

Free State Tourism Provincial Indicators.

FREE STATE PROVINCE

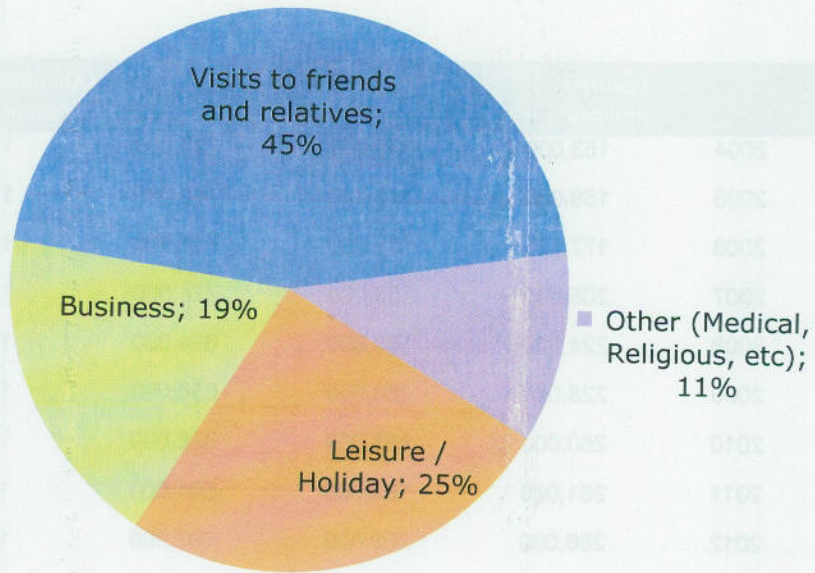
a) Number of trips by purpose of trips - free state province, 2004-2014 [number

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

Source: IHS Global Insight Regional eXplorer version 920

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

Tourism - trips by Purpose of trip Free State Province, 2014



Source: IHS Global Insight Regional eXplorer version 920

The Visits to friends and relatives at 45.18% has largest share the total tourism within Free State Province. Leisure / Holiday tourism had the second highest share at 25.37%, followed by Business tourism at 18.45% and the other (Medical, Religious, etc.) tourism with the smallest share of 11.00% of the total tourism within Free State Province.

Tourism - tourists by origin Free State Province, 2014



Source: IHS Global Insight Regional eXplorer version 920

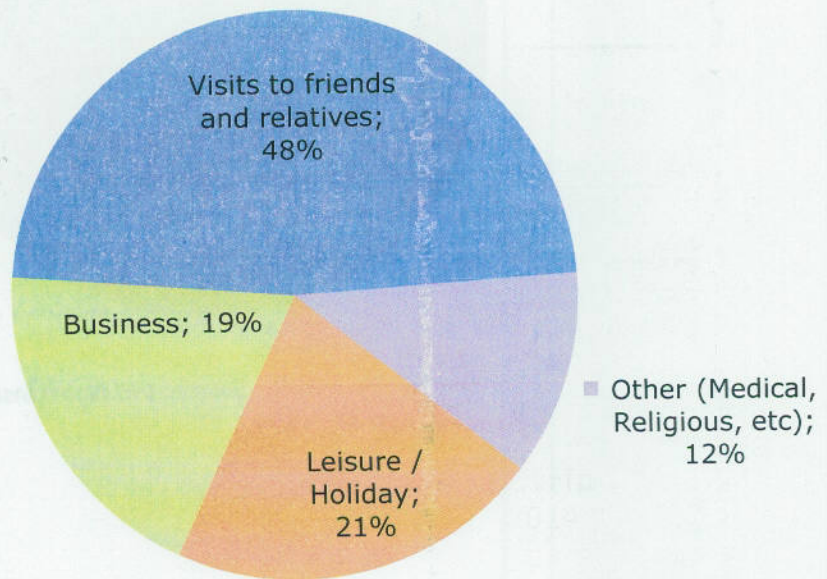
FEZILE DABI DISTRICT MUNICIPALITY

a) Number of trips by purpose of trips - Fezile Dabi District Municipality, 2004-2014

	Leisure Holiday	/ Business	Visits friends relatives	to and	Other (Medical, Religious, etc.)	Total
2004	18,600	19,900	99,400		19,300	157,000
2005	19,600	22,200	103,000		19,300	164,000
2006	22,000	24,300	104,000		20,300	171,000
2007	25,600	24,300	103,000		20,600	174,000
2008	28,600	24,400	100,000		21,300	175,000
2009	29,900	24,700	96,500		20,700	172,000
2010	33,100	27,400	93,300		21,200	175,000
2011	33,000	28,900	91,300		21,000	174,000
2012	33,000	31,500	91,000		21,700	177,000
2013	35,200	33,300	89,900		21,300	180,000
2014	39,600	35,600	88,200		21,600	185,000
Average Annual growth						
2004-2014	7.85%	5.98%	-1.19%		1.14%	1.64%

In Fezile Dabi District Municipality, the Leisure / Holiday, relative to the other tourism, recorded the highest average annual growth rate from 2004 (18 600) to 2014 (39 600) at 7.85%. Visits to friends and relatives recorded the highest number of visits in 2014 at 88 200, with an average annual growth rate of -1.19%. The tourism type that recorded the lowest growth was Visits to friends and relatives tourism with an average annual growth rate of -1.19% from 2004 (99 400) to 2014 (88 200).

Tourism - trips by Purpose of trip Fezile Dabi District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

The Visits to friends and relatives at 47.66% has largest share the total tourism within Fezile Dabi District Municipality. Leisure / Holiday tourism had the second highest share at 21.42%, followed by Business tourism at 19.24% and the other (Medical, Religious, etc.) tourism with the smallest share of 11.68% of the total tourism within Fezile Dabi District Municipality.

