

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

BUDGET VOTE 3

25 MARCH 2022

Honourable Speaker of the Free State Provincial Legislature

The Honourable Premier

Colleagues in Executive Council

Members of the Free State Legislature and representatives from the NCOP

House of Traditional Leaders

Heads of the Departments and Senior Managers from all spheres of government

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

Distinguished Guests

Honourable Speaker, I stand here in front of you during a month when one of the most distinguished freedom fathers was born. It was on the 21st March 1914, in a small town of Eston, in Natal, when Anton Lembede was born. A Teacher, Lawyer, Political Visionary and Social Activist, and the First President of the ANC Youth League, Lembede has left a legacy of influence for all of us. If he was still alive, Lembede would have turned **One Hundred and Six years** old, four days ago.

During his teaching career, Anton Lembede also taught here in the Free State. It was during the 1930's whilst a teacher here, when he enrolled at the University of South Africa. He attained BA, LLB and Master of Arts in Philosophy during this period. It was also during this period when he first encountered Afrikaner nationalism, which hardened his political posture towards African nationalism.

Madam Speaker, allow me, on this august occasion, in this august house, to dedicate this Budget Vote Speech to the life, fighting spirit and legacy of Muziwakhe Anton Lembede!

Madam Speaker, when we stood before this house last year we committed ourselves to a programme that will urgently help our economy to emerge from the devastation of the Covid-19 pandemic. The positive signs of economic recovery recorded in 2021 are at risk of reversal due to the skyrocketing fuel and food prices due to the Russian-Ukraine conflict. This means that inflationary pressures are expected to be on the upside and this could result in a rapid increase in interest rates. There are also signs that this conflict is beginning to affect global supply chains very negatively. We are optimistic that a resolution to this conflict will be found soon through established multilateral forums.

Our commitment remains that of accelerating economic recovery and transformation, building climate-change-resilient communities, as well as building a capable state. To achieve these, we committed to deploying innovative solutions to resolve seemingly intractable problems. As I stand before this house, I want to provide a brief account on some these commitments while also providing a roadmap on how we will continue changing the lives of our people going forward.

FREE STATE ECONOMIC OUTLOOK AT A GLANCE

The provincial economy was negatively impacted by the Covid-19 pandemic as indicated in quarterly performance of the Gross Domestic Product (GDP). Statistics indicate that the Free State achieved an annual growth rate of **-7.16%** in 2020. Economic growth in the 5 districts of the province was also severely impacted by the Covid-19 pandemic. All five districts contracted in Q3 2021 with the highest declines in Xhariep and Thabo Mofutsanyana which recorded **-12.0%** and **-9.3%** respectively.

The expectation is that that Free State Province's GDP will grow at an average annual rate of 1.85% from 2020 to 2025. When looking at the districts within the province, it is expected that Fezile Dabi will achieve the highest average annual growth rate of 2.49% from 2020 to 2025. Thabo Mofutsanyana is expected to achieve the second highest average annual growth rate averaging 1.89%. Lejweleputswa is expected to perform the poorest with an average annual growth rate of 0.66%.

The province's official unemployment rate for Q3:2021 was 38.1%, this is an increase of 1.6 percentage points quarter-to-quarter as well as an increase of 2.6 percentage points year-on-year. South Africa's unemployment rate rose to 34.9% in the third quarter of 2021, up from 34.4% in the previous period. It was the highest jobless rate since comparable data began in 2008, on the back of the July unrests and the stringent lockdown regulations.

The number of unemployed persons fell by 183 thousand to 7.6 million, but employment slumped by 660 thousand to 14.2 million and the labour force plunged by 842 thousand to 21.9 million. Job losses were concentrated in the trade sector (-309 thousand), community and social services (-210 thousand), construction (-65 thousand), private households (-65 thousand) and mining (-54 thousand), while the finance sector posted the only increase (+138 thousand). This picture call for us to work even harder to improve the lives of our people.

HIGHLIGHTS OF THE 2021/22 FINANCIAL YEAR

Madam Speaker, let me take a few moments to look back on the journey travelled since the last time we made commitments in this house to the people of the Free State by reflecting on some of the key achievements in this period:

Establishment of the Customer Care Unit

To ensure that the clients of the department are able to effectively interact with the department, a newly structured **Customer Care Unit** reporting directly to both the Head of Department and the MEC was established and is operational. This is a platform where clients can send us their complaints, suggestions or compliments through our mobile app, email, telephone calls or WhatsApp.

