



Member of the Executive Council
for Finance
FREE STATE PROVINCE

**2021 MTEF BUDGET
FREE STATE PROVINCIAL BUDGET SPEECH**

**Hon. Gadija Brown
MEC for Finance: Free State Province
09 March 2021**

Hon. Speaker Me. Zanele Sifuba;
Hon. Premier Me. Sisi Ntombela;
Members of the Executive Council;
Members of the Free State Legislature;
Executive Mayors, Mayors, and Councilors;
Speakers of the respective Municipalities,
Representatives of House of Traditional Leaders,
Director-General of the Province, Heads of respective Departments, Chief
Executive Officers and leaders of our public and private institutions;
Municipal Managers;
Special Guests;
Esteemed Ladies and Gentlemen.

Dumelang!

Molweni!

Goeie middag!

Good afternoon!

INTRODUCTION

Hon. Speaker, it is a great pleasure and honor for me to present the 2021/22 provincial budget to this distinguished house despite the constrained fiscal environment we are operating in. I come with somber news as our fiscal framework is severely challenged as a country. In very simple terms, our South African economy has been impacted by COVID 19, GDP growth has been estimated to have contracted to -7.8%, our Expenditure is greater than our income (Revenue) we have a budget deficit of 15.7%. Our debt to GDP ratio for 2020/21 is 80.3%. However, let us not despair, as my attire today, green represents the colour of life, growth, hope, renewal, safety, fertility and environment. Just like a tall tree its leaves may be swayed by the wind, however the roots are firmly entrenched in the ground, as ours are dug deep into the core of the Free State. The Fiscal Reforms that we are presenting today are to address our challenges. We are confident that this budget will bring the same sentiments to the people of the Free State Province following the unexpected and devastating COVID-19 pandemic. We are often reminded of its adverse implications to the national and local economies but more so to the effect that it has brought to our communities and our homes.

Madam Speaker, we are tabling the following vital documents before this august House:

- 2021 Appropriation Bill;
- Estimates of Provincial Revenue and Expenditure (EPRE);
- 2021 People's guide to Free State Budget; and
- Provincial Economic Review and Outlook.

Hon. Members, we are obliged to observe this moment and pass our gratitude to all health workers who are unendingly putting their lives in danger in saving the lives of South Africans during these challenging times. Indeed your

dedication, commitment, and courage deserve our deepest gratitude and admiration as your service to our people is making an immeasurable difference to our citizenry. Hon. Speaker, it is equally befitting to also quote our national icon, former President of the Republic of South Africa, Dr. Nelson Rolihlahla Mandela who reminded us that ***“There can be no greater gift than that of giving one's time and energy to helping others without expecting anything in return”***. Indeed, we will remain grateful for your selfless commitment. **WE SALUTE YOU!**

Hon. Speaker, as a province, thus far we have lost over 3 362 lives of our beloved Free Staters, however, we remain resilient that the decentralized roll-out of the COVID-19 vaccine will assist us greatly to combat the spread of this virus and start rebuilding our economy.

A week ago, Hon. Premier, delivered her ***third*** State of the Province Address, wherein she outlined what has been attained in her tenure as a Premier of this beloved province. Hon. Premier, further outlined what needs to be implemented. She sets-out a firm vision of how we should revive our economy during these trying times. She reiterated that ***“We are hard at work to revive the economy. But the road ahead remains long.” Through our economic reconstruction and recovery interventions, we want to revitalise the provincial economy and bring long-lasting solutions to our challenges”***.

Hon. Members, to accentuate the pronouncement of the Hon. Premier Sisi Ntombela, we are in the process of developing and implementing a Value Chains-Driven Economic Recovery Approach as part of stimulating economic recovery. The strategy is expected to bear long-term benefits by increasing inclusivity and sustainability for enterprises participating in the value chains. This includes ensuring the participation of SMMEs and enterprises owned by previously disadvantaged individuals in the mainstream value chains. The approach will entail supporting both the primary (mainstream actors such as

input suppliers, production, etc.) and secondary (enabling services) actors of various value chains. The government will play a pivotal role in providing support activities and interventions to foster the value chain development process.

OVERVIEW OF MACRO-ECONOMIC CONDITIONS AND FORECASTS

GLOBAL ECONOMY

Madam Speaker, the global economy has experienced several shocks in the past decade resulting in a downward trajectory between 2011 and 2019, and the decline of the global economy has been magnified by the breakout of the COVID-19 pandemic, plunging the World into a recession estimated at 3.5 percent in 2020. As a result of the Global Lockdown regulations, the advanced economies, Emerging Market and Developing Economies (EMDE) and low-income developing economies declined by 4.9 percent, 2.4 percent and 0.8 percent respectively in 2020.

On the positive side, the earlier than anticipated roll-out of vaccines globally has resulted in upward revisions of economic growth in 2021, with the global economy expected to grow by 5.5 percent, advanced economies by 4.3 percent, and Emerging Market and Developing Economies by 6.3 percent.

SOUTH AFRICA'S ECONOMY

Honourable Members of the House, the recent subdued economic growth trends in South Africa have been and remain a major concern for all of us. The national economy has averaged a growth rate of just 1.7 percent in the past ten years. This is much lower than the 5 percent annual growth envisioned in the National Development Plan Vision 2030 to substantially reduce poverty, unemployment and inequality. Following the volatile year for the global and domestic economies in 2020, we anticipate 2021 to improve, though uneven

across economies. South Africa's economic recovery depends on several factors, some controllable and others uncontrollable, with the most important one being the logistics distribution of COVID-19 vaccines.

Consequently, the South African economy is estimated to have contracted by 7.8 percent in 2020. Madam Speaker, there is hope on the horizon. The national economy is projected to recover and grow by 3.3 percent in 2021.

