

destea

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

2022/
2023

FINANCIAL YEAR

ANNUAL REPORT



destea

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

PART A:

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

Acronyms	Description
AIDS	Acquired Immune Deficiency Syndrome
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*



I am delighted to present DESTEA'S Annual Report for the 2022/23 financial year. This report highlights the progress we have made, despite the uncertain economic and investment landscape, DESTEA lived within its values, and delivered on the mandate; responded to the new challenges facing the people of the Free State.

This report will outline our performance on the targets we set ourselves to do over the period. It will also give our key stakeholders and business communities an insight into the performance and achievements of the department.

Over the past financial year, a number of additional challenges of energy crises confronted us and this has negatively affected the business community including the Tourism sector. As we are all aware, we are still recovering from the Covid-19 pandemic, while maintaining our focus on the attraction and promotion of responsible investment practices as well as accelerating efforts to buy new money to grow our economy.

To ensure that we walk the talk, in ***“Growing South Africa together and leave no one behind”***, we have engaged and worked closely with key stakeholders to contribute to the 2023/23 Budget Vote Speech, to ground it in the perspective of the investor, drawing on our distinctive strengths and determining where we are best placed to deploy our efforts.

Our mandate is not unique to the broader mandate given to the Provincial Government; the only uniqueness we have is the different legitimate expectations of

our citizenry. As we are mandated to improve the socio-economic livelihoods through economic and environmental development programs, our mandates derived from schedules 4 and 5 of the constitution of the Republic of South Africa, which requires the department to oversee and administer Tourism, Consumer Protection, Environment, Industrial promotion, Nature reservation, Provincial Public Enterprises, Soil conservation, and Small Business Development.

One other specific mandate is drawn from the roadshows we embarked upon in drafting the Free State Local Integrated Economic Development and Transformation Bill to provide for the promotion and development of the Free State economy and to create a conducive environment. The Bill is currently before the Free State Legislature for further processing after inputs from the public. We acknowledge that some of the challenges facing township enterprises derived from the fact that the sector is unregulated and that makes enterprises vulnerable and unsustainable, end up closing the business. Therefore, the finalization of the Bill for implementation will assist in responding to such and building the capacity for Kasi enterprises.

Furthermore, DESTEA provided environmental support and training in the energy and waste management sector. About 25 landfill sites were audited for compliance and 100% of received waste license applications were issued within legislated periods.

We have the provision of both financial and non-financial support to SMMEs and this initiative remains key to achieving economic growth. We also have funding and marketing intervention success stories whereby a company by the name 3 Sixty Pty (Ltd), manufacturing various custom-made concrete products managed to retain 80 jobs because of our intervention.

In efforts to unlock the financial barriers, the FDC provided support to 24 SMMEs including eight youth-owned CDP contractors. The same entity provided an appropriate operating space for SMMEs by spending R2.7M in rental incentives at its Industrial Parks and over 25 SMMEs benefited. We have concluded our partnership with Mangaung municipality for DESTEA to establish an SMME HUB, which will benefit 16 enterprises in Ward 6 of Mangaung. Hangda Steel was established as a steel factory in Thaba Nchu and will yield 2000 jobs when fully commissioned.

The department extended a helping hand by providing Business Development Support to 571 SMMEs. We have provided basic professional services such as Accounting and Marketing to over 500 township businesses across the Province and created the Access to Markets platforms for over 50 Kasi enterprises.

- SAITEX
- Manufacturing Indaba
- DECOREX

- Organic and Natural Expo Africa
- Tourism Indaba
- Including the Departmental Social Media Platforms

These mega events/platforms are to promote and create an enabling environment for SMMEs in the province through learning from experts and sharing information on how to navigate the challenges and opportunities in taking their businesses to the next level.

The tourism sector is one of the fastest-growing sectors after mining; it is also the largest employer of women. To revive it, the department hosted the first-ever Provincial Tourism Career Expo (PTCE) to inspire learners to look at tourism not just as another school subject but one that will in future open doors of opportunity for them to become entrepreneurs. Thereafter hosted, for the first time, the Provincial Saatrek initiative intended to provide tourists with a new reason to visit the province and rediscover the Free State. This is going to be an annual event. These were the two highlighted tourism events in the province after Covid-19.

Consumer Education in rural towns, solving consumer matters, and inspections around the province continue to be an ongoing obligation of the Consumer Protection Office. The office together with its stakeholders; the National Energy Regulator of South Africa (NERSA), National Consumer Commission (NCC), National Credit Regulator (NCR) COGTA, and SAPS continue to fight the unfair business practices through inspections and blitz operations.

Through different environmental programs, the department aims to work towards a clean, green, healthy, and more sustainable environment. One such programmes which is becoming popular with Free State learners is the Enviro Quiz program, which saw about 156 schools across the province with 4864 learners participating in the 2022/2023 financial year. The program teaches Grade 6 learners to think critically about their environment and encourages participation to solve some of their environmental problems in their respective schools' environment as well as assist teachers with environmental activities in the Grade 6 syllabus.

It is commendable to note the improvements in our spending and expenditure patterns but we need and are committed to doing more. The ever-present excuse of lack of resources might be a legitimate one, but the key question is how effectively we use the resources at our disposal. It is clear on the annual report that we are moving in the right direction, although not yet there.

We will never end to act with speed and urgency where possible to accelerate commitments made. Let us all work towards the economic freedom that we want to see happening.

A handwritten signature in black ink, appearing to be 'T Meeko', written over a horizontal line.

T Meeko (MPL)

**MEC of the Department of Economic, Small Business Development, Tourism
and Environmental Affairs**

31 May 2023

4. REPORT OF THE ACCOUNTING OFFICER



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

The mandate of the Department of Economic, Small Business Development, Tourism and Environmental Affairs is to coordinate and oversee economic growth and transformation initiatives as well as to ensure sustainable use of natural resources and caring for the environment in the Free State.

Our programme of action for the year under review was derived from 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. Furthermore, the South African Economic Reconstruction and Recovery Plan was at the centre of our programme of action to rebuild the economy of the province. The report contained in this document will outline the activities and achievements of the department, which focussed primarily on:

1. Building a transformed and inclusive economy
2. Re-industrialization of the Free State Economy
3. Attracting Investment
4. Improvement of Business Regulation Environment and Consumer Protection
5. Re-positioning the Free State province as a Tourism destination of choice

6. Care for the environment and natural resources
7. Focus on improved governance
8. Improve entity oversight

The accomplishment of our programme of action primarily depends on collaboration with other stakeholders like: National and Provincial Departments, State agencies, Municipalities, Institutions of Higher Learning and organized business formations.

The current overall budget cuts on public sector wage bill has meant that some of the critical vacant posts could not be filled in the year under review. However, the department implemented internal rearrangements within available resources to ensure that the department continues to fulfil its mandate. The department is undertaking a process of reviewing its organizational structure with a view of introducing efficiencies within the organization to better serve the people of the Free State province.

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

- **Departmental receipts**

Departmental receipts	2021/2022			2022/2023		
	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 including capital assets	23,744	16,587	(7,157)	26,457	30,302	3,845
Fines penalties and forfeits	400	1,086	686	910	1,210	300
Interest dividends and rent on land	4	26	22	14	39	25
Financial transactions in assets and liabilities	229	526	297	5,509	5,816	307
Total	24,377	18,225	(6,152)	32,890	37,367	4,477

- **Sales of Goods & Services**

The Department successfully managed to sell game through the annual auction and to the public as butchery meat. This resulted in the collection revenue worth R10, 5 million from these activities alone.

- **Fines, Penalties and Forfeits**

Successful prosecution of companies that contravene Section 24G of the National Environmental Management Act resulted in over-collection of expected revenue.

- **Financial Transactions in Assets and Liabilities**

Successful recovery of debts from employees, ex-employees and service providers resulted in over-collection of revenue. The use of direct deposits and electronic funds transfers (EFT's) resulted in the receipt of revenue that could not be allocated to the correct items with certainty and led to over-collection by R307 000.

- **Programme Expenditure**

Programme Name	2021/2022			2022/2023		
	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	193 497	191 603	1 894	213 966	211 197	2769
Environmental Affairs	188 175	184 793	3 382	205 098	190 908	14 190
Economic Development	264 388	259 261	5 127	213 949	210 250	3 699
Tourism	14 298	13 745	553	13 968	12 369	1 599
TOTAL	660 358	649 402	10 956	646 981	624 724	22 257

- **Virements / Roll overs**

Rollovers requested:

Earmarked funding/IEA/REA	Amount Requested for Roll-over (R)
Infrastructure Enhancement Allocation	6 703
Equitable Share	3 018
Total	9 721

Virements:

Programme	Amount (R'000)
Administration	(1 030)
Environmental Affairs	11 700
Economic Development	(10 070)
Tourism	(600)

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:

Irregular expenditure Reconciliation of irregular expenditure

	2022/23 R'000	2021/22 R'000
Opening balance	113 972	110 816
Prior period error		
As restated	113 972	110 816
Add: Irregular expenditure – relating to prior year		-
Add: Irregular expenditure – relating to current year	1 155	3 175
Less: Amounts written off	-	(19)
Closing balance	115 126	113 972

Analysis of closing balance

Current year	1 155	3 175
Prior years	113 972	110 797
Total	115 126	113 972

Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2022/23 R'000
Payment made for the telephone system via FDC	Under investigation	215
Payment not approved as per financial delegations	Under investigation	564
Payment not approved as per financial delegations	Under investigation	376
Total		1 155

**Details of irregular expenditures written off (irrecoverable)
Incident**

	2022/23 R'000
Three (3) quotations were not obtained	70
Total	70

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

	2022/23 R'000
Goods and Services: Non-compliance with section 67 of PFMA	4 899
Splitting of orders	495
Splitting of orders	496
Awards were made to suppliers who were not tax compliant at the time of the award (bid evaluation/deviation)	486
Payments were not as per approved delegations	5 667
Could not be confirmed that SCM processes were followed as the payment file could not be obtained.	114
Awards made were not approved by a properly delegated official	1 008

Services procured via a third party agent instead of procuring directly with the service provider.	225
No deviation for obtaining one quotation	40
Agency and support / outsourced services : Deviation not justifiable	112
Splitting (Quotations)	2 449
Quotation differs from invoice	126
Reason for deviation not justifiable and SBD 4 form not attached	71
Appropriated funds for Covid-19 relief was awarded to SMMEs not eligible	13 000
Appropriated funds for ISI was awarded to SMMEs not eligible	1 045
Procurement and Contract Management_ Winning suppliers not tax compliant	54
Deviation not justifiable	33
Could not verify the service provider is a sole supplier	18
Other suppliers were not invited to resubmit their quotations in order to ensure that the process is fair and equitable	318
Amount paid differs to quoted amount	87
Amount paid differs to quoted amount.	26
Goods and services_ Property payments - No evidence of approval by delegation authority	5 836
Local Content - The minimum threshold not stated in the bidding documents/ RFQ	
Goods and Services - Training and Development - Three (3) Quotations not obtained	2 113
	79
	29
SCM - Quotations - The supplier with the highest amount was awarded	1
SCM Quotations - Procurement not economical (Not obtained at a reasonable price)	1 450
Transfers and subsidies: Incentive granted to SMME outside Free State (Umove Farming) (Re-issue)	
Total	40 277

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

	2022/23	2021/22
	R'000	R'000
Opening balance	2 645	2 931
Prior period error	-	-
As restated	2 645	2 931
Fruitless and wasteful expenditure – relating to current year	-	439
Less: Amounts written off	-	(725)
Closing balance	2 645	2 645

Details of fruitless and wasteful expenditures under assessment (not included in the main note)

Incident	2022/23
	R'000
Buildings and other fixed structures - Various Issues	20 990
Goods and Services - Advertising	30
Basic salaries- specific selection(Employee not verified)	128
VAT paid to service provider that is not a VAT vendor	1
Total	21 150

Unauthorised expenditure

Reconciliation of unauthorised expenditure

	2022/23	2021/22
	R'000	R'000
Opening balance	1 452	1 452
Prior period error	-	-
As restated	1 452	1 452
Closing balance	1 452	1 452
Analysis of closing balance		
Unauthorised expenditure awaiting authorisation	1 452	1 452
Total	1 452	1 452

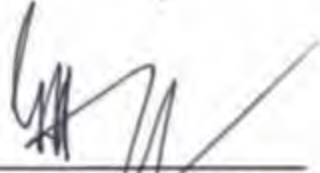
Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2022/23	2021/22
	R'000	R'000
Current	1 452	1 452
Total	1 452	1 452

Analysis of unauthorised expenditure awaiting authorisation per type

	2022/23	2021/22
	R'000	R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	1 452	1 452
Total	1 452	1 452

- The Department has appointed a firm of accountants with engineering disciplines to investigate the possible fruitless and wasteful expenditure to the amount of R13m.
- **Future plans of the department:**
 - Future plans of the department are explained in the 2023/24 Annual Performance Plan.
- **Public Private Partnerships**
 - The department currently do not have any PPP's, however, it intends to explore PPP opportunities for various economic development initiatives.
- **Discontinued activities / activities to be discontinued**
 - None
- **New or proposed activities**
 - Continued support of enterprises.
 - Support and expansion of infant industries.
 - Focus on establishing value chains in sectors where the FS has both comparative and competitive advantages.
- **Gifts and Donations received in kind from non-related parties**
 - The Department did not receive gifts or donations in kind during the current financial year.
- **Exemptions and deviations received from the National Treasury**
 - None
- **Appreciation**
 - I thank the Executive Council of the Province led by the Honorable Premier M Dukwana for their leadership, the MEC T Meeko for strategic guidance and support, Senior Management of the Department, and staff in general for their support and dedication to serve.



Accounting Officer
Dr M Nokwequ
31 May 2023

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

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 2023.

Yours faithfully



Accounting Officer
Dr M Nokwequ
31 May 2023

6. STRATEGIC OVERVIEW

6.1 Vision

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

6.2 Mission

“To lead environmentally sustainable economic growth and transformation for the benefit of the Free State province and its citizens, through coordination, integration and mobilization of opportunities, efforts and resources.”

6.3 Values

- Excellence
- Focussed
- Responsive
- Innovative
- Decency
- Conscientiousness

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.

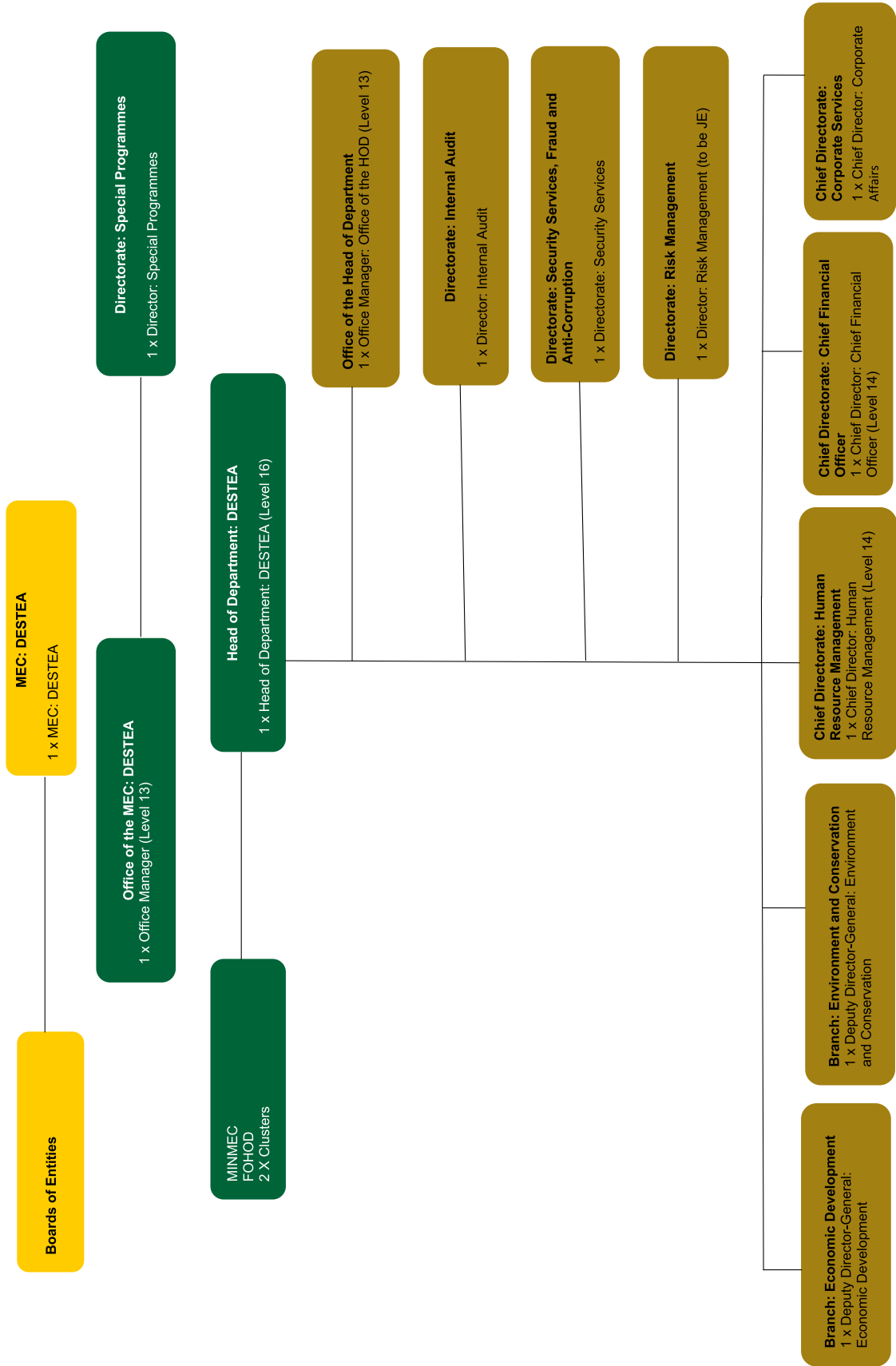
Programme Name and Core Function	Legal Mandate	Implications
Economic Development: SMME Development	- National Small Business Act, 1996 (Act No. 102 of 1996) and Amendments - Business Act 1991, (Act No. 71 of 1991) - Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)	Promote policy objectives, facilitate strategy implementation and align programmes to encourage SMME development in the Province. Promoting Broad Based Economic Empowerment in the Province.
Economic Development: Gambling & Betting Administration	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	- 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	National Credit Act 34 of 2005	Business compliance monitoring and redress.
Economic Development: Liquor Administration	- 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.

Programme Name and Core Function	Legal Mandate	Implications
Economic Development: Trade Inspection	- Legal Metrology Act, 2009 - Credit Agreement Act, 1980 (Act No. 75 of 1980)	Ensure compliance with trade metrology and credit agreement regulations.
Economic Development: Industrial Development	National Industrial Policy Framework, 2007	To improve growth and employment conditions in the manufacturing and services sectors of the economy.
Economic Development: Industrial Development	Industrial Policy Action Plan, 2018	To achieve structural economic transformation through encouraging the development, growth and competitiveness of the manufacturing (Vale-Added) sector
Environmental Affairs: Protected Areas Management Biodiversity Management Compliance and Enforcement	- National Environmental Management Act, 1998(Act No.107 of 1998) and Amendments - Free State Nature Conservation Ordinance , 1969 (Ordinance No. 8 of 1969) - Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004) as amended and including all pertinent regulations: TOPS and AIS specifically - National Environmental Management: Protected Areas Act, 2003 (Act No.57 of 2003) as amended and including the regulations thereto - National Heritage Recourses Act, 1999 (Act No. 25 of 1999) - World Heritage Conservation Act, 1999 (Act No. 49 of 1999) - Game Theft Act, 1991 (Act No. 105 of 1991)	Regulatory framework for the management and protection of environmental resources and coordination. Regulates conservation matters which are specific to the Free State Province Regulates and sets out the mechanisms for managing and conserving South Africa's biodiversity, its components and institution Regulates matters pertaining to protected areas. Ensuring the protection and effective management of National Heritage and World Heritage Sites. Providing a framework for the implications of game theft.

Programme Name and Core Function	Legal Mandate	Implications
	• National Water Act, 1998 (Act No. 36 of 1998) • Veld and Forest Fire Act, 1998 (Act No. 101 of 1998) • Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983) • Meat Safety Act (Act No 40 of 2000) • Promotion of Administrative Justice Act (Act 3 of 2000)	Providing a regulating framework on water usage in the Province. Provide a regulatory framework for the prevention and combat of veldt and forest fires. Ensuring the conservation of vital agricultural resources in the Province. Provides measures to promote meat safety and safety of animal products and maintain standards relating thereto Ensuring procedurally fair administrative actions, providing people the right to request reasons for administrative actions and decisions and to have such actions reviewed in court
Environmental Protection	• National Environmental Management: Waste Act, 2008 (Act No.59 of 2008) • National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2005) • National Strategy for Sustainable Development, 2014	Regulates waste management; provides for national norms and standards for regulating the management of waste by all spheres of government; and provides for the licensing and control of waste management activities. Regulates air quality. Promotion and attainment of Environment Sector effective and efficient management support by DEA and Provinces in relation to sustainable development (social, economic and environmental cooperation)

Programme Name and Core Function	Legal Mandate	Implications
	- Environment Sector Human Resource Strategy 2009 - 2014 - Environment Sector Strategy, 2009 - Financial and Fiscal Commission 2020/21 Annual Submission for the Division of Revenue: Reporting Local Government Public Finances - Environment Sector Priorities 2019/20 – 2023/24	Promotion of skills development and capacity building within the Environment Sector involving tertiary institutions and other education, research organisations / institutions Policy guidelines and targets perspective for the environment sector development paradigm Promotion of good financial and administrative governance in municipalities Attainment of Sixth Administration Priorities through the Environment Sector Priorities
Tourism	- The Tourism Act, 2014 (Act No 3 of 2014) - Free State Tourism Authority Act, 2005 (Act No. 3 of 2005) - Free State Gambling Liquor & Tourism Authority (FSGLTA) Act 4 of 2017 as amended	To promote the practise of responsible tourism for the benefit of the Republic and for the enjoyment of all its residents and foreign visitors To provide legal and operational framework for tourism promotion and development in the Province. To provide for the incorporation of the former Free State Tourism Authority

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

The information furnished in this section should correlate with information provided in the related party transactions disclosure note to the financial statements and the information on the entities.

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 (incorporating the Maluti a Phofung SEZ)	Free State Development Corporation Amendment Act 4 of 2010	Transfer Payment	• Finance and advance economic growth and development, Black Economic Empowerment and SMME development and growth. • Promote investment and trade within the Province and to identify, analyse, publicize and market investment and trade opportunities in the provincial economy
Free State Gambling, Liquor and Tourism Authority	Free State Gambling, Liquor Act 6 of 2010 and Tourism Authority Act 4 of 2011	Transfer Payment	• Regulate the gambling and racing activities in the Province on behalf of the Provincial Department. • Reduce socio-economic and other costs of alcohol abuse. Regulate the micro-manufacturing and retail sale of liquor or methylated spirits. • Promote tourism and increase market share in the tourism industry and to coordinate marketing activities of all role players. • Market major sport events for tourism promotion.



