

Vote 3**Department of Economic and Small Business Development, Tourism and Environmental Affairs****Adjusted budget summary**

| R thousand | 2016/17 | | | | |
|--|--------------------|-----------------------|------------------------|-----------------|---------------|
| | Main appropriation | Special appropriation | Adjusted appropriation | Decrease | Increase |
| Total amount to be appropriated | 493 548 | | 490 339 | (22 072) | 18 863 |
| <i>of which economic classification:</i> | | | | | |
| Current payments | 336 020 | | 325 132 | (11 049) | 161 |
| Transfers and subsidies | 112 432 | | 128 232 | (1 200) | 17 000 |
| Payments for capital assets | 45 096 | | 36 975 | (9 823) | 1 702 |
| Payments for financial assets | | | | | |
| <i>of which source of funding:</i> | | | | | |
| Equitable Share | 381 149 | | 386 100 | (1 049) | 6 000 |
| Conditional Grants | 2 629 | | 2 790 | | 161 |
| Earmarked funds | 68 827 | | 60 506 | (21 023) | 12 702 |
| Provincial Receipts | 40 943 | | 40 943 | | |
| Direct charge against the Provincial Revenue Fund | 493 548 | | 490 339 | (22 072) | 18 863 |
| Amount not to be appropriated - Aid Assistance | | | 697 | | 697 |

Executive Authority

MEC for Economic and Small Business Development, Tourism and Environmental Affairs

Accounting Officer

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

Website address

www.detea.fs.gov.za**Aim**

To radically create a conducive, enabling environment for the creation of decent jobs, poverty and inequality reduction through sustainably managed environment and economic development programmes in the Free State.

Changes to programme purposes, objectives and measures

The mandate of Small Business has formally been incorporated in the budget and organisational structures of the department and is furthermore aligned with the generic budget programme structure prescribed by National Treasury for Economic Development, Tourism and Environmental Affairs.

Adjusted Estimates of Provincial Revenue & Expenditure 2016

Table 3.1 (a): Adjusted Estimates

| | | 2016/17 | | | | | | |
|--|--------------------|-----------------------|--------------------------|----------------------------|----------------------|------------------------|--------------------------------|------------------------|
| Programme | Main appropriation | Special appropriation | Adjustment appropriation | | | | Total adjustment appropriation | Adjusted appropriation |
| | | | Roll-overs | Unforeseeable /unavoidable | Virements and shifts | Declared unspent funds | | |
| 1. Administration | 141 219 | | | | (1 300) | | (1 300) | 139 919 |
| 2. Environmental Affairs | 171 745 | | 1 863 | | (2 000) | (9 823) | (9 960) | 161 785 |
| 3. Economic Development | 122 500 | | | | (1 000) | (11 200) | 6 000 | 116 300 |
| 4. Tourism | 58 084 | | | | 4 300 | (1 049) | 11 000 | 72 335 |
| Subtotal | 493 548 | | 1 863 | | | (22 072) | 17 000 | 490 339 |
| Direct charge against the Provincial Revenue Fund | | | | | | | | |
| Item | | | | | | | | |
| Total | 493 548 | | 1 863 | | | (22 072) | 17 000 | 490 339 |

Economic classification

Table 3.1(b): Adjusted Estimates by economic classification

| Economic classification | Main appropriation | Special appropriation | Adjustments Appropriation | | | | | Total adjustment appropriation | Adjusted appropriation |
|---|--------------------|-----------------------|---------------------------|---------------------------|----------------------|------------------------|-------------------|--------------------------------|------------------------|
| | | | Roll-overs | Unforeseeable/unavoidable | Virements and shifts | Declared unspent funds | Other adjustments | | |
| Current payments | 336 020 | | 1 863 | | 20 802 | (12 049) | | 10 616 | 346 636 |
| Compensation of employees | 222 654 | | | | | | | | 222 654 |
| Goods and Services | 113 366 | | 1 863 | | 20 802 | (12 049) | | 10 616 | 123 982 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to | 112 432 | | | | 1 189 | (200) | 17 000 | 17 989 | 130 421 |
| Provinces and municipalities | | | | | 240 | | | 240 | 240 |
| Departmental agencies and accounts | 98 924 | | | | 4 400 | | 11 000 | 15 400 | 114 324 |
| Universities and technikons | | | | | | | | | |
| Public corporations and private enterprises | 13 508 | | | | (3 800) | (200) | 6 000 | 2 000 | 15 508 |
| Foreign governments and international organisations | | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | | | | | 349 | | | 349 | 349 |
| Payments for capital assets | 45 096 | | | | (21 991) | (9 823) | | (31 814) | 13 282 |
| Buildings and other fixed structures | 39 148 | | | | (20 000) | (9 823) | | (29 823) | 9 325 |
| Machinery and equipment | 5 948 | | | | (2 290) | | | (2 290) | 3 658 |
| Cultivated assets | | | | | | | | | |
| Software and other intangible assets | | | | | 299 | | | 299 | 299 |
| Land and subsoil assets | | | | | | | | | |
| Heritage assets | | | | | | | | | |
| Payments for financial assets | | | | | | | | | |
| Total | 493 548 | | 1 863 | | | (22 072) | 17 000 | (3 209) | 490 339 |

