



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

VOTE NO. 3

ANNUAL REPORT
2016/2017 FINANCIAL YEAR



destea

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

VOTE NO. 3

ANNUAL REPORT

2016/2017 FINANCIAL YEAR

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PART A:

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

Acronyms	Description
AIDS	Acquired Immune Deficiency Syndrome
AMKPI	Asset Management Key Performance Indicator
APP	Annual Performance Plan
AQMP	Air Quality Management Plan
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
CCCU	Central Communication Coordinating Unit
DCC	Departmental Consultative Committee
DESTEA	Department of Economic, Small Business Development, Tourism and Environmental Affairs
DM	District Municipality
DMP	Demand Management Plan
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EHWP	Employee Health and Wellness Programme
EMC	Environmental Management Committee
EPWP	Expanded Public Works Programme
ETEYA	Emerging Tourism Entrepreneur of the Year Awards
EXCO	Executive Council
FDC	Free State Development Corporation
FS	Free State
FSGDS	Free State Growth and Development Strategy
GDP	Gross Domestic Product
GIAMA	Government Immovable Asset Management Act
HIV	Human Immune Deficiency Virus
HOD	Head of Department
HR	Human Resource
ICT	Information Communication Technology
IDP	Integrated Development Plan
IEMFFS	Integrated Environmental Management Framework of Free State
ITC	Information Technology and Communication
IWMP	Integrated Waste Management Plan
LED	Local Economic Development
MEC	Member of the Executive Council
MSP	Master Systems Plan
MTSF	Medium-Term Strategic Framework
MTEF	Medium-Term Expenditure Framework
NEMA	National Environmental Management Act
NSSD	National Strategy on Sustainable Development
PA	Protected Area
PP	Procurement Plan
PMDS	Performance Management Development System
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PMG	Pay Master General
PSBAC	Provincial Small Business Advisory Council
RIDS	Regional Industrial Development Strategy
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SMME	Small, Medium and Micro Enterprise
SMS	Senior Management Services
SRI	Social Responsibility Initiatives
Stats SA	Statistics South Africa
DTI	Department of Trade and Industry
UAMP	User Asset Management Plan
VCCT	Voluntary and Confidential Counselling and Testing
WIS	Waste Information System
LOGIS	Logistics Information System
CSD	Central Supplier Database

3. FOREWORD BY THE MEC



As champions of economic growth, DESTEA has made ongoing efforts to ensure radical socio economic transformation. The efforts were in a form of programmes and projects aimed for continuing active interventions to ensure that all our people benefit equitably from the government's programme of action as declared by the Freedom Charter that- **People shall Share in the Country's Wealth.**

Cooperation and collaboration between the DESTEA, state owned agencies, private sector and national and provincial departments on economic programmes and small business support has yielded good results. The successful hosting of the following events can confirm that:

- Global Trade Bridge
- Flower festival
- National Informal Business Seminar
- Launch of industrial park in Botshabelo

The economic initiatives in different parts of the Free State that demonstrated investor's confidence in the province undoubtedly injected much more needed capital and created sustainable jobs for the people of the Free State. These are: Lemo Mall Bloemside, Botshabelo Mall and Thabong Mall in Matjhabeng.

The DTI industrial park revitalization programme in Botshabelo that was launched in 2016 provided much needed jobs and contributed to the economic growth, attracted investments, diversified economic activities and addressed inequality. The industrial park is still operational and is envisaged to do even better in a long run with regards to growing the economy. Progress with regard to inward investment promotion and MAP SEZ is pleasing. The launch of this big project which is envisaged to attract investments into the province particularly at Maluti-A-Phofung Special Economic Zone will take place in April 2017.

We have to acknowledge the MEC Youth Engagement event held in Welkom last year to engage youth entrepreneurs in the Free State province and the society in general in distinct commemoration of the 40th Anniversary of the National Youth Day and Youth Month. The department also held several Enterprise Support and Development road shows for Youth Enterprises to bring private and developmental finance institutions on board and up to speed as to broaden information regarding matters of business startups, development support, funding, grants, loan and tax returns. We have to admit to ourselves though that, youth and female activities needs our attention. This remains a challenge which we have to work hard to address.

The promotion of tourism in the Free State as a tour wonderland awaiting to be discovered is ongoing with resorts and reserves. Our efforts on vigorous marketing of the Free State was celebrating the World Tourism Day in Parys, hosting the National Tourism Career Expo and Lilizela Tourism Awards which combined, attracts thousands visitors to our province. The Naval Hill Planetarium also continued to attract tourists to the Free State Province.

Our environmental programmes are aimed at ensuring sustainable and responsible environmental management and are important to economic development. The abundance of rain that we saw in the last quarter of 2016 definitely impacted positively on the economy. As we all know that our province is endowed in agriculture, the impact of this abundance rain will definitely make impact on food prices and create jobs in this sector.

Cleaning and greening of our communities for effective human settlement underpins our programme of ensuring that communities live in environmentally healthy areas as espoused in the South African constitution. Our efforts towards promoting a clean, green and a healthy environment among Free Staters yielded results when the Dihlabeng Local Municipality emerged as overall winners for the greenest and cleanest town competition. They have shown dedication, commitment and love for their environment.

We are pleased to announce that during the 2016/17 Financial Year, the investigation unit of the Consumer Protection Office received 188 consumer complaints and 163 of them were successfully resolved to the tune of R1,3 million, which translates to 86,7% success rate.

The effectiveness and relevance of our state owned entities remains a great source of concern. How they are managed and governed will be our priority going forward. In order to improve efficiency and reduce the cost of maintaining these entities, we have prioritized their respective boards regular reporting and accounting to the MEC and their CEO's to account regularly on their transfers and the impact of the funds allocated to them.

We want to be the first ones to acknowledge that much is still to be done to achieve a dream of a better life for all. Our commitment to serve the community of the Free State should always be our first priority.



Dr B Malakoane
MEC of the Department of Economic, Small Business Development, Tourism and Environmental Affairs
31 May 2017

4. REPORT OF THE ACCOUNTING OFFICER

• Overview of the operations of the department:



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

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

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

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

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

• Overview of the financial results of the department:

- Departmental receipts

Departmental receipts	2015/2016			2016//2017		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	33 858	34 452	(593)	25 268	10 428	14 839
Fines, penalties and forfeits	690	35	655	711	30	681
Interest, dividends and rent on land	707	678	29	12	28	(15)
Financial transactions in assets and liabilities	269	438	(170)	164	850	(687)
Total	35 524	35 603	(79)	26 155	11 316	14 818

- The Department submits an annual application for revenue tariffs to the Provincial Treasury after consultation with various managers in the resorts, game reserves and the compliance and law enforcement units. Factors that are taken into consideration include, but are not limited to, the current condition of the resorts and the prices charged in the private sector, as well as any planned renovations for these facilities.

- **Sales of goods and services**

- The Department was unable to collect all revenue estimated because the annual game auction did not take place as planned. Revenue from this activity is a major source of income for the Department and formed 65% of total revenue in 2015/16, because it also includes the sale of game as butchery meat through the culling process.

The Department has also taken over the running and management of Phillip Sanders Resort in November 2016 and the facility needs a lot of repairs and maintenance so as to bring it to a fully operational state.

- **Fines, Penalties and Forfeits**

- The Department could not recover all the revenue from the fines that were issued as result of Section 24G of the National Environmental Management Act (NEMA) because companies that were issued with these penalties have made representations to the Department for leniency and the cases have not been finalized.

- **Financial Transactions in Assets and Liabilities**

- Revenue was raised from the recovery of debts, one of which was a debt from the Office of the Premier for fruitless and wasteful expenditure. The Department has introduced a deposit referencing system and there has been an increase in electronic payments for game permits/licences and accommodation at Resorts and Reserves. This is part of the objective of reducing human interaction with a lot of cash to reduce risks. This has, however, brought a challenge related to some payments being made without proper reference numbers, resulting in a failure of depositors to submit proofs of payments. An amount worth R299 ('000) is allocated to this item and has resulted in over-collection.

- **Programme Expenditure**

Programme Name	2015/2016			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ADMINISTRATION	139 207	138 489	718	136 439	134 744	1 695
ENVIRONMENTAL AFFAIRS	144 279	140 834	3 445	146 442	139 488	6 954
ECONOMIC DEVELOPMENT	124 364	123 811	553	114 378	113 353	1 025
TOURISM	60 938	60 280	658	77 737	75 491	2 246
TOTAL	468 788	463 414	5 374	474 996	463 076	11 920

- **Virements/roll overs**

The Soetdoring project will be completed in 2017/18.

Request for rollovers:

Project	Amount
Soetdoring (Upgrade Train Camp)	R 4 945 593.09
Machinery and Equipment	
Balers	R484 653.03
Total	R5 430 246.12

Virements

Programme	Amount (R'000)
Administration	(80)
Economic Development	(1 922)
Tourism	(998)
Total	(3 000)
Environmental Affairs	30
	50
	1 922
	998
Total	3 000

- **A description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence:**
 - The department did not incur any Unauthorised, fruitless and wasteful expenditure during 2016/2017.
- **Future plans of the department:**
 - The future plan for the department is to ensure that all resorts are upgraded in order for them to get higher grading.
- **Public Private Partnerships**
 - None
- **Discontinued activities / activities to be discontinued**
 - None
- **New or proposed activities**
 - None
- **Supply chain management**
 - There were no unsolicited bid proposals concluded for the year under review. SCM processes and systems are in place to prevent (and/or detect) irregular expenditure
 - The Departmental Supply Chain Management Policy will be reviewed and implemented during 2017/18 which will include new Regulations.
 - Lack of automated interface between Logis and CSD systems, leading to delays in contracting with service providers and significantly affecting procurement and expenditure patterns in the Department.
 - All service providers are now screened for credentials on both the CSD and Logis to ensure that all credentials are active on both the Logis and CSD systems.
- **Gifts and Donations received in kind from non-related parties**
 - None
- **Exemptions and deviations received from the National Treasury**
 - None
- **Appreciation**
 - I thank the Executive Council of the Province led by the Honorable Premier for their leadership, the MEC for strategic guidance and support, Senior Management of the Department, and staff in general for their support and dedication to serve.



Gadija Brown
Acting Accounting Officer
Department of Economic, Small Business Development, Tourism and Environmental Affairs
Date: 31 May 2017

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

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

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

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

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

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


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

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2017.

Yours faithfully



Gadija Brown
Acting Accounting Officer
Date 31 May 2017

6. STRATEGIC OVERVIEW

6.1 Vision

By 2020, a transformed economy and a prosperous society that is living in harmony with its natural resources.

6.2 Mission

By creating a leading and developmental institution, that drives economic transformation, systems change and adaptation to the ever changing environmental dynamics for the benefit of the people of the Free State.

6.3 Values

<i>Passion</i>	We build and promote an energising and inspiring work environment. (Dedication, loyalty)
<i>People Centric</i>	We support and involve others in their endeavours to learn and expand their strengths (Learning & Innovation).
<i>Performance</i>	We involve everyone who is affected in our plans, goals and decisions (Professionalism).
<i>Proactive</i>	We adopt best available science and knowledge practices (Responsiveness).
<i>Integrity</i>	We drive the department's agenda above pursuing self-interest (Honesty, Trustworthy).
<i>Innovation</i>	We research and develop unique methods, processes and products to ensure efficient service delivery to clients. (R&D, modernization, creativity)

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATE

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

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

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

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

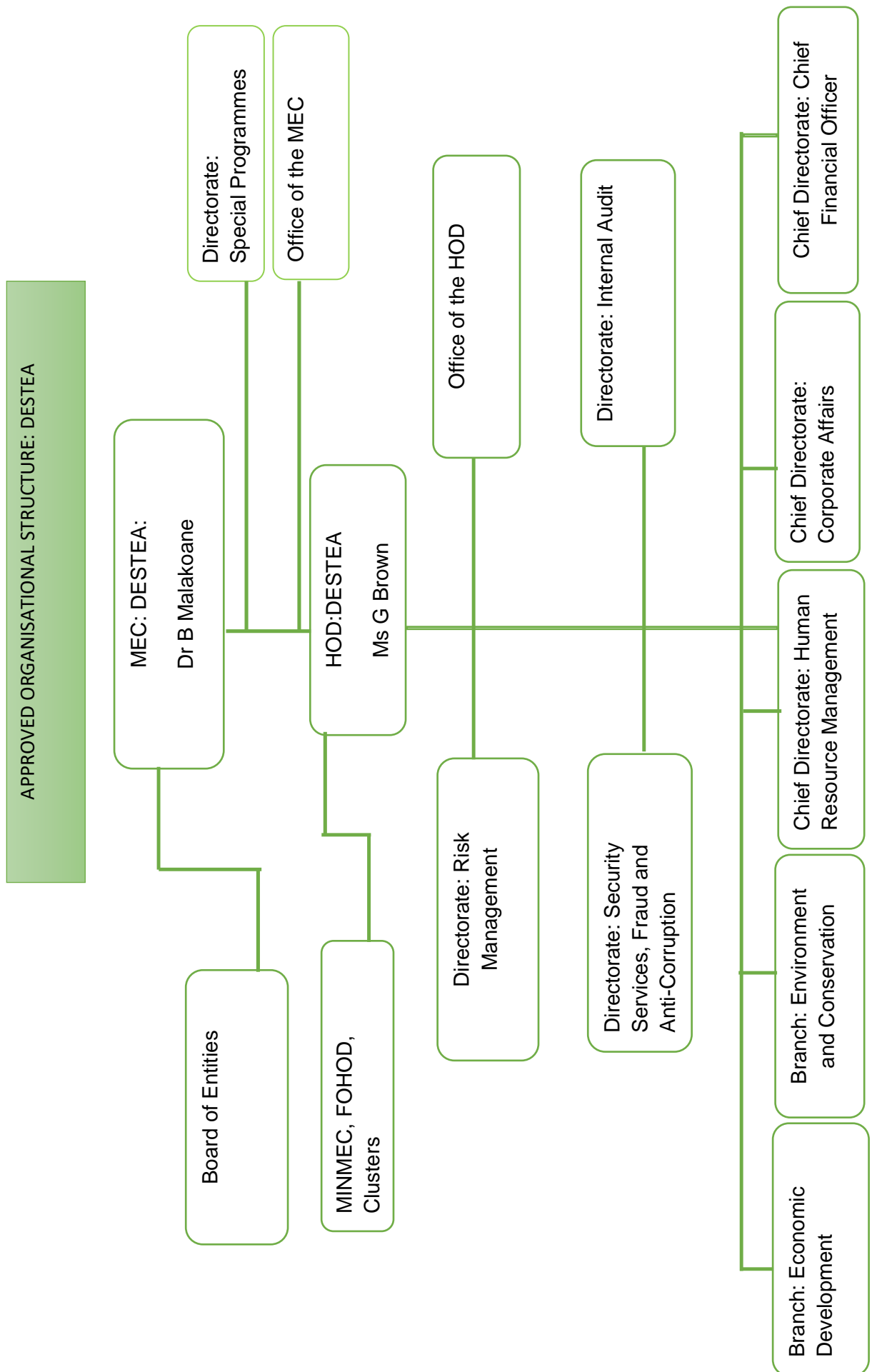
7.2. LEGISLATIVE MANDATE

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

Programme Name and Core Function:	Legal Mandate	Implications
Economic Development: SMME Development	<ul style="list-style-type: none"> National Small Business Act, 1996 (Act No. 102 of 1996) and Amendments Business Act 1991, (Act No. 71 of 1991) 	Promote policy objectives, facilitate strategy implementation and align programmes to encourage SMME development in the Province.
	<ul style="list-style-type: none"> Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) 	Promoting Broad Based Economic Empowerment in the Province.
Economic Development: Gambling & Betting Administration	<ul style="list-style-type: none"> Free State Gambling and Liquor Act 	The Act replaces Free State Gambling and Racing Act, 1996 (Act No. 6 of 1996)
Economic Development: Consumer Protection	<ul style="list-style-type: none"> Free State Consumer Affairs (Unfair Business Practices) Act, 1998 (Act No. 14 of 1998) Consumer Protection Act No 68 of 2008 	Investigation, control and prohibition of unfair business practices. Referral of matters in terms of the National Consumer Affairs Act.
Economic Development: Compliance Monitoring	<ul style="list-style-type: none"> Credit Agreement Act 1980, (Act No. 75 of 1980) 	Business compliance monitoring and redress.
Economic Development: Liquor Administration	<ul style="list-style-type: none"> Liquor Act 1989, (Act No. 27 Of 1989) National Liquor Act, 2003 (Act No. 59 of 2003) 	Regulating the micro-manufacturing, retailing and distribution of liquor in the Province.
Economic Development: Trade Inspection	<ul style="list-style-type: none"> Trade Metrology Act, 1973 (Act No. 77 of 1973) Credit Agreement Act, 1980 (Act No. 75 of 1980) 	Ensure compliance with trade metrology and credit agreement regulations.
Environmental Affairs: Protected Areas Management	<ul style="list-style-type: none"> National Environmental Management Act, 1998 (Act No. 107 of 1998) and Amendments 	Coordination of the implementation, regulation and administration of all mandates entrusted to other sub-programmes and ensure monitoring thereof.
	<ul style="list-style-type: none"> Environmental Conservation Act, 1989 (Act No. 7 of 1989) Free State Nature Conservation Ordinance, 1969 (Ordinance No. 8 of 1969) 	Promoting conservation in the Province.
	<ul style="list-style-type: none"> Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004) 	Ensuring Biodiversity protection in the Province.
	<ul style="list-style-type: none"> National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) 	Providing an efficient framework for the management of protected areas.
	<ul style="list-style-type: none"> National Heritage Recourses Act, 1999 (Act No. 25 of 1999) World Heritage Conservation Act, 1999 (Act No. 49 of 1999) 	Ensuring the protection and effective management of National Heritage and World Heritage Sites.
	<ul style="list-style-type: none"> Game Theft Act, 1991 (Act No. 105 of 1991) 	Providing a framework for the implications of game theft.
	<ul style="list-style-type: none"> National Water Act, 1998 (Act No. 36 of 1998) 	Providing a regulating framework on water usage in the Province.
	<ul style="list-style-type: none"> National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) 	Ensuring effective waste management in the Province.

Programme Name and Core Function:	Legal Mandate	Implications
	<ul style="list-style-type: none"> National Environmental Management: Air Quality Act, 2005 (Act No. 39 of 2005) 	Ensuring the prevention of air pollution in the Province.
	<ul style="list-style-type: none"> Veldt and Forest Fire Act, 1998 (Act No. 101 of 1998) 	Provide a regulatory framework for the prevention and combat of veldt and forest fires.
	<ul style="list-style-type: none"> Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983) 	Ensuring the conservation of vital agricultural resources in the Province.
	<ul style="list-style-type: none"> Animal Protection Act, 1962 (Act No.71 of 1962) Spatial Planning and Land Management Act No. 16 of 2013 (SPLUMA) 	Ensuring the protection of various animal species in the Province To improve spatial planning and land management practises.
Tourism	<ul style="list-style-type: none"> Tourism Act No. 3 of 2014 Free State Tourism Authority Act, 2005 (Act No. 3 of 2005) Tourism second amendment Act No.70 of 2000 	To make provision for the promotion of tourism in the Republic; and further to regulate and rationalize the tourism industry Provide legal and operational framework for tourism promotion and development in the Province. Act provides for training and registration of tourist guides; and make provision for a code of conduct and ethics for tourist guides.

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

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

Name of entity	Legislative Mandate	Financial Relationship	Nature of Operations
Free State Development Corporation	Free State Development Corporation Amendment Act 4 of 2010	Transfer Payment	<ul style="list-style-type: none"> Finance and advance economic growth and development, Black Economic Empowerment and SMME development and growth. Promote investment and trade within the Province and to identify, analyse, publicize and market investment and trade opportunities in the provincial economy
Free State Gambling and Liquor Authority	Free State Gambling and Liquor Act 6 of 2010	Transfer Payment	<ul style="list-style-type: none"> Regulate the gambling and racing activities in the Province on behalf of the Provincial Department. Reduce socio-economic and other costs of alcohol abuse. Regulate the micro-manufacturing and retail sale of liquor or methylated spirits.
Free State Tourism Authority	Free State Tourism Authority (FSTA) was established by Free State Tourism Authority Act No 3 of 2005	Transfer Payment	<ul style="list-style-type: none"> Promote tourism and increase market share in the tourism industry and to coordinate marketing activities of all role players. Market major sport events for tourism promotion.

PART B:

PEFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 113 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

Population statistics is an important tool in the development and implementation of policy, as well as analysing the economy, as any changes in the population density impacts directly and indirectly on employment and other economic variables such as economic growth and per capita income.

Statistics SA, according to the Community Survey (CS), 2016 indicates that the Free State Province has the second smallest share (5%) of the South African population. Provinces with the highest population density, as figure 1 indicates, are Gauteng (24%), KwaZulu-Natal (20%) and Eastern Cape (13%).

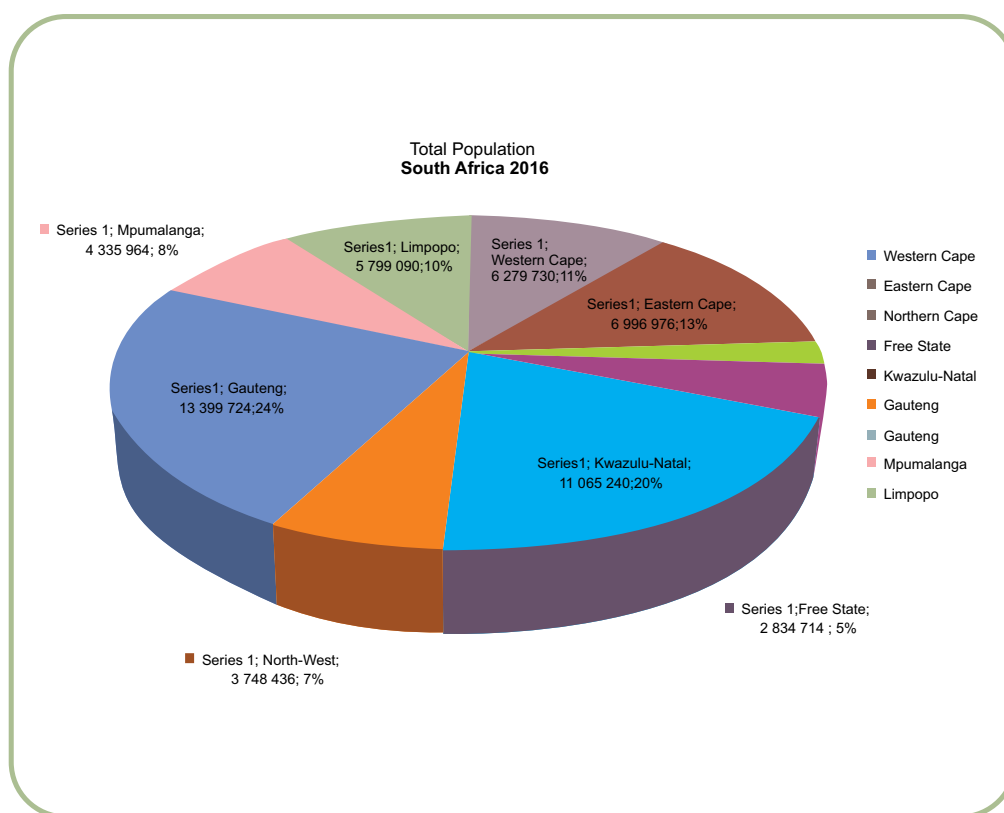


Figure 1: Total Population – SA Provinces, 2016 (percentage)

Source: Statistics SA, Community Survey 2016, Provinces at a glance.

The population in Free State province according to *table 1*, has increased over the five year period from 2 745 590 in 2011 to 2 834 714 in 2016. Females represent the majority of the population in 2016 with a total of 1 454 749 (51.3%) followed by males with a total of 1 379 965 (48.7%).

Most of the Free State's population, in 2016, resides, as per *table 1*, in Thabo Mofutsanyane (779 600) followed by Mangaung Metro (759 693), Lejweleputswa (649 964) and Fezile Dabi (494 777). Xhariep recorded the lowest population of 150 681.

Table 1: Population per District and Local Municipality 2011 and 2016

Province, District, Local Municipality	Census 2011			Community Survey 2016		
	Total population			Total population		
	Male	Female	Total	Male	Female	Total
Free State	1 328 967	1 416 623	2 745 590	1 379 965	1 454 749	2 834 714
Xhariep	71 658	74 600	146 259	73 927	76 754	150 681
Lejweleputswa	309 611	318 016	627 626	324 998	324 966	649 964
Thabo Mofutsanyane	343 170	393 068	736 238	366 168	413 432	779 600
Fezile Dabi	242 342	245 694	488 036	245 985	248 792	494 777
Mangaung	362 186	385 245	747 431	368 887	390 806	759 693

Source: Statistics SA, Community Survey 2016

It is important to note that most of the population, according to Census 2011 resided in the Mangaung Metropolitan Municipality (747 431). This situation however has changed in terms of ranking according to the CS 2016, which now indicates that Thabo Mofutsanyane DM accommodates the highest population of 779 600 in the province. Population increases from 2011 to 2016 are recorded in all the district municipalities.

Table 1 (a): % Change in population between 2011 and 2016

Province, District, Local Municipality	2016
Free State	3.2
Xhariep	3
Lejweleputswa	3.6
Thabo Mofutsanyane	5.9
Fezile Dabi	1.4
Mangaung	1.6

The population in Free State, as per the above table, increased with 89 124 between 2011 and 2016 which represent an increase of 3.2 %. Thabo Mofutsanyane recorded the highest increase of 5.9% followed by Lejweleputswa with 3.6%. The lowest increase of 1.4% in the population was recorded in Fezile Dabi.