PART B:

PERFORMANCE

INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 149 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The table below outlines the main problem statements and the current status quo in the provincial economy:

Problem Statement	Data
The Free State province exhibits poor economic growth	The Free State Growth and Development Strategy (FSGDS) aims at increasing the provincial economic growth rate from 2.5% in 2011 to 7 % in 2030. The Free State Province had a total Gross Domestic Product (GDP) of R 309 billion in 2021 and in terms of total contribution towards South Africa's GDP of R 6.23 trillion the Free State ranked eighth relative to all the regional economies in the country. Free State contributed 4.96% to South Africa's GDP in 2021 decreasing its share of the national total from 5.12% in 2011.

	However, the province recorded an increase in its annual growth rate in 2021. From -7.1% in 2020 to 3.57% in 2021. South Africa achieved a GDP growth rate of 4.91% in 2021. Contrary to the short-term growth rate of 2021, the longer-term average growth rate (from 2011 to 2021) for Free State is 0.44%. Mangaung Metropolitan Municipality had the highest average annual economic growth, averaging 0.87% over a ten year period (between 2011 and 2021), when compared to the rest of the regions within the Free State. The Fezile Dabi District Municipality had the second highest average annual growth rate of 0.77%. Lejweleputswa District Municipality was the only region in the province that recorded a decline in its average annual growth rate of -1.21% between 2011 and 2021. Xhariep and Thabo Mofutsanyana recorded average annual growth rates of 0.52% and 0.44% respectively. The greatest contributor to the provincial economy in 2021 was Mangaung Metro with a share of 39.73% or R 123 billion, increasing from R 67.5 billion in 2011. The economy with the lowest contribution was Xhariep with R 9.7 billion growing from R 5.42 billion in 2011. It is forecasted that the provincial's GDP will grow at an average annual rate of 1.26% from 2021 to 2026. In 2026, Free State's forecasted GDP will be an estimated R 238 billion (constant 2010 prices) or 4.8% of the total GDP of South Africa. It is expected that Fezile Dabi will achieve the highest average annual growth rate of 2.10% from 2021 to 2026. The second highest to be Thabo Mofutsanyana, averaging 1.44% followed by Mangaung, averaging 1.37%, with Xhariep and Lejweleputswa averaging 1.29% and -0.83% respectively.
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Problem Statement	Data
Unemployment in the Free State province is high	The FSGDS aims at reducing the unemployment rate from 32% in 2012 to 6% by 2030 The Free State's official unemployment rate was recorded at 32.4% in Q2: 2022, 1.5 percentage points lower than the national official unemployment rate of 33.9%. The expanded unemployment rate for the province was recorded at 40.3% for Q2: 2022. The youth, 15- 24, years in the province remains the highest in Q2: 2022 at about 62.6%. However, compared to Q2 2021 this age group decreased with 4.7% from 67.3% in 2021. The age group 25-34 years recorded 37.3% in Q2 2022, which decreased with 11.5% from 48.8% in 2021. Eight (8) industries year-on-year recorded increases in employment in Q2: 2022 when compared with Q2: 2021. The highest employment gains were recorded in Community and social services with 30 000 jobs followed by Trade (18 000) and Construction (16 000). Employment in two industries shed jobs with the highest employment losses in Transport (7 000) and Private households (5 000). According to Statistics SA women accounted for 39.3% of total employment, while men accounted for 60.7% in the second quarter of 2022. Free State is dominated by semi-skilled workers who accounted for 46.3% of total workers, followed by low-skilled workers (35.1%) and skilled workers (18.6%). When comparing unemployment rates among regions within Free State in 2021, Lejweleputswa recorded the highest unemployment rate of 47.4%, which has increased from 33.4% in 2011. Mangaung had the lowest unemployment rate of 27.5% in 2021, which

	increased from 24.4% in 2011. Thabo Mofutsanyana recorded 37.5% in 2021 from 31% in 2011, Fezile Dabi (36.7% in 2021 from 29.7% in 2011) and Xhariep (33.4% in 2021 from 23.6% in 2011).
Problem Statement	Data
The structure of the Provincial economy limits job creation	The Free State Growth and Development Strategy (FSGDS), identifies agriculture, mining, manufacturing, transport and tourism as the key drivers that will ensure inclusive economic growth and sustainable job creation. The Provincial Economic Development Approach (PEDA) argues that investing in these productive sectors will serve as a catalyst to the services sectors and thereby stimulate economic growth and job creation in the provincial economy. Over a ten-year period from 2011 and 2021, the Gross Value Added (GVA) in the agriculture sector had the highest average annual growth rate in Free State at 2.51%, followed by the finance sector averaging at 1.72% per year. The mining sector had an average annual growth rate of -1.63%, while the construction sector had the lowest average annual growth of -2.50%. The tertiary sector (trade, transport, finance and the community services) contributes the most to the GVA within the Free State at 68.4%. The primary sector (agriculture and mining) contributed a total of 16.9% (ranking second), while the secondary sector (manufacturing, electricity and construction) contributed the least at 14.8%. The construction sector is forecasted to grow fastest at an average of 2.72% annually from R 4.31 billion in 2021 to R 4.93 billion in 2026 in Free State. The community services sector is estimated to be the largest sector within the province in 2026, with a total share of 29.3% of the total GVA (as measured in current prices), growing at an average annual rate of 0.9%. The sector that is estimated to grow the slowest is the

	mining sector with an average annual growth rate of - 4.17%. Agriculture is expected to grow at an average of 1.59% annually from R10.2 billion in 2021 to R11.0 billion in 2026 and manufacturing at an average of 1.34% annually from R19.1 billion in 2021 to R20.4 billion in 2026. The biggest employer in the province in Q2 2022 were community and social services with 224 000 jobs, followed by trade (173 000) and agriculture (86 000). The emergent agricultural sector has the potential to contribute to the growth of the province, and the reduction of unemployment and poverty. The last time the industry reached peak employment was in Q1 2018 with 92 000 jobs. The utilities (water, gas and electricity) industry remained the smallest employer with about 10 000 people, followed by mining (21 000) and transport (42 000). Employment in the key drivers of the provincial economy, from Q2 2021 to Q2 2022 (year-on-year) namely Agriculture, Mining and Manufacturing have increased by 16.3%, 14.3% and 14.6% respectively. Transport, however recorded a decline of 14%. In addition to the structure of the economy, the high levels of market concentration inhibits both job creation and economic growth. The National Development Plan (NDP) identified the following as some of the structural challenges that were negatively affecting the momentum and the imperative of socio-economic transformation in South Africa; <i>Skewed ownership and control. The corporate landscape of South Africa has changed remarkably since 1994. However, it remains highly</i>
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	<i>concentrated. This poses a barrier to business entry and expansion in key markets, which are essential for employment creation</i> - The Free State is not different in Free State - So in addition to addressing the structural transformation of the Free State economy, we must decisively deal with the levels of concentration in the Free State economy. - The Free State must change ownership patters to be in line with the demographics of the country.
Problem Statement	Data
Economic activity is concentrated in specific areas resulting in low levels of economic activity in the rest of the province	Mangaung Metropolitan Municipality, Fezile Dabi and Thabo Mofutsanyana District Municipalities are high performing municipalities towards economic growth in the province. The other two district municipalities in the province, Lejweleputswa and Xhariep, have on average contributed positively towards economic growth, but their performance is below average. Mangaung had the highest average annual economic growth, averaging 0.87% between 2011 and 2021 followed by Fezile Dabi with the second highest average annual growth rate of 0.77%. Lejweleputswa recorded the lowest average annual growth rate of -1.21% between 2011 and 2021. Thabo Mofutsanyana and Xhariep recorded an average annual growth of 0.44% and 0.52% respectively. The greatest contributor to the provincial economy, Mangaung Metropolitan Municipality contributed 39.73% or R 123 billion in 2021, increasing from R 67.5 billion in 2011. The economy with the lowest contribution, Xhariep District Municipality contributed 3.14% or R 9.7 billion in 2021 growing from R 5.42 billion in 2011. It is forecasted that Fezile Dabi will achieve the highest average annual growth rate of 2.10% from 2021 to 2026 followed by Thabo Mofutsanyana, averaging 1.44% and

	Mangaung averaging 1.37%. Lejweleputswa to perform the poorest with an average annual growth rate of - 0.83%. Xhariep is forecasted to grow at 1.29%. Means of production, such as plant, machinery and equipment, land and labour, are enabling environment factors that are necessary for the production of economic value. Of key importance is the legislative and policy framework, economic and social infrastructure as well as investment and export promotion.
Problem Statement	Data
Increasing environmental concerns	Environmental concerns that need to be addressed are climate change and land use and biodiversity conservation. Climate projection for Southern Africa shows that the greatest increase in mean temperature will possibly occur over the central interior where the Free State is located. The arid and semi-arid regions and the western interior are very likely to experience an increase of 2 to 3°C in maximum temperature. The dominant land use in the Free State is agriculture, which accounts for 90% of the total area of the province. There is also significant urbanisation taking place.
Problem Statement	Data
Lack of state capacity	There is a need to manage continuity and change at leadership and senior management. The lack of structured training and development programmes for staff and councillors on finance, economics, technical and project management etc., have in most cases weakened governance mechanisms.

	According to the Auditor-General report, the vacancy levels at senior management level in the Free State were the highest in the country. The development of appropriate human resources and human resource capacity to support governance are two of the most challenging areas in the province. A real attempt to attract the best skills to the local government sphere is required.
Problem Statement	Data
High poverty levels, income inequality and low incomes	Poverty remains a huge socio-economic challenge facing the province. The FSGDS aims to reduce the number of people living in poverty to 0% in 2030. There were 1.84 million people living in poverty in 2021, using the upper poverty line definition, across Free State - this is 21.29% higher than the 1.52 million in 2011. The percentage of people living in poverty has increased from 54.62% in 2011 to 62.07% in 2021, which indicates an increase of -7.45 percentage points. Thabo Mofutsanyana has the highest percentage of people living in poverty, with a total of 69.2%. The lowest percentage of people living in poverty is Mangaung Metro with a total of 55.7%. By the end of 2020/21, the South African Social Security Agency (SASSA) provided social support to 11 450 005 vulnerable individuals and households throughout the country. The total grant beneficiaries increased from 11.31 million in April 2020 to 11.45 million in March 2021 indicating an increase in of 137 933 or 1.2 per cent in

	2020/21. The 18.44 million grants paid in March 2021 benefitted 11.45 million beneficiaries. The total grant beneficiaries in Free State increased from 663 203 in April 2020 to 668 083 in March 2021 indicating an increase in beneficiaries of 4 880 in 2020/21. The Gini coefficient is a summary of income inequality. According to the FSGDS, the Free State aims to reduce its Gini coefficient to 0.3 in 2030. Despite this, the provincial Gini-Coefficient in 2021 has marginally increase from 0.615 to 0.662 over the ten-year period from 2011 to 2021 indicating an increase in income inequality. When segmenting the province into population groups, the Gini coefficient for the African population group increased the most amongst the population groups with an average annual growth rate of 0.40%. The Coloured population increased the least with an average annual growth rate of 0.01%. The White and Asian population recorded average annual growth rates of 0.20% and 0.19% respectively. The per capita income for Free State (R 74,200) is higher than that of the South Africa at R 73,100. Western Cape has the highest per capita income at R 100,000, whereas Limpopo had the lowest per capita income at R 45,800. In Free State, the White population group has the highest per capita income, with R 333,000, followed by the Asian population group (R 147,000). The Coloured and the African population groups had a per capita income of R 80,100 and R 47,000 respectively.
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Problem Statement	Data
The Free State province is currently not achieving its tourism goals given its attractive tourism resource base and offerings.	The outbreak of the COVID-19 pandemic had a significant impact on the South African tourism industry. The Level 5 (hard) lockdown introduced by President Ramaphosa on 26 March 2020 resulted in tourism numbers dropping drastically for both incoming and outgoing travellers. In light of this, South Africa did not receive visitors for a period of six months from April to September 2020. Statistics SA stated that a total of 2 255 699 tourists came to South Africa in 2021, showing a decrease of 19,5% from the 2 802 320 tourists recorded in 2020. According to the Tourism Report, 2021 foreign arrivals in South Africa dropped by 31,3% from 4 586 387 in 2020 to 3 150 007 in 2021 and departures dropped by 31,5% from 4 115 835 in 2020 to 2 818 669 in 2021. A total of 59 000 international tourist arrivals for Free State were recorded in Q2 2021, compared to 241 000 in Q2 2019. In 2021, Free State had a tourism spend per capita of R 5,690 and an average annual growth rate of 5.97%. Free State ranked third amongst the 9 regions in terms of tourism spend per capita. Western Cape Province ranked first with a total per capita spending of R 8,800. The number of trips by tourists visiting Free State from other regions in South Africa has decreased at an average annual rate of -1.62% from 2011 (2.19 million) to 2021 (1.86 million). The tourists visiting from other countries decreased at an average annual growth rate of -9.58% (from 469 000 in 2011 to 171 000). International tourists constitute 8.42% of the total

	number of trips, with domestic tourism representing the balance of 91.58%. Over a ten year period, from 2011 to 2021, the number of bed nights spent by domestic tourists has decreased at an average annual rate of -8.76%, while in the same period the international tourists had an average annual decrease of -7.75%. The total number of bed nights spent by tourists decreased at an average annual growth rate of -8.46% from 11.6 million in 2011 to 4.78 million in 2021. The province had a total tourism spending of R 16.9 billion in 2021 with an average annual growth rate of 6.7% since 2011 (R 8.87 billion).
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Policy Environment

The mandate of the Department emanates from national and provincial policies as well as legislative frameworks, as described in our 2020 – 2025 Strategic Plan. In addition to the policies and legislation mention in the Strategic Plan of the Department, the Presidency has developed a National Development Plan (NDP) Vision 2030. This plan, which maps out the direction South Africa should take to achieve Vision 2030, was considered when developing the 2022/23 Annual Performance Plan. The main relevant 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

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.

There were no changes to the Strategic Plan during the 2022/23 financial year.

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

As a result of DPSA Service Delivery Plans (SDIP) Circular No 14 of 2022, stating that extension is granted for the implementation of the new template to 31 March 2023, the department did not have an official SDIP for the period under review.

2.3 Organisational Environment

Programme structure

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

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

Personnel

As at 31 March 2023, the Department had a workforce of 666, this is inclusive of 659 permanent employees and 7 contract workers. The current vacancy rate is standing at 18.11%, which is higher than the benchmark of 10%.

The total number of employees who left the department is 37, which translates into 5.56% of the total workforce. The figure is lower than the national benchmark of 8%. It can also be indicated that the figure has gone up as compared to last year when the department was standing at 4.31%. Of the 37 officials who left the department, 10 resigned, 2 were transferred, 9 left due to normal/compulsory

retirement, 1 left due to early retirement, 5 were a result of death, 9 officials' contracts expired and 1 dismissed

The majority of employees who left the department are due to resignations, expired contracts and retirements. The significantly high number of attrition is of concern because the department is unable to retain its employees, especially those that are leaving voluntarily (resignations and or transfers). As a result, the department is unable to reduce its vacancy rate.

The age profile of the department is of major concern in terms of critical occupation, and measures need to be put in place in order to address anticipated retirement in some programmes such as Environmental Branch where it will be losing majority of its employees. Of the 666 employees, 94 (14.11%) are between the ages of 18 and 35 years (youth), 86 (12.91%) are between the ages of 36 and 39, 238 (35.74%) are between the ages of 40 and 49, 210 (31.53%) are between the ages of 50 and 59, 40 (6.01%) are between the ages of 60 and 65. One hundred and forty-two (142) of these employees will be retiring in the next 5-10 years through normal and/or compulsory retirement. Of this number, 102 (71.83%) are from Environmental Management Branch, 24 (16.90%) from Administration, 13 (9.15%) are from Economic Development and 3 (2.11%) are from Tourism Support. In recruiting within these branches, attention will have to be put into attracting youth, especially in certain entry-level posts where experience is not a requirement. Measures need to also be put in place to vigorously implement succession planning as the department will be losing key personnel as well as critical skills in the next 1-5 years.

Twelve (12) grievances were lodged during the 2022/23 financial year, and of the 4 (four) grievances lodged were resolved within 30 days which translates to 33%. There are only 2 (two) outstanding grievances which are a result of their complexity.

Twenty-eight (28) misconduct cases were handled during the 2022/23 financial year. Twenty-three (23) cases were finalised during the year in review, and the

same translates to 82%. 5 cases are outstanding. The factors, which contributed to the misconduct cases not being finalised within 90 days, were as follows:

- Non-availability of presiding officers or alleged offenders;
- Postponement of disciplinary hearings;
- Long investigations due to the non-availability of external people to be interviewed.
- Veracity of documents needed by alleged transgressors through *points in limine*, which delays the process.
- Resignation of both the employee representative from the trade union and the Chairperson from the Public Service with the part-heard case.

2.4 Key policy developments and legislative changes

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

The Department continued with implementation of the following:

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

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

NDP	MTSF	FSGDS
Chapter 3: Economy and employment	Outcome 4: Decent employment through inclusive growth	Driver 3: Expand and diversify manufacturing opportunities
Chapter 5: Environmental sustainability	Outcome 6: An efficient, competitive and responsive infrastructure network (SIP's and SEZ's)	Driver 5: Harness and increase tourism potential and opportunities

Chapter 13: Building a capable and developmental state	Outcome 10: Protect and enhance our environmental assets and national resources	Driver 12: Integrate environmental concerns into growth and development planning
Chapter 14: Fighting Corruption	Outcome 12: An efficient, effective and developmental orientated public service	Driver 15: Foster good governance to create a conducive climate for growth and development

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

In order for the Department to fulfil its mandate, it has committed to achieving the following impacts and outcomes:

Impact 1	A transformed economy
Outcomes	• Increased tourism market share • Reduced illicit economic activity and corruption • Transformed economic structure. • Increased private sector investment. • Sustainable job creation. • Improved economic growth

Impact 2	Sustainable environmental management
Outcomes	• Improved investment and growth in the Biodiversity Economy • Effective bio-diversity management • Reduced provincial waste disposal to landfills • Reduced greenhouse gas emissions • Effective mitigation of climate change in vulnerable sectors (agriculture, forestry health, water, human settlements, biodiversity)

Impact 3	A capable, ethical and developmental organization
Outcomes	• Functional and integrated organization • Ethical, capable and professional workforce • Improved governance

Impact: A transformed economy

Outcome	Outcome Indicator	2024/2025 Target	Actual achievement as at 31 October 2022	Reasons for deviation
1. Improved economic growth	i. Rate of economic growth (Gross Domestic Product) GDP	1.5%	Free State annual growth rate of 3.87% in 2021 ¹	n/a
2. Sustainable job creation.	i. Official unemployment rate	27.8% 331 000 unemployed	Q4: 2021 36.7% 421 000 people unemployed ²	n/a
3. Increased private sector investment.	i. Rate of investment as % of GDP	FDI 3.4% as a percentage of GDP	Investment in SA 12.5% of GDP in Dec 2021 ³ Total trade as % of GDP 5.4% in 2021 ⁴	n/a
	ii. Foreign direct investment in FS	R10.9 billion in FS or increased FDI by 30% from R8.4bn baseline	Total Trade in Free State R16.77 billion ⁵	FDI in the FS has not reached the planned target, in the main due to global economic instability, as well as technical recessions in various foreign countries.
4. Transformed economic structure	i. % of FS businesses owned by black entrepreneurs	50% of land black owned, 20% black ownership of mines	30% of land black owned ⁶ 13% black ownership of mines ⁷	Ownership targets have not been reached yet due to slow transformation in private sector, as well as resource

¹ IHS Markit Regional eXplorer version 2236

² Statistics SA, QLFS Q4: 2021

³ <https://www.ceicdata.com/en/indicator/south-africa/investment--nominal-gdp>

⁴ Total International Trade as % of GDP used as proxy for FDI as % of GDP (IHS Markit Regional eXplorer 2236 (2.6p))

⁵ Total International Trade used as proxy for FDI in FS (IHS Markit Regional eXplorer 2236 (2.6p))

⁶ Aggregate of African (11%), Coloured (13%) and Indian (5%) ownership as per 2017 DRDLR Land Audit Report

⁷ Computed from DMRE Database of Licensees; BBBEE level of 30% to 100% used as a proxy for Black Ownership

		30% of black owned tourism facilities	18% of black owned tourism facilities ⁸	constraints in the public sector.
	ii. FS competitiveness outlook	Free State competitiveness ranked seventh out of nine regional economies contributing to National GDP	Free State had a total GDP of R 309 billion in 2021 and ranked eighth to the regional economies in South Africa ⁹	Target has not yet been achieved mainly due to the cost of production, as well as the continued existence of economic concentrations.
5. Reduced illicit economic activity and corruption	i. FS consumer confidence results	South Africa's Consumer Confidence Index (CCI) data at 25.00% points	South Africa's CCI declined from -9 to -13 index points during Q1 2022 previous period ¹⁰ Annual consumer price inflation (CPI) 5.9% in March 2022 ¹¹	Consumer confidence has regressed, mainly attributable to rising interest rates, socio-political fluctuations, as well as the rise in cost of living in general.
6. Increased tourism market share	i. Percentage growth in tourism contribution towards provincial GDP	5.8% of GDP	Tourism spending as a percentage of GDP in 2021 5.43% ¹²	Tourism spending has almost reached pre-COVID levels, but is still negatively impacted on by a decline in foreign arrivals, as well as reduced local spending.

