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department of
Economic, Small Business Development,
Tourism and Environmental Affairs
FREE STATE PROVINCE

MEDIA STATEMENT

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MATJHABENG INVESTMENT SUMMIT

Free State DESTEA MEC, Thabo Meeko welcomes this initiative from the leadership of Matjhabeng Local Municipality to convene this very important Investment Summit. This summit will indeed augment the Free State Investment Conference, which is planned for later this financial year. I am certain that we all agree that the importance of new investments in growing our economy cannot be overemphasized.

The recent data released by StatsSA indicates that the South African economy narrowly avoided recession by expanding by 0.4% in the first quarter of 2023 (Jan-March) after contracting by 1.1% in the fourth quarter of 2022. The manufacturing and finance sectors were the major drivers of growth on the supply side, while the demand side was lifted by exports, government, and investment spending.

Of concern to us as Free Staters, is the fact that Agriculture slumped by 12.3% in this period due to the decline in **production of field crops and animal products**. Agriculture was thus the highest negative contributor in the first quarter; I shall return to this topic later in my speech!

It is expected that Free State Province's GDP will grow at an average annual rate of 1.45% from 2021 to 2026. When looking at the regions within province, it is expected that Fezile Dabi will achieve the highest average annual growth rate of 2.34% from 2021 to 2026. Mangaung Metropolitan Municipality is expected to achieve the second highest average annual growth rate averaging 1.68% between 2021 and 2026. Lejweleputswa is expected to perform the poorest with an average annual growth rate of -1.08%(due to the decline in mining activities).



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The Free State economic growth is expected to be driven by growth in Finance at an average of 2.98% annually from R 38.3 billion in 2021 to R 44.4 billion in 2026 and Transport at an average of 2.57% annually from R 15.8 billion to R 17.9 billion in 2026. The community services sector is estimated to be the largest sector within the Free State in 2026, with a total share of 29.8% of the total GVA (as measured in current prices), growing at an average annual rate of 1.4%. The sector that is estimated to grow the slowest is mining with an average annual growth rate of -5.73%.

In terms of the regions, most of the exports from the Free State province were to the Southern African Development Community (SADC) totalling R1.72 billion and to Asia Pacific Economic Cooperation (APEC) totalling R447.2 million. Most of the imports were from the APEC economies totalling R 2.95 billion and from the European Union (EU) totalling R 2.10 billion in 2021.

The grim picture painted above calls on all of us to work tirelessly to address the challenges faced by the economy. To this end, President Ramaphosa hosted another successful instalment of the SA Investment conference where investment pledges of over R1 trillion were made. This development brings hope to those who are affected negatively by the current jobs blood bath. As the Free State province, we continue to raise our hand to say that some of these investment pledges must find a home here in this province.

The Free State province is an ideal investment destination as it is blessed with abundant natural resources. The province is also ideally located at the confluence of major logistics arterials such as the N1, N6, N5, N8, and N3; this makes movement of goods very economic and efficient. There is currently work towards expanding the Bram Fischer Airport in Bloemfontein and Matjhabeng LM is hard at work to find investment partners to turn the Welkom airport into a regional cargo airport (*we hope to find willing investors for this purpose at this conference!*). Various infrastructure renovation and upgrade projects are under way and this will contribute to improved investment climate in the province.

The 'new gold' has been discovered here in Matjhabeng – the natural gas! The Virginia Gas Project discovered and operated by Tetra4, which is owned by Renergen, will surely change the face of the economy in this area. This Virginia Gas Project covers over 187 000 Hectors around Welkom, Virginia, and Theunissen. The site of the gas Project also happens to be close to where gold has been mined for the past several decades. This natural gas also contains significant amounts of helium gas; this is an inert gas used in manufacturing semiconductors and microchips. This gas find therefore represents an opportunity for creation of hundreds of jobs in the downstream economies.



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The department is working very closely with Matjhabeng LM to establish an IDZ or SEZ in this area so as to ensure that additional investments are attracted into the region and that beneficiation occurs locally.

Some have referred to mining as a sunset industry; but indications are that there are still some opportunities in gold extraction within this area for a near future. Other mining opportunities within the broader Lejweleputswa district municipality are in low-grade coal, diamond, uranium, and salt.

The other 'gold' of this region is found above ground in the form of maize and sunflower: this region is one of the biggest producers of these crops and there are opportunities for agro-processing activities linked to these primary products. The annual National maize Producers Organization (NAMPO) maize festival is held just outside Bothaville, which is the headquarters of GrainSA. It is thus imperative to increase investments into the agriculture sector in this area and turn around the over 12% decline I referred to earlier in my speech.

As part of these efforts to grow this sector, my colleague MEC for Agriculture and Rural Development, Mr Saki Mokoena, will be hosting the Agriculture Investment Summit which will be to bring together industry experts with the objective of developing mechanisms to attract new investments into the sector. This will ensure a healthy growth of the sector over time, and Free State can reclaim its title of being the breadbasket of this country.

Just like the Xhariep District, this region is ideal for investments in renewable energy projects, which include solar PV, hydro, and wind. Such projects are still very small in this province and there is thus an opportunity to invest in these energy sources through the current Bid Window 6.

Tourism is one of the significant contributors to the regional GDP. The department has concluded a MoU with Matjhabeng LM to with an objective of finding investors who can assist in revitalizing the Phakisa Raceway located in Odendaalsrus, next to Phakisa Gold Mine. We hope that there are investors who will take up this opportunity to have access to one of the unique Raceways in South Africa; this facility attracts car-racing enthusiasts from across the globe.

As industrializing the Free State economy remains our focus as we drive the value chains transformation approach towards economic growth. To this end, the Free State development Corporation (FDC) will continue to play a central role as a trade and investment agency of the province. The will use its industrial park estates to attract investors to set-up shop in the province.



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The Free State Development Corporation (FDC) has three Industrial Parks and one Special Economic Zone in Harrismth – Maluti A Phofung in the province. The Industrial Parks consist of small (50-499 sqm) and large units(+500 sqm).

The Phuthaditjhaba Industrial Park is strategically located in the Eastern Free State and 40km away from N5 and N3 highway. The Park falls along the border between Gauteng and Kwazulu-Natal Province. The Botshabelo Industrial Area is situated approximately 53 Km from Bloemfontein on the N8 towards Lesotho. The Botshabelo Industrial Area is one of the main drivers of the economy of the Mangaung Metropolitan Municipality. They play a critical role in contributing to the employment in Mangaung and Maluti-A-Phofung and currently provides employment to an estimated 6200 in Mangaung, 8000 in Phuthadijhaba and 276 people in Thaba Nchu.

Finally, investments do not happen in vacuum or their own: a conducive environment has to be created to ensure that investors find a home in our province. In this context, the department has finalized the Municipality Investment Incentives Guideline with the intention of assisting municipalities to be attractive to investors though

- Reducing red-tape
- Reduce cost of doing business
- Improving environmental compliance

In this regard, we will be meeting with all municipalities to ensure that this guideline is internalized and institutionalized in order to attract investments. We wish the Executive Mayor and the entire Matjhabeng Local Municipality leadership well on this exciting journey; we commit to continue holding hand with you as we create a better life for our people.

Our message to the investors in this hall is this: ***Invest in the Free State, the province at the centre of it all.***

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