

2024 MTEF BUDGET
FREE STATE PROVINCIAL BUDGET SPEECH



Member of the Executive Council
for Finance
FREE STATE PROVINCE

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Hon. G. Brown
MEC for Finance: Free State Province
6 March 2024

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Hon. Speaker Me. Zanele Sifuba	Hon. Premier Mr. Mxolisi Dukwana
Speaker Me. Lucy Mapena	Chief Whip of the Legislature: Me. Sarah Moleleki
Chairpersons of Committees of the Provincial Legislature	Deputy Minister Dr David Mosondo, Deputy Minister Me Maggie Soty, Deputy Minister Me Sonto Motaung,
Members of the Executive Council, Leader of Government Business	Members of the Free State Legislature,
Members of the National Assembly and the NCOP	Your Excellencies Ambassadors Venezuela and Cuba,
Boetapele ba Btlo ya Marena le Ma-Khoisan,	Provincial Commissioners SAPS, HAWKS and Correctional Services
Leaders of Chapter 9 Institutions,	Leaders of the African National Congress and the Alliance,
Executive Mayors, Mayors and Councillors	Board Members and CEOs of State-owned Institutions,
Chairpersons, CEO's and Senior Management of various SETAs	Director-General of the Province,
Heads of respective Departments	Chief Executive Officers and leaders of our public and private institutions,
Municipal Managers,	Leaders of Industry
Leaders of Business	Leaders of Civil Society
Special Guests;	Esteemed Ladies and Gentlemen.

Dumelang! - Molweni! - Goeie middag! - Good afternoon!

INTRODUCTION

Honourable speaker this year 2024 marks the 30th Anniversary of our democracy. A reminder of the tense negotiations and years of liberation struggle by leaders, people and individuals who organised themselves in unity to fight for a common cause. For a liberated, free South Africa which changed the history of our country. It also reminds us of the effort that it took to craft the Freedom Charter, where the ANC in 1955 sent out 50,000 volunteers into townships, villiages, and in those years something called the 'countryside' to collect "freedom demands" from the people of South Africa. Through you speaker, allow me to offer a reminder to all... **The Freedom Charter** is a statement of core principles of the South African Congress Alliance, which consisted of the African National Congress (ANC) and its allies: the South African Indian Congress, the South African Congress of Democrats and the Coloured People's Congress, which is characterised by its opening demand, **"The People Shall Govern!"** Furthermore, the principles of the Freedom Charter is enshrined in our beautiful constitution in which we have committed to building a united, non-racial, non-sexist, democratic and prosperous society which guarantees a better life for all.

Today we are tabling the Provincial Budget during an electoral season. It is the time for our citizenry to exercise its power by participating in this democratic process and exercising their democratic right by ensuring that they are registered to vote and by casting their votes. Yes indeed **"The People Shall Govern!"** Thank you in advance to the thousands of volunteers of all political parties and representatives of the Electoral Commission for the work and sacrifices that you have made and will make to ensure a free and fair election on **29 May 2024.**

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Madam Speaker, I am honoured to be tabling the following documents before this august house today:

- 2024/2025 Appropriation Bill
- 2024/2025 Estimate of Provincial Revenue and Expenditure
- 2024/2025 Peoples Guide to the budget
- 2024 Provincial Economic Review Outlook
- 2024 Municipal Economic Review Outlook

These documents are tabled after **His Excellency President Cyril Ramaphosa** presented his State of the Nation Address, after the Minister of Finance presented his Medium-Term Budget Policy Statement and after **The Premier of the Free State Province Ntate Mxolisi Dukwana** presented his State of the Province Address. It reiterates that these processes are inclusive, it has received the attention from three tiers of government, intense consultation and planning.

Honourable Speaker, our 1st democratic President Tata Nelson Mandela once said... “Do not look the other way; do not hesitate. Recognise that the world is hungry for action, not words. Act with courage and vision.” In order to display the action that Tata alluded to as we present the last budget of the **sixth administration**, we will provide a review of the performance to our citizens, as well as a framework of the 2024/2025 Medium Term Expenditure Framework as we pass the baton over to the **seventh administration**.

Honourable Speaker, to provide perspective on the current state of the economy and the economic outlook:

Global Economic Outlook

Global economic growth decelerated to about 3.1% in 2023, and the latest economic forecast by the International Monetary Fund earlier this year, expects global growth to remain unchanged at 3.1% in 2024, before rising to 3.2% in 2025. However, the aggressive tightening of the monetary stance by Central Banks to curb elevated inflation rates has resulted in faster than expected disinflation in many economies across the globe and some 80% of the world economies are anticipated to see a lower annual average headline and core inflation in 2024. Specifically, the elevated global inflation of 6.8% recorded in 2023 is anticipated to slow down to about 5.8% in 2024, with a further decline to 4.4% in 2025. Likewise, inflation is anticipated to ease by 0.2 percentage points to 2.6% in the Advanced Economies, and by 0.3 percentage points to 8.1% in the Emerging Market and Developing Economies, in 2024.

Madam Speaker, however, it is worth mentioning that the projected positive outlook for the global economy is highly susceptible to some significant downside risks, among others, rising geopolitical tensions that threaten regional integration (e.g. the ongoing Russia-Ukraine war and Israel-Peestine war); increasing global trade fragmentation exacerbated by the imposition of around 3,000 trade-restriction measures across countries in 2023; the continued deceleration in China's economic growth fuelled by the real estate/property crisis; the resurgence of global supply constraints associated with the continued attack on large cargo ships in the Red Sea, and weather shocks (especially, the highly anticipated El-Niño phenomenon). The combined effects of these risks would dampen global growth, heighten global inflation, threaten food security, and exacerbate commodity shocks, resulting in volatile movement in the prices of crude oil, food, energy, and transportation costs.