⁸ Computed from FSGLTA Database of accommodation facilities in the Free State

⁹ IHS Markit Regional eXplorer version 2236

¹⁰ <https://tradingeconomics.com/south-africa/consumer-confidence>

¹¹ Statistics SA, Consumer Price Index – March 2022

¹² IHS Markit Regional eXplorer version 2236

Impact: Sustainable environmental management

Outcome	Outcome Indicator	2024/2025 Target	Actual achievement as at 31 October 2022	Reasons for deviation
1. Effective mitigation of climate change in vulnerable sectors (agriculture, forestry health, water, human settlements, biodiversity)	Number of climate change adaptation plans for vulnerable sectors implemented.	1 strategy and 5 plans implementation	Zero (Terms of reference to develop Climate change Adaptation and Mitigation Strategy and Implementation Plan have been drafted through the support of DFFE and GIZ)	No deviation
2. Reduced greenhouse gas emissions	Number of municipalities with the capacity to implement climate change programmes	10 municipalities	3 district municipalities and 1 Metropolitan municipality Municipalities: Fezile Dabi Mangaung Metro Thabo Mofutsanyane Lejweleputswa	No deviation
	Number of municipalities with access to climate change funding/financing (green climate fund, climate adaptation fund)	5 municipalities	Zero	No deviation
3. Reduced provincial waste disposal to landfills	Number of municipal with landfills operating illegally.	15 % reduction in municipal landfills operating illegally	17%	n/a
	Waste generation tonnage	4 156 921.35 tons (25% reduction)	5,106,953.7 tons (4,3% reduction)	n/a

4. Effective bio-diversity management	Protected species poaching occurrences	50% reduction in incidents	60% reduction	n/a
	Hectares in the FS conservation estate	1 000 033ha (5% increase)	959811 hectares (1% increase)	n/a
5. Improved investment and growth in the Biodiversity Economy	Number of black game farmers	125 black game farmers	50 black game farmers	No deviation
	Percentage wildlife production units	6.5% increase in wildlife production units to 10%	0% increase	Depended on the above indicator

Impact: A capable, ethical and developmental organization

Outcome	Outcome Indicator	2024/2025 Target	Actual achievement as at 31 October 2022	Reasons for deviation
1. Functional and integrated organization	Organizational integration levels	Expected depth of integration = Level 4 (Collaboration)	Observed integration = Level 2 (Awareness)	Integration levels are improving
2. Ethical, capable and professional workforce	Occurrence of corruption cases in the department	Zero cases	5 Cases	No deviation; cases have reduced from the baseline.
3. Improved governance	Annual audit outcomes	Unqualified Audit Opinion	Qualified	Understated prepayments and advances (comparative figures)

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	- Continues support to new and existing SMME's through relief and recovery incentives. - Trade and investment promotion via Free State Development Corporation. - Education and support to client on Consumer Right. - Strengthened partnerships with DFIs. - Continues tourism promotion and marketing.
Chapter 5: Environmental sustainability	Outcome 10: Protect and enhance our environmental assets and national resources	- Expansion of land under conservation. - Upgrade of certain resorts and reserves. - Continues enforcement of environmental legislation. - Promotion of waste recycling. - Promotion of green cities and municipalities.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

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	- Office of the MEC - Management Services - Financial Management - 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.

Management Services

Programme: Administration								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Strategic Planning, Monitoring and Evaluation and Service Delivery Improvement								
Ethical, capable and professional workforce	Assessments conducted	Number of programmes/projects assessed with recommendations	1	1	8	9	+1	Annual target was exceeded due to close proximity of selected enterprises.

Sub Programme: Security and Anti-Fraud								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Ethical, capable and professional workforce	Visible campaigns conducted	Number of campaigns on ethics conducted	4	4	24	24	n/a	n/a
		Number of fraud and anti-corruption campaigns conducted	-	7	24	10	-14	Due to human resource constraints. Alternative methods of campaigning will be applied going forward.
	Financial Disclosure in the department	Number of reports on Financial Disclosure developed	-	-	2	2	n/a	n/a
Improved governance	Fraud and Corruption cases investigated	Percentage of cases investigated	100%	100%	100% of received cases	100%	n/a	n/a
	Fraud and corruption cases referred to SAPS	Number of fraud and corruption cases referred to SAPS	100%	100%	All cases where corruption or fraud was identified	100%	n/a	n/a
	Life style audits conducted	Number of reports on life style audits conducted	-	-	1	1	n/a	n/a
Sub Programme: Internal Audit and Risk Management								

Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Improved governance	Approved Strategic Internal Audit documents for governance oversight	Number of strategic documents developed	3	3	3	3	n/a	n/a
		Number of status analysis reports with recommendations developed	13	13	16	23	+7	Due to revised Audit Plan
	Consolidated Risk register	Number of Strategic risk register aligned to the Department's strategic outcomes	1	1	1	1	n/a	n/a
Ethical, capable and professional workforce	Efficient business continuity	Number of Business Impact Analysis facilitated	1	1	4	4	n/a	n/a

Supply Chain Management, Fleet and Assets

Sub Programme: Supply Chain Management, Fleet and Assets								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Functional and integrated organization	Consolidated procurement plan developed	Number of plans developed	1	1	1	1	n/a	n/a
Improved governance	Reduced non-compliance with 30 day payment requirements	Percentage of valid invoices paid within 30 days	100%	100%	100%	100%	n/a	n/a

Corporate Services

Sub Programme: Corporate Services								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Ethical, capable and professional workforce	Skills audit and re-skilling conducted	Number of skills audits conducted to optimise workforce productivity	-	-	1	0	-1	Due to poor response rates on skills audit questionnaire, the audit could not be finalized and was deferred to the next financial year.
Improved governance	Talent managed and developed	Number of training programmes conducted to ensure competent workforce	2	13	9	9	n/a	n/a
	Comprehensive Health and Wellness Programme provided	Number of HIV Testing Services (HTS) campaigns conducted	2	2	2	2	n/a	n/a
		Number of Health Risk Assessment (HRA) Campaigns conducted	2	2	2	2	n/a	n/a

Sub Programme: Communication and ICT								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Functional and integrated organization	Public opinion of the organization monitored	Number of surveys conducted to determine public opinion of the organization	1	1	1	1	n/a	n/a
	Public opinion of the organization improved	Number of newsletters and/or publications on departmental	4	4	4	4	n/a	n/a

		achievements produced and disseminated						
Improved governance	Business processes modernized	Number of departmental business processes modernized	3	3	2	2	n/a	n/a

Sub Programme: Fleet and Asset								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Improved governance	Improved asset management and reporting in the public sector	Number of consolidated asset registers developed	1	1	1	1	n/a	n/a
	Consolidated DESTEA fleet account	Number of fleet lease reconciliations developed	1	1	1	1	n/a	n/a

Strategies to overcome areas of underperformance:

- Continue lobbying Provincial Treasury to allocated funds for the filling of critical posts
- Improved internal controls

Linking performance with budgets

Sub- Programme Name	2021/22			2022/23		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	12 897	11 939	958	17 179	16 895	284
Management Services	45 408	44 635	773	44 381	43664	717
Financial Management	81 962	83 048	(1 086)	90 760	94657	(3897)
Corporate Services	53 230	51 981	1 249	61 646	55981	5665
TOTAL	193 497	191 603	1 894	213 966	211197	2769

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	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.

Environmental Policy Planning and Coordination

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Environmental Policy Planning and Coordination								
Effective mitigation of climate change in vulnerable sectors (agriculture, forestry health, water, human settlements, biodiversity)	Climate change programmes and adaptation measures implemented	Number of climate change response interventions implemented	1	8	2	2	n/a	n/a
	Database of climate change related projects developed	Number of databases developed on climate change related projects	-	-	1	1	n/a	n/a
	Development of environmental research projects	Number of environmental research projects completed	6	5	3	3	n/a	n/a
	Development and implementation of environmental management instruments, planning tools and environmental sector programmes	Number of inter-governmental sector programmes implemented	-	1	1	2	+1	Due to additional invitation received from DFFE.
		Number of legislated tools developed	-	1	1	0	-1	Due to delayed due diligence related to the finalization of the IWMP.
		Number of functional environmental information management systems maintained	-	2	2	2	n/a	n/a
	Ecological sensitive areas spatially mapped	Number of areas spatially mapped	2	2	2	2	n/a	n/a

Compliance and Enforcement

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Compliance and Enforcement								
Effective bio-diversity management	Completed criminal investigations handed to the NPA	Number of completed criminal investigation handed to NPA for prosecution	6	6	4	9	+5	The target of 4 for the year was based on previous year trends. More transgressions of NEMA and relevant directives were experienced, as identified via compliance inspections. Therefore more unplanned investigations were conducted and subsequently handed over to NPA for prosecution.
	Administrative enforcement notices complied with	Number of administrative enforcement notices issued for non-compliance with environmental management legislation	14	14	12	14	+2	The target of 12 for the year was based on previous year trends. More transgressions of NEMA and relevant directives were experienced, as identified via compliance inspections. Therefore, unplanned administrative notices had to be issued.
	Compliance to legal obligations in respect of licensed facilities inspected	Number of compliance inspections conducted	338	548	500	556	+56	More inspections were conducted to improve compliance with environmental legislation.

Environmental Quality Management

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Environmental Quality Management								
Reduced greenhouse gas emissions	AQMP's developed or revised	Number of air quality management plans developed	1	0	1	0	-1	Funds were reprioritized by PT during 2022/23 adjustments
	Licences issued within legislated timeframes (Referrals from Local Government only)	Percentage of complete Atmospheric Emission Licenses (AELs) issued within legislated timeframes	-	-	100% of received applications	0%	100%	No applications were received from municipalities; therefore nothing could be processed.
	Transition plans for high carbon emitting sectors developed or revised	Number of transition plans developed / adopted for high carbon emitting sectors	-	1	1	0	-1	This could not be achieved due to unexpected resource constraints within our strategic partner, the ILO.
	Functioning government owned air quality monitoring stations	Number of government owned ambient air quality monitoring stations meeting minimum data requirements and reporting to the SAAQIS	1	0	1	0	-1	This is depended on the AQMP, and could therefore not be developed due to PT reprioritization.
Reduced provincial waste disposal to landfills	Effective waste management	Number of waste landfill sites environmentally audited	25	30	30	30	n/a	n/a
	Environmental authorization permits issued within legislated	Percentage of complete waste license applications finalized within	100%	100%	90%	75%	-15%	1 Application could not be finalized within timeframes due to its complexity.

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Environmental Quality Management								
	timeframes (Waste only)	legislated timeframes						
Effective bio-diversity management	Environmental authorization permits issued within legislated timeframes (EIA's)	Percentage of complete Environmental Impact Assessment (EIA) applications finalized within legislated timeframes	84%	91%	85%	93%	+8%	Due to good quality EIA reports from consultants.
	Illegal activities penalized	Number of section 24G application finalized	4	7	6	10	+4	Due to improved cooperation from consultants and applicants, more applications were finalized.
Sustainable job creation	Waste recycling initiatives concluded (In conjunction with ESBD)	Number of recycling facilities and buy-back centres supported	1	5	5	26	+21	Due to training provided in response to a DFFE call for proposals to request funding from DFFE.

Biodiversity Management

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Biodiversity Management								
Effective bio-diversity management	Management and protection programmes of conservation areas implemented	Percentage of area of state managed protected areas assessed with a METT score above 67%	100%	100%	70%	92%	+22%	The target of 70% is an MTSF prescribed target. Due to the department's commitment

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Biodiversity Management								
								and relevant resources allocation, 92% of protected areas received a METT score higher than 70%.
	Environmental authorization permits issued within legislated timeframes	Number of permits issued	2839	3706	2000	4085	+2085	The target of 2000 for the year was based on previous year trends. Additional unplanned applications were received and therefore more permits were issued.
		Percentage of complete biodiversity management permits issued within legislated timeframes	-	93%	80%	98%	+18%	Improved internal control measures.
	Increase in conservation areas	Number of hectares under the conservation estate	953913	953913	1500	7398	+5898	Improved participation and commitments by landowners.
	Community involvement in protected areas facilitated	Number of People and Parks Forums supported	-	-	5	5	n/a	n/a
Improved investment and growth in the Biodiversity Economy	Increase in contribution of biodiversity jobs to economic growth and development (In conjunction with ESBD)	Number of biodiversity economy initiatives implemented	1	1	1	1	n/a	n/a

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Biodiversity Management								
	Black game farmers supported (In conjunction with ESBD)	Number of black game farmers supported	60	2	10	10	n/a	n/a
	Improved biodiversity planning	Number of Biodiversity Plans updated	1	0	1	1	n/a	n/a
Sustainable job creation	SMME's supported through resort and reserve infrastructure development and maintenance	Number of contractors benefiting from infrastructure development and maintenance	10	14	14	13	-1	1 out of 14 appointed contractors could not be allocated work due to non-compliance with SARS.

Environmental Empowerment Services

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Environmental Empowerment Services								
Effective mitigation of climate change in vulnerable sectors (agriculture, forestry health, water, human settlements, biodiversity)	Promote more effective programmes on environmental awareness	Number of environmental awareness activities conducted	21	97	70	113	+43	Due to additional invitations received.
	Strengthen human capital pipeline within the environmental sector	Number of environmental capacity building activities conducted	21	21	30	30	n/a	n/a
	Eco Schools Programme implemented	Number of schools participating in	100	97	120	209	+89	More schools showed interest because of the

Programme: Environmental Affairs								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Environmental Empowerment Services								
		Environmental Programmes						school awards ceremony held in 2021/22, which raised awareness on the programmes.
Increased economic growth	Clean towns promoting investment	Number of towns cleaned	25	10	15	16	+1	Due to partnership with other stakeholders (Premier's Office & Rouxville Development Agency)
		Number of open spaces transformed into eco-friendly zones	-	5	5	2	-3	Budget was reprioritized to EPWP for the appointment of additional beneficiaries for Industrial Parks.
	Renewable energy promoted	Number of initiatives to promote the use of renewable energy in FS communities	2	1	1	1	n/a	n/a
Sustainable job creation	Create jobs through environmental public employment programmes (EPWP)	Number of work opportunities created through environmental sector public employment programmes	429	353	350	386	+36	Due to additional appointment of cleaners in industrial parks.

Strategies to overcome areas of underperformance:

- Improved planning and reduced reprioritizations within the baseline
- Streamlined SCM process
- Improved due diligence processes

Performance in relation to Standardized Outputs and Output Indicators for Sectors with concurrent functions:

Output Indicators	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023
Number of inter-governmental sector programmes implemented	1	2	+1
Number of legislated tools developed	1	0	-1
Number of environmental research projects completed	3	3	n/a
Number of functional environmental information management systems maintained	2	2	n/a
Number of climate change response interventions implemented	2	2	n/a
Number of administrative enforcement notices issued for non-compliance with environmental management legislation	12	14	+2
Number of completed criminal investigations handed to the NPA for prosecution	4	9	+5
Number of compliance inspections conducted	500	556	+56
Percentage of complete Environmental Impact Assessment (EIA) applications finalized within legislated timeframes	85%	93%	+8%
Percentage of complete Atmospheric Emission Licenses (AELs) issued within legislated timeframes	100% of received	0%	100%
Percentage of complete Waste License applications finalized within legislated time-frames	90%	75%	-15%
Number of hectares under the conservation estate	955413 (+1500)	7398	+5898
Percentage of area of state managed protected areas assessed with a METT score above 67%	70%	92%	+22%
Percentage of complete biodiversity management permits issued within legislated timeframes	80%	98%	+18%

Output Indicators	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023
Number of Biodiversity Economy initiatives implemented	1	1	n/a
Number of work opportunities created through environment sector public employment programmes	350	386	+36
Number of environmental awareness activities conducted	70	113	+43
Number of environmental capacity building activities conducted	30	30	n/a

Linking performance with budgets

Sub-Programme Name	2021/22			2022/23		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Environmental Policy Planning and Coordination	2 858	2 070	788	4 616	3 622	994
Compliance and Enforcement	17 470	16 949	521	18 842	19 085	(243)
Environmental quality Management	17 954	17 113	841	20 178	17 255	2 923
Biodiversity Management	137 027	136 650	377	147 533	138 694	8 839
Environmental Empowerment Services	12 866	12 011	855	13 929	12 252	1 677
Total	188 175	184 793	3 382	205 098	190 908	14 190

4.3. Programme 3: Economic and Small Business Development

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

Sub-Programmes:

Programme	Sub Programme
Economic Development	1. Integrated Economic Development 2. Economic Research and Planning 3. Small Business Development

4.3.1. Re-Tabled indicators

4.3.1.1. Before re-tabling (April to August 2022)

Sub-Programme: Integrated Economic Development									
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations	Reason for revision
Improved economic growth	Intra-continental export agreements facilitated (In conjunction with FDC)	Number of export initiatives facilitated	1	0	2	0	n/a	n/a	Resource reprioritization.
	Black industrialists supported through incentive programmes (In conjunction with FDC, MAPSEZ and FSGLTA)	Number of black industrialists supported through incentives	2	5	4	0	n/a	n/a	Resource reprioritization and change in indicator intent.
	Business competitiveness improved	Number of interventions to improve competitiveness concluded	8	1	1	0	n/a	n/a	Resource reprioritization.
Sustainable job creation	Value chains in the identified priority sectors	Number of value chains supported	3	4	3	0	n/a	n/a	Resource reprioritization.

Sub-Programme: Integrated Economic Development									
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations	Reason for revision
	supported (In conjunction with FDC, MAPSEZ and FSGLTA)								
	Government and private sector procurement localized	Number of procurement localization initiatives	1	2	3	0	n/a	n/a	Resource reprioritization.
	Incentive guidelines (incl. tax incentives) developed (In conjunction with FDC)	Provincial business incentive guideline developed	1	1	1	0	n/a	n/a	Resource reprioritization and change in indicator intent.
	A Trade and Investment Strategy developed and implemented for the province (In conjunction with FDC)	Number of trade and investment strategies developed	1	1	1	0	n/a	n/a	Resource reprioritization and change in indicator intent.
	Industrial development programmes implemented	Number of management advisory reports compiled on the SEZ and industrial parks	-	-	1	0	-1	Performance was only reported after the re-tabling.	Resource reprioritization.
Transformed economic structure	Ease of doing business in the Free State improved	Number of regulatory reviews conducted	-	-	2	0	-2	No performance achieved before re-tabling.	Combined with ease of doing business.
		Number of ease of doing business	1	1	2	0	n/a	n/a	Resource reprioritization and change in

Sub-Programme: Integrated Economic Development									
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations	Reason for revision
		interventions completed							indicator intent.

Sub-Programme: Small Business Development									
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations	Reason for revision
Improved economic growth	Business agreements facilitated	Number of agreements facilitated	10	0	3	0	n/a	n/a	Resource reprioritization.
	BBBEE promoted	Number of BBBEE interventions conducted	3	2	4	0	n/a	n/a	Resource reprioritization and change in indicator intent.
	FS Stokvels supported (In conjunction with FDC)	Number of stokvels supported	1	2	2	0	n/a	n/a	Resource reprioritization and change in indicator intent.
	Access to markets via various platforms (In conjunction with FDC, MAPSEZ)	Number of enterprises assisted with access to markets	20	50	60	0	-20	Performance was only reported after re-tableling.	Resource reprioritization.

4.3.1.2. After re-tableing (September 2022 to March 2023)

Sub Programme: Integrated Economic Development								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Improved economic growth	Intra-continental export agreements facilitated in the following sectors (In conjunction with FDC): - Agriculture (Grains and value-added products, animal feed, milling, essential oils, animals and animal products) Manufacturing (chemicals, cleaning materials construction materials, vehicles and vehicle parts)	Number of export initiatives facilitated	1	0	5	5	n/a	n/a
	Black industrialists supported through incentive programmes (In conjunction with FDC, MAPSEZ and FSGLTA)	Number of black industrialists supported through: - provincial, - national - and private sector incentives	2	5	4 12 4	2 0 0	-18	External funding could not be sourced due to stringent qualifying.
Sustainable job creation	Value chains in the identified priority sectors supported (In conjunction with FDC, MAPSEZ and FSGLTA)	Number of value chains supported	3	4	6	6	n/a	n/a

Sub-Programme: Integrated Economic Development								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
	Government and private sector procurement localized	Number of procurement localization initiatives completed	1	2	5	3	-2	Due to delay in provincial approval of the LED Bill.
	Incentive guidelines (incl. tax incentives) developed (In conjunction with FDC)	Provincial business incentive guideline implemented	1	1	1	1	n/a	n/a
	A Trade and Investment Strategy developed and implemented for the province (In conjunction with FDC)	Number of trade and investment enhancement initiatives implemented.	1	1	2	2	n/a	n/a
	Industrial development programmes implemented	Number of management advisory reports compiled on the SEZ and industrial parks	-	-	2	2	n/a	n/a
	Catalytic economic development projects initiated	Number of catalytic economic projects initiated	-	-	5	5	n/a	n/a
Transformed economic structure	Ease of doing business in the Free State improved	Number of ease of doing business assessments completed	1	1	2	2	n/a	n/a

Sub-Programme: Small Business Development								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Improved economic growth	Business agreements facilitated	Number of agreements facilitated	10	0	8	6	-2	Delays in finalization of processes by partners
	BBBEE promoted	Number of BBBEE interventions implemented	3	2	4	4	n/a	n/a
	FS Stokvels supported (In conjunction with FDC)	Number of stokvels ventures supported	1	2	5	5	n/a	n/a
	Access to markets via various platforms (In conjunction with FDC, MAPSEZ)	Number of enterprises assisted with access to markets	20	50	150	158	+8	Due to partnership with external stakeholders.

4.3.2. Non-retabled indicators

Integrated Economic Development

Programme: Economic and Small Business Development								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Integrated Economic Development								
Sustainable job creation	Industrial development programmes implemented	Number of revitalization initiatives implemented	-	-	1	0	-1	Funding was not approved by DTI.

Economic Planning and Research

Programme: Economic and Small Business Development								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Economic Planning								
Improved economic growth	Municipalities supported with integrated development planning and local economic planning	Number of municipalities supported	23	17	15	16	+1	One district municipality (Fezile Dabi District Municipality) attended the review of the IDP's.
	Evidence for decision-making on improving economic growth in the Free State	Number of research documents on key factors impacting the provincial economy developed	4	4	10	10	n/a	n/a

Small Business Development

Programme: Economic and Small Business Development								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Small Business Development								
Improved economic growth	SMME's supported financially and/or non-financially	No of SMME's supported	738	516	600	669	+69	Due to partnership with external stakeholders.
	SMME sustainability developed	Percentage of previous year supported SMME's sustainable after 12 months	50%	37%	75%	75%	n/a	n/a

Programme: Economic and Small Business Development								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Small Business Development								
	Access to markets via various platforms (In conjunction with FDC, MAPSEZ)	Number of enterprises assisted with access to markets	20	50	150	158	+8	Due to partnership with external stakeholders.
	Improved compliance with the Consumer Protection Act	Number of pro-active inspections conducted on business compliance with various industry standards	588	100	130	242	+92	More inspections were conducted to improve compliance with the Consumer Protection Act.
Sustainable job creation	Skills and entrepreneurial training facilitated (In conjunction with FDC)	Number of training and skills development initiatives facilitated	1	2	3	3	n/a	n/a
Reduced illicit economic activity and corruption	FS consumers protected against illicit activities and corruption	Number of consumer awareness sessions conducted	32	37	25	29	+4	Due to partnership with stakeholders.
	Consumer disputes resolved within prescribed timeframes	Number of consumer complaints resolved within prescribed timeframes	67	43	40	28	-12	Resource constraints and complexity of cases.

