



Member of the Executive Council
for Finance
FREE STATE PROVINCE

2025 MTEF BUDGET
FREE STATE PROVINCIAL BUDGET SPEECH

Hon. M.K. Makume
MEC for Finance: Free State Province
18 March 2025

Hon Speaker Mr. Mxolisi Dukwana
Hon Premier Me. MaQueen Letsoha-Mathae
Deputy Speaker Me. Nolitha Ndungane
Members of the Executive Council
Chair of Chairs
Traditional Leaders/ Marena
Members of the Free State Legislature
Executive Mayors, Mayors and Councillors
Acting Director-General of the Province
Heads of Departments and CEOs of the Provincial Public Entities
Chairpersons of the respective provincial boards
People of the Free State Province
Dumelang!

Hon Speaker, it is both a privilege and a great responsibility to stand before this august House today to present the following documents:

- The Appropriation Bill [Bill. No 3 of 2025]
- The 2025/26 People's Guide to the Budget, and
- The 2025/26 Budget Speech

INTRODUCTION

Behind the clouds the sun is still shining. Even though rain must fall, and every life has times of trouble, behind the clouds, the sun is always shining and waiting to come out again. Life is the same. It can get heavy, cloudy and dark but the sun is still there, shining behind those cloudy moments. Clouds come and go in our lives, but the sun is always there, we just have to look for it, and sometimes that means waiting for the clouds to pass or getting above them to be able to bask in the sun. We are tabling this budget under serious economic pressures of the rising unemployment, the widening gap of inequality, between the rich

and the poor or between the haves and the have nots, and poverty continue to raise its ugly head. Despite all these challenges we are NOT without hope.

Hon Members, we are tabling this budget during the human rights month. This month serves as a powerful reminder that we are all human beings and that we are all entitled to the fundamental rights that affirm our dignity and equality. As we prepare this budget, our goal is to ensure that all communities within the Free State have access to these basic human rights—being mindful of the painful history our country has endured. This budget is crafted to confront the lasting effects of a system that deliberately sought to divide us along the lines of race and colour. It stands as an effort to address the deep scars left by such a divisive past, and to move forward, united in our diversity towards a common purpose.

Every effort and every energy should be directed on fulfilling the constitutional obligations we are entrusted with. Our Constitution, the supreme law of our land, mandates that we, as the people of South Africa, must:

- **Heal the divisions of the past**, establishing a society rooted in democratic values, social justice, and the protection of fundamental human rights.
- **Lay the foundations for an open and democratic society**, in which government derives its power from the will of the people, and in which every citizen is equally protected by the law.
- **Recognise the injustices of the past**, honour those who fought for justice and freedom, and respect those who have worked to build and develop this country.
- **Improve the quality of life for all citizens**, unlocking the potential within each and every South African.
- **Build a united and democratic South Africa**, one that will confidently take its rightful place as a sovereign state in the global community.

We are deliberately quoting the constitution because it is the ultimate protector of our human rights which were previously denied to the majority of our people under apartheid for more than 350 years. We are only 30 years into our democratic journey, and we are still confronting the painful remnants of more than three centuries of colonialism.

To the community of the Free State Province, who continues to face tremendous challenges and hardships, we implore you to hold onto courage and persevere. Walk with us as we navigate this difficult terrain. And above all, remember—just behind the clouds, the sun is shining.

This budget is being presented under the 7th Administration, which has identified three key priorities to guide our actions moving forward:

- Inclusive economic growth and job creation,
- Reducing poverty and tackle the high cost of living, and
- Building a capable, ethical, and developmental state.

These priorities are a further testament to our unwavering belief that **“Ithemba alibulali”**—hope does not kill. As Desmond Tutu reminds us that: “Hope is being able to see that there is light despite all of the darkness.” We firmly believe that after the storm, the calm will come. Difficult and turbulent times are followed by peaceful ones, challenges are temporary and eventually lead to a period of tranquillity.

Over the past thirteen years, the Provincial Treasury, in partnership with the Free State Department of Education, has extended search for answers and solutions to current economic challenges using the young minds of this province through the *“Grade 12 Budget Essay Competition”*. This initiative has not only fostered critical thinking but has also empowered learners to contribute to

discussions about the provincial budget and the future of our province. The innovation and creativity of our youth deserve to be celebrated and encouraged.

The competition was open to all learners across the Free State Province, with each school selecting their top three participants. In this year's competition, we had the privilege of seeing representation from four districts, except for Lejweleputswa District. A total of eight schools and twenty-seven learners participated in this remarkable event.

It is with great pride that I announce the learners who have secured the top five positions in this year's competition:

- Oregolele Maruping from Setjhaba-se-Maketse Combined School.
- Motshidisi Ntlhare from Setjhaba-se-Maketse Combined School.
- Nthabiseng Sonpane from Marallaneng Secondary School.
- Lehlohonolo Tshabalala from Matlwangtlwang Secondary School.
- Mosimanyana Gape Bosaletsi from St Bernard High School.

Hon Members, the overall winner of this year's competition is Motshidisi Ntlhare from Setjhaba Se Maketse Combined School in Botshabelo. Motshidisi was honoured during yesterday's prize-giving ceremony, which took place prior to the tabling of the Provincial Budget. Allow me to express my gratitude to the officials of the Provincial Treasury and the Department of Education, as well as our sponsors, Old Mutual and Nedbank for their invaluable support in transforming this competition into one of our flagship initiatives.