Tourism - tourists by origin

Fezile Dabi District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

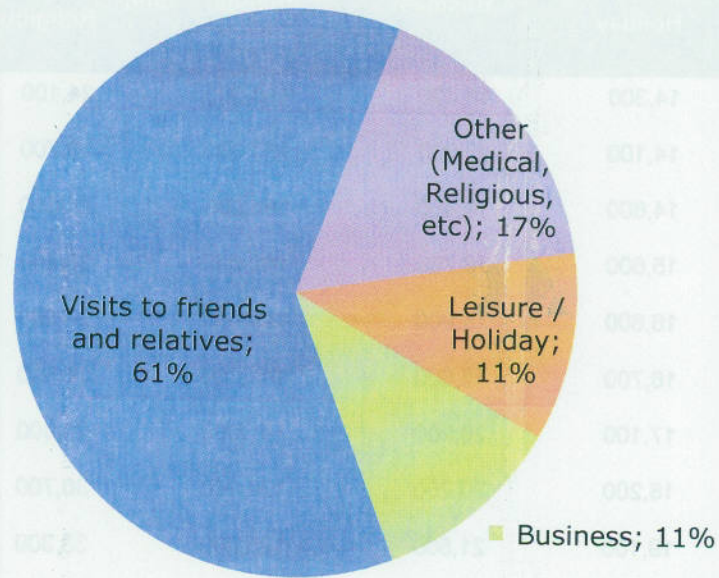
LEJWELEPUTSWA DISTRICT MUNICIPALITY

a) Number of trips by purpose of trips - Lejweleputswa District Municipality, 2004-2014

	Leisure Holiday	Business	Visits friends relatives	to and	Other (Medical, Religious, etc.)	Total
2004	14,300	18,300	158,000		24,100	214,000
2005	14,100	18,900	163,000		23,700	219,000
2006	14,600	19,400	164,000		25,000	223,000
2007	15,600	18,700	162,000		25,400	221,000
2008	16,600	18,900	155,000		26,500	217,000
2009	16,700	18,600	147,000		26,500	209,000
2010	17,100	20,200	141,000		29,000	208,000
2011	18,200	20,200	134,000		30,700	204,000
2012	19,100	21,500	133,000		33,300	207,000
2013	20,600	22,100	132,000		35,200	210,000
2014	22,600	23,100	130,000		35,200	211,000
Average Annual growth						
2004-2014	4.72%	2.33%	-1.94%		3.88%	-0.18%

In Lejweleputswa District Municipality, the Leisure / Holiday, relative to the other tourism, recorded the highest average annual growth rate from 2004 (14 300) to 2014 (22 600) at 4.72%. Visits to friends and relatives recorded the highest number of visits in 2014 at 130 000, with an average annual growth rate of -1.94%. The tourism type that recorded the lowest growth was Visits to friends and relatives tourism with an average annual growth rate of -1.94% from 2004 (158 000) to 2014 (130 000).

Tourism - trips by Purpose of trip
Lejweleputswa District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

The Visits to friends and relatives at 61.58% has largest share the total tourism within Lejweleputswa District Municipality. Other (Medical, Religious, etc.) tourism had the second highest share at 16.72%, followed by Business tourism at 10.96% and the Leisure / Holiday tourism with the smallest share of 10.75% of the total tourism within Lejweleputswa District Municipality.

Tourism - tourists by origin Lejweleputswa District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

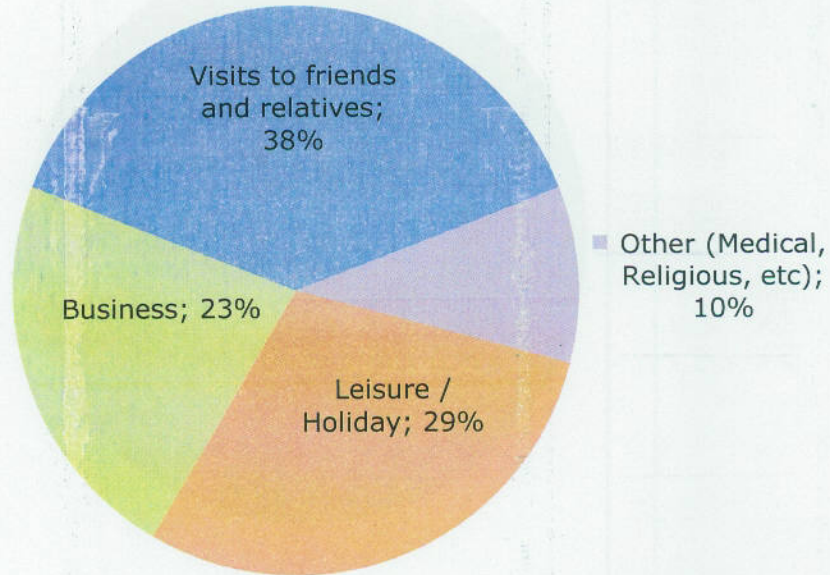
MANGAUNG METROPOLITAN MUNICIPALITY

a) Number of trips by purpose of trips - Mangaung Metropolitan Municipality, 2004-2014

	Leisure Holiday	/ Business	Visits friends relatives	to and	Other (Medical, Religious, etc.)	Total
2004	70,700	61,900	206,000		41,100	379,000
2005	73,500	67,700	211,000		40,200	392,000
2006	82,700	72,100	213,000		40,800	409,000
2007	96,200	71,400	210,000		40,100	417,000
2008	106,000	71,600	204,000		39,500	420,000
2009	107,000	74,300	195,000		38,300	415,000
2010	119,000	84,000	190,000		41,000	434,000
2011	124,000	89,300	189,000		43,000	445,000
2012	138,000	97,700	191,000		46,500	473,000
2013	145,000	106,000	190,000		49,400	490,000
2014	145,000	111,000	188,000		49,700	494,000
Average Annual growth						
2004-2014	7.48%	6.02%	-0.89%		1.92%	2.68%

In Mangaung Metropolitan Municipality, the Leisure / Holiday, relative to the other tourism, recorded the highest average annual growth rate from 2004 (70 600) to 2014 (145 000) at 7.48%. Visits to friends and relatives recorded the highest number of visits in 2014 at 188 000, with an average annual growth rate of -0.89%. The tourism type that recorded the lowest growth was Visits to friends and relatives tourism with an average annual growth rate of -0.89% from 2004 (206 000) to 2014 (188 000).

