

BUDGET STATEMENT 1: BUDGET OVERVIEW

1. Budget strategy and aggregates

1.1 Introduction

The Free State Provincial Government is a recognised sphere of governance, which is mandated by the Constitution of South Africa, 1996 to implement provincial legislation and policy while co-ordinating the functions of the provincial administration and its departments. This mandate furthermore requires of the Free State Provincial Government to co-ordinate and promotes sustainable Socio-economic development in the Province, as stated in the Free State Development plan.

To this end, the Executive Council of the Province has developed a Provincial Strategic plan for 2002/2003 to 2005/06. This strategic plan formulated a vision and mission for the province and identifies three priority areas for delivery:

- The Provision of infrastructure and Housing
- Job creation and economic growth and
- Human Resources Development

All the strategic plans of departments in this province are integrated to the provincial strategic plan and this budget reflect the outcome of an expenditure planning process. It is a reflection of the strategic policy direction of the Free State Provincial Government.

As Free State Government, our vision is a unified prosperous Free State, which fulfils the need of its entire people.

Our mission is to work effectively with all stakeholders to serve the people of the Free State, through:

- Enhancing economic development and job creation;
- Providing and facilitating sustainable infrastructure development;
- Investing in the development of people of the province,
- Ensuring a safe and secure environment
- Providing the above by means of good co-operative governance with sustainable use of resources and the environment.

Key strategic to be used are:

- Strengthening the competitive advantage of the free state
- Promoting the creation and expansion of SMMES
- Enhancing livelihood security and self-reliance
- Increasing the tourism, market share and investment in the economy
- Expanding and diversifying the Agricultural sector (agro-processing)
- Adding value to mining products and petro-chemicals
- Sustaining viable mining industry



• Developing and expanding the transport and distribution industry, expansion of warehousing.

1.2 Summary of budget aggregates

Table 1.1: Summary budget summary

R'000	2000/2001 Actual	2001/2002 Actual	2002/2003 Est Actual	2003/2004 Voted	2004/2005 MTEF	2005/2008 MTEF
National transfers	7,687,176	8,450,566	9,270,224	10,709.455	11,867,732	12,972,514
Equitable share	6,536,239	7.017,885	8,269,646	9,462,691	10,321.798	11,135,467
Conditional grants	1,150,937	1.432,701	1,000,576	1,246,764	1,545,934	1,837,047
Own revenue	305,544	334,277	370,425	346,111	380,001	389,999
Total revenue	7,992,720	8,784,843	9,540,649	11,055,565	12,247,733	13,362,513
Current outlays	5,690,836	5,980,959	6,964,743	7,633,494	8.245,248	8.806,920
Capital outlays	120,498	381,379	548,176	434,648	585,950	624,470
Transfer payments	1,619,337	1,864,493	2,741,285	2,937,424	3,366,535	3,881,123
Unallocated contigency reserve	2000000000	37967978	174,603	50,000	50,000	50,000
Total expenditure	7,430,671	8,226,831	10,428,807	11,066,666	12,247,733	13,362,513
Lending		78000 0005g0	30000000000000000000000000000000000000	20094000	200000000000000000000000000000000000000	15.0
Surplus (deficit)	562,048	558,012	(788,158)	22	20	125

The 2003/04-2005/06 budget of the Free State Provincial Government continues to adequately fund Education, Health and Social Development, The trend on actual expenditure for 2000/2001 to 2001/2002 as well as the estimated actual expenditure for 2002/2003 shows that the expenditure has increased substantially over these financial years especially in 2002/2003 financial year. The Free State province was able to set aside an amount of R160, 000 million for infrastructure expenditure in the current financial year whereby roads infrastructure amounts to R120, 000 million. The amount has been decreased by R40, 000 million due to slow spending in the department of Education. The earmarked funds for infrastructure development will increase to R284, 470 million in 2004/05 and to R324, 800 million in 2005/06. The amount set aside for infrastructure development will assist the Province in it endeavour to enhance the economic development and job creation as well as to provide and facilitate sustainable infrastructure development as stated in the Free State Development Plan. National Treasury has also provided our province with funds for infrastructure development amounting to R141, 950 million in the current financial year and increases to R361, 706 million over the MTEF.

The budget for Social Development has increased substantially in the current financial year to implement the government priorities regarding social grants especially for the extension of the child support grant whereby the province has received a conditional grant. Social Development is taking 23.7% of the total equitable share in the current financial year. The province has set aside an amount of R50, 000 million over the MTEF period for the provincial contingency reserve. The contingency reserve will be used to address natural disasters that may occur in the province and are declared as such – by the President of the Republic of South Africa. It is also used to address macroeconomic adjustment to minimise the impact of it on the provincial budget. It should also be noted that the main provincial priorities identified are Health infrastructure (both human and capital), coping with the impact of HIV, AIDS, early childhood, education, enhanced delivery of learner support material, reducing classroom backlogs, enhancing income support to the poor, improving the social grant payment system



and investing in provincial roads. This budget addresses these issues as well as the Free State Development Plan since the strategic plans of different departments are aligned to the overall provincial plan.

1.3 Financing

The provincial government is tabling a balanced budget for 2003/04 financial year and no deficit-financing requirement is needed. The overdraft facility that is negotiated annually with our provincial banker will be used only as a bridging finance to address our temporarily liquidity requirements. The provincial government does not have any debts except the judgement against Social Development that is in connection with social security grants of which it is currently handled by both the province and national government.

The deficit in the current budget will be financed by the rollovers from the previous financial year. The Budget Council has agreed that provinces should refrain from borrowing for the time being, expect for temporarily purposes. 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. Budget process and the Medium-Term Expenditure Framework

The provincial budget cycle starts each year by the beginning of April and is aligned to the budget cycle of National Treasury. The 2003/04-2005/06 initial MTEF baseline allocations letters were issued to departments by the 31st May 2002 in order to give department enough time to prepare their MTEF budget schedule for submission to the Provincial Treasury by the end of July 2002.

The budget bilateral meetings start after the approval of the rollover of funds and it is normally by the end of June each year. Due to high level of under expenditure in 2001/2002 financial year, especially on infrastructure budgets, the MEC for Finance, in the province, has deemed it necessary to have budget bilateral meetings with all department represented by their MEC's, HOD's and COF's after the approval of roll-overs in order to find measures to avoid possible high level of under-expenditure. The pressures on the budget are also discussed in these meetings.

The first budget bilateral meetings with National Treasury, Provincial Treasury and departments took place on the 23 July 2002. The objective of the bilateral was in essence, to reach an agreement on the outcome for 2001/02 as reflected in the financial statements and annual reports of different Departments. Secondly, to understand the risks in the 2002/03 budgets as presented in the year monitoring report. Thirdly, the Intergovernmental Fiscal Review information was given a particular attention

The medium-Term Expenditure Framework meetings start with the individual departments since they have their own budget process that is aligned to the provincial budget process. These meetings are important because the political mandates and priorities must be addressed in the strategic plans and they are also aligned to the departmental budgets. Therefore the individual department's budget reflects the policy position and direction of that department.

The office of the Premier is championing the Free State development Plan and series of meetings were held with different departments to ensure that the departmental strategic plans are aligned to the Free State Development Plan. The provincial Treasury on the other hand is



responsible for the study of the departmental strategic plans to make sure that they are aligned to the departmental budget.

The budget bilateral meeting with the Provincial Treasury took place from the 16th –18th September 2002. The 2002/03 actual expenditure and projections on infrastructure spending and reasons for over/under-expenditure as projected on the in year monitoring reports were discussed in this bilateral. The 2003/04 –2005/06 MTEF inputs, such as pressures above MTEF baseline, were given a particular attention. Each Programme Officer presented the proposed changes to strategic plans as the information was flowing from the Budget Council, Technical Committee for Finance (TCF) as well as the CFO 's forum, to their responsible departments. The adjustments Budget figures were taken into account in these meetings.

The Free State Provincial Budget Council Lekgotla, chaired by the Premier took place on the 20th November 2002, in order to finalise budget allocations to departments for the 2003/04-2005/06 MTEF period. The provincial Executive Council, Accounting officers, Provincial Budget Office, Chief Financial Officers, and the Provincial Accountant General, attended the Provincial Budget Council Lekgotla. The following issues were presented at the provincial Budget Council Lekgotla.

- Towards archiving more rapid economic growth and Redistribution: some practical issuer for consideration- (Provincial Treasury)
- Macroeconomic challenges and adjustments (MEC for Finance).
- Key issues informing aggregate 2003/04-2005/06 provincial MTEF budget allocation (Provincial Treasury)

A detailed discussion took place after each presentation. The preliminary allocations for the 2003/04-2005/06 METF budgets were issued after the Budget Council Lekgotla.

The second budget bilateral meetings, with the National Treasury representatives, Provincial Treasury and Departments took place from the 25-27 November 2002. The main objective of the meetings was to determine the extent to which each departmental budget gives effect to the agreed policy priorities set out by the provincial government and national government. The study was done in this bilateral meeting to access the extent to which the budgets are informed by and aligned to the provincial and departmental strategic plans.

The provincial adjustment budget was tabled on the 26th November 2002 to give departments enough time to spend the total allocated budget by the end of the financial year.

The final allocation letters for 2003-2006 MTEF were issued to departments on the 18th February 2003 after the endorsement by the Extended Treasury Committee.

3. SOCIO-ECONOMIC OUTLOOK

The Free State is a rural province of wide horizons and blue skies, with farmland, mountains, goldfields and widely dispersed towns. It is peaceful, with high quality of life, good infrastructure and low crime.

The Free State was formerly part of the Basotho Empire, and retains strong cultural, family and economic ties with its neighbour, Lesotho. The province covers an area of 129 464km², and has a population of 2.8 million, 6.4% of the national population.

Five main districts can be identified:



LEJWELEPUTSWA

Lejweleputswa District (Free State Goldfields), the major contributor to the Free State Gross Geographic Product (GGP), and also an important agricultural area.

MOTHEO

The centre (Motheo District), with the large population of Bloemfontein, servicing most of central South Africa, plus Botshabelo and Thaba Nchu.

NORTHERN FREE STATE

The grain basket of South Africa, but also including the ex- Bantustan of Qwaqwa, one of the poorest parts of the country.

THABO MOFUTSANYANA

The east bordering on Lesotho, beautiful hills and fruit farming.

XHARIEP

The south west (Xhariep District) - dry with extensive farming, mainly sheep and small rural towns.

71% of the population, about 2 million people, live in urban settlements. The Free State inherited two ex-Bantustands, i.e. Qwaqwa, a densely populated semi-rural area in the foothills of the Drakensburg Mountains and Thaba Nchu (formerly part of Bophuthatswana), with the apartheid created settlement of Botshabelo as a dormitory town for Bloemfontein. Qwaqwa and Botshabelo have major problems in that they have a large population with a low level of employment.

The Free State is a poor province. The GGP per capita is R5 871 per annum (19998). 63.4% of people are living in poverty and 34% are unemployed. The Free State has a Human Development Index of 0.671, 4th highest amongst provinces in South Africa, representing a medium level of human development.

The Free state is relatively served by infrastructure. The main N1 (Gauteng-Cape), N3 (Gauteng to Kwazulu/Natal) and N8 (Bloemfontein to Maseru) routes pass through it, as well as main railway lines from East London, Cape and Gauteng. It is the third most well off province in the country in terms of access to safe water (94%), sanitation (87%), electricity (68,8%) and telephones (30,8%) although with the latter two it lags behind the Western Cape and Gauteng.

Overall, therefore, the picture is that of a poor province, but with good infrastructure, and a sound economic base with opportunities in tourism, agro-processing and mining. Socially, the province is stable and peaceful, and institutionally there has been a steady advance in effectiveness and efficiency of the provincial administration.