These learners have demonstrated exceptional talent, hard work and dedication. Their achievements are a testament to the bright future that lies ahead for our province, as we continue to invest in the creativity and potential of our youth. Let us all take a moment to celebrate their success and encourage them to keep striving for excellence.

GLOBAL ECONOMIC OUTLOOK

Hon Speaker, the tabling of this year's budget is largely influenced by major developments in the global, domestic and provincial economies. Please allow me to inform this honourable house about these vital developments.

In terms of the global economy, the latest forecast from the International Monetary Fund (IMF) expects the global economy to grow by 3.3 percent in 2025 and 2026, whereas global disinflation is projected to continue in most economies, with a decline in global inflation from 5.7 percent in 2024 to 4.2 percent in 2025 and 3.5 percent in 2026 and the global financial conditions remain largely accommodative.

However, this positive global outlook is highly vulnerable to certain downside risks, which include rising geopolitical tensions, particularly in the Euro area and the Middle East, growing trade tensions and protectionism driven by the imposition of retaliatory trade tariffs, increasing global fragmentation, and elevated policy uncertainty from both trade and fiscal fronts globally.

DOMESTIC ECONOMIC OUTLOOK

Domestically, the economic outlook for the South African economy is mostly positive. For instance, our real economic growth (measured by production) grew by 0.6 percent in the fourth quarter of 2024 following a contraction of 0.1 percent in the third quarter of 2024.

Hon Speaker, according to the Statistics South Africa (StatsSA), the South African economy grew by 0.6 percent in 2024. International Monetary Fund (IFM) further projects a modest growth of 1.5 percent in 2025 and 1.6 percent in 2026. Meanwhile, the inflationary dynamics in the South African economy remain subdued, characterized by a low inflation rate of 3.2 percent and a repo

rate of 7.5 percent, since the beginning of this year. This confirms our view that beyond the clouds, the sun is still shining.

On labour market dynamics, the latest Quarterly Labour Force Survey (QLFS) from StatsSA reveals a slight decline in the official unemployment rate by 0.2 percentage points, as the unemployment rate falls to 31.9 percent in the fourth quarter of 2024 from 32.1 percent recorded in the third quarter of 2024.

Nevertheless, the continued effort of the national government to implement effective policy reforms, which includes intensifying public investment in critical public infrastructures targeted at revitalizing rails, road networks, and water infrastructures; eradicating load shedding; improving SOEs operational and financial performance; deepening private-public partnerships; reduce the fast-growing fiscal debt, debt servicing costs and public sector wage bill; aggressively promote tourism and attract long-term foreign direct investment (FDI), are anticipated to improve South Africa's economic, labour, and fiscal outlook in the near term.

PROVINCIAL ECONOMIC OUTLOOK

Hon Speaker, coming closer to home, the outlook for the province is positive albeit from a low base. The Free State economy is expected to grow from the 0.6 percent recorded in 2024 to about 1.6 percent in 2025, followed by 1.7 percent in 2026. This anticipated growth is expected to be buoyed by improved performance from the agriculture, finance, trade, and construction sectors.

On labour market dynamics, the latest QLFS report from StatsSA shows a quarterly increase of 1.9 percentage points in official provincial unemployment, standing at 37.9 percent in the fourth quarter of 2024 compared to 36 percent recorded in the third quarter of 2024.

Hon Members, we are convinced that the prevailing economic, fiscal, labour market and socio-economic challenges in the province will improve remarkably in the near term due to strong political willingness and demonstrated effort by the provincial government to ensure the proactive implementation of economic reforms and investment plans outlined by our Hon Premier Letsoha-Mathae in her recent State of the Province Address last month, most notably the implementation of aggressive infrastructure investment to improve deteriorating road networks and water infrastructures to improve service delivery; revitalize the operational and financial capacity of our existing SEZ to support industrialisation and attract foreign investors; promote the province as a viable tourist attraction and adopt accountable public governance.

Undoubtedly, our genuine intent to enforce the realization of these policies will not only make the lives of our people better but also create a conducive environment for job creation, productive economic growth, inclusive economic development and improvement in the general welfare of our people.

COST CONTAINMENT MEASURES

Hon Speaker and Hon Members, since the 2008/09 financial year, cost containment measures were introduced by the National Treasury to all national and provincial government departments and entities in compliance with the Public Finance Management Act (PFMA) (Act 1 of 1999).

The primary objective of the Cost Containment Measures (CCMs) is to curtail non-essential expenditures, directing savings toward critical service delivery areas.

Hon Speaker, in light of the current fiscal constraints, our province remains steadfast in adhering to cost containment measures. We continue to closely monitor our compensation of employees (COE) spending, and we are

committed to addressing any fiscal leakages or inefficiencies identified within the system. We are obligated to continuously seek efficient methods to maximize value for money by improving the functioning of our government programs until the fiscal situation improves.

Hon Members, it is also vital that all provincial departments and entities continue to improve system efficiency. The departments and entities must review their respective organizational structures with a view to eliminate redundant positions, identify excess staff and duplicated functions on the staff establishments, conduct headcounts/ verification of employees under the theme-“**where’s who, who’s where?!**” this will enable us to identify and subsequently reduce number of possible ghost workers in the system. The Office of the Premier and Provincial Treasury will lead this campaign.

In addition, the province will undertake a comprehensive skills audit to assess the current skill sets and knowledge base, with the aim of developing a robust skills matrix, re-skilling and allocating new functions to existing officials.

