

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



destea

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

Strategic Plan For Financial Years 2018 to 2020

Free State Province

FOREWORD

Strategic Plan is DESTEA's compass for its actions for the period 2018-2020 and includes processes of formulation and implementation, and thus has inputs, activities, outputs and outcomes. 2018, we are celebrating the 100th anniversary of the birth of one of the greatest leaders in this country, this continent and the world has known – Isithwalandwe Seaparankoe Nelson Rolihlahla Mandela. As contained in the 2018 January 8th statement, we shall place at the top of our agenda Madiba's vision of a non-sexist society in which the oppression and exploitation of women – whether in the workplace, in communities or in the home – is eradicated.

The document also articulates our policy implementation efforts and commitments towards accelerating access to service delivery and creating jobs while improving economic development of the Free State Province as espoused in the Government's National Development Plan Vision 2030 (NDP).

It is our vision that we should be able to realize a transformed economy and a prosperous society that is living in harmony with its natural resources. The task remains at hand to create a leading and developmental institution that drives economic transformation, systems change and adaptation to the ever changing environmental dynamics for the benefit of the people of the Free State.

The department has developed a strategic plan to enable us to meet the expectations of the people of the Free State. This plan has at its centre the following critical areas;

- Creation of decent jobs to be underpinned by:
 - Whether people work and
 - How much their work pays them
- Inclusive and diversified economy that will contribute to the reduction of inequality in the province by ensuring that the economic growth benefits all citizens. Further, diversified economy will ensure sustained economic growth that is not reliant on one few sectors.
- Promotion of knowledge economy-Research and Development (R&D) by using the presence of local High Education Institutions (HEI) in the province to support economic development and innovation.
- Developing Tourism as a driver for economic development and job creation.
- Sustained resource management use aimed at protecting and enhancing environmental assets and natural resources.
- Clean and healthy environment aimed at protection and management of natural systems in the Free State.

In the process, we have restructured the organization, introduced processes to improve our performance as an organization by setting ourselves seven goals. These are:

- Provision of leadership for effective socio-economic development
- Creation of efficient and effective financial management system for sustainability

- Build a responsive Human Resource attributed that is responsive to service demands
- Implications of integrated economic development for radical transformation
- Inculcate accountable environmental management for sustainable development & inclusive economic growth
- Foster Tourism sector transformation and development for improved market share
- Business process optimization for better programme performance and co-operation.

These ambitious targets demand that DESTEA strengthens its leadership and management capabilities; accelerate efforts in supporting small businesses, tourism development and environmental management and economic development.



Hon. Dr B Malakoane

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

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Department of Economic, Small Business Development, Tourism and Environmental Affairs under the guidance of the honourable MEC Dr. B Malakoane.
- Takes into account all the relevant policies, legislation and other mandates for which the Department of Economic, Small Business Development, Tourism and Environmental Affairs is responsible.
- Accurately reflects the strategic goals and objectives which the Department of Economic, Small Business Development, Tourism and Environmental Affairs will endeavour to achieve over the period 2018/19 to 2020.

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Acronyms

AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
APP	Annual Performance Plan
AQMP	Air Quality Management Plan
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
CA	Comparative Advantage
DESTEA	Department of Economic, Small Business Development, Tourism and Environmental Affairs
DM	District Municipality
DMP	Demand Management Plan
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EHWP	Employee Health and Wellness Programme
EMC	Environmental Management Committee
EPWP	Expanded Public Works Programme
ETEYA	Emerging Tourism Entrepreneur of the Year Awards
FDC	Free State Development Corporation
FS	Free State
FSGDS	Free State Growth and Development Strategy
FSWIT	Free State Women in Tourism
GDP	Gross Domestic Product
GDPR	Gross Domestic Product by Region
GP	Gauteng Province
HIV	Human Immune Deficiency Virus
HOD	Head of Department
HR	Human Resource
ICT	Information Communication Technology
IED	Integrated Economic Development
IDP	Integrated Development Plan
IR	Intergovernmental Relations
IT	Information Technology
CCCU	Central Communication Coordinating Unit

IWMP	Integrated Waste Management Plan
KM	Knowledge Management
KZN	KwaZulu-Natal
LED	Local Economic Development
LQ	Location Quotient
MEC	Member of the Executive Council
MISS	Minimum Information Security Standards
MTSF	Medium-Term Strategic Framework
MTEF	Medium-Term Expenditure Framework
NEM	National Environmental Management
NSSD	National Strategy on Sustainable development
OHC	Operation Hlasela Campaign
PAs	Protected Areas
PCF	Provincial Co-operative Forum
PEC	Permit Evaluation Committee
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PSBAC	Provincial Small Business Advisory
RET	Radical Economic Transformation
RIDS	Regional Industrial Development Strategy
SA	South Africa
SEZ	Special Economic Zones
SITA	State Information Technology Agency
SMME	Small, Medium and Micro Enterprise
DTI	Department of Trade and Industry
SBD	Small Business Development

PART A: Strategic Overview

The Department's Five-Year Strategic Plan for the period from 2018/19 to 2020 provides an opportunity to ensure that activities of the Department are aligned with the overall strategic intent of the ruling party, National Government, Provincial Growth and Development Strategy (PGDS), Municipal Integrated Development Plans (IDPs), National Development Plan, the MTSF and the prioritised Outcomes for the Country. It provides a comprehensive framework within which development planning can be implemented.

1. VISION

The Department has adopted the following Vision:

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

This Vision is based on the following principles:

1. Diversification of the Free State economy to ensure:
 - a. Acceleration of the economic growth rate ;
 - b. Creation of new employment opportunities;
 - c. Reduction of economic inequalities ;
 - d. Business creation and development.
2. Ensuring effective, efficient and sustainable resource management.

2. MISSION

The Department adopted the following Mission:

"To be a leading and developmental institution, that drives economic transformation, environmental sustainability, system change and adaptation to the ever-changing dynamics for the benefit of the Free State."

Specifically, the Department's Mission will focus on ensuring sustainability of all the Department's programmes through:

1. Application of feasibility assessments as well as proper monitoring and evaluation systems.
2. Involvement and continuous consultation of all relevant stakeholders.
3. Appropriate and adequate sustainability indicators that reflect Provincial poverty and employment trends.

3. DEPARTMENTAL VALUES AND CULTURE

The success of any organisation depends on its culture, which is under-pinned by its shared values. The Department laid particular emphasis on the importance of values in its strategic planning process and the following shared values were agreed upon for the Department:

- 3.1. Team Work
- 3.2. Integrity
- 3.3. Accountability
- 3.4. Passion

4. LEGISLATIVE AND OTHER MANDATES

The Department adopted the following broad Mandate:

“To create and enabling environment for sustainable growth through economic development and environmental oversight.”

This mandate is derived from a wide range of National and Provincial legislation, including policy specifications by the Department of Trade and Industry, the Department of Environmental Affairs, Department of Economic Development and the Department of Tourism. Key constitutional, legislative and policy mandates are indicated below.

4.1. Constitutional Mandates of DESTEA

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

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

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

Everyone has the right

- a. *to an environment that is not harmful to their health or well-being; and*
- b. *to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:*
 - i. *prevent pollution and ecological degradation;*

- ii. *promote conservation; and*
- iii. *secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.*

4.2. Legislative Mandate

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

Programme Name and Core Function	Legal Mandate	Implications
Economic Development: SMME Development	<ul style="list-style-type: none"> • National Small Business Act, 1996 (Act No. 102 of 1996) and Amendments • Business Act 1991, (Act No. 71 of 1991) • Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) 	<p>Promote policy objectives, facilitate strategy implementation and align programmes to encourage SMME development in the Province.</p> <p>Promoting Broad Based Economic Empowerment in the Province.</p>
Economic Development: Gambling & Betting Administration	<ul style="list-style-type: none"> • Free State Gambling and Liquor Act 	The Act replaces Free State Gambling and Racing Act, 1996 (Act No. 6 of 1996)
Economic Development: Consumer Protection	<ul style="list-style-type: none"> • Free State Consumer Affairs (Unfair Business Practices) Act, 1998 (Act No. 14 of 1998) • Consumer Protection Act No 68 of 2008 	Investigation, control and prohibition of unfair business practices. Referral of matters in terms of the National Consumer Affairs Act.
Economic Development: Compliance Monitoring	<ul style="list-style-type: none"> • Credit Agreement Act 1980, (Act No. 75 of 1980) 	Business compliance monitoring and redress.
Economic Development: Liquor Administration	<ul style="list-style-type: none"> • Liquor Act 1989, (Act No. 27 of 1989) • National Liquor Act, 2003 (Act No. 59 of 2003) 	Regulating the micro-manufacturing, retailing and distribution of liquor in the Province.
Economic Development: Trade Inspection	<ul style="list-style-type: none"> • Trade Metrology Act, 1973 (Act No. 77 of 1973) • Credit Agreement Act, 1980 (Act No. 75 of 1980) 	Ensure compliance with trade metrology and credit agreement regulations.
Environmental Affairs: Protected Areas Management	<ul style="list-style-type: none"> • National Environmental Management Act, 1998 (Act No. 107 of 1998) and Amendments • Free State Nature Conservation Ordinance, 1969 (Ordinance No. 8 of 1969) • Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004) 	<p>Regulatory framework for the management and protection of environmental resources and coordination.</p> <p>Regulates and sets out the mechanisms for managing and conserving South Africa's</p>

Programme Name and Core Function	Legal Mandate	Implications
	<ul style="list-style-type: none"> • National Environmental Management: Protected Areas Act, 2003 (Act No.57 of 2003) • National Heritage Recourses Act, 1999 (Act No. 25 of 1999) • World Heritage Conservation Act, 1999 (Act No. 49 of 1999) • Game Theft Act, 1991 (Act No. 105 of 1991) • National Water Act, 1998 (Act No. 36 of 1998) • National Environmental Management: Waste Act, 2008 (Act No.59 of 2008) • National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2005) • Veldt and Forest Fire Act, 1998 (Act No. 101 of 1998) • Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983) • Animal Protection Act, 1962 (Act No.71 of 1962) 	<p>biodiversity, its components and institution Regulate protected areas.</p> <p>Ensuring the protection and effective management of National Heritage and World Heritage Sites.</p> <p>Providing a framework for the implications of game theft.</p> <p>Providing a regulating framework on water usage in the Province.</p> <p>Regulates waste management; provides for national norms and standards for regulating the management of waste by all spheres of government; and provides for the licensing and control of waste management activities.</p> <p>Regulates air quality.</p> <p>Provide a regulatory framework for the prevention and combat of veldt and forest fires.</p> <p>Ensuring the conservation of vital agricultural resources in the Province.</p> <p>Ensuring the protection of various animal species in the Province</p>
Tourism	<ul style="list-style-type: none"> • Tourism Act, 1993 (Act No.72 of 1993) • Free State Tourism Authority Act, 2005 (Act No. 3 of 2005) 	<p>To make provision for the promotion of tourism in the Republic; and further to regulate and rationalize the tourism industry</p> <p>Provide legal and operational framework for tourism promotion and development in the Province.</p> <p>Act provides for training and registration of tourist guides; and make provision for a code</p>

Programme Name and Core Function	Legal Mandate	Implications
	<ul style="list-style-type: none"> Tourism second amendment Act No.70 of 2000 	of conduct and ethics for tourist guides.

4.3. Policy Mandate

This section lists the main policies and their implications for Departmental Programmes. Selected Provincial policies will be analysed further to specify their connotations with the Department.