Since inception of the Unit, the department has received 24 formal complaints, of which 20 have been amicably resolved. The resolved cases mainly related to non- or late payments to clients and service providers, and through the interventions of this Unit, complaints worth more than R2.2m have been resolved to date.

Implementation of the Smelter Plant

The construction of the Smelter Plant on site in the Thaba 'Nchu Industrial park is at a very advanced stage. We are grateful to **ESKOM** for assisting the investor in developing innovative solution around the electricity requirements of the facility. The department and the Free State Development Corporation (FDC) are working closely with the **Department of Trade, Industry and Competition (the dtic)** to develop a blended funding model to finalize the installation of the much required 20MVA transformer which will enable the plant to be commissioned. The department has committed over R10m towards this project as part of its industrialization programme supported by **the dtic** through its critical infrastructure incentive (CIP). To date, 62 jobs were created during construction and it is expected that this plant will create of a 1000 jobs when fully commissioned.

Upgrade of the Botshabelo and Phuthaditjhaba Industrial Parks

Revitalization of Industrial Parks, which is supported by **the dtic**, is at the centre of our strategy to attract new investors and keep the existing ones at the industrial parks. To this end, this programme will continue in partnership with the provincial government to make sure that basic infrastructure issues are resolved at the parks.

Establishment of an Industrialization Support Incentive for our current and prospective industrialists in the province with a particular focus on manufacturing.

So far, the department has spent about **R10m** on approved companies in **Industrialization Support Incentive**; a total number of 297 applications were received. A total of 23 enterprises (including 13 female-owned enterprises and 7 youth-owned) have been supported from this Incentive programme. The support was in form of rental subsidy, machinery, equipment, raw materials and setting up costs.

Establishment of a new Provincial Entity that will be responsible for the governance and management of the Maluti-a-Phofung Special Economic Zone (MAP-SEZ)

New government business enterprise to manage the affairs of the MAP-SEZ will not be established due to Treasury restrictions on establishing new SOCs. A new Memorandum of Incorporation for the MAP-IDZ SOC (the entity utilized for operating the SEZ) has been and finalized. This will ensure increased independence of the subsidiary to ensure compliance with the SEZ Act. An interim board has been appointed to ensure that proper governance systems are in place; a permanent board will be appointed before the end of April 2022.

Development and Finalization of the Free State Integrated Local Economic Development and Transformation Bill

Madam Speaker, on the 26th of June we will be celebrating the **Sixty Seventh** anniversary of the adoption of the Freedom Charter. The Freedom Charter remains a clear statement by the people of South Africa on the kind of country they want. In remembrance of the historic event at Kliptown in 1955, we still make the following clarion calls:

- ***The people shall govern;***
- ***The people shall share in the country's wealth;***
- ***The land shall be shared among those who work it;***
- ***The doors of learning and culture shall be opened;***
- ***There shall be houses, security and comfort; and***
- ***There shall be peace and friendship.***

Sixty Seven years since the adoption of the **Freedom Charter**, the South African and the Free State economy in particular remain largely untransformed. The lack of enforceable business regulation regime creates unfavourable conditions for economic participation, investments, and economic growth. Key challenges facing the Free State economy remain lack of regulation, barriers to entry, ownership patterns, and insufficient access to financial and non-financial support to SMMEs.

Last year we promised that the Free State Integrated Local Economic and Transformation Bill will be drafted in order to address these challenges in an integrated fashion. This process is indeed completed and the Bill is before the Free State Legislature for further processing after inputs by the public.

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 aimed at growing and inclusive economy that harnesses the potential of all citizens and persons with permanent residency status in the Republic. The Objectives of the Bill are:

- (a) to promote the development and diversification of the economy of the Province through regulation of participation of enterprises in specific sectors;
- (b) 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;
- (c) 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;
- (d) to promote and support the development of representative associations of enterprises owned by citizens and non-profit organisations.