3.1 DEMOGRAPHICS

Table 3.1 Population distributions per district area, 2001

District	Urban	Rural	Total	Percentage
Lejweleputswa	559 520	181 421	740 941	26.4
Motheo	662 463	71 991	734 454	26.2
Nothern Free				
state	372 458	100 460	472 918	16.8
Thabo				
Mofutsanyana	310 601	417 804	728 405	26
Xhariep	90 679	37 830	128 509	4,6
Total	1 995 721	809 506	2 805 227	100.00

Source: projected from STATS SA, 1996 at 1,5% per annum

Table 3.2: Population size and distribution between regions

District	Total population	Percentage
Lejweleputswa	740 941	26.4
Motheo	734 454	26.2
Nothern Free state	472 918	16.8
Thabo Mofutsanyana	728 405	26
Xhariep	128 509	4,6
Total	2 805 227	100.00

Source: projected from STATS SA, 1996 at 1,5% per annum

From table 3.1 and 3.2 above shows that:

- Lejweleputswa has an estimated population of approximately 740 900 people with 559 500 (75,75%) living in urban areas and 181 400 (20,5%) living in rural areas.
- Motheo has an estimated population of approximately 734 500 people with 662 500 (90%) living in urban areas and 72 000 (10%) living in rural areas. Although not shown in the above tables, the Mangaung area represents the most densely populated area in the Free State with 89% of the total population for the region concentrated in this area, representing 104 people per square kilometre.
- Northern Free State has an estimated population of approximately 472 900 people with 372 500 (97%) living in urban and 100 400 (21%) living in rural areas. These figures represent 16,86% of the entire population of the Free State with a density of 22,08 people per square kilometre.
- Thabo Mofutsanyana has an estimated population of approximately 728 400 people with 310 600 (43%) living in urban areas and 417 800 (57%) living in rural areas. The figures represent 25,97% of the entire population of the Free State with a density of 25,76 people per square kilometre. Although the above tables are summarise all areas in each district/Region, Maluti Aphofung in this district represent the highest concentration of people (54%) in the region whilst the same area is regarded as the third most densely populated area in the Free State at 88 people per square kilometre. Most of the people within this region (57%) are still living in rural areas and it can be expected that this proportion of the population will put a lot of pressure on the development of infrastructure in the future.
- Xhariep has an estimated population of approximately 128 500 people with 90 670 (70.5%) living in urban areas and 37 830 (29,5%) living in rural areas. These figures represent 4,58% of the entire population of the Free State with a density of 3.77 people per square kilometre.



Table 3.3: Gender and age distribution

Age group	Male	Female	Total	Percentage
Unspecified	16 369	14 698	31 067	1,1
Below 15	434 590	439 173	873 763	31.2
15 to 17	141 393	147 295	288 688	10.3
18 to 25	131 831	142 629	274 460	9.8
26 to 35	120 573	126 927	247 500	8.8
36 to 45	312 455	288 777	601 232	21.4
46 to 65	176 831	185 307	362 138	12.9
66 +	48 969	77 410	126 379	4.5
Total	1 383 011	1 422 216	2 805 227	100.0

Source: projected from STATS SA, 1996 at 1,5% per annum

3.2 SOCIO-ECONOMIC INDICATORS

The infrastructure of the Free State is relatively good given the following characteristics as shown on the tables below:

- 94% of households in the Free State have access to water (3rd highest in S.A).
- 56.8% of households have access to electricity (fourth in SA)
- 22.9% of households in the Free State have access to landline telephones (6.3 below the national average)
- 70.3% of households have access to sanitation in the Free State (second lowest in the country)
- 44.2% of the road network is in a poor to very poor state.

Table's 3.4.1 to 3.4.3 below shows the distribution of the above indicators across the 5 districts of the Free State, which shows that Thabo Mofutsanyane is the worst off for sanitation and water.

.Table 3.4.1 internal water reticulation in 5 districts

District	Individual connections: metered	Individual connections:	Communal standpipe	None	Erven with access to water	Percentage
Lejweleputswa	76 972	50 470	18 092	7 759	145 534	30.1
Motheo	99 793	8 985	54 190	14 116	162 968	33.8
Nothern Free State	54 311	16 777	2 401	10 924	73 489	15.3
Thabo Mofutsanyana	43 026	8 488	14 710	17 709	66 224	13.8
Xhariep	28 897	3 279	1 805	2 082	33 981	7
Total	302 999	87 999	91 198	52 590	482 196	100.00

Interim IDP, 2001



From the above table the following can be noted that:

- Lejweleputswa is the region with the highest percentage of access to water in the Free State at 94.89%. Although not shown in the above summary, Matjhabeng has the highest percentage of access to water within this region, with Tswelepele having the lowest percentage at 80.63%. The region also has erven with no access to water.
- In relation to the total number of erven in Motheo, the area has high percentage of erven with access to water at 92.03%. Mangaung is second next to Mantsopa in terms of access to services at 92.42%. This is due to the fact that Mangaung has a high prevalence of informal settlements with no access to water. Naledi is the lowest in this region at 78.82%. Motheo is the region with the second highest level of access to water.
- At 87.06% the Northern Free State is the second lowest in terms of access to water.
 The lowest percentage to water is Metsimaholo and Moqhaka is at the highest.
 Communal stadpipes are still need to be meterd. The Moqhaka local municipality has the highest individual connections because of its highly urbanised nature, with Kroonstad as the main town.
- Thabo Mofutsanyana has the lowest level of access to water at 78.90% in the Free State with Maluti a Phofung and Phumelela as the lowest whereby most of the erven do not have access to water at all. Nketoana is the highest in this region at 92.92%. the use of communal stadpipes is still common in this region and the individual connections that are not metered are also at high prevalence.
- The level of internal water services in Xhariep is 88.23%, which makes the region to be
 the third in terms of access to water. Most of the erven with access to water are
 metered. Mohakare Local Municipality has 100% access to water services either
 communally or individually. Letsemeng has the lowest percentage of access to water
 in Xhariep District Municipality.

The table below shows the sanitation levels in the five districts.

Table 3.4.2 sanitation levels in the 5 districts

District	Waterbone	Septic tank	Pit or VIP latrine	Bucket system	None	Erven with access to sanitation	Percentag
Lejweleputswa	86 547	185	13 767	38 896	139 395	139 395	29.7
Motheo	75 458	9 872	27 170	43 526	26 769	156 026	33.3
Nothern Free State	47 572	4 170	9 401	13 097	10 176	74 240	15.8
Thabo Mofutsanyana	36 828	1 599	5 809	21 862	93 059	66 098	14.0
Xhariep	23 994	575	436	8 912	1 432	3 3917	7.2
Total	270 399	16 401	56 583	126 293	270 831	469 676	100.00

Interm IDP, 2001



The following explanation can be given regarding the above table:

- Lejweleputswa has the second highest percentage of access to sanitation in the Free State at 90.95%. Matjhabeng has the lowest access to sanitation in the region of 89.54%. The bucket system is still a prevalent method of sanitation as well as the pit or VIP latrine system with the water-borne system with lower prevalence in the region.
- Motheo stands fourth at 85.36% in the Free State in terms of access to sanitation, with Mantsopa being the highest in the region at 95.05%. The bucket system is still a prevalent method of sanitation as well as the pit or VIP latrine system, but the waterborne is most prevalent in the region.
- The local municipality with the lowest access to sanitation in Northern Free State district is Metsimaholo, which is almost at the same level as both Mafube and Ngwathe. Most of the erven in the region has no method of sanitation and the bucket system as well as the pit or VIP system are still commonly used. Moqhaka has the highest percentage od access to sanitation. The water-boerne system is also prevalent in the region.
- At 41.53%, Thabo Mofutsanyana has the lowest levels of access to sanitation in the Free State with Maluti A Phofung at a mere 14.02%. most of the erven in the region has no method of sanitation and the bucket system is still commonly used. Nketoana has the highest percentage of access to sanitation but prevalence method in this local municipality is the bucket system. The waterborne system is also prevalent in the region.
- Xhariep has the highest level of access to sanitation in the Free State at 95.95%. Mohokare has the highest level of sanitation at 100% whilst both Letsemeng and Kopanong are at satisfactory levels of 99% and 92% respectively.

The level of erven electrified in the local municipalities as well as the district municipality is depicted in the table below:

Table 3.4.3 levels of electricity provision in the 5 districts

District	Individual connections	Network only	None	Total number of erven	Erven with access to electricity	Percentage
Lejweleputswa	15 996	4 536	9 010	29 542	20 532	6.2
Motheo	147 373	7 168	11 765	166 306	154 541	46.6
Nothern Free State	37 862	18 972	27 582	84 416	56 834	17.1
Thabo Mofutsanyana	69 311	963	86 614	156 888	70 274	21.1
Xhariep	25 543	4035	2908	32 486	29 578	9
Total	296 085	356 674	137 879	469 638	331 759	100.00

Interm IDP, 2001

 The level of electrified erven in Lejweleputswa is at 69.50% with Masilonyana at the highest electrified level and Tswelopele at low level of electrification. There is still erven with access to network only in the district. All of the local municipalities have erven with no access to electricity.



- 92,93% of erven in Motheo have been provided with electricity. Of these Mantsopa has the
 highest percentage of electrified erven and Naledi the lowest. There are a number of erven to
 which individual connections have not as erven yet been supplied and which only have access
 to a network. Mangaung also has erven with no access to electricity.
- The level of electrified erven in Northern Free State is Moqhaka is the highest with 67.33% and Mafube at a low level of electrification. There are a number of erven in the district that have access to networks only. All of the local municipalities also has erven with no access to electricity.
- The level of electrified erven in Thabo Mofutsanyana is the lowest in the province at 44.79% with Nketoana at the highest in the region and Maluti a Phofung at lo level of electrification. There are still erven in the district with access to networks only and no individual connections. All of the local municipalities also have erven with no access to electricity.
- The level of electrified erven in Xhariep is at 91.05% with Letsemeng totally electrified and kopanong at low level of electrification. There is still Ervin with access to network only in the district.

Table 3.4.4 Total number of housing backlog and housing subsidies

District	Total housing Subsidies	Housing backlogs	Population 1996 census	Projection 2001	Population density
Lejweleputswa	19 357	46 578	687 791	740 946	23.38
Motheo	16 463	38 446	N/A	N/A	N/A
Nothern Free State	9490	12 722	N/A	N/A	N/A
Thabo Mofutsanyana	17 515	33 272	676 153	728 409	25.76
Xhariep	3 913	9 166	N/A	N/A	N/A

Various LDO and IDP documents, 2001



3.3 ECONOMIC INDICATORS

This section will cover the employment, income distribution, and gross geographic product per district municipality.

Table 3.3.1 Employment Summary per district.

District	Employed	Unemployed/I ooking for work	Total Labour force	Unemploym ent rate (%)
Lejweleputswa	224 957	83 181	308 137	26.99
Motheo	185 786	82 819	268 605	30.83
Nothern Free State	122 864	44 903	167 767	26.77
Thabo Mofutsanyana	138 364	79 702	218 064	36.55
Xhariep	30 652	12 463	43 114	28.91

STATS SA, 1996

Table 3.3.2: Income distribution

Annual income per household	Percentage of households
Less than R7 000	48.3
R7 001 to R12 500	22.4
R12 501 to R24 000	17.5
R24 001 to R52 800	10.1
More than R52 800	1.4

3.3.1 Lejweleputswa District Municipality

3.3.1.1 Employment

The unemployment rates within this district municipality are on par with the general tendencies across the province, at an average of 26.99% for the entire area. The unemployment levels vary between the local municipalities with the highest unemployment rate while Verkeerdevlei (53.33%) is the town area with highest rate.

It is, however, important to note that although the rural areas seemingly has the lowest unemployment rate, the decline in the agricultural sector over recent years has had an adverse effect on the employment potential of the rural areas and today it is expected that high levels of poverty occur.