Table 1 (b): % change in terms gender between 2011 and 2016

Province, District, Local Municipality	Census 2011		Community Survey 2016			
	Population by gender		% change in population by gender			
	M	F	M	% change	F	% change
FS	1 328 967	1 416 623	1 379 965	3.8	1 454 749	2.7
Xhariep	71 658	74 600	73 927	3.2	76 754	2.9
Lejweleputswa	309 611	318 016	324 998	5	324 966	2.2
Thabo Mofutsanyane	343 170	393 068	366 168	6.7	413 432	5.2
Fezile Dabi	242 342	245 694	245 985	1.5	248 792	1.3
Mangaung	362 186	385 245	368 887	1.9	390 806	1.4

In terms of gender, as per the table above, Thabo Mofutsanyane recorded the highest growth in both male and female of 6.7% and 5.2% respectively. Lejweleputswa in terms of males recorded the second highest growth of 5%, whilst Xhariep recorded the second highest increase of 2.9% in females. The lowest growth in gender, both male and female, was recorded in Fezile Dabi with 1.5% and 1.3% respectively.

Population Projections

Based on the present age-gender structure and the present fertility, mortality and migration rates, Free State's population is projected to grow at an average annual rate of 0.4% from 2.8 million in 2014 to 2.85 million in 2019.

Table: Population projections - Free State and National Total, 2014-2019

	Free State	National Total	Free State as % of national
2014	2,800,000	53,800,000	5.2%
2015	2,820,000	54,500,000	5.2%
2016	2,830,000	55,300,000	5.1%
2017	2,840,000	56,000,000	5.1%
2018	2,850,000	56,700,000	5.0%
2019	2,850,000	57,400,000	5.0%
Average Annual growth			
2014-2019	0.35%	1.31%	

Source: IHS Global Insight Regional eXplorer version 832

The average annual growth rate in the population over the forecast period for South Africa is 1.3%. South Africa as a whole is estimated to have an average annual growth rate of 1.3% which is higher than that of Free State's growth rate.

Prevailing Global and Domestic Economic Environment.

In terms of the South African Reserve Bank's projections, the South African economy is expected to grow by only 0.9% in 2016.¹ While the World Bank's 2% growth projection in 2016 is better, it is still a very low projection. The downward revision of economic growth forecast is mainly informed by economic slowdown in China, lower commodity prices and electricity supply shortages. Most of South Africa's mineral exports go to China while the value added products largely go to European market. Accordingly, a slow-down in China or Europe would reduce demand for South Africa's exports.² Despite this gloomy economic growth outlook, the sub-Saharan region is forecast to grow at 4% in 2016.

The growth of the South African economy is expected to remain subdued due to global factors such as slower growth and demand from key trading partners like China, Eurozone and other emerging economies. In terms of IMF's 2015 World Economic Outlook report, the global economy will remain subdued due to "the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, lower prices for energy and other commodities, and a gradual tightening in monetary policy in the United States".

The advanced economies are expected to grow at an average of 2.3% in 2016 and 2017. According to the World Bank, this modest growth would be driven by the United States (US), whose growth is expected to rise to 2.8% in 2016, and a recovery in the Euro Area and Japan.³

¹ See Statement of the Monetary Policy Committee, 28 January 2016. Pg. 5

² World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

³ World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 11-12

Ordinarily, lower oil prices would provide a relief to household budgets and headline inflation and thus contribute to economic growth. Unfortunately there is a number of demand-side constraints that would make this relief temporary and constrain growth prospects by limiting the space for increased households' consumption; viz:⁴

- a. the possibility of higher electricity tariffs;
- b. the potentially higher domestic prices due to the knock-on-effect of a more depreciated rand;
- c. high unemployment; and
- d. high indebtedness which could fuel tighter credit standards.

These demand-side pressures would be exacerbated by subdued government consumption because of "consolidation efforts".⁵

On the supply-side, the following constraints would dampen investor confidence and thus economic growth:⁶

- a. concerns over electricity supply;
- b. rising input and wage costs;
- c. lower commodity prices; and
- d. policy and regulatory uncertainty

The weak economic growth, in turn, would sustain the already volatile labour relations environment which is not helping in improving investor confidence. Related to this, is the incident of rising social tension in the country and has been covered by the international media.⁷

Nonetheless, the recovery in advanced countries and relatively higher economic growth in Sub-Saharan Africa present an opportunity for demand for South Africa's non-mineral exports. Unfortunately this would not reduce the current account deficit which is forecast to be around 5.0-5.2% of the GDP over the medium term. This is because of lower demand for minerals as well as lower commodity prices.⁸

The ongoing drought is also going to impact negatively on the economy. The drought had not only forced farmers to plant 30% of total hectares in 2015, but had damaged the crops planted. Livestock farmers are forced to use their cash to buy feed for their animals while at the same time the feed prices are increasing.⁹ The impact has begun to show with the agricultural sector declining by 12.6% in the third quarter of 2015.¹⁰ The drought-exacerbated conditions in the agricultural sector are going to lead to high food prices which would in turn lead to deteriorating health conditions, particularly of the poor households.¹¹

4 World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

5 Ibid

6 World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

7 World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

8 Ibid

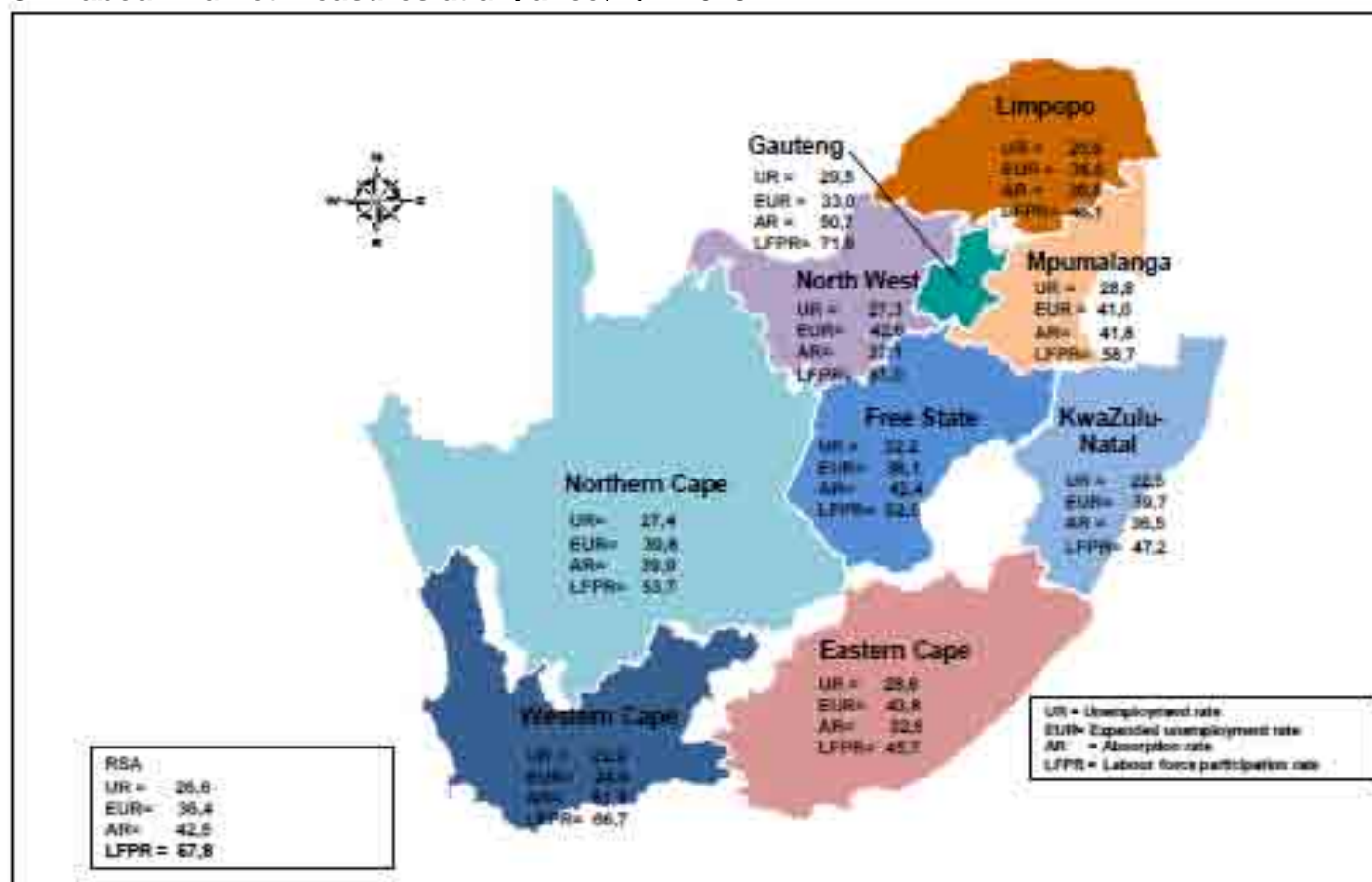
9 Prof J. Willemse, Dr D Strydom & M Venter: Implications of the lingering 2015 drought on the economy, agricultural markets, food processors, input suppliers and consumers

10 Stats SA

11 Prof Willemse et. al; SARB, 28/01/16

Free State Labour Market

SA Labour market measures at a glance. Q1: 2015



Labour force characteristics

Statistics South Africa in the recent Quarterly Labour Force Survey (QLFS) recorded 1 882 000 working age population (people in the age group 15-64) for Free State in Q2: 2016. The province registered 1 869 000 people for the same period in 2015. It is thus evident from Table 9 (below) that the population in the age group 15-64 increased with 13 000 year-on-year (Q2: 2015 to Q2: 2016). This implies that the economy of the province should grow faster in order to absorb this increasing number of new entrants into the labour market.

It should further be mentioned that the labour force increased by 11 000 from 1 165 000 in Q2:2015 to 1 176 000 in Q2:2016, which represents an increase of 1.0%. Quarter-to-quarter (Q1:2016 to Q2:2016) changes reflect a decrease of 20 000, from 1 196 000 to 1 176 000, which represents a decrease of -1.6%.

Table 9: Labour force characteristics – Free State, Quarter 2:2016

	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	Q-to-Q change	Y-on-Y change	Q-to-Q change	Y-on-Y change
	Thousand					Percentage			
Population 15-64	1 869	1 872	1 875	1 879	1 882	3	13	0.2	0.7
Labour force	1 165	1 161	1 176	1 196	1 176	-20	11	-1.6	1.0
Employed	798	795	825	790	797	7	-1	0.9	-0.2
Unemployed	366	366	351	405	379	-26	13	-6.5	3.4
Not economically Active	704	711	700	683	706	23	2	3.4	0.3
Discouraged work-Seekers	93	69	71	66	81	14	-13	21.6	-13.6
Other	610	642	629	617	625	9	15	1.4	2.4
Rates (%)									

Unemployment rate	31.4	31.5	29.8	33,9	33,2	-1.7	0.8	-	-
Employed population ratio (absorption)	42.7	42.5	44.0	42,1	42,4	0.3	-0.3	-	-
Labour force participation rate	62.3	62.0	62.7	63,6	62,5	-1.1	0.2	-	-

Due to rounding, numbers do not necessarily add up to totals. Note: Employment refers to market production activities

Source: Stats SA, QLFS, Q2 2016

It is however important to note that discouraged work seekers decreased year-on-year (Q2:2015 to Q2:2016) with 13 000. Not economically active population increased year-on-year with 0.3%. These trends, despite the decrease, clearly demonstrate the need for the Free State to grow the economy in order to bring down the level of poverty, unemployment and inequality.

Unemployment

Table 10: Unemployment rate by province – Q2: 2016

Official unemployment rate						Expanded unemployment rate		
	Apr-Jun 2015	Jan-Mar 2016	Apr-Jun 2016	Qtr-to-qtr Change	Year-on-year change	Apr-Jun 2015	Apr-Jun 2016	Y-on-Y Change
	Per cent			Percentage points		Per cent		% points
South Africa	25,0	26,7	26,6	-0,1	1,6	34,9	36,4	1,5
Western Cape	21,7	20,9	22,2	1,3	0,5	24,1	24,6	0,5
Eastern Cape	29,1	28,6	28,6	0,0	-0,5	42,5	43,8	1,3
Northern Cape	32,7	27,8	27,4	-0,4	-5,3	41,1	39,8	-1,3
Free State	31,4	33,9	32,2	-1,7	0,8	38,9	38,1	-0,8
KwaZulu-Natal	20,4	23,1	22,6	-0,5	2,2	36,3	39,7	3,4
North West	25,2	28,1	27,3	-0,8	2,1	40,1	42,6	2,5
Gauteng	26,8	30,2	29,5	-0,7	2,7	31,3	33,0	1,7
Mpumalanga	27,2	29,8	28,8	-1,0	1,6	39,1	41,0	1,9
Limpopo	18,9	18,3	20,6	2,3	1,7	39,0	38,6	-0,4

Source: Stats SA, QLFS Q2, 2016

NB. According to the *strict definition* only those people who take active steps to find employment, but fail to do so, are regarded as unemployed. The *expanded definition*, on the other hand, includes everyone who desires employment, irrespective of whether or not they actively tried to obtain a job.

The official unemployment rate in South Africa decreased by 0,1 percentage points in Q2: 2016 compared to Q1: 2016. It, however, represents an annual increase of 1.6 percentage point (Q2:2015 compared to Q2:2016).

Free State Province recorded a decrease of 1.7 percentage points in unemployment rate in Q2:2016 compared to Q1:2016. Annually, it experienced an increase of 0.8 percentage points.

Only two provinces, namely the Western Cape and Limpopo, experienced quarter-to-quarter (Q1:2016 to Q2:2016) increases in the official unemployment rate of 1.3 and 2.3 percentage points respectively. Six provinces recorded decreases in the official unemployment rate in Q2:2016 compared to Q1:2016. The unemployment rate remained unchanged in the Eastern Cape. The largest decreases were recorded in Free State 1,7 percentage points and Mpumalanga 1,0 percentage points. In comparison to the same period last year (Q2: 2015 to Q2: 2016), the annual unemployment rate increased in seven of the nine provinces. The largest annual increase was observed in Gauteng (2, 7 percentage points) and the largest decrease in the Northern Cape (5,3 percentage points).

Annual changes, Q2: 2015 and Q2: 2016, reflected a decrease of 0, 8 percentage point in the expanded unemployment rate in the Free State as per the table above. During this period, six provinces recorded increases in the expanded unemployment rate. The largest increase was recorded in KwaZulu-Natal with 3, 4 percentage points and the largest decrease in Northern Cape with 1,3 percentage points.

From these figures, it is clear that the challenge of unemployment is more pronounced in the Free State Province. In Q2:2015, the province had the second highest unemployment rate of 31,4%, after the Northern Cape's 32,7%. This ranking changed in Q1: 2016 and Q2: 2016 whereby the Free State recorded the highest rate of unemployment in the country of 33,9% and 32,2% respectively. This, once again, demonstrates the need for the Free State to grow the economy in order to bring down the level of unemployment, poverty and inequality.

Employment

Employment in the province during Q2: 2016 was the highest in Community and Social Services followed by Trade and Private Households as per *table 11* below. These industries recorded a workforce of 214 000, 155 000 and 101 000, respectively. The situation a year ago (Q2: 2015) was the same for these industries which recorded a workforce of 206 000, 169 000 and 80 000 respectively.

Table 11: Employment per industry – Q2:2015 to Q2:2016

	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	Q-to-Q change	Y-on-Y change	Q-to-Q change	Y-on-Y change
	Thousands							Percentage	
Agriculture	74	65	64	72	66	-6	-9	-8.3	-11.6
Mining	34	30	35	35	35	0	1	-0.2	2.2
Manufacturing	72	59	69	59	66	7	-6	11.9	-8.1
Utilities	12	11	9	10	9	-1	-3	-10.7	-25.6
Construction	53	61	53	57	56	-1	3	-1.5	6.1
Trade	169	165	187	166	155	-11	-14	-6.6	-8.2
Transport	36	33	38	34	36	3	0	7.5	0.1
Finance	62	60	65	57	59	2	-3	4.3	-4.3
Community & Social Services	206	216	213	201	214	12	8	6.2	3.8
Private households	80	94	93	100	101	1	21	1.4	26.2

For all values of 10 000 or lower the sample size is too small for reliable estimates.

Due to rounding, numbers do not necessarily add up to totals.

Source: Stats SA, QLFS, Q2 2016

It is important to note that the workforce in both Community & Social Services and Private Households increased with 3.8% and 26.2% respectively (Q2:2015 to Q2:2016). Trade for the same period decreased with 8.2%.

The highest employment gains quarter-to-quarter (Q1:2016 to Q2:2016) were observed in Community & Social Services and Manufacturing contributing 12 000 and 7 000 jobs respectively. Job losses were observed in four industries with the highest job losses in Trade (11 000) and Agriculture (6 000).

Annual changes as per the above table shows the highest increases in employment over the period Q2: 2015 and Q1: 2016 in Private Households (21 000) and Community & Social Services (8 000). Construction and Mining also recorded employment gains of 3000 and 1000 jobs respectively. No changes in employment were recorded in Transport. However, five industries shed jobs over the same period with the highest job losses in Trade (14 000), Agriculture (9 000) and Manufacturing (6 000).

From the data provided above, it is clear that the 5 priority sectors in the province did not create any additional jobs; instead jobs were lost in trade, agriculture and manufacturing. Which means a lot needs to be done to create jobs in the priority sectors.

Tourism

The province experienced a continuous increase of international tourists during the period 2002 to 2011 with the exception of 2009 due to the global recession.

An overall analysis of Figure 4 concludes that the Free State has experienced an increase of international tourists from 15.6% in 2002 to 26% in 2011, an increase of 10.4%. A decrease in international tourists occurred in 2009 (from 23.1% in 2008 to 21.6%). An increase of 1.5% however was recorded in 2010 (to 23.1%) and the number further rose to 26% in 2011.

The above trends are however different in relation to the domestic tourists. Figure 4 clearly indicates the overall decline from 84.4% in 2002 to 74% in 2011 (a decline of 10.4% over a ten year period). This trend indicates the declining significance of the Free State province as a tourism hotspot for South African tourists. Effort should be made to market the province's tourist hotspots and create an awareness of the province's tourism potential.

Today, tourism is estimated to contribute approximately 10% to the global Gross Domestic Product (GDP), considering its direct, indirect and induced impacts. According to UNWTO, in 2014, there were 1.1 billion international tourist arrivals, up from a mere 25 million in 1950. These tourists generated US\$ 1.5 trillion in exports to the visited economies or 6% of the world's total exports. It is estimated that one out of every eleven jobs worldwide is directly or indirectly linked to tourism. Source: UNWTO, 2015.

In South Africa, tourist arrivals continue to grow every year. The direct and indirect contribution of tourism to the country's GDP is currently R323 billion which is about 9.5% of total GDP. The tourism sector supports over 1.4 million jobs, representing about 10% of total employment in the country.

In the Free State Province, it is important that on the demand side the province intensifies its efforts to ensure effective marketing of the province in order to attract domestic tourists as well as international tourists. On the supply side, the province must continue to enhance tourism infrastructure, up skill the sector, inculcate the culture of service excellence and enhance the provision of world class visitor experiences.

FREE STATE PROVINCE

a) Number of trips by purpose of trips - free state province, 2004-2014

Year	Leisure / Holiday	Business	Visits to friends and relatives	Other (Medical, Religious, etc.)	Total
2004	153,000	135,000	727,000	116,000	1,130,000
2005	159,000	147,000	742,000	115,000	1,160,000
2006	177,000	158,000	745,000	119,000	1,200,000
2007	205,000	158,000	724,000	119,000	1,210,000
2008	224,000	159,000	694,000	121,000	1,200,000
2009	228,000	163,000	656,000	118,000	1,170,000
2010	250,000	183,000	628,000	125,000	1,180,000
2011	261,000	192,000	601,000	129,000	1,180,000
2012	286,000	209,000	597,000	137,000	1,230,000
2013	306,000	225,000	589,000	140,000	1,260,000
2014	325,000	236,000	579,000	141,000	1,280,000
Average Annual growth					
2004-2014	7.86%	5.79%	-2.25%	1.98%	1.26%

Source: IHS Global Insight Regional eXplorer version

In Free State Province, the Leisure / Holiday, relative to the other tourism, recorded the highest average annual growth rate from 2004 (152 000) to 2014 (325 000) at 7.86%. Visits to friends and relatives recorded the highest number of visits in 2014 at 579 000, with an average annual growth rate of -2.25%. The tourism type that recorded the lowest growth was Visits to friends and relatives tourism with an average annual growth rate of -2.25% from 2004 (727 000) to 2014 (579 000).

Environment

Protected Areas in the Free State Province include:

1. Caledon Nature Reserve
2. Erfenis Dam Nature Reserve
3. Gariep Dam Nature Reserve
4. Kalkfontein Dam Nature Reserve
5. Maria Moroka Game Reserve
6. Sandveld Nature Reserve
7. Seekoeivlei Nature Reserve
8. Soetdoring Dam Reserve
9. Sterkfontein Dam Reserve
10. Tussen die Riviere Reserve
11. Willem Pretorius Game Reserve
12. Karee Nature Reserve
13. Wuras Dam Nature Reserve
14. Ficksburg Nature Reserve
15. Koppies Dam Nature Reserve
16. Rustfontein Dam Nature Reserve
17. Inclusive of 16 Municipal Owned Protected Areas in the Free State
18. 1 (One) Stewardship site is Sneeuwberg Protected Environment
19. 208 Declared privately owned Protected Areas

Various factors have influenced land use patterns in the Free State Province, the most important of which are soil type, rainfall distribution, mineral deposits, transport routes and political background. Of the total FS surface area, agriculture accounts for 90% of land use, 7% is used for settlements, 1.6% is set aside for formal conservation, while mining activity occupies approximately 0.4% of the Province. Biodiversity is defined in the Biodiversity Act (Act No. 10 of 2004) as “the variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part and also includes diversity within species, between species and of ecosystems”. Only about 3.4% of the land surface of the FS was formally conserved. The Vredefort Dome and Maluti-Drakensberg Transfrontier Conservation Area are World Heritage sites. A wide range of wetland types occur in the Free State, which contribute towards the overall biological diversity of the Province with Seekoeivlei Nature Reserve a Ramsar site of international importance. Climate change is expected to bring considerable warming and drying to much of this already semi-arid region, with greater frequency and intensity of extreme weather events such as heat waves, flooding and drought. Three biomes occur within the Free State, namely the Grassland (72% of the Province), Nama Karoo (22%), and Savannah (6%). The three key, inter-related threats to biodiversity and ecosystem health are habitat destruction, invasive alien species and climate change. About 34% of the grassland biome in the Free State has been irreversibly transformed through development, such as urban settlements, mining, agriculture and industrial facilities.

The average rainfall in South Africa is about 450 mm per annum, which is well below the world average of 860 mm per annum. In terms of the United Nations definition, South Africa is a water stressed country, bordering on water scarce. As a result, sound management of this valuable resource is essential to ensure optimum social and economic benefit to further the aims and aspirations of all the people.

The Free State Province is bordered in the north and northwest by the Vaal River, in the south by the Orange/Gariep River and in the east by the Caledon/Mohokare River. Numerous major tributaries, the Wilge, Liebenbergsvlei, Renoster, Vals, Sand, Vet, Modder and Riet Rivers divide the Province into eleven secondary drainage regions. Two primary catchment areas (an area of land from which any rainfall will drain into the water course) are located in the Free State, namely the Vaal River catchment and the Orange River catchment. Surface water resources are well developed through the construction of several large dams. The water supply is augmented by various transfer schemes that import water from other water management areas (WMA), as well as from the Kingdom of Lesotho. Future water supply will depend on increased water transfers. Groundwater is currently used for rural domestic supplies, stock watering and water supply to several towns, where surface water supply is inadequate or bulk water supply is not financially feasible. Groundwater is well utilised for water supply in the Middle Vaal, Lower Vaal and Upper Orange WMAs and is the only water resource available in many areas.

Deteriorating water quality is impacting on the quantity of water available for the different uses. Key issues of concern include the poor quality effluent discharged from municipal sewage treatment works due to overloading and/or poor operations and maintenance, polluted storm water run-off, high salinity pollution due to mining activities, as well as elevated salinity and nutrient pollution from poor farming practices. As a consequence of increased pollution levels, river health has deteriorated, resulting in loss of river functions and services, as well as the sustainability of the river ecosystem. Many wetlands of the Free State have also been directly and/or indirectly impacted upon by a variety of different land uses and from chemical and biological pollutants.

Ambient air quality is impacted by human activities. Coal and wood is still often used as a fuel for cooking and heating in lower income communities, which generates emissions that are harmful to health and quality of life. Parameters are monitored continuously and reported to the national DEA and DESTEA on a monthly basis. Methane, a greenhouse gas, is emitted from mining ventilation shafts. Waste incinerators have been identified as the principle source of dioxins and furans (Persistent Organic Pollutants (POPs)). Other sources of POPs include obsolete pesticides, which have not been quantified in the Free State.

Policy Environment

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

- Economy and employment
- Economic infrastructure
- Transitioning to a low carbon economy
- Inclusive rural economy
- Positioning South Africa in the world
- Human settlement
- Promoting health and
- Social protection

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

Demand for services

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

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

2.2 Service Delivery Improvement Plan

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

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Number of Existing SMMEs and Cooperatives Supported.	SMME (Formal and Informal) and Cooperatives.	178	150	150

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation		
Roadshows with stakeholders to engage with enterprises across the province	To share information on procurement opportunities and supplier development programmes within different entities.	The roadshows have already been done in Fezile Dabi and Thabo Mofutsanyane.
Courtesy		
No feedback sessions made with the clients on the customer satisfaction survey	Constant feedback on the status of the applications. Develop a plan on handling of complaints	Achieved improvements in relation to the targeted improvements for a given year in question The BATC has regular assessment meetings to evaluate the applications that will be funded. The customer satisfaction survey template has been reviewed to address its shortfall on feedback.