Domestic Economic Outlook

Based on the IMF's projections, in real terms, the South African economy is projected to grow by 0.4 percentage points to 1.0 percent in 2024, before rising to 1.3 percent in 2025. While the National Treasury forecasted an average growth of 1.4% from 2024 to 2026, in the latest Medium Term Budget Policy Statement. Unfortunately, these projections are unable to support the much-needed accelerated growth and inclusive development to tackle the perennial problems of high unemployment rates, poverty and (income) inequality facing the country.

Akin to the global disinflation trajectory, the recent Consumer Price Index published by Statistics South Africa reveals South Africa's headline inflation to be 6.0 percent in 2023, and the South Africa Reserve Bank expects the headline inflation to slow down to 5.0 percent in 2024, and to 4.6 percent in 2025. This inflation expectation is behind the Monetary Policy Committee's rationale for the recent interest-rate hike reprieve that leaves the repo rate at 8.25 percent and the prime-lending at 11.75 percent.

In the short and medium-term, the economic outlook for South Africa could be worsened by some structural and endogenous constraints in the domestic economy, which includes consistent electricity supply shortages (which has the potential to shave-off 0.3 percent to 0.5 percent from the domestic growth), domestic supply and logistical constraints due to deteriorating rail infrastructures and road networks, rising fiscal risks (which includes lower-than-expected revenue, growing public wage bill, high gross government debt and servicing costs), weak Rand exchange rate, low business confidence to attract foreign investors, stifled employment opportunities, and eroded household income.

Provincial Economic Outlook

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The Free State province still faces the battle of high unemployment and poverty rates. The recent fourth quarter labour force data shows a decline in the province's official unemployment rate, from 38.5 percent in the third quarter of 2023 to 37 percent in the fourth quarter of 2023, reflecting a decrease of 1.5 percentage point. Madam Speaker, on a positive front, the provincial economy is forecasted, in real terms, to grow by 0.1 percentage points to 1.1 percent in 2024, before rising to 2.1 percent in 2025.

Looking ahead into 2024, the projected growth for the Free State economy would rely on the performance of sectors such as Community Services, Finance, Trade, Manufacturing and Mining, which are expected to contribute sectoral growth of nearly 29.6 percent, 19.5 percent, 12.9 percent, 10.2 percent, and 9.8 percent respectively. On the other hand, the Transport and Agriculture sectors are forecasted to contribute growth of about 6.8 percent and 6 percent respectively to the provincial growth, whilst the Electricity sector is anticipated to only produce a growth of merely 2 percent.

Speaker, given the provincial economic outlook and labour market performance, it has become important to vigorously pursue remedial policy actions which will support job creation and economic and socio-economic reforms that will be outlined shortly.

What does this mean for Free State Province?

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Honourable Speaker, you maybe asking what does this mean, for the Free State and for Ngonne Mohapi in Lindley. I would like to begin by welcoming the Minister of Finance's and the introduction of reforms on the **Gold and Foreign Exchange Contingency Reserve Account**. The Minister was able to raise reserves of **R150billion**, an amount equivalent to the value of our Equitable Share for the next three years, an amount equivalent to half of our Free State GDP. Given the known economic challenges that the world is facing geographically, the effect results in South Africa experiencing a growing budget deficit which means that if we had to borrow more we would see and increase in debt service costs as a country which means funds allocated to the province would be less due to servicing those debt costs. Less funds would be injected into development, social infrastructure and socio - economic imperatives, the protection of budgets towards health, education, social protection, safety and security remains a core priority. The introduction of the Gold and Foreign Exchange Coningency Reserve Account Ajustment Bill together with the proposed structural reforms, and other initiatives, will move us closer to the stabilization of debt and budget deficit. It should however be coupled with the hard work that lies ahead to fund and invest in the growth and igniting our economy.

REFLECTIONS OF THE SIXTH ADMINISTRATION

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With that said Honourable Speaker I would like to reflect on our **5 YEAR EXPENDITURE AND IMPACT ANALYSIS** which intent is to analyse the change in the spacial and racial characteristics of our democratic society specifically focussing on the term of the sixth administration.

The **MTEF BUDGET** of the Free State Province from 2019 to 2024 amounted to R200.9 billion Rand which averages a budget of R40.18 billion per annum. The **Conditional Grants** allocated to the province for the 5 years amounted to R43 billion which on average R8.6 billion year on year.

Reflecting back on the **FINANCIAL HEALTH, LIQUIDITY AND CASH POSITION OF THE PROVINCE** honourable speaker, the provincial net cash position improved considerably over the last five years. In March 2019 and March 2020, we closed the financial year on a negative cash position. However, in the past three financial years our cash position as at end of the financial years was positive. I am also happy to announce that in the past three years the province did not utilize the overdraft facilities from the Reserve Bank as well as our commercial provincial bank. We have further built reserves for the province with intent to mitigate the challenges of Climate Change, Disasters and emergencies to proactively attend to the socio economic responsibilities for the province.

On **JOB CREATION AND ECONOMIC DRIVERS** focussing on **EMPLOYMENT**. Madam Speaker, South Africa continues to grapple with a high unemployment rate, the national government's relentless efforts to implement growth-enhancing economic reforms envisioned in the Presidency's Operation Vulindela initiatives, as well as the continued funding of public employment programmes (like EPWP and the Presidential Employment Initiative) amongst others, are making gradual inroads. Hon. Speaker, as alluded by the Hon. Premier, with the budget that we received as a province, from 2019/20 to

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2023/24, we created 282 907 work opportunities against a five-year target of 260 000 work opportunities through the Expanded Public Works Programme. We would like to see a steady downward trajectory towards the unemployment which was recorded as 38.5% third quarter of 2023 to 37% in the last quarter of 2023.