3.3.1.2 Income

The income distribution of individuals follows much the same pattern across the Free state with the majority of people, not earning a formal income at all, or falling within the lower income brackets. Within Lejweleputwsa, 59.68% of respondents during the 1996 census, indicated that they earn between R1 and R1000 per month, 12.27% earned between R1001 and R 2500 per month and mere 5.42% earned above R2500 per month. Reading these figures in conjunction with the above-mentioned unemployment rates, provides a better understanding of the actual poverty within the region. A notable portion of the population who indicated that they are employed, earn a nominal income with which they often have to support a large number of dependants.



3.3.2 Motheo District Municipality

3.3.2.1 Employment

The unemployment rates within this district municipality are amongst the highest within the province, at an average of 30.83% for the entire area. The unemployment levels vary between the local municipalities, with Mantsopa showing slightly lower levels than other. Mangaung (31.05%) is the municipality with the highest unemployment rate while Van Standenrus (60.63%) is the town area with the highest rate.

It is however, important to note that although the rural areas seemingly has the lowest unemployment rate, the decline in the agricultural sector over recent years has had an adverse effect on the employment potential of the rural areas and today it is expected that high levels of poverty occur.

3.3.2.2 Income

The income distribution of individuals follows much the same pattern across the Free State, with the majority of people, not earning a formal income at all, or falling within the lower income brackets. Within Motheo, 53.83% of respondents during the 1996 census, indicated that they earn no income, 26.04% earned between R1and R1000 per month, 11.00% earned between R1001 and R2500 per month and a mere 9.06% earned above R2500 per month. Reading these figures in conjunction with the above-mentioned unemployment rates, provides a better understanding of actual poverty within the region. A notable portion of the population who indicated that they are employed, earn a nominal income with which they often have to support a large number of dependants.

3.3.3 Northern Free State District Municipality

3.3.3.1 Employment

The unemployment rates within this district municipality are among the lowest in the province, at an average of 26.77% for the entire area. The unemployment levels vary considerably between the local municipalities, with Moqhaka(23.01%)showing lower levels than others. Ngwathe (32.96%) is the municipality with the highest unemployment rate in the province while specifically Vredefort constitutes the highest unemployment rate per town in the district at 53.01%.

It is, however, important to note that although the rural areas seemingly has the lower unemployment rates, the decline in the agricultural sector over recent years has had an adverse effect on the employment potential of the rural areas and today it is expected that high levels of poverty occur.

3.3.3.2 Income

The income distribution of individuals follows much the same pattern across the Free State, with the majority of people, not earning a formal income at all, or falling within the lower income brackets. Within Northern Free State ,63.09% of respondents during the 1996 census, indicated that they earn no income,23.17%earned between R1 and R1000 per month, 8,18% earned between R1001 and R2500 per month and a mere 5.56% earned above R2500 per month. Eading these figures in conjuction with the above mentioned unemployment rates, provides a better understanding of the actual poverty within the region. A notable portion of the population who indicated that they are employed, earn a nominal income with which they often have to support a large number of dependants.



3.3.4 Thabo Mofutsanyana District Municipality

3.3.4.1 Employment

The unemployment rates within this district municipality are the higest in the province, at an average of 36.55% for the entire area. The unemployment levels vary considerably between the local municipalities, with Setsoso (23.11%) and Nketoana (23.94%) showing lower levels than others. Maluti a Phofung (49.42%) is the municipality with the higest unemployment rate in the rate in the province while specifically the rural areas of this municipality constitutes the highest unemployment rate in the district at 54.94%.

It is, however, important to note that although the other rural areas seemingly has the lower unemployment rates, the decline in the agricultural sector over recent years has had an adverse effect on the employment potential of the rural areas and today it is expected that high levels of poverty occur.

3.3.4.2 Income

The income distribution of individuals follows much the same pattern across the Free State, with the majority of people, not earning a formal income at all, or falling within the lower income brackets. Within Thabo Mofutsanyana, 70.90% of respondents during the 1996 census, indicated that they earn no income,21.71% earned between R1 and R100 per month, 4.31% earned between R1001 and R2500 per month and a mere 3.08% earned above R2500 per month. Reading these figures in conjuction with the above mentioned unemployment rates, provides a better understanding of the actual poverty within the region. A notiable portion of the population who indicated that they are employed, earn a nominal income with which they often to support a large number of dependants.

3.3.5 Xhariep District Municipality

3.3.5.1 Employment

The unemployment rates within this district municipality ar amongst the highest within the province, at an average of 28,91% for the entire area.. in general the unemployment I levels are fairly constant between the local municipalities, with Mohokare showing slightly lower levels than other . letsemeng (30.4%) is the municipality with the highest unemployment rate while Lucihoff (52.99%) is the town area with the highest rate.

It is however important to note that although the rural areas seemingly has the lowest unemployment rate, the decline in the agricultural sector over recent years has had an adverse effect on the employment potential of the rural areas and today it is expected that high levels of poverty occur

3.3.5.2 Income

The income distribution of individuals follows mush as the same pattern across the Free State, with the majority of people, not earning a formal income at all, or falling within the lower income brackets. Within Xhariep, 63.88% of respondents during the 1996 census, indicated that they earn no income, 27.79% earned between R1 and R1000 per month, 4.86% earned between R1001 and R2500 per month and a mere 3.47% earned above R2500 per month. Reading these figures in conjunction with the above-mentioned unemployment rates, provides a better understanding of the actual poverty within the region. A notable portion of the population who indicated that they are employed, earn a nominal income with which they often have to support a large number of dependents.



3.3.6 Gross Geographic Product by Sector

The table below shows that the Free State economy is dominated by government (15% of GGP), mining (14%), community, social and personal services (13%), manufacturing (11%) and finance (11%). Agriculture contributed only 9 % to the GGP of the Free State. Tourism is increasing in importance, but unfortunately it is covered by several of the industrial sectors and so is not identified separately.

Table 3.3.3 GGP contributions in the 5 districts (Rand)bn

GGP Sector	Xhariep	Motheo	Lejweleputswa	Thabo	Nothern Free	Percentage
				mofutsanyana	State	
Agriculture	212 383	251 618	1 030 977	758 531	583 662	9.00
Mining	37 572	219	3 739 593	224	353 638	14.00
Manufacturing	2 517	421 320	346 700	343 364	2 240 459	11.00
Electricity/Water	9 316	142 495	88 290	47 267	1 047 781	4.00
Construction	952	249 447	256 372	156 511	66 668	2.00
Trade	74 369	941 333	914 821	432 393	490 072	8.00
Transport	38 891	945 650	195 497	190 265	275 818	7.00
Finance	91 998	1 258 085	614 995	446 807	518 064	11.00
Community	6 433	124 544	78 567	31 951	40 616	13.00
General Government	95 597	1 590 336	515 907	750 037	411 034	15.00
Other Producers	21 526	297 667	77 395	57 758	62 389	6.00
Total	591 554	6 222 714	7 949 114	3 215 108	6 090 201	100.00

STATS S.A

The overall unemployment rate is 34%, ranging from 27% in Northern Free State and Lejweleputswa to 37% in Thabo Mofutsanyana. For youth aged under 30, the figure is 45%. According to Statistics S.A, 2000, the proportion of the population with a standard of living below poverty line of R800 per month was 48% in the Free state in 2000. The S.A Institute for Race Relations (2001) estimated that 54,1% of the total population of the Free State in 1995 lived in porverty.



4. Revenue

4.1 Overall position

Table 4.1: Summary of provincial revenue

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
National payments	<u>.</u>	•	•			•
Equitable share	6,536,239	7,017,865	8,269,648	9,462,691	10,321,798	11,135,467
Conditional grant	1,150,937	1,432,701	1,000,576	1,246,764	1,545,934	1,837,047
Total national payments	7,687,176	8,450,566	9,270,224	10,709,455	11,867,732	12,972,514
Provincial own revenue		•	•			
Current Revenue	305,544	334,008	370,225	345,501	379,330	389,253
Tax revenue	137,479	146,170	145,905	154,882	162,678	171,032
Casino taxes						
Motor vehicle licences	129,557	137,150	136,468	143,082	150,078	157,424
Horseracing	7,922	9,020	9,437	11,800	12,600	13,608
Other Taxes (Specify)						
Non-tax revenue	168,065	187,838	224,320	190,619	216,652	218,221
Interest	67,019	75,643	115,024	81,687	92,109	100,483
Licences and permits	1,801	2,129	2,468	2,562	2,661	2,792
Health and Patient Fees	41,109	49,350	49,500	56,842	59,712	62,714
Reimbursements	750	975	1,015	1,034	1,064	2,340
Other sales	6,021	3,846	6,001	6,724	19,019	7,209
Other revenue : (Specify)	51,365	55,895	50,312	41,770	42,087	42,683
Capital Revenue		269	200	610	671	746
Sale of land and buildings						
Sale of stock, livestock, etc		269	200	610	671	746
Other capital revenue						
Provincially sourced revenue	305,544	334,277	370,425	346,111	380,001	389,999
Total provincial revenue	7,992,720	8,784,843	9,640,649	11,055,566	12,247,733	13,362,513

The provincial equitable share has increased by 14,4% in the current financial compared to an amount of R8, 269, 648 billion in 2002/03 financial year. It increases by 9% to 2004/05 and by 8% to 2005/2006 financial year. The increase in the provincial equitable share, especially in the current financial year, is earmarked to implement government priorities in social spending departments such as learner support material, early childhood development, basic adult education, staffing and equipping health facilities, an effective social security system as well as infrastructure development.

The Conditional Grants has increased from R1, 000, 576 billion in 2002/03 by 25% to R1, 246, 764 billion in the current financial year. Most of the conditional grants have substantially



increased over the MTEF and few new conditional grants have been introduced such as the Child Support Grant and Food Security in the department of Social Development. The Housing Fund has also substantially increased in order to ensure that price movements do not hamper housing delivery.

The provincial own revenue has decreased from an estimated actual amount of R370, 425 million in 2002/03 by 6,6% to an amount of R346, 111 million in the current financial year. The decrease is due to the fact that most of the own revenue is from investments on surplus funds. The province has made a room for in case departments start to spend their allocated budget since this has been in discussions lately. Non-tax revenue in 2002/03 financial year is expected to be 61% of the total projected own revenue, and interest represent 51,3% of the total expected non-interest revenue and estimated actual tax revenue is 39,3% of the total estimated actual in 2002/03. In the current financial year motor vehicle licences amounts to R143, 082 million that shows an increase of 4,9% from the 2002/03 expected actual. The trend for Health and Patient Fees looks good on the above table. Although non-tax revenue is still higher than the tax revenue over the MTEF, the difference is not that high in the current financial if we compare it with 2004/05 and 2005/06.

4.2 Equitable share

The allocation process under section 214(2) of the Constitution states that the Act referred to in subsection (1) may be enacted only after the provincial governments, organised local government and the Financial and Fiscal Commission has been consulted, and any recommendations of the Commission have been considered, and must take into account:

- The national interest;
- Any provision that must be made in respect of the national debt and other national obligations;
- The needs are interests of the national government, determined by objective criteria;
- The need to ensure that the provinces and municipalities are able to provide basic services and perform the functions allocated to them;
- The fiscal capacity and efficiency of the provinces and municipalities;
- Developmental and other needs of the province, local government and municipalities
- Economic disparities within and among the provinces;
- Obligations of the provinces and municipalities in terms of national legislation;
- The desirability of stable and predictable allocation of revenue share;
- The need for flexibility in responding to emergencies or other temporary needs, and other factors based on similar objective criteria.



Horizontal Division of Revenue

In order to fund pro-poor services, such as school education, Health care, Social security and Housing, provinces rely primarily on transfers from national government. This is for two main reasons. First, the bulk of the services delivered by provinces do not lead themselves to cost recovery and self-funding, because the majority of those who benefit cannot afford to pay for them. Secondly, relative to expenditure commitments associated with their functional responsibilities, provinces have limited revenue-raising capacity.

In deciding the division of revenue between spheres and within each sphere, Government takes account of the recommendations of the FFC as required by the 214 of the constitution, as mentioned in the first paragraph of this section.

