



FREE STATE PROVINCE

2011 Free State Provincial Budget Speech

MEC for Finance

Seiso Mohai

10 March 2011

2011 Free State Provincial Budget Speech by Finance MEC, Seiso Mohai

Honourable Speaker;

Honourable Premier Magashule;

Members of the Provincial Executive Council;

Members of the Free State Legislature;

Executive Mayors and Mayors;

Business leaders and entrepreneurs of Free State;

Distinguished guests;

People of the Free State;

Ladies and Gentlemen:

Last week on Friday, the 4th March 2011, the Premier tabled a State of the Province Address which was path defining for the Province in outlining the Provincial Programme of Action for the year ahead. The Premier, as inspired by the President, made it very clear that we must intensify service delivery, economic development and transformation for the creation of jobs on a massive scale.

This budget will therefore take cue from the priorities of the Province as outlined in the State of the Province Address. And the latter shall also serve as reference framework for this budget.

After 17 years since the attainment of political freedom, the need to alter economic power relations is looming larger as the course of social transformation enters a new trajectory. We must create jobs, eliminate poverty, reduce inequalities, and redistribute national income and wealth for all. Struggles on the economic terrain are beginning to dominate the consolidation of our democracy, going forward. Failure or success on the economic front will make or break our entire social transformation project in current conjuncture.

As we celebrate the 100 years of the oldest liberation movement on the African continent, the African National Congress, next year, here in Bloemfontein, where it was formed, we declare that the major task for completing national liberation is to realize economic freedom for all

South Africans. And we have no doubt in our minds that, inspired by the glorious history of the liberation struggle, we will succeed. Walter Sisulu, who was a giant of the liberation struggle and one of the architects of the ANC, also born in 1912 like the ANC, was correct in asserting that post liberation we can achieve greater progress by: “... *translating our political freedom into meaningful social and economic terms.*”

The Provincial Imperatives for the New Growth Path

The Premier announced, during the State of the Province Address, that the review of the Free State Growth and Development Strategy will culminate into the development of the Free State Economic Development Plan. This Economic Development Plan will certainly take cue from the national New Growth Path which was unveiled last year in October.

The New Growth Path identifies where employment creation is possible, both within the conventional economic sectors and in cross-cutting activities. It then puts forward an array of macro and micro economic policy interventions and institutional development measures for creating jobs on a much more large scale and faster.

As the Province, we will therefore optimally utilise the five job drivers as identified in the New Growth Path, which are:

1. **Substantial public investment in infrastructure** both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy.
2. **Targeting more labour-absorbing activities** across the main economic sectors – the agricultural and mining value chains, manufacturing and services.
3. Taking advantage of new opportunities in **the knowledge and green economies.**
4. Leveraging **social capital in the social economy and the public services.**
5. Fostering **rural development.**

In each of these areas, we will have to make a special effort to generate work and skill development opportunities for young people, who face the highest unemployment rate.

The implementation of New Growth Path will require three areas to be strengthened in the Province: (1) Planning within the Provincial Government, (2) coordination between the

Provincial Departments themselves as well as with Municipalities, and (3) improved efficiencies in the functioning of Government in its entirety for improved service delivery and capacity to spend allocated budgets on time.

The Provincial Economic Outlook

Honourable Speaker, we are in uncertain and rapidly changing times, as evidenced by recent developments in North Africa and the Middle East. This prevailing political turmoil already has an impact on the global economic outlook, as can be seen by the continuing increase in oil price which will affect production costs and possibly inflation.

These developments happen against the background of difficult times for the global economy over the past two years. The recovery from the global meltdown continues to experience a number of significant constraints and risks, particularly in the Euro Zone. The recovery has been characterised by varying speed between the developing and developed countries, with developing countries outperforming the developed economies.

The recovery in South Africa has been relatively hesitant compared to other emerging market economies such as China, Brazil and India. However recent indicators are more positive and suggest that the recovery will be sustained and we can look forward to more faster and vibrant growth in the coming years. But significant challenges remain.