Hon Speaker, we must emphasise that, *skills audit is not about getting back at employees with lesser skills and qualifications, but it is about empowerment and skilling those vehicles in need of the skills. Skills audit is not about humiliating employees without skills but ensuring that those without qualifications and necessary requirements are identified and assisted to achieve the required skills and knowledge. The unions must be engaged meaningfully to understand that skills audit is not the enemy of the workers but a friendly tool to empower the workers.*

Furthermore, the province supports the central government's early retirement initiative, which seeks to attract younger employees into the public service. Hon. Members, it is anticipated that this initiative will result in potential savings, with departments retaining these savings for future use.

SUPPLY CHAIN MANAGEMENT

Honourable Speaker, Section 38(1)(f) of the Public Finance Management Act (PFMA), Act 1 of 1999, and Section 65(2)(e) of the Municipal Finance Management Act (MFMA), Act 56 of 2003, make it clear that all government departments, municipalities, and public entities must ensure that suppliers are paid within 30 days of receiving a valid invoice. This requirement is not optional, but a legal imperative aimed at ensuring financial discipline, economic growth, and business sustainability.

Hon Members, let us reaffirm our commitment to good governance, ethical leadership, and economic transformation by ensuring that every legitimate supplier is paid within 30 days. This is not just a financial regulation, but it is a matter of economic justice. Paying suppliers within the prescribed timeframe remains a challenge for some provincial departments and municipalities. The Free State Provincial Treasury is closely monitoring the status of payment and playing an oversight role in supporting departments to address this matter.

Hon Speaker, it is imperative that the departments conduct a thorough investigation into the alleged corrupt activities within our system. One of the most concerning reports involves the practice of paying "toll gates," which has been brought to light. We clearly condemn these alleged actions of corruption, where suppliers are reportedly being coerced into paying toll gates before they can receive payments for their services. This means that suppliers are effectively being required to pay in order to be paid, which is an unacceptable and unethical practice.

We stand firm in our commitment to ensure transparency, fairness, and integrity within the system, and we urge all involved parties to take swift and decisive action to address these allegations.

Let us work together to build a government that respects its financial obligations, supports businesses, and contributes to a growing and prosperous Free State. Together, we can create a future where businesses thrive, jobs are created, and service delivery improves.

INFRASTRUCTURE INVESTMENT

Hon. Speaker, we note with concern that our economy is not growing fast enough to create much-needed job opportunities. Thus, investment in infrastructure will play a pivotal role in achieving economic growth, job creation, and poverty reduction. Speaker, delivering infrastructure on time and within the allocated budgets becomes very critical for growing our provincial economy and creating jobs. *Let us work together, private and public sectors, in turning the Free State province into an infrastructure hub.*

Hon Speaker, in the 2025/26 financial year the province plans to spend just above R5.2 billion on infrastructure investment. Hon. Premier, we are delighted to inform the house that close to 42 percent of this allocation is for projects that are to be implemented by the Department of Community Safety, Roads and Transport. This underscores the promise you made in relation to addressing key roads across the province. This also affirms your clarion call to turn Free State Province into a construction site.

Hon Speaker, we are also pleased to share with the House that the Department of Education received an additional amount of R93 million through the Performance Based Incentive System programme which is managed by National Treasury. The programme is aimed at improving effective planning and deriving efficiencies within the infrastructure delivery chain. We applaud the exceptional work of department in this regard—*our fiscus is very constrained and such work must be encouraged.*

Hon Members, we must emphasize that Infrastructure development remains a cornerstone of economic growth and social transformation. Given the fiscal constraints, departments and municipalities are encouraged to submit proposals to the Budget Facility for Infrastructure (BFI) to secure additional funding for priority infrastructure projects. The National Treasury has published a call for proposals under the new system. The BFI helps allocate funding to large-scale infrastructure projects that are expected to have a significant impact on economic growth, social development, and job creation. The first window is now open and will close in mid-April. *We wish to call upon all our departments and municipalities to take advantage of this opportunity.*

Hon Speaker, the National Treasury's Procurement, Infrastructure and Knowledge Management (PINK) Programme will enter a new five (5) year phase called PINK II. Building on the successes of the first phase, phase two will be driven by the Provincial Treasury, as it strengthens the capacity and capabilities of local government's procurement, infrastructure and knowledge management frameworks, all aimed at improving governance and service delivery in the local sphere, particularly piloted municipalities (Tswelopele, Setsoto, Metsimaholo and Moqhaka). We look forward to a sustained and successful partnership with the Swiss State Secretariat for Economic Affairs and National Treasury as we build a capable, ethical and developmental state.

GOVERNANCE

Hon Speaker, we are pleased to report that all provincial departments and entities submitted the documents related to the Annual Financial Statements in terms of Sections 40 and 55 of the PFMA by the end of May 2024 to the Auditor General. We are also delighted to announce that, for the first time in nine years, the provincial PFMA audit outcomes did not have any adverse or disclaimer audit opinion. Ten of the 13 Provincial departments including the Provincial Legislature were able to obtain either a clean or unqualified audit opinion for the 2023/24 financial year.

The audit outcomes for the 2023/24 financial year again showed a slight improvement with the Provincial Treasury, Provincial Legislature, and the Housing Fund obtaining clean audit opinions whilst Sport, Arts, Culture and Recreation as well as Human Settlements improved from a qualified audit opinion to an unqualified with findings. Free State Development Corporation also improved from an adverse to a qualified audit opinion.

