changed from 89.9% in 2009/10, 81.7% in 2010/11, and 97.1% in 2011/12 to 98.6% in 2012/13. The main contributor to the increase in expenditure in 2012/13 is implementation of infrastructure projects in the resorts and reserves of the Department.



## 2.5.3 Programme 3: Economic Development

#### 2.5.3.1 Purpose

To ensure transformation in the Tourism industry and enhance the development and growth of businesses in the province through training as well as provision of non-financial and financial support.

#### 2.5.3.2 Relevant Outcome

This programme contributes towards Priority Outcome 4: Decent employment through inclusive economic growth. Activities under this section were planned to facilitate inclusive economic growth that will lead to creation of employment.

### 2.5.3.3 Strategic Objectives

The following are strategic objectives of programme 3:

- To promote and support economic development through shared partnerships,
- · Facilitate Economic Empowerment,
- To promote economic growth and development of regional and local economies in partnership with key stakeholders by aligning LED initiatives with Government priorities,
- To facilitate trade, export promotion, attract investment and implement strategies for the positioning of the industrial sector as a key contributor to economic growth and development,
- To facilitate the implementation of strategic economic initiatives that will stimulate the competitiveness of priority sectors,
- To develop, implement and promote measures that ensure the rights and interests of all consumers,
- · To monitor performance of departmental public entities in relation to their mandate and set targets,
- · Develop, monitor and evaluate implementation of policies and strategies for management of the tourism sector.
- · To facilitate Tourism Enterprise and Skills Development programmes for tourism product owners, and
- To facilitate participation by tourism product owners in tourism network structures.

#### 2.5.3.4 Sub - Programmes

The Economic Development programmes comprises of the following sub-programmes;

Programmes	Sub-Programmes
Economic Development	Integrated Economic Planning and Development     Sector Development     Business Regulations and Governance     Tourism Development



### 2.5.3.5 Strategic Objectives, Performance Indicators Planned Targets and Actual Achievements

#### **Strategic Objectives Sub-programme: Integrated Economic Planning and Development** Strategic Objective Actual Planned Actual Deviation Comment on Achievement Achievement Target from deviations 2011/2012 2012/2013 2012/2013 planned target 2012/2013 To promote and 111 SMMEs 200 SMMEs 454 SMMEs 127% The DETEA support economic hosted SMME development through business seminars shared partnerships in Mangaung, Parys Welkom and Harrismith as part of upliftment of SMMEs in the Free State 2 Secondary 58 Cooperatives 1 Secondary 500% More attention Cooperatives cooperatives was given to 11 Cooperatives development of cooperatives in line with a policy statement towards the resuscitation of the textile industry 3 Youth developed 1 Project (50%)Funding and 2 Youth Development project problems Projects became a hindrance 2 Facilitate Economic 3 Workshops 2 BBBEE 1 Workshop (50%)A decision was Empowerment conducted workshop taken to defer the second workshop because the 1st workshop covered all aspects of **BBBEE** 1 LED Capacity 1 LED Capacity 0% 3 To promote 1 LED building Capacity building economic growth building intervention and development intervention intervention of regional and local economies in partnership with key stakeholders by aligning LED initiatives with Government priorities



**Sub-programme: Integrated Economic Planning and Development** 

oub pi	ogramme: integrate					
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
1.1	Number of Youth Development Projects initiated	3 Youth developed	2 Youth Development Projects	1 Project	(50%)	Funding and project problems became a hindrance
1.2	Number of BBBEE workshops/ conference conducted	3 Workshops conducted	2 BBBEE workshops	1 Workshop	(50%)	A decision was taken to defer the second workshop because the 1st workshop covered all aspects of BBBEE
1.3	Number of new cooperatives developed (established)	58 Cooperatives	2 Secondary Cooperatives	1 Secondary cooperative 11 Cooperatives	500%	More attention was given to development of cooperatives in line with a policy statement towards the resuscitation of the textile industry
1.4	Number of existing cooperatives supported	33 Cooperatives	25 Cooperatives	31 Cooperatives	24%	More cooperatives came on board due to promotion of 2012 as an international year of cooperatives
1.5	Participation at the National Cooperative Conference	Participated in 1 National conference held	1 National Conference	1 National Conference	0%	
1.6	Number of target groups specific opportunities identified	4 Target groups specific opportunities identified	1 Disabled group 1 Youth group 2 Women	1 Disabled group 4 Youth groups (SAH) 1 Women (SAH)	50%	MEC's special programmes contributed to overachievement
1.7	Number of target group specific interventions	1 Youth group	4 Target groups	9 Target groups	125%	More target groups became interested in services provided by DETEA
1.8	Number of new SMMEs developed	10 Informal traders (SMMEs) developed	15 SMMEs	14 SMMEs	(7%)	The programme included cooperatives



## **Sub-programme: Integrated Economic Planning and Development**

,	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
1.9	Number of existing SMMEs supported	111 SMMEs	200 SMMEs	454 SMMEs	127%	The DETEA hosted SMME business seminars in Mangaung, Parys Welkom and Harrismith as part of upliftment of SMMEs in the Free State
1.10	Number of Enterprises assisted with interventions	Not applicable	10 Enterprises	10 Enterprises	0%	
1.11	Number of economic development projects supported at local and regional levels	10 Projects	2 Projects	3 Projects	0%	Additional request was submitted to DETEA for intervention
1.12	Number of capacity building interventions to municipalities	1 LED Capacity building intervention	1 LED Capacity building	1 LED Capacity building	0%	
1.13	Number of export development training conducted	3 Trainings	4 Trainings	Not Achieved	(100%)	This function should be tied up and linked with the function of export promotion
1.14	Number of business assisted with exports	Not applicable	20 Businesses	15 Businesses	(25%)	This function was transferred to FDC
1.15	Research Advisory Committee (RAC) established	Not applicable	Establish and Launch RAC	Research Advisory Committee was established	0%	
1.16	Number of Research Advisory Committee meetings held	Not achieved	2 Meetings	1 Meeting	(50%)	RAC was only established on 26 March 2013 due to delays in finalisation of provincial RAF



**Sub-programme: Integrated Economic Planning and Development** 

'	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
1.17	Number of Research and Development initiatives supported	7 Initiatives supported	4 Initiatives	4 Initiatives	0%	
1.18	Number of research reports produced	Not achieved	1 Report	12 Reports	1100%	Research was conducted in collaboration with ILO with funding from government of Flanders
1.19	Number of provincial economic intelligence reports produced	4 Reports produced	4 Reports	4 Reports	0%	
1.20	Consultative meetings with industry associations and organized business hosted	4 Meetings held	4 Meetings	8 Meetings	100%	Due to improved stakeholder management. The last meeting was combined with the RAC meeting
1.21	Number of businesses assisted with proactive interventions	Not achieved	20 Businesses	41 Businesses	105%	The department is more focus in assisting businesses in the Free State



Strate	egic Objectives					
Sub-	programme: Sector	Development				
Stra	ategic Objective	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on deviations
1	Industry Development,	Not achieved	2 Projects	Not Achieved	(100%)	These are long term projects
	Trade and Investment Promotion	Work in progress	3 Sectors	3 Sectors (Manufacturing, Agro-processing and Renewable energy) (FDC)	0%	

Sub-	orogramme: Sector De	evelopment				
			Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.1	Number of investment projects realised	Not achieved	2 Projects	Not Achieved	(100%)	These are long term projects
1.2	Number of infrastructure projects supported	4 Projects	12 Projects	11 Projects	(8%)	Funds were shifted to pay outstanding projects
1.3	Number of infrastructure developments upgraded	5 Developments	5 Developments	4 Developments	(20%)	Funds were shifted to pay outstanding projects
1.4	Number of maintenance projects completed	2 Projects	5 Projects	3 Projects	(40%)	Funds were shifted to pay outstanding projects
1.5	Number of economic development projects supported at local and regional levels	10 Projects	2 Projects	3 Projects	50%	Additional request was submitted to DETEA for intervention. (This are the same projects as 1.11 above)



Sub-programme: Sector Development							
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations	
1.6	Number of people trained	950 People	500 People	935 People	87%	The training was provided in conjunction with DEA	
1.7	Number of sectors developed	Work in progress	3 Sectors	3 Sectors (Developed by FDC [Public Entity report to DETEA])	0%		

	Strategic Objective Sub-programme: Business Regulations and Governance							
Strategic Objective		Actual Achievement 2011/2012	Planned Target 2012/2013	Achievement fro		Comment on Deviations		
1	To develop, implement and promote measures that ensure the rights and interests of all consumers	425 Complaints/ cases resolved	280	512 Complaints/ cases resolved	83%	Resolved according to the complains received		















Sub-programme: Business Regulations and Governance

Sub-programme: Business negulations and Governance								
	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations		
1.1	Number of complaints received	474 Complaints	300 Complaints	527 Complaints received	76%	Demand driven		
1.2	Number of complaints resolved	425 Complaints/ cases resolved	280	512 Complaints/ cases resolved	83%	Resolved according to the complains received		
1.3	Number of information sessions held	42 Information sessions held	36 Information sessions	36 Information sessions	0%			
1.4	World Consumer Rights Days celebrated	1 Consumer Rights Day celebration	1 Consumer Rights Day	1 Consumer Rights Day	0%			
1.5	Number of consumer education programmes conducted	12 Programmes	10 Programmes	11 Programmes	10%	A decision was made to extend the service to internal stakeholders during the DETEA HR Conference		



#### Strategic Objective **Sub-programme: Tourism Support** Strategic Objective Actual Planned Target Actual Deviation Comment on Achievement 2012/2013 **Achievement** from Deviations 2011/2012 2012/2013 planned target 2012/2013 Develop, monitor Not applicable 5 IDP's aligned 5 District IDP's 75% The three and evaluate to Tourism Sector and 3 Local municipalities implementation Strategy IDP's aligned to submit their of policies and Tourism Sector IDPs for strategies for Strategy assessment of management of the alignment tourism sector 2 Not applicable Alignment of IDPs of 4 0% Ensure compliance with Provincial Tourism Master districts and Tourism Master Plan with Municipal 1 Metro were Plan (PTMP) IDPs found complied with Tourism Master Plan Establishment of Not Achieved (100%) Delay in Free State Tourism commissioning Events Bureau of a consultant by South African Tourism 3 Ensure Not applicable Strategy finalised Strategy 0% implementation of developed tourism strategies











**Sub-programme: Tourism Support** 

	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target 2012/2013	Comment on Deviations
1.1	Number of awareness raising workshops on Tourism guide code of conduct implemented	Not applicable	5 Workshops	6 Workshops	20%	1 Extra workshop was requested by Masilonyane Municipality
1.2	Number of inspections conducted to enforce compliance with the Tourist Guide Code of Conduct	Not applicable	3 Inspections	3 Inspections	0%	
1.3	Tourist Guide Association (TGA) established	Not applicable	1 Association	Not achieved	(100%)	Poor response from the role players
1.4	Number of establishments graded according to Tourism Quality Assurance and Standards Framework	Not applicable	125 Establishments	92 Establishments	(26%)	The owners complained about high cost attached to grading
1.5	Number of municipal IDPs aligned to Tourism Sector Strategy	Not applicable	5 IDP's	5 IDP's and 3 Local IDP's	75%	The three municipalities submit their IDPs for assessment of alignment
1.6	Tourism Sector Skills Plan developed	Not applicable	Tourism Skills plan developed	Provincial Tourism Skills plan developed	0%	



#### **Performance Indicator Planned Targets and Actual Achievement Sub-programme: Tourism Support** Performance Actual **Planned Target** Actual Deviation Comment on Indicator Achievement 2012/2013 Achievement from Deviations 2011/2012 2012/2013 planned target 2012/2013 1.7 Compliance Not applicable Alignment of IDPs of 4 0% with Provincial Tourism Master districts and Tourism Master Plan with Municipal 1 Metro were Plan (PTMP) **IDPs** found complied with Tourism Master Plan Establishment of Not Achieved (100%)Delay in Free State Tourism commissioning Events Bureau of a consultant by South African Tourism 1.8 Provincial Not applicable **Provincial Tourism** Not Achieved (100%)The development Safety Forum Tourism Safety of the strategy Structures established was deferred until established the Provincial 5 District Tourism Crime Prevention safety Forums was finalised established 1.9 0% Rural Tourism Not applicable Strategy finalised Strategy developed Strategy developed 1.10 0% Number of Not applicable 9 Reports 9 Reports monitoring reports on Tourism Social responsibility projects (SRI) implemented in

the Province



## 2.5.3.6 Linking Performance with Budgets

Below is the financial performance of programme 3:

	2012/2013				2011/2012			
Sub - Programme Name	Final Appropriation R'000	Actual Expenditure R'000	Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	Under Expenditure R'000		
Integrated Economic Planning and Development	38 733	35 913	2 820	51 988	49 332	2 656		
Sector Development	3 048	4 067	-1 019	10 323	10 783	-460		
Business Regulations and Governance	57 889	57 905	-16	55 607	53 760	1 847		
<b>Tourism Development</b>	60 052	58 005	2 047	37 173	37 770	-597		
Total	159 722	155 890	3 832	155 091	151 645	3 448		

The expenditure incurred in this programme was to contribute to the achievement of goal 1 of the Department, which is *to stimulate integrated sustainable economic development within the Province*. This also contributed to the Outcome 4 as set out in the prioritised national Outcome Based Plan. Expenditure pattern in this programme changed from 90.0% in 2009/10, 70.7% in 2010/11, and 97.6% in 2011/12 to 97.8% in 2012/13.

## 2.5.4. Strategy to Overcome Areas of Under Performance

An observation was made that the administration programme has many indicators, some of which are more operational yet there are limited resources in the programme. As part of the improvement strategy for this programme, the following will be undertaken:

- Apply the rule that "less is more". The plan is to reduce the number of indicators planned in the APP to increase impact of activities that are implemented by the Department. This will improve the percentage of achieved outputs.
- Appoint people in some of the vacant critical posts in this programme.
- A process of identifying officials that are not gainfully employed has commenced and these officials will be placed in areas where they can perform better.



## 2.6 Summary of Financial Information

## 2.6.1 Departmental receipts

	2012/201	3			2011/2012	
Departmental receipts	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000
Tax Receipts	45,600	42,886	370	40,730	42,073	1,343
- Casino taxes	32,961	30,732	176	29,368	30,175	807
- Horse racing taxes	7,252	6,410	-268	6,854	6,748	-106
- Liquor licences	5,387	5,744	462	4.508	5,150	642
- Motor vehicle licences						
Sale of goods and services other than capital assets	11,354	8,629	-2,725	10,114	8,811	-1,302
Transfers received						
Fines, penalties and forfeits	77	284	207	7	123	117
Interest, dividends and rent on land	265	388	124	217	198	-19
Sale of capital assets	8,159	8,159	-	13,863	13,863	-
Financial transactions in assets and liabilities	412	778	366	540	280	-260
Total	65,867	61,124	-1,658	65,471	65,348	-121

In terms of performance for 2012/13, revenue collected did not meet the budget due to outstanding rental of R3 million from the company that manages Phillip Saunders resort. This income is allocated to the sales of goods and services. The Department is exploring legal options to recover the outstanding rent and this process has not borne any fruits so far. Revenue from fishing, game and hunting licenses exceeded expectations due enforcement of compliance on the import, export and general game translocation. The Departmental Permit and evaluation committee has also assisted in the timely granting of permits and licences by holding weekly meetings and providing timely feedback to the applicants, thereby ensuring timely payment of the applicable revenue.



## 2.6.2 Programme Expenditure

	2012/20	013	2011/2012			
Programme Name	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	99 350	96 942	2 408	86 655	83 547	3 108
Environmental Affairs	158 975	154 307	4 668	156 768	154 663	2 105
Economic Development	159 722	155 890	3 832	155 091	151 645	3 448
Total	418 047	407 139	10 908	398 514	389 855	8 656

The Department Spent R407 039 of the R418 047 budget allocated for 2012/13, this translates to 97% expenditure. The under spending was mainly on Machinery and Equipment. The Department has requested a Rollover for infrastructure funds that were not spent this financial year.

## 2.6.3 Public Entities

### 2.6.3.1 Transfer Payments made to the Entities

Name of Public Entity	Services Rendered by the public entity	Achievements of the public entity	Amount Transferred to the public entity R'000	Amount spent R'000
Free State Development Corporation	Percentage of loans budget approved for SMMEs and Cooperatives	13% of loans budget were granted to SMMEs and Cooperatives	R27 245	R27 245
	Disbursement of approved loans	87% of approved loans were disbursed		
	Grant loans to women owned entities	61% of approved loan application were granted to women owned entities		
	Percentage of approved granted loans to youth owned entities	46% of approved loan applications were granted to youth owned entities		
	Granted loans to clients in rural nodes	17% of approved loan applications was granted to clients in rural nodes		
Free State Gambling	Issue liquor, gambling and betting licenses	190 Licences issued	R48 251	R48 251
and Liquor Authority	Conduct awareness programmes on liquor, gambling and betting activities	17 Awareness programmes		
	Conducted inspections on liquor, gambling and betting activities	3190 Inspections		
	Conducted compliance audits on gambling and betting	64 Compliance audits		



	lame of Public Entity	Services Rendered by the public entity	Achievements of the public entity	Amount Transferred to the public entity R'000	Amount spent R'000
Tou	e State rism hority	To position FS as an event and conference destination	Successfully held these events  Wesbank Super Series  Bloem Show  Tour de Free State  Cherry festival  Clarence Centenary Celebrations  Beach on the track  David Kau Annual Party	R47 314	R47 314

## 2.6.3.2 Monitoring of Performance and Transfer Agreements

The Department has been trying to improve processes for monitoring performance and implementation of the transfer agreements signed with the entities and will continue to perfect the system. The following plans and reports of the Public Entities were supposed to have been used for this purpose.

PLANS/REPORTS	PERIOD				
Plans/Agreements					
Strategic Plan	5 year cycle				
Shareholders Compact	Annually				
Annual Performance Plan	Annually				
Annual Budget	Annually				
Reports					
Monthly Financial Reports (Expenditure)	Monthly				
Quarterly Performance Reports	Quarterly				
Misconduct Cases	Quarterly				
Internal Audit Reports	Quarterly				
Annual Financial Statements	Annually				
Assurance in terms of the PFMA	Annually				

Though some of these documents have been received by the Department, implementation has not been consistent throughout the year. This includes obtaining assurance that the entities implement effective, efficient and transparent financial management and internal control systems when spending the transferred funds.



