Free State Legislature

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 Second Quarterly Non-Financial Reports of the Departments of Agriculture and Rural Development, Sport, Arts, Culture and Recreation, Economic Development, Tourism, Environmental Affairs and Small Business and Entities for the 2024/2025 Financial Year

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 second 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:

SIGWEBELA, Z
CHAIRPERSON

MEEKO, T.P.

JANKIELSOHN, R.

KHOABANE, M.

TSHABALALA, A

FOKO, M

CLOETE, A

GAREKOE, N

PRETORIUS, W

MOKHABELA, D

NDUNGANE

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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 and Maluti-A-Phofung Special Economic Zone to consider their second 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, N	(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 Department of Agriculture and Rural Development on 14 November 2024, the Department of Economic, Small Business Development, Tourism and Environmental Affairs, the Free State Tourism Development Corporation, Free State Tourism Authority, the Free State Gambling and Liquor Authority on 15 November 2024 and the Department of Sport, Arts, Culture and Recreation on 04 March 2025 to consider their second quarterly non-financial performance reports for 2024/2025 financial year.

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

4.1. DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

4.1.1 Challenges as reported to the Portfolio Committee:

- That very slow progress on procurement and appointment of construction contracts for the non-farm infrastructure.
- Delays in projects implementation.
- Delays in business plan approval.

4.1.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation of the second quarterly non-financial performance report, the Portfolio Committee made the following observations:

- The Department overachieved due to additional surveillance on Foot Mouth Disease quarantined farms as requested by the Department of Agriculture, Land Reform and Rural Development (DALRRD).
- There is a huge demand for export facilitation, especially to Lesotho.

- That there is slow spending on the conditional grant.

4.2. DEPARTMENT OF SPORT, ARTS, CULTURE AND RECREATION

4.2.1. Challenges as reported to the Portfolio Committee:

- Delay in finalising the Memorandum of Understanding (MOU) of two community structures supported.
- Late submission of required documents for the transfer to the two municipalities.
- The unavailability of beneficiaries/trainees to attend to programmes.
- Delay in the procurement processes.

4.2.2. Findings and Observations by the Portfolio Committee:

- The Committee noted and welcomed the presentation by the department.

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

The Head of the Department briefed the Portfolio Committee about the 2nd quarterly non-financial report of the department. The highlights of the Department for the 2024/2025 financial year are as follows:

The Department and its stakeholders supported Qibing Secondary School with Jojo tanks for water harvesting because the school was struggling to function effectively due to water cuts from the municipalities.

The department provided non-financial support to 263 entrepreneurs in the province.

The Department in collaboration with South African Local Government Association (SALGA) and the Department of Cooperative Governance and Traditional Affairs (COGTA) hosted the Provincial Local Economic Development (LED) Forum meeting from the 18th to 19th September 2024 at Thabo Mofutsanyane District municipality.

4.3.1 Challenges as reported to the Portfolio Committee:

- Budget constraints and State Information Technology Agency (SITA) delays affected the achievement of some targets.
- The percentage procurement allocated to female suppliers was not achieved due to Central Supplier Database (CSD) selection challenges.
- The number of administrative enforcement notices issued for non-compliance with environmental management legislation target was not achieved due to ongoing due diligence that the department must still do.
- The Department lacks due diligence in the implementation of most targets.
- Lack of human resources within the department affects its effectiveness.

4.3.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation of the second quarterly non-financial performance reports for the 2024/2025 financial year the Portfolio Committee made the following observations:

- That there is the migration of the environmental aspect to the Department of Agriculture, and that Destea must enforce compliance of the Environmental Act by municipalities to ensure that landfill sites are functional.
- The number of action plans developed for participation in trade agreements was not achieved due to the department's inability to do due diligence.
- The Department must deal with the lack of human resources and fill in all vacancies.
- The Department must develop an exit plan and transfer of skills strategy to mitigate the lack of staff through resignations.
- Implement consequence management on officials who fail to execute their responsibilities.
- That there is high underperformance by Small, Medium, and Micro Enterprises (SMMEs).