The South African economy grew by 2.8 percent in 2010 compared with 2009 when the real annual economic growth rate decreased by 1.7 percent, but more favourable outcomes are expected in 2011 and 2012.

The current growth rates are also inadequate to make significant inroads into the unemployment rate which increased, as result of the recession, from 21.9 percent in the fourth quarter of 2008 to 24 percent by the fourth quarter of 2010. This underlines the need to generate higher levels of growth whose quality is oriented towards large scale jobs creation. However, as much of South Africa's unemployment problem is structural in nature, it needs to be addressed through structural microeconomic interventions, and the New Growth Path addresses precisely this problem.

The Free State provincial economy is performing below national average. Growth in 2010 in the provincial economy was 1.9 percent and it is projected at 2.4 percent in 2011. We must therefore begin to work more closely and decisively with the private sector to expand and develop production and the value chain in the agriculture, mining, manufacturing, tourism, trade and services. In mining we must take advantage of the current favourable increase in

commodity prices. Robust industrial development of our manufacturing sector has to be pursued. In agriculture we need a revival industrial strategy since this is our strong hold, historically. Such a strategy must also integrate expansion and the development of the entire agricultural value chain. There is also a big potential for the green and knowledge –based economies in the province. These will be the immediate areas of attention for our Provincial Economic Development Plan, including clear jobs targets in each sector and in the province as a whole. And as I have already said, success here will largely depend on the active participation of and collaboration with the private sector. This is because a larger portion of jobs to be created in the province will be done by the private sector in the sectors as mentioned.

Infrastructure Development for Jobs and Economic Development

Mister Speaker, infrastructure development, through public sector investment, is one area we as Government should maximise our role and contribution in jobs creation for meaningful economic transformation and development. Actually, through infrastructure development, Government must lead by example in driving the New Growth Path. There are huge opportunities for jobs creation in infrastructure. Jobs can be created in the construction of new infrastructure. Jobs can also be created in the operation of new facilities such as the new public transport intermodal facility in Bloemfontein which will be opened this June. In the expanded maintenance of our infrastructure, be it roads or public buildings, jobs can be created. In the manufacturing of components for infrastructure programme, jobs can be created as we simultaneously build construction supplier industries.

In addition to these activities, the impact of massive infrastructure programme across the economy will be substantial. Infrastructure will have a huge multiplier effect in the economy; it is the base on which to build a modern industrial economy, and it is also the engine for efficiencies in the economy.

This therefore means we, as Government, must strengthen our planning and coordination with regards to project management and execution of our infrastructure projects so as to leverage jobs and economic development as outlined above.

We will also need more efforts for mobilisation of resources to finance growth path priorities, particularly jobs, skills and infrastructure. The new fiscal policy will require vigorous prioritization and improved value for money, with reductions in less important areas while protecting priority public services. Spending proposals need to be subjected to a clear and rigorous prioritisation process; corruption and waste must be eliminated. Quoting the words of the Minister of Finance during the Tabling of the National Budget:

“... public procurement plays a significant part in the economy and is central to government service delivery. However, citizens and tax payers do not get full value for money, because this is an area vulnerable to waste and corruption. This compromises the integrity of governance and frustrates the pace of service delivery.”

Fiscal Framework

Honourable Speaker, let me now turn our focus to our provincial fiscal purse. The total projected expenditure for the 2011 Medium Term Expenditure Framework (MTEF) period amounts to R73.7 billion and this amount is disaggregated as follows:

- R23.2 billion in 2011/12 , which is 5.3 percent more than the revised estimates of 2010/11
- R24.6 billion in 2012/13 and
- R26 billion in the outer year of 2013/14

These amounts Mr. Speaker include the unallocated EPWP incentive grant which total R26.2 million in 2011/12, R18.7 million in 2012/13 and R22.4 million in 2013/14.