Current/actual arrangements	Desired arrangements	Actual achievements
Access		
Service centres established in all districts except Xhariep. Centres struggling with resources like skilled personnel and equipment	Service centres to be provided with necessary office equipment to enhance communication. Capacitate the Trade Advisors and beef-up staff complement at the Service Centres to ensure towns	Two Service Centres were supplied with up-graded printers. The Lejweleputswa new offices are been renovated for occupation by end of the 2nd quarter 2017/18. Two post for Deputy Directors at Service Centres have been advertised. Posts will be filled during the 1st quarter of 2017/18. The Trade Advisors posts will also be filled during 2017/18 financial year.
Information		
Brochures and pamphlets on Co-operatives and micro-enterprises developed. Information sessions held with co-operatives and micro-enterprises	Developed brochures/ pamphlets are also distributed electronically. Use departmental Internet to promote services aimed at co-operatives and micro-enterprises	Achieved improvements in relation to the targeted improvements for a given year in question. The brochures are being distributed at Service Centres and LED offices at different municipalities.
Openness and Transparency		
Information captured on quarterly and annual reports	Quarterly and annual reports highlight success by publishing them. (This include media coverage, internal and external, and placing pictures of beneficiaries on Notice Boards at Service Centre).	The quarterly reports have been submitted and the performance review will be held before the end of April 2017.
Redress		
No clear guidelines/mechanisms to ensure redress	Clear correspondence is made to public for unmet service expectations with clear guide on what a person can do to follow up on his/her request.	Achieved improvements in relation to the targeted improvements for a given year in question. On the weekly and monthly reports, the unit now captures the number of youth, women and people with disabilities enterprises developed and supported.
Value for Money		

Current/actual arrangements	Desired arrangements	Actual achievements
Provide service economically and efficiently in order to give citizens the best possible value for money.	Monitoring Report: Provide cost per unit on service delivered	Achieved improvements in relation to the targeted improvements for a given year in question Aftercare programmes are still ongoing.
Human Resource		
2 x Director SL13 2 x De Director SL11 2 x Ast Director SL9 1 x Sr Trade Advisor SL8 11 x Trade Advisors SL7 6 x Assistant Trade Advisors SL6 5 x Admin Clerks	Appointment of Deputy Directors at the 3 Service Centres and 1 at the Head Office. Appointment of 2 Trade Advisors at Fezile Dabi District Municipality Service Centre in Parys.	One Deputy Director appointed for Fezile Dabi District Municipality Service Centre. Approval made in March for appointment of one Deputy Director for Thabo Mofutsanyana District Municipality (Phuthaditjhaba) and one at the Head Office (Both started in April 2017).

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Training sessions. (Development and Support)	150	125
Information Sessions	150	125

Complaints mechanism

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

2.3 Organisational Environment

Programme Structure

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

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

Personnel

Six hundred and seventy-six (676) posts are filled as at 31 March 2017 (this is inclusive of 640 permanent employees and 36 contract workers. Currently, the department has 9 Interns and their contracts has been extended until 31 May 2017. Furthermore, there are 20 Security Learners whose contract will be extended until 31 July 2017. The department is in the process to recruit about 24 Interns via the Office of the Premier with effect from April 2017 through funding from Local Government Sectoral Education Training and Authority (LGSETA). The vacancy rate is standing at 20.35% and although the department could not reduce the vacancy rate to below 10% as planned, the commitment of staff and their willingness to work overtime enabled the department to achieve most of its objectives. Currently, the department is in the process to review its organizational structure and the draft structure including the financial implications have already been discussed with the acting HoD and was also submitted to Extended Executive Management Team (EEMT) Meeting. Additional inputs were received and Corporate Services has incorporated the said inputs and submitted the proposed structure to the Acting HoD.

The approved organizational structure consists of 1673 posts which amount to R408, 087,313. Out of the 1673, about 235 posts were abolished which amount to a saving of R64, 923, 852. After finalizing the proposed organizational structure and considering the additional inputs as received, the proposed organizational structure will therefore consist of 1438 posts which amount to R343, 123,561.

A submission has been compiled and sent en-route for consideration and approval by the MEC and thereafter for tabling at the following structures namely EXCO and FOHOD

During 2016/17 financial year, the department advertised 93 and unfortunately could not fill all its funded posts as planned. Only 11 employees were recruited of which 3 were at Senior Management Services. Approval for filling of most of the posts have already been granted and successful candidates will assume duties in the 2017/18 financial year. The recruitment of the other posts will continue during the 2017/18 financial year as approval has already been granted and the successful candidates will assume duties from April 2017. There were also 16 employees who were transferred into the department. Currently, the department has 36 employees appointed on contract in different components and the majority of these employees are within the Environment and Conservation Branch. Majority of the posts filled on contract have been advertised so that they can be filled permanently.

During 2016/17, the department rolled the following programmes:

- Public Service & Compulsory Induction Programmes
- Peer Education Training
- Management and Leadership
- BBB2E
- Minute Taking
- Customer Care
- Project Khaedu
- Coaching and Mentoring
- Intermediate Excel
- Basic Fire Fighting

Furthermore, 24 posts were job evaluated and are as follows:

NAME OF POST	COMPONENT	SALARY LEVEL
Deputy Director	Small Business Support Programme	11
Deputy Director	Cooperatives	11
Deputy Director	Salary Administration	11
Deputy Director	Stakeholder Management	11
Deputy Director	Tourism Transformation	11
Deputy Director	Tourism Planning and Management	11
Deputy Director	Tourism Growth Development	11
Assistant Director	Cooperatives	9
Assistant Director	Route Development	9
Assistant Director	Tourism Registrar	9
Assistant Director	Tourism Support	9
Assistant Director	Tourism Policy Monitoring and Evaluation	9
Assistant Director	Tourism Policy and Strategy	9
Graphic Design	Communication	7
EPWP Coordinator	Environmental Programmes and Projects	7
Trade Officer	Stakeholder Management	7
Trade Officer	Service Centres and LED	7
Trade Officer	Small Business Support Programme	7
Trade Officer	BBBEE	7
Tourism Officer	Route Development	7
Assistant Trade Officer	Service Centres and LED	6
Assistant Trade Officer	Small Business Support Programme	6
General Foreman	Reserves and Resort	5
Help Desk Clerk	Communication	5

The number of employees utilising temporary incapacity leave was 9 as at 31 December 2016 with a total number of 650 days which translated to R471 000.00. The majority of employees utilising temporary incapacity leave are those on salary levels 3-5. There were 434 employees who utilised normal sick leave with total number 3964 days for the 2016 leave cycle. The normal sick leave taken during this period cost the department R3 549 000.00.

Thirty-four (34) grievances were lodged and 13 misconduct cases were reported during the 2016/17 financial year. Of the 34 grievances lodged, 27 were resolved within 30 days, 6 were resolved outside the prescribed time-frames and 1 was a newly report. Three (3) misconduct cases were finalised within 90 days, 4 outside the prescribed time-frames and 6 is outstanding.

The factors which contributed to the misconduct cases not finalised within 90 days were as follows:

- Non-availability of presiding officers or alleged offenders;
- Postponement of disciplinary hearings;
- Long investigations due to non-availability of external people to be interviewed.

In responding to the government strategic plan with regard to HIV, STI and TB, the department conducted HIV Testing and Counselling (HCT) and Health Risk Assessments (HRA) during 2016/17 financial year. Through these initiatives, the infected officials are enrolled in the Disease Management Programme (DMP) and continuously receive care, treatment and support. The department has established the following sporting codes: netball and soccer as well as a choir. Furthermore, the intention is to establish tennis, basketball, volley ball, fishing sporting codes and recreational activities for the 2017/18 financial year.

2.4 Key Policy Developments and Legislative Changes

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

The Department continued with implementation of the following:

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

The Small Business Development Unit of the department was established during 2014/15, in response to the establishment of the SBD National Ministry, and relevant pronouncements made by the Executive of the Province.

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

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

3. STRATEGIC OUTCOME ORIENTED GOALS

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

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

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

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

NDP	MTSF	Highlights *
Chapter 3: Economy and employment	Outcome 4: Decent employment through inclusive growth	<ul style="list-style-type: none"> • Rollout of the Micro Enterprise Support Programme • Continues support to new and existing SMME's • Continues support to existing and new cooperatives • Trade and investment promotion via Free State Development Corporation • Education and support to client on Consumer Rights • Continues tourism promotion and marketing • Free State Small business database developed. • Provincial Economic Development forum launched. • Free State Provincial Economic Development Strategy Framework developed
Chapter 5: Environmental sustainability	Outcome 10: Protect and enhance our environmental assets and national resources	<ul style="list-style-type: none"> • Expansion of land under conservation • Wetland conservation • Upgrade of certain resorts and reserves • Continues enforcement of environmental legislation • Wildlife Auction Conducted • Promotion of waste recycling • Host COP 21 stakeholders' workshop on Climate Change.

*Details of achievements are explained elsewhere in Part B of this report.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

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

Sub-Programmes:

Programme	Sub Programme
Administration	<ol style="list-style-type: none"> 1. Office of the MEC 2. Management Services 3. Financial Management 4. Corporate Services

This programme contributed to the following priorities:

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

4.1.1. Office of the MEC

Strategic Objectives						
Sub-Programme Office of MEC						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1	Mainstreaming of targeted and vulnerable groups	5	Mainstreaming of targeted vulnerable groups, being women, youth and persons with disabilities through 4 campaigns in the province.	4 campaigns	0	-

Programme / Sub-programme: Office of MEC								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of Departmental and Provincial campaigns organized as well as celebrated.	5	5	5	4 Campaigns	4	0	-
1.2	Number of plans submitted to DPSA.	-	-	-	2 Plans	2	0	-
1.3	Number of reports submitted to DPSA.	-	3	5	5 Reports	5	0	-
1.4	Number of Youth Development plans developed according to Youth Accord	-	-	-	1 Plan	1	0	-
1.5	Number of Youth Development reports prepared according to Youth Accord	-	-	-	4 Reports	4	0	-

Strategy to overcome areas of underperformance:

- n/a

4.1.2. Management Services

Strategic Objectives						
Sub-Programme Management Services						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.1	Improve business processes and management controls within all programmes of the department.	22	Business processes improved and controls efficiently implemented via through the generation of 12 Internal Audit reports, 4 risk management committee meetings and 4 performance reports.	12 Internal audit reports 4 risk management meetings 4 performance reports	0	-

Programme / Sub-programme: Management Services								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Internal Audit								
1.1	Develop three year and annual internal audit plan.	-	-	1	1	1	0	-
1.2	Develop internal audit charter.	-	-	1	1 Internal Audit charter	1	0	-
1.3	Develop audit committee charter.	-	-	1	1 Audit committee charter	1	0	-
Risk Management								
1.4	Annual review of risk related policies.	1	1	1	1 Review	1	0	-
1.5	Annual review of risk registers.	1	1	1	1 Review	1	0	-
1.6	Review of Risk Management Implement Plan.	-	-	1	1 Plan	1	0	-
Strategic Planning, Monitoring & Evaluation								
1.7	Number of plans facilitated and submitted to Treasury.	1	2	1	1 APP	1	0	-
1.8	An annual report submitted for tabling.	1	1	0	1 Annual Report	1	0	-
1.9	Number of Service Delivery planning documents developed	1	1	1	3 Service Delivery	4	+1	Service standards documents was split into two: internal and external
1.10	MPAT Self-Assessment facilitated	-	-	-	1	1	0	-
1.11	Number of unit asset, SCM and financial reports compiled.	-	-	-	36 Reports	36	0	-

Security Services and Anti-Corruption								
1.12	Number of security-awareness sessions conducted	5	5	4	4 Awareness Campaigns	4	0	-
1.13	Monitoring reports on security related matters.	-	12	11	8 Reports	8	0	-
Communication								
1.14	Annual communication strategy developed in line with government priorities.	1	1	1	Approved annual communication strategy	1	0	-
1.15	Number of communication programmes submitted to central communication coordinating unit (CCCU).	4	11	12	12 Programmes	12	0	-
1.16	Number of campaigns managed	6	6	6	4 Campaigns	5	+1	Demand driven
Information Technology and Knowledge Management								
1.17	Number of reports compiled on the implementation of Corporate ICT plans.	-	-	-	2 Reports	2	0	-
1.18	Number of projects implemented as per the ICT strategy.	2	3	2	2 Projects	0	-2	VPN: provincial executive instruction to create a provincial VPN therefore the departmental project was cancelled Biometric project was postponed due to delays in the movement to new offices

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1.19	Number of monitoring reports compiled for ICT services, usage of IT resources and ICT security risks.	4	4	4	4 Reports	4	0	-
1.20	Number of e-governance implementation plans developed	-	-	-	1 Plan	0	-1	Awaiting finalization of the national e-strategy.
LEGAL SERVICES								
1.21	Number of reports on provision, management and coordination of legal support to the department.	-	-	-	4 Management Reports	4	0	-
1.22	Number of departmental legislation drafted.	-	-	4	1 Legislation drafted	1	0	-
1.23	Number of departmental agreements drafted or assessed	-	-	10	4 Agreements	38	+34	Demand driven
1.24	Conduct Training workshops on the Implementation of PAIA and PAJA.	-	-	-	2 Workshops	2	0	-

Strategies to overcome areas of underperformance: (All Management Service Managers)

- Improve ICT project management.

4.1.3. Financial Management

Strategic Objectives						
Sub-Programme Financial Management						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
0	Effective and efficient financial management.	17	Improved financial management achieved through 12 IYM reports, 3 Interim Statements, 1 Procurement Plan and an annual stocktaking report.	12 IYM 3 Interim 1 Procurement 1 stocktaking	0	-

Programme / Sub-programme: Financial Management

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
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Management Accounting

1.1	Credible budget statement submitted to treasury on time.	1	1	1	1 Budget statement	1	0	-
1.2	Credible adjustment budget submitted to treasury on time.	1	1	1	1 Adjustment budget report	1	0	-
1.3	Number of in-year monitoring reports submitted to Treasury on time.	12	12	12	12 Reports	12	0	-

Financial Management

1.4	Annual financial statement compiled according to prescripts	1	1	1	1 Financial statement	1	0	-
1.5	Quarterly interim statements compiled according to prescripts.	3	3	3	3 Statements	3	0	-
1.6	Value of revenue collection quarterly (R'000).	-	R78 592	R90 918	R90 945	R68 891	-R22054	Due to the fact the annual game auction did not take place as planned.

Supply Chain Management

1.7	Percentage of payments made to creditors within 30 days from receipt of an invoice.	91%	99%	99%	100%	100%	0	-
1.8	Number of days to conclude quotes/ bids • Transversal Contracts: • Price quotations(<30000) • Price quotation (30000-500000) • Bid/Tenders.	 3 7	4 90	 2 days - -	 2 days 4 days 10 days 60 days	 2 days 4 days 10 days 60 days	 0 0 0 0	-

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1.9	Annual procurement plan (PP) developed.	1	1	1	1 Approved plan	1	0	-
1.10	Number of expenditure analysis reports done. <ul style="list-style-type: none"> • Catering. • Stationery. • Labour saving devices. • Targeted procurement spend (70%). • Cell-phones • Travelling agency • Transport and Shuttle service • Event Management 	40	40	40	128 Reports	128	0	-
1.11	Number of inventory count reports	-	-	-	2 Reports	2	0	-
Fleet and Asset Management								
1.12	Number of stocktaking and disposal reports.	1	0	1	1 Report	2	+1	Stocktaking and disposal report were separated
1.13	Review disposal policy.	-	-	1	1 Policy	1	0	-
1.14	Number of fleet management utilization reports.	-	12	12	12 Reports	12	0	-
1.15	Number of facilities management plan (U-AMP).	-	4	1	1 Report	1	0	-

Strategies to overcome areas of underperformance:

- Develop an action plan to improve areas of underperformance.

4.1.4. Corporate Services

Strategic Objectives						
Sub-Programme Corporate Services						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1	Efficient organisational development, labour relations and wellness support.	39	Improved organizational design, discipline and wellness achieved through 22 evaluations, 10 training programmes and an annual HR Plan.	22 Evaluations 10 Trainings programmes and HR Plan	0	-

Programme / Sub-programme:								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Training provided according to WSP and HR plan.	8	17	10	Ten (10) training programmes conducted according to the WSP and HR Plan	10	0	-
1.2	Number of HIV Counselling and Testing (HCT) and Health Risk Assessments (HRA) conducted	2	3	-	2 HCT and HRAs	2	0	-
1.3	Number of posts evaluated.	43	33	-	22	24	+2	Due to additions requests received
1.4	HR Plan reviewed annually.	0	1	1	HR plan reviewed	1	0	

Programme / Sub-programme:								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.5	Percentage of grievances resolved within prescribed time frames (30 days) (Baseline = 35 grievances)	-	-	-	90%	44%	-46%	Due to the complexities of grievances and the unavailability of aggrieved parties.
1.6	Percentage of misconduct cases finalised within prescribed time frames (90 days). (Baseline = 5 cases)	6 misconduct cases reported, 2 resolved within 90 days	-	-	85%	6%	-79%	The complexity of cases and unavailability of relevant role players including postponements.

Strategies to overcome areas of underperformance:

- Review processes of grievance and misconduct management in order to ensure adherence to timeframes.

Changes to planned targets

- n/a

Linking performance with budgets

Sub-programme expenditure

Programme Name	2015/2016			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
ADMINISTRATION	R'000	R'000	R'000	R'000	R'000	R'000
Sub Program						
Office of the MEC	10 701	9 777	924	8 097	7 936	161
Management Services	26 104	23 151	2 953	25 690	25 333	357
Financial Management	66 527	65 012	515	62 924	62 648	276
Corporate Services	35 875	40 549	(4 674)	39 728	38 827	901
TOTAL	139 207	138 489	(282)	136 439	134 744	1 695

4.2 Programme 2: Environmental Affairs and Conservation

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

Sub-Programmes:

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

This programme contributed to the following priorities:

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

4.2.1. Environmental Policy Planning and Coordination

Strategic objectives						
Environmental Policy Planning and Coordination						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	Sustainable Development ensured	24	24 Municipalities supported with environmental issues via various policies, tools and systems.	23	-1	Changes in municipal demarcations.

Programme / Sub-programme: Programme Environmental Policy Planning and Coordination								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of intergovernmental sector tools reviewed.	24	1	2	1	2	+1	A further request was received and it was to promote local government support capacity as required by the Local Government Support Strategy.
1.2	Number of environmental research projects undertaken.	13	5	8	5 Research projects	5	0	-
1.3	Number of functional environmental information management systems (EIMS).	1	1	1	1 EIM	1	0	-
1.4	24 IDPs reviewed for environmental content as per requirements (DA/3.5).	24	24	24	24	23	-1	Changes in municipal demarcations.
1.5	Submission of EIP reports.	-	-	0	1	1	0	-

Programme / Sub-programme: Programme Environmental Policy Planning and Coordination								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.6	Green economy strategy implemented.	-	1	1	5	6	+1	Additional workshops were conducted on request of municipalities.
1.7	Number of climate change response tools developed.	3	0	1	1	1	0	-
1.8	Climate Change Policy Alignment Process	-	-	-	2 Aligned sector policies	10	+8	Additional requests received.
1.9	Number of road shows conducted at municipal level relating to climate change.	-	-	-	5	7	+2	Additional requests received.

4.2.2. Compliance and Enforcement

	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	Improved compliance with Environmental Legislation	920	Ensure compliance in the sector through 280 compliance inspections, 50 criminal enforcements and 12 administrative enforcements.	-1275 inspections 39 criminal and 7 administrative enforcements	+995 Inspections, - 25 criminal enforcements , -5 administrative enforcements	-

Programme / Sub-programme: Compliance and Enforcement

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of criminal enforcement (green issues) actions undertaken for non-compliance with environmental management legislation.	44	42	30	50 Criminal enforcement	25	-25	Demand driven.
1.2	Number of administrative enforcement actions taken for non-compliance with environmental legislation.	53	9	13	12 Administrative enforcement	7	-5	Demand driven.
1.3	Number of compliance inspections conducted	586	913	877	280 Inspections	1275	+995	Due to strategic partnerships.
1.4	Number of permits issued within legislative time-frame.	5156	5757	5303	4500 Permits	5049	+549	Demand driven
1.5	Number of Admission of Guilt Fines Issued for Biodiversity related transgressions.	-	-	-	30 Admission of guilt fines	23	-7	Demand driven.

4.2.3. Environmental Quality Management

Strategic objectives						
Sub-Programme Environmental Quality Management						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	Ensure a healthy environment.	100%	Manage the quality of the environment and climate change through ensuring that at least 80% of licensing applications are finalised with the legislated timeframes.	80%	0	-

Programme / Sub-programme: Environmental Quality Management								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of facilities trained on the Waste information system.	31	5	5	5 Facilities	6	+1	Additional request received from Moqhaka municipality.
1.2	Percentage of waste licenses applications finalised within legislated time-frames.	-	-	100%	80% Applications	80%	0	-
1.3	Number of waste pickers supported.	-	-	-	100 Waste pickers	101	+1	Demand driven. Additional request received.
1.4	Percentage of EIA applications finalized within legislated time-frames.	-	-	62%	98% Applications	68%	-30%	The delay in submission of information by Environmental Consultants restrict the Department to finalise authorisations within time frames.

Programme / Sub-programme: Environmental Quality Management

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.5	Percentage of atmospheric emissions licences with complete applications issued within legislated time-frames.	-	-	100%	100% Licences	100%	0%	-
1.6	Number of S24G applications received.	7	3	7	3 Applications	3	0	-
1.7	Number of S24G fines paid.	-	-	1	3 Fines	2	-1	Demand driven
1.8	Number of designated organs of state with approved and implemented AQMP's.	0	-	0	1	0	-1	Demand driven

4.2.4. Biodiversity Management

Strategic objectives

Sub-Programme Biodiversity Management

	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	Management of provincial nature reserves, resorts and biodiversity.	903027ha	Increase the conservation estate of the province to 907000ha, through effective planning and management practises.	920483ha	+13483	Sneeuwberg 17456 ha

Programme / Sub-programme: Biodiversity Management								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of new Black Game Farmers Introduced into a Game Farming Programme.	-	-	26	8	4	-4	Due to the drought less farmers were supported
1.2	Number of marketing sessions for Resorts conducted	-	9	8	4	3	-1	The planned event was postponed due to the low water levels of FS dams.
1.3	Increase land under conservation through the implementation of the Biodiversity Stewardship Programme (BSP).	-	1	1	1 new stewardship site	1	0	-
1.4	Percentage of state managed protected areas assess with a METT score above 67%.	-	-	61%	60%	96%	+36	Improvement in management systems without additional cost to company
1.5	Number of hectares in the conservation estate.	390409ha	-	903027ha	907000ha (+2000ha)	920483ha	+13483	Sneeuwberg 17456 ha

4.2.5. Environmental Empowerment Services

Strategic objectives						
Sub-Programme Environmental Empowerment Services						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	Environmental Empowerment and Capacity Building.	13575	Empower the sector through 15 environmental awareness campaigns, training of 400 community members and inclusion of 110 schools in environmental programmes.	94 awareness 1276 community members 148 school	+79 Awareness campaigns, +876 community members trained, +38 schools included	Demand driven

Programme / Sub-programme: Environmental Empowerment Services								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of conservancies supported.	-	-	-	8	11	+3	Demand driven.
1.2	Number of community members' work shopped on environmental management.	535	753	482	400	1276	+876	Demand driven
1.3	Number of registered schools for participation in an environmental programme.	201	251	287	110	148	+38	Demand driven
1.4	Number of work opportunities created through environmental programmes.	24	60	75	10	29	+19	More opportunities were created through recycling projects than anticipated.

Programme / Sub-programme: Environmental Empowerment Services

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.5	Number of environmental community awareness activities conducted.	26	26	125	15	94	+79	Demand driven
1.6	Number of environmental capacity building activities through workshops and informal training conducted.	13	32	29	30	30	0	-
1.7	Number of quality environmental education resource materials developed.	-	-	4	1	1	0	-
1.8	Number of environmental calendar days celebrated.	-	-	4	4	5	+1	Due to national Ministry visit.
1.9	Number of seedlings cultivated at the Karee Nursery	-	-	-	2500	29191	+26691	More favourable growth conditions.
1.10	Number of Greenest and Cleanest Municipality Competitions facilitated	-	-	-	1	1	0	-
1.11	Number of cleaning campaigns conducted	-	-	-	12	13	+1	Additional requests received.
1.12	Number of job opportunities created through departmental EPWP grant.	24	-	75	159	264	+105	Additional funds from treasury received.

Strategies to overcome areas of underperformance:

- Utilize expertise of DEA in relation to aspects of environmental sustainability and sustainable development;
- Enter into support programmes with CUT and UNEP, including other industry stakeholders.

Changes to planned targets

- n/a

Linking performance with budgets

2015/2016				2016/2017		
Sub- Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Environmental Quality Management	4 173	13 642	(9 469)	7 209	7 718	(509)
Environmental Policy Coordination & Planning	14 051	12 037	2 014	13 170	10 996	2 174
Compliance and Enforcement	17 442	8 561	8 881	11 244	7 447	3 797
Biodiversity Management	96 521	104 463	(7 942)	99 343	105 177	(5 834)
Environmental Empowerment Services	12 092	2 131	9 961	15 476	8 150	7 326
Total	144 279	140 834	3 445	146 442	139 488	6 954

4.3. Programme 3: Economic and Small Business Development

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

Sub-Programmes:

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

This programme contributed to the following priorities:

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

4.3.1. Integrated Economic Development

Strategic objectives						
Sub-Programme Integrated Economic Development						
	Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	To promote and support radical economic development	7	Support 3 value chains, 3 industrial developments and 3 businesses through various developmental initiatives, partnerships and alternative funding resource facilitation.	3 value chain 3	0	-

Programme / Sub-programme: Integrated Economic Development								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of value chains mapped: - Agro-processing. - Mining. - Manufacturing	-	-	-	3	3	0	-
1.2	Number of enterprises assisted with access to markets - Agro-processing. - Mining. - Manufacturing	-	-	-	30	92	+62	Due to strategic partnerships
1.3	Number of people trained within the prioritised sectors	-	-	217	200	305	+105	Due to strategic partnerships
1.4	Number of operational forums in specific sector: - Agro-processing. - Mining. - Manufacturing	-	-	3	4	4	0	-

Programme / Sub-programme: Integrated Economic Development

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Industrial development								
1.5	Number of initiatives to support Industrial Development	-	-	-	3	0	-3	Reprioritisation of funds
1.6	Number of black industrialist developed	-	-	-	3	0	-3	Reprioritisation of funds
1.7	Number of business to business or business to consumer marketing platforms arranged	-	-	*	1	4	+3	Additional platforms arranged due to strategic partnership.