4.4 FREE STATE DEVELOPMENT CORPORATION

4.4.1 Challenges as reported to the Portfolio Committee:

- The demand for training was higher than planned during the quarter.
- Out of 29 active accounts, only 10 are operational SMMEs.
- The financial position of the entity hampers with the maintenance of properties.
- Properties require maintenance before occupation by tenants.
- Thaba Nchu flats have been hijacked by illegal occupants.

4.4.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation on the second quarterly non-financial performance reports for the 2024/2025 financial year the Portfolio Committee made the following observations:

- The Entity will engage CENTLEC regarding the high electricity tariffs they charge their clients at the Botshabelo industrial parks.
- The entity has seen increased private-sector investment.
- That the Entities issues are historical with no impactful changes taking place and there is poor interpretation of targets.
- There's a need for systemic change, and the entity must provide the committee with report on how they going to approach the change.
- That there's a duplication of mandates when it comes to SMME's support with the mother department, while the mandate remains relevant and important the financial position of the entity doesn't allow.
- That the committee is going to observe the entity closely, and there should be performance improvement.

4.5 FREE STATE GAMBLING, LIQOUR AND TOURISM AUTHORITY

4.5.1 Challenges as reported to the Portfolio Committee:

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

4.5.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation on the second quarterly non-financial performance reports for the 2024/2025 financial year, the following observations were made:

- The entity plans to commission an impact study to roll out Bingo licenses and Limited Payout Machines (LPM) type B Licenses.
- That the entity wishes to amend the Bill, which will be done through the Legislative process to accommodate the new gambling modes.
- The entity needs to strengthen controls around liquor applications as this is a high-risk area where there is high revenue leakage as a result of fraudulent issuing of licenses.

4.6 MALUTI -A- PHOFU SPECIAL ECONOMIC ZONE

4.6.1. Challenges as reported in the Portfolio Committee:

- Governance issues between the SEZ and the FDC, with regards to the unbundling and transfer of assets
- The challenge of water and electricity at the entity affect investments.
- There is a lack of capacity relating to human capital at the entity.
- Lack of Capital within the entity.

4.6.2 Findings and Observations by the Portfolio Committee:

After briefing and analysis of the presentation on the second quarterly non-financial performance reports for the 2024/2025 financial year, the following observations were made:

- On 06 March 2024, the Executive Authority issued a directive for the decoupling through the transfer of asset control from FDC to MAPSEZ.
- SEZ is currently exploring green energy solutions with a private investor, and technical review has been completed.
- The Entity is unlocking funding with the Development Finance Institution (DFIs) and other funders, and discussions with the Department of Trade, Industry and Competition (DTIC) are underway.
- Decoupling of SEZ from FDC will assist the entity in being able to implement some of their decisions and recommendations.

5. RECOMMENDATIONS

5.1 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT:

- That the Department should improve on the spending of conditional grant.

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

- The Department must develop an exit plan and transfer of skills strategy to mitigate the lack of staff through resignations.
- The Department must deal with the lack of human resources and fill in all vacancies.
- That the Department must Implement consequence management on officials who fail to execute their responsibilities.

5.4 FREE STATE DEVELOPMENT CORPORATION

- The Entity should appoint a facilities management company that will assist with the maintenance and management of their properties.

- There's a need for systemic change, and the entity must provide the committee with a report on how they going to approach the changes in order to improve its current state.
- That consequence management should be implemented for officials who fail to execute their responsibilities.
- That the committee is going to observe the entity closely, and there should be performance improvement.

5.5 FREE STATE GAMBLING, LIQOUR AND TOURISM AUTHORITY

- The entity must strengthen controls around the liquor applications, as this is a high-risk area where there is high revenue leakage as a result of fraudulent issuing of licenses.

5.6 MALUTI -A- PHOFUNG SPECIAL ECONOMIC ZONE

- That the decoupling of the SEZ from FDC must be expediated.

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 The report be adopted by the House.