Honourable Speaker, the Primary Sector **MINING AND AGRICULTURE** is foundational to majority of the economic activity in the secondary and tertiary sectors. Lochner Marais from the Urban Forum writes “mine downscaling is a common international phenomenon and the deindustrialisation related to mining that occurred in the global north between 1960 and 1990 has been the focus of numerous studies. Thus during the sixth administration we had to invest in alternative industries such the discovery of **Natural Gas** pipeline, diversification of Harmony gold to copper, stone aggregate, salt, development of SMME’s, formalising small business (Zama zama’s) and investment in rural economies. Since 2019 the province has invested an amount of R4.041billion in **AGRICULTURE**, an investment which sustains the province as the number one producer of the following commodities, maize, beef slaughtering, soya beans, sunflower, potato and ground nuts as per the “Abstract from Agriculture Statistics and Industry Data.”

On **WATER AND SANITATION**, since 2019 between National, Provincial and Local Government, the Province spent R4.8 Billion. I am delighted to announce that the number of households that had access to sanitation in 2019 increased from 82.3 percent to 87.4 percent. We have experienced upward improvement regarding access to piped water, that increased from 91.9 percent to 94.1 percent.

On **ENERGY SECURITY**, the successful **Energy Indaba** brings much desired investment in the energy sector. The number of households connected to electricity since 2019 increased from 91.6 percent to 93.4 percent. The provinces current Energy consumption during peak hours 1 505MW, whilst we hold the current Capacity of 4 133MW and we wish to plan for future capacity of 14 063MW. The vision of our Premier to position Free State Province as the energy hub of the country and potentially of the continent will indeed meet the dream of combating unemployment, poverty and inequality. To address the debt burden on municipalities eleven (11) municipalities have been approved including Mangaung Metropolitan Municipality. Similarly, the Hon. Premier stated that the province would continue supporting these 11 municipalities during his SOPA. A task team comprised of the Provincial Treasury, COGTA, and SALGA has been established to monitor and support these municipalities in adhering to the requirements of the province's Eskom Debt, which entails the write-off of one-third of the entire historical debt, based on compliance with the Debt Relief conditions.

On **LAND** as an economic driver continues to have emmense benefits not only for Provincial and Local Government but for communities and individuals. The sixth administration has concluded its Land Audit. During his SOPA the Premier has made a policy commitment as Public Works will avail provincial and municipal land for youth, women, people with disabilities and military veterans for farming purposes, which will bring much desired revenue for the province, improvement of revenue of municipalities, support towards much desired social infrastructure and emancipation of individuals, trusts, traditional and rural land councils and proprietors.

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On **INFRASTRUCTURE**, the sixth administration spent R22.6 billion over the 5 years which on average amounts to R4.5 billion per annum. We have 176 active projects on our Table B 5 which is to be completed. We are supporting and implementing the **PPP** regulatory framework and its Public Participation process, we welcome the review of institutional arrangements hindering efficiencies in infrastructure implementation. The Department of Public Works and Infrastructure together with Provincial Treasury will prepare the necessary business cases for the new financing instruments to ensure social infrastructure is fast – tracked. Over the term we have spent R9.6billion on Roads and Road Maintenance and R4.9billion on Housing in the province.

The Department of Economic Small Business Development has focussed on the various policies focusing on **INDUSRIALISATION**, partnership with **CORPORATE SA, BUSINESS** in organised forms **AND RURAL ENTERPRISES**. The introduction of Free State Integrated Local. Economic Development and Transformation Bill, is the first step forward towards ensuring that we produce in the Free State, buy from Free Staters, for the Free State. Nothing for us without us. We have invested R3.180 billion over the past 5 years to achieve this mantra. We welcome the Free State Investment Conference and in order to bolster Foreign Direct Investment. **INVESTMENT PROMOTION** over the past year under the stewardship of the Honourable Premier, has brought us to the precipice of introducing an **INVESTMENT PROMOTION ENTITY** which will focus on catalytic investments. This entity will focus on the conversion of the R81.5billion pledges as well as the current and future proposed Industrial Zones in Matjhabeng, Phutadijhaba, Botshabelo, ThabaNchu, Xhariep all situated in the most rural parts of our province where the impoverished and unemployed live. Tourism will form part of this entity, all in the path of redefining our province. Premier the giant is awake.

Honourable Speaker, I would like to address the **STATE BUDGET AS A TOOL TO ADVANCE THE FREE STATE ECONOMY**, the matter of paying our service

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providers on time remains important for this government and failure to adhere to this requirement is detrimental to our SMMEs. I am happy to indicate that the number invoices older than 30 days declined from 61 497 (with the value of R4.834 billion) in 2019/20 to 41 325 (with the value of R3.227 billion) in 2022/23. We have embarked on roadshows across the province to provide on-going support and a platform for suppliers to register challenges late or non-payments of their invoices. Madam Speaker, the Public Procurement Bill was introduced in the National Assembly on 30 June 2023 and passed by National Assembly in December 2023. We welcome the transformation objectives of the Bill which provides for transformation measures through set asides, pre-qualification and advancement of persons disadvantaged by unfair discrimination. The legislative effort to provide access to persons including small enterprises owned by black people, black women, black youth, black people with disabilities, and enterprises within a particular geographical area including enforcement of transformation through the BBEE level status. As outlined by the Minister it also makes provision for local industrialisation through designations and measures for sustainable development, labour absorption and enterprise development, amongst others. The province is committed to meeting the legislative supply chain prescripts for fair equitable and transparent market.