4.3.2. Economic Research and Planning

Strategic objectives							
Sub-Programme Economic Research and Planning							
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
1.	To promote effective and efficient economic planning, research and innovation.	-	9	Develop internal policies and procedures on research and policy formulation, coordinate and facilitate the initiation of 4 research and development projects, development of 4 economic intelligence reports and conducting of 2 seminars to support economic planning, research and innovation in the province.	1 Policy 3 R&D 6 Intelligence reports 2 seminar	-1 R&D project, +2 intelligence reports,	The R&D project was deferred to a next financial year. Additional requests for intelligence reports were received.
2.	To affirm and protect the consumer rights of all people in the province.	-	23	36 information sessions held, 1 World Consumer Day celebrated, 2 consumer investigations conducted, conclude all consumer complaints received in 90 days and facilitate 40 consumer court sittings in order to affirm and protect the consumer rights of all citizens in the province.	66 information 1 consumer day 2 investigation	+30 information sessions, , -40 court sittings	More information sessions due to Outreach Programmes. Court sittings did not take place due to the unavailability of suitable candidates, requests for suitable members had to be re-advertised causing delays in the appointment.

Programme / Sub-programme: Economic Research and Planning

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Research policy developed	-	-	1	1	1	0	-
1.2	R&D projects completed within planned time frames	7	3	3	4	3	-1	Was deferred to a next financial year.
1.3	Intelligence reports produced	6	4	5	4	6	+2	Additional requests received
1.4	SOP on policy formulation process developed	-	-	-	1	1	0	
1.5	Sector strategies developed	-	-	-	2	2	0	-
1.6	Policy briefs released	-	-	-	4	4	0	-
1.7	Seminars held on research findings and new policy directives	-	-	1	2	2	0	-
1.8	Information sessions on consumer topics held	52	76	26	36	66	+30	Due to Outreach Programmes.
1.9	World Consumer Day celebrated	1	1	-	1	1	0	-
1.10	Number of investigations on rife unfair business practices conducted.	-	-	1	2	2	0	-
1.11	Percentage of all received complaints mediated and concluded within 90 days	-	-	36%	100%	48%	-52%	Due to court sittings not realizing.

1.12	Number of Consumer Court sittings conducted	-	-	23	40	0	-40	Court sittings did not take place due to the unavailability of suitable candidates, requests for suitable members had to be re-advertised causing delays in the appointment.
1.13	Number of partnerships and networks established	-	-	-	2	1	-1	Extended negotiations to formalize partnerships caused unforeseen delays.

4.3.3. Small Business Development

Strategic objectives							
Sub-Programme Small Business Development							
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	To support radical SMME and cooperative development through partnerships.	204	125	Coordinate, facilitate and monitor the development and support of 120 sustainable SMME's and 30 sustainable cooperatives respectively through various business development initiatives.	400 SMMEs and Cooperatives developed and supported	+ 280 SMME's developed and supported	Due to additional resources from SMME support

Programme / Sub-programme: Small Business Development								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of existing SMME's and Co-operatives supported.	117	204	105	150	150	0	-
1.2	Number of new and existing SMME's and Co-operatives developed.	-	-	96	220	250	+30	Due to additional resources from SMME support
1.3	Number of co-operatives and SMME's supported through sector departments.	-	-	-	20	20	0	-
1.4	Number of alignment consultation and capacity building sessions with local government stakeholders on local Economic Development	-	-	13	14	42	+28	Due to additional requests
1.5	Number of linkages established with local Entities.	-	-	-	4	4	0	-
1.6	Number of municipalities supported with various interventions relating to business regulation.	-	-	6	12	6	-6	Lack of participation by municipalities
1.7	Number of B-BBEE compliance capacity building sessions facilitated	-	-	-	5	5	0	-

Programme / Sub-programme: Small Business Development								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.8	Number of business forums facilitated.	-	-	2	4	5	+1	Due to strategic partnerships.
1.9	Number of consultation sessions with Entities and aimed of strengthening the relationship between DESTEA and Entities.	-	-	-	4	4	0	-

Strategies to overcome areas of underperformance:

- A lack of resources has been identified as the key contributor to underperformance in some indicators.
- The strategy to turn around the situation includes ensuring that we have realign the structure such we it can function optimally to achieve the results in an environment where there are constrained resources. To this end, we have appointed managers for the Fezile Dabi and Thabo Mofutsanyana service centres in the current financial year; this will ensure that there is oversight and service delivery is enhanced. Furthermore, the department has adopted the use of the balanced score card (BSC) as a tool to monitor and ensure implementation of activities and indicators as contained in the APP.

Changes to planned targets

- n/a

Linking performance with budgets

2015/2016				2016/2017		
Sub- Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Integrated Economic Development	19 754	17 213	2 541	24 256	23 103	1 153
Economic Research and Planning	69 797	67 931	1 866	70 357	68 370	1 987
Small Business Development	34 813	38 667	(3 854)	19 765	21 880	(2 115)
Total	124 364	123 811	553	114 378	113 353	1 025

4.4. Programme 4: Tourism

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

Sub-programmes:

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

This programme contributed to the following priorities:

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

4.4.1. Tourism Planning

Strategic objectives							
Sub-Programme Tourism Planning							
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Planned Target 2016/2017	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.	Development and implementation of tourism policies and strategies.	-	32	Conduct 24 IDP assessments, 10 regulatory inspections to ensure alignment to the Tourism Master Plan.	23 IDPs 10 inspections	-1 IDP assessment	Changes in municipal demarcations.

Programme / Sub-programme: Tourism Planning								
	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Number of policy documents developed on the implementation of Free State Tourism Master Plan and Tourism Act No 3 of 2014.	-	-	-	2	0	-2	Policies could not be finalized due to changes in National Policies and the FSGLA/ FSTA merger.

1.2	Number of stakeholder/trade engagements facilitated.	-	-	-	4	5	+1	Demand driven
1.3	Number of Tourism Sector Plans facilitated for municipalities	-	-	4	4	4	0	-
1.4	Tourist guiding regulatory framework implemented.	8	11	8	10 Enforcement inspections	10	0	-
1.5	Number of initiatives to support growth of tourist guiding sector.	-	-	-	6 reports	6	0	-
1.6	Tourist safety plan implemented.	-	-	1	4 implementation reports	4	0	-
1.7	Comprehensive Free State Tourism Signage Strategy implemented.	-	-	-	4 implementation reports	4	0	-

4.4.2. Tourism Growth and Development

Strategic objectives							
Sub-Programme Tourism Growth and Development							
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Planned Target 2016/2017	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	Radically grow the Tourism Sector's contribution to the Provincial Economy.		10	Increase provincial bed nights consumption, through 2 capacity building sessions, 4 SRI funded initiatives and support to 5 annual tourism events.	2 capacity building session 4 SRI 5 Tourism events	0	-

Programme / Sub-programme: Tourism Growth and Development

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Flea markets created in support of district tourism.	-	4	2	2	2	0	-
1.2	Number of capacity programs on tourism information systems, services implemented.	-	-	-	2 Capacity building sessions	2	0	-
1.3	Number of SRI and/or FDI funded initiatives supported.	-	-	3	4	4	0	-
1.4	Provincial accommodation database developed and updated.	-	-	1	1	1	0	-
1.5	Audit of provincial tourism attractions conducted.	-	-	5	5	5	0	-
1.6	Number of tourism events supported to address geographic, seasonal and rural spread.	-	5	5	5	5	0	-
1.7	I love Free State Tourism cleaning campaign.	-	-	2	1 Campaign	1	0	-
1.8	Support of the establishment of an international convention centre for increased business tourism.	-	-	-	4 Reports	4	0	-

1.9	Facilitation of the Free State Conventions and Events Bureau to grow business events.	-	-	-	Facilitation of the Conventions & Events Bureau – 2 Reports	2	0	-
1.10	Number of consultations with Entities aimed at strengthening the relationship between DESTE and Entities.	-	-	-	12 - FSTA, FSLGA & FDC	12	0	-

4.4.3. Transformation of Tourism Sector

Strategic objectives							
Sub-Programme Transformation of Tourism Sector							
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
1.	Radically transform the Tourism Sector.	-	5	Ensure compliance with the Tourism Transformation Plan through 2 training programmes, an annual career EXPO and 2 community beneficiation initiatives.	2 Training programmes, career EXPO, 2 beneficiation initiatives	0	-

Programme / Sub-programme: Tourism Sector

	Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
1.1	Schools competition programmes implemented.	-	-	1	1	1	0	-
1.2	Number of Community Beneficiation initiatives with emphasis on rural tourism development supported.	6	4	-	2	2	0	-
1.3	Tourism events facilitated.	- 1	1 provincial tourism awards 1 Tourism career expo	1	1 provincial tourism awards 1 Tourism career expo	2	0	-
1.4	Free State Tourism transformation plan developed and implemented.	-	-	1	Implementation Report	1	0	-
1.5	Tourism specific training provided.	-	10 tourism toolkit programmes implemented 1 Tour operator training programme per district 4 Specialised hospitality training programmes implemented	2	2 Specialised hospitality/ tourism training programmes implemented 1 Tour operator training	2	0	-

Strategies to overcome areas of underperformance:

- A Plan with timeframes to achieve crafting of Policies will be in place and the APP will be revised in the event that there is no funding for implementation thereof and/or when approval is taking longer to be granted due to various reasons such as public consultation.

Changes to planned targets

- n/a

Linking performance with budgets

2015/2016				2016/2017		
Sub- Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism Planning	60 838	60 249	589	77 237	75 491	1746
Tourism Growth and Development	50	1	49	250	-	250
Transformation of Tourism Sector	50	30	20	250	-	250
Total	60 938	60 280	658	77 737	75 491	2 246

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

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

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Free State Development Corporation	SMME Development	R0 00	R4.6 million	<ul style="list-style-type: none"> 54 SMMEs assisted with bridging finance. R 4.6 million disbursed to these SMMEs.
	Revenue Collection	R0 00	R0 00	<ul style="list-style-type: none"> 76% collected from loans 73% collected from property portfolio.
	Property Leasing	R0 00	R0 00	<ul style="list-style-type: none"> 80% of rentable properties occupied.
	Trade and Investment Promotion	R0 00	R0 00	<ul style="list-style-type: none"> Two investments above R10 million realised. Four companies incubated to trade. 17 new SMME's Investors as FDC property tenants for rental entered into during 2016/2017.
	Special Economic Zone Development	R0 00	R0 00	<ul style="list-style-type: none"> Investment processes are at an advanced stage with the following types of investments and their business cases been submitted to the DTI for top structure funding: **Chemicals company, **Apple Juice concentrate company, **Textile manufacturer , ** Plastic container food beverages manufacturer, **Medical equipment and accessories manufacturer and Furniture and chip board and manufacturer Alignment of Harrismith SEZ with the Harrismith Gateway project in planning phase with SANRAL and Transnet. R114 million received from DTI in this financial year. Tender for completion of designing internal Roads & Parking; Bulk Electricity Supply; Storm water Reticulation; Sewer Reticulation; Water Distribution; Bulk Sanitation; Landscaping; Fire Services has been advertised. Resuscitation (electrical works -including perimeter fence lighting and road works) of MAP SEZ Industrial complex completed. The President of the Republic South Africa will hand over the MAP SEZ operating license to the Premier of the Province on the 25th of April 2017.
	Broadband and Telecoms Unit	R9 million	R1 million	<ul style="list-style-type: none"> The unit has almost completed the ICT Infrastructure deployment at the new DESTEA premises. The Unit also deployed its Gateway Telephony Solution (GTS) at the Department of the Premier and Department of Education. These deployments have enabled the departments to save over 30% of their monthly fixed telephony expenditure. GTS will be deployed to other departments and municipalities in the 2017/18 financial year as FDC has been appointed as the implementing agent.

Free State Gambling and Liquor Authority	<p>The mandate of the Entity is to effectively regulate the gambling and liquor industry in the Province, Increase revenue collection and Increase public awareness and protection.</p> <p>Functions</p> <ul style="list-style-type: none"> • Invite Applications for licenses (gambling) • Receive applications for registrations (liquor) • Consider, grant or refuse applications • Cancel, suspend, vary, renew or revoke a license or registration approved. • Ensure compliance to the act, rules and regulations • Reduce the socio-economic and other costs of alcohol • Promote the development of a responsible and sustainable liquor industry 	R 55 551	R55 551	<p>The key achievements for the period 2016/17 are:</p> <ul style="list-style-type: none"> • Creditors were paid on average, within 5 days • The FSGLA Board approved 24 new Limited Pay Out Machine Site licenses • The Authority approved 211 liquor applications registrations and refused 126 applications, <p>The Authority promotes a sustainable liquor industry and only issues registrations to qualifying applicants.</p> <ul style="list-style-type: none"> • Enforcement Operations conducted for the year is 53 operations <p>Gambling and Liquor Compliance inspections</p> <ul style="list-style-type: none"> • A total number of 2764 liquor compliances inspection and 79 gambling compliance inspections were conducted throughout the province <p>Awareness Campaigns</p> <ul style="list-style-type: none"> • 16 awareness campaigns have been conducted to date across the 5 Districts of the Province
Free State Tourism Authority	<p>The entity is mandated to market the tourism attractions and events that take place in the province.</p> <p>The Act mandates the entity to promote and market the province as well as to promotion of major sport events to promote tourism in the Province.</p>	R65 787 000	R65 787 000	-
Total		R130 338 000	R121 344 000	

5.2. Transfer payments to all organisations other than public entities

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
None						

The table below reflects the transfer payments which were budgeted for in the period 1 April 2015 to 31 March 2016, but no transfer payments were made.

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

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

GRANTS AND EARMARKED FUNDS	Current Budget (R'000)	Total Expenditure (R'000)
CONDITIONAL GRANT		
EPWP INTERGRATED GRANT FOR PROV	2 790	2 024
TOTAL CONDITIONAL GRANT	2 790	2 024
EARMARKED FUNDS		
FLOWER FESTIVAL-FSTA	12 000	12 000
FS INTERNATIONAL FOOTBALL	4 000	4 000
FSTA- TOURISM DEVELOPMENT	1 210	1 210
INFRASTRUCTURE ENHANCEMENT ALLOC	17 399	12 209
NATIONAL TOURISM EXPO	4 000	4 000
REVENUE ENHANCEMENT ALLOCATION	5 243	4 811
SMALL BUSINESS DEVELOPMENT	13 857	11 751
TOURISM AND HOSPITALITY GRANTS	4 000	1 934
WASTE MANAGEMENT	500	383
TOTAL	62 209	52 299

6.2. Conditional grants and earmarked funds received

The table below details the conditional grants and ear marked funds received during for the period 1 April 2016 to 31 March 2017.

Conditional Grant EPWP:

Department who transferred the grant	National Department of Public Works
Purpose of the grant	To alleviate unemployment, delivery goods and services labour-intensively and to provide work experience and training.
Expected outputs of the grant	Job creation
Actual outputs achieved	264 Jobs
Amount per amended DORA (R'000)	2 790
Amount received (R'000)	2 790
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	2 024
Reasons for the funds unspent by the entity	Delay in receiving of goods from a service provider.
Reasons for deviations on performance	n/a
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	Treasury Infrastructure Review Model.

7. DONOR FUNDS

7.1. Donor Funds Received

n/a

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

8.1.1. Asset Management Plan

By the end of the financial year 2016/2017, the following processes had been finalised:

- Stocktaking for the machinery and equipment.
- Updating of the room asset-lists and the bar-coding of all assets.
- Ensuring that paper trails of all asset-related transaction are in place.
- Reconciliation of LOGIS and BAS and passing of the required journals.

8.1.2. Infrastructure Projects

Infrastructure projects	2015/2016			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	1 284	537	747	-	-	-
Existing infrastructure assets	-	-	-	-	-	-
- Upgrades and additions	14 176	13 670	506	18 175	13 027	5 147
- Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
- Maintenance and repairs	2 783	1 562	1 221	2 274	2 232	42
Infrastructure transfer	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
Total	18 243	15 769	2 474	20 449	15 259	5 189

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

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

8.1.4. Progress made on the maintenance of infrastructure

8.1.4.1. General maintenance

General maintenance is done by contractors close to each Reserve or Resort. This is mainly urgent repair work for e.g. cooler rooms, sewerage pumps, geysers. The departmental maintenance team also does some general maintenance on the resorts and reserves.

8.1.4.2. Major maintenance projects

The following major maintenance projects are receiving attention:

- Koppiesdam - repairs to sewerage lines 1/4/15
- Construction of entrance gate at Kalkfontein by DESTEA team.

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

Departmental asset holding

The following changes in the departmental asset holding were observed:

The losses for the department for the period under review amount to R192 330.68 and in all instances cases were opened with the SAPS.

Disposals

Revenue collected for disposing scrap assets:

- Willem Pretorius Resort – R13 350.00
- Sandvelt Resort – R540.00

8.1.6. Current status of capital assets

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

- Good: 36%
- Fair: 62%
- Bad: 2%

PART C: GOVERNANCE

1. INTRODUCTION

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

2. RISK MANAGEMENT

In line with the terms of reference, Risk Management Framework of National Treasury, directives from Provincial Treasury and the Risk Management Charter, the committee confirms that it has executed its responsibilities as required, mainly the following:

- Reviewed the risk management policy, strategy and implementation plan and were approved by the Accounting Officer.
- Reviewed the Department's risk identification and assessment methodologies to obtain reasonable assurance about the completeness of the register.
- Reviewed comprehensive risk registers informed by risk assessment process.
- Evaluated the effectiveness of the mitigating strategies to address emerging risks identified by Internal Audit, AGSA, other relevant reports and inputs from management.
- Reviewed and acted on any material findings and recommendations by assurance providers on the system of risk management and monitored that appropriate action is instituted to address the identified weaknesses.
- Provided proper and timely reports to the accounting officer on the state of the risk management, together with aspects requiring improvement accompanied by the committee's recommendations to address such issues.

In order to remain focused and with the advice of the audit committee, the committee also identified top 10 risks in the Department which will be subjected to constant monitoring by the committee and management.

The Risk Management Committee met on a quarterly basis and also when necessary to discuss the emerging risks and relevant committee matters.

Risk management is treated as a priority by management. The presentation and discussion of the risk reports remains a standing item in the Audit Committee meetings as well as Extended Executive Management Team meetings for 2017/18 going forward.

The recommendations and resolutions of the committee were communicated to the Accounting Officer on a quarterly basis and the committee is indeed supported by both management and the Accounting Officer. The attendance of meetings is compulsory to all members of the committee.

The entire enterprise risk management process will be monitored, and modified on regular basis. In this way, the system can react dynamically to changing conditions. As a result, the Risk Management Unit has established a reporting method/tool so as to track progress made on addressing risk identified. The Risk Management Unit follows up and verifies information submitted quarterly by managers.

3. FRAUD AND CORRUPTION

- The department's fraud prevention plan and the progress made in implementing the fraud prevention plan:
 - The Fraud Prevention Plan was circulated to all departmental officials.
 - Banners carrying messages on Anti-Fraud and Corruption were procured late in 2016. Banners are utilized for Awareness Campaigns.
- Mechanisms in place to report fraud and corruption and how these operate.
eg: Whistle blowing - The need for officials to make confidential disclosure about suspect fraud and corruption:
 - Whistle Blowing Policy was circulated to all departmental officials.
 - The Policy carries the contact details for whistle blowers to report any suspicious acts of fraud and corruption.
 - The department recognises that certain cases will have to proceed on a confidential basis.
 - The department has designed procedures for dealing with cases of whistle-blowing that protect the individual and ensure that the matter is fully and vigorously investigated.
 - Currently, the department also receives cases reported via the Provincial Hotline.
- How these cases are reported and what action is taken?
 - Some of the cases are reported via the Provincial Hotline.
 - A number of irregularities that have elements of Fraud and Corruption tend to be discovered during Audit. Suspected Official/s is/are questioned and if there is a need to investigate further, relevant sections e.g. Audit, Legal, Labour get involved.
 - Each case is attended to according to its merit.

4. MINIMISING CONFLICT OF INTEREST

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

5. CODE OF CONDUCT

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

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

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

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

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

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

According to the Occupational Health and Safety Act no 181 of 1993, Occupational health and Safety aims “to provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith”.

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

- 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.
- Behavioural hazards e.g. non-compliance with standards, lack of skills, new tasks.

Employers are therefore expected to provide and maintain, as far as is reasonably possible, a working environment that is safe and without risk to the health of the employees. The department has established an occupational Health and Safety (OHS) Committee to oversee health and safety matters in the department. The members of the committee comprises of the following members:

- Ms. B Molefe: Assistant Director: Employee Health and Wellness
- Ms. T Morabe: Senior OHS Practitioner
- Mr S Makhubu
- Mr SD Telane
- Ms T Monareng
- Mr. T Sebati
- Mr. M Jacobs
- Mrs D Senyakanyaka
- Mr B Mzonjani
- Ms. M Molefe
- Mr. S Stok
- Mr. RJ Lesupi
- Ms. M Mathopa
- Mr. A Ramalefane
- Ms. B Matlakala
- Mr. P Mokhele
- Mr. S Cholota

- Mr S Yekwa
- Mr A Mamoma
- Mr. T Seisho
- Mr. M Lecholo
- Mr. V van Rooyen
- Mr. S Ncaba
- Ms. N Dlali
- Mr. M Mahlasela
- Ms. R Namola
- Ms. M Mabuthile
- Ms. P Nyokong
- Ms. M Nyawo
- Ms. L Tsotetsi
- Ms. N Khomo
- Ms. M Mashiloane
- Mr. M Tollie
- Ms. M Maloisane
- Mr Seekane

The members of the Committee were trained on Occupational Health and Safety (OHS) Act and First Aid Level 1 and 2. The main responsibility of the Committee members is to conduct health and safety inspections at their respective workplaces. Their findings are reported to the Employee Health and Wellness unit who in turn submit a report with recommendations to the Head of Department.

Health hazards that have been identified and not timeously attended to, have a negative impact on the health and morale of the departmental employees. In order to minimise the risks, a certain amount of the allocated budget has been set aside to correct the identified hazards. Health threatening hazards are prioritised in accordance with the available budget

7. PORTFOLIO COMMITTEES

A Portfolio Committee Meeting took place on the following date:

- 18 October 2016

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

- Environmental Impact assessment authorization
- Environmental compliance
- Small business development

8. SCOPA RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
17/2014	Work Skills Development Plan	<p>All staff in the following functional areas in provincial departments be assessed against the Competency Framework and relevant Technical Competency Dictionary to identify training and development needs and to ensure that the Work Skills Development Plan for 2015/16 are based on the outcome of these assessments:</p> <ul style="list-style-type: none"> * Management Accounting (Planning and Budgeting) * Revenue Management * Expenditure Management * Asset Management (Movable & Immovable) * Financial Accounting * Supply Chain Management * Internal Control * Enterprise Risk Management * Internal Audit * The Competency Framework and relevant Technical Competency Dictionary be used as part of the future recruitment and selection process. 	Develop the Works Skills Development Plan for 2015/16 based on the relevant Competency Framework	The resolution has been included in the Work Skills Development Plan
	Tabling of Annual Reports	<p>Tabling of Annual Reports when disputed</p> <p>To ensure effective oversight departments should ensure that Annual Reports are tabled by 30 September, unless there was a delay in the audit.</p>	Departments to confirm that this resolution is noted and will be complied with.	Completed
2/2010	Capacity	Ensure that the financial section of the department is sufficiently capacitated by skilled officials to ensure that financial functions are properly executed.	Fill vacant posts in SCM by end December 2013.	Post has been filled

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
4/2013	Document Management	<p>Document</p> <p>The Portfolio Committee note with great concern that the department does not have an effective document management system which resulted in misstatements on the annual financial statement, delays in the external audit process and non-compliance with laws and regulations.</p> <p>Management:</p> <p>The Portfolio Committee resolved that the Accounting Officer must develop and approve a document management policy and procedure for implementation which include adequate and effective control measures to ensure compliance. The Accounting Officer, supported by the CFO, must ensure compliance with the implementation of the departmental policy and measures in terms of Treasury Regulations 2(1).</p>	Develop records management policy and appoint a records manager to implement the policy	The department has developed document management policy
	Management of Public Entities	<p>The Portfolio Committee was extremely concerned with the ineffective management of public entities under the department's control.</p> <p>The Portfolio Committee resolved that the Accounting Officer must take actions within 30 days of the tabling and adoption of this resolution by Legislature to address the following deficiencies:</p> <ul style="list-style-type: none"> . Planning and performance management . Development and management of Service Level Agreement with entities. The Accounting Officer should obtain written assurance that the entities implement effective, efficient and transparent financial and internal control system. The Service Level Agreement should include conditions in instances where the requirements are not adhered to. These conditions must be monitored for compliance prior to any transfer payments. . Non-compliance with section 38(i)(j) of the PFMA and Treasury Regulation 8.4 relating to transfer payments. 	HOD is meeting with the entities on the monthly basis	Quarterly review meetings are held
	Under-spending	<p>The Portfolio Committee noted concern that the department materially under-spent it's budget by R8 659 000 in the previous financial year and indicated that this was as result of vacant funded posts not filled.</p> <p>The Portfolio Committee resolved that the Accounting Officer must put measures and controls in place to ensure that the department does not materially underspent in future.</p> <p>The Accounting Officer must inform the Portfolio Committee of the planned controls and target dates to fill the critical posts within 30 days from the date this resolution has been tabled and adopted in the Legislature. Quarterly progress reports must be submitted to this Committee.</p>	The department has put control measures in place to ensure that there is no underspending	The control measures has been put in place

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
	Drivers of audit outcomes	<p>The Portfolio Committee was extremely concerned that the AGSA assessment indicates that intervention is still required on all three audit dimensions, namely leadership, financial and performance objectives as well as compliance with laws and regulations relating to the following fundamentals of internal controls.</p> <p>a) Leadership: Oversight responsibility regarding finance and performance reporting and compliance to internal controls.</p> <ul style="list-style-type: none"> Effective HR Management to ensure adequate and sufficiently skilled resources are in place and performance is monitored. Development and monitoring of implementation of action plans to address the internal control deficiencies. <p>b) Financial and performance management:</p> <ul style="list-style-type: none"> Proper record keeping in timely manner to ensure that complete, relevant and accurate information is accessible and available to support reporting. Design and implement formal controls over IT systems to ensure reliability of systems and the availability, accuracy and protection of information. <p>c) Governance: Appropriate risk management activities to ensure that the regular risk assessment including IT and fraud, are conducted and that risk strategy to address risks is developed and monitored.</p> <p>The Portfolio Committee resolved that the Accounting Officer must within 30 days after the tabling and adoption of this resolution develop an action plan that clearly indicates the measures, target dates and responsibility. The Accounting Officer must request monthly management, monitoring and reporting on the status of implementation of this action plan from the CEO and institute disciplinary actions against relevant officials for poor performance.</p>	<p>Training will be conducted until 31 March 2014 and in future only for new recruits.</p> <p>New recruits will be given copy of Code of Conduct when they assume their duties.</p> <p>Officials will be informed on the correct procurement procedures and be furnished with a check list. Failure to adhere will lead to disciplinary action.</p> <p>System users will use the check list to ensure that all the supporting documents are attached to prevent the occurrence of irregular expenditure.</p>	The resolution is finalised

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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
n/a		

10. INTERNAL CONTROL UNIT

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

11. INTERNAL AUDIT AND AUDIT COMMITTEES

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

The Audit Committee reports that it has developed its terms of reference (Charter). The Audit committee further reports that the committee has regulated its affairs in accordance with the Approved Audit Committee Charter.