FREE STATE PROVINCIAL ECONOMY

Honourable Members, the Free State economy has been forbidding, recording three consecutive declines in 2018, 2019 and 2020. The total value of the Free State's economy was estimated at R160.8 billion in 2019. In recent years, the provincial economy has had to contend with long-standing challenges emanating from low consumer and business confidence.

Madam Speaker, due to the devastating impact of Covid 19 the Free State economy is projected to have contracted by a momentous 6.8 percent in 2020; decreasing the value of the economy to approximately R149.8 billion. All sectors of the provincial economy contracted during the hard lockdown, except for agriculture, which benefitted from favourable weather conditions and large sections of the industry remaining open during the national lockdown. The provincial economy is, however, projected to recover and grow by 2.8 percent in 2021.

ON GROWTH

Madam Speaker, President Cyril Ramaphosa outlined three overriding priorities in his 2021 State of the Nation Address, namely: (1) Defeating the COVID-19 pandemic, (2) Accelerating economic recovery and (3) Implementing economic reforms to create sustainable jobs and drive inclusive growth. To this effect, the cue will be taken from some of the priorities (within

the province's jurisdiction) contained in the South African Reconstruction and Recovery Plan, in that the province will also prioritise:

- 1) Aggressive infrastructure investment;
- 2) Employment orientated strategic localisation, reindustrialization and export promotion;
- 3) Support for tourism recovery and growth;
- 4) gender equality and economic inclusion of women and youth, and
- 5) green economy interventions.

COST CONTAINMENT MEASURES & WAGE BILL

Honourable Speaker, we remain resolute that fiscal prudence and discipline are key in unlocking the much-needed efficiency savings in the province especially during these difficult times of continuing fiscal consolidation. In support of fiscal prudence, the province continues to implement the provincial cost containment measures which are monitored by the Provincial Treasury every quarter.

This past year has also taught us that we need to approach things differently, the provincial government during those different stages of national lockdown has managed to realise efficiency savings of R50 million from non-core items such as catering, entertainment, venues & facilities, traveling, flights and accommodation. We have worked hard to mobilise every cent available and this exercise enables us to continue to respond positively to the challenges posed by COVID-19 as well as to continue to leverage on innovation through ICT.

In the new financial year 2021/22, all provincial departments and entities are urged to focus on the identification of additional savings from institutional reforms ahead of the introduction of zero-based budgeting which the National Treasury is currently piloting.

Honourable Speaker, we also keep ourselves abreast of the development of salary increases for public servants as the outcomes of the wage agreement at the national sphere have a direct bearing on our provincial coffers. To demonstrate the adverse impact, the province has experienced enormous cuts in our compensation of employees' budgets.

We continue to also work hard to restructure our provincial budget in such a manner that we unlock funds towards our key provincial priorities, in this instance, our share of compensation of employees budget to the total provincial budget has decreased from 64.4 percent at the beginning of the current financial year to 62.7 percent in the new financial year (2021/22).

Our efforts will continue by ensuring:

- Natural Attrition rates
- constant review of the organisational structures in line with available resources and mandate of each department;
- Critical analysis of recruitment plans as per human resource plans of different departments; and
- Persal clean-up and headcounts.

Hon. Speaker, the province will equally work tirelessly to ensure that the current personnel numbers of 63 839 in the province are kept proportional to the respective departmental priorities and where feasible the province will restrict growth in personnel numbers. Madam Speaker, as we were commemorating International Women's day "By Women, For Women" Themed #ChooseToChallenge2021 yesterday, I wish to reiterate that it is our quest as a province to ensure that we employ 50 percent of women into our government service, thus far we have appointed 27 215 women or 43 percent. We have noted significant progress by some of the departments as 8 out of 12 departments have surpassed the 50 percent. We urge other departments to strive towards achieving 50 percent representation in women going forward.

Hon. Members, I have attached the details of the personnel numbers per department at the back of the Provincial Speech for your reference.

Public - Private Partnership

Madam Speaker, the Free State Province together with National Treasury and other relevant stakeholders will continue to work on the following PPP projects with a view to assist in infrastructure development , creation of jobs and increase of province's capacity to generate own revenue:

- Legislature Building;
- Provincial Government Building Precinct
- Braam Fischer International Airport (Airport Nodes)
- Provincial Energy Entity.

LAND

Honourable Premier has announced during the State of the Province address 2021 and I quote "We have commenced with our programme to distribute land to our people. We have four thousand, eight hundred and seventy-two land parcels valued at over eleven billion rands.

Of these, total number of pieces of land, two thousand, six hundred and twenty-six have been earmarked to be transferred to the rightful beneficiaries." Thank you Hon. Premier for your leadership as the custodian of land in the province as per the regulatory prescripts of the Free State land administration act of 1998.

ON GOVERNANCE

IRREGULAR EXPENDITURE

Hon. Speaker, as part of trying to reduce irregular expenditure and improving the skills of government employees in the province 235 Attendance certificates were issued to officials that attended training sessions at the PwC business school as part of capacity building.

To enhance the existing internal controls the root causes for the transgressions were determined during the investigations and remedial controls were recommended to prevent future irregular expenditure. Lastly, we are pleased with the work that has been undertaken with regard to the reduction of irregular expenditure, to date 4 208 cases to the value in excess of R12.7 billion across all Free State departments and 1 entity since March 2019 was provided to the departments to complete the processes. Three hundred and twenty-two (322 cases) to the value of R30 million have to be removed from the Irregular expenditure reporting as it does not meet the definition of Irregular expenditure.

RISK MANAGEMENT AND INTERNAL AUDIT

Honourable Speaker, in ensuring that there's compliance and effective governance system in the provincial government, all departments and public entities have employed a system of Risk Management and Internal Audit which assisted departments and public entities for the achievement of set objectives. The Provincial Treasury will continue to assess Risk Management systems and Internal Audit Activities within the province and proactive report on adequacy, compliance, and effectiveness and report to the Accounting Officers Chief Executive Officers, Accounting Authorities and Executive Authorities.

