

**ESTIMATES OF
PROVINCIAL REVENUE
& Expenditure**

2011/12



FREE STATE PROVINCE

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PR: 57/2011

ISBN: 978-0-621-39947-9

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Foreword to the Overview of Provincial Revenue and Expenditure for the 2011/2012 MTEF

The 2011 Medium-Term Expenditure Framework (MTEF) expresses government's plans and commitment to deliver on the priorities identified in the MTSF, whilst taking into account resource constraints. Anger over inequality has played a role recently in sparking social mobilization in societies that have repressed dialogue and political participation for generation. Over the next three years, the province and the government at large will focus on those priorities that will continue to assist in cushioning the impact of the recent recession; particularly focusing on job creation and provision of an enabling environment for job creation.

Provincial government has taken strong resolve with regard to ensuring that budget allocation for the 2011 MTEF ahead is informed and addresses key government priorities as expressed by national policies. Firstly, the 2011 MTEF budget takes cue from the New Growth Path (NGP) policy which strongly emphasizes the need to invest in key sectors of the economy which have the potential of creating work opportunities. These key sectors as identified by the NGP are - infrastructure, agriculture value chain, mining value chain, green economy, manufacturing and tourism. The critical element of this 2011 MTEF is that it is strongly aimed at ensuring that investment in these crucial sectors is promoted with the view to unlock and create decent work opportunities for the province. In the 2011 MTEF budget the province is allocating almost R10.3 billion for infrastructure development and an estimated R1.7 billion for agriculture and rural development. Secondly, the 2011 MTEF budget reflects on the 12 outcomes as adopted by the national government; close to 70 per cent of the budget makes provision for key outcomes i.e. education and health.

The design of a growth strategy is the first step and thus the next challenge is the implementation of plans which requires the provincial government to play a pivotal role. Therefore, the departments are still required to ensure that their respective plans are geared towards and strictly aligned to provincial and national priorities. Furthermore, departments will have to ensure that their respective plans are aligned and are integrated with other supporting or feeder departments; this basically requires all departments to exercise integrated approach to service delivery so as to avoid wasteful expenditure of public resources.

The 2011 MTEF budget is a result of vigorous processes which included, amongst others, the bilaterals between the departments and Provincial Treasury, the Provincial Medium Term Expenditure Committee which afforded all departments' opportunities to present budget requests and bids as well as various EXCO Lekgotlas which successfully aligned budgets to set priorities. Added to the above processes are the interactions of all the departments with Budget Consultation Committee and Treasury Committee with the view of ensuring that the 2011 MTEF budget is firmly grounded and addresses the set key priorities of government. Whilst the ground work has been achieved in respect of aligning resources to key government objectives, the provincial government still requires departments to exercise prudence, efficiency and effectiveness in the utilization of limited public resources.



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PART A:
Overview of Provincial Revenue and Expenditure:
Budget Overview

1. Budget strategy and aggregates

1.1 Introduction

In the past few years Free State Provincial Government embarked on an extensive budget reprioritization exercise with the view to fund core and frontline services to our people; this included encouraging departments and public entities to cut spending on non-core items such as caterings and advertisements. Added to the above all departments were requested to ensure that their respective approaches to service delivery are integrated and that the silo mentality to implementation of policies is completely negated. Furthermore, the notion of performance-driven organs of state through an outcome-based approach has been inculcated in all the departments and each understands the specific outcome and outputs that inform respective budgets. The process towards finalization of the 2011 MTEF budget sought to concretize the above and went further to ensure that vigorous interactions between Provincial Treasury and departments inform the budget process.

The 2011 MTEF budget process took cue from the already specified government policies such as Medium Term Strategic Framework (MTSF) as well as the twelve outcomes. The MTSF which guides planning and resource allocation across all provincial departments clearly outline the core priorities for various departments and role players, these are:

- Economic growth and transformation of the economy to create decent work & sustainable livelihoods;
- Strengthening the skills and human resource base (Education);
- Improve health profile of society;
- Comprehensive rural development strategy linked to land and agrarian reform and food security;
- Massive programmes to build economic and social infrastructure;
- Fight against crime and corruption;
- Cohesive and caring communities;
- Pursue regional development;
- Sustainable resource management; and
- Build a developmental state, including improving public services.

To further concretize the purpose of MTSF the National Government has derived 12 outcomes:

- Quality basic education;
- A long healthy life for all;
- All people in South Africans are and feel safe;
- Decent employment through inclusive economic growth;
- Skilled and capable workforce to support an inclusive growth path;
- An efficient, competitive and responsive economic infrastructure network;
- Vibrant, equitable and sustainable rural communities contributing towards food security for all;
- Sustainable human settlements and improved quality of household life;
- Responsive, accountable, effective and efficient local government system;
- Protect and enhance our environmental assets and natural resources;
- Create a better Africa and a better world — make our contribution to global relations; and
- An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship.

The 2011 MTEF budget is furthermore strongly influenced by the New Growth Path (NGP) recently emphasized by the Presidency. The NGP strongly underpin the importance of investing in projects or sectors that have or show a potential of creating work opportunities. The NGP identifies five strategic sectors that are key to creation of employment; these are:

- Infrastructure
- Agriculture value chain
- Mining value chain
- Green economy
- Manufacturing and tourism.

The province has put more emphasis on creation of jobs and all departments have been requested to embark on projects that yield employment; furthermore, the province took initiatives to ensure that allocations to various departments and public entities are directed towards creation of work opportunities.

The following policies and priorities also have a bearing on the 2011 MTEF budget allocations:

- The 2009 Medium Term Strategic Framework;
- The goals and objectives of vision 2014;
- The strategic thrust of the January 8 Statement;
- Sector priorities as reflected in the 2010 Medium Term Budget Policy Statement (MTBPS);
- The National Cabinet Lekgotla; and
- The Provincial Lekgotla by the Provincial Executive Council.

The following twelve (12) key outcomes and their outputs played a key role in the allocation of provincial budget:

Quality Basic Education

A quality basic education is defined as follows:

- Teachers and learners in class on time, teaching and learning 7 hours each day
- Measurable improvement in literacy and numeracy of grades 3, 6 and 9 based on results of annually conducted tests;
- Higher-quality teachers, demonstrated by tests of content knowledge, curriculum coverage and enhanced pedagogy; and
- Empowered principals to manage their schools and ensure a good environment for teaching and learning, and are held accountable for maintaining a high standard of education.

A long healthy life for all

- Increasing life expectancy rate of all South Africans;
- Reduction of infant, child and maternal mortality; and
- Reduction of HIV/AIDS incidence and other diseases such as Tuberculosis.

All people in South Africa are and feel safe

The allocation of this strategic area is in respect of improving the capacity and effectiveness of the Province to promote justice and crime prevention, to ensure safety and security for all.

Decent Employment through Inclusive Economic Growth

To realize the objective of creation of work opportunities as well as decent livelihood the budget must address the following key areas:

- Promote investment in provincial infrastructure, including the provincial road network, so as to strengthen and support economic initiatives in key sectors such as agriculture, tourism, manufacturing and mining.
- Support efforts that seek to give effect to the “massification” of the Expanded Public Works Programme with the view to create work opportunities and absorb numbers of unemployed persons in labour-intensive programmes.

Skilled and Capable Workforce to Support an Inclusive Growth path

The following are required key activities linked to this outcome:

- Build the capacity of agencies at various levels in the system to plan and forecast
- Expand incentives for companies (tax credits ,etc) and for student (course credit etc) to incentivize industrial apprenticeship and learners hip to jobseekers / students
- Align Skills Development workplace learning with institutional learning (curricula etc.)
- Strengthen sectoral research and planning capacity

An efficient, competitive and responsive economic infrastructure network

Investing in infrastructure is greatly emphasized by the province precisely because of its labour intensive nature and thus potential to create job opportunities. The core components of an efficient, competitive and responsive infrastructure network include:

- Rail;
- Roads;
- Water;
- Electricity; and
- Information and Communication Technology.

Sustainable rural communities' contribution towards food security for all

- Sustainable land reform;
- Food security for all;
- Rural development and sustainable livelihoods; and
- Job creation linked to skills training.

Sustainable Human Settlements and Improved Quality of Household Life

Sustainable human settlements and improved quality of household life are defined by:

- Access to adequate accommodation that is suitable, relevant, appropriately located affordable and fiscally sustainable
- Access to basic services(water, sanitation, refuse removal and electricity)
- Security of tenure irrespective of ownership or rental, formal or informal structures
- Access to social services and economic opportunity within reasonable distance

Responsive, accountable, effective and efficient Local Government System

- Provide democratic and accountable government for local communities;
- Be responsive to the needs local community;
- Ensure the provision of services to communities in a sustainable manner;
- Promote social economic development;
- Promote a safe and healthy environment; and
- Facilitate a culture of public service and accountability amongst its staff.

Protect and enhance our Environmental Assets and Natural Resources

Protection and enhancement of environmental assets and Natural resources is important and it involves the following:

- Sustainable access to safe, affordable and well managed water through protection, preservation and enhancement of country's water resources;
- Adaption to the impacts of climate change, reduced greenhouse gas emissions, and improved air and atmospheric quality;
- Sustainable natural resources management; and
- Protection of marine and terrestrial biodiversity.

An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship

Government's capacity and systems to implement programmes is strengthened through:

- Increased funding for monitoring, evaluation and oversight functions; and
- Strengthening and supporting the capacity of local government to deliver public services and infrastructure.

