

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

BUDGET VOTE 3

DATE: 10 JULY 2019

Honourable Speaker of the Free State Provincial Legislature;
The Honourable Premier;
Colleagues in EXCO and Legislature;
The Director General;
Heads of Departments and
Senior Managers in all spheres of Government;
House of Traditional Leaders;
Traditional Healers and Faith Based organizations; Organized Labour;
Development partners;
Officials of the Free State DESTEA, Entities and other Sister
Departments;
Distinguished Guests;

Madam Speaker, today we are standing at the bottom of the stairs in our journey to further advance economic transformation as we usher in the 6th administration since the dawn of democracy 25 years ago. We are addressing this august house just one day before one of the tragic events that almost derailed the struggle for liberation of our people. South African police raided the African National Congress (ANC) underground headquarters, the Liliesleaf Farm in Rivonia, just outside Johannesburg on the 11th July 1963. Virtually the entire leadership of Umkhonto we Sizwe (MK), armed wing of the ANC, were arrested on this day.

This moment came as a terrible titanic dream in the history of the ANC. Amongst those arrested were; Walter Sisulu, Govan Mbeki, Raymond Mhlaba, Ahmed Kathrada, Lionel Bernstein and Bob Hepple. Nelson Mandela, the commander-in-chief of MK, was not arrested at the time as he was serving a five-year prison sentence for leaving the country illegally in 1962. At the farm police found documents relating to the manufacture of explosives, Mandela's diary of his African tour and copies of a draft memorandum, 'Operation Mayibuye'. It outlined a possible strategy of guerrilla war fare.

As we dedicate this policy statement to these stalwarts we commit ourselves to a new fight of changing the hearts and the minds of our people. A fight that needs a new breed of economic worriers, battalions of Radical Economic Transformation. Today we are making a commitment to engage in deep reflections, dialogue and action to bring about meaningful and long-lasting solutions to challenges facing our economy.

The budget we are presenting today will be meaningless if in the next five years our programme of action would not have consolidated support for small businesses and cooperatives especially owned by women and young people inclusive of a climate change resilient communities so that our commitment to grow and sustain township and rural economy, tourism, as well as preservation of our natural environment is realized.

National and Provincial Economic Outlook

Honourable members, the South African foreign direct investment (FDI), over the years, has become an increasingly important source of FDI in the African continent. Its direct investment stock in the rest of the continent totaled **R338.2 billion** as at 31 December 2017 (latest available data), compared to less than **R10 billion** in the late 1990s. Foreign investments into the Free State totaled **R8.4-billion** in 2017. Furthermore, the province has achieved the status of being a net exporter of goods. In this regard, the exports from Free State Province amounted to **R 7.64 billion** and imports to **R 5.29 billion** in 2018, resulting in a positive trade balance of **R 2.35 billion**.

It is estimated that the Free State Province had a total Gross Domestic Product (GDP) of **R 242 billion** in 2018. In terms of total contribution towards South Africa, the Province is ranked eighth relative to other provincial economies in the country, a position which has been maintained since 2008. Over a period of ten years, the Province's average annual growth rate has stood at 1.0 per annum. In 2019, the Provincial GDP is expected to increase by 0.94 percent.

Accounting for 38.1 percent of the Provincial GDP, Mangaung Metropolitan Municipality makes up the largest share of the Provincial output followed by Fezile Dabi District at 26 percent. Among the various districts, Fezile Dabi District experienced the highest average economic growth at an average of 1.73 percent between 2008 and 2018.

A bitter pill to swallow is that the Free State Province's official rate of unemployment increased from 32.8 percent in the first quarter of 2018 to 34.9 percent in quarter 1 of 2019. Youth unemployment remains a challenge as the unemployment rate among the youth aged 18-34 years increased to 39.2 percent in the same period. The government and related services sector continues to employ the majority of the Free State population, accounting for 24.7 percent of provincial employment, year-on-year. Manufacturing, as one of the productive sectors recorded an increase of 19 000 jobs when comparing the first quarters of 2019 and 2018.

#BUILDING THE FREE STATE WE WANT

Speaking during the State of the Province Address, the Premier committed all of us towards #Build the Free State We Want.

Our individual and collective endeavors towards this call will be driven by the following sectors;

- Infrastructure Development,
- Green Economy
- Digital Economy
- Agro-processing
- Retail and Services
- Industrialization and manufacturing

Honourable Members, allow me to outline how the department intends to roll out the 2018/19 allocation, per programme.

Programme 1 – Administration

Programme 1 provides leadership and strategic management in accordance with policy and legislation and appropriate support service to other departmental programmes.