For the 2003 MTEF the FFC's recommendations relating to provinces include:

- The provincial Tax Regulation process Act 2001
- Funding of Early Childhood Development, HIV/Aids and a Primary Health Care Package
- Cross cutting equitable share issues, including issues pertaining to disaster management, and allocation of the contingency reserve.

Table 4.1 above sets out the allocation for 2003/04, 2004/05 and 2005/06 on Free State Provincial Government equitable share division. The explanation regarding the changes of the equitable share to this province has been given under table 4.1 above.

The Structure of the Provincial Equitable Share Formula

The equitable share is divided among provinces by means of a redistributive formula, comprising seven components (weights of each components are included in brackets):

- An education share (41 percent) based on the size of the school-age population (ages6-17) and the average number of learners enrolled in public ordinary schools for the past three years.
- A health share (19 percent) based on the proportion of the population without medical aid or health insurance.
- A social security components (18 percent) based on the estimated number of people entitled to social security grants. The elderly, disabled and children –weighed using a poverty index derived from the Income and Expenditure Survey.
- A basic share (7percent) derived from each province's share of the total population of the country.
- A backlog component (3percent) based on the distribution of capital needs as captured in the schools register of needs, the audit of hospital facilities and the share of the rural population.
- An economic output component (7percent) based on the distribution of total remuneration in the country and
- An institutional components (5 percent) divided equally among the provinces.

The equitable share formula is reviewed annually, taking account of recommendations of the Financial and Fiscal Commission (FFC). The present structure of the formula, a product of



collaboration between National Treasury and the FFC, was adopted in 1998/99, and modified to add a backlog component in 1999/00.

The formula will be retained for the 2003 Budget, with no changes to the weighting of the components. Enrolments data used in the education components will, however, be updated. The decision to keep the structure and weights of the formula unchanged is informed by the need for stability and completion of the phasing in of the present formula. A comprehensive review of the formula is envisaged for the 2004 Budget, after publication of the 2001 Census data.

4.3 Conditional grant

The conditional grants make up about 11.3% of the total provincial revenue in the current financial year. The current conditional grant system has been shaped by reforms introduced through the various divisions of Revenue Acts since 2000. The reforms have contributions to clarifying accountably for grants between spheres. Greater transparency has also helped strengthen parliamentary oversight and sharpen the description of policy objectives and grant outputs, this resulting in improved use of grants to enhance service delivery.

No changes are envisages to the structure of the Free State Provincial conditional grants other than phasing out of the Financial Management Grant administered by the Department of Social Development and the introduction of the Child Support Grant Extension as well as the Food Security. The introduction of the Child Extension Grant in 2003/04 and over the MTEF will phase in children from the age of 7 to 13 as follows over the MTEF:

- 7 and 8 year olds are added in the current financial year,
- 9 and 10 year olds will be added in 2004/05, and
- 11, 12 and 13 year olds will be added in 2005/06.

The Food Relief will be used to provide funding to individuals and households that are identified as facing the risk of starvation.

Table 4.3 below sets out the list of conditional grants to this province over the 2003 MTEF. The key features of which are discussed below:

The most significant changes to baseline allocation for conditional grants over the MTEF are made to the HIV/Aids, Hospital Revitalisation and the Integrated Nutrition Programme (INP) Grants. Total conditional grants increase from an estimated actual of R1, 000, 576 billion in 2002/03 to R1, 246, 764 billion in 2003/04.

Apart from the Integrated Nutrition Programme, Health grants are mainly aimed at hospitals, particularly for Tertiary Health Services and training. Following comprehensive research, a new framework for funding tertiary services and health professions training was introduced in the previous financial year (2002/03). It entails reconfiguring the previous Central Hospitals, the redistribution of specialised services and Health Professions Training grants into two grants.

The National Tertiary Services (NTS) grant and Health professions Training and Development (HPTD) grant. The reconfiguration is aimed at affecting more equity in tertiary health services



and funding distribution. The NTS grants amounts to R336, 501 million in 2003/04, increasing to R432, 116 million in 2005/06.

The HPTD grant now has a new component to employ specified number of registers and medical specialised trainers in the provinces with the most severe shortage of medical specialists. The Health professions Training and Developments grant amounts to R90, 061 million in 2003/04, increasing to R92, 517 million in 2005/06.

The Hospital Rehabilitation grant, renamed the Hospital Revitalisation grant, funds major upgrading and replacements in large strategic project, contributing towards reconfiguration and transformation of the hospital sector. Funding for the Hospital Revitalisation grants amount to R50, 356 million in 2003/04 and increases to R54, 466 million. The Hospital Revitalisation grant increases by 73.6% of the expected actual in 2002/03 financial years to the 2003/04 financial year.

A new component introduced into the revitalisation grant for 2003 MTEF is aimed at improving systems for medical equipment and facilitating adoption of modern technology.

With spending on the Integrated Nutrition Programme improving, and against the backdrop of rising food prices, funding for the grant is being increased substantially in the next MTEF as presented on the table 4.3 below.

Further strengthening of the budgeting response to HIV/Aids is made to implement Government's decision on post exposure prophylaxis for vicious of sexual abuse, the rollout of mother-to child transmission preventions strengthening programmes, combating sexually transmitted diseases, targeted interventions for commercial sex workers, voluntary counselling and testing.

The housing subsidy grant receives substantial adjustments aimed at ensuring that price movements do not hamper housing delivery. The grant rises from R287, 715 million of the estimated actual in 2002/03 to R409, 072 million in 2005/06.

Provincial capital spending shows a strong upturn over the current MTEF, partly due to increased funding for the provincial infrastructure grant in the 2002 Budget. The grant rises from R93,913 million in 2002/03 to R186, 379 million in 2005/06. The increased allocations to provinces will help reinforce further acceleration of infrastructure delivery.



Table 4.3: Summary of conditional grants by grant

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	2003/2006 MTEF
Poverty Relief and Infrastructure Development	551	500	1,400	1,800	WITET	- WITEI
Land Care Projects	- -	184	1,400	1,800	_	_
Land Gare i Tojects	<u>-</u> 551	684	1,400	1,800	_	_
Local Government Support	9,300	25,600	26,450	30,409	28,204	_
R293 Staff	73,953	23,000	20,430	- 50,405	20,204	_
R293 Transfer Cost Assistance Grant	70,930	_	_	_	_	_
Consolidate Municipal Infrastructure Grant	58,820	36,686	8,609	3,132	3,321	3,539
Consolidate Manioipal Illinastrastare Craft	142,073	62,286	35,059	33,541	31,525	3,539
Early Childhood Development	-	1,323	3,339	5,544	-	-
Financial Management and Quality Enhancement	12,096	13,419	14,384	14,768	15,654	16,593
HIV/AIDS (Education)	2,297	4,001	9,072	7,590	8,100	8,586
,	14,393	18,743	26,795	27,902	23,754	25,179
Central Hospitals	237,538	249,813	-	_	<u> </u>	
National Tertiary Services	_	_	292,145	336,501	384,165	432,116
Professional Training Development	_	88,367	90,552	90,061	93,643	92,517
HIV/AIDS (Health)	1,460	5,202	18,657	30,144	40,843	42,621
Hospital Rehabilitation	19,530	16,000	29,000	50,356	52,370	54,466
Intergrated Nutrition Programme	39,394	39,394	40,543	47,817	56,200	61,588
Training and Research	84,528	-	-	-	_	-
Hospital Management Improvement	2,000	-	11,333	12,730	13,055	13,393
	384,450	398,776	482,230	567,609	640,276	696,701
Capacity Building	1,200	-	-	-	_	-
Housing Fund	330,599	251,846	287,715	325,403	385,641	409,072
Human Settlement	123	5,000	7,614	8,500	9,010	10,558
	331,922	256,846	295,329	333,903	394,651	419,630
Contingency Transfer to Provinces	-	-	-	-	-	-
Financial and Management Support	4,667	-	-	-	-	-
Infrastructure Rehabilitation Grants	38,000	128,000	58,000	21,000	_	-
Provincial Infrastructure	-	48,342	93,913	141,950	175,327	186,379
Supplementary Grant	148,303	262,561	-	-	-	-
	190,970	438,903	151,913	162,950	175,327	186,379
Child Support Grant	900	-	-	-	_	-
Child Support Grant Extension	-	-	-	72,497	233,242	457,870
Financial Management (Social Development)	2,500	642	1,200			
HIV/AIDS (Social Development)	910	1,500	6,650	9,228	9,825	10,415
Woman Flagship	579	-	-			
Food Relief Grant	-	-	-	37,334	37,334	37,334
Social Grant Arrears	-	162,821	-	-	-	
	4,889	164,963	7,850	119,059	280,401	505,619
Land Development Objectives	1,089		-	-	-	-
Transport - Bus Subsidies	80,600	91,500	-	-	-	-
	81,689	91,500	-	-	-	=
Total :Conditional Grants	1,150,937	1,432,701	1,000,576	1,246,764	1,545,934	1,837,047
•				•		



4.4 Total provincial own revenue

Table 4.4: Summary of provincial revenue by vote

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
1) Office of the Premier	701	154	143	284	286	288
2) Provincial Legislature						
3) Tourism, Environmental & Economic Affairs	18,422	17,083	21,549	25,276	38,565	29,249
4) Free State Provincial Treasury	65,756	75,129	113,958	80,610	90,959	99,182
5) Health	50,560	63,423	59,451	62,072	64,989	67,991
6) Education	7,721	11,195	9,784	10,280	9,250	8,450
7) Social Development	1,128	1,342	1,605	940	1,057	1,255
8) Local Government & Housing	1,576	924	925	1,006	1,056	1,119
9) Public Works, Roads & Transport	156,009	161,605	161,131	163,704	171,776	180,243
10) Public Safety, Security & Liason	43	147	35	35	35	35
11) Agriculture	3,443	3,115	1,664	1,709	1,816	1,942
12) Sports, Arts, Culture, Science & Technology	185	160	180	195	212	245
13) Contigency Reserve						
14) Provincial Special Projects						
Total	305,544	334,277	370,425	346,111	380,001	389,999

4.5 Donor funding

The province has received an amount of R25 000 from ABSA Bank as a donation for the 2002/03 budget speech. The department of health must still receive an amount of R4 062 134.77 as a donor fund from the Irish Government. The donation is to be utilised by the department for Primary Health Care Delivery and Capacity Building for HIV/Aids prevention in the Free State province. The details for this donor fund for 2003/04 financial year were not available when this budget was tabled.

The department of Health has received an amount of R667 137 from the National Department of Health for poverty Relief and Infrastructure. An amount of R558, 000 was received by the Department of Local Government & Housing to be utilised for Collaborative Management and Development Education and Training Project (COLMET), Education received an amount of R1235 650 from the Flemish Government for RDP. They have also Received an amount of R300 000 as a donation from Shoprite Checkers for the Building of three classrooms at Dibaseholo Primary School in Koppies.



