



**Report of the Portfolio Committee on Agriculture, Rural, Economic
Development, Small Business, Sport, Arts, and Culture to the Free State
Legislature with regard to the Third Quarterly Non-Financial Reports for
the 2024/2025 financial Year of the Departments of Agriculture and Rural
Development, Sport, Arts, Culture and Recreation, Economic
Development, Tourism, Environmental Affairs and Small Business and
Entities**

21 August 2025

REPORT PROFILE


The Portfolio Committee on Agriculture, Rural, Economic Development, Small Business, Sport, Arts, and Culture herewith tables its report regarding the third quarterly non-financial performance reports for 2024/2025 financial year.

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Report for tabling in the House on:

Chairperson and Members of the Portfolio Committee:



MEEKO, T.P.



KHOABANE, M.



FOKO, M



GAREKOE, N

MOKHABELA, D



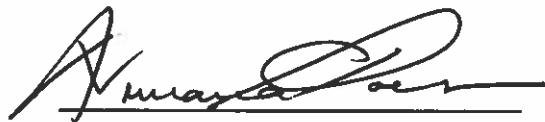
SIGWEBELA, Z

CHAIRPERSON

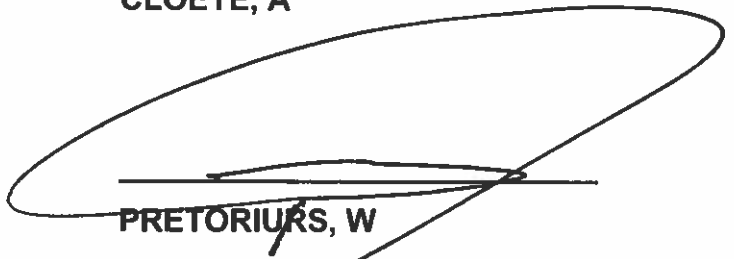


JANKIELSOHN, R.

TSHABALALA, A



CLOETE, A



PRETORIUS, W



NDUNGANE, N

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1. INTRODUCTION

The Portfolio Committee on Agriculture, Rural, Economic Development, Small Business, Sports, Arts and Culture met with the Departments of Agriculture and Rural Development, Sport, Arts, Culture and Recreation, Economic, Small Business Development, Tourism and Environmental Affairs, the Free State Tourism Development Corporation, the Free State Gambling, Liquor and Tourism Authority to consider their third quarterly non-financial performance reports for 2024/2025 financial year.

The Portfolio Committee would like to extend its appreciation to MECs, Heads of Departments and officials of the Departments of Sport, Arts, Culture and Recreation, Agriculture and Rural Development, Economic, Small Business Development, Tourism and Environmental Affairs and the Free State Development Corporation, the Free State Gambling, Liquor and Tourism Authority and Maluti -A- Phofung Special Economic Zone for their contribution and assistance during the meeting's.

2. MEMBERS OF THE PORTFOLIO COMMITTEE

The Portfolio Committee comprises of the following Members:

Sigwebela, Z.	(Chairperson)
Cloete, A	(Member)
Foko, M	(Member)
Garekoe, D	(Member)
Jankielsohn, R.	(Member)
Khoabane, M	(Member)
Meeko, T.P.	(Member)
Mkhabela, D	(Member)
Ndungane, N	(Member)
Pretorius, W	(Member)
Tshabalala, A.	(Member)

3. PROCEDURE OF THE PORTFOLIO COMMITTEE

The Portfolio Committee on Agriculture, Rural, Economic Development, Small Business, Sports, Arts and Culture met with the Departments of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA), and the Department of Sport, Arts, Culture and Recreation and the following Entities Free State Development Corporation, the Free State Gambling, Liquor and Tourism Authority and Maluti -A- Phofung Special Economic Zone on 04 March 2025 and the Department of Agriculture and Rural Development 10 April 2025 respectively to consider their third quarterly non-financial performance reports for 2024/2025 financial year.

4. THE THIRD QUARTERLY NON-FINANCIAL PERFORMANCE REPORTS OF PROVINCIAL DEPARTMENTS AND ENTITIES FOR 2024/2025 FINANCIAL YEAR.