Hon Members, progress has been made in strengthening good governance and sound financial management practices in the provincial sphere of government. The number of Disclaimer/Adverse/Qualified Audit Report paragraphs for PFMA Auditees over the past five (5) financial years reduced from 47 (2018/19) to 24 (2023/24), a reduction of 49 percent; whilst the number of non-compliance with legislation paragraphs in the Audit Reports decreased from 160 (2018/19) to 102 (2023/24) representing a decline of 36 percent.

Hon Speaker, we have also noted some improvements in the unwanted expenditure; however, the performance is still at an unacceptable level, and we want to encourage the departments and entities to do more to curb this anomaly and work towards finalizing accumulated outstanding investigations.

Hon Speaker, we will continue with our monitoring and oversight activities in this regard and work with departments and public entities to strengthen good governance and sound financial management practices to improve the audit outcomes.

Hon Premier, the Provincial Treasury has actively monitored and enforced the implementation of risk-based internal audits within departments and public entities to assist in the identification of weaknesses in financial management, procurement, operational processes, and prevention of irregularities and fraud.

We must also acknowledge the significant work of the governance structures such as the Audit Committees, Risk Management Committees, and the Audit Committee Chairpersons Forum for assisting in improving provincial audit outcomes through their independent oversight roles.

MUNICIPALITIES

Hon Speaker, we have observed a decline in the financial management capabilities of most municipalities across the province, along with a total disregard for the set financial norms, which is why the Provincial Treasury will be working with CoGTA and SALGA to address this issue.

The Office of the Auditor General South Africa has highlighted that the 2022/23 audit opinions have stagnated in the most recent municipal audit results. During this term of office, we will intensify the assessment and actions on all 22 delegated municipalities. We will work with the Auditor General to enable municipalities to improve their capacity to meet their financial obligations and commitments. By doing this, they will ensure that they provide their communities with services.

Additionally, the National Treasury released MFM Circular No. 124, which primarily addresses the Eskom Debt but also covers the relief package and timelines, as stated in my previous Provincial Budget Speech. Hon. Speaker, as of right now, despite the support from the Provincial Treasury, CoGTA, and SALGA, municipalities are not servicing the bulk accounts fully which resulted in the National Treasury issuing termination letters to those municipalities. We would want to pledge that we would double our efforts to reduce unnecessary and inefficient spending by municipalities and entities.

The Provincial Treasury will double its efforts to increase the efficiency of governance systems, which have also witnessed a slight improvement. To assist municipalities in approving funded budgets, the Provincial Treasury has expanded its support during the 2025 budget planning process.

The Provincial Treasury provided training to all delegated Municipalities, outlining the important areas to ensure compliance and the pertinent data needed to facilitate an efficient evaluation of the budgets. Provincial Treasury concluded that just eight (8) of the twenty-three (23) municipalities' budgets were funded, while fifteen (15) municipalities were unfunded, based on the assessment of the Municipal Standard Charts of Accounts (mSCOA) data strings uploaded to the GoMuni portal by municipalities.

Unauthorized, irregular, fruitless, and wasteful expenditure remains a serious concern. This trend undermines service delivery and erodes public confidence in our institutions. We call upon Municipal Public Accounts Committees (MPACs) to intensify their oversight efforts in reducing such expenditures.

To strengthen financial accountability, the Provincial Treasury, COGTA, and SALGA will provide continuous technical training to MPAC members. Furthermore, the Provincial Treasury will closely monitor the implementation of the Unauthorised, Irregular, Fruitless, and Wasteful Expenditure (UIFWe) Reduction and Preventative Strategy, alongside Circular No. 6 on UIFWe, which was issued in January 2025.

2025 MTEF FISCAL FRAMEWORK

Hon Speaker, the 2024 Medium Term Budget Statement clearly emphasized the continuation of the fiscal consolidation stance over the 2025 MTEF period. The Minister of Finance went into detail explaining the need to contain the

growing government debt and the related debt-service cost which is estimated at R388 billion in 2024/25.

Hon Members, the 2024 MTEF budget came with huge budget cuts for the province and its impact is still lingering. It is pleasing to note that there are no further budget cuts proposed for the 2025 MTEF. However, we still implore all the provincial departments and public entities to remain prudent in managing the limited provincial resources. *We must continue our fiscal strategy of directing budgets towards high-impact service delivery projects and programmes.*

Hon Speaker, we appreciate the fiscal position of the country which requires us to do things differently. To that extent, in October 2024 and February 2025, we held EXCO Planning and Budget Makgotla to deliberate on priorities that must be funded and implemented over the MTEF period. *We further agree that there is a need to sustain our fiscal strategy of budget reprioritization and trade-offs, scaling down of non-core programmes and promotion of efficiencies within departments.* We had fruitful discussions and the budget we are tabling is informed by some of the recommendations of these meetings.

Hon Speaker, I will now briefly outline the composition of the 2025 Medium Term Expenditure Framework. Over the 2025 MTEF period, the province estimates to spend more than R141.4 billion. The province will spend—

- R45.8 billion in 2025/26
- R46.8 billion in 2026/27; and
- R48.8 billion in 2027/28

Hon Speaker, the 2025/26 provincial fiscal framework which amounts to R45.8 billion is constituted by equitable share, conditional grants and provincial own revenue. The allocated equitable share for the 2025/26 financial year amounts to R34.8 billion which is an increase of 5.2 percent when compared to the last

financial year allocation. Our conditional grant receipts total R9.8 billion, an increase of 0.9 percent. Lastly, the estimated provincial revenue is estimated at R1.2 billion which is a decline of 3.3 percent when compared to the last financial year allocation. This decline is due to the upward adjustment implemented in the 2024/25 adjustment budget.