5. Expenditure

5.1 Overall position

Total outlays for provincial programmes are budgeted at:

Financial year 2003/04: R11,055,566,000
Financial year 2004/05: R12, 247,733,000
Financial year 2005/06: R13, 362,513 000

5.2 Expenditure by vote

Table 5.2: Summary of expenditure and estimates per Vote

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
1) Office of the Premier	49,053	48,404	84,009	74,356	78,390	82,103
2) Provincial Legislature	39,337	42,264	46,174	47,354	51,196	54,503
3) Tourism, Environmental & Economic Affairs	70,240	102,345	190,307	193,706	203,754	212,889
4) Free State Provincial Treasury	66,898	56,011	79,039	105,204	107,940	113,048
5) Health	1,777,203	1,953,523	2,257,623	2,474,912	2,719,741	2,935,227
6) Education	2,990,236	3,173,883	3,766,849	4,028,808	4,449,530	4,791,399
7) Social Development	1,260,650	1,482,973	2,183,082	2,441,910	2,848,359	3,299,155
8) Local Government & Housing	404,448	406,576	476,231	501,760	568,388	571,795
9) Public Works, Roads & Transport	498,208	653,262	780,392	761,495	822,596	882,021
10) Public Safety, Security & Liason	66,531	70,126	29,759	25,619	27,117	28,344
11) Agriculture	118,253	119,599	162,943	170,141	177,527	185,908
12) Sports, Arts, Culture, Science & Technology	89,614	117,865	147,796	155,292	93,195	106,121
13) Contigency Reserve			174,603	50,000	50,000	50,000
14) Provincial Special Projects			50,000	25,009	50,000	50,000
Total: Provincial Departments	7,430,671	8,226,831	10,428,807	11,055,566	12,247,733	13,362,513

The province continue to fully fund Social Services Departments since most of the government priorities are implemented in these departments as already explained in this budget statement. From table 5.2 above, Health, Education and Social Development amount to R8, 945,630 billion which shows an increase of R738, 076 million of the expected actual in 2002/03 financial year. If we consider that Education's conditional grant amounts to only R27,902 million in 2003/04, their budget has increased substantially from the estimated actual in 2002/03, and this is as a result of allocative efficiency in the province. Most of the departments are increasing in the 2003/04 expect the Department of Public Safety, Security and Liaison due to the fact that the security personnel component has been decentralised to other departments. The budget of the Office of the Premier is not decreasing that much in 2003/04 considering that in 2001/02 it has only spent R48,404 million.



The budget of the Provincial Legislature looks the same as their expected actual in 2002/04 and in the current financial year. This is attributed to the fact that the Members of the Executive Council were paid from their budget in 2002/03. This function has been shifted to individual departments in the current financial year, although the Legislature has registered the additional needs. The trends on the budgets of different departments in the province look good over the MTEF.

5.3 Expenditure by economic classification

Table 5.3: Summary of expenditure and estimates: Economic classification for the province

	Actual	Actual	Est. Act.	Voted	MTEF	MTEF
R'000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Current						
Compensation of employees						
Salaries and wages	3,819,272	3 913,854	4,346 833	4,871,787	6,278,612	5,680,794
Other remuneration	824,784	877.402	997 478	1.032,329	1,069,223	1,118,745
Use of goods and services	1,046,780	1 189,703	1,795 035	1,779,378	1,947,413	2,057,381
Interest paid	**					
Transfer payments						
Subsidies to business enterprises	70,925	81.554	95 748	87,938	2,236	2,460
Local government	123,192	115,805	153 681	107,932	118,841	127,540
Extra budgelary institutions	11,487	30.900	79,651	75,449	77,123	78 229
Households	1,030,840	1 241.849	1,862,896	2,053,744	2,414,008	2.841 497
Non-profit organisations	104,594	111 778	175,909	259,548	339.093	393 761
Total:Current	7,030,974	7,582,843	9,508,231	10,268,105	11,246,549	12,300,407
Capital			VERNESON CONTRACTORS		36470042003306353	
Nen-tinencial assets						
Building and structures	67,506	252 656	428,489	321,791	482,843	522 043
Machinery and equipment	52,642	128,723	118,124	112,042	102 697	102,377
Non produced assets	<u>-</u>	10	3.5	450	-	1000
Other assets	351	2 0	1,583	376	410	.50
Çapital transfers			FW:			
Local government	1,487	-	4,284		350	
Other capital transfers	277,712	282,609	368,116	352,813	415 234	437,636
Total: Capital	399,697	663,988	920.578	787,461	1,001,184	1,082,108
Total expenditure			1 *C##525** 25 * 55* 155**		ARTERCONCURS	
Londing				3**********************	825 256 278 AVIV. 1996 CT	
Total GFS classification	7.430.671	8,226,831	10,428,807	11,055,566	12,247,733	13,362,513

Table 5.3 (b): Summery of expenditure and estimates (Standard item classification)

R'000	Actual 2000/2001	Actual 2001/2002	Est. Act. 2002/2003	Voted 2003/2004	MTEF 2004/2005	MTEF 2005/2006
Personnel	4,644.056	4,791,256	5,344,311	5,904,116	6.347,635	6,799.539
Administative expenditure	159,006	202,711	282,224	353,542	378,786	409,192
Stores and livestock	482.375	559,206	662,139	613,108	699,175	744,643
Equipment: Current	87,087	85,333	110,989	109.356	118,712	120,735
Equipment: Capital	52.993	128,723	118,163	112,867	103,107	102,427
Land and buildings: Current	44,603	41,524	77,905	83,364	76 782	75,448
Land and buildings: Capital	10,210	9,549	81,127	68,459	119,999	135.294
Prof and special services: Current	243,652	274,949	659,055	591,208	643,142	676,538
Prof and special services: Capital	57,295	243,107	348,886	253,322	362,844	385,749
Transfer payments: Current	1,340,138	1.561,884	2,368,885	2.584,611	2 951,301	3,443,487
Transfer payments: Capital	279,199	282,809	372,400	352,813	415,234	437,636
Miscellaneous	30,047	25,980	22,723	29,800	30,816	30,825
Total: Current	7,030,974	7,562,843	9,508,231	10,268,105	11,246,549	12,300,407
Total: Capital	399,697	663,988	920,576	787,461	1,001,184	1,062,106
Total standard Item classification	7,430,671	8,226,831	10,428,807	11,055,588	12,247,733	13,362,513



Expenditure definitions

Current expenditure

Salaries and wages are remuneration paid to employees in exchange for work provided.

Other remuneration includes of contributions to social insurance schemes.

Use of goods and services consists of goods and services consumed by the provincial government in the production of goods and services, as well as goods purchased for resale.

Interest paid is expense incurred for the use of financial assets.

Transfer payments are the current unrequited transfers that a provincial government makes to local government, extrabudgetary institutions, households or non-profit organisations.

Subsidies are unrequited current payments made to private and public enterprises.

Capital expenditure

Buildings and structures include capital expenses on buildings (excluding land), infrastructure (such as roads and bridges), as well as water and sewerage projects.

Machinery and equipment include expenses on movable equipment such as cars, computers, furniture or labour-saving equipment, with a lifespan of more than a year and a value in excess of R5 000.

Capital transfers to local government are transactions in which a department transfers money to local government, specifically for acquiring capital assets.

Other capital transfers are similar, but are to a third party (not local government)

Non-produced assets include expenses for land and other tangible or intangible assets, such as subsoil water resources or goodwill.

Table x.x: Summary of expenditure and estimates (standard item classification)

	Actual	Actual	Est. Act.	Voted	MTEF	MTEF
R'000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Personnel	4,644,056	4,791,256	5,344,311	5,904,116	6,347,835	6,799,539
Administative expenditure	159,006	202,711	262,224	353,542	378,786	409,192
Stores and livestock	482,375	559,206	662,139	613,108	699,175	744,643
Equipment: Current	87,087	85,333	110,989	108,356	118,712	120,735
Equipment: Capital	52,993	128,723	118,163	112,867	103,107	102,427
Land and buildings: Current	44,603	41,524	77,905	83,364	76,782	75,448
Land and buildings: Capital	10,210	9,549	81,127	68,459	119,999	136,294
Prof and special services: Current	243,662	274,949	659,055	591,208	643,142	676,538
Prof and special services: Capital	57,295	243,107	348,886	253,322	362,844	385,749
Transfer payments: Current	1,340,138	1,581,884	2,368,885	2,584,611	2,951,301	3,443,487
Transfer payments: Capital	279,199	282,609	372,400	352,813	415,234	437,636
Miscellaneous	30,047	25,980	22,723	29,800	30,816	30,825
Total: Current	7,030,974	7,562,843	9,508,231	10,268,105	11,246,549	12,300,407



5.4 Expenditure by policy area

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
General public services	136,231	146,679	433,825	301,923	337,526	349,654
Public order and safety	66,531	70,126	29,759	25,619	27,117	28,344
Economic affairs	674,952	841,563	1,060,897	1,063,768	1,141,215	1,214,385
Environmental protection	30,806	33,643	72,745	61,574	62,662	66,433
Housing and Community amenties	404,448	406,576	476,231	501,760	568,388	571,795
Health	1,777,203	1,953,523	2,257,623	2,474,912	2,719,741	2,935,227
Recreation, Culture and Religion	89,614	117,865	147,796	155,292	93,195	106,121
Education	2,990,236	3,173,883	3,766,849	4,028,808	4,449,530	4,791,399
Social protection	1,260,650	1,482,973	2,183,082	2,441,910	2,848,359	3,299,155
Total	7,430,671	8,226,831	10,428,807	11,055,566	12,247,733	13,362,513

5.5 Infrastructure expenditure

Table 5.5: Summary of infrastructure expenditure

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
1) Office of the Premier	·	•	-			
2) Provincial Legislature						
3) Tourism, Environmental & Economic Affairs						
4) Free State Provincial Treasury						
5) Health	22,085	35,359	109,052	83,891	87,435	91,742
6) Education	9,976	30,269	181,651	77,942	176,352	185,892
7) Social Development			8,413	14,195	17,533	18,638
8) Local Government & Housing	272,522	275,344	347,921	351,313	413,734	436,136
9) Public Works, Roads & Transport	38,376	193,275	255,358	173,282	191,746	214,609
10) Public Safety, Security & Liason						
11) Agriculture						
12) Sports, Arts, Culture, Science & Technology				9,400	28,200	37,600
13) Contigency Reserve						
14) Provincial Special Projects						
Total	342,959	534,247	902,395	710,023	915,000	984,617

5.6 Transfers to public entities

Table 5.5: Transfer to public entities

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
1) Office of the Premier	.	•	5,208	5,229	4,252	4,507
2) Tourism, Environmental & Economic Affairs		30,000	70,330	65,720	15,980	16,650
3) Sports, Arts, Culture, Science & Technology	57,812	75,048	95,798	84,537		
Total	57,812	105,048	171,336	155,486	20,232	21,157

5.7 Transfers to local government

Table 5.6: Transfer to local government

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
Category A	·					•
Category B	57,516	59,066	246,403	196,907	147,186	90,525
Category C	1,196	2,374	89,543	56,657	88,827	
Total	58,713	61,440	335,945	253,564	236,013	90,525



ANNEXURE A to BUDGET STATEMENT 1:



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

Provincial total

Table A.1: Summary of conditional grants by grant

		1	2000/2001	-	1	2001/2002	Jensey 4	1	2002/2003	1	2003/2004	2004/2005	2005/2006
R'000	Purpose	Budger	Actual	Actual Exp	Budget	Actual Transfer	Exp	Buaget	Actual	Actual	Voted	MTEF	MTEF
Vote11: Agriculture Poverty Relief and Infrastructure Development	To address the degradation problems of natural resources and immoved the society and immoved the second state of pred communities.	551	551		684	684	645	1,400	1,400	1,724	1,800	ı	i
	Improve the socio-economic status or raiar communes	551	551		684	684	645	1,400	1,400	1,724	1,800		
Vote 8: Local Government & Housing Local Government Support	To assist municipalities experiencing severe financial problems to restructure their financial positions and promaries financial positions.	9,300	008'6	6,300	25,600	25,600	12,148	26,450	26,450	38,598	30,409	28,204	ı
R293 Staff Consolidate Municipal Infrastructure Grant	To browned enumerations of the second of the	68,101 58,820	68,101 58,820	62,729 49,348	2,106	2,106	2,106	8,609	8,609	13,914	3,132	3,321	3,539
Capacity Building Housing Fund Human Settlement	capacity of influgibules to estude the substandamy of ownr projects for fund the building of capacity and skills amongst personnel. To find the building of capacity and skills amongst personnel. To finance subsidies under the national housing programme. To fund projects amed at improving the quality of the environment in urban communities.	1,200 218,306 123	1,200 362,115 123	928 300,973 123	- 251,846 5,000	251,846 5,000	251,846	- 287,715 7,614	- 287,715 7,614	287,424	325,403 8,500	385,641 9,010	- 409,072 10,558
:		355,850	499,659	423,401	284,552	284,552	266,100	330,388	330,388	352,436	367,444	426,176	423,169
Vote 6: Education Early Childhood Development	To provide quality education to poor children eligible for the reception		ı	i	1,323	1,323	24	3,339	3,339	4,236	5,544	•	
Financial Management and Quality Enhancement	year To upport financial management and quality enhancing initiatives in	12,096	12,096	9,976	13,419	13,419	12,457	14,384	14,384	14,789	14,768	15,654	16,593
HIV/AIDS (Education)	school education To promote HIV/Aids education in schools	2,297	2,297	926'6	4,001	4,001	2,842	9,072	9,072 26,795	12,167	7,590	8,100	8,596 25,189
<u>Vote 5: Health</u> Central Hospitals National Tertiary Services	To support central health services To fund terliary health services in order to ensure equitable access	237,538	237,538	237,538	249,813	249,813	249,813	292,145	292,145	287,424	336,501	384,165	432,116
Professional Training Development HIV/AIDS (Health) Hospital Rehabilitation	by all citizens To support the training and development of health professionals To expand access to voluntary HIV couseling and testing To transform and modernise hospitals in line with the national	1,460	1,460	1,460	88,367 4,716 16,000	88,367 4,716 16,000	88,367 3,767 16,000	90,552 18,657 29,000	90,552 18,657 29,000	88,164 14,821 28,394	90,061 30,144 50,356	93,643 40,843 52,370	92,517 42,621 54,466
Intergrated Nutrition Programme	planning framework To feed primary school children, facilitate nutrition education and	39,394	39,394	39,394	39,394	39,394	39,394	40,543	40,543	35,500	47,817	56,200	61,588
Training and Research Hospital Management Improvement	nealm promotion To support health training and research Improving management in hospitals and support quality of care improving	84,528 2,000	84,528	84,258	1 1			-11,333	-11,333	4,488	12,730	13,055	13,393
	meneralis	384,731	384,731	384,461	398,290	398,290	397,341	482,230	482,230	458,791	567,609	640,276	696,701
Financial and Management Support Infrastructure Rehabilitation Grants Provincial Infrastructure	To improve the quality of financial management in governments To fund the reconstruction of food damaged provincial intrastructure To fund provincial infrastructure like roads, schools buildings health lacilities and rural developments	4,667	4,667	4,667	128,000 48,342	128,000 48,342	69,130 32,543	- 58,000 93,913	58,000 93,913	42,076 76,913	21,000	175,327	186,379
Supplementary Grant	To supplement provincial revenue in support of improvement in financial management and budget allocation	148,303	148,303	148,303	262,561	262,561	262,561	151 013	151 013	118 080	162 050	175 307	186 370
Social Development Child Support Grant	To provide an enbling environment for the take-up rate of child	1,668	1,668	1,253	200,000		100				000,200		
Financial Management (Social Development)	support grant To improve the financial management, administration and functioning	2,500	2,500	138	642	642	217	1,200	1,200	1,200			
HIV/AIDS (Social Development)	of social security system of social security system is a devance the development of home-based care (HBC) programmes	910	910	910	1,500	1,500	1,500	6,650	6,650	6,510	9,228	9,825	10,415
Child Support Grant Extension Food Security	in communes To fund the excession of child support grant To fund the excession of child support grant To provide funding the emergency food to individuals and households										72,497	233,242	457,870
Woman Flagship Social Grant Arrears	To fund projects in the rural areas undertaken by women To fund the backlog(back payments) of social security grants	579	579	579		. 6	77.	162,821	162,821	162,821	04 705	730 000	160 001
Total		952.152	1.095,961	981.988	1.143.314	1.143.314	1.045.360	1.163.397	1.163.397	1.133,663	1.209.430	1.508.600	1.799.723
Notes													



Rehabilitation Grant for 2000/2001 was only given to public works only
 Rehab Grant for 2001/2002, Health - R19 m, Education - R43 m, Weltare - R6 m and Works - R60 m = Total - R128 m - Actual Expenditure - Works R60 m, Education R5256, Health R3374 & Weltare R50 000 = Total - R69 130 million 3) Infra Grant for 2001/2002, Health - R7 m, Education - R17 m, Weltare - R5 m and Works - R19 342 m = Total - R48 342 m - Actual Expenditure = Works R19 342 m, Education 9 690 m, Health 3511 m and Weltare 0

Table A 2: Information relating to section 5.4: Details of expenditure by policy area

Expenditure summary per policy area (simple example of bridging table)

Table A.2: Information relating to section 5.4: Details of expenditure by policy area

Expenditure	summary	per policy are	

FUNCTION	CATEGORY	DEPARTMENT	PROGRAMME
GENERAL PUBLIC SERVICES	Executive and Legislative	Premier	Administration
	Legislative		Management Services
		Provincial Legislature	Administration
			National Council of Provinces
			Management Services
	Financial and fiscal affairs	Free State Provincial Treasury	Administration
			Financial Planning and Resource Management
			Financial Management
			Procurement
			Systems and Information
			Management Services
PUBLIC ORDER AND SAFETY	Police Services	Provincial Safety and Security	Administration
			Safety and Security
ECONOMIC AFFAIRS	General Economic Affairs	Tourism, Environmental and Economic Affairs	Administration
			Financial Management
			Tourism
			Investment promotion, planning and research
			SMME Promotion
			Consumer affairs
			Management Services
	Agriculture	Agriculture	Administration
			Financial Management
			Agricultural Development
			Project Management
			Management Services
	Transport	Public Works, Roads and Transport	Administration
	Transport	r abile frome, risade and manipul	Works Infrastructure
			Public Works Program and Property Management
			Roads Infrastructure
			Transport Management
			Traffic Management
			Management Services
ENVIDONMENTAL PROTECTION	Environmental Drotestian	Tourism Franciscomental and Francis Affaire	
ENVIRONMENTAL PROTECTION	Environmental Protection	Tourism, Environmental and Economic Affairs	Environmental Affairs Conservation
LOUICING AND COMMUNITY AMENITIES	Heusing Development	Local Covernment and Housing	Administration
HOUSING AND COMMUNITY AMENTIES	Housing Development	Local Government and Housing	
			Spatial planning and land use administration
			Housing Local Government Adminstration
			Management Services
HEALTH	Health Services	Health	Administration
HEALTH	Health Services	пеаш	District Health Services
			Emergency Medical Services
			Provincial Hospital Services
			Central Hospital Services
			Health Science and Training
			Health Care Support
			Health Facilities Management
RECREATION, CULTURE AND RELIGION	Recreational and sporting services	Sports, Arts, Culture, Science and Technology	Administration
			Museum Services
			Library and Information Services
			Archival Services
			Arts, Culture and Heritage Services
			Sport and Recreation
EDUCATION	Pre-primary and primary	Education	Administration
	Secondary education		Public Ordinary School Education
	Subsidiary service to education		Independent School Subsidies
	Education not definable by level		Public Special School Education
			Further Education and Training
			Adult Basic Education and Training
			Early Childhood Development
	Ocalal Ocassida Ocal	Oscial Development	Auxiliary and Associated Services
DOOLAL DECTEOTION	Social Security Services	Social Development	Administration
SOCIAL PROTECTION	out a county contribute		
SOCIAL PROTECTION	Social Sociality Societies		Social Assistance Grants
SOCIAL PROTECTION	costal documy controls		Social Welfare Services
SOCIAL PROTECTION	cooling connect		



	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
R'000	Actual	Actual	Est Actual	Voted	MTEF	MTEF
General public services	 					
Office of the Premier	49,053	48,404	84,009	74,356	78,390	82,103
Contingency Reserve	-	-	174,603	50,000	50,000	50,000
Provincial Development Projects	-	-	50,000	25,009	50,000	50,000
Provincial Legislature	39,337	42,264	46,174	47,354	51,196	54,503
Total: Executive and legislative	88,390	90,668	354,786	196,719	229,586	236,606
Financial and fiscal services						
ICS						
Administration	6,849	9,602	16,560	21,133	22,288	22,773
Financial Planning & Resource Management	4,635	6,104	6,798	9,070	9,666	10,681
Financial Management	11,435	12,117	15,851	21,671	21,924	23,478
Procurement	-	-	3,162	4,672	4,886	5,212
Systems and Information	24,922	28,188	33,961	41,798	42,543	43,870
Management Services	-	-	2,707	6,860	6,633	7,034
Total: Financial and fiscal affairs	47,841	56,011	79,039	105,204	107,940	113,048
Total: General public services (1)	136,231	146,679	433,825	301,923	337,526	349,654
Public order and safety						
Police services						
Administration	5,114	7,741	9,332	8,629	9,143	9,571
Safety and security	61,417	62,385	20,427	16,990	17,974	18,773
Total: Public order and safety (2)	66,531	70,126	29,759	25,619	27,117	28,344
Economic Affairs						
General economic affairs						
Administration	11,902	19,589	17,432	30,787	32,319	34,215
Financial Management	-	-	4,773	3,999	4,199	4,388
Tourism	16,961	11,327	8,006	10,842	12,876	13,455
Investment promotion, planning and research	22,072	3,577	6,115	10,122	11,575	12,096
SMME Promotion	4,682	1,453	4,494	7,288	7,490	7,917
Consumer affairs	2,874	6,756	20,619	17,548	19,113	20,225
Management Services	-	26,000	56,123	51,546	53,520	54,160
Total: General economic affairs	58,491	68,702	117,562	132,132	141,092	146,456
Agriculture						
Administration	24,302	42,731	49,672	50,265	53,009	55,511
Financial Management	17,971	7,338	7,602	12,134	12,769	13,348
Agricultural Development	60,529	61,363	81,254	95,655	99,084	103,857
Project Management	3,095	3,131	11,654	6,216	6,555	6,864
Management Services	12,356	5,036	12,761	5,871	6,110	6,328
Total: Agriculture	118,253	119,599	162,943	170,141	177,527	185,908



Transport			ı		1	
Administration	70,609	72,187	143,925	154,825	160,651	171,742
Works Infrastructure	161,569	138,272	141,856	138,308	147,939	159,913
Public Works Program and Property Management	27,267	40,885	45,624	47,289	50,815	53,332
Roads Infrastructure	164,469	308,058	348,138	296,306	334,728	356,862
Traffic Management	63,027	78,900	56,394	66,555	71,301	75,576
Transport Management	5,568	8,423	10,602	15,284	12,475	17,336
Management Services	5,699	6,537	33,853	42,928	44,687	47,260
Total: Transport	498,208	653,262	780,392	761,495	822,596	882,021
Total: Economic Affairs (3)	674,952	841,563	1,060,897	1,063,768	1,141,215	1,214,385
Environmental Protection		,,,,,,,	,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, , , -	, ,
Environmental Affairs	5,540	7,595	14,114	15,924	16,739	17,492
Conservation	25,266	26,048	58,631	45,650	45,923	48,941
Total: Environmental Protection (4)	30,806	33,643	72,745	61,574	62,662	66,433
(,,	,	,-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,		,
Housing and community amenties						
Housing development						
Administration	26,398	34,957	48,005	39,198	42,141	45,287
Spatial planning and land use administration	13,918	13,607	19,108	19,751	20,973	22,378
Housing	233,355	265,944	326,350	392,813	457,020	482,795
Local Government Adminstration	66,291	55,208	6,439	40,176	37,846	10,291
Management Services	64,486	36,860	76,329	9,822	10,408	11,044
Total: Housing and community amenties (5)	404,448	406,576	476,231	501,760	568,388	571,795
Health Affairs and Services						
Health						
Administration	139,924	152,528	157,428	220,882	226,183	237,126
District Health Services	627,346	655,357	771,378	860,912	954,501	1,032,906
Emergency Medical Services	74,422	89,243	90,066	113,404	125,342	135,728
Provincial Hospital Services	519,939	567,621	650,762	677,834	751,200	812,987
Central Hospital Services	335,549	383,376	417,759	426,317	471,195	510,240
Health Science and Training	50,779	60,318	53,937	78,517	86,800	93,993
Health Care Support	7,159	9,721	7,241	13,155	17,085	20,505
Health Facilities Management	22,085	35,359	109,052	83,891	87,435	91,742
Total: Health (6)	1,777,203	1,953,523	2,257,623	2,474,912	2,719,741	2,935,227
Recreation, Culture and Religion						
Administration	5,090	6,281	8,756	11,031	11,675	12,296
Museum Services	4,107	4,477	5,889	7,009	7,425	7,828
Library and Information Services	10,881	12,469	14,846	27,504	48,485	59,430
Archival Services				5	5	5
Arts, Culture and Heritage Services	9,587	13,912	17,247	19,511	20,907	21,620