Enforcement of business by-laws to curb trade in illicit goods, building of illegal business structures, and trading without business permits

The Department of Small Business Development (DSBD) has been busy with a process of reviewing the Business Act No. 71 of 1991 in order to, amongst others, bring it in line with the new dispensation – as this Act pre-dates 1994. The purpose for reviewing the Business Act is to ensure that uniform standards and a framework for issuing of business licences / permits are incorporated into the Act so that all

municipalities could be able to align their by-laws related to business licensing accordingly.

On the matter of enforcement, the DESTEA Consumer Protection Office has conducted 81 compliance inspections this year, resulting in various forms of consequences for business owners. Furthermore, the FSGLTA completed 1252 liquor compliance inspections, 13 enforcement operations and completed 28 gambling revenue audits.

Routine maintenance across all resorts and reserves including improve connectivity of sites

Maintenance of infrastructure is ongoing because of aged infrastructure in the reserves and resorts. Major projects that have been commissioned includes water infrastructure in Koppies Reserve, fencing in Soetdoring Reserve, staff housing maintenance at the Xhariep Reserve and bulk infrastructure at Sandveld Reserve. The department has spent R31m in the current financial year on maintenance and upgrades maintenance across all reserves and resorts creating a total of 163 jobs.

The department has now completed the infrastructure condition assessment and has compiled Bills of Quantities for all its resorts and reserves. We now have a full picture of what it will cost to upgrade and refurbish these assets. In this coming year, we will be inviting private sector players to partner with government in exploring various management models of these assets. Given the fact that the fiscus is currently under tremendous pressure, bringing private sector players on board will relieve this pressure and ensure that improvements in the state of these assets are done and thus improve the visitors' experience and revenue collection for the province.

'Travelling Differently' programme to promote Free State as a Tourism destination of Choice

An "Travelling differently" programme intended to give our people and visitors new experiences through game drives, bird watching, fishing, hiking, camping, and general

entertainment in the state-owned nature reserves was launched in November 2022. This programme is mainly targeted at the public who are generally excluded from such experiences.

As part of this exciting “Travel Differently’ programme, the ***Free State CampOut Experience*** was launched in November 2021 at Maria Moroka Nature reserve and major and unique events have been hosted in various Provincial Resorts. To date, four ***Free State CampOut Experience*** events were held at various state-owned nature reserves and more than 750 visitors have participated in these events, thus positioning the Free State as the eco-tourism destination of choice. **The final event for the current financial year will be held over this coming weekend from today, the 25Th of March 2022, at the Sandveld Nature Reserve.**

GOVERNANCE AND CONTROL

Madam Speaker, we are committed to building a capable, ethical, and developmental organization. To this end, the department will enhance its support to the Audit and Risk Management Committees. These committees play an oversight role in ensuring that the department’s key risks are properly mitigated. These efforts are crucial in our goal towards a clean audit opinion for the coming financial year. Internal Audit continues to monitor Audit Action plans to give reasonable assurance that the department will achieve its objective. To accelerate our fight against corruption, we will conduct lifestyle audits on our staff members.

Human Resources and Transformation

In order to meet the challenges of the new era, and align our operations with the austerity measures broadly faced by the Public Service in SA, we are going to amend our Organisational Structure so that it leads to efficiency, effectiveness and service delivery. To this end, the department has established a Strategic Projects Unit whose mandate is to bring together critical stakeholders in ensuring implementation of strategic economic projects.

Skills development has become more urgent and necessary in the fast changing and challenging times of this era, particularly amongst young people. It is for this reason that we are going to provide 30 internship opportunities to new qualified young graduates so that they can have a fair chance of competing in the robust job market.

Our SOEs have been under scrutiny for the longest time, and many have questioned their efficacy, we thus need to ensure that governance issues are urgently attended to. In order to strengthen governance at the FDC, a youthful and appropriately experienced board, chaired by Dr David Mohale, has been appointed at the FDC; this board has a tenure of three years. In addition, processes are at an advanced stage to finalize the appointment of a permanent board for the MAP-SEZ entity.

