



Member of the Executive Council  
for Finance  
FREE STATE PROVINCE

## **2025 MTEF BUDGET**

### **FREE STATE PROVINCIAL BUDGET SPEECH**

**HON. M.K. MAKUME**

**MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND  
TOURISM: FREE STATE PROVINCE**

**29 MAY 2025**

Hon. Speaker Mr. Mxolisi Dukwana

Hon. Premier Me. MaQueen Letsoha-Mathae

Members of the Executive Council

Members of the Free State Legislature

Executive Mayors, Mayors and Councillors

Acting Director-General of the Province

Heads of Departments and Public Entities

Special Guests

People of the Free State

Esteemed Ladies and Gentlemen.

Dumelang!

Molweni!

Goeie middag!

Good afternoon!

Hon. Speaker, I am very grateful for the opportunity granted by this august house. As members of this House will recall, the Minister of Finance tabled the National Budget on the 21 of May 2025, setting out a financial framework that is aimed at stimulating economic recovery, improving revenue collection, and strengthening public service delivery. I therefore rise today to fulfil our legal obligations as regulated by section 27(2) of the Public Finance Management Act (Act. No. 1 of 1999 as amended)—which read as follows—*the MEC of Finance in a province must table the provincial annual budget for a financial year in the provincial legislature no later than two weeks after the tabling of national annual budget ...*

Hon. Speaker, we applaud the decisiveness and transparency of the Minister of Finance in dealing with the budget impasse that we have all witnessed. We further agree and share same sentiments with the Minister that as a country we are traversing uncharted waters which are also presenting learning opportunities for us all. We fully welcome the proposed review of the budget process aimed at enabling broader consultations with key relevant stakeholders in the budget process. This is a commendable step towards inclusive and transparent planning, and we are committed to aligning our processes in full support of this initiative.

The Minister of Finance has rightly highlighted the immense challenges faced in crafting the national budget within the context of a persistently constrained economic environment. These difficulties are not abstract—they have real implications for fiscal policy, revenue collection, and public expenditure across all spheres of government.

According to the National Treasury, South Africa's economic growth is projected to remain modest over the medium term, with GDP growth estimated at 1.4 percent in 2025, increasing slightly to 1.6 percent in 2026/27, and reaching 1.8 percent in 2027/28. This subdued growth does not support the fiscal space that we aspire to address the key frontline services and investment in economic growth initiatives. However, underscore the limited fiscal space available and reinforce the need for prudent budgeting, efficient resource allocation, and stronger alignment between policy priorities and available funding.

We support the initiative planned to address the fiscal gap over the MTEF period, the drive to manage government debt and the related debt-service costs and the downward management of budget deficit over the MTEF period.

We further concur with the Minister of Finance—*Faster, inclusive growth that creates jobs is the only path towards a more prosperous South Africa and attaining this growth must be our national obsession.* We therefore appeal to all

of you colleagues to hold hands and work together towards achieving a prosperous Free State Province.

**Hon. Members, our key priorities and focus areas for the 2025 Medium-Term Expenditure Framework (MTEF) remain unchanged since the tabling of the Provincial Budget on the 18<sup>th</sup> of March 2025. Allow me to briefly remind the House of the key areas we will continue to prioritise over the MTEF period:**

### **COST CONTAINMENT**

Our focus is on curbing non-essential spending, managing compensation of employees prudently, and eliminating inefficiencies across the system. Departments are expected to review their structures, identify redundant positions, and conduct head counts through targeted verification processes under the theme “**where’s who, who’s where?!**”.

The province will embark on a comprehensive skills audit—not to marginalize workers, but to empower and reskill them. This is a tool for development, and we call on our labour partners to support this progressive initiative. Additionally, we support the national early retirement strategy to create space for younger professionals while achieving fiscal savings.

### **SUPPLY CHAIN AND PAYMENTS**

Honourable Members, we reaffirm our commitment to pay all legitimate suppliers within 30 days. This is not just a legal obligation—it is a matter of economic justice. We condemn in the strongest terms the unethical practice of so-called “toll gates,” where suppliers are asked to pay bribes to receive their dues. This corrupt behaviour must be rooted out without hesitation.

## **INFRASTRUCTURE INVESTMENT**

Infrastructure remains the backbone of our provincial economy. In the 2025/26 financial year, we will invest over R5.2 billion in infrastructure, with 42% allocated to Community Safety, Roads and Transport—delivering on our promise to improve road networks and economic connectivity.

We commend the Department of Education for securing an additional R93 million through National Treasury's Performance-Based Incentive Programme, and we encourage all departments to submit funding proposals to the Budget Facility for Infrastructure (BFI) to leverage additional resources for high-impact projects. Allow me to emphasise that the National Treasury has been invited to present a detailed briefing on the qualification criteria for infrastructure funding. This important engagement will take place on the 9<sup>th</sup> of June 2025, right here in Bloemfontein.

## **GOVERNANCE AND AUDIT IMPROVEMENTS**

Honourable Speaker, I am pleased to report that—for the first time in nine years—none of our departments received an adverse or disclaimer audit opinion. Ten of the provincial departments including Provincial Legislature achieved either clean or unqualified audits, with significant reductions in audit findings and legislative non-compliance.

This is a clear sign of progress, but more work remains. We must continue to reduce irregular and wasteful expenditure and ensure that all outstanding investigations are concluded.