Sport and Recreation	59,949	80,726	101,058	90,232	4,698	4,942
Total: Sports and Recreation (7)	89,614	117,865	147,796	155,292	93,195	106,121
Education						
Administration	184,522	248,243	351,515	305,782	313,759	339,007
Public Ordinary School Education	2,504,940	2,610,698	2,918,581	3,271,399	3,521,756	3,779,892
Independent School Subsidies	13,075	13,575	15,300	17,138	18,852	20,737
Public Special School Education	88,536	93,570	118,383	117,774	127,135	136,995
Further Education and Training	114,996	93,753	136,013	109,871	127,547	139,090
Adult Basic Education and Training	37,591	44,027	76,892	64,010	77,472	79,266
Early Childhood Development	10,554	9,958	14,555	17,845	34,545	57,019
Auxiliary and Associated Services	36,022	60,059	135,610	124,989	228,464	239,393
Total: Education (8)	2,990,236	3,173,883	3,766,849	4,028,808	4,449,530	4,791,399
Social Protection						
Administration	39,427	32,876	49,525	51,157	55,751	58,791
Social Assistance Grants	1,091,358	1,314,867	1,963,766	2,154,094	2,541,636	2,980,677
Social Welfare Services	109,519	116,574	140,183	169,341	182,235	189,189
Development and Support Services	20,208	18,480	29,286	66,982	68,387	70,128
Population Development	138	176	322	336	350	370
Total: Social Protection (9)	1,260,650	1,482,973	2,183,082	2,441,910	2,848,359	3,299,155
Total: Estimates of Expenditure by policy area	7,430,671	8,226,831	10,428,807	11,055,566	12,247,733	13,362,513

Table A 4: Information relating to section 5.7: Details of transfers to local government

		R'000)										00/ ctu					01/0 etua					2/0					3/0 ted				004. VITE		;	2
ateg	jor	У		М	uni	cip	ali	ties	8			A	Clu	a			AC	iu	41		ES	il. č	aCt	uai			VO	led	l			VIIE			
2005/2006	MTEF		13,603	11,860	13,690												6,469	5,881		35,849	3,173	51,372						90,525							90,525
×	MTEF		4,629	2,705	2,444	9,778		19,636	į	19,636	3,810	2,420	3,548	23,757	3,777	37,312	6,253	5,800	3,041	31,436	3,099	49,629	9,041	6,314	2,657	2,050	23,061	139,415	16,282		30,988	22,224	18,899		227,808
2003/2004	Voted		5,369	7,666	2,849	_		7	3,540	48,824	10,847	2,725	3,045	18,061	3,658	38,336	6,927	6,458	3,866	37,139	3,882	58,271	11,583	7,538	5,892	2,134	27,147	188,462		13,944	13,200	14,432	14,675		244,713
2002/2003 2003/2004	Est Actual		5,999	2,293	1,264	9,556	2,035	49,737	2,588	54,360	2,693	1,920	2,548	21,935	3,277	32,373	4,767	4,615	2,047	27,597	2,029	41,055	9,922	7,137	6,930	2,050	26,039	163,384	9,529	11,848	29,396	23,732	13,467	87,973	251,356
	Actual			6,087	1,380	7,467	864	7,924	1,954	10,741	2,280	1,174	1,149	12,057	1,805	18,464	2,673	3,547	1,162	1,161	1,057	9,600	4,450	3,375	2,403	2,566	12,794	29,066		188	1,677	209		2,374	61,440
2000/2001 2001/2002	Actual		1,579	3,029	1,208	5,816	1,025	7,361	1,935	10,321	3,083	1,457	1,828	9,005	2,151	17,521	3,803	3,177	1,637	1,193	1,262	11,072	4,155	3,829	2,300	2,502	12,786	57,516	271			250	675	1,196	58,713
	Municipalities		Letsemeng	Kopanong	Mohokare		Naledi	Mangaung	Mantsopa		Masilonyane	Tokologo	Tswelopele	Matjhabeng	Nala		Setsoto	Dihlabeng	Nketoana	Maluti-a-Phofung	Phumelela		Moqhaka	Ngwathe	Metsimaholo	Mafube			Xhariep	Motheo	Lejweleputswa	Thabo Mofutsanyana	Nothern Free State		
R' 000																																			
	Category	A B									Lejweleputswa						Thabo Mofutsanyana						Northern Free State					tegory B	0					otal: Category C	ansfers
		Category A Category B	Xhariep				Motheo				Lejwele						Thabol						Norther					Total: Category B	Category C					Total: Ca	Total: Transfers

Table A 4: Information relating to section 5.7: Details of transfer to local government by the Department of Local Government & Housing

R' 000 2000/2001 2001/2002 2002/2003 2003/2004 2004/2005 2005/200		2000/2001	2000/2001 2001/2002	2002/2003	2003/2004	2002/2003 2003/2004 2004/2005 2005/2006	2005/2006
Category	Municipalities	Actual	Actual	Est Actual	Voted	MTEF	MTEF
Category A							
Xharien	l etsemend			200	81	287	
<u>.</u>	Kopanong			6,649	201	87	
	Mohokare			1,744	81	487	
				9,093	363	861	
Motheo	Naledi			1,742	281	287	
	Mangaung			124	1,881	1,587	
	Mantsopa			2,874	81	87	
				4,740	2,243	1,961	
Lejweleputswa	Masilonyane			1,124	81	87	
	Tokologo			1,514	81	347	
	Tswelopele			1,249	81	227	
	Matjhabeng			1,024	651	87	
	Nala			1,874	281	87	
				6,785	1,175	835	
Thabo Mofutsanyana	Setsoto			10,004	81	87	
	Dihlabeng			11,092	81	87	
	Nketoana			5,699	581	887	
	Maluti-a-Phofung			21,549	3,162	87	
	Phumelela			1,046	81	87	
				49,390	3,986	1,235	
Northern Free State	Moqhaka			4,943	82	836	
	Ngwathe			3,444	232	536	
	Metsimaholo			784	282	1,421	
	Mafube			3,840	82	98	
				13,011	678	2,879	
Total: Category B				83,019	8,445	7,771	
Category C	Xhariep			774	81	28	
	Motheo			424	81	87	
	Lejweleputswa			124	81	87	
	Thabo Mofutsanyana			124	81	87	
	Nothern Free State			124	82	86	
Total: Category C				1,570		434	
Total: Transfers				84,589	8,851	8,205	

A N E X U R E X U R E

Table A 4: Information relating to section 5.5: Details of expenditure for infrastructure (Housing)

senogones.	Project name	Locallon		Programme	Type of Structure'	Total project Cost	Voled 2003/04	MTEF 2004/05	MTEF 2305/08
New Constitutions (dulidings and Infrasbucture)	·	District	Municipality			W-000	R'000	R'000	R'000
	Buitling of Houses	Not yet dismbufed	Not yot distributed	ь ————————————————————————————————————	Houses		351313	413 734	435 138
	ii.	á <u>, </u>						***	
	27.		83	2223)		2/2		2	
		1.117	,						
Rehabilitation/Upgrada									
Other capital projects									
TOTAL		-					361313	413 734	438 156



Categories	Project name	· Location		Programma	Type of Structure	fotal project Cost	Voted 2003/04	MTEF 2004/06	MTEF 2005/06
New Constructions (Fulldings and	200	District	Municipality		\$10 50 50 50	R.000	R.000	R'000	H'000
	Library: Paul Rouw/Fateng Tae Ntsho	Thebo Moful. servene	Oihlabéng ,	ec	. Library Building	3 000	2 000	1 000	
	Library & IT Centre Triaban Nchu'Sextente	Motheo	Mangaung	6	Library Building	20 000	2 000	15 000	BC ::
	Uhrery: Quasabolja (Villers)	Northern Frage State	Molubs	n	Library Building	900 9		2 000	4 000
	Library: Jecontedal	Xharlep	Lebsermeng	е.	1 ibrary Building	3 000		1001	2 -000
	Lbrey: QLbng (Wepener)	Motheo	Nakedi	e	Library Building	5 000	:	1001	4 000
	Lbray: lkcometseng/ Soutpan	i.ejw ele- pulewa	Mesikanyana	G	Library Building	1 300			1 5/10
	Library: Clarene/Khuberiswana	Thebo Molutser- yana	Diftsberg	6	Library Building	3 000			988
	Sport Nuseum: Blasmforman	, Метьо	Mengaung	n	Museum Burding	000 R		000 €	8 COD
	Arts & Culture Cerrine. Trampsourg	Xharisp	Kopenang	n	Arts & Culture Building	2 500			2500
	Sport Complex	Xhariap		67	Sport Complex	3 000			3 000
Rehabilitation/Upgrado	Sport Complexes	I₹		P3	Sport Complexes	2 000			2 000
	Libraries (Socumy)	₩.	lk .	, m	Libeay Buildings	5005			2002
Other cap tal projects	Namenance of properties	Ē.	IV .	, m	Libraries, archives, museume, sport complexes, cultural institutions	80.02	g 300	7 000	7 010
IOTAL			ļ			80-000	10,000	30 000	40.000





Budget Statement 1

Table A4: Information relating to section 5.5: Details of expenditure for infrastructure (Health)

Location Type of Total property Cost	District Municipality R000	Hospital Fehablication Nix yet Nut yet utstructed &	rallsus grant
ri Voted 2udali4	00 H,000	- Feb ca	
NTFF 2000UTE	R,000	87.435	
		4000	

Table A4: Information relating to section 5.5: Details of expenditure for infrastructure (Welfare)

Categories	Preject name	Location		Ргодганта	Type of Structure	Total project Cost	Votad 2005/04	MTEF 2004/05	NTEF 2005/06
New Constructors (Bullalings and infrastructure)		District	Municipality			R:000	R.000	R'000	. R'000
	Soemonein Secure Care Contro			ø	Bulging		2,000		
	Shetters for abused			« н	Quilding Buidings	25.00	7.453		7.5TH 8.00C
	Uperadire of Pay Points		<u> </u>						
FohabitationUpgrade	2		3	100					
Other capital projects				-	- 5-				\$\delta
TOTAL			23				9.463	8 600	305 8



akegorite	Projest name	Location		Programme	Type of Structure	Total projen Cost	Voted 2003/04	MTSF 2004/05	NTEF 2005/06
Norr Constructions (Buildings and infrastructure)		District	Municipality						
Rehabistation Uppeading	Madfontein Upgracing	Minhan	StrineStrepy	3 Works	Ruidings	-1 8bb	2 7 JUL	after.	3 000
	OT Owart Lograding	Notheo	Mengaung	3 Werks	Bulidings	000'0.	2,000	3,000	1,600
	Lebohang Upgradning	Nothen	Bundeusp	3 Works	Buildings	000,2t	Z'dDD	D30°8	5,200
	NALA Upgrading	Notheo	Mangaung	3 Works	Buildings	990,01	2,300		
	Padkofs Roofs & Farking	Notheo	Mengeung	3 Works	Buildings	900'8	1,000	ODO'E	2,500
	Presidency upgreding	Nomed	Mangaung	3 Works	Bulldings	\$,000	1,800		
	Paul Roux Library	Thabo Nofutsenya TB	Dinabeng	3 Works	Semilaings	3,000	000's		
	Lenationg &Thekokinekong	Lajweleput eves	Моджая	2 Works	Buildings	3,000	1,000,1		
	Phalanolo special sec saloar (sm)	Nexheo	Mangaung	3 WORKS	Buildings	4,300	2,000		24