Programme 1: Administration

Table 3.1.1: Adjusted Estimates

| | | 2016/17 | | | | | | | |
|---|------------|--------------------|-----------------------|----------------------------|----------------------|------------------------|-------------------|--------------------------------|------------------------|
| Subprogramme | R'thousand | Main appropriation | Special appropriation | Adjustment appropriation | | | | Total adjustment appropriation | Adjusted appropriation |
| | | | | Unforeseeable /unavoidable | Virements and shifts | Declared unspent funds | Other adjustments | | |
| 1. Office of the MEC | | 11 933 | | | | (235) | | (235) | 11 698 |
| 2. Management Services | | 26 505 | | | | (910) | | (910) | 25 595 |
| 3. Financial Management | | 66 298 | | | | (6 653) | | (6 653) | 59 645 |
| 4. Corporate Services | | 36 483 | | | | 6 498 | | 6 498 | 42 981 |
| Total | | 141 219 | | | | (1 300) | | (1 300) | 139 919 |
| Economic classification | | | | | | | | | |
| Current payments | | 139 545 | | | | (1 181) | | (1 181) | 138 364 |
| Compensation of employees | | 88 284 | | | | | | | 88 284 |
| Goods and Services | | 51 261 | | | | (1 181) | | (1 181) | 50 080 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to | | 4 | | | | | | | 4 |
| Provinces and municipalities | | | | | | | | | |
| Departmental agencies and accounts | | 4 | | | | | | | 4 |
| Universities and technikons | | | | | | | | | |
| Public corporations and private enterprises | | | | | | | | | |
| Foreign governments and international organisations | | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | | | | | | | | | |
| Payments for capital assets | | 1 670 | | | | (119) | | (119) | 1 551 |
| Buildings and other fixed structures | | | | | | | | | |
| Machinery and equipment | | 1 670 | | | | (119) | | (119) | 1 551 |
| Cultivated assets | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | |
| Land and subsoil assets | | | | | | | | | |
| Heritage assets | | | | | | | | | |
| Payments for financial assets | | | | | | | | | |
| Total | | 141 219 | | | | (1 300) | | (1 300) | 139 919 |

Programme 2: Environmental Affairs

Table 3.1.2: Adjusted Estimates

| | | 2016/17 | | | | | | |
|---|--------------------|-----------------------|--------------------------|----------------------------|----------------------|------------------------|--------------------------------|------------------------|
| Subprogramme | Main appropriation | Special appropriation | Adjustment appropriation | | | | Total adjustment appropriation | Adjusted appropriation |
| | | | Roll-overs | Unforeseeable /unavoidable | Virements and shifts | Declared unspent funds | | |
| R'thousand | | | | | | | | |
| 1. Environmental Quality Management | 19 692 | | | | (5 391) | | (5 391) | 14 301 |
| 2. Policy Coordination & Environmental Planning | 4 541 | | | | (32) | | (32) | 4 509 |
| 3. Compliance and Enforcement | 17 307 | | | | (261) | | (261) | 17 046 |
| 4. Biodiversity Management | 114 731 | | 1 863 | | 4 096 | (9 823) | (3 864) | 110 867 |
| 5. Environmental Empowerment services | 15 474 | | | | (412) | | (412) | 15 062 |
| Total | 171 745 | | 1 863 | | (2 000) | (9 823) | (9 960) | 161 785 |
| Economic classification | | | | | | | | |
| Current payments | 129 267 | | 1 863 | | 19 350 | | 21 213 | 150 480 |
| Compensation of employees | 93 363 | | | | | | | 93 363 |
| Goods and Services | 35 904 | | 1 863 | | 19 350 | | 21 213 | 57 117 |
| Interest and rent on land | | | | | | | | |
| Transfers and subsidies to | 182 | | | | 240 | | 240 | 422 |
| Provinces and municipalities | | | | | 240 | | 240 | 240 |
| Departmental agencies and accounts | 182 | | | | | | | 182 |
| Universities and technikons | | | | | | | | |
| Public corporations and private enterprises | | | | | | | | |
| Foreign governments and international organisations | | | | | | | | |
| Non-profit institutions | | | | | | | | |
| Households | | | | | | | | |
| Payments for capital assets | 42 296 | | | | (21 590) | (9 823) | (31 413) | 10 883 |
| Buildings and other fixed structures | 39 148 | | | | (20 000) | (9 823) | (29 823) | 9 325 |
| Machinery and equipment | 3 148 | | | | (1 889) | | (1 889) | 1 259 |
| Cultivated assets | | | | | | | | |
| Software and other intangible assets | | | | | 299 | | 299 | 299 |
| Land and subsoil assets | | | | | | | | |
| Heritage assets | | | | | | | | |
| Payments for financial assets | | | | | | | | |
| Total | 171 745 | | 1 863 | | (2 000) | (9 823) | (9 960) | 161 785 |

