



ECONOMIC, SMALL BUSINESS
DEVELOPMENT, TOURISM AND
ENVIRONMENTAL AFFAIRS

DEPARTMENTAL
BUDGET VOTE

•••• 2020/2021

Hon. M. Mohale

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

DATE: 28 JULY 2020

TIME: 09:00

LIVE

**ON: FREE STATE PROVINCIAL GOVERNMENT FACEBOOK PAGE
COMMUNITY RADIO STATIONS | SABC PLATFORMS**

Theme: "Building the Free State together during the period of COVID-19"



destea

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



FREE STATE PROVINCE

DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS.

BUDGET VOTE 3

28 July 2020

Honourable Speaker of the Free State Provincial Legislature;

The Honourable Premier;

Colleagues in EXCO and Legislature;

The Director General;

Heads of Departments and

Senior Managers in all spheres of Government;

House of Traditional Leaders;

Traditional Healers and Faith Based organizations; Organized Labour;

Development partners;

Officials of the Free State DESTEA, Entities and other Sister Departments;

Distinguished Guests;

1. Political Introduction

Madam Speaker, today, we once again stand in this house to execute the responsibility bestowed upon us by the electorate in this beloved Province, the Free State. We stand here at the aftermath of a time of immense difficulty for our people since the dawn of democracy. Our country like many countries of the world is adversely affected by the Covid-19 pandemic. This pandemic, particularly the declaration of the lockdown sharply revealed serious structural deficiencies in our economy.

Honourable members, the ANC earlier this year pronounced on its priorities for the 2020/21 financial year before the Covid-19 pandemic shook the world's economies. Emphasis is once again placed on "Investment, Jobs and inclusive Growth". During the 108th celebrations of the ANC in Kimberly in January this year, we alluded to the fact that **'the most direct and effective way to reduce inequality is to create employment and economic opportunities, particularly for young people and women. We reiterate that the creation of jobs is at the centre of our economic agenda and it must remain the central priority for 2020'**

Our future as the department is underpinned by three critical focal areas, and these are:

- A transformed and growing economy
- Sustainable environment management
- Capable, ethical and developmental organization

The interventions planned by Free State Provincial Government are meant to bring about meaningful and long-lasting solutions to challenges facing the Free State economy.

Madam Speaker, this budget derives its mandate from the 2019 Manifesto of the African National Congress, under the commitment: “Growing economy for ALL“, in which the ANC committed some of the following to our people:

- Dismantling of monopolies in the economy and protection of SMME against unfair trade practices, (Unfair prices, abuse of purchase power).
- Creation of special dispensation or set asides in awarding of contracts and a period of incubation for small businesses and cooperatives.
- Formalisation of township businesses and expedite black ownership of mainstream economic sectors.
- Transformation of financial sector.

SMALL BUSINESS SUPPORT

Township Economy

In support of township enterprises, particularly those who lack premises from which to operate their businesses, the Department has assisted 35 SMMEs with access to business premises at the Mangaung SMME Hub of which 13 are female and 9 young people. In the SMME Hub in Parys the Department has supported 32 SMMEs of which 16 are female and 14 are young people.

Since operating from these facilities, business owners have indicated improved sales because of accessibility and affordable working space.

Furthermore, a similar SMME Hub in Ficksburg which will house 30 businesses has been completed and will be operational this year.

DESTEA Business Pitching Programme

This programme, in its 3rd year, which include Tabalaza and Agro processing, has produced **46** promising enterprises who have pitched their ideas before a panel of judges and have in the process won prizes ranging from R150 000 to R450 000. During the The Tabalaza grand finale earlier this year, ***Legraton Electronics***, the inventors of electronic asset tracking device won a prize of R800 000 as the best business idea from young entrepreneurs in the Free State, bringing their total funding support to **R1.1m**

Stokvels Support Programme

Through our commitment to support and develop stokvels, more than 11 thousand stokvel members have been engaged to date. These members continue to receive training and advice from accredited financial advisers and trainers in order to have them make their money work for them rather than being mere consumers of goods.

