

Budget

# BUDGET VOTE

2023/2024



**Hon. T.P Meeko**

**Economic, Small Business  
Development, Tourism, and  
Environmental Affairs (Vote 3)**

**Friday, 21 April 2023**

**Reginald Cingo Secondary School, Kroonstad**

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

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

**BUDGET VOTE 3**

**21 APRIL 2023**

Honourable Speaker of the Free State Provincial Legislature

The Honourable Premier

Colleagues in EXCO and Legislature

Executive Mayors and Mayors

House of Traditional Leaders

Heads of the Departments and Senior Managers in all spheres of government and entities

Organized Business Formations, Business Owners

Distinguished Guests

**Madam Speaker**, this Budget Vote Speech will be premised on the important relationship between economic development and social justice. It is our strong view that it is impossible to speak of morality without premising these on economic and social justice.

In his 1875 Critique of the Gotha Programme, German Philosopher, Political Economist Dr Karl Marx popularized the slogan; “***From each according to his ability, to each according to his needs***”. This slogan seeks to advocate for a society where social policy is based on free access to and distribution of goods, services and capital.

It is the type of society that is envisioned in the ethos of the Freedom Charter, which calls for, amongst others;

- The people shall share in the country’s wealth.
- The land shall be shared among those who work it.
- There shall be work and security.

Until such time that we achieve the type of society mentioned above, we must all be engaged in a programme for fundamental change. The achievement of democracy in 1994 provided South Africans with the opportunity to pursue economic growth, development and redistribution to achieve a better life for all. Yet we are only at the beginning of an historic transformation of the South African economy; a transformation which aims to realize our vision of the economic base of a National Democratic Society.

The Department of Economic, Small Business Development, Tourism and Environmental Affairs's approach to the economy is informed by the understanding that economic activity is not for its own sake. The economy is not a mysterious system, existing outside of society, but one which serve society rather than the other way round. The economic trajectory of the province must be informed by collective effort, to mobilize social partners around economic growth and development in the context of the mixed economic approach.

**Madam Speaker**, we table this Budget Vote during a very historic month in the history of our liberation struggle, it is important to mention two major setbacks that happened in this month of April (1993 10 April and 24 April respectively). We lost two important Giants of the liberation struggle in South Africa, President OR Tambo and Chief is Staff ,Christopher Hani whose brutal assassination culminated in a democratic breakthrough of 27 April 1994. These exemplary lives taught us to serve our people selflessly without any expectation of material benefits.

The freedom we enjoy today was ushered as a new dawn on the 27th of April 1994, many couldn't suppress their emotions, as we were reminded of the terrible past from which we come as a nation; the great possibilities that we now have; and the bright future that beckons us. And so we ululated to mark a historic day in the life of our nation and renewing our common loyalty to its future.

For twenty nine years, the ANC's economic policy interventions have moved South Africa decisively towards a more inclusive society, as millions of people have been brought into

the economy's mainstream. This process is ongoing and much further work is required to improve the lives of the millions who continue to live in poverty and despair. The most effective way to overcome these challenges is to move the our economy onto a new growth path of inclusive growth and employment creation. It is through changing the structure of the South African economy that inclusive growth will become possible. Inclusive growth cannot occur if those who are excluded are not given fair access to economic opportunities. To be truly inclusive, economic growth requires structural change.

Henceforth, the task of influencing economic growth and development must be enched on an aggressive approach to decisively resolve the three interrelated challenges of Poverty, Unemployment and Inequality. The democratic breakthrough won't have meaning to the vanguard of the South African Struggle, as those who stand to benefit from is victory and participate to deliver such a triumph.

**Madam Speaker**, let me briefly reflect on the provincial economic outlook in order to set a proper context of where we come from, where we are, and where we want to go.

## **1. STATE OF THE FREE STATE ECONOMY IN BRIEF**

Over a period of ten years between 2011 and 2021, the Free State's economy grew at an average rate of a mere 0.46%. In the same period, Free State contributed 4.9% to South Africa's GDP; which was a decrease from 5.1% in 2011. It is expected that the province's economy will grow at an annual average rate of 1.45% to 2026 and will still contribute 4.9% to the country's GDP.

In 2022 Gauteng contributed of 35% (R2.33 trillion) to the country's GDP, which was the highest among the nine provinces. It was followed by KwaZulu-Natal at 16% (R1.04 trillion), Western Cape at 14% (R911 billion), Mpumalanga at 8% (512 billion), Eastern Cape also at 8% (503 billion), Limpopo at 7% (R482 billion), North West at 6% (R391 billion), Free State at 5.0% (R332 billion) and the Northern Cape at 2% (R135 billion).