Programme 3: Economic Development

Table 1.1.3: Adjusted Estimates

| | | 2016/17 | | | | | | | |
|---|--------------------|-----------------------|----------------------------|----------------------|------------------------|-------------------|--------------------------------|------------------------|----------------|
| Subprogramme | Main appropriation | Special appropriation | Adjustment appropriation | | | | Total adjustment appropriation | Adjusted appropriation | |
| | | | Unforeseeable /unavoidable | Virements and shifts | Declared unspent funds | Other adjustments | | | |
| R'thousand | | | Roll-overs | | | | | | |
| 1. Intergrated Economic Development | 14 852 | | | | (304) | | (304) | 14 548 | |
| 2. Economic Research and Planning | 72 866 | | | | (242) | | (242) | 72 624 | |
| 3. Small Business Development | 34 782 | | | | (454) | (11 200) | 6 000 | (5 654) | 29 128 |
| Total | 122 500 | | | | (1 000) | (11 200) | 6 000 | (6 200) | 116 300 |
| Economic classification | | | | | | | | | |
| Current payments | 52 560 | | | | 2 750 | (11 000) | | (8 250) | 44 310 |
| Compensation of employees | 32 659 | | | | | | | | 32 659 |
| Goods and Services | 19 901 | | | | 2 750 | (11 000) | | (8 250) | 11 651 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to | 69 059 | | | | (3 451) | (200) | 6 000 | 2 349 | 71 408 |
| Provinces and municipalities | | | | | | | | | |
| Departmental agencies and accounts | 55 551 | | | | | | | | 55 551 |
| Universities and technikons | | | | | | | | | |
| Public corporations and private enterprises | 13 508 | | | | (3 800) | (200) | 6 000 | 2 000 | 15 508 |
| Foreign governments and international organisations | | | | | | | | | |
| Non-profit institutions | | | | | | | | | |
| Households | | | | | 349 | | | 349 | 349 |
| Payments for capital assets | 881 | | | | (299) | | | (299) | 582 |
| Buildings and other fixed structures | | | | | | | | | |
| Machinery and equipment | 881 | | | | (299) | | | (299) | 582 |
| Cultivated assets | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | |
| Land and subsoil assets | | | | | | | | | |
| Heritage assets | | | | | | | | | |
| Payments for financial assets | | | | | | | | | |
| Total | 122 500 | | | | (1 000) | (11 200) | 6 000 | (6 200) | 116 300 |

Programme 4: Tourism

Table 3.1.4: Adjusted Estimates

| 2016/17 | | | | | | | | |
|---|--------------------|-----------------------|----------------------------|----------------------|------------------------|-------------------|--------------------------------|------------------------|
| Subprogramme | Main appropriation | Special appropriation | Adjustment appropriation | | | | Total adjustment appropriation | Adjusted appropriation |
| | | | Unforeseeable /unavoidable | Virements and shifts | Declared unspent funds | Other adjustments | | |
| R'thousand | | | Roll-overs | | | | | |
| 1. Tourism Planning | 57 584 | | | 4 300 | (1 049) | 11 000 | 14 251 | 71 835 |
| 2. Tourism Growth and Development | 250 | | | | | | | 250 |
| 3. Tourism Sector Development | 250 | | | | | | | 250 |
| Total | 58 084 | | | 4 300 | (1 049) | 11 000 | 14 251 | 72 335 |
| Economic classification | | | | | | | | |
| Current payments | 14 648 | | | (117) | (1 049) | | (1 166) | 13 482 |
| Compensation of employees | 8 348 | | | | | | | 8 348 |
| Goods and Services | 6 300 | | | (117) | (1 049) | | (1 166) | 5 134 |
| Interest and rent on land | | | | | | | | |
| Transfers and subsidies to | 43 187 | | | 4 400 | | 11 000 | 15 400 | 58 587 |
| Provinces and municipalities | | | | | | | | |
| Departmental agencies and accounts | 43 187 | | | 4 400 | | 11 000 | 15 400 | 58 587 |
| Universities and technikons | | | | | | | | |
| Public corporations and private enterprises | | | | | | | | |
| Foreign governments and international organisations | | | | | | | | |
| Non-profit institutions | | | | | | | | |
| Households | | | | | | | | |
| Payments for capital assets | 249 | | | 17 | | | 17 | 266 |
| Buildings and other fixed structures | | | | | | | | |
| Machinery and equipment | 249 | | | 17 | | | 17 | 266 |
| Cultivated assets | | | | | | | | |
| Software and other intangible assets | | | | | | | | |
| Land and subsoil assets | | | | | | | | |
| Heritage assets | | | | | | | | |
| Payments for financial assets | | | | | | | | |
| Total | 58 084 | | | 4 300 | (1 049) | 11 000 | 14 251 | 72 335 |

Special appropriation – R0.000 million

No special appropriation allocated to the department

Details of adjustments to Estimates of Provincial Revenue & Expenditure 2016**Rollovers – R1.863 million**

The following rollover funds were approved:

- R0.161 million for Expanded Public Works (EPWP)
- R1.702 million for Infrastructure Enhancement Allocation

Unforeseeable and unavoidable expenditure

Not applicable to the department.

