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PROVINCIAL PROFILES 2025 NCOP PROVINCIAL WEEK

FREE STATE PROVINCE

**Building Viable Municipalities for
Enhanced Delivery of Basic
Services to Communities.**

November 2025



**PROVINCIAL PROFILES: FREE STATE PROVINCE
2025 NCOP PROVINCIAL WEEK**

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1. BACKGROUND

The Free State Province is in the central part of South Africa, with its capital in Bloemfontein. The province occupies a strategic position in terms of geography and is characterised by its central plateau terrain and significant agricultural, mining and manufacturing activities. The province shares borders with six other provinces: Gauteng, Northwest, Northern Cape, Eastern Cape, KwaZulu-Natal, and the country of Lesotho to the southeast. The province's central location makes it a strategic hub for trade and transportation.

Secondly, the province's households average 3.5 persons, and about half of the households are headed by women. The structure of families shows a balance between nuclear and extended living arrangements.

Thus, nearly a third of households in the province consist of parents and children only, while many others include additional relatives such as grandparents or siblings. Inter-generational households remain common, with roughly two in five homes classified as double-generation, and about one in eight as triple-generation households. While childcare patterns reflect social and economic realities, around 45 per cent of children live with their mothers only, 29 per cent with both parents, and 20 per cent with neither. While food security in the province remains a concern, more than two-thirds of households report adequate access to food, and approximately one in ten face severe food shortages.

This is because employment income is the main source of livelihood for just over half of all households, whereas social grants support nearly a third, and remittances from relatives working outside the province supplement many others. Subsistence agriculture provides both food and limited income for about 16 per cent of households, particularly in the rural districts of Xhariep and Thabo Mofutsanyana. Poverty levels remain high, with a significant proportion of households living below the monthly expenditure threshold of R2 500 per person, particularly those with children of school-going age.

2. GEOGRAPHY

The Free State Province covers approximately 129,825 km², accounting for about 10.6 per cent of South Africa's land area. The provincial capital is Bloemfontein, which also serves as the country's judicial capital. Other key towns include Welkom, Sasolburg, Kroonstad,



Source: Statistics South Africa, Census 2022

Bethlehem, and Phuthaditjhaba. The landscape is largely an open grassland plateau, with a continental climate characterised by hot summers, cold winters, and moderate rainfall. The province is rich in mineral resources, fertile agricultural land, and has a high potential for renewable energy.

3. DEMOGRAPHY

According to the 2024 Mid-Year Population Estimates, the Free State's population stands at approximately 3.04 million people, representing 4.8 per cent of South Africa's total population. The 2022 Census recorded Sesotho as the most widely spoken language, used by about 64 per cent of residents, followed by Afrikaans (11 per cent), isiXhosa (9 per cent), and Setswana (6 per cent). Women head nearly half of all households (47.2 per cent), reflecting both socio-economic realities and out-migration of working-age men to neighbouring provinces. The total fertility rate is estimated at 2.4 children per woman which is below the national average, while life expectancy at birth is 59.2 years for males and 65.1 years for females. Roughly 27 per cent of the population is younger than 15 years, and just under 10 per cent is aged 60 years or older. Persons living with disabilities constitute around 13 per cent of the population. The province experiences continued net out-migration, particularly to Gauteng and Western Cape, although some inward migration occurs from Lesotho and neighbouring rural areas.¹

4. GOVERNANCE

The Free State Province has a total of 23 municipalities, consisting of one metropolitan municipality, four district municipalities, and 18 local municipalities. This structure aligns with the constitutional mandate for cooperative governance as outlined in the Local Government: Municipal Structures Act (Act No. 117 of 1998).

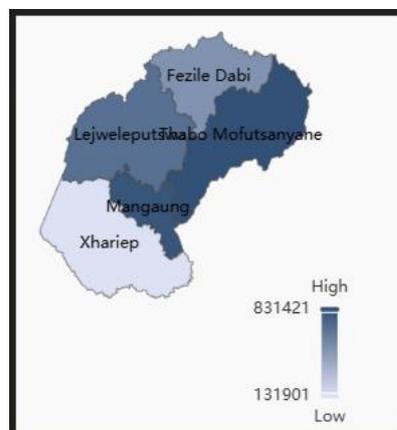
Municipal Configuration

Metropolitan Municipality (Category A)

- Mangaung Metropolitan Municipality (FS172) – serving as the economic and administrative centre of the province, encompassing Bloemfontein, Botshabelo, and Thaba Nchu.

District Municipalities (Category C)

- Fezile Dabi District Municipality (DC20) – headquartered in Sasolburg.
- Lejweleputswa District Municipality (DC18) – headquartered in Welkom.
- Thabo Mofutsanyana District Municipality (DC19) – headquartered in Phuthaditjhaba.
- Xhariep District Municipality (DC16) – headquartered in Trompsburg.



Source: Statistics South Africa

¹ Stats SA Census 2022; Mid-Year Population Estimates 2024

Local Municipalities (Category B)

- Fezile Dabi District: Metsimaholo, Ngwathe, Moqhaka, Mafube.
- Lejweleputswa District: Masilonyana, Tokologo, Matjhabeng, Nala, Tswelopele.
- Thabo Mofutsanyana District: Maluti-a-Phofung, Phumelela, Dihlabeng, Nketoana, Setsoto.
- Xhariep District: Letsemeng, Kopanong, Mohokare.

4.1.1 District-Level Overview

- **Mangaung Metropolitan Municipality** remains the province's largest urban centre and economic hub but faces severe governance challenges. It has been under national intervention [Section 139 (7)] since 2022 due to financial instability, deteriorating service delivery, and leadership crises.
- **Lejweleputswa District**, which includes Matjhabeng, Masilonyana, and Tokologo, experiences persistent service delivery protests driven by water supply interruptions, sanitation failures, and delayed housing projects. Matjhabeng alone accounts for nearly a third of the province's unauthorised expenditure.
- **Thabo Mofutsanyana District**, a predominantly rural and agricultural area, faces challenges related to road maintenance, access to clean water, and limited municipal revenue collection capacity.
- **Fezile Dabi District** has shown modest improvement in audit performance, partly due to stable management and better coordination with the Provincial Treasury. However, procurement irregularities and incomplete infrastructure projects continue to constrain progress.
- **Xhariep District** is the smallest and least populated district, characterised by vast rural areas and limited economic activity. Infrastructure decay, ageing water systems, and revenue shortfalls hinder service provision. The district's municipalities, particularly Kopanong and Mohokare, have faced prolonged periods of financial crisis, including non-payment of employee salaries.