The community services sector was the largest within Free State economy accounting for 27% of the total Gross Value Added (GVA), followed by the finance sector at 20%, the trade sector at 12.5%, manufacturing and mining both at 10% each, transport at 8%, agriculture at 6.8%, electricity at 3.4% and construction at 1.6%.

When looking at the contribution of the districts to the Free State economy in 2022, Mangaung Metropolitan was on top with a share of 40% and the lowest contributor was Xhariep District Municipality with about 3%. Fezile Dabi contributed 24.6%, Thabo Mofutsanyana 17.6% and Lejweleputswa 14.5%.

At the end of 2022, the Free State's working age population stood at 1.93 million (**one million nine hundred and thirty thousand**). Out of this total, 794 000 were employed and 419 000 unemployed. The province's official unemployment rate stood at 34.6%. In terms of available data, in 2021, 1.85 million people were living in poverty, using the upper poverty line definition, across Free State Province, raising their percentage from 54.6% in 2011 to 62.1%. Africans constituted the majority of those living in poverty at 69.3%; which was decrease by 7.7 percentage compared to 2011.

To turn the economy of the Free State around and to address the socioeconomic challenges facing our people require bold action in terms of support provided to businesses and creating a conducive environment for private sector investment in the economy. DESTEA as the department with the mandate to drive economic development in the province will receive an average share of 1.5% of the provincial budget in 2023. By way comparison, most economic development departments in other provinces will receive 2% and above of the total budget: KZN 2.3% (about R3.4bn), Mpumalanga 2.5% (about R1.7bn), Limpopo 2.2% (about R1.4bn), Eastern Cape 2.18% (R2bn) and North-West 1.98% (R1bn). Gauteng is able to allocate R574 million towards its Tshwane and OR Tambo International Special Economic Zones for bulk infrastructure.

## **2. HIGHLIGHTS OF THE 2022/23 FINANCIAL YEAR**

**Madam Speaker**, let me take few moments to look back on the journey travelled since the last time we made commitments in March last year in this august house to the people of the Free State:

### **2.1 Waste reduction at provincial landfills and in the Industrial Parks as well as to promote waste separation at source.**

The department provided environmental support and training in the energy and waste management sectors. In addition, 25 landfill sites were audited for compliance to date, 100% of received waste license applications were issued within legislated periods. The department created 200 Expanded Public Works Programme (EPWP) through its Cleaning of Towns programme across 10 towns in the province.

Equally, all Environmental Authorization (EIA) application that were received in this financial year were issued within legislated timeframe thus, enabling economic development with a sustainable environment.

The department is also working with the Council for Scientific and Industrial Research (CSIR) to implement the Industrial Symbiosis Strategy at the Industrial Parks as part of the waste diversion intervention. **On Climate Change**, the department continues to work with the International Labour Organisation (ILO) to determine opportunities and challenges on order to address climate change.

### **2.2 Biodiversity Economy and Management**

**Madam Speaker**, biodiversity management is becoming increasingly important both from an economic and conservation perspective. The National Biodiversity Strategy (NBES) provides guidance on the shared commercial utilization of and benefit from indigenous flora and fauna species. To this end, the department has assisted 503 traditional healers with permit applications and approvals.

Biodiversity-related crimes remains a challenge in the country and various measures have been put in place by the department to mitigate this risk, such as the 22 Green Muzzle Operations in conjunction with SAPS and 397 general inspections during 2022.

### **2.3 Accelerating Economic Growth**

**Honourable Members**, the provision of both financial and non-financial support to SMMEs by the department remains key towards achieving economic growth, transformation, and job creation. We have **funding and marketing intervention success stories** such that of Ntate Phaladi Matsole of Sebata Maize Meal in Frankfort, producing maize meal and samp, marketed through major retail stores and exported to countries such as Lesotho, Swaziland, and the DRC.

Another success story is that of 3 Sixty Pty (Ltd), which is Bloemfontein-based company that manufactures various custom made concrete products such as manholes, culverts, kerbs, and concrete pipelines. The company was provided with financial assistance by the department and was able to retain 80 jobs and it is now a Level 1 BBBEE contributor.

The Free State Development Cooperation (FDC) provided financial support to 24 SMMEs to unlock their financial barriers, including 8 youth-owned CDP contractors doing work for the Department of Human Settlement (Free State). The department provided Business Development Support to 571 SMMEs as part of its drive to support sustainable enterprises.

