



HON. KETSO MAKUME MEC for Finance, Economic Development and Tourism

DEPARTMENTAL BUDGET VOTE SPEECH 2026

Tuesday
28 April 2026



Phuthaditjhaba,
Bluegumbosch,
Multipurpose Hall



10:00 AM

"The Year of Decisive Action to Fix Local Government and Transform the Economy"



treasury
Department of
Treasury
FREE STATE PROVINCE



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"The Year of Decisive Action to Fix Local Government and Transform the Economy"

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



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INTRODUCTION

Honourable Speaker, it is a great honour and profound privilege to present the 2026/2027 Budget Vote of the Free State Provincial Treasury during this significant period of Freedom Month, as our nation marks 32 years of democracy and constitutional governance.

Honourable Members, this year we also commemorate the 155th anniversary of the illustrious struggle icon and pioneering human rights activist, Mmê Charlotte Maxeke. Her unwavering courage, alongside that of many women of her generation, was demonstrated in the face of formidable and often brutal resistance. Their sacrifices laid an enduring foundation for the democratic freedoms we now enjoy. As beneficiaries of this hard-won liberty, we are duty-bound to recognise and honour the indispensable role played by women in advancing the struggle for freedom, the pursuit of gender equality, and the realisation of universal human rights.

In this regard, we call upon all South Africans to utilise the occasion of Freedom Month and the commemoration of Freedom Day as a moment of reflection, unity, and renewed commitment to the ideals upon which our democracy is anchored. It is a time to consolidate our collective resolve to build a more inclusive, just, and equitable society.



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While we acknowledge the significant strides made since 1994 in expanding access to services and opportunities, we must equally confront the persistent challenges that continue to confront our nation. The enduring realities of inequality, poverty, and unemployment remain among the most pressing obstacles to the attainment of true national unity and lasting social cohesion. These challenges compel us to act with urgency, purpose, and unwavering commitment to ensure that the promise of freedom is not merely symbolic but tangibly realised in the lives of all our people.

Honourable Members, it is incumbent upon us, as custodians of this hard-earned freedom, to preserve their legacy not only in remembrance, but through our actions—by advancing the ideals for which they fought, and by ensuring that the promise of freedom is fully realised for present and future generations.

PROVINCIAL ECONOMIC REVIEW AND OUTLOOK

Honourable Speaker, the economy of the Free State Province is presently undergoing a gradual and measured recovery, with growth projections estimated in the range of 1.4 to 1.6 percent. This modest performance remains largely underpinned by the resilience of key sectors such as finance, logistics, and agriculture, which continue to provide a critical foundation for economic activity within the province.



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However, this recovery must be viewed within the context of persistent structural constraints. Key amongst these is the continued decline of the mining sector, which has historically been a significant contributor to the provincial economy. This contraction has had far-reaching implications for employment, investment, and overall economic dynamism.

In response, the province is actively pursuing a programme of economic diversification and structural transformation. Through targeted industrialisation policies, we are seeking to address the challenge of high unemployment by stimulating productive sectors of the economy. Particular emphasis is being placed on the expansion of renewable energy initiatives, which not only align with global and national energy transitions, but also present new avenues for investment and job creation.

Simultaneously, deliberate efforts are being undertaken to revitalise the manufacturing sector and to modernise and strengthen agriculture—both of which remain pivotal to the province's long-term growth trajectory. These interventions are aimed at enhancing value addition, improving competitiveness, and fostering inclusive economic participation.

Honourable Speaker, during his visit to the Free State in March 2026, the President of the Republic of South Africa, His Excellency Cyril Ramaphosa, underscored the immense strategic potential of our province within the national economic landscape. He emphasised that



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the province must deliberately leverage its central geographic location to position itself as South Africa's natural logistics and distribution hub.

As the President appropriately articulated, *"The Free State is uniquely positioned to be at the heart of our country's economic growth story. It is strategically located, making it a natural logistics and distribution hub, linking major economic centres."*

Honourable Members, this assertion is not merely an observation; it is a clarion call to action. It challenges us to continue to harness this strategic advantage to drive inclusive economic growth, stimulate investment, and unlock new opportunities for industrial expansion and job creation within our province in line with the Free State Growth and Development Strategy.

