

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 2017 to 2020

Free State Province

FOREWORD

This Strategic Plan outlines the strategic intent of the department. Individually and collectively as representatives of the people and public servants, we are committed in serving the people of the Free State in order to better their lives.

To this end, we have reviewed the department's mission, vision and values in order to help us respond to the people's expectations. 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 optimisation for better programme performance and co-operation

Everything we will do through this plan will focus on radical economic transformation to ensure ownership and control of wealth by those who hitherto were mere spectators.

The programmes contained herein and the budget allocated to them will be our roadmap for the MTEF period. This plan calls on our people, particularly young, black and female entrepreneurs to take advantage of all the programmes and incentives to help turn our province into a bustling hub of industrialisation and manufacturing.

Our emphasis towards the realization of this plan will be through the chosen objectives which among others are, optimize investment, increase market share and improve prosperity.

We will also capacitate all our public entities and provide them with a new direction and sense of accountability by ensuring that they all enter into a shareholder compact with the shareholders. This compact is intended to improve administrative discipline and corporate governance in these institutions.

We have got no doubt that working together with business, labour and civil society, this plan will unlock the economic and environmental value of the province.



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 2017/18 to 2019/20.

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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 2015/16 to 2019/20 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:

"By 2020, 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:

"By creating 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."

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:

<i>Passion</i>	We build and promote an energising and inspiring work environment. (Dedication, loyalty)
<i>People Centric</i>	We support and involve others in their endeavours to learn and expand their strengths (Learning & Innovation).
<i>Performance</i>	We involve everyone who is affected in our plans, goals and decisions (Professionalism).
<i>Proactive</i>	We adopt best available science and knowledge practices (Responsiveness).
<i>Integrity</i>	We drive the department's agenda above pursuing self-interest (Honesty, Trustworthy).
<i>Innovation</i>	We research and develop unique methods, processes and products to ensure efficient service delivery to clients. (R&D, modernization, creativity)

4. LEGISLATIVE AND OTHER MANDATES

The Department adopted the following broad Mandate:

"To improve the socio-economic livelihoods of Free State communities through economic, small business, tourism and environmental development programmes."

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

Table 1 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) 	Promote policy objectives, facilitate strategy implementation and align programmes to encourage SMME development in the Province. Promoting Broad Based Economic Empowerment in the Province.
Economic Development: Gambling & Betting Administration	<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.

Programme Name and Core Function	Legal Mandate	Implications
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 	Regulatory framework for the management and protection of environmental resources and coordination.
	<ul style="list-style-type: none"> Free State Nature Conservation Ordinance, 1969 (Ordinance No. 8 of 1969) Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004) 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) 	<p>Regulates and sets out the mechanisms for managing and conserving South Africa's biodiversity, its components and institution</p> <p>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>

Programme Name and Core Function	Legal Mandate	Implications
Tourism	<ul style="list-style-type: none"> Animal Protection Act, 1962 (Act No.71 of 1962) Tourism Act, 1993 (Act No.72 of 1993) Free State Tourism Authority Act, 2005 (Act No. 3 of 2005) Tourism second amendment Act No.70 of 2000 	<p>Ensuring the protection of various animal species in the Province</p> <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 of conduct and ethics for tourist guides.</p>

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.

Programme Name and Core Function	Mandate	Implications
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 Assessment (EIA) Regulations. • NDP/MTSF 	Implementation and regulation of legislation related to environmental protection and management.
TOURISM	National Tourism 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
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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 DESTEA
Strategic Priority 1:	Speeding up growth and transforming the economy to create decent work and sustainable livelihoods.	<ul style="list-style-type: none"> • Policy Development • Regulation • BBBEE Policy & Monitoring • 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

Strategic Priority	Identified Priority Areas	Role of the DESTEa
		<ul style="list-style-type: none"> 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 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, which will represent 80% of government budget and these are as follows:

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

The 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

The population in Free State province according to table 1, 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%). Most of the Free State's population, in 2016, resides, as per table 1, in Thabo Mofutsanyane (779 600) followed by Mangaung Metro (759 693), Lejweleputswa (649 964) and Fezile Dabi (494 777). Xhariep recorded the lowest population of 150 681.

Figure 1: Population per District and Local Municipality 2011 and 2016

Province, District, Local Municipality	Census 2011			Community Survey 2016		
	Total population			Total population		
	Male	Female	Total	Male	Female	Total
Free State	1 328 967	1 416 623	2 745 590	1 379 965	1 454 749	2 834 714
Xhariep	71 658	74 600	146 259	73 927	76 754	150 681

Lejweleputswa	309 611	318 016	627 626	324 998	324 966	649 964
Thabo Mofutsanyane	343 170	393 068	736 238	366 168	413 432	779 600
Fezile Dabi	242 342	245 694	488 036	245 985	248 792	494 777
Mangaung	362 186	385 245	747 431	368 887	390 806	759 693

Source: Statistics SA, Community Survey 2016

It is important to note that most of the population, according to Census 2011 resided in the Mangaung Metropolitan Municipality (747 431). This situation however has changed in terms of ranking according to the CS 2016, which now indicates that Thabo Mofutsanyane DM accommodates the highest population of 779 600 in the province. Population increases from 2011 to 2016 are recorded in all the district municipalities.

Table 1 (a): % Change in population between 2011 and 2016

Province, District, Local Municipality	2016
Free State	3.2
Xhariep	3
Lejweleputswa	3.6
Thabo Mofutsanyane	5.9
Fezile Dabi	1.4
Mangaung	1.6

The population in Free State, as per the above table, increased with 89 124 between 2011 and 2016 which represent an increase of 3.2 %. Thabo Mofutsanyane recorded the highest increase of 5.9% followed by Lejweleputswa with 3.6%. The lowest increase of 1.4% in the population was recorded in Fezile Dabi.

Table 1 (b): % change in terms gender between 2011 and 2016

Province, District, Local Municipality	Census 2011		Community Survey 2016			
	Population by gender		% change in population by gender			
	M	F	M	% change	F	% change
FS	1 328 967	1 416 623	1 379 965	3.8	1 454 749	2.7
Xhariep	71 658	74 600	73 927	3.2	76 754	2.9
Lejweleputswa	309 611	318 016	324 998	5	324 966	2.2

Thabo Mofutsanyane	343 170	393 068	366 168	6.7	413 432	5.2
Fezile Dabi	242 342	245 694	245 985	1.5	248 792	1.3
Mangaung	362 186	385 245	368 887	1.9	390 806	1.4

In terms of gender, as per the table above, Thabo Mofutsanyane recorded the highest growth in both male and female of 6.7% and 5.2% respectively. Lejweleputswa in terms of males recorded the second highest growth of 5%, whilst Xhariep recorded the second highest increase of 2.9% in females. The lowest growth in gender, both male and female, was recorded in Fezile Dabi with 1.5% and 1.3% respectively.

Population Projections

Based on the present age-gender structure and the present fertility, mortality and migration rates, Free State's population is projected to grow at an average annual rate of 0.4% from 2.8 million in 2014 to 2.85 million in 2019.

Table: Population projections - Free State and National Total, 2014-2019

	Free State	National Total	Free State as % of national
2014	2,800,000	53,800,000	5.2%
2015	2,820,000	54,500,000	5.2%
2016	2,830,000	55,300,000	5.1%
2017	2,840,000	56,000,000	5.1%
2018	2,850,000	56,700,000	5.0%
2019	2,850,000	57,400,000	5.0%
Average Annual growth			
2014-2019	0.35%	1.31%	

Source: IHS Global Insight Regional eXplorer version 832

The average annual growth rate in the population over the forecast period for South Africa is 1.3%. South Africa as a whole is estimated to have an average annual growth rate of 1.3% which is higher than that of Free State's growth rate.

5.1.1. Economic Analysis

5.1.1.1 Prevailing Global and Domestic Economic Environment.

In terms of the South African Reserve Bank's projections, the South African economy is expected to grow by only 0.9% in 2016.¹ While the World Bank's 2% growth projection in 2016 is better, it is still a very low projection. The downward revision of economic growth forecast is mainly informed by economic slowdown in China, lower commodity prices and electricity supply shortages. Most of South Africa's mineral exports go to China while the value added products largely go to European market. Accordingly, a slow-down in China or Europe would reduce demand for South Africa's exports.² Despite this gloomy economic growth outlook, the sub-Saharan region is forecast to grow at 4% in 2016.

The growth of the South African economy is expected to remain subdued due to global factors such as slower growth and demand from key trading partners like China, Eurozone and other emerging economies. In terms of IMF's 2015 World Economic Outlook report, the global economy will remain subdued due to "the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, lower prices for energy and other commodities, and a gradual tightening in monetary policy in the United States".

The advanced economies are expected to grow at an average of 2.3% in 2016 and 2017. According to the World Bank, this modest growth would be driven by the United States (US), whose growth is expected to rise to 2.8% in 2016, and a recovery in the Euro Area and Japan.³

Ordinarily, lower oil prices would provide a relief to household budgets and headline inflation and thus contribute to economic growth. Unfortunately there is a number of demand-side constraints that would make this relief temporary and constrain growth prospects by limiting the space for increased households' consumption; viz:⁴

- a. the possibility of higher electricity tariffs;
- b. the potentially higher domestic prices due to the knock-on-effect of a more depreciated rand;
- c. high unemployment; and
- d. high indebtedness which could fuel tighter credit standards.