## **MUNICIPAL FINANCE MANAGEMENT**

Our municipalities face severe financial and governance challenges. Only **8 out of 23 municipalities** submitted funded budgets for 2025. We are working closely with CoGTA, SALGA, and the Auditor-General to improve compliance and accountability. The growing trend of unauthorised and wasteful expenditure must be reversed, and MPACs must intensify their oversight. To support this, we are rolling out additional training and monitoring tools, including the Unauthorised, Irregular, Fruitless and Wasteful Expenditure (**UIFWe**) **Reduction Strategy** and Circular No. 6, issued earlier this year.

## **PROVINCIAL FISCAL FRAMEWORK**

Hon. Members, our key priorities and Provincial Fiscal Framework remains the same as presented by the Provincial Treasury on the 18<sup>th</sup> of March 2025. Speaker, allow me to provide a quick recap of our 2025 Medium Term Budget Framework. In the 2025 MTEF period, the province estimates to spend more than R141.4 billion which is allotted as follows—

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

The 2025/26 allocation of R45.8 billion is constituted by equitable share, conditional grants and provincial own revenue. Thus, the allocated equitable share amounts to R34.8 billion which is an increase of 5.2 percent when compared to the last financial year allocation. The conditional grants' receipts total R9.8 billion, an increase of 0.9 percent. Lastly, the projected provincial revenue collection amounts to R1.2 billion.

## **FUNDED PRIORITIES**

### **DEPARTMENT OF EDUCATION**

Education is allocated R18.8 billion in 2025/26 to implement sector priorities which include delivery and maintenance of school infrastructure. In the outer financial years, the budget allocated amounts to R19.6 billion in 2026/27 and R20.4 billion in 2027/28. The department will spend an estimated R59 billion over the MTEF period ahead.

### **DEPARTMENT OF HEALTH**

The Department of Health is allocated R14.1 billion in 2025/26, R14.7 billion in 2026/27 and R15.4 billion in 2027/28. These allocations provide for implementation of key sector priorities, infrastructure investment and related operational costs. The estimated spending over the MTEF period amounts to R44.3 billion.

### **DEPARTMENT OF SOCIAL DEVELOPMENT**

The Department of Social Development is allocated R1.3 billion in 2025/26, R1.4 billion in 2026/27 and R1.4 billion in 2027/28. Over the MTEF period, the projected spending for the department is more than R4.2 billion. This budget funds key sector priorities which include infrastructure maintenance and the related operation costs.

### **DEPARTMENT OF SPORT, ARTS, CULTURE AND RECREATION**

The Department Sport, Arts, Culture and Recreation will receive a total allocation of R666 million in 2025/26, R686 million in 2026/27 and R707 million in 2027/28. Over the MTEF the department will spend an estimated amount of

R2 billion funding. The budget funds key sector priorities which include infrastructure maintenance and the related operation costs.

## **DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE**

The department is allocated R2.3 billion in 2025/26, R2.3 billion in 2026/27 and R2.4 billion in 2027/28. Over the MTEF the department is expected to spend R7.1 billion. The budget funds key sector priorities which include infrastructure delivery and the related operation costs.

## **DEPARTMENT OF COMMUNITY SAFETY, ROADS AND TRANSPORT**

The department receives an amount of R3.7 billion in 2025/26, R3.2 billion in 2026/27 and R3.3 billion in 2027/28. In total the department is estimated to spend R10.3 billion over the MTEF. This budget makes provision for key sector priorities which include maintenance of provincial roads and the related operation costs.

## **DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

The department will receive R883 million in 2025/26, R911 million in 2026/27 and R949 million in 2027/28. Over the MTEF period ahead the projected spending totals R2.7 billion. The department will implement key sector priorities which include support for farmers, infrastructure maintenance and related operational costs.

## **DEPARTMENT OF HUMAN SETTLEMENTS**

Hon. Speaker, the department will receive R1.2 billion in 2025/26, R1.1 billion in 2026/27 and R1.2 billion in 2027/28. Over 2025 MTEF the projected expenditure amounts to R3.7 billion is mainly dominated by conditional grants.

The allocation provides for sector priorities which include provision of human settlements and upgrading of informal settlements.

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

An amount of R705 million is allocated for 2025/26, whilst R719 million and R743 million is allocated for 2026/27 and 2027/28 respectively. The estimated expenditure for the MTEF period totals R2.1 billion. Hon. Members, the budget caters for key sector priorities which include support for Small, Medium, and Micro Enterprises, promotion of tourism sector, protection of environment and related operational costs.

## **OFFICE OF THE PREMIER**

The Office of the Premier receives R633 million in 2025/26, R649 million in 2026/27 and R658 million in 2027/28. Over the MTEF ahead the expenditure is estimated at R1.9 billion.

## **COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA)**

COGTA is allocated R447 million in 2025/26, R463 million in 2026/27 and R478 million in 2027/28. Over the MTEF the department is expected to spend more than R1.3 billion.

## **PROVINCIAL TREASURY**

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

## **FREE STATE LEGISLATURE**

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

Hon. Speaker, the budget allocations to the Office of the Premier, the Provincial Treasury, and the Provincial Legislature will enable these institutions to effectively carry out their respective oversight roles in monitoring the implementation of budgets and related priorities by provincial departments.

## **CONCLUSION**

Hon. Speaker, the Free State province stands ready to work with National Treasury, our departments, and our people to navigate this period with resolve, wisdom, and integrity. We will continue to prioritize investments in education, healthcare, infrastructure, and job creation, ensuring that no one is left behind.

We assure this august House that the people's needs remain at the heart of our fiscal decisions, and we remain steadfastly guided by this principle.

I hereby table the following documents before this august House for your consideration:

- 2025/26 Free State Provincial Budget Speech;
- 2025/26 Free State Provincial Appropriation Bill; and
- 2025/26 Estimates of Provincial Revenue and Estimates (Free State).

## **I THANK YOU**