1.2 Summary of budget aggregates

Table 1.1: Provincial budget summary

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Revised estimates | Medium-term estimates | | |
|---|-------------------|-------------------|-------------------|--------------------|-----------------------------------|-------------------|-----------------------|-------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Provincial receipts | | | | | | | | | |
| Transfer receipts from national | 13 065 742 | 15 578 659 | 18 533 372 | 20 747 371 | 20 825 253 | 20 825 253 | 22 496 652 | 23 796 344 | 25 102 809 |
| Equitable share | 10 918 513 | 12 713 176 | 14 794 064 | 15 959 310 | 16 217 212 | 16 217 212 | 17 520 835 | 18 430 860 | 19 363 325 |
| Conditional grants | 2 147 229 | 2 865 483 | 3 739 308 | 4 788 061 | 4 608 041 | 4 608 041 | 4 975 817 | 5 365 484 | 5 739 484 |
| Provincial own receipts | 546 390 | 593 187 | 650 959 | 647 411 | 677 480 | 701 050 | 717 613 | 772 198 | 850 689 |
| Total provincial receipts | 13 612 132 | 16 171 846 | 19 184 331 | 21 394 782 | 21 502 732 | 21 526 303 | 23 214 265 | 24 568 542 | 25 953 498 |
| Provincial payments | | | | | | | | | |
| Current payments | 10 531 222 | 12 239 125 | 14 269 681 | 15 990 595 | 16 403 426 | 16 174 380 | 17 763 296 | 18 864 370 | 20 032 264 |
| Transfers and subsidies | 1 430 968 | 2 093 115 | 2 824 476 | 3 379 994 | 3 356 460 | 3 476 256 | 3 143 542 | 3 242 980 | 3 322 749 |
| Payments for capital assets | 1 301 425 | 1 677 586 | 1 630 580 | 2 010 425 | 2 014 669 | 1 926 037 | 2 281 235 | 2 442 491 | 2 576 041 |
| Payments for financial assets | 5 683 | 65 650 | 49 362 | - | - | 5 756 | - | - | - |
| Unallocated contingency reserve | - | - | - | - | - | - | - | - | - |
| Total provincial payments | 13 269 298 | 16 075 476 | 18 774 099 | 21 381 014 | 21 774 555 | 21 582 429 | 23 188 073 | 24 549 840 | 25 931 054 |
| Surplus/(deficit) before financing | 342 834 | 96 370 | 410 232 | 13 768 | (271 823) | (56 126) | 26 192 | 18 702 | 22 444 |
| Financing | | | | | | | | | |
| Provincial roll-overs | - | 38 202 | 154 592 | - | 63 757 | 63 757 | - | - | - |
| Provincial Reserves | - | - | 35 888 | - | 221 833 | 221 833 | - | - | - |
| Other (specify) | - | - | - | - | - | - | - | - | - |
| Other (specify) | - | - | - | - | - | - | - | - | - |
| Surplus/(deficit) after financing | 342 834 | 134 572 | 600 712 | 13 768 | 13 767 | 229 464 | 26 192 | 18 702 | 22 444 |

The estimated total provincial receipts for 2011/12 is R23.214 billion, which represent an increase of R1.712 billion or 7.96 per cent of the 2010/11 Adjusted Budget; this increase excludes provincial rollovers and reserves. The substantial growth in Provincial Receipts is owing to the significant increase of 8.04 per cent on Equitable Share while the Provincial Own Receipts grow by 5.92 per cent and Conditional Grants by 7.98 per cent.

The contribution of Equitable Share to the total Provincial Receipts increased from 74.54 per cent in 2010/11 to 75.47 per cent in 2011/12, Conditional Grants contribution is constant at 21.43 per cent in 2011/12, while Provincial Own Receipts constitutes 3.09 per cent of the total Provincial Receipts for 2011/12. In the first year of the 2011 MTEF, the Equitable Share grows by 8.04 per cent from

R16.217 billion in the 2010/11 Adjusted Appropriation to R17.520 billion. Equitable Share is growing at a declining rate of 5.20 per cent in 2011/12 to 5.10 per cent in the last year of the MTEF.

The surplus funding before financing relates to earmarked funding by the National Treasury for the specific purpose of the Expanded Public Works Programme Incentive Grant for the Infrastructure Sector and Social Sector. This money will be allocated during the 2011/12 Adjustment Budget Process, however it must be noted that this allocation will only be made based on the good performance by the affected department(s).

Excluding the unallocated Expanded Public Works Programme Incentive Grant for the Infrastructure Sector money, the current payments account for 76.61 per cent in year one of the 2011/12 MTEF which represent an increase of 1.82 per cent compared to the Adjusted Appropriation in the 2009/10 financial year. Current payments are estimated to grow by 8.3 per cent on the 2010/11 Adjusted Budget. The share of current payments to the total provincial expenditure is estimated to increase marginally in the 2012/13 to 76.84 per cent and further increased slightly to 77.25 in the last outer year of the 2011 MTEF.

In the 2011/12 financial year the transfers and subsidies share make up 13.56 per cent of the provincial total payments. The share of transfer payments declines to 13.21 per cent in the 2012/13 financial year and further declines to 12.81 per cent in the 2013/14 financial year.

The share of payments for capital assets from the total provincial expenditure takes up 9.84 per cent in the 2011/12 financial year grows marginally to 9.95 per cent in 2012/13 and then decline slightly to 9.93 per cent in the 2013/14 financial year. Capital expenditure grows by 13.23 per cent from the 2010/11 adjusted budget. Estimated growth for 2012/13 is 7.07 per cent and a slow growth of 5.50 per cent is projected for the 2013/14 financial year. The projected growth in payment for capital assets is mainly intended to fund development and maintenance of infrastructure with the view of stimulating economic growth in the Province.

1.3 Financing

Table 1.1 indicates consolidated surplus of R67.388 million over the 2011 MTEF period. As mentioned earlier this surplus relates to unallocated earmarked funding for specific purpose of funding Expanded Public Works Programme Incentive Grant for the Infrastructure Sector and Social Sector. The Provincial Government is therefore tabling a balanced budget for 2011/12 financial year and no deficit - financing requirement is needed.

The overdraft facility that is negotiated annually with the provincial banker will be used only for the bridging finance in order to address the temporary liquidity requirements.

It is also important to mention that, borrowing should come as a last resort for funding after all avenues of funding have been explored. The cost of repaying the borrowed funds should be carefully considered before any agreement is entered into. As a result, alternative funding mechanisms that fast-track and optimize service delivery on the one hand and limit the burden on the public fiscus should be pursued.

2. The budget process and the medium term expenditure framework

The Provincial Treasury has developed and implemented a comprehensive and credible budget process. This budget process is intended to ensure that integrated planning, budget and reporting principles are observed. A key output relating to the successful implementation of the comprehensive budget process is the extent to which the provincial budget supports the key government priorities reflected earlier on as well as the other priorities mirrored in the 2010 Medium Term Budget Policy Statement (MTBPS).

Key activities relating to the 2010/11 Provincial Budget Process were the following:

- The 2010/11 Provincial Budget Process was endorsed by the EXCO during July 2010
- Infrastructure Review meeting were held on the 21 - 22 July 2010
- National Treasury July visits were held on the 29 – 30 July 2010
- Provincial MTEC Hearings were held on the 19 – 20 October 2010
- Provincial Revenue Bilaterals were held between the 03 – 04 November 2010
- Provincial Budget Lekgotla was held on 22 – 23 November 2010
- The 2010/11 Adjustment Budget was tabled on 26 November 2010
- Establishment of Provincial Budget Consultation Forum during November 2010
- National Treasury Infrastructure site visits were on 06-08 December 2010
- The tabling of the 2011 Provincial Budget on the 10th of March 2011

Furthermore, the province launched the second MTBPS 2010 on the 30th of November 2010 to the 1st of December 2010 which was attended by municipal LED officers, academics, and representatives from parastatals, public and private institutions. The launch, which was conducted in a form of a workshop, helped to share the government priorities with the relevant stakeholders. Added to the above the province produced Provincial Economic Review and Outlook for 2010 which extensively outline the provincial socio-economic environment; issues covered by the document include:

- The structure and performance of the Free State Economy
- Free State Computable General Equilibrium (CGE)
- The Free State Labour Market

As part of the annual budget process, the National Treasury visits provincial treasuries twice a year. The first visit was from 29th to 30th of July 2010. This exercise involves assessment of previous year's budget outcome, implementation of the current fiscal year and pressures facing the provincial budget. The following issues were discussed:

- The 2009/10 financial and performance outcomes of key provincial sectors;
- The 2010/11 specific performance issues relevant to each department, and the factors impacting on performance;
- The 2010/11 in-year revenue and expenditure pressures that may impact on the implementation of the provinces budget;
- Commitments made by Departments and possible remedial actions for consideration;
- Spending plans on rollover requests;
- 2009/10 audit outcomes;
- Vacancies in the departments;
- Evaluate progress made with regard to the implementation of projects and sector specific issues; and
- Discussions on conditional grants spending and donor funding.

The Provincial Medium Term Expenditure Committee hearings were held on 19th to 20th of October 2010. These hearings were chaired by the MEC for Finance and other Members of the Executive Council led the delegations of their respective departments. National Treasury also formed part of the hearings. The hearings focused on the following:

- The review of the 2009/10 financial year as reflected by the Annual Reports;
- Actual expenditure and projections for the 2010/11 financial year as on as at 31 July 2010;
- The 2010/11 Budget Allocations constraints and challenges in spending;
- Detailed discussion of performance in the sector specific areas including the progress made on the implementation of the funded sector priorities;
- Detailed discussions on the departments' requirements for the 2011 MTEF Period;
- Proposed changes to the programme structure, purpose and measurable objectives; and
- Reprioritization within the baseline and motivation for departmental bids.

Over and above the last mentioned issues the hearings were also intended to determine the extent to which the provincial departments give effect to the policy priorities as reflected in the 2010 Medium Term Budget Policy Statement (MTBPS) as well as other government priorities. The hearings provided a platform for a shared understanding between the provincial departments and the National and Provincial Treasuries on the key priorities underpinning each provincial departments' budget and the province as a whole.

