



Member of the Executive Council
for Finance
FREE STATE PROVINCE

2023 MTEF BUDGET
FREE STATE PROVINCIAL BUDGET SPEECH

Hon. G. Brown
MEC for Finance: Free State Province
16 March 2023

Hon. Speaker Me. Zanele Sifuba;
Deputy Speaker Me. Lucy Mapena
Hon. Premier Mr. Mxolisi Dukwana
Members of the Executive Council;
Members of the Free State Legislature;
Deputy Ministers Soty and
HE Ambassador of Venezuela to South Africa Prof Moreno
Executive Mayors, Mayors and Councilors;
House of Traditional Leaders KZN Griqua Chief
Board Members of State owned Institutions
Chairpersons of various Seta's
Director-General of the Province, Heads of respective Departments, Chief
Executive Officers and leaders of our public and private institutions;
Municipal Managers;
Leaders of Industry
Leaders of Business
Leaders of Civil Society
Special Guests;
Esteemed Ladies and Gentlemen.
Dumelang!
Molweni!
Goeie middag!
Good afternoon!

Honourable Speaker, it is an honour to be presenting the following documents before this house.

- 2023/2024 Appropriation Bill
- 2023/2024 Estimate of Provincial Revenue and Expenditure
- 2023/2024 Peoples Guide to the Budget

As the Provincial Government descends upon the district of Xhariep a district that is the largest in the Free State Geographically and is known for its vast land. The District is home to the largest dam in the Country, the Gariep Dam and has two mines, situated in Jagersfontein and Koffifontein. The natural resources and the geographical position of the District makes it a site with the best potential for investment and development. Yet the district with the lowest employment rate and the highest in poverty. We present this speech during the month of March a month in which we lost one of our own, MEC Pule Isak Herbert Tate Makgoe and his driver Vuyo Mdi on the 5 March 2023. We pay tribute to him as we present this budget speech right here at one of the schools that he was most proud of, Oranjekrag Combined School. During this month Speaker, you have sworn in new members of the Free State Legislature and on the 14th new redefined executive committee of the province was appointed by Hon. Premier Mxolisi Dukwana. The Premier provided immediate direction to a proposed mantra or slogan for the province. "Free State: The heart of South Africa" which will centre around taking bold and decisive decisions with Free Staters and our communities top of mind, business unusual, and indeed in his actions which we have experienced this far is business unusual.

Hon Speaker we are also reminded that during this month on the 21st in the year 1960, police officers in a black township in South Africa opened fire on a group of people whom were peacefully protesting oppressive pass laws, killing 69 black souls.

The anniversary of the Sharpeville Massacre is remembered the world over every March 21 on the International Day for the Elimination of Racial

Discrimination. Human Rights day. This month reminds us of our short lifespan, in which we have to have faith, pray, and deliver with urgency. May their revolutionary souls rest in eternal peace.

Hon Speaker we are tabling the budget during difficult a difficult domestic and global economic environment.

Global Economic Outlook

The recent economic forecast by International Monetary Fund (IMF) expects global growth to slow down to 2.9 percent in 2023 from 3.4 percent posted in 2022. While the higher-than-expected global inflation peaked in 2022 and is projected to recede to 6.6 percent in 2023 from 8.8 percent in 2022. If this disinflation trend persists, a reprieve from the sustained hike in interest rates and an improvement in cost-of-living will materialize. In the medium term, the recent opening of China's economy is anticipated to drive global growth and trade flow given the country's prominent position as the second-largest economy in the world. As a caveat, the deepening geopolitical tensions adversely affecting global trade and capital flows, in particular, the ongoing Russia-Ukraine war, the lingering effect of CoVID-19 in China, tightening global financial conditions, Central Bank's hawkish stance to raise domestic interest rates to fight rising inflation and cool the economy, worsening debt distress in some regional economies, and persistent global supply bottleneck, pose a considerable threat to the global growth and inflation outlook. Hon. Speaker, the recent developments in the US financial markets, namely, the slump of Silicon Valley Bank has sent shocks across the global economies. The JSE was not spared in this regard, Standard Bank shed 3 percent, Absa 3 percent, Capitec 2.5 percent and Nedbank 1 percent. These developments are expected to put more pressure on the subdued domestic economy.

Domestic Economic Outlook

The IMF's latest forecast expects the South African economy to grow by merely 1.2 percent in 2023, but this growth has been revised downward to 0.3 percent by the South African Reserve Bank in January of this year. Also, the Reserve Bank expects the elevated headline inflation rate of 6.9 percent in 2022 to recede to 5.4 percent in 2023, falling slightly below 6 percent—the upper band of the inflation target. Hon. Speaker, notable downside risks to our domestic growth and inflation outlook remains, among others, the extensive shortage of electricity supply, which affects business productivity and earnings, elevated domestic inflation rate, weakening Rand exchange rate, low gross fixed capital formation, and declining household disposable income. However, speedy implementation of economic reforms is necessary at the national level, to support economic growth, reduce unemployment, resolve the existing energy crisis, and attract much-needed foreign and capital investment.

