

**“RADICAL ECONOMIC TRANSFORMATION TO ENSURE OWNERSHIP AND CONTROL OF WEALTH”**

**BUDGET VOTE 2**

**DATE: 24 MARCH 2017**

Honourable Speaker  
Honourable Premier  
Members of the Executive Council and the Legislature  
Mayors and Speakers  
Board Members and Officials of Entities  
Director General, HoDs, Senior Managers  
Distinguished guests  
Ladies and Gentlemen

Hon Speaker, I thought it prudent to venture into consideration of some **basic fundamentals** in my quest to elucidate the complexities that characterise the tortuous path of development that we have to traverse, as we lay down the promise of **Agenda 2063 “ the Africa we Want”** with economic growth and development and job creation at the fulcrum of the crawlbar.

*The basic economic problem still remains that of scarcity as a result of unlimited wants. As a consequence choices have to be made. This is why one of the most important contributions of economics is the idea that it is more useful to consider costs in terms of opportunities foregone than to do so in monetary terms.*

*Reinforcing the said notion is the neoclassical paradigm that has been very influential in policy thinking and implementation delving on:*

- *Structural adjustments*
- *Macroeconomic stabilisation*

*Where the central idea is: “Get the policy and institutions right, and growth will follow. This therefore means that good governance and accountability are a “sine qua non’ and a recipe for economic growth.*

## Growth through factor accumulation: The Solow Model

- Income person is a function of capital intensity (capital per worker) and “technology”
- Capital intensity rises with savings and investment
- Capital intensity falls with population growth and depreciation – they have an inverse relationship. Therefore capital needs to be replaced as a result...by growing the economy and boosting investor confidence by reducing uncertainty in economic policy and improving institutional governance!!!.

There must consistent increase *in productivity and quantity of factors of production (labour, land, capital, technology, systems)*. Which we all know have diminishing returns!!!

We live in a mixed economy (combination of command and market) with its strengths and weaknesses, its sub-economies and tendencies and of course its troubled history.

It is for these reasons why we need to establish robust economic goals:

- Economic efficiency (productive efficiency or allocative efficiency): making the most of scarce resources..!!!
- Economic security and predictability: a safety net to protect individuals in times of economic disaster
- Economic equity: fair distribution wealth
- Economic growth and innovations: strengthening R&D leading to economic growth and a higher standard of living due to new ideas, new products and new investments.
- Other goals: environmental protection

Such goals as aforementioned must be targeted at the type of markets we must deliberately identify:

- Existing markets: *usually faster/better and high end*
- Re-segmented markets: - *niche = marketing/brand driven*
  - *Cheaper = low end*
- New markets: - *cheaper/good enough to create new classes of products for the customer*
  - *Innovative/never existed before*

## **The perspective of Global and national outlook;**

The Global economy remains sluggish into 2017, even though the growth outlook is nevertheless somewhat stronger than in the recent years. According to AT Kearney Global Business Policy Council, global economic growth will strengthen slightly to 3.1 percent in 2017, up from 2.3 percent in 2016, but the medium term outlook is flat. Average annual global output growth through 2021 will be about 3.0 percent. This delicate recovery will be underpinned by stronger growth in a limited number of developed and emerging markets.

This modest recovery in the global economy will be as a result of relatively robust growth in emerging economies particularly South Asia. According to the World Bank, India and China are projected to experience a real GDP growth of 7.6% and 6.5% respectively in 2017. These two countries are part of BRICS block of countries which South Africa joined in 2010. South Africa is considered pivotal thoroughfare into African Markets. While India and China are expected to grow at a faster rate, Brazil and Russia are projecting a growth of 0.5% and 1.5% respectively.

According to the South African Reserve Bank, the economic growth forecast over the next two years will accelerate gradually to 1.1% in 2017 and 1.6% in 2018. The FS economy is expected to grow at an average annual rate of less than 1% from 2016 to 2020.

The Free State, with 2, 8 million residents, accounts for 5% of South Africa's population and contributes proportionately to the GDP. According to the latest StatsSa, in 2015 the real economy (represented by agriculture, mining, manufacturing and construction) made up 27% of the Free State's output.