The Free State Provincial Budget Lekgotla was held on the 22nd to 23rd of November 2010 in order to finalise budget allocations to departments for the 2011 MTEF period. The Premier and Members of the Executive Council, Accounting Officers, the Provincial Budget Office and Chief Financial Officers attended the Provincial Budget Lekgotla. The Provincial Budget Lekgotla assessed the 2010/11 provincial budget with special focus on the spending trends and progress made with regard to the implementation of funded sector specific priorities. The Provincial Treasury presented to the Lekgotla for consideration and inputs of the 2011 MTEF proposals and the rationale/assumptions behind the allocations. The Provincial Budget Lekgotla recommended and referred the proposal to the Executive Council for approval and endorsement. Following the recommendations by the Provincial Budget Lekgotla, the Executive Council approved the 2011 MTEF final allocations on the 2nd of March 2011 as there were outstanding issues on infrastructure that needed to be finalized.

In an effort to strengthen provincial own revenue collection processes and improve related processes as well as to ensure that provincial priorities are catered for, the Provincial Treasury, through the Fiscal Policy unit, provided technical and strategic support for institutional capacity to provincial departments responsible for revenue collection. The support included training on proper and effective management of revenue as well as improvement on the projections and revenue collection outlook.

In its endeavour to maximize revenue collections in the province, Treasury embarked on the following:

- Hosted various revenue bilateral meetings with the view to strengthen the province's capacity to collect and maximize the provincial own revenue.
- Assisted departments with the setting of revenue targets and development of revenue base for each department
- Enforced compliance with revenue policies, Revenue Guidelines; PFMA and Treasury Regulations through the implementing of Norms and Standards for own revenue

Provincial Treasury embarked on various activities with the view to ensure that infrastructure projects are executed effectively, on time and that value for money spent is derived. To ensure that the above is realized and that monitoring is done accordingly, Provincial Treasury visited various infrastructure sites. These site visits provides an opportune time for Treasury to track physical progress of various projects against the spending and set timeframe for individual projects. The visits were conducted on 60 sites on the following dates:

- 08th to 10th of June 2010
- 20th to 22nd of September 2010
- 04th to 06th of October 2010
- 06th to 08th of December 2010
- 03rd to 04th of March 2010

The participation of the Executive Council in the budget process and specifically their attendance of the Provincial MTEC hearings, Provincial Budget Lekgotla and Extended EXCO Lekgotla continue to enhance the process and remain critical for ensuring that the budget reflects both national and provincial priorities.

3. Socio-economic review and outlook

The world economy is steadily recovering from “the great recession”; however, the return to growth is both uneven and fragile. The two-speed recovery is marked by dynamic growth in emerging markets and an anemic performance in developed countries (more so the European Union members such as Greece, Spain and others that are facing the debt crisis). To counteract the effects of the recession, many countries deployed extraordinary fiscal and monetary policies to stimulate growth. These measures will have to be withdrawn carefully to prevent a relapse. In the case of South Africa the wrath of the recession was somewhat spared, and thus positive growth is anticipated, whilst inequality, poverty and unemployment still rears their ugly heads. The Free State is also plagued by these unrelenting imperfections in the economy, however, IHS Global Insight’s projections indicate that the province will soon be in a growth trajectory, having battled with the ills of “the great recession”.

In his 2011 State of the Nation Address, President of the Republic of South Africa, Honourable. Jacob Zuma outlined a programme of action, where he alluded that “We want to have a country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and vibrant economy and where the quality of life is high.” His sentiments were further encapsulated in this regard by the esteemed Minister of Finance, Honourable Pravin Gordhan, in his budget speech when he exclaimed that “This Budget reflects the collective determination of the Government to address with energy the challenges of creating jobs, reducing poverty, building infrastructure and expanding our economy. The Budget sets out a financial framework for implementing this vision, a framework that is sound and sustainable. It recognises that building South Africa is a multi-decade project that must invigorate our capacity to grow, and must include all South Africans in that growth.”

This section of the Estimates of the Provincial Expenditure 2011/12, serves as a key input into the development planning initiatives of both the Provincial and Local Government, in the quest to better the quality of life of the Free State populace, barring the resource constraints that plagues the province. In the developmental planning context and more so the developmental economy that South Africa tries to attain, it should be noted that pro-poor policies requires a steadfast and difficult political decisions to be undertaken, to see development to fruition, barring the consensus that it is a multi-decade project. Thus, these unwavering decisions should be backed by sound and in-depth understanding of the underlying issues and challenges; it will be difficult, for the government to conceive, design and implement credible, relevant and effective policy interventions, backed by sound financial framework without proper grasp of these unrelenting quagmires. What is encapsulated below is an analytical overview of the socio-economic conditions that prevailed over a period in the Free State province.

3.1 Free State Demographic Profile

In the South African fiscal decentralization context, the demographic profile of a province is of essential importance. As population related indicators carries the bulk of the weight in the weighted and nationally accepted revenue sharing model, (i.e. Provincial Equitable Share (PES)) formula, which was developed by the Fiscal and Financial Commission (FFC). The demographic profile is also crucial in the developmental planning context as the full understanding of the population dynamics is essential, with regard to the integrated planning for amenities such as schools, clinics, hospitals, housing. The understanding of the population dynamics also transcends to the analysis of what are currently topical issues at the moment that is job creation and unemployment and furthermore strategies to create jobs. Thus, knowledge and understanding through rigorous analysis of these indicators is necessary more so for efficient disbursement of limited resources.

Table 3.1: Population size, distribution and growth rate

| Region | Total Population | | | | | Percentage Share in 2010 | Growth rate 1996-2009 |
|---|------------------|------------------|------------------|------------------|------------------|--------------------------|-----------------------|
| | 1996 | 2001 | 2007 | 2009 | 2010 | | |
| South Africa | 41 780 470 | 45 145 618 | 47 210 388 | 48 547 167 | 49 991 300 | | 1.20% |
| Western Cape | 4 053 055 | 4 540 831 | 4 836 055 | 5 059 893 | 5 223 900 | 10.4 | 1.70% |
| Eastern Cape | 6 187 099 | 6 386 107 | 6 556 356 | 6 696 068 | 6 743 800 | 13.5 | 0.60% |
| Northern Cape | 981 090 | 1 035 204 | 1 083 969 | 1 128 799 | 1 103 900 | 2.2 | 1.10% |
| Free State | 2 659 535 | 2 790 242 | 2 844 191 | 2 847 410 | 2 824 500 | 5.7 | 0.50% |
| <i>Xhariep District Municipality</i> | 122 678 | 139 152 | 148 758 | 153 978 | 152 739 | 5.4 | 1.80% |
| <i>Motheo District Municipality</i> | 684 426 | 755 834 | 781 093 | 788 561 | 782 217 | 27.7 | 1.10% |
| <i>Lejweleputswa District Municipality</i> | 707 617 | 679 137 | 664 778 | 647 049 | 641 843 | 22.7 | -0.70% |
| <i>Thabo Mofutsanyana District Municipality</i> | 690 265 | 737 007 | 759 438 | 765 943 | 759 780 | 26.9 | 0.80% |
| <i>Fezile Dabi District Municipality</i> | 454 548 | 479 112 | 490 124 | 491 878 | 487 921 | 17.3 | 0.60% |
| KwaZulu-Natal | 8 847 061 | 9 559 759 | 9 953 795 | 10 180 409 | 10 645 400 | 21.3 | 1.10% |
| North-West | 3 019 084 | 3 233 346 | 3 368 096 | 3 452 261 | 3 200 900 | 6.4 | 1.00% |
| Gauteng | 8 227 355 | 9 187 557 | 9 741 632 | 10 030 161 | 11 191 700 | 22.4 | 1.50% |
| Mpumalanga | 3 143 918 | 3 442 199 | 3 614 903 | 3 733 647 | 3 617 600 | 7.2 | 1.30% |
| Limpopo | 4 662 272 | 4 970 373 | 5 211 587 | 5 418 850 | 5 439 600 | 10.9 | 1.20% |

Source: Stats SA 2010 Population Estimates, IHS Global Insight, 2011

The table above outlines the population sizes of South Africa and its nine provinces, and a glimpse in to the Free State District Municipalities population sizes, percentage share of the provincial population size and the population growth rates. Between 1996 and 2010, the South African population has increased in relative terms by 8.2 million, from 41 million to just about 50 million. Substantial increases were recorded in the Gauteng, Western Cape and Kwazulu-Natal province where the population grew by 36.0 per cent, 28.9 and 20.4 per cent, respectively. The Free State has also experienced a relatively subdued increase in population on a relative absolute terms, increased by 164 965 or 6.2 per cent, in the same period. According to the 2010 Statistics South Africa's population estimates, the province had a 5.7 percentage share of the total South African population. The provinces with the biggest share of the total population being Gauteng, Kwazulu-Natal and the Eastern Cape Provinces, with a share of 22.4 per cent, 21.3 per cent and 13.5 per cent share of the total populace.

In terms of the population growth rates, South Africa has had a very slow population growth rate of 1.2 per cent over the period 1996 to 2009. Whilst, only the Western Cape, Gauteng and Mpumalanga registered an above average (1.2 per cent) growth rate, with growth rates of 1.7 per cent, 1.5 per cent and 1.3 per cent, respectively. Free State province had the lowest of all growth rates in South Africa over the period, with a 0.5 per cent growth rate. This unimpressive population growth could be attributed to the declining fertility rates, with also an increase in the Adult mortality, increasing from 35.9 per cent in 2000 to 60.2 per cent in 2008, spelling a 67.7 per cent increase for female's mortality. Whilst, the Male mortality also increased from 49.3 per cent in 2000 to a staggering 69.1 per cent in 2008, thus an increase of 40.4 per cent, thus sending a stern warning to those in public policy planning to seek decisive intervention mechanisms to deal with the HIV/AIDS pandemic. The unimpressive growth rate has unwarranted consequences in that a 0.5 per cent growing population restricts the productive capacity and economic growth due to the smaller, younger and relatively inexperienced labour force. Meanwhile, within the province, the Lejweleputswa recorded a negative growth rate of 0.7 per cent, whilst the Xhariep District Municipality grew by an impressive 1.8 per cent, above that of the national.