Provincial Economic Outlook

Hon. Speaker, the Free State economy contracted to 2 percent in 2022 contrasting the 3.6 percent growth rate recorded in 2021, and the provincial economy is expected to grow by 0.1 percent in 2023, owing to significant contractions in the agriculture, manufacturing and mining sectors. Our province continues to battle with persistently high rates of unemployment, poverty and income inequality. The latest QLFS report by Statistics SA reveals an increase in our provincial unemployment rate to 34.6 per cent in the fourth quarter of 2022 from 33.8 percent in the previous quarter. Women and the growing youth population bear the brunt of the high unemployment rate in our province. According to the recent Statistics SA report, women unemployment and youth (for ages 15 to 34 years) unemployment rates rose to 39.1 percent and 47.1 percent respectively, in the fourth quarter of 2022. Interpretively, out of the economically active (working) population of about 1.21 million in the province,

about 332 000 women and 275 000 youth were employed, in the fourth quarter of 2022.

Hon Speaker, one may ask how do we plan to tackle these challenges?

What are Job Creation and economic drivers?

The President His Excellency President Cyril Ramaphosa outlined the progress report of **Operation Vulindlela** which is a joint initiative of the Presidency and National Treasury to accelerate the implementation of structural reforms and support economic recovery. Structural reforms are intended to change the structure of the economy to reduce input costs, lower barriers to entry and increase competition. Lower costs and greater efficiency increase the competitiveness of the economy and create new opportunities for investment. These reforms will place South Africa on a new trajectory of high and sustained growth.

These includes greater impetus on fixing challenges relating to Water, Energy, Land, Private Public Partnership, Infrastructure, Transport Sector, Innovation and technology, which includes the digital communications sector, Industrialisation, Investment Promotion which will include the Visa Regime outlined by Hon. President, Local, rural and township economies. All talk you may think, but this budget will outline the following actions.

Water: The Honourable Premier has constituted a water specialist task team, to implement a water security strategy and a team who understands water economics. The Water Services Infrastructure Grant is valued at R125.9million. Water and Sanitation has allocated R9.7million additional to Bloem Water for the urgent service delivery interventions which is above the main division of revenue funds that are allocated to provinces and local municipalities.

Energy: The province continues to support an energy mix approach to the energy crisis. We have coalmines in the province that are going through applications for extension of their licences to continue to mine. On renewable energy, we have further welcomed the multibillion rand gas project in Virginia by Renergen which is another catalyst for economic growth in the province, we really appreciate the economic spinoffs from this investment. We have encouraged the agricultural sector to continue to utilise commodities such as wastage oversupply of maize, hemp, sorgham as processed from crop to energy and the plastic, rubber waste solutions which will bring massive job creation to the province. We do encourage the on-going work between the Department of Mineral Resources and Energy, the Department of Environmental Affairs and the Department of Agriculture in supporting and formalizing the small scale miners, farmers and waste management proprietors in the province. The municipalities role is to develop the correct council resolutions and compliant processes to be the market for the energy supply that will come from these plans to support the just energy transition.

Land: Land remains a catalyst for economic growth. As the Premier outlined in his SOPA, the audit of unused and under-utilised land owned by the provincial government must be finalised in order to make land available for redistribution. I would further like to highlight speaker that the South African Reserve Bank has introduced carbon tax in June 2019 as part of policy measures to help achieve the cabinet-approved National Determined contributions (NDC) commitments submitted under the global Paris Agreement on climate. These allowances include an industrial process emissions allowance of up to 10%; a fugitive emissions allowance of up to 10%; a maximum 10% allowance for trade exposed industries; a performance allowance of up to 5%; and a 5% allowance for participating in the carbon budget system. This is the huge endowment that we have above and below our Free State Land that is of economic value to our

province, specifically land designated and zoned for industry and agriculture. As a province we anticipate SARS future announcement on water credits.

Public Private Partnerships (PPP's)

Hon. Speaker, the province has thus far registered five PPP projects with National Treasury and these are located within the Departments of Health and Community Safety, Roads and Transport. The members of Executive Council will outline the budgets and plans for those partnerships during their respective budget speeches.