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

- 2015/16 Annual Financial Statements
- 2016/17 Interim Financial Statements
- 2015/16 Quarterly Targets (4th Quarter)
- 2016/17 Quarterly Targets
- 2016/17 Dash Board
- 2016/17 MPAT
- 2016/17 Annual Performance Plan
- PERSAL Audit
- Biodiversity Compliance and Enforcement
- Asset Management
- Contract Management
- Service Centers
- Security Services
- Risk Management
- Revenue Management
- IT Governance, BAS & LOGIS
- Infrastructure Projects
- Transfers to Public Entity
- Transfers to Private Entity

The following were areas of concern:

- Transfers to private entity
- Contract management
- Infrastructure projects
- Asset management

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

The table below discloses relevant information on the audit committee members:

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

Audit Committee Members and Attendees

The Audit Committee consists of the following members listed hereunder and met 5 times as per its approved terms of reference.

Names	Qualifications	Internal or External	If Internal, position in the department	Date appointed	Date resigned	No of meetings attended
W Rooifontein (Chairperson)	B Comm (Honours)	Internal	Director	1 April 2014	None	05
H Mohane	MSc (Agricultural Economics) Mcom (Economics)	External	Managing Director	1 April 2014	None	05
NB Dyeyi	B Proc	Internal	Acting Magistrate Director: Dyeyi Attorneys	1 April 2014	None	05
K Mackerduth	Chartered Accountant (SA)	Internal	Chief Financial Officer	1 April 2014	None	01

Audit Committee Responsibility

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

The Effectiveness of Internal Control

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

In line with the PFMA and the guidelines from King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

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

The finding by the Auditor General relating to the incorrect classification of transfer payments which led to the dispute with the Auditor General has been accepted by management.

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

In-Year Management and Monthly/Quarterly Report

Quarterly Financial as well as Strategic Planning reports were submitted to Provincial Treasury as required by the PFMA. These reports were reviewed by the Audit Committee and recommendations were implemented to improve the usefulness of the reports.

Evaluation of Financial Statements

The Audit committee has reviewed the financial statements of DESTEA and is concerned that the recommendations made by the Auditor General's on the previous year's findings were not implemented. The Audit committee has advised management to implement the recommendations as agreed with the Auditor General to prevent an adverse audit opinion.

Management has accepted the finding from the AG however disagreed with the recommendation to rectify the controls to prevent another adverse opinion from the Auditor General.

The financials were however submitted by management without the adjustments of the previous year's misstatements as highlighted by the Auditor General.

Auditor General's Report

The Audit Committee has met with the Auditor General to review the final report and findings of the annual audit. We are in agreement with the opinions expressed and the findings reported.



Mr W Rooifontein

Chairperson of the Audit Committee
Economic, Small Business Development, Tourism and Environmental Affairs
31 May 2017

PART D:

Human Resource Management

1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

Provide commentary on the following:

- The status of human resources in the department.
- Human resource priorities for the year under review and the impact of these.
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Employee performance management.
- Employee wellness programmes.
- Highlight achievements and challenges faced by the department, as well as future human resource plans /goals.

The department had 674 employees as at end of 2015/16 financial year and this number is at 640 as at 31 March 2017 (16/17 financial year). This number exclude 36 employees that are appointed on contract. The approved organizational structure comprised of 1673 posts of which 809 are funded. Eight hundred and sixty four unfunded (864) posts have been abolished on PERSAL. Currently, the department has 9 Interns appointed since 01 May 2015 and the contract of these Interns will be ending on 31 May 2017. There are 20 Security Learners who have been appointed within the department since 01 May 2015 and their contract has been extended until 31 July 2017. The department is in the process to recruit about 24 Interns via the Office of the Premier with effect from June 2017 through funding from Local Government Sectoral Education Training and Authority (LGSETA). The vacancy rate is standing at 20.35% and although the department could not reduce the vacancy rate to below 10% as planned, the commitment of staff and their willingness to work overtime enabled the department to achieve most of its objectives.

During 2016/17 financial year, the department advertised 93 and unfortunately could not fill all its funded posts as planned. Only 11 employees were recruited of which 3 were at Senior Management Services. Approval for filling of most of the posts have already been granted and successful candidates will assume duties in the 2017/18 financial year. Forty-four (44) employees left the department hence the department and this number is inclusive of 3 employees that was appointed on contract. The vacancy rate increased from 16,32% to 20.59%. The other reason for non-filling of other funded vacant posts is due to the fact that the department is in the process to review its organizational structure with a view of coming up with a lean and mean structure. After the review of the structure, the department will undertake an exercise of determining whether all its employees are gainfully employed with a view of placing current employees suitably on the new structure and thereafter, new vacancies will be determined for the 2017/18 financial year.

- **Human resource priorities for the year under review and the impact of these.**
 - Filling of critical posts have been identified to be filled. The department will have requisite skills in order to carry out its mandate.
 - To provide 10 training programmes in order to ensure a well-developed, competent workforce. Part-time bursaries were also rewarded to employees who applied for bursaries.
 - To provide a comprehensive employee health and wellness programme by offering treatment, care and support to the departmental employees and their families.
 - 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 organizational mandates.

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

Scarce skills are needed in the fields of Economic Development and Environmental Management. With regard to Economic Development, there is still dire shortage of the requisite skills such as Industrial Economists as these skills have not yet been recruited. There is a shortage of Environmental Scientists under Environmental Management- these skills are available but there are no reserves. Unfortunately, 2 Scientists left the department and have not yet been replaced which poses a serious challenge to the department in terms of this scarce skills. In order to recruit the requisite skills, bursaries will be allocated and career exhibitions will be held at various higher education institutions to recruit learners into these scarce skills. Training programmes will also be targeted at developing these skills internally.

- **Employee performance management**

The Performance Management and Development System is in place in the department and is implemented and monitored as prescribed by provincial policies and national directives. Performance assessments for officials on salary levels 2-12 for the financial year 2015/16 were concluded and performance rewards and pay progression implemented during February 2017. Challenges are still experienced with regard to the timely submission of assessment documents and the availability of Moderation Committee members. Not all SMS members assessments for the 2015/16 as well as assessments for 2016/17 have been concluded and it is anticipated that they will be concluded during 2017.

The department will be implementing the Performance Management and Development System based on the Balance Score Card across the department. Several workshops were conducted within the department by the MEC with different Directorates on the implementation of the Balance Score Card.

- **Employee wellness programmes**

Although the external service provider was not appointed, the EHWP Unit was able to attend to cases of HIV/AIDS, STIs TB, and Health Risk Assessment (HRA) through partnership with external stakeholders. The intention is to appoint external service provider during 2017/18 financial year to roll out a comprehensive EHWP Furthermore, the internal EHWP employees provided departmental employees and their families with counselling and support. In promoting a healthy and productive workforce, Wellness Day was hosted during October 2016 as well as Interdepartmental Sports Day (March 2017) in collaboration with the 3 departmental entities, Free State Provincial Treasury and KwaZulu Natal Department of Economic Development, Tourism and Environmental Affairs. The intention is to hold Sports Day on a monthly basis amongst departmental employees and the event will not only be focused at head office but will be rolled out and held at all departmental Reserves and Resorts, including Service Centres. The department has established the following sporting codes: netball and soccer as well as a choir. Furthermore, the intention is to establish tennis, basketball, volley ball, fishing sporting codes and recreational activities for the 2017/18 financial year.

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

- **Highlight/ achievements:**

- Number of people with disabilities increased to 10.
- Wellness Day event held.
- 4 EHWP policies approved
- Quarterly OHS and EHWP Committee held to address OHS concerns and for compliance with the Act as well as Wellness Management issues
- 2 HRA campaigns held to check presence of chronic illness and management thereof and 2 HCT campaigns were conducted for provision of care, treatment and support for the infected and affected.

- Facilitation of preventative measures against HIV- 37 630 male and female condoms were distributed and AIDS leaflets available at distribution points.
- Offering of counselling by EHW officials on an ongoing basis and referrals to professionals- average is 40 officials per month. This is done by only 2 registered Social Workers within the Unit in the absence of the service provider.

○ **Challenges faced by the department:**

- Filling of vacant and funded posts within the prescribed time-frames.
- Delay in appointment of EHWP Service Provider

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	134 744	86 967	1 771	210	65%	111
Environmental Affairs	139 488	95 998	189	7 341	66%	36
Economic Development	113 353	29 181	10	3 461	26%	119
Tourism	75 491	6 784	-	-	9%	8
TOTAL	463 076	218 930	1 970	11 012	47%	275

Table 3.1.2 Personnel costs by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee
Contract (Levels 1-2)	443	0.20	3	147 667
Contract (Levels 13-16)	3 229	1.47	1	3 229 000
Contract (Levels 3-5)	4 244	1.94	22	192 909
Contract (Levels 6-8)	1 307	0.59	8	163 375
Contract (Levels 9-12)	3 349	1.52	2	1 674 307
Contract Other	0	0	0	0
Highly skilled production (Levels 6-8)	55 097	25.16	168	327 958
Highly skilled supervision (Levels 9-12)	58 576	26.75	98	591 675
Lower skilled (Levels 1-2)	12 830	5.95	85	150 941
Senior management (Levels 13-16)	34 812	15.97	29	1 200 413
Skilled (Levels 3-5)	45 046	20.47	260	173 253
Total	218 930	100.00	676	323 860

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATION	59 469	27.16	137	0.16	2 767	3.18	4 034	4.63
ECONOMIC DEVELOPMENT	20 959	9.57	-	-	627	2.15	979	3.35
ENVIRONMENTAL AFFAIRS	63 447	28.98	1 439	1.50	4 053	4.22	6 830	7.11
P2: TOURISM	4 765	2.18	-	-	204	3.00	369	5.44
TOTAL	148 640	67.89	1 576	0.71	7 651	3.49	12 212	5.58

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Contract (Levels 1-2)	443	100.00	-	-	-	-	-	-
Contract (Levels 13-16)	2 704	83.74	-	-	-	-	-	-
Contract (Levels 3-5)	5 059	76.5	6	0.14	-	-	-	-
Contract (Levels 6-8)	1 097	83.93	-	-	25	1.91	35	2.67
Contract (Levels 9-12)	2 602	77.69	-	-	9	0.26	3	0.08
Contract Other	1 459	93.4	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	35 242	63.96	367	0.67	2 024	3.67	3 673	6.67
Highly skilled supervision (Levels 9-12)	38 355	65.47	470	0.80	1 161	1.98	1 869	3.19
Lower skilled (Levels 1-2)	8 099	63.12	141	1.09	1 170	9.12	1 554	12.11
Senior management (Levels 13-16)	25 116	72.14	-	-	460	1.32	194	0.56
Skilled (Levels 3-5)	27 834	64.01	592	1.36	2 802	6.44	4 884	11.23
TOTAL	148 640	67.89	1 576	0.71	7 651	3.49	12 212	5.58

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Table 3.2.1 Employment and vacancies by programme as on 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	253	200	20.94	4
Environmental Affairs	443	350	20.99	23
Economic Development	92	74	19.57	6
Tourism	18	16	11.11	0
Total	806	640	20.59	33

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2017

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)	114	85	25.44	2
Skilled(3-5)	299	260	13.04	23
Highly skilled production (6-8)	210	168	20.0	4
Highly skilled supervision (9-12)	145	98	32.41	2
Senior management (13-16)	38	29	23.68	2
Total	806	640	20.59	33

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Top Management (15-16)	3	2	33.33	0
Senior Management (13-14)	35	27	22.86	2
Middle Management & Professionals (11-12)	57	34	40.35	1
Junior Management & Supervisors (8-10)	145	111	23.45	1
Administrative Office Workers & related (5-7)	226	185	18.14	5
Elementary & Semi Skilled (1-4)	340	281	17.35	24
Total	806	640	20.59	33

3.3 Filling of SMS Posts

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

Table 3.3.1 SMS post information as on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	2	2	100	0	0
Salary Level 14	8	5	62.5	3	37.5
Salary Level 13	27	22	81.48	5	18.52
Total	38	29	76.31	9	23.68

Table 3.3.2 SMS post information as on 30 September 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	2	2	100	0	0
Salary Level 14	9	6	66.67	3	33.33
Salary Level 13	27	22	81.48	5	18.52
Total	38	29	76.31	9	23.68

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 and 31 March 2017

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	0	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2016 and 31 March 2017

Reasons for vacancies not advertised within twelve months
Review of the organisational structure by the department
Reasons for vacancies not filled within six months
Review of the organisational structure by the department

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 and 31 March 2017

Reasons for vacancies not advertised within six months
Not applicable as the department was in the process to review its organisational structure
Reasons for vacancies not filled within six months
Not applicable as the department was in the process to review its organisational structure

3.4 Job Evaluation

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

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2016 and 31 March 2017

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	114	0	0	0	0	0	0
Skilled (Levels 3-5)	300	2	0.7%	0	0	0	0
Highly skilled production (Levels 6-8)	209	9	4.3%	0	0	0	0
Highly skilled supervision (Levels 9-12)	145	13	9%	0	0	0	0
Senior Management Service Band A	27	0	0%	0	0	0	0
Senior Management Service Band B	8	0	0%	0	0	0	0
Senior Management Service Band C	2	0	0%	0	0	0	0
Senior Management Service Band D	1	0	0%	0	0	0	0
Total	806	24	2.98%	0	0%	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017

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

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 and 31 March 2017

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Director: Legal Services	1	13	14	SMS Member transferred to department with the retention of his salary.
Deputy Director: Asset and Disposal	1	11	12	Retention.
DD: Fleet & Auxiliary Services	1	11	12	Transfer of the official with the retention of salary
Deputy Director: Forensic, IT and Environmental Audit	1	11	12	After the department struggled to recruit the skill
DD: HR Practices	1	11	12	Transfer of the official with the retention of salary.
ASD: Lejweleputswa Service Centre	1	9	12	Transfer of the official with the retention of salary.
Environmental Officer Production Grade B	1	OSD (L8)	OSD (L11)	Retention.
Strategic Planning Practitioner	1	7	9	Retention.
Trade Advisor: Lejweleputswa Service Centre	1	7	12	Transfer of the official with the retention of salary t.
Administration Clerk	9	5	6 & 7	Officials graded higher due to rank and leg promotion and the post was benchmarked on a lower level.
PMDS Practitioner	2	7	8	Transfer of the official with the retention of salary.
Labour Relations Officer	3	7	8	Downgrade due to benchmark and officials retained their salaries
Trade Advisor: BBBE	1	7	8	Transfer of the official with the retention of salary.
System Analyst	1	8	9	Retention.
Deputy Director: Salary Administration	1	11	13	Transfer of the official with the retention of salary.
Personnel Officer	1	5	6	Transfer of the official with the retention of salary.
Accounting Clerk	6	5	6	Officials graded higher due to rank and leg promotion and the post was benchmarked on a lower level.
Deputy Director: Physical & Information Security	1	11	12	Transfer of the official with the retention of salary.
Deputy Director: Consumer Investigations	1	11	12	Transfer of the official with the retention of salary.
Total number of employees whose salaries exceeded the level determined by job evaluation				35
Percentage of total employed				5.5%

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 and 31 March 2017

Gender	African	Asian	Coloured	White	Total
Female	15	0	2	6	23
Male	11	0	0	1	12
Total	26	0	2	7	35

Employees with a disability					
Employees with a disability	1	0	0	0	1

3.5 **Employment Changes**

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	Number of employees at beginning of period- April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	83	0	2	2.41
Skilled (Levels3-5)	245	0	14	5.71
Highly skilled production (Levels 6-8)	175	4	12	6.86
Highly skilled supervision (Levels 9-12)	100	3	7	7.0
Senior Management Service Bands A	24	3	2	8.33
Senior Management Service Bands B	5	1	1	20.0
Senior Management Service Bands C	2	0	0	0
Senior Management Service Bands D	1	0	1	100
Contracts	39	0	5	12.82
Total	674	11	44	6.53

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 and 31 March 2017

Critical Occupation	Number of employees at beginning of period-April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Top Management (15-16)	3	0	1	33.33
Senior Management (13-14)	29	4	3	10.34
Middle Management & Professionals (11-12)	39	3	6	15.38
Junior Management & Supervisors (8-10)	111	3	5	4.5
Administrative Office Workers & related (5-7)	204	1	21	10.29
Elementary & Semi Skilled (1-4)	288	0	8	2.78
TOTAL	674	11	44	6.53

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

Table 3.5.3 Reasons why staff left the department for the period 1 April 2016 and 31 March 2017

Termination Type	Number	% of Total Resignations
Death	4	9.09
Resignation	10	22.73
Expiry of contract	5	11.36
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	1	2.27
Discharged due to ill-health	2	4.55
Retirement	11	25.0
Transfer to other Public Service Departments	11	25.0
Other	-	-
Total	44	-
Total number of employees who left as a % of total employment	-	6.53

Table 3.5.4 Promotions by critical occupation for the period 1 April 2016 and 31 March 2017

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Top Management (15-16)	3	0	0	0	0
Senior Management (13-14)	29	0	0	0	0
Middle Management & Professionals (11-12)	39	0	0	0	0
Junior Management & Supervisors (8-10)	111	0	0	0	0
Administrative Office Workers & related (5-7)	204	0	0	0	0
Elementary & Semi Skilled (1-4)	288	0	0	0	0
TOTAL	674	0	0	0	0

Table 3.5.5 Promotions by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	Employees 1 April 2016	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)	86	0	0	0	0
Skilled (Levels3-5)	276	0	0	0	0
Highly skilled production (Levels 6-8)	177	0	0	0	0
Highly skilled supervision (Levels 9-12)	103	0	0	0	0
Senior Management (Level 13-16)	32	0	0	0	0
Total	674	0	0	0	0

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	46	2	0	31	39	0	1	2	121
Professionals	1	0	0	3	0	0	0	1	5
Technicians and associate professionals	4	0	0	0	4	0	0	0	8
Clerks	88	3	0	9	107	2	0	16	225
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	178	11	0	5	83	4	0	0	281
Total	317	16	0	48	233	6	1	19	640
Employees with disabilities	5	0	0	2	3	0	0	0	10

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	1	0	2
Senior Management	17	0	0	2	8	0	0	0	27
Professionally qualified and experienced specialists and mid-management	15	1	0	4	14	0	0	1	35
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	35	2	0	32	34	0	0	7	110
Semi-skilled and discretionary decision making	70	2	0	5	95	2	0	11	185
Unskilled and defined decision making	178	11	0	5	83	4	0	0	281
Total	316	16	0	48	235	6	1	19	640
Employees with disabilities	5	0	0	2	3	0	0	0	10

Table 3.6.3 Recruitment for the period 1 April 2016 and 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	3	0	0	0	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	6	0	0	0	5	0	0	0	11
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2016 and 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
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	0	0	0	0	0
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	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2016 and 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	2	0	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	3	0	0	1	2	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	1	0	0	1	0	0	1	5
Semi-skilled and discretionary decision making	12	1	0	0	8	0	0	0	21
Unskilled and defined decision making	7	0	0	0	1	0	0	0	8
Total	26	2	0	1	14	0	0	1	44
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2016 and 31 March 2017

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

Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	46	1	0	4	37	0	1	0	89
Professionals	0	0	0	1	0	0	0	0	1
Technicians and associate professionals	1	0	0	0	2	0	0	0	3
Clerks	88	1	0	3	107	0	0	2	201
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	44	3	0	7	29	2	0	5	90
Total	179	5	0	15	175	2	1	7	384
Employees with disabilities	0	0	0	0	1	0	0	0	1

3.7. Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0%
Salary Level 15	2	2	2	100%
Salary Level 14	8	6	6	100%
Salary Level 13	27	23	22	95,7%
Total	38	32	31	96,9%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2017

Reasons
One SMS member was on suspension when the performance agreements were finalised.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2017

Reasons
None

3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2016 and 31 March 2017

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	76	553	13.7	879	1156
Male	25	317	7.88	232	9280
Female	51	236	21.6	647	12686
Asian	0		0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	1	22	4.5	9	9000
Male	0	16	0	0	0
Female	1	6	16.6	9	9000
White	16	67	23.88	317	19813
Male	11	48	22.9	247	22454
Female	5	19	26.3	70	14000
Total	93	642	14.5	1205	12957

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	8	75	10	35	4375	0.0164%
Skilled (level 3-5)	31	206	20	167	5387	0.078%
Highly skilled production (level 6-8)	33	232	10	476	14424	0.22%
Highly skilled supervision (level 9-12)	24	98	20	526	21916	0.24%
Total	96	611	20	1204	12541	0.56%

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Legislators, senior officials and managers	8	31	30	35	4375
Technicians and associate professionals	24	99	20	526	2917
Administrative Office Workers	33	200	20	476	14424
Elementary occupations	31	281	10	167	5387
Total	96	611	20	1204	12541

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017

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

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	1	100	0	0	100	0
Contract (level 13-16)	0	0	0	0	0	0
Total	1	100	0	0	100	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2016 and 31 March 2017

Major occupation	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Veterinarian	1	100	0	0	100	0

3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2016 to 31 December 2016

Salary Band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee days/number of employees	Estimated Cost (R'000)
Lower Skills (Level 1-2)	685	97,08	56	9,08	12,23	243
Skilled (levels 3-5)	1743	99,13	190	30,79	9,17	787
Highly skilled production (levels 6-8)	840	98,45	105	17,02	8	797
Highly skilled supervision (levels 9 -12)	494	98,17	65	10,53	7,6	942
Top and Senior management (levels 13-16)	202	99	18	2,91	11,22	780
Total	3964	98,51	434	70,34	9.1	3 549

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

Salary Band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	204	100	2	0,32	102	73
Skilled (Levels 3-5)	230	100	4	0,64	57,50	97
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	208	100	2	0,32	104	271
Senior management (Levels 13-16)	8	100	1	0,16	8	30
Total	650	100	9	1,45	72,22	471

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

Table 3.10.3 Annual Leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	1868	84	22,23
Skilled Levels 3-5)	6394	259	24,68
Highly skilled production (Levels 6-8)	3812	162	23,53
Highly skilled supervision(Levels 9-12)	2668	101	26,41
Senior management (Levels 13-16)	671	31	21,64
Total	15413	637	24.2

Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2016
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	29	7	4,14	3,03
Highly skilled production (Levels 6-8)	4	1	4	0,60
Highly skilled supervision(Levels 9-12)	25	2	12,50	2,04
Senior management (Levels 13-16)	0	0	0	0
Total	58	10	5.8	1,64

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

Table 3.10.5 Leave pay-outs for the period 1 April 2016 and 31 March 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2014/15 due to non-utilisation of leave for the previous cycle	109	1	109
Capped leave pay-outs on termination of service for 2015/16	187	7	27
Current leave pay-out on termination of service for 2015/16	812	35	23
Total	1 108	43	25

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
1. Cleaners	HIV, Counselling and Testing (HCT), education and awareness Provision of Personal Protective Equipment (PPE) and Occupational Health and Safety (OHS) Inspections
2. Peer educators	HCT, First Aid training and provision of First Aid equipment
3. Officials working and living at Resorts and Reserves, away from their homes	HCT, education and awareness, condom demonstration and distribution
4. Officials working at abattoir and game capture	HCT, education and awareness, provision of PPE and conducting OHS inspections

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Adv. TJ Phahlo Acting Chief Director: Corporate Services Ms. MP Tlale Acting Director: HRM
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		EHW Unit, Four (4) employees Budget: R1.2 M
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.	X		HIV Counselling and Testing (HCT) Programme Health Risk Assessments (HRA) Referrals and support for Disease Management Programme (DMP) Counselling services Promotion of Health & Wellness

