FREE STATE PROVINCE

MEDIA STATEMENT

September 2, 2014

Economic Cluster Propels the Free State towards the Second Phase of Freedom and Democracy

The May 7, 2014 National and Provincial General Elections ushered in a Second Phase of the Transition towards Freedom and Democracy through a popular mandate to a government of the people. The electorate expressed their unwavering and overwhelming confidence in the programmes that were implemented to emancipate the people of our country from the bondage of slavery, servitude and marginalisation. At the closing of the 4th democratic governance, President Jacob Zuma characterised the achievements of the democratic governance as sufficiently poised through plans that were aimed at emancipating the poor and marginalized, but insisted that our system was falling short of implementing the plans and programmes of government. Key amongst others, were the failure to plan over a long term as well as communicating the achievements of our advances. In this regard, President Zuma unveiled the National Development Plan – Vision 2030 as a key pillar of long term planning towards sustainable development. This was to be anchored in a system of Cooperative Governance that is integrated as it is indicative of the Medium Term Strategic Framework 2014 to 2019.

As we start the Second Phase of our Freedom and Democracy, government has outlined a clear and concise plan to mitigate the effects of the persistent triple challenge of unemployment, poverty and inequality. Our plans that will be monitored through the Cluster system are aimed at tackling these challenges, through a long term plan that will be implemented through and with our people. As the Free State Provincial Government we are ready to implement the injunctions of the National Development Plan – Vision 2030 in line with the Ruling Party's Election Manifesto that characterizes this phase of the 5th Democratic Governance as the Second

Phase of Transition, with the Socio-Economic Imperatives being the game changers that will make all of us realize the ideals of a country that truly belongs to all its people and those people sharing in its wealth, being provided with Security, Housing and Comfort. These things do not come easily - they take a lot of planning, alignment of planning, building of networks and galvanizing of financial and other material effects that will make them happen. This is compelling to maximize the extent to which we involve our people in the planning and execution of these pillars that engender the struggle for emancipation towards total liberation to participate in the economy of their country as primary beneficiaries. We are therefore ensuring that we bring real economic freedom to our people.

Our intention today is to outline the Key Achievements of the Departments that form the backbone of the Economic Cluster as well as outline the Programme of Action thereof:

The Free State Executive Council in its first sitting resolved that all its clusters must continue to tell a good story to the people of the Free State. In telling this good story the economic cluster was therefore mandated to execute or focus primarily on the achievement of the 12 key outcomes as prescribed by the Medium Term Strategic Framework as well as the National Development Plan. A broader frame work has therefore been adopted by the province. In an effort to propel the province for the successful implementation of this impending Cluster System, the Free State Executive Council has approved the Provincial Government Programme of Action (POA) which has already seen various projects commence since the dawn of the fifth democratic Free State Provincial Government in May 2014. The adopted POA is premised on building the capacity of the province to be responsive to the National Growth Path and the Industrial Policy Action Plan of the country.

The following departments form part of the economic cluster:

- Police, Roads and Transport,
- Economic Development, Tourism, Environmental Affairs, and Small Business Development,
- Agriculture and Rural Development,

- Public Works and Infrastructure,
- Human Settlements and,
- Provincial Treasury

ACHIEVEMENTS AND PROGRAMME OF THE ECONOMIC CLUSTER

The focus of this media briefing is mainly around key achievements for the Economic Cluster since the beginning of the new administration as part of the adopted 2014 to 2019 POA and also highlighting what the Free State Provincial Government will be doing moving forward.

The main focus of the Economic Cluster is to address the socio-economic transformation and critical service delivery issues. To give practical meaning to both the System and the Strategy, the Economic Cluster has a number of programmes and they are as follows:

ROADS AND TRANSPORT

The massive expansion of infrastructure combined with smart industrial policy initiatives will create decent work opportunities and strengthen industrialisation. Rural and agro logistics infrastructure will expand rural production and create sustainable rural livelihoods.

The strategic location of the province which is central to the country, positions us advantageously as a logistics hub for goods and services to be transported throughout the country. To advance this objective we have invested R1.4billion in the programme to develop the roads network as follows:

- The Deneysville – Sasolburg project started on April 2014, the project is about 28 Kilometres. Construction is in progress. The duration of the project is 18 months.
- The Zastron – Wepener project is approximately 62 kilometres of road between the two towns, which started on April 2014 and expected to be completed by March 2015.
- In Parys, as a measure to improve the flow of traffic, the Parys Through Route is implemented.

- The road between Kroonstad and Vredefort (73kilometres) is on rehabilitation and the project will be completed by October 2015.

MASSIFICATION OF EPWP

The Free State Provincial Government has committed itself to ensure that a conscious bias is applied for each contract value to benefit SMME's and local businesses where projects are taking place. This is a contractual obligation between the Free State Provincial Government and all appointed Contractors. Approximately 6 240 job opportunities will be created in this financial year and during the first quarter 400 jobs were created. Note must also be taken that R120 million for the Contractor Development programme in the Province has been invested in the development of previous disadvantaged contractors, 600 job opportunities are targeted through this programme and 132 contractors are trained and developed. As it is, 32 Contractors are on exit pool because they have been sufficiently developed to be able to stand on their own.