The largest real-economy sector is mining, at 11% of the provincial economy, followed by manufacturing at 9%, agriculture at 4%, and construction at 3%. The Free State contributes 10% of national agriculture and 7% of national mining, but just 4% of national manufacturing and 3, 5% of national construction.

According to Global Insight, it is expected that from 2016 to 2020 the Xhariep District Municipality will achieve the highest average annual growth rate of 1.71% followed by Fezile Dabi District Municipality at 1.14%. The District that is expected to perform the poorest relative to the others is Lejweleputswa with an average annual growth rate of less than 1% due to the decline in the mining industry.

## **Employment synopsis of the Province**

The Free State had an Economically Active Population of 1 110 000 in 2015. Out of this 771 000 were employed, which constituted 69.45% of the Economically Active

Population. In the same period, South Africa as a whole had 20 600 000 Economically Active Population with just more than 15 million representing 74.75% in employment.

Some 220 000 people were employed in the real economy sectors, which contributed 29% of total provincial employment in 2015. In employment terms, in 2015 agriculture, manufacturing and mining led the real economy in the Free State.

The Province has to acknowledge the challenges in the poultry industry due to importation of cheap poultry products from developed countries. We heard the call of the public pleading with government to create more trade protection measures. In this regard, due to the importance of the poultry sector to rural development and the revitalization of agriculture and the agro-food processing value-chain, the government has no choice but to intervene to address industry challenges.

Honourable Speaker, it is for this reason that the African National Congress is now unapologetically introducing the Radical Economic Transformation meant to “change the structure, systems, infrastructure development plans, institutions, patterns of ownership, management and control of the economy in favour of all South Africans especially the poor, the majority of whom are African female and young people”

**Honourable Members, allow me to outline how the department intends to roll out the allocation per programme:**

### **Programme 1 – Administration**

Programme 1 is the support function of the department, that produces effective *transformational leadership, innovative teams, accountability and practical experience of good governance, evidence based information, community involvement in matters directly affecting them and enhancement of the developmental agenda.*

To respond to efficiency challenges we focussed on addressing the weak trilogy of leadership, HRM and SCM. We have already moved with speed towards transformation and restoration of *leadership and governance*, Human resource management and Supply chain. To this end, we have reviewed the Vision and Mission Statement and Values of the department to enable us to respond swiftly and effectively to the expectations of those we serve. This is being done via various avenues which include organizational restructuring, planning and performance assessment improvements (Balanced Score Card) and the re-alignment of HR and SCM procedures and operations.

The anticipated outcomes of these interventions are:

- Improved planning;
- Optimal performance and the assessment thereof;

- Improved support services to core DESTEA functions;
- Overall improved service delivery and accountability.

Honourable Speaker, we are working with all levels of employees in the department to bring about change. We believe that the only way to make this department effective is to change the way people manage. We believe in the philosophy that, *“attitudinal shift precedes behavioural change”*.

We will furthermore *conduct a skills audit* within the next six months in order to determine the skills profile and gaps amongst all the employees. The skills audit outcomes shall also assist the department to place officials appropriately according to their skills and competencies.

## **Transformation**

Taking advantage of the restructuring process underway, we intend to improve employment equity targets which are currently as follows;

- SMS women: 36.84%, with a shortfall of 13.16%
- Women on salary levels 2-12: 40.16% with a shortfall of 7.84%
- Disability: 1.4%, gap 0.6%

Honourable Members, one of the steps we introduced to ensure that radical economic transformation becomes a reality, is the total overhaul of entire SCM from the 1<sup>st</sup> April 2017. This we do in order to remove any impediments towards improving service delivery and the realization of radical economic transformation. The centre piece of this intervention is the new tender policy with the following criteria to be complied with without fail. Details of this policy appear elsewhere in this policy statement.

All officials in SCM will be trained in Preferential Procurement Regulations 2017 so that they are able to assist the Free State Provincial Government to achieve its mandate of assisting small businesses. We are also commissioning the development of a system that will assist to track invoices at point of entry to ensure that all finance sections throughout the Province comply with 30 days payment policy.