4.2 Governance and Oversight

The Mangaung Metropolitan Municipality is the only metro in the province and has been under national intervention [Section 139(7)] since 2022 due to persistent financial instability, weak governance, and service delivery failures. The intervention followed years of adverse audit outcomes and a breakdown in administrative and political oversight. The four district municipalities coordinate planning, infrastructure development, and support to their local municipalities. However, the State of Municipalities 2022–23 report indicates that district municipalities face similar challenges as local municipalities, particularly in financial sustainability, skills shortages, and institutional instability. The majority of local municipalities in the province are classified as financially distressed or high-risk. Common governance

weaknesses include acting appointments in key managerial positions, non-compliance with the Municipal Finance Management Act (MFMA), and recurring audit regressions. By 2023/24, nearly half of Free State municipalities had acting Chief Financial Officers (CFOs), and one-third lacked permanent Municipal Managers.

4.3 Political and Administrative Environment

The political environment across municipalities is characterised by coalition dynamics, leadership turnover, and tensions between administrative and political structures. These dynamics often disrupt continuity in governance, delay decision-making, and weaken institutional accountability. While the Provincial Department of Cooperative Governance (CoGTA) provides capacity support and training to councillors and senior officials, oversight committees and internal audit units remain weak in many municipalities. The Auditor-General's 2023/24 report noted that poor record-keeping and limited consequence management continue to undermine governance reforms.

4.4 Cooperative Governance and Provincial Oversight

The Free State Provincial Government has strengthened oversight through the Municipal Support and Intervention Framework (MSIF), which provides targeted assistance to municipalities with recurring governance and financial challenges. Provincial and national interventions have been implemented in several municipalities, including Mangaung, Maluti-a-Phofung, and Kopanong, under Sections 139(1)(b) and 139(5) of the Constitution. Cooperative governance mechanisms such as the Provincial Coordinating Forum (PCF) and District Development Model (DDM) structures aim to improve planning alignment between provincial departments, municipalities, and national entities. While these mechanisms have enhanced intergovernmental coordination in planning, the impact on service delivery outcomes remains limited due to weak execution capacity at the municipal level.

4.5 Audit outcomes of the Free State Province

Table 1: Audit outcomes of FS provincial departments

	2023/24	2022/23	2021/22	2020/21	2019/20
Education	Unqualified with findings				
Health	Qualified	Qualified	Qualified	Qualified	Qualified
Social Dev	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified	Qualified
Human Sett	Unqualified with findings	Qualified	Qualified	Unqualified with findings	Unqualified with findings
Public Works and Infrastructure	Unqualified with findings				

Community Roads and Transport	Safety,	Qualified	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
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The FS Departments of Education and Public Works, and Infrastructure received an unqualified audit with findings for five years. The Department of Health received a qualified audit and has shown no improvement over the past five years.

The Free State province faces significant infrastructure challenges in the key service delivery departments, mainly as a result of poor project planning, poor work quality, a lack of early stakeholder engagements, and inadequate skills and capacity at all key service delivery departments. This results in project delays and cost overruns, which adds further pressure on the shrinking provincial budget, and prevents communities from fully benefiting from these public services.²

- In the Human Settlements department, the inadequate performance management system, delays in appointment of contractors, poor project management and quality of work mean that poor communities continue to live under deteriorating conditions, without access to adequate housing, sanitation facilities and clean water facilities.³
- In the Education department, poor project management by both the Department and its implementing agents negatively impacts the provision of sufficient classroom facilities and learner resources, which results in overcrowded classrooms.⁴
- In the Health department, the lack of consequence management against staff not adequately performing their responsibilities, high vacancy rates in key positions, and the targets developed not being aligned to available budgeted funds adversely impact hospitals. Consequently, the quality of patient healthcare did not meet patient expectations.⁵

The other key challenge is that the province does not prioritise routine infrastructure maintenance, where, for example, the Health and the Public Works and Infrastructure departments allocated less than 1% of their budgets to maintenance. Furthermore, these departments did not regularly perform condition assessments to identify areas of maintenance and then budget accordingly.⁶

5. ECONOMIC PROFILE

The Free State Province contributes approximately 4.8 per cent to South Africa’s Gross Domestic Product (GDP), making it the sixth-largest contributor to the national economy. Its central geographic location positions it as a critical transport and logistics hub linking Gauteng, KwaZulu-Natal, and the Western Cape. The province’s economy is diverse, with notable

² AGSA (2024).

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

activities in agriculture, mining, manufacturing, community services, and trade. However, persistent structural challenges, including deindustrialisation, declining mining output, and high unemployment, continue to constrain economic growth and job creation.

5.1 Economic Structure and Sectoral Contribution

According to the Free State Provincial Treasury's 2025 Quarterly Labour Market Report, the provincial economy remains dominated by the community and social services sector, which accounts for about 28 per cent of total economic activity and includes public administration, education, and health services. The trade sector contributes approximately 14 per cent, followed by finance (13 per cent), manufacturing (11 per cent), mining (9 per cent), and agriculture (6 per cent). The mining sector, once the main driver of the provincial economy, continues to experience long-term decline due to reduced gold and coal production, mine closures, and job losses in Lejweleputswa and Matjhabeng. In contrast, the agriculture sector remains resilient, supported by commercial crop farming (maize, wheat, and sunflower) and livestock production, particularly in Xhariep and Thabo Mofutsanyana Districts. Agro-processing and logistics offer new opportunities for value-chain expansion. The manufacturing and industrial sector is concentrated around Sasolburg and Bethlehem, with activities related to petrochemicals, food processing, and textiles. The Maluti-a-Phofung Special Economic Zone (SEZ), located in Harrismith, continues to attract investment in agro-processing, warehousing, and logistics, although operational challenges and infrastructure constraints have slowed its full potential. The renewable energy sector is emerging as a growth area, with solar and wind projects under development near Dealesville and Hoopstad.