## 2.6.3.3 Capital Investment, Maintenance and Asset Management Plan

	2012/2013				2011/2012			
Infrastructure projects	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000		
New and replacement assets	25 105	25 074	31	37 211	35 621	1 590		
Existing infrastructure assets								
- Upgrades and additions	8 945	7 356	1 589	200	996	-796		
- Rehabilitation, renovations and refurbishments								
- Maintenance and repairs	12 475	10 435	1 634	5 150	4 753	142		
Infrastructure transfer								
- Current				1 776	1 481	295		
- Capital								
Total	46 525	42 865	3254	42 737	42 851	1231		

Below is progress made on implementation of Capital investment, maintenance and asset management plan:

- The Department has spent R42 851 000 on implementation of Capital investment, maintenance and asset management projects. This is 100.3% of the allocated and the slight overspending is caused by upgrades and additions that had to be effected.
- There are no facilities closed down or down-graded in the year under review.
- Below is a report on infrastructure projects and maintenance of infrastructure;



Project	Description	Progress	Comments
Koppies dam – Tourist Resort	Build 10 chalets & entrance gate	Completed and Resort official opening on 29 September 2012	Work in progress
Soetdoring N/R	Built 10 chalets, Upgrade train camp, Rebuilt environ hall, Upgrade electricity	Tender awarded for the upgrade of the electricity. Construction of chalets, train camp and hall - planning phase completed, will go out on tender in the third quarter	Electricity upgrade is in progress. All other projects on hold.
Maria Moroka	Build Resort, Water/ electricity to camp, Upgrade road	Construction 21% completed. R8 Million was shifted to this project	34% completed
Extend land under Conservation	Purchase 2500 ha of land to extend Reserve	Negotiations with landowners underway. In process to appoint external land evaluators for the property.	Funds for the purchase of the additional farm for TDR were reallocated
Planning phases	New office complex Environ education centre Abattoir	Office Complex Karee: Funds were shifted. EE Centre, Rustfontein Dam NR: Funds were shifted. Abattoirs: TDR and WPGR: Funds shifted.	On hold
Maintenance	Maintenance to staff housing & other infrastructure	Bidding process to replace office roof of Erfenis Dam NR. Repairs to Sewage at Erfenis Dam.	Sandveld NR sewage upgraded and braai facilities at Willem Pretorius upgraded. Erfenis Dam Roof bid will be re-advertised in the new fin. Year
Upgrade of Resorts at Willem Pretorius	Total upgrade of Resort Repairs to bridge. Upgrade water purification	DEA Project: Upgrade of chalets approximately complete	80% completed
Upgrade & additions to rest camp at Sandveld	Construct new chalets Upgrade old chalets. Upgrade ablutions	DEA Project in progress	75% completed
Maria Moroka	Construct entrance gate Fence replacement 4 km Staff house & store	DEA Project in progress	80% completed
Tussen die Riviere	Upgrade entrance road to Resort	DEA Project in progress	95% completed
Sterkfontein dam	Rebuild environ centre Build 2 staff houses. Build entrance office	DEA Project in progress	50% completed.
Replace fence of Koppies dam Nature Reserve	Replace the old fence of Nature Reserve – Distance of 83 km	Tender awarded	80% completed
Replace fence of Willem Pretorius N/R	Replace old fence of the Nature Reserve – distance 87 km	Tender awarded. Tender for TDR: replacement of fence approved for advertisement.	70% Completed

- There were projects that were started last year that are not completed, as indicated above, that may have to be funded from 2013/14 budget. While those that are kept on hold may commence in subsequent years.
- The Department went through a process of recounting assets in the asset register to ensure that the asset register is corrected. Though this process is far from being completed, it is the initial step in correcting the register.
- The Department has upgraded some of its resorts and reserves with assistance from the national Department of Environment. This has assisted in reducing the backlog in these reserves and resorts. The Department intends to utilise these upgrades and refurbishments to increase revenue collected from the resorts.





## 3. PART C: GOVERNANCE

## 3.1 Introduction

The Department constantly strives to improve its internal processes to ensure effectiveness and efficiency of business processes. Identification of risks and mitigation measures became one of the priorities in the 2012/13 financial year. The Department does not have a risk manager, however the risk function were temporarily placed under the Internal Audit unit and there has been great progress in the development of a risk register. The Department has also put measures in place to popularise and address issues such as the conflict of interest, code of conduct and Health Safety and Environmental. Below is an account of processes followed to address these issues.

# 3.2 Risk Management

Below is a brief description of the risk management processes followed during the year under review:

## 3.2.1 Nature of risk management

The nature of risk identified in the Department is mainly achievement of Departmental strategic objectives, targets and service delivery. Therefore, a process of identifying all risks that may impact on achievement of Departmental strategic and operational objectives were identified by managers with the assistance of the acting risk manager.

A Risk Management Strategy (RMS) was developed to ensure implementation of these risk processes. The objective of the RMS is to establish a formal mechanism that will facilitate timely identification and management of risk and hence ensure the delivery of the strategic objectives as set in the Strategic Plan. RMS also includes the following:

- Raising awareness of principles and benefit involved in the risk management processes and to obtain staff commitment to the principle of risk control.
- Facilitate compliance with best practice in corporate governance ensuring that the appropriate disclosure statement can be issued.
- To ensure that risk management activities are fully integrated into the planning, monitoring and reporting processes and into the daily management of programme activities.

## 3.2.2 Risk management strategies to identify risks and manage the risks

#### 3.2.2.1 Risk/Event Identification

The risk assessment processes identified risks from both internal and external factors. Managers in all components identified their own risks with the assistance of an acting risks manager. Risks were identified at the following levels:

Levels	Explanation
Strategic Level	Used to guide the organization over a time period exceeding one year. This identification is usually performed by senior management.
Process level	Used to develop and manage the current period activities. The process manager is usually responsible for monitoring the project risk.
Operational level	Used in everyday operations, largely a health and safety issues. This identification is usually performed at the supervisory level or by individual or work teams tasked with a particular assignment.



## 3.2.3 Progress made in addressing risks identified

The entire enterprise risk management process will be monitored, and modified on regular basis. In this way, the system can react dynamically, changing as conditions warrant. The Department will be establishing a reporting mechanism to track progress made in addressing identified risk. There are multi-disciplinary structures in place to manage risk by ensuring that a risk management policy and strategy are in place and implemented at every level and to record and report on risks and risk management trends where applicable (e.g. Risk management Committee).

# 3.3 Fraud and Corruption

## 3.3.1 Fraud prevention plan and how it has been implemented

The Department has developed a Fraud Prevention Plan and policy that were approved by the HOD during the year under review. The policy was circulated to all the Departmental officials to ensure that everyone understand the issues around fraud and corruption.

Currently there is no central place within the department where officials can report fraud and corruption, however all employees are advised to report to their managers any fraudulent or corrupt deed. Managers then send the information to Internal Audit for investigation. In addition to this, posters regarding the national whistle blowing processes and the tollfree number for report fraud and corruption are displayed in all Departmental buildings.

# 3.4 Minimising Conflict of Interest

The Department has put in place the following measures in place to minimise conflict of interest;

- A circular was sent out to all officials instructing them to seek permission to do remunerative work outside the public sector, including involvement in any business activity.
- All SMS members have to submit financial disclosure forms on annual bases.
- Bid committee members have to sign a declaration form before approving and awarding tenders.

Corrective measure to further improve the system will be put in place. This will include following up any identified discrepancies and properly monitoring of the improved system.

## 3.5 Code of Conduct

### 3.5.1 Brief description and nature

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 their relations in various ways, namely:

- The relationship with the legislature and the executive
- The relationship with the public
- The relationship among employees
- The performance of duties
- Personal conduct and private interest

## 3.5.2 Effects

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.

## 3.5.3 Adherence

The department adheres to the Code of Conduct and the statistics regarding the number of misconduct cases reported in the 2012/2013 financial year makes it evident.



#### 3.5.3.1 Process followed when the Code of Conduct is breached

The following process is followed when the Code has been breached;

- The manager becomes aware of the misconduct
- An investigation is conducted
- If the investigation reveals that the act of misconduct is less serious, an informal process is followed which may culminate in a written final notice.
- If the act of misconduct is serious, a formal disciplinary hearing is held.

If the employee is found guilty, the sanctions range from counseling, written warning, suspension without pay, demotion, a combination of the above, to dismissal.

# 3.6 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 are identified and addressed through this Act.

- Chemical hazards e.g. exposure to high or low temperature, high level of noise, such hazard can affect your concentration or lead to a possibility to accidents.
- Physical hazards e.g. Gases, dust, high level of industrial chemicals that can poison your body, affect lungs and the ability to breath.
- Biological hazards e.g. organisms can be passed from one person to the other or animal to a person (people working in abattoirs with animals etc.
- 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).
- 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.
- Psycho social hazards e.g. poor work place organisation such as "speed up "processes occur in various work places.
- Behavioural hazards e.g. non compliance with standards, lack of skills, new tasks.
- Environmental hazards e.g. general conditions that are present in and surrounding workplace (containment of water or air).

Occupational health and safety act has the following effect on the Department:

- According to OHS Act, the department can be held liable, if it does not comply with the act, the HOD can be fined up to R50 000 or be imprisoned for one year.
- Some of the examples of non-compliance are the exposure of employees to occupational risks, for example;
  - a) 5 employees where bitten by bees and one had allergic reaction which led to his hospitalisation; and
  - b) One official was bitten by a tick and was hospitalised for about three weeks because he contracted Congo fever.

### 3.7 Internal Control Unit

The Department does not have a dedicated Internal Control unit. However there are processes in place to improve internal controls in the Department. The department compiles a key-control matrix that is submitted to treasury on monthly bases as part of monitoring internal controls.



# 3.8 Audit Committee Report

#### (DEPARTMENT ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS)

## **Report of the Audit Committee**

We are pleased to present our report for the financial year ended 31 March 2013

#### **Audit Committee Members and Attendance:**

The audit committee consists of the members listed hereunder and during the current year 3 meetings were held.

#### **Current Members**

Name of Member	Number of Meetings Attended
Nicholls R.G. (Chairperson)	3
Block D.J.	2
Dr Laubscher J.M.	3
Mnqeta T.	3

#### **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 3.1.13. The Committee has adopted appropriate formal terms of reference in its Audit Committee Charter, which have been approved by the Accounting Officer. 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 entity operating with an independent and objective overview role.

#### The effectiveness of internal control

The system of internal control was not effective for the year under review. The conclusion by the Auditor General and Internal Audit related to their findings on governance, risk management, control, compliance and performance is that severe inadequacies exist which has resulted in inadequate financial control and a severe lack in performance delivery.

From the reports of the Auditor-General South Africa, we noted that there were some matters reported that indicated material deficiencies in internal control.

A major concern of the Committee is the instability in leadership and lack of succession planning. Since the appointment of the Audit Committee (1st Jan 2011) the department had 3 MEC's (Mr. Dukwana, Me Qabathe and Mr. Zwane) and 3 HOD Mr. Ramaema, Mr. I Osman and Acting HOD Mr. Seleke. This had significant negative impact on the performance of the department resulting from poor governance in the provincial environment

Risk management processes have been started for identification and evaluation of risk. The Risk Management Committee has been reporting to the Audit Committee on a Quarterly basis. Mitigation of realised risk needs serious immediate attention.

#### The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General South Africa's management letter and management's responses thereto;
- · Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.
- Reviewed the management report of the Auditor-General.



The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General South Africa.

- We noted that the Annual Financial Statements and Performance Report conclusions contain a number of qualifications related to significant negative findings which must be addressed
- As per discussion with management, management confirmed that the content and quality of monthly and quarterly reports
  prepared and issued by the Accounting Officer during the year under review were not properly formulated and have not
  fully complied with the PFMA, Treasury Regulations and the Division of Revenue Act, in this regard. The Auditor General
  has reported instances where performance information reported by management is incorrect and / or not justified.

#### **Internal Audit**

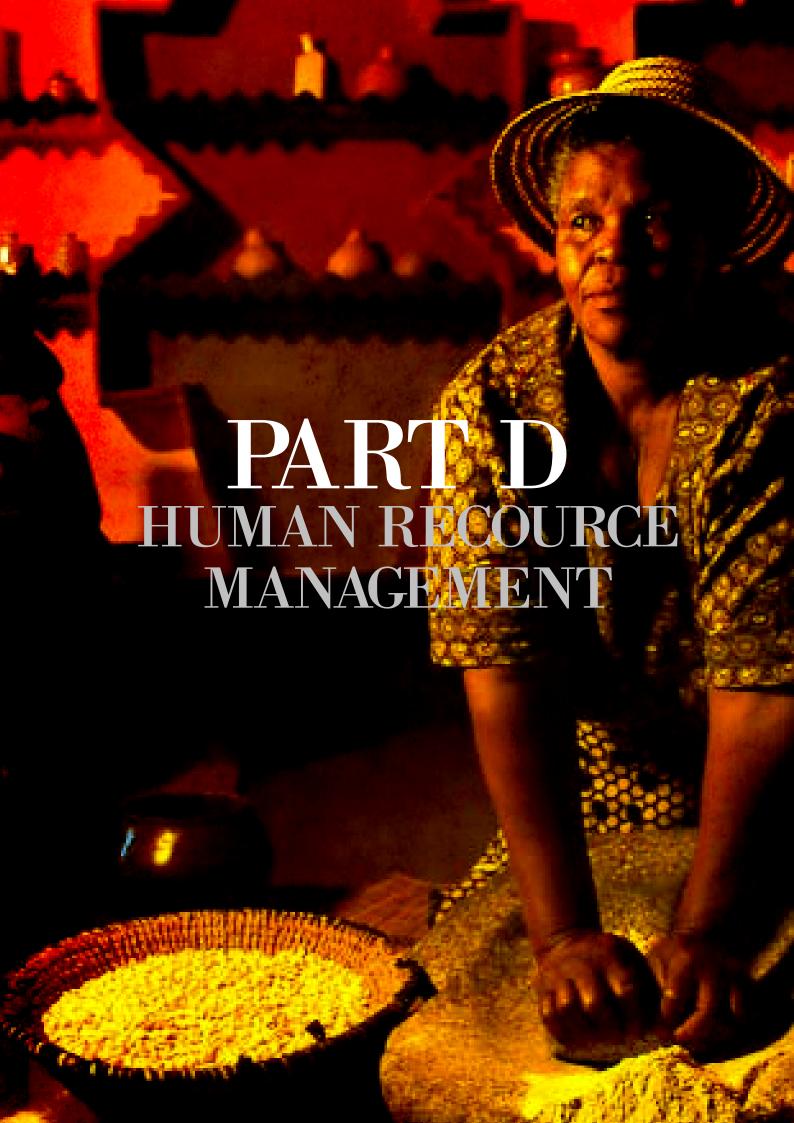
The Audit Committee report that the internal audit function is operating in an extremely difficult environment and that it has prioritized the risks pertinent to the department in its audit plan and approach. The Audit Committee has assessed the Internal Audit findings and conclusions as important and relevant. Management needs to respond with effective positive correction.

#### **Auditor-General South Africa**

The Office of the Auditor-General had attended all Audit Committee meetings and closed session meetings with the Audit committee whereby the Audit Strategy was discussed and agreed. Auditor General findings need to be responded to formally for correction by management and the Audit Committee will consider what further steps are necessary related to certain findings reported as irregular expenditure and certain significant findings in the Supply Chain Management.

**Chairperson of the Audit Committee** 

Date: 30 July 2013





## 4. PART D: HUMAN RESOURCE MANAGEMENT

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 within the public sector service.

# 4.1 Legislature that govern HR management

The following are main legislations governing Human Resource Management functions:

- Public Service Regulations, 2001, as amended
- · Public Service Act No. 103 of 1994
- · Basic Conditions of Employment Act, 1997
- Employment Equity Act, No. 55 of 1998
- Labour Relations Act No. 66 of 1995
- · Occupational Health and Safety Act No. 85 of 1999
- · Skills Development Act, 1998
- Public Finance Management Act No. 1 of 1999, as amended

#### 4.2 Introduction

### 4.2.1 Overview of HR matters at the department

The Departmental Human Resource Management Chief Directorate comprises of the following components:

- Human Resource Administration Directorate
- Human Resource Development Sub-directorate
- Departmental Efficiency Studies Sub-directorate
- Employee Health and Wellness Sub-directorate
- Labour Relations Sub-directorate

During the period under review, the department recruited 67 employees and there were 654 as at end of 31 March 2013. 24 employees left the department during the last financial year and the turnover rate is 3.7%. The stability rate in the department during the last financial year was 99.68%.

## 4.2.2 Set HR priorities for the year under review and the impact of these priorities

- 56 Critical posts have been identified to be filled during the financial year. The department will have requisite skills in order to carry out its mandate.
- To provide training and development in order to ensure a well developed, competent workforce.
- To provide a comprehensive employee health and wellness programme in order by offering treatment, care and support.
- To maintain sound labour peace in order to have a well-disciplined workforce.
- To ensure that the structure is aligned to the strategy so as to respond appropriately to the organisational mandates.

# 4.2.3 Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

Scarce skills are needed in the fields of Economic Development, Environmental Management and Financial Accounting. With regard to Economic Development, there is a dire shortage of the requisite skills such as Trade and Investment Advisors and Economic Researchers. Regarding Environmental Management and Financial Accounting, the skills are available but there are no reserves. In order to recruit the requisite skills, bursaries will be allocated for these scarce, career exhibitions will be held in various higher education institutions to recruit learners into these scarce skills. Training programmes will also be targeted at developing these skills internally.



## 4.2.4 Employee performance management framework

#### 4.2.4.1 The Performance Management and Development System (PMDS)

This is in place in the department and is implemented and monitored as prescribed by provincial policies and national directives.

### 4.2.4.2 Employee wellness programmes

The Department has appointed the external service provider to roll-out comprehensive wellness programme so as to ensure that care, treatment and support is provided and confidentiality is maintained.

#### 4.2.4.3 Policy Development

The following policies were approved and implemented:

- · Resettlement policy
- Overtime policy
- Procedure on handling abscondment cases

Challenges faced by the department:

- The budget for training is insufficient.
- Failure to fill vacant and funded posts within prescribed time-limits.

