

# **ECONOMIC TRANSFORMATION TOWARDS DECENT JOBS AND SUSTAINABLE LIVELIHOODS**

BUDGET VOTE  
(VOTE 3);  
TABLED BY

MR. MXOLISI DUKWANA

MEC: DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

23 July 2009,

AT THE BLOEMFONTEIN CITY HALL

Honourable Speaker of the Free State Legislature,

Honourable Madame Deputy Speaker,

Honourable Premier,

Honourable Members of the Free State Legislature,

Leaders of different political parties,  
Mayors and Speakers of different Municipalities,

Chairpersons and Board Members of different Public Entities,

Members of State Institutions supporting democracy,

Director-General and Heads of different Provincial Departments,

Bomme le Bontate

Honourable Speaker, President Zuma on the 09<sup>th</sup> May 2009 in his inauguration speech stated the following; “ ***We find ourselves in difficult economic times. Jobs are being lost in every economy across the world. We will not be spared the negative impact. We must forge a partnership founded on the principles of mutual respect and the unfettered expression of different views. We do not seek conformity; we seek a vibrant, dynamic partnership enriched by democratic debate that values different views***”

It is clear from the statement above that the economic situation requires an effective collective response. In the difficult circumstances that we face, we can utilize the resourcefulness of our people and institutions to develop a response to the crisis and to commit to work together in addressing its impact on us.

Our collective responsibility is to work together to withstand the crisis and ensure that the poor and the most vulnerable are protected as far as possible from its impact. We must also ensure that the Free State economy is ready to take advantage of the next upturn and that the benefits are shared by all our people.

Our activities are aimed at strengthening the capacity of the economy to grow and to create decent jobs in the future are protected and supported as far as possible. We need to address the constraints to growth and development through programmes to increase public investment in the economic infrastructure; to deepen the joint stakeholder commitment to skills development; to act urgently on the commitment to introduce effective industrial or sector strategies and to ensure higher levels of private sector investment and

entrepreneurship; to pursue the transformation of informal economy activities and their integration into the formal economy; to improve and streamline government delivery and regulation; to improve economic efficiency; and to commit to macro-economic policies that support decent work and sustainable growth.

The budget we are presenting today is an attempt to respond to our experiences, challenges and failures of the past efforts on nation building. Ours is a facilitation budget presenting us with an opportunity to build on our achievements of the past fifteen years but most importantly to usher in a new era of urgency, agility and impact.

Hon. Speaker to tackle these challenges we draw our inspiration from unlikely quarters, Liverpool Football Clubs' battle cry, "You will Never Walk Alone". Allow me Speaker to quote the inspiring lyrics;

***"When you walk through a storm  
Hold your head high  
And don't be afraid of the dark  
At the end of the storm  
There is golden star  
And the sweet silver song of a lark"  
Walk on through the rain  
Walk on through the wind  
And your dreams be tossed and blown....  
With hope in your heart***

## ***And you'll never walk alone"***

Honourable members, we commit through this policy statement to walk through the storm with our heads high. Our main weapon against the darkness of poverty and hunger will be our resolve to transform the economy towards the creation of decent jobs and sustainable livelihood for the people of the Free State.

We are positioning the Free State for success through sustainable development in the knowledge economy. According to Free State Barometer, which measures activity levels in the private sector economy, compiled by the renowned economist Mike Schussler ***"It seems as if the speed at which the Free State Economic activity has declined is starting to even out and we may even see an improvement in the next two to three months"***

To speed up the onset of the improvement, Hon. Speaker, we commit to the following strategic goals;

- (a). acceleration of the economic growth rate,
- (b). creation of new employment opportunities; and
- (c). reduction of economic equalities.

The department has been allocated a budget of R 339,738,000. Honourable members, this government, in the distant and recent past, established public entities to enhance the work of government and fortify service delivery. These entities however have registered different levels of success over their period of existence. Their role was to speed the process of economic transformation to

enable us to realize, “a thriving and integrated economy which draws on the creativity and skills that our whole population can offer”.

These institutions were established with a pertinent motive of creating a mixed economy where the state, private capital, cooperative and other forms of social ownership complement each other in an integrated way to eliminate poverty and foster shared economic growth. I am not convinced that they have succeeded in their mandate.