Infrastructure

Hon. Speaker, infrastructure investment remains a catalyst for economic growth and creation of employment opportunities. In the 2023/24 FY the province plans to spend more than R5.071 billion on infrastructure investment. The maintenance of provincial roads and delivery of human settlements accounts for 58% percent of this total budget. The planned infrastructure investment in the coming financial year is spread across all the five districts with Mangaung receiving 29.6 percent, Thabo Mofutsanyane 19.2 percent, Lejweleputswa 18.9 percent, Fezile Dabi 11.3 percent and Xhariep increased from 3.1% last year to 8.9 percent this year. Hon. Speaker, I am pleased to announce that in the 2023/24 financial year the province will receive an additional R187.2 million through the Performance Based Incentive System programme which is managed by National Treasury. This programme is aimed at improving effective planning and deriving efficiencies within the infrastructure delivery chain. These additional allocations are received by the following departments:

- Department of Education obtained 78% and qualifies for incentive allocation of R109 million; and
- Department of Health scored 80% and qualifies for R78.2 million.

The incentive allocations are already earmarked for the implementation of identified projects in both departments. Hon Speaker, We are also delighted by the announcement of the 25 major infrastructure projects with the value of R138 billion that have been registered with Infrastructure South Africa, this will be monitored by the Office of the Premier.

Technology: As the department of health continues to digitalise patient records the Hon Premier has instructed that we ensure that the entire public service is digitilised for the benefit of efficiencies, automation and record keeping. We will work with the relevant SETA's, TVET Colleges and Technical divisions at both universities for the implementation thereof. This will be lead by the Office of the Premier. Another way to ensure young people in the province benefit from new economic opportunities.

Industrialisation: “Free State – The Heart of South Africa.” GDP is calculated or defined as the value of finished goods, services or products in the market for consumption. One of the catalytic ways to grow our GDP is through Industrialisation, manufacturing and production. We will continue to invest in our industrial parks, the special economic zone MAP – SEZ and we would like to upon completion of the necessary advisory processes, commission a new Special Economic Zone in Lejeweleputswa District which will focus on the energy mix. The Bram Fischer Airport node will have the first phase implemented during this financial year.

Investment Promotion: Development of Industrialists and manufacturers though Development Funding Institution, Private Sector, Investors and financial partnerships, Free Stater proprietors are top of mind when it comes to trade for the province. Deste together with the Intergovernmental Relations unit within

the Office of the Premier will implement a strategy to reignite the Free State to be the gateway of the country into Africa and the world.

State budget to advance the Free State Economy: Hon. Speaker, I want to brief the House on the latest development with regard to supply chain management reforms. The Preferential Procurement Regulations of 2022 were promulgated in November 2022 with an effective date of implementation being the 16th of January 2023. The provincial spend on designated sectors in 2022/23 amounted to R611 million and 45.4 percent was spent on women owned companies, whilst 52.4 percent on youth, 0.71 percent on disabled and 1.41 percent on military veterans. Gender mainstreaming currently implemented will have a special focus on ensuring equality in the market systems of the province.

ON MUNICIPALITIES

Hon Speaker the above cannot be achieved without municipalities

In the 2021/2022 municipal financial year the revised allocation for Municipal Infrastructure Grant (MIG) totalled R779.352 million and the province spent R618.607 million or approximately 80% of that allocation. In the implementation of the 2021/22 MIG projects the province created 1 839 temporary jobs. About 356,961 households were serviced and 25 km of roads and storm water were constructed during the 2021/2022 MIG financial year.

Hon. Speaker, in consultation with the National Department of Cooperative Governance and Traditional Affairs and National Treasury, twelve municipalities namely Letsemeng, Kopanong, Mohokare, Masilonyana, Tokologo, Matjhabeng, Dihlabeng, Maluti-a-Phofung, Mantsopa, Ngwathe, Metsimaholo

and Mafube received MIG funds during the 2021/2022 MIG financial year on the cost reimbursement method, meaning these Municipalities received funds from National Treasury once invoices were submitted for payment.

In the 2022/23 municipal financial year National Treasury allocated an amount of R857.979 million through the Municipal Infrastructure Grant for implementation of infrastructure projects within the eighteen receiving municipalities. It is envisaged that an estimated 2 500 temporary job opportunities will be created in the 2023/2024 municipal financial year through the implementation of the Municipal Infrastructure Grant projects.

The allocation is disaggregated as follows:

- R64.193 million will be received by the three Municipalities within the Xhariep District;
- R242.873 million to the four municipalities within the Lejweleputswa District;
- R374.630 million towards the six municipalities within Thabo Mofutsanyana District; and
- R176.283 million allocated to four municipalities within Fezile Dabi District.