DEPARTMENTAL APPROPRIATION

Honourable Speaker, the Provincial Treasury occupies a central and strategic role in terms of the Public Finance Management Act. This mandate encompasses, inter alia, the prudent management of provincial fiscal resources, the promotion of sound governance, as well as the monitoring of departmental expenditure and the provision of oversight over municipalities and public entities.

To effectively discharge this critical responsibility, the department is allocated a total appropriation of R403.9 million in 2026/27, R411.7 million in 2027/28 and R421.4 million in 2028/29. In total, the



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department is estimated to spend more than R1.2 billion over the 2026 MTEF period.

Honourable Members, this allocation underscores the department's commitment to strengthening fiscal discipline, enhancing financial governance, and ensuring that public resources are utilised efficiently, effectively, and in a manner that advances the developmental priorities of the Free State Province. The below table depicts the budget allocation per programme as follows:

PROGRAMME	LINE FUNCTION	BUDGETED AMOUNT
Programme 1	Administration	R141.6 million
Programme 2	Sustainable Resource Management	R68.1 million
Programme 3	Assets and Liabilities Management	R79 million
Programme 4	Financial Governance	R33.4 million
Programme 5	Municipal Finance Management	R81.8 million
Total budget		R403.9 million

PROGRAMME 1: ADMINISTRATION

Honorable Speaker, let me start by indicating that the Administration Programme serves as the backbone of the Department, providing leadership, governance, and support systems that enable all other programmes to function effectively and deliver on their mandates.



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At its core, this programme is responsible for ensuring that the Department operates within the framework of applicable legislation, regulations, and policies. It provides strategic direction and oversight, while embedding sound governance practices that promote accountability, transparency, and ethical conduct across all areas of operation.

Honorable Members, without a strong Administration Programme, the department would lack the institutional capacity, governance systems, and operational support necessary to fulfil its mandate. This Programme ensures that all other programmes are adequately supported, allowing them to focus on their core service delivery responsibilities.

The programme remains central to strengthening governance, enhancing operational efficiency, and continuously improving the quality of support services provided to all programmes within the department.

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Honourable Members, this Programme plays a pivotal role in the preparation and management of the provincial budget. It is central to the effective monitoring of provincial expenditure, including infrastructure spending and conditional grants, while also driving the optimisation of provincial revenue.



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Budget process

In our continued effort to enhance oversight, we will convene a budget Lekgotla in early August 2026. These engagements will focus on reviewing departmental spending patterns, identifying potential fiscal risks, and agreeing on appropriate remedial actions to ensure prudent financial management.

Honourable Members, in the previous financial year, we successfully convened two EXCO Planning and Budget Makgotla, where we engaged on our key priorities and aligned budget allocations for the 2026 MTEF period.

Honourable Speaker, in this financial year, we will once again convene these important sessions, together with the Provincial Medium-Term Expenditure Committee meetings involving all departments and entities. The aim is not merely to ensure that allocated budgets are spent, but to ensure that they translate into real value—delivering improved outcomes and tangible benefits for our communities.

Budget baseline review

Honourable Speaker, in the previous financial year, we undertook a commitment to conduct comprehensive budget baseline reviews in collaboration with our provincial departments. I am pleased to report that this process was duly implemented as envisaged.



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However, Honourable Members, the exercise did not yield the anticipated outcomes, as the majority of departments remain under significant fiscal pressure, thereby limiting the scope for further reprioritisation within existing baselines.

Notwithstanding these constraints, the department will persist in its efforts to identify areas of inefficiencies within current budget allocations. Where such inefficiencies are detected, resources will be strategically redirected to areas of greatest need, ensuring that limited fiscal resources are utilised in a manner that maximises developmental impact and service delivery outcomes.

Leveraging on budget facility for infrastructure (BFI)

Honourable Members, the Province intends to leverage the Budget Facility for Infrastructure as a strategic instrument to accelerate infrastructure development. In this regard, we will appoint transaction advisors to support rigorous project preparation and packaging, ensuring that proposals meet the required standards for funding consideration.

Honourable Speaker, the effective utilisation of this facility will not only assist in addressing critical infrastructure backlogs within the province, but will also create fiscal space, enabling the redirection of limited resources towards other pressing provincial priorities.



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Provincial infrastructure

Honourable Members, last year we made a commitment to strengthen our infrastructure oversight by ensuring the active participation of Members of the Executive Council in these critical engagements, with the objective of enhancing accountability.