Equitable Share

Hon Speaker, allow me to briefly unpack a few changes that impacted our provincial equitable share allocation. Firstly, our provincial equitable baseline as estimated through the 2024 MTEF allocations is adjusted downward by R430.3 million over the 2025 MTEF period due to the updates of the Provincial Equitable Share Formula. Specifically, in the 2025/26 financial year the decline is R64.1 million whilst for the 2026/27 and 2027/28 the decline amounts to R150.3 million and R215.8 million respectively.

Speaker, following the tabling of the 2025 National Budget, the National Treasury allocated R14.5 billion to provinces to cushion them from the impact of the salary increases emanating from the wage agreement. The allocations to provinces in this regard were done through the Provincial Equitable Share formula. And so, the Free State Province is allocated R249.5 million in 2025/26, R267.2 million and R279.3 million in 2026/27 and 2027/28 respectively. These additional are allocated to all the provincial departments.

The province is further allocated R68.8 million for the implementation of the Presidential Youth Employment Initiative, specifically for employment of the Teacher Assistants in 2025/26. The funds are allocated to the Department of Education.

Conditional Grants

The conditional grant allocations are mainly for implementing the national priorities and to augment provinces in the implementation of their sector priorities. These funds are highly regulated through the Division of Revenue Act and it is thus imperative that departments comply with the said Act and implement projects and programmes as directed. Speaker, in the 2025 MTEF period ahead the province has allocated more than R28.7 billion to implement key socio-economic programmes and projects. Thus in 2025/26, the province will spend R9.8 billion; whilst for 2026/27 and 2027/28 the province is estimated to spend R9.2 billion and R9.7 billion, respectively.

Hon Speaker, let me reflect on the allocations per department in this regard.

- Health is allocated a total of R3.9 billion which caters for, amongst others, maintenance and delivery of infrastructure, provision of comprehensive HIV and AIDS programmes, and training of health personnel.
- Education is allocated R1.8 billion to address the following, inter alia, maintenance and delivery of infrastructure, provision of school nutrition, special needs schools, and early childhood development.
- Agriculture and Rural Development will receive R285.8 million to provide comprehensive support to farmers and cater for poverty relief and infrastructure development.
- Community Safety, Roads and Transport is allocated R2.4 billion for the maintenance of provincial roads and payments of subsidy for public bus transport services. The allocation includes an estimated amount of R201 million earmarked for Welisize Rural Bridge Programme.
- Human Settlements is allocated R991.7 million for the development of sustainable and integrated human settlements as well as the upgrading of informal settlements.

- Sport, Arts, Culture and Recreation will receive R239.4 million to transform urban and rural community library infrastructure, facilities and services as well as facilitate sport and active recreation activities.

Hon Speaker, included in these allocations is an amount of R37 million provided for the implementation of the Expanded Public Works Programmes. The EPWP programmes will be delivered by various departments coordinated and supported by the Department of Public Works and Infrastructure. Hon. Premier, in delivering the 2025 State of the Province Address you alluded to the importance of EPWP programme in alleviating poverty, promoting skills development, and enhancing service delivery. We fully agree with you Hon. Premier, and to that extent, we want to implore all departments and municipalities to move swiftly in implementing the EPWP programmes.

Provincial Revenue Collection

Speaker, the provincial fiscus is very much constrained and therefore there is an ongoing need to enhance our revenue collection systems. We are pleased to announce that in the 2025/26 financial year we are proposing to allocate R17 million towards enhancing revenue collection. The funds will be shared amongst Departments of Health, Community Safety, Roads and Transport, Agriculture and Rural Development, and Economic Development.

In the current financial year, the province had set a target to collect R1.2 billion in revenue. We are pleased to report that, as of the end of January 2025, we have already achieved 99.1 percent of that revenue target. This is indeed an outstanding performance, and it is only right that we applaud this achievement.

Hon Speaker, over the 2025 MTEF we plan to collect R3.7 billion. Our estimated revenue for the 2025/26 financial year is just above R1.2 billion.

Hon Speaker, let us turn to the business of the day, the proposed 2025 MTEF allocations. Please note that the details of the allocations are set out for each vote in the 2025/26 Estimates of Provincial Revenue and Expenditure as well as the 2025/26 Appropriation Bill.

2025 MTEF ALLOCATIONS

Hon Speaker, we are quite certain that everyone will agree with me that the drafting of the 2025 budget has been a challenging exercise made even more difficult by the constrained fiscus. There are still fiscal headwinds ahead of us occasioned by, amongst others, the need to limit the growing debt service cost. In tabling the 2025 Budget, the Minister of Finance emphasized the need to manage debt and budget deficit by restraining spending and maintaining stable tax collection. He further alluded to—***"A vital debate about which policies to fund and how to fund them. About which priorities to pursue now, and which ones we may need to delay in the context of our limited resources"***.

The reality we face, Hon. Speaker, is that our province must strike a delicate balance between investing in initiatives that promote economic growth and protecting the essential frontline services. This balance is crucial as we strive to achieve the objectives outlined in the 2024-2029 Medium-Term Development Plan.

Hon Speaker, the budget we are presenting today is informed by various consultations as guided by the budget process. The budget is thus shaped by the deliberations of the sectoral meetings at the national level, the Technical Committee on Finance (TCF), the Budget Council, the Budget Forum, and

Cabinet meetings that involved Premiers and MECs responsible for finance from various provinces.