Whilst we are allocating a total of R83.8 million to these institutions we have decided to rationalize and streamline their activities. The Free State Development Corporation will be merged with the Free State Investment Corporation to form one single development corporation. The Free State Racing and Gambling Board is to be merged with the Free State Liquor Board to form a Licensing and Regulatory Body. As for the Free State Tourism Authority, we are currently looking at how its mandate and activities can be aligned with the department’s operations.

Hon. Speaker collaboration and integrated coordination in the implementation of policies, programmes and projects of the Department is very paramount. Improved Inter and Intra-governmental departmental relations will ensure collaboration with other stakeholders at local, provincial and national spheres of government to ensure sustainable growth. Research, communication, knowledge management, cooperative governance and IT will receive added attention. We have allocated a total of R17.9 million for this programme.

We are excited to announce our partnership with the Central University of Technology and Satyam, one of the largest IT company in the world based in India in creating a Regional Hub for Software Development and IT skill. The centre will be based in Matjhabeng. We are sending 46 young people to India for a year to the Satyam IT Centre to acquire skills in this sector.

The Premier, in the State of the Province Address on 15 June 2009 announced that a Regional Innovation Centre (IRC) would be established in the Free State. Allow me Hon. Speaker to announce that Regional Innovation Centre would be launched on the 30<sup>th</sup> July 2009, thanks to the commitment demonstrated by the Central University of Technology, Free State to this end. Kuyasheshwa.

We are inviting all role players i.e. provincial and local governments, business/industry and other partners to begin to work towards planning for and implementing of a vibrant local and regional systems of innovation. Our economy requires knowledge and innovation for it to prosper. Working together we can make the Free State a winning and innovative province.

There is a very tight correlation between the level of entrepreneurship and the rate of economic growth. Entrepreneurs drive innovation, they are the people who get rid of inefficiencies by attacking the big incumbents and forcing them into shape. High-impact entrepreneurs i.e. those that have the ambition and drive to build pioneering, fast changing businesses, are the ones that generate the majority of GDP growth, job creation and wealth in an economy.

It is clear that small enterprise development is perhaps the most important element of our long term economic development strategy. The white paper

captures its importance as follows; “Small, medium and micro-enterprises (SMMEs) represents an important vehicle to address the challenges of job creation, economic growth and equity in our country. Throughout the world one finds that SMMEs are playing a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. We are of the view that –with the appropriate enabling environment-SMMEs in this country can follow these examples and make an indelible mark on this economy. The stimulation of SMMEs must be seen as part of an integrated strategy to take this economy onto a higher road- one in which our economy diversified, productivity is enhanced, investment is stimulated and entrepreneurship flourishes”

To realize the sweet silver song of lark we have put aside R60Million aside to facilitate real investment into the following projects;

- (a) Establishment of cooperatives in Bethulie, Verkeerdevlei and Excelsior.
- (b) Development of Maluti Tourim Route.
- (c) Ngwathe Tourism Route-Vredefort Dome and changing Parys from being weekend paradise for Gauteng based owners to being a tourism destination that adds value to the economy and the people from Tumahole.
- (d) Work with Sasol to realize the full benefit of the chemical downstreaming initiative that should take place with Chemcity development.
- (e) Revitalization of Mathjabeng and diversification of its economy.
- (f) Gariep Dam Development.

Speaker, in the words of the famous Cardinal Richelieu “ ***Experience shows that, if one foresees from far away the designs to be undertaken , one can act with speed when moments comes to execute them***”. All our efforts to turn the economy of the Free State around will be in vain if we do not have appropriate plans for precision execution. We have therefore resolved to set up a Research Advisory Forum which will help us monitor and evaluate economic activity in the Free State.

This, we believe will help us take into account all possibilities, consequences, obstacles and twists of fortune that might reverse our hard work. The Research Forum will come out of the economic round table to be held soon with all stakeholders in the Free State.

The Provincial Spatial Development Strategy announced by the Premier during state of the Province address will surely benefit from this research.

Honourable Members, we say we will put tourism at the centre of economic growth. Tourism has proven that it is a critical ingredient to economic growth and therefore demands our fullest attention. Historically provinces like the Free State depended exclusively on mining and agriculture. With the decline in both these sectors, we can only look up to Tourism as an economic driver.