On Governance, Fighting Crime and Corruption, Risk, Audit and Ethical Capable State

To ensure that we implement within the prescripts of the law, value for money, in budget and on time. Every department has a **Risk and Audit Committee** to ensure that a Department's Risk Management Framework meets statutory requirements as contained in the Public Sector Risk Management Framework, Furthermore, oversight committees provide in-depth analysis of our performance and navigate the departments and public entities towards sound

financial governance. The province achieved a clean audit in COGTA, Treasury, Fleet Management and Housing fund during the previous financial year, and trust that we will be able to add on another clean audit during the outcomes of this financial years audit.

On **Fraud and Corruption**, in his delivery of the 2022 SONA, the Hon. President committed that a decisive action against corruption will be taken and a clear break with the era of state capture will be made. The National Anti-Corruption Advisory Council has provided the architecture for combatting corruption in the country. The province aligns it to this National Strategy and will further establish a new Fraud and Corruption Task Team entailing key stakeholders such as the Office of the Auditor-General, Public Protector, the Public Service Commission, the criminal justice system and key provincial departments such as the Office of the Premier, Provincial Treasury and COGTA to drive the anti-corruption programme of government. Hon. Speaker, more work is required to meet the national and international standards, the recent grey-listing of South Africa by the global anti-money laundering watchdog, the Financial Action Task Force (FATF), requires us to be very astute in our work. There is no better time to increase our efforts in fighting corruption as the country has committed to swiftly resolve the identified strategic deficiencies within the agreed timeframes. As a province we are expected to do our part in rectifying the identified deficiencies.

2023 MTEF FISCAL FRAMEWORK

Hon. Speaker, the fiscal outlook presented by the Minister of Finance in February 2023 alluded to the traction gained as a result of fiscal consolidation stance adopted several years ago. The gains include, amongst others, restrained growth in consumption expenditure and reduction of the deficit. Therefore, the consolidated fiscal deficit is projected at 4.2 percent in 2022/23 financial year and is estimated to reach 3.2 percent in 2025/26.

However, there are still upside risk to the fiscal outlook which include increasing debt-service costs, unfavourable economic outlook, financial position of state owned companies and entities and higher public service wage demands. Hon. Speaker, these possible developments require us to be very much hawkish in managing our provincial resources—*we must continue on our fiscal strategy of directing budgets towards high impact service delivery projects and programmes.*

Accordingly, in the 2023 MTEF ahead we will maintain our fiscal strategies of budget reprioritization and trade-offs, scaling down of non-core programmes and promotion of efficiencies within departments.

Hon. Speaker, let me briefly outline the composition of our 2023 MTEF Framework. Over the MTEF period the province projects to spend more than R128.788 billion. The budget is disaggregated as follows:

- R41.844 billion to be spent in 2023/24
- R42.577 billion in 2024/25; and
- R44.366 billion in 2025/26

Hon. Speaker, our equitable share for the 2023/24 financial year amounts to R31.379 billion and increases to R32.369 billion and R33.735 billion in the outer financial years, respectively. Our provincial equitable share grows at an average rate of 1.8% over the MTEF period. Included within the equitable share are the following earmarked funds allocated over the MTEF period—

- R1.099 billion towards the Department of Education to address compensation of employees' budget pressures (R315.052 million in 2023/24, R366.486 million in 2024/25 and R417.612 million in 2025/26);
- R1.293 billion to Department of Health to address challenges of service backlogs which include antiretroviral treatment (ART) and Tuberculosis

(TB) and other sector budget pressures (R416.514 million in 2023/24, R431.640 million in 2024/25 and R445.278 million in 2025/26); and

- R1.714 billion to cater for carry-through effect of salary adjustment implemented in 2022/23 financial year (R564.543 million in 2023/24, R571.336 million and R578.204 million in the outer years, respectively).

On Conditional Grants

In the MTEF ahead the province is allocated R27.701 billion for conditional grants and the allocation is divided as follows— R9.280 billion in 2023/24, R9.000 billion in 2024/25 and R9.939 billion in 2025/26. The significant reduction noted in 2024/25 is mainly attributed to the additional budget allocated in 2023/24 for addressing backlogs in the refurbishment of roads.

Hon. Speaker, let me briefly indicate the allocations of conditional grants per department.

- Health will spend more than R11.715 billion over the MTEF; an inclusive amount of R1.951 billion relates to health infrastructure;
- Education is allocated R5.090 billion over the MTEF period, and an inclusive amount of R2.900 billion is for school infrastructure;
- Agriculture and Rural Development will spend more than R870 million over the MTEF period;
- Community Safety, Roads and Transport will spend more than R5.858 billion over the MTEF period mainly on road maintenance and payment of subsidies for public transport;
- Human Settlements is allocated R3.453 billion over the MTEF period for the development and upgrading partnership grants;

- Sport, Arts, Culture and Recreation will receive R687 million over the MTEF period for the community library services and sports development;
- Social Development is allocated R15.987 million for EPWP incentive grant for the 2022/23 financial year; and
- Public Works and Infrastructure as well as Economic and Small Business Development, Tourism and Environmental Affairs will spend R5.846 million and R2.001 million respectively on Expanded Public Works Programme in 2023/24.