4.1. DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

The Head of the Department briefed the Portfolio Committee about the highlights of the 3rd quarter performance of the Department as follows:

4.1.1 Challenges as reported to the Portfolio Committee:

- I. That programme 3 (Agricultural producer support and development), which is the core business of the department, was not achieved, due to the evidence needed for reporting not having been verified.
- II. Late approval of the Business plan by the National Department.
- III. Transferring beneficiaries to a new banking institution.
- IV. Commonage management remains a municipal function, with the role of the department limited to infrastructure support.
- V. Lack of lease agreement reviews by the municipalities.
- VI. Ongoing disputes between Farmers Veterinary Services.
- VII. Lack of capacity in the province and a gap with other departments not understanding their roles and responsibilities when dealing with the fire session.

4.1.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation on the third Quarterly non-financial Report the Portfolio Committee made the following observations:

- I. The department's minimal share in the African Growth and Opportunity Act (AGOA) agreement (4%) exposes the province to vulnerability in international markets, especially in the export of grapes and oranges.
- II. That conditional grants are not responding timely to the farmers' demands, which leads to seeds arriving late and farmers receiving them after the planting season.
- III. The absence of a duly constituted Commonages Committee has resulted in halted land transfers, which impedes rural development and access to land for emerging farmers.
- IV. The Committee welcomed the Department's intention to explore export diversification, but noted the need for a clear, resource strategy with measurable targets.
- V. The Committee noted the Department's ongoing failure to deliver programmes effectively for military veterans, youth, and women, which undermines inclusive growth objectives.
- VI. The decrease in the number of farmers requesting grain for production suggests possible disillusionment or barriers to access that require further investigation.
- VII. The Committee acknowledged the positive step taken in procuring firefighting equipment and training officials, and encouraged continued investment in disaster preparedness.

4.2. DEPARTMENT OF SPORT, ARTS, CULTURE AND RECREATION.

The Head of the Department briefed the Portfolio Committee about the highlights of 3rd quarter performance of the Department as follows:

4.2.1. Challenges as reported to the Committee:

- I. Athletes not meeting qualification standards.
- II. Unavailability of participants/trainees.

4.2.2. Findings and Observations by the Portfolio Committee:

After briefing and analysis on the 3rd quarterly report, the Portfolio Committee made the following observations:

- I. That the department failed to use the allocation for district concerts in quarter's 1 and 2 and only used it in quarter 3, which leaves the committees concerned about possible Fiscal Dumping happening.
- II. That the sporting facilities in the Province are dilapidated.
- III. That the challenge of maintaining heritage sites was due to funding being inadequate.

4.3. DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM, AND ENVIRONMENTAL AFFAIRS

The Head of the Department briefed the Portfolio Committee about the highlights of the 3rd quarter performance of the Department as follows:

- I. The Department successfully partnered with key stakeholders to provide comprehensive business support.
- II. The Department produced five research reports impacting the provincial economy in the 3rd quarter.
- III. That a total number of 38 environmental awareness activities were conducted, which aimed at enhancing community understanding and promoting sustainable practices for environmental conservation.

4.3.1 Challenges as reported to the Portfolio Committee:

- I. Budget constraints.

- II. The number of consolidated asset registers developed was not achieved due to ongoing work to address the previous year's Auditor General South Africa (AGSA) findings.
- III. The pending finalization of the Modernization Plan.
- IV. State Information Technology Agency(SITA) delays affect the percentage of DESTEA offices with fully functional network connectivity.
- V. Some targets are demand driven.

4.3.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation of the third Quarterly Report the Portfolio Committee made the following observations:

- I. That the percentage of procurement allocated to female suppliers was overachieved.
- II. The Department is struggling to maintain the Resorts, they should perhaps look into selling or entering into private partnerships and retain one successful Resort.
- III. Also, that it is concerning that the Department chose to conduct maintenance on the Resorts during the festive season without considering the potential business and financial consequences.
- IV. That the department should improve the quality of its response to deviations, as they are not clear and have no substance.
- V. That the Department's report and that of the Premier's Monitoring and Evaluation Unit do not correlate, which is of concern.
- VI. Concern over the climate change system seems more theoretical.

4.4 FREE STATE DEVELOPMENT CORPORATION

The Acting CEO of the entity briefed the Portfolio Committee about the highlights of the 3rd quarter performance of the entity as follows:

- I. That the entity Increased private sector investment through Investment attracted into the Province by achieving the annual investment target that was split into the four quarters.