International Anti-Corruption Awareness Seminar was held on 09 December 2020 in partnership with PWC, PACOFS, ACFE and Competition Commission. It has been resolved that the sessions should not only be held annually but also be considered quarterly. I am pleased that Executive Authorities and management (both private and public sectors) and government officials participated and acquired strategic guidelines principles in improving governance within the government and private sector.

SUPPLY CHAIN MANAGEMENT

Honourable Speaker, most of the unwanted expenditure emanates from the supply chain environment resulting in high levels of irregular expenditure. It is critical to highlight that oversight on the supply chain is mandatory for Treasury and we will always prioritize and strengthen this area of our competency. We will continue to have a proactive approach that will intervene before some of the unwanted expenditure could transpire and introduce preventative controls.

It must be noted that there are major objectives in the supply chain environment, which are to:

- transform government procurement and provisioning practices into an integrated SCM function;
- introduce an automated systematic approach when coming to the appointment of service providers;
- create a common understanding and interpretation of the preferential procurement policy; and
- promote the consistent application of best practices through the government supply chain.

We will continue to be supporting departments and entities in alignment with the changes and guidelines from national treasury.

AUDIT OUTCOMES

Hon members, the pandemic had impacted on our timelines of the 2019/20 PFMA Audit process, however it has thus successfully been concluded. When we consider the audit outcome trends of the Free State Provincial Departments, it is evident that there was an improvement in the audit outcomes of the 2019/20 financial year despite the challenges experienced. One department achieved an Unqualified with no findings (clean audit) opinion versus none in the prior financial year while the 2 disclaimer audit opinions of the prior year also improved for the 2019/20 financial year.

Speaker, it should be noted that the unqualified with non-compliance findings also increased from 6 to 7 in the 2019/20 financial year. The total number of qualified findings in the province improved by 34 percent from 47 in 2018/19 to 31 in 2019/20. The Province is confident that the 2020/21 Audit Outcomes will reflect further improvement.

FISCAL FRAMEWORK

Madam Speaker, as I have indicated in June 2020 when we presented the main budget, the fiscal reforms brought by the drive to stabilize budget deficit and government debt have affected our fiscal framework significantly. The better days are gone, we, therefore, cannot afford to do things the same way as we did in the past. Hence, Madam Speaker, I want to reiterate that what I said in June 2020. *The challenges of budget constraints we face today provide an opportune time for us to keep on strengthening and institutionalizing the principles of transparency, accountability, responsibility, efficiency, and effectiveness in the utilization of limited public resources.* The limited resources at our disposal must strictly address the challenges of poverty, inequality, and unemployment.

Madam Speaker, the 2021 budget adjustment tabled by the Minister of Finance indicates the challenges faced by the country and the provinces alike. The spiraling government debt needs to be managed downward to avoid further future fiscal risks; likewise, the budget deficit must be toned down. The aim Madam Speaker is to reduce debt to at least 90.3 percent of the GDP and lessen the budget deficit to at least 7.3 percent by 2025.

To achieve these noble objectives Madam Speaker it requires huge changes to the fiscal framework; thus in the MTEF ahead, fiscal consolidation will continue and will affect all the spheres of government.

Madam Speaker, the provincial equitable share is reduced by R11.137 billion over the 2021 MTEF period. These budget cuts are mainly driven by reductions of R7.066 billion and R4.528 billion which relate to fiscal consolidation and wage freeze, respectively. A further reduction of R197 million relates to data updates on the provincial equitable share formula. The reductions are relatively immense for the province and require concerted efforts in ensuring that the resources are allocated to key provincial priorities. Hon. Speaker, we have also experienced a reduction of R 800 million on our conditional grants; the reductions include a budget cut of R382 million on the compensation of employees that are paid through the grants.

Madam Speaker, let me not only be the bearer of bad news. On the brighter side of things; our province will receive R118 million in the first two years of the MTEF period to assist with the roll-out of the COVID-19 vaccination programme. The allocation will come through the COVID-19 component of the Comprehensive HIV, AIDS and TB grant. Over and above this allocation the province is allocated R443 million in the first year of the MTEF period as support to COVID-19 measures implemented by the province.

Last year Madam Speaker, we indicated that the Title Deed Restoration grant would be ending in the 2020/21 financial year. Indeed, the grant has now been returned to the Human Settlements Development grant. There is also a new grant called Informal Settlements Upgrading Partnership which is aimed at upgrading informal settlements. The province will receive more than R721 million over the MTEF period through this grant. We will have to work together as a province to ensure that we conclude on the matters of restoration of title deeds and eradication of informal settlements. Madam Speaker, we have to get this right, the issue of property ownership is paramount for our people.

ON INFRASTRUCTURE

Madam Speaker, we need to stimulate this economy so that it can create work opportunities for our people, specifically, the demand side of the economy. I am delighted to announce that, in support of the Presidential Economic Reconstruction and Recovery Plan, the province will invest more than R13 billion in infrastructure development over the next three financial years. We trust that this investment, together with that of the private sector, will provide the much-needed stimulus to our economic growth. The allocated budget for the 2021/22 financial year is R4.496 billion, R4.352 billion, and R4.534 billion is allocated respectively over the two outer years of the MTEF. The allocation for the first year of the 2021 MTEF is disaggregated as follows per District and Metropolitan Municipality:

- Mangaung Metro: 31 percent
- Lejweleputswa: 17.4 percent
- Thabo Mofutsanyana: 16.9 percent
- Fezile Dabi: 13.1 percent
- Xhariep: 8.6 percent
- The remaining 13 percent relates to clustered projects across the province.

Consequently, we are delighted as a province to have benefitted from the R340 billion Presidential infrastructure investment project pipeline and we are looking forward to working together with Infrastructure South Africa. We will continue to support the task team formed by our Honourable Premier, to drive strategic infrastructure projects, we are also committed to supporting the office of the Director-General and provincial departments on the implementation of identified projects as part of the Economic Reconstruction and Recovery Plan.