The afore-said allocations include R54.695 million earmarked for implementation of the Expanded Public Works Programme in the province in 2023/24 financial year. Thus on EPWP Integrated Grant the province will spend R20.7 million, and the balance of R33.9 million will be spent on the Social Sector EPWP Incentive Grant.

On Provincial Revenue Collection

Hon. Speaker, collection of own revenue remains essential in augmenting our fiscal envelop as it provides additional source from which we are able to fund our provincial priorities.

Over the 2023 MTEF period, the province anticipates to collect R3.603 billion. Our projections are that we will collect R1.184 billion in 2023/24, R1.208 billion in 2024/25 and R1.211 billion in 2025/26. We are however mindful of the upside risks alluded to earlier, we will therefore work closely with all the departments and make necessary adjustments if need arises.

We are working together with departments to strengthen revenue collection processes and systems with the view increase the provincial purse. Our Provincial Revenue Enhancement Strategy is still in place and departments are urged to take advantage of the strategy and devise innovative approaches that will maximize revenue.

Provincial Liquidity

Hon. Speaker, we have committed ourselves to build provincial reserves to mitigate current and new risks going forward. In 2023/24 we have put aside R117 million to mitigate against the said risks. The province continues to enhance cash liquidity by investing excess cash on short-term period to generate additional revenue stream. Thus far, in 2022/23, a total interest of R61 million has been generated.

Hon. Speaker, let me now turn to the proposed allocations for 2023 MTEF period. The details of the allocations are set out for each vote in the 2023/24 Estimates of Provincial Revenue and Expenditure as well as the 2023/24 Appropriation Bill.

2023 MTEF ALLOCATIONS

As alluded in the previous budget speeches, budgeting is a very consultative process and by its nature it is a product of rigorous deliberations. Therefore, the budget we presenting today is informed by rigorous national and provincial discussions.

The proposed budget allocations are shaped by the decisions emanating from, inter alia, the sectoral meetings at the national level, the Technical Committee on Finance (FFC), the Budget Council, the Budget Forum and Cabinet meetings

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

I will then proceed with the proposed allocations per cluster and the related priorities funded. My esteemed colleagues will provide deeper details in their respective budget votes' speeches.

ALLOCATIONS PER CLUSTER

SOCIAL SECTOR

The social sector will receive more than R32.137 billion or 76.8 percent of the total provincial budget in 2023/24, which increases to R32.547 billion and R33.864 billion in the outer years. Provincial allocations are still biased towards social sector due to, amongst others, socioeconomic challenges in the province. Key amongst these challenges is the fact that only 16.3 percent (GHS, 2021) of the population is covered by medical aids and thus there is still more reliance on public services.

EDUCATION (HON. MEC. MOHALE)

Hon. Speaker, as one of the fundamental factors of development, education determines economic growth, employment, and earnings. In addition, it plays a very crucial role in securing economic and social progress and improving income distribution.

With this said Speaker, we have allocated an additional equitable share funding of R1.099 billion over the MTEF. This allocation is to assist in addressing pressures related to compensation of employees. Furthermore, an earmarked allocation of R394.093 million for 2023/24 is allocated for the Presidential Youth Employment Initiative (PYEI). Please allow me to extend my congratulations once again to the late MEC Tate Makgoe and the department on achieving 88.5 percent pass rate in the 2022 matric results.

The department is allocated R17.558 billion in 2023/24, R 17.339 billion in 2024/25 and R18.074 billion in the outer financial year. Over the MTEF period ahead a total of R52.971 billion is allocated to the department

HEALTH (HON. MEC. LEETO)

Hon. Speaker, healthcare services remain a bedrock for eradication of extreme poverty and economic growth. A government that ignores the health needs of its nation cannot produce healthy labour force nor expect prosperity. This is emphasized by the research conducted by Penny Dash of Mckinsey, in her work she concluded by stating that— *“Improving health could be a societal and economic game changer”*.

Over the MTEF the department will spend more than R39.847 billion. The allocation is disaggregated as follows— R12.759 billion in 2023/24, R13.286 billion in 2024/25 and R13.802 billion in 2025/26. Included in the above allocations is an amount of R1.293 billion specifically provided over the MTEF period to cater for sector pressures, namely; compensation of employees, medicine, service backlogs which include ART and TB and other goods and services pressures.

Hon. Speaker, the department is expected to begin with the digitization of patients' documents in various hospitals. In this regard, we plan to create contract employment opportunities for youth who have relevant IT qualifications.