Hon Speaker, in preparation for this budget, we have engaged in a series of comprehensive provincial deliberations. These included, among others, the October 2024 EXCO Planning and Budget Lekgotla, the Provincial Medium-Term Expenditure Committee meetings, and the National Benchmarking Exercise chaired by the National Treasury. Additionally, we held the February 2025 EXCO Planning and Budget Lekgotla, culminating in the final discussions with the Executive Council of the Province.

These deliberative processes were vital in ensuring that we align our fiscal priorities with the needs of our communities, while also adhering to national guidelines and best practices.

Hon Speaker, we now turn our attention to the proposed allocations for the 2025 MTEF. The details of the specific priorities to be implemented through these allocations will be presented by my esteemed colleagues in their respective budget vote speeches.

These allocations are carefully crafted to ensure that we meet the pressing needs of our province while advancing the strategic objectives of our Medium-Term Development Plan. We look forward to the valuable contributions of my colleagues as they outline the details of their departmental priorities.

ALLOCATIONS PER CLUSTER

SOCIAL SECTOR

Hon Speaker, the departments responsible for frontline services will spend more than R109.7 billion over the 2025 MTEF period. These departments are

responsible for the delivery of key services such as the provision of—quality healthcare services, education and training, social safety net and strengthening of social cohesion programmes.

On average, the budget allocation to these departments, accounts for 77.5 percent of the total budget over the MTEF period. Speaker, the province remains committed in protecting the frontline services, whilst trying to balance the need to grow the economy.

DEPARTMENT OF EDUCATION

Education is allocated R18.8 billion in 2025/26, R19.6 billion in 2026/27 and R20.4 billion in 2027/28. In total the department is estimated to spend more than R59 billion over the MTEF period ahead. The budget funds the following priorities, amongst others:

- Early Childhood Development
- Funding public schools, including special schools
- Funding independent schools
- Maths and Science Programme
- Pre-Grade R Development
- Teacher Development
- Maintenance of schools
- Hostel Programme
- Support to secondary schools
- Expanded Public Works Programme
- Cushioning of budget pressures emanating from wage agreements

Hon Speaker, we applaud the Department of Education and the 2024 matriculants for their excellent achievements in the 2024 matric results. Let us never forget the powerful and encouraging message of our former President,

Mr. Mandela—I quote—*"Education is the most powerful weapon which you can use to change the world"*. Indeed Hon. Members!

DEPARTMENT OF HEALTH

The Department of Health is allocated R14.1 billion in 2025/26, R14.7 billion in 2026/27 and R15.4 billion in 2027/28. In total the department is estimated to spend just over R44.3 billion over the 2025 MTEF period ahead. The following key priorities, amongst others, are funded over the MTEF period.

- Medicine and Medical Supplies
- Laboratory and Blood Supply Services
- Food Services and Relevant Supplies
- Maintenance and revitalization of Infrastructure
- Emergency Medical Services
- Expansion of ART Programme
- Medical Depot
- Training of medical personnel/medical specialists
- Modernization of health services
- Training and Development Component
- Creation of work opportunities through the Expanded Public Works Programme
- Cushioning of budget pressures emanating from wage agreements

Hon Premier, the provision of quality healthcare services can never be compromised, and we must confirm that we fully support the initiatives you have taken to ensure that this noble vision is achieved. This budget is fully supportive of this endeavour; Speaker, close to 31 percent of the 2025/26 budget is allocated to the Departments of Health. *We are very clear and determined to achieve access to quality healthcare services for all!*

DEPARTMENT OF SOCIAL DEVELOPMENT

The Department of Social Development is allocated R1.3 billion in 2025/26, R1.4 billion in 2026/27 and R1.4 billion in 2027/28. Over the MTEF period, the department is projected to spend more than R4.2 billion.

- Community Nutrition and Development Centers
- Gender-Based Violence and Femicide Shelters
- Establishment of Premier's Interdepartmental Committee on GBV
- Fighting Violence against Women and Children
- Substance Abuse Treatment
- Creation of work opportunities through the Expanded Public Works Programme
- Cushioning of budget pressures emanating from wage agreements.

We are witnessing an unrelenting surge in the number of violent crimes, including assaults, rapes, and other forms of abuse that target some of the most vulnerable members of our society—our women and children. These heinous acts are not only a violation of human rights but an assault on the very fabric of our communities. Every statistic represents a life destroyed, a future stolen, and a community shattered.

Gender-based violence, in particular, has become an epidemic in our province. Women are increasingly subjected to physical, emotional, and sexual abuse, and this violence often occurs within the very homes and relationships meant to provide safety and support. It is a scourge that cannot and must not be tolerated.

Similarly, violent crimes against children continue to rise at an alarming rate. Our children deserve a safe environment in which to grow, learn, and thrive, yet many are subjected to unspeakable acts of violence, exploitation, and neglect.

These young lives are too precious to be marred by the cruelty that some would inflict upon them.

We call upon all of us—government officials, law enforcement, civil society organizations, and citizens—to unite in this fight. We must work together to strengthen the legal framework that protects women and children, to provide support systems for those affected by violence, and to ensure that our communities are safe and inclusive for all.

Speaker, in Sesotho we say—*Motho ke motho ka batho*. That is a very strong adage that drives this department. This is a department at the centre of ensuring that we have caring and self-reliant societies across the province. With the budget we are proposing today—we are *pushing back the scourge of poverty, substance abuse, gender-based violence and abuse of children*.