Studying, the population dynamics within the Free State Province, that is in the context of race and the distribution across the different District Municipalities, within the province. We are able to deduce that the African population is on the majority with an 87.0 per cent of the total provincial population, with the white being second with a 9.6 per cent. Coloureds are in the third position in all other district

but the Xhariep were they are second after the African population, with a 16.4 per cent share of the district total population.

Table 3.2: 2009 Population by District Municipality and Racial groups

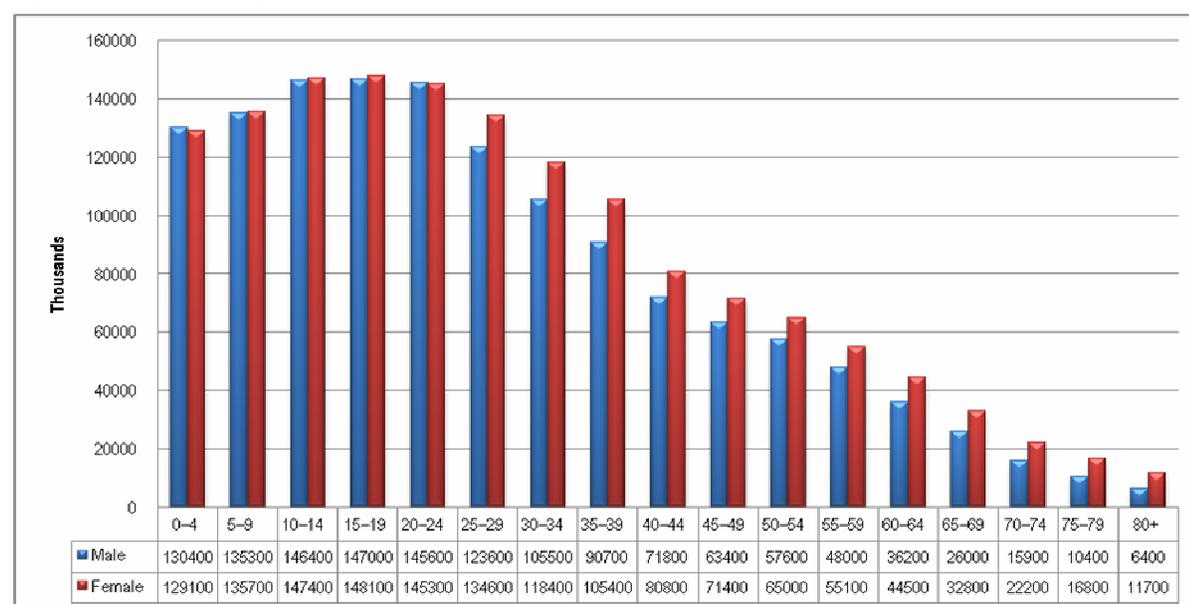
| | African | White | Coloured | Asian | Total | % |
|--|------------------|----------------|---------------|--------------|------------------|---------|
| Xhariep District Municipality | 112 531 | 16 169 | 25 206 | 73 | 153 978 | 5.40% |
| Motheo District Municipality | 649 851 | 99 467 | 37 265 | 1 978 | 788 561 | 27.70% |
| Lejweleputswa District Municipality | 577 687 | 54 545 | 14 032 | 785 | 647 049 | 22.70% |
| Thabo Mofutsanyana District Municipality | 724 131 | 36 197 | 3 782 | 1 833 | 765 943 | 26.90% |
| Fezile Dabi District Municipality | 414 141 | 67 880 | 9 120 | 738 | 491 878 | 17.30% |
| Free State | 2 478 340 | 274 257 | 89 404 | 5 407 | 2 847 409 | |
| Percentage | 87.00% | 9.60% | 3.10% | 0.20% | | 100.00% |

Source: IHS Global Insight, 2011

The table above indicates the number of persons in each district municipality by racial groupings. The Thabo Mofutsanyana is the largest in terms of the spatiality and it is also the second largest in terms of the population size within the province as it is a home to 26.9 per cent of the Free State population. With the Motheo District Municipality being the largest in terms of population with a 27.7 per cent share of the population, whilst in terms of size being relatively equal to the Lejweleputswa District Municipality. The District Municipality with the smallest population share being the Xhariep with 5.4 per cent, of the total population.

The Figure below indicates the provincial population distribution in terms of age and gender, as released in the 2010 Stats SA's population estimates. The Male and Female population mirrors almost exactly that of the national, with males accounting for 48.2 per cent of the total populace and females commanding a 51.8 per cent share of the Free State population. The working age component, that is those between the ages of 15 and 64 years, thus according to the Stats SA definition of the Labour Force of the populations commands 65.8 per cent, of the total population followed by those between the ages of 0 and 14, with a 29.2 per cent share of the total population.

Figure 3.1: Gender and Age Distribution



Source: Stats SA, 2010 Population Estimates

Figure 3.1 above also indicates that about 37.8 per cent of the provincial population is the youth cohorts, which are persons between the ages of 15 and 34 years. Between the years 1996 and 2009,

there has been a decline in the population of person below the age of 15, decreasing from 33.2 per cent in 1996 to 27.8 per cent in 2009, implying a 5.4 percentage point's decrease. This decline in the population in below 15, would spell a decline in proportion of school going age population in the province, thus will result in the decrease in the provincial education share declining in terms of the share of the provincial equitable share formula. Whilst for persons between the ages of 15 and 64, has increased by 3.9 percentage points, therefore exerting pressure on the already overburdened labour force, and also on the further education and training institutes. Also the over 65 year's population component has increased in the period, increasing by 1.1 percentage point, signifying the preference of people in retiring in the province, however, this could result in the increased utilization of the province's public health infrastructure and services, increased access to the social welfare services and accessing of social grants.

Table 3.3: Migration patterns by province

| Province-In 2006 | Province in 2011 | | | | | | | | | Out-Migration | In-migration | Net-Migration |
|------------------|------------------|------------|---------|---------------|---------|------------|---------------|------------|--------------|---------------|--------------|---------------|
| | Eastern Cape | Free State | Gauteng | KwaZulu-Natal | Limpopo | Mpumalanga | Northern Cape | North West | Western Cape | | | |
| Eastern Cape | - | 14 100 | 82 400 | 75 400 | 9 100 | 11 500 | 3 300 | 28 000 | 103 400 | 327 200 | 115 500 | -211 600 |
| Free State | 7 400 | - | 55 600 | 5 700 | 9 500 | 6 200 | 5 000 | 23 200 | 9 400 | 122 000 | 92 600 | -29 400 |
| Gauteng | 33 100 | 32 400 | - | 59 200 | 34 900 | 42 900 | 7 900 | 49 700 | 49 100 | 309 300 | 673 700 | 364 400 |
| KwaZulu-Natal | 18 700 | 8 600 | 118 200 | - | 6 300 | 17 200 | 1 800 | 7 900 | 17 300 | 196 100 | 197 900 | 1 800 |
| Limpopo | 3 500 | 5 300 | 165 700 | 5 500 | - | 26 300 | 800 | 25 500 | 4 800 | 237 400 | 96 300 | -141 000 |
| Mpumalanga | 6 400 | 3 900 | 99 800 | 15 300 | 16 900 | - | 5 200 | 11 500 | 5 800 | 164 900 | 120 700 | -44 200 |
| Northern Cape | 11 600 | 6 900 | 11 700 | 1 900 | 2 900 | 2 500 | - | 10 900 | 13 100 | 61 500 | 43 000 | -18 500 |
| North West | 4 800 | 15 400 | 100 000 | 21 600 | 12 100 | 10 600 | 9 300 | - | 3 300 | 177 100 | 161 000 | -16 000 |
| Western Cape | 30 100 | 6 000 | 40 300 | 13 300 | 4 500 | 3 500 | 9 600 | 4 300 | - | 111 500 | 206 100 | 94 600 |

Source: Stats SA 2010 Population Estimates,

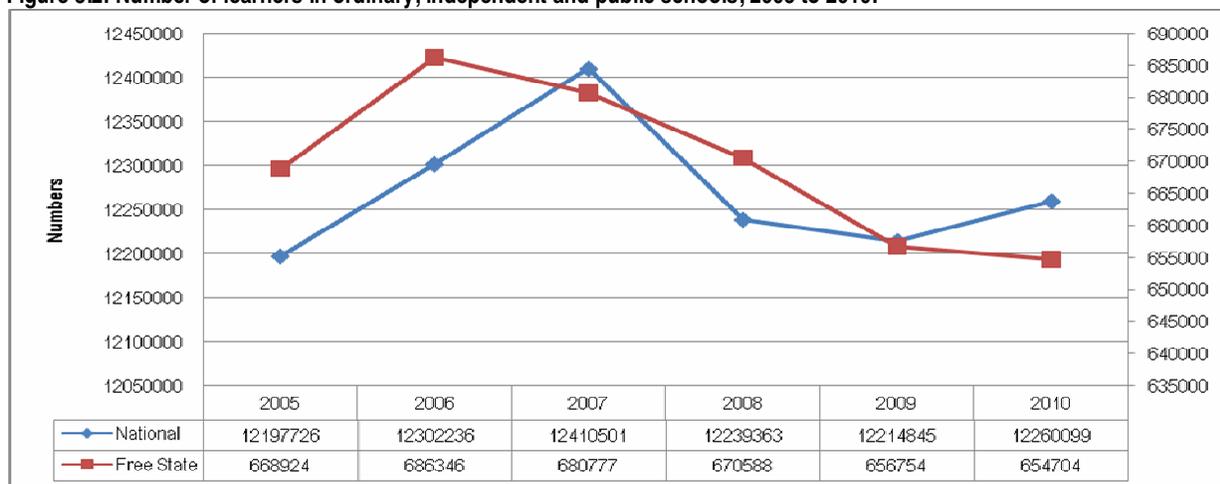
Another dimension in the demographic profiling of the provincial population is on the migration patterns thereof, studying the table 3.3 above it is clear that only Gauteng, the Western Cape and Kwazulu-Natal experienced a positive net migration. With Gauteng gaining about 364 400 migrants, whilst the Western Cape and Kwazulu-Natal gained 94 600 and 1 800 migrants, respectively. The Eastern Cape and Limpopo were the biggest net-migration losers, with 211 800 and 141 000, departing out of the respective province. The Free State also experienced a negative net migration, losing around 29 400 migrants to other provinces, that is from the province around 122 000 persons departed from the province to sought greener pastures elsewhere; whilst around 92 600 persons migrated to the province in search of better livelihood. With the highest profiteer of our migrant being Gauteng, with a 45.6 per cent of the total out-migrants, meanwhile the province also profited from the Gauteng out-migrants, making 35.0 per cent of the total in-migrants to the province.