For programme 1, we have budgeted a total of R144 194 Million

## **Programme 2 – Environmental Affairs and Conservation**

There is a growing concern about the state of the world’s environment. During the last century, human activities have caused impacts that have dramatically altered the earth’s environment. During this period, global population has risen from an estimated 1, 5 billion in 1900 to more than 6 billion in 2009. This, coupled with twentieth century

technological and industrial advancements, has led to unprecedented consumption of the earth's natural resources without adequate replenishment or cognizance of the environment's capacity to absorb the large volumes of wastes generated.

### ***Protected Area Expansion and Management Support***

The Sneeuwberg Protected Environment, the first private, multi-owner, protected area near the town of Memel in the Eastern Free State, was declared in July 2016 and now contributes an additional 17 500 (Seventeen Thousand Five Hundred) hectares to the protected area estate in the province. This will further increase with 8000 hectares by declaring the Ingula Nature Reserve in 2017/18 financial year.

In addition, we have already started engaging the Qwaqwa community towards declaration of a huge community site in the foothills of Drakensberg Mountains. This will be a landmark site which will provide an extraordinary biodiversity corridor between the Golden Gate Highlands National Park, the Royal Natal National Park and the Sterkfontein Nature Reserve. It is envisaged that the planning for the site will be completed during the coming financial year with a final declaration expected in the 2018/2019 financial year.

We will also continue to engage with District and Local Municipalities to ensure that those municipalities with the responsibility of managing the municipal Nature Reserves and Game Camps are fully supported and advised at the appropriate levels. Through the intervention our intervention, the majority of these reserves are now functioning and are contributing not only to the local economies but to the conservation of biodiversity in the province.

Honourable Speaker, during the 2017/18 financial year, we will undertake the following programmes and projects;

#### **Wildlife Economy**

As part of the radical economic transformation towards ensuring ownership and control of our land's wealth, we have decided to increase the participation of Black Farmers in the Game industry as part of empowering the rural communities to earn decent income and build wealth. In 2016, research carried out by this Department has shown that the game industry value chain, which generated R7.7 billion in income, presents opportunities for the designated groups in at least 3 sectors of the industry.

These are, first and foremost, the sale of live game at auctions and the translocation of these animals. The second area is game ranching and eco-tourism. This sector includes activities such as hiking trails, bird watching, photographic safaris, 4x4 trails, canoeing and abseiling for more adventurous tourists, lodges and conference

facilities; as well as the promotion of unusual attractions, like caves. The third sector involves a combination of lodges, game breeding, eco-tourism and hunting.

### ***Waste Management***

The extent of modern man's impacts on the planet has been so devastating that the long-term survival of the earth's ecosystems and integrity of its natural resources (on which human life depends) has become a major international issue. We will be supporting municipalities to ensure best waste practices in the province are adhered to. We will be working with municipalities to make sure that landfills in the province are permitted and operating legally. Recycling will be encouraged by supporting recycling programmes.

### ***EPWP***

A minimum of 200 EPWP participants will be appointed across the province with regards to clearing of alien invasive species, cleaning of towns and dams.

### ***Compliance and Law Enforcement***

The Department will continue to strengthen compliance with all environmental legislation in the province. We will continue to work with other law enforcement agencies to enforce compliance with all pollution and waste legislation, authorisations, norms and standards through the efficient and effective use of available enforcement instruments by government in order to provide the people of South Africa with an environment that is not harmful to their health and well-being.

Speaker, we are currently in the process of reviewing the permit system dealing with ownership, translocation and hunting of game to ensure the effective and efficient service delivery. Contrary to popular belief, the consideration of permit applications is still in terms of Promotion of Administration Justice Act, 2000 (Act No. 3 of 2000).