5.2 Economic Growth Trends

The Free State's real GDP growth averaged 1.2 per cent annually between 2018 and 2023, below the national average of 1.7 per cent. The provincial economy contracted sharply during the COVID-19 pandemic but has since experienced a gradual recovery. Growth in 2024 was estimated at 1.8 per cent, driven by improved agricultural output, moderate trade recovery, and increased public infrastructure spending. However, growth remains uneven across districts. The Fezile Dabi and Lejweleputswa districts contribute the bulk of provincial GDP through manufacturing and mining, while Thabo Mofutsanyana and Xhariep are primarily agricultural economies with limited diversification. The Mangaung Metro dominates the tertiary sector, particularly government services, finance, and retail trade. Investment levels remain low, with declining private-sector confidence due to unreliable infrastructure, administrative inefficiencies, and concerns about municipal financial stability. Nevertheless, the province's strategic position along national transport corridors (N1, N3, and N8) and its renewable-energy potential provide opportunities for sustainable growth if infrastructure constraints can be addressed.

5.3 Labour Market and Employment

Labour market conditions in the Free State remain challenging. According to Stats SA's Quarterly Labour Force Survey (QLFS) for Q1 2025, the official unemployment rate stands at 36.7 per cent, a marginal improvement from 38.1 per cent in 2023. The expanded unemployment rate, which includes discouraged work seekers, is estimated at 45.2 per cent.

Youth unemployment (ages 15–34) remains critically high at 48.5 per cent, reflecting ongoing structural constraints in job creation. The province’s labour force participation rate is 59 per cent, and the absorption rate (the proportion of the working-age population that is employed) stands at 37 per cent. Employment growth between 2023 and 2025 has been concentrated in community services, trade, and construction, while job losses persisted in mining and manufacturing. The informal sector plays a vital role in sustaining livelihoods, particularly in urban and peri-urban areas such as Mangaung, Matjhabeng, and Phuthaditjhaba. Approximately 120 000 people are estimated to be employed in informal activities, including street vending, small-scale retail, and personal services. While the informal economy provides income security for many households, it remains largely unregulated and vulnerable to economic shocks.

5.4 Poverty, Inequality, and Living Standards

Despite moderate improvements in access to services, poverty levels remain high. The Free State’s poverty headcount ratio (proportion of individuals living below the upper-bound poverty line) was estimated at 64 per cent in 2024, above the national average of 61 per cent. Income inequality, measured by the Gini coefficient, stands at 0.62, reflecting significant disparities between urban and rural areas. The provincial economy’s reliance on public sector employment and social grants underscores its vulnerability to fiscal pressures. Nearly one-third of households depend primarily on social grants as their main source of income, especially in rural areas and informal settlements. Addressing inequality will require targeted interventions in education, skills development, and local economic diversification.

5.5 Economic Development Initiatives

Several initiatives aim to stimulate inclusive economic growth in the province. The Free State Growth and Development Strategy (FSGDS) 2023–2028 identifies key priorities, including industrial diversification, agricultural value-chain development, tourism promotion, and infrastructure renewal. The Maluti-a-Phofung SEZ, supported by the Department of Trade, Industry and Competition (the dtic), serves as a major driver for investment and job creation. It focuses on agro-processing, logistics, and light manufacturing linked to the N3 corridor. The Central Economic Corridor Development Plan, coordinated under the District Development Model (DDM), seeks to integrate investment across municipalities to boost competitiveness and reduce spatial inequality. In addition, the province is implementing the Provincial Infrastructure Investment Plan (PIIP) to upgrade transport and water infrastructure, while the Free State Agricultural Master Plan promotes commercialisation of emerging farmers and climate-smart agriculture. If effectively coordinated, these programmes could unlock new employment opportunities and foster sustainable provincial development.

6. THE STATE OF MUNICIPALITIES IN THE PROVINCES AND DISTRICT

The overall state of municipalities in the Free State remains a matter of serious concern. According to the State of Municipalities 2022–23 report and subsequent Auditor-General findings, the province continues to experience widespread governance instability, poor financial management, and weak service delivery performance. These challenges are

compounded by high vacancy rates in senior management positions and a pattern of recurring audit regressions. Across the five municipal regions, Mangaung Metropolitan Municipality, and the four District Municipalities of Lejweleputswa, Thabo Mofutsanyana, Fezile Dabi, and Xhariep, governance outcomes vary but generally reflect systemic weaknesses in leadership, accountability, and fiscal control. Many local municipalities within these districts have been identified as financially distressed and unable to meet their service delivery obligations.

6.1 Governance and Leadership

Leadership instability is a persistent problem. The 2022–23 municipal audits revealed that seven municipalities were operating with acting municipal managers and nine municipalities had acting Chief Financial Officers. These leadership gaps weaken institutional continuity, delay decision-making, and undermine compliance with the Municipal Finance Management Act (MFMA). Political-administrative interference remains a concern in some councils, contributing to the erosion of oversight and accountability mechanisms. The Auditor-General found that poor record-keeping, limited consequence management, and inadequate functionality of Audit Committees have led to repeated audit findings across consecutive years. Only a small proportion of municipalities demonstrated improvements in governance performance, typically those with stable leadership and functioning internal control systems.

6.2 Financial Management and Audit Outcomes

Financial governance in the Free State remains under strain. The 2022–23 municipal audit cycle recorded only a few improvements, with most municipalities remaining in the “qualified with findings” or “disclaimed” categories. Audit regressions were noted in several key municipalities, including Mangaung Metropolitan Municipality and Matjhabeng Local Municipality, both of which received adverse audit opinions. Irregular expenditure continues to rise, reflecting weak supply-chain management and non-compliance with procurement regulations. The cumulative balance of irregular expenditure in the province exceeded R30 billion by 2023, while unauthorised expenditure reached approximately R2.9 billion in that financial year alone. Fruitless and wasteful expenditure also remains a concern, often resulting from interest payments on overdue accounts and penalties for contract cancellations.