Strategies to overcome areas of underperformance:

- Reduced reprioritization within the baseline
- Improved approval timelines
- Increased sourcing of external funding

Linking performance with budgets

2021/22				2022/23		
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	90 193	88 802	1 391	47 996	41 512	6 484
Economic Research and Planning	121 413	120 076	1 337	119 042	118 731	311
Small Business Development	52 782	50 383	2 399	46 911	50 007	(3 096)
Total	264 388	259 261	5 127	213 949	210 250	3 696

4.4. Programme 4: Tourism

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

Sub-programmes:

Programme	Sub Programme
Tourism	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

Tourism Planning

Programme: Tourism								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Tourism Planning								
Increased tourism market share	Tourism sector development initiatives implemented	Number of initiatives implemented	-	-	4	4	n/a	n/a

Tourism Growth and Development

Programme: Tourism								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Tourism Growth and Development								
Increased tourism market share	Niche markets supported	Number of niche market interventions implemented	-	-	8	8	n/a	n/a
	Regional tourism promoted	Number of partnerships established with strategic partners	-	3	4	4	n/a	n/a
Increased private sector investment	Tourism enterprise support concluded	Number of tourism enterprises supported	-	5	10	10	n/a	n/a
Transformed economic structure	An inclusive tourism sector promoted	Number of market access opportunities created for tourism enterprises in the province	8	5	8	9	+1	Partnerships with external stakeholder.
Improved economic growth	Tourism Safety Initiative implemented	Number of safety initiatives conducted	11	10	8	8	n/a	n/a

Tourism Sector Transformation

Programme: Tourism								
Outcomes	Outputs	Output Indicators	Actual Achievement 2020/2021	Actual Achievement 2021/2022	Planned Target 2022/2023	Achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for Deviations
Sub Programme: Tourism Sector Transformation								
Transformed economic structure	Community-based tourism initiatives supported	Number of community-based tourism initiatives supported	2	2	5	6	+1	Due to partnership with external stakeholder.
	Service Excellence in the FS Tourism industry promoted	Number of service excellence awareness sessions facilitated	1	1	2	2	n/a	n/a

Strategies to overcome areas of underperformance:

- n/a

Linking performance with budgets

Sub-Programme Name	2021/22			2022/23		
	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	9 777	8 111	1 666	9 493	6 647	2 846
Tourism Growth and Development	2 431	3 709	(1 278)	3 159	3 855	(696)
Transformation of Tourism Sector	2 090	1 925	165	1 316	1 867	(551)
Total	14 298	13 745	553	13 968	12 369	1 599

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	Key Outputs of the public entity	Amount transferred to the public entity (R)	Amount spent by the public entity (R)	Achievements of the public entity
Free State Gambling, Liquor and Tourism Authority	- Improved Gaming licensee's compliance - Reduced level of non- compliance - Strategic partnership established - Provincial Tourism Sector Implementation Plan developed. - Tourism sector engagements platforms established.	109 755	109 755	- Revenue, compliance and social investment audits were conducted throughout the year and quarterly monitoring & evaluation reports were submitted to DESTEA/Treasury - Compliance inspections and enforcement operations with stakeholders like SAPS were regularly conducted and quarterly monitoring & evaluation reports were submitted to DESTEA/Treasury - The target of establishing two (2) strategic partnerships during the financial year was met.

				• The FSGLTA only implemented one (1) of two (2) initiatives to promote the tourism sector implementation plan due to budgetary constraints • The target of two (2) engagements with the tourism sector during the financial year was met
Free State Development Corporation (incl. MAPSEZ)	• Investment attracted into the Province • Trade support • Black industrialists support • SMME support • SMME support for sustainability • Enterprise and investment support	29 000	29 000	• Improved debt collection • R11.7m investment attracted • SMME training and marketing support provided • Three black industrialists supported • 120 SMME's provided with business support • 24 New factory lease agreements concluded
Total		138 755	138 755	

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
Companies	Private Companies	SMME funding	Yes	25 279	24 134	The funds were reprioritized for research on SMME
Total				25 279	24 134	

The table below reflects the transfer payments, which were budgeted for in the period 1 April 2022 to 31 March 2023.

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
Companies	SMME funding	25 279	25279	n/a

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

Grants And Earmarked Funds	Current Budget (R'000)	Total Expenditure (R'000)
Conditional Grant		
EPWP	2 182	2 036
Total Conditional Grant	2 182	2 036
Earmarked Funds	94 166	83 678
Industrial Parks	-	-
Infrastructure Enhance Allocation	47 847	38 466
Enterprise Support	25 279	24 134
Sanitary Towel Project	-	-
Wildlife Economy	-	-
Waste Management	1 040	1 081
Maluti SEZ (FDC)	20 000	20 000
Grand Total	96 348	85 714

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 2022 to 31 March 2023.

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	386
Amount per amended DORA (R'000)	2 182
Amount received (R'000)	2 182
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	2 036
Reasons for the funds unspent by the entity	Certain goods could not be procured in time.
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

The User Assets Management Plan for the new financial year will be finalized in June 2023.

8.1.2. Infrastructure Projects

Infrastructure projects	2021/2022			2022/2023		
	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
Upgrades and additions	267	1 566	(1 299)	-	-	-
Maintenance and repairs	38 846	36 280	2 566	47 847	38 806	9 041
Total	39 113	37 846	1 267	47 847	38 806	9 041

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.

8.1.4. Progress made on the maintenance of infrastructure

8.1.4.1. General maintenance

The department intended to renovate and maintain identified facilities in order to be able to compete with other private facilities. As explained in the table above, expenditure was incurred on upgrades, refurbishment and general maintenance at resorts and reserves across the province.

8.1.4.2. Major maintenance projects

The following major maintenance projects are receiving attention:

- Refurbishment of the chalets and staff houses at the resorts and reserves is ongoing with the main focus being of the flagship resorts and reserves which attracts high number of tourists.

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

An amount of R114 000 of damages and losses were written off.

Departmental asset holding

The following changes in the departmental asset holding were observed:

Classification	Opening	Additions	Disposal	Adjustment	Closing	Effect
Major Assets	35 587	3 180	(3 497)	-	35 270	(317)
Minor Assets	24 837	496	(2 142)	-	23 191	(1 648)
TOTAL	60 424	3 676	(5 639)	-	58 461	(1 965)

Disposals

The disposal were done during 2022/2023 financial year where assets that were not in good condition were disposed. The disposal took place at the following places and value of assets disposed:

Institution name	Total amount
1. Head office and	R851 290.62
2. Koppies resort /reserve and Wp resort/reserve	R316 952.73
3. Erfenis Dam and Sandveld resort/reserve	R209 359.79
4. M Moroka resort/reserve, Rustfontein reserve, Bathurst reserve and Kalkfontein reserve	R229 310.04
5. TDR reserve and Gariep reserve/resort	R132 283.71
6. Sterkfontein reserve/resort	R324 093.60
7. P Saunders resort	R157 277.80
TOTAL AMOUNT	R2 220 568.29

8.1.6. Current status of capital assets

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

- Good: 85%, i.e. R49 917 970 out of R58 727 024
- Fair: 10%, i.e. R5 872 702 out of R58 727 024
- Poor: 5%, i.e. R2 936 351 out of R58 727 024



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department of
economic, small business development,
tourism and environmental affairs

FREE STATE PROVINCE

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

- The department's 2023/24 risk management policy and strategy were approved by the Risk Management Committee on the 13 March 2023
- 2023/24 Risk Registers were approved on 31 March 2023; the risk management unit monitored the implementation of risk management mitigation strategies on quarterly basis. Emerging risk which were identified were reported to both management and risk management committee on quarterly basis
- The Risk owners with the assistance of Risk Champions were also monitoring and reporting on progress made in implementing their risk management strategies on monthly and quarterly basis.
- Risk Management's Chairpersons report is compiled on quarterly basis and presented to the Audit Committee to brief them on the progress made in implementation of risk management strategies
- Some risk were mitigated however, there has been slow implementation of mitigation strategies.
- The department introduced maturity model whereby respective unit assess themselves on the implementation of Risk Management processed and recommend the types of assistance their need.

Risk Management Committee

- Risk Management Committee had (4) quarterly meeting and one special meeting to discuss and recommend for approval Risk Registers and monitor the implementation plans. The purpose of the meeting was to ensure that risk are managed to the acceptable level and to advice the department accordingly.

3. FRAUD AND CORRUPTION

- The department's fraud prevention plan and the progress made in implementing the fraud prevention plan:
 - The fraud prevention through Fraud Prevention Strategy, Fraud Prevention Policy and Fraud Prevention plan is the department's way of preventing fraud from both internal and external stakeholders.
 - The department has received seven (7) complains of fraud and one case reported at Park Road Police Station, internally and none from National Anti-Corruption Hotline in the 2022-23 financial year. This is due to awareness campaigns conducted throughout the year. The directorate has added awareness through corporate communication to impart knowledge to all officials in the department.
- 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:
 - In the next financial year, 2023-24, awareness campaigns will be reduced to eight awareness campaigns annually. This reduction will provide enough time for investigations to take place.
- ❖ The abovementioned stakeholders can send emails to the following officials or visit their offices 113 St Andrew Street, Bloemfontein and even call the following contact numbers:
 - Mr AT Kotsi : kotsia@destea.gov.za
Fourth Floor : 4-22
051 400 4766 082 379 3545
 - Mr MW Montsitsi : montsitsim@destea.gov.za
Ground Floor : G-31
051 400 4717 082 808 5475
- ❖ The Information received will be recorded and treated with utmost confidentiality to ensure the protection of the WHISTLE BLOWER.

- ❖ Public Service Commission provides another platform where National Anti-Corruption Hotline number 0800 701 701 can be called by a whistle blower to report a case.
- How these cases are reported and what action is taken?
 - Cases are reported to the Security, Fraud and Anti-Corruption Directorate and are investigated as per the mandate from the HoD and referred to other agencies when the need arises.
 - The National Anti-Corruption Hotline cases received from the Premier's Office are investigated as per the mandate from the HoD.

4. MINIMISING CONFLICT OF INTEREST

All SMS, MMS, certain OSD, officials in Finance and SCM disclose on financial system annually. The intention is for government to monitor the conflict of interest in the public service. In addition to minimising conflict of interest by officials, lifestyle audit will be conducted by ethics officers in the department.

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.

Employees in the department are trained biannually on Public Service Code of Conduct Manual. 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

DESTEA, through the Safety Health Environmental Risk and Quality (SHERQ) management provides for assessment of risks and attainment of good services, the implementation of processes to manage risks, quality through established disciplines that include but not limited to disasters management, implementation of emergency preparedness plans amongst others. The department further ensured special facility designs and internal working environment designs for optimal health, safety and productivity of public servants and safety of both employees and citizens. In so far as it is possible, the natural eco-friendly systems of lighting, ventilation are used to mitigate against environmental hazards and risks related with the use of machinery. Special facilities for designated groups like women, children specifically included in workplace e.g. breast feeding and child care facilities. The sub pillar of occupational health and safety is meant to ensure occupational health and safety, based on risks and hazards identified, programmes to mitigate against and control of these risks. Its implementation is through the involvement of health and safety representatives and establishment of health and safety committees and compliance with occupational health and safety standards

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

- **Mechanical hazards** e.g. moving parts or energy sources a broad range of machinery and equipment are high source of danger (can cause cuts, crush injuries, amputations and fractures). Inspection of machinery is conducted biannually to check service dates and to replace damaged or worn out machines

- **Ergonomic hazards** e.g. working in cramp positions or spaces, poor lighting, poor seating, or standing for long period (exposure to eye strain, backache, wrist strain and sore shoulders).

Biannual inspection was conducted and department was given contravention notice to correct the matters, employees have been encouraged to procure ergonomic chairs when replacing their office furnishers to minimise backache, wrist strain and sore shoulders.

- **Emergency Preparedness and Evacuation Plans** - Draft plan was developed and OHS Representatives were appointed so as to assist the department during emergency. The Department has also put in place evacuation plans in all floors in case of emergency.

- **Compliance with the OHS requirements:**

The department has established an Occupational Health and Safety (OHS) Committee to oversee health and safety matters in departmental institutions. The new committee comprises of employees and managers who will ensure compliance until the end of year 2023. The challenge facing the committee and the department is the gap identified with regards to the delay in addressing health and safety hazards identified. Lack of Personal Protective Equipment in some institutions compromises health and safety of employees. Non-compliance resulted in the Department receiving contravention notice in many instances. To ensure compliance, managers were requested to prioritise the health threatening hazards with the available limited budget.

In response to COVID 19, the Department has put the following measures in place:

- Guidelines and Protocols on how to deal with COVID 19 in the DESTEA and all its institutions. Training on the guidelines and protocols and on hand washing was provided to all employees in the department.
- The department procured all relevant PPE including hand sanitisers, surface disinfectant, hand soap, cloth masks, safety goggles, thermos scanners with batteries and battery chargers to deal with COVID19 pandemic.

- All employees were provided with cloth masks. A committee dealing with COVID 19 is appointed and ensures that the department comply with all regulations.
- The Compliance Officer and the Concerns and Complain Manager are appointed to ensure all matters relating to COVID 19 are attended to.
- Disinfection of the building is done as the department gets positive cases.
- Daily screening is conducted at the workplace to ensure that everyone entering the work premises is cleared from COVID 19 and will not expose anyone to the virus.

7. PORTFOLIO COMMITTEES

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

- Job creation
- Environmental compliance
- Small business development
- Waste management concerns at municipal level

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
4/2020 -1	Asset Register Management	The department should improve controls over the asset management through regular asset counts and reconciliations of physical count to asset registers. Management should prioritize the completion of investigations for assets reported as under investigation for the previous 2 years.	The Department has various locations throughout the Province, which includes the Resorts and Reserves as well as the Service Centres. The Resorts and Reserves and Service Centres Managers have been appointed as assets controllers to ensure that they perform regular assets counts. The verification lists are then submitted to the Head Office for the updating of the register. The Department has also prioritized the completion of assets under investigations with the intention of ensuring that after the conclusion of the process, all the assets not	In progress

			verified and accounted for are removed from the asset register. The Department is busy with the asset count at the resorts that were utilised as COVID isolation.	
4/2020 -2	Training Workshops	Management should implement training workshops on standard charts of accounts (SCOA) for staff responsible for capturing of transactions to ensure correct allocations of transactions. In addition, finance staff should be trained on the minimum documentation required prior the approval of project specific expenditure.	A classification committee was established to inspect payment files to confirm allocation and correct classification of payments. Internal Control Verification processes as well as Internal Audit Verification process are also conducted on SCM Payments on a regular basis. The department nominated SCM officials to attend SCOA training that was organised by Treasury.	Yes
4/2020 -3	Preparation of Annual Financial Statements	Management should improve controls over the preparation of the annual financial statements to ensure that the annual financial statements submitted for audit are free from misstatements.	Sessions and review meetings were held with all affected parties to address the preparation of financial statements and audit related matters. -Preliminary Action list has been compiled and will be updated as soon as the Financial Year-end closure circular is provided by Treasury to the department. The Action List will be implemented from April 2022.	Yes
4/2020 -4	Irregular Expenditure	The department should ensure that the root causes of irregular expenditure is investigated and corrected so that the department does not incur irregular expenditure in future. Irregular expenditure already incurred should be investigated for possible recovery, write off or condonation.	Irregular expenditure committee was established. -Investigations on some cases were conducted and a report was provided -For the cases investigated, actions were taken per the recommendations of the committee. Supporting documents have been provided. -Engagements are also taking place with the State officials	In progress

			implicated in the Irregular expenditure cases. -The investigations on MESP (R68m) and NTCE (R12m) were conducted by PWC and referred back to the Department to conduct further investigations. Provincial Treasury advice was sought in order to address the recommendation of PwC. The Department is in a process of implementing Treasury's recommendation.	
4/2020 -5	Consequence Management	The department should implement appropriate consequence management to ensure that matters reported in the prior years do not re-occur in future."	-Consequence management already applied on irregular expenditure cases as well as fraud identified on S&T claims Investigation of S&T Allowances: -Human Resource Management, Labour Relations Sub-Directorate have started with disciplinary proceedings on the results of S&T investigations. The disciplinary hearings are ongoing. -Criminal prosecution proceedings have recently been instituted, criminal case have been with South African Police Services (SAPS) regarding the S&T matters. -Training on consequence management was provided to nominated officials of the department. Leadership training, arranged by NSG, was also conducted for Senior Management team of the department. The officials also attended training on: -Consequence management is implemented as investigations unfold.	In progress
4/2020 -6	Revenue Collection	The department should implement more rigorous processes for the collection of rental revenue for the lease of Phillip Saunders that is long overdue.	The matter has been referred to the State Attorneys as the Department has over the years been trying to recover the money. However the debtor disputed the claim.	In progress

			-Engagements are continuing between the department and the State Attorneys -Latest Consultation in Court was on the 23rd of November 2021: Department is preparing for Trial and Disclosure -Consultations are still ongoing with the affected parties before the case can sit for trial.	
4/2020 -7	Earmarked Funding	That the department must ensure that there are mechanisms in place to regulate and monitor the transferring of earmarked funds to its entities as appropriated by Provincial Treasury."	-Controls have been implemented and reviewed on a regular basis to ensure that funds transferred to the entities are used for the intended purposes. -The Department took a decision to no longer allocate earmarked funds to the entities. - The checklist has been implemented to regulate the transfer of funds to the entities of the department.	Yes
4/2020 -8	Filling of Vacancies	That the filling of vacancies of critical posts under Internal Audit Unit and that of Resorts are prioritized to enable the department to function optimally and increase collection of revenue."	-14 of the 19 vacant posts of Internal Audit have been filled -15 posts for the Protected Areas/ Resorts have been advertised -Engagements are currently taking place with Treasury regarding securing budget for filling critical posts.	In progress
4/2020 -9	Investigations of Travel and Subsistence Allowance	That the investigation is long overdue and the process must be finalized as a matter of urgency	-Internal Audit investigated the alleged fraud on Subsistence and Travelling allowance. The investigation was finalised. Supporting evidence is available upon request. However it should be noted that due to the Criminal prosecution proceedings that are underway (SAPS Case Number: 235/08/2021), the documents are Highly Confidential, but available for viewing and verification from DESTEA's offices.	Finalized

			The officials who have contravened with travel and subsistence policies and procedures as well as the status of disciplinary processes thereof have been outlined in the disciplinary report.	
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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
Goods and services - Occurrence	2019-20	The qualification paragraph has been cleared
Prepayments and advances - Accuracy	2020-21	The total population reviewed to ensure the accuracy of the figures to be disclosed

10. INTERNAL CONTROL UNIT

The function of Internal Control unit is to ensure that the Department has and maintains effective, efficient and transparent systems of internal controls through enforcing compliance with financial management policies and procedures. Internal Control unit is thus responsible for promoting effective functioning of internal control systems within the Department and enforcing implementation of applicable legislation. Internal Control functions are performed in the respective Directorates of the Department, and each individual section is responsible for ensuring compliance to Departmental policies and procedures. For the Financial Accounting directorate the Internal Control function is performed in terms of the verification of financial transaction documentation, and ensuring the availability of credible and verifiable supporting documentation for internal and external audit purposes.

During the 2021/22 financial year, the Internal Control unit strived to fulfil its mandate, though with limited capacity. As such, the unit performed its function focusing on the Financial Accounting directorate. The unit has also started expanding policy compliance monitoring on the financial support provided by the Small Business Development directorate. In order to ensure that the system of internal control is fully efficient and effective, thus contributing positively to the department as a whole, the unit needs to expand its scope of work to other directorates throughout the department.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of internal audit

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

Summary of audit work done

Internal audit planned 23 audits for 2022/23 financial year and executed all planned audits.

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

1. 2021/22 Annual Verification
2. Risk Management
3. Draft 2021/22 Annual Financial Statements
4. Employee Verification
5. Game Auction
6. Biodiversity Permits
7. 1st Quarterly Targets
8. 2nd Quarterly Targets
9. 3rd Quarterly Targets
10. Standard Operating Procedures
11. Asset Management
12. ICT Infrastructure
13. SMME's Support
14. Handing over game to successful bidders
15. 2nd Quarter Interim Financial Statements
16. 3rd Quarter Interim Financial Statements
17. 2021/22 Audit Action Plans
18. Supply Chain Management
19. Follow-up on 2022/23 Audits
20. Transfers to Entities
21. Infrastructure and Maintenance
22. Ethics
23. EIA's Permits

The following were areas of concern noted during the 2022/23 financial year:

- Reasons for deviations of the non- financial performance information not reported and supported.
- Non-implementation of the agreed corrective actions resulting from internal and external audit findings.
- Late update of the asset register.
- Non-finalisation on the investigation on Irregular expenditure and Fruitless & Wasteful expenditure.
- SMME's supported not monitored regularly.

Key activities of the audit committee

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

- Effectiveness of the Department's internal control system:
- Activities and effectiveness of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations;
- Risk areas of the Department's operations as covered in the scope of internal and external audits;
- Adequacy, reliability, and accuracy of the financial information provided by Management and other users of such information;
- Any accounting and auditing concerns identified as a result of internal and external audits; and
- The Department's compliance with legal and regulatory provisions.

Audit Committee Members and Attendees

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

Table 1: Audit Committee Members and Meeting attendance where term commenced on 01 October 2020						
Names	Qualifications	Internal or External	If Internal, position in the department	Date appointed	Date resigned	No of meetings attended
Ms. D Ewertse (Chairperson)	B Compt Hons (CTA) Post Graduate Diploma in Auditing	External	N/A	01 October 2020	None	06
Dr. M Mvuma	PHD Environmental Science – Solid Waste Management	External	N/A	01 October 2020	None	05
Ms. KF Finger	BCom Economics	External	N/A	01 October 2020	None	07
Ms. F Muller	MBA	External	N/A	01 October 2020	None	07
Mr. B Moletsane	CA(SA)	External	N/A	01 January 2022	None	07

AUDIT COMMITTEE REPORT

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

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 risk management is effective, efficient, and transparent. However, deficiencies were noted in controls in certain areas as reported by the Internal Auditors.

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

From the various reports of the Internal Auditors, it was noted that no further matters, other than the matters 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 partially effective to ensure that objectives of the department were achieved.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

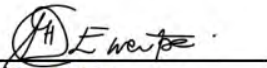
We reviewed and discussed the following during 2022/23 financial year:

- Annual Financial Statements for the year;
- Information of the predetermined objectives to be included in the Annual Report for the year; and
- Compliance with legal and regulatory provisions.

The Audit Committee made certain recommendations to enhance the usefulness in some instances identified.

Auditor General's Report

The Audit Committee has considered the Auditor General's (AG) report on the audit conducted for 2022/23 financial year. The Audit Committee concurs AG's conclusion and the annual financial statements and is of the opinion that statements must be read together with the report of the AG.