These demand-side pressures would be exacerbated by subdued government consumption because of "consolidation efforts".⁵

¹ See Statement of the Monetary Policy Committee, 28 January 2016. Pg. 5

² World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

³ World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 11-12

⁴ World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

⁵ Ibid

On the supply-side, the following constraints would dampen investor confidence and thus economic growth:⁶

- a. concerns over electricity supply;
- b. rising input and wage costs;
- c. lower commodity prices; and
- d. policy and regulatory uncertainty

The weak economic growth, in turn, would sustain the already volatile labour relations environment which is not helping in improving investor confidence. Related to this, is the incident of rising social tension in the country and has been covered by the international media.⁷

Nonetheless, the recovery in advanced countries and relatively higher economic growth in Sub-Saharan Africa present an opportunity for demand for South Africa's non-mineral exports. Unfortunately this would not reduce the current account deficit which is forecast to be around 5.0-5.2% of the GDP over the medium term. This is because of lower demand for minerals as well as lower commodity prices.⁸

The ongoing drought is also going to impact negatively on the economy. The drought had not only forced farmers to plant 30% of total hectares in 2015, but had damaged the crops planted. Livestock farmers are forced to use their cash to buy feed for their animals while at the same time the feed prices are increasing.⁹ The impact has begun to show with the agricultural sector declining by 12.6% in the third quarter of 2015.¹⁰ The drought-exacerbated conditions in the agricultural sector are going to lead to high food prices which would in turn lead to deteriorating health conditions, particularly of the poor households.¹¹

5.1.1.2 Gross Domestic Product (GDP) by Region

In 2014 the Free State Province had a total GDP of R190 billion in current prices. Figure 2 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

⁶ World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

⁷ World Bank: South Africa Economic Update: Jobs and South Africa's Changing Demographics. Pgs. 27

⁸ Ibid

⁹ Prof J. Willemse, Dr D Strydom & M Venter: Implications of the lingering 2015 drought on the economy, agricultural markets, food processors, input suppliers and consumers

¹⁰ Stats SA

¹¹ Prof Willemse et. al; SARB, 28/01/16

Mofutsanyane District Municipality's (TMDM) was the third largest; Lejweleputswa District Municipality's (LDM) the fourth and Xhariep District Municipality's (XDM) was the fifth in contribution.

Figure 2: Districts & FS GDP: 2014 prices in Rbn

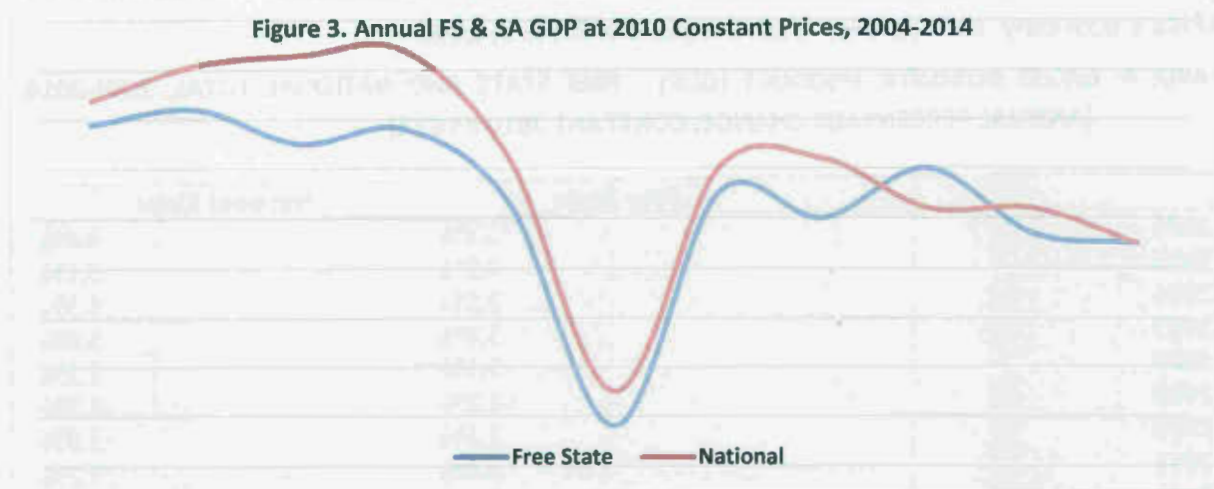


Source: Global Insight Regional eXplorer version 920

As figure 3 below shows, the annualised GDP growth has struggled to reach the pre-global financial crisis levels. The Free State economic growth reached its highest level of 4.22% in 2005. While the Free State GDP had been hovering below the national average between 2004 and 2014, it however surpassed the national average in 2012 when it reached 3% and mirrored it in 2014 at 1.5%. For a period of ten years (between 2004 and 2014) the Free State economy has experienced real annualised average growth rate of 2.22%.¹²

¹² Global Insight Regional eXplorer version 920

Figure 3. Annual FS & SA GDP at 2010 Constant Prices, 2004-2014



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 1.77% from 2014 to 2019.¹³ 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 1.77% growth rate forecast, when viewed together with the 2.2% growth rate in ten years (between 2004 and 2014), suggests that unless bold measures are implemented in the economy, the growth ambitions set by the policy may not be attainable.

TABLE 3: GROSS DOMESTIC PRODUCT (GDP) - FREE STATE AND NATIONAL TOTAL, 2004-2014 [R BILLIONS, CURRENT PRICES]

	Free State	National Total	Free State as % of national
2004	78.6	1,476.6	5.3%
2005	85.5	1,639.3	5.2%
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	157.8	3,025.0	5.2%
2012	164.8	3,262.5	5.1%
2013	179.8	3,534.3	5.1%
2014	190.2	3,794.8	5.0%

Source: IHS Global Insight Regional eXplorer version 920

With a GDP of R 190 billion in 2014 (up from R 78.6 billion in 2004) as per table 3 above, the Free State Province contributed 5.0% to the South Africa GDP of R 3.79 trillion in 2014, decreasing in the share of the National Total from 5.32% in 2004. Its contribution to the

¹³ Global Insight Regional eXplorer version 920

national economy stayed similar in importance from 2004 when it contributed 5.32% to South Africa's economy, but it is lower than the peak of 5.5% in 2006.

**TABLE 4: GROSS DOMESTIC PRODUCT (GDP) - FREE STATE AND NATIONAL TOTAL, 2004-2014
[ANNUAL PERCENTAGE CHANGE, CONSTANT 2010 PRICES]**

	Free State	National Total
2004	3.9%	4.4%
2005	4.2%	5.1%
2006	3.5%	5.3%
2007	3.8%	5.4%
2008	2.3%	3.2%
2009	-2.2%	-1.5%
2010	2.5%	3.0%
2011	2.0%	3.2%
2012	3.0%	2.2%
2013	1.7%	2.2%
2014	1.5%	1.5%
Average Annual growth 2004-2014+	2.22%	2.94%

Source: IHS Global Insight Regional eXplorer version 920

As table 4 shows, in 2014 the Free State Province achieved an annual growth rate of 1.48% which was similar to the growth rate of South Africa as a whole, where the 2014 GDP growth rate was 1.51%. Contrary to the annual growth rate of 2014, the longer-term average growth rate for the Free State of 2.22%, is significantly lower than that of South Africa, which is 2.94%. The economic growth rate in the Free State peaked in 2005 at 4.22%.

TABLE 5: GROSS DOMESTIC PRODUCT (GDP) - METROPOLITAN MUNICIPALITIES OF FREE STATE PROVINCE, 2004 TO 2014, SHARE AND GROWTH

	2014 (Current prices)	Share of province	2004 (Constant prices)	2014 (Constant prices)	Average Annual growth
Mangaung	61.24	32.20%	37.08	51.38	3.32%
Xhariep	7.81	4.10%	5.00	6.64	2.88%
Lejweleputswa	33.44	17.59%	33.99	28.21	-1.85%
Thabo	33.72	17.73%	21.83	28.03	2.53%
Mofutsanyane					
Fezile Dabi	53.96	28.37%	30.14	45.22	4.14%
Free State	190.18		128.03	159.47	

Source: IHS Global Insight Regional eXplorer version 920

Table 5 shows that Fezile Dabi had the highest average annual economic growth, averaging 4.14% between 2004 and 2014, when compared to the rest of the regions within the Free State Province. The Mangaung metropolitan municipality had the second highest average annual growth rate of 3.32%. Lejweleputswa District Municipality had the lowest average annual growth rate of -1.85% between 2004 and 2014.

5.2 Current Sectoral Economic Performance

Between 2004 and 2014, the agricultural sector grew by 10%, the mining sector declined by 5% and the manufacturing sector grew by 17%. The decline in the contribution of the mining sector, which has traditionally been the mainstay of the Free State economy, over a period of ten years, may have been the main reason for the less than satisfactory growth in the FS economy (Global Insight).

5.2.1 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 add* in the local economy.

Gross Value Added (GVA) is a measure of output (total production) of a region in terms of the value that was created within that region. GVA can be broken down into various production sectors.