This brings us to the review of the **GOVERNANCE** imperatives over this term Madam Speaker, I am pleased to announce that the provincial PFMA audit outcomes during the sixth Administration showed significant improvements from the 2018/19 financial year to the 2022/23 financial year. We achieved four clean audits at the end of the 2022/23 financial year compared to only 1 (Housing Fund) at the end of 2018/19. For the 2022/23 financial year, Legislature, Provincial Treasury, Fleet Management, and the Housing Fund obtained a clean audit status. It furthermore needs to be mentioned that over the term of this administration, **eight** PFMA auditees **improved** their audit outcomes while the province had no Disclaimer audit opinion at the end of the

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2022/23 financial year. The number of Disclaimer/Adverse/Qualified Audit Report paragraphs for PFMA Auditees reduced with 55% from 47 (2018/19) to 21 (2022/23) while the number of non-compliance with legislation paragraphs in the Audit Reports reduced with 35% from 207 (2018/19) to 135 (2022/23). We will continue to work hand in hand with departments and entities to improve their audit outcomes for the 2023/2024 financial year. Hon. Speaker, we have made progress regarding strengthening of good governance and sound financial management practices in the provincial sphere of government. During the period of this Administration the following improvements have been noted on the unwanted expenditure by departments: Unauthorised expenditure decreased by 67% from R617.580 million (2018/19) to R203.829 million (2022/23). Irregular expenditure decreased by 55.5% from R2.522 billion (2018/19) to R1.123 billion (2022/23). Fruitless & Wasteful expenditure decreased by 22.6% from R40.258 million (2018/19) to R31.160 million (2022/23). Whilst we acknowledge these improvements, we however concerned by unwanted expenditure which is still at an unacceptable level, and we implore departments and entities to do more to curb it and to finalise outstanding investigations.

Hon. Speaker, in this current financial year the Free State Provincial Treasury successfully hosted three **ANTI-CORRUPTION** and Fraud Awareness sessions. The sessions focused on creating awareness and educating departments, entities, and municipalities about fraud prevention, anti-corruption strategies, and professional ethics management. The above-mentioned initiatives did not go unnoticed. Free State Provincial Treasury, on behalf of the province, won the best Corporate Membership category in South Africa during the 16th Annual ACFE Africa Conference. The criteria were based on the support and consistency of the department in collaborating with the ACFE SA to host the International Anti-Fraud Awareness Week seminars for more than 10 years and tangible implementation of the strategies applied by the

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department, municipalities and public entities to curb Fraud and Corruption in the province. After the afore-mentioned sessions, the Provincial Treasury coordinated the following training and webinar in partnership with the Institute of Risk Management South Africa (IRMSA) and the Association of Certified Fraud Examiners (ACFE), utilising the corporate membership funded by Provincial Treasury: The Relevance of Cyber Risk and Its Impact on Your Business held on the 18th May 2023. ACFE Rule of Conduct, Report Writing, and Commissioner of Oath held on the 25th May 2023. The province's commitment to working with the SIU, Hawks, SAPS and all authorities remains steadfast as investigations are underway. Corruption remains one of the biggest areas of leakage in our fiscus both in the Private and Public Sector.

Honourable Speaker as we are **BUILDING A CAPABLE, DEVELOPMENTAL AND ETHICAL STATE**, the province continues to focus on **TECHNOLOGY** and **SKILLS**, creating efficiency in the work of the state. We welcome the launch of the Artificial Intelligence Institute (hub), launched on 29 February 2024, a partnership between Provincial Government, Central University of Technology and the department of Communications and Digital Technologies, the importance of AI for the future is to enhance planning, data, auditing and optimisation of costs. The Metaverse, Technology and Artificial Intelligence introduces a new entry to our provincial economy which has created the youngest millionaires and influencers from poorest and most communities such as the Natural Hair Enthusiast with 65 000 followers doing hair and beauty for a living.

MUNICIPALITIES It is imperative to acknowledge that South African local government sphere encounters distinct fiscal obstacles arising from the nation's intricate history, socio-economic disparities, and contemporary economic

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circumstances. However, as a province we remain resolute that with strong and decisive leadership, efficient capacity building, fiscal discipline, accountability and transparency, we will be able to turn around our municipalities. Hon. Members, during this administration, we have spent R13billion on grants allocated to municipalities. Capital Expenditure in municipalities amounted to R15.4billion. The following improvements have been noted from the 2021/22 financial year to the 2022/23 financial year on current UIFW expenditure: Unauthorised expenditure decreased by 32 percent from R3.9 billion to R2.6 billion. Irregular expenditure decreased by 20 percent from R1.05 billion to R846.8 million. Whilst we acknowledge these improvements, we however we remain concerned by UIFW expenditure which is still at an unacceptable level, and we implore MPACs of municipalities and entities to do more to curb it and to finalise outstanding investigations. It gives me great pleasure to announce that our province has advanced significantly the submission of annual financial statements on time. In this regard, 87 percent of our municipalities submitted the 2022/23 Annual Financial Statements on time, relative to 57 percent submission for the 2018/19 financial year. The South African Auditor General observed a noteworthy enhancement in the annual financial statement submission process. Notably, in the most recent municipal cycle, Kopanong and Tokologo Municipalities advanced to qualified audit opinions. Hon. Speaker, I must further indicate to this august house that since the inception of this administration, there has been a trajectory of improvements in our municipal audit outcomes, more specifically on the unqualified outcomes which moved from 17 percent in 2018/19 to 26 percent in 2022/23 whilst disclaimer outcomes in the same reduced from 26 percent to 13 percent. We are indeed concerned about reporting and compliance with legislation in our municipalities. Much effort in the creation of systems to improve the service delivery and financial management of our municipalities.

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Madam Speaker, I will now briefly outline the composition of the 2024 MTEF Framework. Due to this being the final budget for this term, we will be presenting a framework to ensure that department are able to spend in line with Section 29 of the PFMA during the period of 1 April 2024 until the installation of a new Provincial Legislature and Executive Council after the upcoming elections.

In the 2024 MTEF period the province projects to spend more than R135.482 billion. This how our budget is disaggregated over the three financial years:

- R43.871 billion to be spent in 2024/25
- R44.960 billion in 2025/26; and
- R46.651 billion in 2026/27

Speaker, allow me to outline the composition of the 2024/25 fiscus purse. The **provincial equitable share** allocation for 2024/25 financial year amounts to R33.090 billion and reflects an increase of 1.9 percent when compared to the 2023/24 financial year. **The grants'** allocation for the same financial year totals R9.548 billion, an increase of 3.2 percent compared to 2023/24 allocation. Lastly, the estimated **revenue collection** for 2024/25 amounts to R1.232 billion, billion which reflects a decline of 4.1 percent because of the upward adjustment implemented during the 2023/24 adjustment budget.