## 4.3 Human Resources Oversight Statistics

## 4.3.1 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 4.3.1.1 Personnel expenditure by programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)
Administration	97 260	60 622	0	62%	92
Economic development	159 312	20 569	0	13%	30
Environmental affairs	161 475	81 833	0	51%	124
Total	418 047	163 024	0	39%	246

Table 4.3.1.2 Personnel costs by salary band

Salary Bands	Compensation of Employees Cost (R'000)	% of Total Personnel Cost for Department	Number of Employees	Average Compensation Cost per Employee (R)
Lower skilled (Levels 1-2)	17 810	11	175	107 073
Skilled (Levels 3-5)	25 556	14.8	179	144 384
Highly skilled production (Levels 6-8)	48 506	28.1	184	265 060
Highly skilled supervision (Levels 9-12)	44 261	25.6	95	481 098
Senior management (Levels 13-16)	17 476	10.1	21	919 789



Salary Bands	Compensation of Employees Cost (R'000)	% of Total Personnel Cost for Department	Number of Employees	Average Compensation Cost per Employee (R)
Contract (Levels 1-2)	824	0.5	0	0
Contract (Levels 3-5)	667	0.4	3	667 000
Contract (Levels 6-8)	861	0.5	2	861 000
Contract (Levels 9-12)	1 356	0.8	2	678 000
Contract (Levels 13-16)	5 337	3.1	5	1 067 400
Periodical Remuneration	370	0.2	11	33 636
TOTAL	16024	95.1	677	245550

Table 4.3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
Administration	41831	72.9	0	0	1699	3	2069	3.6
Environmental								
affairs	56309	62.6	1046	1.2	3780	4.2	5612	6.2
Economic								
affairs	17207	67.7	10	0	782	3.1	1287	5.1
TOTAL	115347	66.8	1056	0.6	6261	3.6	8968	5.2

Table 4.3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
Lower skilled (Levels 1-2)	12321	62	240	1.2	1730	8.7	1953	9.8
Skilled (Levels 3-5)	16530	63.7	404	1.6	1864	7.2	2587	10
Highly skilled production (Levels 6-8)	33531	65.8	145	0.3	1691	3.3	2885	5.7
Highly skilled supervision (Levels 9-12)	31907	67.2	266	0.6	632	1.3	1328	2.8
Senior management (Levels 13-16)	13169	71.9	0	0	344	1.9	207	1.1
Contract (Levels 1-2)	822	99.8	2	0.2	0	0	0	0



Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
Contract (Levels 3-5)	632	94.8	0	0	1	0.1	0	0
Contract (Levels 6-8)	812	94.2	0	0	1	0.1	3	0.3
Contract (Levels 9-12)	1059	61	0	0	0	0	4	0.2
Contract (Levels 13-16)	4565	81.7	0	0	0	0	0	0
Periodical Remuneration	0	0	0	0	0	0	0	0
TOTAL	115348	66.8	1057	0.6	6263	3.6	8967	5.2

## 4.3.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

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

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 4.3.2.1 Employment and vacancies by programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	205	194	5.37%	45
Environmental Affairs	482	394	18.26%	26
Economic Development	92	66	28.26%	7
Total	779	654	16.04%	78

Table 4.3.2.2 Employment and vacancies by salary band

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)	229	175	23.6%	47
Skilled(3-5)	200	179	10.5%	7
Highly skilled production (6-8)	201	184	8.5%	21
Highly skilled supervision (9-12)	121	95	21.5%	0
Senior management (13-16)	28	21	25%	3
Total	779	654	16.04%	78

Table 4.3.2.3 Employment and vacancies by critical occupations

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Top Management	10	8	20%	2
Senior Management	18	13	27.8%	1
Professional & Middle Management	45	39	13.3%	0
Managers & related personnel	176	141	19.9%	21
Administrative Office Workers	114	96	15.8%	7
Technicians and Associate Professionals	76	75	1.3%	3
Elementary Occupations	340	282	17.1%	47
TOTAL PERMANENT	779	654	16.04%	78

### 4.3.3. 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 4.3.3.1. Job Evaluation by Salary band

Salary Band	Number of Number		% of	Posts Upgr	aded	Posts downgraded		
	posts on approved establishment	of Jobs Evaluated	posts evaluated by salary bands	Number	% of posts evaluated	Number	% of posts evaluated	
Lower Skilled (Levels1-2)	229	0	0	0	0	0	0	
Skilled (Levels 3- 5)	200	0	0	0	0	0	0	















Salary Band	Number of	Number	% of	Posts Upgr	aded	Posts downgraded		
	posts on approved establishment	of Jobs Evaluated			% of posts evaluated	Number	% of posts evaluated	
Highly skilled production (Levels 6-8)	201	11	5.4%	2	0.99%	0	0	
Highly skilled supervision (Levels 9-12)	121	20	16.52%	0	0	0	0	
Senior Management Service Band A	18	1	5.5%	0	0	0	0	
Senior Management Service Band B	5	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	
Contract (Levels 1-2)	17	0	0	0	0	0	0	
Contract (Levels 3-5)	4	0	0	0	0	0	0	
Contract (Levels 6-8)	2	0	0	0	0	0	0	
Contract (Levels 9-12)	0	0	0	0	0	0	0	
Contract (Band A)	0	0	0	0	0	0	0	
Contract (Band B)	0	0	0	0	0	0	0	
Contract (Band C)	0	0	0	0	0	0	0	
Contract (Band D)	0	0	0	0	0	0	0	
Total	779	22	2.8%	2	0.99%	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 4.3.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiary	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	1	0	0	0	1
Total	2	0	0	0	2
Employees with a disability					0



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 4.3.3.3 Employees with salary levels higher than those determined by job evaluation by occupation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
CFO	1	14	15	The incumbent occupying this post was transferred from another department already on a higher level.
Deputy Director: Asset & Fleet Management	1	11	12	Official was given a counter-offer
Deputy Director: Secretariat	1	11	12	This was an instruction from the previous MEC.
Strategic Planning Practitioner	1	7	9	Official was given a counter-offer.
Personnel Officer	1	5	7	The official was transferred from the Office of the MEC with a higher salary level.
Trade and Industry Advisor	2	7	8	The posts were degraded after being job evaluated.
Administrative Clerks	10	4	6	The posts were degraded after being job evaluated.
Work-study Officer	1	8	7	The posts were degraded after being job evaluated.
Accounting Clerks	8	5	6	The posts were degraded after being job evaluated.
TOTAL	26			
Percentage of total employed				3.97%

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

Table 4.3.3.4. Profile of employees who have salary levels higher than those determined by job evaluation

Beneficiary	African	Asian	Coloured	White	Total
Female	12	0	0	10	22
Male	4	0	0	0	4
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	26



Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2012/13

26

# 4.3.4. 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.

Table 4.3.4.1. Annual turnover rates by salary band

Salary Band	Number of employees at beginning of period- April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	161	22	6	3.7%
Skilled (Levels3-5)	179	9	10	5.6%
Highly skilled production (Levels 6-8)	175	32	6	3.4%
Highly skilled supervision (Levels 9-12)	75	2	2	2.6%
Senior Management Service - Bands A	12	1	0	0%
Senior Management Service - Bands B	3	1	0	0%
Senior Management Service - Bands C	1	1	0	0%
Senior Management Service - Bands D	0	0	0	0%
Contracts	2	22	1	50%
Total	608	90	25	4.1%

Table 4.3.4.2 Annual turnover rates by critical occupation

Critical Occupation	Number of employees at beginning of period-April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Top Management	6	2	0	0%
Senior Management	12	1	0	0%
Professional & Middle Management	39	0	1	2.5%
Managers & related personnel	113	33	6	5.3%
Administrative Office Workers	88	9	5	5.7%
Technicians and Associate Professionals	75	0	0	0%
Elementary Occupations	275	22	12	4.3%
Total	608	67	24	3.9%

Table 4.3.4.3 Reasons why staff left the department

Termination Type	Number	% of Total Resignations
Death	4	16.7%
Resignation	4	16.7%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	2	8.3%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	1	4.2%
Retirement	10	41.6%
Transfer to other Public Service Departments	3	12.5%
Other	0	0%
Total	24	100%
Total number of employees who left as a % of total employment		3.7%

Table 4.3.4.4 Promotions by critical occupation

Occupation	Employees 1 April 2012	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	0	0	0	0	0
Senior Management	0	0	0	0	0
Professional & Middle Management	0	0	0	0	0
Managers & related personnel	0	1	0	0	0
Administrative Office Workers	0	0	0	0	0
Technicians and Associate Professionals	0	0	0	0	0
Elementary Occupations	0	0	0	0	0
Total	0	1	0	0	0



Table 4.3.4.5 Promotions by salary band

Salary Band	Employees 1 April 2012	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)	161	0	0	78	48.4
Skilled (Levels 3-5)	179	0	0	150	83.8
Highly skilled production (Levels 6-8)	175	0	0	112	64
Highly skilled supervision (Levels 9-12)	75	1	1.3%	61	81.3
Senior Management (Level 13-16)	18	0	0	17	94.44
Total	608	1	0.16%	417	68.58

# 4.3.5. Employment Equity

Table 4.3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013

Occupational		Male	<b>;</b>			Femal	е		Total
Category	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	42	0	1	34	27	0	0	4	108
Professionals	0	0	0	5	0	0	0	1	6
Technicians and associate professionals	23	1	0	27	17	0	0	7	75
Clerks	92	1	0	4	73	2	0	11	183
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	197	2	0	4	75	4	0	0	282
Total	384	4	1	74	192	6	0	23	654
Employees with disabilities	1	0	0	1	1	0	0	0	3



Table 4.3.5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013

Occupational								Total	
Band	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (L14-L16)	4	0	1	0	2	0	0	1	8
Senior Management (L13)	9	0	0	0	4	0	0	0	13
Professionally qualified and experienced specialists and mid-management	18	1	0	10	9	0	0	1	39
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	85	3	0	38	75	0	0	15	216
Semi- skilled and discretionary decision making	48	2	0	2	33	2	0	9	96
Unskilled and defined decision making	195	2	0	4	75	4	0	2	282
Total	359	8	1	54	198	6	0	28	654















Table 4.3.5.3 Recruitment

Occupational Band		Male			Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid- management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	20	0	0	0	13	0	0	0	33
Semi-skilled and discretionary decision making	2	0	0	0	7	0	0	0	9
Unskilled and defined decision making	12	0	0	0	11	0	0	0	23
Total	35	0	0	0	32	0	0	0	67
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 4.3.5.4. Promotions

Occupational Band	Male				Female				
Bana	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1



Occupational Band		Male	ale			Female			
Jama	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	1	0	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 4.3.5.5. Terminations

Occupational Band	Male Female								
Ballo	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	4	0	0	1	6
Semi-skilled and discretionary decision making	4	0	0	0	0	0	0	1	5
Unskilled and defined decision making	5	0	0	1	6	0	0	0	12
Total	11	0	0	1	10	0	0	2	24
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 4.3.5.6. Disciplinary action

Disciplinary action	Male								
action	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Disciplinary Actions	7	0	0	1	1	0	0	0	9



Table 4.3.5.7. Skills development

Occupational		Male	;		Female				
category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	42	0	1	34	27	0	0	4	108
Professionals	0	0	0	5	0	0	0	1	6
Technicians and associate professionals	23	1	0	27	17	0	0	0	75
Clerks	92	1	0	4	73	2	0	11	183
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	197	2	0	4	75	4	0	0	282
Total	384	4	1	74	192	6	0	23	654
Employees with disabilities	1	0	0	1	1	0	0	0	3



## 4.3.6 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, and disability), salary bands and critical occupations.

Table 4.3.6.1 Performance Rewards by race, gender and disability

Race and Gender		Benefici	Co	ost				
	Number of beneficiaries	Number of employees	% of Total Within Group	Cost (R'000)	Average cost per employee			
African, Male	60	353	16,99	497 043.52	8 284.06			
Asian, Male	0	1	-	-	-			
Coloured Male	3	8	37,5	26 525.40	8 841.80			
White Male	33	55	60	505 133.27	15 307.07			
African Female	77	202	38,11	477 180.52	6 197.15			
Asian Female	0	0	-	-	-			
Coloured Female	4	6	66,66	13 676.85	3 419.10			
White Female	21	29	72,41	119 051.07	5 669.10			
Total	198	654	30,27	1 638 610.40	47 718.28			

Table 4.3.6.2. Performance Rewards by salary band for personnel below Senior Management Service

Salary Band	В	eneficiary Pro	ofile		Cost	Total cost as a % of the total
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	personnel expenditure
Lower Skilled (Levels 1-2)	24	282	8,51	70 439.70	2 934.99	122.29
Skilled (level 3-5)	33	183	18,03	180 540.71	5 470.93	165.79
Highly skilled production (level 6-8)	73	75	97,33	552 297.17	7 565.71	104
Highly skilled supervision (level 9-12)	68	93	73,11	932 571.06	13 714.28	202
Total	198	633	31,27	1 735 848.60	29 685.91	150



Table 4.3.6.3 . Performance Rewards by critical occupation

Critical Occupation		Beneficiary Prof	Cost		
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Professionals and managers	68	93	73,11	932 571.06	13 714.28
Administrative Office Workers	33	183	18,03	180 540.71	5 470.93
Technicians and Associate professionals	73	75	97,33	552 297.17	7 565.71
Elementary occupations	24	282	8,51	70 439.70	2 934.99
Total	198	633	31,27	1 735 848.60	8 766.91

Table 4.3.6.4. Performance related rewards (cash bonus), by salary band for Senior Management Service

There are no performance related rewards for Senior Management

# 4.3.7 Foreign Workers

There are no foreign workers in the Department.

### 4.3.8 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 4.3.8.1 . Sick leave

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 Skills (Level 1-2)	867	822	120	29.13%	7	229724
Skilled (levels 3-5)	1034	976	122	29.61%	9	359895
Highly skilled production (levels 6-8)	634	547	108	26.21%	6	434380
Highly skilled supervision (levels 9 -12)	443	409	50	12.14%	9	547444
Top and Senior management (levels 13-16)	111	104	12	2.91%	9	248880
Total	3089	2858	412	100%	8	1820325

Table 4.3.8.2 Disability leave (temporary and permanent)

Salary Band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total Employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	273	100%	28	45.9%	10	70392
Skilled (Levels 3-5)	667	100%	19	31.15%	35	198059
Highly skilled production (Levels 6-8)	173	100%	9	14.75%	19	72433
Highly skilled supervision (Levels 9-12)	84	100%	4	6.56%	21	201719
Senior management (Levels 13-16)	1	100%	1	1.64%	1	2843
Total	1198	100%	61	100%	20	545446

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 4.3.8.3. Annual Leave

Salary Band	Total days taken	Number of Employees using annual leave	Average per Employee
Lower skilled (Levels 1-2)	3092	171	18
Skilled Levels 3-5)	4183	190	22
Highly skilled production (Levels 6-8)	3458	178	19
Highly skilled supervision(Levels 9-12)	2190	92	24
Senior management (Levels 13-16)	456	21	22
Total	13538	649	21



Table 4.3.8.4 Capped leave

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 at 31 March
Lower skilled (Levels 1-2)	14	7	7	1
Skilled Levels 3-5)	22	6	6	31
Highly skilled production (Levels 6-8)	19	16	6	42
Highly skilled supervision (Levels 9-12)	4	1	1.	43
Senior management (Levels 13-16)	1	1	1	54
Total	60	13	5	35

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

Table 4.3.8.5. Leave payouts

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave payout for 2012/13 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2012/13	51543	4	12886
Current leave payout on termination of service for 2012/13	73996	8	9246
Total	125510	12	22132

# 4.3.9. HIV/AIDS & Health Promotion Programmes

Table 4.3.9.1 . Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases	Key steps taken to reduce the risk
Cleaners	Education, awareness and training on HIV\AIDS
First aiders	Provision of first aid kits
Resorts and Reserve employees exposed to blood e.g.(abattoir)	<ul> <li>Provision of Personal Protective clothing</li> </ul>
Peer educators ,EHWP and OHS committee reps	<ul> <li>Identification of health and safety hazards</li> <li>Formulation of policies on HIV,EHWP and OHS</li> </ul>



Table 4.3.9.2. 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.	Х		Mr. MS Sani Chief director :Corporate Services	
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.	X		3 Officials are available budget R700 000.00, not enough	
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.	Х		The programme was launched and ICAS is the outsourced service provider and focuses on the comprehensive services such as counselling and HIV and DMP	
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.	X		Mrs. LGB Molefe Ms N. Seleoane Ms K. Mampe Ms I. Mosikili Mr. M. Montsintsi Ms M. Sejake Ms K. Menong Ms P. Modise Mr. T. Khauhelo Ms I. Motaung Mr. M. Lesabo Ms K. Molokoane Ms P. Machogo Ms N. Motsumi Ms N. Phato Ms P. Mothibedi Ms Z. Sefuba Ms M. Pulane Mr. M.J. Mokhathi Mr. Modise Mr. Ramalefane Mr. M.D. Kanono Mr. T.S. Seisho Mr. S.D. Senyakanyaka Mr. M.J. Seekane Mr. P.S. Mokhele Ms S.M. Setsetse Mr. M.S Makubu Mr. I.A. Moseki Mr. P.T. Ntomani Mr. S.A. Motlohi Mr. Setisho Mr. S.D. Telane Ms Mollo Mr. Lesupi Mr. Nonyane Ms M. Dube Mr. Ditabe	EHWP EHWP HOD's office Security SCM Assets Management Internal Audit HRD HRM Labour Relations Communication Tourism SMME SMME Consumer Protection Consumer Protection Consumer Protection Conservation Rustfontein dam Rustfontein dam Caledon dam Gariep reserve Erfenis dam Kalkfontein reserve Koppies reserve Koppies reserve Koppies reserve Seekoeivlei reserve Seekoeivlei reserve Soetdoring reserve Tussen-die-Riviere Tussen-die-Riviere Willem Pretorius Willem Pretorius Willem Pretorius Maria Moroka Sterkfontein Bathurst Game Capture Karee nursery



Question	Yes	No	Details, if yes
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.		х	
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.	х		The service is outsourced to the independent service provider for the sake of confidentiality and to guard against stigmatization
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	х		HCT is done twice a year and is well attended by officials based at Resorts and Reserves, poorly attended by Head office employees, maybe because of various reasons such as being exposed to many other available resources
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	х		Participation of employees in HCT , HRA and health and wellness events is monitored

## 4.3.10. Labour Relations

Table 4.3.10.1 Collective agreements

Subject Matter	Date
None	

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

Table4. 3.10.2 Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	3	17.65
Verbal warning	0	0
Written warning	1	5.88
Final written warning	4	23.52
Suspended without pay	3	17.65
Fine	0	0
Demotion	0	0
Dismissal	3	17.65
Not guilty	0	0
Case withdrawn	3	17.65
Total	17	100

Table 4.3.10.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct (based on annexure A)	Number	% of total
Fraud	4	33.3
Absenteeism	3	25.00
Assault	1	8.3
Failure to take a lawful instruction	2	16.7
Damage to government property	2	16.7
Total	12	100

## Table 4.3.10.4 Grievances logged

	Number	% of Total
Number of grievances resolved	31	91
Number of grievances not resolved	3	9
Total number of grievances lodged	34	100

# Table 4. 3.10.5. Disputes logged

	Number	% of Total
Number of disputes upheld	0	
Number of disputes dismissed	0	
Total number of disputes lodged	4	100

# Table 4.3.10.6 Strike actions

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

# Table 4.3.10.7 Precautionary suspensions

Number of people suspended	3
Number of people who's suspension exceeded 30 days	3
Average number of days suspended	60
Cost (R'000) of suspension	R94760,00



# 4.3.11. Skills development

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

Table 4.3.11.1 Training needs identified

Occupational	Gender	Number of				g Period
Category		employees as at 1 April 2012	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	41	0	Microsoft Project Management  Principles of Monitoring & Evaluation  Coaching & Mentoring	0	3
	Male	52	0	Microsoft Project Management  Principles of Monitoring & Evaluation Coaching & Mentoring	0	3
Professionals	Female	1	0	0	0	0
	Male	6	0	0	0	0
Technicians and	Female	25	0	0	0	0
associate professionals	Male	50	0	0	0	0



Occupational	Gender	Number of				g Period
Category	employees as at 1 April 2012	Learnerships	Skills Programmes & other short courses	Other forms of training	Total	
Clerks	Female	98	0	Microsoft Project Management Principles of Monitoring & Evaluation Document Management End User Computing Occupational Health and Safety Sign Language Handy-man Fire-arms Skipper License	0	9
	Male	73	0	Microsoft Project Management Principles of Monitoring & Evaluation Document Management End User Computing Occupational Health and Safety Sign Language Handy-man Fire-arms Skipper License	0	9
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	Female	0	0	0	0	0
workers	Male	0	0	0	0	0
Plant and machine	Female	0	0	0	0	0
operators and assemblers	Male	0	0	0	0	0



				needs identified at start of	ntified at start of the reporting Period			
Category		employees as at 1 April 2012	Learnerships	Skills Programmes & other short courses	Other forms of training	Total		
Elementary occupations	Female	93	0	House keeping End-user computing Occupational Health and Safety Handy-man	ABET	4		
	Male	169	0	House keeping End-user computing Occupational Health and Safety Handy-man	ABET	4		
Sub Total	Female	258	0	16	1	17		
	Male	350	0	16	1	17		
Total		608	0	32	2	34		

Table 4.3.11.2 Training provided for the period

Occupational Category	Gender	Number of employees		Training provided withi	n the reporting	g period
		as at 1 April 2012	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	41	0	Ms Project Management Principles of Monitoring & Evaluation Occupational Health & Safety	0	3
	Male	52	0	Ms Project Management Principles of Monitoring & Evaluation	0	2
Professionals	Female	1	0	0	0	0
	Male	6	0	0	0	0
Technicians and	Female	25	0	0	0	0
associate professionals	Male	50	0	0	0	0



Occupational Category	Gender	Number of employees as at 1 April		Training provided withi	aining provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total		
Clerks	Female	98	0	Document Management Ms Project Management Monitoring & Evaluation Occupational Health & Safety End-user computer	0	5		
	Male	73	0	Document Management Ms Project Management Monitoring & Evaluation Occupational Health & Safety End-user computer	0	5		
Service and sales	Female	0	0	0	0	0		
workers	Male	0	0	0	0	0		
Skilled agriculture and	Female	0	0	0	0	0		
fishery workers	Male	0	0	0	0	0		
Craft and related trades workers	Female	0	0	0	0	0		
workers	Male	0	0	0	0	0		
Plant and machine operators and	Female	0	0	0	0	0		
assemblers	Male	0	0	0	0	0		
Elementary occupations	Female	93	0	House Keeping End-user computer Occupational Health & Safety	ABET	3		
	Male	169	0	House Keeping End-user computer Occupational Health & Safety	ABET	3		
Sub Total	Female	258	0	11	1	12		
	Male	350	0	10	1	11		
Total	-	608	0	21	2	23		



# 4.3.12. Injury on duty

The following tables provide basic information on injury on duty.