Madam Speaker, I am further pleased to announce that National Treasury will be rolling-out the Pink Programme Project in support of the infrastructure delivery in local government to the four (4) Local municipalities in the Free State Province namely:

- Moqhaka Local Municipality
- Tswelopele Local Municipality,
- Metsimaholo Local Municipality,
- Setsoto Local Municipality.

The main objective of the Pink Programme is to ensure increased cost-effectiveness, socially inclusive and sustainable service delivery at provincial and local government level as well as to enhance infrastructure management (i.e. budgeting, planning and asset management) at the four above-mentioned municipalities.

Hon. Speaker, this programme is solely funded by Swedish Donor, State Secretariat for Economic Affairs (SECO) and is managed and implemented by National Treasury in collaboration with Provincial Treasury. Contracts have been concluded and there will be no costs charged against the identified municipalities.

Madam Speaker, we remain committed to streamlining our infrastructure investment in the province. Included in this is our intention of focusing on few projects that can yield a bigger impact on service delivery and the economy of the province at large. We have also directed infrastructure delivery departments to focus on completing the existing projects to provide more focus on few high-impact projects going forward.

2021 MTEF ALLOCATIONS

Madam Speaker, as always, this 2021 budget reflects the collective wisdom of all our revered key stakeholders—our EXCO Budget Lekgotla. The Executive Council, the Forum of Heads of Departments and our dedicated officials from various departments and public entities. Madam Speaker, we reiterate our principled stance, that of our commitment to fiscal prudence, accountability and responsiveness in the utilization of limited public resources.

What we are presenting today is a budget that went through a laborious consultation process; nationally and provincially. The proposed budget draws from the collective discussions and consensus of, amongst others; the sectoral meetings at national, Technical Committee on Finance (TCF), Budget Council, Budget Forum that involves MECs responsible for Finances and various Cabinet meetings. Madam Speaker, the consultation at the provincial level included, inter alia, our Provincial Medium-Term Expenditure Hearings, the National Benchmarking Exercise chaired by the National Treasury, Executive Council Budget Lekgotla, and finally the Executive Council of the Province. However, I must echo this again Madam Speaker, it was a difficult budget to put together and was amidst the fiscal reforms that resulted in huge budget cuts.

Madam. Speaker, let me focus on the 2021 MTEF allocations per department. The details of the allocations are set out per vote in the 2021/22 Estimates of Provincial Revenue and Expenditure and the 2021/22 Appropriation Bill.

The total fiscal framework amounts to R115.961 billion over the 2021 MTEF and reflects a decline of 6.4 percent when compared to the 2020 MTEF budget tabled in July 2020. The budget is disaggregated as follows:

- R38.655 billion in 2021/22
- R38.518 billion in 2022/23 and
- R38.789 billion in 2023/24

Let me briefly refer to the different sources of these allocations.

Equitable Share

Our provincial equitable share amounts to R87.067 billion over the MTEF ahead, of which R29.054 billion is allocated for the 2021/22 financial year. The provincial equitable share increases by an average of 0.1 percent over the MTEF. The marginal increase of our equitable share, Madam Speaker, underscores the impact of fiscal reforms on our fiscal space. Included in the total equitable share is an amount of R1.824 billion that we have earmarked for infrastructure development in the province over the MTEF.

Conditional Grants

The total amount of conditional grants allocated to the province totals R25.351 billion over the MTEF period. The allocations include R59.251 million allocated for 2021/22 and earmarked for Expanded Public Works Programmes. We will trust that these funds will assist in creating much-needed work opportunities for our people. My esteemed colleagues will provide details in their respective Vote Speeches.

Madam Speaker, allow me to briefly indicate allocations of conditional grants per department.

- Department of Agriculture will spend more than R816 million over the MTEF period;
- Comprehensive Agricultural Support Grant is reduced by R32.793 million;
- Sport, Arts, Culture and Recreation will receive more than R736 million over the MTEF period;
- Education is allocated R4.284 billion over the MTEF period, an inclusive amount of R2.633 billion relates school infrastructure;
- Health will spend more than R10.926 billion over MTEF; an inclusive amount of R1.809 billion relates to health infrastructure;
- Human Settlements is allocated R3.171 billion over the MTEF period;
- Social Development will receive R202 million over the MTEF, the funds are mainly for Early Childhood Development programmes; and
- Police, Roads and Transport will spend more than R5.206 billion over the MTEF period mainly on road maintenance and payment of subsidies for public transport.

Provincial Own Revenue

Madam Speaker; we will forever accentuate that provincial own revenue remains one of the key funding models mainly on provincial priorities. With the limited allocations received from National, the province must exceed the anticipated target on own revenue to fund more demanding programmes and projects.

We need to reiterate in this House as it was mentioned during the adjustment budget that own revenue performance was affected by the pandemic whereby some operations and services have to be on hold due to national lockdown.

This was evident when our provincial own revenue budget was reduced by R123 million or 9.8 percent during the 2020/21 financial year.

Madam Speaker, we have to be realistic as a province about our targets as well as anticipated revenue collection. The new norm has taught us different ways of operating and ensuring that desired performance outcomes are achieved efficiently and effectively. We need to invest more in technology whereby systems are utilised to assist us in reaching our optimal own revenue targets.

Despite these challenges on own revenue as a result of the eruption of the pandemic, the province has anticipated own revenue amounting to R3.543 billion over MTEF which is broken down as follows – R1.142 billion anticipated for 2021/22, R1.180 billion, and R1.222 billion anticipated for 2022/23 and 2023/24 respectively.

The absence of additional resources from national and the ever-changing fiscal space requires the province to devise new innovative strategies with regard to revenue collection. We, therefore, continue to call upon departments to develop revenue strategies with the view to enhance the provincial purse during these trying times.

SOCIAL SECTOR

The social sector accounts for R 88.793 billion or 77 percent of the total allocation over the MTEF period. These allocations through the MTEF period still reflect the province's commitment to continuously address the socio-economic challenges in the Province.