Programme Name and Core Function	Mandate	Implications
Economic Development: SMME Development	<ul style="list-style-type: none"> National Policy and Strategy Framework from the DTI Municipal Public-Private Partnership Regulations NDP/MTSF 	Promote policy objectives, facilitate strategy implementation and align programmes to encourage SMME development in the Province.
Economic Development: Local Economic Development	<ul style="list-style-type: none"> Policy Guidelines for Implementing LED in South Africa, March 2005 NDP/MTSF 	Influence the manner in which practitioners in all three spheres of government understand approach and implement LED in South Africa.
Investment Promotion	<ul style="list-style-type: none"> Policies formulated by the DTI and delegated to Provinces NDP/MTSF 	Promote domestic and foreign direct investment in the Province.
Spatial Development Initiatives, Industrial Development and Strategies	<ul style="list-style-type: none"> Policies derived from the DTI, Special Economic Zone (SEZ) and Regional Industrial Development Strategy (RIDS) Programmes NDP/MTSF 	New industrial zones and development programmes to be identified and implemented in line with Spatial Development Framework.
Environmental Affairs: Protected Areas Management	<ul style="list-style-type: none"> Game Management Policy Private Nature Reserve Policy NDP/MTSF 	To coordinate the implementation, regulation and administration, as well as monitoring and evaluation of protected areas.
Integrated Environmental Management	<ul style="list-style-type: none"> Integrated Pollution and Waste Management Policy, (IP & WM 2004) Biodiversity White Paper Various regulations in terms of some of the above legislation i.e. Environmental Impact 	Implementation and regulation of legislation related to environmental protection and management.

Programme Name and Core Function	Mandate	Implications
	Assessment (EIA) Regulations. • NDP/MTSF	
TOURISM	National Tourism Sector Strategy	Significant growth of sustainable Tourism economy in South Africa

4.4. Policy Statements that Link to the Strategic Plan

4.4.1. Policy Framework

a) National Development Plan (NDP)

The National Development Plan provides detail on how South Africa can realise goals of alleviating poverty and reduction of inequality by 2030, by drawing on energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state and promoting leadership and partnerships through society.

The plan focuses on critical capabilities needed to transform the economy and society. This requires a change in how things are done. Given the complexity of national development aimed at providing direction towards improved planning, implementation and achievement of national outcomes, the National Development Plan – Vision 2030 sets out six interlinked priorities:

- Uniting all South Africans around a common programme to achieve prosperity and equity
- Promoting active citizenry to strengthen development, democracy and accountability
- Bringing about faster economic growth, higher investment and greater labour absorption
- Focusing on key capabilities of people and state
- Building a capable and developmental state
- Encouraging strong leadership through society to work together to solve problems

b) Medium Term Strategic Framework (MTSF)

The Medium Term Strategic Framework (MTSF) seeks to identify the development challenges facing South Africa and outlines the medium term strategy for improving the lives of all South Africans. The main purpose of the MTSF is to guide planning and resource allocation in all spheres of government. This framework services as the implementation plans for the NDP. The current framework is for the period 2014-2019.

c) Free State Growth and Development Strategy (FSGDS)

The FSGDS is thus an important instrument to shape and coordinate the allocation of resources across a wide government and societal spectrum based on the provincial development needs and priorities. It impels both the provincial government and social partners to be focused and decisive; weigh up trade-offs and make choices in the face of competing

demands; develop and implement consistent strategies and programmes; and ensure that their plans reflect a shared vision by all. The objectives of the FSGDS are thus the following:

- To serve an overarching planning instrument articulating the development agenda and providing strategic direction for the province.
- To build uniformity of application of planning processes and methodologies.
- To formulate development plans and priorities for the province.
- To ensure inclusivity of planning processes.
- To make effective use of scarce resources within the province by searching for more cost-effective and sustainable solutions, whilst addressing the real causes of development challenges instead of merely the symptoms.
- To facilitate the speedy delivery of government programmes and plans.
- To identify opportunities for investment and provide an environment of certainty and predictability critical for investment.
- To provide a common vision and act as the basis for common action amongst all social partners, both inside and outside government in a province.
- To serve as a framework for budgets, implementation, and performance management.
- To serve as a framework for provincial spatial development.
- To monitor the implementation of plans and evaluate the impact thereof against the government's developmental priorities

d) NDP, MTSF and FSGDS alignment summary

The table below explains the various areas contained in the NDP, MTSF and FSGDS to which this strategic plan will contribute:

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

b) Strategic Priorities and Programmes

Based on the NDP, MTSF and FSGDS the department has identified several strategic priorities and programmes to deal with the outlined objectives:

Strategic Priority	Identified Priority Areas	Role of the DESTE A
Strategic Priority 1:	Speeding up growth and transforming the economy to	<ul style="list-style-type: none"> • Policy Development • Regulation • BBBEE Policy & Monitoring

Strategic Priority	Identified Priority Areas	Role of the DESTEA
	create decent work and sustainable livelihoods.	<ul style="list-style-type: none"> • Market Research and Information dissemination • Promotion of trade & export • Business and enterprise support • Small Business Development • Tourism Development
Strategic Priority 2:	Massive programme to build economic Infrastructure.	<ul style="list-style-type: none"> • Policy Development • Coordination and research • Environmental & Economic Regulation • Enterprise support • Project Planning and Coordination
Strategic Priority 3:	Strengthen the skills and human resource base.	<ul style="list-style-type: none"> • Internship programmes • Skills transfer on a project basis • Policy Development
Strategic Priority 4:	Improve the health profile of all South Africans.	<ul style="list-style-type: none"> • Environmental regulation and policy development • Awareness campaigns • Pollution control and monitoring • Employment creation and economic development
Strategic Priority 5:	Intensify the fight against crime and corruption.	<ul style="list-style-type: none"> • Sound financial management in the Department that will ensure a clean (unqualified) audit report. • Enforcement of local and international environmental treaties • Implementation and administration of sound HR policies • Fraud and corruption prevention
Strategic Priority 6:	Build cohesive, caring and sustainable communities.	<ul style="list-style-type: none"> • Promotion of an inclusive policy environment • Promoting community, environmental and conservation programmes and projects • Promoting Batho Pele principles through all activities of the Department
Strategic Priority 7:	Pursuing advancement of Africa and enhanced international cooperation	<ul style="list-style-type: none"> • International and African trade fairs and expos • Identification of foreign trade opportunities • Foreign trade development initiatives • SMME trade support • Promoting the Free State as a favourable business destination

Strategic Priority	Identified Priority Areas	Role of the DESTEA
Strategic Priority 8:	Sustainable Resource Management and use.	<ul style="list-style-type: none"> • Environmental resource regulation, monitoring and coordination. • Development of agrarian and mining regulations to ensure sustainability • Sound financial management practices that will ensure that all resources are used in an efficient and effective manner.
Strategic Priority 9:	Building a developmental state including improvement of public services and strengthening democratic institutions.	<ul style="list-style-type: none"> • Policy development that is cognisant of community well-being. • All actions by DESTEA should be aligned with the Bill of Rights in the Constitution. • Contributing to an environment conducive to economic growth. • Institutional cooperation and outreach programmes. • Assuming accountability within the structures of government and community welfare

4.4.2. State of the Nation and Province Addresses

The State of the Nation and Province Addresses underline the importance of dealing with issues such as economic development, poverty, unemployment, education and equality.

4.4.3. Outcome Based Performance Management Policy priorities

Outcomes based performance management is the ultimate desired changes and improvement that government wants to make to enhance the impact of its interventions. This is a management approach which entails planning, managing, monitoring and evaluation, which will ensure that intended outcomes are achieved.

Fourteen distinct priority outcomes emerge from the ANC Manifesto, National Development Plan and the MTSF:

1. Quality basic education.
2. A long healthy life for all.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. Skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable and sustainable rural communities contributing towards food security for all.
8. Sustainable human settlements and improved quality of household life.
9. Responsive, accountable, effective and efficient local government system.
10. Protect and enhance our environmental assets and natural resources.
11. Create a better Africa and a better world — make our contribution to global relations.

12. An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship.
13. Social Protection
14. Nation Building and Social Cohesion

In the Free State Province, DESTEa leads in Outcomes number 4 and 10 and this will be the main focus of this plan.

4.4. Relevant Court Rulings

There have been no relevant court cases or rulings.

4.5. Planned Policy Initiatives

The Department plans to continue with implementation of:

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

5. SITUATIONAL ANALYSIS

5.1. Performance Environment

Population

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

Table: Distribution of land area and population of South Africa by province

Province	Square km	Distribution of Land area in %	Total Population Census 2011	Total Population CS 2016	Distribution of population in %
Western Cape	129 462	11%	5 822 734	6 279 730	11.3%
Eastern Cape	168 966	14%	6 562 053	6 996 976	12.6%
Northern Cape	372 889	30%	1 145 861	1 193 780	2.1%
Free State	129 825	11%	2 745 590	2 834 714	5.1%
KwaZulu-Natal	94 361	8%	10 267 300	11 065 240	19.9%
North West	104 882	9%	3 509 953	3 748 435	6.7%
Gauteng	18 178	1%	12 272 263	13 399 724	24.1%
Mpumalanga	76 495	6%	4 039 939	4 335 964	7.8%
Limpopo	125 755	10%	5 404 868	5 799 090	10.4%

¹ Statistics SA, Community Survey 2016, Provinces at a Glance

South Africa 1 220 813

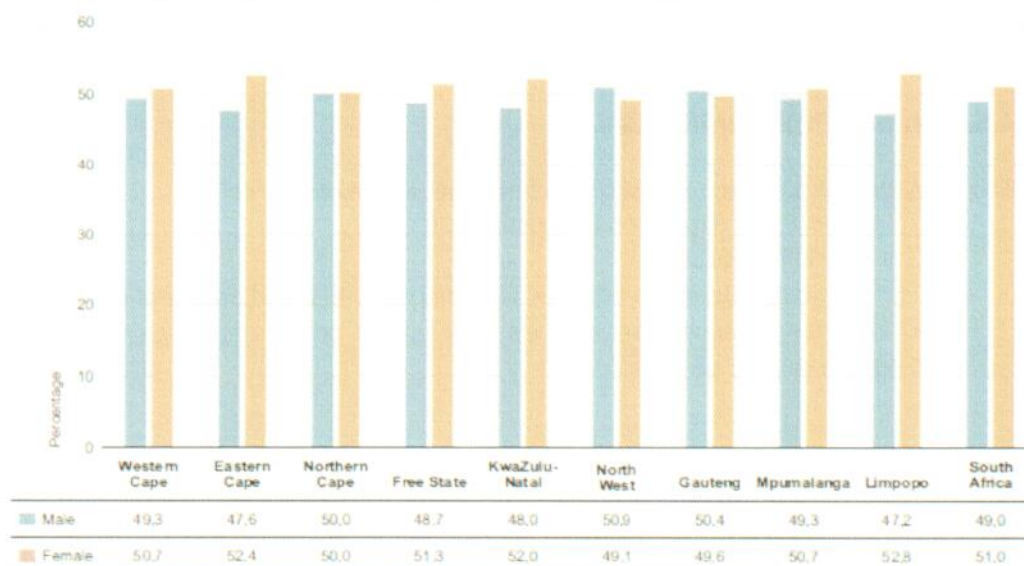
51 770 560

55 653 654

Source: Statistics SA, Community Survey 2016 in Brief

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

Figure: Percentage of population of South Africa by sex, CS 2016



Source: Statistics SA, Community Survey 2016 in Brief

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

Table: Population per Metropolitan and District Municipality 2016

Province, District, Local Municipality	Community Survey 2016			Youth Proportion	Persons aged 20 years + who have completed grade 12
	Total population				
	Male	Female	Total		
Free State	1 379 965	1 454 749	2 834 714	37.4	706 722
Xhariep	73 927	76 754	150 681	38.3	29 090
Lejweleputswa	324 998	324 966	649 964	37.0	157 183
Thabo Mofutsanyane	366 168	413 432	779 600	39.8	172 983
Fezile Dabi	245 985	248 792	494 777	36.4	127 045
Mangaung	368 887	390 806	759 693	35.6	220 420

Source: Statistics SA, Community Survey 2016, Provinces at a Glance

It is important to note that the highest proportion of youth population, according to Community Survey 2016 resided in Thabo Mofutsanyane District Municipality (39.8). Xhariep District Municipality which recorded the lowest population accommodates the second highest proportion of youth (38.3) in the province. It is thus clear that programmes or initiatives with the focus on youth be embarked upon especially in those regions with the highest proportion of youth population.