I am pleased to report that this commitment has been fully realised. The MECs responded positively and consistently availed themselves to these sessions, demonstrating commendable leadership and support for this initiative.

As a direct consequence, Honourable Speaker, we have witnessed an improvement in infrastructure expenditure across several departments, to the extent that no allocated funds will be surrendered back to the national fiscus by these departments. This outcome reflects a growing culture of accountability, improved planning, and more effective execution of our infrastructure programmes.

In the 2026/2027 financial year the province will place infrastructure at the top of the provincial agenda by ensuring that projects are prioritised in planning, approval, and implementation as well as to monitor project lifecycle to prevent cost overruns and ensure speedy delivery.



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To attain this, we will strengthen the current oversight structure to be headed by the Premier of the Free State and assisted by the MECs for Finance and Public Works and Infrastructure.

Provincial own revenue

Honourable Speaker, with regard to the preliminary revenue outcome for the 2025/2026 financial year, I am pleased to report that the province has exceeded its own revenue target of R1.264 billion by R63.5 million, representing an overachievement of 5 per cent. This performance is commendable and provides a much-needed buffer to the already constrained provincial fiscus.

The department will therefore continue to play a pivotal role in strengthening revenue performance by working closely with provincial departments to enhance collection mechanisms, rigorously review tariffs, and, where feasible, identify new and sustainable sources of revenue. These efforts are aimed at optimising provincial revenue in a manner that supports fiscal sustainability while enabling the province to meet its developmental obligations.

PROGRAMME 3: ASSETS AND LIABILITIES MANAGEMENT

Hon. Speaker, the Asset and Liability Management Programme is responsible for providing policy direction, facilitating the effective and efficient management of assets, liabilities and financial management systems and procure transversal and cross-cutting goods and services.



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30 day payment of invoices

Honourable Speaker, among its key responsibilities, this Programme monitors compliance with the requirement for the payment of invoices within 30 days across the province. I am pleased to report that we have observed a notable improvement in the timely payment of suppliers. This progress is largely attributable to the concerted efforts of Accounting Officers, who have implemented targeted strategies to address accruals carried over from previous financial years.

Honourable Members, the Department remains steadfast in its commitment to play an active intervention role by closely monitoring departments and public entities to ensure adherence to the 30-day payment requirement. In addition, we will continue to provide the necessary oversight and support to address persistent payment challenges and strengthen financial discipline.

Furthermore, the Free State Provincial Treasury will sustain its outreach programmes, which provide suppliers with a platform to report instances of non-payment or delayed payment through established grievance mechanisms.

Online request for quotation functionality

Honourable Speaker, as part of our commitment to embracing technology and modernising procurement systems, the National Treasury's Office of the Chief Procurement Officer has introduced the



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Central Supplier Database Request for Quotation functionality. In collaboration with the Office of the Chief Procurement Officer, the Free State Provincial Treasury has commenced with awareness sessions to introduce this system to all provincial departments and public entities.

Honourable Members, the primary objective of this functionality is to advance the "Know Your Supplier" principle, which is essential for verifying supplier identity, credibility, and compliance, while enabling continuous monitoring and strengthening the integrity of the supplier database.

Furthermore, the enhanced functionality allows organs of state, particularly those without electronic procurement systems, to issue Requests for Quotation directly through the Central Supplier Database. Suppliers are able to submit their quotations via the platform, thereby reducing the risk of fraudulent practices and promoting a secure, standardised, and transparent procurement process

PROGRAMME 4: FINANCIAL GOVERNANCE

Honourable Speaker, the Financial Governance Programme plays a critical role in promoting accountability across the province by ensuring sound financial management, governance and strict compliance with prescribed financial norms and standards. The Programme consists of two sub-programmes, Accounting Services and Provincial Risk Management and Internal Audit.



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Accounting services

Honourable Speaker, I am pleased to report that all Provincial Departments, Public and Trading Entities, as well as the relevant Fund, have complied with Sections 40 and 55 of the Public Finance Management Act by submitting their Annual Financial Statements to the Auditor-General of South Africa by 31 May 2025.

Honourable Members, in advancing good governance and sound financial management, the audit outcomes for the 2024/2025 financial year continue to reflect a positive trajectory. For the second consecutive year, all PFMA auditees have maintained audit outcomes free from adverse and disclaimer opinions—an achievement that demonstrates sustained improvement in financial discipline and reporting standards.