Ms. D Ewertse

Chairperson of the Audit Committee

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

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Department will engage the Provincial Treasury to discuss how best to implement the Code of Good Practice
Developing and implementing a preferential procurement policy?	No	The Department will engage the Provincial Treasury to discuss how best to implement the Code of Good Practice
Determining qualification criteria for the sale of state-owned enterprises?	No	The Department will engage the Provincial Treasury to discuss how best to implement the Code of Good Practice
Developing criteria for entering into partnerships with the private sector?	No	The Department will engage the Provincial Treasury to discuss how best to implement the Code of Good Practice
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The Department will engage the Provincial Treasury to discuss how best to implement the Code of Good Practice



PART D:

HUMAN RESOURCE MANAGEMENT



destea

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

1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

- **Organisational structure**

The review process of organisational structure is still in progress; the proposed organisational structure was consulted with the Office of the Premier (FS) before it can be sent for further consultation with the MPSA. Following those consultations and more deliberations with the Office of the Premier regarding the proposed organisational structure, the Department received feedback, and amongst other issues highlighted, an indication was that the current budget allocation is not sufficient to cater for the proposed organisational structure. Subsequent to that, the Department had to revisit the proposed structure and effect more changes, which that includes abolishing some of the positions. Positions amounting to R100 000 000 needs to be abolished in order to align the proposed organisational structure to the departmental budget allocation. Already the Department is in an advanced stage with the process of revising the microstructures for the Resorts and Reserves.

The same exercise was applied in other directorates, mostly to reduce the number of posts, especially the vacant ones and the ones that have less effect on the functionality of the respective units. As well as those that were merged units/divisions in some directorates, which are more related and will remain effective even with the merge. Those changes/proposals await communication with different Programmes Managers in order to get their buy-in. After consultations with different managers, the proposed structure will be costed (to determine the financial implications) and be presented to the CFO, HOD and the MEC. If all agree, the required process in terms of consultation with the Provincial Treasury, OTP and acquiring concurrence with the DPSA will follow; therefore, the Department will re-submit its Proposed Organisational Structure for concurrence with the MPSA, latest in the second term of 2023.

- **The status of human resources in the department.**

As at 31 March 2023, the Department had a workforce of 666, this is inclusive of 659 permanent employees and 7 contract workers. The current vacancy rate is standing at 18.11%, which is above the national benchmark of 10%.

The total number of employees who left the department in 2022/23 financial year is 37, which translates into 5.56% of the total workforce. The figure is lower than the national benchmark of 8%. It can also be reported that the figure has increased as compared to last year (2021/22) where the department was at 4.31%.

Of the 37 officials who left the department, 10 resigned, 2 were transferred, 9 left due to normal /compulsory retirement, 1 left due to early retirement, 5 were a result of death, 9 officials contracts expired and 1 dismissed. The majority of employees who left the department are due to resignations, contract expiry and normal retirements respectfully, the significantly high number of attrition is of concern due to the fact that the department is unable to retain its employees, especially those that are leaving voluntarily (resignations and or transfers). As a result, the department is unable to reduce its vacancy rate. Reduction in compensation of employee budget has also led to the department not being able to replace the lost skills.

The age profile of the department is of a major concern in terms of critical occupation, measures needs to be put in place in order to address the anticipated retirement in some programmes such as Environmental Branch which will be losing the majority of its employees. Of the 666 employees, 94 (14.11%) are between the ages of 18 and 35 years (youth), 86 (12.91%) are between the ages of 36 and 39, 238 (35.74%) are between the ages of 40 and 49, 210 (31.53%) are between the ages of 50 and 59, 40 (6.01%) are between the ages of 60 and 65.

One hundred and forty-two (142) of these employees will be retiring in the next 5-10 years through normal and/or compulsory retirement. Of this number, 102 (71.83%) are from Environmental Management Branch, 24

(16.90%) from Administration, 13 (9.15%) are from Economic Development and 3 (2.11%) are from Tourism Support. In recruiting within these branches, attention will have to be placed on attracting youth, especially in certain entry-level posts where experience is not a requirement. Measures need to also be put in place to vigorously implement succession planning as the department will be losing key personnel as well as critical skills in the next 1-5 years.

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

As an ongoing process to capacitate and develop its employees, the department had planned to roll out nine (9) training programmes for 2021/22 financial year, however, the department managed to exceed the target by rolling out four (4) additional programmes. Even though an overachievement was reached, not all planned training in terms of HR Plan were rolled out due to difficulty in getting the minimum number of people to constitute a class. Furthermore, twenty eight (28) part time bursaries were awarded to serving employees.

Due to budget pressures, the department had to adjust the APP and reprioritise its targets, which led to the reworking of the targets from 6 to 2, including COVID challenges that inundated the department.

There was no significant achievement in respect of training and development seeing that planned targets were not exceeded due to the budget changes and COVID19 impact, those of the trainings provided were able to equip employees with knowledge and skills thereby enhancing productivity in terms of service delivery. Furthermore, no part time bursaries were awarded for the 2020/2021 financial year.

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

In attracting skilled and capable workforce, DESTEA makes use of various national print media and Public Service and Administration

Website as well as Departmental website to recruit prospective employees from salary levels 9–16. During the interviews, SMS members undergo technical exercise where after they undergo competency assessment to identify potential or gaps in a candidate. Identified gaps are then included in the SMS member's Performance Development Plan to address these gaps.

- **Employee performance management**

During the 2022/23 performance cycle, majority of employees entered into performance agreements. The SMS members (100%) that were in service as of 31 May 2023 entered into performance agreement. The department has a backlog in terms of payment of SMS outcome for the past 2 financial years (2020/21 and 2021/2022). Meanwhile the 2021/22 performance assessment outcomes for salary levels 2-12 have been finalised by the Moderation Committee and implementation of assessment outcomes were effected in December 2022. The annual assessment outcomes for the 2022/2023 cycle for salary levels 2-12 will be implemented once approval has been obtained. The annual assessment outcomes for SMS members for the 2020/2021 and 2021/2022 cycles are still to be moderated.

- **Employee wellness programmes (EHWP)**

DESTEA ensures that treatment, care and support is provided to employees and their families. This comprehensive programme is inclusive of the HIV/AIDS, TB & STI Management, Health and Productivity Management (HPM), Wellness Management (WM) and Safety, Health, Environment, Risk and Quality Management (SHERQ) Pillars that seeks to:

- Develop a healthy lifestyle in all settings, to collaborate with all stakeholders, to establish partnerships for the implementation of a comprehensive health and wellness programme. Furthermore, to empower and capacitate wellness champions to promote and monitor the comprehensive wellness programme.
- Some of the services offered through the implementation of this programme during the financial year are HIV Testing Services, Health Risk Assessments, Occupational health and Safety

inspections, Psycho-social wellness (counselling), Physical wellness (Sports and Recreation) and different educational awareness campaigns including health lifestyle information sessions on HIV, programmes encouraging a work life balance, healthy nutrition, general health and financial wellbeing.

- To support employees needing treatments of different chronic diseases, employees were referred to different health institutions for enrolment in the Disease Management Programme (DMP). Employees suffering from Alcohol and Substance abuse were sent to a rehabilitation centre, provided with counselling and attended by a multi-disciplinary team. All at the expense of the employer. Furthermore, employees and their families were provided with counselling and support. This just proves some of the efforts taken by the employer to ensure good health and wellness of its employees.
- The DESTEA strives to comply with the Occupational Health and Safety Act and its regulations. To ensure safety and minimise risk, eliminate hazards in the workplace, health and safety inspections and risk assessments were conducted. The Department went as far as establishing a task team of managers to deal with health and safety matters for Resorts and Reserves. The identified risks were investigated, attended to and others needing finances prioritised for the new financial year.
- **Highlights / achievements and challenges faced by the department, as well as future human resource plans /goals:**

- **Highlight / achievements:**

Sixty-one (61) Standard Operating Procedures were developed in response to the Auditor-General's query that business processes are not effectively documented. The majority of these SOPs were in the line functions namely the Environment and Conservation Branch and Economic Development Branch

The department was able to establish a gym facility for Head Office. The department further established vegetable gardens at Resorts and Reserves. This gardens ensures employees who lives out of town far away from medical facilities and social development services have, at least, access to healthy food,

reducing risks of being vulnerable to illnesses and diseases and also in a way helping to manage both communicable and non-communicable diseases. This is one of the critical efforts to ensure employees practice a healthy lifestyle.

○ **Challenges faced by the department:**

- The delay in appointing the EHWP Service Provider hampers service delivery. The appointment of the service provider will create an opportunity to roll out more comprehensive services which will be accessible to all employees and their families at all times, in their preferred languages.
- Limited resources that includes high shortage of staff and unavailability of GG transport / vehicles, compromises effective service delivery. A gap in conducting medical surveillance contributes to improper placement of employees and eventually affects their health and wellbeing, leading to a drop in productivity.
Non-compliance with the OHS Act and non-prioritisation of provision of PPE to employees impacts negatively on morale and negatively affect their health and wellbeing.
- The Department was able to recruit and fill some of the vacant posts with qualified officials. Forty five (45) officials were recruited in different sections of the department, and ten (10) promotional appointments were effected.
- The high vacancy rate counts as the department's biggest challenge, compounded by inadequate financial resources to fill the vacant posts. Furthermore, office space and reasonable accommodation, for many of the officials is an added burden. Addressing the equity targets remains a challenge, especially at the senior management level of the department.

- The delay in appointing the EHWP Service Provider hampers service delivery. Appointing the service provider and the Occupational Health Nurse will create an opportunity to roll out more comprehensive services which will be accessible to all employees and their families at all times, in their preferred languages.
- Limited resources that include a high shortage of staff and unavailability of GG transport compromise effective service delivery. A gap in conducting medical surveillance contributes to the improper placement of employees and eventually affects their health and well-being leading to a drop in productivity.
- Non-compliance with the OHS Act and non-prioritisation of the provision of PPE to employees negatively impacts morale and affect their health and well-being.

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 2022 and 31 March 2023

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	211 197	125 513	2 442	1 452	59.43	470
Environmental Affairs	190 908	129 593	154	0	67.90	488
Economic Development	210 250	40 012	111	3 175	19.04	392
Tourism	12 369	7 880	11	0	63.75	563
TOTAL	624 724	302 998	2 718	4 627	48.50	436

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee
Contract (Levels 1-2)	44	0	0	0
Contract (Levels 3-5)	757	0.20	2	378 500
Contract (Levels 6-8)	2 880	0.90	6	480 000

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee
Contract (Levels 9-12)	4 843	1.50	5	968 600
Contract (Levels 13-16)	4 571	1.50	3	1 523 667
Contract Other	1 554	0.50	23	67 565
Periodic Remuneration	332	0.10	7	47 429
Lower skilled (Levels 1-2)	3 755	1.20	23	163 261
Skilled (Levels 3-5)	84 450	28.10	314	279 656
Highly skilled production (Levels 6-8)	78 580	25.10	178	441 461
Highly skilled supervision (Levels 9-12)	89 580	28.60	109	821 835
Senior management (Levels 13-16)	31 651	10.10	25	1 266 040
Total	302 998	97.90	695	440 806

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

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	101 056	79.20	2 050	1.60	4 686	3.70	6 977	5.50
Economic Development	33 850	82.00	100	0.20	1 041	2.50	1 744	4.20
Environmental Affairs	99 628	73.40	2 781	2.00	5 273	3.90	10 748	7.90

Tourism	6 544	79.90	0	0	223	2.70	419	5.10
TOTAL	241 078	77.10	4 931	1.60	11 223	3.60	19 888	6.40

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

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)	44	100.00	0	0	0	0	0	0
Contract (Levels 3-5)	691	91.30	0	0.00	0	0	26	3.40
Contract (Levels 6-8)	2 720	93.70	72	2.50	0	0	0	0
Contract (Levels 9-12)	4 228	86.50	0	0	195	4.00	0	0
Contract (Levels >= 13)	3 968	85.90	0	0	216	4.70	0	0
Contract Other	1 529	97.80	9	0.60	0	0	0	0
Lower skilled (Levels 1-2)	2 662	70.90	4	0.10	290	7.70	515	13.70
Skilled (Levels 3-5)	60 891	69.10	2 249	2.60	5 243	5.90	10 787	12.20
Highly skilled production (Levels 6-8)	61 245	76.80	1 299	1.60	2 829	3.50	5 514	6.90
Highly skilled supervision (Levels 9-12)	74 953	80.30	1 299	1.40	1 819	1.90	2 983	3.20

Senior management (Levels >= 13)	28 148	86.20	0	0	630	1.90	63	0.20
19 Periodical Remuneration	0	0	0	0	0	0	0	0
TOTAL	241 078	77.10	4 931	1.60	11 223	3.60	19 888	6.40

3.2. Employment and Vacancies

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	283	228	19.43	4
Environmental Affairs	387	331	14.99	2
Economic Development	120	86	28.33	3
Tourism	15	14	6.67	0
Total	805	659	18.11 %	9

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

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)	24	23	4.17	0
Skilled(3-5)	376	316	18.99	2
Highly skilled production (6-8)	219	182	16.89	3
Highly skilled supervision (9-12)	151	112	25.82	3
Senior management (13-16)	35	26	25.71	1
Total	805	659	18.11 %	9

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

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)	2	1	50	0
Senior Management (13-14)	33	25	24.24	1
Middle Management & Professionals (11-12)	60	46	23.33	1
Junior Management & Supervisors (8-10)	150	114	24	2
Administrative Office Workers & related (5-7)	277	231	19.40.	3
Elementary & Semi Skilled (1-4)	283	241	14.84	2
Total	805	659	18.11	9

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 2023

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	0	0	0	0	0
Salary Level 16	1	1	100 %	0	0 %
Salary Level 15	1	0	0 %	1	100 %
Salary Level 14	5	3	60 %	2	40 %
Salary Level 13	28	22	78.51 %	6	21.42 %
Total	35	26	74.29 %	9	25.71 %

Table 3.3.2 SMS post information as on 30 September 2022

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	0	0	0	0	0
Salary Level 16	1	1	100 %	0	0 %
Salary Level 15	1	0	0 %	1	100 %
Salary Level 14	5	3	60 %	2	40 %
Salary Level 13	28	22	78.51 %	6	21.42 %
Total	35	26	74.29 %	9	25.71 %

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

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	1
Total	0	0	1

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within twelve months
The SMS posts could not be advertised within 12 months due to budget constraints
Reasons for vacancies not filled within six months
The SMS posts could not be filled within 6 months due to budget constraints

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 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
None
Reasons for vacancies not filled within six months
None

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 2022 and 31 March 2023

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 (Levels1-2)	24	0	0	0	0	0	0

Skilled (Levels 3-5)	376	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	219	21	10.04%	21	10.04%	0	0
Highly skilled supervision (Levels 9-12)	151	0	0	0	0	0	0
Senior Management Service Band A	32	1	3.13%	1	3.13%	0	0
Senior Management Service Band B	2	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	805	22	2.85%	22	2.73	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 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	1	0	0	0	1
Total	2	0	0	0	2

Employees with a disability	0
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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 2022 and 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Deputy Director	3	9	11 12 12	Transfer with retention of the salary
Trade Advisor	1	7	12	Transfer with retention of the salary
Registry Clerk	1	5	4	Transfer with retention of the salary
Total number of employees whose salaries exceeded the level determined by job evaluation				5
Percentage of total employed				25%

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 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	2	0	0	0	2
Male	3	0	0	0	3
Total	5	0	0	0	5

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 2022 and 31 March 2023

Salary Band	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	17	7	0	0 %
Skilled (Levels3-5)	328	6	22	6.7 %
Highly skilled production (Levels 6-8)	167	18	7	2.39 %
Highly skilled supervision (Levels 9-12)	109	7	7	3.7 %
Senior Management Service Bands A	21	0	1	0 %
Senior Management Service Bands B	3	0	0	0 %
Senior Management Service Bands C	0	0	0	0 %
Senior Management Service Bands D	1	0	0	0 %
Contracts	17	0	0	0 %
Total	663	38	37	5.56 %

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical Occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Top Management (15-16)	1	0	0	0 %
Senior Management (13-14)	24	0	1	0 %
Middle Management &	43	4	4	3 %

Professionals (11-12)				
Junior Management & Supervisors (8-10)	113	4	3	10%
Administrative Office Workers & related (5-7)	215	23	12	30 %
Elementary & Semi Skilled (1-4)	250	7	17	57 %
Contracts	17			
TOTAL	663	38	37	5.56%

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 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death	5	16.7 %
Resignation	10	33 %
Expiry of contract	9	24 %
Dismissal – operational changes	0	0 %
Dismissal – misconduct	1	3 %
Dismissal – inefficiency	0	0 %
Discharged due to ill-health	0	0 %
Retirement	9	30 %
Early Retirement	1	3 %
Transfer to other Public Service Departments	2	7 %
Other	0	0
Total	37	
Total number of employees who left as a % of total employment	5.56%	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees 1 April 2022	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Top Management (15-16)	1	0	0 %	1	100 %
Senior Management (13-14)	24	1	4.2 %	24	100 %
Middle Management & Professionals (11-12)	43	1	2.3%	36	84 %
Junior Management & Supervisors (8-10)	113	1	0.9 %	92	81 %
Administrative Office Workers & related (5-7)	215	7	3.2%	184	86 %
Elementary & Semi Skilled (1-4)	250	0	0 %	199	76 %
Contracts	17	0	0	0	0
TOTAL	663	10	1.5 %	536	81 %

Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	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)	17	0	0 %	14	82 %
Skilled (Levels3-5)	328	2	0.6 %	274	65 %
Highly skilled production (Levels 6-8)	167	5	3 %	131	78 %
Highly skilled supervision (Levels 9-12)	109	2	2 %	94	86 %
Senior Management (Level 13- 16)	25	1	4 %	24	96 %
Contracts	17	0	0	0	0
Total	663	10	1.5 %	537	81 %

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 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	39	2	0	5	24	0	0	0	70
Professionals	1	0	0	2	0	0	0	0	3
Technicians and associate professional	46	3	0	20	39	0	0	6	114
Clerks	108	1	0	3	112	1	0	7	231
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	134	12	0	1	91	3	0	0	241
Total	328	18	0	31	266	4	0	13	660
Employees with disabilities	5	0	0	2	2	0	0	0	9

*Table 3.6.2 Total number of employees (including employees with disabilities)
in each of the following occupational bands as on 31 March 2023*

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	3	0	0	0	1	0	0	0	4
Senior Management	13	0	0	1	8	0	0	0	22
Professionally qualified and experienced specialists and mid-management	23	2	0	6	15	0	0	0	46
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	99	3	0	20	103	0	0	10	235
Semi-skilled and discretionary decision making	92	3	0	3	62	1	0	3	164
Unskilled and defined decision making	97	10	0	1	77	3	0	0	188
Total	327	18	0	31	266	4	0	13	659
Employees with disabilities	5	0	0	2	2	0	0	0	9

Table 3.6.3 Recruitment for the period 1 April 2022 and 31 March 2023

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	3	0	0	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	0	0	0	0	3
Semi-skilled and discretionary decision making	13	0	0	0	18	0	0	0	31
Unskilled and defined decision making	2	0	0	0	5	0	0	0	7
Total	22	0	0	0	23	0	0	0	45
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2022 and 31 March 2023

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	2	0	0	0	5	0	0	0	7
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	5	0	0	0	5	0	0	0	10
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2022 and 31 March 2023

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	4	0	0	0	0	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	0	1	0	0	1	6
Semi-skilled and discretionary decision making	3	1	0	2	3	0	0	0	9
Unskilled and defined decision making	12	1	0	0	2	0	0	0	15
Contracts	0	0	0	0	2	0	0	0	2
Total	24	2	0	2	8	0	0	1	37
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2022 and 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Written warning	2	0	0	0	0	0	0	0	2
Final Written warning	10	0	0	0	7	0	0	0	17

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	1	0	1	5	0	0	0	17
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	79	0	0	1	96	0	0	0	176
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	23	3	0	0	8	0	0	0	34
Total	112	4	0	2	109	0	0	0	227

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 are presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

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	3%
Salary Level 16	0	0	0	0
Salary Level 15	1	0	0	0
Salary Level 14	6	3	3	100%
Salary Level 13	34	26	26	100%
Total	42	30	30	100%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023

Reasons
n/a

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2023

Reasons
n/a

3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2020 and 31 March 2021

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	141	620	23%	1 641	11 641
Male	55	352	16%	670	12 198
Female	86	268	32%	970	11 284
Asian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	2	24	8%	41	20 349
Male	1	17	6%	31	31 130
Female	1	7	14%	10	9 568
White	21	52	40%	423	20 155
Male	13	37	35%	323	24 845
Female	8	15	54%	100	12 535
Total	164	696	24%	2 088	12 735

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2020 to 31 March 2021

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)	11	18	62%	50	4 564	0,17%

Skilled (level 3-5)	53	321	17%	337	6 367	0,12%
Highly skilled production (level 6-8)	56	172	33%	620	11 069	0,22%
Highly skilled supervision (level 9-12)	44	114	39%	1 080	24 568	0,38%
Total	164	625	26,24%	2 088	12 735	0,75%

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2020 to 31 March 2021

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	30	46	65%	847	28 217
Technicians and associate professionals	27	115	23%	386	14 286
Administrative Office Workers	43	232	19%	468	10 899
Elementary occupations	64	232	28%	387	6 057
Total	164	625	26,24%	2 088	12 735

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2020 to 31 March 2021

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 2022 and 31 March 2023

Salary Band	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2022 and 31 March 2023

Major occupation		01 April 2022		31 March 2023		Change	
		Number	% of total	Number	% of total	Number	% Change
n/a	0	0	0	0	0	0	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 2022 to 31 December 2022

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)	265	95.84%	14	60.86%	16.57	R105
Skilled (levels 3-5)	2495	95.99%	242	76.58%	12.31	R1 740
Highly skilled production (levels 6-8)	1029	83.96%	132	72.52%	8.93	R3 324
Highly skilled supervision (levels 9 -12)	650	91.38%	81	72.32%	9.08	R1 886
Top and Senior management (levels 13-16)	112	89.28%	19	73.07%	6.36	R538
Total	4551	90.48	488	9.29%	10.76	R7 592

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

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)	72	100 %	2	2.77%	36	R49
Skilled (Levels 3-5)	346	100 %	8	2.31%	43.25	R282
Highly skilled production (Levels 6-8)	69	100 %	3	4.34%	23	R106
Highly skilled supervision (Levels 9-12)	50	100 %	2	4%	25	R118
Senior management (Levels 13-16)	0	0 %	0	0%	0	R0
Total	537	100%	15	2.79	35.80	R555