3.2 Education

The Education sector plays a fundamental role for achieving many of the goals in the new growth path. General education must equip all South Africans to participate in the economy and higher education must be able to meet the needs of new developments. Free State is home to 5.8 per cent of all schools in South Africa in 2010, down from 7 per cent in 2006. There is a general decline in the number of schools in the province from 1807 in 2006 to 1494 in 2010, especially farm schools, which decreased from 46 per cent in 2006 to 35.5 per cent in 2010. However the province is still characterised by a large number of farm schools, with Fezile Dabi at 45.6 per cent, Thabo Mofutsanyane at 43.9 per cent, Lejweleputswa at 37.4 per cent, Xhariep at 27.7 per cent and Motheo with the least of farm schools at 15 per cent in 2010. The dominance of farm schools is diminishing rapidly as compared to previous years. The decline in farm schools together with the decreasing learner numbers (figure 3.2) had a favourable effect in learner school ratio (LSR) of 449, which was the third lowest below the National average of 483 in 2010. The province had the most favourable

learner educator ratio (LER) of 27.4. The declining learner numbers, coupled with the closure of many farm schools, create a need for learner accommodation in hostels and transportation of some learners to other viable schools within their vicinity especially for small children. Learner numbers in the province had continued their down turn from 686 346 in 2006 to 654 704 in 2010, as compared to national learner numbers which seemed to be stabilizing as depicted by figure 3.2.

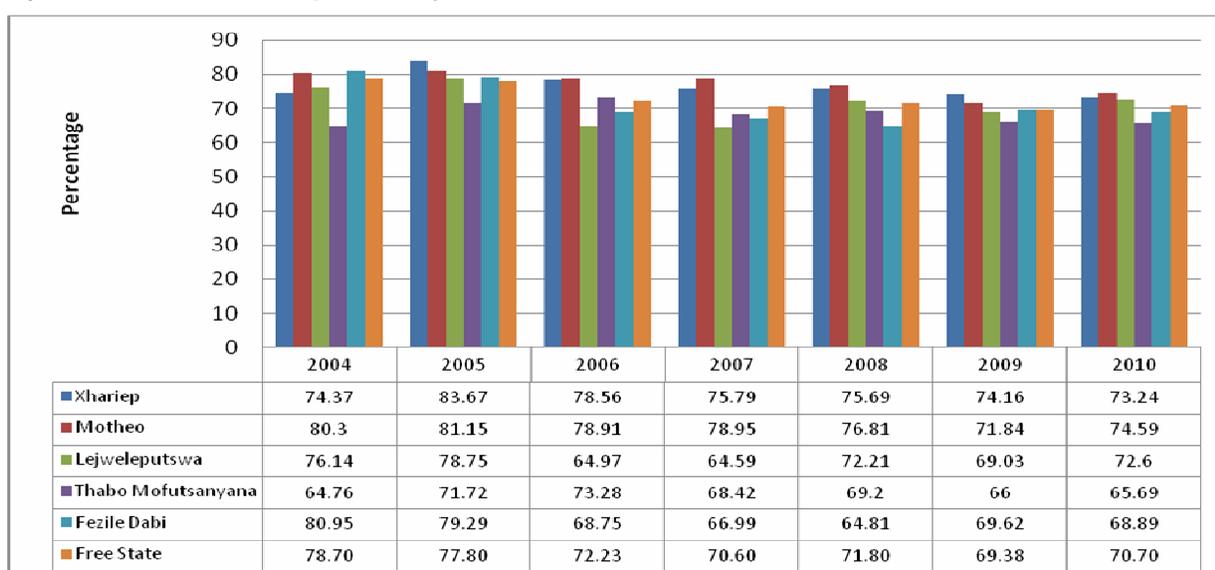
Figure 3.2: Number of learners in ordinary, independent and public schools, 2005 to 2010.



Source: Free State Department of Education and Basic Education Department, 2010.

An overview of all learners between the ages of 7 to 24 in the Free State who attended an educational institution between 2002 and 2009 shows that the proportion of these learners increased marginally from 74.7 per cent in 2002 to 76.4 per cent in 2007 and decreased to 74.8 per cent in 2009 (Stats SA, General Household survey, 2009). The majority of those who did not attend any institution cited the lack of money as the main reason for not attending an educational institution. The percentage of those aged 5 years and older who attended an educational institution of which they do not pay tuition fees increased from 1.2 per cent in 2002 to 66.3 per cent in 2009, which is the highest of all the provinces (Stats SA, General Household survey, 2009).

Figure 3.3: Free State Grade 12 pass rates by Districts, 2004 – 2010



Source: Free State Department of Education, 2011.

The observed trends with regard to the performance of the districts need to be highlighted. In 2009 and 2010 Thabo Mofutsanyane had the lowest grade 12 pass rates, 66 per cent and 65.69 per cent respectively, followed by Fezile Dabi at 68.89 per cent in 2010 which is a decrease from 69.62 per cent of 2009 results. Overall the province increased by 1.32 per cent from 2009 results to 70.7 per cent. The department has put in place The Action plan for 2014 which marks a fundamental shift in education planning from an input focused approach to an output focused approach on outcomes. The action plan is aimed towards the Realisation of Schooling 2025 with clear operational targets to improve learner attainment as early as the foundation phase.

3.3 Health

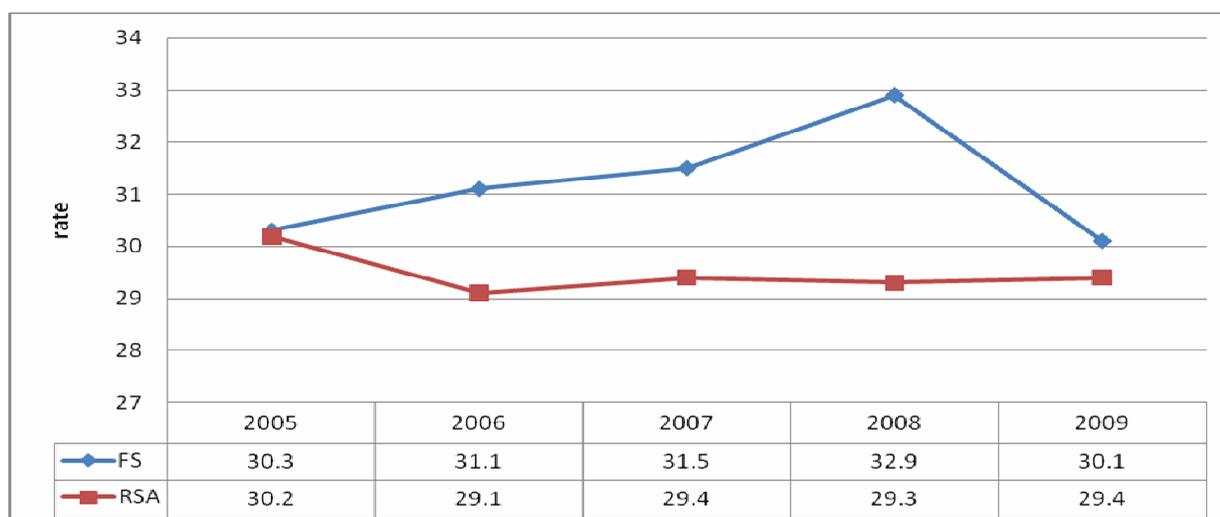
Priority seven (VII) of the Department of Health National Strategic Plan 10 Point Plan is to accelerate the implementation of the HIV/AIDS and Sexually Transmitted Infections National Strategic Plan 2007 – 11 and increase focus on TB and Communicable Diseases. In January 2010, the South African Government adopted a new outcome-based approach to accelerate attainment of the objectives in the MTSF 2009 – 2014. The Ministry of Health will pay particular attention to four key areas, viz: 1. Increasing life expectancy at birth; 2. Combating HIV/AIDS (National Antenatal Sentinel HIV and Syphilis, 2010).

South Africa continued to confront a quadruple burden of diseases, consisting of HIV/AIDS and tuberculosis (TB); high maternal and child mortality; non-communicable diseases; and violence and injuries. HIV/AIDS are a common denominator influencing the mortality rates of mothers and children, and also fuelling the TB epidemic (National Department of Health Annual Report, 2009/10).

Nationally, the health workforce has grown from 243 000 health workers in 2006 to 271 000 in 2009. The largest growth was in the nursing category. The goal of the health sector is to ensure a workforce with a steady and sustainable supply of appropriately trained, adequately qualified, well-remunerated and well-motivated professionals, providing good quality health care. The existence of such a workforce is crucial for the achievement of the four outcomes of the health sector for 2010–2014, namely: increasing life expectancy at birth; reducing maternal and child mortality rates; combating HIV/AIDS and TB; and strengthening the effectiveness of health systems (National Department of Health Annual Report, 2009/10).

