

**DRAFT SPEAKING NOTES FOR MEC FOR DESTEA, MR MAKALO MOHALE, MPL, ON THE OCCASION OF THE SCHEDULED MEDIA BRIEFING HELD ON TUESDAY, 18 JANUARY 2022, AT BOPHELO HOUSE**

**Distinguished members of the media**

**Invited guests**

**People of the Free State joining us in various platforms**

**Ladies and gentlemen**

As we gather here today, exactly 18 days since the beginning of this year, we must draw strength and inspiration from the hope that is ushered by the dawn of a new year. I take this opportunity wish you a blessed and fruitful 2022.

Let me also take this opportunity to welcome you all at this important event. This engagement is the first of a series of interaction the department will for the rest of this year.

These interactions, called **MEC's Roadshows: Let's Talk Business**, will be a platform where we update the people of the Free State on key departmental activities. We will also use these interactions to engage with some of the enterprises the department has provided with financial and non-financial support.

As part of our mandate, we will also use these engagements to;

- i) Inspect local enterprises in order to determine compliance with by-laws and relevant pieces of legislation;
- ii) Assist local municipalities on the development and implementation of by-laws; and
- iii) Address concerns in our municipalities.

Today we will be appraising the people of the Free State on two matters, namely;

- The Draft Free State Local Economic Development and Transformation Bill;
- Progress on the development of the Free State Economic Sector Master Plans.

I will later present in detail on these matters, but I thought I must just highlight some crucial matters as a precursor to the presentations.

## **1. On the Draft Free State Local Economic Development and Transformation Bill**

As part of the regular business regulations inspections conducted by the Department's Consumer Protection Office, we have made some observations which are common across municipalities, and particularly affects informal, micro, and small enterprises in our townships. These include; amongst others:

- Non-compliance with business regulations, by-laws and pieces of legislation;
- Foodstuffs sold in these tuckshops is often dirty, expired or rotten, causing severe health risks for our vulnerable people;
- These shops are being operated by foreign nationals whose Asylum Seeker Temporary Visa Certificates allow them to work and study, and yet they operate shops;
- Foreign nationals operating these shops all sleep inside the shops, which is in contravention with health and hygiene protocols; and
- Some of these shops are operated from RDP Houses, which are intended to assist our people with housing and shelter.

In light of the situation above, and noting that our entrepreneurs in the townships have been pushed out of business, the department undertook a process to develop a Free State Local Economic Development and Transformation Bill. This Bill, once adopted by the Legislature, which will *inter alia*, create an appropriate business regulatory environment, which will deal

with these challenges whilst creating a conducive environment for economic growth and transformation. This Bill seeks to facilitate and promote inclusive economic growth along a transformative paradigm in order to build a cohesive and an equal society which is underpinned by –

- a growing and inclusive economy that harnesses the potential of all citizens and persons with permanent residency status in the Republic;
- diversify the ownership patterns; and
- facilitates easier access by new entrants into all sectors of the economy.

The Objectives of the Bill are to:

(a) to provide a regulatory framework which makes it possible for Free State citizens to establish viable and thriving business where they live;

(b) to designate business activities within the township areas that are reserved for the exclusive and sole of use of citizens;

(c) to promote the development and diversification of the economy of the Province through regulation of participation of enterprises in specific sectors;

(d) to introduce an enabling framework to ensure retail malls and supermarkets partner with local enterprises, including the sourcing of some

of the products and services from local producers, service providers and manufacturers;

(e) to establish specific procurement rules and programmatic support which allow government and its main contractors –

(i) to buy from a large group or groups of local enterprises, with systems linking them so they can supply if they were one large enterprise; or

(ii) to compel enterprises that get government contracts to spend a certain percentage of their procurement spent on enterprises or entrepreneurs and cooperatives owned by citizens;

(f) to provide an enabling environment for municipalities –

(i) to implement local economic development and to grow supporting value chains and industries;

(ii) to implement an integrated businesses licencing regime;

(g) to promote and support the development of representative associations of enterprises owned by citizens and non-profit organisations.

## KEY ELEMENTS OF THE BILL

### 1.1 Economic Activities Reserved For Citizens And Persons With Permanent Residency Status

- To achieve an inclusive economic growth, the Local Municipality shall maintain quotas for ownership of not more than 20% of foreign ownership, or such percentage as the responsible Member may prescribe. Below are some business activities proposed for designation:

1. Auctioneer	17. Equipment Hire services
2. Auto electrician	18. Internet Cafes
3. Bars and Nightclubs	19. Laundromat
4. Beauty Salons	20. Motor mechanic
5. Car wash	21. Panel beating
6. Cellphone repair shops	22. Petrol filling station
7. Chesanyama	23. Takeaway food
8. Cleaning services	24. Tuckshops
9. Curio shop (souvenirs and cultural artefacts)	25. Wholesale
10. Courier Services	26. Textile manufacturing
11. Early Childhood Development Centre	27. Brick Manufacturing
12. Fresh produce	28. Manufacturing and production of staple foods
13. Funeral undertaking services	
14. General clothing	
15. General dealer	
16. Hairdresser and personal healthcare	

The following are next steps in finalizing this matter:

- The Bill is currently being translated into Sesotho and Afrikaans
- Publish the MEC's intention to table the Bill for 14-days for public comments
- The Bill will be then taken to legislature for further processing and finalization.

## **2. Progress on the development of Economic Sector Master Plans**

The Covid-19 pandemic has ravaged our already ailing economy. As part of our efforts to achieve economic recovery and reconstruction, we have developed 11 Master Plans for specific sectors of the Free State Economy.

We have identified specific sectors and sub-sectors of our economy, like Tourism, Agro-processing, Mining, Clothing& Textiles as well as Steel and Metal Fabrication, which we believe are crucial in not only growing our economy, but also to ensure its transformation.

These Master Plans also looked at how we could use value chains in various sectors to ensure inclusive growth and development. We use our own ***Value Chains Economic Transformation Approach*** as a basis for these Master Plans.

Each Master Plan must at least attain the following outcomes;

- iv) Address the systemic constraints in the relevant sector;
- v) Increased contribution of the sector into the FS economy;
- vi) Job creation; and
- vii) Involvement of the previously disadvantaged communities.

Today we are going to provide a brief overview of the progress we have made with 6 of these Master Plans:

- Steel and Metals Fabrication,
- Agro-processing
- Clothing, Textile, Footware, and Leather

- Tourism
- Financial Services
- Communication and Digital Technologies

The Implementation Plans have been drawn from all these Master Plans, and a rigorous public consultation process will ensue.

Furthermore, we aim to use these Economic Sector Master Plans to develop an overarching Free State Economic Recovery and Reconstruction Plan.

This Plan shall be a reflection of the views and desires of all stakeholders; government, business and civil society towards ***Building the Free State Economy that we want.***

So you are all welcome to this session. Let's interact and debate!

Thank you!