This work of improving financial literacy and investment awareness among stokvels is currently showing on a national television through a programme called Ke Zaka.

To this end, a stokvel in Phiritona, Heilbron, was assisted to take their fate in their own hands in ensuring that the economy in their locality improves and is managed by local enterprises. We are assisting this stokvel with training and funding to establish a township based wholesaler, wholly owned by them and this will be rolled out in other townships as part of our Township Economy Revitalization.

Furthermore, working with a reputable financial service provider, we will soon be announcing a stokvel, which after their training, will be the 1st stokvel in the country to venture in this sector, complete with FSCA registration.

Automation and Modernization of Government Services

The Department has made considerable progress towards automation and modernization in order to improve engagement between its self and the public. An SMME mobile App is currently accessible on all smart phones to obtain information regarding funding models, business registration, support and opportunities.

Hosting of Free State Investment Conference

In pursuit of attracting investments into the Free State, a two-day investment conference with the theme “Promoting investment in the Free State through partnerships” was held where more than 250 potential investors attended.

Industrialization Programme

Efforts to attract investments into Maluti-a-Phofung Special Economic Zone (MAP SEZ) are slowly yielding desired fruits. A pipeline of lucrative local and international investments has been secured to the tune of **R 2.3billion** which will yield **402** Job opportunities in the short term.

Other investments in the Free State include the **R300** million Botshabelo Smelter Plant in Botshabelo and **R700** million Renergen Tetra4 Gas Plant in Virginia.

Good Green Deeds Programme

During the past financial year, the EPWP programme has managed to employ over a 600 workers across the province for various activities such as cleaning of towns and maintenance within our resorts and reserves. The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium-term. Additional **72** young people were recruited into the portable waste management programme on which **R13 m** was spent.

Keeping our public spaces clean and healthy is one way of promoting environmental action that takes into consideration sustainable living practices. As a contribution towards this movement, in 2019/20 financial year, the department initiated cleaning of towns in our province. In the process, Botshabelo, Tweeling, Frankfort, Harrismith, Smithfield, Rouxville, Dewetsdorp and Van Stadensrus benefitted from this project.

Internships

During 2019/20, a total of **83** graduate interns were placed for workplace integrated learning and / or workplace experiential training programmes.

Law Enforcement

Our efforts to fight environmental crime bore fruits recently when a rhino poacher to 24 years for killing 10 rhinos at Sandveld Nature Reserve. We have seen 23% Rhino poaching decline in 2019 compared to the year before.

2. NATIONAL AND PROVINCIAL ECONOMIC OUTLOOK

Honourable Speaker, the ongoing Covid-19 pandemic is posing a serious risk to the global economy; it is impacting on global supply chains and has unleashed demand-side shocks. Accordingly, the International Monetary Fund (IMF) predicts that the global economy will

experience its worst recession since the Great Depression of the 1930's, with global output dropping by -3.0% in 2020.¹

In this context, the Free State economy is projected to contract by -3.7% in 2020 as all the economic sectors, except agriculture, are expected to experience serious decline. The mining sector is expected to contract by -10.4%; construction by -8.4%; manufacturing by -4.2%; trade by -3.4% and finance by -2.9%. Only the agricultural sector is expected to grow by 8.1% in 2020.

3. INVESTMENT, JOBS AND INCLUSIVE GROWTH

Honourable Members, our vision is to lead a revitalization and growth process in the province, through targeted economic interventions. Special emphasis will be placed, among others, on youth development and employment, correcting structural imbalances in the local economy, incentivizing local and foreign investment, industrialization and value stream development in various priority sectors.