SUSTAINABLE ENVIRONMENTAL MANAGEMENT AND PROTECTION

Speaker, our Vision Statement states that DESTEA envisions “***A transformed economy and a prosperous society that is living in harmony with its natural resources***”. This is a clear commitment to the United Nations Sustainable Development Goals (SDGs) 2030 Agenda, which overall aim is to improve people’s lives by the year 2030. Sustainable development means that humans must live and meet their needs without compromising the ability of future generations to meet their own needs.

Clean and Affordable Energy

Provision of affordable and clean energy as well as ensuring responsible production and consumption are key towards realizing the balance between economic growth and caring for all aspects of the environment. In his 2021 State of the Nation Address, President Cyril Ramaphosa announced that a Request for Proposals for 2 600 Megawatts from wind and solar energy will be issued, and this will be followed by another bid window in August 2022. This presents the Free State province with an opportunity to participate in clean energy generation.

The department is already collaborating with various stakeholders including the **International Labour Organisation (ILO)** to develop a report of Rapid Situation Analysis of Just transition into clean energy for the Free State province. The report will enable development of a Just Transition Plan for the Province, to ensure adverse impact of transitioning into clean energy on jobs and the economy is minimised.

In this coming financial year, the department will appoint a team of professionals to conduct a feasibility study on viable renewable energy projects, which can be undertaken at an optimal and cost effective scale across the province. The department aims to create platforms for collaborative initiatives on such projects and programmes in an effort to mitigate and adapt to the inevitable impact of climate change on livelihoods.

Waste Management

Economic development and increasing rates of urbanization in South Africa have resulted in increased waste generation. Efforts to implementing effective waste management are hampered by ineffective waste management strategies at local level as well as lack of sufficient capacity to undertake this task. We intend to align our programmes to the **National Waste Management Strategy** which seeks to ensure that, amongst others, products and materials must be designed in a manner that minimizes their waste footprint.

We recently signed an MOU with the CSIR in an effort to reduce waste in the Province, both at the landfills and in our Industrial Parks which is intended link residents of the park, and where possible, to ensure waste of one factor is utilised as inputs of another factory. This process will greatly reduce waste that end up in our landfill sites. We are also currently conducting a feasibility study on **Waste Separation at Source**, which will ensure that the informal waste sector which is at the centre of the efforts restore growth, transition to a low carbon economy and kick-start the implementation of the Reconstruction and Recovery Plan.

Conservation of Biodiversity

The Pilot Projects for the **Small Scale Inland Fisheries Project** commenced during this financial year at Kalkfontein Dam and at Soetdoring Nature Reserves will continue into the 2022/2023 financial year with the potential to empower local communities to derive sustainable livelihoods from such initiatives.

After the hiatus imposed by the COVID-19 pandemic, DESTEA will once again host a **Game Auction** early in the 2022/2023 financial year. The Game Auction has become a highlight in the wildlife sector calendar for many years and a revenue generator of over R10m for the provincial fiscus.

DESTEA will continue to roll out the **Black Game Rancher Programme** towards transforming this sector. The inclement weather experienced in 2021 made game capture difficult and also posed a danger to the animals. The programme will continue in the 2022 capture season, ensuring that all recipients receive the game allocated to them. Mentorship programmes, in collaboration with Department of Agriculture and Rural Development, will also be provided through the year to ensure that the Black Game Rancher Programme succeeds in its objective and persists into the future.

The People and Parks Programme, a National programme, will be expanded in the 2022/2023 financial year. This programme focusses on local communities, through established fora, to become involved in the functions and management of the reserves and to a certain extent, in management decisions. The **Traditional Healers'** sector, which has a huge number of practitioners throughout the province, must also comply with various legislations involving specific species. In the past, many practitioners could barely comply due to the unaffordability of the permits. We will continue to provide assistance to our traditional healers as they are remain reservoirs of our indigenous knowledge systems.

Prevention of Environmental Crimes

The department is intensifying its efforts to ensure that there is compliance with the relevant legal prescripts to prevent environmental degradation. These efforts are based on the National Environmental Management Act and related Specific

Environmental Management Acts. We will ensure that all landfill sites are compliant with the relevant regulations and that our water sources are protected from pollution. In the current year, we have completed environmental audits on 25 landfill sites in the province, supported 2 municipalities with separation at source initiatives and completed 5 workshops with local waste pickers to create awareness on waste management and opportunities.