Question	Yes	No	Details, if yes
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		EHWP COMMITTEE Mrs. LGB Molefe(EHWP) Mrs. M. Ntsiuoa (HIV MANAGEMENT) Ms K Mampe (HIV MANAGEMENT) Ms N Seleokane (WELLNESS) PEER EDUCATORS: Mr. T Letsika Ms. M Tobias Ms. M Sephiri Ms. S Nhlapo Mr. V Leeto Ms Modise Ms. T Sebetlele Ms. K Menong Ms Molokoane Ms. L Moholoholo Ms. L Pii Ms. N Dondolo Ms. Z Sifuba Ms. P Sekhothu Mr. Z Booi Mr. H Seleke Mr. MA Mahlomola Ms Mollo Mr. TJ Ralebakeng Ms. Moseki Mr. D Mphuthi Mr. S Senyakanyaka Mr. M Jacobs Mr. Mothabeng Mr. Stock Ms. M Mathopa Mr. Molelekoa Mr. L Motaung Ms. Kgang Mr. S Ncaba Mr. Seekane Mr. S Yekwa Mr. S Cholota Mr. D Rummelien Mr. RJ Lesupi Mr. M Phangisa
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.		X	-
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.	X		<ul style="list-style-type: none"> HIV Policy developed and approved Only Registered Professionals attend to HIV related matters

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		<ul style="list-style-type: none"> HCT Campaigns are held every six months within the department Employees are offered referral for free treatment and support Infected employees are enrolled on Disease Management Programme with GEMS and local stakeholders
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	-

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2016 and 31 March 2017

Subject matter	Date
None	

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 and 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	4	80
Fine	0	0
Demotion	0	0
Dismissal	1	20
Not guilty	0	0
Case withdrawn	0	0
Total	5	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 and 31 March 2017

Type of misconduct	Number	% of total
Insolent behaviour, remunerative work without permission, theft & undue enrichment	4	80
Theft	1	20
Total	5	100

Table 3.12.4 Grievances lodged for the period 1 April 2016 and 31 March 2017

Grievances	Number	% of Total
Number of grievances resolved	34	100
Number of grievances not resolved	0	0
Total number of grievances lodged	34	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2016 and 31 March 2017

Disputes	Number	% of Total
Number of disputes upheld	1	12.50
Number of disputes dismissed	7	87.50
Total number of disputes lodged	8	100

Table 3.12.6 Strike actions for the period 1 April 2016 and 31 March 2017

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2016 and 31 March 2017

Number of people suspended	8
Number of people who's suspension exceeded 30 days	8
Average number of days suspended	60 days
Cost of suspension(R'000)	R 669

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	44	0	4	0	4
	Male	79	0	0	0	0
Professionals	Female	1	0	0	0	0
	Male	4	0	0	0	0
Technicians and associate professionals	Female	4	0	0	0	0
	Male	4	0	0	0	0
Clerks	Female	125	0	2	0	2
	Male	100	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	87	0	5	0	5
	Male	194	0	0	0	0
Sub Total	Female	261	0	11	0	11
	Male	381	0	0	0	0
Total		642	0	11	0	11

Table 3.13.2 Training provided for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	44	0	5	0	5
	Male	79	0	0	0	0
Professionals	Female	1	0	0	0	0
	Male	4	0	1	0	1
Technicians and associate professionals	Female	4	0	3	0	3
	Male	4	0	0	0	0
Clerks	Female	125	0	6	0	6
	Male	100	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	87	0	3	0	3
	Male	194	0	0	0	0
Sub Total	Female	261	0	17	0	17
	Male	381	0	1	0	1
Total		642	0	18	0	18

3.14. Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2016 and 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	3	30
Temporary Total Disablement	6	60
Permanent Disablement	0	0
Fatal	1	10
Total	10	100

3.15 Utilisation of Consultants

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

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

- **The Department did not appoint consultants for the period under review.**

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 and 31 March 2017

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

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	-	-	-

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2016 and 31 March 2017

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

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	-	-	-

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

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

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2016 and 31 March 2017

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

PART E:

Financial Information

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Economic, Small Business Development, Tourism and Environmental Affairs set out on pages 122 to 201, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Department of Economic, Small Business Development, Tourism and Environmental Affairs as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Transfers and subsidies

3. The department did not classify payments made for the micro enterprise support programme (MESP) projects in terms of the nature of the transactions in accordance with the chapter on expenditure in the MCS. The department classified these payments as transfers and subsidies instead of expenditure for goods and services, and expenditure for capital assets. Consequently, transfers and subsidies were overstated by R8 308 000 (2016: R18 900 000) in note 7 to the financial statements. In addition, I was unable to obtain sufficient appropriate audit evidence to determine the respective amounts by which expenditure for goods and services, and expenditure for capital assets were understated, as the supporting information was not provided. I was unable to determine the understatements by alternative means
4. The department did not classify payments made for the National Tourism Career Expo expenditure incurred through the Free State Tourism Authority in accordance with the chapter on expenditure in the MCS. The department incorrectly classified these payments as transfers and subsidies instead of expenditure for goods and services. Consequently, transfers and subsidies were overstated and expenditure for goods and services understated by R3 993 000 (2016: R3 630 000).
5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
6. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty related to going concern

8. I draw attention to note 17 and 18.2 in the financial statements, which indicates that the department had significant commitments of R40 692 000 and payables not recognised of R1 622 000 as at 31 March 2017. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the department's ability to meet its financial obligations as they fall due and achievement of service delivery as outlined in the annual performance plan. My opinion is not modified in respect of this matter.

Emphasis of matter

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

Restatement of corresponding figures

10. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors in the financial statements of the department at, and for the year ended, 31 March 2017.

Irregular expenditure

11. As disclosed in note 22.1 to the financial statements, irregular expenditure of R8 308 000 (2016: R72 762 000) was incurred mainly due to non-compliance with supply chain management processes. In addition, the full extent of irregular expenditure is still in the process of being determined.
12. As disclosed in note 22 to the financial statements, irregular expenditure of R69 480 000 that was incurred in the previous years was still to be investigated.

Uncertainty relating to the future outcomes of litigations

13. With reference to note 16.1 to the financial statements, the department is the defendant in liability lawsuits of R24 713 000 (2016: R 27 570 000). The department is opposing these claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Material Impairments

14. As disclosed in note 21.2 to the financial statements, a provision for impairment of R7 609 000 (2016: R9 140 000) has been made with regard to accrued departmental revenue as a result of possible non-recovery of rental income from a debtor.

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the department or cease operations, or there is no realistic alternative but to do so.

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

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
20. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – environmental affairs and conservation	47–56
Programme 3 – economic and small business development	56 – 63

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. The material findings in respect of reliability of the selected programmes are as follows:

Programme 2 - environmental affairs and conservation

Various indicators

24. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicators listed below. This was due to the unavailability of supporting evidence. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator	Reported achievement
Number of compliance inspections conducted	1 275
Number of environmental community awareness activities conducted	94
Number of environmental capacity-building activities through workshops and informal training conducted	30
Number of administrative enforcement actions taken for non-compliance with environmental legislation	7

Programme 3 – economic and small business development

Various indicators

25. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicators listed below. This was due to the unavailability of supporting evidence. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator	Reported achievement
Number of existing SMMEs and co-operatives supported	150
Number of new and existing SMMEs and co-operatives developed	250
Percentage of all received complaints mediated and concluded within 90 days	48%

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on pages 36 to 69; for information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a significant number of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 22 to 24 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2: environmental affairs and conservation and Programme 3: economic and small business development. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

29. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
30. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Transfer payments

31. I was unable to obtain sufficient appropriate audit evidence that appropriate measures were maintained to ensure that transfers and subsidies to implementing agents for the micro enterprise support programme (MESP) and the National Tourism Career Expo expenditure incurred through the Free State Tourism Authority were applied for their intended purposes, as required by treasury regulation 8.4.1.

Expenditure management

32. Effective steps were not taken to prevent irregular expenditure amounting to R77 788 000 as disclosed in note 22 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. Irregular expenditure was mainly due to non-compliance with supply chain management regulations.

Annual financial statements

33. 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 corrected, but the uncorrected material misstatements and the supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion

Procurement and contract management

34. In some instances quotations were accepted from prospective suppliers who had not submitted a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.
35. Goods and services of a transaction value above R500 000 were in some instances procured without inviting competitive bids, as required by treasury regulation 16A6.1.

Other information

36. The Department's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
39. I have not yet received the annual report. When I do receive this information and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report, amended as appropriate.

Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion and the findings on compliance with legislation included in this report.
41. Leadership did not exercise adequate oversight of the implementation of internal controls to ensure accurate and complete financial and performance reporting and to prevent non-compliance with legislation. This was due to instability in the position of accounting officer arising from frequent resignations and the appointment of acting head of department.
42. Senior management did not implement adequate controls to prevent and mitigate the risk of repeat material misstatements on the financial statements and, the performance report submitted for audit, as well as non-compliance with laws and regulations. This was due to instability in senior management positions as a significant number of positions were vacant and filled in an acting capacity during the financial year under review.
43. Although the internal audit unit performed assurance procedures on departmental controls and risk management processes, its recommendations were not appropriately and timeously implemented by management. In addition, vacancies in the internal audit unit were not filled.

Other reports

44. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
45. Management is investigating allegations of possible abuse of travel and subsistence, committed by the officials of the department which covers the period starting from 2014 to 2016. These proceedings are currently in progress.

Auditor-General

Bloemfontein

31 July 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the department’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a department to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

For the year ended
31 March 2017

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
ENVIRONMENTAL AFFAIRS
VOTE 3**

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per programme									
Programme	2016/17					2015/16			
	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. ADMINISTRATION	136 519	-	(80)	136 439	134 744	1 695	98.0%	139 207	138 489
2. ENVIRONMENTAL AFFAIRS	14 442	-	3 000	146 442	139 488	6 954	95.3%	144 279	140 834
3. ECONOMIC DEVELOPMENT	116 300	-	(4 922)	114 378	113 353	1 025	99.1%	124 364	123 811
4. TOURISM	78 735	-	(998)	77 737	75 491	2 246	97.1%	60 938	60 280
TOTAL	474 996	-	-	474 996	463 076	11 920	97.5%	468 788	463 414

2016/17						2015/16	
	Final Appropriation	R'000	Actual Expenditure	R'000		Final Appropriation	Actual Expenditure
						R'000	R'000
TOTAL (brought forward)						1 108	
Reconciliation with statement of financial performance							
ADD							
Aid assistance							
Actual amounts per statement of financial performance (total revenue)			-			469 896	
ADD							
Aid assistance			403				411
Actual amounts per statement of financial performance (total expenditure)			463 479				463 825

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

VOTE 3

APPROPRIATION STATEMENT

for the year ended 31 March 2017

ANNUAL REPORT
2016/2017 FINANCIAL YEAR

Appropriation per economic classification									
	2016/17						2015/16		
	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
Economic classification									
Current payments	323 603	(9 030)	(3 702)	310 871	305 977	4 894	98.4%	311 640	308 357
Compensation of employees	222 654	(2 995)	98	219 757	218 930	827	99.6%	213 979	213 471
Salaries and wages	194 486	(2 793)	98	191 791	187 937	3 854	98.0%	188 381	184 335
Social contributions	28 168	(202)	-	27 966	30 993	(3 027)	110.8%	25 598	29 136
Goods and services	100 949	(6 035)	(3 800)	91 114	87 047	4 067	95.5%	97 661	94 886
Administrative fees	420	(11)	-	409	342	67	83.6%	131	171
Advertising	3 243	447	(150)	3 540	3 043	497	86.0%	7 372	6 212
Minor assets	1 994	(497)	(210)	1 287	311	976	24.2%	2 023	1 369
Audit costs: External	5 203	-	-	5 203	5 146	57	98.9%	6 581	6 406
Bursaries: Employees	230	(103)	-	127	211	(84)	166.1%	525	324
Catering: Departmental activities	2 294	1 133	(55)	3 372	2 401	971	71.2%	2 869	2 740
Communication	4 396	107	(68)	4 435	5 513	(1 078)	124.3%	4 669	5 199
Computer services	2 495	(143)	(286)	2 066	1 575	491	76.2%	3 630	3 614
Consultants: Business and advisory services	14 169	(551)	(2 232)	11 386	11 012	374	96.7%	8 592	5 969
Legal services	240	244	-	484	484	-	100.0%	823	774
Contractors	12 878	(4 268)	(731)	7 879	5 950	1 929	75.5%	9 958	8 771

DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
VOTE 3

Annual Report for 2016/17 Financial Year
Vote 3: Department of Economic, Small Business Development,
Tourism and Environmental Affairs

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APPROPRIATION STATEMENT
for the year ended 31 March 2017

Agency and support / outsourced services	6 143	(1 333)	-	4 810	4 323	487	89.9%	4 402	3 982
Entertainment	-	1	-	1	1	-	100.0%	2	
Fleet services	6 904	-	-	6 904	8 355	(1 451)	121.0%	9 764	8 901
Inventory: Clothing material and supplies	714	(177)	-	537	-	537	-	-	-
Inventory: Farming supplies	96	242	-	338	-	338	-	-	-
Inventory: Fuel, oil and gas	426	(33)	-	393	-	393	-	-	-
Inventory: Materials and supplies	1 064	389	-	1 453	-	1 453	-	-	-
Consumable supplies	5 356	(540)	1 190	6 006	4 979	1 027	82.9%	5 673	4 318
Consumable: Stationery, printing and office supplies	5 022	(357)	(214)	4 451	3 694	757	83.0%	4 476	3 363
Operating leases	7 700	3 014	-	10 714	13 036	(2 322)	121.7%	6 338	12 869
Property payments	181	(85)	-	96	36	60	37.5%	110	30
Transport provided: Departmental Activity									242
Travel and subsistence	13 735	(2 565)	(819)	10 351	12 836	(2 485)	124.0%	12 422	13 172
Training and development	3 646	(994)	(184)	2 468	1 970	498	79.8%	2 263	1 662
Operating payments	918	(58)	(17)	843	1 114	(271)	132.1%	1 549	1 476
Venues and facilities	1 427	118	(24)	1 521	691	830	45.4%	776	613
Rental and hiring	55	(15)	-	40	24	16	60.0%	2 713	2 709
Transfers and subsidies	138 311	1 006	2 220	141 537	141 240	297	99.8%	132 032	131 646
Provinces and municipalities	1 730	(1 500)	-	230	149	81	64.8%	-	-
Municipalities	1 730	(1 500)	-	230	149	81	64.8%	-	-
Municipal agencies and funds	1 730	(1 500)	-	230	149	81	64.8%	-	-
Departmental agencies and accounts	120 724	(100)	900	121 524	121 389	135	99.9%	104 822	104 664

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

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APPROPRIATION STATEMENT
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Departmental agencies and accounts	120 724	(100)	900	121 524	121 389	135	99.9%	104 822	104 664
Higher education institutions	-	-	-	-	-	-	-	1 905	1 905
Public corporations and private enterprises	15 508	2 000	1 000	18 508	18 508	-	100.0%	22 600	22 600
Public corporations	7 200	2 000	1 000	10 200	10 200	-	100.0%	3 700	3 700
Other transfers to public corporations	7 200	2 000	1 000	10 200	10 200	-	100.0%	3 700	3 700
Private enterprises	8 308	-	-	8 308	8 308	-	100.0%	18 900	18 900
Other transfers to private enterprises	8 308	-	-	8 308	8 308	-	100.0%	18 900	18 900
Households	349	606	320	1 275	1 194	81	93.6%	2 705	2 477
Social benefits	349	306	320	975	634	341	65.0%	2 350	2 288
Other transfers to households	-	300	-	300	560	(260)	186.7%	355	189
Payments for capital assets	13 082	7 965	1 130	22 177	15 452	6 725	69.7%	24 844	23 170
Buildings and other fixed structures	9 125	6 850	2 300	18 275	13 124	5 151	71.8%	15 460	14 207
Buildings									
Other fixed structures	9 125	6 850	2 300	18 275	13 124	5 151	71.8%	15 460	14 207
Machinery and equipment	3 658	1 398	(1 170)	3 886	2 328	1 558	59.9%	9 332	8 963
Transport equipment									
Other machinery and equipment	3 658	1 398	(1 170)	3 886	2 328	1 558	59.9%	6 313	2 992
Intangible assets	299	(283)	-	16	-	16	-	52	5 971
Payments for financial assets	-	59	352	411	407	4	99.0%	272	241
	474 996	-	-	474 996	463 076	11 920	97.5%	468 788	463 414

DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
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APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 1: ADMINISTRATION									
2016/17									
	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
Sub programme									
1. OFFICE OF THE MEC	11 698	(3 477)	(124)	8 097	7 936	161	98.0%	10 701	9 777
2. MANAGEMENT SERVICES	25 595	1 618	(1 523)	25 690	25 333	357	98.6%	26 104	23 151
3. FINANCIAL MANAGEMENT	58 725	3 600	599	62 924	62 648	276	99.6%	66 527	65 012
4. CORPORATE SERVICES	40 501	(1 741)	968	39 728	38 827	901	97.7%	35 875	40 549
Total for sub programmes	136 519	-	(80)	136 439	134 744	1 695	98.8%	139 207	138 489
Economic classification									
Current payments	134 964	(1 278)	1 120	134 806	133 415	1 391	99.0%	135 887	135 397
Compensation of employees	88 284	(2 519)	1 820	87 585	86 967	618	99.3%	84 519	84 515
Salaries and wages	77 549	(2 417)	1 820	76 952	75 217	1 735	97.7%	76 538	73 864
Social contributions	10 735	(102)	-	10 633	11 750	(1 117)	110.5%	7 981	10 651
Goods and services	46 680	1 241	(700)	47 221	46 448	773	98.4%	51 368	50 882
Administrative fees	200	-	-	200	142	58	71.0%	43	91
Advertising	1 647	600	(150)	2 097	1 906	191	90.9%	1 959	1 528

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

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APPROPRIATION STATEMENT

for the year ended 31 March 2017

Minor assets	553	(95)	(134)	324	127	197	39.2%	725	427
Audit costs: External	5 203	-	-	5 203	5 146	57	98.9%	6 581	6 406
Bursaries: Employees	230	(103)	-	127	211	(84)	166.1%	525	324
Catering: Departmental activities	908	875	(18)	1 765	1 075	690	60.9%	812	714
Communication	2 790	274	(41)	3 023	4 384	(1 361)	145.0%	3 424	4 144
Computer services	2 365	(802)	(286)	1 277	1 218	59	95.4%	3 630	3 614
Consultants: Business and advisory services	480	(70)	(180)	230	210	20	91.3%	3 440	390
Legal services	240	244	-	484	484	-	100.0%	823	774
Contractors	2 249	(694)	(31)	1 524	283	1 241	18.6%	1 636	1 290
Agency and support / outsourced services	323	(211)	-	112	107	5	95.5%	400	394
Entertainment	-	-	-	-	-	-	-	2	-
Fleet services	6 904	-	-	6 904	8 355	(1 451)	121.0%	9 764	8 901
Consumable supplies	1 961	(444)	1 251	2 768	1 142	1 626	41.3%	1 135	774
Consumable: Stationery, printing and office supplies	3 072	(136)	(194)	2 742	2 187	555	79.8%	2 766	2 079
Operating leases	7 640	3 054	-	10 694	12 954	(2 260)	121.1%	6 331	12 862
Property payments	80	(516)	(729)	80	28	52	35.0%	80	4 253
Travel and subsistence	6 454	(545)	(164)	5 209	4 524	685	86.8%	4 856	1 470
Training and development	2 795	(85)	(5)	2 086	1 771	315	58.6%	1 920	301
Operating payments	339	(100)	(19)	249	146	103	39.0%	324	145
Venues and facilities	242	(5)	-	123	48	75	-	187	1
Rental and hiring	5	(5)	-	-	-	-	-	5	319
Transfers and subsidies	4	306	-	310	304	6	98.1%	324	-
Departmental agencies and accounts	4	-	-	4	-	4	-	4	-
Departmental agencies	4	-	-	4	-	4	-	4	-
Households	-	306	-	306	304	2	99.3%	320	319

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Social benefits	-	206	-	206	204	2	99.0%	320	319
Other transfers to households	-	100	-	100	100	-	100.0%	-	-
Payments for capital assets	1 551	913	(1 200)	1 264	967	297	76.5%	2 931	2 737
Machinery and equipment	1 551	913	(1 200)	1 264	967	297	76.5%	2 879	2 737
Transport equipment									
Other machinery and equipment	1 551	913	(1 200)	1 264	967	297	76.5%	2 879	2 737
Intangible assets								52	
Payments for financial assets	-	59	(80)	136 439	58	1	98.3%	65	36
	136 519			134 744	1 695		98.8%	139 207	138 489

1.1 OFFICE OF THE MEC									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 486	(3 477)	-	8 009	7 867	142	98.2%	10 583	9 620
Compensation of employees	8 636	(2 900)	-	5 736	5 772	(36)	100.6%	7 482	7 192
Goods and services	2 850	(577)	-	2 273	2 095	178	92.2%	3 101	2 428
Payments for capital assets	212	-	(124)	88	69	19	78.4%	118	149
Machinery and equipment	212	-	(124)	88	69	19	78.4%	118	149
Payments for financial assets	-	-	-	-	-	-	-	-	8
TOTAL	11 698	(3 477)	(124)	8 097	7 936	161	98.0%	10 701	9 777

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DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
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APPROPRIATION STATEMENT
for the year ended 31 March 2017

1.2 MANAGEMENT SERVICES									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	25 357	1 318	(1 276)	25 399	25 070	329	98.7%	25 700	22 753
Compensation of employees	20 663	690	(30)	21 323	22 160	(837)	103.9%	19 688	20 461
Goods and services	4 694	628	(1 246)	4 076	2 910	1 166	71.4%	6 012	2 292
Interest and rent on land									
Transfers and subsidies	-	105	-	105	104	1	99.0%	-	140
Households	-	105	-	105	104	1	99.0%	-	140
Payments for capital assets	238	180	(247)	171	144	27	84.2%	389	241
Machinery and equipment	238	180	(247)	171	144	27	84.2%	389	241
Payments for financial assets	-	15	-	15	15	-	100.0%	15	17
TOTAL	25 595	1 618	(1 523)	25 690	25 333	357	98.6%	26 104	23 151

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DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
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APPROPRIATION STATEMENT
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1.3. FINANCIAL MANAGEMENT									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	57 948	3 157	995	62 100	62 021	79	99.9%	63 947	62 686
Compensation of employees	29 127	316	(50)	29 393	28 564	829	97.2%	34 460	27 930
Goods and services	28 821	2 841	1 045	32 707	33 457	(750)	102.3%	29 487	34 756
Transfers and subsidies	2	123	-	125	123	2	98.4%	322	144
Departmental agencies and accounts	2	-	-	2	-	2	-	2	2
Households		123	-	123	123	-	100.0%	320	144
Payments for capital assets	775	288	(396)	667	473	194	70.9%	2 238	2 180
Machinery and equipment	775	288	(396)	667	473	194	70.9%	2 186	2 180
Intangible assets	-	-	-	-	-	-	-	52	-
Payments for financial assets	-	32	-	32	31	1	96.9%	20	2
TOTAL	58 725	3 600	599	69 924	62 648	276	99.6%	66 527	65 012

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1.4. CORPORATE SERVICES									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	40 173	(2 276)	1 401	39 298	38 457	841	97.9%	35 657	40 338
Compensation of employees	29 858	(625)	1 900	31 133	30 471	662	97.9%	22 889	28 932
Goods and services	10 315	(1 651)	(499)	8 165	7 986	179	97.8%	12 768	11 406
Transfers and subsidies	2	78	-	80	77	3	96.3%	2	35
Departmental agencies and accounts	2	-	-	2	-	2	-	2	-
Households	-	78	-	78	77	1	98.7%	-	35
Payments for capital assets	326	445	(433)	338	281	57	83.1%	186	167
Machinery and equipment	326	445	(433)	338	281	57	83.1%	186	167
Payments for financial assets	-	12	-	12	12	-	100.0%	30	9
TOTAL	40 501	(1 741)	968	39 728	38 827	901	97.7%	35 875	40 549

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APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 2: ENVIRONMENTAL AFFAIRS									
2016/17		2015/16							
	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
Sub programme									
1. ENVIRONMENTAL POLICY, PLANNING AND COORDINATION	4 509	-	2 700	7 209	7 718	(509)	107.1%	4 173	13 642
2. COMPLIANCE AND ENFORCEMENT	14 391	(1251)	30	13 170	10 996	2 174	83.5%	14 051	12 037
3. ENVIRONMENTAL QUALITY MANAGEMENT	14 691	(2 497)	(950)	11 244	7 447	3 797	66.2%	17 442	8 561
4. BIODIVERSITY MANAGEMENT	94 789	3 954	600	99 343	105 177	(5 834)	105.9%	96 521	104 463
5. ENVIRONMENTAL EMPOWERMENT SERVICES	15 062	(206)	620	15 476	8 150	7 326	52.7%	12 092	2 131

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APPROPRIATION STATEMENT
for the year ended 31 March 2017