Virements and Shifts**Details of virements and shifting within the department**

Table 3.2: Details on virements and shifts

| Programmes | | | FROM: | TO: | | |
|--------------------------------------|--|-------------|--------------------------------------|--|-------------|--|
| 1. Administration | | | -2 181 | 1. Administration | | |
| 2. Environmental Affairs | | | -23 570 | 2. Environmental Affairs | | |
| 3. Economic Development | | | | | | |
| 4. Tourism | | | | | | |
| Total | | | -25 751 | Total | | |
| | | | | 21 971 | | |
| FROM: | | | TO: | | | |
| Programme by Economic classification | Motivation | R' thousand | Programme by Economic classification | Motivation | R' thousand | |
| Programme 1: Administration | | | Programme 1: Administration | | | |
| | | | 881 | | | |
| Goods and Services | Funds shifted for procurement of Furniture and Computers | -881 | Machinery and Equipment | Funds shifted for procurement of Furniture and Computers | 881 | |
| | | | | | | |
| Goods and services | Funds are to fund FSTA Cherry Festival | -300 | | | | |
| | | | | | | |
| Machinery and Equipment | Funds shifted to fund National Tourism Expo (NTCE) | -1 000 | | | | |
| | | | | | | |
| | | | -1 300 | | | |
| | | | | | | |
| Percentage of programme budget | | | 0.9% | | | |
| Programme 2: Environmental Affairs | | | Programme 2: Environmental Affairs | | | |
| | | | 21 090 | | | |
| Goods and services | Funds shifted for procurement of Furniture and Computers | -451 | Machinery and Equipment | Funds shifted for procurement of Furniture and Computers | 451 | |
| | | | 0 | | | |
| | Funds shifted for procurement of Software Licence | -299 | | Funds shifted for procurement of Software Licence | 299 | |
| Machinery and Equipment | Funds shifted to fund National Tourism Expo (NTCE) | -1 000 | Transfers and subsidies | Transfer to Municipality for EPWP | 240 | |
| Building and other fixed Structure | Funds shifted to fund National Tourism Expo (NTCE) | -1 000 | Goods and Services | Reclassification of Waste management budget | 1 100 | |
| Machinery and Equipment | Transfer to Municipality for EPWP | -240 | Goods and Services | Funding of Cleaning of Rivers | 19 000 | |
| Machinery and Equipment | Reclassification of Waste management budget | -1 100 | | | | |
| Building and other fixed Structure | Funding of Cleaning of Rivers | -19 000 | | | | |
| | | | | | | |
| Percentage of programme budget | | | 1.2% | | | |
| Sub-total | | | -25 271 | | | |
| | | | 21 971 | | | |

Table 3.2: Details on virements and shifts continues

| Programmes | | FROM: | TO: | |
|--|--|-----------------|--|--|
| 1. Administration | | | 1. Administration | |
| 2. Environmental Affairs | | | 2. Environmental Affairs | |
| 3. Economic Development | | (5 850) | 3. Economic Development | 4 850 |
| 4. Tourism | | (117) | 4. Tourism | 4 897 |
| Sub-total | | (5 967) | Sub-total | 9 747 |
| Programme 3: Economic Development | | (5 850) | Programme 3: Economic Development | |
| | | | | 0 |
| Goods and services | Funds shifted for procurement of Furniture and Computers | (1 050) | Machinery and Equipment | Funds shifted for procurement of Furniture and Computers |
| | | | | 701 |
| | | | Transfers and Subsidies | Payment for leave gratuity |
| | | | | 349 |
| | | | Goods and Services | Funding of SABS |
| | | | | 700 |
| Transfers and Subsidies | Funding of SABS and Global Trade shortfall | (700) | | Reclassification of Black Industrialists budget |
| | | | | 3 100 |
| | Reclassification of Black Industrialists budget | (3 100) | | |
| Machinery and Equipment | Funds shifted to fund National Tourism Expo (NTCE) | (1 000) | | |
| | | (1 000) | | |
| Percentage of programme budget | | 0.8% | | |
| Programme 4: Tourism | | (117) | Programme 4: Tourism | |
| Goods and services | Shifted to fund donations requested and to buy computers | (117) | Households | To fund requests for donations |
| | | | | 100 |
| | | | Machinery and Equipment | To buy Computer |
| | | | | 17 |
| | | | Transfers and Subsidies | Funding of Cherry Festival |
| | | | | 300 |
| | | | Transfers and Subsidies | Funds shifted to fund National Tourism Expo (NTCE) |
| | | | | 4 000 |
| | | 4 300 | | |
| Percentage of programme budget | | 7.4% | | |
| Sub-total | | (5 967) | | 9 747 |
| Total | | (31 238) | | 31 238 |

Virements and Shifts

Programme 1: Administration

Goods and services

- Shifting within programme 1 of R0.881 million was implemented from goods and services to machinery and equipment to procure furniture and computers for new appointees.
- An amount of R0.300 million was shifted from goods and services to fund Cherry Festival hosted by Free State Tourism Authority (FSTA).
- An amount of R1.000 million was shifted to fund National Tourism Expo (NTCE).