Furthermore, DESTEA continues to conduct site inspections pro-actively and also when complaints are received. In the year under review, three cases of non-compliance, where transgressions were of criminal nature have been handed over to NPA (National Prosecution Agency) in 2021/22 financial year. The establishment of the **National Compliance Forum (NCF)** is enhancing the State's capacity to deal with environmental transgressions. During the current year, we conducted 439 compliance inspections and issued 6 administrative enforcement notices and issued 2023 permits.

The **Green Muzzle Operations**, aimed at curbing the increased poaching pressures on protected species in the province, will continue as joint operations with the SAPS. The success of these operations is reflected in the relative low number of rhinos (24), which were unlawfully killed in the province during this financial year. Recently, two rhino poachers were sentenced to lengthy jail terms; this is a testament to the department's collaborations with various law enforcement agencies to curb such environmental crimes.

ECONOMIC RECONSTRUCTION AND VALUE CHAINS TRANSFORMATION

Honourable speaker, the President of the Republic, Hon. Cyril Ramaphosa, unveiled the **South African Economic Reconstruction and Recovery Plan** in consultation with social partners at the NEDLAC as a response to the economic calamity visited on the country by the Covid-19 pandemic and economic stagnation that preceded the pandemic. The South African Economic Reconstruction and Recovery Plan is envisaged in three stages:

- **Engage and preserve:** this focusses on provision of comprehensive health interventions to save lives and curb the spread of the novel corona virus

- **Recovery and Reform:** focusses on interventions to restore the economy
- **Reconstruct and Transform:** focus is on building a sustainable and inclusive economy.

As we promised in the 2021/22 Budget Vote Statement honourable speaker, we have completed the development of **Economic Sector Master Plans** with focus on specific sectors of the economy. These Master Plans were in the following sectors; **Agro-processing; Communications and Digital Economy; Clothing, Textiles, Leather and Footwear; Automotive; Biodiversity economy; Financial Services; Steel and Metals; Mining and Mineral Beneficiation; Chemicals, Energy and Green Industries; Tourism Sector Strategy**, as well as **Land and Property Development**.

The development of the Master Plans is based on the need to transform the Free State economy as a whole, with clear focus on value chains in each sector of the economy. We are happy to announce that we have also developed Draft Implementation Strategies. What will immediately follow is an extensive process of stakeholder consultation whose purpose is to get as much buy-in as possible from critical stakeholders, but also sharpen our strategies to transform our economy.

During the first quarter of the coming financial year, we will also finalize the **Free State Provincial Economic Recovery, Reconstruction and Transformation Plan**. This Plan will be a summary of all the strategies emanating from the Master Plans, wishes and suggestions of our stakeholders as well as the policy directives of this administration. At the centre of this recovery plan will be the **Value Chains Economic Transformation Approach**, which we developed in the 2020/21 financial year.

To enhance the realization of objectives of the Value Chains Economic Transformation Approach, we developed the **Free State Public Procurement Framework**. This Framework will ensure that government's procurement spent on specific commodities is reserved for local manufacturers. For example, between 2015 and July 2021, the Free State provincial government spent over R37 billion on goods and services. Our contention is that, had all that procurement spent been on locally manufactured goods,

many jobs would have been created, and the economic spin-offs would have been significant.

Access to Markets

This coming year, we plan to promote and actively market the identified provincial sectors yielding growth in the Province collaborating with the provincial investment promotion agency – the Free State Development Corporation (FDC), with the support of the Department of Trade, Industry and Competition (**the dtic**). Exposure of Free State enterprises to different platforms for access to markets remains one of our overarching mandate as a department. Our specific focus in this regard is providing the necessary exposure for small and emerging enterprises to both local and international markets.

Access to markets is critical to the sustainability of any business. This financial year, we have already begun with a massive campaign in collaboration with SEDA to profile and give exposure to enterprises in Lejweleputswa, Thabo Mofutsanyana and Fezile Dabi districts so that they can be exposed to potential markets. We are going to extend this exposure to enterprises to other districts during the coming financial year. Our plan is to create a number of platforms, both in the mainstream and digital media, where our enterprises will get to showcase their products. We will use these platforms to encourage our people to **buy Free State products**.

