

Vote 3

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

Adjusted budget summary

2019/20					
R thousand	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
Total amount to be appropriated	630 925		670 667	(16 588)	56 330
of which economic classification:					
Current payments	446 234		447 368	(16 588)	17 722
Transfers and subsidies	167 645		198 880		31 235
Payments for capital assets	17 046		24 399		7 353
Payments for financial assets			20		20
of which source of funding:					
Equitable Share	440 555		443 303	(7 588)	10 336
Conditional Grants	2 279		2 279		
Earmarked funds	106 706		143 700	(9 000)	45 994
Provincial Receipts	81 385		81 385		
Direct charge against the Provincial Revenue Fund	630 925		670 667	(16 588)	56 330
Executive Authority	MEC for Economic, Small Business Development, Tourism and Environmental Affairs				
Accounting Officer	Head of Department: Economic, Small Business Development, Tourism and				
Website address	www.detea.fs.gov.za				

Vote Purpose

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

No changes applicable

Adjusted Estimates of Provincial Revenue & Expenditure 2019

Table 3.1(a): Adjusted Estimates per programme

2019/20									
Programme	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand									
1. Administration	159 028		4 248		2 129	(1 500)		4 877	163 905
2. Environmental Affairs	206 966		14 557		(3 729)	(9 000)		1 828	208 794
3. Economic and Small Business Development	254 843		1 437		800		30 000	32 237	287 080
4. Tourism	10 088				800			800	10 888
Total	630 925		20 242			(10 500)	30 000	39 742	670 667

Economic classification

Table 3.1(b): Adjusted Estimates by economic classification

2019/20									
Economic classification	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand									
Current payments	446 234		17 722		(6 088)	(10 500)		1 134	447 368
Compensation of employees	285 011								285 011
Goods and Services	161 223		17 722		(6 088)	(10 500)		1 134	162 357
Interest and rent on land									
Transfers and subsidies	167 645				1 235		30 000	31 235	198 880
Provinces and municipalities									
Departmental agencies and accounts	117 979								117 979
Higher education institutions									
Public corporations and private enterprises	49 516						30 000	30 000	79 516
Non-profit institutions	100				255			255	355
Households	50				980			980	1 030
Payments for capital assets	17 046		2 520		4 833			7 353	24 399
Buildings and other fixed structures	14 500		2 520					2 520	17 020
Machinery and equipment	2 296				4 591			4 591	6 887
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets	250				242			242	492
Payments for financial assets					20			20	20
Total	630 925		20 242			(10 500)	30 000	39 742	670 667

Programme 1: Administration

Table 3.1.1: Adjusted Estimates

2019/20									
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand									
1. Office of the MEC	12 278				(710)		(710)	11 568	
2. Management Services	44 427				(110)		(110)	44 317	
3. Financial Management	60 438		4 248		2 020	(1 500)	4 768	65 206	
4. Corporate Services	41 885				929		929	42 814	
Total	159 028		4 248		2 129	(1 500)	4 877	163 905	
Economic classification									
Current payments	156 905		4 248		637	(1 500)	3 385	160 290	
Compensation of employees	114 464							114 464	
Goods and Services	42 441		4 248		637	(1 500)	3 385	45 826	
Interest and rent on land									
Transfers and subsidies	54				500		500	554	
Provinces and municipalities									
Departmental agencies and accounts	4							4	
Higher education institutions									
Public corporations and private enterprises									
Non-profit institutions									
Households	50				500		500	550	
Payments for capital assets	2 069				982		982	3 051	
Buildings and other fixed structures									
Machinery and equipment	2 069				982		982	3 051	
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets					10		10	10	
Total	159 028		4 248		2 129	(1 500)	4 877	163 905	