Total for sub programmes	143 442	-	3 000	146 442	139 488	6 954	95.3%	144 279	140 834
Economic classification									
Current payments	130 847	(5 230)	-	125 617	124 774	843	99.3%	121 849	119 964
Compensation of employees	93 363	-	2 700	96 063	95 998	65	99.9%	95 311	95 263
Salaries and wages	80 629	100	2 700	83 429	81 325	2 104	97.5%	82 027	80 905
Social contributions	12 734	(100)	-	12 634	14 673	(2 039)	116.1%	13 284	14 358
Goods and services	37 484	(5 230)	(2 700)	29 554	28 776	778	97.4%	26 538	24 701
Administrative fees	-	-	-	-	-	-	-	88	80
Advertising	534	(251)	-	283	122	161	43.1%	394	269
Minor assets	1 239	(277)	(76)	886	127	759	14.3%	1 051	593
Catering: Departmental activities	416	79	(37)	458	422	36	92.1%	275	190
Communication	1 129	(58)	(27)	1 044	791	253	75.8%	872	861
Computer services	60	729	-	789	357	432	45.2%	-	-
Consultants: Business and advisory services	10 319	(804)	(2 052)	7 463	7 341	122	98.4%	1 188	1 150
Contractors	8 621	(2 661)	(300)	5 660	4 925	735	87.0%	7 184	6 024
Agency and support / outsourced services	3 959	(265)	-	3 694	3 503	191	94.8%	3 732	3 415
Inventory: Clothing material and supplies	714	(177)	-	537	-	537	-	-	-
Inventory: Farming supplies	96	242	-	338	-	338	-	-	-
Inventory: Fuel, oil and gas	426	(33)	-	393	-	393	-	-	-
Inventory: Materials and supplies	864	389	-	1 253	-	1 253	-	-	-
Consumable supplies	3 095	(357)	(61)	2 677	3 684	(1 007)	137.6%	4 243	3 340
Consumable: Stationery, printing and office supplies	1 128	(34)	(20)	1 074	959	115	89.3%	1 137	804
Operating leases	-	-	-	-	66	(66)	-	1	7
Property payments	101	(85)	-	16	8	8	50.0%	30	30

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DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
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APPROPRIATION STATEMENT
for the year ended 31 March 2017

Travel and subsistence	3 561	(1 415)	(90)	2 056	5 401	(3 345)	262.7%	4 861	6 599
Training and development	619	(232)	(20)	367	189	178	51.5%	259	170
Operating payments	457	65	(12)	510	833	(323)	163.3%	1 203	1 152
Venues and facilities	136	(75)	(5)	56	48	8	85.7%	20	17
Rental and hiring	10	(10)	-	-	-	-	-	-	-
Transfers and subsidies	1 912	(1 500)	320	732	512	220	69.9%	1 938	1 766
Provinces and municipalities	1 730	(1 500)	-	230	149	81	64.8%	-	-
Municipalities	1 730	(1 500)	-	230	149	81	64.8%	-	-
Municipal agencies and funds	1 730	(1 500)	-	230	149	81	64.8%	-	-
Departmental agencies and accounts	182	-	-	182	51	131	28.0%	173	19
Departmental agencies	182	-	-	182	51	131	28.0%	173	19
Households	-	-	320	320	312	8	97.5%	1 765	1 747
Social benefits	-	-	320	320	312	8	97.5%	1 710	1 707
Other transfers to households	-	-	-	-	-	-	-	55	40
Payments for capital assets	10 683	6 730	2 330	19 743	13 855	5 888	70.2%	20 410	19 022
Buildings and other fixed structures	9 125	6 850	2 300	18 275	13 124	5 151	71.8%	15 460	14 207
Other fixed structures	9 125	6 850	2 300	18 275	13 124	5 151	71.8%	15 460	14 207
Machinery and equipment	1 259	163	30	1 452	731	721	50.3%	4 950	4 815
Transport equipment	1 259	163	30	1 452	731	721	50.3%	3 019	2 992
Other machinery and equipment	1 259	163	30	1 452	731	721	50.3%	1 931	1 823
Intangible assets	299	(283)	-	16	-	16	-	-	-
Payments for financial assets	-	-	350	350	347	3	99.1%	82	82
Total	143 442	-	3 000	146 442	139 488	6 954	95.3%	144 279	140 834

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2.1 ENVIRONMENTAL POLICY, PLANNING AND COORDINATION									
2016/17							2015/16		
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	4 509	-	2 700	7 209	7 712	(503)	107.0%	4 068	13 074
Compensation of employees	3 631	-	2 700	6 331	6 831	(500)	107.9%	3 448	11 720
Goods and services	878	-	-	878	881	(3)	100.3%	620	1 354
Transfers and subsidies	-	-	-	-	6	(6)	-	-	464
Households	-	-	-	-	6	(6)	-	-	464
Payments for capital assets	-	-	-	-	-	-	-	105	104
Machinery and equipment	-	-	-	-	-	-	-	105	104
TOTAL	4 509	-	2 700	7 209	7 718	(509)	107.1%	4 173	13 642

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APPROPRIATION STATEMENT
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2.2 COMPLIANCE AND ENFORCEMENT									
2016/17									
	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
Economic classification									
Current payments	13 894	(778)	-	13 116	10 907	2 209	83.2%	13 893	11 348
Compensation of employees	11 658	-	-	11 658	8 602	3 056	73.8%	11 094	9 081
Goods and services	2 236	(778)	-	1 458	2 305	(847)	158.1%	2 799	2 267
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	49	(49)	-	-	561
Households	-	-	-	-	49	(49)	-	-	561
Payments for capital assets	497	(473)	30	54	40	14	74.1%	158	128
Machinery and equipment	206	(182)	30	54	40	14	74.1%	131	128
Intangible assets	291	(291)	-	-	-	-	-	-	-
TOTAL	14 391	(1 251)	30	13 170	10 996	2 174	83.5%	14 051	12 037

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APPROPRIATION STATEMENT
for the year ended 31 March 2017

2.3. ENVIRONMENTAL QUALITY MANAGEMENT									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 267	(1 448)	(1 000)	9 819	6 930	2 889	70.6%	14 983	7 610
Compensation of employees	7 592	-	-	7 592	5 840	1 752	76.9%	12 951	5 811
Goods and services	4 675	(1 448)	(1 000)	2 227	1 090	1 137	48.9%	2 032	1 799
Transfers and subsidies	1 730	(1 500)	-	230	167	63	72.6%	1 445	56
Provinces and municipalities	1 730	(1 500)	-	230	149	81	64.8%	-	-
Households					18	(18)	-	1 445	56
Payments for capital assets	694	451	-	1 145	343	802	30.0%	938	895
Machinery and equipment	694	451	-	1 145	343	802	30.0%	938	895
Payments for financial assets	-	-	50	50	7	43	14.0%	76	-
TOTAL	14 691	(2 497)	(950)	11 244	7 447	3 797	66.2%	17 442	8 561
2.4. BIODIVERSITY MANAGEMENT									

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	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	85 384	(2 967)	(1 700)	80 717	91 503	(10 786)	113.4%	76 806	85 798
Compensation of employees	58 666	-	-	58 666	68 929	(10 263)	117.5%	56 660	67 251
Goods and services	26 718	(2 967)	(1 700)	22 051	22 574	(523)	102.4%	20 146	18 547
Transfers and subsidies	182	-	-	182	212	(30)	116.5%	493	680
Departmental agencies and accounts	182	-	-	182	51	131	28.0%	173	19
Households	-	-	-	-	161	(161)	-	320	661
Payments for capital assets	9 223	6 921	2 300	18 444	13 381	5 063	72.5%	19 216	17 903
Buildings and other fixed structures	9 125	6 850	2 300	18 275	13 124	5 151	71.8%	15 460	14 207
Machinery and equipment	98	71	-	169	257	(88)	152.1%	3 756	3 696
Payments for financial assets	-	-	-	81	81	(81)	-	6	82
TOTAL	94 789	3 954	600	99 343	105 177	(5 834)	105.9%	96 521	104 463

2.5. ENVIRONMENTAL EMPOWERMENT SERVICES									
		2016/17						2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 793	(37)	-	14 756	7 722	7 034	52.3%	12 099	2 134

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Compensation of employees	11 816	-	-	11 816	5 796	6 020	49.1%	11 158	1 400
Goods and services	2 977	(37)	-	2 940	1 926	1 014	65.5%	941	734
Transfers and subsidies									
Households	-	-	320	320	78	242	24.4%	-	5
	-	-	320	320	78	242	24.4%	-	5
Payments for capital assets									
Machinery and equipment	269	(169)	-	100	91	9	91.0%	(7)	(8)
Intangible assets	261	(177)	-	84	91	(7)	108.3%	(7)	(8)
	8	8	-	16	-	16	-	-	-
Payments for financial assets									
	-	-	300	300	259	41	86.3%	-	-
TOTAL	15 062	(206)	620	15 476	8 150	7326	52.7%	12 092	2 131

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DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
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APPROPRIATION STATEMENT
for the year ended 31 March 2017

Economic classification		(2 487)	(2 922)	38 901	38 234				
Current payments	44 310	(2 487)	(2 922)	38 901	38 234	667	98.3%	46 318	45 775
Compensation of employees	32 659	(476)	(2 922)	29 261	29 181	80	99.7%	28 086	27 754
Salaries and wages	28 814	(476)	(2 922)	25 416	25 623	(207)	100.8%	24 576	24 460
Social contributions	3 845			3 845	3 558	287	92.5%	3 510	3 294
Goods and services	11 651	(2 011)	-	9 640	9 053	587	93.9%	18 232	18 021
Administrative fees	210	(11)	-	199	198	1	99.5%		
Advertising	342	48	-	390	321	69	82.3%	4 845	4 348
Minor assets	178	(125)	-	53	41	12	77.4%	194	328
Catering: Departmental activities	700	179	-	879	667	212	75.9%	1 735	1 662
Communication	437	(109)	-	328	300	28	91.5%	273	170
Computer services	70	(70)	-	-	-	-	-	-	-
Consultants: Business and advisory services	3 370	323	-	3 639	3 461	232	93.7%	3 964	4 429
Contractors	256	207	-	463	451	12	97.4%	1 138	1 263
Agency and support / outsourced services	1 760	(1 057)	-	703	688	15	97.9%	190	148
Entertainment	-	1	-	1	-	1	0.0%	-	-
Consumable supplies	225	261	-	486	91	395	18.7%	273	176
Consumable: Stationery, printing and office supplies	764	(187)	-	577	504	73	87.3%	490	413
Operating leases	60	(40)	-	20	16	4	80.0%		
Travel and subsistence	2 611	(1 094)	-	1 517	1 994	(477)	131.4%	1 949	1 992
Training and development	227	(217)	-	10	10	-	100%	83	22
Operating payments	122	(38)	-	84	135	(51)	160.7%	21	23
Venues and facilities	309	(82)	-	227	175	52	77.1%	369	339
Rental and hiring	10	-	-	10	-	10	-	2 708	2 708

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Transfers and subsidies	71 408	2 200	1 000	74 608	74 588	20	100%	76 676	76 675
Departmental agencies and accounts	55 551	-	-	55 551	55 551	-	100.0%	51 851	51 851
Departmental agencies	55 551	-	-	55 551	55 551	-	100.0%	51 851	51 851
Higher education institutions	15 508	2 000	1 000	18 508	18 508	-	100.0%	1 905	1 905
Public corporations and private enterprises	7 200	2 000	1 000	10 200	10 200	-	100%	3 700	3 700
Public corporations	7 200	2 000	1 000	10 200	10 200	-	100%	3 700	3 700
Other transfers to public corporations	8 308	-	-	8 308	8 308	-	100%	18 900	18 900
Private enterprises	8 308	-	-	8 308	8 308	-	100%	18 900	18 900
Other transfers to private enterprises	349	200	-	549	529	20	96.4%	320	319
Households	349	100	-	449	118	331	26.3%	320	262
Social benefits	100	100	-	100	411	(311)	411.0%	-	57
Other transfers to households	582	287	-	869	531	338	61.1%	1 251	1 243
Payments for capital assets	582	287	-	869	531	338	61.1%	1 251	1 243
Machinery and equipment	582	287	-	869	531	338	61.1%	1 251	1 243
Transport equipment	582	287	-	869	531	338	61.1%	1 251	1 243
Other machinery and equipment	-	-	-	-	-	-	-	119	118
Payments for financial assets	116 300	-	(1 922)	114 378	113 353	1 025	99.1%	124 364	123 811
Total	116 300	-	(1 922)	114 378	113 353	1 025	99.1%	124 364	123 811

3.1 INTERGRATED ECONOMIC DEVELOPMENT

	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
2016/17									

APPROPRIATION STATEMENT
for the year ended 31 March 2017

3.2 ECONOMIC PLANNING									
2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 053	(1 434)	(1 000)	14 619	12 586	2 033	86.1%	17 805	15 621
Compensation of employees	13 626	-	(1 000)	12 626	10 751	1 875	85.1%	15 306	13 233
Goods and services	3 427	(1 434)	-	1 993	1 835	158	92.1%	2 499	2 388
Transfers and subsidies	55 551	100	-	55 651	55 730	(79)	100.1%	51 851	52 170
Departmental agencies and accounts	55 551	-	-	55 551	55 551	-	100.0%	51 851	51 851

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Households	-	100	-	100	179	(79)	179.0%	-	319
Payments for capital assets	20	67	-	87	54	33	62.1%	141	140
Machinery and equipment	20	67	-	87	54	33	62.1%	141	140
TOTAL	72 624	(1 267)	(1 000)	70 357	68 370	1 987	97.2%	69 797	67 931

3.3 SMALL BUSINESS DEVELOPMENT									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
								Final Appropriation	Actual expenditure
Current payments	14 007	(2 383)	(1 300)	10 324	12 835	(2 511)	124.3%	14 543	18 676
Compensation of employees	8 595	-	(1 300)	7 295	9 848	(2 553)	135.0%	8 717	5 144
Goods and services	5 412	(2 383)	-	3 029	2 987	42	98.6%	5 826	13 532
Transfers and subsidies	14 657	(5 900)	-	8 757	8 632	125	98.6%	19 220	18 900
Public corporations and private enterprises	14 308	(6 000)	-	8 308	8 308	-	100.0%	18 900	18 900
Households	349	100	-	449	324	125	72.2%	320	-
Payments for capital assets	464	220	-	684	413	271	60.4%	931	973
Machinery and equipment	464	220	-	684	413	271	60.4%	931	973
Payments for financial assets	-	-	-	-	-	-	-	119	118
TOTAL	29 128	(8 063)	(1 300)	19 765	21 880	(2 115)	110.7%	34 813	38 667

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 4: TOURISM									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16 Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. TOURISM PLANNING	78 235	-	(998)	77 237	75 491	1 746	97.7%	60 838	60 249
2. TOURISM GROWTH AND DEVELOPMENT	250	-	-	250	-	250	-	50	1
3. TOURISM SECTOR TRANSFORMATION	250	-	-	250	-	250	-	50	30
Total for sub programmes	78 735	-	(998)	77 737	75 491	2 246	97.1%	60 938	60 280
Economic classification									
Current payments	13 482	(35)	(1 900)	11 547	9 554	1 993	82.7%	7 586	7 221
Compensation of employees	8 348	-	(1 500)	6 848	6 784	64	99.1%	6 063	5 939
Salaries and wages	7 494	-	(1 500)	5 994	5 772	222	96.3%	5 240	5 106
Social contributions	854	-	-	854	1 012	(158)	118.5%	823	833
Goods and services	5 134	(35)	(400)	4 699	2 770	1 929	58.9%	1 523	1 282
Administrative fees	10	-	-	10	2	8	20.0%		

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	720	50	-	770	694	76	90.1%	174	67
Advertising	24	-	-	24	16	8	20.0%	53	21
Minor assets	270	-	-	270	237	33	87.8%	47	174
Catering: Departmental activities	40			40	38	2	95.0%	100	24
Communication	1 752	(1 120)	(400)	232	291	(59)	125.4%	-	194
Contractors	101	200	-	301	25	276	8.3%	80	25
Agency and support / outsourced services	200	-	-	200	-	200	-	-	-
Inventory: Materials and supplies	75	-	-	75	62	13	82.7%	22	28
Consumable supplies	58	-	-	58	44	14	75.9%	83	67
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	6	-
Operating leases	1 109	460	-	1 569	917	652	58.4%	756	570
Travel and subsistence	5	-	-	5	-	5	-	1	-
Training and development	740	375	-	1 115	420	695	37.7%	200	112
Operating payments	30	-	-	30	24	6	80.0%	-	-
Venues and facilities									
Rental and hiring									
Transfers and subsidies	64 987	-	900	65 887	65 836	51	99.9%	53 094	52 886
Departmental agencies and accounts	64 987	(100)	900	65 787	65 787		100.0%	52 794	52 794
Departmental agencies	64 987	(100)	900	65 787	65 787		100.0%	52 794	52 794
Households		100	-	100	49	51	49.0%	300	92
Other transfers to households		100	-	100	49	51	49.0%	300	92
Payments for capital assets	266	35	-	301	99	202	32.9%	252	168
Machinery and equipment	266	35	-	301	99	202	32.9%	252	168
Other machinery and equipment	266	35	-	301	99	202	32.9%	252	168
Payments for financial assets	-	-	2	2	2	-	100%	6	5
Total	78 735	-	(998)	77 737	75 491	2 246	97.1%	60 938	60 280

APPROPRIATION STATEMENT
for the year ended 31 March 2017

4.1. TOURISM PLANNING		2016/17		2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000
Current payments	12 982	(35)	(1 900)	11 047	9 554
Compensation of employees	8 348	-	(1 500)	6 848	6 784
Goods and services	4 634	(35)	(400)	4 199	2 770
Transfers and subsidies	64 987	-	900	65 887	65 836
Departmental accounts and Households	64 987	(100)	900	65 787	65 787
		100	-	100	49
Payments for capital assets	266	35	-	301	99
Machinery and equipment	266	35	-	301	99
Payments for financial assets	-	-	2	2	2
TOTAL	78 235	-	(998)	77 237	75 491
				1 746	1 746
				97.7%	97.7%
				60 838	60 249
				6	5

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APPROPRIATION STATEMENT
for the year ended 31 March 2017

4.2 TOURISM GROWTH AND DEVELOPMENT									
2016/17							2015/16		
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	250	-	-	250	-	250		50	1
Goods and services	250	-	-	250	-	250		50	1
TOTAL	250	-	-	250	-	250		50	1

4.3. TOURISM SECTOR TRANSFORMATION									
2016/17							2015/16		
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	250	-	-	250	-	250		50	30
Goods and services	250	-	-	250	-	250		50	30
TOTAL	250	-	-	250	-	250	-	50	30

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017**

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):

The department spent 97.5% of the allocated budget. Slow spending is mostly experienced on Capital Expenditure and a rollover was requested.

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	ADMINISTRATION	136 439	134 744	1 695	1.2
	ENVIRONMENTAL AFFAIRS	146 442	139 488	6 954	4.7
	ECONOMIC AND SMALL BUSINESS DEVELOPMENT	114 378	113 353	1 025	0.9
	TOURISM	77 737	75 491	2 246	2.9
4.2	Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
	Current payments				
	Compensation of employees	219 757	218 930	827	0.4
	Goods and services	91 112	87 047	4 065	4.5
	Transfers and subsidies				
	Provinces and municipalities	230	149	81	35.2
	Departmental agencies and accounts	121 459	121 389	70	0.1
	Public corporations and private enterprises	18 508	18 508	-	0.0
	Households	1 340	1 194	146	10.9

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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017**

Payments for capital assets

Buildings and other fixed structures	18 275	13 124	5 151	28.2
Machinery and equipment	3 886	2 328	1 558	40.0
Intangible assets	16	-	16	100.0

Payments for financial assets	413	407	6	1.5
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The department spent 97.5% of the allocated budget. Slow spending was mostly experienced on Capital Expenditure.

4.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R' 000	R' 000	R' 000	R' 000
	EPWP Incentive Grant	2 790	2 024	766	27.5

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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**VOTE 3
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2017**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
REVENUE			
Annual appropriation	1	474 996	468 788
Departmental revenue	2	-	-
Aid assistance	3	-	1 108
TOTAL REVENUE		474 996	469 896
EXPENDITURE			
Current expenditure			
Compensation of employees	4	218 930	213 470
Goods and services	5	87 047	94 885
Aid assistance	3	403	411
Total current expenditure		306 380	308 766
Transfers and subsidies			
Transfers and subsidies	7	141 240	131 647
Aid assistance	3	-	-
Total transfers and subsidies		141 240	131 647
Expenditure for capital assets			
Tangible assets	8	15 452	23 171
Intangible assets	8	-	-
Total expenditure for capital assets		15 452	23 171
Payments for financial assets	6	407	241
TOTAL EXPENDITURE		463 479	463 825
SURPLUS/(DEFICIT) FOR THE YEAR		11 517	6 071

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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**VOTE 3
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2017**

Reconciliation of Net Surplus/(Deficit) for the year	11 920	5 374
Voted funds		
Annual appropriation	11 154	5 193
Conditional grants	766	181
Aid assistance	3 (403)	697
SURPLUS/(DEFICIT) FOR THE YEAR	11 517	6 071

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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VOTE 3**

**STATEMENT OF FINANCIAL POSITION
as at 31 March 2017**

	Note	2016/17 R'000	2015/16 R'000
ASSETS			
Current assets		12 284	6 354
Cash and cash equivalents	9	10 620	4 083
Prepayments and advances	10	17	37
Receivables	11	1 647	2 234
Non-current assets		1 753	1 218
Receivables	11	1 753	1 218
TOTAL ASSETS		14 037	7 572
LIABILITIES			
Current liabilities		13 108	7 186
Voted funds to be surrendered to the Revenue Fund	12	11 920	5 374
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	894	1 115
Aid assistance unutilised	3	294	697
TOTAL LIABILITIES		13 108	7 186
NET ASSETS		929	386
	Note	2016/17 R'000	2015/16 R'000
Represented by:			
Recoverable revenue		929	386
TOTAL		929	386

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2017**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Recoverable revenue		386	509
Opening balance			
Transfers:		543	(123)
Irrecoverable amounts written off	6.2	264	24
Debts revised		-	-
Debts recovered (included in departmental receipts)		(445)	(1 198)
Debts raised		724	1 051
Closing balance		929	386
TOTAL		929	386

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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**CASH FLOW STATEMENT
for the year ended 31 March 2017**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		486 332	505 499
Annual appropriated funds received	<u>1.1</u>	474 996	468 788
Departmental revenue received	2	11 308	34 925
Interest received		28	678
Aid assistance received	3	-	1 108
Net (increase)/decrease in working capital		72	(3 752)
Surrendered to Revenue Fund		(16 931)	(44 748)
Surrendered to RDP Fund/Donor		-	(7 924)
Current payments		(306 380)	(308 766)
Payments for financial assets		(407)	(241)
Transfers and subsidies paid		(141 240)	(131 647)
Net cash flow available from operating activities	<u>14</u>	21 446	8 421
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(15 452)	(23 171)
Net cash flows from investing activities		(15 452)	(23 171)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		543	(123)
Net cash flows from financing activities		543	(123)
Net increase/(decrease) in cash and cash equivalents		6 537	(14 873)
Cash and cash equivalents at beginning of period		4 083	18 956
Cash and cash equivalents at end of period	<u>15</u>	10 620	4 083

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Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information 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.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds

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	<p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is</p>

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	more than the capitalisation threshold.
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accruals and payables not recognised are measured at cost.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p>

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	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.
11	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
12	Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
13	Financial assets
13.1	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
13.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
14	Payables Loans and payables are recognised in the statement of financial position at cost.
15	Capital Assets
15.1	Immovable capital assets Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.
15.2	Movable capital assets

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	<p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2005 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
15.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2005 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
16	Provisions and Contingents
16.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
16.2	Contingent liabilities

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

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

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25	Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.
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1. Annual Appropriation

1.1 Annual Appropriation

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

	2016/17			2015/16	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	136 439	136 439	-	139 207	139 207
Environmental Affairs	146 442	146 442	-	144 279	144 279
Economic and Small Business Development	114 378	114 378	-	124 364	124 364
Tourism	77 737	77 737	-	60 938	60 938
Total	474 996	474 996	-	468 788	468 788

The department received all appropriated funds for the period.