Madam Speaker, earlier-on I alluded to the additional funding provided by National Treasury for carry-through effect of salary increases. The bigger portion of these funds are allocated through the provincial equitable share and are allocated as thus—

- R3.256 billion allocated to the Department of Education over the 2024 MTEF period to address the carry-through effect of the 2023/24 salary agreements. Madam Speaker, that equals R1.040 billion in 2024/25, R1.083 billion in 2025/26 and R1.134 billion in 2026/27.

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- R1.893 billion allocated to the Department of Health over the MTEF period. A total amount of R604.664 million in 2024/25, R629.760 million and R658.968 million allocated respectively in the outer financial years.

ON CONDITIONAL GRANTS, Hon. Premier, in the MTEF period ahead the province is allocated more than R27.936 billion through conditional grants. These allocations are meant to address two key issues—(i) to implement national priorities and (ii) to augment provinces in the implementation of their own sector priorities. Madam Speaker, in 2024/25 the province is allocated R9.547 billion; whilst for 2025/26 and 2026/27 the province is allocated R9.158 billion and R9.229 billion, respectively. Hon. Speaker, allow me to indicate the 2024/25 financial year conditional grants' allocations per departments.

- Health is allocated a total of R3.975 billion which caters for, amongst others, infrastructure delivery, HIV and AIDS programmes, NHI, and training of health personnel.
- Education is allocated R1.764 billion to implement the programmes associated to infrastructure delivery, school nutrition, special needs schools and early childhood development.
- Agriculture and Rural Development will receive R262.969 million to provide comprehensive support to farmers and cater for poverty relief and infrastructure challenges.
- The allocation to Community Safety, Roads and Transport totals R2.314 billion and caters for provincial roads maintenance and payments of subsidy for public bus transport.
- Human Settlements is allocated R993.046 million for development of human settlements and upgrading of informal settlements.
- Sport, Arts, Culture and Recreation will receive R229.286 million for the community library services and sports development.

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- Departments of Social Development, Public Works and Infrastructure as well as Economic and Small Business Development will spend R9.576 million in 2024/25 implementing the EPWP programmes.

These afore-said allocations include R34.479 million earmarked for implementation of the Expanded Public Works Programmes in the province. The implementation of these programmes will be delivered by various departments coordinated and supported by the Department of Public Works and Infrastructure.

ON INFRASTRUCTURE, Hon. Speaker, during the 2024/25 financial year the province plans to spend more than R5.154 billion on infrastructure investment. The Department of Community Safety, Roads and Transport gets a bigger share of 40.3 percent followed by Education at 20.2%; Human Settlements at 20 percent, Health at 14.0 percent while the remaining departments share the remainder of the allocation of 5.4 percent. Hon. Speaker, I am pleased to announce that in the 2024/25 financial year the province will receive an additional R161.9 million through the Performance Based Incentive System programme which is managed by National Treasury. This programme is aimed at improving effective planning and deriving efficiencies within the infrastructure delivery chain. These additional allocations are received by the following departments and are only for implementation of the identified projects in the two departments: the Department of Education obtained 87% and qualifies for incentive allocation of R89 million; and the Department of Health scored 81% and qualifies for R72.9 million. Hon. Speaker, this year will see the National Treasury's PINK Programme draw to a close. The programme piloted in four of the province's municipalities, has been central to developing local government's procurement, infrastructure, and knowledge management frameworks, all aimed at improving governance and service delivery. For this, we owe a great deal of gratitude to the Swiss State Secretariat for Economic Affairs and National Treasury.

ON PROVINCIAL REVENUE COLLECTION, Hon. Speaker, in the absence of discretionary additional allocations from the National Treasury revenue mobilization becomes more critical for the province. We are pleased to announce that as a province we have outdone ourselves in that space of revenue collection. Our provincial revenue per capita, if compared to other provinces, remains very much competitive with big provinces. We continue to work on improving systems within departments and the provincial revenue enhancement strategy is still on course. Madam Speaker, over the 2024 MTEF ahead, the province estimates to collect R3.686 billion. Our projections are that we will collect R1.233 billion in 2024/25, R1.219 billion in 2025/26 and R1.234 billion in 2026/27. We will therefore work closely with all the departments and make necessary adjustments if need arises. Hon. Speaker, we will now deal with the proposed allocations for 2024 MTEF period. The details of the allocations are set out for each vote in the 2024/25 Estimates of Provincial Revenue and Expenditure as well as the 2024/25 Appropriation Bill.

2024 MTEF ALLOCATIONS, Madam Speaker, drafting of the 2024 budget has been a very difficult exercise considering the fiscal headwinds brought to bear by several factors, amongst them; is the growing debt service cost that chokes the economy and the public finances. Going forward it becomes more urgent to work towards stabilization of debt and narrowing the budget deficit. The province thus appreciates the balanced approach to fiscal consolidation that includes expenditure restraint on non-core programmes and provision of support for critical services, especially those that are posed to reverse the challenges of unemployment, poverty and inequality.

We worked hard in the past few months to ensure that the budget presented today is a product of a consultative process. Madam Speaker, as guided by the budget process, I happy to confirm that the proposed 2024 budget allocations

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are shaped by the decisions emanating from, amongst others, the sectoral meetings at the national level, the Technical Committee on Finance (FFC), the Budget Council, the Budget Forum and Cabinet meetings that involved Premiers and MECs responsible for finance.

At provincial level, the deliberations, included the following fora, amongst others—our Provincial Medium-Term Expenditure Hearings, the National Benchmarking Exercise chaired by the National Treasury, Executive Council Budget Lekgotlas and finally the Executive Council of the Province.

Madam Speaker, let us deal with the 2024 Medium Term Expenditure Framework proposed allocations. I will not be providing details of the priorities that will be implemented by the departments; my fellow colleagues will provide deeper details in their respective budget votes' speeches.

