



Budget Statement 2006 / 2007

1. Budget strategy and aggregates.

1.1 Introduction.

In an attempt to stimulate the provincial economy and job creation, the 2006/2007 Medium Term Expenditure Framework (MTEF) budget reflects the Free State Provincial Government's strategic policy direction and has identified the following as primary developmental objectives:

- Stimulate economic development.
- Develop and enhance the infrastructure for economic growth and social development.
- Poverty alleviation through human and social development.
- Ensure a safe and secure environment for all the people of the province.
- Promote effective and efficient governance and administration.

To give effect to the above developmental objectives, the Free State Province has identified the 11 areas that need to be addressed by 2014:

- To achieve an annual economic growth rate at least equal to the national average economic growth rate.
- To reduce unemployment from 38, 9% to 20%.
- To reduce the number of households living in poverty by 5% per annum.
- To improve the functional literacy rate from 69, 2% to 85%.
- To reduce the mortality for children under five years to 65 per 1000 live births.
- To reduce the obstetrical maternal mortality rate from 65, 5 to 20, 06 per 100 000 women in the reproductive age group.
- To stabilise the prevalence rate of HIV and AIDS and reverse their spread.
- To provide shelter for all the people of the province.
- To provide free basic services to all households.
- To reduce the crime rate by at least 7% per annum.
- To provide an adequate infrastructure for economic growth and development.

In order to achieve the above-mentioned targets, the following key priority areas, strategies and programmes have been identified:

- Economic growth, development and employment.
- Social and human development.
- Justice, crime prevention and security.
- Effective and efficient governance and administration.
- A monitoring and evaluation system.

Given the above, it is the Provincial Executive Council's ultimate political responsibility to ensure that the Provincial MTEF budget adequately reflects government priorities and its resultant service delivery imperatives.

Budget Statement 2006 / 2007

In the aforementioned regard it is opportune to appreciate that the 2006/07-2008/09 MTEF budget proposals attempt to achieve such heightened focus in provincial government priorities by:

- Moving away from an approach largely informed by historical departmental baselines;
- Being in favour of an approach that seeks to utilize policy priorities as the mandating framework to inform resource allocations.

As opposed to a strong focus on historical budget baselines these budgets seek to align allocations more closely to critical policy directives and developmental imperatives emanating from the Free State Growth and Development Strategy.

More specifically these budget proposals are informed by:

- a critical assessment of the extent to which historical baseline allocations hitherto serviced provincial and national policies and priorities in terms of the impact they had on the broad developmental objectives of government;
- an overview of the processes that seek to ensure that allocations, first and foremost, support the goals and objectives of the PGDS by directing funding to areas that are mission-critical for the attainment of such objectives;
- the absolutely unavoidable necessity to gear all departments to be in a position to support the need for a provincial focus on agriculture, value-adding beneficiation, warehousing, logistics and transport, tourism and infrastructure as key sectors to enhance the economic benefits associated with the central geographical location of the Free State province;
- an assessment of the level of funding adequate to address the prevailing shortages in technical skills in provincial departments.

From the aforementioned it is clear that the rationale informing the allocations to individual departments has come a long way to:

- Firmly focus provincial service delivery on areas that will meaningfully contribute to the Provincial Growth and Development Strategy.
- Enhance synergy in needs assessment and resource planning in respect of both economic as well as social-sector departments.
- Create a resource framework in which it would be easier to more effectively align local economic developmental strategies to the Provincial Growth and Development Strategy and the provincial spatial development framework.
- Signal a much clearer message to private business, organized labour and non-governmental and civic organizations with regard to the government's priorities and preferred areas of focus to achieve the set objectives.

1.2 Summary of budget aggregates

Table 1.1: Provincial budget summary

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
Provincial receipts									
Transfer receipts from national	9,433,045	11,468,229	13,109,087	14,151,544	14,672,118	14,672,118	11,282,047	12,633,175	13,897,646
Equitable share	6,525,834	7,840,713	8,306,713	8,660,286	8,969,181	8,969,181	9,595,367	10,566,691	11,665,775
Conditional grants	2,907,211	3,627,516	4,802,374	5,491,258	5,702,937	5,702,937	1,686,680	2,066,484	2,231,871
Provincial own receipts	414,622	397,125	414,671	390,000	390,000	390,000	395,000	414,750	430,253
Total provincial receipts	9,847,667	11,865,354	13,523,758	14,541,544	15,062,118	15,062,118	11,677,047	13,047,925	14,327,899
Provincial payments									
Current payments	6,607,946	7,506,310	8,079,202	9,100,054	9,208,708	9,234,767	9,681,558	10,376,272	11,160,295
Transfers and subsidies	2,650,912	3,418,755	4,319,684	4,897,768	5,167,606	4,842,732	1,362,986	1,580,533	1,716,705
Payments for capital assets	454,602	520,958	531,112	543,722	685,804	615,966	581,638	990,440	1,301,456
Unallocated contingency reserve									
Total provincial payments	9,713,460	11,446,023	12,929,998	14,541,544	15,062,118	14,693,465	11,626,182	12,947,245	14,178,456
Surplus/(deficit) before financing	134,207	419,331	593,760	-	-	368,653	50,865	100,680	149,443

The estimate provincial receipts for 2006/07 is R11, 677 billion, which decreased by R3, 385 billion or 22 per cent of the 2005/06 adjusted budget. This decrease is as a result of the shifting of the social security function from the provincial to national government. The shifting of this function has resulted in the downwards revision of the conditional grant allocation to the Province.

Owing to the shifting of the delivery of the social security assistance function which used to be administered through a conditional grant, allocation in respect of conditional grant is decreasing by R4, 014 billion or 70 per cent of the R5, 703 billion 2005/06 adjusted allocation which include rollover and additional funding from National. Of the R11, 677 billion total provincial receipts, conditional grant share is 14, 4 per cent. In the second year of the 2006 MTEF period, conditional grant will increase by 22 per cent and 8 per cent in the outer year.

Equitable share constitutes 82, 2 per cent and provincial own receipts accounts for 3, 4 per cent of the total provincial receipts. In 2006/07 equitable share grows by 7 per cent of the adjusted equitable share. Year-on-year growth is further improved by 3, 4 percentage points to 10 per cent in respect of the 2007/08 financial year and the same growth rate is maintained in the last outer year of the MTEF period. The estimated provincial receipts will increase by 12 per cent and 10 per cent in 2007/08 and 2008/09 respectively.

Including the unallocated funds for Government Employee Medical Scheme (GEMS), the total provincial payments will grow at the same rates annually. Excluding the unallocated Government Employee Medical Scheme (GEMS), current payments account for 83 per cent in year one of the MTEF. These payments are estimated to grow by 5 per cent of the 2005/06 adjusted budget. This growth will increase by 2 percentage points to 7 per cent in the last two years of the MTEF period. Transfers and subsidies share equals 12 per cent of the provincial total payments excluding GEMS allocation and it is decreasing by 73 per cent as result of the shifting of social security function. This expenditure item is also estimated to grow by 16 per cent in 2007/08 and 9 per cent in 2008/09.

Payments for capital assets account for 5 per cent of the provincial payments excluding unallocated budget of GEMS. Capital expenditure will grow by 7 per cent of the main appropriation. Estimated growth for 2007/08 is 70 per cent and 31 per cent increase in 2008/09 financial year.

The projected growth in payment for capital assets is mainly intended to fund development and maintenance of infrastructure with the view of stimulating economic growth in the Province.

1.3 Financing

Table 1.1 indicates consolidated surplus of R300 over the 2006 MTEF period. This surplus relates to the unallocated budget of Government Employee Medical Benefits (GEMS). This budget will only be allocated to the respective departments after the guidelines spelling out how it is to be implemented has been finalized. Including the unallocated budget of GEMS, the Provincial Government is tabling a balanced budget for 2006/07 financial year and no deficit-financing requirement is needed.

The overdraft facility that is negotiated annually with our provincial banker will be used only for the purposes bridging finance to address temporarily liquidity requirements. The provincial government does not have any that can adversely affect this budget.

Flowing from the Budget Council resolutions, provinces agreed that they should refrain from borrowing for the time being, except for temporary purposes using the bridging finance facility of their provincial bankers. If, in the future, an agreement is reached through the Budget Council that other forms of borrowing will become available to provinces, details of the types, amounts, and terms and conditions of new borrowings will be provided.

2. THE BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

The provincial budget process commenced with the launch of the Provincial Growth and Development Strategy on 20 May 2005. The aim of this strategy is to align the national and provincial policies and programmes and to guide development in terms of effective and efficient management and governance to achieve growth and development. The departmental strategic and annual performance plans will be revised to be in line with the Provincial Growth and Development Strategy, and the provincial budget has been informed by and aligned to the strategy.

The rollovers were finalized in June 2005 and the outcome was communicated to all the affected departments. The provincial budget process and the Provincial Treasury Guideline were aligned to the national ones and were endorsed by EXCO in July 2005. These documents were issued together with the 2006 initial allocations to the departments on 08 July 2005.

The first budget bilateral meeting between the National Treasury, Provincial Treasury and the departments was held from 14 to 15 June 2005 to discuss the quarterly performance reporting. Topics covered at that meeting include the basic methodology underlying the approach followed to institute quarterly performance reporting as a monitoring mechanism on service delivery against objectives set in strategic plans; the standardized guideline formats for respective sectors; and submission dates, publishing dates, and the sign-off process to follow. The reporting formats/templates submitting the data to EXCO and the Provincial Treasury, i.e. the electronic formats to be used for data gathering and submission, and data integrity, were also discussed.

The second visit by the National Treasury in the province took place from 17 to 19 August 2005. The purpose of the August 2005 visits was to look at the following:

- 2004/05 spending outcomes
- 2005/06 budget issues
- PFMA and MFMA implementation issues
- The status of the budget reforms
- The progress report on PCC resolutions and the Auditor-General report, the provincial debt situation, own revenue initiatives, and the implementation of the new personnel model.
- Public entities
- The input by the Provincial Treasury on the link between the Provincial Growth and Development Strategy, the Municipal IDP and departmental strategic and performance plans.
- The state of preparation of MTEF budgets

The provincial Medium-Term Expenditure Committee hearings were held from 20 to 23, and on 29 September 2005. These hearings were chaired by the MEC for Finance, and the Premier, Speaker and Members of the Executive Council led the delegations of their respective departments.

The main objective of these hearings was to determine the extent to which the provincial departments re-prioritised within their 2006 MTEF baseline allocations. The intention of these hearings was also to assess the extent to which baseline allocations give effect to the agreed policy priorities set out by both the national and provincial governments.

The hearings did provide a platform for a shared understanding between the provincial departments and the National and Provincial Treasuries on the key priorities underpinning each provincial department's budget and the province as a whole. The hearings also dealt with the projected 2005/06 budget outcome with more emphasis on infrastructure spending and conditional grants.

The Intergovernmental Infrastructure Summit took place from 2 to 4 November 2005 and sought to achieve the following objectives:

- To prioritise infrastructure development that will immediately stimulate economic growth, improve accessibility and mobility and create job opportunities.
- To consolidate key programme areas identified by the Alignment Summit held on 27 October 2005.
- To develop a programme for investment in human capital as a prerequisite for infrastructure development.
- To prioritise infrastructure interventions in line with the 2014 vision.
- To identify opportunities presented by the province's central location to stimulate socio-economic development in tandem with the Free State Development Framework.
- To integrate our transport infrastructure and network to ensure access to socio-economic services.
- To enhance the information, communication and technology (ICT) infrastructure for growth and development.
- To identify bottlenecks in the infrastructure delivery, root causes for under-expenditure and devise strategies to enhance capacity.
- To identify alternative service delivery models.

The Free State Provincial Budget Lekgotla was held on 07 November 2005 in order to finalise budget allocations to departments for the 2006/07 – 2008/09 MTEF period. The Premier, Speaker, Members of the Executive Council, Accounting Officers, the Provincial Budget Office and Chief Financial Officers attended the Provincial Budget Lekgotla.

The following two presentations were made at the Lekgotla;

- The 2005/06 provincial budget and expenditure trends,
- The Provincial Fiscal Framework and the rationale and assumptions behind the 2006/07 - 2008/09 MTEF budget.

The Provincial Lekgotla emphasized the need to increase the infrastructure budget which is critical for the realization of accelerated economic and employment growth in the province. Lekgotla also resolved that the 2006 MTEF allocations must adequately address the critical policy imperatives that give effect to the implementation of the Free State Growth and Development Strategy.

Flowing from the resolution of the Provincial Budget Lekgotla, economic and social cluster meetings were held from 21 to 22 November 2005 to ensure the alignment of departmental programmes/projects to the Free State Growth and Development Strategy as expressed in the 2006 MTEF allocation. Following the above the Executive Council resolved on the preliminary allocations on 07 December 2005.

The provincial adjustment budget was tabled on 22 November 2005 to give departments enough time to spend the total allocated budget by the end of the financial year.

The third provincial visit took place from 23 to 25 November 2005. The first two days were dedicated to visiting infrastructure projects chosen from infrastructure plans submitted by the Departments of Education, Health, Agriculture, Social Development, Public Works, Roads and Transport, and Sport, Arts, Culture, Science and Technology. Discussions between treasuries were held on the last day of the visit and covered the 2005 Adjustment Estimate, 2nd quarter infrastructure spending, in-year pressures, processes in place to address audit opinions and indications of the allocation made to provincial departments for the 2006 MTEF.

The participation of the Executive Council in the budget process and the provincial MTEC hearings enhanced the process and ensured that the budget reflects both national and provincial priorities as outlined in the Free State Growth and Development Strategy.

3. Socio-economic Outlook

The section presents the social and economic structure of the Free State and the trends followed by the socio-economic indicators. Social indicators include poverty rates, population and housing, while economic indicators are economic growth, (un) employment and income.