Governance and Oversight

Speaker, the centerpiece of the operations of any institution is effective governance and oversight role. A considerable amount of effort is made to safeguard credibility and transparency of transactions undertaken by the department and its entities in the execution of our mandate. Internal Auditing function serves to examine and evaluate governance, risk management, and control, as well as financial, administrative, and operational activities of the department, supplying management at all levels with information to assist in identifying and managing risks and providing the management with assurance, insight, and objectivity.

The independent and objective audit committee continue to assist management in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the organization's process for monitoring compliance with laws and regulations including governance processes.

Risk Management Unit together with Risk Management committee that is chaired by an independent chairperson, is assisting the Department in identifying the possible risks that might have a negative impact in the achievement of objectives as planned.

To mitigate against any possible risks, we will be focusing on addressing the following key risk areas but not limited to the others.

- Double dipping of Small, Medium and Micro-Enterprises (SMME) supported/assisted by the department
- Enhance compliance to environmental legislation to reduce environmental degradation and pollution of the environment to National Environmental Management Waste Act
- Ensure payment of service providers within stipulated period.
- Enhance revenue by ensuring that all resorts are properly staffed and maintained and to improve Booking and Revenue Management System for the Resorts and Reserves under the department's care.

In addition we will endeavor to improve our audit outcomes by putting in operation the "clean audit" through implementing the Auditor General's remedial actions.

Automation and modernization of government services

Speaker, as a continuous process to improve DESTEA services and engagements between the Department and Citizens during this Financial Year, we will introduce;

- Mobile App that will assist SMMEs to obtain information regarding different Funding Models, Business Registration, SMME Support and Opportunities, SMME Trainings and Seminars, SMME related Events including other support programmes.
- Digitalization of Government Business Services (There is a great need for intelligent public service, therefore the implementation of e-Government Services remains very low thus creating a huge demand for automated systems, mobile apps, data analytics, business intelligence and systems integration etc.)
- Digital training centres at municipalities to create a digitally enabled communities (e-Literacy programmes)
- Cyber Security (to reduce the risk of fraud and protection of sensitive data as people transact online)

Human Resources and Transformation

Honourable members, effective and efficient public service is the center piece of service delivery that respond to the needs of our people. Towards building this new breed of economic warriors and a battalion of true Radical Economic Transformation that we speak about, we have no option but to improve in the way we do things. We intend to build an honest, competent and committed public service which will be known for being an enabler of development by the people and communities.

Government departments, have for too long been criticized for being preoccupied with compliance at the expense of rapid service delivery. It is said to hear people saying government official would rather not do anything afraid of being wrong. Addressing the cabinet lekgotla few weeks ago, an economic and urban development expert, Andrew Boraine, suggest that government officials are more afraid of the Auditor General than community protests. We have to fix that.

Madam Speaker we maintain that job creation and skills development remain one of our strategic focal points in ensuring that the Free State Province advances economically and becomes a beacon of hope for its citizens.

During the 2018/2019 financial year, the Department managed to place 45 workplace integrated learners in various components of the Department in partnership with various Sectoral Education and Training Authority (SETAs). For the 2019/20 financial year, there are 72 workplace integrated learners placed in the department for the duration of 12 months. The department has set aside an amount of R 511 030 to recruit and place more graduate interns. The internship programme will help address the problem of youth unemployment by providing them with work experience opportunities and to improve their chances of employment. During recruitment, emphasis will be placed in employment of youth and unemployed graduates especially at entry level posts wherein experience will not be a requirement

Our plan is to place graduated bursary holders with relevant skills related to the economy, environment and tourism, including those who have studied abroad. One such person is one Mr Sithembiso Linala who hails from Vrede. He has a BA Honours in Economics and Finance from BAU University in Turkey.

For Programme 1, we have budgeted a total of R159 028 Million.

Programme 2 - Environmental Affairs and Conservation

The purpose of this programme is to regulate, manage and ensure the provision of environmental and biodiversity management services in the province by contributing to sustainable development and use of natural resources. The implementation of this mandate is in line with the National Development Plan Vision 2030 which aspires to promote a climate-resilient, low-carbon economy and a just society by 2030. The implementation of this mandate is guided by the National Environmental Management Act (NEMA), Act 107 of 1998 and its Special Environmental Management Acts such as Waste Management Act, Protected Areas Act, and Biodiversity Act.

Wildlife Economy

Speaker, recent research carried out by DESTEA has shown that the game industry value chain presents numerous opportunities for the designated groups. We have put a number of black game ranchers, 30% of which are women in a programme where they will work

with the department as part of the government's resolve to deconcentrate and transform this sector.