### ***Environmental Empowerment***

The department will undertake the following environmental empowerment programmes aimed at the schools and communities;

- School Environmental Programmes in 5 Environmental Education Centres in our Reserves
- Environmental Awareness Programmes in municipalities and various communities.
- Harvesting, cultivation of seeds and tree planting.
- Training of black Professional Hunters

- Celebrating environmental calendar days

### ***FS Climate Change Strategy***

As the Province, we shall be developing and implementing the Climate Change Strategy in response to FS climate change effects in line with the Province's vulnerability assessment study which is in the process of being finalized. Furthermore the department will have 5 roadshows in promoting climate change awareness, adaption and mitigation measures among communities in the province.

### ***Environmental Outlook***

In line with the province's commitment to sustainable development and principles of Agenda 21, we shall review our Environmental Outlook which is an essential tool for enhancing sustainable development, policy making and action planning. With sound information, the chances for improved and integrated decisions are increased. Such information does not guarantee a healthier environment, but lack of appropriate information is a serious impediment to taking sound and rational decisions and to working towards a sustainable future.

The demand to establish and strengthen environmental reporting programmes is high. The Environmental Outlook represents an effective means of developing and communicating environment to decision makers. This is accomplished by the development of objective, comprehensive and scientifically-based information on environmental conditions and trends, including their significance.

### ***Infrastructure Enhancement***

Madam Speaker, in preparation of this Budget speech we received request and advises from members of the community on things that we could do to improve our service. Ms Gabby Abrahams of Bloemhof has indicated how the Sandveld Nature Reserve in Hoopstad on the shores of Bloemhof Dam on the border of the Free State and Northwest can attract travelers and visitors from across the dam. Mme ?? will be glad to know that among others we will be investing more than R9 million for the rehabilitation of the day visitor and picnic area in Sandveld.

Moruti Christopher from Koppies would like our resorts to have spacious halls for churches to hold conferences and enjoy nature.

To respond to these and other wishes, during this financial year the department is intent on increasing revenue and driving domestic tourism through state assets and reserves more than ever before. Our focus will be on developing 4 flagship resorts to four star status with the help of the Grading Council, Maria Moroka in Thaba Nchu,



Sandveld in Hoopstad, Soetdoring Nature reserve near Soutpan, Willem Pretorius in Ventersburg and Phillip Saunders which will soon be turned into a Hotel school as the Honourable Premier announced during the State of the Province address earlier this year.

Furthermore, the department, in partnership with University of the Free State and Mangaung Metro Municipality will launch the Naval Hill Environmental Hall.

The total allocation for this programme is R174 338 Million

### **Programme 3.**

Honourable Speaker, my above review of the economic outlook demonstrates that the province and the country as a whole are still in the firm hold of the ongoing slow growth episode which is proving unusually prolonged. Accordingly, the department has put in place interventions to create conducive environment for economic growth.

### **Tightening Legislative and Policy Framework**

In an effort to speed up radical economic transformation, government has promulgated legislation that will enable all spheres of Government to influence the economic activities in the country. Since 2015, amendments have been made to a number of pieces of legislation, such as the Broad-based Black Economic Empowerment Act, The Competition Act and the Preferential Procurement Regulations.

The Preferential Procurement Regulations 2017 were gazetted on Friday 20 January 2017 to provide a mechanism for government to empower SMMEs, Cooperatives, Township and Rural Enterprises through procurement of goods and services from them without competing with big business. The regulations allow the government, inter alia, to procure exclusively from SMMEs through tenders up to an amount of R50m. In addition, the Regulations require that, a minimum of 30% of the value of the contract which is above R30m be sub-contracted to SMMEs. Through these interventions, we are radically changing the state procurement landscape in the best interest of small businesses.

Our focus in the coming financial year will be on;

- Informal and Micro Enterprises
- Small and Medium Enterprises
- Large Enterprises
- Trade and Investment

Under each category we will be doing the following:

### ***Informal and Micro Enterprises:***

Qualifying SMME's and Informal Businesses will receive productive assets to support their informal Businesses. This will be rolled-out throughout the province with particular emphasis on the manufacturing sector where SMMEs with a potential to employ 5 or more people will be prioritized. The criteria will be advertised in the media during April to ensure that all SMME's in this segment has equal opportunity to apply.