3.1 Demographic and social Profile

Table 3.1: Population estimates by age and gender

Age	Census 2001			2004 Mid-year estimates			2005 Mid-year estimates		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-4	126,686	126,606	253,292	149,828	147,147	296,975	149,000	147,600	296,600
5-9	137,613	136,815	274,428	155,233	152,150	307,382	152,100	150,900	303,000
10-14	151,314	151,196	302,510	155,913	152,558	308,471	155,000	153,800	308,800
15-19	151,921	154,005	305,926	158,127	154,685	312,812	156,500	154,000	310,500
20-24	123,392	132,418	255,810	148,604	146,313	294,917	147,400	143,500	290,900
25-29	108,196	121,706	229,902	132,437	133,200	265,637	129,900	128,400	258,300
30-34	98,504	110,031	208,535	116,128	120,834	236,962	115,700	119,300	235,000
35-39	92,286	102,258	194,544	93,803	98,361	192,164	90,000	94,500	184,500
40-44	80,011	85,462	165,473	84,190	88,425	172,615	81,000	85,800	166,800
45-49	64,403	71,458	135,861	73,923	78,539	152,462	71,400	76,500	147,900
50-54	50,234	55,166	105,400	58,877	64,159	123,036	57,900	63,600	121,500
55-59	36,240	41,070	77,310	44,415	50,348	94,763	45,400	52,100	97,500
60-64	27,251	36,115	63,366	32,334	38,089	70,423	39,700	44,100	83,800
65-69	19,920	31,059	50,979	21,951	28,849	50,800	28,100	33,100	61,200
70-74	13,364	21,754	35,118	13,597	20,539	34,136	18,900	24,400	43,300
75+	16,000	32,052	48,052	12,808	24,299	37,106	17,200	26,300	43,500
Total	1,297,335	1,409,171	2,706,506	1,452,166	1,498,495	2,950,661	1,455,200	1,497,900	2,953,100

Source: Statistics South Africa, (2005)

The 2005 mid-year population is estimated at 2, 9 million for the Free State province and explicitly accounts for persons with HIV/Aids (which is about 29, 5 per cent among antenatal clinic attendees). This constitutes 6, 3 per cent of the South African population. The population is estimated to have increased by 0, 08 per cent from 2004 mid-year estimate and by 9 per cent from the 2001 Census population. There is much concern about the prevalence of HIV/Aids on the future of the population as it impacts negatively on the fertility rate of the population and hence the population growth of the province.

Inter-provincial migration pattern also impacts on the population estimate of the province. The migration is due to people seeking employment in the other provinces (Gauteng, Western Cape and Kwazulu-Natal being the net gainers).

The population of the province is unequally split between age groups and gender. The table above shows that about 31 per cent of the population falls between the school-going age (5-19 years). As a result, the provincial expenditure on education is increasing at a higher rate. The majority of the population is not covered by medical aid and will therefore depend mostly on public health services. Table 3.2 below indicates the number of people who are covered on medical aid.

Table 3.2: Number of people on medical aid

	000	2002	2003	2004
Covered		405	404	440
Not Covered		2,312	2,336	2,506
Total		2,719	2,741	2,947

Source: Statistics South Africa (2005)

The table above indicate that the majority of people, thus, an estimated 2,5 million (85 per cent) of the population is not covered on medical aid. The majorities of people with HIV/Aids are not on medical aid and relies/ depends mostly on government's free health services. This puts pressure on the government's health expenditure as it has to accommodate an increasing number of those affected.

Education

Table 3.3: Population aged 20 years and above by highest level of education ('000)

Highest level of education	2002	2003	2004	2003	2004
None	174	169	173	-3%	2%
Grade 0 -Grade 3	100	98	98	-2%	0%
Grade 4 -Grade 8	498	499	512	0%	3%
Grade 9 -Grade 10	247	264	290	7%	10%
Grade 11 -Grade 12	428	435	516	2%	19%
NTCI - NTCIII	13	42	17	223%	-60%
Diploma/ Certificate	81	52	84	-36%	62%
Degree and Higher	48	68	56	42%	-18%
Other/ Unspecified	2	*	*	*	*
Don't know/ Unspecified	13	*	*	*	*
Total	1,601	1,644	1,757	3%	7%

Source: Statistics South Africa (2005)

The total number of persons who have some form of education has increased by 4 percentage points in 2004 mainly in grade 9-12 and enrolments in diploma/certificate education. The number of learners in grade 0-3 did not change and this could be as a result of the decrease in the number of the population aged 0-9 years and households migrating to other provinces. The decrease in degree and higher education enrolments could be as a result of people enrolling in the higher institutions of other provinces and others leaving school for the employment market and lack of funds for higher education.

Dwellings and Services

Table 3.4: Household by type of dwelling

Type of dwelling ('000)	2002	2003	2004	% change	
				2003	2004
House/ brick structure on separate stand/yard or on farm	480	507	559	6%	10%
Traditional dwelling/hut	48	45	51	-6%	13%
Flat/apartment	22	16	26	-27%	63%
Town/cluster house (simplex/duplex)	5	*	*	-	-
Unit on retirement village	-	-	-	-	-
Dwelling/house/room in backyard	11	*	*	-	-
Informal dwelling/shack	116	127	115	9%	-9%
Other	61	72	56	18%	-22%
Total	745	792	844	6%	7%

Source: Statistics South Africa (2005)

*- Figures less than a thousand are insignificant

The total number of households with formal brick dwellings has increased from 480 000 in 2002 to 559 000 in 2004. This is an increase of 8 per cent on average from 2002 to 2004. The occupation of informal shacks and other forms of dwelling has decreased by 9 per cent and 22 per cent respectively in 2004, mainly because of the provision of houses by government and the provision of house allowances from government. The high increase in houses, huts and flat occupation was as a result of absorbing those who formerly stayed in the informal and other dwellings.

Poverty

The number of people living in poverty in the province has remained the same. An estimated 1,8 million people (or 68 per cent of the population) in the Free State are living in poverty. The poverty gap between the rich and poor is widening and some municipalities have many of its residents living below the minimum levels of living (MLL).

Table 3.5: Demographic social indicators as share of SA

	No. of poor persons (million)	% of population in poverty	Poverty gap (R billion)	Share of poverty gap
Free State	1,800	68%	5,9	7,2
South Africa	25,700	57%	81,3	100,0

Source: Human Science Research Council (2004)

The poverty rate measures the proportion of a regions population living below the poverty line, while the poverty gap measures the required annual income that poor households would require to bring them out of poverty.

Table 3.5 compares poverty in the Free State province to that of the country. The average for the province is higher than that of the country by 11 percentage points. The annual income required to close the poverty gap in the province is R5, 9 billion or 7,2 per cent of the country.

3.2 Economic Indicators

Statistics South Africa is the main provider of national accounts statistics. The figures are revised on an annual basis. Indicators will include employment, economic growth and income. The 2004 Social Accounting Matrix for Free State will provide information on factor payment (income) to households per race groups and percentiles.

Employment

The following table gives the labour trend for the period September 2000 to March 2005. The result shows that employment remains one of the major problems faced by government. As a result, it will be difficult to address the poverty issues as shown above.

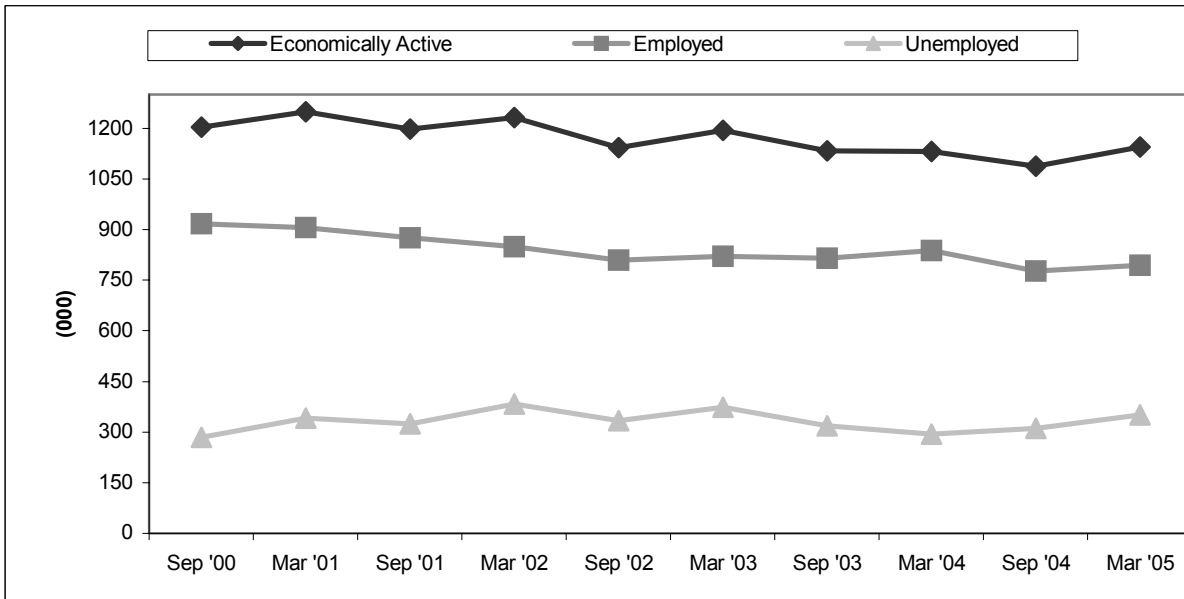
Table 3.6: Labour trends by gender

Sex	Sep '00	Mar '01	Sep '01	Mar '02	Sep '02	Mar '03	Sep '03	Mar '04	Sep '04	Mar '05
Population of working age (15-65 years) ('000)										
Male	976	999	1,010	951	933	960	954	966	938	929
Female	956	947	935	964	967	958	966	977	972	994
Total	1,932	1,946	1,945	1,946	1,900	1,918	1,920	1,943	1,910	1,923
Economically Active (15-65 years) ('000)										
Male	688	704	703	682	630	669	645	638	609	616
Female	515	544	495	550	513	525	488	493	479	529
Total	1,203	1,248	1,198	1,232	1,143	1,194	1,133	1,131	1,088	1,145
Workers (employers, employees, self-employed) 15-65 years ('000)										
Male	552	543	548	511	481	496	500	512	459	475
Female	366	362	327	338	329	324	315	326	318	319
Total	918	905	875	849	810	820	815	838	777	794
The unemployed ('000)										
Male	136	160	156	171	149	172	145	126	150	141
Female	149	182	168	212	184	201	173	168	161	210
Total	285	342	324	383	333	373	318	294	311	351
Official unemployment rates (%)										
Male	19,7	22,8	22,1	25,1	23,6	25,8	22,5	19,8	24,7	22,8
Female	28,9	33,5	33,9	38,6	35,9	38,2	35,4	34,0	33,6	39,7
Total	23,6	27,4	27,0	31,1	29,1	31,2	28,0	26,0	28,6	30,6
Labour force participation rates (%)										
Male	70,5	70,4	69,6	71,6	67,6	69,6	67,6	67,5	66,1	65,0
Female	53,8	57,5	53,0	57,0	53,1	54,8	50,5	50,5	49,3	53,2
Total	62,2	64,1	61,6	64,3	60,2	62,2	58,9	58,2	57,0	59,5
Labour absorption rates (%)										
Male	56,6	54,4	54,2	53,7	51,6	51,7	52,4	53,0	48,9	51,2
Female	38,3	38,2	35,0	35,0	34,0	33,8	32,6	33,3	32,7	32,1
Total	47,5	46,5	45,0	44,3	42,7	42,8	42,4	43,1	40,7	41,3

Source: Statistics South Africa (2005)

Table 3.6 above depicts the composition of the labour market in the Free State province for the period September 2000 to March 2005, and each is explained in detail below.

Figure 3.1: Components of the working age (16-65 years)



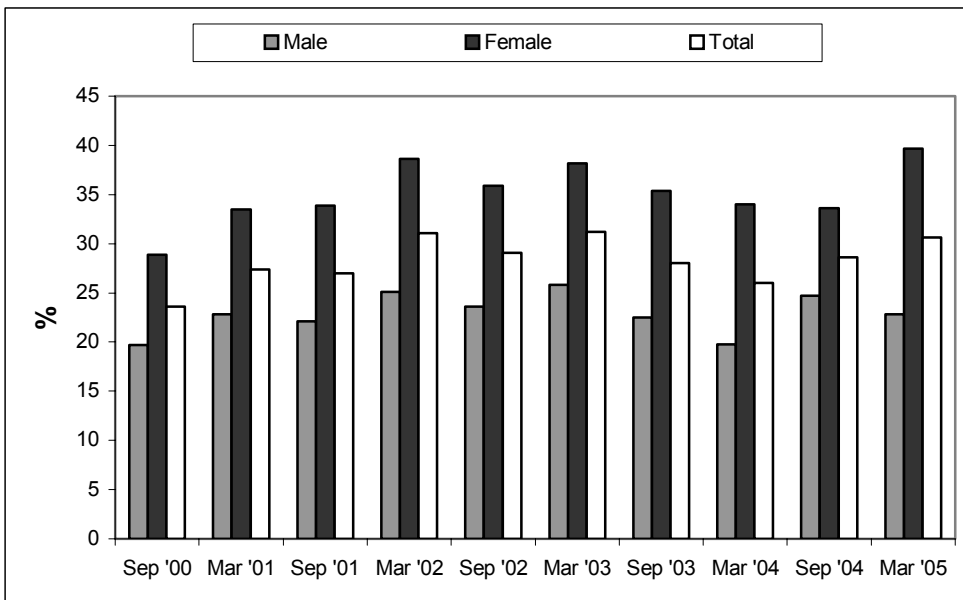
Source: Statistics South Africa (2005)

Figure 3.1 shows the trend in the number of people in the components of the population of the working age over the period September 2000 to March 2005.

- The economically active people are on average 60 per cent of the population of the working age.
- The number of people employed in September 2000 was 918 000. This was followed by declines in same period of the successive years.
- The number of unemployed people rose steadily from 285 000 or 23,6 per cent in September 2000, to 383 000 or 31,1 percent in March 2002 before declining to 351 000 or 30,6 per cent in March 2005.

Unemployment by gender

Figure 3.2: Unemployment rates by gender



Source: Statistics South Africa (2005)

Figure 3.2 shows the trend in unemployment over the period September 2000 to March 2005. The following are notable from the figure:

- The overall employment rate rose from 23,6 per cent in September 2000 to 31, and 1 per cent in March 2000 and declined to 30, and 6 per cent in March 2005.
- There is a marked gender differences in unemployment rates. In September 2000, unemployment rate among men was 19,7 per cent whereas among women it was 28,9 per cent. The gap between male and female unemployment rates declined to 8,9 percentage points in September 2004 and increased in March 2005 to 16,9 percentage points.
- The unemployment rate shows an undulating pattern over the time.