The Free State is endowed with abundance of natural beauty which play an important part in 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.

Successful Rhino poaching preventative measures

Joint Operations are continuously conducted by DESTEA and various specialised units in SAPS. We are delighted to announce that we have cracked some of the sophisticated syndicates wherein 1 of the suspected rhino poacher apprehended near Hoopstad. Firearm and other items was confiscated, bail was denied. The suspect is linked to 8 poaching incidents in Sandveld during December 2018. After the arrest all incursions at Sandveld stopped. All rhino at Sandveld was dehorned.

Waste Management

The extent of modern man's impacts on the planet has been so great that the long-term survival of the earth's ecosystems and integrity of its natural resources (on which human life depends) has become a matter of great concern internationally. 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 our landfills in the province are permitted and operating legally. Recycling will be encouraged by supporting recycling programmes and also by training and supporting our SMMEs within the waste recycling space with training and equipment.

The purpose of the Portable Waste Management System is to accelerate waste management awareness innovative enterprise development within the waste management value chain, commonly referred to as the Circular Economy that aims to achieve value adding within this enterprise development system by keeping and harnessing the money stream within black hands as part of the overall Township Economy.

To promote black business entrepreneurship within the Waste Economy, the Portable Waste Management System Project was officially introduced during the YOUTH EXPO

held on the 27 -28 June 2019 in Bloemfontein. This programme is intended to benefit 90 Waste Recycling Entrepreneurs in Six Municipalities being: Mangaung, Metsimaholo, Matjhabeng, Dihlabeng, Moqhaka and Maluti-a- Phofung. This project will specifically target young people where beneficiaries will be trained on recycling, waste management, basic entrepreneurship business management and life skills.

Clean Environment

The Department will also strive to strengthen relations with Municipalities through engagement in relevant forums such as Waste Management Forum and Air Quality Management Forum. We will work together with municipalities, communities, councillors in capacitating at least 500 community members through workshops on basic environmental management.

We will continue to roll out the Presidential initiative of Good Green Deeds by integrating them into all our Public Participation and outreach programmes. The following towns have been earmarked for this programme;

- Koffiefontein – Letsemeng LM (Xhariep)
- Rouxville –Mohokare LM (Xhariep)
- Zastron-Mohokare LM (Xhariep)
- Virginia-Matjhabeng LM (Lejweleputswa)
- Hoopstad –Tswelopele LM (Lejweleputswa)
- Harrismith – MAP (Thabo Mofutsanyana)
- Frankfort –Mafube LM (FezileDabi)
- Botshabelo-Mangaung (Mangaung)
- Dewetsdorp-Mangaung (Mangaung)
- Bloemfontein-Mangaung (Mangaung)

This program will promote the awareness implementation of a culture to keep our open spaces and townships clean, including greening and promoting recycling. We will also target new areas to be cleaned through the Cleaning of Towns program with concentration in the dirtiest town in the province so as to support these initiatives based on the appointed of Clean Environment Ambassador in these areas. They were encouraged to bring back youth involvement in Green parks development, so as to involve our young people in the momentum of clean, safe and healthy environment. We will collaborate with the Department of Water and Sanitation in making sure that water spillages and blocked reticulation system

that promote environmental decay are dealt with. The department will put into operation the Provincial Environmental Forum so as to attain the objectives of Section 24 of our Constitution.

We will further review the 2019/20-2024/25 Environmental Implementation Plan (EIP) so as to put to effect a 5 Year Plan for environmental governance in the province with full participation of all Municipalities and Sector Departments including Strategic Stakeholders. We will focus on the promotion of and Environmental Sciences for growth and Grade12 learners and further collaborate with provincial tertiary institutions in this regard.

EPWP

On alleviation of poverty and reducing unemployment rate, 1000 EPWP workers will be appointed across the province for various activities such as cleaning of towns and maintenance within our reserves and resorts.

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, authorizations, norms and standards through the efficient and effective use of available enforcement instruments by government in order to provide the people of Free State with an environment that is not harmful to their health and well-being. DESTEA is also in the process of designating more Municipal Officers as Environmental Management Inspectorates (EMI's) to enforce NEMA and all other relevant environmental legislation at local, provincial and cross boarder operations.

Working with other law enforcement agencies, like SAPS and municipal law enforcement we will roll out the Green Muzzle Operation as part our activities to minimize environmental degradation. Through this programme we will raid informal markets to check on licenses and permits to possess and sell certain plants or animal products on endangered species list.