Programme 2: Environmental Affairs

Table 3.1.2: Adjusted Estimates

2019/20								
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 Policy, Planning and Coordi	2 643				122		122	2 765
2. Compliance and Enforcement	18 771				(256)		(256)	18 515
3. Environmental Quality Managemnt	35 711		12 037		1 301	(500)	12 838	48 549
4. Biodiversity Management	139 290		2 520		(4 796)	(8 500)	(10 776)	128 514
5. Environmental Empowerment Services	10 551				(100)		(100)	10 451
Total	206 966		14 557		(3 729)	(9 000)	1 828	208 794
Economic classification								
Current payments	191 689		12 037		(4 650)	(9 000)	(1 613)	190 076
Compensation of employees	124 177							124 177
Goods and Services	67 512		12 037		(4 650)	(9 000)	(1 613)	65 899
Interest and rent on land								
Transfers and subsidies	300				555		555	855
Provinces and municipalities								
Departmental agencies and accounts	200							200
Higher education institutions								
Public corporations and private enterprises								
Non-profit institutions	100				255		255	355
Households					300		300	300
Payments for capital assets	14 977		2 520		356		2 876	17 853
Buildings and other fixed structures	14 500		2 520				2 520	17 020
Machinery and equipment	227				114		114	341
Heritage assets								
Biological assets								
Land and sub-soil assets								
Software and other intangible assets	250				242		242	492
Payments for financial assets					10		10	10
Total	206 966		14 557		(3 729)	(9 000)	1 828	208 794

Programme 3: Economic Development

Table 3.1.3: Adjusted Estimates

2019/20									
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand									
1. Integrated Economic Development Service:	69 334				1 264		30 000	31 264	100 598
2. Economic Planning	130 371				19 019			19 019	149 390
3. Small Business Development	55 138		1 437		(19 483)			(18 046)	37 092
Total	254 843		1 437		800		30 000	32 237	287 080
Economic classification									
Current payments	87 552		1 437		(2 775)			(1 338)	86 214
Compensation of employees	38 782								38 782
Goods and Services	48 770		1 437		(2 775)			(1 338)	47 432
Interest and rent on land									
Transfers and subsidies	167 291				80		30 000	30 080	197 371
Provinces and municipalities									
Departmental agencies and accounts	117 775								117 775
Higher education institutions									
Public corporations and private enterprises	49 516						30 000	30 000	79 516
Non-profit institutions									
Households					80			80	80
Payments for capital assets					3 495			3 495	3 495
Buildings and other fixed structures									
Machinery and equipment					3 495			3 495	3 495
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets									
Payments for financial assets									
Total	254 843		1 437		800		30 000	32 237	287 080

Programme 4: Tourism

Table 3.1.4: Adjusted Estimates

2019/20								
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. Tourism Planning	4 097				(62)		(62)	4 035
2. Tourism Growth And Development	4 029				(45)		(45)	3 984
3. Tourism Sector Transformation	1 962				907		907	2 869
Total	10 088				800		800	10 888
Economic classification								
Current payments	10 088				700		700	10 788
Compensation of employees	7 588							7 588
Goods and Services	2 500				700		700	3 200
Interest and rent on land								
Transfers and subsidies					100		100	100
Provinces and municipalities								
Departmental agencies and accounts								
Higher education institutions								
Public corporations and private enterprises								
Non-profit institutions								
Households					100		100	100
Payments for capital assets								
Buildings and other fixed structures								
Machinery and equipment								
Heritage assets								
Biological assets								
Land and sub-soil assets								
Software and other intangible assets								
Payments for financial assets								
Total	10 088				800		800	10 888

Details of adjustments to Estimates of Provincial Revenue & Expenditure 2019

Roll-overs – R20.242 million

Programme 1: Administration

R4.248 million has been rolled over for payment of international bursaries.

Programme 2: Environmental Affairs

R12.037 million has been rolled over for payment of previous year's commitments towards Youth Enterprise Innovation.

R2.520 million has been rolled over for payment of infrastructure projects

Programme 3: Economic and Small Business Development

R1.437 million has been rolled over for payment of previous year's commitments towards Radical Economic Transformation

Unforeseeable and unavoidable expenditure

N/A

Virements and shifts

Programme 1. Administration

Goods and Services

Funds within programme 1 to the amount of **R 0.903 million** were shifted from Goods and services to machinery and equipment to pay for lease of photocopy machines.

An amount of **R 1.650 million** was shifted from Programme 2 to fund fleet services and telephone costs.

An amount of **R 1.800 million** was shifted from programme 1 to programme 3 to align captured budget on BAS with EPRE.

Amounts of **R 1.500 million** and **R 0.200 million** were shifted from programme 2 and programme 4 to fund pressures on goods and services.

Machinery and Equipment

An amount of **R 0.079 million** was shifted from programme 2 as part of centralizing budget for machinery equipment under programme 1 for IT equipment.

Transfers and Subsidies

An amount of **R 0.500 million** was shifted from programme 2 to fund households under programme 1.

Programme 2: Environmental Affairs

Goods and services

An amount of **R 3.650 million** was shifted to Programme 1 to fund pressures under goods and services for fleet services.