Towards Economic Growth through Industrialization

The Maluti-a-Phofung Special Economic Zone (MAP-SEZ) remains one of the key levers towards industrialization and economic growth in the Province. The MAP-SEZ is showing a lucrative pipeline of new investors in various sectors with an estimated investment value of R1, 1 billion. This investment will benefit the local community with job creation, skills development, SMMEs through value chain spinoffs and it is anticipated to create 699 jobs once fully operational. The SEZ has seen accelerated growth in the agro-processing sector in terms of its pipeline and operating investors largely attributable to the SEZ location in proximity with the agrarian activities in the

Eastern Free State. Taking advantage of this, the SEZ will be hosting an **Agro-Processing Indaba** in the third quarter of the coming financial year.

In pursuit of driving economic development locally, we will also host a workshop for the local SMMEs and business chambers to create awareness on the offerings of the SEZ. The SEZ is in the final stages of concluding funding from **the dtic** for a 5000 m² Beef Abattoir with the capacity to slaughter 500 cattle per day. This abattoir is expected to benefit small and emerging cattle farmers within the region and create a huge export market to countries like China and UAE. The Abattoir is estimated to create 75 jobs when fully operational. The construction project is expected to commence in this financial year and will create approximately 90 indirect construction jobs. To date, one hundred and sixty-four jobs were created by current operating investors at the SEZ. **Speaker**, the increased acts of vandalism targeting infrastructure at the SEZ will be tackled with the support of law enforcement agencies and the communities around the park.

The FDC will also continue to work very closely with **the dtic** to ensure that the revitalization of the industrial parks continues apace. In financial 2021/22, DESTEA together with the FDC developed the **Industrialisation Support Incentive** which aims to assist current and prospective industrialists located in FDC-managed Industrial Parks as well as in the MAP-SEZ with rental and set-up cost subsidies; we will continue with this incentive in the next financial year as it has shown signs of great success. This incentive will ensure that these Industrial Parks become attractive to potential investors, improve the occupancy rate, and thus create much-needed jobs. This will also ensure that informal and emerging manufacturers have access to proper industrial infrastructure, which will allow them to grow their businesses.

The department will continue to drive industrialization through localization by ensuring that government's most procured commodities are not only **procured locally, but manufactured locally as well!** In this regard, the department will in the next financial year continue to support local manufacturers through the **Industrialisation Support Incentive** of commodities such as stationery, concrete products, PVC pipes, sanitary

towels, PPE, toilet paper, etc. We will also ensure and monitor that there are off-takes of these commodities through our recently concluded Procurement Framework.

A programme to clean and conduct routine maintenance at the FDC Industrial Parks has commenced in March 2022 and will continue into the new financial year. This initiative, conducted as an Expanded Public Works Programme, is aimed at ensuring that our industrial parks are clean and aesthetically pleasing. Over 200 jobs will be created through this initiative. ***Indeed, Free State is at work!***

Trade and Investment Promotion

Foreign direct investment (FDI) for the Free State was 3.3% of the general Gross Domestic Product (GDP). The goal of the province is to have this figure growing to at least 5.8% by 2023. In this regard, the FDC is serious efforts at luring foreign investors to the Free State by showcasing the Free State at the virtual Dubai Expo2020 in 28 February 2022 and at South Africa Investment Conference on 24 March 2024. The FDC is also reviewing its property portfolio so that, where it is financially prudent to do so, will enter into management partnerships or outright sales of some assets. This will assist in improved the entities financial health in the medium to long term.

Enterprise Support and Development

The Department and other DFIs present in the province continue to develop strategies to grow and support SMMEs in the province. One of the major challenges faced by these enterprises is lack of access to markets due to them being not market ready. This, as a result, has negative impact on their survival and sustainability. Some of the weaknesses identified in this regard are:

- Inability to penetrate the markets
- Lack of marked readiness
- Difficulties in the implementation of uniform norms and standards across systems and operations

The success and sustainability of enterprises in any value chain is underpinned by a sound understanding of the economic sector, business compliance and market access requirements. Most small, medium and micro-sized enterprises (SMMEs) lack the knowledge and expertise to develop and access potential local and international

markets due to not being fully compliant with market compliance requirements. In this regard, the Department intends introducing **Technical Support Services (TSS)** to SMMEs as part of its enterprise development and support priority over the next three years.