Climate Change and Green Economy

Climate change is the greatest challenge facing human life and existence today. It has the potential to cause havoc in our ecosystems with very high negative environmental impacts. Scientists are of the opinion that to avert some of these impacts, the Green Economy is but one of the high level solutions in creating sustainable green jobs. It is in this context that the department together with COGTA, CUT, DEFF, SALGA, DBSA and select private sector companies will be hosting a Climate Change and Green Economy Dialogue in October 2019. We are in the process of developing a Provincial Climate Change Response and Adaptation Plan in the current financial year with focus on key sectors, particularly: Water, Energy, Health and Human Settlement, Agriculture and Biodiversity (WEHAB). This Dialogue will amongst others assess COP 24 and recommend the provincial determinations for COP 25 whilst positioning the province for key sector developments and opportunities within the Green Economy.

Environmental Impact Assessments (EIAS)

Effective environmental assessment In pursuit of balancing economic developments and environmental protection are critical. To this end, the department continues to process all EIAs within legislated timeframe and have put in place a system that deals with appeals as legislated by the Executive Authority to avert litigations and delays in developments. In order to speed up this process, we have implemented the e-Permit system which allows the public to apply and issue Bio-diversity permits online and reduce administrative burden.

Infrastructure Development

Honourable members, fourteen (14) state owned reserves and resorts are in dire need of upgrades, rehabilitation, and maintenance and repair in order to compete with similar establishments in the private hands. To address this, this financial year, an allocation of R34. 9 million has been made. Through this infrastructural development programme, we hope to create a platform for opportunities to youth and other small businesses in the built industry. This programme will include staff housing in our Resorts and Reserves for a well-balanced family and individual lifestyles whilst promoting better accommodation facilities for our clients and improving infrastructure conditions.

The total allocation for this programme is R206 966 Million.

Programme 3 – Economic and Small Business Development

The purpose of this programme is to manage and coordinate economic development activities and initiatives to grow the Free State economy. This mandate is achieved through initiatives such as trade and investment promotion, SMME development and support, and economic research.

Honourable Members economic transformation and job creation tops the list of the seven priorities given to the 6th Administration by the African National Congress. Unemployment has been declared national crisis challenges all of us Government, business, labour and civil society to work together to roll back the frontiers of poverty, hunger, inequality and unemployment.

Speaking during State of the Nation Address (SONA), President Cyril Ramaphosa said, “Through special interventions like special economic zones, reviving local industrial parks, business centres, digital hubs and township and village enterprises, we will bring economic development to local areas. We will also focus on small medium enterprises in our cities, townships and rural areas and create market places where they trade their products.”

Revitalization of the Township and Rural Economy

Speaker, township and rural economy have a new challenge presented by commercial developments like big malls and Spaza shops mostly owned by non-South Africans. Left unchecked, this situation will strangle the township economy as it came to be known and supported many households. These challenges are exacerbated by lack of entrepreneurial skills, difficulty to find suitable working space, appropriate working tools or equipment and finance among township enterprises which becomes a huge stumbling block to entry of young people in the business world. Very few, if any young people will afford the exorbitant rent at these township malls. We are also aware that developers prefer more established multi nationals and give them long contracts blocking new entrants into the commercial space.

To address this challenge of affordable and convenient working place, working together with partners like Small Enterprise Development Agency (SEDA), Municipalities, Motheo TVET and several banks, we are rolling out the Shared Economic Infrastructure Facilities

programme as an attempt to address this problem. To date, Clarens, Brandfort, Mangaung and Ficksburg Shared Economic Infrastructure Facilities are at different stages of completion and operation.

When completed and fully operational, all these five Shared Economic Infrastructure Facilities will accommodate no less than 111 enterprises and will create an estimated 200 jobs. This current financial year, we will roll out this model in two (2) other towns, namely:

Botshabelo and Trompsburg

Another initiative that the department will be implementing is to fully support our stokvels to help them leverage on their purchasing power in order to accelerate their participation into the mainstream economy as opposed to be inclined to be just bulk buying consumers. This will entail necessary support mechanisms such as acquisition of necessary licences to formalise them and to ensure that their investments are best utilised to truly liberate them economically.

Small, Medium and Micro Enterprises Support

Honourable Members, The high unemployment rate in the FS, especially amongst the youth in our province calls for innovative measures in dealing with this problem. The starting point is using opportunities in government procurement as way of unlocking entrepreneurial and economic potential in the province. We are currently working with Provincial Treasury to ensure that there is comprehensive implementation framework document on the full implementation of set asides and a mass scale usage of state procurement expenditure to optimally support enterprise development especially as it relates to set-asides and sub-contracting for youth, people leaving with disabilities, women, and military veterans.