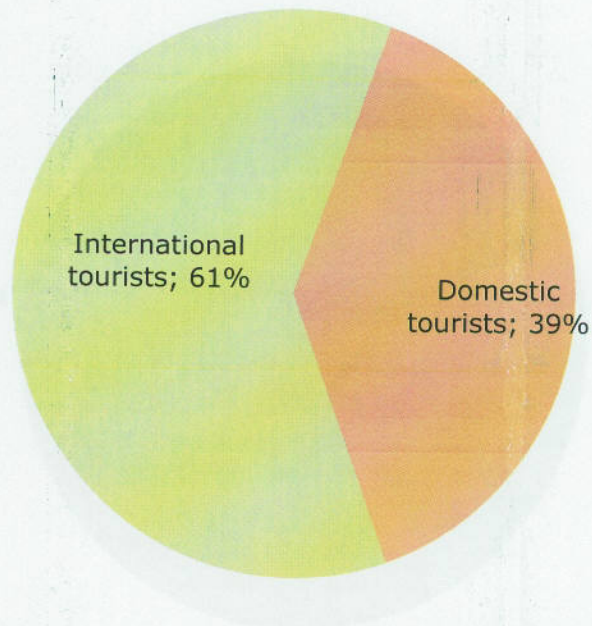
Tourism - trips by Purpose of trip Mangaung Metropolitan Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

The Visits to friends and relatives at 38.07% has largest share the total tourism within Mangaung Metropolitan Municipality. Leisure / Holiday tourism had the second highest share at 29.40%, followed by Business tourism at 22.48% and the other (Medical, Religious, etc.) tourism with the smallest share of 10.06% of the total tourism within Mangaung Metropolitan Municipality.

Tourism - tourists by origin Mangaung Metropolitan Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

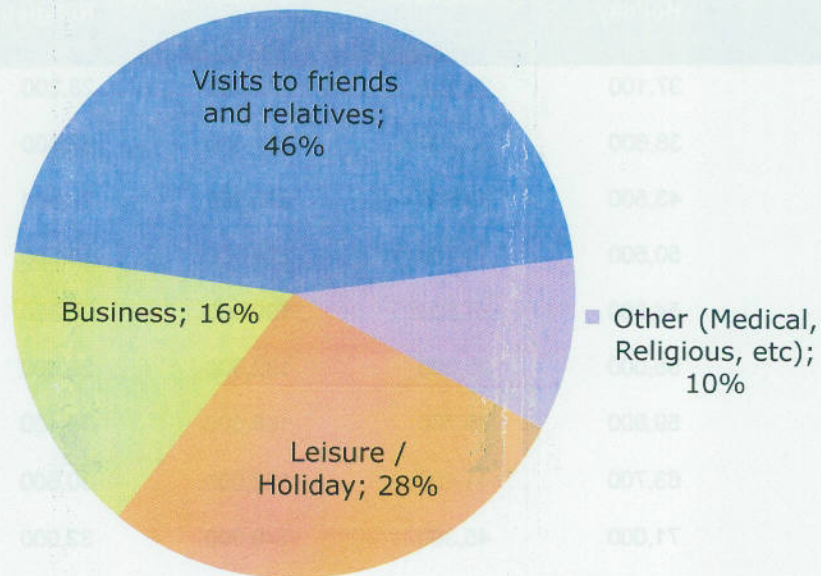
THABO MOFUTSANYANA DISTRICT MUNICIPALITY

a) Number of trips by purpose of trips - Thabo Mofutsanyana District Municipality, 2004-2014

	Leisure Holiday	Business	Visits friends relatives	to and	Other (Medical, Religious, etc.)	Total
2004	37,100	27,100	234,000		28,200	327,000
2005	38,600	30,200	234,000		28,300	331,000
2006	43,500	33,500	229,000		29,800	335,000
2007	50,500	33,700	214,000		30,000	328,000
2008	54,800	34,500	199,000		30,800	320,000
2009	55,000	35,500	182,000		29,600	302,000
2010	59,800	39,700	168,000		30,400	298,000
2011	63,700	41,400	153,000		30,600	289,000
2012	71,000	45,300	149,000		32,000	297,000
2013	78,400	48,900	146,000		30,800	304,000
2014	86,600	51,500	142,000		30,800	311,000
Average Annual growth						
2004-2014	8.85%	6.62%	-4.86%		0.86%	-0.48%

In Thabo Mofutsanyana District Municipality, the Leisure / Holiday, relative to the other tourism, recorded the highest average annual growth rate from 2004 (37 100) to 2014 (86 600) at 8.85%. Visits to friends and relatives recorded the highest number of visits in 2014 at 142 000, with an average annual growth rate of -4.86%. The tourism type that recorded the lowest growth was Visits to friends and relatives tourism with an average annual growth rate of -4.86% from 2004 (234 000) to 2014 (142 000).

Tourism - trips by Purpose of trip Thabo Mofutsanyana District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

The Visits to friends and relatives at 45.74% has largest share the total tourism within Thabo Mofutsanyana District Municipality. Leisure / Holiday tourism had the second highest share at 27.83%, followed by Business tourism at 16.54% and the other (Medical, Religious, etc.) tourism with the smallest share of 9.89% of the total tourism within Thabo Mofutsanyana District Municipality.