Honourable Members, provision of appropriate operating space for SMMEs remains one of our priorities towards formalization of SMMEs. To this end, the FDC have spent over R2.7m in rental incentives at its Industrial Parks and over 25 SMMEs benefitted from this incentive. Furthermore, the department has concluded a partnership with Mangaung Metropolitan Municipality, Letsatsi Power Project, and the Department of Small Business Development to establish an **SMME Hub which will benefit 16 enterprises in Ward 6 in Mangaung**. The construction of this facility is well under way and we estimate that it will be completed in the current financial year.

**Madam Speaker**, last year when we were standing before this august house we promised the people of the Free State that Hangda Steel will be establishing a steel factory in Thaba 'Nchu which will yield 2000 jobs when fully commissioned; this investment facilitated by the FDC is worth over R300m. We can report that the DESTEA invested over R11m in enhancing the electricity capacity at the Selosesha Sub-Station to meet the requirements of the factory. The commissioning of the plant will take place in this quarter and we look forward to its official launch!

**Madam Speaker**, the FDC has provided support to Free State based businesses through access to trade exhibitions and export training. Despite the challenges of both electricity and water supply, Industrial Parks continue to attract investments into the province, due to various incentives provided by the FDC in attracting new investors.

The high unemployment rate, amongst youth, remain a pressing challenge for the province. To this end, the FDC has been working with various public and private partners on training youth on various skills relevant for the economy and **3520 participants have benefitted from a total investment of R59m**. In the next two years, the FDC, together with its partners, will roll out a 12 month skills programmes focussing on areas with high employment absorption potential. The estimated investment in these programmes over the next 5 years is R500m.

### **3. ACCELERATING ECONOMIC DEVELOPMENT, GROWTH, AND JOBS**

#### **3.1 Towards Industrialization through Value Chains Beneficiation**

The Value Chains Economic Transformation Approach remains a foundation for economic transformation in terms of ownership patterns and the structure of the economy. This approach has given direction to our economic sector master plans, our approach to leveraging state procurement to support local businesses, and our overall approach to economic reconstruction and recovery.



The Department finalised eleven (11) sector master plans to guide the development of an Economic Reconstruction and Recovery Plan. During this coming financial year, our focus will be on the implementation of these master plans as well as to finalize the provincial Economic Recovery plan based on the Master Plans.

The Economic Recovery Plan will provide a clear strategy and action plans to grow various sectors of the local economy. Focus will be on labour intensive sectors such as agriculture and manufacturing due to their potential to create more jobs, and guiding municipal Local Economic Development (LED) strategies.

This coming financial year, we shall be developing our own Provincial Industrialization Policy, guided by the Industrial Policy Action Plan, but which will speak to our own unique realities, as a province. We shall solicit the inputs of all relevant industrial players, to develop a workable, implementable and realistic policy.

**Madam Speaker**, the Free State Provincial Government has identified state procurement as one of the levers that can be used to stimulate industrialization and value chain beneficiation through the support of **locally produced** goods and services. To this end, the provincial Departments of Finance and, Economic Small Business, Tourism and Environmental Affairs have developed **Free State Procurement Framework** to guide this initiative. The department will ensure that this Framework is implemented from this financial year as it can help to stimulate the township economy.

The Preferential Procurement Regulations of 2022 require organs of state to develop procurement policies, which take into consideration key developmental programmes, and provides for points to be awarded for local sourcing and production targeting specific groups such as youth, women, and people living with disabilities. The Department will sign Memoranda of Understanding (MOUs) with provincial departments to ensure that their SCM policies are aligned to the above goals and that a certain percentage of their procurement budgets is targeted at local and township enterprises. This will ensure that

participation of local and township enterprises in the value chains of various commodities procured by organs of state can be given a practical meaning.

This step will ensure that the Framework is implemented and the participation of local enterprises in the value chains of various commodities procured by organs of state can be given a practical meaning. As a practical example concerning infrastructure projects, we will work with infrastructure departments such Public Works, and Infrastructure, Human Settlements and Community Safety, Roads, and Transport to ensure that key input materials needed for construction work such as bricks, trusses, roof sheets, sand, bitumen, etc. are produced by Free State enterprises.

The department is also working closely with big business in various sectors (mining, agriculture, logistics, finance, retail, etc.) to also open-up procurement opportunities for local enterprises within their value chains through their supplier development programmes.