Amounts of **R 0.310 million** and **R 0.255 million** were shifted within programme 2 to fund households and payments for financial assets

Machinery and Equipment

An amount of **R 0.079 million** was shifted to programme 1 as part of centralizing budget for IT equipment.

Transfers and Subsidies

An amount of **R 0.555 million** was shifted from goods and services.

Programme 3: Economic and Small Business Development

Goods and services

An amount of **R 1.800 million** was shifted from programme 1 to align the budget with EPRE.

An amount of **R 1.000 million** was shifted to programme 4 to fund earmarked projects under that programme

An amount of **R 0.020 million** was shifted with programme 3 from goods and services to households

An amount of **R 13.095 million** was shifted with programme 3 from Goods and services to machinery and equipment for the reclassification.

Machinery and Equipment

The amount of **R 13.095 million** was shifted from goods and services to machinery and equipment for the reclassification.

Programme 4: Tourism

Goods and services

An amount of **R 1.000 million** was shifted from programme 3 to fund Kasi Tourism project.

An amount of **R 0.200 million** was shifted to programme 1 to cover fleet services

An amount of **R 0.100 million** was shifted within programme to fund households

Details on virements and shifts within a department

Table 3.2: Details on virements and shifts

Programmes		R'thousand	Programmes		R'thousand
1. Administration		(650)	1. Administration		2 779
2. Environmental Affairs		(4 802)	2. Environmental Affairs		1 073
3. Economic and Small Business Development		(19 483)	3. Economic and Small Business Development		20 283
4. Tourism		(107)	4. Tourism		907
Total		(25 042)			25 042

FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 1		(650)	Programme 1		2 779
Good and Services	Funding of pressures under machinery and equipment for photocopy machines	(650)	Machinery and equipment	Funding of pressures under machinery and equipment for photocopy machines	650
			Households	Households were not budgeted for	500
			Goods and services	Shortfall for Fleet Services and cellphones	1 629
			Machinery and equipment		
Percentage of programme budget		0.4%			%
Programme 2		(4 802)	Programme 1		2 310
Goods and services	Funding of Fleet services in programme 1 and cellphone costs	(4 802)	Goods and services	For shortfall in fleet and cellphone contracts	2 000
			Programme 2		
			Transfers and subsidies and Payments for Financial Transactions	To accommodate households and theft and losses written off	310
			Programme 1		363
			Machinery and equipment	Shortfall in machinery and equipment	363
Percentage of programme budget		2.3%			%
Programme 3		(19 483)	Programme 3		19 021
Goods and services	Re-classification as recommended by Auditor General	(19 483)	Machinery and equipment	Re-classification as recommended by Auditor General	19 021
			Good and services		
Programme 4		(107)	Programme 1		569
Goods and services	to fund pressures in programme one	(107)	Good and services		200
			Programme 4		369
			Good and services		
Percentage of programme budget		1.1%			%
Total		(25 042)			25 042

Declared unspent funds

A total amount of R10.500 million was declared a saving and surrendered back to Provincial Treasury for Provincial Pressures.

Other adjustments

An additional amount of R30.000 million was allocated to FDC for MAPSEZ bulk infrastructure.