Tourism - tourists by origin Thabo Mofutsanyana District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

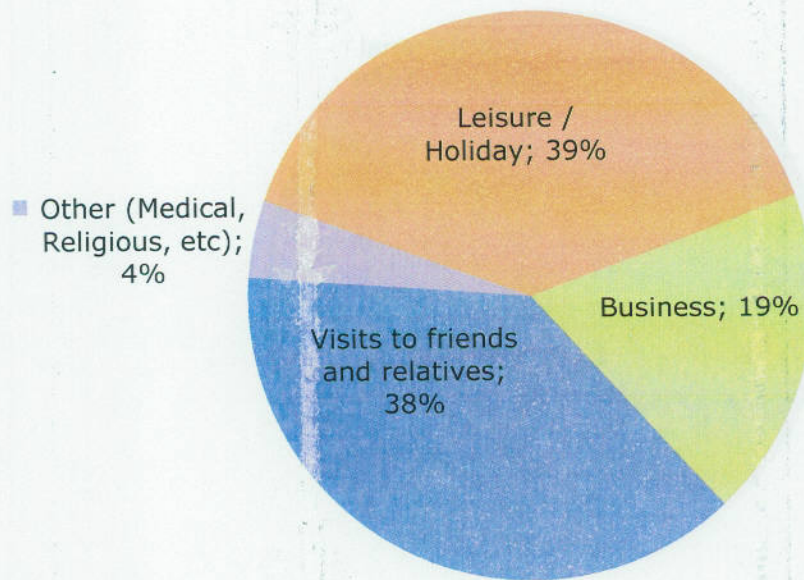
XHARIEP DISTRICT MUNICIPALITY

a) Number of trips by purpose of trips - Xhariep District Municipality, 2004-2014

	Leisure Holiday	/ Business	Visits friends relatives	to and	Other (Medical, Religious, etc.)	Total
2004	11,900	7,240	29,700	2,990	51,900	
2005	12,700	8,220	32,300	3,130	56,400	
2006	14,500	9,210	34,600	3,280	61,600	
2007	16,900	9,420	35,600	3,240	65,200	
2008	18,800	9,710	35,800	3,040	67,300	
2009	19,700	10,200	35,600	2,940	68,400	
2010	21,300	11,500	35,100	3,140	71,000	
2011	22,700	12,200	33,400	3,190	71,400	
2012	24,700	13,200	32,600	3,410	73,900	
2013	27,300	14,300	31,400	3,310	76,200	
2014	30,800	15,000	30,300	3,520	79,600	
Average Annual growth						
2004-2014	10.00%	7.54%	0.18%	1.64%	4.38%	

In Xhariep District Municipality, the Leisure / Holiday, relative to the other tourism, recorded the highest average annual growth rate from 2004 (11 900) to 2014 (30 800) at 10.00%. The type of tourism with the highest volume of tourists was also the Leisure / Holiday tourism with a total number of 30 800 annual tourist and had an average annual growth rate of 10.00%. The tourism type that recorded the lowest growth was Visits to friends and relatives tourism with an average annual growth rate of 0.18% from 2004 (29 700) to 2014 (30 300).

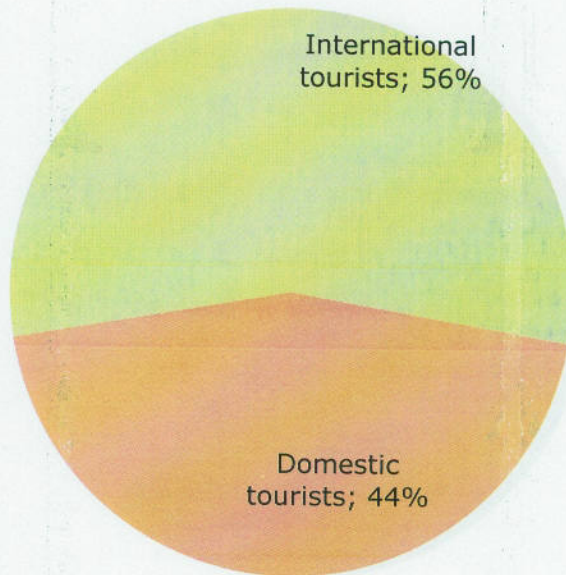
Tourism - trips by Purpose of trip Xhariep District Municipality, 2014



Source: IHS Global Insiht Regional eXplorer version 920

The Leisure / Holiday at 38.73% has largest share the total tourism within Xhariep District Municipality. Visits to friends and relatives tourism had the second highest share at 38.03%, followed by Business tourism at 18.83% and the other (Medical, Religious, etc.) tourism with the smallest share of 4.42% of the total tourism within Xhariep District Municipality.

Tourism - tourists by origin Xhariep District Municipality, 2014

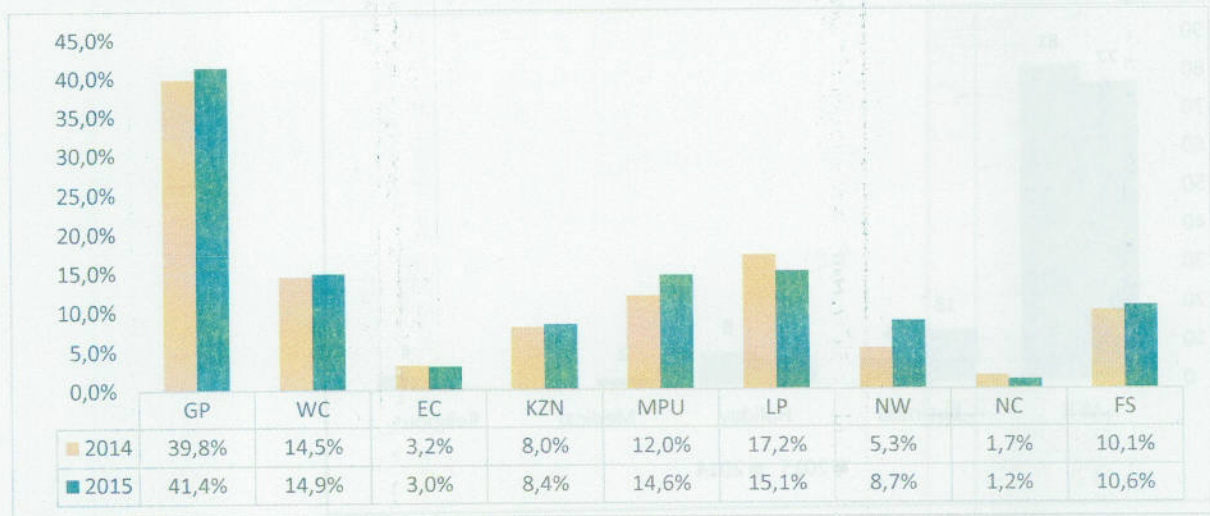


Source: IHS Global Insight Regional eXplorer version 920

International Tourism Performance in Free State up to 2015

Compared to 2014 figures, there has been a decrease in the number of international tourists visiting the Free State. There were 960 147 international tourist arrivals who visited the Free State however in 2015 there was a decline of 12 286 which resulted in 947 861 international tourist arrivals that visited the Free State. However when comparing the distribution of international tourist arrivals with the other eight provinces, the share of arrivals for Free State has increased in 2015 to 10.6% from 10.1% in 2014