### **3.2 Trade and Investment Promotion**

**Madam Speaker**, the natural gas find around Virginia is a game changer for the economy of the province at large. This natural gas is very pure, which makes it easy to liquefy, thus making it easy to transport. This natural gas contains one of the richest helium concentrations recorded globally. Helium has important industrial applications such as manufacturing of fibre optic cables, cooling agent for MRI scanners, LCD panels, and semiconductors. The department will commission a feasibility study to look into the possibility of establishing a Special Economic Zone in the area in order to take advantage of the opportunities presented by this gas find.

We recognize investment as the most crucial determinant of economic growth. Whilst a number of municipalities, Development Finance Institutions (DFIs) and Departments may have their methods of providing incentives to attract investment, we realized that such

efforts are not coordinated and lack harmony. To this end, we have finalized the development of a **Provincial Incentive Guideline**, which seeks to integrate our investment attraction efforts as a province. We have interacted with various stakeholders, including municipalities, with the goal to roll out the implementation of this guideline. It is our desire that all our investment-attracting municipalities should at least have aligned policies in the near future.

More will be done to reduce the cost of doing business in the province in order to attract and retain private sector investment. DESTEA research shows that the cost of doing business is relatively higher in the Free State than in other provinces. We will engage local government to ensure that this province is attractive to investors by lowering cost of doing business.

**Madam Speaker**, as part of our drive to attract both local and foreign direct investments into the province, we will host the Free State Investment Conference with a particular focus on infrastructure, mining and exploration. We will work closely with the Council for Geosciences and the Department of Mineral Resources and Energy (DMRE) to obtain the latest information on the distribution of critical minerals as well as natural gas deposits in the Free State.

The department has identified strategic assets that will form part of catalytic projects to drive economic activities. Some of these identified assets are the state managed resorts, Phakisa Raceway and Welkom airport. The department met with Matjhabeng Local Municipality to find investors who can invest in Welkom airport and turn it into a multi modal logistics hub with various facilities, including possible international cargo and domestic passenger port facilities. We are also in the process of soliciting private investors for the Phakisa raceway to conduct various developments in the raceway area, with the possibility of establishing a convention center. A number of investors are interested in investing in this asset and we are confident that R400m will be pumped into the economy of Matjhabeng Local Municipality once this investment is realized. This

facility has already attracted a significant race by Racing Federation Rally scheduled for 6 and 7 October 2023 sponsored by Renergen.

As is in the case of Matjhabeng Local Municipality, The department will continue to support all municipalities to unlock investments and create jobs. We have also met with Moqhaka Local Municipality in this regard, and we will be visiting other municipalities with this quarter.

Through the FDC, we will continue to support SMMEs in critical value chains with localization potential. This means that the FDC Property, SMME Development, Trade and Investment units should be at the forefront of ensuring that SMMEs are provided with appropriate support.

- The renovation and maintenance of the ageing property portfolio, through establishing mutually beneficial partnerships with clients and leveraging other government' departments involved in supporting SMMEs and local development. To this end, **DESTEA will assist in renovating at least 10 factories in Phuthaditjhaba Industrial Park** where there are already a number of new clothing and textile industrialist who have applied to locate in this Industrial Park with a potential to **create over 500 new jobs**.
- Our clothing and textile revitalization project will ensure full participation of SMMEs and Cooperatives in the manufacturing value chain: design, cut and trim, warehousing, skills training, and logistics.
- A special focus will be placed on ensuring that women, youth and people with disabilities are brought into the mainstream economy to ensure their meaningful participation.

During the past financial year, the MAPSEZ has created a lucrative investment pipeline of 12 investors in various sectors. This pipeline has an estimated value of R2.8bn and includes two investors whose applications are at an advanced stage, namely, Dalonet Textiles and

Buntu Foods. To date the MAPSEZ has created 167 jobs, and anticipates an additional 120 in the short term. Despite the jobs reported above, there are also 1110 jobs created by the existing FDC tenants who will be migrated to the SEZ soon.

The department attended a very successful 5<sup>th</sup> South African Investment Conference on the 13<sup>th</sup> of April 2023. A number of foreign investors have shown keen interest in investing in Free State owing to its strategic central location. The following are examples of investment commitments made for the Free State:

- Airports Company of South Africa (ACSA) will invest just over R100m from this financial year at the Bram Fischer international Airport to expand the departure hall, improve the apron capacity, and increase the parking capacity.
- Coca Cola Beverages of South Africa (CCBSA) will spend close to R70m in upgrading and refurbishing their 2 plants in the Free State province and a further R100m in support of local enterprises in areas such as business financing and supplier development. The department is concluding a MoU with CCBSA in this regard.
- R1bn was invested in phase of the Renergen Gas project in Virginia. A further R20bn will be invested in Phase 2 of the project, spread over 3 years starting from late 2023. Being a new industry, much of the equipment is sourced overseas, but we anticipate that the local content sourcing should be in excess of R5bn across various disciplines in the near future.