Revenue Envelope

EQUITABLE SHARE

Speaker, you would remember that in 2006 the Budget Council called for a comprehensive review of the provincial equitable share formula to address concerns that it was not flexible enough to deal with expenditure responsibilities driving unique provincial budgets. Whilst the structure of the provincial equitable share remains unchanged, a number of reforms will be introduced to the provincial equitable share formula for the 2011 Budget. These include:

- The introduction of a new health component and the increasing of the weight of the component from 26 per cent to 27 per cent;
- The decreasing of the education component weight from 51 per cent to 48 per cent; and

- The changing of the basic component weight from 14 per cent to 16 per cent.

Speaker, in addition to the review, the formula is updated annually. After the introduction of these reforms and the update, 94 percent of the equitable share is influenced by population movements and the characteristics of provincial populations. Because the formula is largely population driven, the allocations it generates capture shifts in population across provinces, leading to changes in the relative demand for public services. The impact of the changes in the formula and data updates resulted in the decline of the Free State weighted share. The major contributors to the decrease in the weighted share of the province are:

- Declining number of learners;
- Decreasing population numbers in the province; and
- Gross Domestic Product that is not increasing as fast as it is the case with other provinces.

The Free State's equitable share allocation grows with 8 percent from R16.5 billion in 2010/11 to R17.5 billion in 2011/12, while the two consecutive years will grow with an average of 5 percent to R18.4 billion in 2012/13 and R19.4 billion in 2013/14. Speaker, efforts are being made to address the perpetual decline in our equitable share allocations. These include:

- Working closely with the provincial department of Education to ensure all learners in the province are accounted for;
- Close relationship with the regional office of Statistics South Africa to understand the reasons for decreasing population;
- Focused research with our universities to better understand and articulate our population realities.

CONDITIONAL GRANTS

Speaker, conditional grants remain the second largest source of revenue for our province and account for 22 percent, which is R5 billion of the total fiscal envelope in the 2011/12 financial

year. Over the MTEF period the grants increase by 7.8 percent in 2011/12 to 2012/13 and 7 percent in 2012/13 to 2013/14.

The review in the Grant Framework has resulted in the Infrastructure Grant to Provinces (IGP) being split into:

- Education Infrastructure Grant
- Health Infrastructure Grant; and
- The Roads Maintenance grant

Three additional conditional grants have been introduced to the fiscus amounting to R1 billion in 2011/12, namely: Dinaledi Schools Grant; Schools Infrastructure Backlogs Grant which is a grant in kind and the Disaster Grant. The latter is to provide for the immediate release of funds for disaster response.

The province received R447 million from Provincial Road Maintenance Grants to supplement provincial roads investments and support preventative maintenance on provincial road networks and to ensure that provinces implement and maintain road assets management systems.

Speaker, the under-spending on conditional grants mainly relates to issues of infrastructure, and its mainly attributed to lack of capacity in relevant departments with regard to planning, implementation and monitoring; poor performance of contractors on site and the re-advertising and adjudication of tenders. This under-spending has serious adverse consequences on service delivery as it robs us of the opportunity to improve the quality of life of our people. However, the creation of the provincial infrastructure unit in the Department of Public Works, whose work will cut across all major infrastructure projects of all Departments, is an important intervention. We will continue to explore strategies to overcome all the challenges that face us including the challenge of under-spending. As per the dictum by the Premier during the occasion of the state of the province address:

“There will be no mercy for non-spending in 2011. We will strictly account for our spending to the President, National Treasury, the provincial Legislature and the people of the province. The province will also be required to table a report on its performance during June with the Presidency”

The Provincial Treasury, through regular reporting will play a robust oversight role in this regard.

PROVINCIAL OWN REVENUE

Speaker, Provincial Own Revenue collection by the Departments plays a significant role in our Province. Revenue collection in the province has shown steadfast growth of over a R100 million for the past three financial years. Mr. Speaker, although Provincial Own Revenue contributes 3 percent of the entire budget, in real term this amounts to R718 million in 2011/12, increased to R772 million in 2012/13 and R851 million for 2013/14 financial year. This is mainly generated by Motor Vehicle Licenses; Patient Fees; Interest on investments; Gambling receipts; Resorts and reserves; and lastly the Sale of game.