Distribution of International Tourist Arrivals by Province (2014-2015)



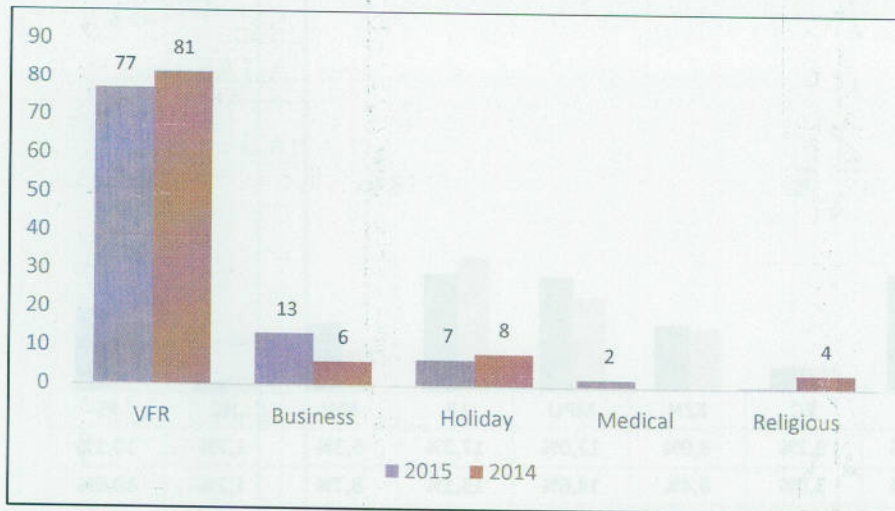
Data for 2014 and 2015 shows that the spend in Free State from international tourist arrivals has increased by 9.5% (R 114 million) in 2015 to R 1 320 million from R 1 206 million in 2014. The average length of stay for international tourists visiting Free State increased slightly from 9.6 days in 2014 to 9.7 days in 2015 (South African Tourism 2015). In 2014, paid bed nights in the Free State was 409 863 which increased by 30.5% in 2015 to 534 748.

All categories of purpose of visit has also increased from 2014 to 2015 with an exception of visiting friends and relatives (VFR) which decreased from 87.9% in 2014 to 66.6% in 2015. Seasonality in the Free State increased with the index moving from 4.38% in 2014 to 6.96% in 2015. (SAT Dataset 2015).

Domestic Tourism Performance in Free State (2015)

Overall domestic tourism results for 2015 show that the number of domestic tourism trips decreased by 12.5% from 28.0 million in 2014 to 24, 5 million in 2015. However trips from domestic tourists to Free State has increased from 4% in 2014 to 5% in 2015. As seen in figure 2, most of the domestic trips taken were for the purpose of visiting friends and relatives (VFR) (77%), followed by business (13%), holiday (8%) and medical (2%). Compared to 2014, there was a decline in trips for VFR, holiday and religious.

Free State Domestic Trips by purpose of Visit (2014-2015)



With regards to total direct spend, Free State remained relatively stable by receiving 4% of the total spend in 2014 (R 26.8 billion) and 2015 (R23.6 billion) respectively (see Table below-SAT Annual Report 2015). The average length of stay decreased from 3.8 days in 2015 when compared to 4.7 days in 2014.

Total spend and provincial shares

Total Direct Domestic Spend by Destination Province (R' billion)			
	2013	2014	2015
Eastern Cape	10%	11%	17%
Free State	3%	4%	4%
Gauteng	15%	16%	10%
KwaZulu Natal	27%	19%	23%
Limpopo	18%	21%	22%
Mpumalanga	11%	9%	8%
Northern Cape	2%	2%	1%
North West	5%	7%	5%
Western Cape	9%	10%	9%
TOTAL	R24.3	R26.8	R23.6

Potential Growth in Tourism in the Free State

The Free State Province is situated at the heart of the South Africa and it's central Geographical positioning and accessibility gives it a competitive advantage to become a destination renowned for hosting business tourism on behalf of South Africa.

The development of an International Convention Centre (ICC) will generally create substantial economic benefits, both for the tourism industry and the wider provincial

economy as inter alia conference delegates and/or business tourists are high-spending visitors. The development of an ICC not only boosts the provincial economy but it also creates opportunities during construction and when it is operational. The development will also support many more jobs across the tourism value chain including in the accommodation, catering, transport and retail sectors and across the economy. Despite the absence of an ICC at this stage, some of the popular major events such as MACUFE are already proving popularity of the Free State as a destination of choice. The Free State has an enormous potential to attract both local and international association conference wholesalers as a business destination of choice.

1.5. Environment

Protected Areas in the Free State Province include:

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

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

namely the Grassland (72% of the Province), Nama Karoo (22%), and Savannah (6%). The three key, inter-related threats to biodiversity and ecosystem health are habitat destruction, invasive alien species and climate change. About 34% of the grassland biome in the Free State has been irreversibly transformed through development, such as urban settlements, mining, agriculture and industrial facilities.

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

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

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

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

1.5.1 Policy Environment

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

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

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

1.6. 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.