DEPARTMENT OF SPORT, ARTS, CULTURE AND RECREATION

The Department Sport, Arts, Culture and Recreation will receive a total allocation of R666 million in 2025/26, R686 million in 2026/27 and R707 million in 2027/28. Over the MTEF the department is projected to spend more than R2 billion funding the following priorities, amongst others:

- Arts and Culture Programmes
- Sports and Creative Arts Programmes
- Maintenance of Community Libraries
- Promotion of Mass Participation and Sport Development in schools
- Creation of work opportunities through the Expanded Public Works Programme
- Cushioning of budget pressures emanating from wage agreements

Hon Speaker, the department's mission is about creation of an enabling environment for social cohesion and nation-building. We want to encourage all the relevant stakeholders to hold hands with us and work towards nation-building. Speaker, without social cohesion and nation-building, our societies will fall apart. We will not even achieve the economic growth we aspire for. Hence it is important that all of us—begin to support the initiatives provided by this department; be it sports, arts, culture, etc.

ECONOMIC AND INFRASTRUCTURE CLUSTER

Hon Speaker, the departments that I will allude to below, together with the Departments of Health and Education, are very key in stimulating economic growth through, amongst others, infrastructure delivery. In the 2025 MTEF ahead they will spend a combined budget of more than R14 billion on economic and social infrastructure projects.

DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE

The department is allocated R2.3 billion in 2025/26, R2.3 billion in 2026/27 and R2.4 billion in 2027/28. Over the MTEF the department is estimated to spend R7.1 billion. The budget funds the following priorities, amongst others:

- Leasing of offices for provincial departments
- Payment of property rates and taxes and municipal services
- Revitalization of township roads programme
- Maintenance of government buildings
- Implementation of infrastructure projects on behalf of provincial departments
- Creation of work opportunities through the Expanded Public Works Programme
- Cushioning of budget pressures emanating from wage agreements

Hon Speaker, we are delighted by the work that has been done by the department as announced by the Hon Premier during the 2025 SOPA. The identification of the twenty-nine dilapidated and unused properties that are to be repurposed through models such as Build-Operate-Transfer, Long and Short-term Leases, Refurbish-Operate-Transfer and Outright Sale will assist in alleviating pressures on municipal services. We will provide the necessary support to the department to ensure that this exercise is effectively executed.

DEPARTMENT OF COMMUNITY SAFETY, ROADS AND TRANSPORT

The department receives an amount of R3.7 billion in 2025/26, R3.2 billion in 2026/27 and R3.3 billion in 2027/28. In total the department is estimated to spend R10.3 billion over the MTEF. The budget provides for the priorities, amongst others:

- Public Transport Subsidy Grant
- Maintenance of Provincial Roads
- Creation of work opportunities through the Expanded Public Works Programme
- Welisizwe Rural Bridge Programme
- Cushioning of budget pressures emanating from wage agreements.

Let us remember that every time we get behind the wheel, we are not only responsible for our own safety but for the safety of every other road user — passengers, pedestrians, cyclists, and other drivers. We must foster a culture of respect, care, and accountability on our roads.

We call on all of us to renew our commitment to road safety. Let us be proactive in raising awareness about the dangers of reckless driving and encourage each other to always drive responsibly. Additionally, we urge the relevant authorities to continue their efforts in improving road infrastructure and increasing enforcement of road safety laws.

Together, we can work to minimize these accidents, save lives, and ensure that the Free State remains a safe place for all. Let us keep in mind that beyond the

inconvenience of traffic, there are families who are devastated by the loss of loved ones. This is a burden we must strive to alleviate.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

The proposed allocations for the department amount to R883 million in 2025/26, R911 million in 2026/27 and R949 million in 2027/28. Therefore, over the MTEF period ahead the department is estimated to spend R2.7 billion. The budget funds the following priorities, amongst others:

- Land Care programme
- Support and training of farmers
- Veterinary services
- Mohoma Mobung programme
- Infrastructure investments
- Disaster response
- Waste Management
- Agricultural projects
- Cushioning of budget pressures emanating from wage agreements

DEPARTMENT OF HUMAN SETTLEMENTS

The Department of Human Settlements receives an allocation of close to R1.3 billion in 2025/26, R1.2 billion in 2026/27 and R1.2 billion in 2027/28. The allocation mainly emanates from conditional grants and thus over the MTEF period, the department is estimated to spend R3.7 billion. The following key priorities, amongst others, are funded over the MTEF period:

- Human Settlements Development Grant
- Informal Settlements Upgrading Partnership Grant for Provinces
- Provincial Earmarked priorities
- Demolition and Construction of Two Roomed Houses

- Cushioning of budget pressures emanating from wage agreements

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

An amount of R705 million for 2025/26, R719 million for 2026/27 and R743 million for 2027/28. Over the MTEF period, the department is estimated to spend R2.1 billion. The following key priorities, amongst others, are funded over the MTEF period:

- Waste Management Programme
- Eco-Tourism Growth and Development
- Maluti-A-Phofung Special Economic Zone
- Enterprise Support Programme
- Maintenance of Resorts and Reserves
- Creation of work opportunities through the Expanded Public Works Programme
- Cushioning of budget pressures emanating from wage agreements

The above-mentioned allocations include transfers to the provincial public entities. In 2025/26 the Free State Gambling, Liquor and Tourism Authority is allocated R103.7 million for operational costs and regulatory functions, whilst the Maluti-A-Phofung Special Economic Zone will receive R40 million and FDC will be allocated an amount of R6 million as it is expected that the entity should be self-sustainable.