Since September 2002, the labour absorption rate has been decreasing. The labour absorption rate indicates the employment opportunities in the labour market, thus the total number of people employed divided by the total number of people who are aged 15 to 65 years. This means that it is difficult for the economy to create employment opportunities.

Income Distribution

The incomes of the population is analysed from the Social Accounting Matrix of the Free State province that was developed for 2004. Social Accounting Matrix (SAM) is a representation of the national accounts in a matrix format. This is the extension of the System of National Accounts. A SAM serves as framework within which information pertaining to the economic and social structure of the country or region/ province can be organized and described in a complete and consistent way. It is also a structure that forms a statistical basis for building an econometric model.

In terms of the remuneration of labour for the Free State province, the population was divided into four groups, i.e. Blacks, Coloureds, Asians/Indians and Whites along with the eleven occupational groups. The occupation groups are a reflection of different skill levels employed in the province. They are: Legislature; Professionals; Technicians; Clerks; Service workers; Skilled agricultural workers; Craft workers; Plant and machine operators; Elementary occupations; Domestic workers and Unspecified occupations as classified according to the South African Classification of Occupation (SASCO). For different skills' purposes, the 11 occupations are grouped into three groups as follows:

Skilled: Legislature, professionals and technicians;
Semi-skilled: Clerks, service workers, skilled agricultural workers, craft workers, plant and machine operators; and
Unskilled: Elementary occupations and domestic workers

The analysis of income is based on the factor accounts of the SAM., that is, the remuneration of labour and the return on capital. Only the labour remuneration is analysed as most of the households' income is from the labour supplied. The labour analysis is per industry/ activities by occupation and race in 2004 prices. Remuneration by the government sector includes the general government, health and social sector, government activities/ services and other services.

Households are the basic units where significant decisions are taken in terms of economic variables such as expenditure and savings. The households have been divided into twelve percentiles of income and expenditure. This is to be described how different levels and structures of household consumption expenditure by various population and income groups occur. The percentiles (P's) are the income stratifications of the households.

The following table shows the expenditure stratification for the households of the Free State province.

Table 3.7: Provincial Expenditure Stratification

National Percentage	Percentile	FS Percentage of population	Expenditure strata
5%	P1	4%	1- 1,004
10%	P2	25%	1,005- 10,602
20%	P3	40%	10,603- 15,802
30%	P4	48%	15,803- 19,932
40%	P5	54%	19,933- 24,172
50%	P6	60%	24,173- 29,440
60%	P7	66%	29,441- 37,185
70%	P8	74%	37,186- 49,394
80%	P9	82%	49,395- 70,464
90%	P10	88%	70,465- 107,537
95%	P11	92%	107,538- 141,062
100%	P12	100%	141,063+

Source: Free State Provincial SAM (2005)

The spread of household income and expenditure associated with the percentiles were determined from the national household Expenditure Survey. The table emphasizes expenditure among various percentile groups and also the various percentages of the Free State population who fall into various categories. Expenditure stratification for all percentiles represents the following:

- P1-P1: low income groups;
- P3-P5: low middle income groups;
- P6-P8: middle income groups;
- P9-P10: high middle income groups; and
- P11-P12: high income groups

The table above compares the province's expenditure to that of national. The first percentiles represent the poorest households as shown in table 3.7 above and has indicated that percentile 1 (P1) is that group of households that earn below R1, 004, only and the higher percentile are those that earn the highest. The national percentage gives the proportion of the population in the country that falls under a certain expenditure strata, while FS percentage indicates the proportion of the population in the province. Thus, 10 percent of the national population falls under P2, while 25 per cent of the population in the Free State province falls under P2.

Budget Statement 2006 / 2007

Table 3.8: Household income- Industry by Occupation and Population group (R billion 2004)

Occupation by race	Agriculture	Mining	Manufacturing	Electricity and Water	Construction	Trade, Retail & Accommodation	Transport & Communication	Finance, Real estate & Business services	Government
Africans									
Legislators, senior officials and managers	1.7%	1.7%	4.9%	4.3%	1.2%	6.2%	3.7%	9.0%	3.0%
Professionals	1.2%	3.5%	4.4%	5.6%	1.9%	1.6%	2.4%	10.8%	55.0%
Technical & associate professionals	1.2%	1.4%	5.1%	5.5%	2.4%	3.8%	6.0%	19.9%	8.3%
Clerks	1.4%	2.2%	5.8%	6.8%	1.4%	11.8%	9.7%	24.1%	4.6%
Service workers, shop & market sales workers	2.0%	3.1%	6.4%	5.0%	0.8%	31.8%	3.2%	19.4%	11.4%
Skilled agric. and fishery workers	27.9%	0.2%	1.3%	0.7%	0.2%	0.5%	0.2%	0.4%	0.6%
Craft and related traders workers	2.9%	37.9%	21.6%	45.0%	62.6%	16.0%	5.8%	2.8%	1.4%
Plant and machine operators & assemblers	8.4%	25.3%	28.9%	13.6%	5.1%	6.5%	50.6%	2.9%	1.5%
Elementary occupations	48.6%	23.5%	18.7%	10.2%	23.0%	18.2%	16.2%	7.2%	10.3%
Domestic workers	4.7%	1.3%	2.9%	3.3%	1.5%	3.6%	2.3%	3.4%	4.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Whites									
Whites - Legislators, senior officials and managers	21.1%	10.2%	34.4%	15.9%	18.6%	32.4%	18.8%	25.2%	9.6%
Whites - Professionals	9.5%	20.4%	21.1%	21.4%	24.7%	8.3%	10.8%	20.1%	53.1%
Whites - Technical & associate professionals	7.7%	6.3%	14.1%	15.5%	13.3%	14.9%	26.7%	25.9%	12.2%
Whites - Clerks	7.1%	5.0%	9.0%	9.2%	6.7%	10.1%	16.3%	23.0%	10.1%
Whites - Service workers, shop & market sales workers	2.2%	2.4%	4.3%	2.0%	1.9%	19.2%	4.0%	2.6%	11.2%
Whites - Skilled agric. and fishery workers	36.7%	0.2%	0.6%	0.2%	0.4%	0.3%	0.3%	0.2%	0.3%
Whites - Craft and related traders workers	4.0%	39.5%	10.9%	29.4%	29.1%	11.0%	7.5%	1.3%	1.8%
Whites - Plant and machine operators & assemblers	3.3%	10.0%	3.9%	4.4%	2.2%	2.1%	13.8%	1.4%	0.6%
Whites - Elementary occupations	8.2%	5.9%	1.5%	1.9%	3.0%	1.7%	1.7%	0.4%	0.8%
Whites - Domestic workers	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.2%	0.1%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Coloureds									
Legislators, senior officials and managers	2.0%	3.0%	8.0%	6.1%	3.4%	11.1%	7.0%	9.4%	4.0%
Professionals	0.9%	10.5%	5.2%	7.9%	2.9%	2.7%	4.1%	11.7%	51.1%
Technical & associate professionals	1.2%	5.3%	8.8%	11.4%	3.4%	7.8%	16.1%	20.4%	9.3%
Clerks	2.1%	8.2%	10.6%	11.3%	3.0%	21.8%	19.1%	39.6%	7.9%
Service workers, shop & market sales workers	1.3%	2.7%	3.0%	3.2%	0.6%	23.1%	5.2%	7.7%	11.6%
Skilled agric. and fishery workers	12.7%	0.5%	0.7%	0.2%	0.2%	0.3%	0.4%	0.3%	0.5%
Craft and related traders workers	2.8%	37.4%	18.5%	39.3%	66.1%	16.2%	8.8%	3.8%	2.1%
Plant and machine operators & assemblers	5.0%	14.4%	28.2%	7.8%	3.2%	5.5%	27.3%	1.8%	1.6%
Elementary occupations	69.2%	16.4%	14.7%	11.4%	16.6%	11.6%	10.5%	3.9%	8.2%
Domestic workers	2.8%	1.8%	2.2%	1.3%	0.6%	0.0%	1.6%	1.5%	3.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Asians/Indians									
Legislators, senior officials and managers	18.2%	7.6%	12.5%	13.6%	8.2%	15.9%	13.1%	13.0%	5.7%
Professionals	7.0%	41.2%	11.6%	22.8%	12.1%	4.9%	9.4%	18.6%	63.9%
Technical & associate professionals	7.0%	10.1%	14.3%	15.6%	11.8%	11.4%	18.8%	25.2%	9.6%
Clerks	15.4%	12.1%	14.0%	11.2%	8.9%	15.0%	23.5%	34.8%	7.8%
Service workers, shop & market sales workers	4.6%	3.2%	4.0%	3.2%	1.9%	32.9%	3.0%	3.4%	8.1%
Skilled agric. and fishery workers	18.3%	0.5%	0.8%	0.0%	0.7%	0.3%	0.2%	0.1%	0.3%
Craft and related traders workers	10.3%	15.5%	17.2%	25.5%	40.0%	9.7%	5.6%	2.2%	1.1%
Plant and machine operators & assemblers	8.8%	7.1%	20.6%	4.0%	3.6%	2.7%	20.2%	1.9%	1.2%
Elementary occupations	10.3%	2.7%	4.5%	4.0%	12.7%	7.2%	5.8%	0.7%	1.8%
Domestic workers	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.3%	0.1%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Free State Provincial SAM (2005)

Table 3.8 above indicates the household income per industry by occupation and population groups. The majority of Africans' income is from semi- skilled and unskilled labour supplied for all industries/activities. About 66 per cent of the government remuneration is paid to the skilled labour followed by the finance and business services paid 40 per cent. The government remunerates professionals by about 55 per cent. This is true as government is the main source of employment in the province. Many blacks are unskilled labourers and their income share is the highest compared to other population groups.

The semi-skilled are found mainly in occupations such as craft and plant and machine operators for the mining and the secondary and transport industries, and skilled agricultural and fishery workers in the agriculture industry (28 per cent). Most of the unskilled labour is employed in the agriculture industry with about 53 per cent in the agricultural industry and 25 per cent in the mining industry.

The skilled and semi-skilled portion of the white population takes the biggest share of income. About 75 per cent of the skilled income is from the government sector, 71 per cent from the

finance and business services. The semi-skilled labour income is about 24 per cent on average. The majority of the whites' skilled labour is employed in the tertiary industry followed by the secondary industries. The legislator, senior official and managers' employment for whites is the highest for all industries. Less than 2 per cent only of the white population's income is from unskilled labour and the domestic workers' employment is the smallest.

The skilled labour of coloureds is employed in the tertiary industries, mainly government, at 64 per cent, and the semi-skilled is in the secondary industry and unskilled labour income is in the primary sector mainly in agriculture at 72 per cent.

The Asians/Indians population share to that of the total province is small, hence the high percentage of the labour income. The majority of labour income is for skilled labour. About 79 per cent of the government's salaries and wages went to skilled labour. Only 2,3 per cent of government's salaries were for unskilled labour. The domestic workers employment is the least of all the population group.

Economic Activity

Table 3.9: Gross Domestic Product industry (R billion)

Industry	Constant 2000 prices (R million)			Value added contributions		
	2002	2003	2004	2002	2003	2004
Agriculture, Forestry and Fishing	2,391	2,071	2,133	5.1%	4.4%	4.3%
Mining and Quarrying	4,944	5,210	5,426	10.6%	11.0%	11.0%
Primary industries	7,335	7,281	7,559	15.8%	15.4%	15.4%
Manufacturing	5,966	5,952	6,139	12.8%	12.6%	12.5%
Electricity and Water	1,523	1,515	1,652	3.3%	3.2%	3.4%
Construction	826	855	880	1.8%	1.8%	1.8%
Secondary industries	8,316	8,322	8,671	17.9%	17.6%	17.6%
Trade, Wholesale, Retail and Accomodation	5,760	6,077	6,395	12.4%	12.8%	13.0%
Transport, storage and communication	4,658	4,798	4,831	10.0%	10.1%	9.8%
Finance, insurance, real estate and business services	7,985	8,110	8,845	17.2%	17.1%	18.0%
Community, social and other personal services	5,510	5,734	5,804	11.9%	12.1%	11.8%
General government	6,832	6,905	7,111	14.7%	14.6%	14.4%
Tertiary industries	30,746	31,632	32,986	66.2%	66.8%	67.0%
All industries at basic prices	46,446	47,361	49,216			
Taxes less subsidies	4,539	4,631	4,817			
GDPR at market price(constant price)	50,899	51,845	54,034	100.0%	100.0%	100.0%
GDPR at market price(percent changes)				3,9	2,0	3,9

Source: Statistics South Africa (2005)

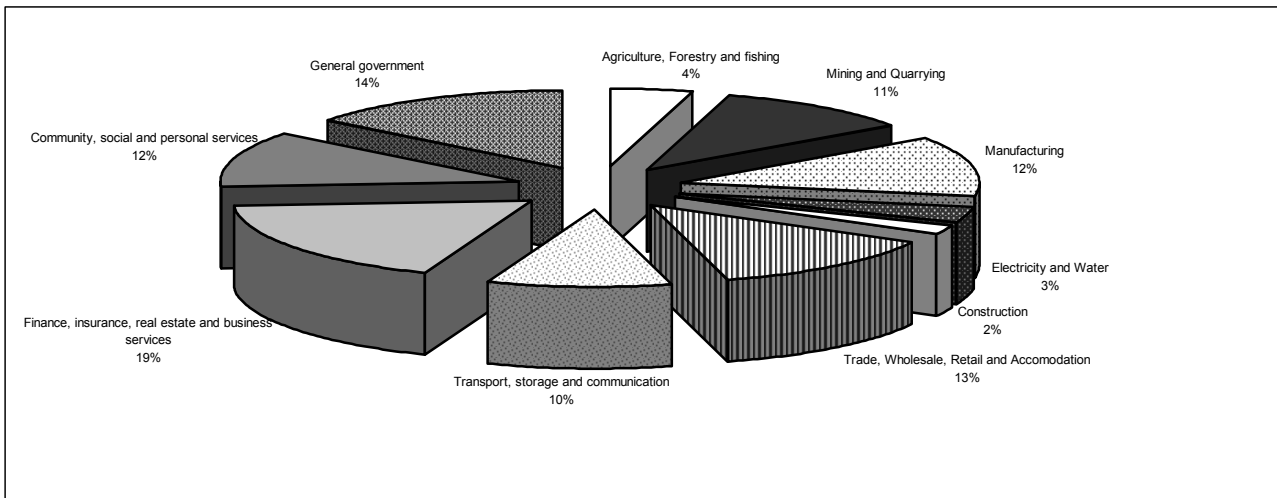
Table 3.9 above shows the value added contributions made by industries. The contribution of the primary industries, i.e. Agriculture, Forestry and Fishing and Mining and Quarrying had a constant contribution of 15,4 per cent of the total value added. The main contribution came from Mining and Quarrying at 11 percent. The declining contribution of Agriculture, Forestry and Fishing may be due to the drought, stock theft and other causes.