The summary as per *table 6* below puts the Gross Value Added (GVA) of National in relation to that of the Free State Province.

TABLE 6: GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - FREE STATE PROVINCE, 2014 [R BILLIONS, CURRENT PRICES]

	Free State	National Total	Free State as % of national
Agriculture	8.3	84.7	9.8%
Mining	21.5	286.6	7.5%
Manufacturing	18.3	452.3	4.1%
Electricity	6.2	125.4	4.9%
Construction	4.7	137.3	3.4%
Trade	24.6	504.9	4.9%
Transport	17.4	339.9	5.1%
Finance	25.9	699.5	3.7%
Community services	43.0	772.3	5.6%
Total Industries	169.8	3,402.9	5.0%

Source: IHS Global Insight Regional explorer version 920

In 2014, the community services sector was the largest within the Free State Province, accounting for R 43 billion or 25.3% of the total GVA in the province's economy. The sector that contributed the second most to the GVA of the Free State Province is the finance sector at 15.3%, followed by the trade sector with 14.5%. The sector that contributed the least to the

economy of Free State Province is the construction sector with a contribution of R 4.66 billion or 2.75% of the total GVA.

5.2.1.1 Economic Growth Forecast

It is expected that Free State Province's GDP will grow at an average annual rate of 1.77% from 2014 to 2019 as per *table 7*.

Table 7: Economic growth projections of Free State economy

	2014	2015	2016	2017	2018	2019
GDP-R (R'1000 constant prices)	159 470 832	160 192 971	162 609 316	166 117 545	170 045 069	174 084 264
Real GDP per cent growth	1.5%	0.5%	1.5%	2.2%	2.4%	2.4%
GDP-R by sector (real change)						
Agriculture	5.4%	-5.1	1.6%	2.0%	2.0%	2.0%
Mining	1.0%	0.9%	1.7%	3.3%	2.5%	1.2%
Manufacturing	-0.8	-0.6	1.6%	2.1%	2.7%	2.7%
Electricity	-1.2%	-2.3%	-0.2%	0.1%	1.5%	1.6%
Construction	0.9%	0.0%	0.7%	0.8%	1.3%	1.6%
Trade	1.8%	-0.4%	1.6%	1.7%	2.4%	2.6%
Transport	1.7%	0.6%	1.9%	2.8%	2.9%	3.4%
Finance	1.4%	1.7%	1.9%	2.4%	2.5%	2.9%
Community services	2.6%	1.2%	1.2%	1.8%	2.1%	2.2%
Total Industries	1.6%	0.3%	1.5%	2.1%	2.4%	2.4%

South Africa as a whole is forecasted to grow at an average annual growth rate of 2.55%, which is higher than that of the Free State Province. In 2019, the Free State's forecasted GDP will be an estimated R 174 billion (constant 2010 prices) or 5.1% of the total GDP of National Total. The ranking in terms of size of the Free State Province will remain the same between 2014 and 2019, with a contribution to the South African GDP of 5.1% in 2019 compared to the 5.3% in 2014. At a 1.77% average annual GDP growth rate between 2014 and 2019, the Free State will rank the lowest compared to the other provincial economies.

When looking at the regions within the Free State Province, as per *table 8* it is expected that from 2014 to 2019, the Xhariep District Municipality will achieve the highest average annual growth rate of 3.60%.

TABLE 8: GROSS DOMESTIC PRODUCT (GDP) - METROPOLITAN MUNICIPALITIES OF FREE STATE PROVINCE, 2014 TO 2019, SHARE AND GROWTH

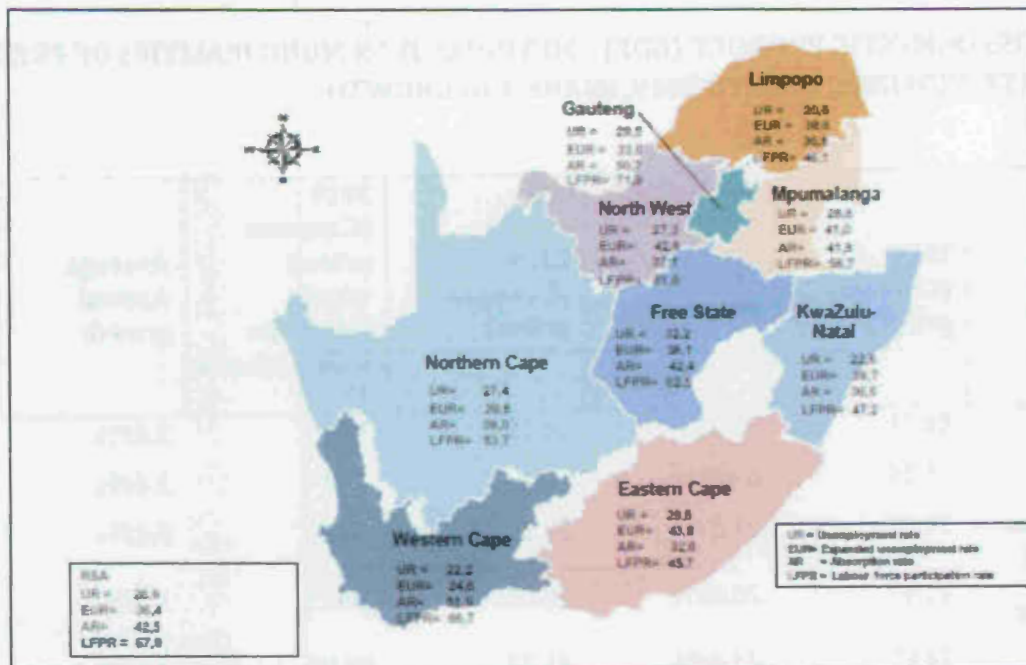
	2019 (Current prices)	Share of province	2014 (Constant prices)	2019 (Constant prices) what's difference with column 2?	Average Annual growth
Mangaung	84.51	48.55%	51.38	56.75	2.01%
Xhariep	11.25	6.46%	6.64	7.92	3.60%
Lejweleputswa	37.97	21.81%	28.21	28.24	0.02%
Thabo Mofutsanyane	45.41	26.08%	28.03	30.25	1.53%
Fezile Dabi	74.97	43.06%	45.22	50.93	2.41%
Free State	254.11		159.47	174.08	

Source: IHS Global Insight Regional eXplorer version 920

The region that is expected to achieve the second highest average annual growth rate, is that of Fezile Dabi District Municipality, averaging 2.41% between 2014 and 2019. On the other hand, the region that is expected to perform the poorest relative to the other regions within the Free State Province is the Lejweleputswa District Municipality with an average annual growth rate of 0.02%.

5.3 Free State Labour Market

5.3.1 SA Labour market measures at a glance, Q1: 2015



5.3.2 Labour force characteristics

Statistics South Africa in the recent Quarterly Labour Force Survey (QLFS) recorded 1 882 000 working age population (people in the age group 15-64) for Free State in Q2: 2016. The province registered 1 869 000 people for the same period in 2015. It is thus evident from Table 9 (below) that the population in the age group 15-64 increased with 13 000 year-on-year (Q2: 2015 to Q2: 2016). This implies that the economy of the province should grow faster in order to absorb this increasing number of new entrants into the labour market.

It should further be mentioned that the labour force increased by 11 000 from 1 165 000 in Q2:2015 to 1 176 000 in Q2:2016, which represents an increase of 1.0%. Quarter-to-quarter (Q1:2016 to Q2:2016) changes reflect a decrease of 20 000, from 1 196 000 to 1 176 000, which represents a decrease of -1.6%.

Table 9: Labour force characteristics – Free State, Quarter 2:2016

	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	Q-to-Q change	Y-on-Y change	Q-to-Q change	Y-on-Y change
	Thousand						Percentage		
Population 15-64	1 869	1 872	1 875	1 879	1 882	3	13	0.2	0.7
Labour force	1 165	1 161	1 176	1 196	1 176	-20	11	-1.6	1.0
Employed	798	795	825	790	797	7	-1	0.9	-0.2
Unemployed	366	366	351	405	379	-26	13	-6.5	3.4
Not economically Active	704	711	700	683	706	23	2	3.4	0.3
Discouraged work-Seekers	93	69	71	66	81	14	-13	21.6	-13.6
Other	610	642	629	617	625	9	15	1.4	2.4
Rates (%)									
Unemployment rate	31.4	31.5	29.8	33.9	33.2	-1.7	0.8	-	-
Employed population ratio (absorption)	42.7	42.5	44.0	42.1	42.4	0.3	-0.3	-	-
Labour force participation rate	62.3	62.0	62.7	63.6	62.5	-1.1	0.2	-	-

Due to rounding, numbers do not necessarily add up to totals. Note: Employment refers to market production activities

Source: Stats SA, QLFS, Q2 2016

It is however important to note that discouraged work seekers decreased year-on-year (Q2:2015 to Q2:2016) with 13 000. Not economically active population increased year-on-year with 0.3%. These trends, despite the decrease, clearly demonstrate the need for the Free State to grow the economy in order to bring down the level of poverty, unemployment and inequality.