Table 4.3.12.1 . Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	6	54.55%
Temporary Total Disablement	5	45.45%
Permanent Disablement	0	0%
Fatal	0	0%
Total	11	100%

# 4.3.13. Utilisation of Consultants

Table 4.3.13.1 Report on consultant appointments using appropriated funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Contract value in Rand
Employee Health & Wellness Service: - Wellcorp (contract cancelled due to non-performance) - ICAS	02	3 yrs	R 900 000.00 R 1 105 365.85
Game Auction : Tirhani Auctioneers	01	3yrs	5% of revenue collected at game auction
Physical Security Services: Katushya Security Services for head office building (contract expired end of April 2012)	01	30 days	R 227 507.09
Hiring Helicopter for Game Count and Game capturing -BassAir Aviation -Introdoor Een	02	3 yr contract, expires 30 July 2013 3 yr contract, expires 28 Nov 2013	R2 378 052 R6 576 890
Wire Fencing Rustfontein Dam N.R. : Siyaya Ventures	01	5months	R 3 114 811.48
Morar Inc	01	4 months	R900 000
Erection of Steel Roof Shelter for the Cherry Festival : Mosa Consulting	01	9 months	R 1 740 825.96
Construction of Fence at Willem Pretorius Nature Reserve: :Hyman Masterfence JV Business investments	01	4 months	R 3 360 000.00
Construction of Fence at Koppiesdam Nature Reserve :Hyman Masterfence JV Business investments	01	5 months	R 4 420 000.00



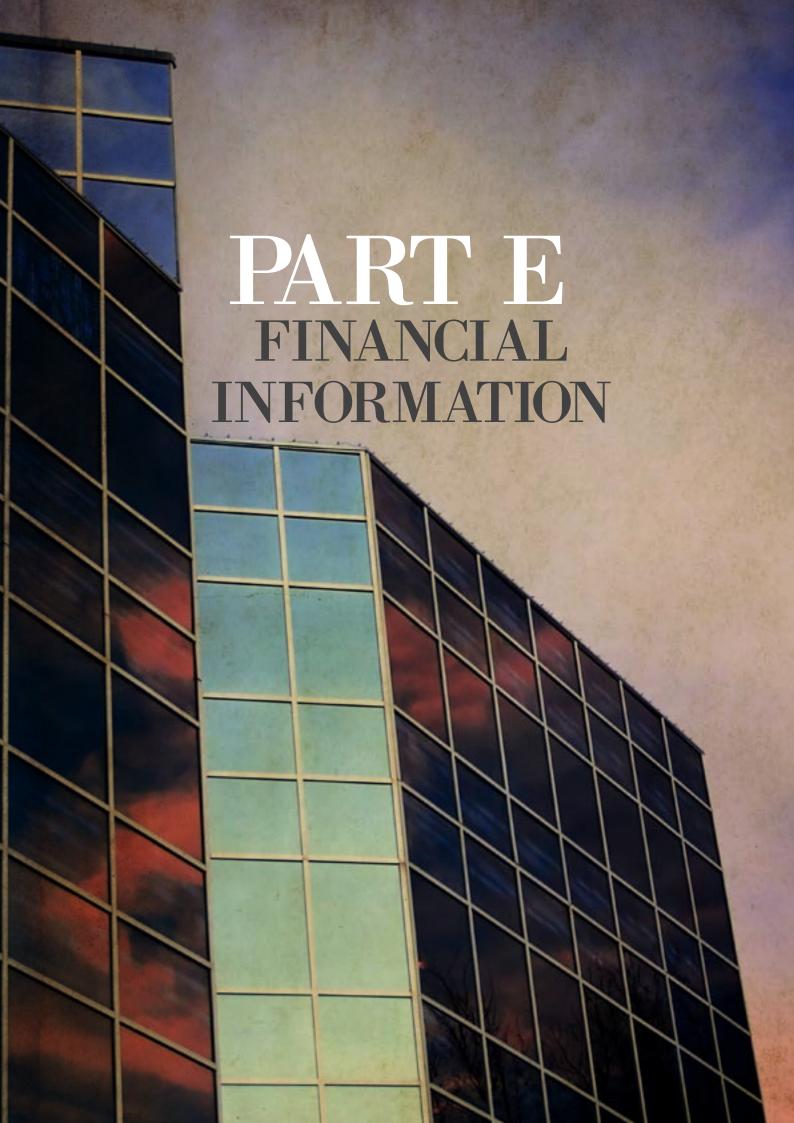
Project Title	Total Number of consultants that worked on project	Duration Work days	Contract value in Rand
Construction of Fence at Tussen Die Rivier Nature Reserve: Hyman Masterfence JV Business investments	01	3 months	R 4 306 545.00
Development of Integrated Waste Management Plan : Jeffares & Green (PTY) Ltd	01	3 months	R 340 119.00
The Development of the Free State Greenhouse Gas Emissions Inventory : Mashalaba & Associates	01	6 months	R 828 995.51
The Development of the Free State Climate Change Response Strategy : Mashalaba & Associates	01	6 months	R 904 788.41
The Development of the Free State Air Quality Source Inventory: Gondwana training (PTY) Ltd	01	6 months	R 785 859.00
Soetdoring Nature Reserve – construction of chalets, electric cable: Rubiquant The roodt partnership Viewtown Electrical Worley parsons	04	2 yrs	R15 983 770
Koppies Dam Resort – construction of chalets, electric installations, entrance, staff houses Nature & Business Alliance Varimix Nineteen Simon Lee Architects Drewett Hubble & Polorney	04	2 yrs	R30 440 256
Maria Moroka – construction of chalets, electric installations, entrance, staff houses: Rubiquant CC Big Bravo Ram Electrical Independent Development Trust Haasbroek Worsley & Parsons Aurecon	07	2 yrs	R21 089 443.18
Phillip Saunders Resort- construction of staff houses, emergency power, new entrance gate etc: Unilec Power System Haasbroek Arch Moeletsi trading	03	2 yrs	R7 033 700.49

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
20	33	24700 work days	R146 436 928.49



Table 4.3.13.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Mashalaba & Associates Consultants - Climate change Response Strategy	100%	100%	1
Mashalaba & Associates Consults - Gas Emissions Inventory	100%	100%	1
Jeffares & Green - Integrated Waste Management Plan	33.29%	33.29%	6
Gondwana -FS Air Quality Source Inventory	0%	0%	0
Katushy-Security Services	83%	83%	17 Guards
IntroDor Eeen - Game Capture	40%	0%	0
Siyaya Ventures - Wire Netting fence	45%	45%	10
Bass Air Aviation - Game Counting	40%	0%	0
<b>Hyman Master Fence</b> -Construction of Fence Willem Pretorius	0%	0%	15
<b>Hyman Master Fence</b> – Construction of Fence Koppies NR	0%	0%	15
ICAS - EWHP	10%	10%	5
<b>Hyman Master Fence</b> Construction of Fence TDR-NR	0%	0%	15
Morar Incorporated - Assets Verification	100%	100%	4
Tirhani Auctioneers- Game Auctioneers	90%	90%	1





# 5. PART E: FINANCIAL INFORMATION

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# 5.1 REPORT BY THE ACCOUNTING OFFICER

### 1. General review of the state of financial affairs

The objective of the Department of Economic Development, Tourism and Environmental Affairs is to facilitate economic growth and development in the Free State province through development and promotion of tourism, environmental management in all relevant sectors of the economy which are in line with the priorities identified in the Free State Growth and Development Strategy.

The department under spent its adjusted budget amounting to R418, 047 million by R10, 906 million in the financial year resulting in 2.6% under spending. The table below illustrates the breakdown on spending:

Item	Budget	Total_Expenditure	% Spent
BUILDINGS & OTHER FIX STRUCT	34 050 000.00	32 429 951.07	95%
COMPENSATION OF EMPLOYEES	164 084 000.00	163 024 831.85	99%
DEPARTMENTAL AGENCIES & ACCOUNTS	95 734 000.00	95 615 197.04	100%
GOODS AND SERVICES	92 603 000.00	84 273 606.69	91%
MACHINERY AND EQUIPMENT	3 322 000.00	1 800 369.50	54%
PUBLIC CORPORATIONS&PRIVENT	27 245 000.00	27 245 000.00	100%
Grand Total	418 047 000.00	407 139 704.01	97%

Included in the expenditure of the department is an amount of R122, 975 million which represents 29% of the budget which was transferred to our entities as follows:

- Free State Gambling and Liquor Authority R48, 251 million
- Free State Tourism Authority R47,314 million
- Free State Development Corporation R27,245 million

The annual game auction yielded revenue of R8,1 million in the 2012/2013 financial year as compared to R13,8 million that was generated in 2011/12. The game auction depends on the number of animals to available for sale after the game count has been conducted.

The department spent R32,429 million this is 95% of adjusted budget amounting to R34,050 million, on fixed structures, refurbishing chalets etc in the Reserves and Resorts. Rollover of funds was requested in this regard.

The department appointed Morar Incorporated, an audit firm to assist with corrections of the asset register in an effort to improve asset management after the department received qualifications on assets in the past. In future, emphasis will be placed in management to take control of assets in their custody.

# 2. Service rendered by the department

The department focuses on the following three strategic goals:

- To stimulate integrated sustainable economic development within the province.
- To ensure sustainable environmental conservation within the province
- To ensure the departmental business process excellence

# 2.1 Tariff policy

The tariffs for the 2012/13 financial year were prepared in accordance with the requirements of the Public Finance Management Act, Section 38(1)(c)(i) and Treasury Regulation 7.3. These tariffs were developed in terms of the Departmental policy discussed with and approved by the Provincial Treasury.

Departmental tariffs are reviewed annually, taking into consideration the following factors:

- · Market value of services being rendered;
- Inflation rate;
- Public demand for each service type;

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2013



- · Historical information;
- Departmental strategic objective; and
- Environmental impact

#### 2.2 Free Services

Free entrance to Resorts and Reserves were considered and approved in terms of the Departmental tariff policy.

#### 2.3 Inventories

The total inventory on hand at year-end is zero. The information is included in the annexure.

## 3. Capacity constraints

The vacancy rate recorded at year end was 16.04%, this clearly affected service delivery as we can see from performance information results.

#### 4. Utilisation of donor funds

There were no donor funds in the financial year under review.

# 5. Trading entities and public entities

#### Free State Gambling and Liquor Authority:

The purpose of Free State Gambling and Liquor Authority (FSGLA) is to regulate the gambling and liquor industry in the Free State. This function entails processing of applications for and awarding of liquor and gambling licences. The Authority is also responsible for monitoring compliance to gambling and liquor conditions by licensed outlets. The Authority further cooperates with other departments such as the Police and Local Government to address illegal activities in the gambling liquor industry. An amount of R48 million was spent.

### **Free State Development Corporation:**

The purpose of the Free State Development Corporation (FDC) is to develop business enterprise to promote urban and rural economic development in line with the Free State Development Corporation Amendment Act No 9 of 1999. Transfer payments to the value of R27 million were made during the financial year. In order to achieve its goals, the Corporation provides both financial and non-financial support, primarily to small, medium and micro enterprises.

#### Free State Tourism Authority:

The purpose of the Tourism Marketing Authority is to promote tourism in the Free State province through marketing tourism products such as facilities, events and all other related opportunities.

Transfer payments to the value of R47 million were made during the financial year. The provincial government is analyzing the performance of all public entities to determine how these are to be re-positioned.

# 6. Organisations to whom transfer payments have been made

Transfer payments were made to Public Entities and to households during the financial year.

Reasons for such transfers payments are as follows:

Public Entities: To enable Public Entities to achieve objectives as agreed and documented in the annual performance plans. Transfer conditions were complied with.

Households: Employee's leave gratuity

Accounting arrangements
Public Entities in terms of Transfer Agreements
Households – None



# 7. Public private partnerships (PPP)

There were no Public Private Partnerships entered into during the financial year.

# 8. Corporate governance arrangements

#### 8.1 Audit committee and Internal audit

The Audit Committee and Internal Audit have been functional during the financial year under review.

The internal audit achieved 98% of their plan. The report highlighting control deficiencies and improvement were issued and made available to all SMS members in the department; the reports also included the recommendations on how the department can improve. The audit committee had three meetings during the year, whereby financial and non financial matters were discussed and recommendations were made to the Accounting Officer.

### 8.2 Risk management

Risk management committee was established and had three meetings for the year under review. The committee discussed and recommended to the Accounting Officer the approval of Risk management related policies and the risk register. Risk management unit was placed under the stewardship of Head of internal audit for the year under review and the approval was granted to deviate from normal processes. The unit was fully functional, facilitating compilation of risk register on strategic and operational level and also coordinating the meetings of Risk Management Committee.

### 9. Discontinued activities/activities to be discontinued

There were no any discontinued activities under the year review.

# 10. New/proposed activities

The new or proposed activities will be covered in the revised Annual Performance Plan for the financial year 2013/14.

## 11. Asset management

The department appointed Morar Incorporated, an audit firm to assist with corrections of the asset register in an effort to improve asset management after the department received qualifications on assets in the past. The department submitted a deviation to Provincial treasury to submit an excel asset register for the year under review instead of Logis, the reason being that we wanted to correct the asset register first on excel and once corrected we can then correct the Logis.

The terms of reference for the consultants can be described as follows:

- Verification of assets
- · Identification of shortages and surpluses
- · Reconciliation of the above with the asset register
- · Bar coding of assets
- Once asset register is finalised do the disclosure note for the AFS.

## 12. Inventories

The department has not yet implemented the Inventory Management System. There are some challenges that need to be addressed such as personnel, the department is committed to implement this function.

## 13. Events after the reporting date

None

## 14. Information on predetermined objectives

The information is reported on pages 21 - 68.



# 15. SCOPA resolutions

The department received new resolutions (1/2013) on 27 May 2013 with respect to 2012/13 financial year, these will be implemented during 2013/14 financial year.

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
28/2006	Renovations at Phillip Saunders Resort  The committee requested the report on the update of the progress and the period that the place will be operation	Renovations at Phillip Saunders Resort  The report was submitted to the committee indicating that the place is operational. The committee was satisfied and the matter was resolved
17/2008	Review the current procedures and policies of Fruitless and Wasteful Expenditure  To ensure that the controls to prevent Fruitless and Wasteful expenditure	The department submitted the reviewed policies on Fruitless and Wasteful Expenditure, which were assessed by Provincial Treasury
2/2010	Reports of the Auditor-General on Provincial Departments for the year ended 31 March 2009  Accounting officers must investigate all unauthorised, irregular, fruitless and wasteful expenditure within 60 days from reporting date to determine responsibility. In cases of negligence moneys must be recovered.  Ensure that the financial section of the department is sufficiently capacitated by skilled officials to ensure that financial functions are properly executed.	Reports of the Auditor-General on Provincial Departments for the year ended 31 March 2009  Unauthorised Expenditure All cases relating to 2008/09 financial year for unauthorized expenditure have been condoned.  Irregular Expenditure All cases of irregular expenditure relating to 2008/09 financial year have been finalised.  Fruitless and Wasteful Expenditure The cases relating to 2008/09 financial year for fruitless and Wasteful expenditure is finalised.  Currently functions of the department are as follows:  Asset Management vacancies are more than 5 percent. SCM vacancies are less than 5 percent Revenue is more than 5 percent
3/2010	Unauthorised expenditure of R12 143 000 in 2007 – 08 related to an overspending as a result of payments made to MACUFE 2007 service providers. The performance audit report was submitted to the Committee	Unauthorised expenditure for MACUFE has been approved through Finance Act Nr. 3/2012



Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
1/2013	Capacity Under-spending of the budget Departments arguing with Auditor General on findings in the Audit report Accounting Officers responsibilities Annual financial statements Support documentation for audit purposes  Precautionary suspensions Filing of Head of departments  Filing of financial Disclosure forms by Senior Management Services (SMS) members with the PSC  Capacity of the department of Public Works to facilities projects of other departments.  Future commitments and budget management Appealing on the Court cases Slow implementation on the portfolio committee's resolutions	
	Information Technology Management	
2/2012	Under-spending of the budget The department materially underspent by R +8.6 million in the 2011/2012 financial year as a result of poor planning by the department and hampered service delivery	
3/2012	Departments arguing with Auditor General on finding in the Audit report  The Departments dispute some of the Auditor General's findings as indicated in the Audit report of 2011/12 financial year  Accounting officer's responsibilities  Accounting officers do not execute their responsibilities and functions in terms of the laws and regulations.  Annual financial statements  There were material misstatements that were identified in the financial statements of 2011/12 by Auditor General  Supporting documentation for audit purposes  There were instances where Accounting Officers have failed to provide the requested documentation for financial and pre-determined objectives auditing purposes, which is non-compliance with section 38 (1) (a) (i) and 41 of the PFMA as well as chapter 17 of the Treasury Regulations.	

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2013

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Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
	Precautionary suspensions Some departments employees have been suspended for periods exceeding the maximum 60 days period, with the result that the departments losing financially and experience delays in service delivery.	
	Filing of Head of Departments' Performance Agreements (PA's) with the Public Service Commission (PSC) The performance Agreements (PA's) with the Public Service Commission (PSC) should be filed to ensure improvement of performance and service delivery.	
	Filling of financial Disclosure Forms by Senior Management Service (SMS) members with the PSC. Some SMS members did not file their financial disclosure forms on time or at all with the PSC.	
	Capacity of the Department of Public works to facilitate projects of other departments.  Departments complain about the delay of their projects purportedly due to the bottlenecks in the Department of Public Works.	
	Future commitments and budget management The impact of 23 Roads projects, non-compliance with section 38 (2) of the PFMA, impose on the financial position of this province.	
	Appealing on the Court Cases The departments keep appealing cases ruled against them by the court of law and the departments incur millions in fruitless and wasteful expenditure after losing those appeal cases.	
	Slow implementation on the Portfolio Committee's resolution Departments did not implement all of its resolutions.	
	Information Technology Management The lack of prioritisation displayed by the Accounting Officers in addressing information technology management.	



# 16. Prior modifications to audit reports

All the matters that were raised by the Auditor General have been given the attention and there is a progress in resolving them. The action plan to address the issues was developed and not fully implemented and not monitored.

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
Asset management (Qualification)	2010/2011	All plans that were developed have been implemented and there is a great progress in the asset management
Lease commitment (Qualification)	2010/2011	All photocopy machines, cellphones and 3G were classified as Finance Lease and calculations were made
Assets	2011/2012	Department still working on the asset register
Compensation of Employees	2011/2012	Resolved
Irregular Expenditure	2011/2012	SCM posts were advertised to be filled
Fruitless and wasteful Expenditure	2011/2012	Resolved
Lease Commitments	2011/2012	Resolved

# 17. Exemptions and deviations received from the National Treasury

There were no exemptions from the financial year.