Population Projections

Based on the present age-gender structure and the present fertility, morality and migration rates, Free State's population is projected to grow at an average annual rate of 0.7% from 2.86 million in 2016 to 2.97 million in 2021.

Table3: Population projections – Free State and National Total, 2016 -2021

	Free State	National Total	Free State as % of national
2016	2,860,000	55,700,000	5.1%
2017	2,880,000	56,500,000	5.1%
2018	2,900,000	57,400,000	5.1%
2019	2,930,000	58,100,000	5.0%
2020	2,950,000	58,900,000	5.0%
2021	2,970,000	59,600,000	5.0%
Average Annual growth			
2016-2021	0.72%	1.37%	

Source: IHS Markit Regional eXplorer version 1160

When looking at the population projection of Free State Province shows an estimated average annual growth rate of 0.7% between 2016 and 2021. South Africa as a whole is estimated to have an average annual growth rate of 1.4% which is higher than that of Free State's growth rate.

Economic Overview

Free State Gross Domestic Product (GDP)

In 2016 the Free State Province had a total GDP of R223 billion in current prices as per *table* below.

Table: GDP – Free State and National Total, 2006 – 2016 (R Billions, current prices)

	Free State	National Total	Free State as % of national
2006	101.2	1,839.4	5.5%
2007	114.0	2,109.5	5.4%
2008	129.7	2,369.1	5.5%
2009	135.9	2,507.7	5.4%
2010	147.2	2,748.0	5.4%
2011	157.6	3,023.7	5.2%
2012	163.9	3,253.9	5.0%
2013	176.9	3,539.8	5.0%
2014	190.9	3,807.7	5.0%
2015	205.4	4,049.8	5.1%
2016	223.3	4,338.9	5.1%

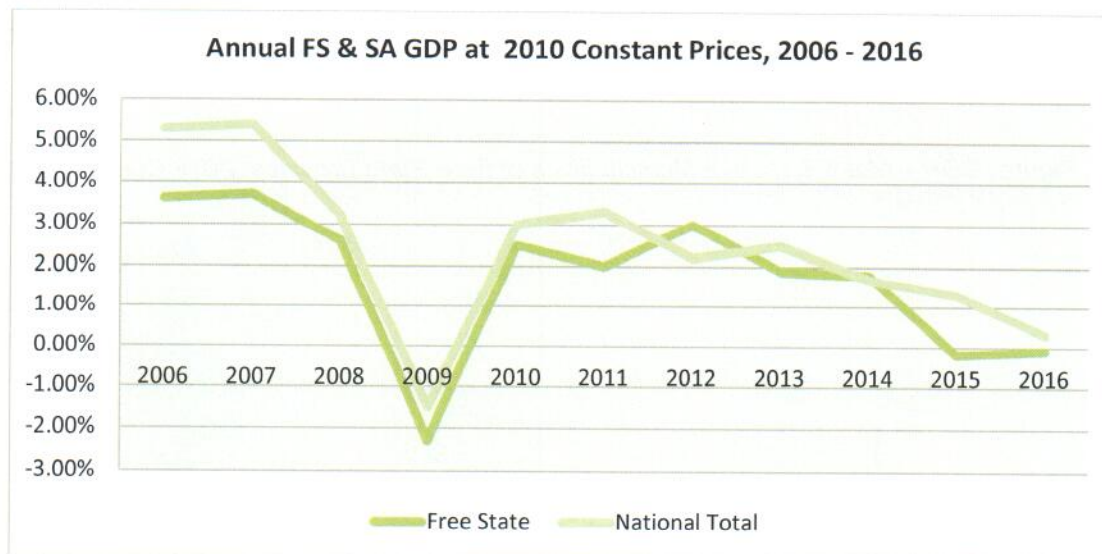
Source: IHS Markit Regional eXplorer version 1160

With a GDP of R 223 billion in 2016 (up from R 101 billion in 2006), the Free State Province contributed 5.15% to the South Africa GDP of R 4.34 trillion in 2016 increasing in the share of the National Total from 5.50% in 2006. Its contribution to the national economy stayed similar in importance from 2006 when it contributed 5.50% to South Africa, but it is lower than the peak of 5.50% in 2006.

The annualised GDP growth has struggled to reach the pre-global financial crisis levels. The Free State economic growth reached its highest level of 3.7% in 2007. While the Free State GDP had been hovering below the national average between 2006 and 2016, it however surpassed the national average in 2012 when it reached 3% and in 2014 at 1.8%. For a period of ten years (between 2006 and 2016) the Free State economy has experienced real annualised average growth rate of 1.48%.²

² Global Insight Regional eXplorer version 920

Figure: Annual FS & SA GDP at 2010 Constant Prices, 2006 - 2016



Source: IHS Markit Regional eXplorer version 1160

As per the table below, in 2016, the Free State Province achieved an annual growth rate of -0.06% which is a slightly lower growth rate than that of South Africa as a whole, where the 2016 GDP growth rate was 0.28%. Contrary to the short-term growth rate of 2016, the longer-term average growth rate for Free State (1.48%) is significantly lower than that of South Africa (2.12%). The economic growth in Free State peaked in 2007 at 3.71%.

Table: GDP – Free State and National Total, 2006 – 2016 (Annual percentage change, Constant 2010 prices)

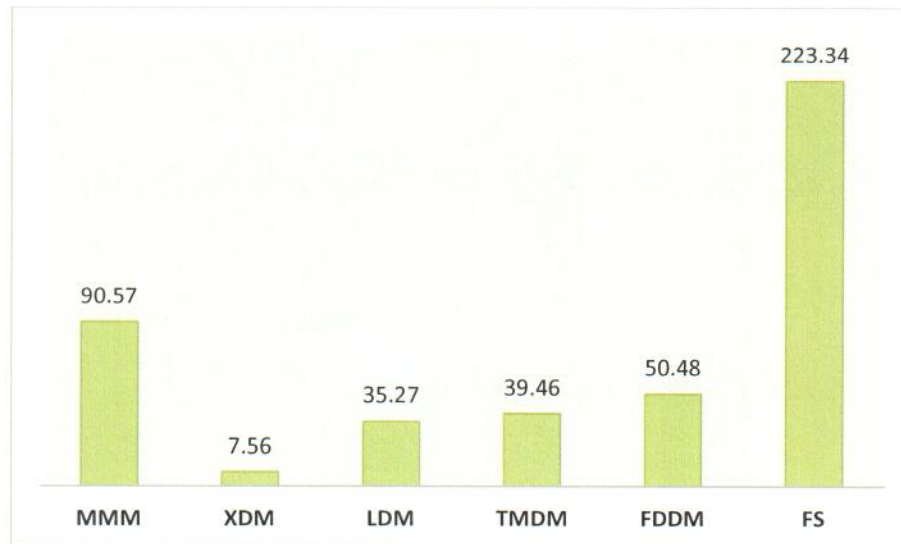
	Free State	National Total
2006	3.6%	5.3%
2007	3.7%	5.4%
2008	2.6%	3.2%
2009	-2.3%	-1.5%
2010	2.5%	3.0%
2011	2.0%	3.3%
2012	3.0%	2.2%
2013	1.9%	2.5%
2014	1.8%	1.7%
2015	-0.2%	1.3%
2016	-0.1%	0.3%
Average Annual growth 2006-2016+	1.48%	2.12%

Source: IHS Markit Regional eXplorer version 1160

The figure below shows the contribution of each district municipality to total Free State GDP. The most contribution came from the Mangaung Metropolitan Municipality (MMM), followed

by the Fezile Dabi District Municipality (FDDM) which is the industrial hub of the Free State economy. Thabo Mofutsanyane District Municipality's (TMDM) was the third largest followed by Lejweleputswa District Municipality's (LDM) the fourth and Xhariep District Municipality's (XDM) was the fifth in contribution.

Figure: GDP – Metro & District Municipalities of Free State Province, 2016 Current Prices



Source: IHS Markit Regional eXplorer version 1160

The table below shows Mangaung had the highest average annual economic growth, averaging 2.92% between 2006 and 2016, when compared to the rest of the regions within the Free State Province. Xhariep had the second highest average annual growth rate of 1.90%. Lejweleputswa had the lowest average annual growth rate of -1.21% between 2006 and 2016.

Table: GDP – Metro & District Municipalities of Free State Province, 2006 – 2016, Share and Growth

	2016 (Current prices)	Share of province	2006 (Constant prices)	2016 (Constant prices)	Average Annual growth
Mangaung	90.57	40.55%	48.19	64.26	2.92%
Xhariep	7.56	3.38%	4.47	5.40	1.90%
Lejweleputswa	35.27	15.79%	29.81	26.39	-1.21%
Thabo Mofutsanyane	39.46	17.67%	23.27	27.17	1.56%
Fezile Dabi	50.48	22.60%	32.45	36.83	1.27%
Free State	223.34		138.19	160.06	

Source: IHS Markit Regional eXplorer version 1160

5.2 Forecasts for the future

Given the growth trend and a number of unfavourable domestic and global factors, the Free State GDP is forecast to grow at an average annual rate of 0.88% from 2016 to 2021. South Africa as a whole is forecasted to grow at an average annual growth rate of 1.61%, which is higher than that of the Free State Province.³ On the other hand, the National Development Plan's ambition is to attain an annual national growth rate of 5.4% by 2030, while the FSGDS aims for a 7% provincial growth rate in the same period. This 0.88% growth rate forecast, when viewed together with the 1.48% growth rate in ten years (between 2006 and 2016), suggests that unless bold measures are implemented in the economy, the growth ambitions set by the policy may not be attainable.

Figure: GDP – Free State and National Total, 2006 – 2021 (Average annual growth rate, Constant 2010 prices)



Source: IHS Markit Regional eXplorer version 1160

In 2021, Free State's forecasted GDP will be an estimated R 167 billion (constant 2010 prices) or 5.0% of the total GDP of South Africa. The ranking in terms of size of the Free State Province will remain the same between 2016 and 2021, with a contribution to the South Africa GDP of 5.0% in 2021 compared to the 5.2% in 2016. At a 0.88% average annual GDP growth rate between 2016 and 2021, Free State ranked the eighth compared to the other regional economies.

The table below provides the growth forecast for the metropolitan municipality as well as the four district municipalities.

³ IHS Markit Regional eXplorer version 1160

Table: GDP – Metropolitan & District Municipalities of Free State Province, 2016 – 2021, Share & Growth

	2021 (Current prices)	Share of province	2016 (Constant prices)	2021 (Constant prices)	Average Annual growth
Mangaung	128.4	76.76%	64.3	69.4	1.55%
Xhariep	10.6	6.33%	5.4	6.0	2.11%
Lejweleputswa	40.8	24.37%	26.4	24.7	-1.32%
Thabo	55.3	33.09%	27.2	29.2	1.48%
Mofutsanyane	68.7	41.05%	36.8	37.9	0.58%
Free State	303.7		160.1	167.2	

Source: IHS Markit Regional eXplorer version 1160

When looking at the regions within the Free State Province it is expected that from 2016 to 2021 the Xhariep District Municipality will achieve the highest average annual growth rate of 2.11%. The region that is expected to achieve the second highest average annual growth rate is that of Mangaung Metropolitan Municipality, averaging 1.55% between 2016 and 2021. The “industrial hub” of the province, namely Fezile Dabi is expected to achieve the second lowest average annual growth rate of 0.58%. Lejweleputswa is expected to perform the poorest with an average annual growth rate of -1.32%.

Gross Value Added by Region (GVA-R)

The Free State Province's economy is made up of various industries. The GVA-R variable provides a sector break-down, where each sector is measured in terms of its *value adding* in the local economy.

The summary below puts the Gross Value Added (GVA) of National in relation to that of the Free State Province.