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 2022 to 31 December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	417	17	24.52
Skilled Levels 3-5)	7670	313	24.50
Highly skilled production (Levels 6-8)	4660	175	26.63
Highly skilled supervision(Levels 9-12)	2903	111	26.15
Senior management (Levels 13-16)	621	27	23
Total	16271	643	25.30

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

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 2022
Lower skilled (Levels 1-2)	0	0	0	23.57
Skilled Levels 3-5)	4	2	2	18.96
Highly skilled production (Levels 6-8)	0	0	0	27.42
Highly skilled supervision(Levels 9-12)	0	0	0	43
Senior management (Levels 13-16)	0	0	0	21.87
Total	4	2	2	30.88

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 2022 and 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2021/22 due to non-utilisation of leave for the previous cycle	R63	1	R61
Capped leave pay-outs on termination of service for 2020/21	R99	5	R20
Current leave pay-out on termination of service for 2020/21	R376	21	R18
Total	R538	27	R20

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	Marketing of the Employee Health and Wellness Programme. Training on review and development of Employee Health and Wellness Policies. Education and awareness programmes on preventative programmes such as life skill, financial management, stress management, HIV/AIDS, healthy lifestyle, condom demonstration and distribution. Ensure easy access to the

	Employee Health and Wellness Programme
2. Interns and Learners	Marketing of the Employee Health and Wellness Programme. Training on review and development of Employee Health and Wellness Policies. Education and awareness programmes on preventative programmes such as life skill, financial management, stress management, HIV/AIDS, healthy lifestyle, condom demonstration and distribution. Ensure easy access to the Employee Health and Wellness Programme
3. Game Capturers	Marketing of the Employee Health and Wellness Programme. Training on review and development of Employee Health and Wellness Policies. Education and awareness programmes on preventative programmes such as life skill, financial management, stress management, HIV/AIDS, healthy lifestyle, condom demonstration and distribution. Ensure easy access to the Employee Health and Wellness Programme
4. Low level employees	Marketing of the Employee Health and Wellness Programme. Training on review and development of Employee Health and Wellness Policies. Education and awareness programmes on preventative programmes such as life skill, financial management, stress management, HIV/AIDS, healthy lifestyle, condom demonstration and distribution. Ensure easy access to the

	Employee Health and Wellness Programme
5. Employees living in Resorts and Reserves away from their families	Marketing of the Employee Health and Wellness Programme. Training on review and development of Employee Health and Wellness Policies. Education and awareness programmes on preventative programmes such as life skill, financial management, stress management, HIV/AIDS, healthy lifestyle, condom demonstration and distribution. Ensure easy access to the Employee Health and Wellness Programme
6. Cleaners	Marketing of the Employee Health and Wellness Programme. Training on review and development of Employee Health and Wellness Policies. Education and awareness programmes on preventative programmes such as life skill, financial management, stress management, HIV/AIDS, healthy lifestyle, condom demonstration and distribution. Ensure easy access to the Employee Health and Wellness Programme

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	Yes		Director: OHRD, Mr T. Selemela

Question	Yes	No	Details, if yes
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.			
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.	Yes		Eleven (11) employees are appointed in this component: Deputy Director: EHWP, Ms LGB Molefe Assistant Director: EHWP, Ms N.P. Mothibedi Senior HPM Practitioner, Ms M. Puleni Wellness Practitioner, Ms N. Seleokane SHERQ Practitioner, Mr M. Sebitloane HIV/AIDS Co-ordinator, Ms K. Mampe Interns: Ms M. Mokoena Ms M. Molopyane Mr. R. Mphanya Ms A. Mokoena Mr N. Seome
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.	Yes		Preventative Programmes such as life skills Programmes Development and review of policies Training of EHWP Policies Psycho-social support to employees and family members HIV Testing Services Health Risk Assessment Promotion of healthy lifestyle

Question	Yes	No	Details, if yes	
			Information sessions on different health and wellness topics Occupational Health and Safety inspections	
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.	Yes		Mr T. Selemela	Chairperson
			Ms Lgb Molefe	Deputy Chairperson
			Ms P. Mothibedi	Ehwp Member
			Ms M. Puleni	Ehwp Member
			Ms K. Mampe	Ehwp Member
			Ms N. Seleokane	Ehwp Member
			Ms M. Molopyane	Ehwp Member
			Mr N. Seome	Ehwp Member
			Ms A. Mokoena	Ehwp Member
			Ms. Innocentia Mlangeni	Sterkfontein Reserve
			Mr. Tumelo Letsika	Sterkfontein Resort
			Mr.Linda Nkutha	Qwaqwa Service Centre
			Mr. Simphiwe Dlamini	Seekoievlei Reserve
			Thabo Shabangu	Seekoievlei Resort
			Mr. Molete Tladi	Koppies Reserve
			Ms.Zanyiwe Moesoenyane	Koppies Dam Resort
			Ms. Dikeledi Pebane	Fezile Dabi Service Center
			Mr. Monnahele Moseki	Erferis Dam Reserve

Question	Yes	No	Details, if yes	
			Mr. Sabata Ncaba	Welkom Service Center
			Ms. Ntombi Rakometsi	Willem Pretorius
			Mr. Fikile Ngesi	Sandveld Resort
			Mr. La Moseki	Soetdoring Reserve
			Mr. A.M Makaota	Soetdoring Nature Reserve
			Ms. Moitsoi Mokoai	Gariep Dam Resort
			Mr. Daniel Senyakanyaka	Kalkfontein Reserve
			Ms. Nthabiseng Pudule	Tdr Resort
			Lebohang Nkoane	Tdr Nature Reserve
			Mr. Phakamile Khulumane	Tdr Nature Reserve
			Mr. Molahlehi Koloti	Caledon Reserve
			Mr. Dubane Nthoba	Maria Moroka Resort
			Musa Mathopa	Thaba-Nchu Service Center
			Ms. Georgina Maphepha	Rustfontein Dam Resort
			Ms. Keitumetsi Thekiso	Phillip Sanders Resort
			Mr. Ramatata Lesupi	Bathurst Nature Reserve
			Mr. Mokobi Sesotlo	Game Capture
			Mr. Pogisho Mokopi	Barthust Construction

Question	Yes	No	Details, if yes	
			Ms. Thenjiwe Tshabalala	Head Office Ground Floor
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.	Yes		HIV/AIDS, TB & STI Management Policy Health and Productivity Management Policy SHERQ Management Policy	
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.	Yes		Policy implementation Workshops on EHWP Policies and Sexual Harassment Employment Equity Act implementation Policy on reasonable accommodation	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		HIV Testing Services (HTS) and Health Risk Assessments (HRA) Campaigns were conducted internally twice annually. Confidentiality is maintained Only registered counsellors have access to sensitive information	
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Feedback reports from stakeholders such as Gems with regards to health screening and testing Feedback from employees utilising the service DPSA Quarterly Reports DPSA System Monitoring Tool	

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Subject matter	Date
n/a	

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	2	8
Final written warning	17	65
Suspended without pay	1	4
Fine	0	0
Demotion	0	0
Dismissal	1	4
Not guilty	2	8
Case withdrawn	3	11
Total	26	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
Theft	14	93
Performing remunerative work	0	0
Insubordination	0	0
Absenteeism	1	7
TOTAL	15	100

Table 3.12.3.1 Total misconduct cases for the period 1 April 2022 - 31 March 2023

Type of misconduct	Number of cases outstanding 01 April 2022	Number of cases added in 2022/23	Number of cases finalised in 2022/23	Number of Cases outstanding 31 March 2023
Performing remunerative work	0	0	0	0
Insubordination	0	0	0	0
Absenteeism	0	1	1	0
Fraud	16	16	14	2
TOTAL	16	17	15	2

Table 3.12.4 Grievances lodged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of Total
Number of grievances resolved	10	83
Number of grievances not resolved	2	17
Total number of grievances lodged	12	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	2	100
Total number of disputes lodged	2	100

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

Total number of persons working days lost	19	
Total costs working days lost	27	
Amount recovered as a result of no work no pay (R'000)	27	

Table 3.12.7 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	2
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Number of people whose suspension exceeded 30 days	2
Average number of days suspended	40
Cost of suspension(R'000)	R52

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 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	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	10	0	4	0	4
	Male	17	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	1	0	0	0	0
Technicians and associate professionals	Female	38	0	0	0	0
	Male	72	0	0	0	0
Clerks	Female	134	0	6	0	6
	Male	137	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	94	0	2	0	2
	Male	161	0	0	0	0
Sub Total	Female	276	0	0	0	0
	Male	388	0	0	0	0
Total		664	0	0	0	12

Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	10	0	2	0	2
	Male	17	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	1	0	0	0	0
Technicians and associate professionals	Female	38	0	0	0	0
	Male	72	0	0	0	0
Clerks	Female	134	0	8	0	8
	Male	137	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	94	0	2	0	2
	Male	161	0	0	0	0
Sub Total	Female	276	0	0	0	0
	Male	388	0	0	0	0
Total		664	0	12	0	12

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 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	19	95
Temporary Total Disablement	1	5
Permanent Disablement	0	0
Fatal	0	0
Total	20	100

3.15 Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Provision of Development Support Services	1	03 Years	R4 240 096.00
Appointment of Contractors into a Framework Contract for Emergency Calls Outs and Routine Maintenance on the Behalf of the Free State Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA) for a period of three (3) years	14	03 Years	Rates

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
n/a			

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Provision of Development Support Services	100%	100%	1
Appointment of Contractors into a Framework Contract for Emergency	100%	100%	14

Calls Outs and Routine Maintenance on the Behalf of the Free State Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA) for a period of three (3) years			
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Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
n/a			

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
n/a			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a			

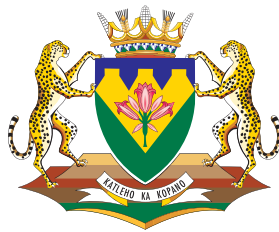
3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2022 and 31 March 2023

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



destea

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

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Economic, Small Business Development, Tourism and Environmental Affairs set out on pages 163 to 225, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Economic, Small Business Development, Tourism and Environmental Affairs as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 34 to the financial statements, the department had significant total outstanding commitments, accruals and payables not recognised of R 17 358 000 as at 31 March 2023. The department also had voted funds to be surrendered of R40 155 000 that exceed cash and cash equivalent by R 17 078 000. As stated in note 34, these events or conditions, along with other matters as set forth in note 34, indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern.

Emphasis of matters

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

Irregular expenditure

9. As disclosed in note 24 to the financial statement, the department incurred irregular expenditure of R1 155 000 (2022: R3 175 000), due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being determined.

Restatement of corresponding figures

10. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of errors in the financial statements of the department at, and for the year ended 31 March 2023.

Material impairment

11. As disclosed in note 11.4 to the financial statements, material impairment of R16 853 000 (2022: R16 852 000) was incurred as a result of irrecoverable receivables.

Other matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages 216 to 226 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

National Treasury Instruction Note 4 of 2022-2023: PFMA Compliance and Reporting Framework

14. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 24 to the financial statements of the department. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

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 appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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 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 this auditor's report.

Report on the audit of the annual performance report

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
20. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Environmental affairs	53	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
Economic and small business development	63	To enhance economic development, small business development and growth in the province

21. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

22. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

23. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

24. I did not identify any material findings for the selected programmes.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under-achievements.

27. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Environmental Affairs <i>Targets achieved: 83%</i> <i>Budget spent: 93 %</i>		
Number of legislated tools developed	1	0
Number of air quality management plans developed	1	0
Number of transition plans developed / adopted for high carbon emitting sectors	1	0
Number of government owned ambient air quality monitoring stations meeting minimum data requirements and reporting to the SAAQIS	1	0
Percentage of complete waste license applications finalized within	90%	75%

Number of contractors benefiting from infrastructure development and maintenance	14	13
Number of open spaces transformed into eco-friendly zones	5	2
Economic and Small Business Development <i>Targets achieved: 85%</i> <i>Budget spent: 98 %</i>		
Number of black industrialists supported through: - provincial, - national - and private sector incentives	20	2
Number of procurement localization initiatives completed	5	3
Number of agreements facilitated	8	6
Number of revitalization initiatives implemented	1	0
Number of consumer complaints resolved within prescribed timeframes	40	28

28. Reasons for the underachievement of targets are included in the annual performance report on 48 to 73

Material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of environmental affairs and economic and small business development. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

30. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation

relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

31. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

32. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

33. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Assets management

34. Proper control systems were not in place at the department to ensure the safeguarding of assets, as required by treasury regulation 10.1.1(a).

Revenue management

35. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.

Consequence management

36. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations for into prior year irregular expenditure were not all performed.

Procurement and contract management

37. I was unable to obtain sufficient appropriate audit evidence that a material number of bid documentation for procurement of commodities designated for local content and production, stipulated the minimum

threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(2).

38. I was unable to obtain sufficient appropriate audit evidence that some commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content in accordance with paragraph 3.4 of National Treasury Instruction Note 4 of 2015-2016.

Other information in the annual report

39. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
40. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
41. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
42. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

43. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

45. Management did not appropriately review and monitor compliance with applicable laws and regulations.

Auditor-General

Bloemfontein

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. 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 selected requirements in key legislation.

Financial statements

3. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

4. 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.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to

communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation and regulations	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 1; 38(1)(a)(iv); 38(1)(b);38(1)(c);38(1)(c)(i); 38(1)(c)(ii); Sections 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); 40(1)(a);40(1)(b); Sections 40(1)(c)(i); 43(4); 44; 44 (1) & (2); 45(b); 50(3); 50(3)(a)
Treasury Regulations	Regulations 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Regulations 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b); 7.2.1 Regulations 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); Regulations 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); Regulations 16A 6.1; 16A 6.2(a), (b) & (e); 16A 6.3(a); Regulations 16 A6.3(b); 16 A 6.3(c);16 A6.3(d); Regulations 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 7.1; Regulations 16A 7.3; 16A 7.6; 16A 7.7; 16 A8.2(1) & (2); Regulations 16A 8.3 16A 8.3 (d); 16A 8.4; 16A 9; 16A 9.1; Regulations 16A 9.1(b)(ii);16A9.1(c); 16A 9.1(d); 16A 9.1(e); Regulations 16 A9.2; 16A 9.2(a)(ii) &(iii); 16 A9.1(f). Regulations 17.1.1; 18.2; 19.8.4
Division of Revenue Act 5 of 2022	Sections 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); 16(3)(a)(ii)(bb)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Service Regulations	Regulations 18; 18(1); 18(2); 25(1)(e)(i); 25(1)(e)(iii)

Legislation and regulations	Sections or regulations
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations of 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 7.1; 7.2; Regulations 7.3; 7.5; 7.6; 8.2; 8.5; 9.1; 9.2; 12.1; 12.2
Preferential Procurement Regulations of 2022	Regulations 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
State Information Technology Agency Act 88 of 1998	Section 7(3)
National Treasury Instruction No 1 of 2015-16	Paragraph 3.1; 4.1; 4.2
National Treasury instruction note 4 of 2015-16	Paragraph 3.4
National Treasury Instruction Note 1 of 2021-22	Paragraph 4.1
Second amendment to National Treasury Instruction Note 5 of 2020-21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum to National Treasury Instruction Note 5 of 2020-21	Paragraph 1; 2
National Treasury SCM Instruction Note 11 of 2020-21	Paragraph 3.1; 3.4(b); 3.9
National Treasury SCM Instruction note 2 of 2021-22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
National Treasury SCM Instruction Note 3 of 2021-22	Paragraph 4.3; 4.4; 4.4(a); 4.4(c) & (d);

Legislation and regulations	Sections or regulations
National Treasury Practice Note 7 of 2009-10	Paragraph 4.1.2

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

For the year ended
31 March 2023

Date authorised for issue: 31 July 2023

Authorised by: Dr M. Nokwequ

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

***ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023***

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

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Appropriation per programme									
Programme	2022/23					2021/22			
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual Expenditure R'000
1. Administration	214 996	-	(1 030)	213 966	211 197	2 769	98.7%	193 497	191 603
2. Environmental Affairs	193 398	-	11 700	205 098	190 908	14 190	93.1%	188 175	184 793
3. Economic Development	224 019	-	(10 070)	213 949	210 250	3 699	98.3%	264 388	259 261
4. Tourism	14 568	-	(600)	13 968	12 369	1 599	88.6%	14 298	13 745
TOTAL	646 981	-	-	646 981	624 724	22 257	96.6%	660 358	649 402

	2022/23			2021/22	
	Final Budget R'000	Actual Expenditure R'000		Final Budget R'000	Actual Expenditure R'000
TOTAL (brought forward)					
Reconciliation with statement of financial performance					
ADD					
Aid assistance	448				-
Actual amounts per statement of financial performance (total revenue)	647 429			660 358	
ADD					
Aid assistance		448			-
Actual amounts per statement of financial performance (total expenditure)		625 172			649 402

Specimen AFS National and Provincial Departments for the year ended 31 March 2023

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

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Appropriation per economic classification		2022/23					2021/22	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	
	R'000	R'000	R'000	R'000	R'000	R'000	%	
Economic classification								
Current payments	477 275	(10 891)	(300)	466 084	447 914	18 170	96.1%	423 369
Compensation of employees	307 018	(3 000)	-	304 018	302 998	1 020	99.7%	295 351
Goods and services	170 257	(7 891)	(300)	162 066	144 916	17 150	89.4%	128 018
Transfers and subsidies	160 618	3 300	-	163 918	162 726	1 192	99.3%	216 657
Departmental agencies and accounts	110 007	-	-	110 007	109 841	166	99.8%	105 665
Public corporations and private enterprises	48 794	3 100	-	51 894	51 390	504	99.0%	109 427
Non-profit institutions	657	(150)	-	507	331	176	65.3%	256
Households	1 160	350	-	1 510	1 164	346	77.1%	1 309
Payments for capital assets	9 088	7 591	-	16 679	13 803	2 876	82.8%	9 197
Buildings and other fixed structures	-	7 100	-	7 100	6 933	167	97.6%	5 476
Machinery and equipment	9 088	491	-	9 579	6 870	2 709	71.7%	3 721
Payments for financial assets	-	-	300	300	281	19	93.7%	179
Total	646 981	-	-	646 981	624 724	22 257	96.6%	649 402

Specimen AFS National and Provincial Departments for the year ended 31 March 2023

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

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 1: Administration										2021/22	
2022/23											
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	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	16 739	440	-	17 179	16 895	284	98.3%	12 897	11 939		
2. Management Services	37 948	6 433	-	44 381	43 664	717	98.4%	45 408	44 635		
3. Financial Management	102 511	(10 651)	(1 100)	90 760	94 657	(3 897)	104.3%	81 962	83 048		
4. Corporate Services	57 798	3 778	70	61 646	55 981	5 665	90.8%	53 230	51 981		
Total for sub programmes	214 996	-	(1 030)	213 966	211 197	2 769	98.7%	193 497	191 603		
Economic classification											
Current payments	207 073	(685)	(1 800)	204 588	203 770	818	99.6%	189 118	187 992		
Compensation of employees	128 437	(700)	(2 000)	125 737	125 513	224	99.8%	124 245	123 815		
Goods and services	78 636	15	200	78 851	78 257	594	99.2%	64 873	64 176		
Transfers and subsidies	964	-	-	964	711	253	73.8%	959	541		
Departmental agencies and accounts	4	-	-	4	-	4	-	4	3		
Non-profit institutions	200	-	-	200	152	48	76.0%				
Households	760	-	-	760	559	201	73.6%	955	538		
Payments for capital assets	6 959	685	700	8 344	6 649	1 695	79.7%	3 250	2 912		
Machinery and equipment	6 959	685	700	8 344	6 649	1 695	79.7%	3 250	2 912		
Payments for financial assets	-	-	70	70	67	3	95.7%	170	158		
Total	214 996	-	(1 030)	213 966	211 197	2 769	98.7%	193 497	191 603		

Specimen AFS National and Provincial Departments for the year ended 31 March 2023

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

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 2: Environmental Affairs										2021/22	
2022/23											
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	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	7 133	(2 500)	(17)	4 616	3 622	994	78.5%	2 858	2 070		
2. Compliance and Enforcement	18 702	200	(60)	18 842	19 085	(243)	101.3%	17 470	16 949		
3. Environmental Quality Management	25 223	(4 965)	(80)	20 178	17 255	2 923	85.5%	17 954	17 113		
4. Biodiversity Management	128 103	7 513	11 917	147 533	138 694	8 839	94.0%	137 027	136 650		
5. Environmental Empowerment Services	14 237	(248)	(60)	13 929	12 252	1 677	88.0%	12 866	12 011		
Total for sub programmes	193 398	-	11 700	205 098	190 908	14 190	93.1%	188 175	184 793		
Economic classification											
Current payments	190 874	(6 890)	12 000	195 984	183 127	12 857	93.4%	179 375	176 191		
Compensation of employees	118 208	(300)	12 000	129 908	129 593	315	99.8%	127 187	126 279		
Goods and services	72 666	(6 590)	-	66 076	53 534	12 542	81.0%	52 188	49 912		
Transfers and subsidies	655	100	-	755	480	275	63.6%	2 751	2 455		
Departmental agencies and accounts	248	-	-	248	86	162	34.7%	77	75		
Public corporations and private enterprises	-	-	-	-	-	-	-	1 500	1 500		
Non-profit institutions	407	(250)	-	157	60	97	38.2%	544	256		
Households	-	350	-	350	334	16	95.4%	630	624		

Specimen AFS National and Provincial Departments for the year ended 31 March 2023

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

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 2: Environmental Affairs									
2022/23								2021/22	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	1 869	6 790	(500)	8 159	7 113	1 046	87.2%	6 019	6 127
Buildings and other fixed structures	-	7 100	-	7 100	6 933	167	97.6%	5 220	5 476
Machinery and equipment	1 869	(310)	(500)	1 059	180	879	17.0%	799	651
Payments for financial assets	-	-	200	200	188	12	94.0%	30	20
Total	193 398	-	11 700	205 098	190 908	14 190	93.1%	188 175	184 793

Programme 3: Economic and Small Business Development									
2022/23								2021/22	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Integrated Economic Development	47 996	-	-	47 996	41 512	6 484	86.5%	90 193	88 802
2. Economic Research and Planning	120 824	(1 682)	(100)	119 042	118 731	311	99.7%	121 413	120 076
3. Small Business Development	55 199	1 682	(9 970)	46 911	50 007	(3 096)	106.6%	52 782	50 383
Total for sub programmes	224 019	-	(10 070)	213 949	210 250	3 699	98.3%	264 388	259 261

Specimen AFS National and Provincial Departments for the year ended 31 March 2023

DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
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APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 3: Economic and Small Business Development										
	2022/23							2021/22		
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Economic classification										
Current payments	65 130	(3 316)	(10 000)	51 814	48 737	3 077	94.1%	50 557	45 481	
Compensation of employees	51 235	(1 000)	(10 000)	40 235	40 012	223	99.4%	41 946	37 942	
Goods and services	13 895	(2 316)	-	11 579	8 725	2 854	75.4%	8 611	7 539	
Transfers and subsidies	158 729	3 200	-	161 929	161 446	483	99.7%	213 642	213 621	
Departmental agencies and accounts	109 755	-	-	109 755	109 755	-	100.0%	105 587	105 587	
Public corporations and private enterprises	48 794	3 100	-	51 894	51 390	504	99.0%	107 880	107 927	
Non-profit institutions	-	100	-	100	100	-	100.0%	30	-	
Households	180	-	-	180	201	10	94.4%	145	107	
Payments for capital assets	160	116	(100)	176	41	135	23.3%	184	158	
Machinery and equipment	160	116	(100)	176	41	135	23.3%	184	158	
Payments for financial assets	-	-	30	30	26	4	86.7%	5	2	
Total	224 019	-	(10 070)	213 949	210 250	3 699	98.3%	264 338	259 261	

Specimen AFS National and Provincial Departments for the year ended 31 March 2023

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APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 4: Tourism										2021/22	
2022/23											
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Sub programme											
1. Tourism Planning	9 993	60	(560)	9 493	6 647	2 846	70.0%	9 777	8 111		
2. Tourism Growth and Development	3 158	1	-	3 159	3 855	(696)	122.0%	2 431	3 709		
3. Tourism Sector Transformation	1 417	(61)	(40)	1 316	1 867	(551)	141.9%	2 090	1 925		
Total for sub programmes	14 568	-	(600)	13 968	12 369	1 599	88.6%	14 298	13 745		
Economic classification											
Current payments	14 198	-	(500)	13 698	12 280	1 418	89.6%	14 178	13 705		
Compensation of employees	9 138	(1 000)	-	8 138	7 880	258	96.8%	7 728	7 314		
Goods and services	5 060	1 000	(500)	5 560	4 400	1 160	79.1%	6 450	6 391		
Transfers and subsidies	270	-	-	270	89	181	33.0%	120	40		
Non-profit institutions	50	-	-	50	19	31	38.0%	-	-		
Households	220	-	-	220	70	150	31.8%	120	40		
Payments for capital assets	100	-	(100)	-	-	-	-	-	-		
Machinery and equipment	100	-	(100)	-	-	-	-	-	-		
Total	14 568	-	(600)	13 968	12 369	1 599	88.6%	14 298	13 745		

Specimen AFS National and Provincial Departments for the year ended 31 March 2023

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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023**

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, and Annexure 1A-H of the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Programme	R'000	R'000	R'000	%
Administration	213 966	211 197	2 769	1%
Environmental Affairs	205 098	190 908	14 190	7%
Economic and Small Business Development	213 949	210 250	3 699	2%
Tourism	13 968	12 369	1 599	11%
Total	646 981	624 724	22 257	96.6%

4.2 Per economic classification

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Economic classification	R'000	R'000	R'000	%
Current payments				
Compensation of employees	304 018	302 998	1 020	0%
Goods and services	162 066	144 916	17 150	11%
Transfers and subsidies				
Departmental agencies and accounts	110 007	109 841	166	0%
Public corporations and private enterprises	51 894	51 390	504	1%
Non-profit institutions	507	331	176	35%

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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023**

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Economic classification	R'000	R'000	R'000	%
Households	1 510	1 164	346	23%
Payments for capital assets				
Buildings and other fixed structures	7 100	6 933	166	0%
Machinery and equipment	9 579	6 870	2 709	28%
Payments for financial assets	300	281	19	6%
Total	646 981	624 724	22 257	97%

Slow spending was realised under Goods and Services where the budget for maintenance is allocated. The department could not spend due to maintenance work not completed on resorts and reserves.

4.3 Per conditional grant

	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
Conditional grant	R'000	R'000	R'000	%
EPWP Integrated grant	2 182	2 036	146	7%
Total	2 182	2 036	146	7%

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**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
REVENUE			
Annual appropriation	1	646 981	660 358
Aid assistance		448	-
TOTAL REVENUE		647 429	660 358
EXPENDITURE			
Current expenditure		448 362	423 369
Compensation of employees	4	302 998	295 352
Goods and services	5	144 916	128 017
Aid assistance	3	448	-
Transfers and subsidies		162 726	216 656
Transfers and subsidies	7	162 726	216 656
Expenditure for capital assets		13 803	9 197
Tangible assets	8	13 803	9 197
Payments for financial assets	6	281	180
TOTAL EXPENDITURE		625 172	649 402
SURPLUS/(DEFICIT) FOR THE YEAR		22 257	10 956
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds			
Annual appropriation		22 111	10 877
Conditional grants		146	79
SURPLUS/(DEFICIT) FOR THE YEAR		22 257	10 956

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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**STATEMENT OF FINANCIAL POSITION
as at 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
ASSETS			
Current assets		23 467	2 573
Cash and cash equivalents	9	23 077	1 164
Receivables	11	390	1 409
Non-current assets		18 041	17 071
Receivables	11	18 041	17 071
TOTAL ASSETS		41 508	19 644
LIABILITIES			
Current liabilities		41 542	19 930
Voted funds to be surrendered to the Revenue Fund	12	40 155	17 898
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	1 019	831
Bank overdraft	14	-	1 127
Payables	15	294	-
Aid assistance unutilised	3	74	74
TOTAL LIABILITIES		41 542	19 930
NET ASSETS		(34)	(286)
		2022/23 R'000	2021/22 R'000
Represented by:			
Recoverable revenue		1 418	1 166
Unauthorised expenditure		(1 452)	(1 452)
TOTAL		(34)	(286)

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND
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**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
Recoverable revenue			
Opening balance		1 166	223
Transfers:		252	943
Irrecoverable amounts written off	6.1	(69)	(90)
Debts recovered (included in departmental revenue)		(248)	(252)
Debts raised		569	1 285
Closing balance		1 418	1 166
Unauthorised expenditure			
Opening balance		(1 452)	(1 452)
Closing Balance		(1 452)	(1 452)
TOTAL		(34)	(286)

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**CASH FLOW STATEMENT
for the year ended 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		684 796	678 583
Annual appropriation funds received	1.1	646 981	660 358
Departmental revenue received	2	37 328	18 199
Interest received	2.3	39	26
Aid assistance received	3	448	-
Net (increase)/decrease in net working capital		1 313	(306)
Surrendered to Revenue Fund		(37 179)	(28 622)
Current payments		(448 362)	(423 369)
Payments for financial assets		(281)	(180)
Transfers and subsidies paid		(162 726)	(216 656)
Net cash flow available from operating activities	16	37 561	9 450
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(13 803)	(9 197)
(Increase)/decrease in non-current receivables	11	(970)	20
Net cash flow available from investing activities		(14 773)	(9 177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		252	943
Net cash flows from financing activities		252	943
Net increase/(decrease) in cash and cash equivalents		23 040	1 216
Cash and cash equivalents at beginning of period		37	(1 179)
Cash and cash equivalents at end of period	17	23 077	37

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023**

PART A: ACCOUNTING POLICIES

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 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 Appropriated funds comprises of departmental allocations.

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	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. Appropriated funds are measured at the amounts receivable. The net amount of any appropriated funds due to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Departmental revenue is measured at the cash amount received. In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: - 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. 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. Write-offs are made according to the department's debt write-off policy.
8.	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. 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.
8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: • 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	Aid assistance received 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. 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.
9.2	Aid assistance paid 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.
10.	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023**

	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. Prepayments and advances are expensed in the statement of financial performance when goods/services are delivered to the department and when expenditure reports/ proof of payments are presented to the department.
12.	Receivables 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 asset. 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 Payables recognised in the statement of financial position are recognised at cost.
15.	Capital assets
15.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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15.2	Movable capital assets 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. 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. All assets acquired prior to 1 April 2005 may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
15.3	Intangible capital assets Intangible capital assets are initially recorded in the notes to the financial statements at cost. Intangible capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of intangible capital 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. All assets acquired prior to 1 April 2005 may be recorded at R1. Intangible capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
15.4	Project costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
16.	Provisions and contingents
16.1	Provisions 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.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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16.2	Contingent liabilities 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	Capital commitments Capital commitments are recorded at cost in the notes to the financial statements.
17.	Unauthorised expenditure Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either: • approved by the Provincial Legislature with funding and the related funds are received; or • approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year; • unauthorised expenditure relating to previous financial year and identified in the current year; and • Unauthorised incurred in the current year.
18.	Fruitless and wasteful expenditure Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of . • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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19.	Irregular expenditure Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of: • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
20.	Changes in accounting estimates and errors Changes in accounting estimates are applied prospectively in accordance with MCS requirements. 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.
21.	Events after the reporting date 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.
22.	Principal-Agent arrangements The department is party to a principal-agent arrangement for the payment of the EPWP participant's stipends with the FSGLTA. In terms of the arrangement the department is the principal and is responsible for the transfer of funds to the FSGLTA so that the FSGLTA can process the stipends of the EPWP participants. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
23.	Departures from the MCS requirements Management has concluded that the financial statements present fairly the department's primary and secondary information; that there are no departures from the MCS requirements.
24.	Recoverable revenue Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
25.	Related party transactions Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	The full compensation of key management personnel is recorded in the notes to the financial statements.
26.	Inventories <i>(Effective from date determined by the Accountant-General)</i> At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.
27.	Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note. Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023**

PART B: EXPLANATORY NOTES

1. Annual Appropriation

1.1. Annual Appropriation

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

	2022/23			2021/22		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
Administration	213 966	213 966	-	193 497	193 497	-
Environmental Affairs	205 098	205 098	-	188 175	188 175	-
Economic and Small Business Development	213 949	213 949	-	264 388	264 388	-
Tourism	13 968	13 968	-	14 298	14 298	-
Total	646 981	646 981	-	660 358	660 358	-

1.2. Conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total grants received	31	2 182	2 389

The conditional grant received is a National grant and not a provincial grant.

2. Departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services other than capital assets	2.1	30 302	16 587
Fines, penalties and forfeits	2.2	1 210	1 086
Interest, dividends and rent on land	2.3	39	26
Transactions in financial assets and liabilities	2.5	5 816	526
Total revenue collected		37 367	18 225
Less: Own revenue included in appropriation	13	37 367	18 225
Total		-	-

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2.1. Sales of goods and services other than capital assets

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services produced by the department		30 250	16 584
Sales by market establishment		-	9
Administrative fees		2 071	1 832
Other sales		28 179	14 743
Sales of scrap, waste and other used current goods		52	3
Total	2	30 302	16 587

2.2. Fines, penalties and forfeits

	Note	2022/23 R'000	2021/22 R'000
Fines		1 210	1 086
Total	2	1 210	1 086

2.3. Interest, dividends and rent on land

	Note	2022/23 R'000	2021/22 R'000
Interest		39	26
Total	2	39	26

2.4. Transactions in financial assets and liabilities

	Note	2022/23 R'000	2021/22 R'000
Receivables		398	280
Other receipts including Recoverable Revenue		5 418	246
Total	2	5 816	526

3. Aid assistance

	2022/23 R'000	2021/22 R'000
Opening balance	74	74
Prior period error	-	-
As restated	74	74
Closing balance	74	74

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3.1. Analysis of balance by source

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Aid assistance from other sources		74	74
Closing balance	3	74	74

3.2. Analysis of balance

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Aid assistance unutilised		74	74
Closing balance	3	74	74

3.3. Aid assistance expenditure per economic classification

	2022/23 R'000	2021/22 R'000
Current	448	-
Total aid assistance expenditure	448	-

4. Compensation of employees

4.1. Analysis of balance

	2022/23 R'000	2021/22 R'000
Basic salary	194 199	192 178
Performance award	2 278	2 173
Service based	821	327
Compensative/circumstantial	10 089	7 060
Other non-pensionable allowances	49 875	49 549
Total	257 262	251 287

4.2. Social contributions

	2022/23 R'000	2021/22 R'000
Employer contributions		
Pension	25 033	24 533
Medical	19 955	18 853
Bargaining council	76	75
Insurance	672	604
Total	45 736	44 045

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Total compensation of employees

302 998 295 352

Average number of employees

658 667

5. Goods and services

		2022/23 R'000	2021/22 R'000
Administrative fees		526	736
Advertising		4 289	6 321
Minor assets	5.1	496	283
Bursaries (employees)		482	492
Catering		3 230	1 015
Communication		4 240	5 912
Computer services	5.2	12 851	12 612
Consultants: Business and advisory services	5.9	4 627	6 097
Infrastructure and planning services		10 118	7 700
Legal services		80	204
Contractors		9 889	9 454
Agency and support / outsourced services		271	918
Audit cost - external	5.3	10 910	6 477
Fleet services		11 640	8 032
Inventories	5.4	331	235
Consumables	5.5	8 735	5 437
Operating leases		23 786	18 310
Property payments	5.6	21 486	24 693
Rental and hiring		4 055	4 178
Travel and subsistence	5.7	9 901	5 043
Venues and facilities		54	318
Training and development		2 718	3 044
Other operating expenditure	5.8	201	506
Total		144 916	128 017

A restatement has been made for the payments made for infrastructure works from agency and support/outsourced services to infrastructure and planning services.

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5.1. Minor assets

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Tangible capital assets			
Machinery and equipment		496	283
Total	5	496	283

5.2. Computer services

	<i>Note</i>	2022/23 R'000	2021/22 R'000
SITA computer services		2 789	2 776
External computer service providers		10 062	9 836
Total	6	12 851	12 612

5.3. Audit cost - external

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Regularity audits		10 910	6 477
Total	5	10 910	6 477

5.4. Inventories

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Food and food supplies	5	273	-
Other supplies	5.4.1	58	235
Total	5	331	235

5.4.1. Other supplies

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Ammunition and security supplies		58	108
Other		-	127
Total	5.4	58	235

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5.5. Consumables

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Consumable supplies		7 652	3 971
Uniform and clothing		3 141	890
Household supplies		2 356	583
Building material and supplies		904	979
IT consumables		15	19
Other consumables		1 236	1 500
Stationery, printing and office supplies		1 083	1 466
Total	5	8 735	5 437

5.6. Property payments

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Property maintenance and repairs		21 416	24 670
Other		70	23
Total	5	21 486	24 693

5.7. Travel and subsistence

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Local		9 901	5 042
Foreign		-	1
Total	5	9 901	5 043

5.8. Other operating expenditure

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Professional bodies, membership and subscription fees		-	15
Other		201	491
Total	5	201	506

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**5.9. Remuneration of members of a commission or committee of inquiry (Included in Consultants:
Business and advisory services)**

	Note 5	2022/23 R'000	2021/22 R'000
Name of Commission / Committee of Inquiry			
Internal Audit Committee		195	184
Risk Management Committee		29	37
Consumer Assess Court		333	452
Total		557	673

6. Payments for financial assets

	Note	2022/23 R'000	2021/22 R'000
Material losses through criminal conduct		212	90
Theft	6.2	212	90
Other material losses		-	-
Debts written off	6.1	69	90
Total		281	180

6.1. Debts written off

	Note	2022/23 R'000	2021/22 R'000
Nature of debts written off			
Recoverable revenue written off			
Debt write off (Salary overpayments, Damages to state vehicle)		69	90
Total debt written off	6	69	90

6.2. Details of theft

	Note	2022/23 R'000	2021/22 R'000
Nature of theft			
Movable assets (Laptops, camera, data projector, toolbox, urn, microwave)		212	90
Total	6	212	90

7. Transfers and subsidies

	Note	2022/23 R'000	2021/22 R'000
Departmental agencies and accounts	Annex 1B	109 841	105 665
Public corporations and private enterprises	Annex 1D	51 390	109 427
Non-profit institutions	Annex 1F	331	256
Households	Annex 1G	1 164	1 308
Total		162 726	216 656

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8. Expenditure for capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets			
Buildings and other fixed structures	28	6 933	5 476
Machinery and equipment	27	6 870	3 721
Total		13 803	9 197

8.1. Analysis of funds utilised to acquire capital assets - Current year

	2022/23		
	Voted funds	Aid assistance	Total
Name of entity	R'000	R'000	R'000
Tangible capital assets			
Buildings and other fixed structures	6 933	-	6 933
Machinery and equipment	6 870	-	6 870
Total	13 803	-	13 803

8.2. Analysis of funds utilised to acquire capital assets - Prior year

	2021/22		
	Voted funds	Aid assistance	Total
Name of entity	R'000	R'000	R'000
Tangible capital assets			
Buildings and other fixed structures	5 476	-	5 476
Machinery and equipment	3 721	-	3 721
Total	9 197	-	9 197

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8.3. Finance lease expenditure included in Expenditure for capital assets

	2022/23 R'000	2021/22 R'000
Tangible capital assets		
Machinery and equipment	3 690	2 388
Total	3 690	2 388

9. Cash and cash equivalents

	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General Account	22 927	-
Disbursements	2	1 070
Cash on hand	148	94
Total	23 077	1 164

10. Prepayments and advances

10.1. Prepayments (Expensed) (*"prepayments expensed" not permitted from 1 April 2023*)

2022/23				
Amount as at 1 April 2022	Less: Received in the current year	Add / Less: Other	Add Current year prepay- ments	Amount as at 31 March 2023
R'000	R'000	R'000	R'000	R'000
Transfers and subsidies	101 780	(13 216)	(5 000)	12 689
Total	101 780	(13 216)	(5 000)	12 689

2021/22				
Amount as at 1 April 2021	Less: Received in the current year	Add / Less: Other	Add Current year prepay- ments	Amount as at 31 March 2022
R'000	R'000	R'000	R'000	R'000
Transfers and subsidies	52 926	(2 959)	-	51 813
Total	52 926	(2 959)	-	51 813

A restatement has been made as the prepayments were incorrectly calculated in the prior year.

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11. Receivables

	<i>Note</i>	2022/23			2021/22		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	-	16 830	16 830	275	16 830	17 105
Recoverable expenditure	11.2	-	-	-	1	-	1
Staff debt	11.3	390	1 211	1 601	1 133	241	1 374
Total		390	18 041	18 431	1 409	17 071	18 480

11.1. Claims recoverable

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Provincial departments		-	275
Public entities		16 830	16 830
Total	11	16 830	17 105

11.2. Recoverable expenditure

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Sal: Tax Debt:(CA)		-	1
Total	11	-	1

11.3. Staff debt

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Bursary Debt (Employee and Non-employee)		940	1 019
Tax Debt		2	4
Salary Overpayment		267	347
Losses		44	4
Subs& travel		348	-
Total	11	1 601	1 374

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11.4. Impairment of receivables

	2022/23 R'000	2021/22 R'000
Estimate of impairment of receivables	16 853	16 852
Total	16 853	16 852

The impairment of receivables is based on all debts older than 3 years less the debts with active instalment repayments and the FDC debt.

Included is the impairment of the FDC debt. Management is of the opinion that the amount will not be collected as the FDC is experiencing significant financial difficulties. The amount of R16 830 000 is wholly impaired as there have been no payments in the recent past and there is no payment agreement in place. There is no contractual agreement in place and it can therefore not be assumed that the FDC will honour the debt and thus the debt is impairment. The department's debt collection processes also indicate non-recovery.

12. Voted funds to be surrendered to the Revenue Fund

	2022/23 R'000	2021/22 R'000
Opening balance	17 898	18 138
Prior period error	-	-
As restated	17 898	18 138
Transferred from statement of financial performance (as restated)	22 257	10 956
Paid during the year	-	(11 196)
Closing balance	40 155	17 898

12.1. Reconciliation on unspent conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total conditional grants received	1.2	2 182	2 389
Total conditional grants spent		(2 036)	(2 310)
Unspent conditional grants to be surrendered		146	79
Less: Paid to the Provincial Revenue Fund by Provincial department		-	(79)
Approved for rollover		-	-
Not approved for rollover		-	(79)
Due by the Provincial Revenue Fund		146	-

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

	2022/23 R'000	2021/22 R'000
Opening balance	831	32
Prior period error	-	-
As restated	831	32
Own revenue included in appropriation	37 367	18 225
Paid during the year	(37 179)	(17 426)
Closing balance	1 019	831

14. Bank overdraft

	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account	-	1 127
Total	-	1 127

15. Payables - current

	Note	2022/23 R'000	2021/22 R'000
Clearing accounts	15.1	294	-
Total		294	-

15.1. Clearing accounts

Description	Note	2022/23 R'000	2021/22 R'000
Sal: GEHS Refund Control Acc: CL		294	-
Total	15	294	-

16. Net cash flow available from operating activities

	2022/23 R'000	2021/22 R'000
Net surplus/(deficit) as per Statement of Financial Performance	22 257	10 956
Add back non-cash/cash movements not deemed operating activities	15 304	(1 506)
(Increase)/decrease in receivables	1 019	(306)
Increase/(decrease) in payables - current	294	-
Expenditure on capital assets	13 803	9 197

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Surrenders to RDP Fund/Donors	(37 179)	(28 622)
Own revenue included in appropriation	37 367	18 225
Net cash flow generating	37 561	9 450

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

	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account	22 927	(1 127)
Disbursements	2	1 070
Cash on hand	148	94
Total	23 077	37

18. Contingent liabilities

18.1. Contingent liabilities

Liable to	Nature	Note	2022/23 R'000	2021/22 R'000
Claims against the department		Annex 3B	10 603	603
Total			10 603	603

The department is a defendant in the following three cases:

1. *RV Ntli vs DESTEA and Mr M Malakoane: On 2 December 2017 at or near Bloemspruit, on the N8 Bloemfontein, a series of collisions occurred between the plaintiff's vehicle and a vehicle that was being driven by the 2nd defendant. As a result of the aforesaid collision, the plaintiff suffered damages to the sum of R296 960. The plaintiff prays for judgement against the 1st defendant and 2nd defendant, jointly and severally, one to pay and the other to absolved for: (a) payment of the sum of R296 960 (b) Interest thereon at the prescribed rate of 10% per annum from date of service if summons to date of payment (c) costs of suit (d) further and/or alternative relief.*

2. *Letsatsi la Africa vs DESTEA: On the 8th of August 2018 the defendant issued permits for the exportation of cheetahs to China. After the issuing of the permits the plaintiff proceeded to make arrangements with the exporting country and airport for the exportation of the cheetahs to China. The defendant despite issuing the permits and rendering refused that of the animals be exported. During the alleged verification period after the permits were already issued and approved one cheetah died prior to it being boarded onto the exporting airplane. As a result of the negligence and/or intentional actions of the defendant the plaintiff suffered damages in the amount of R305 900 being a reasonable price of the Cheetah. Despite proper demand, the defendant has failed and or refused to pay the amount. The plaintiff claims judgement against the defendant for: (a) payment of the sum of R305 900(b) Interest thereon at the prescribed rate of 10.5% a tempore morae (c) costs of suit (d) further and/or alternative relief.*

3. *Letsatsi la Africa vs DESTEA: On 22 February 2018 a criminal case involving wildlife traders who were said to have moved wildlife without the prerequisite documentation, was underway. While being cross-examined and as part of providing evidence for the first defendant, the second defendant stated to all those who were present in the court on that day, of concerning the plaintiff, that he is a wildlife smuggler who illegally distributes animals and their derivatives. The second defendant stated that he was involved*

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in a case with a wildlife trader by the name of JJ Van der Westhuizen, who is the second plaintiff, and that criminal charges were laid against all those wild life traders. The above-mentioned words are wrongful and defamatory of the plaintiffs and were made to injure the first plaintiffs business reputation and the second plaintiffs individual reputation. As a result of the defamation, plaintiffs have been damaged in reputation and has suffered damages in the sum of 10 million rands. Wherefore the plaintiffs claims from the defendant (a) Payment of the sum of R10m (b) Interest at the prevailing rate of interest of the aforesaid sum as allowed by law (c) directing publication by the defendant within 10 days of this order of both the retraction of this defamatory matter and an apology to be placed in a prominent position in the VOLKSBLAD newspaper for a period of one week (d) Cost of the suit (e) Further and/or alternative relief.