Re tlo kenya tshebetsong maano a tlang ho netefetsa hore tjhelete engwe le engwe eo mmuso o e sebedisang ho lefella dithoto le ditshebeletso, e fella ka hare ho Foreistata. Ke ka hoo maano a se keng ke a boletse a tlang ho thusa ho etsa bonnete ba hore mafapha kaofela a Kenya maikemisetso a na tshebetsong molemong wa bo rakhwebo ba Foreistata.

We are also working with private sector partners to ensure that they open up procurement opportunities in their value chains for Black- owned enterprises as part of the strategy of dealing with this persistently high rate of unemployment. In the current financial year, we will be working closely with various Sector Education and Training Authorities (SETAs) to ensure that the youth is empowered with appropriate skills in order to participate

meaningfully in the economy. We shall also lead the discussions with the broad education sector to amplify the call to promote those relevant fields of study required by the economy and put stringent measures on those less relevant areas of study. This will assist to reduce the number of unemployed graduates who are adding to the high statistics of unemployment.

We continue to work hard to ensure that that our people are not only consumers of the products and job seekers, but job creators.

Ka mokgwa o jwalo, re tla tswelapele ho kgothaletsa batho ba ha borona hore ba etse matsapa a ho iketsetsa mesebetsi hobane “mphemphe e ya lapisa, etswe motho o kgonwa ke sahae”

We would like to announce the following incentives and programmes as part of the department’s efforts to support the growth and sustainability of SMMEs:

Risk Sharing Incentive

The programme is intended to reduce loan burden on SMMEs in the Free State and reduce their risk profile, which often decrease the chances of loan approval. Through this programme, DESTEA provides grant of between 10% to 40% for SMMEs with approved loans from DFIs or any other funding institution. To date, 7 applications worth R3.95 million have been approved for funding by DESTEA through this programme and it has attracted R17.9 million worth of funding from the Development Finance Institutions. This financial year, we will submit business proposals to different DFIs to leverage funding of up to R50 million for businesses in the Free State. We therefore call upon Free State enterprises to develop bankable business plans in order to benefit from this programme.

Tabalaza Pitching Programme:

This programme is tailored to promote entrepreneurship as a platform for SMMEs owned by young people to pitch and showcase products to potential supporters and investors. This has become a comprehensive support programme comprising of pitching skills training, pitching for substantial grant at district level, business skills training and pitching to investors.

A total of 38 enterprises participated in this programme and 13 of the enterprises were awarded prizes ranging from R250 000 to R100 000 and 10 module business training.

At the recent Free State Youth Expo, many young people responded to our call to take their destiny in their own hands by preparing to pitch their businesses ideas. Ten (10) of them took the opportunity in their own hands and pitched in front of a packed hall, the first for the Free State. I am proud to say that five of them won themselves each R50 000. They will receive further training and support to ensure that their ideas are turned into sustainable businesses.

Through Tabalaza Incubator support programme, Free State incubators and some of the incubates were supported with funding amounting to R1 million. It is expected that the successful beneficiaries will after three (3) years be able to enter the market on their own. This programme will continue to identify and select qualifying enterprises. Buoyed by the successes of this programme and the positive response received from young across the Free State, applications for pitching has been opened in June and will close in August 2019. Once again, we are calling on entrepreneurs with innovative business ideas to take this opportunity.

Madam Speaker, the department was able a total of 3099 job opportunities and saved 350 jobs through its various incentive schemes in the previous financial year. The department intends creating a further 3500 jobs in the current financial year through the continuation of various incentive schemes as discussed above.

SMME Loan Funding

Considerable efforts are continuously made by the Free State Development Corporation (FDC) to ensure that it works closely with stakeholders in the SMME development sector to ensure an integrated approach in the implementation and provision of financial and non-financial support services. During the year 2018/19, the FDC made great strides through the Radical Economic Transformation Programme, which provided financial support to 96 SMMEs with total disbursement amounting to R16, 2m.

The Loan funding was able to create 214 job opportunities in the Free State Province during the year. A further total of 198 jobs were created on other SMME support initiatives offered by the FDC.

Graduate Start-up Programme

The programme is targeting unemployed graduates into harnessing those with an entrepreneurial nature to create businesses as opposed to applying for jobs. The main objective of this programme is to encourage young graduates not to only look at employment as an only option to survive but rather to think of creating jobs for others and fight the plight of unemployment. With the skills and knowledge they have acquired in different Institutions of Higher Learning, they should come up with economic solutions to the challenges our country is facing through entrepreneurship. The programme is for youth between the ages of 18 and 35. The programme will go out on a call for entry towards end of July whereby 75 most promising ideas will be selected.