# 18. Interim Financial Statements

The Interim Financial Statements were prepared and submitted to Treasury.

# 19. Other

There are no other material factors or circumstances which may have an effect on the understanding of the financial state of affairs which is not addressed elsewhere in this report.

## 20. Approval

The Annual Financial Statements set out on pages 124 to 196 have been approved by the Accounting Officer.

M. Seleke

**Accounting Officer: DETEA** 

31 May 2013



# 5.2 Accounting Officer's Statement of Responsibility for the Annual Financial Statements

#### Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Office is responsible for the preparation of the department's 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 designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the department for the financial year ended 31 March 2013.

The external auditors are engaged to express an independent opinion on the AFS of the department.

The Department of Economic Development, Tourism and Environmental Affairs AFS for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page 78.

The Annual Financial Statements of the Department set out on page 124 to page 196 have been approved.

M. SELEKE ACCOUNTING OFFICER DETEA 31 May 2013



# 5.3 Report of the Auditor General

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON VOTE NO. 3: DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

#### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

 I have audited the financial statements of the Department of Economic Development, Tourism and Environmental Affairs set out on pages 124 to 196, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of the financial statements in accordance with the *Departmental financial reporting framework* 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, 2012 (Act No. 5 of 2012) (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.

#### **Auditor-General's responsibility**

- 3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

#### Basis for qualified opinion

# Movable tangible capital assets

6. I was unable to obtain sufficient appropriate audit evidence for machinery and equipment disclosed as part of movable tangible capital assets, because the asset register did not contain adequate descriptions, serial numbers and locations of the items. Furthermore, machinery and equipment could not be identified in the asset register because the bar-codes or serial numbers, as indicated on the assets, did not agree to the asset register. I was unable to confirm the machinery and equipment by alternative means. Consequently, I was unable to determine whether any adjustment relating to machinery and equipment, including both major and minor assets stated at R41 470 000 (2012:R43 559 000) in note 43 and R24 129 000 (2012:R29 401 000) in note 43.4 to the financial statements, was necessary.

#### Irregular expenditure

7. I was unable to obtain sufficient appropriate audit evidence regarding irregular expenditure as the department did not provide bid documents for all contracts and it could therefore not be determined if required procurement processes were followed. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any adjustment to irregular expenditure stated at R14 204 000 (2012: R27 391 000) in note 35 to the financial statements was necessary.

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 REPORT OF THE AUDITOR-GENERAL for the year ended 31 March 2013



#### **Qualified opinion**

8. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development, Tourism and Environmental Affairs as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the *Departmental financial reporting framework* prescribed by National Treasury and the requirements of the PFMA and DoRA.

#### **Emphasis of matter**

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

#### Material under spending of the budget

10. As disclosed in the appropriation statement, the department has materially underspent the budget by R10 908 000 on programmes 1, 2 and 3 combined. As a consequence, the department has not achieved all its objectives in respect of environmental affairs and economic development programmes, as reported in the annual performance report on predetermined objectives.

#### **Additional matter**

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

#### Financial reporting framework

12. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "present fairly". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

#### **Predetermined objectives**

- 14. I performed procedures to obtain evidence of the usefulness and reliability of the information in the annual performance report on predetermined objectives as set out on pages 21 to 69 of the annual report.
- 15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.
  - The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
- 16. There were no material findings on the annual performance report on predetermined objectives concerning the usefulness and reliability of the information.

#### **Additional matters**

17. Although no material findings concerning the usefulness and reliability of the performance information were raised in the annual performance report on predetermined objectives, I draw attention to the following matters below.

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 REPORT OF THE AUDITOR-GENERAL for the year ended 31 March 2013



#### **Achievement of planned targets**

- 18. Of the total number of 205 targets planned for the year, 82 were not achieved during the year under review. This represents 40% of total planned targets that were not achieved during the year under review.
- 19. This was as a result of the institution not considering relevant systems and evidential requirements during the annual strategic planning process.

#### Material adjustments to the annual performance report on predetermined objectives

20. Material audit adjustments in the annual performance report on predetermined objectives were identified during the audit, all of which were corrected by management.

#### Compliance with laws and regulations

21. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows:

#### Annual financial statements, performance and annual report

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

#### **Procurement and contract management**

- 23. Goods and services with a transaction value of below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation (TR) 16A6.1.
- 24. Goods and services of a transaction value of above R500 000 were procured without inviting competitive bids, as required by TR16A6.1.
- 25. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as the contracts that were entered into by the Department of Public Works on behalf of the department were not available for audit purposes.

#### **Human resource management and compensation**

- 26. Appointments were made without a recommendation by a selection committee, in contravention of Public Service Regulation (PSR) I/VII/D1-4.
- 27. The reasons for appointing persons who were not recommended by the selection committees were not recorded, as required by PSR 1/VII/D.7.
- 28. Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of PSR 1/VII/D.8.
- 29. Funded vacant posts were not filled within 12 months, as required by PSR 1/VII/C.1A.2.
- 30. Employees acted in higher vacant posts for more than 12 months, in contravention of PSR 1/VII/B.5.3.
- 31. A human resource plan was not in place as required by PSR 1/III/B.2(d).

#### **Expenditure management**

32. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 REPORT OF THE AUDITOR-GENERAL for the year ended 31 March 2013



#### Transfer of funds

- 33. Sufficient appropriate audit evidence could not be obtained that the accounting officer transferred funds to entities after obtaining written assurance that the entity implements effective, efficient and transparent financial management and internal control systems/ rendering the transfer of the funds subject to the entity establishing effective, efficient and transparent financial management and internal control systems, as required by section 38(1)(j) of the PFMA.
- 34. Sufficient appropriate audit evidence could not be obtained that the accounting officer maintained appropriate measures to ensure that transfers and subsidies to entities were applied for their intended purposes, as required by TR 8.4.1.

#### Revenue management

- 35. The accounting officer did not take effective and appropriate steps to collect all money due, as required by section 38(1)(c) (i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).
- 36. Sufficient appropriate audit evidence could not be obtained that movable assets were disposed of in a manner that was most advantageous to the state, as required by TR 16A7.1 & 2.

#### **Asset management**

37. Proper control systems were not implemented to safeguard and maintain assets, as required by section 38(1)(d) of the PFMA and TR 10.1.1(a).

#### Internal control

38. I considered internal control relevant to my audit of the financial statements, the annual performance report on predetermined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion and the findings on compliance with laws and regulations included in this report.

#### Leadership

- 39. The leadership did not take timeous and adequate action to address weaknesses in the finance and supply chain management directorate, which resulted in non-compliance with applicable legislation and gave rise to irregular expenditure.
- 40. The lack of decisive action to mitigate emerging risks, implement timely corrective measures and address non-performance was evidenced by the failure of management to adequately address the external audit findings in a timely manner.
- 41. The department failed to properly analyse the control weaknesses and implement appropriate follow-up actions that adequately address the root cause. This resulted in the audit findings in the prior year report recurring in the current year.
- 42. There was a slow response to the message communicated by the AGSA to the administrative and political leadership.

#### Financial and performance management

- 43. The financial statements were not properly reviewed for completeness and accuracy prior to submission for auditing. This resulted in many findings relating to incorrect disclosure.
- 44. The leadership failed to implement adequate controls to ensure compliance with laws, regulations and internally designed policies and procedures. As a result, significant non-compliance issues were noted.
- 45. The department did not have the capacity to verify all assets and update the asset register, resulting in the need to appoint consultants. Consultants were appointed to assist with the updating of the asset register and verification of the assets during the year, however this process was not completed timeously.



#### **OTHER REPORTS**

## Investigations

46. During the 2009-10 financial year the executive committee requested an independent consulting firm to conduct an investigation at 10 departments in the Free State. The investigation aims to establish whether the departments complied with legislative prescripts relating to payroll and supply chain management and whether any transgressions occurred in this respect. The report has been finalised, but has not yet been submitted to or received by the department.

AUDITOR -GENERAL

Bloemfontein 31July 2013



Auditing to build public confidence

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5.4 Financial Statement

		φ			23	464	980		47	11	20	408	22	248	63	14 7
	/12	Actual Expenditure	R'000		78,803	4	4,280		83,547		105,850	4	48,157	22	154,663	
	2011/12	Final Appropriation	R'000		81,728	540	4,387		86,655		107,086	009	49,082		156,768	
		Expenditure as % of final appropriation	%		%0.86	108.2%	%6:89	%2'96			%6'.26	80.7%	94.5%	88.4%		
		Variance	R'000		1,984	(19)	441	N	2,408		2,596	63	1,951	28	4,668	
programme		Actual Expenditure	R'000		95,655	250	979	28	96,942		120,272	264	33,329	442	154,307	
Appropriation per programme	3	Final Appropriation	R'000		92,639	231	1,420	09	99,350		122,868	327	35,280	200	158,975	
	2012/13	Virement	R'000		2,090	1	1	1	2,090		(2,500)	1	1	1	(2,500)	
		Shifting of Funds	R'000		(324)	229	35	09	ı		(927)	150	277	200	ı	
		Adjusted Appropriation	R'000		95,873	Cl Cl	1,385		97,260		126,295	177	35,003		161,475	
		APPROPRIATION STATEMENT		1. ADMINISTRATION	Current payment	Transfers and subsidies	Payment for capital assets	Payment for financial assets		2. ENVIRONMENTAL AFFAIRS	Current payment	Transfers and subsidies	Payment for capital assets	Payment for financial assets		3. ECONOMIC DEVELOPMENT



				Appropriation per programme	programme				
			2012/13	3				2011/12	/12
APPROPRIATION STATEMENT	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 payment	35,805	(32)	410	36,180	31,755	4,425	82.8%	37,841	35,162
Transfers and subsidies	122,840	1	I	122,840	123,111	(271)	100.2%	116,454	116,309
Payment for capital assets	299	2	I	672	966	(324)	148.2%	962	174
Payment for financial assets	1	30	I	30	28	N	93.3%	ı	1
	159,312		410	159,722	155,890	3,832		155,091	151,645
Subtotal	418,047	1	1	418,047	407,139	10,908	97,4%	398,514	389,855
S t a t u t o r y Appropriation									
Current payment								1	
TOTAL	418,047			418,047	407,139	10,908	97.4%	398,514	389,855

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				Appropriation per programme	programme				
			2012/13	9				2011/12	112
APPROPRIATION STATEMENT	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
					201	2012/13		2011/12	/12
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
TOTAL (brought forward)									
Reconciliation with statement of financial performance	ment of financial pe	erformance							
								1	
ADD									
Departmental receipts				35,755				44,118	
Aid assistance								14,800	
Actual amounts per statement of financial performance (total revenue)	ement of financial p	performance (to	ital revenue)	453,802				457,432	
ADD									
Aid assistance									14,800
Actual amounts per statement of financial performance expenditure)	statement of fina	ancial perforn	nance (total		407,139				404,655



			Approp	Appropriation per economic classification	nic classification				
			2012/13	3				2011/12	/12
	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									
Compensation of employees	164,784	(200)	1	164,084	163,024	1,060	99.4%	149,292	146,874
Goods and services	93,189	(286)	ı	92,603	84,658	7,945	91.4%	76,630	72,939
Transfers and subsidies									
Departmental agencies and accounts	95,734	1	1	95,734	95,615	119	%6:66	74,155	74,138
Universities and technikons	1	ı	1	1	1	ı		6,000	000,9
Public corporations and private enterprises	27,245	1	1	27,245	27,245	ı	100%	35,000	35,000
Households	40	379		419	765	(346)	182.6%	2,039	2,045
Payments for capital assets									
Buildings and other fixed structures	34,050	,	1	34,050	32,430	1,620	95.2%	42,737	42,851
Machinery and equipment	3,005	317	1	3,322	2,874	448	86.5%	12,586	9,731
Biological assets	1	1	1	•	ı	1	ı	75	59
Payments for financial assets	•	290	1	290	528	62	89.5%	1	248
Total	418,047		ı	418,047	407,139	10,908	97.4%	398,514	389,855

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				Statutory Appropriation	iation				
			2012/13					2011/12	12
Direct changes against the National/Provincial Revenue Fund	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
List all direct charges against the National/Provincial Revenue Fund President and Deputy President salaries Member of executive committee / parliamentary officers and magistrates salaries Sector education and training authorities (SETA)	N/A								



			Statutory Appr	Statutory Appropriation per economic classification	omic classification	uc			
			2012/13					2011/12	/12
Administration Per 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
Current payments									
Compensation of employees	63,438	(200)	(1,200)	61,538	60,621	917	98.5%	50,599	48,784
Goods and services	32,435	376	3,290	36,101	35,034	1,067	%0'.26	30,469	30,019
Transfers and subsidies	1	1	1	1	1	ı	1		
Departmental agencies and accounts	N			N		N			
Households	1	229	ı	229	251	(22)	109.6%	140	464
Payments for capital assets	1	1	1	1	ı	1	1	1	
Machinery and equipment	1,385	35		1,420	978	442	%6.89	5,447	4,280
Payments for financial assets	1	09	1	09	58	2	%2'96		
Total	97,260	1	2,090	99,350	96,942	2,408	%9'.26	86,655	83,547

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			2012/13	13				2011/12	12
Detail per 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
1.1 Offlice of the MEC									
Current payment	10,625	(704)	ı	9,921	8,901	1,020	%2'68	8,316	8,112
Transfers and subsidies	1	172	1	172	171	τ-	99.4%	140	123
Payment for capital assets	146	30	1	176	134	42	76.1%	20	41
Payment for financial assets		09	1	09	_	29	1.7%	1	1
1.2 Management Services	vices								
Current payment	22,515	30	(1,200)	21,345	19,934	1,411	93.4%	20,966	17,121
Transfers and subsidies	ı	1	1	1	26	(26)		400	327
Payment for capital assets	417	1	1	417	213	204	51.1%	620	128
1.3 Financial Management	ment								
Current payment	36,949	1,045	2,500	40,494	40,166	328	%5'66	29,886	32,236
Transfers and subsidies	-	48	1	49	47	N	95.9%		ı
Payment for capital assets	273	(25)	1	248	374	(126)	150.8%	3,080	2,821
Payment for financial assets	1	1	-	•	25	(25)	1	-	-
1.4 Corporate Services	Ø								
Current payment	25,784	(969)	790	25,879	26,654	(775)	103.0%	22,560	21,334



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/12	Actual expenditure	R'000	14	1,290		83,547
2011/12	Final Appropriation	R'000	ı	637		86,655
	Expenditure as % of final appropriation	%	%0.09	44.6%		%9'.26
	Variance	R'000	4	321	(32)	2,408
	Actual Expenditure	R'000	9	258	32	96,942
13	Final Appropriation	R'000	10	579		99,350
2012/13	Virement	R'000	ı	ı		2,090
	Shifting of Funds	R'000	o	30		ı
	Adjusted Appropriation	R'000	-	549		97,260
	Detail per sub- programme		Transfers and subsidies	Payment for capital assets	Payment for financial assets	Total

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			2012/13					2011/12	/12
Environmental Affairs 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
Current payments									
Compensation of employees	82,811	ı	1	82,811	82,843	(32)	100.0%	79,900	79,781
Goods and services	43,484	(927)	(2,500)	40,057	37,429	2,628	93.4%	27,113	26,068
Transfers and subsidies to:									
Departmental gencies and accounts	167	1	ı	167	20	117	29.9%	1	1
Households	10	150		160	213	(53)	133.1%	009	409
Payment for capital assets									1
Buildings and other fixed structures	34,050	ı	ı	34,050	32,430	1,620	95.2%	42,737	42,851
Machinery and equipment	953	277	1	1, 230	006	330	73.2%	6,343	5,277
Biological assets	•	ı	,	•	•	ı		75	59
Payments for financial assets	1	200	1	200	442	28	88.4%	•	248
Total	161,475	ı	(2,500)	158,975	154,307	4,668	97.1%	156,768	154,663



				2012/13					2011/12	1/12
	Detail per 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
2.1	Environmental Quality Management	Management								
	Current payment Transfers and subsidies	17,980	(54)	(1,436)	16,490	8,620	7,870	52.3%	15,743	9,130
	Payment for capital assets	40	54	•	94		87	7.4%	500	85
2.2	Environmental Policy, Coordination, Planning	oordination, Plann	ing							
	Current payment	17,344	(28)	(200)	16,786	18,7	(2,001)	111.9%	16,595	15,044
	Payment for capital	180	28	1 1	238	140	(43) 86	28.8%	255	158
	assets									
2.3	Compliance And Enforcement	ement								
	Current payment	7,540	(48)	(128)	7,363	9,137	(1,774)	124.1%	7,748	8,866
	Transfers and subsidies	1	I	ı	1	1	1		009	74
	Payment for capital assets	133	1	,	133	110	23	82.7%	156	129
	Payment for financial assets									
2.4	Biodiversity Management	ıt								
	Current payment	83,431	(292)	(436)	82,229	83,728	(1,499)	101.8%	67,000	72,810
	Transfers and subsidies	177	150		327	215	112	65.7%		334
	Payment for capital assets	34,650	165		34,815	33,072	1,743	95.0%	48,471	47,785
	Payment for financial assets	ı	200		200	442	28	88.4%		248
Total	lg.	161, 475	ı	(2,500)	158,975	154,307	4,668	97.1%	156,768	154,663

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		S	tatutory Appi	Statutory Appropriation per economic classification	nomic classificat	lon			
			2012/13					2011/12	12
Economic Development Per 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
Current payments									
Compensation of employees	18,535	ı	1,200	19,735	19,560	175	99.1%	18,793	18,309
Goods and services	17,270	(32)	(200)	16,445	12,195	4,250	74.2%	19,048	16,852
I ransfers and subsidies									
Departmental agencies and accounts	95,565	1	1	95,565	95,565	ı	100.0%	74,155	74,138
Universities and technikons	ı	ı	1	1	•	1	ı	6,000	6,000
Public corporations and private enterprises	27,245	1	ı	27,245	27,245	ı	100.0%	35,000	35,000
Households	30	1	1	30	301	(271)	1,003.3%	1,299	1,172
Payments for capital assets									7
Machinery and equipment	299	ιΩ		672	966	(324)	148.2%	796	174
Payments for financial assets		30		30	28	2	93.3%		72
Total	159,312	1	410	159,722	155,890	3,832	%9'.26	155,091	151,645



			2012/13	3				2011/12	/12
Detail per 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
3.1 Integrated Economic Planning	mic Planning								Y
Current payment	11, 341	(285)	1	11,056	8,238	2,818	74.5%	10,353	7,987
Transfers and subsidies	27,275	1	ı	27 275	27 343	(89)	100.2%	41,299	41, 228
Payment for capital assets	367	5	ı	372	303	69	81.5%	336	116
Payment for financial assets	ı	30		30	28	2	93.3%	,	ı
3.2 Sector Development	lent								
Current payment	3,838	I	(200)	3,048	4,067	(1,019)	133.4%	10,073	10,786
Payment for	•	ı	1	ı	•	1	1	250	
כמטומו מסטפוט								7	
3.3 Business Regulations	tions								
Current payment	9,538	I	1	9,538	9,499	39	%9.66	10,905	9,147
Transfers and subsidies	48,251	1	ı	48,251	48,257	(9)	100.0%	44,592	44,574
Payment for capital assets	100	1	1	100	150	(20)	150.0%	110	38
3.4 Tourism Support									
Current payment	11,088	250	1,200	12,538	9,951	2,587	79.4%	6,510	7,242
Transfers and subsidies	47,314	1	ı	47,314	47,511	(197)	100.4%	30,563	30,507
Payment for capital assets	200		1	200	543	(343)	271.5%	100	20
Total	159,312	ı	410	159,722	155,890	3,832	%9'.26	155,091	151,645



## 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
Programme 1	99,350	96,942	2,408	2%

Underspending on compensation of employees due to vacant funded posts that were not filled during the financial year.