Mr. Speaker, I have outlined already that we want to better the lives of our people, on the other hand we must have options for revenue enhancement. We have already relooked at the restructuring of Motor Vehicle Licenses fees with the intention of bring them in line with other provinces. The MEC for Police, Roads and Transport will deliberate more on this issue during his Vote Speech.

Our resorts and reserves remain a potential source of revenue for the province, as such they need to be improved, protected and their performance effectively monitored. For this reason, we will prioritize, amongst others, resorts and reserves in our monitoring in this upcoming financial year – 2011/12.

Mr. Speaker, the community at large should understand that by not paying for services provided, they are denying service delivery to those that need it the most. These also include the outstanding patient fees, unpaid traffic fines for the motorists and unlicensed vehicles within the Province.

To consolidate the revenue-raising ability of the province, work has started on the development of a Provincial Revenue Strategy.

BORROWING FRAMEWORK

Speaker, given the shortage of resources and the impact that our government wants to make in the lives of the Free State people, borrowing will, at times, be unavoidable. However, this route of funding must be approached with absolute adherence to the relevant legislation. As we do so, we have to base our application on two critical issues, which are priorities of government and sound empirical evidence. Mr. Speaker, let me warn right away that borrowing should come as a last resort for funding after all avenues of funding have been explored. The cost of repaying the borrowed funds should be carefully considered before any agreement is entered into. As a result, alternative funding mechanisms that fast-track and optimize service delivery on the one hand and limit the burden on the public fiscus should be pursued.

Allocations to Departments

Mr Speaker, the Minister for Finance, Honorable Pravin Gordhan alluded to the difficult choices that we will have to make as custodians of public resources; he said: ***“This budget sets us on a path, Honorable Members that will be neither easy nor uncontested- hard work and difficult choices lie ahead...”*** Reprioritization of budgets to address frontline government services remains a critical feature of the 2011 MTEF.

Hon Premier, this government has moved swiftly to ensure that the available resources speak directly to the identified priorities as expressed earlier-on. Last year on the 5th of March 2010 I stood here and presented the 2010/11 budget and I also alluded to the fact that our government has adopted a performance –driven approach through an outcome-based system. I also alluded to the fact that this system seek to break-away from a silo-mentality approach to service delivery; it sought to rightfully concretize the notion of working together we can do more. We are still of the view that integrated approach to service delivery is the only way to follow and the only approach to ensure that our people enjoy better conditions of life. Honorable members, we therefore re-emphasize our resolve and commitment to cautiously ensure that our budget is informed and addresses government priorities as reflected in the New Growth Path, MTSF 2009-2014 and the twelve Outcomes. I will now turn my focus to the proposed 2011 MTEF allocations.

QUALITY BASIC EDUCATION

Speaker, Education takes up the largest share of our provincial government spending, almost 40% of the total provincial budget allocation. I am not mentioning this as a concern but merely indicating the importance of education and the initiative we have taken as provincial government with regard to ensuring that public investment in education is taken to higher levels. We recognized the fact the investment in education is critical to our growth as a nation; is crucial to developing the much needed skills for the growing economy and is important in improving the overall wellbeing of our people.

This government has made strides in setting enabling grounds for the achievements of the identified fundamentals of quality basic education. These fundamentals include:

- High quality of teaching and learning
- Improved literacy and numeracy at schools
- Better grade 12 exam performance
- Effective management, leadership and governance of schools

- Effective infrastructure development and basic services

The 2011 MTEF allocation to education amounts to R9.5 billion in 2011/12, R10 billion in 2012/13 and R10.5 billion in 2013/14. Cumulatively, the department is allocated an additional amount of R920 million over the MTEF. The funding to this department also addresses other education priorities over the 2011 MTEF.