Programme 2: Environmental Affairs

Goods and services

- Shifting within programme 2 of R0.451 million was implemented from goods and services to machinery and equipment to procure furniture and computers for new appointees. An additional amount of R0.299 million was shifted to fund the procurement of software.

Machinery and equipment

- An amount of R1.000 million was shifted to fund National Tourism Expo (NTCE).
- An amount of R0.240 million will be transferred to municipalities to pay EPWP workers.
- The waste management budget of R1.100 million will be reclassified to goods and services to pay for payroll administrators.

Building and other fixed structures.

- An amount of R1.000 million was shifted to fund NTCE.
- An amount of R14.000 million was shifted from infrastructure projects to fund the cleaning of rivers project.
- An amount of R5.000 million is reprioritized from infrastructure to fund additional funds required for Flower Festival.

Programme 3: Economic Development

Goods and services

- Shifting within programme 3 of R1.050 million was done from goods and services to machinery and equipment to buy furniture and computers for new appointees.
- An amount of R10.000 million that was allocated for the development of crafters was reprioritized with the department.
- An amount of R1.000 million that was allocated for Trade Bridge was redirected to the Department of the Premier that is currently leading the project.

Transfers and subsidies

- An amount of R0.900 million was reduced from Black Industrialists budget to fund SABS.

Machinery and equipment

- An amount of R1.000 million was shifted to fund National Tourism Expo (NTCE).

PROGRAMME 4: Tourism

Goods and services

- An amount of R1.049 million was reduced from Tourism Hospitality Grant to cater for funds prioritized to the department of the Premier.
- An additional amount of R4.000 million is allocated for National Tourism Expo.
- An amount of R5.000 million is reprioritized within the department to fund flower festival which cost a total of R12.000 million and only R7.000 million was additionally allocated to the department.

Declared unspent funds – (R22.072 million)

The departmental budget was downscaled by as follows:

- Reduction of R1.049 million regarding claims for provincial events to the department of the Premier.
- Reduction of R1.200 million regarding the trade bridge to the department of the Premier.
- Reduction of R19.823 million from the internal reprioritization on earmarked funds.

Other adjustments (Additional funding) – R17.000 million

- An amount of R4.000 million is allocated to fund Tourism Sport Development.
- An additional Funding of R7.000 million is allocated for Flower Festival.
- An additional amount of R6.000 million is allocated as a transfer to FDC for piloting the telephony system.

Funds shifted between votes following transfer of function – R0.000 million

Not applicable to the department.

Funds shifted within a vote following function shift – R0.000 million

Not applicable to the department.

Adjustment due to significant and unforeseeable economic and financial events – R0.000 million

Not applicable to the department.

Use of funds I emergency situation – R0.000 million

Not applicable to the department.

Self-financing expenditure – R0.000 million

Not applicable to the department.

Gifts, donations and Sponsorships – R0.000 million

Not applicable to the department.

Direct charge against the provincial revenue fund – R0.000 million

Not applicable to the department.