The secondary industries' contribution has remained the constant on average over the years at 17,6 per cent of the regional Gross Domestic Product (GDPR). The main contribution is from Manufacturing, which is partly dependent on the primary sector for growth.

The tertiary industries, with a contribution of 67 percent to total GDPR, have been steadily increasing over the years. The main sources of growth opportunities are in these industries. Such industries are tourism under Trade and Accommodation, and also the business services, which is the highest contributor to the provincial economy. The province can strengthen their growth, given the immense comparative advantage this sector has.

The economy of the province has had a 3,9 percentage growth form 2003 to 2004 and this was as a result of the above industries' contribution.

Figure 3.3: 2004 Gross Value Added (Constant 2000 prices)

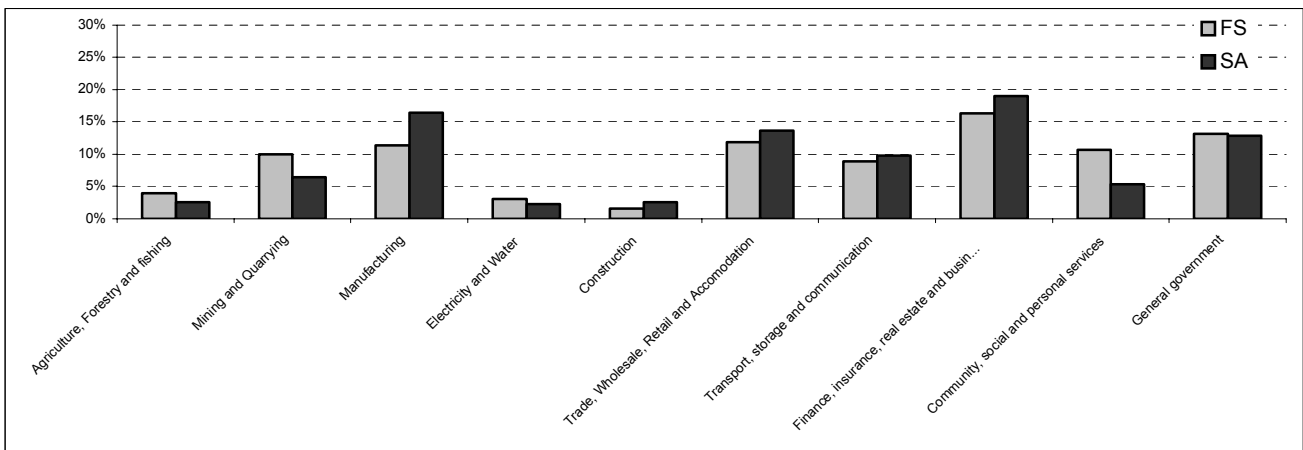


Source: Statistics South Africa (2005)

Figure 3.3 above depicts the industries' contribution to the total economy of the province. The province is still dependent on the mining sector for its economic performance. This sector contributes 11 per cent. The main contribution came from finance, insurance and business activities by 19 per cent but combined together, the general government and community and social services contributed the biggest share of 24 percent. Manufacturing contributed 11 percent and is mainly due to the mining-related products. The smallest contributors are Construction (2 per cent) and Electricity and Water (3 per cent).

The following graph compares the value added of the Free State economy per main economic sector to South African economy.

Figure 3.4: Sectoral composition of Free State and South Africa



Source: Statistics South Africa (2005)

The Free State's economic structure differs from that of South Africa. This is shown in figure 3.4, where the dominance of the mining sector is evident.

The sectors finance, insurance and business activities, trade, wholesale and accommodation, manufacturing, mining and community and social services are the main contributors to the Free State economy, while manufacturing and trade, wholesale and accommodation and finance and business activities are main contributors to the economy of the country.

Budget Statement 2006 / 2007

The manufacturing sector of the province comprises mainly mining- related products. Government expenditure is on average the same for both the province and the country and consists mainly of social grants to households in the province.

4. Receipts

4.1 Overall position

The total provincial receipts for the 2006/07 financial year is estimated at R11, 677 billion, of which R11, 282 billion consist of national transfers to the province. National transfers which constitute 96, 6 per cent of total provincial receipts, encompasses equitable share funding of R9, 595 billion and conditional grants of R1, 687 billion. Provincial own receipts for 2006/07 financial year is projected at R395 million or only 3, 4 per cent of total receipts. It is therefore evident that national transfers are the main source of provincial revenue to enable the province to carry out its mandate. Table 1.6 below shows the actual receipts for 2002/03 to 2004/05, the estimated revenue for 2005/06 and 2006/07 MTEF period.

Table 1.6: Summary of provincial receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06		
Transfer receipts from National									
Equitable share	6,525,834	7,840,713	8,306,713	8,660,286	8,969,181	8,969,181	9,595,367	10,566,691	11,665,775
Conditional grants	2,907,211	3,627,516	4,802,374	5,491,258	5,702,937	5,702,937	1,686,680	2,066,484	2,231,871
Total transfer receipts from National	9,433,045	11,468,229	13,109,087	14,151,544	14,672,118	14,672,118	11,282,047	12,633,175	13,897,646
Provincial own receipts									
Tax receipts	124,425	158,040	168,631	167,860	188,430	185,743	211,412	220,521	225,068
Sales of goods and services other than capital assets	130,066	152,357	139,022	137,625	145,523	152,729	137,800	145,059	152,405
Transfers received	-	75	-	-	-	-	-	-	-
Fines, penalties and forfeits	9,725	8,143	9,604	11,290	11,825	11,827	12,854	13,850	14,925
Interest, dividends and rent on land	128,370	62,352	73,926	71,153	40,069	53,745	30,270	32,577	35,070
Sales of capital assets	3,581	4,590	2,374	1,656	3,136	2,541	2,023	2,058	2,092
Financial transactions in assets and liabilities	18,455	11,568	21,114	416	1,017	1,795	641	685	692
Total provincial own receipts	414,622	397,125	414,671	390,000	390,000	408,380	395,000	414,750	430,252
Total provincial receipts	9,847,667	11,865,354	13,523,758	14,541,544	15,062,118	15,080,498	11,677,047	13,047,925	14,327,898

The total provincial receipts decreases by R2, 864 billion in nominal terms from 2005/06 main appropriation to 2006/07. This represents a decrease of 19,7 per cent. In the outer years of 2006/07 MTEF, the total provincial revenue is R13, 048 billion and R14, 328 billion respectively. The equitable share, which forms the bulk of national transfer, is R10, 567 billion for 2007/08 and R11, 666 billion for 2008/09 representing an increase of 10, 1 per cent and 10, 4 per cent respectively. Conditional grants provide a further R2, 066 billion and R2, 232 billion or 22, 5 per cent and 8 per cent increase in the outer two years of the MTEF period.

Provincial own revenue forms a very small part of the total provincial receipts and, has been gradually declining from 4, 2 per cent in 2002/03 to 3, 4 per cent in 2006/07. In the 2006/07 MTEF, the provincial own revenue increases by 1, 3 percent in 2006/07, 5 percent and 3, 7 percent for the two outer years. The main contributor to the provincial own revenue being tax receipts at 53, 5 percent.

4.2 Equitable share

The allocation process under section 214(2) of the Constitution states that the Act referred to in subsection 10 may be enacted only after the provincial governments, organised local government and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered.

The equitable share formula is merely an objective mechanism that allocates funds between provinces and not to functional areas. The Division of Revenue Act provides for the equitable division of revenue raised at national level among the three spheres of government, i.e. national, provincial and local levels. The division is made in terms of the Provincial Equitable Share formula.

The new equitable share formula was phased in the 2005/06 financial year after the revised formula has been agreed to. The share of the Free State province did not change significantly. The components of the formula were assigned new weights and have been updated with the latest available data. The components and weights of the equitable share formula are:

- Education – the enrolment and school age cohort (51%)
- Health – based on the proportion of population with and without medical aid (26%)
- Basic - province's share of total population (14%)
- Poverty - the level of poverty in the province (3%)
- Economic activity – based on the Regional Gross Domestic Product data (1%)
- Institutional - equal division among provinces (5%)

The weights of the components have been updated with the data from the General Household Survey. The results of the Snap Survey by the national Department of Education have been used to update the education component. However, the 2005 Snap Survey will not be considered because of several gaps.

Taking into account the expenditure pattern over the past three years, the shares of the components remain unchanged and will be used over the next three years to ensure stability.

4.3 Conditional grants

Conditional grants were introduced to meet pressing needs and to expand the oversight role of the national departments in policy areas shared concurrently with provinces. Conditional grants are used for more specific purpose than the equitable share, and these include provision of infrastructure and implementation of special initiatives of national priorities (for example HIV and AIDS, provision of houses, school nutrition programmes, etc.) Conditional grants constitute 14, 4 per cent of the total provincial revenue and 14, 9 per cent of national transfers.

There are significant changes to the baseline allocations for conditional grants in the 2006/07 MTEF period. National departments expressed their support and trust by phasing some conditional grants into the provincial equitable share. The programmes that were funded through these conditional grants will now form part of the normal responsibilities of the provincial department, and will then be funded through the provincial equitable share. Other conditional grants are merged to streamline funding and fast track the delivery of services. Worth noting is the introduction of two new conditional grants (Further Education and Training College Sector Recapitalisation grant and Forensic Pathology grant) to the value of R221, 314 million over the MTEF period.

The Hospital Management and Quality Improvement grant facilitate a range of management development initiatives. It also supports the implementation of a range of hospital quality of care interventions and compliments the objective of the Hospital revitalization grant. Given its link to Hospital Revitalization Grant, this grant has been merged with the latter. During the 2005/06 adjustment budget, in accordance with section 35 of Division of Revenue Act, (Act No.1 of 2005); the Hospital Revitalization grant was reallocated to other provinces.

This reallocation had a direct impact on the 2006/07 baseline. For 2006/07 financial year an amount of R45, 673 million has been allocated for this grant compared to the 2005/06 baseline of R126, 475 million. The small part of the Integrated Nutrition Programme administered by Department of Health, to fund malnourished children under the age of five, has been completely phased out, as a conditional grant and the programme will be funded through equitable share.

Budget Statement 2006 / 2007

Table 1.7: Summary of conditional grants by grant

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Agriculture	1,552	2,298	3,426	23,088	72,977	72,977	28,421	41,354	43,340
Comprehensive agricultural support programme grant			1,495	21,088	36,463	36,463	25,306	38,084	39,912
Agricultural Disaster Management					33,000	33,000			
Land care programme grant: Poverty relief	1,552	2,298	1,931	2,000	3,514	3,514	3,115	3,270	3,428
Education	27,719	30,647	54,542	61,764	77,654	77,651	103,208	112,868	139,516
Early childhood development grant	3,608	4,836	1,000		737	737			
Financial management and quality enhancement grant	14,028	15,853	56						
Further Education and Training College Sector Recapitalisation grant							30,000	36,000	52,200
HIV and Aids (Life skills education) grant	10,083	9,958	7,337	7,947	8,402	8,402	8,424	8,845	9,440
National school nutrition programme grant	-	-	46,149	53,817	68,515	68,512	64,784	68,023	77,876
Health	474,605	567,609	615,618	759,278	754,644	713,608	779,992	808,726	846,430
Comprehensive HIV and Aids grant	18,657	30,144	69,070	100,874	100,874	100,874	142,265	149,378	157,534
Health professions training and development grant	90,552	90,061	93,643	92,517	92,517	92,517	92,517	97,143	102,000
Forensic Pathology					2,366	1,016	41,494	30,422	31,198
Hospital management and quality improvement grant	11,333	12,730	13,055	13,393	13,393	13,393	-	-	-
Hospital revitalisation grant	29,000	50,356	47,436	113,082	106,082	66,396	45,673	50,838	50,706
Integrated nutrition programme grant	32,918	47,817	6,234	7,296	7,296	7,296			
Medico-Legal			132						
Cholera and Malaria Prevention			1,900						
National tertiary services grant	292,145	336,501	384,148	432,116	432,116	432,116	458,043	480,945	504,992
Housing	289,284	327,308	464,393	408,093	492,144	492,144	522,601	653,293	717,770
Housing subsidy grant	287,715	325,403	448,950	398,618	471,461	471,461	522,601	653,293	717,770
Human settlement and redevelopment grant	1,569	1,905	15,443	9,475	20,683	20,683	-	-	-
National Treasury	136,267	213,642	193,785	220,921	233,006	220,526	242,678	438,423	469,935
Provincial infrastructure grant	75,897	141,876	174,904	220,921	233,006	220,526	242,678	438,423	469,935
Provincial infrastructure grant - Flood rehabilitation	60,370	71,766	18,881						
Provincial and Local Government	32,928	36,181	35,031	-	15,736	15,736	-	-	-
Disaster relief									
Local government capacity building fund grant	21,803	32,742	31,736		1,923	1,923			
Provincial project management capacity for MIG (old CMIP)	11,125	3,439	3,295		13,813	13,813			
Social Development	82,860	150,770	220,547	4,015,444	4,054,106	3,724,783	-	-	-
Child support extension grant		71,526	208,318						
Food emergency relief grant		36,564	784						
HIV and Aids (Community-based care) grant	6,650	8,416	9,295	19,374	20,716	20,716			
Integrated Social Development Services Grant				37,334	74,654	68,654			
Social Assistance Administration Grant				232,876	232,876	219,309			
Social Assistance Transfers Grant				3,725,860	3,725,860	3,416,104			
Social grant arrears	76,210	34,264	2,150						
Sport and Recreation South Africa	-	-	971	2,670	2,670	2,670	9,780	11,820	14,880
Mass sport and recreation participation programme grant			971	2,670	2,670	2,670	9,780	11,820	14,880
Total conditional grants	1,045,215	1,328,455	1,588,313	5,491,258	5,702,937	5,320,095	1,686,680	2,066,484	2,231,871

The Forensic Pathology service, which had been administered by SAPS and the national Department of Health, has been shifted to the provincial Department of Health. For the provincial department to take up this function, a new conditional grant, Forensic Pathology services, has been introduced in the current financial year. An amount of R41, 494 million for 2006/07, R30, 422 million and R31, 198 million for 2007/08 and 2008/09 respectively, has been allocated for this grant.