5.3.3 Unemployment

Table 10: Unemployment rate by province – Q2: 2016

	Official unemployment rate					Expanded unemployment rate		
	Apr-Jun 2015	Jan-Mar 2016	Apr-Jun 2016	Qtr-to-qtr Change	Year-on-year change	Apr-Jun 2015	Apr-Jun 2016	Y-on-Y Change

	Per cent			Percentage points		Per cent		% points
South Africa	25,0	26,7	26,6	-0,1	1,6	34,9	36,4	1,5
Western Cape	21,7	20,9	22,2	1,3	0,5	24,1	24,6	0,5
Eastern Cape	29,1	28,6	28,6	0,0	-0,5	42,5	43,8	1,3
Northern Cape	32,7	27,8	27,4	-0,4	-5,3	41,1	39,8	-1,3
Free State	31,4	33,9	32,2	-1,7	0,8	38,9	38,1	-0,8
KwaZulu-Natal	20,4	23,1	22,6	-0,5	2,2	36,3	39,7	3,4
North West	25,2	28,1	27,3	-0,8	2,1	40,1	42,6	2,5
Gauteng	26,8	30,2	29,5	-0,7	2,7	31,3	33,0	1,7
Mpumalanga	27,2	29,8	28,8	-1,0	1,6	39,1	41,0	1,9
Limpopo	18,9	18,3	20,6	2,3	1,7	39,0	38,6	-0,4

Source: Stats SA, QLFS Q2, 2016

NB. According to the *strict definition* only those people who take active steps to find employment, but fail to do so, are regarded as unemployed. The *expanded definition*, on the other hand, includes everyone who desires employment, irrespective of whether or not they actively tried to obtain a job.

The official unemployment rate in South Africa decreased by 0,1 percentage points in Q2: 2016 compared to Q1: 2016. It, however, represents an annual increase of 1.6 percentage point (Q2:2015 compared to Q2:2016).

Free State Province recorded a decrease of 1.7 percentage points in unemployment rate in Q2:2016 compared to Q1:2016. Annually, it experienced an increase of 0.8 percentage points.

Only two provinces, namely the Western Cape and Limpopo, experienced quarter-to-quarter (Q1:2016 to Q2:2016) increases in the official unemployment rate of 1.3 and 2.3 percentage points respectively. Six provinces recorded decreases in the official unemployment rate in Q2:2016 compared to Q1:2016. The unemployment rate remained unchanged in the Eastern Cape. The largest decreases were recorded in Free State 1,7 percentage points and Mpumalanga 1,0 percentage points. In comparison to the same period last year (Q2: 2015 to Q2: 2016), the annual unemployment rate increased in seven of the nine provinces. The largest annual increase was observed in Gauteng (2, 7 percentage points) and the largest decrease in the Northern Cape (5,3 percentage points).

Annual changes, Q2: 2015 and Q2: 2016, reflected a decrease of 0, 8 percentage point in the expanded unemployment rate in the Free State as per the table above. During this period, six

provinces recorded increases in the expanded unemployment rate. The largest increase was recorded in KwaZulu-Natal with 3, 4 percentage points and the largest decrease in Northern Cape with 1,3 percentage points.

From these figures, it is clear that the challenge of unemployment is more pronounced in the Free State Province. In Q2:2015, the province had the second highest unemployment rate of 31,4%, after the Northern Cape's 32,7%. This ranking changed in Q1: 2016 and Q2: 2016 whereby the Free State recorded the highest rate of unemployment in the country of 33,9% and 32,2% respectively. This, once again, demonstrates the need for the Free State to grow the economy in order to bring down the level of unemployment, poverty and inequality.

5.4. Employment

Employment in the province during Q2: 2016 was the highest in Community and Social Services followed by Trade and Private Households as per *table 11* below. These industries recorded a workforce of 214 000, 155 000 and 101 000, respectively. The situation a year ago (Q2: 2015) was the same for these industries which recorded a workforce of 206 000, 169 000 and 80 000 respectively.

Table 11: Employment per industry – Q2:2015 to Q2:2016

	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	Q-to-Q change	Y-on-Y change	Q-to-Q change	Y-on-Y change
	Thousands					Percentage			
Agriculture	74	65	64	72	66	-6	-9	-8.3	-11.6
Mining	34	30	35	35	35	0	1	-0.2	2.2
Manufacturing	72	59	69	59	66	7	-6	11.9	-8.1
Utilities	12	11	9	10	9	-1	-3	-10.7	-25.6
Construction	53	61	53	57	56	-1	3	-1.5	6.1
Trade	169	165	187	166	155	-11	-14	-6.6	-8.2
Transport	36	33	38	34	36	3	0	7.5	0.1
Finance	62	60	65	57	59	2	-3	4.3	-4.3
Community & Social Services	206	216	213	201	214	12	8	6.2	3.8
Private households	80	94	93	100	101	1	21	1.4	26.2

For all values of 10 000 or lower the sample size is too small for reliable estimates.
Due to rounding, numbers do not necessarily add up to totals.

Source: Stats SA, QLFS, Q2 2016

It is important to note that the workforce in both Community & Social Services and Private Households increased with 3.8% and 26.2% respectively (Q2:2015 to Q2:2016). Trade for the same period decreased with 8.2%.

The highest employment gains quarter-to-quarter (Q1:2016 to Q2:2016) were observed in Community & Social Services and Manufacturing contributing 12 000 and 7 000 jobs respectively. Job losses were observed in four industries with the highest job losses in Trade (11 000) and Agriculture (6 000).

Annual changes as per the above table shows the highest increases in employment over the period Q2: 2015 and Q1: 2016 in Private Households (21 000) and Community & Social Services (8 000). Construction and Mining also recorded employment gains of 3000 and 1000 jobs respectively. No changes in employment were recorded in Transport. However, five industries shed jobs over the same period with the highest job losses in Trade (14 000), Agriculture (9 000) and Manufacturing (6 000).

From the data provided above, it is clear that the 5 priority sectors in the province did not create any additional jobs; instead jobs were lost in trade, agriculture and manufacturing. Which means a lot needs to be done to create jobs in the priority sectors.

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

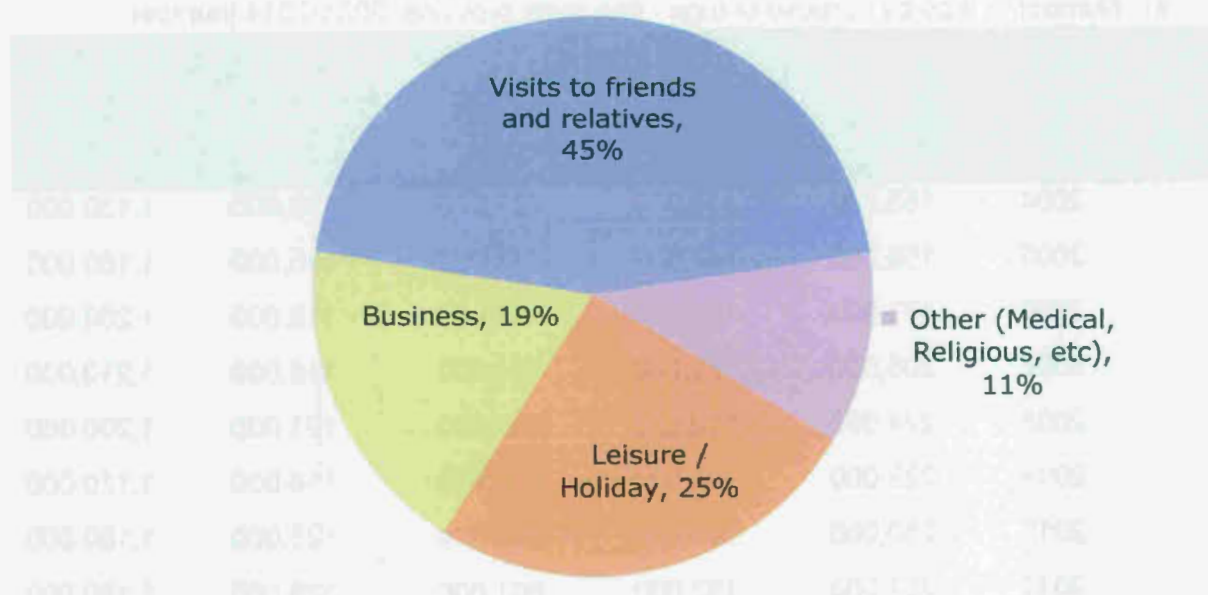
	Leisure / Holiday	Business	Visits to friends and relatives	Other (Medical, Religious, etc.)	Total
2004	153,000	135,000	727,000	116,000	1,130,000
2005	159,000	147,000	742,000	115,000	1,160,000
2006	177,000	158,000	745,000	119,000	1,200,000
2007	205,000	158,000	724,000	119,000	1,210,000
2008	224,000	159,000	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%