19. Capital commitments

	2022/23 R'000	2021/22 R'000
Buildings and other fixed structures	3 681	3 681
Machinery and equipment	289	61
Total	3 970	3 742

A restatement has been made to disclose the comparative figure for machinery and equipment capital commitments.

20. Accruals and payables not recognised

20.1. Accruals

	2022/23			2021/22
	30 Days	30+ Days	Total	Total
Listed by economic classification	R'000	R'000	R'000	R'000
Goods and services	12 175	-	12 175	12 826
Capital assets	-	-	-	164
Total	12 175	-	12 175	12 990

	2022/23 R'000	2021/22 R'000
Listed by programme level		
Administration	4 206	8 536
Environmental Affairs	7 634	4 425
Economic Development	332	26
Tourism	3	3
Total	12 175	12 990

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20.2. Payables not recognised

	2022/23			2021/22
	30 Days	30+ Days	Total	Total
Listed by economic classification	R'000	R'000	R'000	R'000
Goods and services	1 116	97	1 213	702
Total	1 116	97	1 213	702

	2022/23 R'000	2021/22 R'000
Listed by programme level		
Administration	1 213	695
Environmental Affairs	-	4
Economic Development	-	3
Tourism	-	1
Total	1 213	702

		2022/23 R'000	2021/22 R'000
<i>Included in the above totals are the following:</i>	<i>Note</i>		
Confirmed balances with other departments	<i>Annex 5</i>	31	102
Confirmed balances with other government entities	<i>Annex 5</i>	-	6 626
Total		31	6 728

21. Employee benefits

	2022/23 R'000	2021/22 R'000
Leave entitlement	11 060	11 791
Service bonus	7 836	7 432
Performance awards	2 263	2 099
Capped leave	5 356	5 261
Other	594	792
Total	27 109	27 375

"At this stage the department is not able to reliably measure the long term portion of the long service awards" The provision on the long service awards provision disclosed above does not include the long term portion of the long service awards."

Included in leave entitlement are negative leave balances of R293 381.06.

Included in other is long service awards and overtime due but not yet paid as at 31 March.

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22. Lease commitments

22.1. Operating leases

2022/23					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	8 312	8 312
Later than 1 year and not later than 5 years	-	-	-	16 690	16 690
Later than 5 years	-	-	-	174	174
Total lease commitments	-	-	-	25 176	25 176

2021/22					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	9 319	9 319
Later than 1 year and not later than 5 years	-	-	-	24 317	24 317
Later than 5 years	-	-	-	4 739	4 739
Total lease commitments	-	-	-	38 375	38 375

The material operating leases of the department are the fleet.

There are no escalation clauses in the lease contracts.

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22.2. Finance leases

2022/23					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	601	601
Later than 1 year and not later than 5 years	-	-	-	217	217
Total lease commitments	-	-	-	818	818

2021/22					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1 563	1 563
Later than 1 year and not later than 5 years	-	-	-	217	217
Total lease commitments	-	-	-	1 780	1 780

The material leases of the department are the mobile communication services

There are no escalation clauses in the lease contracts.

23. Accrued departmental revenue

	2022/23 R'000	2021/22 R'000
Sales of goods and services other than capital assets	25 693	24 386
Total	25 639	24 386

23.1. Analysis of accrued departmental revenue

	2022/23 R'000	2021/22 R'000
Opening balance	24 386	23 399
Add: amounts recorded	1 253	987
Closing balance	25 639	24 386

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23.2. Impairment of accrued departmental revenue

	2022/23 R'000	2021/22 R'000
Estimate of impairment of accrued departmental revenue	18 126	17 195
Total	18 126	17 195

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

Where there have not been payments in the recent past and management is of the opinion that the amount will not be collected the amount is wholly impaired. This does not apply where there is a payment agreement. Where there are contractual agreements in place it is assumed that the parties will honour the agreements and thus debt is impaired based on the contractual agreement.

Where department's debt collection processes indicate non-recovery such debt will be impaired.

24. Unauthorised, Irregular and Fruitless and wasteful expenditure

	2022/23 R'000	2021/22 R'000
Irregular expenditure - current year	1 155	3 175
Fruitless and wasteful expenditure - current year	-	439
Total	1 155	3 614

Information on any criminal or disciplinary steps taken as a result of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

The nature, cause and circumstances of the irregular expenditure identified are indicative of other similar irregular expenditure in the population. The irregular expenditure disclosed is not complete as management is still in the process of quantifying the full extent of irregular expenditure. Accordingly, the entire population will be investigated in the next financial year to determine the full extent of irregular expenditure.

25. Related party transactions

	2022/23 R'000	2021/22 R'000
In kind goods and services provided/received		
AGSA audit fees paid on behalf of the FDC and FSGLTA	3 000	-
Total	3 000	-

The related parties of the department are the Free State Development Corporation and the Free State Gambling, Liquor and Tourism Authority that are the entities under the control of the MEC.

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The department paid audit fees of R3 million on behalf of the FDC and FSGLTA during the current year for audit fees. The department received services in kind from DPWI as DPWI pays rent on behalf of the department and also does project management for all infrastructure projects of the department above R10m

26. Key management personnel

	2022/23 R'000	2021/22 R'000
Political office bearers (<i>provide detail below</i>)	2 096	1 978
Officials:		
Level 15 to 16	2 297	2 231
Level 14 (incl CFO if at a lower level)	7 812	6 820
Total	12 205	11 029

KMP are those persons having the authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly, i.e. those charged with decision-making responsibilities.

KMP of the department includes the political office bearer and executive management as they are the governing body responsible for the delivery of the department's services and are accountable for:

- the strategic direction and leadership of the department as a whole;*
- management of the department as a whole;*
- monitoring and evaluation of the department's activities; and*
- compliance and stakeholder management.*

Executives and/or senior managers that have been delegated the operational authority for a discrete function of the department, are considered as KMP.

Remuneration to close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the department (where these individuals are paid by the department)

Remuneration includes

(a) Short-term employee benefits such as salaries, unemployment insurance and workmen's compensation funds (where applicable), paid annual leave and paid sick leave, profit sharing and bonuses and non-monetary benefits such as medical benefits, housing, cars and free or subsidised goods and services;

(b) post-employment benefits (social benefits) such as pensions, other retirement benefits, post-employment life insurance and medical care;

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(c) other long-term employee benefits, including long-service leave or sabbatical leave, long term disability benefits; and

(d) termination benefits.

27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	34 561		3 180	(3 497)	34 244
Transport assets	4 196		-	(79)	4 117
Computer equipment	12 461		1 529	(2 605)	11 385
Furniture and office equipment	8 292		1 424	(287)	9 429
Other machinery and equipment	9 612		227	(526)	9 313
SPECIALISED MILITARY ASSETS	1 026	-	-	-	1 026
Specialised military assets	1 026	-	-	-	1 026
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	35 587	-	3 180	(3 497)	35 270

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 that are under investigation:		
Machinery and equipment	440	4 990
Total	440	4 990

These assets could not be found during the assets verification. They will be sent to different heads of components for investigations.

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27.1. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

2021/22					
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	37 310	-	1 334	(4 083)	34 561
Transport assets	4 700	-	-	(504)	4 196
Computer equipment	12 686	-	273	(498)	12 461
Furniture and office equipment	10 741	-	413	(2 862)	8 292
Other machinery and equipment	9 138	-	648	(219)	9 612
SPECIALISED MILITARY ASSETS	1 026	-	-	-	1 026
Specialised military assets	1 026	-	-	-	1 026
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	38 336	-	1 334	(4 083)	35 587

27.2. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23					
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	310	-	-	24 527	-	24 837
Value adjustments					-	-
Additions	-	-	-	496	-	496
Disposals	-	-	-	(2 142)	-	(2 142)

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Total Minor assets	310	-	-	22 881	-	23 191
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	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	127	-	-	14 037	-	14 164
Total number of minor assets	124			14 037	-	14 164

Minor capital assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:		
Machinery and equipment	1 717	2 868

These assets could not be found during the assets verification. They will be sent to different heads of components for investigations.

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

2021/22

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	310	-	-	25 470	-	25 780
Prior period error	-	-	-	(678)	-	(678)
Additions	-	-	-	283	-	283
Disposals	-	-	-	(548)	-	(548)
Total Minor assets	310	-	-	24 527	-	24 837

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	127	-	-	15 627	-	15 754
Total number of minor assets	127	-	-	15 627	-	15 754

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27.2.1. Prior period error

Nature of prior period error	Note	2022/23 R'000
Relating to 2021/22 [affecting the opening balance]		(678)
Minor assets reclassified to consumable items		(678)
Total prior period errors		(678)

27.3. Movable tangible capital assets written off

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets
	R'000	R'000	R'000	R'000	R'000
Assets written off				114	114
Total movable assets written off				114	114

28. Immovable Tangible Capital Assets

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2023**

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	66 461	10 690	-	77 151
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	66 461	10 690	-	77 151

**28.1. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2022**

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2021/22					
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	60 771	-	13 766	(8 076)	66 461
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	60 771	-	13 766	(8 076)	66 461

28.2. Immovable tangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

2022/23				
	Opening balance 1 April 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	10 651	6 933	(10 690)	6 894
Total	10 651	6 933	(10 690)	6 894

*Note
Annex 7*

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

2021/22					
Opening balance 1 April 2021	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2022	
R'000	R'000	R'000	R'000	R'000	
Buildings and other fixed structures	18 941	-	5 476	(13 766)	10 651
Total	18 941	-	5 476	(13 766)	10 651

29. Principal-agent arrangements

29.1. Department acting as the principal

	2022/23 R'000	2021/22 R'000
FSGLTA	5 387	4 637
Total	5 387	4 637

The objective of the Memorandum of Agreement (MOA) is for DESTEA to transfer stipends of EPWP participants to FSGLTA in order for FSGLTA to process the payment of stipends of all project participants and to provide all necessary documents that serve as proof that funds have been transferred to all project participants.

The agreement shall commence on the date of last signature by the parties and shall be valid for this particular programme not beyond the current financial year. The agreement will automatically terminate on expiry of the period mentioned. Should funds no longer be available to pay for the execution of the agreement DESTEA may terminate at its own discretion or temporarily suspend all or part of the agreement by notice to FSGLTA who shall immediately make arrangements to stop its performance and minimize further expenditure; provided that FSGLTA shall thereupon be entitled to payment in full for work delivered up to the date of cancellation or suspension.

There are no other resources of DESTEA under the custodianship of FSGLTA except for monies transferred to the entity. A reconciliation and supporting work papers shall be provided to Provincial Treasury for review and AGSA for audit.

30. Prior period errors

30.1. Correction of prior period errors

		2021/22		
		Amount bef error correction	Prior period error	Restated
Note		R'000	R'000	R'000
Expenditure: (E.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)				
COVID-19 response expenditure	33	32 130	(32 130)	-
Net effect		32 130	(32 130)	-

COVID-19 Response expenditure: A restatement has been made. During the 2022/23 financial year the COVID-19 earmarked funds were shifted to Enterprise Support. This was to address the prior year audit issue as the risk sharing incentive is not limited to the SMME's impacted by COVID-19, it is also used to fund opportunities.

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		2021/22		
		Amount bef error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
Assets: (E.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)				
Prepayments (Expensed)	10	92 509	9 271	101 780
Minor Assets	27.2	25 205	(678)	24 527
Net effect		117 714	8 593	126 307

Prepayments (Expensed): A restatement has been made as the prepayments were incorrectly calculated in the prior year. Minor Assets: Assets that were reclassified to consumables

		2021/22		
		Amount bef error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
Other: (E.g. Irregular expenditure, Fruitless and wasteful expenditure, etc.)				
Capital Commitments	19	3 681	61	3 742
Net effect		3 681	61	3 742

Capital commitments - A restatement has been made to disclose the comparative figure for machinery and equipment capital commitments

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31. Statement of conditional grants received

Name of grant	2022/23					2021/22			
	GRANT ALLOCATION				SPENT	% of available funds spent by department	Division of Revenue Act / Provincial grants	Amount spent by department	Amount spent by department
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjustments	Other Adjustments					
	R'000	R'000	R'000	R'000	Amount received by department	Under- / (Overspending)	R'000	R'000	R'000
EPWP Integrated grant	2 182	-	-	-	2 182	146	2 389	2 389	2 389
TOTAL	2 182	-	-	-	2 182	146	2 389	2 389	2 389

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32. Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

33. COVID 19 Response expenditure

	2022/23 R'000	2021/22 R'000
Compensation of employees		
Goods and services		
Transfers and subsidies		
Expenditure for capital assets		
Other		
Total	-	-

COVID-19 Response expenditure: A restatement has been made. During the 2022/23 financial year the COVID-19 earmarked funds were shifted to Enterprise Support. This was to address the prior year audit issue as the risk sharing incentive is not limited to the SMME's impacted by COVID-19, it is also used to fund opportunities.

34. Going Concern Assessment

The department will continue to operate in the foreseeable future without the need or intention to liquidate or significantly curtail its operational activities.

A material uncertainty however exists that may cast significant doubt on the department's ability to continue as a going concern and it also casts 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 as the department's budget for the 2023/24 financial year is already reduced significantly by the outstanding commitments and liabilities from the 2022/23 financial year.

The department has total outstanding commitments, accruals and payables not recognised as at 31 March 2023 of R17 358m.

The funds to be surrendered of R40 155m as at 31 March 2023 that exceed cash and cash equivalents by R17 078m.

The department recognised a net cash flow available from operating activities of R37 561m.

The current ratio as at the 31 March 2023, which is calculated by dividing the departments current assets by the current liabilities is 0.56:1 (2022/23) and 0.15:1 (2021/22). This means that the department does not have cash on hand to meet its short-term obligations if they were all due at once, i.e. the departments debt due in the next 12 months or less are greater than its assets. This is however not an indication of the departments longer-term solvency.

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ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Departmental Agency or Account	2022/23					2021/22	
	TRANSFER ALLOCATION			TRANSFER		Final Budget	Actual transfer
	Adjusted Budget R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual transfer R'000	% of available funds transferred %	
Prov Da: FS Gambling & Liquor Auth	109 755	-	-	109 755	109 755	100%	105 587
Com: Licences (Radio & TV)	252	-	-	252	86	34%	78
TOTAL	110 007	-	-	110 007	109 841	105 813	105 665

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

Name of public corporation / private enterprise	2022/23					2021/22		
	GRANT ALLOCATION			EXPENDITURE			Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public Corporations								
Transfers								
FDC	29 000	-	-	29 000	29 000	100.0%	41 500	41 500
Total	29 000	-	-	29 000	29 000	100.0%	41 500	41 500
Private Enterprises								
Transfers								
Co-Operatives Incentives Scheme	19 794	-	3 100	22 894	22 390	97.8%	67 880	67 927
Total	19 794	-	3 100	22 894	22 390	97.8%	67 880	67 927
TOTAL	48 794	-	3 100	51 894	51 390	99.0%	109 380	109 427

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ANNEXURE 1F

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	2022/23					2021/22	
	TRANSFER ALLOCATION			EXPENDITURE		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer		
Non-profit institutions	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Transfers							
NPI	657	-	(150)	507	331	574	256
TOTAL	657	-	(150)	507	331	574	256

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ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2022/23					2021/22	
	TRANSFER ALLOCATION			EXPENDITURE		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	% of available funds transferred		
	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers							
H/H EMPL S/BEN:LEAVE GRATUITY	110	-	350	460	120%	1 120	724
H/H: DONATIONS & GIFTS (CASH)	400	-	-	400	60%	410	308
H/H EMPL S/BEN:INJURY ON DUTY	70	-	-	70	41%	70	26
H/H:CLAIMS AGAINST STATE(CASH)	580	-	-	580	59%	250	250
TOTAL	1 160	-	350	1 510		1 850	1 308

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ANNEXURE 1I
STATEMENT OF AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening balance	Revenue	Expenditure	Paid back on / by 31 March	Closing balance
		R'000	R'000	R'000	R'000	R'000
Received in cash						
Department of Environmental Affairs	Free State Priority Biodiversity Rehabilitation Project (FSPBR)	74	-	-	-	74
CATHSETA	To offer learning opportunities to employed or unemployed learners who either need work experience and/or qualification	-	423	(423)	-	-
SANBI	Climate Change Adaptation Project	-	25	(25)	-	-
TOTAL		74	448	448	-	74

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ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Letsatsi la Afrika	306	-	-	-	306
RV Ntuli vs DESTEA and other	297	-	-	-	297
Letsatsi la Afrika	-	10 000	-	-	10 000
TOTAL	603	10 000	-	-	10 603

The department is a defendant in the following three cases:

1. RV Ntuli vs DESTEA and Mr M Malakoane: On 2 December 2017 at or near Bloemfontein, a series of collisions occurred between the plaintiff's vehicle and a vehicle that was being driven by the 2nd defendant. As a result of the aforesaid collision, the plaintiff suffered damages to the sum of R296 960. The plaintiff prays for judgement against the 1st defendant and 2nd defendant, jointly and severally, one to pay and the other to absolved for: (a) payment of the sum of R296 960 (b) Interest thereon at the prescribed rate of 10% per annum from date of service if summons to date of payment (c) costs of suit (d) further and/or alternative relief.
2. Letsatsi la Afrika vs DESTEA: On the 8th of August 2018 the defendant issued permits for the exportation of cheetahs to China. After the issuing of the permits the plaintiff proceeded to make arrangements with the exporting country and airport for the exportation of the cheetahs to China. The defendant despite issuing the permits and rendering refused that of the animals be exported. During the alleged verification period after the permits were already issued and approved one cheetah died prior to it being boarded onto the exporting airplane. As a result of the negligence and/or intentional actions of the defendant the plaintiff suffered damages in the amount of R305 900 being a reasonable price of the Cheetah. Despite proper demand, the defendant has failed and or refused to pay the amount.

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The plaintiff claims judgement against the defendant for: (a) payment of the sum of R305 900(b) Interest thereon at the prescribed rate of 10.5% a tempore morae (c) costs of suit (d) further and/or alternative relief.

3. Letsatsi la Africa vs DESTEA: On 22 February 2018 a criminal case involving wildlife traders who were said to have moved wildlife without the prerequisite documentation, was underway. While being cross-examined and as part of providing evidence for the first defendant, the second defendant stated to all those who were present in the court on that day, of concerning the plaintiff, that he is a wildlife smuggler who illegally distributes animals and their derivatives. The second defendant stated that he was involved in a case with a wildlife trader by the name of JJ Van der Westhuizen, who is the second plaintiff, and that criminal charges were laid against all those wildlife traders. The above-mentioned words are wrongful and defamatory of the plaintiffs and were made to injure the first plaintiffs business reputation and the second plaintiffs individual reputation.

As a result of the defamation, plaintiffs have been damaged in reputation and has suffered damages in the sum of 10 million rands. Wherefore the plaintiffs claims from the defendant (a) Payment of the sum of R10m (b) Interest at the prevailing rate of interest of the aforesaid sum as allowed by law (c) directing publication by the defendant within 10 days of this order of both the retraction of this defamatory matter and an apology to be placed in a prominent position in the VOLKSBLAD newspaper for a period of one week (d) Cost of the suit (e) Further and/or alternative relief.

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ANNEXURE 4
CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Other Government Entities								
FDC	16 830	16 830	-	-	16 830	16 830		
Fleet Management	-	-	-	275	-	275		
TOTAL	16 830	16 830	-	275	16 830	17 105		

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ANNEXURE 5
INTERGOVERNMENT PAYABLES

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	Payment date up to six (6) working days after year end	Amount R'000
GOVERNMENT ENTITY								
DEPARTMENTS								
Current								
FSPG: PREMIER	-	3	-	-	-	3		
FSPG: TREASURY	31	-	-	-	31			
FSPG: COGTA	-	17	-	-	-	17		
Department of Justice	-	82	-	-	-	82		
Total Departments	31	102	-	-	31	102		
OTHER GOVERNMENT ENTITIES								
Current								
Fleet Management	-	6 626	-	-	31	6 626		
Total Other Government Entities	-	6 626	-	-	31	6 626		
TOTAL INTERGOVERNMENT PAYABLES	31	6 728	-	-	31	6 728		

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ANNEXURE 7
MOVEMENT IN CAPITAL WORK IN PROGRESS

Movement in capital work in progress for the year ended 31 March 2023

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	10 651	6 933	(10 690)	6 894
TOTAL	10 651	6 933	(10 690)	6 894

Movement in capital work in progress for the year ended 31 March 2022

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	18 941	-	5 476	(13 766)	10 651
TOTAL	18 941	-	5 476	(13 766)	10 651

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ANNEXURE 11
COVID 19 RESPONSE EXPENDITURE
Per quarter and in total

Expenditure per economic classification	2022/23				2021/22
	Q1	Q2	Q3	Q4	Total
	R'000	R'000	R'000	R'000	R'000
Compensation of employees					
Goods and services <i>List all applicable SCOA level 4 items</i>					
Transfers and subsidies <i>List all applicable SCOA level 4 items</i>					
Expenditure for capital assets <i>List all applicable SCOA level 4 items</i>					
Other expenditure not listed above <i>List all applicable SCOA level 4 items</i>					
TOTAL COVID 19 RESPONSE EXPENDITURE					

COVID-19 Response expenditure: A restatement has been made. During the 2022/23 financial year the COVID-19 earmarked funds were shifted to Enterprise Support. This was to address the prior year audit issue as the risk sharing incentive is not limited to the SMME's impacted by COVID-19, it is also used to fund opportunities.

[illegible]

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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