We have further discussions with other potential investors who have shown interest in areas such as tourism, hydroponics, bio-gas, alternative building technologies, and agri -tech. We will host a Free State Investment Conference later this year as part of the ongoing efforts to attract investments in sectors such as mining, renewable energy, gas extraction, agriculture, manufacturing, and tourism.

### **3.3 Enterprise Support as a Cornerstone of Growth and Job Creation**

Township-based enterprises are still faced with access to markets challenges in order to graduate to next level operations. DESTEA has, and will, continue to support township

enterprises through promoting supplier diversity programmes as a means to assist local enterprises to capitalize on existing procurement opportunities and to proactively build partnerships to collaborate on supplier development initiatives. In the past two years, the Department has assisted enterprises with grants for equipment, machinery, working facilities to upscale their businesses.

Regarding access to markets, we will continue to profile and expose rural and township enterprises to markets using physical, hybrid or online platforms such as the **Pop-up Markets programme in collaboration with SEDA**, the Manufacturing Indaba, SAITEX, Decorex, Africa's Travel Indaba, and **the dtic's pavilions**.

**Honourable Members**, the attrition rate of SMMEs is attributable to lack of, *inter alia*, streamlined needs-based non-financial support services for SMMEs. This means that financial support to SMMEs on its own is not a guarantee for success and sustainability. In this context, the department will continue to offer Business Development and Support services to SMMEs to mitigate their risk of failure. We will strengthen our collaboration with sector stakeholders in providing access to both financial and non-financial support to township enterprises. We are happy to announce that the department has received funding approval of about **R5.5m from MerSETA** for support of SMMEs in the automotive sector.

**On financial support:** the department will sign a **Memorandum of Understanding with the National Empowerment Fund(NEF) through which a provincial growth fund** will be established in order to give Free State enterprises, especially those owned by youth, women, and people living with disabilities, access to financial instruments to support their businesses. The department will develop a detailed brochure that outlines available **funding opportunities** for SMMEs both in the private and public sectors and will continue to link SMMEs with National Departments, Development Finance Institutions as well as commercial banks. Our intention is to enhance the uptake of available enterprise support instruments by Free State enterprises.

The National Development Plan – Vision 2030 recognizes entrepreneurship as one of the key vehicles to unlocking economic growth. It is against this backdrop the DESTEA has created the **Free State Youth in Business Pitching** programme to support qualifying entrepreneurs with their **innovative business ideas**. The programme intends to encourage and inculcate the culture of entrepreneurship in young people. Winners will be provided with access to financial and non-financial support, including mentorship from sector specialists.

**Honourable Members**, the growth in the demand for hemp products worldwide presents opportunities for the province refine industrial hemp into commercial items such as hair products, skin products, textiles, and animal feed. The department will work closely with the Department of Agriculture and Rural Development to develop a hemp production and processing facility in the Xhariep District; this intervention will create much needed jobs in the district, especially for youth and women.

**Digitalization of business processes improves efficiencies and cost-savings** by providing better access to information, and improving communication between staff, customers and suppliers. Notwithstanding these benefits, most SMMEs in the developing world still lag far behind their peers elsewhere in world in terms of adopting new technologies. In this regard, we will continue to provide both financial and non-financial support to the Botshabelo Digital Hub, which is critical in assisting local SMMEs in developing and adopting new digital solutions. As part of our efforts to ensure that our enterprises exploit the use of new technologies to enhance their businesses, we will also **develop an online trade portal platform** for Free State enterprises to be exposed to local, national and international markets. We will also work with various stakeholders in the telecommunication sector to pilot the roll-out of Wi-Fi in identified public places.

In this financial year, we are allocating **R31.779m for facilitation of both financial and non-financial support programmes** for Free State-based enterprises.

### **3.4 Energy Security as an Enabler of Investment**

An Energy Security Command Centre coordinated by COGTA has been established in the province to deal with energy security matters. To complement the work of this Command Centre, we are working closely with PetroSA to exploit the centrality of the Free State for use as a hub for bulk storage and distribution of various petroleum products. As a practical step towards the realization of this goal, we are working with PetroSA, Mangaung Metropolitan Municipality, and Transnet Freight Rail to refurbish the rail access line to the Hamilton PetroSA depot in Bloemfontein. The re-commissioning of the Bloemfontein Depot will allow for storage of petroleum products like, fuel, diesel, jet fuel, oil, and gas. This will be a direct injection to economies of both the province and the municipality.

