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 First 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 2025/2026 Financial Year

11 December 2025

REPORT PROFILE

The Portfolio Committee on Agriculture, Rural, Economic Development, Small Business, Sport, Arts, and Culture herewith tables its report regarding the first quarterly non-financial performance reports for the 2025/2026 financial year.

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Report for tabling in the House on:

Chairperson and Members of the Portfolio Committee:

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TSHABALALA, A

FOKO, M

CLOETE, A

GAREKOE, N

PRETORIURS, W

MOKHABELA, S

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 and Maluti-A-Phofung Special Economic Zone to consider their first quarterly non-financial performance reports for 2025/2026 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, S	(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, the Department of Sport, Arts, Culture and Recreation and 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 the 19th September 2025 to consider their first quarterly non-financial performance reports for 2025/2026 financial year.

4. THE FIRST QUARTERLY NON-FINANCIAL PERFORMANCE REPORTS OF PROVINCIAL DEPARTMENTS AND ENTITIES FOR 2025/2026 FINANCIAL YEAR.

4.1 Department of Agriculture and Rural Development (DARD)

4.1.1 Challenges as reported to the Portfolio Committee

I. Infrastructure delays due to contractors failing to submit mandatory borrow-pit test results, halting completion of agricultural infrastructure projects.

II. Severe Foot-and-Mouth Disease (FMD) outbreaks limited veterinary visits and movement of livestock, affecting epidemiological surveillance.

III. Only 1 of 5 Farmers' Days delivered due to rescheduling linked to the Presidential Employment Stimulus (PES).

IV. Late transfer of CASP and Ilima/Letsema grants, causing delays in planned Q1 activities.

V. Stray animal control failures and weak municipal by-laws in several municipalities.

VI. Inconsistent Department of Labour visits to settle farmworker eviction cases, creating gaps in intergovernmental coordination.

VII. Licensing inefficiencies under the Performing Animals Protection Act (PAPA), leaving many farmers without compliance documentation.

VIII. Outstanding procurement and recovery matters, including undelivered cattle cases in Fezile Dabi and Thabo Mofutsanyana District Municipalities.

4.1.2 Findings and Observations by the Portfolio Committee

I. The Committee found systemic contractor management weaknesses, with poor enforcement, vague corrective measures, and insufficient accountability.

II. The absence of a revised plan to recover postponed Farmers' Days indicates weak performance planning.

III. The Committee noted that underachievement in veterinary visits may expose the province to additional livestock health risks, requiring urgent mitigation.

IV. The Committee observed that municipal by-law failures directly undermine departmental efforts to manage stray animals and rural safety.

V. The lack of corrective measures in several indicators signals poor internal performance monitoring.

VI. Members expressed concern regarding delays in cattle delivery investigations, calling for transparency and accountability.

VII. The Committee found that the integration between Agriculture, the Labour Department and Municipalities is insufficient to address farmworker issues holistically.

4.2 Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA)

4.2.1 Challenges as reported to the Portfolio Committee

I. Vacancy backlogs, especially in technical and compliance functions, continued to weaken service delivery.

II. Delays by SITA in ICT system implementation hindered licensing automation and operational efficiency.

III. Weak environmental compliance enforcement at the municipal level due to a shortage of Environmental Officers.

IV. Tourism data gaps, including missing visitor statistics and revenue impact metrics.

V. Limited SMME sustainability tracking, despite high numbers of enterprises supported.

VI. No dedicated tourism budget structure, preventing clear reporting on tourism outcomes.

4.2.2 Findings and Observations by the Portfolio Committee

I. Despite meeting the 80% performance threshold, the Committee found that quantitative achievements mask qualitative weaknesses, especially in SMME sustainability.

II. The absence of detailed tourism data made it impossible to assess true economic impact.

III. The Committee observed that the Environmental Affairs programme is performing strongly, but downstream enforcement by municipalities remains weak.