Smart Procurement Conference

Smart Procurement World is the procurement and supply chain professional development event of choice. In addition, the Exhibition supports Enterprise & Supplier Development through matching of established small businesses to buyers from government and corporate.

In March this year, the department staged the 1st annual conference in March. This event affords over 600 Chief Procurement Officers in Africa the opportunity to gain global insight into various pressing issues in the industry and provide a platform to spread best practice in procurement and supply chain. Through this conference, we aim to create an ecosystem for procurement professionals to do more, to change behaviour and drive economic growth as procurement remains one indispensable discipline in every organization and state organs. This is one of the best platforms through which big businesses can finally identify and select emerging businesses particularly those owned by young people and women.

Digital Economy

Madam Speaker, in an effort to embrace the challenges brought about by the Fourth Industrial Revolution, DESTEA will work with partners such as the MICT-SETA to establish a Digital hub to boost provincial competitiveness for innovative solutions and strengthen economic growth through ICT Research & Development.

We are also delighted and encouraged by the undertakings made by the private sector, with CEO's of Free-State-based ICT companies committing to work with government in building

the critical skills base for youth and to open procurement opportunities for SMMEs within the digital economy. These initiatives will boost provincial competitiveness for innovative solutions and strengthen economic growth through ICT.

We will develop a clearly defined start-up ecosystem with multiple players across capabilities with various funding sources available to entrepreneurs. This digital hub will train young people to have advanced digital skills in Artificial intelligence (AI); Machine Learning; Robotics; Big data and Analytics; Cyber security; Internet of Things (IoT); and Development (i.e. mobile apps)

Honorable members, our ultimate goal with this programme is to ensure that our SMMEs are exposed to the following opportunities

- Infrastructure (the expansion of provincial broad band coverage as it has an impact on economic growth)
- e-Commerce (creates stimulation for trading and exportation of local products and services regionally and globally)
- Digital Marketing
- Cloud Computing etc.

Revitalization of Mining Towns

The Free State Growth and Development Strategy (FSDGS) identified a need to minimize the impact of the declining mining sector and ensure that existing mining potential is harnessed. One of the strategies identified by the strategy is to support and extend the life of existing mines and create new mining opportunities. In line with this, DESTEA partnered with the Department of Mineral Resources and Energy as well as other stakeholders to workshop youth on available opportunities and processes followed to apply for mining permits and licenses. Through this partnerships, DESTEA has committed to create a fund to assist aspiring small scale miners to acquire mining permits. Though preference will be youth, other previously disadvantaged individuals/enterprises will also be supported. Therefore, we are giving effect to the real empowerment of our people through ownership and not just as labourers.

Speaker, a Mining symposium with the intention to bring together enterprises participating in the mining value chain and stakeholders to collectively seek solutions and plans to

improve performance of the sector is planned for latter during this financial year. The platform will further communicate opportunities within the mining sector and identify alternative economic programmes to revitalize mining towns and create the much needed jobs.

Training and Skills Development

The FDC was appointed during 2018 by the Unemployment Insurance Fund (UIF) to co-ordinate and implement its Labour Activation Programme (LAP) project to the total value of R19, 5 million. The programme's core focus is in theoretical and practical experiential training in building, civil construction (paving), welding and mixed farming.

The programme reached 1500 learners who came from various communities around the Free State Province.

The Labour Activation Programme (LAP) is an initiative by the Unemployment Insurance Fund (UIF), an agency of the Department of Labour to provide work experience, training and skills opportunities to former contributors to the UIF who lost their jobs as well as unemployed youth.

The FDC was appointed recently to train and place 4500 Free State based unemployed UIF contributors in various disciplines during 2019. We hope that this relationship with the UIF continues to grow in order to train and place the unemployed here in our Province.

TRADE AND INVESTMENT PROMOTION

Speaker economic growth initiatives are underpinned by strong and targeted trade and investment promotion. I am happy to announce that for the first time DESTEA will be able to implement its export promotion mandate. We now have access to state-of the-art technology that identifies products and markets with realistic export potential, as well as opportunities for export diversification. This technology, TRADE-DSM, relies on global demand-based approach to determine export opportunities for exporters from the Free State Province.