EDUCATION

Hon. Speaker, education remains central in our fight to extricate our people from the shackles of poverty and inequality. Education remains pivotal in the

production of key skills needed by our ever changing economic structure. We need to appreciate the fact that the changing global economic landscape requires a new set of skills, mainly driven by technology and engineering. We must prepare our children for the new world order so as not to let them suffer the same fate as their forebears.

Hon. Speaker, I am elated to declare that 2020 academic was, *yet again, the year of the white suite!* MEC Makgoe and the esteemed team you have, *once again*, proven that this province is driven by a passion for education! Passion for success in the face of challenges! What challenges are there to make us stronger! Madam Speaker, we are a daring province and we again declare 2021 the year of the white suites. Indeed we *agree with you MEC Makgoe — “Consistency is what defined us as a province”*.

Education is allocated R15.475 billion in 2021/22, R15.555 billion in 2022/23 and R15.637 billion in 2023/24. The budget for education grows by an average of 0.3 percent over the 2021 MTEF. The budget continues to make provision for the following sector priorities:

- National School Nutrition Programme
- Norms and Standards in schools
- Learner Transport Programme
- Learner Teacher Support Material
- School Connectivity
- School Hostels Support
- Sanitary Dignity Project
- Matric support programmes
- Education Infrastructure programme
- Secondary School Support
- Learners with Profound Intellectual Disabilities

HEALTH

Madam Speaker, as indicated earlier-on, the Department of Health has done a sterling job in ensuring that we push back the frontiers of this pandemic. We salute MEC Tsiu and her courageous team who have been and still are at the forefront of fighting the COVID-19 pandemic. We also salute our courageous healthcare workers from the private sector. Your commitment to your work is unshakable, very much grounded, and brings hope that tomorrow will be better. I trust that many of our workers will take a leaf from your work ethic. You are indeed the vanguards of our healthcare and we, therefore, doff our hats to you all.

We have noted with appreciation the progress achieved by the health sector and other stakeholders in fighting the scourge of COVID-19. We therefore cannot allow the gains achieved to be reversed by challenges of limited fiscal space. To that end, Madam Speaker, we have raised these challenges to our counterpart at a national level and I am delighted to announce that the department will receive R561 million in the first two financial years of the MTEF; the funds are specifically earmarked for COVID-19 related measures. The Department of Health will spend more than R35.752 billion over the next MTEF. The department will receive R12.135 billion in 2021/22, R11.807 billion in 2022/23 and R11.810 billion in 2023/24. The following are some of the priorities funded over the MTEF:

- Support of COVID-19 response measures, inclusive of vaccination programme roll-out
- Medicine, Medical Supplies and Medical Waste
- National Health Laboratory Services and Blood Services
- Child Vaccination programmes
- Anti-Retroviral and TB treatment as well as Human Papillomavirus Vaccine
- Community Outreach Services Programme

- Medical Depot
- Food Services and Relevant Supplies
- Training and development of medical staff
- Refurbishment, upgrading and maintenance of infrastructure
- Appointment of interns and filling of community service posts.

SOCIAL DEVELOPMENT

The harsh realities of poverty and homelessness as a result of this pandemic are awful and the vulnerable persons and the children are the ones bearing the brunt of this horrible reality. We must therefore bring hope to our people, hope that tomorrow will be much better.

The acts of cruel gender violence are still being experienced on daily basis, these perpetrators are still in our midst. We live with them, we share the workspace with them, we know them, but we choose to keep silent and we must know that if we choose to be silent we are no different from these perpetrators of gender-based atrocities. Madam Speaker, I urge our communities again, to be vigilant and work closely with our respective law enforcers to eject these evil doers in our communities. We extend our sincere condolences to the affected families and know that your pain is our pain and we keep you in our prayers.

Madam Speaker, we remain indebted to MEC Qabathe and her dedicated team in the Department of Social Development. They are at the forefront of dealing with these horrible situations; and without them, we will not win the fight against social ills such as poverty, homelessness, drug and substance abuse as well as women and children abuse. It is our duty as a collective, including our key stakeholders, to support the work of these departments. We must all strive towards building a nation free of social ills, a nation that

protects its children and the vulnerable, and communities that care about their neighbours.

The department is allocated R1.442 billion in 2021/22, R1.455 billion in 2022/23 and R1.454 billion in 2023/24. Over the MTEF ahead the department will be spending a total of R4.352 billion on the following priorities, amongst others:

- Gender-Based Violence
- Victim Empowerment
- Early Child Development
- Office on the Rights of Children
- Operational costs for the Substance Abuse Treatment centre in Botshabelo
- Food relief centres
- Continuing support for Social Workers in areas with a high prevalence of gender-based violence, substance abuse and issues affecting children

Hon. Speaker, the budget includes R76.981 million allocated over the MTEF period which is earmarked for statutory services.

SPORT, ARTS, CULTURE AND RECREATION

Madam Speaker, social cohesion remains at the center of harmonizing relations amongst the different groups in our communities. We already know that sport, culture and arts can bring different people together and so we need to build on that ability and ensure that these sporadic racial tensions are limited. MEC Mahasa and your revered team we acknowledge the work that you are doing in this regard. Bringing sport to our schools and communities not only keep our children away from mischievous ways but also help them to identify and build their respective careers in sport at an early age.

Madam Speaker, we had robust discussions during our budget engagements and in the process, we got to know the challenges facing the department that emanate from our artists and sportspeople. The impact of the COVID-19 pandemic and the attendant lockdowns have left our artists and various sporting codes socially and economically distressed. We have therefore made provisions within the department's budget for innovative ways that could be implemented to support this sector.

The budget allocation for the Department of Sport, Arts, Culture and Recreation totals R2.020 billion over the MTEF and is divided as follows:

- R638.523 million in 2021/22
- R672.845 million in 2022/23 and
- R709.083 million in the outer year.