To further enhance the quality of Annual Financial Statements, and by extension the Consolidated Financial Statements, the Provincial Treasury implemented targeted interventions. These included rigorous assessments of quarterly and bi-annual financial statements, as well as draft annual financial statements across departments and entities. Comprehensive assessment reports, with clear guidance on required improvements, were shared with Accounting Officers, Chief Executive Officers, Chief Audit Executives, and Audit Committee Chairpersons to strengthen oversight and accountability.

However, Honourable Speaker, we remain concerned that unauthorised, irregular, and fruitless and wasteful expenditure levels are



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still unacceptably high. Departments and entities must therefore intensify their efforts to strengthen compliance, curb such expenditure, and enforce effective consequence management.

Provincial risk management and internal audit

Honourable Speaker, during the 2025/2026 financial year, the Provincial Treasury intensified its efforts to strengthen Risk Management, Internal Audit, and anti-fraud capacity across Provincial Departments and Public Entities. This was achieved through a series of targeted capacity-building initiatives aimed at enhancing institutional resilience, accountability, and preparedness. These included specialised training on combined assurance, awareness sessions addressing extortion risks affecting suppliers, and capacity development in Business Continuity Management.

Honourable Speaker, in the 2026/2027 financial year, the Provincial Treasury will continue to assess the effectiveness of risk management practices across departments and public entities, with a focus on embedding risk management into evidence-based decision-making processes. Compliance with the Public Finance Management Act, Treasury Regulations, and the Global Internal Audit Standards will be closely monitored through the application of strengthened performance indicators.

Furthermore, the province will prioritise the observance of key anti-fraud and anti-corruption initiatives, including Africa Anti-Corruption Day, Anti-



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Fraud Awareness Week, and International Anti-Corruption Day, as part of a sustained effort to cultivate a culture of ethics, integrity, and zero tolerance for corruption within the public service.

PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

Honourable Speaker, this Programme carries the critical responsibility of monitoring and supporting municipalities to strengthen financial governance and improve financial management at the local government level.

Honourable Speaker, the plans I am about to outline under this Programme reflect our deliberate efforts and unwavering commitment to fixing and strengthening local government, while decisively addressing the fiscal challenges that continue to confront our municipalities.

In the previous financial year, we committed to prioritising key interventions, namely: the timely submission of credible Annual Financial Statements; addressing revenue challenges and unfunded budgets; and curbing unauthorised, irregular, fruitless and wasteful expenditure.

Honourable Members, through the coordinated efforts of the Provincial Treasury, the Cooperative Governance and Traditional Affairs, and the Office of the Premier, we have recorded notable progress. The rate of timely submission of Annual Financial Statements by municipalities



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improved from 19 out of 23 municipalities (82 per cent) to 21 out of 23 municipalities (91 per cent) in the 2025 financial year.

We will further intensify our interventions in the current year to ensure that we achieve full compliance across all municipalities, thereby strengthening accountability and enhancing the credibility of financial reporting at the local government level.

Municipal revenue and budgets

Honourable Speaker, unfunded municipal budgets remain a persistent challenge within the province, with little to no significant improvement recorded in this area. This situation is further compounded by inefficiencies within the local government revenue system, including electricity theft, water leakages due to aging infrastructure, weak billing systems, outdated indigent registers. Collectively, these challenges continue to undermine the financial sustainability of municipalities and place additional pressure on intergovernmental fiscal transfers, particularly the Local Government Equitable Share (LGES).

Honourable Members, the department will continue to provide targeted support and technical guidance to municipalities to ensure compliance with the requirements of credible and funded budgets. In addition, we will assist municipalities in the development and implementation of cost-reflective tariffs, while also providing limited but focused support



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towards revenue enhancement initiatives, including the strengthening of billing systems and revenue collection mechanisms.

The department will continue to convene intergovernmental Debt Steering Committee engagements with the Departments of Provincial and National Public Works and Infrastructure, as well as the Department of Education, to address the settlement of government debt owed to municipalities. These engagements are aimed at ensuring sustained progress in reducing outstanding obligations and improving payment discipline across the public sector.