In the Free State Province, the department of health faces ongoing service delivery challenges which need to be comprehensively addressed. The province faces high mortality rate of 299 per 100,000 live births. The less than 5 child mortality rate is 68.2 per 1000 and the infant mortality rate is 48.1 per 1000. The high prevalence of chronic infectious diseases like Tuberculosis and HIV/AIDS has significantly contributed to the increasing burden of disease increasing deaths in the province (FS Department of Health: Annual Report, 2009/10).

Figure 3.4: HIV prevalence rates, 2005-2009



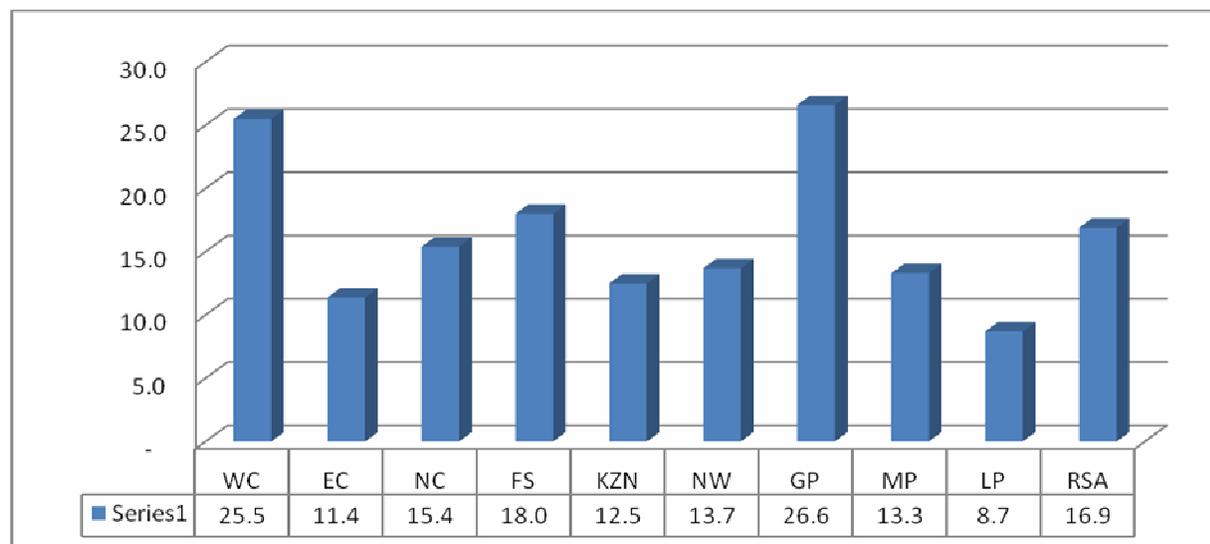
Source: The South African Department of Health Study, 2009.

From figure 3.4 above, the HIV prevalence rate has dropped from 30.3 per cent in 2005 to 30.1 per cent in 2009, a small 0.2 per cent drop, but still a significant improvement considering 2008 had a 32.9 per cent all time high. The prevalence rate is still above the national prevalence rate and this shows that Free State Department of Health still have a lot of work to do to combat this disease.

According to the National Antenatal Sentinel HIV and Syphilis (2010), in 2009 the Free State provincial HIV prevalence amongst 15 - 49 antenatal women was 30.1 per cent (95 per cent CI: 28.1 per cent – 32.1 per cent), which is a decrease of 2.8 per cent from the previous year. In 2009 only two out of the five districts in the Free State recorded prevalence above 30 per cent. All districts of the Free State province recorded a decrease in HIV prevalence. Fezile Dabi recorded a substantial decrease from 34.5 per cent in 2008 to 27.9 per cent in 2009 in 6.6 per cent, followed by Motheo with a decrease of almost 4 per cent, from 31.6 per cent in 2008 to 27.8 per cent in 2009, a decrease by 0.4 per cent from 33.8 per cent in 2008 to 33.4 in 2009 in Lejweleputswa. Xhariep HIV prevalence has decreased from 26.9 per cent in 2008 to 25.7 per cent in 2009 (National Antenatal Sentinel HIV and Syphilis, 2010).

According to Stats SA's General Household Survey (2009), nearly a quarter (24,3 per cent) of South African households have at least one member who belongs to a medical aid scheme. 16,9 per cent of individuals had medical aid scheme coverage in 2009. This is well above the 2002 levels and is better than in any previous year. Membership of medical aid schemes is severely skewed towards the white population group. 9 per cent of the African population, 21,4 per cent of the coloured population, 42,6 per cent of the Indian population and 74,4 per cent of the white population belonged to medical aid schemes in mid-2009 when the GHS was conducted. According to figure 3.5 below Free State population has medical coverage of 18.0 per cent and the province appears in the third place after Gauteng and Western Cape with 26.6 per cent and 25.5 per cent medical coverage respectively.

Figure 3.5: Membership medical coverage per province in 2009



Source: Stats SA General Household Survey, 2009

3.4 Poverty, Welfare and Access to Basic Services

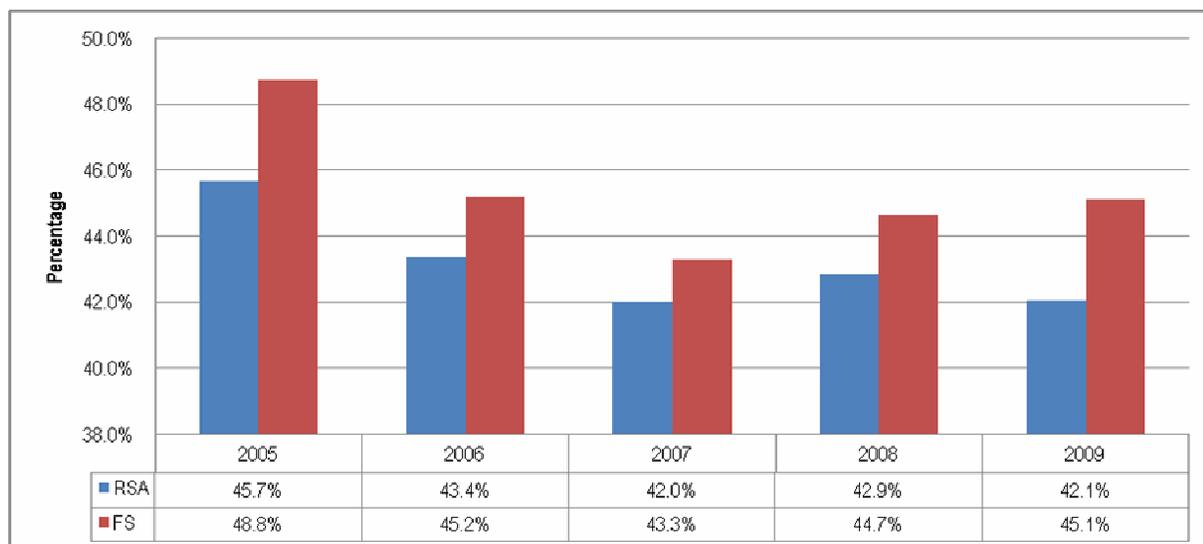
Poverty is a very desperate situation and people do not want to stay in poverty, thus poverty is a call to action both for the poor and the wealthy alike. It is a call to change the world so that many more people may have enough to eat, adequate shelter, access to education and health, protection from violence, and a voice in what happens in their communities. Eradicating poverty has been and still is the highest priority in government's effort to build a better life for all.

In South Africa, the National Labour and Economic Development Institute (2007), postulates that poverty is a result of an unequal distribution of resources, skills and income sources, and that it is further exacerbated by the gender and spatial dynamics, therefore, agreeing with the absolute approach to tackling poverty in South Africa.

The most widely used measure of poverty in the world is the poverty rate (i.e. the number of people living in poverty) and the other being the poverty gap, where the poverty gap measures the difference between each poor household's income and the poverty line. Which many researchers approve that it is the best measure of poverty, as it measures the depth of poverty in each poor household. Whereas, poverty rate as an indicator of poverty does not indicate the depth of poverty, such as, how deeply rooted is the scourge of poverty and how far the poor households are below the poverty income level¹ or the minimum living level. However, both these measures of poverty are geared at assessing poverty from a single dimension of poverty that is income poverty, and therefore neglecting the other important dimension or facet of poverty that is the assets poverty. Asset poverty relates to the access of basic services, in this section we shall also focus on the provision of these basic services, inter alia access to sanitation, water, electricity, and housing and refuse disposal.

¹ The minimum monthly income needed to sustain a household and keep its members out of poverty.