This budget caters for, amongst others, support to arts and culture, EPWP programme, community media, library services and infrastructure development, which includes the construction of the National Training Centre, Charles Mopeli Stadium and minor renovations to Fezile Dabi stadium.

ECONOMIC AND INFRASTRUCTURE CLUSTER

Hon. Speaker, the 2021 budget as a constraint as it is, however, seeks to ensure that the provincial economy is stimulated through infrastructure investment, enterprise support and support to our Special Economic Zone. There is a dire need in the province to create more job opportunities, especially for our youth.

We call upon our private sector to partner with the government in this regard; let us join hands and work together for the prosperity of the province. Madam Speaker, in the 2021/22 financial year the province plans to spend more than R7.265 billion on the Economic and Infrastructure cluster.

HUMAN SETTLEMENTS

Hon. Speaker; our objective remains steady, and it is about the restoration of dignity through land and house ownership. We have agreed in the past that there is no greater feeling and pride for a person to stand on his or her land and observe his or her progenies enjoying their homestead. That is the kind of joy our people are yearning for, the opportunity to create wealth through property ownership. MEC Kolozi and your dedicated team we support you in your noble mandate of delivering complete human settlements for our people; we stand firmly behind in this regard.

The department will spend more than R3.903 billion over the MTEF period. The budget mainly provides for the implementation of comprehensive human settlements, upgrade of informal settlements and restoration of title deeds programme. In 2021/22 the budget amounts to R1.256 billion, whilst in the outer financial years, it is as R1.305 billion and R1.343 billion respectively.

Madam Speaker, let me remind the House the Title Deeds Restoration grant is now part of the Human Settlements Development grant; so you will no longer see it as a separate allocation in our books.

PUBLIC WORKS AND INFRASTRUCTURE

Madam Speaker, our Department of Public Works and Infrastructure plays a critical role in ensuring that infrastructure projects in the province are delivered on time and within the allocated budget. The department, together with other economic departments, plays a very pivotal role in re-igniting our provincial economy and job creation through infrastructure delivery.

MEC Kolozi and your venerated team you have done well with regard to the provision of quarantine facilities for our people during the time of need. Over and above this responsibility the department has continued delivering much-needed infrastructure in the province. In the MTEF ahead, the province plan to

invest around R13 billion on infrastructure projects and this department will continue playing its mandate of ensuring these projects are delivered effectively and efficiently and within allocated resources.

Madam Speaker, we take note and appreciation of the innovative ways implemented by the department in reducing water and electricity consumption in government buildings. We look forward to the rolling out of the project to other buildings and facilities.

The department will spend more than R5.304 billion over the MTEF period ahead. An amount of R1.739 billion is allocated for 2021/22; whilst in 2022/23 and 2023/24 the department will spend R1.790 billion and R1.774 billion, respectively.

The MTEF allocations above include an amount of R1.419 billion allocated for rates and taxes as well as R143 million earmarked for township revitalization projects.

Madam Speaker, I must also commend the department for the sterling work it does about coordination and oversight role on the implementation of the Expanded Public Work Programme. The programme remains crucial in creating job opportunities in the province and we must continue to support its implementation in our respective departments and municipalities.

POLICE, ROADS AND TRANSPORT

Hon. Speaker, effective maintenance of our road infrastructure network remains key to the economic growth and safety of our people. Madam Speaker, our provincial road maintenance grant was reduced by R219 million due to Covid-19 response measures; and that in itself affected the planned projects by the department. I am delighted to announce that at least the

allocation for 2021/22 reflects an increase of 14.4 percent and this upward adjustment will allow the province to at least cover more roads in the 2021/22 financial year.

Hon. MEC Mashinini and your esteemed team, we appreciate your passion in ensuring that revenue generation is enhanced in the province; more so in the absence of additional funds from national.

The department is allocated an amount of R2.882 billion in 2021/22, R2.753 billion in 2022/23 and R2.850 billion in 2023/24. The budget mainly provides for, amongst others:

- Road infrastructure investments
- Subsidy for public transport users
- Oversight and promotion of community policing
- Transport regulation and operations

Madam Speaker, the budget caters for revenue-related programmes such as cash in transit and Post Office costs. Though the fiscal space is limited, we will, however, continue supporting the department in its initiative to generate more revenue for the province.

AGRICULTURE AND RURAL DEVELOPMENT

Madam Speaker, the current rains have devastated the production capacity of many of our farmers. The impact of these rains will affect food security and may result in high prices of farm produce. Volatile climate changes and global markets pose a serious threat to commercial and emerging farmers, and this also poses risks to food security.

MEC Bulwane and your revered team are encouraged by the work done by the department amid limited resources. The support provided to farmers

through the Comprehensive Agricultural Support Programme and Ilima/Letsema grants are commendable. This sector is not only important in the creation of job opportunities, but the sector plays a critical role in fighting the scourge of poverty and ensuring that our people are free of malnutrition and enjoy better health outcomes.

I am delighted to announce that the baselines of these grants have been restored and both have increased by 5 percent when compared 2020/21 initial allocation. This is good news MEC Bulwane and I trust you will be in a position to reach more farmers in the year ahead.

The department is allocated R783.067 million in 2021/22, R810.873 million in 2022/23 and R803.770 million in 2023/24. The allocated budget provides for the continuation of the land care programme, support, and training of farmers, veterinary services, infrastructure investments and implementation of agricultural projects. The budget further makes provisions for disaster and implementation of EPWP programmes.

ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS (DESTEA)

Hon. Speaker, the department's mandate extends to the development, regulation and support of economic and small business development, tourism and the protection and management of the environment.

The department, and its public entities, are at the center of economic development in the province. MEC Mohale and your dedicated team we appreciate the challenges faced by your department with regard to turning around this economic ship. We note with appreciation the strides that have been achieved in assisting and supporting the SMMEs during these trying times; the work that the department continues to do in ensuring that youth-

owned enterprises are nurtured and mainstreamed into the main economy of the province.