- 35 LDV's were procured and earmarked for the Grass Cutting project in the Province. The necessary equipment to compliment the successful implementation is in the process of procurement. Grass cutting will be done on provincial roads, parks and open spaces, testing authorities, government building, municipal areas etc. This project is budgeted for to the tune of R18 million.
- As part of our maintenance and alleviation of potholes in the Province to create safe and reliable road network, R80 million was budgeted for in the Alternative Pothole Repair methods for the entire Free State Province. Three (3) contractors are appointed and repair works are on-going.

ECONOMIC DEVELOPMENT, TOURISM, ENVIRONMENTAL AFFAIRS AND SMALL BUSINESS DEVELOPMENT

Radical Socio Economic Transformation will be central focus in the next five years to ensure faster inclusive growth, combined with much higher levels of employment creation.

- **Strategic Sector Development Interventions:** As a consequence of the global economic meltdown, we have experienced turbulences in various sectors of the economy. As a province, we have identified the need for re-engineering of the manufacturing sector as an alternative to creating jobs in amounts required to counter the effects of job losses. Phuthaditjhaba and Botshabelo used to be vibrant textile hubs which were affected by the global economic meltdown that resulted in a number of factories closing down. The recent market environment has allowed us to reverse the situation, hence the Provincial Government has put together a programme to revitalise this sector:

    - A pilot **Cut-Make and Trim** (CMT) initiative has been established in partnership with the private sector and local co-operatives. A **Bed Manufacturing Factory** in Botshabelo. These initiatives will create a significant number of jobs over the different phases of implementation. The technology partnership secures the sustainable market whilst government contributes by capitalising the production capacity through acquisition of equipment and skills transfer to co-operatives. We envisage this model to further yield empowerment outcomes which would see communities being able to actively participate in the economy.

- **Strategic Development Projects:** The government will continue to support and create an enabling environment for the success of initiatives such as Mabele Fuel, Xhariep Solar energy and Broadband projects due to their strategic importance in job creation, energy supply and further enhancing the Free State as a business and investor friendly province.

- **Maluti a Phofung Special Economic Zone**: MAP SEZ (Special Economic Zones) – The process of finalising the SEZ is at an advanced stage. The main benefit of establishing the SEZ in Maluti A Phofung is the creation of industrial complex of strategic national economic advantage with a world class

infrastructure that will attract foreign and local direct investments and this will result in the creation of decent work and other socio-economic benefits.

- **Small Business Development Initiatives:** The ***economic cluster*** approach to small business development provides an opportunity to create and sustain continuous development of entrepreneurs with greater emphasis on sector focus. The sector departments have identified SMME's and co-operatives relevant to their core businesses. A packaged support programme will be further refined during the current SMME & Co-operative Indaba.

    - A packaged support programme will include amongst others, access to markets, access to skills; through training interventions mostly business and financial management skills and access to production equipment to ensure improved quality of workmanship and sustainability of jobs.

TOURISM

The latest Stats SA tourism statistics indicate an increase in international arrivals for the Free State from 6.5% in 2012 to 9.6% as at the end of September 2013. This is a significant improvement for the Free State as this represents 48% growth. This increase moves the province from position number eight to position number five out of the nine provinces.

Domestic Tourism Development Initiatives: Our approach has been to develop the potential of each region of the province in line with the identified routes. Specific events throughout these routes will be developed to showcase the tourism attractions within the province, **Motheo –** MACUFE; **Fezile Dabi –** F1 Power Boat**; Thabo Mofutsanyana, -** Cherry Jazz Festival. The support programme will include a database of Bed and Breakfasts in each route for easier access by potential tourists.

GAMBLING AND LIQUOR

Government has commenced with campaigns aimed at creating awareness on the effects of alcohol and gambling abuse. The first campaign was held in Senekal

during September 2013. This was a partnership between the National Responsible Gambling Programme and Departments: Health, Sports Arts and Culture, Social Development and Police, Roads and Transport, amongst others. This campaign is on-going as we clamp down on illegal liquor trading and its negative social effects on the youth, children and families.

AGRICULTURE AND RURAL DEVELOPMENT

The Cluster's focus is to ensure a healthy agricultural industry that contributes to the country's gross domestic product (GDP), food security, social welfare, job creation and ecotourism, while adding value to raw materials as well as ensuring the sustainability of farming methods. Amongst other things, as the Cluster we are working closely with the farming community to ensure that farming practices are therefore not only protecting the long-term productivity of the land, but also ensures profitable yields and the well-being of farmers and farm workers through structured co-operatives.

Mechanization Cooperatives: Most of our District Municipalities are suitable for Grain production, the catalyst to unlock the potential depends on the extent to which the production system is mechanized. In ensuring that black small scale farmers are in the production streams, Mechanization Cooperatives were established in all Four District Municipalities and Mangaung Metro. Through these mechanization cooperatives, we distributed 72 Tractors which have enabled our black small scale farmers to plough more than 9038 hectares of land against the set target of 5 400 hectares.