We have to jealously guard this special ingredient and ensure that we are also deserving beneficiaries of the tourism boom experience by the whole world. We now have to stand up and ensure that our people who hitherto were standing on the sideline when others benefited from the resources of this country are not left out.

It was surely gratifying to see how our country performed during the recent FIFA Confederation Cup in respect of tourism. There is no doubt in our minds that we made an impressive showing to the people of the world on our hospitality, warmth, infrastructure and passion for the game. With this experience, we will develop the FIFA 2010 Tourism Plan at the centre of which will be an Operation Centre where all information about availability of beds, restaurants and bars and travel packages will be disseminated.

Speaker, the recent find of animal fossils in Virginia is yet another shot in the arm for tourism in the Free State. This fossil site is the 2<sup>nd</sup> oldest in the world estimated to be between 2.5 and 4 million years old. Six hundred fossils including mammoth, three toed horses, giant wildebeest and water birds were found on this site. This is a welcome addition to other international conservation site in the Free State like the Vredefordome, and the Braamhoek Ramsar site.

Honourable Members, we are convinced that sustainable environmental management drives sustainable economic development. For this reason we have put aside R113.2 million. To this portfolio, we have added the management of medical waste which was earlier the responsibility of the department of health. Among key activities we plan to undertake through this programme are;

- Hosting of the Waste Summit for purposes of facilitating investment in this sector

- Waste reduction and processing which will entail finalization of the Hazardous waste management plan with an objective of addressing challenges faced by the Free State on:
  - ✓ Medical & Mining waste
  - ✓ Radio-active Waste
  - ✓ Industrial & Pesticides waste
  - ✓ Spillages
- Energy Efficiency which will among others enable us to deal effectively with air pollution and challenges presented by climate change
- Water use efficiency and minimisation of water contamination
- Protecting and enhancing biodiversity
- To this effect, we wish to announce the designation of further 15 officials from the province as Environment Management Inspectors. A further 15 officials will be trained during this financial year.
- Establishment of 4 buy-back centres in the Province with the assistance of Buyisa-e-bag

Develop and implement the strategy to promote Green jobs and limit impact on the environment. Among others, we will plant trees at Batho, Thabong and Marabastad during the Arbor week. We will work together with the Department of Human Settlement, to ensure that new settlements are greened for better environment.

Speaker, a well oiled public service machinery is critical for the implementation of this programme of action. We therefore have taken a resolution to eradicate

all dysfunctional organizational practices and elevate the culture of 'getting things right the first time'.

For this purpose we have allocated R65 million towards ensuring departmental business process excellence.

We therefore commit ourselves individually and collectively to ensure that we build the capacity of public servants to execute the tasks they have been entrusted with. This means we will ensure that through our recruitment and retention strategy the right personnel is placed in right positions.

Our priority will be the performance of skills audit to assist us in training those we find inadequate for their tasks and redeploy others where they can be gainfully employed in the best interest of service delivery.

Honourable Speaker, let us be reminded that in this province the ANC government was faced with a monumental task of turning a socially divided and poor province that was a bastion of apartheid into a better place for all the people of the Free State. Faced with the legacy of inequitable distribution of services and resources due to evil policies of the past, the challenge was to create a new democratic order accountable to the masses and we have succeeded.

We therefore invite the people of the Free State to join us in our journey to rebuild the economy of our beloved province. We are calling upon the experience and the vision of the people of the Free State because we believe that working together we could do more.

Even if we have to walk through the rain and wind, we know we are not alone. There is a golden sky and sweet silver song of lark is awaiting us.

Honourable Speaker, I wish to take this opportunity to thank all those who came before us for the solid foundation they built for us. We are truly indebted to them.

The confidence demonstrated by the people of the Free State and the Premier in me is not misplaced and will never be in vain. Indeed we are ready for the battle of the transformation of the economy of this province towards the creation of decent jobs.

I thank dedicated members of the staff without whom we would not have reached this point.

Special thanks to my family for their unwavering support as we enter yet another journey towards sustainable livelihoods for the people of the Free State. Indeed I will never walk alone!!

**THANK YOU**