The framework and rationale for Education conditional grants remains to a large extent the same except for the introduction of the Further Education and Training College Recapitalisation grant. This grant aims at transforming FET colleges in the province. The grant is introduced at R30 million in 200/07, R36 million in 2007/08 and R52, 200 million in 2008/09 financial year.

The decrease in the conditional grants framework is mainly due to the shifting of social assistance grants to South African Social Security Agency (SASSA). With effect from April 2006, the delivery of social security assistance will no longer be administered through a conditional grant. The national department of Social Development through the South African Social Security Agency (SASSA) will be responsible for the administration and disbursement of social assistance.

The integrated Social Development Services Grant and HIV and AIDS grant administered by the Department of Social Development have been phased into the equitable share from 2006/07 financial year. The department's equitable share has been increased with the amount equal to the previously indicated budget. In the 2006/07 financial year these grants form part of the department's normal responsibilities and require sustained funding. The department will continue to perform the broader functions of this conditional grant and funding of these functions will form part of the department's equitable share.

Another major change in the framework of conditional grants is the merging of Human Settlement and Redevelopment with the Housing Subsidy grant. This is a comprehensive strategy to speed up housing delivery and at the same time develop sustainable human settlements. To streamline the housing development in line with this strategy, an amount of R1, 894 billion has been allocated over the next three years. For 2006/07 R522, 601 million has been allocated for this grant.

The Provincial Infrastructure grant, which focuses at accelerating construction, maintenance, and rehabilitation of new and existing infrastructure, has been allocated to Education, Health and Public Works, Roads and Transport. An amount of R242, 678 million has been allocated for 2006/07 financial year. There is a significant increase of 80, 6 percent from 2006/07 to R438, 423 million in 2007/08 and R469, 935 million (7, 2 per cent) in 2008/09. It is also hoped that through the Provincial Infrastructure Grant, the province will gradually increase labour intensive projects and also enhance capacity to deliver infrastructure.

Since its inception in 2004/05, the Mass Sport Participation Programme grant has achieved exceptional growth for each year. In 2005/06 this grant increased by 175 per cent and a further 266 per cent in 2006/07 financial year. This grant increases by an average 26 per cent over the MTEF period. The main purpose of this grant is to promote mass participation within disadvantaged communities in a selected number of sport activities and the empowerment of communities to manage these activities

The Agricultural sector was identified as one of the priority sectors given its importance in contributing to government objectives to increase food security and poverty alleviation. An amount of R25, 306 million has been allocated for the Comprehensive Agricultural Support Programme over the MTEF and R3, 115 million for Land care programme (poverty relief). Comprehensive Agriculture Support Programme is broadly intended to expand the provision of agricultural support services and to promote and facilitate agricultural development by targeting beneficiaries of the Land and Agricultural Reform Programmes.

4.4 Total provincial own receipts

Table 1.8: Summary of provincial own receipts by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Vote 01: Office of the Premier	174	414	440	297	1,068	1,250	1,118	1,171	1,225
Vote 03: Tourism, Environmental, Economic Affairs	15,223	41,700	29,296	24,810	27,591	30,976	29,729	34,515	35,953
Vote 04: Provincial Treasury	126,066	61,140	71,259	68,484	38,007	52,607	29,479	31,837	34,285
Vote 05: Health	65,804	79,046	75,114	66,280	66,280	66,280	69,280	73,280	77,676
Vote 06: Education	15,009	16,915	18,053	9,480	10,380	10,380	9,240	9,306	9,380
Vote 07: Social Development	13,475	1,240	838	1,606	656	656	819	860	860
Vote 08: Local Government and Housing	774	990	1,668	1,315	2,310	2,465	1,425	1,540	1,555
Vote 09: Public Works, Roads and Transport	175,890	190,944	213,605	215,501	241,484	241,484	251,487	259,591	266,302
Vote 10: Public Safety, Security and Liaison	176	157	267	40	45	45	27	27	26
Vote 11: Agriculture	1,717	4,280	3,857	1,942	1,942	1,942	2,136	2,350	2,703
Vote 12: Sport, Arts & Culture	314	299	274	245	237	295	260	273	287
Total provincial own receipts	414,622	397,125	414,671	390,000	390,000	408,380	395,000	414,750	430,252

Table 1.8 above shows the history of actual receipts and the estimates for the 2005/2006 MTEF period. The revenue for the province for the 2005/2006 is still on target despite the fact that revenue from interest earned was reduced by R30 million for Treasury. The main contributing factor in the reduction of the revenue budget in particular interest on investments, emanates from the separation of the Social Assistance Grants from the mainstream budget to National Social Development that amounted to R3.95 billion.

The Department of Public Works Roads and Transport has adjusted their budget to R 241 million for the 2005/2006 financial year. This is due to the positive growth in motor vehicle sales and improved efficiency in the department. This growth by the department resulted from the fact that we were able to keep the baseline budget at R390 million despite the lower income due to interest earned. The Department of Tourism, Economic and Environmental Affairs has also revised their budget upwards due to the more than expected income from the annual game auction. The relocation of the casino from Thaba Nchu to Mangaung also generated a windfall of an extra R3 million to the revenue fund. The Department of Local Government of Housing has experienced significant growth in revenue due to the boom in the property market, which translates into increase in rezoning and town establishment fees.

We are projecting an overall over-collection in excess of R10 million for all departments based on the current collection trends in the departments. A revenue workshop was held in September 2005 to iron out particular problems in all departments and to establish better communication between Treasury and the departments. A task team has been established between Treasury and each department to give effect to the resolutions taken during the workshop. The objectives of the task will be to investigate problems in departments, which hamper revenue collection, and to make recommendations in this regard.

5. Expense

5.1 Overall position

The total outlays for 2006/07 MTEF period for the Free State province are budgeted as follows:

- Financial year 2006/07: R11, 626, 182 , 000
- Financial year 2007/08: R12, 947, 245 , 000
- Financial year 2008/09: R14, 178, 456 , 000

There has been a significant increase in the provincial spending since 2002/03. From the actual spending of R9, 713 billion in 2002/03 to an estimated R14, 727 billion in 2005/06, representing an average annual increase of 12, 9 per cent. In the current 2006/07 MTEF period,

Budget Statement 2006 / 2007

the provincial spending is expected to rise fairly from R11, 626 billion in 2006/7 to R14, 178 billion in 2008/09 financial year. The increased level of expenditure represents a real opportunity for departments to improve on the quality of service delivery to the people of Free State province.

In line with the government priorities to expand service delivery and improve infrastructure networks, the increase in 2006/07 MTEF period is mainly directed to the social and economic services departments. This focus is aimed at improving the living standards of the people of Free State Province. The 2006/07 estimated payments is going to decrease by R3, 067 billion or 21 per cent from the revised estimate of 2005/06 financial year as a result of the shifting of social security grant to South African Social Security Agency (SASSA). Table 1.9 below indicates that the social sector departments (i.e. Education, Health and Social Development) consume R8, 939 billion or 77 per cent of the estimated total provincial payments of R11, 626 billion for 2006/07 financial year. The share for non- social services increased from 15 per cent to 23 per cent with an estimated R2, 687 billion. The payments for 2006/07 MTEF period are estimated to increase annually by 11 percent in 2007/08 and 10 per cent in 2008/09.

Education still consumes the bulk of the social sector budget of R8, 939 billion by R5, 272 billion or 59 per cent while Social Development takes 5 per cent and the remaining 36 per cent allocated to Health. The sharp decrease of Social Development percentage share relates to the shifting of social security grant to the agency.

5.2 Expense by vote

Table 1.9: Summary of provincial payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Vote 01: Office of the Premier	83,052	77,521	82,123	87,199	87,199	87,199	91,856	96,475	103,221
Vote 02: Provincial Legislature	47,675	50,136	62,223	61,196	66,196	66,196	73,928	79,064	84,695
Vote 03: Tourism, Environmental, Economic Affairs	172,883	215,528	241,056	210,080	210,080	183,422	229,805	240,757	257,335
Vote 04: Provincial Treasury	69,224	100,703	109,783	114,048	114,048	112,078	119,679	125,614	134,771
Vote 05: Health	2,194,141	2,542,413	2,794,911	3,076,013	3,118,328	3,110,676	3,249,613	3,469,589	3,736,082
Vote 06: Education	3,522,194	4,048,174	4,399,506	4,872,115	5,056,634	5,056,634	5,272,241	5,642,083	6,084,294
Vote 07: Social Development	2,099,937	2,812,671	3,520,811	4,348,492	4,387,154	4,060,242	417,850	443,092	468,734
Vote 08: Local Government and Housing	411,848	493,746	632,008	556,719	669,426	661,293	718,062	858,028	935,177
Vote 09: Public Works, Roads and Transport	800,488	735,468	792,564	840,452	895,688	899,191	1,066,323	1,573,315	1,922,643
Vote 10: Public Safety, Security and Liaison	20,293	27,906	24,407	30,344	30,344	30,344	31,758	33,345	35,893
Vote 11: Agriculture	146,316	182,839	177,011	225,565	307,700	306,809	223,557	246,247	263,323
Vote 12: Sport, Arts & Culture	145,409	158,918	93,595	119,321	119,321	119,381	131,510	139,636	152,288
Total provincial payments and estimates	9,713,460	11,446,023	12,929,998	14,541,544	15,062,118	14,693,465	11,626,182	12,947,245	14,178,456

Table 1.9 above reflects the summary of payment and estimates by vote from 2003/04 to 2008/09. The 2006/07 provincial expenditure is anticipated to grow by R1, 044 billion or 10 per cent over the 2005/06 main appropriations (excluding social security grants of R3, 959 billion for 2005/06). All departments' budgets are growing in the 2006/07 MTEF period except for Agriculture which decreases by 0, 89 per cent as the result of the reallocation of the Provincial Infrastructure and only realizing growth in the two outer years of the MTEF. Worth noting is the substantial increase in 2006/07 for the non-social departments like Legislature (20,8 per cent due to the continued pressure on other parliamentary services since 2004/05), Tourism, Environmental and Economic Affairs (9, 4 per cent), Local Government and Housing (29 per cent which is in line with the government 's intention to provide houses and basic services to the poor), Public works, Roads and Transport (26, 9 per cent, aimed at improving and rehabilitating road networks and other infrastructure in the province), and Sport, Arts, Culture, Science and Technology (10, 2 per cent mainly due to the enormous increase in the Mass Sport and Recreation Participation Conditional Grant).

Budget Statement 2006 / 2007

On average all departments are growing by 6 percent in 2007/08 and 7 percent in 2008/09, except Local Government and Housing which grows by 19 per cent in 2007/08 and 9 per cent in 2008/09 and Public Works, roads and Transport growing by a mammoth 48 per cent and 22 per cent in 2007/08 and 2008/09 respectively.

5.3 Expense by economic classification

Table 1.10: Summary of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Current payments	6,607,946	7,506,310	8,079,202	9,100,054	9,208,708	9,234,767	9,681,558	10,376,272	11,160,295
Compensation of employees	5,172,410	5,718,976	6,225,785	7,105,533	6,946,698	6,945,177	7,379,544	7,818,028	8,251,611
Goods and services	1,397,244	1,720,415	1,761,234	1,936,197	2,253,853	2,280,952	2,302,014	2,558,244	2,908,684
Interest and rent on land	36,690	43,266	37,538	58,243	8,061	5,835			
Financial transactions in assets and liabilities	48	14,213	54,645	81	96	2,803			
Unauthorised expenditure	1,554	9,440							
Transfers and subsidies to:	2,650,912	3,418,755	4,319,684	4,897,768	5,167,606	4,842,732	1,362,986	1,580,533	1,716,705
Provinces and municipalities	174,603	158,410	183,447	75,931	114,916	115,632	68,502	73,217	77,541
Departmental agencies and accounts	85,388	61,006	116,419	68,339	67,339	58,555	63,954	66,542	68,461
Universities and technikons			1,099	1,100	1,100	1,100	1,100	1,100	1,100
Public corporations and private enterprises	99,298	100,224	4,708	2,515	3,514	2,887	2,334	2,474	2,669
Foreign governments and international organisations									
Non-profit institutions	187,815	388,944	454,757	551,873	632,738	641,694	667,226	723,406	782,314
Households	2,103,808	2,710,171	3,559,254	4,198,010	4,347,999	4,022,864	559,870	713,794	784,620
Payments for capital assets	454,602	520,958	531,112	543,722	685,804	615,966	581,638	990,440	1,301,456
Buildings and other fixed structures	337,526	410,600	367,394	417,210	527,697	490,730	464,090	866,145	1,165,862
Machinery and equipment	116,995	110,221	159,313	118,267	146,008	119,208	110,535	117,326	126,005
Cultivated assets		137		5,000	5,579	2,006			
Software and other intangible assets			4,397	3,245	6,320	3,979	337	310	336
Land and subsoil assets	81		8		200	43	6,676	6,659	9,253
Total economic classification	9,713,460	11,446,023	12,929,998	14,541,544	15,062,118	14,693,465	11,626,182	12,947,245	14,178,456

Table 1.10 above reflects the summary of provincial payments and estimates by economic classification from 2002/03 to 2008/09. The bulk of payments are consumed by current payments especially compensation of employees. For the 2006/07 financial year, current payments absorb 83 per cent of which 76 per cent is allocated to compensation of employees. From the total provincial estimate compensation of employees' shares is 63 per cent in 2006/07 and 60 per cent 58 per cent in 2007/08 and 2008/09 financial years respectively. The decrease in personnel over the MTEF clearly indicates the provincial government's intention to move resources towards service delivery particularly infrastructure development and maintenance.

The sharp decrease of transfers and subsidies in 2006/07 financial year is as a result of the shifting of social security grants to SASSA which used to be a transfer payment in the Department of Social Development budget.