Expenditure outcome for 2015/16 and actual expenditure for 2016/17

Table 3.3: Expenditure Trends

| | 2015/16 Audited outcome | | | | 2016/17 Actual expenditure | | | |
|---|----------------------------|--------------------|--|---------------------|--|----------------------------------|--------------------|---|
| | Adjusted appropriation | Apr 2015- Sep 2015 | Apr 2015 - Sep 2015 % adjusted appropriation | Apr 2015 - Mar 2016 | Apr 2015 - Mar 2016 % adjusted appropriation | Adjusted appropriation/Total (%) | Apr 2016- Sep 2016 | Apr 15 - Sep 15 % of adjusted appropriation |
| R thousand | | | | | | | | |
| 1. Programme 1: Administration | 132 402 | 69 102 | 52.19% | 138 489 | 105% | 29% | 68 480 | 49% |
| 2. Programme 2: Environmental Affairs | 144 103 | 69 544 | 48.26% | 140 834 | 98% | 33% | 61 670 | 38% |
| 3. Programme 3: Economic Development | 133 545 | 69 624 | 52.14% | 123 811 | 93% | 24% | 53 723 | 46% |
| 4. Programme 4: Tourism | 58 738 | 32 083 | 54.62% | 60 280 | 103% | 15% | 38 839 | 53% |
| Subtotal | 468 788 | 240 353 | 51.27% | 463 414 | 98.85% | 100% | 222 712 | 45.42% |
| Direct charge against the Provincial Revenue Fund | | | | | | | | |
| Total | 468 788 | 240 353 | 51.27% | 463 414 | 98.85% | 490 339 | 222 712 | 45.42% |
| Current payments | 312 498 | 160 071 | 51.22% | 308 357 | 98.67% | 70% | 146 640 | 42.81% |
| Compensation of employees | 213 979 | 105 930 | 49.50% | 213 471 | 99.76% | 65% | 110 428 | 49.60% |
| Goods and services | 98 519 | 54 141 | 54.95% | 94 886 | 96.31% | 35% | 36 212 | 30.20% |
| Interest and rent on land | | | | | | | | |
| Transfers and subsidies | 129 946 | 71 398 | 54.94% | 131 646 | 101.31% | 27% | 71 031 | 52.82% |
| Provinces and municipalities | | | | | | 0% | 240 | |
| Departmental agencies and accounts | 102 822 | 49 877 | 48.51% | 104 664 | 101.79% | 85% | 64 435 | 56.38% |
| Universities and technikons | 2 000 | 1 905 | | 1 905 | 95.25% | | | |
| Public corporations & private enterprises | 24 179 | 18 900 | | 22 600 | 93.47% | | 6 200 | 31.78% |
| Non-profit institutions | | | | | | 15% | 19 508 | |
| Households | 945 | 716 | 75.77% | 2 477 | 262.12% | 0% | 449 | 88.20% |
| Payments for capital assets | 26 344 | 8 884 | 34% | 23 411 | 88.87% | 3% | 5 041 | 37.95% |
| Buildings and other fixed structures | 16 460 | 7 674 | 46.62% | 14 207 | 86.31% | 70% | 4 152 | 44.53% |
| Machinery and equipment | 9 884 | 1 210 | 12.24% | 8 963 | 90.68% | 28% | 875 | 23.92% |
| Specialised military assets | | | | | | | | |
| Cultivated assets | | | | | | | | |
| Software and other intangible assets | | | | | | 8% | 299 | 14 |
| Land and subsoil assets | | | | 241 | | | | |
| Payments for financial assets | | | | | | | | |
| Total | 468 788 | 240 353 | 51.27% | 463 414 | 98.85% | 490 339 | 222 712 | 45.42% |

Main expenditure trends for the first half of the 2015/16 and 2016/17 financial year

Expenditure in the first six months of the 2015/16 financial year amounted to R240.353 million or 51.27 percent of the budget. For 2016/17 spending was R222.712 million or 45.42 percent of the budget, the spending is slightly below the 50 percent benchmark.

Programme: 1: Administration

The expenditure on Administration is at 49 percent in the first six months of the 2016/17 financial year compared to 52 percent in the previous financial year. Expenditure was low due to slow start of procurement processes in the department.

Programme 2: Environmental Affairs

The expenditure on Environmental Affairs is standing at 38 percent in the 2016/17 financial year compared to 48 percent in the previous financial year. The low percentage spending in the current financial year is mainly due to slow spending on infrastructure projects. However, funds have been reprioritised to other programmes or projects within the department.

Programme 3: Economic Development

Economic Development has spent 46 percent of the budget this year, compared to 52 percent last financial year. Slow spending is due to lack of spending on earmarked funds.

Programme 4: Tourism

The 53 percent spending in the 2016/17 financial year compared to 54 percent of previous year is due to Tourism month activities that take place in September month and invoices come after that.

Compensation of employees

The department has spent 49 percent in the first six months, this will increase as most of the appointment were made in October/November 2016.

Goods and services

The department has improved this year at 30 percent compared to 54 percent last year. Slow spending is due to lack of spending on earmarked funds.

Building and other fixed structures

Expenditure in this area is delayed by the Department of Public Works, which is an implementing agent for the department. The budget on this item has been reprioritized to fund pressures within the department.

Machinery and equipment

Expenditure is standing at 23 percent for the current financial year. This will improve due to new appointments in the department.

Departmental receipts

Table 3.4: Departmental Receipts

| R thousand | Audited outcome | | | | | Actual receipts | | | | |
|---|-------------------|---------------------|-----------------------------------|---------------------|---|-----------------|-------------------|--------------------------------------|---------------------|--|
| | Adjusted estimate | Apr 2015 - Sep 2015 | Sep 2015 % adjusted appropriation | Apr 2015 - Mar 2016 | Apr 2015 - Mar 2016 % adjusted estimate | Budget estimate | Adjusted estimate | Adjusted receipts estimate/Total (%) | Apr 2016 - Sep 2016 | Apr 2016 - Sep 2016 % of adjusted estimate |
| Departmental receipts | 35 524 | 28 279 | 79.61% | 35 603 | 100.22% | 25 894 | 26 156 | | 4 442 | 16.98% |
| Tax receipts | | | | | | | | | | |
| Sales of goods and services other than capital | 33 858 | 27 619 | 81.57% | 34 452 | 101.75% | 24 179 | 25 269 | 97% | 4 260 | 16.86% |
| Transfers received | | | | | | | | | | |
| Fines, penalties and forfeits | 690 | 35 | 5.07% | 35 | 5.07% | 711 | 711 | 0% | 5 | 0.70% |
| Interest, dividends and rent on land | 707 | 452 | 63.93% | 678 | 95.90% | 347 | 12 | 0% | 8 | 66.67% |
| Sales of capital assets | | | | | | | | | | |
| Financial transactions in assets and liabilities | 269 | 173 | 64.31% | 438 | 162.83% | 657 | 164 | 1% | 169 | 103.05% |
| PRF receipts (non- departmental receipts) | | | | | | | | | | |
| Restructuring proceeds from SASRIA Structured levy account from SARB | | | | | | | | | | |
| Total | 35 524 | 28 279 | 79.61% | 35 603 | 100.22% | 25 894 | 26 156 | 100% | 4 442 | 16.98% |