To this end, the Department is in the process of developing an Economic Recovery Plan underpinned by focus on Value Chains in strategic sectors of the economy. Through this approach, we will identify commodities and services and will match those with specific SMMEs that can potentially benefit from their procurement. At the center of this programme will be the Sector Master Plans developed by experts which will unpack each sector and provide details on opportunities available in the value chain within each sector. I am confident that this approach will speed up the Free State Economic recovery and result in the much needed jobs.

One of government's interventions in the drive to create conducive procurement environment is the Public Procurement Bill which will compel government departments to sub-contract a minimum of 30% of all contracts above R30 million to SMMEs. We have made submissions as a department and among inputs is to ensure that government is compelled to procure from those enterprises and projects supported by public funds and those that are producers and not just retailers.

Speaker, there is no reason what so ever, why we cannot throw an economic life line to our SMMEs. In this province we have 23 local Municipalities and one Metro made up of 82 towns and 10 provincial departments as well as 28 national departments with footprint in the province.

Provincial departments and municipalities in the Free State alone have a total budget of **R8** billion

per annum available for goods and services. Public procurement can thus play an important role as a demand-side policy instrument for economic development and economic transformation, if employed strategically. Public procurement is a key lever for industrialisation and re-industrialisation and can raise the aggregate domestic demand through the promotion of local production. In strategically leveraging public procurement, the Free State Provincial Government should not concentrate on developing individual firms or enterprises but should aim at developing the value chains in order to promote industrialisation.

Trade and Investment Promotion

Speaker, trade and investment promotion is integral to our efforts to grow the economy of the Free State. We continuously take stock of the commitments made in the 2019 Investment summit. Furthermore, to create a conducive environment for investors, the department through the FDC will establish and implement the Free State InvestSA One Stop Shop in partnership with the Department of Trade, Industry and Competition (the dtic). This facility will serve as an accessible entry point for investors in need of regulatory compliance and business support.

Industrialisation

Speaker, as stated in our 2019 Budget Vote Speech, economic transformation and job creation remains top priorities of the 6th Administration. The recent statistics released by Statistics South Africa reveals a gloomy picture about the national and the provincial economic outlook.

We will this year continue to march forward with a sustained industrialisation drive, with the main purpose of changing the structure and nature of our economy.

There is enormous progress in the implementation of the **Botshabelo Smelter Plant** in that Park. This project shall not only contribute towards job creation in Botshabelo, but will assist greatly in boosting both the local and the Regional GDP.

Honourable Members, we are also exploring collaboration with Lesotho companies in growing the textile industry. This collaboration will be beneficial to both Lesotho and the Free State as Lesotho looks for expansions and the Free State has a well-developed industrial areas in Botshabelo and Phuthaditjhaba.

On the **Maluti-a-Phofung Special Economic Zone (SEZ)**, we are at the advanced stage of implementing the resolution of the Executive Council to establish a new provincial entity that will be responsible for the SEZ's affairs. The new provincial entity will be directly accountable

to DESTEA, and will form part of the province's re-imagined industrial strategy towards growth and development.

Honourable Members, despite the challenges we are experiencing on this front, to date the MAPSEZ has a total projected investment value of **R 2,3 billion** which comprises of five investors who are already approved to commence with operations in the Zone. Two of these of investors are already operational and three will start operations in in the second quarter of this financial year. Progress in this regard was however hampered by the lockdown resulting in delay in the start of the operations.

To date 238 jobs have been created, 171 were indirect jobs created through construction work and 67 were direct jobs created through employment by investors.

Some of the companies ready to start operations during this financial year are;

Steynburg Pork Abattoir_– this investor from Denmark has built a 5000 m2 Top Structure in the Zone utilizing own funding to the value of R60 mil.

The company's total investment is **R450m** with a projection of 75 Permanent work opportunities. The company has already employed 31 personnel selected largely from the local community who will commence work soon.

No.1 Hair Industry is bringing an investment of **R114m** to the Zone in partnership with a Korean investor. They have projected 151 Permanent work opportunities.