Table: GVA by broad economic sector – Free State, 2016 (R Billions, Current Prices)

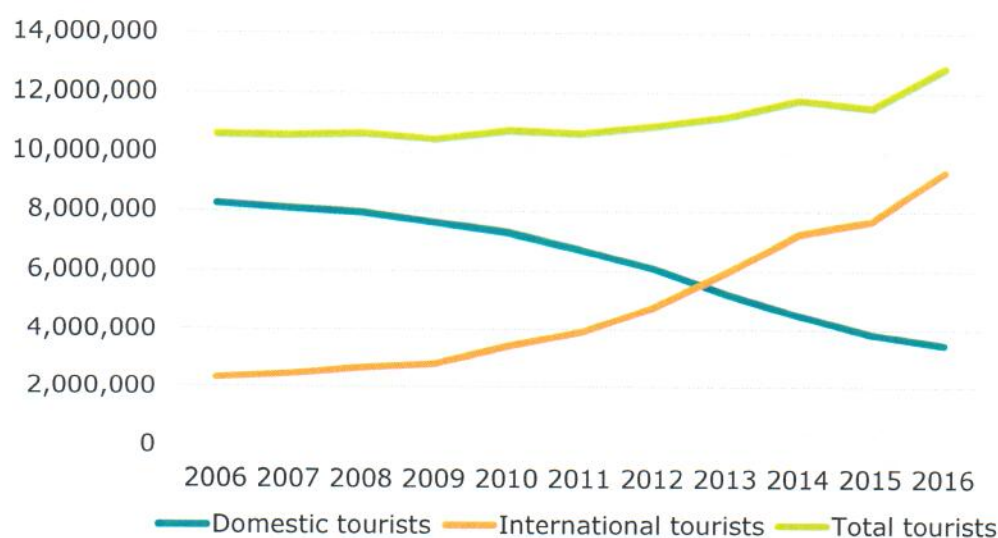
	Free State	National Total	Free State as % of national
Agriculture	9.5	94.4	10.1%
Mining	19.7	306.2	6.4%
Manufacturing	23.0	517.4	4.4%
Electricity	9.4	144.1	6.5%
Construction	4.8	154.3	3.1%
Trade	27.6	589.7	4.7%
Transport	20.8	389.2	5.4%
Finance	33.8	781.7	4.3%
Community services	49.5	894.1	5.5%
Total Industries	198.1	3,871.2	5.1%

Source: IHS Markit Regional eXplorer version 1160

In 2016, the community services sector is the largest within Free State Province accounting for R 49.5 billion or 25.0% of the total GVA in the province's economy. The sector that contributes the second most to the GVA of the Free State Province is the finance sector at 17.0%, followed by the trade sector with 13.9%. The sector that contributes the least to the economy of the province is the construction sector with a contribution of R 4.83 billion or 2.44% of the total GVA.

The figure below provides a summary of growth in tourism (using bed nights) for Free State Province from 2006-2016.

Figure: Growth in tourism (using bed nights), Free State, 2006 - 2016



Source: IHS Markit Regional eXplorer version 1160

From 2006 to 2016 the number of bed nights spent by international tourists overtook the number of bed nights spent by domestic tourists. This is as a result of negative growth in the domestic tourists compared to the positive growth seen in the number of bed nights spent by international tourists in Free State Province.

Sector Growth Forecast

It is expected that the total industries in the Free State will grow at an average annual rate of 0.67% from 2016 to 2021 as per the table below.⁴

⁴ Source: IHS Markit Regional eXplorer version 1160

Table: GVA by broad economic sector – FS, 2016 – 2021 (R Billions, constant 2010 prices)

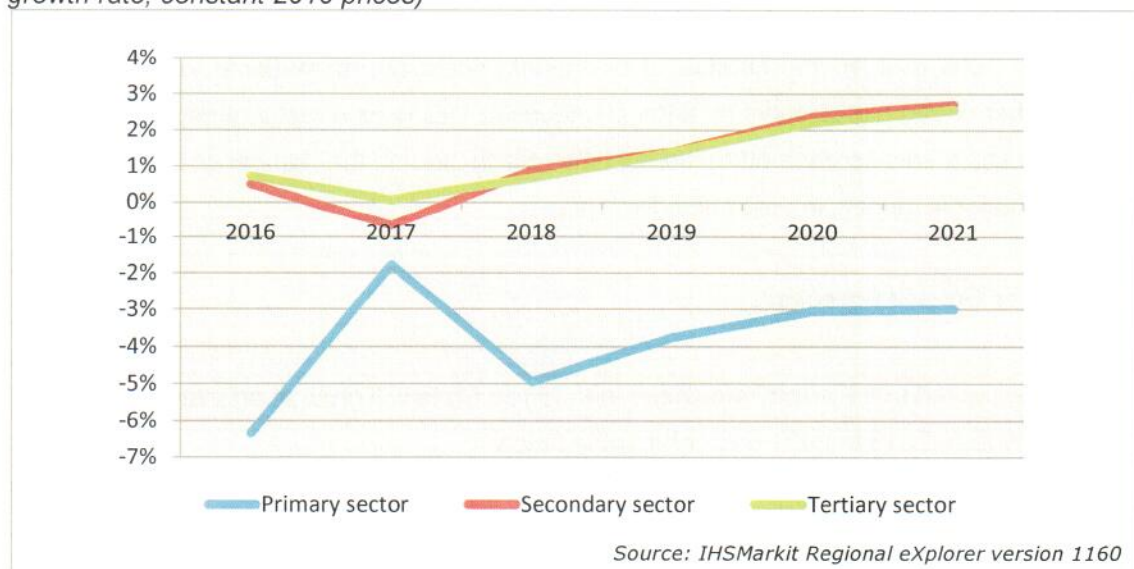
	2016	2017	2018	2019	2020	2021	Average Annual growth
Agriculture	4.5	4.8	4.9	5.0	5.1	5.3	3.51%
Mining	18.8	18.1	16.9	15.9	15.1	14.4	-5.24%
Manufacturing	15.7	15.6	15.8	16.1	16.5	16.9	1.52%
Electricity	4.4	4.4	4.4	4.4	4.5	4.6	1.03%
Construction	4.2	4.2	4.2	4.2	4.3	4.4	0.93%
Trade	26.2	25.8	25.9	26.1	26.7	27.4	0.84%
Transport	12.6	12.7	12.9	13.1	13.5	14.0	2.14%
Finance	22.6	22.7	23.1	23.7	24.4	25.1	2.15%
Community services	35.1	35.4	35.3	35.6	36.1	36.9	0.97%
Total Industries	144.1	143.5	143.3	144.1	146.3	148.9	0.67%

Source: IHS Markit Regional eXplorer version 1160

The agriculture sector is expected to grow fastest at an average of 3.51% annually from R 4.45 billion in Free State Province to R 5.29 billion in 2021. The community services sector is estimated to be the largest sector within the Free State Province in 2021, with a total share of 24.7% of the total GVA (as measured in current prices), growing at an average annual rate of 1.0%. The sector that is estimated to grow the slowest is the mining sector with an average annual growth rate of -5.24%.

When looking at the primary (agriculture & mining), secondary (manufacturing, electricity & construction) and tertiary sectors (trade, transport, finance & the community services sector) as in indicated in figure 6 below, the primary sector is expected to grow at an average annual rate of -3.30% between 2016 and 2021, with the secondary sector growing at 1.33% on average annually. The tertiary sector is expected to grow at an average annual rate of 1.37% for the same period.⁵

Figure: GVA by aggregate economic sector – Free State Province, 2016 – 2021 (Annual growth rate, constant 2010 prices)



⁵ IHS Markit Regional eXplorer version 1160

5.3 Employment

Employment in the province during Q3: 2017 was the highest in Community and Social Services followed by Trade and Private Households as per *table 12* below. These industries recorded a workforce of 198 000, 178 000 and 88 000, respectively. The situation a year ago (Q3: 2016) was the same for these industries which recorded a workforce of 193 000, 176 000 and 97 000 respectively.

Table: Employment per industry – Q3:2016 to Q3:2017

	Jul- Sep 2016	Oct- Dec 2016	Jan- Mar 2017	Apr-Jun 2017	Jul- Sep 2017	Q-to- Q chang e	Y-on- Y chang e	Q-to- Q chang e	Y-on- Y chang e
	Thousands					Percentage			
Free State	781	757	767	777	821	45	41	5.8	5.2
Agriculture	60	65	70	80	75	-4	16	-5,6	26,3
Mining	28	17	17	15	17	3	-11	16,9	-37,6
Manufacturing	60	59	68	69	55	-15	-5	-21,1	-9,1
Utilities	10	10	12	11	11	0	1	-3,7	9,5
Construction	55	54	56	61	73	12	18	19,9	33,2
Trade	176	193	175	165	178	13	2	8,0	0,9
Transport	38	36	43	44	51	7	13	16,2	32,8
Finance	63	53	54	59	75	16	12	26,8	18,9
Community & Social Services	193	181	190	176	198	22	5	12,2	2,6
Private households	97	89	82	96	88	-8	-9	-8,5	-9,5

Source: Stats SA, QLFS, Q3 2017

It is important to note that the highest employment gains year-on-year (Q3:2016 to Q3:2017) were recorded in Construction and Agriculture contributing 18 000 and 16 000 jobs respectively. The workforce in both Transport and Finance also increased with 32.8% and 18.9% respectively.

Annual changes, furthermore as per the above table shows that Mining recorded the highest job losses over the period Q3: 2016 and Q3: 2017. Mining shed 11 000 jobs followed by Private Households and Manufacturing with 9 000 and 5 000 jobs respectively.

From the data provided above, it is clear that two of the 5 priority sectors in the province as per the Free State Growth and Development Strategy (FSGDS), namely Mining and Manufacturing lost jobs during Q3: 2016 and Q3: 2017. Much needs to be done to sustain the current jobs, as well as to create new jobs in these sectors.

The table below clearly highlights the role that the Formal Sector is playing in employment creation. An increase of 4% year-on-year is noted in this sector, while the Informal sector recorded an increase of 10.4%

Table: Employment per sector – Q3:2016 to Q3:2017

	Jul-Sep 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	Q-to-Q change	Y-on-Y change	Q-to-Q change	Y-on-Y change
	Thousands					Percentage			
Free State	781	757	767	777	821	45	41	5,8	5,2
Formal sector (Non-agriculture)	478	460	458	463	497	34	19	7,4	4,0
Informal sector (Non-agriculture)	146	143	156	138	161	23	15	17,0	10,4
Agriculture	60	65	70	80	75	-4	16	-5,6	26,3
Private households	97	89	82	96	88	-8	-9	-8,5	-9,5

Source: Stats SA, QLFS, Q3 2017

It is thus imperative, according to this data to consider sustainable long-term initiatives to grow the informal sector despite the positive increase of 15 000 jobs. It is said against the background to radically transform the informal economy.

5.4. Unemployment

Table: Unemployment rate by province – Q3: 2017

	Official unemployment rate					Expanded unemployment rate		
	Jul-Sep 2016	Apr-Jun 2017	Jul-Sep 2017	Qtr-to-qtr Change	Year-on-year change	Jul-Sep 2016	Jul-Sep 2017	Y-on-Y Change
	Per cent			Percentage points		Per cent		% points
South Africa	27,1	27,7	27,7	0,0	0,6	36,3	36,8	0,5
Western Cape	21,7	20,7	21,9	1,2	0,2	24,8	25,2	0,4
Eastern Cape	28,2	34,4	35,5	1,1	7,3	41,3	45,3	4,0
Northern Cape	29,6	30,5	29,9	-0,6	0,3	41,8	43,1	1,3
Free State	34,2	34,4	31,8	-2,6	-2,4	40,4	38,5	-1,9
KwaZulu-Natal	23,5	24,0	24,6	0,6	1,1	40,4	41,0	0,6
North West	30,5	27,2	26,2	-1,0	-4,3	44,6	42,5	-2,1
Gauteng	29,1	29,9	30,2	0,3	1,1	32,8	33,3	0,6
Mpumalanga	30,4	32,3	30,7	-1,6	0,3	41,4	41,5	0,1
Limpopo	21,9	20,8	19,1	-1,7	-2,8	36,3	35,8	-0,5

Source: Stats SA, QLFS Q3, 2017

The official unemployment rate in South Africa remained unchanged in Q3: 2017 compared to Q2: 2017. In comparison to the same period last year, the unemployment rate increased by 0,6 of a percentage point.