Fetsa Tlala Programme: Five Black Commercial farmers in Thabo Mofutsanyana have been identified and are being supported as part of the Presidential Fetsa Tlala Programme. This programme, which focuses on increased unit productivity and quality of products, is geared towards enabling the previously disadvantaged farmers to compete in international markets. This initiative will result in additional 20 Black Commercial farmers being identified in other district municipalities.

Agri-village Development: In 2009, Diyatalawa was selected as a Comprehensive Rural Development Programme (CRDP) project site through which an Agri-Village model was developed to unlock the economic potential of the area. The province

has already started with the development of a second Agri-village at Wilhemina Farm in Ficksburg which we are launching on the 23 September 2014.

Developing the Free State Province into a poultry hub:

The Free State Province is working together with the National Department of Labour and the Unemployment Insurance Fund to establish the province as a Chicken Hub of the country. As it is, we pride ourselves with the Reitz VKB and Grain Field Chicken Abattoir which was launched by President Zuma during February 2014. This economic game changer in the impoverished area of Reitz in the Eastern Free State resulted in the creation of more than 1100 jobs as well as the extension of ownership of a significant stake by the workers in the project. Indeed, South Africa is a much better place than it was before 1994.

Xhariep Fish Hub: The Gariep Fish Demonstration Centre has now reached Phase 2, which entails the training of 22 officials on fish farming.

PUBLIC WORKS & INFRASTRUCTURE

Infrastructure development has to be used to address historical backlogs, create work opportunities through labour-intensive methods and lower the input cost of doing business in the province, so as to attract investors, consequently creating sustainable jobs in the medium to long term. This is in line with the vision as espoused in the National Development Plan, which states that: "*infrastructure is not just essential for faster economic growth and higher employment. It also promotes inclusive growth, providing citizens with the means to improve their own lives and boost their incomes*".

In collaboration with client departments, this department has successfully completed 42 capital projects inclusive of social and economic infrastructure in terms of new and special schools, hospitals, libraries, community halls and paving of township streets.

Some of the key Built Infrastructure projects for the various client Departments that are scheduled for completion and handover in the 2014/2015 financial year:

- Johan Slabbert Special School – Kroonstad and Marallaneng Secondary School in Ficksburg.

- Albert Nzula Hospital in Trompsburg, Boitumelo Hospital in Kroonstad, Pelonomi Hospital in Bloemfontein and Senorita Ntlabathi in Ladybrand.
- Secure Care Centre in Qwaqwa.
- Maria Moroka Nature Reserve in Thaba Nchu, Sandveld Nature Reserve in Hoopstad which was officially opened on the 28 August 2014.
- Seisa Ramabodu Stadium in Rocklands, Kaizer Sebothelo Stadium in Botshabelo, Qibing Library in Qibing, Sipho Mutsi Stadium in Kutlwanong.

The Free State Provincial Government continues to use the EPWP Township Revitalization Programme (TRP) to upgrade the image and value of townships whilst creating jobs and imparting much required skills. In the third Phase of implementation, the Township Revitalisation programme is being rolled out in the following towns: Arlington, Meloding, Kutlwanong, Marabastad, Maokeng, Vredefort, Tumahole, Cornelia, Jagersfontein, Petrusburg, Allanridge, Phomolong, Bochabela and Batho, Heilbron, and Thaba Nchu.

HUMAN SETTLEMENTS

The Free State Provincial Government remains committed to providing sustainable and integrated human settlements where people can work, pray, play and have access to social amenities and required economic opportunities for their day to day living. The programmes that are implemented are geared towards the restoration of human dignity.

The Free State Provincial Government is targeting 6432 houses to be built during this financial year.

- Work has started and contractors are on site for the building of 500 homes at a cost of R449 million for Affordable rental Units in Dark and Silver City Hostels in Bloemfontein and R220 million for 550 Affordable Rental Housing Units in G Hostel in Welkom.

- Appointed contractors have commenced with construction of houses in some coloured townships as well as to replace 1 roomed and 2 roomed in Bronville, Thabong, Tweespruit, Zastron, Phelindaba, Heidedal, Malay Kamp, and Sandersville in Heilbron.

- Formalization of Informal Settlements is currently underway and will be completed within the 2014/15 financial year.
- Bucket eradication is currently in progress in amongst others, the following municipalities; Dihlabeng, Setsoto, Mafube, Ngwathe, Matjhabeng, Phumelela, Naledi, Moqhaka, Nketoana, Mohokare and Tswelopele. This programme is expected to be completed the end of the 2014/2015 financial year.

In conclusion,

The Cluster is convinced that the implementation of these plans will enable us to respond to the injunctions of the second phase of freedom and democracy as outlined in the National Development Plan – Vision 2030 and the Medium Term Strategic Framework 2014 -2019, which in the main, calls for the restoration of human dignity and serves to cultivate the ground for wider economic opportunities and participation for the people of our province. The practical example is in our small business already earmarked to benefit in all projects that are undertaken in the business of the Free State Provincial Government.

Together, we are moving South Africa Forward!

Members of the Media,

Ladies and Gentlemen:

The Cluster media briefings will from now on, be a feature of the workings of the Free State Provincial Government.

End.