6.3 Service Delivery and Infrastructure Challenges

Service delivery failures are widespread, particularly in the provision of water, sanitation, and waste management. Many municipalities struggle with old or poorly maintained infrastructure, frequent water interruptions, and declining refuse removal coverage. The Department of Cooperative Governance and Traditional Affairs (CoGTA) and the Provincial Treasury have noted that over 60 per cent of Free State municipalities operate in financial distress and rely on conditional grants or external assistance to sustain operations. Ageing infrastructure, theft and vandalism of municipal assets, and slow project implementation contribute to persistent backlogs. The lack of preventative maintenance has further worsened road and water infrastructure quality, especially in the Lejweleputswa and Xhariep Districts.

6.4 Institutional Capacity and Human Resources

Capacity constraints at the municipal level remain acute. Many municipalities lack skilled engineers, financial specialists, and project managers to plan and execute infrastructure projects effectively. The provincial Department of Cooperative Governance has launched capacity-building programmes, but progress remains slow. In 2022–23, fewer than half of Free State municipalities had filled all Section 56 management positions as required by law. Training programmes offered through the Municipal Infrastructure Support Agent (MISA) and the Provincial Treasury have helped improve reporting compliance but have yet to translate into sustainable governance outcomes. Municipalities continue to rely heavily on consultants for the preparation of financial statements, which the Auditor-General has identified as an unsustainable practice.

6.5 Oversight and Provincial Interventions

The Free State Provincial Government, in collaboration with the National Treasury and CoGTA, has implemented several interventions aimed at restoring financial discipline and governance stability. These include quarterly assessments of Financial Recovery Plans, training on revenue enhancement and billing systems, and targeted support to municipalities under administration. However, the Auditor-General emphasises that these interventions have not yet translated into lasting improvements. Weak political oversight, limited consequence management, and failure to implement recovery plans remain the main barriers to progress. The sustainability of municipal finances will depend on improved leadership stability, stronger audit committee functionality, and enhanced technical capacity at the local level.

7. HUMAN SETTLEMENT PROJECTS IN THE PROVINCE

The Department of Human Settlements (DHS) in the Free State Province continues to face a dual challenge of delivering new housing opportunities while maintaining the quality and sustainability of existing stock. The provincial human settlements programme forms part of the national effort to provide adequate housing and improved living conditions in line with the Breaking New Ground (BNG) policy. Despite measurable progress in the number of completed units, implementation has been hampered by financial constraints, poor contractor performance, and weak intergovernmental coordination.

7.1 Housing Demand and Backlogs

Housing demand in the Free State remains high. According to the Provincial Department of Human Settlements (FS DHS, 2024), the housing backlog stands at approximately 188 000 units, concentrated in urban centres such as Mangaung, Matjhabeng, and Maluti-a-Phofung. Rapid urbanisation, population growth in low-income settlements, and migration from rural areas have placed sustained pressure on municipalities to provide serviced stands and formal dwellings. Many households remain on the provincial housing waiting list for more than five years, particularly in Mangaung Metro, where the backlog is estimated at nearly 70 000 units alone.

7.2 Provincial Delivery Performance

Between the 2021/22 and 2023/24 financial years, the Free State delivered an average of 6 500 housing units per annum, primarily through the Integrated Residential Development Programme (IRDP) and the Community Residential Units (CRU) programme. The 2024/25 target of 8 000 units is unlikely to be met, due to funding shortfalls and delayed contractor appointments. The province has also initiated several informal settlement upgrading projects under the Upgrading of Informal Settlements Programme (UISP). Approximately 47 informal settlements are earmarked for upgrading to serviced sites with basic water, sanitation and electricity infrastructure. However, the DHS has reported that progress is uneven, with only one-third of the targeted projects reaching the construction stage by mid-2025.

7.3 Key Human Settlement Projects

Several strategic housing and mixed-use developments are currently underway across the province:

- Bergman Square and Hillside View Housing Projects (Mangaung Metro): Large-scale mixed-income developments that combine subsidised and bonded housing. Delays have been caused by service-provider disputes and infrastructure shortages.
- Marikana and Thabong Extensions (Matjhabeng LM): Projects aimed at relocating residents from informal mining settlements. Progress has been slow due to bulk infrastructure constraints and land ownership disputes.
- Maluti-a-Phofung Integrated Housing Project: Part of a broader urban-renewal strategy, this project targets over 5 000 units, including social and rental housing. Construction slowed in 2024/25 because of budget re-prioritisation.
- Xhariep District Rural Housing Programme: Focused on farm-dweller and rural community housing, this initiative has completed 1 200 units since 2023, making it one of the few projects meeting its delivery milestones.

Collectively, these projects are designed to address urban sprawl, informal settlements, and the need for integrated human settlements combining housing with schools, clinics, and transport access.

7.4 Funding and Implementation Challenges

Funding constraints remain the most significant obstacle to housing delivery. The provincial human settlements budget declined by 7 per cent in real terms between 2022/23 and 2024/25, reducing allocations for bulk-infrastructure installation. The State of Municipalities 2022–23 report noted that several housing projects suffered from irregular procurement processes, contractor withdrawals, and incomplete handovers. Weak project management and delayed payments to service providers have further undermined completion timelines. Coordination between the Provincial DHS, municipalities, and implementing agents remains inconsistent. Municipalities often lack the technical capacity to oversee construction or provide the bulk

services necessary for housing projects. The Auditor-General reported that in 2023/24, 14 per cent of completed RDP houses were found to have structural defects, mainly related to poor workmanship and inadequate quality control.

7.5 Social and Rental Housing Initiatives

To diversify the provincial housing portfolio, the Free State has implemented several social housing initiatives in collaboration with the Social Housing Regulatory Authority (SHRA). The Mangaung Social Housing Project, for example, provides affordable rental accommodation near employment centres. A total of 2 400 rental units are either completed or under construction across the province. These projects play an important role in addressing urban housing shortages among low- to middle-income earners who do not qualify for RDP housing but cannot afford market rentals.