Free State Province recorded the largest decline in the unemployment rate from 34.4% in Q2:2017 to 31.8% in Q3:2017 (down by 2, 6 percentage points). Year-on-year it represents a decline of 2.4 percentage points in Q3:2017 compared to Q3:2016.

The province thus was successful in creating 45 000 jobs between Q2:2017 and Q3: 2017. Compared to Q3:2016, employment increased with 41 000.

From these figures, it is clear that the challenge of unemployment is being prioritised and addressed by the Free State Provincial Government and role-players in the private sector. In Q3:2016, the province had the highest unemployment rate of 34, 2%, followed by the North West's 30, 5%. This ranking changed in Q3: 2017 whereby the Free State recorded the second highest rate of unemployment in the country of 31, 8%. This, once again, despite the improvement in the unemployment rate demonstrates the need for the Free State to radical transform the economy in order to bring down the level of unemployment, poverty and inequality.

5.5 Tourism Sector

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

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

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

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

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

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

Free State 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

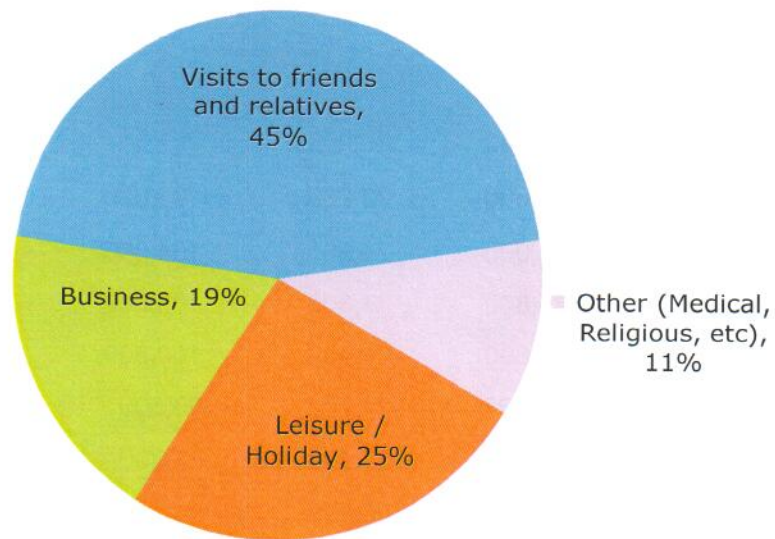
2004-2014	7.86%	5.79%	-2.25%	1.98%	1.26%
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Source: IHS Global Insight Regional eXplorer version 920

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

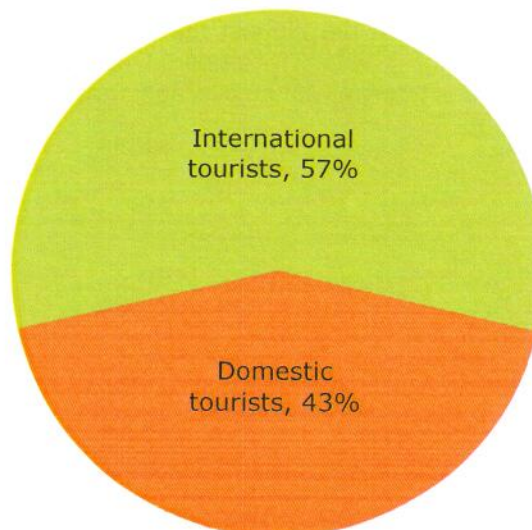


Source: IHS Global Insight Regional eXplorer version 920

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

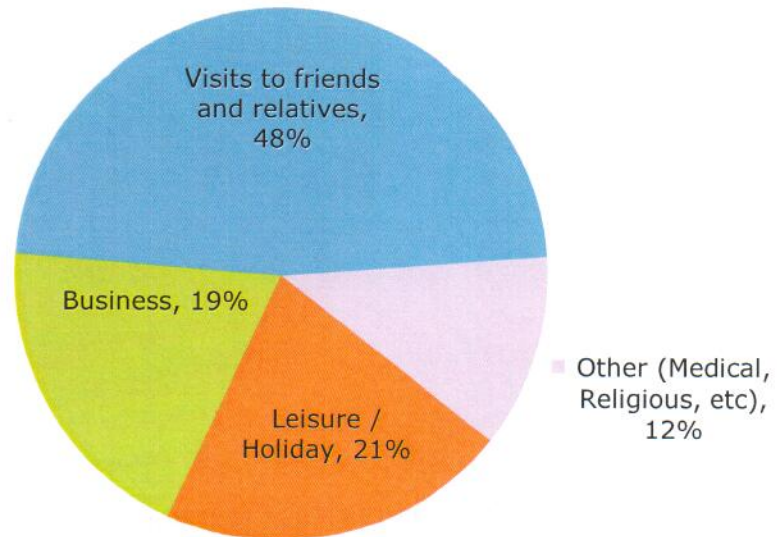
FEZILE DABI DISTRICT MUNICIPALITY

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

	Leisure Holiday	/ Business	Visits friends and relatives	to 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

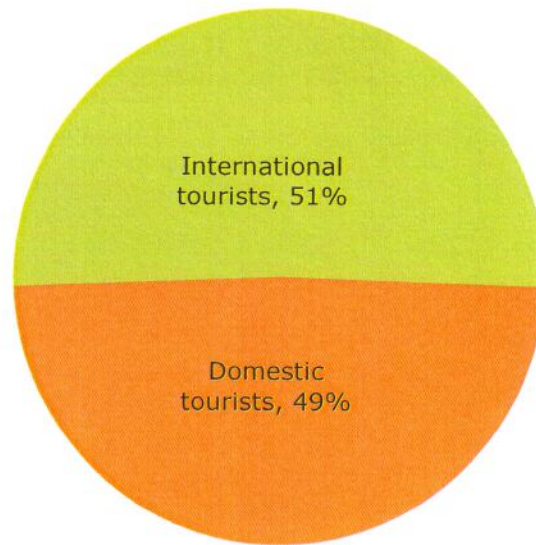


Source: IHS Global Insight Regional eXplorer version 920

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

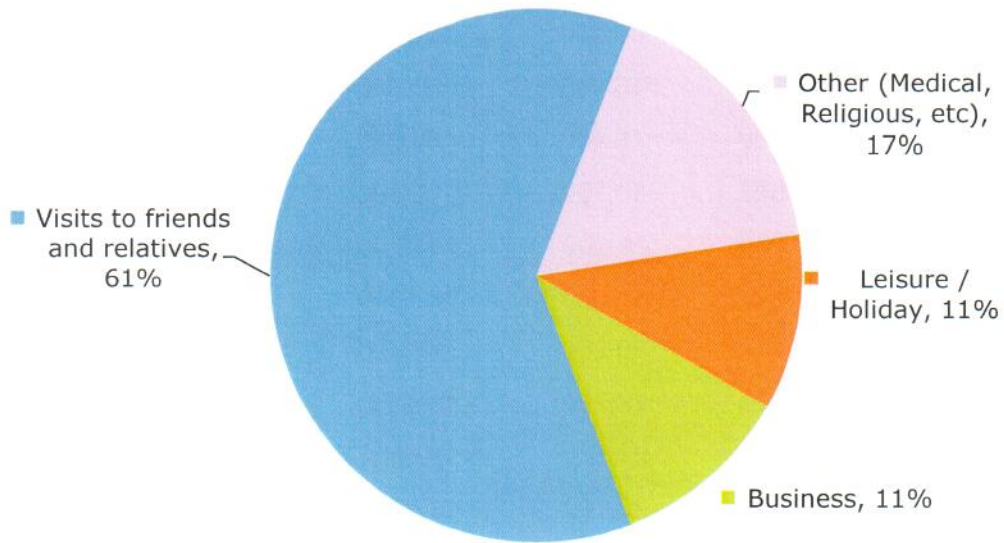
LEJWELEPUTSWA DISTRICT MUNICIPALITY

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

	Leisure Holiday	/ Business	Visits friends and relatives	to 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

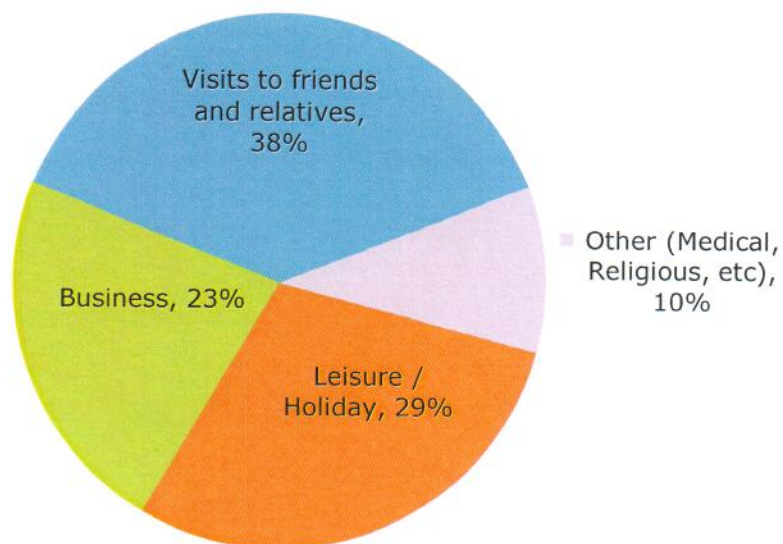
MANGAUNG METROPOLITAN MUNICIPALITY

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

	Leisure Holiday	/ Business	Visits to friends and relatives	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 Margaung 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

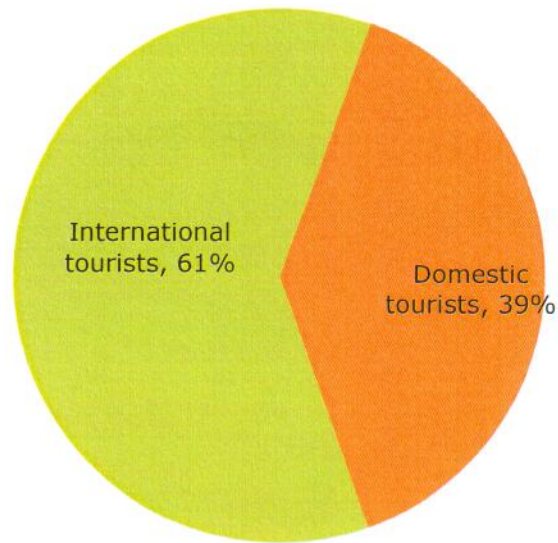


Source: IHS Global Insight Regional eXplorer version 920

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

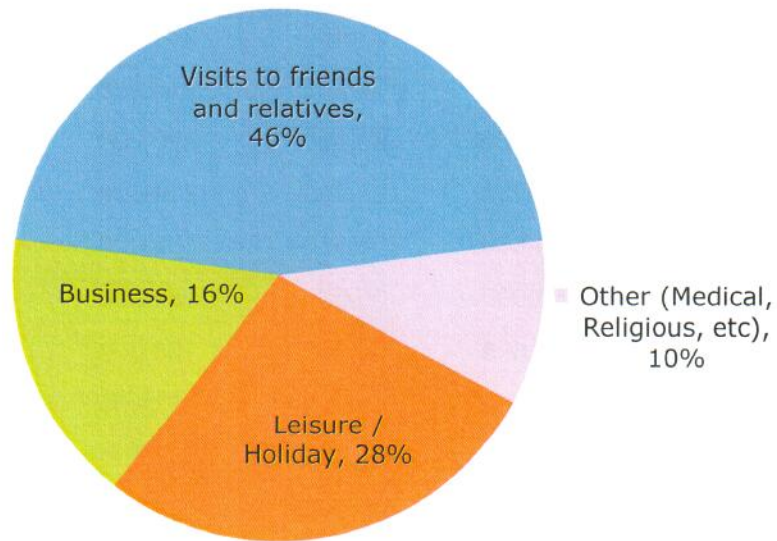
a) Number of trips by purpose of trips - Thabo Mofutsanyane District Municipality, 2004-2014

	Leisure Holiday	/ Business	Visits friends and relatives	to 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 Mofutsanyane 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 Mofutsanyane District Municipality, 2014

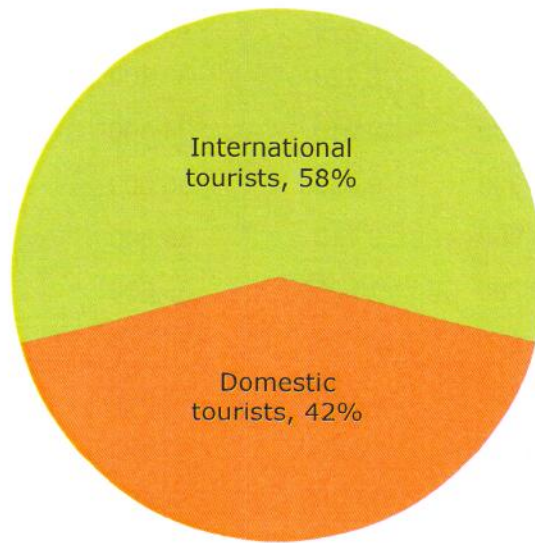


Source: IHS Global Insight Regional Explorer version 920

The Visits to friends and relatives at 45.74% has largest share the total tourism within Thabo Mofutsanyane 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 Mofutsanyane District Municipality.