Expenditure outcome for 2018/19 and actual expenditure for 2019/20

Table 3.3: Expenditure trends

R thousand	2018/19					2019/20			
	Audited outcome					Actual expenditure			
	Adjusted appropriation	Apr 2018 - Sep 2018	% of adjusted appropriation	Apr 2018 - Mar 2019	% of adjusted appropriation	Adjusted appropriation	Adjusted /Total (%)	Apr 2019 - Sep 2019	% of adjusted appropriation
Programmes									
1. Administration	175 058	85 091	48.6%	176 864	101.0%	163 905	24.4%	75 796	46.2%
2. Environmental Affairs	170 363	70 471	41.4%	151 259	88.8%	208 794	31.1%	76 516	36.6%
3. Economic and Small Business Development	226 183	111 871	49.5%	221 588	98.0%	287 080	42.8%	114 217	39.8%
4. Tourism	9 130	4 699	51.5%	8 524	93.4%	10 888	1.6%	4 198	38.6%
Total	580 734	272 132	46.9%	558 235	96.1%	670 667	100.0%	270 727	40.4%
Economic Classification									
Current payments	422 193	183 807	43.5%	396 067	93.8%	447 368	66.7%	186 344	41.7%
Compensation of employees	273 145	135 692	49.7%	269 794	98.8%	285 011	42.5%	135 563	47.6%
Goods and services	149 048	48 115	32.3%	126 273	84.7%	162 357	24.2%	50 781	31.3%
Interest and rent on land									
Transfers and subsidies	141 701	84 247	59.5%	149 466	105.5%	198 880	29.7%	79 936	40.2%
Provinces and municipalities									
Departmental agencies and accounts	109 033	57 901	53.1%	108 928	99.9%	117 979	17.6%	55 246	46.8%
Higher education institutions									
Public corporations and private enterprises	32 000	26 000	81.3%	38 950	121.7%	79 516	11.9%	24 000	30.2%
Non-profit institutions	67			200	298.5%	355	0.1%	89	25.1%
Households	601	346	57.6%	1 388	230.9%	1 030	0.2%	601	58.3%
Payments for capital assets	16 840	4 056	24.1%	12 470	74.0%	24 399	3.6%	4 434	18.2%
Buildings and other fixed structures	7 000	71	1.0%	1 797	25.7%	17 020	2.5%	978	5.7%
Machinery and equipment	9 077	3 970	43.7%	10 673	117.6%	6 887	1.0%	3 433	49.8%
Heritage assets									
Biological assets									
Land and sub-soil assets									
Software and other intangible assets	763	15	2.0%			492	0.1%	23	4.7%
Payments for financial assets		22		232		20	0.0%	13	65.0%
Total	580 734	272 132	46.9%	558 235	96.1%	670 667	100.0%	270 727	40.4%

Expenditure trends for the first six months of the 2019/20

The expenditure for the first six months of the 2019/20 financial year amounted R 270.727 million or 41.6 percent of the main budget. The main contributions to the slow spending are infrastructure projects and other earmarked funds.

Programme: 1: Administration

The Expenditure on Administration is at 45.8 percent in the first six months of 2019/20 as compared to 48.6 percent in the previous financial year. The decrease in this financial year spending is due to the late renewal of finance lease contracts which is centralised to programme 1.

Programme: 2: Environmental Affairs

The expenditure on Environmental Affairs is standing at 35.1 percent for 2019/20 compared to 41.4 percent in the previous financial year. Slow spending is due to non-spending on infrastructure projects.

Programme: 3 Economic Development

Economic Development has spent 44.4 percent of the budget this year, compared to 49.5 percent last financial year. Slow spending is due to non-spending on earmarked funds.

Programme4: Tourism

The 38.6 percent spending in 2019/20 compared to 51.5 percent of previous year. This is due to the slow spending on Kasi tourism project.

Compensation of Employees

The department has spent 47.6 percent in the first six months, compared to 49.7 in 2018/19 financial year.

Goods and Services

The department has spent 31.0 percent in 2019/20 compared to 32.3 percent in 2018/19. This is due to slow spending on earmarked funds.

Transfers and Subsidies

59.9 percent if transfers were made in 2018/19 as compared to 47.4 percent in 2019/120. The slow spending on transfers this year is due to non-compliance by some entities hence the department is not transferring the funds.

Building and other Fixed Structures

Expenditure in this area is delayed by the Department of Public Works, which an implementing agent for the department.

Machinery and Equipment

The department spent 21.0 percent in 2019/20 and 43.7 percent in 2018/19. This is due to the late renewal of financial lease contracts for the current financial year.

Departmental receipts

Table 3.4: Departmental receipts

	2018/19					2019/20				
	Audited outcome					Actual receipts				
R thousand	Adjusted estimate	Apr 2018 - Sep 2018	Apr 2018 - Sep 2018 adjusted appropriation (% of)	Apr 2018 - Mar 2019	Apr 2018 - Mar 2019 adjusted appropriation (% of)	Budget estimate	Adjusted estimate	Adjusted receipts estimate /Total (%)	Apr 2019 - Sep 2019	Apr 2019 - Sep 2019 adjusted appropriation (% of)
Departmental receipts	26 132	7 810	29.9%	25 311	96.9%	17 996	24 414	100.0%	10 547	43.2%
Tax receipts										
Sales of goods and services other than capital receipts	25 006	6 585	26.3%	12 238	48.9%	16 880	22 712	93.0%	7 663	33.7%
Transfers received										
Fines, penalties and forfeits	799	180	22.5%	410	51.3%	839	892	3.7%	310	34.8%
Interest, dividends and rent on land	13	9	69.2%	63	484.6%	13	13	0.1%	(210)	-1615.4%
Sales of capital assets		589		11 544					1 694	
Financial transactions in assets and liabilities	314	447	142.4%	1 056	336.3%	264	797	3.3%	1 090	136.8%
Total departmental receipts	26 132	7 810	29.9%	25 311	96.9%	17 996	24 414	100.0%	10 547	43.2%

Revenue trends for the first six months of 2019/20

The revenue collection for the first six months of the 2019/20 financial year amounted to R10.547 million or 58.6 percent of the main Budget.