DEPARTMENTS AT THE CENTRE OF GOVERNMENT

OFFICE OF THE PREMIER

The Office of the Premier receives R633 million in 2025/26, R649 million in 2026/27 and R658 million in 2027/28. Over the MTEF ahead the Office of the

Premier is estimated to spend R1.9 billion. The following key priorities, amongst others, are funded over the MTEF period.

- Provincial Bursaries Programme
- Innovation Hub
- Gender-Based Violence
- Cyber security
- Community Development Worker's Programme
- Youth Affairs Programme
- Women and Disability Services
- Cushioning of budget pressures emanating from wage agreements

Hon Speaker, we are proposing to reduce the budget from the provincial bursary programme to fund other provincial pressures. The reduction is informed by the discontinuation of the international bursary project.

COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA)

COGTA is allocated R447 million in 2025/26, R463 million in 2026/27 and R478 million in 2027/28. Over the MTEF the department is expected to spend more than R1.3 billion. The following key priorities, amongst others, are funded over the MTEF period:

- Municipal Finance Recovery Programme, municipalities that are under section 139
- Water Laboratory Municipal Support
- Municipal Support Programme
- Disaster Management Programme
- Cushioning of budget pressures emanating from wage agreements

Hon Premier, your directives relating to the District Development Model are very clear and you have succinctly explained the importance of integrated planning

across the spheres of government. We stand firm in supporting the District Development Model and call on all the relevant stakeholders to start implementing the model in their respective plans.

PROVINCIAL TREASURY

The Provincial Treasury is allocated R384 million in 2025/26; R399 million in 2026/27 and R414 million in 2027/28. In total Provincial Treasury is estimated to spend R1.1 billion over the MTEF period. The budget funds the following priorities, amongst others:

- Infrastructure Development Improvement Programme
- Municipal Finance Recovery Services, for municipalities under section 139
- Operation Clean Audit Programme
- Municipal Support Programme
- Cushioning of budget pressures emanating from wage agreements

Hon Speaker, our partnerships with, amongst others, the Association of Certified Fraud Examiners (ACFE), the South African Institute of Chartered Accountants (SAICA), the South African Institute of Internal Auditors (SAIIA), the South African Revenue Service (SARS) remain steady and we appreciate the work aimed at strengthening governance in our departments, public entities and municipalities.

FREE STATE LEGISLATURE

The Provincial Legislature is allocated R317 million in 2025/26; R339 million in 2026/27 and R375 million in 2027/28. In total, the Legislature is estimated to spend just above R1 billion over the MTEF period ahead.

The work of the Provincial Legislature as always is commendable. The active oversight role played by the Legislature, especially on financial and non-financial matters, is very crucial in ensuring that we attain fiscal sustainability for the province.

Hon Members, the MECs of the above-mentioned provincial departments will elaborate on how their departmental allocations are aligned with our shared priorities, how funds will be allocated to specific programmes and projects.

We must remember that even in the most difficult times, there is always a glimmer of hope. Just beyond the clouds, the sun is shining, and we are determined to navigate through these challenges towards brighter days. We believe in the effectiveness of our planning and our unwavering commitment to building a prosperous future for the Free State.

CONCLUSION

Hon Speaker, today's budget is not merely a statement of figures and allocations; it is a commitment to building a stronger, more resilient Free State, guided by the principles of inclusive, transformative and sustainable economic growth. In the words of Archbishop Desmond Tutu, "hope is like having a little light inside your heart that keeps shining even when things are dark or difficult around you."

Hon Speaker, as we table this budget, we do so with a firm commitment to building a province that is economically vibrant, socially just, and structurally sound. The sacrifices of our past must inspire us to be custodians of a future where every citizen of the Free State can prosper. Honourable Members, as we move forward with this budget, let us do so with conviction and with the understanding that together, united, we will overcome the challenges of today

to build a brighter tomorrow. Even now, more than before, we believe that beyond the clouds, the sun is still shining.

Hon Speaker, as I conclude, I would like to extend my sincere gratitude to our Premier, MaQueen Mathae-Letsoha for her exceptional leadership and visionary guidance, which continue to inspire and shape the direction of this province. I also wish to thank my fellow colleagues of the Executive Council for their unwavering support and for ensuring that the budget decisions we made are aligned with the goal of advancing our province.

I extend my appreciation to the Members of the Provincial Legislature and the Provincial Public Accounts and Finance Committee for their diligent work in enabling accountability and oversight, ensuring that we remain on the right path toward good governance.

I am deeply grateful to Mr. Mohlahlo, the Head of the Provincial Treasury, and the entire Provincial Treasury staff for their tireless efforts in preparing this budget and for their continued commitment to fiscal responsibility.

I would like to express my heartfelt thanks to my family, whose unwavering support and understanding provide me with the strength to carry out this important responsibility.

Let me also take a moment to express my sincere gratitude to all the people of South Africa, particularly the people of the Free State, for their continued patience, understanding, and resilience. Your tolerance and support during these challenging times are deeply appreciated. Together, we move forward with determination, unity, and a shared commitment to building a prosperous province.

Hon Speaker, before I close, I would like to quote former President of the ANC Mr. Oliver Tambo, I quote –*"It is our responsibility to break down barriers of*

division and create a country where there will be neither Whites nor Blacks, just South Africans, free and united in diversity."

I hereby table the Free State Provincial Budget for the 2025/26 financial year with accompanying documents for your consideration.

I THANK YOU