Madam Speaker, I know there is more that the department wants to implement to turn this economy around. However, most of the initiatives are tainted by the limitation of resources. Our intention is to invest more into this department.

Madam Speaker, we are however encouraged by the continued efforts of the department in seeking partnerships with civil society and NGO's in the environment space. The relationships that the department has established with the private sector in its pursuit to stimulate the provincial economy must be supported and maintained. I agree with you MEC Mohale, the province alone cannot stimulate and grow the economy, we need the private sector as business and social partners.

Hon. Speaker, the department is allocated R1.833 billion over the MTEF to further implement its key mandate of growing the Free State economy. The budget is disaggregated as follows:

- R604.792 million in 2021/22
- R619.138 million in 2022/23 and
- R608.660 million in 2023/24

This budget makes provision for, amongst others, enterprise support, industrial parks, youth enterprise initiatives, maintenance of resorts and reserves and environmental programmes.

Hon. Speaker, allow me to briefly touch on the transfers to public entities. In 2021/22 the province is allocating R108.087 million to Free State Gambling, Liquor and Tourism Authority (FSGLTA) for operational and regulatory purposes. FSGLTA contributes immensely to the provincial revenue fund; in

2019/20 the entity collected more than R82 million which was surrendered to the provincial revenue fund.

Free State Development Corporation will receive R26 million in 2021/22, this allocation includes transfers of R20 million to Maluti-A-Phofung Special Economic Zone (MAP-SEZ).

DEPARTMENTS AT THE CENTRE OF GOVERNMENT

Madam Speaker, the noble objectives of our National Development Plan and related developmental policies cannot be achieved without the institutionalization of a clean, responsive, accountable, effective and efficient government. Added to these important principles is the building of a capable, ethical and developmental State which is grounded on good governance.

Madam Speaker; this august House, assisted by the Office of the Premier, Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs is at the core and centre of government with regard to ensuring that this administration is grounded by the very principles mentioned above. Hon. Speaker, in the MTEF ahead Free State Legislature will spend a total of R776.620 million; whilst the three departments are estimated to spend a total of R4.255 billion.

FREE STATE LEGISLATURE

Hon. Speaker, this august House is key in ensuring that the executive branch of government is held accountable for the utilization of resources as well as compliance with laws and regulations. The oversight role of the Legislature and its committees remains critical and indeed is central in ensuring that the wellbeing of our communities informs the budget allocations and utilization thereof.

We acknowledge the difficulties brought by the advent of the Covid-19 pandemic on your work; however, we want to congratulate you Hon Speaker and all the members of the Provincial Legislature for continuing to hold the executive branch accountable during these trying times. The strict oversight work executed by our activist Provincial Legislature continues to strengthen the political governance and accountability levels to the people of the province.

Our Provincial Legislature is allocated R258.823 million in 2021/22; R262.263 million in 2022/23 and R255.535 million in 2023/24. The budget provides for the following priorities, amongst others:

- Oversight through the committee system
- Public participation, awareness and education campaigns
- Participation in the NCOP processes

OFFICE OF THE PREMIER

Hon. Premier, we extend our gratitude to you and your revered team for the excellent work performed during these hard times of the pandemic. Your office has consistently continued to keep us on our toes with regard to the implementation of the Provincial Programme of Action. Madam Speaker, the Office of the Premier has a broad mandate, which includes, amongst others, implementation of the national legislation within various functional areas, preparing and initiating provincial legislation, and coordinating the functions of the Provincial Administration and its departments. We commit to supporting the Office of the Premier in its endeavor to instill effective, efficient, and accountable governance within the province.

The Office of the Premier is allocated R662.675 million in 2021/22, R680.820 million and R683.065 million in 2022/23 and 2023/24 respectively. In total, the

Office of the Premier will spend R2.027 billion over the MTEF period. The budget provides for the following priorities, amongst others:

- Gender-Based Violence programmes
- Funding for Free State Training and Development Institute
- Funding for Community Development Workers
- Innovation Hub for the province
- Coordination of youth programmes
- Funding for Provincial Bursary Programme and
- Provincial Planning

Madam Speaker, we have noted with appreciation the progress already achieved by the Office of the Premier on the implementation of the Innovation Hub in partnership with the Central University of Free State. Further savings will be made in the deployment of the 4IR and ICT strategy of the province as we optimize all spheres across all provincial departments going forward. The Hon. Premier will outline the full plan in her budget vote. We further commend the role of the Community Development Workers (CDWs) together with the Community Health Workers for their continuous interaction with our communities amid this Covid-19 pandemic.

COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA)

Hon Speaker, COGTA leads the provincial government's engagement with and support of our local sphere of government, whilst also executing its responsibilities in respect of our institutions of traditional leadership and disaster management. The department further plays a significant coordinating role with regard to the implementation of the District Development Model across the three spheres of government.

MEC Nxangisa and your respected team we do appreciate the difficulties faced by our municipalities in the province, especially the Xhariep District. We

further understand the socio-economic challenges prevailing in some of our municipalities which have been aggravated by the Covid-19 pandemic.

We however commend the strides that have been achieved by your department in support of municipalities. We note with appreciation the financial recovery plans and the administrative stabilization that have been achieved as part of your intervention in Mafube and Mangaung municipalities. The intervention of COGTA in Maluti-A-Phofung, Mafube and Masilonyana in relation to the catch-up plan on the submission of Annual Financial Statements is also much appreciated.

COGTA is allocated R416.598 million in 2021/22, R421.411 million in 2022/23 and R428.035 million in 2023/24. The budget provides for, amongst others, Operation Clean Audit Programme, Municipal Support Programme and support for the establishment of Water Laboratories in municipalities. The budget further provides for the House of Traditional Leaders and related operations.