Revenue trends for the first half of 2015/16

Performance in 2015/16

The Department managed to reach the revenue target, which was largely due to two game auctions that took place (one is an annual event and the other one was targeted at animals that were in pristine condition and were of great interest to buyers that were willing to pay more for that quality). These two auctions resulted in total revenue worth R20.507 million; which is the highest ever amount collected by the Department since the introduction of this process.

Outlook for 2016/17

The Department did not conduct the annual game auction on time for 2016/17 (which normally takes place in April). This is a major source of income and constitutes just over 50 percent of the total revenue budget. This event will only take place in February 2017 and it is expected that all the money that is payable for the auction will be paid before the end of the 2016/17 financial year. In terms of the Departmental game management plan, there is two-year cycle for game disposal, which would result in some game reserves selling game in one financial year and not selling in the other so as to allow breeding to take place and this has a huge impact on revenue collection.

The fluctuation in the estimated game auction sales has a major impact of revenue projection and this is dependent on a number of factors, like (but not limited to):

- The frequency of rainfall
- The quality of vegetation
- Market demand for particular game species
- Reproductive/breeding rate

The Department has taken back the management and control of Phillip Sanders Resort and it is expected that this will provide a new revenue stream from the sale of goods & services due to the size of its accommodation facilities and close proximity to Bloemfontein.

Interest revenue from the Free State Gambling and Liquor Authority (FSGLA) is no longer part of Departmental revenue due to the change in accounting treatment as outlined in the Modified Cash Standard (Accounting Manual for Government Departments).

Changes to transfers and subsidies, including conditional grants

Table 3.5: Summary of changes to transfers and subsidies per programme

| | | 2016/17 | | | | | | | |
|---|--------------------|--------------------------|------------|-----------------------------|---------------------|------------------------|-------------------|---------------------------------|------------------------|
| | | Adjustment appropriation | | | | | | | |
| R thousand | Main appropriation | Special Appropriation | Roll-overs | Unforeseeable / unavoidable | Virement and shifts | Declared unspent funds | Other adjustments | Total adjustments appropriation | Adjusted appropriation |
| Programme 1: Administration | 4 | | | | | | | | 4 |
| Current | | | | | | | | | |
| House holds | 4 | | | | | | | | 4 |
| Item name | | | | | | | | | |
| Programme 2: Environmental Affairs | 62 428 | | | | 1 189 | (200) | 17 000 | 17 989 | 80 417 |
| Current | | | | | | | | | |
| Provinces and Municipalities | | | | | 240 | | | 240 | 240 |
| Departmental agencies and accounts | 182 | | | | | | | | 182 |
| Households | | | | | | | | | |
| Programme 3: Economic development | 5 551 | | | | | | | | 5 551 |
| Departmental agencies and accounts | 5 551 | | | | | | | | 5 551 |
| Universities and technokons | | | | | | | | | |
| Public corp and private enterprise | 13 508 | | | | (3 800) | (200) | 6 000 | 2 000 | 15 508 |
| Households | | | | | 349 | | | 349 | 349 |
| Programme 4: Tourism | 43 187 | | | | 4 400 | | 11 000 | 15 400 | 58 587 |
| Departmental agencies and accounts | 43 187 | | | | 4 400 | | 11 000 | 15 400 | 58 587 |
| Total transfers and subsidies | 62 432 | | | | 1 189 | (200) | 17 000 | 17 989 | 80 421 |

Table 3.6 (a): Summary of changes to conditional grants: Province

| | | 2015/16 | | | | | | | |
|---|--------------------|--------------------------|------------|-----------------------------|---------------------|------------------------|-------------------|---------------------------------|------------------------|
| | | Adjustment appropriation | | | | | | | |
| R thousand | Main appropriation | Special appropriation | Roll-overs | Unforeseeable / unavoidable | Virement and shifts | Declared unspent funds | Other adjustments | Total adjustments appropriation | Adjusted appropriation |
| 1. Programme number. name | 2 629 | | | 161 | | | | 161 | 2 790 |
| Economic sphere | | | | | | | | | |
| Current | | | | | | | | | |
| EPWP | 2 629 | | | 161 | | | | 161 | 2 790 |
| Item name | | | | | | | | | |
| Total Revenue Enhancement Allocation | 2 629 | | | 161 | | | | 161 | 2 790 |