Tourism - tourists by origin

Thabo Mofutsanyane District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

XHARIEP DISTRICT MUNICIPALITY

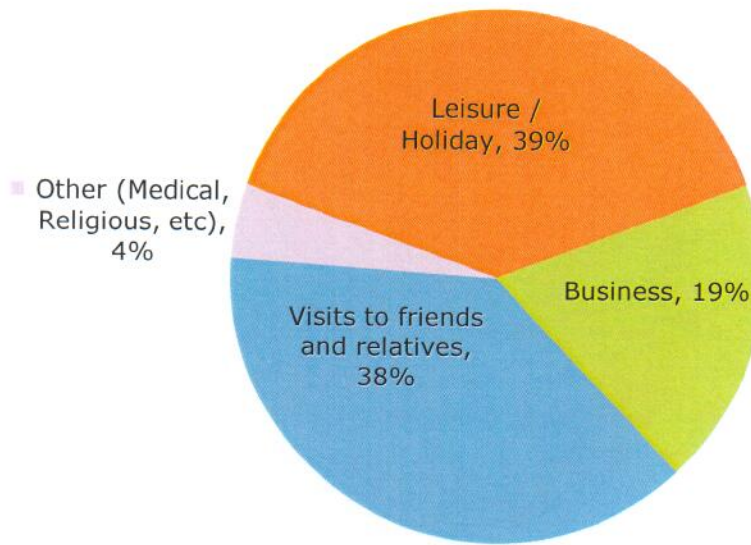
a) Number of trips by purpose of trips - Xhariep District Municipality, 2004-2014

	Leisure Holiday	/ Business	Visits friends and 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

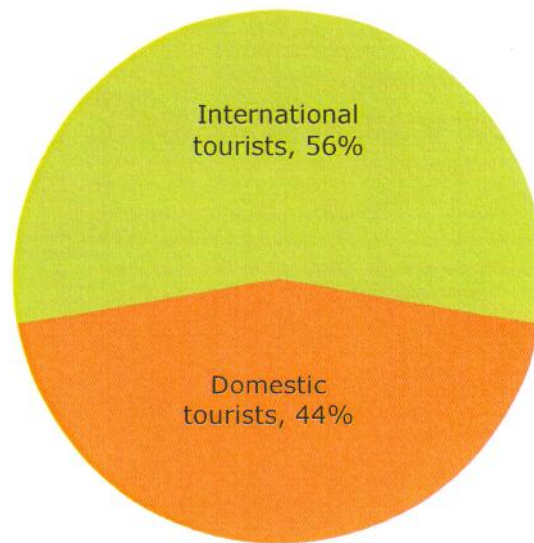


Source: IHS Global Insight Regional eXplorer version 920

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

Khariiep District Municipality, 2014

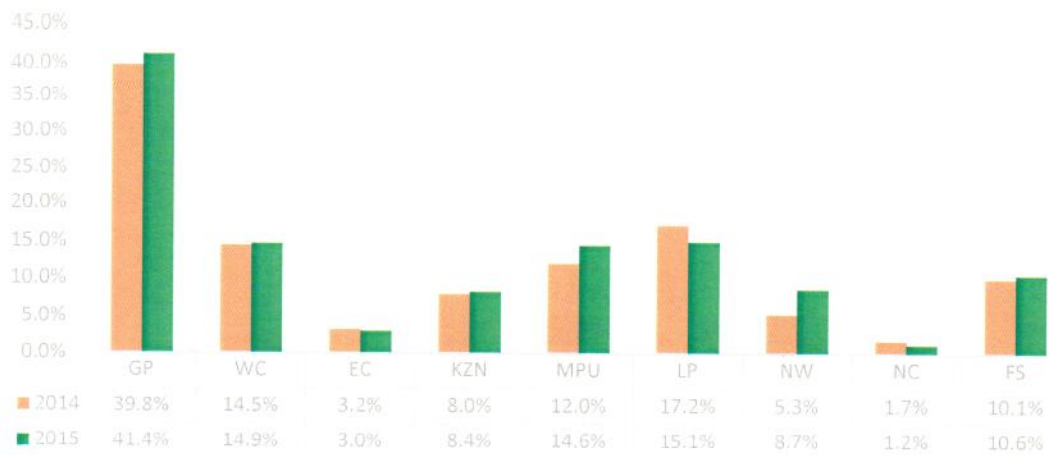


Source: IHS Global Insight Regional eXplorer version 920

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)



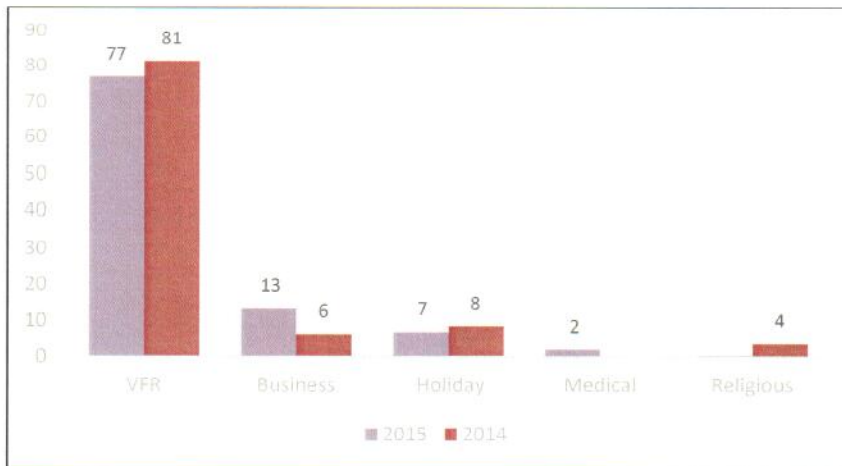
Data for 2014 and 2015 shows that the spend in Free State from international tourist arrivals has increased by 9.5% (R 114 million) in 2015 to R 1 320 million from R 1 206 million in 2014. The average length of stay for international tourists visiting Free State increased slightly from 9.6 days in 2014 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.

5.6 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.

5.7 Policy Environment

The mandate of the Department emanates from national and provincial policies as well as relevant legislative frameworks. In addition to the policies and legislation mentioned elsewhere in this document, 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 in the development of the Strategic Plan. The main themes emphasised by the NDP include:

- 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.

5.8. Demand for services

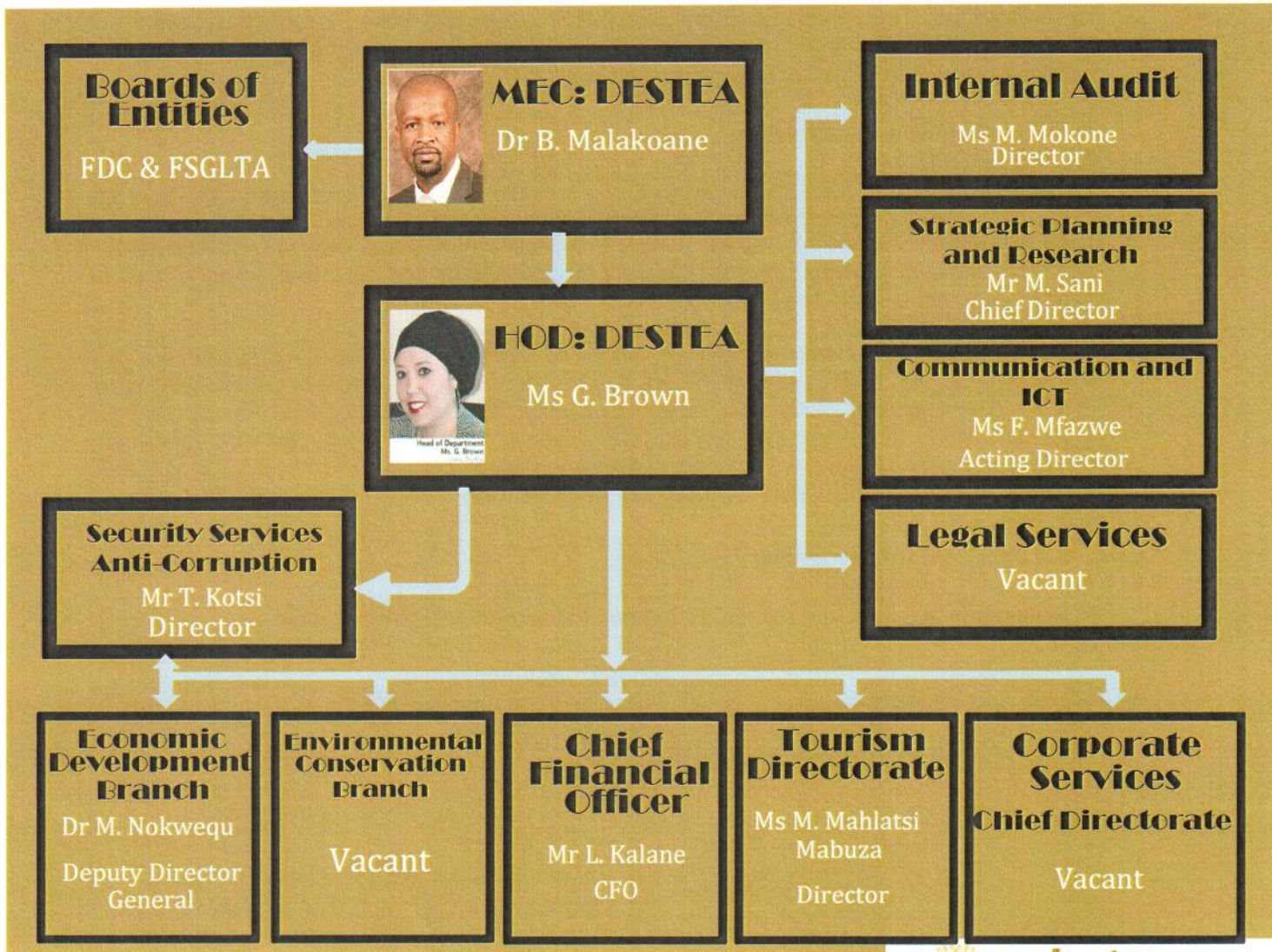
The demand for environmental services is largely driven by the legislative mandate of the department to protect and sustain the natural resources of the province. The services provided by the department in this regard therefore focusses in the main on the enforcement of environmental legislation, the 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.