A LONG HEALTHY LIFE FOR ALL

Mr. Speaker, we remain resolute in ensuring that the health of our people takes centre stage. In the past fifteen years we have toiled hard to open the doors of health for our people; access to public health is no longer a myth, it is happening in all the corners of our province.

To improve the health profile of our province we have to focus our attention on the following: Reduction of Maternal, Child and Infant Mortalities; Improvement in the Life Expectancy Rate and reduction of incidence of TB and HIV by half by 2015. The 2011/12 budget allocation to the department also makes provision for the following priorities:

- Addressing of shortfalls in Occupation Specific Dispensation (OSD) for Doctors, Therapists and nurses;
- General health capacity;
- National health laboratories and blood services;
- Family Health teams and Re-engineering of Primary Health Care;
- Medical Male Circumcision;
- Public Hospital norms and standards; and
- Health infrastructure.

The Department of Health is allocated an amount of R6.8 billion in 2011/12, which will increase to R7.3 billion in 2012/13 and R7.8 billion in the outer year of 2013/14. Cumulatively, Mr. Speaker the department receives an additional amount of R898 million over the MTEF.

SOCIAL DEVELOPMENT

Speaker, we cannot resign ourselves to our comfortable corners when statistics still indicate to us that a large number of our populace still remain trapped in poverty; when we still see vulnerable children begging in our street corners.

The Department of Social Development is allocated an amount of R802 million in 2011/12, and increases to R846 million in 2012/13 and R880 million in 2013/14. The cumulative additional allocation to the department amounts to R36 million over the MTEF ahead. The following priorities are funded:

- Sustainable livelihood;
- Recruiting and retaining of Social Workers;
- Infrastructure Enhancement; and
- Early Childhood Development.

SPORT, ARTS, CULTURE AND RECREATION

Mr. Speaker, we are inspired by the spirit of 2010 World Cup which demonstrated the vital role of sport in social cohesion and nation building. It is therefore my pleasure to announce that the key priorities of the department are supported by this budget.

The department receives a total allocation of R479 million in 2011/12, which is adjusted downwards to R419 million in 2012/13 and R450 million in 2013/14. The cumulative additional allocation to the department amounts to R228 million over the MTEF ahead. The allocation will cater for the following priorities, amongst others:

- Centenary Legacy Projects
- All Sport Development
- Phakisa Major Sport Events and
- Arts and Culture

ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

Speaker, the creation of decent jobs as well as conducive environment for private businesses remain at the heart of this administration. The initiatives by government aimed at incentivising private sector to create employment opportunities for our people is important and is greatly supported by this budget. We will continue to invest in those sectors of the economy that show potential to create work opportunities, we will continue with the development of our rural economies so as to unlock jobs opportunities for our people. The following priorities to be pursued by the department are expected to also unlock work opportunities in the province. These are:

- Economic Development;
- Tourism marketing;
- Revamping of resorts & reserves; and
- Public Entities

Speaker, to effectively address the abovementioned priorities the Department of Economic Development, Tourism and Environmental Affairs is allocated an amount of R390 million in 2011/12, which increase to R414 million in 2012/13 and R436 million in 2013/14. In total the department receives an additional amount of R30 million over the MTEF.

It is worth mentioning again that the creation of decent jobs is a collective exercise; so an integrated approach remains critical in achieving this objective. We therefore send a clarion call to all to put efforts together and strive to realize this noble objective.

RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT

Speaker, local government is a key link between government and its citizens and therefore much attention should be directed to this sphere. As we mentioned earlier on, key to achieving sustainable livelihoods for our communities is the issue of accountability as well as

unquestionable level of governance. Sound financial management which requires strict adherence to set regulations should be a norm; and for this to materialise we need to support and work closely with the municipalities. We therefore commit ourselves to ensuring that quality of municipal services to people is further improved, job creation through Local Economic Development is enhanced, and strengthening of administrative, institutional and financial capabilities as well as prevention of fraud, corruption and nepotism is executed without delay. In addition to the above; we have taken a resolute decision of striving for clean audits in municipalities.