***The Mangaung SMME hub*** was completed in the 2016/17 financial year and 50% of the total no of SMME's to be accommodated at the hub are youth-owned enterprises. After application and adjudication processes, the department trained 35 SMMEs which will be housed in the container park in Bloemfontein. The rental costs of these enterprises will be covered by the Department for the next three years as part of the incentive to succeed.

***SMME Incubator Programme:*** The SMME Business development and support incubator will bridge the skills gap by focusing on marketing, labour issues, business plan development, entrepreneurship, tax management, business management, and financial management skills. The accredited modules in this programme will be offered in collaboration with University of the Free State (UFS), Central University of Technology (CUT), South African Revenue Service (SARS), Motheo TVET, and Small Enterprise Development Agency (SEDA) and will last for 6 months. Enterprises which will be prioritised are in automotive, manufacturing, and agro-processing sectors.

### **Small and Medium Enterprises**

The following seminars and summits will be hosted in different parts of the Free State this financial year:

- Procurement Indaba.
- Mining Indaba in Partnership with Department of Mineral Resources and the Mining Houses in the Province.
- FS Job Summit in partnership with Private Sector, Industry, Department of Labour, Provincial Government Departments and Local Government.
- Economic Development summit in partnership with Standard Bank.

These seminars will, amongst others, empower businesses with access to alternate markets, support to provide new strategies for their business, access to the supply of skilled labour within the province and information regarding the implementation of various provisions of BBBEE and PPPFA.

Honourable members, in pursuit to development of entrepreneurial spirit and enhancement of township economy, we will roll out an innovative '*business talent*

*search* throughout the villages, towns and cities of the Free State. This programme to be titled “*Tabalaza*” styled around the popular BBC “Dragon’s Den” will offer inspiring young people and women entrepreneurs to pitch their business ideas before a panel of successful business owners for funding and or acquisition of stake.

### ***Large Enterprises***

The Risk Sharing Funding and Black Industrialist Scheme which are aimed at supporting 5 enterprises (black industrialists) primarily in the manufacturing sector where each enterprise has a potential of creating at least 20 new jobs after funding will be strengthened.

### **Regional Industrialization Policy**

The Department intends on reviewing the Regional Industrialization Policy which will ensure that it has integrated plans from all spheres of government on Infrastructure, Bulk services, Labour, Industrial sites, proposed export and tax incentives industrial area of the province to enhance local and foreign investment.

### **Trade and Investment Promotion**

Free State has put a special emphasis on attracting investment into the Province through various programmes including our successful Global Trade Bridge that was held in the financial year 2015/16. During the 2017/18 financial year, the Province will hold Inward Round Tables session or engagement to deal with resolutions of the 2015/16. The next episode of the Free State Global Investors Trade Bridge will be in 2018/19. This programme of Government displays its success in the latest Statistics released on 22 March 2017 as the South Africa’s Trade balance moved from R7billion deficit to R56billion Rand Surplus. Our strategy to link local business to the world and into Africa is realized through our local businesses intent to seek alternative markets and not rely on Free State and South Africa alone.

### ***Consumer Protection Office***

Honourable Members, our consumer protection office continues to provide an important service to our people who often get swindled out of their hard earned money by unscrupulous business people.

We are pleased to announce that during the 2016/2017 Financial Year, the Investigation Unit of the Consumer Protection Office received 188 consumer complaints and 163 of them were successfully resolved to the tune of R1,3 million, which translates to 86,7% success rate. We continue to empower consumers through the Consumer Education

programmes throughout the province. All this service is provided free of charge. We shall be embarking on Consumer Education roadshows in order to address the problems that communities have which they may not have had an opportunity to bring to the Consumer Protector.

Speaker, allow me at this point in time to announce that Consumer Affairs Court officials have been appointed. During the annual World Consumer Rights Day on the 15 March 2017, these officials took Oath of Office. The appointments will be effective from the 3rd of April 2017 until the 31st of March 2019.

Honourable members, our interaction with members of the community and prospective recipients of the department's services, brought home the stark reality that we have to pull out all stops to reach out and assist our people. I will travel the length and breadth of this Province from north to south, east to west engaging with our communities to hear how we can solve the economic problems of this Province together and listen and resolve every consumer problem they might have.