ALLOCATIONS PER CLUSTER

SOCIAL CLUSTER

Madam Speaker, over the MTEF ahead the social sector will spend more than R104.463 billion implementing various programmes aimed at, amongst others, sustaining provision of quality healthcare services and education outcomes, continue with provision of the social safety net as well as enhancing social cohesion programmes.

The social sector receives almost 77 percent of the total budget over the 2024 MTEF period. This Madam Speaker shows our determination to protect the key service delivery programmes in the province, whilst trying to balance the need to grow the economy.

EDUCATION (HON. MEC. MOHALE)

MEC, thank you and your team for the sterling work done over the last five years. In 2019 this province attained 88.4 percent matric pass rate and through sheer hard work we improved to 89.03 percent in 2023. We have retained our number one position! The Hon. Premier also announced that in the next three months we will be handing out six completed schools, this again is an evidence of money well spent by the province. Hon. Speaker, education is allocated R17.895 billion in 2024/25, R18.578 billion in 2025/26 and R19.483 billion in 2026/27. In total the department is estimated to spend R55.957 billion over the 2024 MTEF ahead, this includes an amount of R5.305 billion which is an allocation for conditional grants.

HEALTH (HON. MEC. LEETO)

MEC, the constant challenges of lifestyle diseases remain a burden for many health systems. We therefore need to pro-active in dealing with these challenges, we are happy that your department's intervention in this regard will save many lives. Hon. Speaker, in 2019/20 the department screened more than 664 313 patients for hypertension and that number increased to 1 581 939 in 2022/23. Screening for diabetic increased from 95 777 to 1 279 469 in 2022/23. The visionary approach of the department of appointing Community Health Workers and the Ward Based Primary Health Care Outreach Teams must be applauded in this regard. Hon. Speaker, the department is allocated R13.717 billion in 2024/25, R14.079 billion in 2025/26 and R14.665 billion in 2026/27. In total the department is estimated to spend R42.462 billion over the MTEF ahead.

SOCIAL DEVELOPMENT (HON. MEC. Meeko)

MEC, the completion of the treatment centre in Botshabelo was a great milestone for this department considering the social challenges encountered by that community. We are also delighted that the department made successful strides with the appointment of social workers, especially those that were funded by the provincial government for their studies. Hon. Speaker, the department is allocated R1.305 billion in 2024/25, R1.354 billion in 2025/26 and R1.412 billion in 2026/27. Over the MTEF period the department is projected to spend R4.071 billion.

SPORT, ARTS, CULTURE AND RECREATION (HON. MEC. MAHASA)

MEC, We wish the 32 young people that are undergoing training in film and television production great success in obtaining their NQF level 5 and we welcome the 610 creatives that are being recruited for internships within the film, tourism and hospitality sectors. Hon. Speaker, the department receives a total allocation of R641.789 million in 2024/25, R654.419 million in 2025/26 and R676.705 million in 2026/27. Over the MTEF the department is projected to spend R1.973 billion.

ECONOMIC AND INFRASTRUCTURE CLUSTER

Hon. Speaker, our economy is not growing at a level that is sufficient to create sustainable work opportunities and this situation is exacerbated by the unfavourable global economic outlook. Madam Speaker, there is therefore a need to fast-track delivery of infrastructure as a key catalyst to ignite economic growth. We are delighted by the reforms announced by the Minister of Finance that seek to expedite infrastructure investment, these include amongst others, amendments to the Public Private Partnerships (PPPs) regulatory framework to reduce complexities associated with undertaking PPPs as well as introduction of several new financing instruments, such as infrastructure bonds and

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concessional loans. We support these progressive initiatives, and we will do our utmost best as a province to take advantage of these reforms.

Madam Speaker, I am happy to announce that over the 2024 MTEF the Economic and Infrastructure Cluster will spend more than R25.280 billion on economic and social infrastructure projects, this budget includes provision for operational costs. In 2024/25 financial year the province will invest R5.135 billion—and 59 percent of this budget will be directed towards existing infrastructure assets, namely maintenance, refurbishment, and rehabilitation as well as upgrades and additions.

PUBLIC WORKS AND INFRASTRUCTURE (HON. MEC. MANCE)

MEC, We are excited about the savings that the department has made on water and electricity in government buildings and the efficiencies that the department will bring on property management. Your role to bolster job creation and direct impact on GDP is of great importance to this province. Hon. Speaker, the department is allocated R2.092 billion in 2024/25, R2.283 billion in 2025/26 and R2.374 billion in 2026/27. Over the MTEF the department is estimated to spend R6.750 billion. The allocation for 2024/25 include R4.204 million for Expanded Public Work Programme. The province appreciates the work done by the department in coordinating the implementation of the programme and we will continue to offer support in this regard.

COMMUNITY SAFETY, ROADS AND TRANSPORT (HON. MEC. LETSOHAMAETHAE)

MEC, This department is the largest revenue generator in the province. Congratulations on the strides that you have made MEC on the decline of road fatalities by 27.4% this year. The department receives an amount of R3.606 billion in 2024/25, R3.291 billion in 2025/26 and R3.214 billion in 2026/27. In

total the department is estimated to spend R10.112 billion over the MTEF. Hon. Speaker, included in the department's allocations over the MTEF period are provisions for conditional grants, namely, Provincial Roads Maintenance grant (PRMG) which and Public Transport Operations grant (PTOG). The PRMG grant is allocated R1.970 billion in 2024/25, R1.607 billion and R1.472 billion in 2025/26 and 2026/27 respectively; whilst the PTOG grant is allocated R340.849 million in 2024/25, R356.119 million and R372.434 million in 2025/26 and 2026/27 respectively.