We have provided a temporary accommodation to this investor in an existing structure after their funding was approved by DTIC. Their operations were unfortunately delayed by the closure of the ports due to lockdown. This has since been resolved and they will commence with operations soon.

Intabazwe Agri – The investor is utilizing his own funding to build Silos in the Zone in order to store and transport Agri goods across the country. The investor will be collecting agricultural products from surrounding farmers.

They have invested **R78m** for their infrastructure and will be using their capital to maintain the existing railway line and the existing factory. Investor has already installed Weigh Bridge at the allocated factory and the erection of silos is 80% complete.

50 Permanent work opportunities are projected to be created, however the investor has partially started with their operations and has employed 15 local people.

Kevali Chemicals - Manufacturing and operation of Starch and Chemical Blending facilities. The investor has been accommodated in a temporary renovated structure since June 2018 while awaiting the construction of a new Top Structure.

The investor is bringing an investment of **R383** mil to the zone with projected 126 permanent work opportunities. They have currently employed 34 local people.

Applications for additional four new investors will soon be lodged with DTIC.

SMME Funding (External Sources)

Access to funding from the Developmental Finance Institutions (DFIs) and commercial banks is one of the major challenges facing the Small and Medium Enterprises. Concerned about this issue, we summoned all DFIs operational in the province to help us remove impediments towards SMME funding. It emerged from this discussion that requirements from some of these funding institutions are prohibitive. Working in collaboration with these institutions we established the Risk-Sharing Facility with the objective of de-risking some of the viable business proposals within the priority sectors and with the potential to create jobs. In our desire to unlock funding for our SMMEs, we have established the business assessment technical committee (BATC) constituted of FDC, IDC, NEF, Land Bank, NYDA, and SEDA. We hope to attract R50 million worth of funding from these DFIs to fund businesses in textile, manufacturing, ICT, and franchising.

Township Economy Revitalization

Honourable Members small businesses, cooperatives and stokvels have the potential to turn our economy around. Our programme of supporting stokvels in our province continue to gather momentum. At the heart of this intervention is to;

- Develop and roll out a structured Business Opportunity Seminars
- Introduce a mentorship programme for Free State Stokvels.
- Improve Financial and Investment Literacy among stokvel members
- Encourage stovels to register Cooperatives and or NPOs
- Increase/ leverage the purchasing power of stokvels
- Participation of stokvels in the mainstream economy

Speaker as part of our ongoing efforts to empower local SMMEs, **the dtic** in partnership with the FDC, Mangaung Metropolitan Municipality, Softstar bti will set up an **ICT Hub Incubator Project** within the Botshabelo Industrial Park. This centre will incubate entrepreneurs in the ICT sector for 3 years. It is estimated that 30 young entrepreneurs will benefit from this incubation. It is anticipated that this and other digital hubs that will be established in the short to medium term will integrate with the Innovation Hub that is being established through a partnership of the Free State Provincial Government and the Central University of Technology.

To this end, PETRA DIAMOND MINING will be establishing a **business hub in Koffiefontein** in partnership with FDC, LETSEMENG MUNICIPALITY as well as SEDA.

SPAZA SHOP REGULATION

The spaza shop sector is one of the key drivers of the township economy. However, this sector suffers from lack of proper regulation and coordination and unfair competition from those operating illegally and without compliance to the laws governing business. In the current financial year, we have intensified our work with municipalities to ensure proper implementation of business by-laws to eradicate the anarchy that is taking place in this sector. Therefore, we intend to ensure that business regulation by-laws in all municipalities are strengthened and implemented.

SPAZA SHOPS CONSOLIDATION

The huge buying power in the hands of the majority of the people in this country must be harnessed to support the township economy. It is for this reason that the department will support township-based retailers to ensure that the money spent creates economic value in the townships. This will be done by creating locally owned distribution channels in form of wholesalers and link all local spaza shops to these wholesalers, in which the department will negotiate supplies and lower prices from manufacturers. We shall invest funds in these wholesalers and directly involved to ensure good management and administration of these channels.