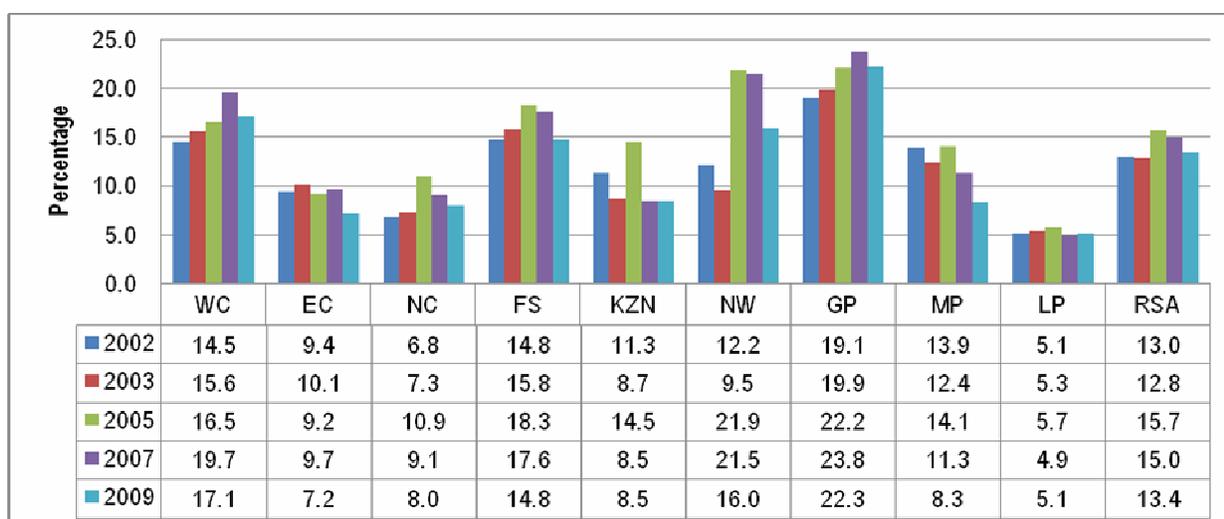
Figure 3.6: Percentage of people living in poverty, Free State and RSA, 2005-2009



Source: IHS Global Insight, 2010

According to figure 3.6, the overall percentage of people living in poverty in South Africa has declined from 45.7 per cent to 42.1 per cent between 2005 and 2009. For the same period, in the Free State the percentage of people living in poverty has declined from 48.8 per cent to 45.1 per cent. Linked to this decline, are the other improvements in terms of access to other basic social services such as housing, clean water, better sanitation, access to education and better health etc. Social grants on the other hand have proven to be vital source for poverty relief, but not adequate for poverty elimination. The number of grants recipients rose from 93,757 people in 1994 to 747 262 people in 2007 (SASSA). Wikipedia describes poverty as the lack of basic human needs such as clean water, nutrition, health care, education, clothing and proper shelter, because of the inability to afford them (this is being referred to as absolute poverty or destitution). Poverty rate on the other hand is defined as the minimum monthly income needed to sustain a household and varies according to household size, the larger the household the larger the income required to keep its members out of poverty.

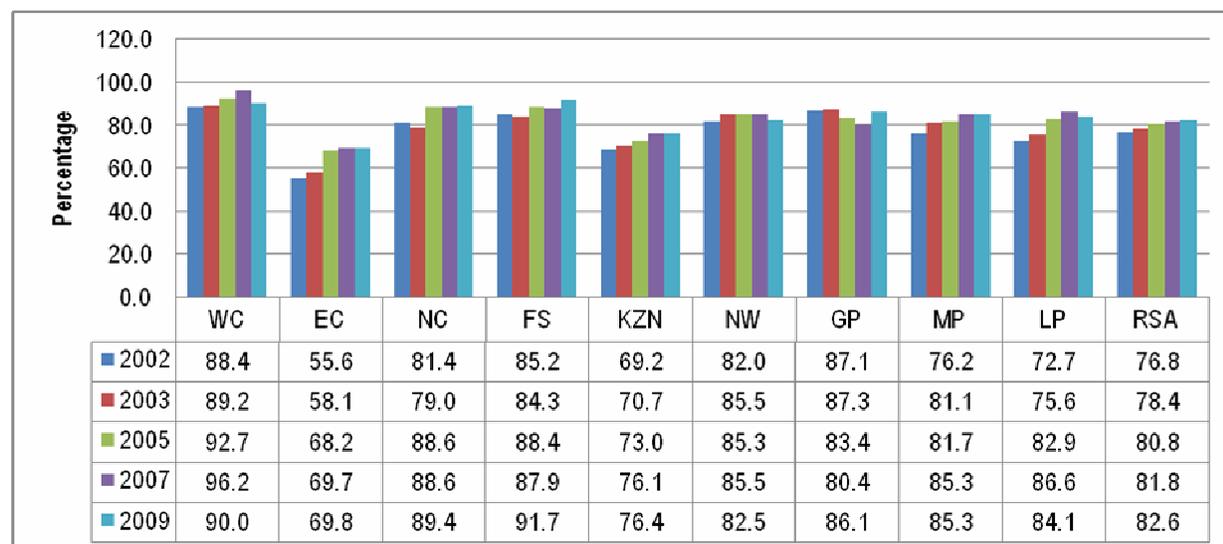
Figure 3.7: Percentage of households living in informal dwellings per province, 2003-2009



Source: Stats SA, GHS, 2009

The percentage people living in informal dwellings nationally has increased slightly by a mere 0.4 per cent which is regarded as statistically insignificant. Even though there were some annual fluctuations, the percentage of people living in informal dwellings in the Free State remained the same in 2002 and 2009, however declined by 2.8 per cent from 2007 to 2009.

Figure 3.8: Percentage of households connected to the mains electricity supply by province, 2002-2009



Source: Stats SA, GHS 2009

Nationally, the percentage of households connected to the mains electricity continued to increase from 76.8 per cent in 2002 to 82.6 per cent in 2009, representing an increase of 5.8 per cent. Free State experienced an increase of 6.5 per cent in the households connected to the mains electricity for the said period. Even though the upward trend has been smooth in many provinces, connectivity actually decreased in the Western Cape and Limpopo between 2007 and 2009. The increase in the percentage of households connected to the mains electricity could be the indication of an ongoing implementation of the electricity sector policy reforms in South Africa with a specific emphasis on domestic electricity provision especially for the poor

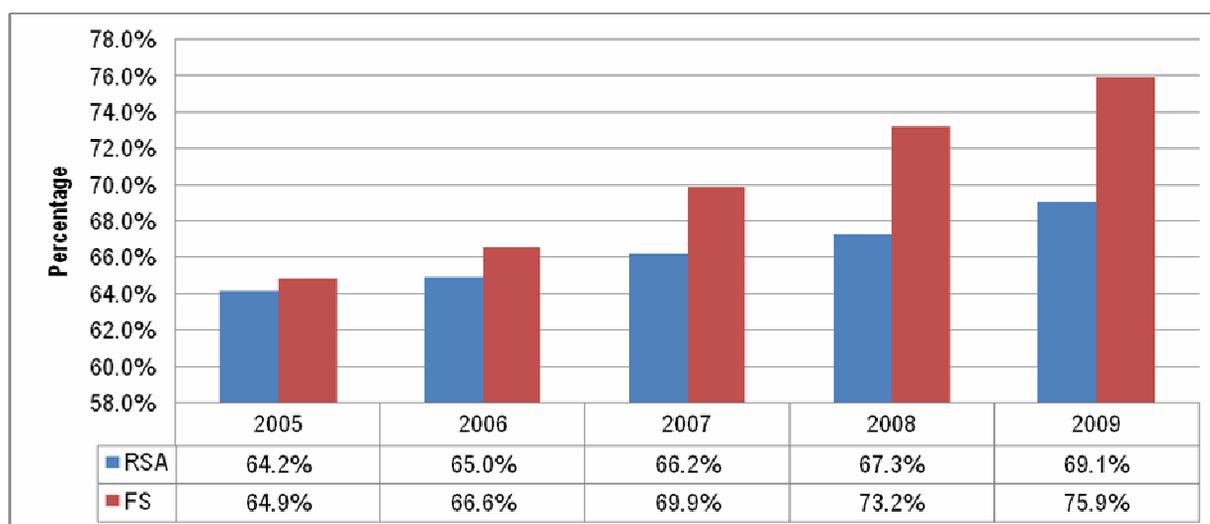
Table 3.4: Free State number of households by level of access to water, 2005-2009

| | Piped water inside dwelling | Piped water in yard | Communal piped water: less than 200m from dwelling | Communal piped water: more than 200m from dwelling | No formal piped water | Total |
|------|-----------------------------|---------------------|--|--|-----------------------|---------|
| 2005 | 277,211 | 390,461 | 51,117 | 65,315 | 24,494 | 808,598 |
| 2006 | 310,602 | 385,560 | 41,408 | 58,401 | 23,029 | 819,001 |
| 2007 | 365,341 | 361,184 | 33,686 | 44,994 | 20,994 | 826,200 |
| 2008 | 407,429 | 347,011 | 26,732 | 31,780 | 19,097 | 832,049 |
| 2009 | 433,372 | 341,445 | 19,628 | 22,930 | 18,658 | 836,033 |

Source: IHS Global Insight, 2010

From table 3.4, we realize that there has been a significant increase in the number of households with piped water inside dwelling in the province between 2005 and 2009. On the other hand there was a decrease in the number of households with communal piped water and no formal piped water between 2005 and 2009 in the Free State. This shows the government success in fighting the lack of access to basic services such as clean water, better sanitation, etc.

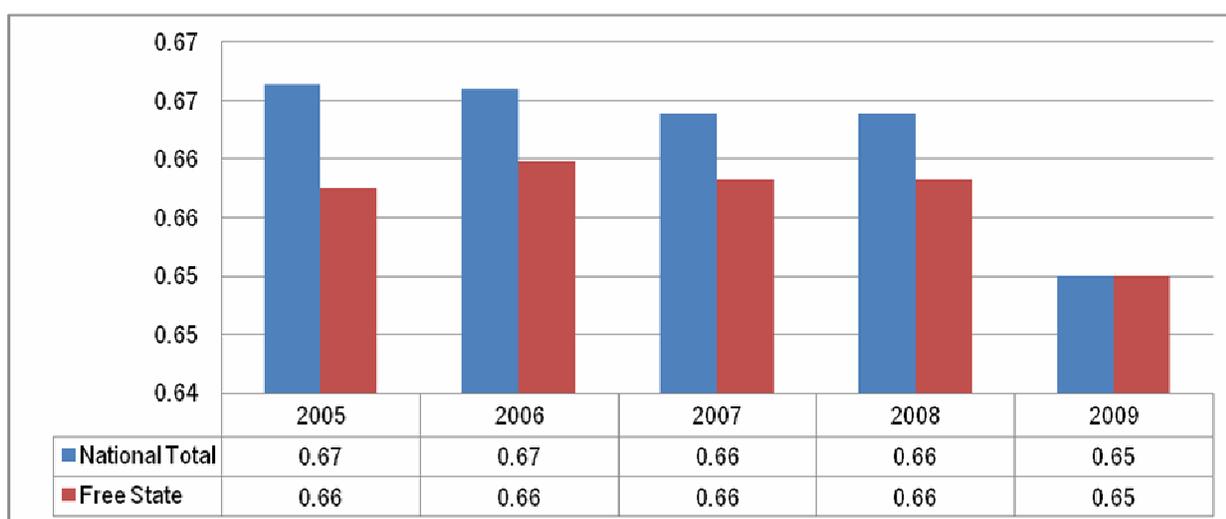
Figure 3.9: Percentage of households with hygienic toilets for South Africa and Free State, 2005-2009



Source: IHS Global Insight, 2010

Figure 3.9 above shows that there has been an increase in the percentage of households with hygienic toilets nationally and in the Free State. Free State has experienced a significant increase of 11.0 per cent between 2005 and 2009 which indicates an increase of 2.2 per cent per year for the said period. Looking at the bucket toilet system, Free State has experienced a decline in the percentage of people using bucket toilet system for the period under review.