With data for over 200 countries and over 6,660 products, the technology provides detailed and practical information for trade advisers and management. Guided by this technology the department will be hosting the Free State Investment Summit in October this year. The

objective is to respond to President Ramaphosa's clarion call on increasing long-term investment necessary for extensive job creation.

To that effect we have prepared an Investment Prospectus and are in the process of finalizing the accompanying video. This is a platform created for the province to attract investors so as to continuously stimulate economic growth. Local enterprises will be exposed to the investors in a form of business to business matchmaking sessions, exhibiting their products and service offerings.

Manufacturing and Industrialization Programme

In an effort to boost manufacturing and to support Industrialization Programme, the FDC, supported by the Department of Trade and Industry, upgraded the industrial parks in Phuthaditjhaba and Botshabelo. The revitalization programme comprised of the upgrading of the security infrastructure including fencing, street lighting, installation of boom gates, pedestrian gates, installation of CCTV cameras and control rooms, as well as the refurbishment of high mast lights. A total amount for the first phase of the upgrade was R72 million and 188 job opportunities were created during the upgrade.

As a result of these upgrades the occupancy rate in these industrial areas has increased from 69% to 75%. The second phase which will start in August will focus on upgrading and refurbishing the factories.

We are making a call to Black Industrialists in the province to take the opportunities presented to them by these developments, especially in the focus areas of agro-processing and manufacturing.

During the previous financial year, FDC successfully committed two (2) new investment projects worth R322m with more projects still in the pipeline. The two investments that have been committed are anticipated to create over 2000 job opportunities. In his State of the Nation Address, HE President Ramaphosa declared government's commitment to support the textile industry. One of these investments reaffirms our commitment as the province to resuscitate and support the clothing and textile industry. The other investment will be the establishment of the Scrap Metal Smelter in Botshabelo industrial Park which is expected to

employ over 500 people and create other indirect job opportunities by sourcing scrap metal from various collectors that will be processed into steel and iron.

MAP-SEZ- An Investment Destination

The main objective of the MAP-SEZ is to attract local and international direct investment, to stimulate the economy within the region in creating meaningful work opportunities. The Special Economic Zone will further provide support to local businesses through the transfer of skills, partnerships and beneficiation.

The Free State is endowed with abundance of agricultural riches which are the mainstay of the provincial economy. To leverage this advantage, the Maluti-a-Phofung Special Economic Zone (MAP-SEZ), an investment promotion agency in the Free State, has set up an agricultural park which is envisioned to become a world-class, integrated, food processing park that intends to:

- promote the upskilling of local farmers,
- expose local farmers to the commercial market and,
- to position the Free State Province as a preferred destination for agricultural investment.

Additional to the agricultural park, the following sectors will also feature at the SEZ:

- Automotive
- Pharmaceuticals
- ICT
- Food Processing
- Logistics
- Aqua-Culture
- General Processing

Towards the realization of this objective, the MAP-SEZ investment promotion pipeline consists of 18 potential investors with an estimated investment value of R 2.6 billion which will be realized in the next five years.

This investment will create 22 130 permanent and temporary work opportunities in Maluti-A-Phofung over the next five years.

BUSINESS REGULATION

Honorable members, legislation bestows regulatory responsibility on the department to ensure that important economic activities are managed properly.

Consumer Protection

Honourable Members we will continue to provide the much needed Consumer Protection services as mandated by Unfair Business Practices Act No. 14 of 1998. The aim of the Act is to provide for investigation, prohibition and control of Unfair Business Practices in the interest of Consumers in the Province and for that purpose establishes Consumer Protector's Office and the Consumer Court in the Province. The Consumer Protector has the power to investigate and prosecute complaints lodged in his office before Free State Consumer Court.

The act protects consumers from any unethical business practice, which may be any improper prejudice suffered by complainant or another person as a result of unfair business practice/s including improper enrichment, receipt of improper advantage and dishonesty.

We shall increase our capacity in working with municipalities to ensure that bylaws are enforced with regard to unlicensed businesses and those operating contrary to the prescribed legal prescripts. We shall ensure that products and services sold to our people are of acceptable standards in line with the safety and health requirements prescribed by law.

Gambling and Liquor Business Regulation

Speaker in the execution of our oversight role over gambling and liquor we will ordinarily endeavor to ensure that there is always the correct balance between regulation and enforcement by ensuring that the applicable legislation is in line with other relevant legislation in South Africa. This, among others, we will do through;

- The protection members of the public and ensuring that our licensees adhere to the strict conditions of trade;

- The development of strategies to enhance enforcement and compliance in the gaming and liquor industries; and
- The continued collaboration with Law Enforcement Agencies including the National Prosecuting Agency (NPA) in combating both illegal gambling and liquor trade.