Informal, Micro, Small, and Medium Enterprises

Honourable Members, many of our SMMEs have been devastated by the restriction of trade due to the national Lockdown. There is no doubt that these enterprises that provides livelihood to thousands of our people will not return to pre-covid-19 levels without the support of government. The Department has, among others, already put in place the following interventions;

- Provision of financial and non-financial support relating to operational space, training, marketing etc.
- Provision of financial support through the Economic Recovery incentives launched in June 2020
- These actions, supplemented by the national stimulus packages, should shorten the recovery process.

The funding package we have put together and announced on the 17/06/2020 is divided into **formal** and **informal** sectors. Focus is strictly be on key strategic sectors. The main objective with this intervention is the retention of current jobs and creation of new ones linked to our value chain approach. Every application is being subjected to thorough due diligence to avoid wastage.

Formal businesses sector

1. **COVID-19 Risk-Sharing Incentive Scheme** will provide support of up to 40% of co-funding requirements to operational South African-owned enterprises required to expand their operations. The fund is in partnership with the Provincial Developmental Finance Institutions (DFIs), with the objective of de-risking some of the viable business proposals within the priority sectors and with the potential to create jobs especially during this pandemic.
2. **Enterprise Support Incentive Scheme** is offered to South-African owned enterprises operating in the Free State with an annual turnover of min. R150 000 for business operations and rental relief.
3. **Manufacturing Support Incentive Scheme** - aimed at providing support in industrial parks through the provision of rental holidays and seed funding for operational costs.
4. **Bridging Finance** will be administered by the Free State Development Corporation (**FDC**) to address cash-flow needs of SMME's who have to meet specific contracts or orders from both the private and public sectors.

Informal businesses sector

Spaza shops and hawkers are the DNA of the township and rural economy aimed at bringing economic development to local areas as envisaged through the government's Revitalization of the Township and Rural Economy. In support of this sector, DESTEA developed packages to

assist those businesses that could not benefit from the Department of Small Business Development's Spaza shop and general dealer support scheme. The packages are;

1. **Spaza Shops and General Dealers** support to assist South-African owned spaza shops and general dealers with the bulk purchase of goods. DESTEA will issue a voucher which will be redeemable at the approved wholesalers and in collaboration with one of the commercial banks.
2. **Hawkers Support** – Qualifying hawkers will be provided with income relief which can be used towards stock purchase and business resuscitation.
3. **Waste Pickers Support**– the programme is aimed at providing a temporary relief to waste pickers whose livelihoods were also impacted on by the lockdown.

Speaker, we can inform this house that a total of **2522** businesses had applied at the time of closure of applications on **09/07/2020**. We shall publish the report of those enterprises that will be assisted as soon as the process is concluded.

Honourable Members, we have discovered that despite all these efforts, some of assisted enterprises continue to fall through the safety net. We have therefore resolved to offer comprehensive business development and support services for our supported enterprises. This will be done over an average of 2 to 3year period to ensure their growth and sustainability. We have identified as a short coming, the lack of effective monitoring and evaluation that will enable us to locate, gather information, evaluate, monitor, track, and analyze data from SMMEs and Cooperatives which will also be accessible to DFIs, clients, stakeholders and any interested parties.

Small Scale Mining Support

Honourable Members, in partnership with the Department of Mineral Resources and Energy (DMRE), we have initiated mining support programme to increase participation of previously disadvantaged individuals within the mining sector. PDIs are supported with license fees, funding for environmental impact assessment (EIA) and small scale mining equipment/implements. Projects that will benefit from this programme include, Manson Stone Manufacturing in Thaba Nchu, a salt mining enterprise in Soutpan, and Koffiefontein Community Mining Primary Cooperative (KCM) which is a 50 member corporative assisted by Petra Diamonds to obtain a diamond mining permit.