Outlook for 2019/20

The Department has managed to collect 58.6 percent of the estimated budget because the annual game auction that was held in February 2019 has yielded more carcasses than expected. The sale of game serves a dual purpose of implementing sustainable resource management and revenue generation. It currently constitutes 48 percent of the total original revenue budget. The Department will be conducting more game culling actions, as a result of game that could not be delivered to the buyers that successfully bid at the auction that was held in February 2019.

The next game auction will be in February 2020, from which an estimated R5 million is expected, coupled with further game sale activities which will contribute to revenue in the new financial year (2020/21) because these action will only commence in the winter season of 2020/21.

The Department continues to experience maintenance challenges at the resorts and this has resulted in a decrease of about R2.5 million. Phillip Sanders resort, one of the resorts that had the biggest reduction (R2.3 million), has been closed for renovations.

Revised Infrastructure project list

The table below should cater for amendments on infrastructure projects (including those on retention) for the current financial year as well as projects which were not included/ were omitted in the Estimate of Provincial Revenue and Expenditure for 2019/20 Revised Infrastructure project list.

Table 3.7: Revised infrastructure project list

No.	Project name	Type of infrastructure	District municipality	Local Municipality	Town	Source of funding	Delivery Mechanism (Individual project or packaged programme)	Project duration		Programme	Total project cost	2019/20			
								Date: Start	Date: Finish			Main budget	Total budget - TO (Increase)	Total budget - FROM (Decrease)	Adjusted Appropriation
1. New infrastructure assets (R thousand)															
2. Maintenance and repair (R thousand)															
1	ALL RESERVES 06 DETEA/FS2011	Maintenance to Infrastructure	All	All	All	Infrastructure Enhancement Allocation	Packaged	2012-01-04	31/03/2021	Environmental Affairs	24 740	15 427		(4 000)	11 427
Total maintenance and repair											24 740	15 427		(4 000)	11 427
3. Upgrades and additions (R thousand)															
4. Refurbishment and rehabilitation (R thousand)															
1	PHILIP SANDE REFURBISHMENT	Refurbishment of Philip Saunders resort	Mangaung	Mangaung	Bloemfontein	Infrastructure Enhancement Allocation	Individual	2018-01-04	31/03/2020	Environmental Affairs	4 500	2 500	2 520		5 020
Total refurbishment and rehabilitation											4 500	2 500	2 520		5 020
TOTAL INFRASTRUCTURE											29 240	17 927	2 520	(4 000)	16 447
5. Non-Infrastructure (R thousand)															
TOTAL INFRASTRUCTURE AND NON-INFRASTRUCTURE.											29 240	17 927	2 520	(4 000)	16 447

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

Table 3.8: Summary of adjusted infrastructure appropriation

2019/20			
Infrastructure	Main Appropriation	Increase/ Decrease	Adjusted Appropriation
Existing infrastructure assets	34 927	(1 480)	33 447
Maintenance and repairs	20 427	(4 000)	16 427
Upgrades and additions	12 000		12 000
Refurbishment and rehabilitation	2 500	2 520	5 020
New infrastructure assets			
Infrastructure transfers			
Current			
Capital			
Infrastructure: Payments for financial assets			
Infrastructure: Leases			
Total Infrastructure	34 927	(1 480)	33 447
<i>Capital infrastructure</i>			
<i>Current infrastructure</i>			
Economic classification			
Current payments	20 427	(4 000)	16 427
Compensation of employees			
Goods and Services	20 427	(4 000)	16 427
Interest and rent on land			
Transfers and subsidies			
Provinces and municipalities			
Departmental agencies and accounts			
Higher education institutions			
Public corporations and private enterprises			
Non-profit institutions			
Households			
Payments for capital assets	14 500	2 520	17 020
Buildings and other fixed structures	14 500	2 520	17 020
Machinery and equipment			
Heritage assets			
Biological assets			
Land and sub-soil assets			
Software and other intangible assets			
Payments for financial assets			
Total	34 927	(1 480)	33 447