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 2	158,975	154,307	4,668	3%

Underspending was due to goods and services not spend on time and delays in receiving invoices for Infrastructure.

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 3	159,722	155,890	3,832	2%

Underspending was due to goods and services not spend on time



4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				201
Compensation of employees	164,084	163,024	1,060	1%
Goods and services	92,603	85,135	7,468	9%
Transfers and subsidies				
Departmental agencies and accounts	95,734	95,615	119	1%
Public corporations and private enterprises	27,245	27,245	-	0%
Households	419	765	(346)	2%
Payments for capital assets				
Buildings and other fixed structures	34,050	32,430	1,620	5%
Machinery and equipment	3,322	2,397	925	73%
Payments for financial assets	590	528	62	-

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 Inter Grnt Prov	1,000	734	266	27%

Projects commenced late in November 2012

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2013



PERFORMANCE	Note	2012/13	2011/12
		R'000	R'000
REVENUE		1 1 500	
Annual appropriation	1	418,047	398,514
Departmental revenue	3	35,755	44,118
Aid assistance	6	4-	14,800
TOTAL REVENUE	-	453,802	457,432
	-		
EXPENDITURE			
Current expenditure	Г		
Compensation of employees	7	163,024	146,874
Goods and services	8	84,658	72,939
Aid assistance	6	-	14,800
Unauthorised expenditure approved without funding	13	-	-
Total current expenditure		247,682	234,613
Transfers and subsidies	[		
Transfers and subsidies	11	123,625	117,183
Total transfers and subsidies		123,625	117,183
Expenditure for capital assets	-		
Tangible capital assets	12	35,304	52,611
Total expenditure for capital assets		35,304	52,611
Payments for financial assets	10	528	248
TOTAL EXPENDITURE	-	407,139	404,655
SURPLUS/(DEFICIT) FOR THE YEAR	-	46,663	52,777
	-		
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds	_	10,908	8,659
Annual appropriation		6 986	255
Conditional grants		3 922	8 404
Departmental revenue and NRF Receipts	22	35,755	44,118
SURPLUS/(DEFICIT) FOR THE YEAR	_	46,663	52,777

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2013



POSITION	Note	2012/13	2011/12
400570		R'000	R'000
ASSETS			
Current assets		16,334	14,872
Cash and cash equivalents	15	10,531	12,061
Prepayments and advances	17	120	48
Receivables	18	5,683	2,763
Non-current assets			
TOTAL ASSETS		16,334	14,872
LIABILITIES			
Current liabilities		12,746	14,141
Voted funds to be surrendered to the Revenue Fund	21	10,908	8,659
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	22	1,838	5,509
Payables	25	-	(27)
Non-current liabilities			
TOTAL LIABILITIES		12,746	14,141
NET ASSETS		3,588	731
	Note	2012/13	2011/12
		R'000	R'000
Represented by:			
Recoverable revenue		3,588	731
TOTAL		3,588	731

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2013

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NET ASSETS	Note	2012/13	2011/12
		R'000	R'000
Capitalisation Reserves	_		
Closing balance		<u> </u>	
Recoverable revenue			
Opening balance		731	196
Transfers:	_	2,857	535
Irrecoverable amounts written off	34.2	(469)	248
Debts revised		(370)	(44)
Debts recovered (included in departmental receipts)		(963)	95
Debts raised		4,659	236
Closing balance	_	3,588	731
Retained funds	_		
Closing balance	_		
Revaluation Reserve			
Closing balance	_	-	-
	_		
TOTAL	_	3,588	731



CASH FLOW	Note	2012/13	2011/12
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			0/18
Receipts		471,012	464,799
Annual appropriated funds received	<u>1.1</u>	418,047	398,514
Statutory appropriated funds received	<u>2</u>	- 0	-
Departmental revenue received	<u>3</u>	52,965	51,485
Direct Exchequer Receipts	<u>4</u>	-	-
NRF Receipts		-	-
Aid assistance received	<u>6</u>	-	14,800
Net (increase)/decrease in working capital		(2,965)	11,725
Surrendered to Revenue Fund		(73,454)	(107,926)
Surrendered to RDP Fund/Donor		-	-
Current payments		(247,682)	(234,613)
Payments for financial assets		(528)	(248)
Transfers and subsidies paid	_	(123,625)	(117,183)
Net cash flow available from operating activities	<u>27</u>	22,758	16,554
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>12</u>	(35,304)	(52,611)
Proceeds from sale of capital assets	<u>3.4</u>	8,159	13,863
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets	_	<u>-</u>	-
Net cash flows from investing activities	_	(27,145)	(38,748)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		2,857	535
Increase/(decrease) in non-current payables			
Net cash flows from financing activities	_	2,857	535
Net increase/(decrease) in cash and cash equivalents		(1,530)	(21,659)
Cash and cash equivalents at beginning of period		12,061	33,720
Cash and cash equivalents at end of period		10,531	12,061

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ACCOUNTING POLICIES for the year ended 31 March 2013



The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

## 1. Presentation of the Financial Statements

### 1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The "modification" results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

#### 1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

#### 1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

#### 1.4 Comparative figures

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.

#### 1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

#### 2. Revenue

#### 2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ACCOUNTING POLICIES for the year ended 31 March 2013



## 2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end if the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

#### 2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

### 2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

#### 2.5 Aid assistance

Aids assistance is recognised as revenue when received

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later then 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

# 3. Expenditure

#### 3.1 Compensation of employees

#### 3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ACCOUNTING POLICIES for the year ended 31 March 2013



Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

#### 3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

#### 3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

#### 3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

### 3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

### 3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

#### 3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

## DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ACCOUNTING POLICIES for the year ended 31 March 2013



#### 3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

#### 3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

#### 4. Assets

#### 4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

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.

#### 4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

#### 4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

#### 4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

#### 4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

#### 4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

#### 4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal

## DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ACCOUNTING POLICIES for the year ended 31 March 2013



consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

#### 4.8 Capital assets

#### 4.8.1 Movable assets

#### **Initial recognition**

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

#### **Biological Assets**

The biological assets are disclosed at open market value.

#### Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

#### 4.8.2 Immovable assets

#### **Initial recognition**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

#### Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

#### 4.8.3 Intangible assets

#### **Initial recognition**

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.\*

#### Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department.

Maintenance is expensed as current "goods and services" in the statement of financial performance.

#### 5. Liabilities

#### 5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

## DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ACCOUNTING POLICIES for the year ended 31 March 2013



#### 5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

#### 5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

#### 5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

#### 5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

#### 5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

#### 5.7 Lease commitments

#### Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment is disclosed in the disclosure notes to the financial statements.

#### Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the discloser notes to the financial statement.

#### 5.8 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

#### 5.9 Provisions

Provisions are disclosed 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 will be required to settle the obligation and a reliable estimate of the obligation can be made.

#### 6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements. These receivables are written off when identified as irrecoverable and are disclosed separately.

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ACCOUNTING POLICIES for the year ended 31 March 2013



#### 7. Net Assets

#### 7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

#### 7.2 Recoverable revenue

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.

#### 8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

#### 9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

#### 10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



R'000

2012/13

48

R'000

2011/12

#### 1. **Annual Appropriation**

#### 1.1 **Annual Appropriation**

	2012/13		2011/12
Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
R'000	R'000	R'000	R'000
99,350	99,350	-	86,655
158,975	158,975	-	156,768
159,722	159,722	-	155,091
418,047	418,047	-	398,514

#### **Conditional grants** 1.2

	Note	2012/13	2011/12
		R'000	R'000
Total grants received	47	47,525	51,237
Provincial grants included in Total Grants received	-	47,525	51,237
1.3 Unconditional grants			
	Note	2012/13	2011/12

#### 2. **Statutory Appropriation**

Total grants received

	R'000	R'000
President and Deputy President salaries	N/A	
National Skills Fund		
Total		

Actual Statutory Appropriation received



## 3. Departmental revenue

	Note	2012/13	2011/12
		R'000	R'000
Tax revenue		42,886	42,073
Sales of goods and services other than capital assets	3.1	8,629	8,811
Fines, penalties and forfeits	3.2	284	123
Interest, dividends and rent on land	3.3	388	198
Sales of capital assets	3.4	8,159	13,863
Transactions in financial assets and liabilities	3.5	778	280
Total revenue collected		61,124	65,348
Less: Own revenue included in appropriation	22	25,369	21,230
Departmental revenue collected	_	35,755	44,118

## 3.1 Sales of goods and services other than capital assets

11/12
'000
8,811
380
1,492
6,939
_
8,811

## 3.2 Fines, penalties and forfeits

	Note	2012/13	2011/12
	<u>3</u>	R'000	R'000
Fines	_	284	123
Total	_	284	123

## 3.3 Interest, dividends and rent on land

	Note	2012/13	2011/12
	<u>3</u>	R'000	R'000
Interest		388	198
Total		388	198



3.4 Sale of	capital	assets
-------------	---------	--------

	Note	2012/13	2011/12
	<u>3</u>	R'000	R'000
Tangible assets		8,159	13,863
Biological assets	43	8,159	13,863
Total		8,159	13,863
	-		

#### Transactions in financial assets and liabilities 3.5

	Note	2012/13	2011/12
	<u>3</u>	R'000	R'000
Receivables		730	173
Stale cheques written back		1	1
Other Receipts including Recoverable Revenue	_	47	106
Total		778	280

#### 3.6 **Transfers received**

	Note	2012/13	2011/12
	<u>3</u>	R'000	R'000
Total	_	-	-

#### **Direct Exchequer Receipts** 4.

Note	2012/13	2011/12	
	R'000	R'000	
	-	-	

#### **Direct Exchequer Payments** 5.

	Note	2012/13	2011/12
		R'000	R'000
Total		_	

#### Aid assistance 6.

**Total** 

#### Aid assistance received in cash from RDP 6.1

	Note	2012/13	2011/12
		R'000	R'000
Revenue		-	14,800
Expenditure	_	-	(14,800)
Current		-	(14,800)
Closing Balance	_	-	-



## 6.2 Aid assistance received in cash from other sources

**Closing Balance** 

2012/13	2011/12
R'000	R'000
	- 6 60

## 6.3 Aid assistance received in cash from CARA Fund

2012/13	2011/12
R'000	R'000
_	

2012/13

**Closing Balance** 

#### 6.4 Total assistance

	2012/15	2011/12
	R'000	R'000
Revenue	-	14,800
Expenditure	-	(14,800)
Current	-	(14,800)
Closing Balance	-	-

## 6.5 Analysis of balance

	2012/13	2011/12
lote	R'000	R'000
	-	-

Closing balance

## 7. Compensation of employees

## 7.1 Salaries and Wages

Note	2012/13	2011/12
	R'000	R'000
Basic salary	107,618	95,131
Performance award	3,213	1,742
Service Based	8,166	287
Compensative/circumstantial	4,674	2,481
Periodic payments	46	1,647
Other non-pensionable allowances	16,475	25,836
Total	140,192	127,124



## 7.2 Social contributions

	Note	2012/13	2011/12
		R'000	R'000
Employer contributions			
Pension		13,832	11,720
Medical		8,963	7,995
Bargaining council		37	35
Total		22,832	19,750
Total compensation of employees	-	163,026	146 874
Average number of employees	_	677	648

## 8. Goods and services

	Note	2012/13	2011/12
		R'000	R'000
Administrative fees		482	355
Advertising		4,358	1,378
Assets less then R5,000	8.1	1,505	1,790
Bursaries (employees)		232	90
Catering		1,693	1,579
Communication		4,313	4,177
Computer services	8.2	688	880
Consultants, contractors and agency/outsourced services	8.3	27,346	20,431
Entertainment		-	4
Audit cost – external	8.4	5,485	4,107
Inventory	8.5	9,212	6,735
Operating leases		7,450	7,912
Property payments	8.6	241	2,053
Travel and subsistence	8.7	18,216	17,790
Venues and facilities		952	1,565
Training and staff development		663	648
Other operating expenditure	8.8	1,822	1,445
Total	- -	84,658	72,939



## 8.1 Assets less than R5,000

	Note	2012/13	2011/12
	<u>8</u>	R'000	R'000
Tangible assets		1,505	1,790
Machinery and equipment		1,504	1,790
Transport assets		1	
Total		1,505	1,790

## 8.2 Computer services

	Note	2012/13	2011/12
	<u>8</u>	R'000	R'000
SITA computer services		386	369
External computer service providers	_	302	511
Total		688	880
External computer service providers	-	302	511

## 8.3 Consultants, contractors and agency/outsourced services

	Note	2012/13	2011/12
	<u>8</u>	R'000	R'000
Business and advisory services		4,384	10,575
Infrastructure and planning		58	373
Legal costs		621	674
Contractors		17,322	2,701
Agency and support/outsourced services		4,961	6,108
	_		
Total		27,346	20,431

## 8.4 Audit cost – External

Note	2012/13	2011/12
<u>8</u>	R'000	R'000
_	5,485	4,107
_	5,485	4,107
		8 R'000 5,485



#### Inventory 8.5

		Note	2012/13	2011/12
		<u>8</u>	R'000	R'000
Food	and food supplies		121	111
Fuel,	oil and gas		1,107	637
Other	r consumables		2,099	1,994
Mate	rials and supplies		3,550	1,273
Statio	onery and printing		2,171	2,597
Medi	cal supplies		62	36
Milita	ry stores		102	87
Total	l	_	9,212	6,735
8.6	Property payments			
		Note	2012/13	2011/12
		<u>8</u>	R'000	R'000
Othe	r		241	2,053
Total	l	_	241	2,053
8.7	Travel and subsistence			
		Note	2012/13	2011/12
		<u>8</u>	R'000	R'000
Local	I		17,734	16,872
Forei	gn	_	482	918
Total	l		18,216	17,790
8.8	Other operating expenditure			
		Note	2012/13	2011/12
		<u>8</u>	R'000	R'000
Rese	ettlement costs		382	655
0.1				

#### 9. Interest and rent on land

Other

Total

	Note	2012/13	2011/12
		R'000	R'000
Total	-	-	

790

1,445

1,440

1,822



## 10. Payments for financial assets

	Note	2012/13	2011/12
		R'000	R'000
Other material losses written off	10.2	65	248
Debts written off	10.3	463	
Total		528	248
10.1 Other material losses			
	Note	2012/13	2011/12
	<u>10</u>	R'000	R'000
Total	_		
10.2 Other material losses written off			
	Note	2012/13	2011/12
	<u>10</u>	R'000	R'000
Nature of losses			
Damages and losses	_	65	248
Total	_	65	248
10.3 Debts written off			
	Note	2012/13	2011/12
	<u>10</u>	R'000	R'000
Breach of Contract		7	-
Cellphone		1	-
Employee		1	-
Ex-employee		41	-
Supplier/dishounered		410	-
Telephone	_	3	-
Total	-	463	
Total debt written off	_	463	

Debts amounting to R474 000 (inclusive of interest) were approved for write off. See attached submissions. However due to the interest reversal amounting to R11 000 that occurred (see attached debt enquiries), only an amount of R463 000 was written off on the system



## **Details of theft**

	Note	2012/13	2011/12
	<u>10</u>	R'000	R'000
Nature of theft			
Total			-
10.5 Forex losses			
	Note	2012/13	2011/12
	<u>10</u>	R'000	R'000
Nature of losses		-	-
Total		-	-

#### **Transfers and subsidies** 11.

	Note	2012/13	2011/12
		R'000	R'000
Departmental agencies and accounts	Annex 1C	95,615	74,137
Universities and technikons	Annex 1D	-	6,000
Public corporations and private enterprises	Annex 1E	27,245	35,000
Households	Annex 1H	292	665
Gifts, donations and sponsorships made	Annex 1K	473	1,381
Total		123,625	117,183

#### **12**. **Expenditure for capital assets**

Note	2012/13	2011/12
	R'000	R'000
	35,304	52,611
45	32,907	42,851
43	2,397	9,731
43	-	29
	35,304	52,611
	45 43	R'000 35,304 45 32,907 43 2,397 43 -



## 12.1 Analysis of funds utilised to acquire capital assets - 2012/13

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	35,304	-	35,304
Buildings and other fixed structures	32,430	-	32,430
Machinery and equipment	2,874	-	2,874
Total	35,304		35,304

## 12.2 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	52,611		52,611
Buildings and other fixed structures	42,851	-	42,851
Machinery and equipment	9,731	-	9,731
Biological assets	29	-	29
Total	52,611		52,611

## 13. Unauthorised expenditure

## 13.1 Reconciliation of unauthorised expenditure

	Note	2012/13	2011/12
		R'000	R'000
Opening balance			12,143
Less: Amounts approved by Parliament/Legislature with funding			(12,143)
Total		-	-

## 13.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2012/13	2011/12
	R'000	R'000
Total	-	-

## 13.3 Analysis of unauthorised expenditure awaiting authorisation per type

2012/13 2011/12	
R'000 R'000	
<u>-</u>	



## 13.4 Details of unauthorised expenditure – current year

## 14. Fruitless and wasteful expenditure

## 14.1 Reconciliation of fruitless and wasteful expenditure

Note	2012/13	2011/12
	R'000	R'000
Fruitless and wasteful expenditure awaiting resolution	-	-
Total		
		· ————

## 15. Cash and cash equivalents

Note	2012/13	2011/12
	R'000	R'000
Consolidated Paymaster General Account	10,510	12,040
Cash on hand	21	21
Total	10,531	12,061

#### 16. Other financial assets

	Note	2012/13	2011/12
		R'000	R'000
Total Current other financial assets		-	-
	Note	2012/13	2011/12
		R'000	R'000
Total Non-current other financial assets	_		

## 17. Prepayments and advances

Note	2012/13	2011/12
	R'000	R'000
Staff advances	120	-
Travel and subsistence	-	48
Total	120	48



## 18. Receivables

			2012/13			2011/12
		R'000	R'000	R'000	R'000	R'000
	Note	Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	18.1 Annex 4	204	-	-	204	-
Recoverable expenditure	18.3	195	-	-	195	128
Staff debt	18.4	3,366	803	1,115	5,284	2,635
Total		3,765	803	1,115	5,683	2,763

## 18.1 Claims recoverable

	Note	2012/13	2011/12
	18	R'000	R'000
Provincial departments		204	-
Total	-	204	

## 18.2 Trade receivables

Note	2012/13	2011/12
18	R'000	R'000

Total

## 18.3 Recoverable expenditure (disallowance accounts)

Note	2012/13	2011/12
18	R'000	R'000
Disallowance Damages and losses	195	1
SAL: Reversal Control	-	58
SAL: Tax Debt	-	64
SAL: ACB Recalls	-	(2)
Deduction Disallowance		7
Total	195	128



## 18.4 Staff debt

	Note	2012/13	2011/12
	18	R'000	R'000
Other			535
Tel/Cellphone debt		82	10
Other (employees debt)		459	9
S&T		11	
Ex-employee		725	627
Breach of Contract		54	95
Suppliers		4,432	1,359
Debt Receivable Interest		(479)	-
Total	_	5,284	2,635