	×			2,500	22,762		2,000				T
	<u> </u>			2,500					9'000		8,000
2'000	2,000	2,000	2,000	2,800		E	2,500	1,500	20,600	± 600	ļ.,
7,900	069'2	7,060	ž.	Amual	Annual				72,000	30.138	2,000
Buildings	Bulklings	Buildings	Buildings	Burkings	Buildings	Roads	Emergeticy	Emergency Services	Roads	Roads	Roads
3 Works	3 Works	3 Works	3 Works	3 Works	3 Works	8 Roads	3 Works	3 Viortes	6 Roads	6 Roads	6 Roads
Mangawg	Mangaung	Phumelele	Мејјвъелу	Whole of FS	Whole of FS	Модћаћа	Whiche of FS	Whole o' F3	Зечасию	Matuli a Pholung	Moqhaka
Mothes	Mothec	Thebo Mofutsenya	Lejweleput	Whole of FS	Whole of	Lejwelaput Bw8	VMale of FS	Whole of FS	Thebo	Thabo Molutsanya na	Lejwelaput swa
Unity Prmary achod (Bith	Bioemside Primary(BRI)	Kopanang Pransay (Warden	Linkerseng Primary schoor (Virginia)	Service contract for life	Rapeir of Bulldings	Access to Mankeng Merabhadad. haspital (Knonetad)	Radio network	Radio control room	Ficksburg, Cleocken	Rehab. P404H	Regravel in Knockast

						34		
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C40 &	cods	787	J-14.31		E Roads	While of FE		
141,500			a-nual	Hopes	8 Posts	Whether 45		Province of College of College
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Ŕ				Roade				R&R Projects on Province
0.530	t) faith	No.	15,000	-	9 10,000	Whole of Co.	9W	ибличнация разо, риск в Для вресен
20,000	2 500	36	23,000	Reads & bryade Braine	9 4cacs		Meson	Bridge Caledon (ber
77000	54.1		13,000	Newste	95000	Whole of P.S.	100000	Mendemorate Compare Or expect
			18,000	Hoode	S Tunes	Kanauna	Midthe	Regar and Fases Elembon
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	1.30%.	* !	3,000	50.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0	f. Doads	Moqhaka	FB Hard	Report and Reside Historistical
	CHRC.		26 020	S. HOR.	Alta Ma	Metamore	Cold FS	Contribution death of the change
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		1000	18 630	POSC H	8 Touts		CWCLQACWBL	Upgrade access to Manca abrapy U
	16.00	5,300	16 000	REGG	R Mickay	chartector	Certes	Jegnade SS47 to Oppon and
	8	18 800	900.07	Roacs	0 Roads	Tuhukan	Lajwelepul	F&R Blowminnels Deals wite
		8.700	0,700	Romes	C Roads	Dihieborq	Thebo Mobitsenya.	Reguevelet Bokhelion
900,00	0097.7	0007	UNU T.C	#C#10.4	A Rosers	िस्स स्थाप क मामक्षेत्र	Mouteanya	Cpgrade 31502
	000	00%[8]	0.000	Ruens	6 Rusals	Инекатрапи	Lajvedaput	FAR in Winhing
20		19,000	008'07	F,pands	0 Roads	Mailaben	Leiwelsout	Thabong By pass
Gi.		20,300	48,200	Pisads	E Roado	Managang	Morneo	Rehab Bloemfontein- Jourpan
		3,700	27.500	Powb	d Rusts	Metabrialiulu	North PS	Diriginas samping
	8,000		B.000	Posub	O Rueds	(Agrual) se	North FS	RAR in Hallhon
	mar'x	6	B,000	Freats	S Pasts	Мезраже	I ejvelenin	HSM in Kroonstad
			0.000		treat o	Малевия	CHALLING	•



Table A 4: Information relating to section 5.5: Details of expenditure for Infrastructure (Education)

	\ 	District States	41900 AND	000000000000000000000000000000000000000		000000	
Bothaville: Hisbolona Prim. (22 CR)	Lejweleputswa	Na'a	dinew School	15,000		10.450	6,500
Welkom, Mukgwabong Pnm. (24 CR)	Lejweleputswa	Matjhabeng	8New School	17,600		8.000	7,000
Deneysville: JJ Khubeka Prim. (24 CR)	Norhern	Metsimaholo	8New School	18,500	3.000	6,000	200
Bloemfontein (Heidedal) Bloems de Prim.(24 CR)	Mothea	Mangaung	8New Schaol	DCID'6		300	5.D0G
Warden: Kooanang/Hlangane Prim. (20 CR)	Thabo Mofutsanyana	Phumelela	8New School	21.200		8.300	7,500
Wesselsbron: (phateleng Sec. (20 CR)	Lejweleputswa	Naia	BNew School	15,700		ODE	6,100
Senekal: EE Monese Sec. (20 CR)	Thabo Mofutsanyana	Setsoto	8New School	16,200		908	6,500
Thaba Nchu: Refentse Prim. (24 GR)	Mathea	Mangaung	BNew School	10,000		1,000	p 00'+
Harrismith: Kgethatsebo Prim. (26 CR)	Thabo Mofutsanyana	Maluti z Phofung	BNew School	13,750		9000	8,000
Bloemfontein: Turflaagts: Kopanong Sec. (25 CR)	Mothed	Mangaung	8New School	16.650		200	Dan's
Parys: Bopasetjhaba Sec. (30 CR)	Northern 7S	Ngwathe	8New School	13,000		1,300	DOD'9
Reitz: Rehatele- Pele Prim. (21 CR)	Thabo Mofutsanyana	Nketoana	2New School	17.700			3,936
Bloemfontein: (Bloemside) Kamohelo Prim. (24 CR)	Motheo	Mangaung	BNew School	13,000		900	6.000
Bloemfontein Lourierpark Prim (24 CR)	Motheo	Мапдаипд	ONew School	17,583	5.385	4,098	817
Koppies: Rabolle Thuto Sec. (24 CR)	Northern FS	Ngwathe	8New School	13,000		1,500	6,000



	Deneysville, Nornsa Sec. (20 CR.)	Northern FS	Metsimaholo	8New School	15,500		1,200	7,300
	Allenridge: SA Mokgorhu Prim. (32 CF.)	Lejweleputswa	Matjhabeng	8New School	13.200		200	8,000
	Venteraburg: Harry Lebona Sec. (20 CR)			BiNew School	13.000	130	1,500	3,790
	Virginia: Marematlou Sec. (24 CR)	Lejweleputewa	Matjhabeng	BNew School	18,000		8,500	8,000
	Welkom: Lematso Prim. (36 CR)	Lejweleputswa	Mathabeng	8New School	22,700	23	200	7,500
	Thaba Nchu: Marobeng Prim (14 CR)	Motheo	Mangaung	8New School	10,000		1,200	5,000
	Vredefort : S.S Paki Sec. (30 CR)	Northern FS	Ngwathe	8New School	20.000		8,000	2,800
	Viljoenskroon: Kgabareng Sec. (26 CR)	Northern FS	Moqhaka	8New School	17,800		300	7,000
49	Ficksburg: Mehapung Prim. (28 CR)	Thabo Moiutsanyana	Setsolo	8New School	15,350		88	3,400
	Odendaalsrus: JC Motumi Sec. (30 CR)	Lejwelepu;swa	Mathabeng	8New School	20.900	\$	ngo's	
	Bluegumbosch: Disaster Park Prim. (26CR)	Thabo Mo'utsanyana Maluti a Phofung	Maluti a Phofung	8New School	23.000	7,455		
	Various: Programme 2 Programme 4			L) 4		7,369	4 8 8 0	7007
	Programme 5			or :	—— <u>w</u>	550	150	350
Rehabilitation/Upgradin				pnq				
<u> </u>	Deneysville: Refengkotso Public School	Northern FS	Metsimaticlo	2classrooms	2,000			

Budget Statement 1

		2.300	2.200	900	1.200	3.500	3.800	1,000	1,600		2,040	V <u></u>
5.414	1.810	2,200	2,310	850	1,200	3,900	4,200	000,1	1,600	3,050	6,030	10,800
Add 4classroams	Add 2classrocms	<u>a</u>	Add 8cassrooms	Add 8c assrooms	Add 8classrooms	Add	Add 8c assrooms	Add 8c assrooms	Add	Add Aclassnooms	Add 8classrocms	/Add Sclassrooms
Moqhaka	Letsemeng		Mangaung	Mangaung	Mangarng	Mangaung	Marube	Mangaung	Ngwethe	Mangaung	Nkelgana	Mangaung
Norhem Fs	Хһагівр		Motheo	Motheo	Motheo	Motheo	Northern FS	Motheo	Northern	Mathea	Thabo Mofutsanyana	Motheo
Viljoenskroon : Mphattalsane Special School Norhern Fs	Perrusburg : Inoseng Comb. (16 CR)	Clarens: Clarens Comb. (10)	Thaba Nchu: Rakanang Interm. (5CR)	Thaba Noru: Tonya Prim. (2CR)	Bloemfontein: Mothusi Prim. (Admin)	Thaba Noru, Thubisi Prim. (10CR)	Cornelia: Ntswaratsatsi Prim, (6CR)	Thaba Nenu: Strydom Sec. (3CR)	Perys: Botshabasalsi Prim. (Admin)	Bloemfonlein: Rekgonne Prim (4CR)	Pezrus Steyn Ikaheng Zakheni Sec. (11CR)	Thaba Non: Tawana Pim. (15GR)

	樂	86								30 <u>x</u>	
1,150,000	836,100	3,200,000	2.630,000	6,700,000	1,900,000	2,150,500	2,024,000	000,-22,1	4.920,800	2,220,000	3,300,000
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Maluti a Fhotung	Maluti a Phofung	Maluti a Phofung	Maluti a Phofung	Maluti a Phofung	Maluii a Phofung	Maluri a Phofung	Maluti a Phofung	Maluti a Phofung	Meluti a Phofung	Maluti a Phofung	Maluti a Phofung
	Thaba Mofutsanyana	- XA20.		; Thabo Mofuteanyana Maluti a Phofung		Thabo Mofutsanyana	Thabo Mcfutsanyana	Thabo Mcfutsanyana	habo Mofulsanyana	habo Mofutsanyana	
Printhadithjaba: Ljoaneng: Hlajoane Sec (TB) Thabo Mofutsanyana	Phutha: Mkwane: Diqhobong Prim (5CR)	Harrismith: Tshinme: Sasamala Sec (Admin) Thabo Mofutsanyana	Harrismith, 42nd Hill: Vulind ela Prim (Admin), Fhabo Motutsanyana	Harrismith: 42nd Hill: Nhlakanipho Inter (Admin)	Harrismith: 42nd Hill: Qhubeka Prim (Admin) Thabo Mofutsanyana	Hamsmith: 42nd Hill: Pulamadiboho Prim (Adırlır)	Hamismith: Sentebale Frim(Admin)	Ramismith: Intabazwe: Ithahaneleng Prim (Admin)	Phutha: Bluegumbosch Sec (2CR)	Phuthadithjaba: Rodibeng Pom (4CR)	Hamsmitti: Mandela park: Qwabi Prim (5CR) Thabo Mofutsanyana

	,304 †8.109 696 948		1,500	20,000		8,000	2,013	00	
	13		1.500	18,500		7,000	3,000	4 ,00	
	11,403	1,500		12,000		000'9	480	3,5DQ	
<2C,090 2,306,000		1.530	3,000	10,000.000		5,000,000	1,650,000	2,500,000	0 10 10 10 10 10 10 10 10 10 10 10 10 10
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Thabo Mofutsanyana f	,	Ę.					- 持		
Phutha: Cluby ew Sec (Lab) Phutha: Bluegumbosch Prim (4CR)	Various. Programme 2 Programme 4	Other Capital Projects Cash to Ex-model C Schools	Cash to Ex-model C Schools	Hails	Hails	Mediacentres	Laboratories	Spangrounds	