### ***Streamlining of Entities***

Honourable Speaker, work is currently underway towards ensuring that the public entities accountable to this department improve the way they do business so that they are responsive to developmental needs of the people of the Free State. We insist that these entities should enhance administrative discipline and improve corporate governance. To this end, we will be entering into shareholder compact and transfer agreements with each one of them and constantly evaluate and monitor their efficiency and impact of their programmes.

Commendable progress has so far been made towards the implementation of the EXCO resolution for the incorporation of the Free State Tourism Authority into Free State Liquor Authority to promote better value for money. All things equal, the new entity will be operational with effect from 1 April 2017.

In its current form, the Free State Gambling and Liquor Authority continues to ensure public confidence in the integrity of the gambling and liquor industries by conducting compliance inspections and compliance audits at all licensed and registered outlets. Our biggest challenges are still increasing trend of alcohol abuse, illegal online gambling and non-compliance by liquor traders. To address some of these social ills, working together with other stakeholders, we embarked on the following campaigns and programmes;

- Promotion of responsible gambling
- Sobriety week

- The Illegal Operative Register has been developed to track illicit activity and blacklist culprits implicated in illegal gambling activities.
- Establishment of regional offices to offer services such as lodgements, walk-in enquiries and dealing with complaints.

In addition, our instruction to the incorporated entity is to accelerate marketing of tourism; promotion of tourism; development sustainable tourism within the Province; promoting major tourism related events and to promote the development and marketing of tourism products.

## **Free State Development Corporation**

### ***Investment Promotion***

To leverage South Africa's BRICS membership, the Free State Provincial Government developed a carefully planned investment promotion programme in all these member countries. This programme entails outward missions to attract investments in to the province particularly at Maluti A Phofung Special Economic Zone.

MAP SEZ is a 1000 hectare precinct with four distinct developmental areas. These are the Agro Processing, Light Industrials, Heavy Industrials and the Container terminal. A very involved marketing plan complete with the migration plan has been developed and is currently being rolled out.

MAP-SEZ is only one of the two projects that is about to receive an interim license as an Industrial Development Zone (IDZ) to expedite the establishment process that is already gaining critical mass. This licence will be converted into a SEZ licence as soon as that legislation is enacted. The IDZ will be launched by President Jacob Zuma on 25/04/2017.

Five (5) investors have so far shown interest in establishing at the SEZ.

### ***The FDC Business Model***

The FDC Business Model started to undergo incremental changes since 2013 in an effort develop new revenue streams in order to reduce its reliance on its Property Portfolio. Income from the Property Portfolio allowed the FDC to fund its SMME Loans and Support and Investment and Trade Promotion activities. In addition to this, it allowed the FDC to carry its long outstanding debtor's book without going insolvent but putting severe strain on its liquidity. Its emerging business model includes the Telecoms Business that focuses on the provision of telephony cost saving solutions and the roll-

out of broadband internet technology, the provision of residential home-loans for those qualifying for the Finance Linked Subsidy, capital raising and banking.

These additional activities will fundamentally change the FDC as we know it but it will also allow it increased capacity to fund its core mandates as an economic development agency.

**Debt Collection Strategy**

In order to protect its solvency and liquidity positions the FDC had to embark on an aggressive debt collection strategy. The first step was to protect its current debt book. The FDC currently collects on average in excess of 70% of its loan repayments and rental collections per month. The objective here is to maximise cash collections and to prevent our current debtors from falling into the debt trap. When current debtors run into financial problems the FDC comes up with innovative solutions to assist during these difficult times. The FDC adopted a customer-oriented Business Development Support (BDS) Strategy that calls for all its clients to be serviced by a team of dedicated professionals from the Law, Credit Management and Core Operations Account Management areas. This “Tri-Partite Alliance” has achieved more for debt collection than what professional debt collectors and attorneys have done over the last number of years.