## 18.5 Other debtors

	Note	2012/13	2011/12
	18	R'000	R'000
		-	-
Total		-	-

## 19. Investments

Note	20	12/13	2011/12	
	R	'000	R'000	
Closing balance		-		_

## 20. Loans

Note	2012/13	2011/12
	R'000	R'000
Analysis of Balance		
Closing balance		

## 21. Voted funds to be surrendered to the Revenue Fund

Note	2012/13	2011/12
	R'000	R'000
Opening balance	8,659	42,713
Transfer from statement of financial performance	10,908	8,659
Paid during the year	(8,659)	(42,713)
Closing balance	10,908	8,659



## 21.1 Voted funds / (Excess expenditure) transferred to the retained funds (Parliament / Legislatures ONLY)

	Note	2012/13	2011/12
	21	R'000	R'000
Closing balance		-	

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

Note	2012/13	2011/12
	R'000	R'000
Opening balance	5,509	5,374
Transfer from Statement of Financial Performance	35,755	44,118
Own revenue included in appropriation	25,369	21,230
Paid during the year	(64,795)	(65,213)
Closing balance	1,838	5,509

## 23. Direct Exchequer receipts to be surrendered to the Revenue Fund

		Note	2012/13 R'000	2011/12 R'000
Closi	ng balance			
24.	Bank Overdraft			
		Note	2012/13	2011/12
			R'000	R'000

## 25. Payables - current

Total

	Note	2012/13	2011/12
		R'000	R'000
Clearing accounts	25.2	-	(27)
Total		-	(27)

#### 25.1 Advances received

	Note	2012/13	2011/12
	25	R'000	R'000
Total	-		





## 25.2 Clearing accounts

	Note	2012/13	2011/12
	25	R'000	R'000
Medical Aid			(4)
Pension Fund			(23)
Total			(27)

## 25.3 Other payables

Note	2012/13	2011/12
25	R'000	R'000

Total

#### 26. Payables – non-current

	2012/13				2011/12
	R'000	R'000	R'000	R'000	R'000
Note	One to two years	Two to three years	More than three years	Total	Total
		_	_	_	

Total

#### 26.1 **Advances received**

Note	2012/13	2011/12
26	R'000	R'000
Total	-	-

## 26.2 Other payables

Note	2012/13	2011/12
26	R'000	R'000
	-	-

Total



## 27. Net cash flow available from operating activities

	Note	2012/13	2011/12
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		46,663	52,777
Add back non cash/cash movements not deemed operating activities		(23,905)	(36,223)
(Increase)/decrease in receivables – current		(2,920)	(353)
(Increase)/decrease in prepayments and advances		(72)	(38)
(Increase)/decrease in other current assets		-	12,143
Increase/(decrease) in payables - current		27	(27)
Proceeds from sale of capital assets		(8,159)	(13,863)
Expenditure on capital assets		35,304	52,611
Surrenders to Revenue Fund		(73,454)	(107,926)
Own revenue included in appropriation		25,369	21,230
Net cash flow generated by operating activities		22,758	16,554

## 28. Reconciliation of cash and cash equivalents for cash flow purposes

Note	2012/13	2011/12
	R'000	R'000
Consolidated Paymaster General account	10,510	12,040
Cash on hand	21	21
Total	10,531	12,061



## 29. Contingent liabilities and contingent assets

## 29.1 Contingent liabilities

	Note	2012/13	2011/12
		R'000	R'000
Liable to Nature			
Claims against the department	Annex 3B	28,748	20
Total	-	28,748	20
00.0			

## 29.2 Contingent assets

	Note	2012/13	2011/12
		R'000	R'000
Nature of contingent asset			
Total	_		

## 30. Commitments

	Note	2012/13	2011/12
		R'000	R'000
Current expenditure			
Approved and contracted	_	10,599	372
		10,599	372
Capital expenditure			
Approved and contracted	_	21,590	38,235
		21,590	38,235
Total Commitments	-	32,189	38,607



## 31. Accruals

		Note	2012/13	2011/12
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1,193	175	1,368	924
Capital assets	889	-	889	131
Other				
Total	2,082	175	2,257	1,055
Listed by programme level				
ADMINISTRATION			1,321	459
ENVIRONMENTAL AFFAIRS			909	465
ECONOMIC DEVELOPMENT		-	27	131
Total		_	2,257	1,055
Confirmed balances with other departments		Annex 5	1,534	
Total			1,534	

## 32. Employee benefits

Note	2012/13	2011/12
	R'000	R'000
Leave entitlement	5,258	5,115
Service bonus (Thirteenth cheque)	4,459	3,709
Performance awards	1,768	1,742
Capped leave commitments	7,099	6,662
Total	18,584	17,228



## 33. Lease commitments

## 33.1 Operating leases expenditure

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	6,257	6,257
Later than 1 year and not later than 5 years	-	-	-	10,111	10,111
Later than five years		-	-	496	496
Total lease commitments	-	-	-	16,864	16,864

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	4,057	4,057
Later than 1 year and not later than 5 years	-	-	-	6,614	6,614
Later than five years	-	-	-	141	141
Total lease commitments		-	-	10,812	10,812

	Note	2012/13	2011/12
		R'000	R'000
Rental earned on lease sub-leased assets	3	-	-
Total		-	-

## 33.2 Finance leases expenditure\*\*

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	1,008	1,008
Later than 1 year and not later than 5 years		-	-	1,254	1,254
Total lease commitments	-	-	-	2,262	2,262

<sup>\*\*</sup>This note excludes leases relating to public private partnership as they are separately disclosed to note no.39.

Finance lease includes 3G, Cell phones and photocopier machines

	Note	2012/13	2011/12
		R'000	R'000
Rental earned on lease sub-leased assets	3		
Total			



## 33.3 Operating lease revenue\*\*

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Total operating lease revenue receivable	1 14 1/2 ·	4		<u> </u>	-

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Total operating lease revenue receivable	-	-	-	-	-

## 34. Receivables for departmental revenue

Note	2012/13	2011/12
	R'000	R'000
Tax revenue	3,084	5,509
Sales of goods and services other than capital assets	1,839	-
Interest, dividends and rent on land	-	1,000
Other		
Total	4,923	6,509

## 34.1 Analysis of receivables for departmental revenue

No	lote	2012/13	2011/12
		R'000	R'000
Opening balance		6,509	-
Less: amounts received		6,509	-
Add: amounts recognised		(4,923)	6,509
Less: amounts written-off/reversed as irrecoverable	_		
Closing balance		(4,923)	6,509

## 34.2 Receivables for department revenue written off

Note	2012/13	2011/12
	R'000	R'000
Nature of losses		
Total		



## 35. Irregular expenditure

## 35.1 Reconciliation of irregular expenditure

Note	2012/13	2011/12
	R'000	R'000
Opening balance	27,391	-
Add: Irregular expenditure - relating to prior year	4,175	23,449
Add: Irregular expenditure - relating to current year	25,582	18,263
Less: Amounts condoned	(42,944)	(14,321)
Irregular expenditure awaiting condonation	14,204	27,391
Analysis of awaiting condonation per age classification		
Current year	10,029	15,967
Prior years	4,175	11,424
Total	14,204	27,391

## 35.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Proper SCM processes not followed (Infrastructure projects)	None	13,953
Expenditure based on expired contracts	None	165
Infrastructure costs (Phillip Saunders)	None	1,723
Three quotations not obtained	To be investigated	1,965
Supplier who scored the highest points was not selected	To be investigated	283
Three quotations not obtained	To be investigated	54
Procurement split into parts	To be investigated	57
Three quotations not obtained	To be investigated	687
Procurement from deregistered suppliers	To be investigated	225
Suppliers not registered on the centralized database and no tax clearance certificate	To be investigated	164
No SCM processes followed to make payments to FSTA	To be investigated	4,662
Tender procedures not followed	To be investigated	500
Tender procedures not followed	To be investigated	1,432
Total		25,870



## 35.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2012/13 R'000
Tender procedures not followed by DPW	Accounting Officer	26,588
Expenditure on expired contract	Accounting Officer	407
Three quotations not obtained	Accounting Officer	1,578
Split invoices	Accounting Officer	633
Payments to suppliers not on supplier list	Accounting Officer	634
Declaration of interest not attached	Accounting Officer	6,247
Proper SCM processes not followed	Accounting Officer	4,969
Expenditure based on expired contracts	Accounting Officer	165
Infrastructure costs Phillip Sanders	Accounting Officer & DPW	1,723
Total		42,944

## 35.4 Details of irregular expenditure recoverable (not condoned)

Incident	2012/13 R'000
Total	

## 35.5 Details of irregular expenditures under investigation

Incident	2012/13 R'000
Proper SCM procedures not followed	288
Three quotations not obtained CEOs Technologies	340
Three quotations not obtained for procurement of computers	1,965
Supplier who scored the highest points was not selected	283
Tender processes not followed – Bokamoso Asset Management	1,502
Three quotations not obtained	54
Procurement split into parts	57
Three quotations not obtained	687
Procurement from deregistered suppliers	225
Suppliers not registered on the centralized database and no tax clearance	164
No SCM processes followed to make payments to FSTA	4,662
Tender processes not followed	500
Tender processes not followed	1,432
Three quotations not obtained	212
No evidence that the condoned irregular expenditure of prior year was investigated	2,121
Total	14,492



## 35.6 Details of irregular expenditure not recoverable (not condoned)

Incident	Not condoned by (condoning authority)	2012/13 R'000
Total		

## 36. Fruitless and wasteful expenditure

## 36.1 Reconciliation of fruitless and wasteful expenditure

Note	2012/13	2011/12
	R'000	R'000
Opening balance	9,706	541
Fruitless and wasteful expenditure – relating to prior year	-	5,840
Fruitless and wasteful expenditure – relating to current year	6,091	4,074
Less: Amounts resolved	(15,797)	(487)
Less: Amounts transferred to receivables for recovery		(262)
Fruitless and wasteful expenditure awaiting resolution		9,706

## 36.2 Analysis of awaiting resolution per economic classification

	2012/13	Dec-11
	R'000	R'000
Current		3 866
Capital		5 840
Total	-	9,706

## 36.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Cellphone and compensation costs paid to Liquor Inspectors and former CFO	No disciplinary steps taken. This was a management decision	6,091
Total		6,091



## 37. Related party transactions

Revenue received	Note	2012/13	2011/12
		R'000	R'000
Tax revenue/ User charges		42,886	42,073
Total		42,886	42,073
Payments made	Note	2012/13	2011/12
		R'000	R'000
Goods and services		4,662	-
Interest and rent on land		7,706	7,706
Total		13,454	7,706
	Note	2012/13	2011/12
		R'000	R'000
Year end balances arising from revenue/payments			
Receivables from related parties	_	3,084	5,509
Total	_	3,084	5,509
	Note	2012/13	2011/12
		R'000	R'000
Loans to /from related parties			
Total	<del>-</del>		
	_		
	Note	2012/13	2011/12
		R'000	R'000
Other	_		
Total	_		
	Note	2012/13	
		R'000	
In kind goods and services provided/received			
Total	=	_	
	_		



Free State Gambling & Liquor Authority - Public entity reporting to DETEA

Free State Tourism Authority - Public entity reporting to DETEA

Free State Development Corporation - Public entity reporting to DETEA

Department of Public Works pays buildings rental on behalf of the department.

Department of Treasury pays the transversal operating systems

Payments made to FSTA (not transfers) indicated under payments made for goods

and services

## 38. Key management personnel

		No. of Individuals	2012/13	2011/12
			R'000	R'000
Politic	cal office bearers (provide detail below)	1	1,652	1,697
Officia	als:			
Le	vel 15 to 16	5	4,795	3,323
Le	vel 14 (incl. CFO if at a lower level)	4	5,475	3,869
Total		_	11,922	8,889
Key m	anagement personnel (Parliament/Legislatures)			
		No. of Individuals	2012/13	2011/12
			R'000	R'000
Total			-	-
39.	Public Private Partnership			
		Note	2012/13	2011/12
			R'000	R'000
There	are no guarantees.	-		
40.	Impairment			
		Note	2012/13	2011/12
			R'000	R'000
Total		-	-	-
41.	Provisions			
		Note	2012/13	2011/12
			R'000	R'000
Total		-	-	-



## 42. Non-adjusting events after reporting date

Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made.

2012/13 R'000

Total

## 43. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	6	-	-	-	6
Heritage assets	6	-	-	-	6
MACHINERY AND EQUIPMENT	43,559	(4,016)	3,201	1,274	41,470
Transport assets	5,150	80	125	27	5,328
Computer equipment	12,144	(1,985)	681	766	10,074
Furniture and office equipment	11,576	(2,271)	1,106	92	10,319
Other machinery and equipment	14,689	160	1,289	389	15,749
SPECIALISED MILITARY ASSETS	872	-	-	-	872
Specialised military assets	872	-	-	-	872
BIOLOGICAL ASSETS	53,828	18,475	24,654	13,967	82,990
Biological assets	53,828	18,475	24,654	13,967	82,990
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	98,265	14,459	27,855	15,241	125,338



#### 43.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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
MACHINERY AND EQUIPMENT	3,201		-	-	3,201
Transport assets	125	-	-	-	125
Computer equipment	681	-	-	-	681
Furniture and office equipment	1,106	-	-	-	1,106
Other machinery and equipment	1,289	-	-	-	1,289
SPECIALISED MILITARY ASSETS	-	-	-	-	-
BIOLOGICAL ASSETS		24,654	-	-	24,654
Biological assets	-	24,654	-	-	24,654
_					
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3,201	24,654	-	-	27,855

## 43.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT		1,274	1,274	
Transport assets		27	27	-
Computer equipment		766	766	-
Furniture and office equipment		92	92	-
Other machinery and equipment		389	389	-
BIOLOGICAL ASSETS	10,486	3,481	13,967	8,159
Biological assets	10,486	3,481	13,967	8,159
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	10,486	4,755	15,241	8,159



#### 43.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	6	-	-	6
Heritage assets	6	-	-	6
MACHINERY AND EQUIPMENT	30,311	14,741	1,493	43,559
Transport assets	2,588	2,659	97	5,150
Computer equipment	10,557	1,906	319	12,144
Furniture and office equipment	7,981	4,191	596	11,576
Other machinery and equipment	9,185	5,985	481	14,689
SPECIALISED MILITARY ASSETS	831	41	-	872
Specialised military assets	831	41	-	872
BIOLOGICAL ASSETS	52,226	12,807	11,205	53,828
Biological assets	52,226	12,807	11,205	53,828
TOTAL MOVABLE TANGIBLE ASSETS	 83,374	27,589	12,698	98,265

#### 43.4 Minor assets

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013

	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
Opening balance	405	32	61	29,401	31,145	61,044
Curr Year Adjustments to Prior Year balances	-	(14)	(35)	(5,140)	189	(5,000)
Additions	-	-	-	1,505	6,217	10,385
Disposals	-	-	-	1,637	4,700	6,337
TOTAL MINOR ASSETS	405	18	26	24,129	32,851	61,044

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013



	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total	
Number of R1 minor assets	-	-	-	24		24	
Number of minor assets at cost	117	8	12	25,702	23,075	48,914	
TOTAL NUMBER OF MINOR ASSETS	117	8	12	25,726	23,075	48,938	

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012

	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
Opening balance	397	16	55	27,036	29,472	56,976
Additions	17	16	6	3,792	6,554	10,385
Disposals	9	-	-	1,427	4,881	6,317
TOTAL MINOR ASSETS	405	32	61	29,401	31,145	61,044

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	8	29	37
Number of minor assets at cost	198	6	11	14,231	24,250	38,696
TOTAL NUMBER OF MINOR ASSETS	198	6	11	14,239	24,279	38,733

#### 43.5 Movable assets written off

#### MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2013

		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
TOTAL MOVABLE WRITTEN OFF	ASSETS	-	-	-	-	-	-

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013



#### MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2012

	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
TAL OVABLE SETS RITTEN OFF	-	-	-	-		

## 44. Intangible Capital Assets

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	45	-	-	-	45
TOTAL INTANGIBLE CAPITAL ASSETS	45	-	-	-	45

#### 44.1 Additions

#### ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	-	-	-	-	-

## 44.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

DIGI COALO OI INTAIN	GIDLL	OAI HALAGGE	TOTEITAGGE	THEGISTETTION	TIE TEATTENDED ST	WATTOTT Z010
			Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
			R'000	R'000	R'000	R'000
TOTAL DISPOSALS CAPITAL ASSETS	OF	INTANGIBLE	-	-	-	-



#### 44.3 Movement for 2011/12

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	45		-	45
TOTAL INTANGIBLE CAPITAL ASSETS	45	-	-	45

## 45. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-	-
Non-residential buildings	(6)	-	-	-	(6)
Other fixed structures	6	-	-	-	6
HERITAGE ASSETS	6	-	-	-	6
Heritage assets	6	-	-	-	6
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	6	-	-	-	6

#### 45.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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	32,907	-	(32,907)	-	-
Dwellings	32,907	-	(32,907)	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	32,907	-	(32,907)	-	-



## 45.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

Sold for	Transfer out or	Total	01
cash	destroyed or scrapped	Total disposals	Cash Received Actual
R'000	R'000	R'000	R'000

TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS

#### 45.3 Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

Opening balance	Additions	Disposals	Closing balance
R'000	R'000	R'000	R'000
	42,851	42,851	-
(6)	-	-	(6)
6	42,851	42,851	6
6	-	-	6
6	-	-	6
6	42,851	42,851	6
	balance R'000  (6) 6  6	balance           R'000         R'000           42,851         -           6         42,851           6         -           6         -           6         -	balance           R'000         R'000           42,851         42,851           (6)         -         -           6         42,851         42,851           6         -         -           6         -         -           6         -         -

#### 45.4 Immovable assets valued at R1

#### IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2013

Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total	
R'000	R'000	R'000	R'000	
-	-	-		-

IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER AS AT 31 MARCH 2012

Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
R'000	R'000	R'000	R'000
-	-	-	-

**TOTAL** 

**TOTAL** 



# 45.5 Immovable assets written off

# IMMOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2013

Buildings and other fixed structures	Heritage assets	Land and subsoil assets		Total
R'000	R'000	R'000	R'000	R'000

TOTAL IMMOVABLE ASSETS WRITTEN OFF

# IMMOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2012

Buildings and other fixed structures	Heritage assets	Land and subsoil assets		Total
R'000	R'000	R'000	R'000	R'000

TOTAL IMMOVABLE ASSETS WRITTEN OFF

# 45.6 Assets subjected to transfer in terms of S42 of the PFMA

	No of Assets	Value of Assets
		R'000
	-	-
Total	-	-



# 46. Transfer of functions

Provide a description of the changes as a result of the transfer or receipt of functions

# 46.1 Statement of Financial Position

А	ı _		
N	വ	Τ	F

AFS before (transferred)/ (transferre transfer received received	
2011/12 2011/12 2011/12	2011/12 2011/12
R'000 R'000 R'000	R'000 R'000

**ASSETS** 

**NET ASSETS** 

# 46.2 Disclosure Notes

Note

Bal per dept 2011/12 AFS before transfer	Functions per dept (transferred) / received	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2011/12 Bal after transfer
2011/12	2011/12	2011/12	2011/12	2011/12
R'000	R'000	R'000	R'000	R'000