### **3.5 Legislative Interventions**

The department has developed the Free State Integrated Local Economic Development and Transformation Bill whose objective is to provide for the promotion and development of Free State economy and to create a conducive environment for the attainment of that purpose. The Bill provides for, amongst others, for exclusive ownership and operation of certain specified business categories, regulation of foreign ownership of certain business categories through prescribed quotas and for designation certain commodities for mandatory enterprise development by all businesses and Provincial state organs

**Madam Speaker**, the Amendment of the Free State Gambling, Liquor and Tourism Act no.6 of 2010 will play a critical role in the revenue enhancement strategy of the province. The Bill will enable the Authority to unlock additional gambling modes, such as Electronic Bingo Operators, Type B Slot Machines and Independent Site Operator Slot Machines, which will result in increased revenue collection, to job creation and economic growth. We will commence the process towards the eventual roll out of the 4th Casino License in the Free State as part of our broader economic growth and job creation strategies

The Bill also seeks to convert the licenses issued under the Liquor Act of 1989 to the current Act (6 of 2010), which will result in **improved compliance, enforcement and**



**increased revenue collection.** It further seeks to introduce the Free State Tourism Bed Levy, which will also contribute to the growth and development of the tourism industry. This Bill is ready to go for public consultations and will also be finalized in the 2023/24 financial year.

**Both Bills will be finalized in the 2023/24 financial year once the Legislature has finalized its processes.**

### **3.6 Consumer Education and Protection**

During the past year, the Consumer Protection Office has concluded 24 consumer awareness sessions, with the intent to create awareness on the right of consumers, as well as the responsibilities of traders and service providers. In addition, the Unit conducted more than 220 pro-active inspections relating to unfair practises and illicit trading. These inspections were conducted with SAPS, and resulted in various outcomes, including the issuing of fines, as well as arrests. Thirty consumer complaints were the resolved this year, via our Consumer Court, valued at R1.8m.

The Consumer Protector will continue to prosecute consumer complaints lodged in his office before the Consumer Affairs Court as part of prevention of unfair business practices in the interest of consumers.

## **4. TOURISM DEVELOPMENT AND MARKETING**

**Honourable members,** just when the dark clouds over the tourism sector due to the devastation of the pandemic were beginning to rescind, this sensitive economic sector is also not escaping the pressure brought about by load shedding. We will have to do everything within our means to stimulate this sector, among others, by identifying, diverse and unique tourism products and services to entice and excite visitors to the Province.

**Madam Speaker,** it is only appropriate at this point in time to salute and congratulate two of our tourism facilities in our province who were among 26 businesses and destinations from 21 countries nominated for the World Tourism Awards. I am proud to announce that

the Witsieshoek Mountain Lodge and Bon Hotel were awarded with the Responsible Tourism Awards in London in November 2022. Mr. Glynn O' Leary from TPMD who is the manager of the resort, and the General Manager from Bon Hotel, Mr. Pieter van Rooyen, are among our guests this morning. I would like to acknowledge them for enhancing visitor experience and flying the Free State flag!

**Madam speaker**, to cultivate the culture of travelling and service excellence in our province, we have also introduced the **Tourism Friday Programme**. This programme was started in the previous financial year in collaboration with the Department of Education to enhance tourism educators' icons and destination programme in the curriculum. We would like to invite all Free Staters and tourism product owners to participate in this programme with the aim of rejuvenating supply and reigniting demand.

As part of enhancing visitors' experience at our resorts, the department approached the National Department of Tourism for additional financial support for refurbishments of resorts assisted by DBSA; we are happy to report that **R16m was approved** for this purpose. We will, in addition, continue using our internal resources to ensure that all our resorts meet the Tourism Grading Council of South Africa's (TGCSA) grading requirement of at least 3 stars. **We are allocating R50.113m for on-going repairs, maintenance, upgrades, and refurbishments across all our resorts and reserves.** We intend to create no less than 200 jobs through this infrastructure budget and to support local contractors.

Promotion of tourism as a career of choice is an integral part of our interventions. To this end, in 2022 we staged the Provincial Tourism Careers Expo where four hundred (400) tourism learners and 60 tourism enterprises came together to expose young learners to different careers in tourism.

During the tourism month in September this year, we will stage the second **Free State Tourism Saamtrek at Phakisa Raceway in Matjhabeng** as a platform to identify the best of the best in the tourism value chain in the Free State. We call upon our municipalities to participate in this programme.