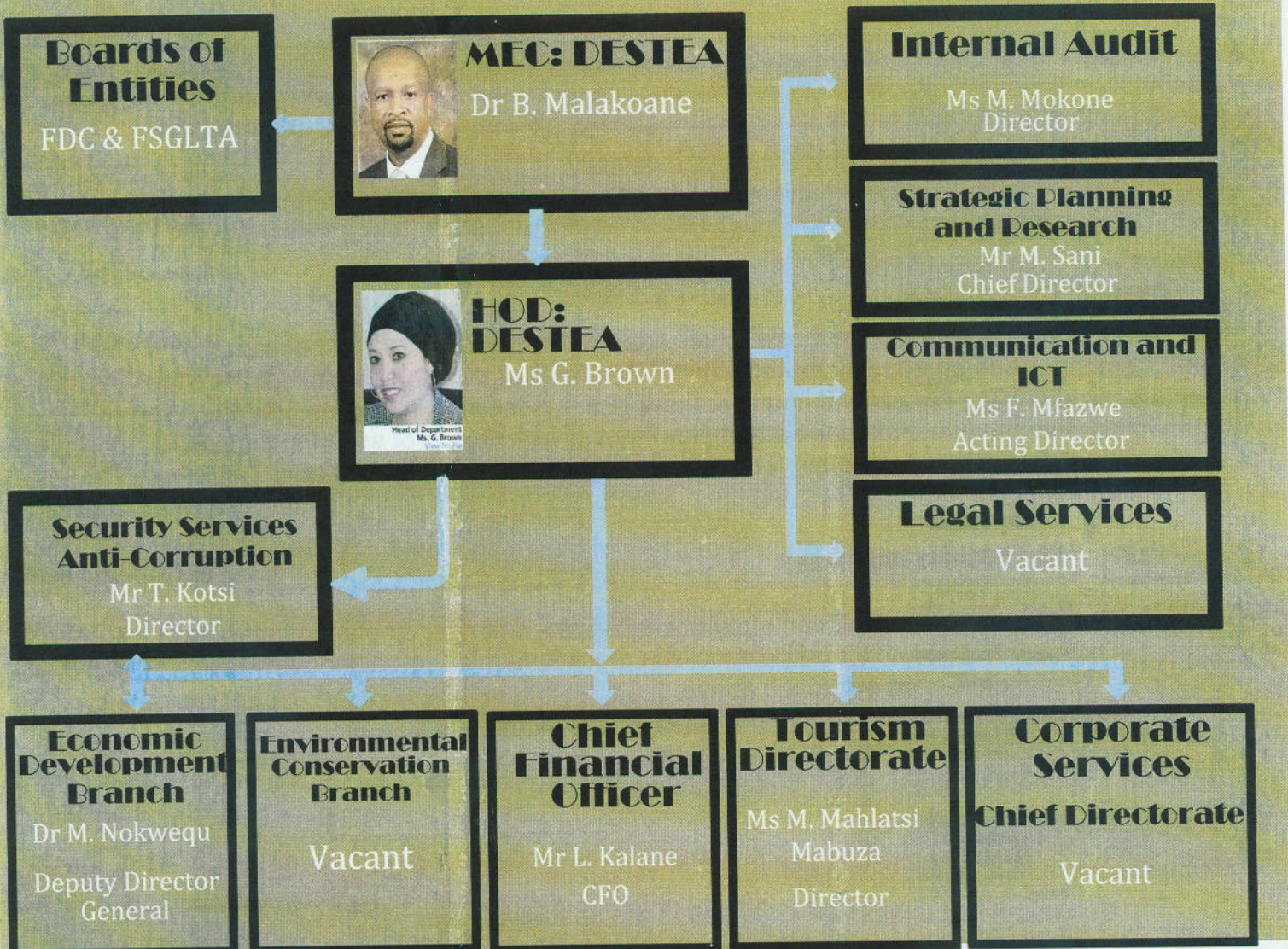
1.2. Organisational Environment

1.2.1. Programme structure

There are currently no changes in the programme structure of the Department.

The programme structure of the Department is illustrated by the table below:

Programme	Sub programme
1. Administration	1.1 Management Services 1.2 Financial Management 1.3 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 Services 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



1.2.2 Personnel and Capacity to deliver services

The department is still substantially understaffed in certain critical areas, such as Economic Development and Environmental Affairs. This understaffing impacts negatively on the service delivery imperatives of the department. In an effort to mitigate this situation and improve service delivery, the department will give more attention to the following core areas for the 2018/19 financial year:

- Identify and fill critical posts during this financial year. This will contribute towards the reduction of the high vacancy rate and the employees who are overworked will be relieved of some additional responsibilities.
- Roll out training programmes in order to empower departmental employees.
- Provide a comprehensive employee health and wellness programme by offering treatment, care and support to the departmental employees and their families.
- Maintain a sound labour peace in order to create a conducive

environment for efficient service delivery.

- Ensure that the organisational structure is aligned to the departmental mandates.

1.2.3 Budget

The Department is continuously challenged with inadequate compensation and operational budget allocations, effecting the efficiency of services provided by the organization. The budget estimates for the MTEF is discussed in Section 3, below. We will however continue to seek and employ innovative methods of securing funding for some of the planned outputs. These include collaborating with other government departments, state enterprises and the private sector in implementing some initiatives.

1.2.4 Challenges experienced

The department is faced with an array of challenges, amongst others the following:

- Personnel and critical skills deficits in crucial areas as explained above;
- Fiscal deficits as explained above;
- Synergy between the different spheres of government;
- Local and global economic phenomena;
- Climate change.

1.2.5 Top ten risks

The main identified risks of the department are as follows:

- Incorrect information captured on the financial statements (annual and interim);
- Unhealthy working environment;
- Decline in Management Effective Tracking Tool (METT-SA) scores;
- Accelerated Climate Change effects;
- State of the Environment degradation due to land, air and water pollution;
- Non-compliance with EIA legal time frames;
- Outbreak of zoonotic diseases affecting game;
- Taking policy decisions based on out-dated, incomplete or without relevant information;
- Double Dipping of SMME's supported /assisted by the department and data management;
- Service centres not meeting expectations.

2. REVISION TO LEGISLATIVE AND OTHER MANDATES

The Department will continue to implement the Free State Growth and Development Strategy, MTSF and the National Development Plan, Vision 2030.