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

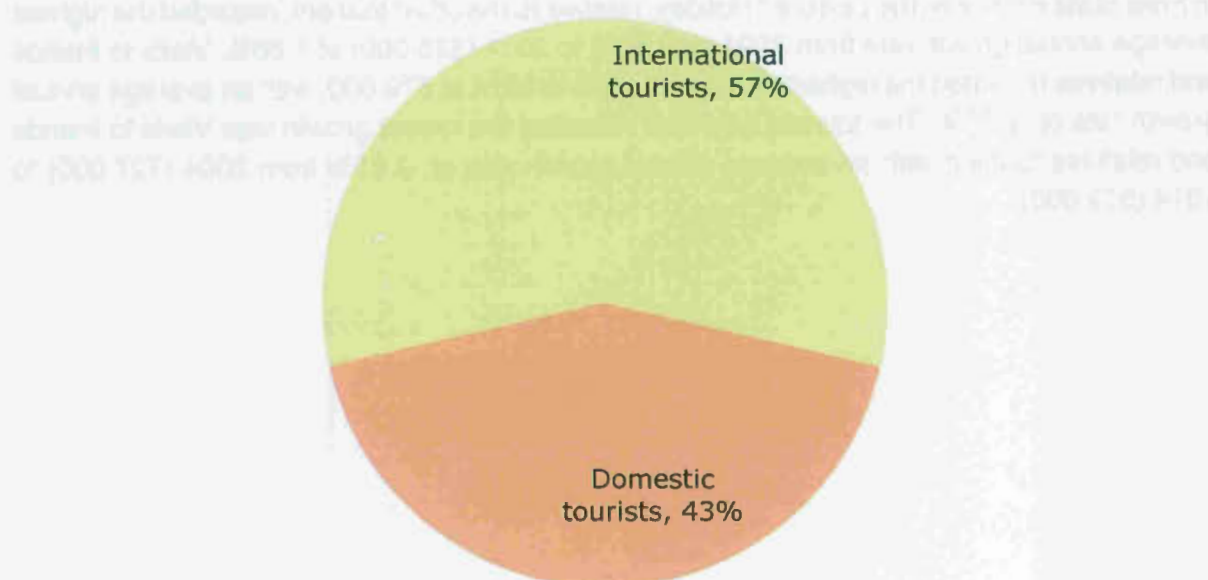


Source: IHS Global Insight Regional eXplorer version 920

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

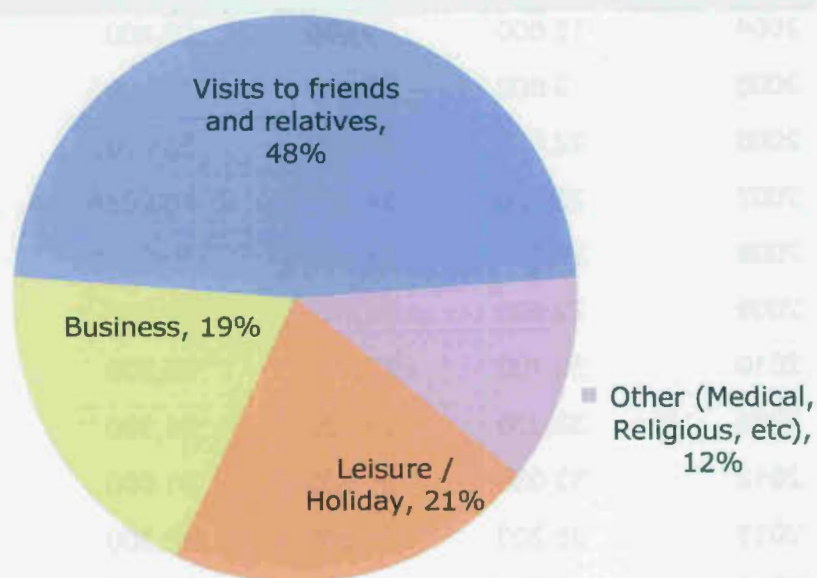
FEZILE DABI DISTRICT MUNICIPALITY

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

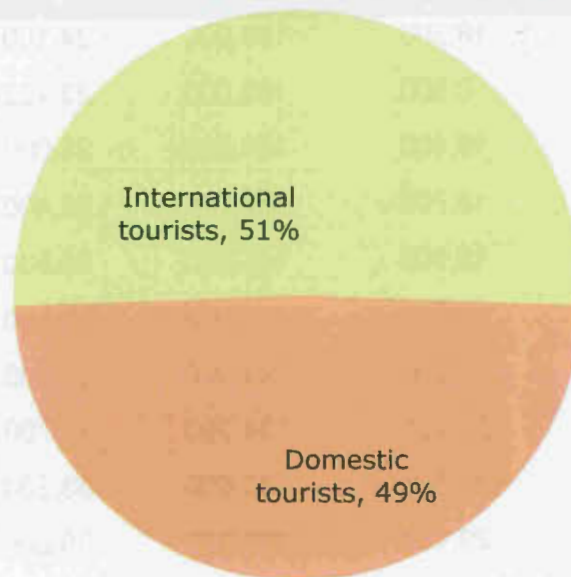


Source: IHS Global Insight Regional eXplorer version 920

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

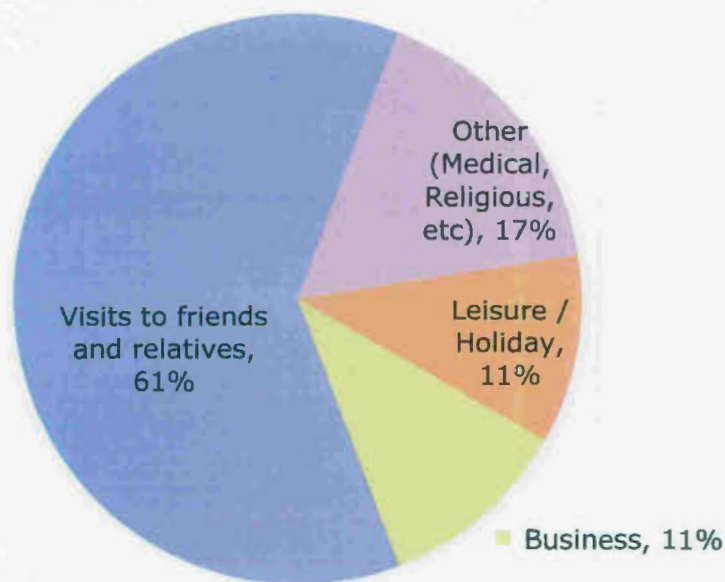
a) Number of trips by purpose of trips - Lejweleputswa District Municipality, 2004-2014

	Leisure Holiday	/ Business	Visits to friends and relatives	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