4.4.1 Challenges as reported to the Portfolio Committee:

- I. Collection of revenue from the properties of the entities in December negatively influences the ability to collect rentals.
- II. Illegal tenets in the residential properties.
- III. The financial position of the FDC is hampering the timely maintenance of properties to be occupied by tenants.
- IV. Litigation and Governance issues.

4.4.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis on the presentation of third quarter report. The Portfolio Committee made the following observations:

- I. The entity's performance in some respects is positive, but financially there is huge debt and less value of assets
- II. That the debt owed to Municipalities is too much, which then leads to them being put under administration.
- III. That the entity seems not to have the capacity to go after defaulters who do not pay back the loans.
- IV. That the entity must put in place legal remedies to recoup sums of money owed to it.

4.5 FREE STATE GAMBLING, LIQUOR AND TOURISM AUTHORITY

The CEO of the entity briefed the Portfolio Committee about the highlights on the 3rd quarter performance of the Entity as follows:

- I. The Free State Gambling, Liquor and Tourism Amendment Act 3 of 2024 was enacted with effect from the 10th May 2024.

4.5.1 Challenges as reported to the Portfolio Committee:

- I. Phakisa Raceway Maintenance and Sustainability.
- II. Acquisition of an Automated Licensing System.
- III. Backlog of Adjudication of Liquor Applications.
- IV. Inadequate Budget.

4.5.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation on the third quarterly report the following observations were made:

- I. That Motorsport revoked their licence at Phakisa Race
- II. Phakisa was affected by a hailstorm in October that resulted in damages having a negative impact in terms of the implementation of the number of initiatives to promote the facility as a planned target.
- III. That Phakisa is becoming a liability to the entity.
- IV. That there's an emerging market for illegal liquor and gambling outlets, which is of great concern.
- V. The implementation of the amendments will enhance revenue collection and enable other modes of gambling.
- VI. The amendments will streamline administrative issues such as licensing timeframes and the reduction of litigation.

4.6. MALUTI -A- PHOFU SPECIAL ECONOMIC ZONE

The CEO of the entity briefed the Portfolio Committee about the highlights of 3rd quarter performance of the Entity as follows:

- I. Intensive refurbishments of factory no 26 to accommodate Clan Leslie (Pty) Ltd, a new investor who will be operational from February 2025.
- II. MAPSEZ roads maintenance (project ongoing), to restore and improve deteriorated roads.
- III. MAPSEZ Perimeter fence repairs to repair damaged fence panels.
- IV. 315KVA Gate 1 Mini-sub-Installation to enhance the supply of electricity.
- V. Cleaning and grass cutting at the park to maintain the park's cleanliness and ensure it appeals to the investors.

4.6.1. Challenges as reported in the committee:

- I. Instability at Maluti – A - Phofung municipality especially lack of constant supply of water and electricity.
- II. Lack of human capital.
- III. Lack of capital budget.

4.6.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation on the third quarterly report, the following observations were made:

- I. That to attract investors there is a need for proper road infrastructure, reliable and consistent supply or provision of water and electricity, and cleanliness.
- II. That the recruitment of staff has been deferred to the next financial year.
- III. That the entity has attracted three (3) new investors.
- IV. MAPSEZ Board has considered the 99-Year Notarial Lease Agreement between FDC and MAPSEZ in October 2024.
- V. The structure consists of 72 posts, of which 13 have been filled.
- VI. That the Apple Project with Heineken and the Department of Agriculture, Maluti-a-Phofung SEZ seems to have the same project with Heineken, and

it might appear as if Malutia-Phofung SEZ was competing with the Department of Agriculture, and it might not end well.

5. RECOMMENDATIONS

5.1 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT:

- The Department must strengthen its internal planning systems to ensure timely approval of business plans and adherence to procurement regulations. A compliance unit could assist with the early detection of irregularities.
- The Department must prioritise the urgent establishment and operationalisation of the Commonages Committee, with representation from key stakeholders, and set performance targets.
- Engage national trade authorities to advocate for a larger quota under AGOA and initiate farmer capacitation programmes to meet export standards.