PROVINCIAL TREASURY

Madam Speaker, Provincial Treasury provides support and oversight role to all departments, public entities and municipalities. Our role as Treasury is also to ensure that the very limited public resources are utilized in an economic, effective and efficient manner. The message is crystal clear in this regard Madam Speaker Provincial Treasury; *let us all work together for the sake of fiscal sustainability of the province. Let us live and practice fiscal prudence. Each and every rand we spent let it address the plights of the people of the province. Let our actions bring hope to the people of the Free State.*

Madam Speaker, Provincial Treasury is allocated R331.491 million in 2021/22; R363.143 million in 2022/23, and R382.974 million in 2023/24. The budget provides for the following, inter alia:

- Sustainable and prudent resource management
- Strengthening of financial governance
- Strengthening of Asset and liability management and
- Strengthening of municipal financial management

Madam Speaker, in our pursuit to enforce good governance in the province we will continue working closely with the Association of Certified Fraud Examiners (ACFE), the South African Institute of Accountants (SAICA), the South African Institute of Internal Auditors (SAIIA) and the South African Revenue Services (SARS).

CONCLUSION

In conclusion, the budget that I have just tabled characterized the needs of the people of the Free State, furthermore, it creates hope for our citizenry during these unprecedented times. Hon. Speaker, I will always be grateful for the leadership and support provided by Hon. Premier. Sisi Ntombela and my colleagues in the Executive Council and Budget Council, especially during the finalization of the 2021/22 budget. We all know that it was not easy as we had robust and vigorous engagements about our budget and concomitant priorities are given the limited financial resources at our disposal. However, I am proud to quote – Robert H. Schuller – when he says "**Today's accomplishments were yesterday's impossibilities.**"

I am grateful to the oversight function rendered by the different legislature committees. My appreciation goes out to the Chief Whip and the Propac Committee for their oversight role and holding the departments accountable to the performance plans and to the electorate. Hon. Speaker, these committees continue to remind us that we must always remain accountable for the

utilization of the financial resources of the government for the benefit of our society.

I wish to extend my gratitude to the Director-General of the Province and Heads of respective Departments and Entities and all officials for their support in different stages of the budget process. My heartfelt gratitude further goes to Mr. Mahlatsi, Head of the Treasury and his enthusiastic team as well as the entire staff component in my office who selflessly assisted us to prepare this budget under constrained and trying times.

Lastly, I would like to thank my family for their unwavering support and courage. I am so grateful for your patience and tolerance.

I thank you.

FREE STATE PERSONNEL NUMBERS PER DEPARTMENT

FILLED POSTS PER SALARY LEVEL 31 JANUARY 2021

Salary Levels	NUMBER OF OFFICIALS												TOTAL
	Education	Premier	Treasury	Social Development	Police, Roads & Transport	Human Settlements	DESTEA	Health	COGTA	Sport	Agriculture & Rural Development	Public Works & Infrastructure	
1	1							6					7
2	2 391	24	5	382	423		18	1 806	129	205	73	185	5 641
3	1 025	11	15	345	178	64	195	4 478	38	48	179	545	7 121
4	161	6	8	100	222	6	54	1 318	2	32	25	27	1 961
5	1 809	126	30	271	571	60	108	3 866	28	269	149	177	7 464
6	1 447	261	11	109	455	31	13	1 002	15	54	41	70	3 509
7	9 699	51	37	442	270	82	108	2 476	215	218	64	67	13 729
8	6 154	31	96	141	155	35	52	551	43	66	242	69	7 635
9	3 013	38	73	100	61	49	43	1 198	39	100	48	32	4 731
10	943	18	21	61	41	11	24	1 042	6	11	27	22	2 227
11	518	30	29	34	61	32	27	741	35	24	64	46	1 641
12	267	25	30	43	23	14	22	549	25	11	23	23	1 055
13	20	19	19	22	23	21	27	36	25	14	24	18	268
14	9	11	5	6	7	5	4	6	14	4	5	5	81
15	2	2	1	1	1	1	1	3	4	1	1	1	15
16	2	6	2	1	2	1	2	2	2	2	2	2	26
99	2 471	4	10	134	32	10	11	3 923	104	11	13	5	6 728
TOTAL	29 932	663	392	2 191	2 525	422	708	23 003	724	1 017	964	1 298	63 839
% Share	46.9%	1.0%	0.6%	3.4%	4.0%	0.7%	1.1%	36.0%	1.1%	1.6%	1.5%	2.0%	100.00%

Source: PERSAL Report

SHARE OF WOMEN AND YOUTH

Department	No of Youth	% share of Youth	No of Women	% share of Women	Total no of Employees
Premier	133	20%	338	51%	663
DESTEA	137	19%	285	40%	708
Treasury	71	18%	223	57%	392
Health	4 851	21%	3 300	14%	23 003
Education	6 183	21%	18 166	61%	29 932
Social Development	472	22%	1 324	60%	2 191
COGTA	83	11%	304	42%	724
Agriculture & Rural Development	550	57%	292	30%	964
Sport	265	26%	616	61%	1 017
Public Works	255	20%	716	55%	1 298
Police, Roads and Transport	644	26%	1 425	56%	2 525
Human Settlements	114	27%	226	54%	422
TOTAL	13 758	22%	27 215	43%	63 839

Source: PERSAL Report

COMPENSATION OF BUDGET FOR 2021

Department	Total amount R'000	% share of compensation
Office of the Premier	322 476	1,3%
DESTEA	298 355	1,2%
Treasury	241 409	1,0%
Health	8 227 265	32,7%
Education	12 447 009	49,5%
Social Development	790 286	3,1%
COGTA	285 769	1,1%
Agriculture & Rural Development	427 906	1,7%
Sport	387 308	1,5%
Public Works and Infrastructure	491 348	2,0%
Police, Roads and Transport	880 218	3,5%
Human Settlements	195 941	0,8%
Free State Legislature	158 473	0,6%
TOTAL	25 153 763	100%