SOCIAL DEVELOPMENT (HON. MEC. KOLOI)

Hon. Speaker, Social Development remains central in the development of our communities. The scourge of social ills such as poverty, homelessness, drug abuse, abuse of women and children as well as gender violence cannot be tolerated any further. Together with the department we must fight with all our might to ensure that no vulnerable persons sleep in streets, no child is neglected, gender violence is uprooted. I am pleased to announce that in the MTEF period ahead the department will spend more than R3.789 billion implementing the programmes aimed at eradicating these social ills. In 2023/24 the department is allocated R1.186 billion, and R1.277 billion and R1.325 billion in the outer years, respectively.

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

Hon. Speaker, the clarion call by the Hon. Premier on social cohesion enjoins of all of us to appreciate the uniqueness and diversity of our beloved province. We must learn to see each as fellow human beings, appreciate that together we are strong and nothing can stand in our way. We thus encourage the department to continue implementing the programmes aimed at strengthening social cohesion in the province; let us also continue with the revival of school sports.

The department will receive an amount of R633.328 million in 2023/24, R643.966 million in 2024/25 and R663.839 million in 2025/26. It means then the department will spend more than R1.941 billion over the MTEF period.

Hon. Speaker, as alluded to in the SOPA, Mangaung Cultural Festival remains strong in terms of tourism and economic growth. We agree with the Hon. Premier that this well-known provincial brand can be re-shaped and repackaged into a major economic catalyst for the province.

ECONOMIC AND INFRASTRUCTURE CLUSTER

Hon. Speaker, infrastructure investment remains a key catalyst in igniting economic growth. Our unwavering drive to reduce unemployment, poverty and inequality hinges on a growing and a vibrant economy. Over and above infrastructure investment, we must support our small, medium and micro enterprises (SMMEs).

It has been proven empirically in many countries that SMMEs have the potential to reduce unemployment rate. The work that will be undertaken in the next financial year in reviewing the current status of our public entities is expected to yield positive outcomes for the provincial economy which will bode well for the SMMEs.

In the next MTEF period the province planned to invest more than R14.435 billion on economic and social infrastructure projects. In the first financial year we will invest R4.772 billion—and 59 percent of this budget will be directed towards existing infrastructure assets, namely maintenance, refurbishment and rehabilitation as well as upgrades and additions.

PUBLIC WORKS AND INFRASTRUCTURE (HON. MEC. MAHLATSI)

Hon. Speaker, Public Works and Infrastructure's mandates is on the implementation of projects on behalf of the province. This is a very critical mandate and can make or break the provincial economic plans and fortunes. We continue to support the department in its pursuit to deliver our provincial infrastructure projects—on time and cost effectively. The Department will spend a total amount of R6.138 billion over the 2023 MTEF period ahead. The allocation is divided as follows—R1.751 billion to be spent in 2023/24, R2.097 billion in 2024/25 and R2.290 billion in 2025/26.

The allocations for 2023/24 include R5.8 million for Expanded Public Work Programme. This programme remains crucial in creating job opportunities in the province and we appreciate the work done by the department in coordinating the implementation of the programme. The programme of Township Revitalization which was implemented by the department will henceforth be shifted to the Department of Community Safety, Roads and Transport. This shift aligns very well with the mandate of the latter.

COMMUNITY SAFETY, ROADS AND TRANSPORT (HON. MEC. LETSOHA MATHAE)

Hon. Speaker, our provincial economy is not performing at optimum level that we want. We therefore need to be alive to all the necessary work that must done to ignite our economy; key amongst those is the issue of road infrastructure. In 2021 our provincial economy grew by 3.7 percent on the back of increased output within the agricultural sector. This sector outperformed many other sectors even during the time Covid-19 lockdown and we are pleased that the Hon. Premier in his maiden SOPA alluded to the maintenance of roads that support the logistics industry and the economic activities around the Ficksburg

and Bothaville areas. Hon. Speaker, the department's allocation in 2023/24 amounts to R3.339 billion; whilst in the outer two years the department will spend R3.117 billion and R3.232 billion respectively. Over the MTEF period the department is estimated to spend more than R9.688 billion.

AGRICULTURE AND RURAL DEVELOPMENT

Hon. Speaker, food security remains fundamental in fighting poverty, preventing malnutrition and improving health outcomes of any nation. This sector, as indicated earlier, has consistently shown the potential to support economic growth and creation of employment opportunities within the province.