7.6 Impact of Infrastructure and Service Backlogs

Housing delivery is closely tied to municipal infrastructure performance. Persistent water interruptions, poor sanitation systems, and unreliable electricity supply delay the handover of completed units and erode public trust in government housing programmes. Bulk-infrastructure backlogs are particularly acute in Matjhabeng and Maluti-a-Phofung, where housing projects cannot be occupied until municipal networks are rehabilitated. Furthermore, vandalism and theft of construction materials have led to repeated project stoppages. The DHS has intensified collaboration with the Department of Police, Roads and Transport to improve site security, but the problem persists in certain high-risk areas.

8. ROADS AND TRANSPORT INFRASTRUCTURE IN THE PROVINCE

The state of roads and transport infrastructure in the Free State Province remains one of the most pressing developmental and service delivery concerns. The province occupies a strategic position at the centre of South Africa's transport network, connecting the major economic hubs of Gauteng, KwaZulu-Natal, and the Western Cape. Its road infrastructure is therefore critical not only for local mobility and access to services, but also for national logistics and regional trade. However, despite this strategic importance, the condition of the provincial road network and public transport systems has continued to deteriorate due to inadequate maintenance, ageing infrastructure, and constrained budgets. The State of Municipalities 2022–23 report highlighted that the Free State has among the highest proportions of roads classified as being in “poor” or “very poor” condition, particularly in the Lejweleputswa and Thabo Mofutsanyana districts.

8.1 Provincial Road Network

The Free State's road network spans more than 47 000 kilometres, including 6 800 kilometres of surfaced roads and over 40 000 kilometres of gravel roads under the jurisdiction of provincial and local authorities. National routes managed by the South African National Roads

Agency Limited (SANRAL), such as the N1, N3, N5, and N8, remain in relatively good condition and provide essential long-distance connectivity between provinces. However, the majority of secondary and tertiary roads managed by the provincial Department of Police, Roads and Transport (DPRT) require rehabilitation. The department's 2024/25 performance review reported that approximately 65 per cent of the surfaced road network shows signs of distress, while nearly 80 per cent of gravel roads require re-gravelling or upgrading. Limited maintenance funding and the slow rollout of the Provincial Roads Maintenance Grant (PRMG) have contributed to a growing backlog in routine and periodic maintenance. Roads in rural areas, especially in Xhariep and Thabo Mofutsanyana districts, are often impassable during rainy seasons, isolating farming communities and disrupting access to schools, clinics, and economic centres. The condition of internal municipal roads has also worsened due to inadequate stormwater drainage and poor-quality resurfacing.

8.2 Road Maintenance and Rehabilitation Projects

The provincial government, through the DPRT, is implementing several key road maintenance and rehabilitation projects under the Provincial Roads Maintenance Grant (PRMG) and the Infrastructure Enhancement Allocation. Key projects include the rehabilitation of Route R30 between Allanridge and Bothaville, Route R34 between Kroonstad and Welkom, and Route R57 linking Sasolburg and Heilbron. The province has also partnered with SANRAL for the upgrade of the N8 corridor between Bloemfontein and Ladybrand, improving regional connectivity with Lesotho. Routine maintenance programmes, such as pothole patching, resealing, and re-gravelling, have been undertaken across all districts. However, progress remains below planned targets due to equipment shortages, delays in contractor payments, and heavy rainfall that damaged existing road surfaces in 2024. The Department has prioritised the implementation of labour-intensive maintenance methods to promote local employment through the Expanded Public Works Programme (EPWP). Over 3 000 temporary jobs were created in 2023/24 under the provincial road maintenance projects, particularly in rural areas.

8.3 Municipal Road Infrastructure

Municipalities are responsible for the internal street networks within towns and townships, but weak financial capacity and limited technical expertise have hindered their ability to maintain roads effectively. Many municipalities allocate less than five per cent of their capital budgets to road infrastructure, focusing instead on short-term service delivery demands. The result is widespread deterioration of local roads, inadequate signage, and increasing road safety risks. The State of Municipalities 2022–23 report revealed that less than half of Free State municipalities have functional roads and stormwater maintenance plans. Routine maintenance, such as pothole repairs and gravel grading, is often reactive rather than preventive. In some municipalities, road maintenance functions are outsourced without proper contract management, leading to cost overruns and substandard work.

8.4 Public Transport Systems

The Free State's public transport network consists primarily of minibus taxis, buses, and limited rail services. Minibus taxis remain the dominant mode of public transport, carrying an estimated 70 per cent of daily commuters. The taxi industry plays a crucial economic role but faces challenges, including route disputes, inadequate rank infrastructure, and rising operational costs. Bus services are limited and often unreliable, particularly in rural areas. The Thabo Mofutsanyana District experiences chronic shortages of licensed bus operators, forcing commuters to rely on informal and unregulated transport. In urban areas, such as Bloemfontein and Welkom, public transport infrastructure is deteriorating, with ageing bus depots and inadequate facilities for commuters. Passenger rail services, once an important mode of inter-city travel, have declined substantially. The Passenger Rail Agency of South Africa (PRASA) has not yet restored several key regional routes, including Bloemfontein to Bethlehem and Bloemfontein to Welkom. This has increased pressure on road networks and taxi operations. To address these gaps, the provincial government has developed the Integrated Public Transport Network (IPTN) Plan, which aims to improve coordination among different modes of transport, modernise taxi ranks, and upgrade bus terminals in key urban centres. Implementation, however, remains in early stages due to funding shortfalls.