IV. The department is increasingly dependent on manual licensing processes, delaying compliance inspections.

V. The Committee found that vacancies pose a strategic risk to long-term departmental stability.

4.3 Free State Development Corporation (FDC)

4.3.1 Challenges as reported to the Portfolio Committee

I. Failure to reduce municipal debt with 0% progress achieved against the 0.25% quarterly target.

II. Credit risk instability, with only 68% rental collection due to unreliable municipal services in Thabo Mofutsanyana.

III. High tenant cancellations and abscondments, reducing occupancy to 57%.

IV. Underperformance in SMME support, with only 57/100 enterprises assisted.

V. Illegal occupation of properties (e.g., Thaba Nchu flats).

VI. Deteriorating infrastructure, compounded by vandalism and insufficient funding.

4.3.2 Findings and Observations by the Portfolio Committee

I. The Committee found that the FDC's financial sustainability remains precarious and that there has been limited progress in implementing a turnaround strategy.

II. It noted that the Entity continues to rely on historically inefficient systems that have not yielded measurable improvements.

III. The Committee observed that duplication of SMME support services between FDC and DESTEA has created confusion and diluted accountability.

IV. The Committee further noted that property maintenance challenges and high electricity tariffs at industrial parks continue to hinder tenant retention and investor confidence.

4.4 Free State Gambling, Liquor and Tourism Authority (FSGLTA)

4.4.1 Challenges as reported to the Portfolio Committee

I. Manual licensing systems resulting in errors, delays and audit queries.

II. Liquor licence application backlogs with no quantified figures provided.

III. High administrative and audit costs, driven by Compensation of Employees (CoE) and outsourcing.

IV. Under-resourced tourism mandate despite statutory obligations.

V. Phakisa Raceway continues to pose financial sustainability challenges due to high maintenance costs.

4.4.2 Findings and Observations by the Portfolio Committee

I. The Committee observed that while revenue collection exceeded the first-quarter target (26% of annual revenue achieved), the Entity's financial model remains vulnerable and overly dependent on early renewals.

II. The Committee also noted that delays in modernising licensing systems have perpetuated inefficiencies, increased risks of fraud, and contributed to public dissatisfaction.

III. Furthermore, the unclear demarcation of the tourism function between FSGLTA and DESTEA was identified as a source of duplication and confusion.

4.5 Maluti-A-Phofung Special Economic Zone (MAP-SEZ)

4.5.1 Challenges as reported to the Portfolio Committee

I. The Entity reported that delays in the transfer of assets and governance decoupling from the FDC continue to hinder operational autonomy.

II. It also reported underperformance in revenue collection, ongoing infrastructure backlogs, and staff shortages, including the vacant Chief Executive Officer position.

III. Funding gaps were reported as a major obstacle to completing infrastructure projects such as wastewater treatment plants and electrical networks.

4.5.2 Findings and Observations by the Portfolio Committee

I. The Committee noted that while the Entity performed well in retaining investors and improving security measures, it failed to meet key infrastructure and financial targets.

II. The Committee expressed concern that unresolved governance and asset transfer issues are constraining the Entity's ability to fully implement its strategic objectives.

III. It further noted that the vacant leadership positions have weakened strategic oversight and investor engagement.

IV. Water and electricity constraints are diminishing the SEZ's national competitiveness.

4.6 Department of Sport, Arts, Culture and Recreation (DSACR)

4.6.1 Challenges as reported to the Portfolio Committee

I. The Department reported that certain output indicators were not achieved due to delays in finalising Memoranda of Understanding with community structures, late submission of documents required for municipal transfers, and unavailability of some beneficiaries to attend training programmes.

II. The Department's budget was finalised later than anticipated, affecting its ability to commence implementation at the start of the financial year.

III. The contractor for Smithfield Stadium was terminated due to non-performance; a replacement is being appointed.

IV. Basotho Cultural Village requires refurbishment to improve tourism revenue.

4.6.2 Findings and Observations by the Portfolio Committee

I. The Committee commended the Department for achieving 83% (34 out of 41) of its planned indicators during the first quarter.