The recent outbreak of foot and mouth disease which affected at least five provinces threatened the industry. The Free State province was not spared from the contagious disease as cases were reported in various towns such as Viljoenskroon, Marquard, Lindlely, Harrismith and Herzogville. We must however commend the department for the speedy response to this relentless outbreak, by end of October 2022 the province had vaccinated more than 75 000 animals and conducted several roadblocks to control movement of animals within and across the province. The department will receive an amount of R814.817 million in 2023/24, R859.734 million in 2024/25 and R891.048 million in 2025/26. In the MTEF ahead the department is estimated to spend R2.566 billion.

HUMAN SETTLEMENTS (HON. MEC. MAKUME)

Hon. Premier, we have heard you loud and clear—*Ha ore re kgutlise seriti sa batho ba habo rona!* We agree with you, the provision of dignified shelter is about restoration of dignity, sustainable livelihoods and security of tenure. In the MTEF period ahead the department is estimated to spend more than R4.290

billion. The budget for the MTEF period is disaggregated as follows—R1.374 billion to be spent in 2023/24; R1.427 billion in 2024/25 and R1.488 billion in 2025/26.

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

Hon. Speaker, the department's mandate is quite extensive and it relates to regulation and support of small, medium and micro enterprises, development and promotion of tourism sector as well as the protection and management of environment. The department is key in driving the economic levers of the province and thus remains central in igniting the economy and in the creation of work opportunities.

We are mindful as government that we cannot improve the economic fortunes of the province alone. We are not oblivious to the catalytic role of the private sector in this regard, we will therefore continue working closely with the sector for the benefit of the province. We invite the private sector to take opportunities provided by our industrial parks in Botshabelo, Thaba-Nchu and Phuthaditjhaba as well as the Maluti-A-Phofung SEZ.

The department is allocated an amount of R629.507 million for 2023/24, R668.791 million for 2024/25 and R687.772 million for 2025/26. In the MTEF ahead the department is estimated to spend more than R1.986 billion. Hon. Speaker, allow me to briefly touch on the transfers to public entities. In 2023/24 the province is allocating R103.7 million to Free State Gambling, Liquor and Tourism Authority (FSGLTA) for operational and regulatory purposes. Furthermore, in 2023/24 an amount of R20 million is allocated to Maluti-A-Phofung Special Economic Zone. In the outer years the allocation for the SEZ is increased to R40 million in each year.

DEPARTMENTS AT THE CENTRE OF GOVERNMENT

Hon. Speaker, building a capable, ethical and developmental State remains a key priority for this government. We have set ourselves towards a path of eradicating poverty, unemployment and inequality; and we remain resolute in that regard.

These noble intentions require a government that is driven by dedicated, capable and ethical officials. In the MTEF period ahead we have set aside an amount of R6 million to start with the implementation of the lifestyle audit programme. Hon. Premier has also indicated that there is an urgent need to conduct skills audits throughout the provincial and local government sector. *We must all strive towards achieving a capable and ethical government sector within the province.* Hon. Speaker; the Free State Legislature, the Office of the Premier, the Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs are at the centre of institutionalizing the very core values of—*transparency, accountability, and cost-effective use of public resources.* Hon. Speaker, over the next financial year the three departments and the Free State Legislature will spend R5.151 billion.

OFFICE OF THE PREMIER

Hon. Speaker, the Office of the Premier receives R637.807 million in 2023/24, R635.099 million in 2024/25 and R645.406 million in 2025/26 financial years.

In the MTEF period the Office of the Premier is estimated to spend R1.916 billion.

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

Hon Speaker, the mandate of COGTA entails strengthening of cooperative governance and support to the traditional leaders. The department is also central in the institutionalization of District Development Model which is aimed at improving coherence in planning and implementation of projects and programmes across the spheres of government. COGTA is allocated R406.376 million in 2023/24, R419.852 million in 2024/25 and R432.409 million in 2025/26. The department is estimated to spend **R1.259 billion** over the MTEF period.

PROVINCIAL TREASURY

Hon. Speaker, the oversight role of Provincial Treasury continues to be reinforced by our partnerships with 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), the National Prosecuting Authority, Eskom and NERSA.

The support of Provincial Treasury to municipalities will be strengthened in the MTEF period; and to that extent the Clean Audit programme is now residing within Provincial Treasury.

Provincial Treasury is allocated R351.852 million in 2023/24; R370.672 million in 2024/25 and R382.544 million in 2025/26.