The **TSS programme** will be focussed on Local and Export Readiness, Quality , Safety, and other relevant regulatory compliance requirements in the listed economic sectors in the Free State Province. This service will be in addition to the **Business Development Support (BDS)** services already provided in the current year as part of its strategy to ensure the sustainability and longevity of the SMMEs. There are currently 314 SMMEs enrolled in this programme and we aim to enrol an additional 200 in the new financial year.

Some good examples of the success of this programme is Juny Pty (Ltd) managed by Mr Ramaditsi who, through various DESTEA interventions, was able to grow his annual turnover to over R1m, employing 10 people in the process. Other success examples are Blended by Two Oaks in Welkom, producing perfume, who increased their annual turnover by more than R0.5m and expanded their operations to Bloemfontein, Bethlehem, QwaQwa and Cape Town.

Speaker, the current unemployment rate among the youth in South Africa should be regarded as a pandemic: according to Statistics SA, it increased to 66.5% in Q2 of 2021 from 63.3% in Q1 of the same year. In the Free State, the rate among the youth, 15-24 years is 70.9% (58.3% Q3: 2020). This is followed by 50.4% of population in the 25 to 34 years age (43.8% Q3: 2020). Clearly, urgent interventions have to be devised to reverse this calamitous youth unemployment trajectory.

As part of its interventions, the department will introduce the **Youth Business Pitching (YBP)** for entrepreneurs between the ages of 18 and 35. The YBP concept is one of the paths for young entrepreneurs who have innovative ideas to gain investments from investors for their great ideas and an opportunity for them get their products to the market. The objective is for young entrepreneurs to pitch their ideas

as best as possible to potential investors and funders with the view of securing financial and/or non-financial support for their ideas.

Business Regulation and Township Economy

The Business Regulation and Consumer Protection office has been working with municipalities as well as other law enforcement agencies to ensure businesses comply with business-related municipality by-laws, Business Act, and other relevant legal prescripts. Initial observations made during our inspections is that there is general non-compliance with Immigration Act, Business Act, Consumer Protection Act, and municipality by-laws. The current process to develop a Free State Integrated Local Economic Development and Transformation Bill, 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.

The review and the amendment of the Free State Gambling, Liquor and Tourism Act no 6 of 2010 will also empower the Authority to decline non-compliant applications, mainly due to the current challenges regarding the 500-metre radius from institution of learning and places of workshop. This Bill will serve before the legislature and finalized in the coming financial year. In the 2020/2021 financial year casino gambling accounted for R14,5 million in gambling collected taxes and levies. Gambling machines alone accounted for 85% of the total gross gambling revenue R162 929 683, 88 and in taxes and levies R14 585 922, 55 revenue. The FSGLTA will thus amplify its efforts in curbing the mushrooming of the illegal gambling machines in the next financial year to curb losses to the fiscus.

TOURISM DEVELOPMENT & MARKETING

Honourable members, the recovery and revival of the tourism sector following the devastation by the Covid-19 pandemic, is linked to the success of the private sector in this area. This week, the President announced updated Disaster Management Act regulations which, amongst other, indicate that the wearing masks indoors is still mandatory, but wearing them outdoors is no longer compulsory. In addition, travellers

entering South Africa must show proof of vaccination or a PCR test and those entering who want a vaccination, can get one from Wednesday 23 March 2022. This is indeed a positive sign, which bolsters efforts being made to ensure the recovery of the tourism and events sector.

In this regard, we would like to salute Tour Operators like Thabile Tours, under the dedicated and resilient leadership of Mme Seti Mdhuli, who despite the harsh realities of the pandemic, they continued to soldier on and fly the Free State flag high. Indeed, we are the first ones to admit that more needs to be done with and for such tourism enterprises as we work towards the revival and recovery of the tourism sector if we are to grow the share of the tourism market.