Payments for capital assets show an increase of 7 per cent from the 2005/06 main appropriation. However it must also be noted that included in the transfers and subsidies is capital transfers. There is a substantial increase in this category for the two outer years, from R581 million in 2006/07 to R990 million in 2008/09 or 70 per cent and 31 per cent for 2007/08 and 2008/09 respectively.

Budget Statement 2006 / 2007

Table 1.12: Summary of provincial payments and estimates by economic classification - "of which items"

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimates	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
Current payments									
Goods and services									
<i>of which</i>									
<i>Consultants</i>	123,407	193,623	52,062	84,327	104,504	103,412	94,199	95,723	102,488
<i>Audit and legal fees</i>	2,791	3,469	5,505	11,044	11,312	11,226	12,218	14,486	15,538
<i>Bursaries and class fees</i>			12,803	20,163	6,526	6,526	5	5	5
<i>Travel and subsistence</i>	81,500	58,875	57,238	119,372	128,441	122,963	107,711	118,016	137,963
<i>Maintenance, repair and running costs</i>	293,207	292,176	201,280	191,613	208,008	242,023	419,648	513,193	560,683
<i>Owned and leasehold property expenditure</i>	68,750	54,397	52,536	38,479	109,761	126,748	103,694	106,779	111,391
<i>Inventories</i>			2,510	3,411	28	1	1,549	1,569	1,674
<i>Learner support material</i>	8,113	20,870	12,419	28,573	32,815	32,415	83,475	115,334	243,683
<i>Medicine and Vaccine</i>	141,098	136,595	224,687	208,886	238,886	225,488	203,376	223,027	248,853
<i>Other medical consumables</i>	125,901	134,431	190,347	242,043	242,043	220,595	239,431	263,381	295,084
<i>Other</i>	360,030	488,196	520,099	595,451	661,199	658,781	612,655	636,583	667,310

5.4 Expense by policy area

Table 1.12: Summary of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
General public services	199,951	228,360	254,129	262,443	267,443	265,473	285,463	301,153	322,687
Public order and safety	20,293	27,906	24,407	30,344	30,344	30,344	31,758	33,345	35,893
Economic affairs	1,062,165	1,056,351	1,137,090	1,213,197	1,343,568	1,328,800	1,495,775	2,035,262	2,417,005
Environmental protection	57,522	77,484	72,602	62,900	69,900	60,622	23,910	25,057	26,296
Housing and community amenities	411,848	493,746	632,008	556,719	669,426	661,293	718,062	858,028	935,177
Health	2,194,141	2,542,413	2,794,911	3,076,013	3,118,328	3,110,676	3,249,613	3,469,589	3,736,082
Recreation, culture and religion	145,409	158,918	93,595	119,321	119,321	119,381	131,510	139,636	152,288
Education	3,522,194	4,048,174	4,399,506	4,872,115	5,056,634	5,056,634	5,272,241	5,642,083	6,084,294
Social protection	2,099,937	2,812,671	3,520,811	4,348,492	4,387,154	4,060,242	417,850	443,092	468,734
Total provincial payments and estimates	9,713,460	11,446,023	12,929,059	14,541,544	15,062,118	14,693,465	11,626,182	12,947,245	14,178,456

Table 1.12 above shows the summary of expenditure by policy area, the details of which are shown in table A: 4 of the Annexure to the Budget Statement One. This table clearly indicates the policy priorities that government funds. As it can be seen, Education is still the main priority and accounts for over R5, 272 billion of the total provincial expenditure in 2006/07. The expenditure in respect of this policy area demonstrates a consistent increase in the two outer years to an estimated R6, 084 billion in the 2008/09 financial year. It is also important to note the provincial government's intention to stimulate the Free State economy by investing in the Economic & Infrastructure sectors. The Economic sector accounts for R1, 498 billion in 2006/07 and grows by 36 per cent to R2, 039 billion in 2007/08 and R2, 420 billion in 2008/09.

5.5 Infrastructure expense

Table 1.13: Summary of provincial infrastructure payments and estimates by Vote

R thousand	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
		2005/06		2006/07	2007/08	2008/09
Vote 03: Tourism, Environmental, Economic Affairs	10,000	10,000	10,000	13,200	11,400	14,800
Vote 05: Health	133,230	170,341	132,189	144,817	156,515	161,099
Vote 06: Education	181,751	241,873	245,209	181,311	194,835	253,708
Vote 07: Social Development	18,638	18,638	18,638			
Vote 09: Public Works, Roads and Transport	457,732	627,483	630,738	794,107	1,254,312	1,581,212
Vote 11: Agriculture	39,657	62,292	53,338	25,306	38,084	39,912
Vote 12: Sport, Arts & Culture	25,000	25,000	24,471	26,000	27,300	30,085
Total provincial infrastructure payments and estimates	866,008	1,155,627	1,114,583	1,184,741	1,682,446	2,080,816

Table 1.13 above shows the provincial infrastructure payments and estimates from 2005/06 to 2008/09. The infrastructure spending is anticipated to realize a rapid growth over the 2006/07 MTEF period. The estimated infrastructure spending for 2006/07 is R1, 185 billion or 36 per cent increase from the 2005/06 main appropriation. This allocation include national conditional grants earmarked for infrastructure, for example, Provincial Infrastructure grant, Hospital Revitalisation, Comprehensive Agriculture Support Programme, Land Care, and a top up from the provincial equitable share (Own Infrastructure grant). About 67 per cent of this amount is allocated to the department of Public Works, Roads and Transport. This amount is set aside for infrastructure development and will assist the province in its endeavor to enhance economic development, job creation as well as to provide and facilitate sustainable infrastructure development as stated in the Free State Growth and Development Strategy.

5.6 Provincial Public-Private Partnership (PPP) projects

Currently the only department with a Public-Private Partnership arrangement is Health. The department of Education is exploring the possibility of PPP which should assist the department with the eradication of platooning schools.

Table 1.14: Summary of provincial Public-Private Partnership projects

Project description R thousand	Total cost of project			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06		
Projects under implementation	-	(100)	1,400	700	6,241	-	1,990	2,110	2,150
PPP unitary charge					5,781				
Advisory fees	400	400							
Revenue generated (if applicable)			2,100	1,500			1,500	1,600	1,600
Project monitoring cost	(400)	(500)	(700)	(800)	460		490	510	550
New projects	(500)	(500)	(340)	2,032	2,618	2,268	6,700	80,210	105,230
PPP unitary charge				(36)				40,000	25,000
Advisory fees	(500)	(500)	(340)	2,268	2,618	2,268	6,500	40,000	80,000
Revenue generated (if applicable)									
Project monitoring cost				(200)			200	210	230
Total	(500)	(600)	1,060	2,732	8,859	2,268	8,690	82,320	107,380

5.6 Transfers to public entities

Table 1.15: Summary of provincial transfers to public entities by transferring department

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06		
Vote 01: Office of the Premier	6,175	7,901	8,424	8,828	8,828	8,828	9,252	9,715	10,200
Vote 03: Tourism, Environmental, Economic Affairs	73,273	66,283	102,355	53,900	53,900	45,626	51,557	53,463	54,709
Vote 12: Sport, Arts & Culture	95,798	93,520	2,363	2,515	2,515	2,515	1,734	1,820	1,947
Total provincial transfers to public entities	175,246	167,704	113,142	65,243	65,243	56,969	62,543	64,998	66,856

Table 1.17: Summary of provincial transfers to development corporations by entity

Entity R thousand	Provincial department	Outcome			Main appropriation	Adjusted appropriation	Revised estimates	Medium-term estimates		
		Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06		
Free State Development Corporation	Vote 03: Tourism, Environmental and Economic Affairs	55,330	50,720	86,855	30,000	30,000	30,000	26,500	26,500	26,500
Free State AgriEco	Vote 11: Agriculture	3,500	6,500							
Total provincial transfers to development corporations		58,830	57,220	86,855	30,000	30,000	30,000	26,500	26,500	26,500

5.7 Transfers to local government

Table 1.16: Summary of provincial transfers to local government by category

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Category B	-	57,911	157,212	50,427	85,096	67,475	27,302	28,618	21,526
Vote 05: Health	-	-	91,734	19,822	39,405	21,784	17,791	19,430	21,526
Vote 08: Local Government and Housing	-	57,911	65,478	30,605	45,691	45,691	9,511	9,188	-
Category C	112,977	91,602	22,487	21,068	23,213	41,560	23,704	25,448	26,971
Vote 01: Office of the Premier	173	137	161	178	178	184	162	171	184
Vote 03: Tourism, Environmental, Economic Affairs	-	-	258	-	14	280	251	263	281
Vote 04: Provincial Treasury	-	-	260	240	303	365	249	261	274
Vote 05: Health	102,759	81,136	5,309	6,544	7,025	24,901	7,218	7,882	8,731
Vote 06: Education	9,247	-	10,595	11,837	11,837	11,837	13,545	14,489	15,306
Vote 07: Social Development	-	-	497	-	-	142	-	-	-
Vote 08: Local Government and Housing	-	4,096	3,738	541	1,987	1,986	569	589	282
Vote 09: Public Works, Roads and Transport	767	6,057	1,096	942	1,061	1,150	1,000	1,049	1,125
Vote 10: Public Safety, Security and Liaison	31	40	43	62	62	68	74	78	82
Vote 11: Agriculture	-	-	375	548	548	455	426	448	474
Vote 12: Sport, Arts & Culture	-	136	155	176	198	192	210	218	232
Unallocated funds	61,626	8,897	3,748	4,436	6,607	6,597	17,496	19,151	29,044
Vote 05: Health	17,245	5,856	840	-	-	-	-	-	-
Vote 08: Local Government and Housing	44,090	2,694	2,908	4,426	6,597	6,597	17,496	19,151	29,044
Vote 11: Agriculture	291	347	-	10	10	-	-	-	-
Total provincial transfers to local government	174,603	158,410	183,447	75,931	114,916	115,632	68,502	73,217	77,541

5.9 Personnel numbers and costs

Table 1.17: Summary of personnel numbers and costs by Vote

Personnel numbers	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008
Vote 01: Office of the Premier	374	302	274	295	322	341
Vote 02: Provincial Legislature	152	157	165	152	158	177
Vote 03: Tourism, Environmental, Economic Affairs	640	692	733	721	771	782
Vote 04: Provincial Treasury	214	237	268	271	284	298
Vote 05: Health	5,988	7,723	6,801	15,968	15,968	15,968
Vote 06: Education	29,294	29,846	29,720	29,541	29,541	29,541
Vote 07: Social Development	1,477	1,635	1,797	1,698	1,698	1,319
Vote 08: Local Government and Housing	338	371	489	588	664	664
Vote 09: Public Works, Roads and Transport	5,791	5,163	4,892	4,620	5,071	5,711
Vote 10: Public Safety, Security and Liaison	90	80	95	98	105	105
Vote 11: Agriculture	-	-	-	1,266	884	1,270
Vote 12: Sport, Arts & Culture	340	366	395	490	493	493
Total provincial personnel numbers	44,698	46,572	45,629	55,708	55,959	56,669
Total provincial personnel cost (R thousand)	5,172,410	5,718,976	6,225,785	6,945,177	7,379,544	7,818,028
Unit cost (R thousand)	0.01	0.01	0.01	0.01	0.01	0.01

Budget Statement 2006 / 2007

Table 1.20: Summary of provincial personnel numbers and costs

	Outcome			Main appropriation	Adjusted appropriation	Revised estimates	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Total for province									
Personnel numbers (head count)	55,119	54,792	55,355	55,729	55,669	55,710	55,466	55,552	55,124
Personnel cost (R'000)	5,172,410	5,718,976	6,225,785	7,105,533	6,946,698	6,945,177	7,379,544	7,818,028	8,251,611
Human resources component									
Personnel numbers (head count)	352	352	442	497	508	510	597	605	611
Personnel cost (R'000)	112,210	114,378	132,048	148,726	151,240	142,909	155,798	159,562	161,727
Head count as % of total for province	0.64%	0.64%	0.80%	0.89%	0.91%	0.92%	1.08%	1.09%	1.11%
Personnel cost as % of total for province	2.17%	2.00%	2.12%	2.09%	2.18%	2.06%	2.11%	2.04%	1.96%
Finance component									
Personnel numbers (head count)	498	441	481	408	439	423	636	645	651
Personnel cost (R'000)	59,194	47,480	64,154	93,159	85,730	80,130	94,722	98,932	101,782
Head count as % of total for province	0.90%	0.80%	0.87%	0.73%	0.79%	0.76%	1.15%	1.16%	1.18%
Personnel cost as % of total for province	1.14%	0.83%	1.03%	1.31%	1.23%	1.15%	1.28%	1.27%	1.23%
Full time workers									
Personnel numbers (head count)	50,922	49,507	51,456	51,073	49,838	51,096	51,100	51,595	51,637
Personnel cost (R'000)	4,818,944	5,283,021	5,813,746	6,482,689	6,208,218	6,367,297	7,038,708	7,458,863	7,877,869
Head count as % of total for province	92.39%	90.35%	92.96%	91.65%	89.53%	91.72%	92.13%	92.88%	93.67%
Personnel cost as % of total for province	93.17%	92.38%	93.38%	91.23%	89.37%	91.68%	95.38%	95.41%	95.47%
Part-time workers									
Personnel numbers (head count)	2,281	3,164	1,630	2,025	2,025	2,025	2,025	2,025	2,025
Personnel cost (R'000)	226,754	235,953	264,435	290,737	293,328	293,316	306,387	323,615	338,005
Head count as % of total for province	4.14%	5.77%	2.94%	3.63%	3.64%	3.63%	3.65%	3.65%	3.67%
Personnel cost as % of total for province	4.38%	4.13%	4.25%	4.09%	4.22%	4.22%	4.15%	4.14%	4.10%
Contract workers									
Personnel numbers (head count)	269	488	626	561	363	561	565	565	565
Personnel cost (R'000)	14,920	23,811	35,346	34,026	22,938	34,026	34,449	35,550	35,737
Head count as % of total for province	0.49%	0.89%	1.13%	1.01%	0.65%	1.01%	1.02%	1.02%	1.02%
Personnel cost as % of total for province	0.29%	0.42%	0.57%	0.48%	0.33%	0.49%	0.47%	0.45%	0.43%