Mr. Speaker, the budget allocation to this department amounts to R378 million in 2011/12, which is increasing to R383 million in 2012/13 and R409 million in 2012/13. Additional allocations for the MTEF ahead amount to R113 million. The 2011/12 budget makes funding available for the following priorities, amongst others:

- Assistance and financial capacity building to municipalities;
- Operation Clean Audits;
- Revitalization of VIP toilets; and
- House of Traditional Leaders

SUSTAINABLE HUMAN SETTLEMENTS AND IMPROVED QUALITY OF HOUSEHOLD LIFE

Speaker, like all other provinces, Free State is faced by rapid urbanization which creates serious pressure on our capacity to provide sustainable housing. The on-going pressure of providing housing to our people will still be guided by our ten point plan which requires us to fast track the process of identifying beneficiaries for special programmes. We will still continue with eradication of two-roomed houses and provision of socio-economic amenities in old and new human settlements. The upgrading of informal settlement is succeeding and will continue and the acceleration of social houses and rental housing stock will remain on our radar.

The Department of Human Settlements receives an allocation of R988 million in 2011/12, R1 billion in 2012/13 and R1.1 billion in 2013/14. The allocation for this department is mainly dominated by the Human Settlements Development Grant. Cumulatively the allocation for the department is decreasing by R1.2 billion over the MTEF due to the shifting of a portion of Human Settlements Development Grant to MIG-cities.

INFRASTRUCTURE DEVELOPMENT

Speaker, infrastructure development remains critical in the creation of decent job opportunities in the province. In the coming MTEF period we will continue building socio-economic infrastructure such as roads, schools, clinics, hospitals and houses. The Department of Public Works will continue playing a critical facilitating role in this regard and we anticipate to observe more work opportunities being unlocked. Furthermore, we expect to see more jobs created through the Expanded Public Work Programme (EPWP) which is spearheaded by Public Works. We have drawn lots of lessons as we implemented the projects through operation Hlasela Campaign, amongst such we have learnt that better planning and coordination can yield a higher quality of jobs on massive scale for the province.

An amount of R1.2 billion is allocated to the Department of Public Works in 2011/12, R1.3 billion in 2012/13 and R1.4 billion in 2013/14. It is crucial for the house to note that an amount of R35 million in 2011/12, R37 million in 2012/13 and R39 million has been deducted from this department and transferred to the Department of Agriculture and Rural Development following the shifting of the Rural Development function. Additional allocations for the MTEF ahead amount to R526 million The following priorities are funded in this department's allocation:

- Expanded Public Works Programme (EPWP)
- Maintenance of Government buildings
- Property rates to municipalities
- Leases; and

- Establishment of Project Management Unit

Still on infrastructure, the allocation to the Department of Police, Roads and Transport amounts to R1.5 billion in 2011/12, which is adjusted to R1.7 billion in 2012/13 and R1.9 billion in 2013/14. The allocation for this department will mainly cover provincial roads infrastructure. Furthermore, the allocation makes provision for procurement of yellow fleet and filling of critical vacancies.

VIBRANT, EQUITABLE AND SUSTAINABLE RURAL COMMUNITIES CONTRIBUTING TOWARDS FOOD SECURITY FOR ALL

Speaker, our rural communities continue to be on the margin of development- socially and economically. There is, however, success with regard to ensuring access to social grants by rural communities. There is still potential for creation of vibrant economy that could yield decent job opportunities for rural folks. The issue of land and agrarian reforms is one of the priorities that the department will tackle in the year ahead; furthermore, agro-processing is anticipated to provide for decent job opportunities. In our pursuit to attain sustainable rural development; we have transferred rural development function from the Public Works to Agriculture. We anticipate that their mutual roles will be better enhanced by this move.