8.5 Road Safety and Traffic Management

Road safety remains a major concern in the Free State. The province records one of the highest road fatality rates per capita in South Africa. Key contributing factors include poor road conditions, speeding, drunk driving, and vehicle overloading. The Free State Department of Police, Roads and Transport, working through its Road Safety Directorate, has intensified enforcement operations, including roadblocks and public awareness campaigns. During 2024/25, over 1.3 million vehicles were stopped and checked during provincial road-safety operations, and approximately 11 000 motorists were fined for serious traffic offences. The department also conducts regular inspections of scholar transport and freight operators to ensure compliance with roadworthiness standards. Despite these efforts, road-safety outcomes have not improved significantly due to deteriorating road conditions and inadequate street lighting in urban areas. Strengthening collaboration between provincial authorities, municipalities, and private-sector partners is essential for sustained improvement.

8.6 Transport Infrastructure Funding and Challenges

Funding for roads and transport infrastructure remains limited relative to the scale of the backlog. The 2024/25 provincial budget allocated approximately R2.4 billion to the Department of Police, Roads and Transport, of which nearly R1.2 billion was directed towards infrastructure projects. However, this amount remains insufficient to address an estimated maintenance backlog of R12 billion across the province. Delayed transfers of conditional grants, high construction costs, and poor contract management continue to impede project implementation. The Auditor-General reported that irregular expenditure and delayed completion were recurring findings in road infrastructure projects in Matjhabeng, Mangaung,

and Maluti-a-Phofung. In some cases, completed roads showed early signs of deterioration due to poor workmanship or inadequate supervision. The Free State's transport infrastructure strategy (2025–2030) calls for increased investment in preventive maintenance, development of rural access roads, and the expansion of intermodal transport infrastructure to support economic corridors such as the N8 and N1.

9. CURRENT PROJECTS IN THE PROVINCE TO IMPROVE BASIC SERVICE DELIVERY

Efforts to improve basic service delivery in the Free State Province are being undertaken through a combination of national, provincial, and municipal programmes aimed at addressing backlogs in water, sanitation, electricity, housing, and infrastructure maintenance. These projects are intended to stabilise municipal performance, restore public confidence, and enhance the quality of life across urban and rural communities. However, most initiatives continue to face implementation delays due to budget constraints, governance weaknesses, and technical capacity limitations.

9.1 Water and Sanitation Infrastructure Projects

Water and sanitation remain priority sectors for intervention. The Department of Water and Sanitation (DWS), in partnership with the Free State Provincial Government and municipalities, is implementing several projects to rehabilitate and expand bulk water infrastructure. Key initiatives include the Xhariep Water Supply Scheme, designed to provide sustainable potable water to the towns of Philippolis, Trompsburg, and Springfontein. Construction of new reservoirs and pipeline upgrades under this scheme was 70 per cent complete by early 2025. In Maluti-a-Phofung Local Municipality, the Harrismith Bulk Water Augmentation Project aims to address chronic water shortages and improve the reliability of supply to both urban and rural settlements. Funded jointly by DWS and the Municipal Infrastructure Grant (MIG), this project has made measurable progress in upgrading water treatment capacity, although ageing reticulation networks continue to cause significant losses. Similarly, the Matjhabeng Wastewater Treatment Rehabilitation Programme, launched in 2023, seeks to restore operational functionality to several dysfunctional plants in Welkom, Virginia, and Allanridge. The initiative has already reduced pollution incidents along the Sand and Vet Rivers. Despite these advances, challenges persist in completing connections to low-income areas and ensuring ongoing maintenance.

9.2 Electrification and Energy Supply Projects

The Integrated National Electrification Programme (INEP) continues to extend access to electricity in the province. As of March 2025, the Free State's household electricity access rate had reached 91.5 per cent, supported by grid extensions in rural settlements within Thabo Mofutsanyana and Xhariep Districts. In partnership with Eskom and the Department of Mineral Resources and Energy (DMRE), the provincial government is piloting the Solar Home Systems Programme, providing off-grid energy solutions to remote areas where grid connection is not yet feasible. Approximately 5 000 households have benefited from this initiative since its rollout in 2023. The province is also exploring renewable energy generation opportunities through

the Free State Renewable Energy Corridor, with solar farm developments in Dealesville and Hoopstad contributing to energy diversification. These projects are part of national efforts to mitigate load-shedding impacts and stimulate local economic growth.

9.3 Road and Transport Improvement Initiatives

To improve mobility and support economic activity, the Department of Police, Roads and Transport (DPRT) has prioritised road rehabilitation through the Provincial Roads Maintenance Grant (PRMG). Current projects include the rehabilitation of Route R30 between Allanridge and Bothaville, the upgrade of the R34 between Kroonstad and Welkom, and the resealing of the R26 between Bethlehem and Ficksburg. Municipalities are also implementing labour-intensive road repair initiatives under the Expanded Public Works Programme (EPWP), creating local employment opportunities while addressing the maintenance backlog. In 2024/25 alone, more than 3 000 temporary jobs were created through road maintenance and stormwater management projects across all five districts.

9.4 Human Settlements and Urban Renewal Projects

Under the Provincial Department of Human Settlements (FS DHS), several integrated housing and township renewal projects are underway. These include the Bergman Square Housing Project in Mangaung, the Thabong Urban Renewal Project in Matjhabeng, and the Maluti-a-Phofung Integrated Housing Project, which combines housing delivery with improved access to water, sanitation, and electricity infrastructure. The Upgrading of Informal Settlements Programme (UISP) targets 47 informal settlements across the province for upgrading to serviced sites. By mid-2025, one-third of these projects had reached the construction stage. These interventions are supported by both the Human Settlements Development Grant (HSDG) and the Urban Settlements Development Grant (USDG), although delivery is slowed by contractor performance issues and funding delays.

9.5 Municipal Infrastructure Grant (MIG) Projects

The Municipal Infrastructure Grant remains a key funding instrument for basic services in the province. In 2024/25, a total of R2.3 billion was allocated to Free State municipalities through the MIG. Projects funded under this grant include water and sanitation infrastructure, street lighting, solid waste sites, and sports facilities. Notable examples include the Phuthaditjhaba Sewer Network Upgrade (Thabo Mofutsanyana District), the Viljoenskroon Water Supply Rehabilitation (Moqhaka LM), and the Zastron Solid Waste Disposal Site (Mohokare LM). However, the State of Municipalities 2022–23 report found that poor project management and delayed procurement processes continued to undermine timely completion. By the end of 2023/24, approximately 42 per cent of planned MIG projects in the province were behind schedule.