Through our **regional tourism approach**, we will embark on strong collaborative relationships throughout the tourism value chain to ensure that visitors to our province can experience excellent service delivery. This will include strategic partnerships with neighbouring provinces and the Kingdom of Lesotho for tourism promotion. **Rural Tourism** is an integral part of the tourism ecosystem; products such as **Bothobapelo Country Lodge and Dinkoeng Tented camp and Adventure based in Monontsha in QwaQwa** are a testament of what can be achieved when there is a commitment by entrepreneurs to invest in rural areas. The department commits to supporting the growth of such initiatives in the new financial year through partnerships with other government departments and DFIs. On **partnerships**, we will work together with municipalities and the private sector to identify some of the moribund tourism attractions and hospitality facilities with a resolute purpose to revive and resuscitate those establishments.

Speaker, the Free State Province recorded a decline of -69% on international arrivals and a further 60.2% on the domestic arrivals. To retain and capture these markets, the Free State Gambling, Liquor and Tourism Authority will intensify its marketing campaign by placing adverts on billboards at strategic locations, radio, television, and social media platforms.

REGIONAL DEVELOPMENTS AND THE DISTRICT DEVELOPMENT MODEL (DDM)

Honourable speaker, the District Development Model was launched by the President in his 2019 Budget Speech. In the speech, the President called for “*a new integrated district based approach to addressing our service delivery challenges and localise procurement and job creation, that promotes and supports local businesses, and that involves communities.*” The Model aims to achieve a joint and collaborative planning at local, district and metropolitan spaces by all three spheres of governance resulting in a single One Plan for each of the 44 districts and 8 metropolitan municipalities.

Pursuant to this progressive vision, the department will continue to support developments around Estoire and the N8 corridor as well as to ramp-up developments at the Botshabelo Industrial Park within the Mangaung Metropolitan Municipality. Furthermore, the department is going to work with various stakeholders for the re-development of the former Thaba ‘Nchu Sun precinct into a residential, eco-tourism, and agriculture precinct. This long term plan will see the precinct being developed into a vibrant economic hub and creating jobs in the area.

The department continues to participate in efforts geared towards the revitalization of the Phakisa Motorway in Welkom as well as the broader Phakisa Development Node which will see the development of, among others, residential areas, hotel, convention centre, and an entertainment centre. This is one of the catalytic projects within Lejweleputswa District Municipality which will grow the economy of the region. The department will also work with all key stakeholders to realize the full economic potential of both the Xhariep and Van der Kloof Dams in the Xhariep District Municipality. In addition, the support of emerging game farmers in this district will be enhanced so that they can benefit from the venison value chain.

Developments on the Sterkfontein Dam in Thabo Mofutsanyana District Municipality will be explored in partnership with interested private sector partners. The development of the MAP-SEZ and upgrading of Industrial Parks in Phuthaditjhaba will be accelerated as reflected elsewhere in the speech to ensure economic growth. The department continues to be an active participant in all provincial DMM structures to

ensure integrated planning for the benefit of our economy. The Economic Research and Planning unit in the department has been assigned to support these efforts.

Conclusion

In conclusion, Speaker, I would like to take this opportunity to thank my organization, the African National Congress, the Alliance structures as well as the entire Mass Democratic Movement for showing confidence in me to lead this difficult portfolio in our agenda of achieving inclusive growth and a transformed economy. I thank the support and guidance of the Portfolio Committee; my colleagues in the Executive Council, officials of the department and entities, and of course my family. Through your support, we will continue to be servants for change, economic transformation and development. I would also like to dedicate this budget vote to the late Cde Bigo Mathe, who died in the line of duty, and whose bravery inspired me and many others over the last 20 years.

We are indeed inspired by the wise words of Amilcar Cabral, who once said and I quote; ***“Always bear in mind that the people are not fighting for ideas... They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children”.***

Madam Speaker we now table before this house the 2022/2023 budget allocation to the department, as follows:

Programme	Budget (R'000)
Programme 1: Administration	R 198 232
Programme 2: Environmental Affairs and Conservation	R 194 029
Programme 3: Economic and Small Business Development <i>Of which: FDC</i> MAP-SEZ FSGLTA	R 229 019 <i>R 6 000</i> <i>R20 000</i> <i>R 103 755</i>
Programme 4: Tourism	R 10 458
<i>Total Allocation for 2022/2023</i>	<i>R 631 738</i>