**Honourable members**, our townships and villages are endowed with exciting tourism products which offers authentic tourism experiences to travelers. It is for this reason that later in the year we will collaborate with South African Township and Village Tourism, (SATOVITO) to stage the Provincial Intra Trade Conference. We also intend staging the inaugural Maphikela Junction Trade Fare during this financial year in Mangaung.

Through our Destination Marketing Organization (FSGLTA), the province will widen its marketing efforts to include mainstream marketing platforms to reach both international and domestic tourists. We are the first ones to admit that we have not done enough to leverage the central location of the Free State to increase our share of tourism market. The FSLGTA to work with reputable event management companies as well as media houses **to attract mega events to the Free State**

**Madam Speaker**, the Vredefort Dome World heritage site remains one of the key potential tourism attractions in the country. We are happy to announce that it was recently agreed that either the Free State or the North West provinces, or jointly, will be appointed as the site Management Authority. This will be followed by the establishment of a joint management committee which will ensure proper management of the site. These efforts will set us on a path of ensuring that the Vredefort Dome site is proclaimed properly and can truly realize its tourism potential.

## **5. SUSTAINABLE ENVIRONMENTAL MANAGEMENT AND CONSERVATION**

### **5.1 Enhancing Intergovernmental Relations to Improve Waste Management**

Recent rapid urbanization and economic growth have contributed to increased waste generation. A lack of appropriate measures to manage various forms of waste, especially at local government level, presents a serious risk to the environment, exacerbated by the increased complexity of waste streams due to industrialization, affecting the complexity of waste management.

The department has finalized the development of the first generation of Integrated Waste Management Plan whose purpose will be to improve integrated waste management practices and sets out mechanisms to strengthen cooperative governance relating to waste matters in the province. As part of in the institutionalization of this Plan, the department will strengthen the role of the **Provincial Waste Management Forum** and also re-introduce **the Cleanest and Greenest Town competition**.

The department will focus on economic opportunities existing within the waste management ecosystem. In this financial year, **we are allocating R4m to support SMMEs who are participating in the Waste Economy** working with the Department of Forestry, Fisheries and the Environment, through their Recycling Enterprise Support Programme (RESP). In the 2022/23 financial year, 5 Free State-based enterprises have benefitted from RESP to the value of R25m.

**Madam Speaker**, the issue of waste management at local government level has recently received serious attention from various quarters. In this respect, we will strengthen our relationship with our municipalities in an effort to improve compliance of landfill sites as well as to create awareness to prevent illegal dumping and sewer spillages.

## **5.2 Climate Change**

We have been experiencing increased temperatures in many parts of our province and this is confirmed by the CSIR that predicts annual average temperature increase of between 2.5 to 3 percent in most districts between 2021 and 2050. Although there is less clarity on the direction the rainfall pattern will take in our Province, the CSIR predicts that storm and flood events will increase 4 fold up to 2050. The impact of these increase at biodiversity, environment and socio-economic levels will be unprecedented.

DESTEA is currently in the process of establishing a Climate Change forum, which will report to the provincial Working Group on Climate Change. Among other efforts, the department is on a drive to plant trees and setting up infrastructure to harvest water in drought prone areas within the province. A database of climate change projects in the province is being currently compiled, which will aid in attracting external funding to climate

change mitigation. The provincial climate change and adaptation strategy is under-review, with the aim of developing an implementation plan to guide local adaptation strategies.

### **5.3 Conservation and Biodiversity Economy**

A Small Scale Inland Fisheries pilot project at Krugersdrift Dam realised a total yield of 6t of fish and this project will be expanded to other state dams in coming years as resources allow. We will also continue working with department of Agriculture and rural Development to ensure the successful commercialization of the Xhariep Fish Hatchery.

We will continue to support Traditional Healers in our province through permitting and the DESTEA Traditional Healers database will continue to be updated. The information gained through this process will allow the DESTEA to determine the extent of the sector needs and to determine mechanisms to ensure sustainability into the future.

Improvements to the E-Permit system will be in place from the beginning of the financial year which provides applicants with a simple one-stop-shop for all biodiversity related permits.

Protection of the flora in our protected areas as part of biodiversity conservation is of paramount importance. The spread of alien and invasive plant species remains a challenge which must be dealt with on continuous basis. **We are allocating R2.1m for programmes geared towards clearing of alien and invasive plant species across all of our protected areas and at least 150 EPWP work opportunities will be created.**

## **6. BUILDING A CAPABLE AND DEVELOPMENTAL STATE**

We envision a capable and developmental state to be driven by public interest and not self-interest. An ethical and capable Public Service is at the centre of a developmental state that is of service to the citizenry. Our people deserve a public service staffed by people with a culture of service delivery, professionalism and competence, but above all,

responsiveness to the needs of the people they. We are committed to cultivate a culture of continuous improvement throughout the department and its entities.