5.2 DEPARTMENT OF SPORT, ARTS, CULTURE AND RECREATION.

- The Department must strengthen coordination with schools, federations, and local clubs to increase participation and ensure better attendance of trainees in departmental programmes.
- The Department must enhance its planning and procurement systems to ensure timely implementation of funded programmes across all quarters, especially for events such as district concerts.
- A quarterly expenditure monitoring mechanism should be introduced to track the utilisation of conditional grants and mitigate risks associated with fiscal dumping.
- The Department should conduct a comprehensive audit of all sporting facilities in the province and develop a maintenance and refurbishment plan prioritised by usage and condition.
- The Department should review its heritage conservation strategy to include diversified funding sources such as public-private partnerships, donor funding, and partnerships with cultural heritage NGOs.

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

- The Department must engage with Provincial Treasury to review and possibly reprioritize its budget allocations to ensure critical programmes, especially those linked to economic development and tourism, are adequately funded.
- The Department must escalate ongoing connectivity challenges with SITA through formal channels and provide regular progress reports.
- The Department should conduct a feasibility study on the management of provincial resorts to assess options such as privatisation, leasing, or partnerships with the private sector.
- The Department must improve the quality and clarity of its deviation reports, ensuring they include comprehensive justifications, financial implications, and remedial action plans.

5.4 FREE STATE DEVELOPMENT CORPORATION

- The Entity must implement a proactive revenue collection strategy, particularly focusing on the December holiday period. This may include issuing early billing notices, providing flexible payment arrangements, and conducting awareness campaigns to encourage timely payment.
- The Entity should conduct a comprehensive audit to identify all illegal occupants and initiate legal eviction processes in accordance with applicable laws and enhance property management practices by improving lease agreement enforcement and tenant vetting procedures.
- The Entity must prioritise maintenance needs based on occupancy demand and potential rental income generation.
- They must expedite the formulation and implementation of legal recovery frameworks for outstanding loans and rentals, including blacklisting defaulters where appropriate.

5.5 FREE STATE GAMBLING, LIQUOR AND TOURISM AUTHORITY

- The Authority must urgently develop a comprehensive sustainability plan for Phakisa Raceway, including potential revenue-generating partnerships, leasing options, or partial commercialisation to offset maintenance costs.

- They should engage the Motorsport South Africa to understand the causes of licence revocation and work collaboratively to address compliance and facility readiness concerns.
- They should explore alternative funding streams through licensing fees, penalties, and partnerships to enhance revenue and reduce dependence on appropriated funds.
- They should launch a public awareness campaign highlighting the risks of illegal operations and the benefits of regulated participation in the gambling and liquor economy.

5.6 MALUTI -A- PHOFUNG SPECIAL ECONOMIC ZONE

- The Entity must prioritise phased recruitment of critical staff posts necessary to attract and support investors, particularly in technical, investor relations, and compliance functions.
- The Department and MAPSEZ must develop a comprehensive capital funding strategy and engage the Department of Trade, Industry and Competition (DTIC), Provincial Treasury, and development finance institutions (DFIs) to secure capital budget support.
- **On the Apple Project Partnership with Heineken:**
- The Portfolio Committee recommends that the Department of Agriculture and Maluti-a-Phofung SEZ (MAPSEZ) urgently convene a joint coordination meeting with Heineken to clarify roles, responsibilities, and the scope of the respective Apple Project initiatives.
- The Department and MAPSEZ must develop a clear interdepartmental collaboration framework to ensure that there is no duplication of efforts, resource misalignment, or inter-agency competition that could jeopardise investor confidence or project success.

5.7 That the Departments and entities must address all the challenges and recommendations that are contained in the report and report back to the Committee within 30 days after tabling of the report in the house.

5. 8 All departmental and entity reports and feedback on recommendations have to be submitted to the committee within 30 days of tabling of this committee report.

5.9 The report be adopted by the House.

the 1990s, the UK has been the only country in the world to have a significant increase in the number of people who are employed in the public sector. The public sector has grown from 10.5% of the economy in 1980 to 14.5% in 1997. This growth has been driven by a number of factors, including the increasing demand for public services, the need to provide a safety net for the unemployed, and the desire to provide a high quality of public services. The public sector has also been a major source of employment for women, and has played a key role in the development of the welfare state.

The public sector has also been a major source of employment for people with disabilities. The public sector has a long history of employing people with disabilities, and has been a major employer of people with disabilities in the UK. The public sector has also been a major source of employment for people with mental health problems. The public sector has a long history of employing people with mental health problems, and has been a major employer of people with mental health problems in the UK. The public sector has also been a major source of employment for people with physical disabilities. The public sector has a long history of employing people with physical disabilities, and has been a major employer of people with physical disabilities in the UK.

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