5.9 Programme Structure

The programme structure of the Department is illustrated in 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



5.9.1 Capacity in the Department

The Department plans to optimize its staff compliment during the next two years, which includes improving the skills profiles, resource placement and utilization. It should however be noted that the Department is facing challenges relating to high staff turnover rates and declining budgets received through the Medium Term Expenditure Framework.

5.9.2 The Description of the Strategic Planning Process

The Strategic Planning Process followed in the development of the Strategic Plan is illustrated by the following diagram. It is followed by a description of each step in the process.

Strategic Planning Steps		Description
Step 1: Mini planning sessions	A. Policy review	All relevant national and provincial policy documents that need to be incorporated in the strategic and annual performance plans of the Department were circulated to managers. These include the Outcome Based planning documents, previous plans, Treasury guidelines, programme structures and indicators.
	B. Mini planning sessions	All components in the Department held mini planning sessions in preparation for the Department strategic planning session. The previous plans were reviewed to identify strengths and weaknesses and to align with the outcome based plans.
Step 2: Departmental Strategic plan	A. SWOT analysis	A SWOT analysis was to identify Strengths, Weaknesses, Opportunities and Threats that face the Department. Remedial activities were then identified and these were incorporated in the new plans for the next financial year.
	B. Identification of performance measures for annual and strategic plans	Commissions were established in the planning session to confirm objectives and compulsory activities to be included in the Balanced Score Card. This exercise was done in conjunction with the public entities to ensure alignment in activities and collaboration in service delivery.
	C. Finalisation of the plans	Each programme held mini planning sessions after the Departmental strategic planning session to finalise their inputs to the Balanced Score Cards, and subsequently the Departmental plans. The Strategic Planning Unit consolidated and quality checked the document to ensure compliance with regulations and planning requirements.
Step 6: Submission of the plans		The drafts of the strategic and annual performance plans of the Department were submitted to the Office of the Premier and Provincial Treasury, in line with the regulations.

6. STRATEGIC OUTCOME ORIENTED GOALS

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

Strategic Goal 1	Provision of leadership for effective socio-economic development
Goal statement	To radically improve socio-economic development through astute leadership in the form of strategic direction, monitoring and accountability.
Strategic Goal 2	Creation of efficient and effective financial management system for sustainability
Goal Statement	To ensure that appropriate methodologies, guidelines and processes for financial management is applied, in an efficient and accountable manner.

Strategic Goal 3	Build a responsive human resource attribute that is responsive to service demands
Goal Statement	To ensure that organizational human resources are skilled, equipped, healthy and motivated in order to meet the service delivery demands placed on the department.
Strategic Goal 4	Integrated economic development for radical transformation
Goal Statement	To ensure that economic development is planned and executed in an integrated manner, at all spheres of the provincial government, addressing the issues of poverty, job creation and inequality, whilst promoting a culture of risk avoidance, awareness and adaptation.
Strategic Goal 5	Inculcate accountable environmental management for sustainable development and inclusive economic growth
Goal Statement	To ensure, transparent, accountable and democratic environmental management systems and processes, which will support sustainable development and inclusive economic growth in the province.
Strategic Goal 6	Foster tourism sector transformation and development for improved market share
Goal Statement	To ensure transformation in the tourism sector, in order to promote equity, investment, and growth in both domestic and international tourism.
Strategic Goal 7	Business process optimization for better programme performance & co-operation
Goal Statement	To ensure optimal organizational performance and service delivery through managing and optimizing internal business processes, with emphasis on internal resource optimization, process re-design for efficiency, technology adaptation and strengthened accountability.

PART B: Strategic Objectives

The following strategic objective were identified for 2018 onwards during a strategic planning session conducted in 2018:

Customer Perspective:

Strategic Objective 1	Improve prosperity
Objective Description	Improve the prosperity of all people in the Free State.
3 Year Targets	<ul style="list-style-type: none"> • 3 Tourism master plans reviewed. • 108 Consumer awareness campaigns. • 4 Strategic and performance plans facilitated. • 10 Security-awareness sessions conducted.

Strategic Objective 2	Customer satisfaction
Objective Description	Notably improve the service delivery satisfaction levels of Free State government customers
3 Year Targets	<ul style="list-style-type: none"> • 100% Consumer disputes resolved. • 12 Tourism forums held. • 4 Client satisfaction surveys conducted. • 9000 Permits issued within legislated time-frames.

Internal Process Perspective:

Strategic Objective 3	Foster mergers and acquisitions
Objective Description	Ensure public and private mergers and acquisitions are aligned to government priorities.
3 Year Targets	<ul style="list-style-type: none"> • 26 Economic Development forums • 7 partnership/investment agreements signed.

Strategic Objective 4	Promote collaborations and partnerships
Objective Description	Promote local and international partnerships to ensure sustainable and rapid development.
3 Year Targets	<ul style="list-style-type: none"> • 7 summits/seminars participated. • 85 SMMEs linked to big business. • 12 EPWP sector meetings participated in. • 6 Investments secured.

Strategic Objective 5	Ensure overall corporate compliance
Objective Description	Ensure compliance with all legislation and regulation applicable to the organization.
3 Year Targets	<ul style="list-style-type: none"> • 3 Internal audit charters. • 12 Service delivery planning documents developed. • 12 Reviews conducted on risk registers. • 3 Procurement plans (PP) developed.

Strategic Objective 6	Continuous process improvement
Objective Description	Ensure the continuous improvement of internal organizational processes.
3 Year Targets	<ul style="list-style-type: none"> • 9 Environmental research projects completed. • 3 Service delivery planning documents developed. • 1 Air Quality Management Plans reviewed.

Strategic Objective 7	Economic growth
Objective Description	Promote rapid economic growth in the province via various modalities.
3 Year Targets	<ul style="list-style-type: none"> • 18 outward and inward missions. • 3 Intelligence reports on GDP developed. • 2 SEZ feasibility studies initiated. • 2 Techno park feasibility studies initiated.

Strategic Objective 8	Increase asset utilization
Objective Description	Ensure optimal asset utilization through efficient allocation and management practices.
3 Year Targets	<ul style="list-style-type: none"> • 12 Asset disposal reports. • 3 Stocktaking reports compiled.

Organizational Capacity Perspective:

Strategic Objective 9	Recruit and develop a workforce
Objective Description	Ensure effective and efficient recruitment and workforce development.
3 Year Targets	<ul style="list-style-type: none"> • 2 Organisational structures developed.

Strategic Objective 10	Enhance change management practises and the training climate
Objective Description	Facilitate change management in the organization and ensure a conducive environment for training.
3 Year Targets	<ul style="list-style-type: none"> • 14 Workshops on change management. • 5 E-Government initiatives implemented.

Strategic Objective 11	Foster a high performance culture
Objective Description	Create and maintained an environment in the organization conducive to high performance.
3 Year Targets	<ul style="list-style-type: none"> • 7 Implementation of ICT solutions.

Strategic Objective 12	Improve corporate communications and coordination
Objective Description	Improve internal and external communication and coordination.
3 Year Targets	<ul style="list-style-type: none"> • 15 Media statements issued • 9 Publications produced.

Financial Perspective:

Strategic Objective 13	Financial stewardship
Objective Description	Ensure ownership, monitoring and accountability in relation to financial matters of the organization.
3 Year Targets	<ul style="list-style-type: none"> • 9 Interim Statements. • 36 Financial reports compiled.

Strategic Objective 14	Improve financial sustainability
Objective Description	Ensure improvements in financial sustainability through improved and more efficient guidelines and practices.
3 Year Targets	<ul style="list-style-type: none"> • 36 In-Year Monitoring reports submitted to treasury in time.

7. PROGRAMME 1: ADMINISTRATION

The role of Programme 1 is to provide leadership and strategic management in accordance with legislation, regulations and policies, as well as providing appropriate support services to other programmes.

7.1 Resource Consideration

<i>Sub-Programme</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Main Appr.</i>	<i>Adjusted Appr.</i>	<i>Revised Estimate</i>	<i>Target</i>	<i>Target</i>	<i>Target</i>
	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1. Office of the MEC	10727	9 777	7 936	12 515	11 899	8 510	12 920	11 820	12 469
2. Senior Management	24 208	24 189	26 045	29 500	29 564	30 341	36 174	37 031	39 068
3. Financial Management	59 328	65 012	62 648	67 735	57 364	68 120	72 998	73 198	82 251
4. Corporate Service	29 463	39 511	38 115	34 444	35 512	27 368	38 356	38 701	40 831
Total payments and estimates	123 726	138 489	134 744	144 194	134 339	134 339	160 448	160 750	174 619

7.1.1 Expenditure Trend

For the financial year 2017/18 a total budget of R134 339 was allocated to Programme 1: Administration to implement outcome 12 and the above listed strategic objectives of the Department. During this period R112 137 was spent, which was 83.5% of the budget allocated.

7.2 Risk Management

Component	Potential Risk	Mitigating Factors
Strategic Planning, Monitoring and Evaluation.	Inefficient reporting by programmes and sub-programmes	<ol style="list-style-type: none"> 1. Compliance with the content of, and delegations contained within, the Departmental Non-Financial Information Management Policy. 2. Compilation of Non-Compliance Registers and elevation to HOD for disciplinary actions. 3. Provision of annual reporting schedules.
Security Services, Anti-Fraud and Corruption	Failure to investigate cases reported diligently	1. Capacitate the unit with investigators
Communication	Communication programs not aligned to departmental mandate and core business.	1. Departmental policies to feature prominently in all engagements with stakeholders.
Management Accounting	Inaccurate departmental budget submitted	<ol style="list-style-type: none"> 1. Establishment of budget committee. Quarterly budget meetings

	Inaccurate adjustment budget submitted	2. Establishment of budget committee. Quarterly budget meetings
	Late submission of In Year monitoring reports.	1. Request for signing authority to be delegated from Accounting officer
Financial Accounting	Incorrect information captured on the annual financial statements	1. Develop action plan for the preparation of Financial Statements 2. Ensure correct classification of items by processing corrective journals 3. Address and resolve all prior year misstatements as per AG findings. 4. Review of Financial Statements by both departmental Accountant and CFO
Fleet and Asset Management	Unhealthy working environment.	1. Engage Public Works to find alternative building
EHWP	Exposure to health hazards	1. Avail resources 2. Implementation of the recommendations of the OHS report.

8. PROGRAMME 2: ENVIRONMENTAL AFFAIRS

The role of the programme is to regulate, manage and ensure the provision of environmental services in the province by contributing to sustainable development and inclusive economic growth.

Sub-Programme	Audited	Audited	Audited	Main Appr.	Adjusted Appr.	Revised Estimate	Target	Target	Target
	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1. <i>Environmental Policy Coordination & Planning</i>	15 048	13 642	7 718	5 266	7 317	17 234	5 233	6 859	7 235
2. <i>Compliance and Enforcement</i>	10 828	12 037	10 996	16 729	16 699	20 016	17 214	16 711	17 630
3. <i>Environmental Quality Management</i>	7 930	10 851	7 447	21 745	23 251	30 711	22 758	22 765	24 017
4. <i>Biodiversity Management</i>	88 136	102 173	105 177	115 165	86 099	113 455	109 348	118 426	133 019
5. <i>Environmental Empowerment Services</i>	3 448	2 131	8 150	15 433	12 267	15 939	9 217	13 056	13 775
Total	125 390	140 834	139 488	174 338	145 633	197 354	163 770	177 817	195 676

8.1. Resource Considerations

8.1.1. Expenditure Trend

The expenditure incurred in this programme was to contribute to the achievement of goal 2 of the Department, which is to ensure sustainable environmental conservation within the Province. This also contributed to Outcome 10 as set out in the prioritised national Outcome Based Plan. The expenditure pattern in this programme changed from 95% in 2016/17 to 123.5% in 2017/18.