The total allocation to this programme is R254 843 Million

PROGRAMME 4 TOURISM

For 2018/2019 DESTEA aims to resuscitate tourism institutional arrangements and strategic partnerships with the Private Sector, District and Local Municipalities, ensure synergy of tourism plans, and improved coordination of tourism development and marketing through Provincial Tourism Council and Provincial Tourism Forum.

The DESTEA aims to actively engage more with the Tourism Sector in the Free State and this will be done through The Tourism round table colloquiums for 2019/2020. The main aim with this initiative is to improve both communication, coordination and alignment between private sector and government.

In order to determine our strengths and weaknesses as a Tourism Destination, we will start the process of developing The Free State Tourism Master Plan. Through this plan we will be able to identify our competitive edge to ensure that tourism is a significant economic player.

Madam Speaker, it has been proven that events are the natural driver of tourism across the world. Similarly, we will upscale our tourism promotion by staging the following events working with the private sector;

- Food festival
- 4x4 trails
- Hiking trails
- Lilizela Awards
- Kasie Tourism

We continue to engage with our counterparts in other provinces and in the Mountain Kingdom of Lesotho to increase our tourism foot print and improve the appetite for our tourism offerings.

Madam Speaker Currently Phakisa Freeway is in need of a new business model that will generate significant revenue for the Province and Matjhabeng and create significant jobs in Lejweleputswa. This model involves leasing out Phakisa to a private operator who will revitalize and repurpose Phakisa to reach international standards of excellence that will enable it to host high-impact international and domestic events.

Following many years of managing Phakisa Raceway, a new operational model is envisaged. The aim is to revitalize and commercialize Phakisa to establish it as the most sort-after motor race course on the African continent and beyond. The newly revitalized Phakisa will host profitable, multi-purpose, domestic and international events. The events will include:

- Grand Prix events
- Women's racing events
- Electric Motorcar racing
- Marathons
- Cycling events and
- Drone competitions.

We have allocated a total of R10 088 Million to this programme.

EMPLOYMENT

Madam Speaker despite our budgetary limitations, through all the programmes I mentioned above, the department was able to create and save a significant number of jobs.

In 2018/19 our programmes jointly saved **472** jobs and created **3159** jobs.

In 2019/20 our programmes will save **469** jobs and collectively create **20467** new jobs. Indeed we are encouraged by this. We are convinced that with an increase in allocation, our job creation efforts could yield even better results. Be that as it may we once again taken courage from the erudite Prof Patrick Lumumba when he says, "If you can't be the sea be the droplet, if you can't be the forest be the tree. Be something, be part of the big plan".

CONCLUSION

Honourable Members, the journey ahead calls for a decisive and radical departure from the ordinary. Our economic growth is unable to tackle all the challenges we are facing. The rural hinterland feels neglected, young people are getting impatient with us. Women businesses continue to lag behind and overall the economy of our province remain in the hands of the few. We need to broaden the ownership of the economy to promote mixed ownership. Working together with all role players, we will address monopolies, excessive economic concentration, abuse of dominance by large corporations and growth inhibiting structure of our economy, by deconcentrating and transforming the economy and opening it up to participation by small and medium enterprises, emerging corporative as well as township and village enterprises.

To achieve this, working together with the HOD, CEO's and Boards of the Entities reporting to the Department, I commit to building a fit for purpose public service that will ensure that we turn the tide.

We therefore invite business, labour and the civil society to join us in this journey.

Speaker, we draw our energy and inspiration from the book of books in Luke 9 Verse 57 where it says, "Morena ketla o latela hohle moo o yang teng" in Verse 62 it says; "Empa Jesu a re ho eena Ya beang letsoho mohomeng mme a boela a hetla , ha a tshwanela mmuso wa mahodimo" Yinde le Ndlela!!

Let me take this opportunity to thank my organization, the ANC for showing the confidence in me by giving me the responsibility to lead the onslaught against poverty, unemployment and inequality in the Free State.

Finally, I would like to thank my family as well as my mother for the hope and confidence they still have in this leadership collective of the Executive Council that it will ultimately change things for the better.

Madam Speaker, we now present the 2019/20 Budget for the Department of Economic, Small Business Development, Tourism and Environmental Affairs.

Programme	Budget (R'000)
Programme 1: Administration	R159 028
Programme 2: Environmental Affairs	R206 966
Programme 3: Economic and Small Business Development	R254 843
Programme 4: Tourism	R10 088
Total Allocation for 2019/20	R630 925

Thank You.