5.10 Expense by training

Table 1.18: Summary of provincial payments on training by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Vote 01: Office of the Premier	372	495	111	568	569	284	593	629	681
Vote 02: Provincial Legislature	261	315	331	331	331	-	573	608	641
Vote 03: Tourism, Environmental, Economic Affairs	691	748	840	1,663	1,663	1,338	1,180	1,141	1,206
Vote 04: Provincial Treasury	-	428	983	-	-	473	868	911	956
Vote 05: Health	17,504	14,480	41,097	44,080	36,580	32,890	51,288	55,144	58,660
Vote 06: Education	26,192	36,605	27,632	39,714	39,714	39,714	32,969	34,620	36,213
Vote 07: Social Development	1,167	1,049	893	2,231	2,231	2,231	1,746	1,836	1,937
Vote 08: Local Government and Housing	162	861	418	646	2,384	2,384	951	781	834
Vote 09: Public Works, Roads and Transport	617	975	10,168	11,582	9,100	13,587	14,512	15,789	17,814
Vote 10: Public Safety, Security and Liaison	13	29	131	168	-	168	178	188	-
Vote 11: Agriculture	-	-	-	1,256	1,312	1,186	1,321	1,321	1,321
Vote 12: Sport, Arts & Culture	39	438	468	644	544	544	693	728	765
Total provincial payments on training	47,018	56,423	83,072	102,883	94,428	94,799	106,872	113,696	121,028

Annexure A to Budget Statement 1

Budget Statement 2006 / 2007

Table A.1: Information relating to section 4.3: Conditional grants

Vote and Grant	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Revised transfer estimate	Revised expenditure estimate	Medium-term estimates			
	2002/03			2003/04			2004/05			2005/06	2005/06	2005/06	2005/06	2006/07	2007/08	
R thousand																
Agriculture	2,125	1,400	1,552	2,373	1,800	2,298	37,315	37,240	3,426	72,977	39,088	72,977	28,421	41,354	43,340	
Comprehensive agricultural support programme grant							16,870	16,870	1,495	36,463	21,088	36,463	25,306	38,084	39,912	
Agricultural Disaster Management							17,000	17,000		33,000	16,000	33,000			-	
Land care programme grant: Poverty relief	2,125	1,400	1,552	2,373	1,800	2,298	3,445	3,370	1,931	3,514	2,000	3,514	3,115	3,270	3,428	
Education	41,827	26,795	27,719	35,766	27,902	30,647	59,533	56,815	54,542	77,654	73,511	77,651	103,208	112,868	139,516	
Early childhood development grant	4,638	3,339	3,608	6,573	5,544	4,836	1,737		1,000	737		737				
Financial management and quality enhancement grant	24,661	14,384	14,028	19,158	14,768	15,853	904		56							
Further Education and Training College Sector Recapitalisation grant													30,000	36,000	52,200	
HIV and Aids (Life skills education) grant	12,528	9,072	10,083	10,035	7,590	9,958	7,792	7,715	7,337	8,402	7,947	8,402	8,424	8,845	9,440	
National school nutrition programme grant							49,100	49,100	46,149	68,515	65,564	68,512	64,784	68,023	77,876	
Health	482,230	482,230	474,605	570,509	570,509	567,609	622,738	602,081	615,618	754,644	769,644	713,608	779,992	808,726	846,430	
Cholera and Malaria Prevention	-	-	-	1,900	1,900	-	1,900		1,900						-	
Comprehensive HIV and Aids grant	18,657	18,657	18,657	30,144	30,144	30,144	69,969	55,476	69,070	100,874	115,874	100,874	142,265	149,378	157,534	
Health professions training and development grant	90,552	90,552	90,552	90,061	90,061	90,061	93,643	93,643	93,643	92,517	92,517	92,517	92,517	97,143	102,000	
Forensic Pathology										2,366	2,366	1,016	41,494	30,422	31,198	
Hospital management and quality improvement grant	11,333	11,333	11,333	12,730	12,730	12,730	13,055	9,791	13,055	13,393	13,393	13,393				
Hospital revitalisation grant	29,000	29,000	29,000	50,356	50,356	50,356	52,370	52,370	47,436	106,082	106,082	66,396	45,673	50,838	50,706	
Integrated nutrition programme grant	40,543	40,543	32,918	47,817	47,817	47,817	6,636	6,636	6,234	7,296	7,296	7,296				
Medico-Legal				1,000	1,000		1,000		132							
National tertiary services grant	292,145	292,145	292,145	336,501	336,501	336,501	384,165	384,165	384,148	432,116	432,116	432,116	458,043	480,945	504,992	
Housing	300,329	295,330	289,284	344,834	333,903	327,308	548,444	394,651	464,393	492,144	408,093	492,144	522,601	653,293	717,770	
Housing subsidy grant	287,715	287,716	287,715	325,403	325,403	325,403	521,793	385,641	448,950	471,461	398,618	471,461	522,601	653,293	717,770	
Human settlement and redevelopment grant	12,614	7,614	1,569	19,431	8,500	1,905	26,651	9,010	15,443	20,683	9,475	20,683				
National Treasury	221,720	151,913	136,267	244,598	162,950	213,642	227,015	199,281	193,785	233,006	220,921	220,526	242,678	438,423	469,935	
Provincial infrastructure grant	104,099	93,913	75,897	153,950	141,950	141,876	208,133	199,281	174,904	233,006	220,921	220,526	242,678	438,423	469,935	
Provincial infrastructure grant - Flood rehabilitation	117,621	58,000	60,370	90,648	21,000	71,766	18,882		18,881							
Provincial and Local Government	51,927	35,059	32,928	52,540	33,541	36,181	50,766	34,371	35,031	15,736	20,702	15,736	-	-	-	
Local government capacity building fund grant	38,598	26,450	21,803	47,204	30,409	32,742	45,548	31,050	31,736	1,923	20,702	1,923				
Provincial project management capacity for MIG (old CMI)	13,329	8,609	11,125	5,336	3,132	3,439	5,218	3,321	3,295	13,813		13,813				
Social Development	170,671	7,850	82,860	160,697	123,260	150,770	297,644	287,717	220,547	4,054,106	4,015,444	3,724,783	-	-	-	
Child support extension grant				76,698		71,526	245,730		208,318							
Child support implementation grant								240,558								
Financial management & improvement of the social security grant	1,200	1,200	-		76,698											
Food emergency relief grant				37,334	37,334	36,564	38,104	37,334	784							
HIV and Aids (Community-based care) grant	6,650	6,650	6,650	9,228	9,228	8,416	10,637	9,825	9,295	20,716	19,374	20,716				
Integrated Social Development Services Grant										74,654	37,334	68,654				
Social Assistance Administration Grant										232,876	232,876	219,309				
Social Assistance Transfers Grant										3,725,860	3,725,860	3,416,104				
Social grant arrears	162,821	-	76,210	37,437		34,264	3,173		2,150							
Sport and Recreation South Africa	-	-	-	-	-	-	1,000	1,000	971	2,670	2,670	2,670	9,780	11,820	14,880	
Mass sport and recreation participation programme grant							1,000	1,000	971	2,670	2,670	2,670	9,780	11,820	14,880	
Total conditional grants	1,270,829	1,000,577	1,045,215	1,411,317	1,253,865	1,328,455	1,844,455	1,613,156	1,588,313	5,702,937	5,550,073	5,320,095	1,686,680	2,066,484	2,231,871	

Budget Statement 2006 / 2007

Table A.2: Information relating to section 4.4: Details of total provincial own receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Tax receipts	124,425	158,040	168,631	167,860	188,430	185,743	211,412	220,521	225,068
Casino taxes	-	10,818	8,716	8,519	11,600	9,418	14,804	18,724	18,775
Horse racing taxes	-	4,574	5,036	5,089	4,790	5,070	3,503	3,848	5,088
Liquor licences	-	2,306	2,452	2,402	2,401	1,616	2,522	2,648	2,780
Motor vehicle licences	124,425	140,342	152,427	151,850	169,639	169,639	190,583	195,301	198,425
Sales of goods and services other than capital assets	130,066	152,357	139,022	137,625	145,523	152,729	137,800	145,059	152,405
Sale of goods and services produced by department (exclud	130,066	152,357	139,022	137,625	145,523	152,729	137,699	144,953	152,294
Sales by market establishments	40,965	41,137	46,315	51,563	57,921	57,979	46,890	49,257	51,781
Administrative fees	80		66			4	58	60	62
Other sales	89,021	111,220	92,641	86,062	87,602	94,746	90,751	95,636	100,451
<i>Of which</i>									
Health patient fees									
Other (Specify)									
Other (Specify)									
Sales of scrap, waste, arms and other used current goods (€	-	-	-	-	-	-	101	106	111
Transfers received from:	-	75	-	-	-	-	-	-	-
Other governmental units									
Universities and technikons									
Foreign governments									
International organisations									
Public corporations and private enterprises									
Households and non-profit institutions									
Fines, penalties and forfeits	9,725	8,143	9,604	11,290	11,825	11,827	12,854	13,850	14,925
Interest, dividends and rent on land	128,370	62,352	73,926	71,153	40,069	53,745	30,270	32,577	35,070
Interest	128,360	62,352	73,926	71,153	40,045	53,721	30,243	32,544	35,034
Dividends									-
Rent on land	10				24	24	27	33	36
Sales of capital assets	3,581	4,590	2,374	1,656	3,136	2,541	2,023	2,058	2,092
Land and subsoil assets					1,573	1,573	1,500	1,500	1,500
Other capital assets	3,581	4,590	2,374	1,656	1,563	968	523	558	592
Financial transactions in assets and liabilities	18,455	11,568	21,114	416	1,017	1,795	641	685	692
Total provincial own receipts	414,622	397,125	414,671	390,000	390,000	408,380	395,000	414,750	430,252

Budget Statement 2006 / 2007

Table A.3: Information relating to section 5.3: Details of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
Current payments	6,607,946	7,506,310	8,079,202	9,100,054	9,208,708	9,234,767	9,681,558	10,376,272	11,160,295
Compensation of employees	5,172,410	5,718,976	6,225,785	7,105,533	6,946,698	6,945,177	7,379,544	7,818,028	8,251,611
Salaries and wages	3,966,555	4,835,825	5,308,235	6,090,977	5,904,013	5,986,108	6,378,162	6,758,437	7,130,440
Social contributions	1,205,855	883,151	917,550	1,014,556	1,042,685	959,069	1,001,382	1,059,591	1,121,171
Goods and services	1,397,244	1,720,415	1,761,234	1,936,197	2,253,853	2,280,952	2,302,014	2,558,244	2,908,684
<i>of which (refer to table 1.11 in Budget Statement 1)</i>									
Specify item									
Specify item									
Interest and rent on land	36,690	43,266	37,538	58,243	8,061	5,835	-	-	-
Interest	634	424		8,211	8,061	5,835			
Rent on land	36,056	42,842	37,538	50,032					
Financial transactions in assets and liabilities	48	14,213	54,645	81	96	2,803			
Unauthorised expenditure	1,554	9,440							
Transfers and subsidies to:	2,650,912	3,418,755	4,319,684	4,897,768	5,167,606	4,842,732	1,362,986	1,580,533	1,716,705
Provinces and municipalities	174,603	158,410	183,447	75,931	114,916	115,632	68,502	73,217	77,541
Provinces ²									
Provincial Revenue Funds									
Provincial agencies and funds									
Municipalities ³									
Municipalities									
<i>of which: Regional service council levies</i>	174,603	158,410	183,447	75,931	114,916	115,632	68,502	73,217	77,541
Municipal agencies and funds									
Departmental agencies and accounts	85,388	61,006	116,419	68,339	67,339	58,555	63,954	66,542	68,461
Social security funds	17	41		10	10				
Provide list of entities receiving transfers ⁴	85,371	60,965	116,419	68,329	67,329	58,555	63,954	66,542	68,461
Universities and technikon	-	-	1,099	1,100	1,100	1,100	1,100	1,100	1,100
Public corporations and private enterprises ⁵	99,298	100,224	4,708	2,515	3,514	2,887	2,334	2,474	2,669
Public corporations									
Subsidies on production					994	372	600	654	722
Other transfers	99,298	100,224	4,708	2,515	2,520	2,515	1,734	1,820	1,947
Private enterprises									
Subsidies on production									
Other transfers									
Foreign governments and international organisations									
Non-profit institutions	187,815	388,944	454,757	551,873	632,738	641,694	667,226	723,406	782,314
Households	2,103,808	2,710,171	3,559,254	4,198,010	4,347,999	4,022,864	559,870	713,794	784,620
Social benefits	1,815,724	2,383,726	3,103,511	3,754,613	3,761,610	3,442,317	35,366	38,176	40,958
Other transfers to households	288,084	326,445	455,743	443,397	586,389	580,547	524,504	675,618	743,662
Payments for capital assets	454,602	520,958	531,112	543,722	685,804	615,966	581,638	990,440	1,301,456
Buildings and other fixed structures	337,526	410,600	367,394	417,210	527,697	490,730	464,090	866,145	1,165,862
Buildings	129,662	285,075	252,923	274,210	318,874	276,822	219,158	215,290	231,565
Other fixed structures	207,864	125,525	114,471	143,000	208,823	213,908	244,932	650,855	934,297
Machinery and equipment	116,995	110,221	159,313	118,267	146,008	119,208	110,535	117,326	126,005
Transport equipment	521	883	14,198	1,533	1,688	5,001			
Other machinery and equipment	116,474	109,338	145,115	116,734	144,320	114,207	110,535	117,326	126,005
Cultivated assets		137		5,000	5,579	2,006			
Software and other intangible assets			4,397	3,245	6,320	3,979	337	310	336
Land and subsoil assets	81		8	-	200	43	6,676	6,659	9,253
Total economic classification	9,713,460	11,446,023	12,929,998	14,541,544	15,062,118	14,693,465	11,626,182	12,947,245	14,178,456

Budget Statement 2006 / 2007

Payments summary by policy area (simple example of bridging table)