Business Regulation and Consumer Affairs

The objective of Consumer Protection Office is to ensure effective regulatory framework, to investigate, prohibit and control unfair business practice. This year, we will use our Consumer Education platforms to educate consumers about the importance of buying locally produced products in partnership with ProudlySA.

The office will continue to conduct inspections which involve unannounced blitz operations at shops and supermarkets to check expired and illicit goods. Since the lockdown, fifty two **(52)** towns throughout the Free State have been visited, and **316** businesses inspected resulting in **32** arrests. It was discovered during some of these blitz operations that many shops contravene Section 110 of Consumer Protection Act 68 of 2008 by not displaying prices, not labeling products, and selling products whose trade descriptions have been removed. Some shops particularly, in small towns, repackage goods, which is illegal. It is illegal for instances to repackage the 20kg sugar into smaller packages.

Of serious concern to us, however is that many of our people still fall victim of this harmful business practices. It is for this reason that we have resorted to one of the longest running popular drama on Lesedi FM called Monyaka to carry our messages through to the consumers.

4. ENVIRONMENTAL AFFAIRS AND CONSERVATION

In line with government seven priorities, sustainable use and effective use of natural resources are critical towards ensuring proper and effective environmental and bio diversity management. Guided by the theme “Serving You, Saving the Environment”, our focus will amongst other be on, prudent waste management, clean environment, environmental impact assessments, climate change, nature conservation, biodiversity economy, and green economy, EPWP, and infrastructure upgrades.

Waste Management

The Department as the leading agent will intensify efforts in commodifying waste to unleash job opportunities by intentionally promoting waste processing and manufacturing of new products from waste material. The initiatives in the waste processing requires resources and collaboration with research institutes, private sector and entrepreneurs. The National Environmental Education and Training Strategy will be presented to the Free State stakeholders sometime during this financial year.

The strategy will help in guiding and also identifying gaps in Research and Development which is very crucial in commodifying waste. Re-imagining plastic waste as a case in point has proven

to be successful wherein the plastic is pelleted and further utilised for production of plastics chairs known as alternative timber.

This may not be cheap undertaking if only costed in rand and cents, however, if one were to consider the ecological cost of plastic waste one may have a better perspective. Again, compared with the cost of environmental rehabilitation the efforts in commodifying waste remains the better option. The WHO Concept of One Health is premised on the fact that a Healthy Environment, Animals result in Healthy People or humanity. Waste in general enhances the risks of zoonosis to our communities.

Organic Waste provides an opportunity for deployment in the small scale renewable energy projects such as production of Biogas, Gasification and pyrolysis. The capital outlay of such projects are relatively high and it can only be established on case study basis as what can be the pay-back period of such investments.

Climate Change and Green Economy

Climate Change has become a global phenomenon and advantageously the sector has created many opportunities in the sustainable green economy. We will explore all economic opportunities brought about by the green economy. Alternative Energy production sources and alternative means of production of various products will be undertaken using recycling processes and innovative methods.

Clean Environment

The key focus for environment in 2020 is air pollution, air quality and trees are in many ways mitigating the potential adverse impact of air pollution. The department will be promoting awareness and implementation of a culture of keeping our spaces and townships clean as well as promoting greening in our communities. We shall therefore coordinate a process in which the public sector is a leader in ensuring clean environment. One of the intervention is to implement a comprehensive programme with other relevant departments, that will assess recognize and award clean public facilities in various categories in the province.

Biodiversity Economy

Honourable Members, wildlife economy continues to play an important role in the economy of

our province. For a meaningful role however, a need for transformation in this sector is getting critical by the day. To this end, we have developed the Wildlife Economy Strategy whose objective is providing incentive in support of economically viable and sustainable black-owned enterprises in the Wildlife sector.