8.3. Risk Management

Component	Potential Risk	Mitigating Factors
Environmental Policy Planning and Coordination.	Non availability of programmes to mitigate and adapt to the impact of climate change.	<ol style="list-style-type: none"> 1. Implementation of the NCCRP in the Province 2. Implementation of the FSCCRD in all municipalities and sector departments. 3. Implement Lets Respond Tool Kit in 4 District Municipalities and Metro.
Compliance and Enforcement	Increase environmental criminal activities.	<ol style="list-style-type: none"> 1. A new software to be sourced.
Environmental Quality Management	<p>Noncompliance with National Environmental Management Act (NEMA)</p> <ul style="list-style-type: none"> - Air Quality Management - Waste Management 	<ol style="list-style-type: none"> 1. Increase number of personnel 2. Hold bi-annual workshops for stakeholders (Environmental Assessment Practitioners) 3. Hold quarterly environmental management forums with municipalities and relevant sector departments

Biodiversity Management	Decline in Management Effective Tracking Tool (METT-SA) scores	1.Appoint skilled and qualified staff 2.Increase equipment budget 3.Improve administrative and operational support
	Outbreak of zoonotic diseases affecting game	1. Conduct regular scientific research 2. Upgrade quarantine facilities within PA 3. Take regular blood sample for monitoring
	Not achieving national target	Request departmental funding and personnel

9. PROGRAMME 3: ECONOMIC AND SMALL BUSINESS DEVELOPMENT

The aim of this programme is to enhance the development and growth of SMME businesses in the province through training as well as providing financial and non-financial support.

9.1 Resource Considerations

Sub-Programme	Audited	Audited	Audited	Main Appr.	Adjusted Appr.	Revised Estimate	Target	Target	Target
	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1. <i>Integrated Economic Development</i>	13 850	17 213	23 103	46 182	49 182	39 564	68 837	72 786	77 716
2. <i>Economic Planning</i>	120 502	120 725	134 157	125 284	129 484	124 829	131 295	136 758	144 281
3. <i>Small Business Development</i>	36 863	38 667	21 880	50 506	37 129	25 294	94 451	76 048	71 608
Total	171 215	176 605	179 140	221 972	215 795	189 687	294 583	285 592	293 605

9.1.1 Expenditure Trend

The expenditure incurred in this programme was to contribute to the achievement of goal 1 of the Department, which is to stimulate integrated sustainable economic development within the Province. This also contributed to the Outcome 4 as set out in the prioritised national Outcome Based Plan. The expenditure pattern in this programme changed from 99% in 2016/17 to 80.6% in 2017/18.

9.2 Risk Management

Component	Potential Risk	Mitigating Factors
Integrated economic development	Inability to develop industries and sectors that can radically develop the economy.	1. Adequate Budget allocation 2. Establishment of formal structures with stakeholders e.g. MoU
Economic research and planning	Taking policy decisions based on outdated, incomplete or without relevant information.	Increase the capacity to collect own data and analyze it.
	Number of unhappy consumers will increase	Appointment of enough skilled staff
Small Micro and Medium Enterprise	Unstable and undeveloped economy of the Free State	Increase funding allocation Prioritize and implement funded projects
	Double Dipping of SMME's supported/assisted by the department and data management	Linkages with incentives and support by: Municipalities DTI DFI's Banks Departments Creation on one central integrated database for the Province
Cooperatives	Unstable and undeveloped economy of the Free State	Increase funding allocation Prioritize and implement funded projects
Service Centers: Local Economic Development	Unstable and undeveloped economy of the districts metro	Increase funding allocation Prioritize and implement funded projects
	Service centers not meeting expectations	1. To review service center's management policies. 2. To ensure compliance from a corporate services perspective

		Contingency plan for all data and equipment at service center's Control management of information and confidential data 3. Management must ensure that other branches have personnel in the service centers in promoting One Stop Shop
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10. PROGRAMME 4: TOURISM

The aim of this programme is to ensure adequate planning, growth, development and transformation of the Tourism industry.

10.1 Resource Considerations

Sub-Programme	Audited	Audited	Audited	Main Appr.	Adjusted Appr.	Revised Estimate	Target	Target	Target
	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1. <i>Tourism Planning</i>	9 441	7 455	9 704	14 737	6 042	2 576	9 977	4 453	7 447
2. <i>Tourism Growth and Development</i>	-	1		1 255	1 145	4 001	1 145	1 737	1 832
3. <i>Transformation of Tourism Sector</i>	-	30		2 284	2 194	1 267	1 008	1 593	1 680
Total	9 441	7 486	9 704	18 276	9 381	7 844	12 130	7 783	10 959

10.1.1. Expenditure Trend

- For the financial year 2017/18 a total budget of R9 381 was allocated to Programme 4: Tourism, which implements Outcome 4 and the above listed strategic objectives of the Department. During this period R7 097 was spent, which was 75.7% of the allocated budget.

10.2. Risk Management

Component	Potential Risk	Mitigating Factors
Tourism Growth and Development	The decline of tourism sector's contribution to the provincial economy	1. Adequate budgeting for tourism development and investment
Transformation of Tourism Sector	Slow transformation of tourism industry in the province	Creation of black industrialists in the tourism industry

PART C: Links to Other Plans

11. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

No. thousands	Project name	Project Status	Municipality / Region	Type of infrastructure	Project duration		Source of funding	Budget programme name	Delivery Mechanism (Individual project or Packaged Program)	Total project cost	Expenditure to date from previous years	Total available		
					Date: Start	Date: Finish						2018/19	MTEF Forward estimates 2020/21	
1. New Infrastructure assets														
Total New Infrastructure														
2. Upgrades and additions														
1	Soekoring N/R Sandveld Nature Reserve	Construction	Mangaung	Rebuild Education Environmental Hall	01/04/2013	31/03/2019	IEA	Environmental Affairs	Individual	8,000	6,000	2,000		
2	Philip Sanders	Planning	Tswelopele	Construction of swimming pools and childrens play areas	01/04/2018	31/03/2019	IEA	Environmental Affairs	Individual	2,000		2,000		
3	Gariep Nature Reserve	Planning	Gariep	Construction of caravan park, childrens play areas and day visitors area	01/04/2019	31/03/2020	IEA	Environmental Affairs	Individual	3,500		3,500		
4	Seekoeivlei Sandveld Nature Reserve	Planning	Matluf-a-Pofung	Construction of swimming pools, childrens play areas, day visitors area and a hall	01/04/2018	31/03/2020	IEA	Environmental Affairs	Individual	5,498		1,498	4,000	
5	Sterkfontein dam nature Reserve	Planning	Mangaung	Construction of Office Complex	01/04/2017	31/03/2019	IEA	Environmental Affairs	Individual	6,498		1,000	5,498	
6	Soekoring Nature Reserve	Planning	Tswelopele	Paving of access road	01/04/2020	31/03/2021	IEA	Environmental Affairs	Individual	12,000			12,000	
7	Maria Moroka Nature Reserve	Planning	Managaung	Construction of swimming pools and childrens play areas	01/04/2020	31/03/2021	IEA	Environmental Affairs	Individual	4,000			4,000	
8	Sandveld Nature Reserve	Planning	Tswelopele	Upgrade of sewerage system	01/04/2018	31/03/2020	IEA	Environmental Affairs	Individual	6,500		3,000	3,500	
9	Staff Housing All Resorts and Reserves	Planning	All	Upgrade of Water reticulation system	01/04/2018	31/03/2020	IEA	Environmental Affairs	Individual	6,500		3,000	3,500	
10	Philip Sanders	Construction	Mangaung	Upgrade of chalets and caravan park	01/04/2018	31/03/2019	IEA	Environmental Affairs	Individual	1,500		1,500		
11	All Reserves and Repairs	Design	All	Cleaning of rivers and dams	01/04/2016	31/03/2019	IEA	Environmental Affairs	Packaged	15,427		4,000	5,929	
12	Fences All Reserves and Resorts	Construction	All	Maintenance to Infrastructure	01/04/2012	31/03/2021	IEA	Environmental Affairs	Packaged	79,423	6,000	17,998	25,927	
13	Water resource Management	Construction	All	Upgrade and construction of staff housing	01/04/2018	31/03/2020	IEA	Environmental Affairs	Packaged	15,427		4,000	5,929	
Total Upgrades and Additions														
3. Refurbishment and rehabilitation														
1	Philip Sanders	Construction	Mangaung	Refurbishment of Philip Saunders resort	01/04/2018	31/03/2020	IEA	Environmental Affairs	Individual	4,500	1,000	2,500	1,000	
2	All Reserves and Repairs	Design	All	Refurbishment of chalets, hall and caravan park	01/04/2018	31/03/2019	IEA	Environmental Affairs	Individual	1,000		1,000		
Total Refurbishment and rehabilitation														
4. Maintenance and repairs														
1	All Reserves and Repairs	Design	All	Cleaning of rivers and dams	01/04/2016	31/03/2019	IEA	Environmental Affairs	Packaged	15,427		4,000	5,929	
2	Fences All Reserves and Resorts	Construction	All	Maintenance to Infrastructure	01/04/2012	31/03/2021	IEA	Environmental Affairs	Packaged	16,300		3,800	4,500	
3	Water resource Management	Construction	All	Upgrade and maintenance of fences	01/04/2018	31/03/2021	IEA	Environmental Affairs	Packaged	12,115		3,000	3,500	
Total Maintenance and Repairs														
Total Infrastructure Projects														
										135,338	23,000	34,298	34,927	43,113

12. CONDITIONAL GRANTS

The department will receive the following Conditional Grants: the Extended Public Works Programme, Infrastructure Enhancement Allocation, and Revenue Enhancement Allocation.

Conditional Grant	2018/2019 Budget (‘000)
EPWP Integrated Grant	R2213
Infrastructure Enhancement Allocation	R34 298

Name of grant	EPWP Integrated Grant
Purpose	The Extended Public Works Programme: It is utilized in the establishment of firebreaks and the eradication of alien plant species in reserves and resorts.
Performance indicator	Create 350 job opportunities through the departmental EPWP grant.
Continuation	The grant will continue if prioritized by Provincial Treasury.
Motivation	Integral role in provincial job creation.

Name of grant	Infrastructure Enhancement Allocation
Purpose	Infrastructure Enhancement Allocation: This is a Provincial conditional grant to build and improve new infrastructure assets.
Performance indicator	Continuous upgrades and improvements to reserves and resorts within the province.
Continuation	The grant will continue if prioritized by Provincial Treasury.
Motivation	Integral role in provincial job creation.

13. PUBLIC ENTITIES

Public Entities, 2018

Name of Entity	Mandates	Outputs	Current Annual Budget (R '000)	Date of Next Evaluation
Free State Development Corporations	<ul style="list-style-type: none"> To finance and advance economic growth and development, Black Economic Empowerment and SMME development and growth. To promote investment and trade within the province and to identify, analyze, publicize and market investment and trade opportunities in the provincial economy 	<ul style="list-style-type: none"> Investment opportunities for the province; Stimulate economic growth; Assist small and medium enterprises with financial assistance; Promote economic activity within the province; Provide for trade promotion 	42 833	2019
Free State Gambling, Liquor and Tourism Authority	<ul style="list-style-type: none"> To regulate the gambling and racing activities in the province on behalf of the Provincial Department. To reduce socio-economic and other costs of alcohol abuse. Regulate the micro-manufacturing and retail sale of liquor or methylated spirits 	<ul style="list-style-type: none"> Implementation of essential national norms and standards in the liquor industry. Regulation of the micro-manufacturing and retail sale of liquor or methylated spirits. Promotion of responsible and sustainable liquor industry. Regulate, license, control and police gambling activities. Protect public who participate in any licensed gambling activity. License gambling activities in a transparent, fair and equitable manner 	112 327	2019
	To promote tourism and increase market share in the tourism industry and to coordinate marketing activities of all role players.	<p>Ensure effective and efficient:</p> <ul style="list-style-type: none"> Marketing of tourism; Promotion of tourism; Development of sustainable tourism within the Province; Promotion of major sport events to promote tourism. Broaden the participation in tourism of previously disadvantaged communities and persons in order to contribute to the improvement of the quality of life of every inhabitant of the Province 		

14. PUBLIC-PRIVATE PARTNERSHIPS

DESTEА has no formal public-private partnerships.