FUNCTION	CATEGORY	DEPARTMENT	PROGRAMME	
GENERAL PUBLIC SERVICES	Legislative	Premier	Administration Management services	
		Provincial Legislature	Administration National Council of Provinces Management services	
	Financial and fiscal affairs	Finance	Administration Financial planning and resource management Financial management Procurement Management services	
PUBLIC ORDER AND SAFETY	Police services	Provincial Safety and Liaison	Administration	
ECONOMIC AFFAIRS	General economic affairs	Economic Affairs	Administration Trade, industry and tourism development Economic and development services Consumer protection and inspectorate services Management services	
		Agriculture	Agriculture	Administration Agricultural development and research Veterinary services Conservation management Environmental management Specialist environmental services Management services
		Transport	Transport	Roads Road traffic and law enforcement Transport
		Communication	Tourism	Tourism
ENVIRONMENTAL PROTECTION	Environmental protection		Conservation management Environmental management Specialist environmental services	
HOUSING AND COMMUNITY AMENITIES	Housing development	Housing	Technical service Planning and development	
HEALTH	Outpatient service	Health	District health services Primary nutrition programme	
	R&D health (CS)		Health science	
	Hospital services		Provincial hospital services Specialised hospital services	
RECREATION, CULTURE AND RELIGION	Recreational and sporting services	Sport, recreation, arts and culture	Sport and recreation	
	Cultural services		Art, culture and heritage Facility development	
EDUCATION	Pre-primary and primary	Education	Pre-primary Primary	
	Secondary education Subsidiary service to education		Secondary Provision of subsidiary	
	Education not definable by level		ABET	
SOCIAL PROTECTION	Social security services	Social service and population development	Administration Social security Social assistance Social welfare services Social development Population development Management services	

Budget Statement 2006 / 2007

Table A:4 Details of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation 2005/06	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
	General Public Services	199,951	228,360	254,129	262,443	267,443	265,473	285,463	301,153
Executive and Legislature	130,727	127,657	144,346	148,395	153,395	153,395	165,784	175,539	187,916
Office of the Premier RDP	83,052	77,521	82,123	87,199	87,199	87,199	91,856	96,475	103,221
Provincial Legislature	47,675	50,136	62,223	61,196	66,196	66,196	73,928	79,064	84,695
Financial and Fiscal Services	69,224	100,703	109,783	114,048	114,048	112,078	119,679	125,614	134,771
Provincial Treasury	69,224	100,703	109,783	114,048	114,048	112,078	119,679	125,614	134,771
General Services (Public Works, Local Government)									
Total: General Public Services	199,951	228,360	254,129	262,443	267,443	265,473	285,463	301,153	322,687
Public Order and Safety	20,293	27,906	24,407	30,344	30,344	30,344	31,758	33,345	35,893
Police Services									
Safety and Liaison	20,293	27,906	24,407	30,344	30,344	30,344	31,758	33,345	35,893
Total: Public Order and Safety	20,293	27,906	24,407	30,344	30,344	30,344	31,758	33,345	35,893
Economic Affairs	1,062,165	1,056,351	1,137,090	1,213,197	1,343,568	1,328,800	1,495,775	2,035,262	2,417,005
General Economic Affairs	115,361	138,044	167,515	147,180	140,180	122,800	205,895	215,700	231,039
Dept of Economic Affairs	115,361	138,044	167,515	147,180	140,180	122,800	205,895	215,700	231,039
Agriculture	146,316	182,839	177,011	225,565	307,700	306,809	223,557	246,247	263,323
Dept of Agriculture Affairs	146,316	182,839	177,011	225,565	307,700	306,809	223,557	246,247	263,323
Transport	800,488	735,468	792,564	840,452	895,688	899,191	1,066,323	1,573,315	1,922,643
Department of Transport	800,488	735,468	792,564	840,452	895,688	899,191	1,066,323	1,573,315	1,922,643
Total: Economic Affairs	1,062,165	1,056,351	1,137,090	1,213,197	1,343,568	1,328,800	1,495,775	2,035,262	2,417,005
Environmental Protection	57,522	77,484	72,602	62,900	69,900	60,622	23,910	25,057	26,296
Environmental Protection	57,522	77,484	72,602	62,900	69,900	60,622	23,910	25,057	26,296
Total: Environmental Protection	57,522	77,484	72,602	62,900	69,900	60,622	23,910	25,057	26,296
Housing and Community Amenities	411,848	493,746	632,008	556,719	669,426	661,293	718,062	858,028	935,177
Housing Development									
Department of Housing	411,848	493,746	632,008	556,719	669,426	661,293	718,062	858,028	935,177
Total: Housing and Community Amenities	411,848	493,746	632,008	556,719	669,426	661,293	718,062	858,028	935,177
Health	2,194,141	2,542,413	2,794,911	3,076,013	3,118,328	3,110,676	3,249,613	3,469,589	3,736,082
Outpatient services									
R and D Health (CS)									
Hospital Services									
Total: Health	2,194,141	2,542,413	2,794,911	3,076,013	3,118,328	3,110,676	3,249,613	3,469,589	3,736,082
Recreation, Culture and Religion	145,409	158,918	93,595	119,321	119,321	119,381	131,510	139,636	152,288
Sporting and Recreational Affairs									
Sport, Arts and Culture	145,409	158,918	93,595	119,321	119,321	119,381	131,510	139,636	152,288
Total: Recreation, Culture and Religion	145,409	158,918	93,595	119,321	119,321	119,381	131,510	139,636	152,288
Education	3,522,194	4,048,174	4,399,506	4,872,115	5,056,634	5,056,634	5,272,241	5,642,083	6,084,294
Pre-primary & Primary Phases									
Secondary Education Phase									
Subsidised Services to Education									
Education not defined by level									
Total: Education	3,522,194	4,048,174	4,399,506	4,872,115	5,056,634	5,056,634	5,272,241	5,642,083	6,084,294
Social protection	2,099,937	2,812,671	3,520,811	4,348,492	4,387,154	4,060,242	417,850	443,092	468,734
Social Security Services	1,893,589	2,530,781	3,230,143	3,958,736	3,958,736	3,635,319	-	-	-
Social Services and Population Development	206,348	281,890	290,668	389,756	428,418	424,923	417,850	443,092	468,734
Total: Social protection	2,099,937	2,812,671	3,520,811	4,348,492	4,387,154	4,060,242	417,850	443,092	468,734
Total provincial payments and estimates by p	9,713,460	11,446,023	12,929,059	14,541,544	15,062,118	14,693,465	11,626,182	12,947,245	14,178,456

Budget Statement 2006 / 2007

Table A.5: Information relating to section 5.5.1: Details of payments for infrastructure by category (R thousand)

Category/type of structure	Vote	No. of projects	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
			2004/05			2005/06	2006/07	2007/08
New constructions (buildings and infrastructure)			235,568	278,424	248,096	304,822	420,437	528,356
Tourism, Environmental and Economic Affairs	3					10,300	8,100	9,600
Health	5		27,339	80,455	53,330	16,771	19,186	19,577
Education	6		112,492	75,878	75,787	130,849	89,367	99,000
Social Development	7		4,000	4,000	4,000			
Public Works, Roads and Transport	9		46,000	50,600	52,530	103,400	247,000	339,500
Agriculture	11		30,487	54,241	47,809	25,306	38,084	39,912
Sport, Arts & Culture	12		15,250	13,250	14,640	18,196	18,700	20,767
Rehabilitation/upgrading			218,334	387,055	375,797	286,387	526,191	728,337
Tourism, Environmental and Economic Affairs	3							
Health	5		62,533	89,886	78,859	128,046	137,329	141,522
Education	6		36,604	92,192	92,192	39,562	53,892	61,315
Social Development	7		6,577	6,577	6,577			
Public Works, Roads and Transport	9		98,700	185,124	186,449	113,000	328,500	519,100
Agriculture	11		4,170	3,051	2,398			
Sport, Arts & Culture	12		9,750	10,225	9,322	5,779	6,470	6,400
Other capital projects			60,216	70,230	73,657	2,400	40,000	80,000
Tourism, Environmental and Economic Affairs	3							
Health	5							
Education	6		32,655	62,169	65,596	2,400	40,000	80,000
Social Development	7		8,061	8,061	8,061			
Public Works, Roads and Transport	9		19,500					
Agriculture	11							
Sport, Arts & Culture	12							
Recurrent maintenance			351,890	419,918	417,033	591,132	695,818	744,123
Tourism, Environmental and Economic Affairs	3		10,000	10,000	10,000	2,900	3,300	5,200
Health	5		43,358					
Education	6			11,634	11,634	8,500	11,576	13,393
Social Development	7							
Public Works, Roads and Transport	9		293,532	391,759	391,759	577,707	678,812	722,612
Agriculture	11		5,000	5,000	3,131			
Sport, Arts & Culture	12			1,525	509	2,025	2,130	2,918
Total provincial infrastructure			866,008	1,155,627	1,114,583	1,184,741	1,682,446	2,080,816

Budget Statement 2006 / 2007

Table A.6: Information relating to section 5.7: Transfers to local government by category and municipality

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Category A	-	-	-	-	-	-	-	-	-
Municipality									
Category B	-	57,911	157,212	50,427	85,096	67,475	27,302	28,618	21,526
Letsemeng	-	2,944	10,049	260	835	839	144	451	92
Kopanong	-	1,519	7,488	280	702	488	618	438	92
Mohokare	-	855	5,137	2,510	2,699	2,741	344	354	92
Naledi	-	901	1,823	2,083	631	1,299	314	323	58
Mangaung	-	3,576	27,702	24,470	36,191	35,337	16,702	18,781	18,771
Mantsopa	-	1,610	4,996	3,810	1,050	1,958	419	128	63
Masilonyana	-	1,716	5,615	260	324	324	414	255	205
Tokologo	-	692	4,781	555	1,053	1,053	446	487	205
Tswelelopele	-	971	3,886	260	281	281	514	255	205
Matjabeng	-	1,276	17,726	790	8,167	5,875	1,994	1,940	408
Nala	-	968	3,138	4,273	4,331	4,331	429	419	193
Setsoto	-	5,166	14,121	340	3,751	341	164	400	144
Dihlabeng	-	3,294	7,110	260	4,023	1,308	564	600	144
Nketoana	-	3,986	4,025	6,427	2,113	460	664	700	144
Maluta a Phofung	-	21,733	8,581	560	2,089	560	1,664	1,700	144
Phumelela	-	431	3,061	660	2,248	964	514	200	144
Moqhaka	-	1,779	10,350	946	7,352	7,227	450	108	42
Nqwathe	-	2,449	7,532	438	584	556	441	457	179
Metsimaholo	-	323	5,329	657	5,788	694	161	179	120
Mafube	-	1,722	4,762	588	884	839	342	443	81
Category C	112,977	91,602	22,487	21,068	23,213	41,560	23,704	25,448	26,971
Xhariep	15,025	8,742	2,000	1,106	1,687	2,655	2,812	3,053	3,257
Motheo	19,461	17,645	9,362	9,690	10,227	21,258	8,205	8,759	9,326
Thabo Mofutsanyane	28,948	24,311	4,726	4,888	5,060	8,160	5,760	6,180	6,536
Northern Free State	18,294	16,241	3,079	2,726	3,111	4,820	2,805	3,005	3,125
Lejeleputswa	31,249	24,663	3,320	2,658	3,128	4,667	4,122	4,451	4,727
Unallocated funds	61,626	8,897	3,748	4,436	6,607	6,597	17,496	19,151	29,044
Total transfers to local governr	174,603	158,410	183,447	75,931	114,916	115,632	68,502	73,217	77,541

Budget Statement 2006 / 2007

Table A.7: Summary of provincial payments and estimates by region, district and municipal ward

R thousand	Outcome			Main appropriation	Adjusted appropriation 2005/06	Revised estimate	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Region									
Xhariep	15,025	14,060	24,674	4,156	5,923	6,723	3,918	4,296	3,533
Letsemeng	-	2,944	10,049	260	835	839	144	451	92
Kopanong	-	1,519	7,488	280	702	488	618	438	92
Mohokare	-	855	5,137	2,510	2,699	2,741	344	354	92
Xhariep	15,025	8,742	2,000	1,106	1,687	2,655	2,812	3,053	3,257
Motheo	19,461	23,732	43,883	40,053	48,099	59,852	25,640	27,991	28,218
Naledi	-	901	1,823	2,083	631	1,299	314	323	58
Mangaung	-	3,576	27,702	24,470	36,191	35,337	16,702	18,781	18,771
Mantsopa	-	1,610	4,996	3,810	1,050	1,958	419	128	63
Motheo	19,461	17,645	9,362	9,690	10,227	21,258	8,205	8,759	9,326
Thobo Mofutsanyane	28,948	58,921	41,624	13,135	19,284	11,793	9,330	9,780	7,256
Setsoto	-	5,166	14,121	340	3,751	341	164	400	144
Dihlabeng	-	3,294	7,110	260	4,023	1,308	564	600	144
Nketoana	-	3,986	4,025	6,427	2,113	460	664	700	144
Maluti a Phofung	-	21,733	8,581	560	2,089	560	1,664	1,700	144
Phumelela	-	431	3,061	660	2,248	964	514	200	144
Thobo Mofutsanyane	28,948	24,311	4,726	4,888	5,060	8,160	5,760	6,180	6,536
Northern Free State	18,294	22,514	31,052	5,355	17,719	14,136	4,199	4,192	3,547
Moqhaka	-	1,779	10,350	946	7,352	7,227	450	108	42
Nqwathe	-	2,449	7,532	438	584	556	441	457	179
Metsimaholo	-	323	5,329	657	5,788	694	161	179	120
Mafube	-	1,722	4,762	588	884	839	342	443	81
Northern Free State	18,294	16,241	3,079	2,726	3,111	4,820	2,805	3,005	3,125
Lejeleputswa	31,249	30,286	38,466	8,796	17,284	16,531	7,919	7,807	5,943
Masilonyana	-	1,716	5,615	260	324	324	414	255	205
Tokologo	-	692	4,781	555	1,053	1,053	446	487	205
Tswelopele	-	971	3,886	260	281	281	514	255	205
Matjhabeng	-	1,276	17,726	790	8,167	5,875	1,994	1,940	408
Nala	-	968	3,138	4,273	4,331	4,331	429	419	193
Lejeleputswa	31,249	24,663	3,320	2,658	3,128	4,667	4,122	4,451	4,727
Unallocated funds	61,626	8,897	3,748	4,436	6,607	6,597	17,496	19,151	29,044
Total provincial payments by	174,603	158,410	183,447	75,931	114,916	115,632	68,502	73,217	77,541