Infrastructure Development

There are currently 14 provincial nature resorts and reserves occupying a total of 200 000 hectares, which represents 1.3% of the province. These state owned reserves and resorts are in dire need of upgrades, rehabilitation and maintenance and repair in order to compete with similar establishments in private hands. To this end, the department has partnered with the Department of Public Works and Infrastructure to ensure that the necessary upgrade and maintenance of chalets is done at the resorts; this work has already commenced and is nearing completion on most resorts.

The department will undertake a comprehensive analysis of viability of these assets from the cost and returns perspective, with a view of finding the best optimal models suited for each asset given its character. This is aimed at optimizing the return on these assets.

5. TOURISM DEVELOPMENT AND SUPPORT

The Free State is endowed with a variety of natural attractions and provides tourism related activities for young and old throughout the year. From South to North, East to West the Free State remains a playing ground for water enthusiasts, outdoor adventurers, sports fanatics, animal lovers and those who just want to be in harmony with nature. The Free State realised 6.9% increase from the international arrivals in 2019 surpassing the 5.5% increase of the 2018 provincial performance. The growth was driven by increase from Botswana, Netherlands and France which are markets that were the source list for the Free State.

Speaker, tourism industry was one of the sectors that were immediately affected by the National lockdown necessitated by the Declaration of the National Disaster on the 15th March 2020, primarily because it is people driven. All sub-sectors of the tourism industry from travel agencies, travel services, tour guiding, business tourism to hospitality had to close during the lockdown.

The gambling industry, which is an integral part of the tourism was also not spared the devastation of the pandemic and also took a serious knock as a results of the restriction of the movement of people.

We also plan to issue an expression of interest to invite event organizers and planners to submit their proposals which will help in promoting tourism in our province. This is part of our plan to repackage Free State tourism offerings and speed up the recovery of the industry post Covid -19.

As a way of growing our slice of the National Tourism cake we have also identified partnerships with various Sporting codes and clubs as a critical way of creating Tourism Brand Awareness, the DESTEA will thus formalize relations with various Provincial Teams such as BKV Nights, Toyota Cheetahs and Bloemfontein Celtics.

The Vredefort Dome

The Vredefort Dome natural phenomenon that has occurred millions years ago has presented us with a unique natural feature that can be exploited for Tourism Destination Development. Whereas some work was done in the past to ensure that this feature is developed for both Tourism and Conservation reasons, it was sadly left unfinished for a very long time.

After consultations with Local, District, National, and Provincial Government spheres, we have since resolved to resuscitate the multi-provincial and departmental coordination that helped us to focus on this area for development. This is a multi-stakeholder collaboration between DESTEA, DEFF, NDT, Fezile Dabi District Municipality, Ngwathe Local Municipality, and NW Department of Economic Development, Environment, Conservation, and Tourism

We can indicate that some work has started to ensure that the multi-disciplinary stakeholder forums are reactivated and we have secured R 15 Million for the corrective work that has to be effected in the Dome.

Recent discussion with Airport Company of South Africa (ACSA) added impetus towards turning the Bram Fischer International Airport into a logistical hub, Indications are that many airline operators have shown appetite to operate from Bram Fischer and turn it into a Regional Gateway.

6. REVENUE ENHANCEMENT

Marketing and promotion of our state owned reserves and resorts need added attention in order to enhance revenue. To this end, the department will introduce business processes automation which will include the rollout of network connectivity followed by the development of online booking system and Revenue Management System.

We have also introduced the e-permit system to assist in the issuing of various permits ranging from hunting, fishing, etc. The department also held the annual game auction on the 13th and 14th of March 2020 which is mainly a game management plan, but also generates revenue for the fiscus. The total revenue generated from our reserves and reserves in the previous year was **R24.3 million**. With improved maintenance and targeted marketing particularly introduction of bill boards, we intend to increase this revenue.

