

FDC kicks 23 small FS businesses to the curb



Chief Executive Officer of the Free State Development Corporation, Mr Ikhraam Osman. Photo:<http://www.fdc.co.za/media-room>

The financial woes of the Free State Development Corporation (FDC) have now led to several Free State entrepreneurs being left stranded.

OFM News has been informed the public entity has shut the door on close to two dozen local businesses, allegedly without explanation. The businesses share an office building as a part of the FDC's flagship 'Rent A Desk' programme. The latest comes mere months after the entity was implicated in the VBS scandal.

The programme started in 2016 and offered full office services to upcoming businesses in the area at a fixed monthly rate for a year. The monthly fee is calculated at about R1800 to rent one desk. All of this is outlined in a 12-month contract entered into between the tenants and the public entity. At this rate, tenants would have access to a boardroom, cleaning services, security, a receptionist, printing services and most importantly, an official business address.

According to a representative of the disgruntled group, who would like to remain anonymous, the FDC renewed all the parties' contracts around October 2018. The public entities' officials then backdated those contracts to May 2018. The conditions of the latest contracts are now at the heart of the contentious relationship between the respective parties.

In February, 23 of the 24 tenants were given 28 working days to vacate the building, contrary to the terms in the contract. The contract stipulates that tenants will be given between 40 and 80 working days' notice. The imminent end of the programme comes amidst allegations the FDC is in financial ruin and is struggling to function.

The FDC has released a statement signed off by the CEO, Ikhraam Osman, responding to *OFM News*' questions on the matter. He says the facility is closing temporarily from April 2019 onwards while they engage "with the provincial department of Public Works to get a new building where emerging businesses can be accommodated. This will assist the FDC to operate the concept at a lower cost".

The statement does not delve into questions regarding the alleged financial instability of the entity, nor is there an explanation provided as to why only 23 of the 24 offices will be vacated. In 2018 alone, electricity was cut off twice, the latest of the interruptions occurred at the end of November, lasting till early January.

This is despite the VBS scandal and a report by News24 which alleges that former Free State Premier and current ANC Secretary General Ace Magashule's daughter, Thoko Malembe, benefited from a dodgy Phuthaditjhaba property deal with the FDC, which saw her pocket R9 million. The entity is no longer responsible for the controversial Vrede Dairy Farm project.

According to the MEC of Finance in the province, Elzabe Rockman, the responsibility of the project has now shifted to the Agriculture Department. She made this revelation as she tabled the provincial budget in Xhariep this week. Millions siphoned off from this project allegedly paid for the much-publicised Gupta family wedding at Sun City.