9.6 Social Infrastructure: Education and Health

Significant investment has also been directed towards improving access to schools, health facilities, and community amenities. The Department of Education completed the construction of three new schools in 2024 in Botshabelo, Thaba Nchu, and Phuthaditjhaba, while major refurbishments were undertaken at existing schools to improve sanitation and digital

infrastructure. In the health sector, the Department of Health, working with the Health Facilities Revitalisation Grant, is upgrading Pelonomi Hospital in Bloemfontein and rehabilitating 11 rural clinics across the province. These projects aim to improve service quality, reduce overcrowding, and strengthen district-level healthcare.

9.7 Water Services Authority Support and Regionalisation

The Free State is also participating in the national Water Services Support and Regionalisation Programme, which seeks to consolidate smaller water service authorities into regional entities for improved management and economies of scale. The initiative is piloted in Thabo Mofutsanyana District, where a shared water services model is being developed in partnership with DWS, CoGTA, and the Provincial Treasury. Early results indicate improved bulk-water planning and monitoring capacity, although long-term sustainability depends on stronger municipal governance.

9.8 Challenges and Implementation Risks

Despite these positive developments, numerous obstacles continue to delay service delivery improvements. The Auditor-General and CoGTA have identified recurring weaknesses, including poor planning, insufficient feasibility studies, delayed procurement, and inadequate contract oversight. Furthermore, limited revenue collection and high municipal debt to Eskom and water boards constrain operating budgets. The slow pace of project implementation, particularly in financially distressed municipalities such as Matjhabeng, Maluti-a-Phofung, and Kopanong, highlights the need for stricter monitoring and improved coordination among provincial departments, implementing agents, and contractors. Community protests over delayed water supply, sanitation failures, and poor road conditions remain common across the province, signalling persistent service delivery dissatisfaction.

10. FINANCING OF INFRASTRUCTURE IN THE PROVINCE

Infrastructure financing in the Free State Province remains a central challenge to achieving sustainable service delivery and economic growth. The province faces an estimated infrastructure investment backlog exceeding R65 billion, largely due to years of underinvestment, delayed maintenance, and limited revenue generation capacity at the municipal level. While national and provincial funding allocations have been made available through conditional grants and public-sector investment programmes, the scale of existing infrastructure deterioration far exceeds available resources. As a result, the province's infrastructure financing model depends heavily on transfers from the national fiscus, supplemented by modest own-revenue contributions and donor-supported projects.

10.1 Provincial Infrastructure Budget and Expenditure

For the 2024/25 financial year, the Free State Provincial Government allocated approximately R7.6 billion for infrastructure-related expenditure across departments. The largest shares were directed to the Departments of Education, Health, Human Settlements, Police, Roads and Transport. Collectively, these departments account for over 80 per cent of the province's capital infrastructure investment. The Department of Police, Roads and Transport (DPRT)

received around R2.4 billion, largely funded through the Provincial Roads Maintenance Grant (PRMG) and the Infrastructure Enhancement Allocation. The Department of Human Settlements (DHS) received R1.7 billion through the Human Settlements Development Grant (HSDG) and the Urban Settlements Development Grant (USDG) for housing and bulk-service projects.

The Department of Health was allocated R1.1 billion under the Health Facility Revitalisation Grant (HFRG) for the upgrading and refurbishment of hospitals and clinics. While these allocations represent a moderate increase in nominal terms, inflationary pressures and construction cost escalations have eroded the real value of infrastructure spending, leading to fewer completed projects. Provincial Treasury data indicates that by the third quarter of 2024/25, only 68 per cent of planned infrastructure targets had been achieved, reflecting delays in procurement and project execution.

10.2 Municipal Infrastructure Financing

Municipalities in the Free State remain the primary implementers of local infrastructure, yet they face severe fiscal constraints. According to the State of Municipalities 2022–23 report, 74 per cent of Free State municipalities tabled unfunded budgets for the 2023/24 cycle. Many municipalities are unable to generate sufficient revenue from property rates, service charges, or local economic activities to maintain their infrastructure. To bridge this gap, municipalities rely heavily on conditional grants, particularly the Municipal Infrastructure Grant (MIG), the Public Transport Network Grant (PTNG), and the Water Services Infrastructure Grant (WSIG). In 2024/25, Free State municipalities collectively received approximately R2.3 billion in MIG allocations, with the largest portions directed to water and sanitation projects. However, persistent weaknesses in project planning and contract management have led to high under-expenditure rates with nearly 40 per cent of allocated funds either rolled over or returned to the National Revenue Fund.

The province's two largest municipalities, Mangaung Metro and Matjhabeng Local Municipality, continue to experience financial distress due to high debt levels owed to Eskom and water boards. This debt burden reduces fiscal space for infrastructure renewal and maintenance. The Auditor-General has repeatedly cautioned that infrastructure under-spending, combined with poor asset management, increases the risk of long-term service collapse in these municipalities.

10.3 Conditional Grants and National Transfers

Conditional grants are the backbone of infrastructure financing in the Free State. The province benefits from several key national transfers aimed at specific sectors:

- Provincial Roads Maintenance Grant (PRMG): Supports Road rehabilitation and maintenance programmes.
- Human Settlements Development Grant (HSDG): Funds the construction of subsidised housing and related infrastructure.
- Municipal Infrastructure Grant (MIG): Finances basic municipal services such as water, sanitation, and solid waste management.

- Water Services Infrastructure Grant (WSIG): Provides funding for bulk and reticulation water projects in rural and underserved areas.
- Health Facility Revitalisation Grant (HFRG): Funds upgrades of hospitals, clinics, and emergency medical facilities.
- Education Infrastructure Grant (EIG): Supports school construction and maintenance projects.

Although these grants are essential for sustaining service delivery, they are often subject to late transfers, poor absorption, and administrative inefficiencies. Provincial Treasury reports indicate that delayed procurement and slow reporting cycles led to R520 million in unspent conditional grants at the end of 2023/24. This not only reduces service delivery impact but also risks future funding reductions from the National Treasury.