Honourable members, we further acknowledge the ongoing policy reforms emanating from the White Paper on Local Government, as well as the review of the fiscal framework underpinning the Local Government Equitable Share. These reforms are critical in addressing structural weaknesses and in strengthening the financial viability and sustainability of municipalities going forward.

Unauthorised, irregular and wasteful expenditure

Honourable Members, while we acknowledge that unauthorised, irregular, fruitless and wasteful expenditure remains unacceptably high across our municipalities, it is equally important to recognise the progress being made. Through the coordinated efforts of the Provincial Treasury, the Cooperative Governance and Traditional Affairs, and the



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South African Local Government Association, we are beginning to see encouraging results.

Honourable Speaker, for the 2024/2025 financial year, municipalities collectively recorded a reduction of R9.8 billion in such expenditure. This improvement reflects strengthened oversight, enhanced support to municipal finance structures, and the growing effectiveness of Municipal Public Accounts Committees in enforcing accountability and promoting prudent financial management.

Honourable Members, building on this momentum, the department will appoint a panel of experts to provide targeted technical support to municipalities requiring additional assistance. This intervention is aimed at further reducing unauthorised, irregular, fruitless and wasteful expenditure, and entrenching a culture of compliance, efficiency, and sound financial governance across the province.

Municipal supply chain management

Honourable Members, the department will expand its support to municipalities by strengthening the functioning of Bid Committees and facilitating skills transfer through on-the-job training and structured capacity-building workshops as well as SCM Forums with all delegated municipalities. These interventions are aimed at enhancing compliance and promoting best practices in supply chain management.



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Honourable Speaker, this work is further reinforced through the donor-funded Procurement and Infrastructure Knowledge (PINK) Management programme, which supports municipalities in reducing unauthorised, irregular, fruitless and wasteful expenditure, while improving overall SCM compliance. This is being achieved through the rollout of standardised toolkits, standard operating procedures, and compliance checklists.

Audit outcomes

Honourable Speaker, whilst we acknowledge that our municipal outcomes are stagnant, we have appointed a team of experienced financial experts to provide targeted and hands-on support to municipalities. This intervention focuses on strengthening financial management, internal controls, financial reporting, compliance, and audit readiness, with the aim of addressing persistent challenges that have contributed to recurring audit findings and weakened financial performance.

The overarching objective of this intervention is to improve audit outcomes across the province. By strengthening internal controls and enhancing compliance, municipalities will be better positioned to reduce material misstatements, respond effectively to audit queries, and improve the credibility of financial reporting. Ultimately, these efforts will support a progressive transition towards unqualified and clean audit



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outcomes, reinforcing good governance and accountability at the local government level.

CONCLUSION

Honourable Speaker today is not only about tabling our budget vote. It is about our public commitment to the people of the Free State. It is about injecting a new energy into the work we are doing to address the challenges and to make sure that each and every single Free Stater has access to the opportunities of the province at large.

Honourable Members, I must emphasise as I conclude that the year 2026 must stand as a decisive turning point—a **Year of Fixing Local Government**. It is a year in which we move beyond diagnosis to implementation; a year in which accountability is enforced, inefficiencies are corrected, and the culture of sound financial management is firmly entrenched across all municipalities.

Honourable Members, I extend my sincere appreciation to the African National Congress, a historic movement in which millions of South Africans have placed their trust, for the honour of representing it in this esteemed House.

Honourable Speaker, accountability remains the bedrock of our democracy. I therefore wish to thank you, together with the Provincial Public Accounts Committee, for your steadfast commitment to



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upholding accountability and strengthening oversight in service of our people.

I convey my deepest gratitude to the Honourable Premier, “Mama Action,” MaQueen Letsoha-Mathae, for entrusting me with this responsibility. Her leadership and guidance continue to inspire our work in advancing the interests of the people of the Free State.

I also acknowledge the valuable support and collaboration of my colleagues in the Executive Council and Members of this Legislature, whose contributions reinforce our shared governance.

My sincere appreciation extends to the Acting Head of Department, Senior Management of the department and all officials for their dedication and professionalism in driving our developmental mandate. I also wish to extend my sincere appreciation to the officials in my office for their unwavering commitment, diligence and the countless extra hours they have dedicated to ensuring the effective delivery of services to our people.

Finally, I thank my wife and family for their unwavering support, which remains a constant source of strength in the fulfilment of my responsibilities.

I thank you!

Ke a leboha!

Baie dankie!