II. Despite strong programme-level performance, administrative delays (MoUs, transfer documentation, vacancies) could undermine future quarters if not urgently resolved.

III. The CFO reported slow spending patterns during Q1, which were noted by the Committee as requiring improvement going into Q2.

5. RECOMMENDATIONS

5.1 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT:

I. Submit a Contractor Enforcement and Risk Mitigation Plan with penalty clauses, performance milestones, and internal oversight responsibilities.

II. Provide a Revised Farmer Training & Farmers' Day Recovery Schedule clearly indicating feasibility of achieving the annual target of 23 events.

III. Submit an FMD Response & Epidemiological Surveillance Plan, including rotation schedules, vaccination availability and district risk mapping.

IV. Table a full Report on Undelivered Cattle Cases and progress on disciplinary and legal recovery proceedings.

V. Develop a PAPA Licensing Support Framework for farmers with training dates and improved turnaround times.

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

I. Submit a Human Resource Retention, Recruitment and Exit Strategy with timelines for filling scarce skills posts.

II. Submit an ICT Acceleration Plan responding to SITA delays and evaluating alternative implementation pathways.

III. Table a Tourism Impact Data Collection Framework including visitor counts, revenue indicators and job creation.

IV. Enhance municipal compliance by submitting a Provincial Environmental Enforcement Support Plan.

V. Develop a Quarterly SMME Sustainability Tracker with survival rates, job creation and growth metrics.

5.4 FREE STATE DEVELOPMENT CORPORATION

I. Develop a comprehensive financial recovery plan that addresses revenue collection, debt management, and property utilisation.

II. Eliminate duplication of SMME support functions by clearly defining the roles of FDC and DESTEA.

III. Engage CENTLEC and the Department of Energy to find a sustainable solution to the high electricity tariffs charged at industrial parks.

IV. Enforce consequence management against officials responsible for delays in property management and revenue collection.

5.5 FREE STATE GAMBLING, LIQUOR AND TOURISM AUTHORITY

I. Develop and implement a Liquor Application Backlog Reduction Plan with specific timelines, accountability, and progress reports to the Committee in three months time.

II. Fast-track the automation of the licensing and regulatory system to enhance efficiency and transparency.

III. Review audit and legal contracts to reduce administrative costs and ensure fiscal prudence.

IV. Clarify the tourism promotion mandate and strengthen collaboration with DESTEA to avoid duplication.

V. Explore strategic partnerships for the commercialisation and sustainability of Phakisa Raceway.

5.6 MALUTI -A- PHOFUNG SPECIAL ECONOMIC ZONE

I. The Department and the FDC must expedite the asset transfer and governance decoupling process to grant MAP-SEZ full operational independence.

II. MAP-SEZ must fill all critical vacancies, particularly the Chief Executive Officer position, within the next quarter.

III. The Entity must prioritise the completion of infrastructure projects by finalising funding agreements with Development Finance Institutions (DFIs).

IV. A detailed Infrastructure Recovery and Maintenance Plan must be submitted.

V. The Entity must implement measures to enhance revenue collection and financial self-sufficiency.

5.7 DEPARTMENT OF SPORT, ARTS, CULTURE AND RECREATION

I. Finalise all outstanding MoUs without delay so that programme partnerships with community structures can proceed smoothly.

II. Improve coordination with municipalities to ensure all required documents for transfers are submitted correctly and on time.

III. Urgently fill critical vacancies and put temporary measures in place to prevent gaps in programme delivery.

IV. Address the backlog of coded records by increasing capacity and strengthening supervision in the Records Management Unit.

V. Must improve its expenditure pace by resolving procurement delays and ensuring better coordination between Finance, SCM and Programme Units.

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 45 days after tabling of the report in the house.

5.8 The report be adopted by the House.