**On entities:** The FDC Corporate Plan for 2023-2026 is a road map to rapid growth in three broad areas, namely; economic development; trade and investment, and finance. We are committed to cultivating a culture of good governance and accountability at our entities through strengthening of our oversight responsibility. I will also conclude a Shareholders' Compact with the FDC and its subsidiary (MAP IDZ SOC) with particular focus on reviving the FDC, as well as ensuring that the MAPSEZ lives up to the expectations of the people of the Free state.

**Madam Speaker,** The MAPSEZ is a crucial vehicle for economic development and job creation. Over the past financial year focused on strengthening its governance structures while pursuing their main goal of investment attraction, job creation, and economic development. I am proud to announce that a permanent Board was appointed at the Special Economic Zone in November 2022 under the leadership of the Department. As part of their inaugural duties the new board has already started spearheading the unbundling of the MAP SEZ from the FDC. The SEZ is proud of this progress, as this will permit the entity to freely pursue its objectives as set out in the SEZ Act. Furthermore, the FSGLTA, being a PFMA Schedule 3C entity, must meet its planning and reporting obligations in terms of Section 53 of the Public Finance Management Act 1 of 1999.

As part of our efforts to enhance and deepen the oversight role of the department over its entities, I will immediately **appoint shareholder representatives from the ranks of senior managers in the department to the boards of all entities** reporting to the department in order to ensure continuous monitoring and entrenchment of good governance. Our goal is to enhance the effectiveness of these entities, to increase their competitiveness, address their institutional and governance constraints and to make them effective instruments for economic development, transformation and growth.

**On finances:** Our ability to deliver on our mandate reins constrained by allocated financial resources. The fact that our budget only **grew by 1.5% (R9m), between 2019 and 2023**, is a reflection of how constrained the department is in executing its growing mandate, as well as in providing support to its ailing entities. This miniscule budget increase means that we will not be able to fill the critical vacant positions required for us to effectively deliver our mandate. We however want to acknowledge the budget increase towards the SEZ over the MTEF. This will see the grant received by the SEZ growing from the current **R20m to R40m in the 2024/25 financial year** and we are confident this budget will create the necessary capacity to increase the SEZ overall performance.

**On governance:** One of the most critical tenets of an effective department is sound governance. The department has received a qualified audit opinion in the last three years. In the last two years, the department had only one qualification paragraph, which relates to pre-payments to SMMEs as part of enterprise support. The department has added more capacity to its Internal Control unit in order to ensure that this qualification matter is resolved, and that the department can achieve an improved audit opinion.

We have also strengthened our Risk and Audit capabilities to ensure that our internal controls effectively mitigates adverse findings by the AGSA. As part of our efforts to entrench a culture of good governance and to eradicate corruption, all senior members of staff as well as **ALL** officials in the Supply Chain Management unit will be required to undergo lifestyle audits.

## 7. CONCLUSION

Let me conclude my speech with the words of Rosa Luxemburg, a Polish Philosopher when who said; ***“Freedom is always, and exclusively, freedom for the one who think differently”***. We are determined to think about the economy of the Free State differently.

**Madam Speaker**, we now table before this house, the 2023/2024 budget allocation to the department of **R629.507 million** distributed across the department's programmes as follows:

<b>Programme</b>	<b>Budget (R'000)</b>
<b>Programme 1: Administration</b>	<b>R190 596</b>
<b>Programme 2: Environmental Affairs and Conservation</b>	<b>R208 249</b>
<b>Programme 3: Economic and Small Business Development</b>	<b>R216 899</b> Of which; <b>R 6 000 (FDC)</b> <b>R20 000 (MAP SEZ)</b> <b>R 103 755 (FSGLTA)</b>
<b>Programme 4: Tourism</b>	<b>R13 763</b>
<b>Total Allocation for 2023/2024</b>	<b>R629 507</b>

**Honourable Speaker**, I would like to take this opportunity to thank my organization, the ANC, and the people of Free State for showing confidence in me to lead this difficult portfolio in our agenda of ensuring inclusive growth and creating a new economy. I thank the support and guidance of the portfolio committee, my colleagues within the Executive Council, officials in both the department and entities, and of course my family for always providing me with support.

**I Thank You.**