The Department of Agriculture and Rural Development receives an allocation of **R519 million** in 2011/12, **R550 million** in 2012/13 and **R586 million** in 2013/14. Included in the allocation of the department is an amount of **R35 million** in 2011/12, **R37 million** in 2012/13 and **R39 million** that has been transferred from the Department of Public Works following the transfer of the Rural Development function. **The total additional allocation to the department amounts to R204 million over the MTEF.** The following priorities are also funded from the abovementioned allocation:

- Food security;
- Poverty relieve;

- Agro processing;
- Agrarian reform; and
- Rural development

AN EFFICIENT, EFFECTIVE AND DEVELOPMENT-ORIENTED PUBLIC SERVICE

Mr. Speaker, we are faced by unlimited needs from our people and there is a great need to make certain that the limited public resources at our disposal are utilized economical, efficient and effective. Key to the economical, efficient and effective use of these limited public resources are the roles and responsibilities played by the departments of Premier, Treasury and Legislature. The effective execution of their respective roles is key to delivering of basic and frontline services to our people.

The Department of Premier receives an amount of R221 million in 2011/12, R200 million in 2012/13 and R210 million in 2013/14. Cumulatively the Premier receives an additional R75 million over the MTEF ahead. Let me briefly draw attention to some of the priorities funded over the MTEF:

- Operation Hlasela & Izimbizo;
- Thusanong Centre;
- Integrated Website;
- Provincial Planning, and Monitoring & Evaluation;
- Communications; and
- Provincial Hotline

Provincial Treasury is allocated an amount of R201 million in 2011/12; R212 million in 2012/13 and R224 million in 2013/14. The allocation is provided to the Department as it continues with its mandate to support and provide oversight to all Departments, public entities and municipalities, including to:

- Support on provincial economic analysis, fiscal policy, and management of the annual budget process and the implementation of provincial budgets.
- Facilitate the effective and efficient management of assets, liabilities and financial management systems.
- Promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standard

The additional allocation to this department totals R50 million over the MTEF. This additional allocation for this department will mainly focus on making provisions for SITA accounts as well as continuing capacity building to the municipalities through MFMA component.

Mr. Speaker, our crucial organ of State, that is, Legislature plays a law making and oversight roles to our executive arm of state. The questions of accountability and public participation in governance cannot be under estimated; without accountability we might as well forget about realizing our noble objective of a better life for all. **The Free State Legislature is allocated an amount of R203 million in 2011/12, R213 million in 2012/13 and R206 million in 2013/14. Cumulatively the Legislature is allocated an additional amount of R118 million over the MTEF ahead.**

Concluding Remarks

Speaker, whilst this Budget lays the ground work in respect of aligning resources to key government objectives and priorities, the provincial government still requires departments to exercise prudence, efficiency and effectiveness in the utilization of the limited public resources. The nature of the province's economy requires meaningful and decisive intervention for job creation. The extent to which government can leverage job creation from public spending and procurement will remain key. Our experience on labour-intensive mode of service delivery has confirmed that if we were to demand that job creation not be by accident, but by design, then

we will restore the dignity of the hopeless and discouraged job-seekers. This budget seeks to do exactly that.

Speaker, this budget is a result of a rigorous process and extensive consultation, spearheaded by the Premier and for that we are grateful for his leadership; we appreciate the role played by the Treasury Committee and colleagues in the Executive Council for their constructive and valuable inputs. The oversight role of the Finance Portfolio Committee is also very much appreciated.

I thank the Senior Management and the entire Treasury staff for their hard work, diligence, commitment and professionalism as they execute their day to day duties. In particular, I appreciate the role played by the former Acting CEO, Me Mkiva, during the period for which she acted. Let me also take this opportunity to welcome back the new Acting CEO, Mr. Kgomongwe. Speaker, I can't ask for a more professional machinery than the one in this Department. Finally, I wish to thank my wife, my kids, and the rest of my family for their unwavering and dependable support.