From the liquor and gambling licenses, the Free State Gambling, Liquor and Tourism Authority was able to raise **R65 million** in 2018/19. We also expect revenue growth as a result of impending amendments to the current FSGLTA Act 6 of 2010 as amended. The recent roll-out of 21 Fixed-odds betting licenses will result in significant growth in gambling revenue collection.

Honorable members, the ongoing challenges of water and electricity supply in Maluti-A-Phofung is having a direct impact on the sustainability of FDC`s tenants in its industrial parks. This situation was exacerbated by the service delivery protests experienced in the area. The FDC is currently only collecting about 33% of its monthly rentals from this area with dire impact on its financial position. As a result of this, a few tenants have left the area with more still threatening departure if the situation is not stabilized. This will have direct negative impact on employment in the socioeconomic conditions in the area.

7. GOVERNANCE AND OVERSIGHT

Madam Speaker, during this financial year we will endeavour to improve our audit outcomes by implementing the “operation clean audit” through implementation of the Auditor General’s remedial actions.

Internal Audit Activity under the direction of the independent Audit and Risk Committees provides the objective of examining and evaluating governance, risk management, and control, as well as financial, administrative, and operational activities of the department, supplying management at all levels with information to assist in identifying and managing risks and providing the management with assurance, insight and objectivity.

Risk management

To mitigate against any possible risks, we will be focusing on addressing some of the following key risks:

- Decline in natural resources due to climate change
- Degradation of natural eco-systems
- Increased quantity of waste taken to the Landfill site due to non-implementation of Waste recovery initiatives
- Lack of Mentorship of small businesses that might lead to business not being sustainable

Risk Management Committee, chaired by an independent chairperson, will continue to play an oversight role on the Implementation of Risk Management activities. To monitor the implementation of mitigation strategies by Management to ensure that those risks listed above are addressed accordingly to realise unqualified audit.

8. HUMAN RESOURCES AND TRANSFORMATION

Speaker, our commitment to establish or to build a Capable, ethical and developmental state will remain but a dream if we are not going to sharpen our delivery mechanism which is the public servants as outlined in the National Development Plan.

Honorable members, the biggest challenge we are faced with, however, is that the department is operating at a high vacancy rate such that certain deliverables are at the risk of being compromised. The department has made changes and reorganized some functions to avoid duplication and ensure efficiency. Some of senior management positions are abolished in order to create efficient positions at the production levels. There are also internal lateral movements to fill critical vacancies in line with skills in the department.

As part of our commitment to enhance efficiencies, focus will also be on the state agencies accountable to the department, the Free State Development Corporation (FDC) and Free State Gambling Liquor Tourism Authority (FSGLTA). The 2020/21 shareholder compacts will include tightened measures to improve governance and accountability. The boards and management of these institutions will therefore take individual and collective responsibility for any governance lapse or inefficiencies. There is now hope and greater improvement brought by the new management in the FDC. I am proud to announce that a new team of management in the FDC is equal to the task and that more shareholder focus and attention will be given to this strategic entity to ensure that it is financially viable. Therefore, consequence management will remain integral in ensuring high levels of accountability.

We shall continue to recruit the best of human capacity available and we still believe in embracing Black Excellence in our provincial SOEs and the department. We shall give

opportunities to those competent young people blacks, especially young women and the disabled.

I therefore call everyone who share my vision of;

A transformed and growing Economy;

Sustainable environment management and

Capable, ethical and developmental organization;

As I conclude I take this opportunity to thank my organization, the ANC for shaping me over the years to prepare me for the task at hand.

I further thank my family for the continued support, especially the last in the family, Sebatso Mohale, who always demonstrate keen interest on every aspect of my work.

Madam Speaker we now table before this house the adjusted 2020/2021 budget allocation to the department, as follows:

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he 1: Administration	
he 2: Environmental Affairs	
he 3: Economic and Small Business Development	
he 4: Tourism	
ocation for 2020/21	

I Thank You.