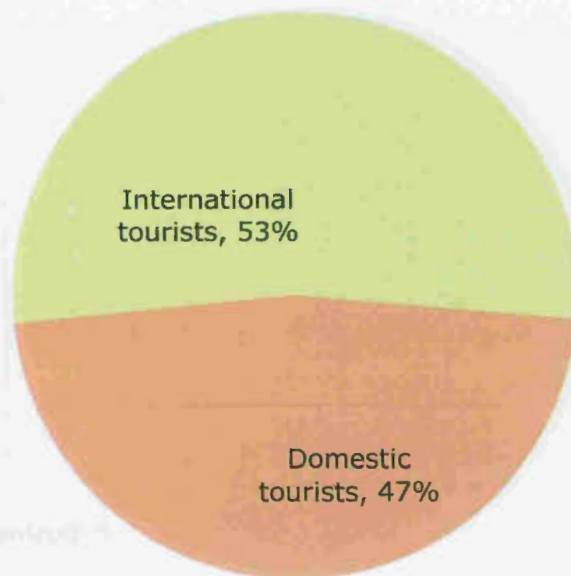


Source: IHS Global Insight Regional eXplorer version 920

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

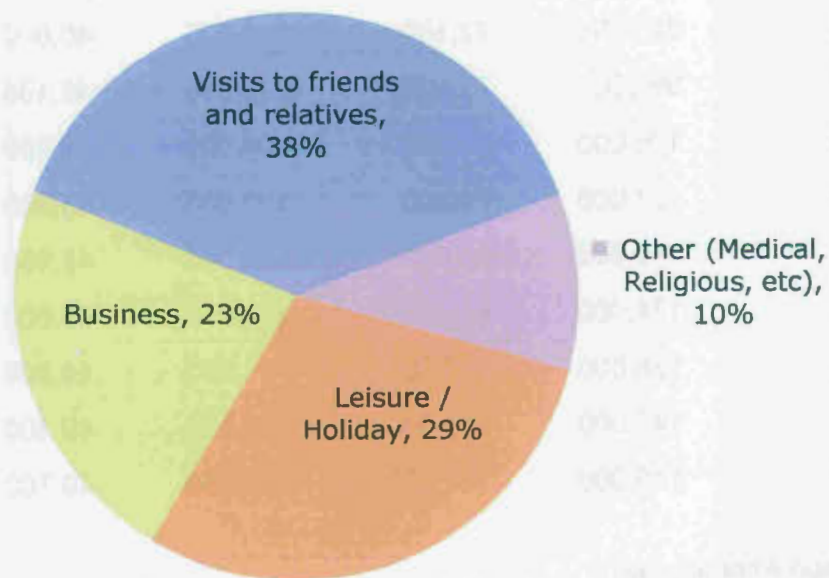
MANGAUNG METROPOLITAN MUNICIPALITY

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

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

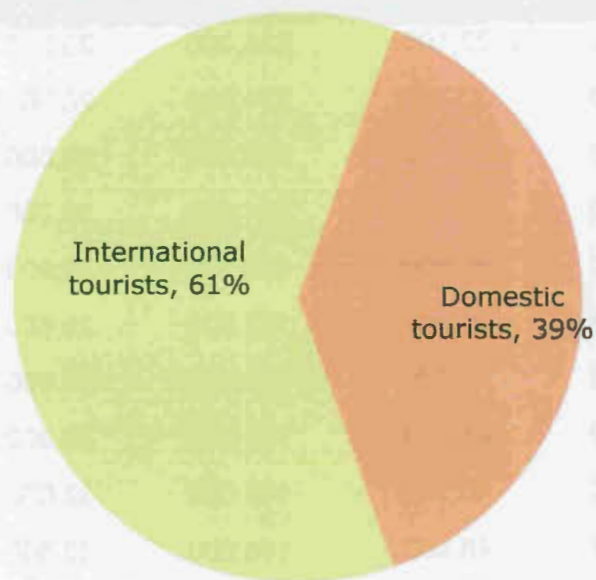


Source: IHS Global Insight Regional eXplorer version 920

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

Tourism - tourists by origin

Mangaung Metropolitan Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

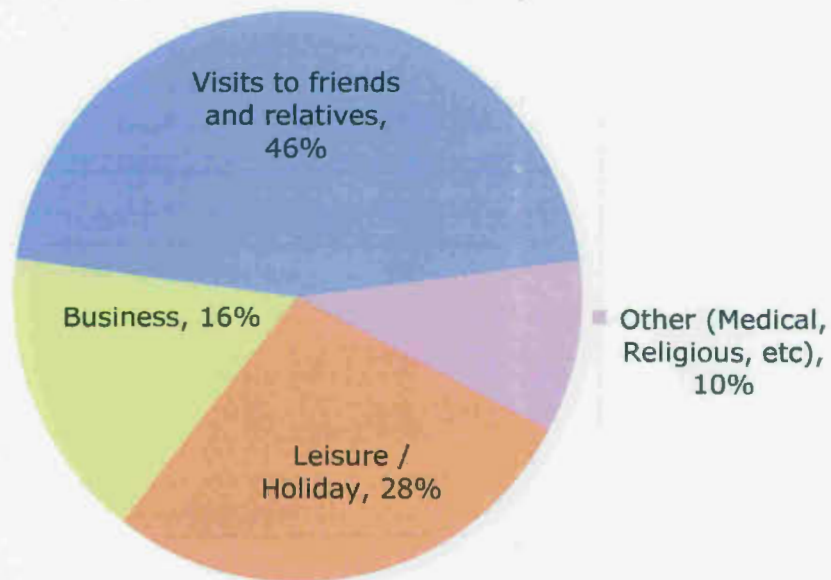
- a) Number of trips by purpose of trips - Thabo Mofutsanyane District Municipality, 2004-2014

	Leisure Holiday	/ Business	Visits to friends and relatives	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

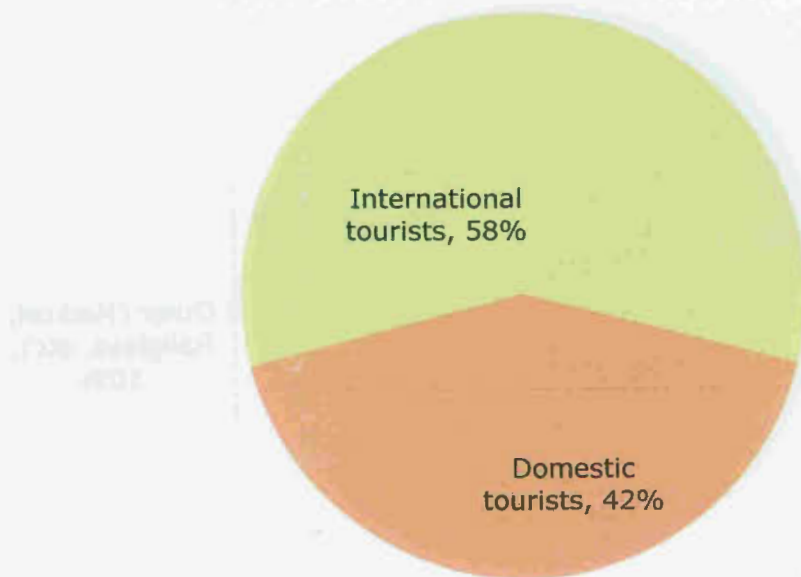


Source: IHS Global Insight Regional eXplorer version 920

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

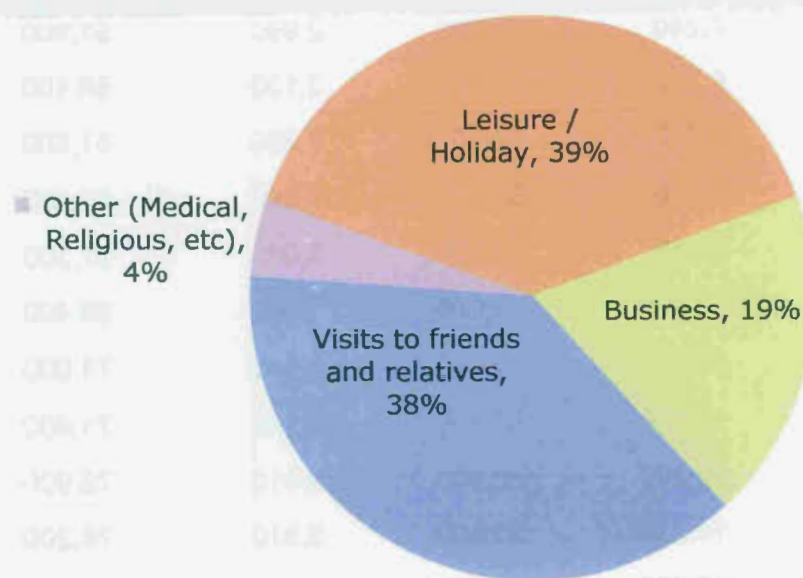
XHARIEP DISTRICT MUNICIPALITY

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

	Leisure / Holiday	Business	Visits to friends and relatives	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).

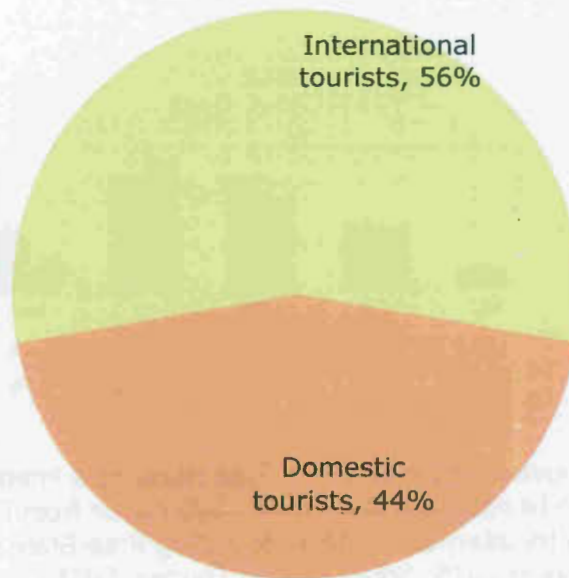
Tourism - trips by Purpose of trip Xhariep District Municipality, 2014



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.

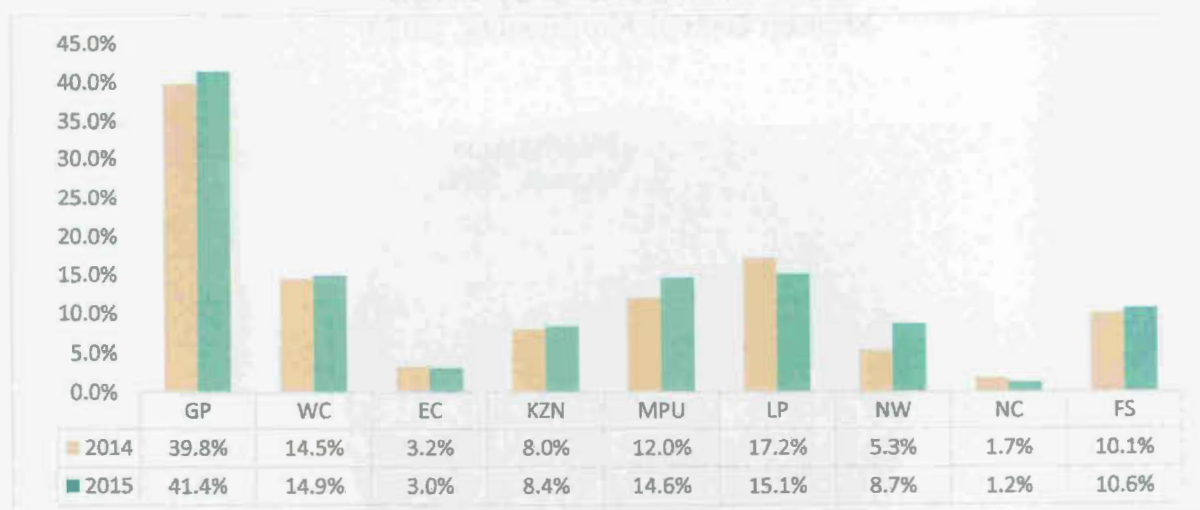
Tourism - tourists by origin Xhariep District Municipality, 2014