AGRICULTURE AND RURAL DEVELOPMENT

MEC, well done on the introduction of the funding towards the apple farming and beneficiation project as well as the continued position as the no 1 producer in various commodities listed earlier. The Department of Agriculture and Rural Development will receive an amount of R829.092 million in 2024/25, R879.287 million in 2025/26 and R915.606 million in 2026/27. Over the MTEF the department is estimated to spend R2.624 billion.

HUMAN SETTLEMENTS (HON. MEC. MAKUME)

MEC, let me congratulate your department for bringing dignity to our people through provision houses. Hon. Speaker, StatsSA tells us that in 2019 when this administration took office, 80.6 percent of the households lived in formal dwellings and 17.9 percent lived in informal dwellings. Today we have 84.9 percent and 13.4 percent households living in formal and informal dwellings respectively. We have improved the lives of our people, and this budget will further strengthen the work that has been achieved thus far. I must indicate that there is still more work that must done regarding issuing of title deeds, and we will have to strengthen our delivery system in this regard. Madam Speaker, the Department of Human Settlements receives an allocation of R1.268 billion in 2024/25, R1.276 billion in 2025/26 and R1.190 billion in 2026/27. The allocation mainly emanates from conditional grants and thus over the MTEF period the

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department is estimated to spend R3.735 billion. The conditional grants, namely, the Human Settlements Development grant and Informal Settlements Upgrading Partnership grant account for 77 percent of the MTEF allocation.

ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS (DESTEА) (HON. MEC. MEEKO)

MEC, well done on the successful Free State Investment Conference and the changes that you have made to so many ordinary lives of individuals owning businesses and employed in these businesses. Hon. Speaker, DESTEА is allocated a total budget of R2.058 billion over the 2024 MTEF. In 2024/25 the allocation amounts to R666.654 million, whilst the allocations for 2025/26 and 2026/27 total R684.427 million and R707.282 million respectively. The allocation to the department includes transfers to the public entities. Let me briefly outline the transfers to public entities. In 2024/25 the Free State Gambling, Liquor and Tourism Authority is allocated R103.755 million to fund operational costs and its regulatory function. Madam Speaker, we have increased the operational allocation for Maluti-A-Phofung Special Economic Zone to R40 million in 2024/25 financial.

DEPARTMENTS AT THE CENTRE OF GOVERNMENT

The Free State Legislature, the Office of the Premier, the Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs are at the center of institutionalizing the core values of our Constitutions— *transparency, accountability, and cost-effective use of public resources*. Hon. Speaker, over the next MTEF period the three departments and the Free State Legislature will spend R5.255 billion.

OFFICE OF THE PREMIER

Hon. Speaker, this office has successfully played its role in coordinating the functioning of this administration. Thank you for your kind and people centred leadership **Honourable Premier**. We have appreciated you and the role you have played reengineering this beautiful province, whilst being in this extremely complex and mammoth role in a very short period of time. The Office of the Premier has kept us on our toes regarding the implementation of 2019-2024 MTSF priorities as well as the associated programmes of action. The Office of the Premier receives R632.629 million in 2024/25, R643.525 million in 2025/26 and R656.364 million in 2026/27. Over the MTEF ahead the Office of the Premier is estimated to spend R1.932 billion.

COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA) (HON. MEC. MAKUME)

MEC, this may be one of the most difficult roles and unappreciated roles in cabinet. Thank you MEC for your hands on approach and directive. Hon Speaker, COGTA is allocated R416.985 million in 2024/25, R430.226 million in 2025/26 and R445.363 million in 2026/27. Over the MTEF the department is estimated to spend R1.292 billion.

PROVINCIAL TREASURY

One of the most professional and astute teams in the province. Thank you, team treasury, for steadying the course during some turbulent moments. Provincial Treasury is allocated R367.937 million in 2024/25; R380.462 million in 2025/26 and R394.270 million in 2026/27. In total Provincial Treasury is estimated to spend R1.143 billion over the 2024 MTEF period.

FREE STATE LEGISLATURE (Hon. Sifuba)

During this term on behalf of our colleagues, we applaud the work of our activist Legislature, your vigilant oversight role has kept us accountable as departments and municipalities, your proactiveness and responsiveness in your work is a tailwind to our democracy. Thank you! The Free State Legislature is allocated R284.911 million in 2024/25; R295.149 million in 2025/26 and R306.7 million in 2026/27. In total the Legislature is estimated to spend R886.780 million over the MTEF.

IN CONCLUSION

"No one is born hating another person because of the colour of his skin, or his background, or his religion. People must learn to hate, and if they can learn to hate, they can be taught to love, for love comes more naturally to the human heart than its opposite." Nelson Mandela

Madam speaker, As I stand before this August house, on the 5 March 2023 marks the anniversary of one of our former members of the Provincial legislature, Late Tate Makgoe, an engineer and leader par excellence. We are also reminded of all our comrades, friends, loved ones and family that we have lost over this term. Today we stand here proudly in commemoration of Mr Tate Makgoe and Jessie Duarte. I would like to dedicate this final budget speech of this term in their honour. May their souls rest in eternal peace and their legacy live on.

Hon. Speaker, the tradition that the Provincial Treasury and the Department of Education started many years back is still the vital part of this budget process; it involves our beloved Grade 12 learners. The competition was opened to all the districts and a total of 20 learners from 13 schools participated. Our top five learners are here with us today and they are, in no particular order:

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- Ms. Fanisa Mokheseng from Marallaneng Secondary School in Thabo Mofutsanyane
- Ms. Palesa Nxola from Setjhaba-se-Maketse Secondary School in Mangaung
- Ms. Retshidisitswe Serame from Kananelo Secondary School in Fezile Dabi
- Mr. Roman Mpumelelo from St Bernard High School in Mangaung
- Mr. Neo Abrahams from Kananelo Secondary School in Fezile Dabi