During the previous financial year, FDC resorted to employing this BDS Strategy on its historical, toxic debt book that has been in arrears for a very long time. In this case these debtors are offered an opportunity to settle their debts by making an offer to FDC. The Tri-Partite Alliance debt collection team have reached payment plan agreements with about 90 historical debtors and a few have settled their debts in full. There is still a lot of work to be done during the new financial year but by then most of them would have agreed to pay their debts and those who do not budge will face the full might of the law.

For this programme, we have budgeted R221 972 which will assist us in attracting further funding from sister departments and other FDIs in this financial year. The allocation in per classification is as follows;

<b>Economic Development</b>	R89 287 Million
<b>Free State Development Corporation</b>	R23 260 Million
<b>Maluti a Phofung SEZ</b>	R4 Million
<b>Free State Gambling, Liquor and Tourism Authority</b>	R105 425 Million

## Programme 4

Honourable Members, Tourism remains the fastest growing sector and is identified as one of the key economic drivers to help reduce unemployment and poverty. The Free State Province has recorded the highest average annual growth rate in the Leisure/Holiday category from 2004 (152 000) to 2014 (325 000) at 7.86% followed by Business tourism at 5.79%. Overall, the Free State tourist destination recorded an Average Annual growth rate of 1.26% inclusive of other categories like Medical Tourism, Religious Tourism and Visiting Friends and Relatives (VFR).

The department will promote tourism "Service Excellence" to position the Free State Province as a destination popular for upholding service excellence standards and to provide world class hospitality to all tourists, both domestic and international. Tourism is interlinked and interrelated with many sectors thus the roll out of the service excellence campaign will include those sectors that are interlinked and interrelated with tourism.

The process of empowerment and transformation in the tourism industry is aligned to the government's policy to assist black people to migrate through the poverty barrier and access equitable economic opportunities. The current status of transformation in tourism in the country as well as in the Free State Province still leaves much to be desired. The Free State is fairing very low in terms of tourism businesses as well as tourism transformation in terms of black ownership.

In line with Radical socio-economic Transformation, the department will embark in programmes that aim to promote transformation of the tourism sector to ensure the participation and growth of the small medium and micro enterprises in the economy of the province and that of the country. Transformation in the tourism sector is aimed at the entire value chain which includes the Accommodation sector; Hospitality and related services; Travel distribution systems as well as all forms of tourism such as ecotourism, adventure tourism and business tourism. Key focus areas will be product development for communities as well as development and support of black owned tourism enterprises to compete in the mainstream economy. Big businesses will also be lobbied to mentor black owned small and emerging businesses for skills transfer to enable them to contribute meaningfully in the provincial tourism economy.

The department will once again host the National Tourism Careers Expo that brings about 10 000 participants over three days in the Free State Province and in the City of Mangaung in particular.

We are currently working on a new model for revitalising resorts in order to promote tourism in the province. We will initiate an extensive marketing and promotional campaign aimed at schools, social clubs, stokvels and nature lovers as part of our income

generation enhancement strategy at the centre of which will be a central booking system and a digital application promoting popular tourism sites in the Free State. Honourable Speaker as indicated elsewhere in this statement, four of our flagship resorts earmarked for upgrade and refurbishment will be graded to put them on par with similar facilities owned by private individuals and companies in this country.

We have allocated a total of R18 276 Million to promote the Free State as a preferred inland tourism destination of choice.

Honourable Speaker, as we call upon all the people of the Free State to partner with us towards, radical economic transformation to ensure ownership and control of wealth, we are reminded of the view of the late Dr Myles Monroe on entrepreneurship, he once said. *“For you to survive today, you must accept the legality of partnerships. If someone emerges as my competition today, I am not supposed to kill them but marry them. Do not curse a crisis, use it. Every business is a solution to crises. Develop the capacity to solve a problem and you will become a successful entrepreneur. Secure your future, stop blaming every sitting president or government of your country for your destiny”*

It is not the critic who counts; not the man who points out how the strongman stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again because there is no effort without error and shortcoming; but who strives to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at best knows in the end triumph of high achievement and who at worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat – Theodore Roosevelt

**I Thank You.**