1.2 Conditional grants

	Note	2016/17 R'000	2015/16 R'000
Total grants received	30	2 790	2 421
Provincial grants included in Total Grants received		2 790	2 421

2. Departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets	2.1	10 428	34 452
Fines, penalties and forfeits	2.2	30	35
Interest, dividends and rent on land	2.3	28	678
Transactions in financial assets and liabilities	2.5	850	438
Total revenue collected		11 336	35 603
Less: Own revenue included in appropriation	13	11 336	35 603
Departmental revenue collected		-	-

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2.1 Sales of goods and services other than capital assets

	Note	2016/17	2015/16
	2	R'000	R'000
Sales of goods and services produced by the department		10 401	34 420
Sales by market establishment		20	911
Administrative fees		2 158	2 258
Other sales		8 223	31 251
Sales of scrap, waste and other used current goods		27	32
Total		10 428	34 452

2.2 Fines, penalties and forfeits

	Note	2016/17	2015/16
	2	R'000	R'000
Fines		30	35
Total		30	35

2.3 Interest, dividends and rent on land

	Note	2016/17	2015/16
	2	R'000	R'000
Interest		28	678
Total		28	678

2.4 Transactions in financial assets and liabilities

	Note	2016/17	2015/16
	2	R'000	R'000
Receivables		846	438
Stale cheques written back		4	-
Total		850	438

2.5 Cash received not recognised (*not included in the main note*)

Name of entity	Amount received	2015/16 Amount paid to the revenue fund	Balance
	R'000	R'000	R'000
Free State Gambling and Liquor Authority	45 844	45 844	-
Total	45 844	45 844	-

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3. Aid assistance

	Note	2016/17 R'000	2015/16 R'000
Opening Balance		697	7 924
Prior period error		-	-
As restated		697	7 924
Transferred from statement of financial performance		(403)	697
Paid during the year		-	(7 924)
Closing Balance		294	697

3.1 Analysis of balance by source

	Note	2016/17 R'000	2015/16 R'000
Aid assistance from other sources	3	294	697
Closing balance		294	697

3.2 Analysis of balance

	Note	2016/17 R'000	2015/16 R'000
Aid assistance repayable	3	294	697
Closing balance		294	697
Aid assistance not requested/not received		-	-

4. Compensation of employees

4.1 Salaries and Wages

	Note	2016/17 R'000	2015/16 R'000
Basic salary		148 640	140 767
Performance award		-	3 882
Service Based		1 106	374
Compensative/circumstantial		5 555	7 285
Other non-pensionable allowances		32 636	32 026
Total		187 937	184 334

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4.2 Social contributions

	Note	2016/17 R'000	2015/16 R'000
Employer contributions			
Pension		18 732	17 718
Medical		12 212	11 371
Bargaining council		49	47
Total		30 993	29 136
 Total compensation of employees		 218 930	 213 470
 Average number of employees		 669	 639

5. Goods and services

	Note	2016/17 R'000	2015/16 R'000
Administrative fees		342	171
Advertising		3 043	6 211
Minor assets	5.1	311	1 371
Bursaries (employees)		211	324
Catering		2 402	2 740
Communication		5 512	5 198
Computer services	5.2	1 575	3 613
Consultants: Business and advisory services		11 011	5 970
Legal services		484	774
Contractors		5 951	8 771
Agency and support / outsourced services		4 322	3 983
Audit cost □ external	5.3	5 146	6 406
Fleet services		8 354	8 901
Consumables	5.4	8 673	7 681
Operating leases		13 036	12 868
Property payments	5.5	37	30
Rental and hiring		24	2 710
Travel and subsistence	5.6	12 837	13 412
Venues and facilities		692	613
Training and development		1 970	1 662
Other operating expenditure	5.7	1 114	1 476
Total		87 047	94 885

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5.1 Minor assets

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Tangible assets	5	311	1 371
Machinery and equipment		311	1 371
Total		311	1 371

5.2 Computer services

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
SITA computer services	5	722	584
External computer service providers		853	3 029
Total		1 575	3 613

5.3 Audit cost ☐ External

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Regularity audits	6	5 146	6 406
Total		5 146	6 406

5.4 Consumables

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Consumable supplies	6	5 140	4 317
Uniform and clothing		1 533	244
Household supplies		1 087	1 065
Building material and supplies		1 380	-
IT consumables		94	142
Other consumables		1 046	2 866
Stationery, printing and office supplies		3 533	3 364
Total		8 673	7 681

5.5 Property payments

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Other	6	37	30
Total		37	30

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5.6 Travel and subsistence

	Note	2016/17 R'000	2015/16 R'000
Local	6	11 055	11 259
Foreign		1 782	2 153
Total		12 837	13 412

5.7 Other operating expenditure

	Note	2016/17 R'000	2015/16 R'000
Resettlement costs	6	224	98
Other		890	1 378
Total		1 114	1 476

6. Payments for financial assets

	Note	2016/17 R'000	2015/16 R'000
Material losses through criminal conduct		143	-
Theft	6.3	143	-
Other material losses written off	6.1	-	217
Debts written off	6.2	264	24
Total		407	241

6.1 Other material losses written off

	Note	2016/17 R'000	2015/16 R'000
Nature of losses	6		
Damages and losses		-	217
Total		-	217

6.2 Debts written off

	Note	2016/17 R'000	2015/16 R'000
Nature of debts written off	6		
Recoverable revenue written off			
Debt Write off		264	24
Total		264	24
Total debt written off		264	24

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6.3 Details of theft

	<i>Note</i>	2016/17	2015/16
	6	R'000	R'000
Nature of theft			
Assets stolen from possession of officials and at the resorts and reserves (i.e. laptops, desktops, TV's and decoder).		143	-
Total		143	-

7. Transfers and subsidies

		2016/17	2015/16
		R'000	R'000
	<i>Note</i>		
Provinces and municipalities	31	149	-
Departmental agencies and accounts	Annex 1B	121 389	104 664
Higher education institutions	Annex 1C	-	1 905
Public corporations and private enterprises	Annex 1D	18 508	22 600
Households	Annex 1G	1 194	2 478
Total		141 240	131 647
<u>Unspent funds transferred to the above beneficiaries</u>			
Provinces and municipalities		-	-
Departmental agencies and accounts		-	-
Total		-	-

8. Expenditure for capital assets

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Tangible assets		15 452	23 171
Buildings and other fixed structures	28	13 124	14 207
Machinery and equipment	27	2 328	8 964
Total		15 452	23 171

8.1 Analysis of funds utilised to acquire capital assets - 2016/17

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets			
Buildings and other fixed structures	13 124	-	13 124
Machinery and equipment	2 328	-	2 328
Total	15 452	-	15 452

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8.2 Analysis of funds utilised to acquire capital assets - 2015/16

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	23 171	-	23 171
Buildings and other fixed structures	14 207	-	14 207
Machinery and equipment	8 964	-	8 964
Total	23 171	-	23 171

8.3 Finance lease expenditure included in Expenditure for capital assets

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Tangible assets			
Machinery and equipment		1 142	1 819
Total		1 142	1 819

9. Cash and cash equivalents

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		10 550	4 022
Cash on hand		70	61
Total		10 620	4 083

10. Prepayments and advances

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Travel and subsistence		17	37
Total		17	37

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11. Receivables

		2016/17			2015/16		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
	<i>Note</i>						
Claims recoverable	11.1	1 204	-	1 204	1 759	-	1 759
Recoverable expenditure	11.2	49	-	49	116	-	116
Staff debt	11.3	394	335	729	359	204	563
Other debtors	11.4	-	1 418	1 418	-	1 014	1 014
Total		1 647	1 753	3 400	2 234	1 218	3 452

11.1 Claims recoverable

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Provincial departments	11 and Annex 4	1 204	1 759
Total		1 204	1 759

11.2 Recoverable expenditure (disallowance accounts)

(Group major categories, but list material items)	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Disall Damages & Losses: Ca	11	49	55
Sal: Tax Debt: Ca		-	21
Pension Recoverable Acc		-	1
Sal: Recoverable		-	23
Disall Dishonoured Cheques: Ca		-	16
Total		49	116

11.3 Staff debt

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Bursary debt(employee and non-employee)	11	184	124
Cellphone debt		4	16
Communication debt		113	142
Employee debt		48	83
Ex- employee debt		73	70
Salary overpayment		239	80
Tax debt		28	44
Losses		40	4
Total		729	563

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11.4 Other debtors

	Note	2016/17	2015/16
	11	R'000	R'000
Supplier		1 418	1 014
Total		1 418	1 014

11.5 Impairment of receivables

	Note	2016/17	2015/16
	11	R'000	R'000
Estimate of impairment of receivables		1 422	1 014
Total		1 422	1 014

The basis of the impairment is based on the non-recoverability of the monies due by the supplier debtor.

12. Voted funds to be surrendered to the Revenue Fund

	2016/17	2015/16
	R'000	R'000
Opening balance	5 374	9 995
As restated	5 374	9 995
Transfer from statement of financial performance	11 920	5 374
Paid during the year	(5 374)	(9 995)
Closing balance	11 920	5 374

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

	2016/17	2015/16
	R'000	R'000
Opening balance	1 115	265
Prior period error	-	-
As restated	1 115	265
Own revenue included in appropriation	11 336	35 603
Paid during the year	(11 557)	(34 753)
Closing balance	894	1 115

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14. Net cash flow available from operating activities

	Note	2016/17 R'000	2015/16 R'000
Net surplus/(deficit) as per Statement of Financial Performance		11 517	6 071
Add back non cash/cash movements not deemed operating activities		9 929	2 350
(Increase)/decrease in receivables		52	(1 164)
(Increase)/decrease in prepayments and advances		20	72
Increase/(decrease) in payables □ current		-	(2 660)
Expenditure on capital assets		15 452	23 171
Surrenders to Revenue Fund		(16 931)	(44 748)
Surrenders to RDP Fund/Donor		-	(7 924)
Own revenue included in appropriation		11 336	35 603
Other non-cash items		-	-
Net cash flow generated by operating activities		21 446	8 421

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

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General account		10 550	4 022
Cash on hand		70	61
Total		10 620	4 083

16. Contingent liabilities and contingent assets

16.1 Contingent liabilities

		Note	2016/17 R'000	2015/16 R'000
Liable to	Nature			
Claims against the department		Annex 3B	24 713	27 570
Intergovernmental payables (unconfirmed balances)		Annex 5	29	59
Total			24 742	27 629

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17. Commitments

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Current expenditure			
Approved and contracted		22 940	10 588
Approved but not yet contracted		688	831
		23 628	11 419
Capital expenditure			
Approved and contracted		17 045	13 179
Approved but not yet contracted		19	-
		17 064	13 179
Total Commitments		40 692	24 598

Going concern assumption - The department will continue to operate in the foreseeable future without the need or intention to liquidate or significantly curtail its operational activities. However, due to the commitments as at year end, there is significant doubt on the department's ability to meet its financial obligations as they fall due and achievement of service delivery as outlined in the Annual Performance Plan.

18. Accruals and payables not recognised

18.1 Accruals

		2016/17 R'000	2015/16 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	-	-	314
Total	-	-	314

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Listed by programme level			
ADMINISTRATION		-	273
ENVIRONMENTAL AFFAIRS		-	24
ECONOMIC DEVELOPMENT		-	17
TOURISM		-	-
Total		-	314

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18.2 Payables not recognised

			2016/17 R'000	2015/16 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1 622	-	1 622	-
Other	-	-	-	162
Total	1 622	-	1 622	162

	Note	2016/17 R'000	2015/16 R'000
Listed by programme level			
ADMINISTRATION		1 427	162
ENVIRONMENTAL AFFAIRS		91	-
ECONOMIC DEVELOPMENT		60	-
TOURISM		44	-
Total		1 622	162

	Note	2016/17 R'000	2015/16 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	624	162
Total		624	162

Going concern assumption - The department will continue to operate in the foreseeable future without the need or intention to liquidate or significantly curtail its operational activities. However, due to the commitments as at year end, there is significant doubt on the department's ability to meet its financial obligations as they fall due and achievement of service delivery as outlined in the Annual Performance Plan.

19. Employee benefits

	Note	2016/17 R'000	2015/16 R'000
Leave entitlement		9 314	9 472
Service bonus (Thirteenth cheque)		5 704	5 379
Performance awards		1 557	2 778
Capped leave commitments		6 671	6 542
Other		144	174
Total		23 390	24 345

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At this stage the department is not able to reliably measure the long term portion of the long service awards. Negative leave balances amounting to R261,574.99 are included in the leave entitlement

20. Lease commitments

20.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17					
Not later than 1 year	-	-	-	8 188	8 188
Later than 1 year and not later than 5 years	-	-	-	6 251	6 251
Later than five years	-	-	-	63	63
Total lease commitments	-	-	-	14 502	14 502

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2015/16					
Not later than 1 year	-	-	-	9 230	9 230
Later than 1 year and not later than 5 years	-	-	-	11 668	11 668
Later than five years	-	-	-	779	779
Total lease commitments	-	-	-	21 677	21 677

20.2 Finance leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17					
Not later than 1 year	-	-	-	768	768
Later than 1 year and not later than 5 years	-	-	-	593	593
Total lease commitments	-	-	-	1 361	1 361

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	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	R'000 Total
2015/16					
Not later than 1 year	-	-	-	1 956	1 956
Later than 1 year and not later than 5 years	-	-	-	1 821	1 821
Total lease commitments	-	-	-	3 777	3 777

21. Accrued departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets		18 167	14 504
Total		18 167	14 504

21.1 Analysis of accrued departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Opening balance		14 504	11 715
Less: amounts received		-	1 552
Add: amounts recognised		3 663	4 341
Closing balance		18 167	14 504

21.2 Impairment of accrued departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Estimate of impairment of accrued departmental revenue		7 609	9 140
Total		7 609	9 140

The basis of impairment is calculated on the R150 000 monthly rental out of the original R250,000. Only R100 000 may be recoverable and the R150 000 deemed irrecoverable from the service provider.

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22. Irregular expenditure

22.1 Reconciliation of irregular expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		69 480	8 829
Prior period error		-	73
As restated		69 480	8 902
Add: Irregular expenditure - relating to prior year		-	43 114
Add: Irregular expenditure - relating to current year		8 308	29 648
Less: Prior year amounts condoned		-	(5 669)
Less: Current year amounts condoned		-	(1 362)
Less: Amounts not condoned and not recoverable		-	(5 153)
Closing balance		77 788	69 480

Analysis of awaiting condonation per age classification

Current year	8 308	28 286
Prior years	69 480	41 194
Total	77 788	69 480

22.2 Details of irregular expenditure - added current year (relating to current and prior years)

Incident	Disciplinary steps taken/criminal proceedings	2016/17 R'000
Non-compliance with SCM processes	Subject to investigation	8 308
Total		8 308

22.3 Details of irregular expenditures under investigation (not included in the main note)

Incident	2016/17 R'000
Travel agent used instead of sourcing quotations	540
Supplier not on CSD and not approved at appropriate level	30
No deviation for obtaining one quotation	14
Approval by delegated official after payment was made - BBEEE certificate not attached	520
Quotations, BBEEE, tax, SBD, approval, prospective suppliers	444
SCM processes not followed for NTCE (relating to current and prior years)	7 623
Total	9 171

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22.4 Prior period error

	Note	2015/16 R'000
Nature of prior period error		
Relating to 2014/15 <i>[affecting the opening balance]</i>		73
Amount for IE incurred from Department of Premier understated		73
Relating to 2015/16		196
Amount for IE incurred from Department of Premier understated		196
Total prior period errors		269

23. Fruitless and wasteful expenditure

23.1 Reconciliation of fruitless and wasteful expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		105	-
As restated		105	-
Fruitless and wasteful expenditure - relating to current year		-	105
Less: Amounts transferred to receivables for recovery	11.	(105)	-
Closing balance		-	105

23.2 Analysis of awaiting resolution per economic classification

	2016/17 R'000	2015/16 R'000
Current	-	105
Total	-	105

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23.3 Prior period error

	Note	2015/16 R'000
Nature of prior period error		
Relating to 2015/16		
Incorrect calculation of F&W amount from the Department of the Premier		(88)
Total prior period errors		(88)

24. Key management personnel

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers (provide detail below)	2	2 138	1 822
Officials:			
Level 15 to 16	3	4 346	4 034
Level 14 (incl. CFO if at a lower level)	9	8 077	8 083
Total		14 561	13 939

Mr Khotle has been seconded to the department of Health during the financial year and was not part of key management personnel even though he was being compensated by the department.

25. Related party transactions

Payments made	2016/17 R'000	2015/16 R'000
Transfers	-	-
Total	-	-

Transfers paid (the disclosure excludes transfers to public entities, falling under

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portfolio of MEC, where these have been disclosed in the annexures to AFS.

26. Provisions

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Retention monies		243	243
Total		243	243

26.1 Reconciliation of movement in provisions – 2016/17

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	243	-	-	243
Closing balance	243	-	-	243

26.2 Reconciliation of movement in provisions – 2015/16

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	243	-	-	243
Closing balance	243	-	-	243

The provision relates to retention monies which is the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the client. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract.

The retention monies is based on 10% of the contract value.

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27. Movable Tangible Capital Assets

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2017**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	30 164	-	1 328	519	30 973
Transport assets	5 153	-	-	30	5 123
Computer equipment	8 902	-	704	6	9 600
Furniture and office equipment	8 537	-	89	-	8 626
Other machinery and equipment	7 572	-	535	483	7 624
SPECIALISED MILITARY ASSETS	1 036	-	-	-	1 036
Specialised military assets	1 036	-	-	-	1 036
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	31 200	-	1 328	519	32 009

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	55	439

1. The above assets could not been found during the Asset Verification.
2. These assets were sent to all Heads of the respective components to do an investigation.

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27.1 Additions

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2017**

	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	2 470	-	(1 142)	-	1 328
Computer equipment	704	-	-	-	704
Furniture and office equipment	89	-	-	-	89
Other machinery and equipment	1 677	-	(1 142)	-	535
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	2 470	-	(1 142)	-	1 328

27.2 Disposals

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR
THE YEAR ENDED 31 MARCH 2017**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	77	442	519	11
Transport assets	30	-	30	10
Computer equipment	6	-	6	-
Other machinery and equipment	41	442	483	1
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	77	442	519	11

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27.3 Movement for 2015/16

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	25 867	(2 400)	7 214	(517)	30 164
Transport assets	4 653	(2 492)	2 992	-	5 153
Computer equipment	8 163	105	1 027	(393)	8 902
Furniture and office equipment	6 390	-	2 212	(65)	8 537
Other machinery and equipment	6 661	(13)	983	(59)	7 572
SPECIALISED MILITARY ASSETS	1 168	(132)	-	-	1 036
Specialised military assets	1 168	(132)	-	-	1 036
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	27 035	(2 532)	7 214	(517)	31 200

27.3.1 Prior period error

Note

2015/16
R'000

Nature of prior period error

Relating to 2015/16 [affecting the opening balance]

Firearms at H/O overstated

Transport assets that were incorrectly included in the FAR as they were disposed and the other were transferred to PRT

The disposed assets not removed from FAR

Total prior period errors

(2 532)

(132)

(2 511)

111

(2 532)

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27.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	314	-	-	25 910	-	26 224
Value adjustments	-	-	-	-	-	337
Additions	-	-	-	337	-	
Disposals				126	-	126
TOTAL MINOR ASSETS	314	-	-	26 121	-	26 435

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1	-	1
Number of minor assets at cost	129	-	-	17 308	-	17 437
TOTAL NUMBER OF MINOR ASSETS	129	-	-	17 309	-	17 438

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	363	548

1. The above assets could not been found during the Asset Verification.
2. These assets were sent to all Heads of the respective components to do an investigation.

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**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31
MARCH 2016**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	235	-	-	25 532	-	25 767
Prior period error	79	-	-	(568)	-	(489)
Additions	-	-	-	1 371	-	1 371
Disposals				425		425
TOTAL MINOR ASSETS	314	-	-	25 910	-	26 224

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1	-	1
Number of minor assets at cost	129	-	-	17 229	-	17 358
TOTAL NUMBER OF MINOR ASSETS	129	-	-	17 230	-	17 359

27.4.1 Prior period error

	Note	2015/16 R'000
Nature of prior period error		
Relating to 2015/16 <i>[affecting the opening balance]</i>		(489)
Firearms at H/O understated		79
Restatement of opening balance		(568)
Total prior period errors		(489)

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27.5 S42 Movable capital assets

MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2017

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	3	-	3
Value of the assets (R'000)	-	-	-	379	-	379

28. Immovable Tangible Capital Assets

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2017**

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
Capital Work-in-progress (Effective 1 April 2016)	43 802	-	13 124	-	56 926
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	43 802	-	13 124	-	56 926

28.1 Additions

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR
THE YEAR ENDED 31 MARCH 2017**

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES					
Other fixed structures	13 124	-	(13 124)	-	-
TOTAL ADDITIONS TO CAPITAL ASSETS	13 124	-	(13 124)	-	-

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**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE
YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
Capital Work-in-progress (Effective 1 April 2016)	47 734	-	14 207	(18 139)	43 802
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	47 734	-	14 207	(18 138)	43 802

29. Prior period errors

29.1 Correction of prior period errors

	Note	2015/16 R'000
RELATED PARTY TRANSACTIONS		
Related party transactions		(108)
Net effect		(108)

Transfers paid (the disclosure excludes transfers to public entities, falling under portfolio of MEC, where these have been disclosed in the annexures to AFS)

	Note	2015/16 R'000
MOVABLE CAPITAL ASSETS		
Firearms at H/O overstated		(132)
Transport assets that were incorrectly included in the FAR as they were disposed and the other were transferred to PRT.		(2 511)
The disposed assets not removed from FAR		111
Net effect		(2 532)

The opening balance for movable capital assets had to be restated based on the findings from the AGSA in the prior year.

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	Note	2015/16 R'000
MINOR ASSETS		
Firearms at H/O understated		79
Restatement of opening balance		(568)
Net effect		(489)

The opening balance for movable capital assets had to be restated based on the findings from the AGSA in the prior year.

	Note	2015/16 R'000
Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc.)		
Understatement of IE incurred from Department of Premier in the prior year		269
Overstatement of F&W incurred from Department of Premier in the prior year		(88)
Net effect		181

After an investigation by the Department of the Premier the correct amounts were provided to Departments to include in the AFS.

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30. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2015/16		
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust- ments	Other Adjust- ments	Total Available	Amount received by depart- ment	Amount spent by depart- ment	Under / (Overspen ding)	% of available funds spent by depart- ment	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
EPWP incentive grant for infrastructure	2 790	-	-	-	2 790	2 790	2 024	766	73%	2 421	2 240
	2 790	-	-	-	2 790	2 790	2 024	766	73%	2 421	2 240

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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31. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Masilonyana and Setsoto Municipality	230	-	-	230	149	-	-
TOTAL	230	-	-	230	149	-	-

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ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2015/16
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	Division of Revenue Act
Masilonyana and Setsoto Municipality	230	-	-	230	149	-	-	149	149	0%	-
TOTAL	230	-	-	230	149	-	-	149	149	0%	-

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ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
PROV DA:FS GAMBLING&LIQUOR AUTH	55 551	-	-	55 551	55 551	100%	51 851
PROV DA:FS TOURISM AUTHORITY	65 787	-	-	65 787	65 787	100%	52 794
COM:LICENCES (RADIO&TV)	186	-	-	186	51	27%	177
TOTAL	121 524	-	-	121 524	121 389		104 822

ANNEXURE 1C
STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS

NAME OF HIGHER EDUCATION INSTITUTION	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
University of the Free State	-	-	-	-	-		1 905
TOTAL	-	-	-	-	-		1 905

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ANNEXURE 1D
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2015/16
	Adjusted Appropriation Act R'000	Roll Overs	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	
Public Corporations									
Free State Development Corp	10 200	-	-	10 200	10 200	100%	-	10 200	3 700
Transfers									
	10 200	-	-	10 200	10 200	100%	-	10 200	3 700
Total	10 200	-	-	10 200	10 200	100%	-	10 200	3 700
Private Enterprises									
Other Transfers Private Enterpr Transfers	8 308	-	-	8 308	8 308	100%	-	8 308	18 900
	8 308	-	-	8 308	8 308	100%	-	8 308	18 900
Total	8 308	-	-	8 308	8 308	100%	-	8 308	18 900
TOTAL	18 508	-	-	18 508	18 508	100%	-	18 508	22 600

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ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
H/H EMPL S/BEN:LEAVE GRATUITY	626	-	-	626	634	101%	2 060
H/H: DONATIONS & GIFTS (CASH)	649	-	-	649	560	86%	355
H/H EMPL S/BEN:INJURY ON DUTY	-	-	-	-	-		290
TOTAL	1 275	-	-	1 275	1 194		2 705

ANNEXURE 1H
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
		R'000	R'000
Received in kind			
PSA	Drone with basic equipment	-	21
PSA	Drone with infra-red	-	50
TOTAL		-	71

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**ANNEXURE 11
STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI- TURE R'000	PAID BACK ON/BY 31 MARCH R'000	CLOSING BALANCE R'000
Received in cash						
Department of Environmental Affairs	Free State Priority Biodiversity Rehabilitation Project (FSPBR)	697	-	403	-	294
TOTAL		697	-	403	-	294

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ANNEXURE 1J
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2016/17	2015/16
	R'000	R'000
Made in kind		
Donation of game to 3 new emerging black game farmers	-	66
Donation of game to 2 new emerging black game farmers	-	37
Donation of hunting package to emerging black professional hunter/outfitter - Mr Charles	-	65
Donation of hunting package to emerging black professional hunter/outfitter - Mr Ngubeni	-	65
Marathon and mountain bike race (annual game auction)	-	50
Donations of live game	-	41
TOTAL	-	324

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ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance 1 April 2016 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancell ed/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2017 R'000
Claims against the department					
PKX Capital	12 441	-	-	-	12 441
Home Made Retail	12 272	-	-	-	12 272
Trade Blaze Eleven	191	-	191	-	-
Maria E Schutte	503	-	503	-	-
Abraham P Van de Berg & Others vs MEC of DETEA	2 134	-	2 134	-	-
JJ Steyn /DTEEA (PT Moerane)	29	-	29	-	-
Subtotal	27 570	-	2 857	-	24 713
TOTAL	27 570	-	2 857	-	24 713

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ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
Education: FS	-	180	-	-	-	180	-	-
Health: FS	-	704	1 020	5	1 020	709	-	-
Human Settlement: GP	-	-	165	-	165	-	-	-
Legislature: FS	-	-	19	19	19	19	-	-
Treasury: FS	-	-	-	851	-	851	-	-
TOTAL	-	884	1 204	875	1 204	1 759	-	-

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ANNEXURE 5
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2016/17	
	31/03/2017		31/03/2017		31/03/2017		Payment date up to six (6) working days before year end	
	R'000	R'000	R'000	R'000	R'000	R'000	Amount	R'000
DEPARTMENTS								
Current								
Premier	624	-	-	-	624	-	-	-
Social Development	-	162	-	17	-	179	-	-
Justice and Constitutional development	-	-	-	25	-	-	-	-
Agriculture	-	-	-	17	-	25	-	-
SAPS	-	-	23	-	23	17	-	-
Department of Rural, Environmental and Agricultural Development	-	-	6	-	6	-	-	-
TOTAL	624	162	29	59	653	221	-	-

ANNEXURE 7 MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017				
	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	43 802	13 124	-	56 926
TOTAL	43 802	13 124	-	56 926

Age analysis on ongoing projects	Number of projects		2016/17
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year	-	-	
1 to 3 Years	-	1	33 002
3 to 5 Years	-	-	
Longer than 5 Years	-	1	23 924
Total			56 926

Include discussion on projects longer than 5 years in Capital WIP

The project is on a Practical Completion stage. There are invoices received during 2016/17 financial year to the amount of R600 000. The retention amount of R242 000 is still outstanding and will be paid during 2017/18 then project will be transferred to the Department of Public Works

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2016 R'000

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	47 734	-	14 207	(18 139)	43 802
TOTAL	47 734	-	14 207	(18 139)	43 802



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