Source: IHS Global Insight Regional eXplorer version 920

International Tourism Performance in Free State up to 2015

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

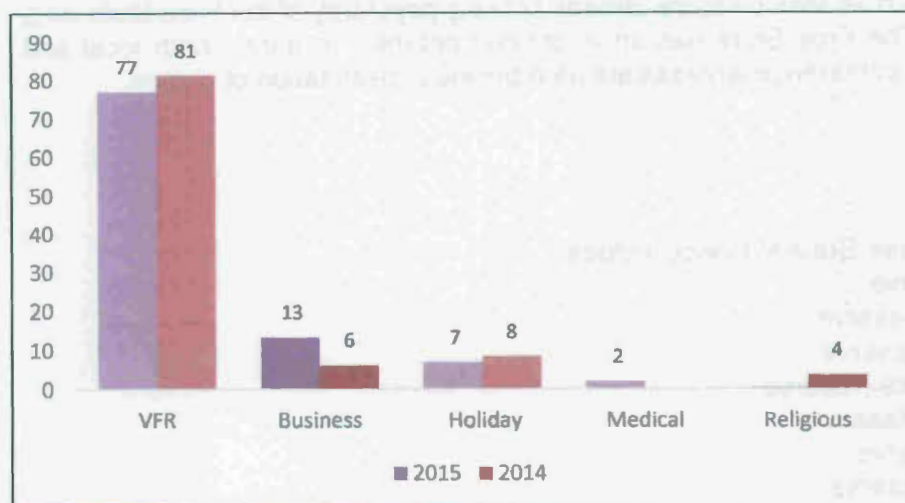
Distribution of International Tourist Arrivals by Province (2014-2015)

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

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

Domestic Tourism Performance in Free State (2015)

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

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

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

Total spend and provincial shares

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

Potential Growth in Tourism in the Free State

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

The development of an International Convention Centre (ICC) will generally create substantial economic benefits, both for the tourism industry and the wider provincial economy as inter alia conference delegates and/or business tourists are high-spending visitors. The development of an ICC not only boosts the provincial economy but it also creates opportunities during construction and when it is operational. The development will also support many more jobs across the tourism value chain including in the accommodation, catering, transport and retail

sectors and across the economy. Despite the absence of an ICC at this stage, some of the popular major events such as MACUFE are already proving popularity of the Free State as a destination of choice. The Free State has an enormous potential to attract both local and international association conference wholesalers as a business destination of choice.

5.6 Environment

Protected Areas in the Free State Province include:

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

- Economy and employment
- Economic infrastructure
- Transitioning to a low carbon economy
- Inclusive rural economy
- Positioning South Africa in the world

- Human settlement
- Promoting health and
- Social protection

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

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



The Department plans to increase its staff complement for the next five years, as well as improve the skills profile of its personnel towards the end of improving efficiency. 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.

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.

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Strategic Planning Steps		Description
		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 identify performance measures for each programme of the Department. 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 in the Departmental plans. 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 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 substantially 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, 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 optimisation 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 2017 onwards during a strategic planning session conducted in 2016:

Customer Perspective:

Strategic Objective 1	Optimize investments
Objective Description	Optimize private and public investment in the province through strategic guidance and intervention in order to facilitate job creation and economic growth.
	<ul style="list-style-type: none"> • 9 businesses supported in critical sectors • 1 Investment forum facilitated
Strategic Objective 2	Increase market share
Objective Description	Increase the market share of key economic sectors and tourism in the province.

3 Year Targets	<ul style="list-style-type: none"> • 150 SMMEs linked to big businesses. • 6 Tourism development research documents. • 13 "A day in the life of a tourism enterprise" programmes conducted. • 8 Township/Kasie tourism campaigns conducted for township development.
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Strategic Objective 3	Improve prosperity
Objective Description	Improve the prosperity of all people in the Free State.
3 Year Targets	<ul style="list-style-type: none"> • 12 Tourism specific training sessions. • 13 Tourism awareness workshops conducted. • 144 Consumer awareness campaigns.

Strategic Objective 4	Improve FS brand image
Objective Description	Improve the internal and external image of the Free State Brand.
3 Year Targets	<ul style="list-style-type: none"> • 3 World Consumer Rights Day Commemorated. • 14 Social Tourism initiatives facilitated at DESTEa Resorts • 1 Policy Development initiative for the provincial tourism sector.

Strategic Objective 5	Strengthen strategic partnerships
Objective Description	Improve strategic partnerships between the department, public entities, key government stakeholders and private sector in order to expedite socio-economic development.
	<ul style="list-style-type: none"> • 12 Partnerships established with private sectors. • 20 Initiatives facilitated for regional integration. • 12 Stakeholder engagements.

Strategic Objective 6	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% of consumer disputes resolved. • 8 Feedback reports on tourism customer survey.

Internal Process Perspective:

Strategic Objective 7	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"> • 30 Sector forums sessions.

Strategic Objective 8	Strengthen risk & regulatory compliance.
Objective Description	To ensure that residual risks to the organization is reduced, and that all regulations applicable to the organization are complied with.
3 Year Targets	<ul style="list-style-type: none"> • 3 risk registers. • 12 Risk Management Committee reports • 12 Audit Committee meetings

Strategic Objective 9	Promote an entrepreneurial culture
Objective Description	Promote and nurture an entrepreneurial culture amongst youth and SMME's in order to contribute towards growth and sustainability.
3 Year Targets	<ul style="list-style-type: none"> • 18 Economic development roadshows conducted • 4 Business Hubs established.

Strategic Objective 10	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"> • 3 Partnerships and networks established. • An online reservation system implemented.

Strategic Objective 11	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. • 16 Service delivery planning documents developed. • 12 Security-awareness sessions. • 15 Business processes mapped.

Strategic Objective 12	Promote capital investment
Objective Description	Promote capital investment by public and private sector in strategic socio-economic developments.
3 Year Targets	<ul style="list-style-type: none"> • 3 Capital investment targets developed. • 3 Tourism Careers Expo's supported.

Strategic Objective 13	Improve research and development
Objective Description	Improve the financial allocation to R&D, as well as the strategic output thereof.
3 Year Targets	<ul style="list-style-type: none"> • 12 R & D projects.

Strategic Objective 14	Consistent quality service provision
Objective Description	Ensure that the standard of services, as explained in the Service Charter and Service Standards document is maintained or exceeded at all times.
3 Year Targets	<ul style="list-style-type: none"> • 3 Workshops on t PAIA and PAJA conducted. • 3 Reports on conflicts and disputes resolved • 3 Awareness conducted to promote Sound labour.

Strategic Objective 15	Strengthen access to services
Objective Description	Ensure public access to organizational and other relevant external services.
3 Year Targets	<ul style="list-style-type: none"> • 3 Department-wide business processes mapped. • 7 Implemented ICT solutions.

Strategic Objective 16	Regulatory environment enforcement
Objective Description	Ensure the enforcement of NEMA and other environmental legislation in the province.
3 Year Targets	<ul style="list-style-type: none"> • 6 Intergovernmental sector tools. • 98% EIA applications finalized. • 24 Black game farmers established. • 1050 Work opportunities created through environmental programmes.

Strategic Objective 17	Implement proper inventory turnover
Objective Description	Ensure that all inventory is managed efficiently and according to its productive lifespan.
3 Year Targets	<ul style="list-style-type: none"> • 12 Assets verification reports. • 3 Assets management plans.

Strategic Objective 18	Be an industry thought leader
Objective Description	Provide strategic and innovative direction through ideas and concepts to the industries supported by the organization.
3 Year Targets	<ul style="list-style-type: none"> • 48 Enterprises developed. • 12 BBBEE workshops held.

Strategic Objective 19	Strengthen and coordinate economic development
Objective Description	Ensure the efficient utilization of fiscal and monetary policies, as well as strategic partnerships in order to ensure coordinated economic development in the province.
3 Year Targets	<ul style="list-style-type: none"> • 4 Provincial Economic Development Forums convened. • 3 Economic development strategies.

Strategic Objective 20	Continuous process improvement
Objective Description	Ensure the continuous improvement of internal organizational processes.
3 Year Targets	<ul style="list-style-type: none"> • 15 new SOP's.

Strategic Objective 21	Exploit opportunities in critical sectors
Objective Description	Identify and exploit strategic opportunities in key sectors in order to contribute towards socio-economic development in the province.
3 Year Targets	<ul style="list-style-type: none"> • 3 opportunities in 5 (five) priority sectors developed.

Strategic Objective 22	Improve record and asset management and information
Objective Description	Improve records and asset management, including the availability of timely and accurate information.
3 Year Targets	<ul style="list-style-type: none"> • 3 Corporate wide stocktaking reports.

Strategic Objective 23	Accelerate implementation and enforce accountability
Objective Description	Ensure accelerated implementation using various methods and enforce inherent accountability.
3 Year Targets	<ul style="list-style-type: none"> • 15 Workshop on Provincial Economic Development Strategy held.