During 2014/15, Small Business Development was added as a new and additional mandate of DESTEA, residing in Programme 3: Economic and Small Business Development.

3. OVERVIEW OF 2017 BUDGET AND MTEF ESTIMATES

Below is an overview of the departmental expenditure since 2014/15 financial year to 2017/18 and the estimated budget for 2018/19 to 2020/21. A trend analysis is also provided in section 3.2.

Programme	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Provincial and Local Government	3 200						
Deputy Minister's Office	101 604	154 368	175 806	117 237	115 233		
Business and Investment	121 616	144 340	138 609	120 632	120 632		
Office and Administration	64 889	81 043	110 366	108 116	126 174		
Construction of Subsidies	312 431	512 630	530 346	542 843	542 843		
Client Services	206 343	202 633	200 228	444 864	444 864		
Economic Development							
Total Expenditure and Estimate	403 414	403 016	408 039	651 621	631 621		
Tourism	1 480	8 304	8 623	13 130	13 130		
Economic Development	136 402	136 140	301 032	382 293	382 293		
Environmental Affairs	140 834	136 485	121 528	402 316	402 316		
Agriculture	113 186	134 141	141 028	140 448	140 448		
Provincial Government							
Total	1 480	179 070	179 587	1 010 612	1 010 612		

3.1. Expenditure Estimates

Programmes	2015/16			2016/17			2017/18			2018/19			2019/20			2020/21			2021/22		
	Audited Outcomes									Voted (Main appropriation)			Adjusted Appropriation			Revised Estimate			Medium Term Estimates		
Administration	138 489	134 744	141 056	134 744	139 488	137 858	134 744	139 488	137 858	160 448	160 448	160 448	166 792	174 619	174 619	174 619	180 223	180 223	180 223	180 223	
Environmental Affairs	140 834	139 488	137 858	139 488	139 488	137 858	139 488	139 488	137 858	163 770	163 770	163 770	199 040	195 676	195 676	195 676	201 436	201 436	201 436	201 436	
Economic Development	176 605	179 140	201 075	179 140	179 140	201 075	179 140	179 140	201 075	295 583	295 583	295 583	262 169	294 605	294 605	294 605	307 808	307 808	307 808	307 808	
Tourism	7 486	9 704	8 937	9 704	9 704	8 937	9 704	9 704	8 937	12 130	12 130	12 130	8 941	10 959	10 959	10 959	10 549	10 549	10 549	10 549	
Total payments and estimates	463 414	463 076	488 926	463 076	463 076	488 926	463 076	463 076	488 926	631 931	631 931	631 931	636 942	675 859	675 859	675 859	700 016	700 016	700 016	700 016	
<u>Economic classification</u>																					
Current payments	308 357	305 977	350 538	305 977	305 977	350 538	305 977	305 977	350 538	444 966	444 966	444 966	281 472	467 124	467 124	467 124	482 801	482 801	482 801	482 801	
Compensation of employees	213 471	218 930	235 249	218 930	218 930	235 249	218 930	218 930	235 249	245 847	245 847	245 847	281 472	290 018	290 018	290 018	304 959	304 959	304 959	304 959	
Goods and services	94 886	87 047	115 289	87 047	87 047	115 289	87 047	87 047	115 289	199 119	199 119	199 119	155 068	177 106	177 106	177 106	272 271	272 271	272 271	272 271	
Interest and rent on land	-																				
Transfers and subsidies	131 646	141 240	128 906	141 240	141 240	128 906	141 240	141 240	128 906	159 645	159 645	159 645	169 116	174 480	174 480	174 480	181 076	181 076	181 076	181 076	
Provinces and municipalities		149																			
Departmental agencies and accounts	104 664	121 389	112 809	121 389	121 389	112 809	121 389	121 389	112 809	112 533	112 533	112 533	117 992	124 482	124 482	124 482	128 328	128 328	128 328	128 328	
Universities and Technicon's	1 905																				

Programmes	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
	Audited Outcomes			Voted (Main appropriation)	Adjusted Appropriation	Revised Estimate	Medium Term Estimates		
Foreign governments and international organisations	-	-							
Public corporations and private enterprises	22 600	18 508	14 465	45 833	45 833	45 733	51 124	49 998	52 748
Non-profit institutions	-					67			
Households	2 477	1 194	1 632	1 279	1 279	863			
Payments for capital assets	23 170	15 452	9 441	27 320	27 320	33 990	31 286	34 255	36 139
Buildings and other fixed structures	14 207	13 124	3 892	21 498	21 498	21 498	26 927	29 498	31 120
Machinery and equipment	8 963	2 328	5 549	5 502	5 502	11 729	4 369	4 757	5 019
Heritage assets	-								
Specialised military assets	-								
Biological assets	-								
Software and other intangible assets	-			320	320	763			
Payments for financial assets	241	407	41			22			
Total economic classification	463 414	463 076	488 926	631 931	631 931	651 427	636 942	675 859	700 016

3.2. Relating expenditure trends to strategic outcome oriented goals

The Department spent R463 076 in 2016/17 and R488 926 in 2017/18 respectively. This expenditure trend is in line with the departments performance against its identified goals during the same periods.

From the figures above it is clear that the budget allocation, especially the allocations to goods and services, infrastructure and machinery and equipment, will enable the department to achieve its targets as set out in this plan.

Category	2016/17	2017/18	2018/19
Personnel	11 150	11 150	11 150
Goods and Services	31 408	31 408	31 408
Infrastructure	27 000	27 000	27 000
Machinery and Equipment	1 518	1 518	1 518
Other	4 998	4 998	4 998
Total	77 074	77 074	77 074

PART B: Programmes and Sub-programme Plans

4. STRATEGIC OBJECTIVES AND TARGETS

This section will outline indicators and performance targets for each strategic objective identified in Part 2 of the revised 2018-20 Strategic Plan.

For each Programme the following are outlined:

1. The aim of the programme;
2. Strategic objective annual targets for 2018/19 to 2020/21;
3. Performance indicators and annual targets for 2018/19 to 2020/21;
4. Quarterly targets for 2018/19.