Incredible young minds. Old Mutual, Honourable Premier, I and a few members of the team spent some time with these learners last night. Confounded or flummoxed are words too small to describe how amazed I was by these thought leaders and young minds. At the beginning of the evening, I asked to explain the impact of the Minister of Finance's introduction of reforms on the Gold and Foreign Exchange Contingency Reserve Account. Their response later during that dinner was solution based, informed, annotations of its impact towards increasing business and SMMEs within the country if spent on growth, reduction of loan and debt service costs, and the management of inflationary pressures due to additional flow of money into our economy. Allow me to introduce incredible young future leaders of this province. Parents and educators nurture them, communities protect them. And with that said, the Premier, Old Mutual and I have agreed to donate a company each. When they leave here today, they will be directors of their own businesses. If they under the eligible age of directorship or ownership of a company, they will appoint a guardian until readiness to transfer into their name, memorandum of association and compliance work will be completed. Old mutual will open business accounts for each of them, Seda will assist with the formation of their business ideas and plans and Old Mutual together with anyone who wants to come on board will mentor them over the next three years developing formal skills, support during their matric year for exceptional results, proposed tertiary bursaries will be

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sponsored provided that they pass well and support whilst completing their studies to formalise and improve their business and business ideas. Congratulations! Thank you Premier for your guidance towards education, and your deep passion in ensuring the people of our province are financially guided and literate, both communities and employees within the Public Sector. Nelson Mandela said, "Do not judge me by my successes, judge me by how many times I fell down and got back up again." "The greatest glory in living lies not in never falling, but in rising every time we fall."

Honourable speaker, this is a moment of gratitude.

I give thanks to our creator The Almighty, creator of all mankind and Master of the day of Judgement. In 2019 when we all we asked to take an oath and as we placed our hands on our Bibles in my case the Quraan, we took a solemn oath to faithful to the Republic of South Africa and that we will obey, respect and uphold the Constitution and all other law of the Republic; and that we will serve this province with honour and dignity and to perform our duties conscientiously and to the best of our ability. I thank God SWT for granting us the strength and guidance to serve this province as outlined in that oath.

I am incredibly honoured and grateful to the African National Congress for the support and faith in me, Gadija Brown a mere branch member of the ANC and deployee of this beautiful organisation in line with the constitution and conviction of their manifesto.

Minister and Deputy Minister of Finance Dr Mosondo and the entire team for your support guidance, after hour calls, robust debates but mostly your friendship.

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Honourable Speaker, allow me to thank and appreciate the support of the Premier, Members of the Executive Council for the collective leadership, friendship and special bonds that we have created during our call to action daily, to ensure that we improve and tirelessly work towards changing the lives of a free stater one at a time.

Speaker to you as the leader of this institution the arm of the state, and the Presiding Officers, Chairperson and members of the Public Accounts and Finance Committee for their support, guidance and oversight.

I wish to thank the Director General, Head of Department of Provincial Treasury, all HODs, the political team in the MEC's office, when I don't sleep they don't sleep as well. The senior management and every single individual in team Treasury, you are my family away from home. Thank you for your unwavering commitment to ensure that Provincial Treasury executes its legislative mandate.

My gratitude goes out to my beloved and dearest family, closest friends, my support structure at home and importantly our gorgeous little boys, Joaquin and Keayan Brown. Everything I am, is because of You. Thank you for accepting and loving me unconditionally! You have been my core, a source of strength and my greatest inspiration.

To YOU! THE people of the Free State Province, Honourable Speaker, Members, Ladies and Gentlemen, **I thank you.**

Dankie, Kealeboha, I thank you.

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SUMMARY OF ALLOCATIONS PER CLUSTER

Department per cluster	R'000	Medium Term Expenditure Framework			% Share			
		Adj 2023/24	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27
Premier	598 441	632 629	643 525	656 364	1.5%	1.5%	1.5%	1.5%
Legislature	315 635	284 911	295 149	306 720	0.7%	0.7%	0.7%	0.7%
COGTA	387 662	416 985	430 226	445 363	1.0%	1.0%	1.0%	1.0%
Provincial Treasury	347 542	367 937	380 462	395 270	0.9%	0.9%	0.9%	0.9%
Sub total: Governance Cluster	1 649 280	1 702 462	1 749 362	1 803 717	4.0%	4.0%	4.0%	4.0%
Health	13 080 639	13 717 509	14 079 707	14 665 239	31.9%	32.1%	32.6%	32.2%
Education	18 230 561	17 895 390	18 578 689	19 483 026	41.6%	42.3%	43.3%	42.4%
Social Development	1 209 034	1 305 194	1 354 005	1 412 297	3.0%	3.1%	3.1%	3.1%
Sport, Arts, Culture & Recreation	632 029	641 789	654 419	676 705	1.5%	1.5%	1.5%	1.5%
Sub total: Social Cluster	33 152 263	33 559 882	34 666 820	36 237 267	78.0%	79.0%	80.6%	79.2%
Public Works & Infrastructure	2 064 858	2 107 386	2 293 220	2 374 751	4.9%	5.2%	5.3%	5.1%
Community Safety, Roads & Transport	3 555 827	3 606 448	3 291 216	3 214 784	8.4%	7.5%	7.2%	7.7%
Agriculture & Rural Development	823 585	829 092	879 287	915 606	1.9%	2.0%	2.0%	2.0%
DESTEA	648 097	666 654	684 427	707 282	1.5%	1.6%	1.6%	1.6%
Human Settlements	1 134 738	1 268 835	1 276 715	1 190 153	2.9%	2.9%	2.6%	2.8%
Sub Total: Economic Cluster	8 227 105	8 478 415	8 424 865	8 402 576	19.7%	19.2%	18.7%	19.2%
Total	43 028 648	43 740 759	44 841 047	46 443 560	101.7%	102.2%	103.3%	102.4%
Unallocated	1 715	130 706	119 097	207 584	0.3%	0.3%	0.5%	0.3%
Total	43 030 363	43 871 465	44 960 144	46 651 144	102.0%	102.5%	103.8%	102.7%

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“# A BUDGET THAT LEAVES NO ONE BEHIND”