FREE STATE LEGISLATURE (Hon. Sifuba)

Our Provincial Legislature is allocated R287.135 million in 2023/24; R287.135 million in 2024/25 and R296.842 million in 2025/26. In total, the Legislature is estimated to spend R871.112 million over the MTEF. The funding provides for, amongst others; the oversight role through the committee systems, public participation, awareness and education as well as support to political parties in the Legislature. Let us continue bringing life to the noble vision of our Legislature—*An activist Legislature that champions democracy.*

CONCLUSION

Hon. Speaker, we still continue with our tradition as Provincial Treasury and the Department of Education to involve our learners in the provincial budget process. We appreciate the invaluable inputs provided by these learners through their respective essays. The following are some of the inputs to budget given by learners:

- *That the government should relook the tender system and use its own employees to render most services rather than using tenders for everything as such there will be job creation.*
- *Government should improve on basic infrastructure delivery as they will assist in job creation.*
- *There is a need for security at schools to protect both school infrastructure and the learners and Educators.*
- *There should be an improvement in basic infrastructure delivery like roads, electricity, sewerage and refuse removal.*
- *Improve schools access to technology and innovation and its application in schools.*

Hon. Speaker, the competition was opened to all the districts and a total of 20 learners from seven schools participated. Our top five learners are here with us today and they are:

- Palesa Hlalele from St. Bernard's High School in Mangaung
- Karabo Mahloane from St. Bernard's High School in Mangaung
- Thabang Molise from Kananelo Secondary School in Kroonstad
- Vusi Ntanga from Kananelo Secondary School in Kroonstad
- Lebohang Nkhoke from Le-reng Secondary School in Ladybrand

Congratulations to you all, keep up the good work.

Honourable speaker, allow me to acknowledge and appreciate the support of the Premier Mxolisi Dukwana, Members of Provincial Legislature and to those whom handed over the baton, to our new members of the executive council who has hit the ground running thank you!

To the Presiding Officers within the legislature, the Chairperson and members of the Public Accounts and Finance Committee for their unwavering support during the annual Appropriation Bill process and for holding the executive accountable.

Thank you to our organisation, the African National Congress for having the trust and faith in the way we execute our duties and serving our people of this province.

I also would like to extend my word of gratitude to the Director General, the HoD of Provincial Treasury and her dedicated team as well as to all the accounting officers and their respective officials who were involved in preparation of the 2023 budget. Let me also thank my family for all the support given to me. To God for our health strength and purpose.

Honourable Speaker, governance, prudent financial management, service delivery, economic growth, development, transformation, pro poor policy, the people of this province, unemployment, poverty and inequality is not only governments business, it is all of our business. Lastly, thank you to the people of the Free State. We serve at your privilege.

Dankie, Kealeboha, I thank you.

Summary of Allocations per Cluster

Department per cluster R'000	Adj 2022/23	Medium Term Expenditure Framework			% Share			
		2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	Average
Premier	604 217	635 807	635 099	645 406	1.5%	1.5%	1.5%	1.5%
Legislature	294 653	287 135	287 135	296 842	0.7%	0.7%	0.7%	0.7%
COGTA	398 561	406 376	419 852	432 409	1.0%	1.0%	1.0%	1.0%
Provincial Treasury	342 859	351 852	370 672	382 544	0.8%	0.9%	0.9%	0.9%
Sub total: Governance Cluster	1 640 291	1 681 170	1 712 758	1 757 201	4.0%	4.0%	4.0%	4.0%
Health	13 182 064	12 759 021	13 286 235	13 801 673	30.5%	31.2%	31.1%	30.9%
Education	17 671 238	17 558 043	17 339 477	18 073 625	42.0%	40.7%	40.7%	41.1%
Social Development	1 217 709	1 186 146	1 277 274	1 325 234	2.8%	3.0%	3.0%	2.9%
Sport, Arts, Culture & Recreation	639 610	633 328	643 966	663 839	1.5%	1.5%	1.5%	1.5%
Sub total: Social Cluster	32 710 621	32 136 538	32 546 952	33 864 371	76.8%	76.4%	76.3%	76.5%
Public Works & Infrastructure	2 052 454	1 751 317	2 096 793	2 289 778	4.2%	4.9%	5.2%	4.8%
Community Safety, Roads & Transport	3 029 800	3 339 386	3 116 517	3 232 095	8.0%	7.3%	7.3%	7.5%
Agriculture & Rural Development	854 345	814 817	859 734	891 048	1.9%	2.0%	2.0%	2.0%
DESTEA	646 981	629 507	668 791	687 772	1.5%	1.6%	1.6%	1.5%
Human Settlements	1 199 276	1 374 458	1 427 543	1 487 772	3.3%	3.4%	3.4%	3.3%
Sub Total: Economic Cluster	7 782 856	7 909 485	8 169 378	8 588 465	18.9%	19.2%	19.4%	19.1%
Total	42 133 767	41 727 193	42 429 088	44 210 037	99.7%	99.7%	99.6%	99.7%
Unallocated	48 203	117 000	148 440	156 345	0.3%	0.3%	0.4%	0.3%
Total	42 181 970	41 844 193	42 577 528	44 366 382	100.0%	100.0%	100.0%	100.0%