4.1. Programme 1: Administration

The aim of Programme 1 is to provide leadership and strategic management in accordance with Policy and Legislation and to provide appropriate support service to other programmes

4.1.1 SUB-PROGRAMME: MANAGEMENT SERVICES

Strategic goal: Provision of leadership for effective socio-economic development

4.1.1.1 Programme performance objectives, indicators and annual targets for 2018-21

Strategic objective	Activities	Programme Performance Indicator	Audited/Actual performance	Estimated performance	Medium-term targets			Strategic Plan Target
					2018/19	2019/20	2020/21	
	INTERNAL AUDIT							
Improve prosperity	1.1 Increase market (Develop three year and annual internal audit plan indicating number and types of audits to be performed during the year.)	Number of internal audit plans developed.	1	1	1	1	1	3
	1.2 Improve FS brand image (Review internal audit charter.)	Number of internal audit charters developed.	1	1	1	1	1	3
Customer satisfaction	1.3 Strengthen strategic partnerships (Facilitate the annual review of the audit committee charter.)	Number of audit committee charters facilitated.	1	1	1	1	1	3
	1.4 Strengthen risk & regulatory compliance (Perform internal audits by reporting findings and recommendations to management.)	Number of internal audits performed	Not applicable	12	22	16	16	54

Strategic objective	Activities	Programme Performance Indicator	Audited/Actual performance	Estimated performance	Medium-term targets			Strategic Plan Target
					2016/17	2017/18	2018/19	
	RISK MANAGEMENT							
Ensure overall corporate compliance	1.5	Strengthen risk & regulatory compliance (Annual review of Risk Registers)	1	1	1	1	1	3
	1.6	Strengthen risk & regulatory compliance (Monitoring of corrective measures)	1	4	4	4	4	12
	1.7	Strengthen risk & regulatory compliance (Update the Risk Register based on the identified emerging risks)	Not applicable	4	4	4	4	12
	1.8	Strengthen risk & regulatory compliance (Conduct risk awareness campaigns)	Not applicable	4	4	4	4	12
	1.9	Strengthen risk & regulatory compliance (Facilitation of Risk Management Committee meetings)	Not applicable	Not applicable	4	4	4	12
	STRATEGIC PLANNING AND RESEARCH							
Continuous process improvement.	1.10	Improve revenue collection & manage growth (Revision of the OMF/Service Delivery Improvement Documents)	3	5	3	5	4	12

Strategic objective	Activities	Programme Performance Indicator	Audited/Actual performance	Estimated performance	Medium-term targets			Strategic Plan Target	
					2016/17	2017/18	2018/19		2019/20
Improve prosperity	1.11 Improve R&D (Set an annual Research Agenda)	Number of Research Agendas developed	Not applicable	1	1	1	1	3	
		1.12 Optimize investments (Facilitate the development of strategic and performance plans.)	Number of strategic and performance plans facilitated.	1	1	2	1	4	
	1.13 Increase market share. (Conduct frontline service delivery monitoring at provincial resorts in order to improve the quality of services.)	Number of Frontline Service Delivery Monitoring reports compiled:	Not applicable	16	12	16	16	44	
		Head Office	Not applicable	2	-	2	2	4	
		Mangaung Metro	Not applicable	4	2	4	4	10	
		Thabo Mofutsanyane	Not applicable	4	3	4	4	11	
		Lejweleputswa	Not applicable	2	2	2	2	6	
		Fezile Dabi	Not applicable	2	3	2	2	7	
		Xhariep	Not applicable	2	2	2	2	6	
		1.14 Improve FS brand image. (Assess the quality and success rate of socio-	Number of departmental projects assessed:	Not applicable	12	12	15	20	47

Strategic objective	Activities	Programme Performance Indicator	Audited/Actual performance	Estimated performance	Medium-term targets			Strategic Plan Target
					2016/17	2017/18	2018/19	
	economic development projects implemented by the Department.)	Head Office	Not applicable	Not applicable	-	-	-	2018-21
		Mangaung Metro	Not applicable	Not applicable	2	3	4	9
		Thabo Mofutsanyana	Not applicable	Not applicable	2	3	4	9
		Lejweleputswa	Not applicable	Not applicable	3	3	4	10
		Fezile Dabi	Not applicable	Not applicable	3	3	4	10
		Xhariep	Not applicable	Not applicable	2	3	4	9
	1.15 Optimize Investments (Initiate feasibility studies on Bethlehem and Welkom Cargo Airports)	Number of cargo airport feasibility studies initiated	Not applicable	Not applicable	2	2	1	5
Financial stewardship	1.16 Effective and efficient financial management (Monitor financial management on a monthly basis)	Number of unit financial reports compiled.	36	36	12	12	12	36
Customer satisfaction	1.17 Strengthen access to services (Conduct client satisfaction surveys)	Number of client satisfaction surveys conducted.	1	1	2	1	1	4

Strategic objective	Activities	Programme Performance Indicator	Audited/Actual performance	Estimated performance	Medium-term targets			Strategic Plan Target
					2016/17	2017/18	2018/19	
Ensure overall corporate compliance	1.18 Accelerate implementation & enforce accountability (Facilitate the development of a departmental Annual Report)	Number of departmental annual reports facilitated.	1 Annual report	1	1	1	1	3
	1.19 Accelerate implementation & enforce accountability (Conduct MPAT process coordination)	Number of MPAT Self-Assessments facilitated.	1	1	1	1	1	3
	1.20 Consistent quality service provision (Conduct SDIP Annual reporting)	Number of SDIP Annual Reports developed	1	1	1	1	1	3
	1.21 Consistent quality service provision (Review Research and Development Policy)	Number of research policies reviewed	Not applicable	Not applicable	1	1	1	3
	1.22 Regulatory environment enforcement (Review Research Policy SOP)	Number of SOPs reviewed	1	1	1	1	1	3
Economic growth	Promote Entrepreneurial Culture (Develop a report on opportunities for SMMEs in the priority sectors)	Number of reports on opportunities for SMMEs developed.	Not applicable	1 Viability report	1	1	1	3