Table 3.6(b): Summary of changes to provincial earmarked funds

| | | 2016/17 | | | | | | | |
|---|--------------------|--------------------------|--------------|----------------------------|---------------------|------------------------|-------------------|---------------------------------|------------------------|
| | | Adjustment appropriation | | | | | | | |
| R thousand | Main appropriation | Special appropriation | Roll-overs | Unforeseeable /unavoidable | Virement and shifts | Declared unspent funds | Other adjustments | Total adjustments appropriation | Adjusted appropriation |
| 1. Environmental Affairs | 43 770 | | 1 702 | | (20 000) | (9 823) | | (28 121) | 15 649 |
| Economic sphere | | | | | | | | | |
| Current/Capital | | | | | | | | | |
| Earmarked fund | | | | | | | | | |
| Infrastructure Enhancement Allocation | 41 770 | | 1 702 | | (20 000) | (9 823) | | (28 121) | 13 649 |
| Waste Management | 2 000 | | | | | | | | 2 000 |
| 2. Economic Development | 25 057 | | | | | (11 200) | | (11 200) | 13 857 |
| Economic sphere | | | | | | | | | |
| Current/Capital | | | | | | | | | |
| Earmarked fund | | | | | | | | | |
| Small business development | 14 057 | | | | | (200) | | (200) | 13 857 |
| Global Trade Bridge | 1 000 | | | | | (1 000) | | (1 000) | |
| Flee Market - Development & support of crafters | 10 000 | | | | | (10 000) | | (10 000) | |
| 3. Tourism | 5 210 | | | | 9 000 | | 11 000 | 20 000 | 25 210 |
| Economic sphere | | | | | | | | | |
| Current/Capital | | | | | | | | | |
| Earmarked fund | | | | | | | | | |
| Tourism Development - FSTA | 1 210 | | | | | | | | 1 210 |
| Tourism and Hospitality grants | 4 000 | | | | | | | | 4 000 |
| Flower Festival - FSTA | | | | | 5 000 | | 7 000 | 12 000 | 12 000 |
| Tourism Sport Development (FS international football) | | | | | | | 4 000 | 4 000 | 4 000 |
| National Tourism Expo | | | | | 4 000 | | | 4 000 | 4 000 |
| Total earmarked funds | 74 037 | | 1 702 | | (11 000) | (21 023) | 11 000 | (19 321) | 54 716 |

Aid Assistance (EPWP: DEA)

Project Name: Free State Priority Biodiversity Rehabilitation Project (FSPBR)

Purpose:

To contribute to the restoration and maintenance of natural resources and ecosystem services, and thereby the optimising of the conservation and use of natural resources, in doing so, it will address poverty relief and promote economic empowerment and transformation within a public works' framework.

Budget: R2.472 million

Start: 01 November 2015

End: 30 March 2017

An amount of R0.697 million is the remaining balance of the allocated budget in the 2015/16 financial year which will be utilised in the current financial year to finalise the project as planned.

The total declared saving from infrastructure funding amount to R9.823 million which was surrendered to PRF. An amount of R19.000 million was reprioritised from the slow spending projects to fund the cleaning of rivers. An additional R1.000 million was shifted to fund other pressures (flower festival). There was an additional amount approved as a rollover of R1.702 million for maintenance and upgrades.

The table below illustrates the summary of infrastructure adjustment according to infrastructure categories.

Table 1.8: Summary of adjusted infrastructure appropriation

| | Main Appropriation 2016/17 | Increase/ Decrease | Adjusted Appropriation 2016/17 |
|--|----------------------------------|--------------------|--------------------------------------|
| Infrastructure | | | |
| Existing infrastructure assets | 25 070 | (14 621) | 10 449 |
| Maintenance and repair | | | |
| Upgrades and additions | 22 448 | (14 823) | 7 625 |
| Refurbishment and rehabilitation | 2 622 | 202 | 2 824 |
| New infrastructure assets | 16 700 | (13 500) | 3 200 |
| Infrastructure transfers | | | |
| Current | | | |
| Capital | | | |
| Infrastructure: Payments for financial assets | | | |
| Infrastructure: Leases | | | |
| Total Infrastructure | 41 770 | (28 121) | 13 649 |
| <i>Capital infrastructure</i> | | | |
| <i>Current infrastructure</i> | | | |
| Economic classification | | | |
| Current payments | 2 622 | 202 | 2 824 |
| Compensation of employees | | | |
| Goods and Services | 2622 | 202 | 2 824 |
| Interest and rent on land | | | |
| Transfers and subsidies to | | | |
| Provinces and municipalities | | | |
| Departmental agencies and accounts | | | |
| Universities and technikons | | | |
| Public corporations and private enterprises | | | |
| Foreign governments and international organisations | | | |
| Non-profit institutions | | | |
| Households | | | |
| Payments for capital assets | 39 148 | (28 323) | 10 825 |
| Buildings and other fixed structures | 39 148 | (28 323) | 10 825 |
| Machinery and equipment | | | |
| Cultivated assets | | | |
| Software and other intangible assets | | | |
| Land and subsoil assets | | | |
| Heritage assets | | | |
| Payments for financial assets | | | |
| Total | 41 770 | (28 121) | 13 649 |