Contingent liabilities

N/A				
-----	--	--	--	--



# 47. STATEMENT OF CONDITIONAL GRANTS RECEIVED

2011/12	Amount spent by department	R'000	•	42,833	1	42,833
201	Division of Revenue Act	R'000		51,237	•	51,237
	% of available funds spent by department	%	74%	%86	%68	
SPENT	Under / (Overspending)	R'000	262	2,359	1,301	3,922
	Amount spent by department	R'000	738	32,691	10,174	43,603
	Amount received by department	R'000	1,000	35,050	11,475	47,525
	Total Available	R'000	1,000	35,050	14,925	50,975
NOIT	Other Adjustments	R'000		1,650	1	1,650
GRANT ALLOCATION	DORA Adjustments	R'000	1	1	1	1
5	Roll	R'000	1	ı	ı	1
	Division of Revenue Act/ Provincial Grants	R'000	1,000	33,400	14,925	49,325
	NAME OF DEPARMENT		EPWP	Infrastructure Enhancement Allocation	Revenue Enhancement Allocation	

# 48. STATEMENT OF UNCONDITIONAL GRANTS RECEIVED

H C H M A N			GRANT ALLOCATION	ATION			Spent		2011/12	/12
DEPARTMENT	Amount	Roll	DORA adjustments	Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Total available	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000



# STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES 49.

2011/12	Division of Revenue Act	R'000
	% of available funds spent by department	%
SPENT	Amount spent by department	R'000
	Amount received by department	R'000
SFER	Re-allocations by National Treasury or National Department	%
TRANSFER	Funds Withheld	R'000
	Actual Transfer	R'000
	Total Available	R'000
GRANT ALLOCATION	Roll Adjustments Overs	R'000
GRANT A	Roll	R'000
	Division of Revenue Act	R'000
NAME OF	GRANT	

# STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES 20.

		0		
2011/12	Division of Revenue Act	R'000		
	% of available funds spent by department	%		
SPENT	Amount spent by department	R'000		
	Amount received by department	R'000		
TRANSFER	% of Available funds Transferred	%		
TR	Actual Transfer	R'000		
	Total Available	R'000		
GRANT ALLOCATION	Other Adjustments	R'000		
GRANI	(0	R'000		
	Amount Roll Overs	R'000		
NAME OF PROVINCE / GRANT				

# STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES 51.

	Funds Withheld Re-allocations by National Treasury or National Department	%
TRANSFER	Funds Withheld	R'000
	Actual Transfer	R'000
	Total Available	
OCATION	Adjustments	R'000
GRANT ALLOCATION	Roll Overs	R'000
	Division of Revenue Act	R'000
NAME OF	MONICIPALITY	



# **ANNEXURE 1A (UNAUDITED SCHEDULE)**

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

# Revenue 2011/12 Division R'000 Act % of available funds spent by municipality % nunicipality SPENT Amount spent by R'000 eceived by municipality **Amount** R'000 Re-allocations by National Department or National Treasury **TRANSFER** Withheld Funds **R**′000 Transfer Actual **R**′000 Available Total **Adjustments** GRANT ALLOCATION R'000 R'000 Roll Division of Revenue R'000 Act MUNICIPALITY NAME OF

# **ANNEXURE 1B**

# STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

2011/12	Total Available	R'000
	% of available funds spent by municipality	%
SPENT	Amount spent by municipality	R'000
	Amount received by municipality	R'000
TRANSFER	% of Available funds Transferred	%
TR/	Actual Transfer	R'000
_	Total Available	R'000
GRANT ALLOCATION	Adjustments	R'000
GRAI	Roll	R'000
	Amount	R'000
	NAME OF MUNICIPALITY	



# **ANNEXURE 1C**

# STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/		TRANSFER /	TRANSFER ALLOCATION		TRAN	TRANSFER	2011/12
ACCOUNT	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Free State Tourism Authority	47,314	1	ı	47,314	47,314	100%	29,563
Free State Gambling and Liquor Authority	48,251	ı	•	48,251	48,251	100%	44,592
Com TV Licences	169	•	1	169	50	30%	
	95,734	•	1	95,734	95,615		74,155

# **ANNEXURE 1D**

# STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

		TRANSFER ALLOCATION	LLOCATION			TRANSFER		2011/12
ONIVERSITY/J ECHNIKON	Adjusted Appropriation	Roll	Adjust- ments	Total Available	Actual Transfer	Amount not transferred	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
University Of the Free State		1	•	1	1			6,000

6,000

35,000

35,000

35,000

100%

27,245

27,245



# **ANNEXURE 1E**

# STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

2011/12	Appropriation Act	R'000
	Current	R'000
RE	Capital	R'000
EXPENDITURE	% of Available funds Transferred	%
	Actual Transfer	R'000
	Total Available	R'000
ALLOCATION	Adjustments	R'000
TRANSFER	Roll Overs	R'000
	Adjusted Appropriation Act	R'000
NAME OF PUBLIC	CORPORALION/PRIVALE	

Public Corporations

Transfers

Free State Development Corporation

27,245

Total

27,245

,245

27,

.

27,245

27,245

,245

27,

**ANNEXURE 1F** 

TOTAL

# STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

2011/12	Appropriation Act	R'000
DITURE	% of Available funds Transferred	%
EXPENDITUR	Actual Transfer	R'000
	Total Available	R'000
TRANSFER ALLOCATION	Adjustments	R'000
TRANSFER	Roll	R'000
	Adjusted Appropriation Act	R'000
	POKEIGN GOVEKNMENI/INI EKNAIIONAL ORGANISATION	

Transfers

Total

# **ANNEXURE 1G**

# STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TR	TRANSFER ALLOCATION	ATION		EXF	EXPENDITURE	2011/12
NON-PROFIT INSTITUTIONS	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Total							

# **ANNEXURE 1H**

# STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	1	TRANSFER ALLOCATION	TION		EXF	EXPENDITURE	2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity	416	ı	ı	416	227	25%	2,439
Injury on duty		ı	1		65		1
•							
Total	416	1	1	416	230		2,439

# **ANNEXURE 11**

# STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

2011/12	R'000	
2012/13	R'000	
TION NATURE OF GIFT, DONATION OR SPONSORSHIP		
NAME OF ORGANISAT		

TOTAL



# **ANNEXURE 1J**

# STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
Received in cash					

# **ANNEXURE 1K**

TOTAL

# STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT DONATION OR SPONSOBSHIP	2012/13	2011/12
(Group major categories but list material items including name of organisation	R'000	R'000
Paid in cash		
Dutch Reformed Church Winburg	10	10
Kroonstad Colleagians marathon club		10
Orange River Basin Symposium. Sponsoring conference bags and gala dinner		65
Launch of Steve Bogacu Development Network and Capacity Building (SBDN for potential SMMEs		51
Transport for women month closing event in Villiers		45
Transport for women month closing event in Villiers		80
Transport for women month closing event in Villiers		53
Transport for women month closing event in Villiers		<b>o</b>
Transport for women month closing event in Villiers		6
Launch of Steve Bogacu Development Network and Capacity Building (SBDN for potential SMMEs		86
Launch of Steve Bogacu Development Network and Capacity Building (SBDN for potential SMMEs		32
Launch of Steve Bogacu Development Network and Capacity Building (SBDN for potential SMMEs		15
Funding for Youth Entrepreneurs session		33
FSTA paid sponsorship relating to the Tourism month on behalf of the department		943

# DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS VOTE 3 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

-	-	0	
	-		
		2	

NATURE OF GIFT DONATION OR SPONSOBSHIP		07/1700
	£1/2102	ZL/LL0Z
Group major categories but list material items including name of organisation	R'000	R'000
Progressive Women Movement	36	
Rekhone Community Project – Christmas hampers for the elderly	28	
AHI Free State – Stars and Planets	147	
Mapoko research International – Books for SMMEs	75	
Metso ya Lefa Trading – Photo frames for the Techno Girl Project	12	
AHI – School competition	20	
Jumanji African Tour – Transporting 60 Women from Lejweleputswa to KZN	80	
Transport people from Henneman and Ventersburg to Bloemfontein	7	
Hamba Nathi travel – Transport musical group Ala Yen to Gauteng	0	
Floyd Consulting – Corporate gifts at the Free Stare provincial Tourism Introspection Event	49	
Subtotal	473	1,381
Made in kind		
Free accommodation entrance and exhibition stalls at the game auction	18	22
Donations of game to 3 emerging black game farmers	1	55
Donations of game to 3 emerging black game farmers	•	23
Donations of game to 3 emerging black game farmers		က
Game donation to 2 farmers Mr Phahla and Mr Tlhapuletsa	83	
Game donation to 2 farmers Mr Morumo and Mr Dube	45	
Game meat donation to Social Development	48	
Assets donated	36	
Subtotal	230	103
TOTAL	703	1,484



# **ANNEXURE 1L**

# STATEMENT OF ACTUAL MONTHLY EXPENDITURE PER GRANT

Grant Type	Apr	Мау	Jun	luc	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2013	2013	2013	Total
	R'000	R'000	R'000	R'000	R,000	R'000	R,000	R,000	R'000	R'000	R'000	R,000	R'000
Old age	N/A												
Other													

# **ANNEXURE 2A**

# STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Losses	Yes/No
Profit/(Loss) for the year R'000	2011/12
Profit/(Los ye R'(	2012/13
Net Asset value of investment R'000	2011/12
Net Asse inves R'	2012/13
Cost of investment R'000	2012/13 2011/12
Cost of in	2012/13
mber of shares held	2011/12
Number	2012/13
% H	11/12
<u>5</u>	12/13
State Entity's PFMA Schedule type (state year	March)
Name of Public Entity	

National/ Provincial

Public Entity

# TOTAL

# ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (CONTINUED)

mounts owing by Entities	R'000	2011/12
Amounts	Č	2012/13
Amounts owing to Entities	R'000	2011/12
Amounts	. E	2012/13
Net Asset value of Investment	R'000	2011/12
Net Asset vali Investmer	B,(	2012/13
vestment	000	2011/12
Cost of in	R'000	2012/13
Nature of business		
Name of Public Entity		

Controlled entities

TOTAL

# 7

# **ANNEXURE 3A**

# STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 - LOCAL

Guarantor	inarantor Guarantee in	Original	Opening	Guarantees	Guarantees	Revaluations	Closing	Guaranteed	Realised
institution	respect of	guaranteed	balance	draw downs	repayments/ cancelled/		balance	interest for	losses not
		capital	1 April 2012	during the	reduced/ released		31 March	year ended	recoverable
		amonut		year	during the year		2013	31 March	i.e. claims
								2013	paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000

Motor vehicles N/A

TOTAL

# **ANNEXURE 3A (CONTINUED)**

# STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 - FOREIGN

Guarantor Guarantee		in Original	Opening	Guarantees	Guarantees	Revaluations	Closing	Guaranteed	Realised
Institution	respect of	guaranteed	balance	draw downs	repayments/		balance	interest for	losses not
		capital	1 April 2012	during the	cancelled/reduced/		31 March	year ended	recoverable
		amonut		year	released during the		2013	31 March	i.e. claims
					year			2013	paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	MALL								

Motor vehicles

Total



# **ANNEXURE 3B**

# STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012

Nature of Liability	Opening Balance 1 April 2012	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2013
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Random Chemicals	21		1		21
Maree Anna Elizabeth	1	12	12		
Oosthuizen	ı	1,600			1,600
Wessels	ı	2,200			2,200
Home made Retail	1	12,272			12,272
Trade Blaze Eleven/ MEC of DETEA and ML Mokone	•	191			191
PKX	ı	12,441			12,441
Dihlabeng Conservation	ı	51	51		
Letsatsi la Afrika	ı		•		23
Subtotal	23	28,790	63		28,748
TOTAL	23	28,790	63		28,748
				1	

# ANNEXURE 3B (continued)

	Movement during Closing Balance year 31 March 2013	R'000 R'000
	Details of Liability and Recoverability	
	Opening Balance 1 April 2012	R'000
Nature of Liabilities recoverable		

Total

# 1

# **ANNEXURE 4**

# CLAIMES RECOVERABLE

Government Entity	Confirme	Confirmed balance outstanding	Unconfirmed balance outstanding	onfirmed balance outstanding	To	Total
	31/03/2013	31/03/2013 31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Education	204				204	
TOTAL	204				204	

# **ANNEXURE 5**

# INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding	e outstanding	Unconfirmed bal	Unconfirmed balance outstanding	OT	TOTAL
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of the Premier	170	11		80	170	19
COGTA	-				-	
Fleet	1,363				1,363	
Subtotal	1,534	11		8	1,534	19
Total	1,534	11		80	1,534	19



# **ANNEXURE 5**

# INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding	e outstanding	<b>Unconfirmed</b> b	Unconfirmed balance outstanding	TC	TOTAL
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of the Premier	170	11		00	170	19
COGTA	1					
Fleet	1,363				1,363	
Total	1,534	11		8	1,534	19
ANNEXURE 6						

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1	Z

Inventory	Note	Quantity	2012/13	Quantity	2011/12
			R'000		R'000
Opening balance		I			
Add/(Less): Adjustments to prior year balance		ı			
Add: Additions/Purchases - Cash		141	9,676		6,735
Add/(Less): Adjustments		(141)	(9,676)		(6,735)

Closing balance



# **ANNEXURE 7**

# **MOVEMENT IN CAPITAL WORK IN PROGRESS**

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance	
	R'000	R'000	R'000	R'000	
HERITAGE ASSETS	6	-	-	6	
Heritage assets	6	-	-	6	
MACHINERY AND EQUIPMENT	43,559	-	-	43,559	
Transport assets	5,150	-	-	5,150	
Computer equipment	12,144	-	-	12,144	
Furniture and office equipment	11,576	-	-	11,576	
Other machinery and equipment	14,689	-	-	14,689	
SPECIALISED MILITARY ASSETS	872	-	-	872	
Specialised military assets	872	-	-	872	
DIOLOGICAL ACCETO	50,000			50.000	
BIOLOGICAL ASSETS	53,828	-	-	53,828	
Biological assets	53,828	-	-	53,828	
BUILDINGS AND OTHER FIXED STRUCTURES	-	32,748	_	32,748	
Dwellings	_	32,430	_	32,430	
Non-residential buildings	_	318		318	
Other fixed structures	_	-	_		
Other hadd structures				-	
TOTAL	98,265	32,748	-	131,013	





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# 5.5 Annual Financial Statements of Trust Funds Nature Conservation

# Mandate or purpose of the entity

The trust account was opened on 31 March 1984. The initial balance consisted of a donation made to the Provincial Government. No additional money was invested in the trust, any subsequent increases are the result of accumulated interest. Money was donated for the establishment and development of Provincial nature reserves for the Free State.

# Legislative framework or Act within which the entity operates

Nature Conservation (Ordinance 8 of 1969).

# **Approval**

The Annual Financial Statements set out on pages 202 to 208 have been approved by the Accounting Officer.

MR M. SELEKE ACCOUNTING OFFICER

31 MAY 2013



# REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE ON THE NATURE CONSERVATION TRUST FUND

## REPORT ON THE FINANCIAL STATEMENTS

## Introduction

47. I have audited the financial statements of the Nature Conservation Trust Fund set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

## Accounting officer's responsibility for the financial statements

48. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor-General's responsibility

- 49. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2001) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 50. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 51. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

# **Opinion**

52. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nature Conservation Trust Fund as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the PFMA.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

53. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

## Compliance with laws and regulations

54. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA.



# **INTERNAL CONTROL**

55. I considered internal control relevant to my audit of the financial statements, and compliance with laws and regulations. I did not identify any deficiencies in internal control which we considered sufficiently significant for inclusion in this report

AUDITOR -GENERAL
Bloemfontein
31 July 2013



Auditing to build public confidence

# TRUST FUNDS NATURE CONSERVATION ACCOUNTING POLICIES for the year ended 31 March 201



The financial statements have been, unless otherwise indicated, prepared in accordance with the following policies, which have been applied consistently in all material respects. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements. Deviances from the basis of preparation must be clearly stated and if possible the effect of non-compliance should be disclosed in the notes to the financial statements.

## 1. Basis of preparation

These annual financial statements were prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999).

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

## 2. Revenue from exchange transaction

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

## Measurement

Revenue shall be measured at the fair value of the consideration received or receivable.

## Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions shall be recognized when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- (b) the amount of the revenue can be measured reliably.

Revenue shall be recognized using the following accounting treatments:

- (a) Interest shall be recognized using the effective interest rate method as set out in the Standard of GRAP on Financial Instruments.
- (b) Royalties shall be recognized as they are earned in accordance with the substance of the relevant agreement.
- (c) Dividends or similar distributions shall be recognized when the owner's right to receive payment is established.

# 3. Financial Instruments

# **Initial Recognition**

The department recognizes a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

The department classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

## TRUST FUNDS NATURE CONSERVATION ACCOUNTING POLICIES for the year ended 31 March 201



## **Initial Measurement**

Financial instrument are measured initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## **Subsequent Measurement**

Financial instruments at amortized cost are subsequently measured at amortized cost using effective interest method.

## Derecognition

A financial asset is derecognized at trade date, when:

The cash flows from the asset expire, are settled or waived;

- a) Significant risks and rewards are transferred to another party; or
- b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

## Gains and losses

For financial assets and financial liabilities measured at amortized cost or cost, a gain or loss is recognized in surplus or deficit when the financial asset or financial liability is derecognized or impaired or through the amortization process.

## **Impairments**

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

## Financial assets held at amortized cost:

The department first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in surplus or deficit.

## 4. Equity

Equity is the net difference between assets and liabilities. It is represented by Trust Fund Capital Account. The Capital Account represents the net carrying value of assets. As such all decreases or increases with regard to assets, are to be debited or credited to this account, with a contra entry to the relevant asset accounts.

## 5. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures reasonable expected to be available.

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		ENTITY		
		2013	2012	
	Notes	Actual R'000	Actual R'000	
REVENUE			-	
Revenue from exchange transactions	1	30	31	
Other Revenue		30	31	
TOTAL REVENUE		30	31	
EXPENDITURE		-	-	
SURPLUS FOR THE PERIOD BEFORE TAX		30	31	
TAXATION				
SURPLUS/DEFICIT FOR THE YEAR		30	31	



		ENTITY		
		2013	2012	
	Notes	Actual R'000	Actual R'000	
ASSETS				
Non Current assets		609	579	
Non Current Investment	2	609	579	
TOTAL ASSETS		609	579	
EQUITY AND LIABILITIES				
Current Liabilities		0	0	
Other Current Financial Liabilities		0	0	
TOTAL LIABILITIES		0	0	
Net Assets		609	579	
Accumulated surplus		609	579	
TOTAL NET ASSETS AND LIABILITIES		609	579	

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		ENTITY		
	Notes	Accumulated Surplus Actual R'000	Total Net Asset	
Balance at 1 April 2011		548	548	
Surplus or deficit for the period	1	31	31	
Balance at 31 March 2012		579	579	
Surplus or deficit for the period	1	30	30	
Balance at 31 March 2013		609	609	



		ENTI	TY
		2013	2012
	Notes	Actual R'000	Actual R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
			The base
Revenue from exchange transactions	1	30	31
Net cash inflows from operating activities		30	31
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalised interest on investment		(30)	(31)
Net cash inflows from investing activities		(30)	(31)
Net increase in cash and cash equivalents			-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

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		ENT	TITY
		2013	2012
		Actual R'000	Actual R'000
1	Income from investments		
	Revenue from exchange transactions	30	31
2	Current Assets	609	579
	Cash and cash equivalents	609	579
3.	Restatement of comparative information  Cash and cash equivalents have been reclassified as non current investment. The effect of the restatement is summarised below:		
	Statement of financial position		
	Cash and cash equivalents		(579)
	Non current investment		579
	Cashflow statement		
	Net increase in cash and cash equivalents		(31)
	Cash and cash equivalents at the beginning of the year		(548)
	Cash and cash equivalents at the end of the year		(579)

Increase in other investment