Strategic Objective 24	Job creation
Objective Description	Create and maintain a conducive physical and policy environment for increased job creation in the province.
3 Year Targets	<ul style="list-style-type: none"> • 3 high impact projects identified. • 8 Provincial incubators initiated.

Strategic Objective 25	Economic growth
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Objective Description	Promote rapid economic growth in the province via various modalities.
3 Year Targets	<ul style="list-style-type: none"> • 14 outward and inward missions.

Organizational Capacity Perspective:

Strategic Objective 26	Recruit and develop a workforce
Objective Description	Ensure effective and efficient recruitment and workforce development.
3 Year Targets	<ul style="list-style-type: none"> • Organisational structure captured on PERSAL.

Strategic Objective 27	Implement appropriate technology
Objective Description	Ensure the implementation of technology which will compliment and expedite departmental service delivery.
3 Year Targets	<ul style="list-style-type: none"> • 4 E-Government initiatives.

Strategic Objective 28	Optimize staff productivity and capability
Objective Description	Ensure that staff productivity and capabilities are optimized at all levels of the organization.
3 Year Targets	<ul style="list-style-type: none"> • 6 Health and safety inspections.

Strategic Objective 29	Foster learning and innovation
Objective Description	Create and nurture a culture of learning and innovation in the organization.
3 Year Targets	<ul style="list-style-type: none"> • 7 ICT solutions implemented.

Strategic Objective 30	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"> • 6 Workshops on diversity management.

Strategic Objective 31	Develop new business capabilities
Objective Description	Ensure the development of new business capabilities through strategic recruitment and training.
3 Year Targets	<ul style="list-style-type: none"> • 12 ICT security risks.

Strategic Objective 32	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"> • 2 revised organisational structures managed.

Strategic Objective 33	Improve corporate communications and coordination
Objective Description	Improve internal and external communication and coordination.
3 Year Targets	<ul style="list-style-type: none"> • 3 Communication Strategies. • 36 Media interviews. • 12 Publications.

Strategic Objective 34	Clarify roles and responsibilities
Objective Description	Ensure that all roles and responsibilities in the organization are clear, well documented and communicated.
3 Year Targets	<ul style="list-style-type: none"> • 150 New/revised job descriptions.

Financial Perspective:

Strategic Objective 35	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.

Strategic Objective 36	Improve revenue collection and manage revenue growth
Objective Description	Ensure effective and efficient revenue collection and manage revenue growth.
3 Year Targets	<ul style="list-style-type: none"> • 3 Annual Financial Statements. • A comparative study on revenue collection.

Strategic Objective 37	Implement cost efficiencies
Objective Description	Improve cost efficiencies through internal identification and management, as well as the implementation of external prescripts.
3 Year Targets	<ul style="list-style-type: none"> • 3 Procurement plans (PP). • 96 Expenditure analysis reports.

Strategic Objective 38	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.

Strategic Objective 39	Improve expenditure management
Objective Description	Ensure improvements in expenditure management through improved and more efficient regulations and practices.

3 Year Targets	<ul style="list-style-type: none"> • 3 Credible adjustment budgets. • 3 In-year monitoring reports.
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Strategic Objective 40	Effective financial management
Objective Description	Ensure improvements in financial management through improved and more efficient regulations and practices.
3 Year Targets	<ul style="list-style-type: none"> • 3 Credible budget statements.

Strategic Objective 41	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"> • 9 Interim Statements.

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

Sub-Programme	Audited 2013/14	Audited 2014/15	Audited 2015/16	Main Appr. 2016/17	Adjusted Appr. 2016/17	Revised Estimate 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
1. Office of the MEC	12 888	10 727	9 777	11 933	11 745	11 745	12 515	11 192	11 820
2. Senior Management	35 959	23 975	23 151	26 505	25 800	25 595	26 741	30 775	32 497
3. Financial Management	50 320	59 328	65 012	66 298	59 016	59 645	67 735	71 922	75 947
4. Corporate Service	27 838	29 696	40 549	36 483	39 958	42 934	37 203	39 704	41 926
Total payments and estimates	127 005	123 726	138 489	141 219	136 519	139 919	144 194	153 593	162 190

7.1.1 Expenditure Trend

For the financial year 2015/16 a total budget of R139 207 was allocated to Programme 1: Administration to implement outcome 12 and the above listed strategic objectives of the Department. During this period R138 489 was spent, which is 99.5% 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	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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.

8.1. Resource Considerations

Sub-Programme	Audited	Audited	Audited	Main Appr.	Adjusted Appr.	Revised Estimate	Target	Target	Target
	2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19	2019/20
1. Environmental Quality Management	11 567	15 048	13 642	4 541	4 509	7 509	5 266	6 732	7 109
2. Environmental Policy Coordination & Planning	10 242	10 828	12 037	17 307	17 046	17 046	16 729	16 062	16 961
3. Compliance and Enforcement	7 707	7 930	10 851	22 321	17 091	17 091	21 745	21 794	23 015
4. Biodiversity Management	98 556	88 136	102 173	112 102	89 734	105 077	115 165	126 776	130 373
5. Environmental Empowerment Services	8 354	3 448	2 131	15 474	15 062	12 062	15 433	15 482	16 349
Total	136 426	125 390	140 834	171 745	143 442	158 785	174 338	186 846	193 807

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. Expenditure pattern in this programme changed from 97% in 2014/15 and 97.6% in 2015/16.

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 Let's 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	Noncompliance with National Environmental Management Act (NEMA) <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
	2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19	2019/20
1. Integrated Economic Development	34 853	13 850	17 213	14 852	14 548	22 629	46 182	54 637	55 786
2. Economic Planning	101 503	120 502	120 725	116 053	137 546	134 111	125 284	132 554	138 351
3. Small Business Development	23 292	36 863	38 667	34 782	29 128	21 047	50 506	61 601	60 656
Total	159 648	171 215	176 605	165 687	181 222	177 787	221 972	248 792	254 793

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. Expenditure pattern in this programme changed from 97.6% in 2014/15 and in 2015/16 99.6%.

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 analyse 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

	Double Dipping of SMME's supported/assisted by the department and data management	funded projects 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

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
	2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19	2019/20
1. Tourism Planning	9 275	9 441	7 455	14 397	13 313	13 428	14 737	9 977	7 060
2. Tourism Growth and Development	-	-	1	250	250	170	1 255	1 645	1 737
3. Transformation of Tourism Sector	-	-	30	250	250	250	2 284	1 508	1 593
Total	9 275	9 441	7 486	14 897	13 813	13 848	18 276	13 130	10 390

10.1.1. Expenditure Trend

- For the financial year 2015/16 a total budget of R65 238 was allocated to Programme 4: Tourism, which implements Outcome 4 and the above listed strategic objectives of the Department. During this period R60 280 was spent, which is 98.9% 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

2. Upgrades and additions														
1	Tussen Die Riviere	Design	Kopanong	Upgrade Abattoir and Upgrade fencing	01/04/2010	30/12/2011	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	8,000	1,500	300	-	-
2	Soeldoring N/R	Design	Mangaung	Upgrade Train Camp	01/04/2012	30/12/2015	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	35,400	12,382	500	-	-
3	Soeldoring N/R	Design	Mangaung	Upgrade underground electricity to Train Camp	01/03/2012	30/12/2013	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	14,000	7,144	-	-	-
4	Sandveld Resort	Design	Mangaung	Upgrade day Visitors Facilities	01/04/2011	30/12/2014	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	25,000	-	9,595	3,500	-
5	Gariep Complex	Design	Kopanong	Buy Land at Gariep & Tussen Die Riviere	01/04/2006	30/04/2015	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	150,000	6,800	-	-	10,000
6	Upgrade of Fences for All Reserves and Resorts	Design		Upgrading of fence for all reserves and resorts	01/04/2012	30/03/2013	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	11,475	12,343	6,000	4,000	6,000
7	Seekoeivlei	Construction	Maluti-a-Phofung	Upgrade Rest Camp	01/04/2014	30/10/2014	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	-	2,000	-	-	-
8	Maria Moroka-Fencing	Construction			00/01/1900	00/01/1900	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	4,500	-	-	-	-
9	Karee Nursery			Upgrade of hydroponic and irrigation system	00/01/1900	00/01/1900	Infrastructure Enhancement Allocation		-	-	-	3,000	-	-
Total Upgrades and additions									-	248,375	42,169	19,395	7,500	16,000
3. Refurbishment and rehabilitation														
1	Philip Sanders	Construction	Mangaung	Refurbishment of philip sanders resort	00/01/1900	00/01/1900	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	-	-	3,000	-	-
2	Staff housing all resorts and reserves	Construction	Mangaung	Refurbishment of all staff houses in resorts and reserves	00/01/1900	00/01/1900	Infrastructure Enhancement Allocation	ENVIRONMENTAL AFFAIRS	-	-	-	5,000	-	-
Total Refurbishment and rehabilitation									-	-	-	8,000	-	-

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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	Budget ('000)
EPWP Integrated Grant	2,000
Infrastructure Enhancement Allocation	31,543

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 300 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, 2017

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 	27 260	2018
Free State Gambling and Liquor Authority and Free State 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 	104 425	2018
	To promote tourism and increase market share in the tourism industry and to coordinate marketing activities of all role players.	Ensure effective and efficient: <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.