10.4 Private Sector Participation and Alternative Funding Models

Recognising the limitations of public funding, the Free State Provincial Government has begun exploring Public-Private Partnerships (PPPs) and alternative financing models. The Free State Renewable Energy Corridor and the Maluti-a-Phofung Special Economic Zone (SEZ) are examples of such initiatives, combining public infrastructure investment with private capital in energy generation, logistics, and agro-processing infrastructure. Furthermore, the Infrastructure South Africa (ISA) pipeline identifies several catalytic projects in the province, including solar energy parks, agro-logistics hubs, and water treatment upgrades. These projects are structured to attract private-sector investment under long-term concession agreements, while the government retains regulatory oversight and ensures alignment with social development goals. However, private-sector participation remains limited by perceived financial risks, slow regulatory approvals, and concerns over municipal governance. To address this, the Provincial Treasury is developing a Provincial Infrastructure Financing Framework (2025–2030) aimed at standardising feasibility assessments, risk-sharing arrangements, and blended financing mechanisms.

10.5 Infrastructure Maintenance and Asset Management

One of the most persistent weaknesses in the province's infrastructure financing landscape is the lack of systematic maintenance funding. Preventive maintenance is often deferred due to budget pressures, resulting in accelerated asset deterioration and higher long-term costs. The State of Municipalities 2022–23 report found that only five municipalities in the province had approved asset management plans linked to budgeted maintenance schedules. To address this gap, the Provincial Treasury and the Department of Cooperative Governance have launched a joint Infrastructure Asset Management Improvement Programme, which provides technical support to municipalities in developing credible asset registers and maintenance plans. The initiative aims to improve long-term sustainability by ensuring that infrastructure funding decisions are guided by accurate asset condition assessments.

10.6 Challenges and Risks

Despite multiple interventions, financing for infrastructure in the Free State remains constrained by structural issues. Persistent audit findings point to irregular expenditure, weak

procurement controls, and a lack of consequence management for non-performance. The heavy reliance on national transfers exposes the province to fiscal risks when grant allocations are reduced or withheld due to underperformance. Municipal debt levels remain unsustainable, with overdue payments to Eskom and water boards exceeding R9.4 billion by early 2025. This debt accumulation has diverted resources from infrastructure development to operational costs and interest payments. Additionally, delays in approving and implementing long-term borrowing instruments further limit municipalities' ability to finance large capital projects.

10.7 Way Forward

To strengthen infrastructure financing, the Free State must adopt a multi-faceted approach that combines fiscal discipline, improved revenue management, and greater private-sector participation. Key priorities include:

- Enhancing municipal revenue collection systems and enforcing payment compliance.
- Strengthening project planning and procurement capacity to improve grant spending efficiency.
- Expanding the use of blended finance models that leverage both public and private resources.
- Establishing a provincial infrastructure fund to co-finance strategic projects and unlock additional investment.
- Institutionalising infrastructure asset management practices to ensure long-term sustainability.

11. CONCLUSION

The Free State Province presents a complex socio-economic and governance landscape characterised by both structural challenges and significant developmental potential. While progress has been made in expanding access to basic services and stabilising certain sectors of the provincial economy, persistent weaknesses in governance, financial management, and infrastructure maintenance continue to hinder inclusive growth and sustainable service delivery.

The province's economic base remains diverse, with strong foundations in agriculture, mining, manufacturing, and logistics. However, declining industrial activity, slow private investment, and high levels of unemployment, particularly among the youth, underscore the fragility of the provincial economy. The growing role of the informal sector reflects both resilience and vulnerability within local livelihoods, especially in smaller towns where formal employment opportunities are limited.

At the governance level, instability in municipal leadership, recurring audit regressions, and weak financial controls continue to undermine service delivery. Many municipalities operate

under severe financial strain, relying heavily on conditional grants and national transfers to maintain basic operations. The State of Municipalities 2022–23 report highlights widespread non-compliance with the *Municipal Finance Management Act (MFMA)* and the continued prevalence of unauthorised, irregular, and fruitless expenditure. Leadership vacancies and poor consequence management further compromise accountability and institutional performance.

Despite these systemic weaknesses, there are positive developments. The province has intensified efforts to improve infrastructure delivery through targeted programmes such as the Municipal Infrastructure Grant (MIG), Provincial Roads Maintenance Grant (PRMG), and Human Settlements Development Grant (HSDG). Projects in housing, roads, water, and sanitation have created temporary employment opportunities and enhanced access to essential services in previously underserved areas. The Maluti-a-Phofung Special Economic Zone (SEZ) and renewable energy projects under the Free State Renewable Energy Corridor also represent strategic investments that could catalyse long-term economic growth if supported by effective governance and reliable infrastructure.

Socially, the province continues to face significant inequalities between urban and rural areas. Poverty and unemployment remain elevated, especially among youth, women, and people with disabilities. However, improved access to education, healthcare, and social protection indicates steady progress toward social inclusion. Sustaining these gains will require continued investment in human capital, targeted skills development, and stronger intergovernmental coordination.

The Free State's developmental trajectory will depend on its ability to stabilise governance structures, strengthen municipal accountability, and diversify its economic base. Enhancing infrastructure financing, improving financial management, and building institutional capacity at the local level are critical to achieving long-term service delivery sustainability. If effectively implemented, the province's medium-term plans, including the Free State Growth and Development Strategy (2023–2028), the Provincial Infrastructure Investment Plan (PIIP), and the District Development Model (DDM) offer a coherent framework for revitalising the provincial economy, improving governance, and delivering tangible benefits to communities. The Free State stands at a crossroads: the challenges of weak municipal performance, high unemployment, and limited fiscal capacity are significant, yet the province's strategic location, agricultural potential, and emerging renewable-energy sector provide a strong foundation for renewal. With decisive leadership, prudent financial management, and sustained investment in infrastructure and human development, the Free State can move toward a more inclusive, resilient, and prosperous future.

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