Figure 3.10: Gini-coefficient, Free State compared to South Africa, 2005-2009

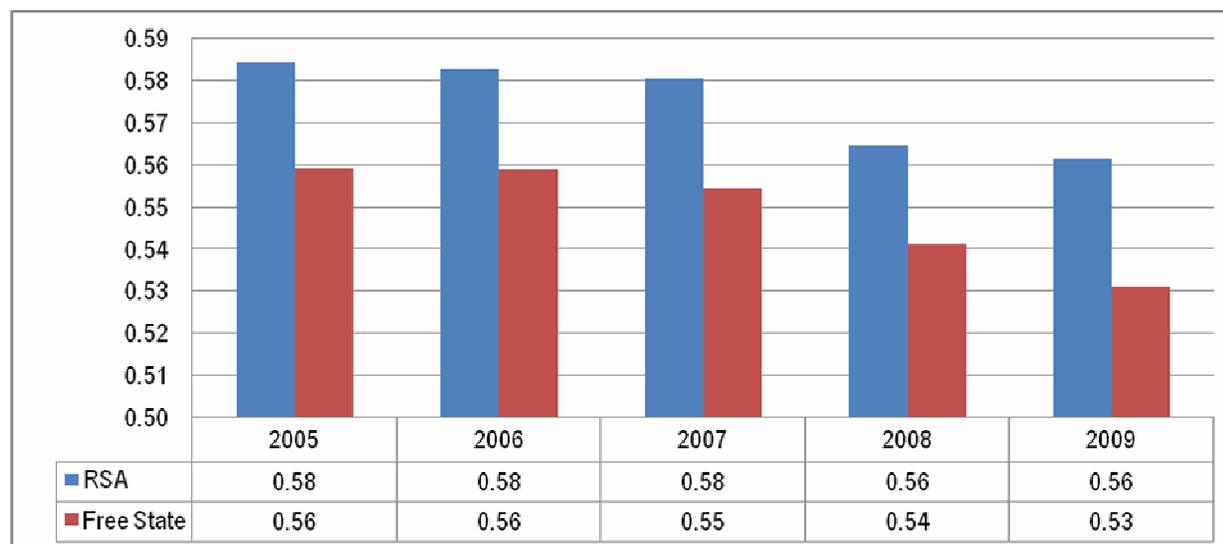


Source: IHS Global Insight, 2010

The Gini coefficient is a summary statistic of income inequality, which varies from 0 (this means perfect equality where all households earn equal income) to 1 (in this case where one household earns all the income and other households earn nothing). In simple terms we can say Gini coefficient is a number between zero and one that is used to measure inequality. A comparison in the equality of the distribution of income as measured by the Gini coefficient between the Free State and South Africa confirms that inequality has stayed almost the same from 2005 to 2009, averaging 0.66 for both Free State and South Africa.

On the other hand Development Index (HDI) broadly defined as a composite, relative index that attempts to quantify the extend of human development of a community, it is seen as a measure of the quality of life. For example it measures the people's ability to live long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to obtain a decent living. The same with Gini coefficient, the HDI can assume a maximum level of 1 (indicating a high level of human development) and a minimum value of 0 (indicating the lowest level of human development).

Figure 3.11: Human Development Index for South Africa and Free State, 2005-2009



Source: IHS Global Insight, 2010

Figure 3.11 above shows that in terms of the HDI, both Free State and South Africa are of medium development, though Free State's HDI lies below the national average. And both rates have declined by 0.02 for South Africa from 2005 to 2009 and 0.03 for Free State for the same period.

The Free State province has over the period reviewed experienced battles and victories. In assessing the income and expenditure measures of poverty, the province's poverty rate has through the period being above the national average over the measures. The percentage of people living in poverty in the Free State between 2005 and 2009 had decreased slightly by 3.7 per cent from 48.8 per cent to 45.1 per cent. With regard to the access of basic services the province has done remarkably well, with households with electricity being at 91.7 per cent in 2009, the highest from all other provinces and households with access to water had also increased.

Also the percentage of people or households living in informal dwellings declined from 17.6 per cent in 2007 to 14.8 per cent in 2009. On the issue of the provincial Gini coefficient, the province's and the National Gini coefficient averaged 0.66 between 2005 and 2009. The provincial HDI has for the period reviewed remained fairly stable at an average of 0.55. With regard to the number of provincial grant recipients, the figure stood at 785,887 (which is 27.1 per cent of the provincial total population) for all types of grants, in June 2009 (SASSA, fact sheet 2009).

3.5 Free State Labour Market

There is a substantial renewed interest in the dynamics of labour markets in the county lately, this is largely due to several government's proclamations of major initiatives aimed at improving the functioning and conditions of the labour market. These includes the President's recent announcement of several initiatives to boost job creation in the country, including amongst others the setting up of a R9-billion jobs fund, increasing funding for small businesses, and spending on skills, rural

development and industrial support as well as the adoption of the New Growth Path (NGP), paralled with the Expanded Public Works Programme (EPWP) phase II, the South African government aims to make bold attempt at creating 5 million jobs over the next ten years. One other issue that has revamped interest in the South African labour market is the four Labour Bills which are seen in some quarters as the most contentious pieces of legislation facing the country at this point in time.

The Finance Minister presenting his 2011/12 Budget Speech in Parliament, further announced that the R9-billion jobs fund would co-finance innovative public and private-sector employment projects over the next three years. Added to this, 20-billion in tax incentives have been renewed for manufacturing investments, with a focus on investments that have job-creation potential. Small enterprise development initiatives will be strengthened, including a focus on employment creation activities by the National Youth Development Agency. The minister was also cited saying that, about R150-billion had been set aside over the next three years to help create more jobs in the country, this may indicate the extend of how government is taking unemployment as a serious problem in South Africa.

This section presents a brief analysis of the latest developments and conditions in Free State's provincial labour market, providing both a brief historical review and a where possible forward projection or outlook on employment, unemployment, characteristics of the labour force and economically inactive persons.

3.5.1 Provincial Labour Market Trends

Recent labour market trends from the Quarterly Labour Force Survey (P0211 4th Quarter 2010) indicates that in the fourth quarter of 2010, whilst the province's population of working age growth remained virtually unchanged from 1,860.000 in the 3rd quarter (See Table 3.5 below) to 1,863.000 (0.2 per cent change) in the 4th quarter; the province experienced about 14 000 reduction in its labour force (which represents the supply of labour in the economy) from 1,091.000 to 1,077.000, which was a 1.3 per cent fall of the provincial labour force.

However, over a year-on-year period (4th quarter 2009 to 4th quarter 2010), both provincial population of working age and labour force recorded positive growth rates of 0.2 per cent (14 000) and 2.8 per cent (21 000) respectively.

Table 3.5: Free State's Labour Force Characteristics

| | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Qtr-to-qtr | Year-on-year | Qrt-to-Qrt | Year-on-year |
|--|----------|----------|----------|----------|----------|------------|--------------|------------|--------------|
| | 2009 | 2010 | 2010 | 2010 | 2010 | change | change | change | change |
| | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Percent | Percent |
| Population 15-64 yrs | 1 849 | 1 853 | 1 856 | 1 860 | 1 863 | 3 | 14 | 0,2 | 0,8 |
| Labour Force | 1 056 | 1 054 | 1 078 | 1 091 | 1 077 | -14 | 21 | -1,3 | 2,0 |
| Employed | 791 | 770 | 778 | 768 | 785 | 17 | -6 | 2,2 | -0,8 |
| Unemployed | 265 | 284 | 300 | 322 | 292 | -30 | 27 | -9,3 | 10,2 |
| Not economically active | 793 | 798 | 778 | 769 | 787 | 18 | -6 | 2,3 | -0,8 |
| Discouraged work-seekers | 99 | 101 | 85 | 85 | 82 | -3 | -17 | -3,5 | -17,2 |
| Other | 695 | 698 | 692 | 684 | 705 | 21 | 10 | 3,1 | 1,4 |
| Rates(%) | | | | | | | | | |
| Unemployment rate | 25,1 | 26,9 | 27,8 | 29,5 | 27,1 | -2,4 | 2,0 | | |
| Employed / population ratio (Absorption) | 42,8 | 41,6 | 41,9 | 41,3 | 42,1 | 0,8 | -0,7 | | |
| Labour force participation rate | 57,1 | 56,9 | 58,1 | 58,6 | 57,8 | -0,8 | 0,7 | | |

Source: Stats SA, Quarterly Labour Force Survey, 4th Quarter 2010

The province saw some recovery in its labour market in the fourth quarter, It recorded some positive growth in terms of its employment. The province had a 17 000 increase in employment from the 3rd quarter's 768 000 to the 4th quarter's 785 000, which is a 2.21 per cent increase in the number of employed people in the province. The year-on-year comparisons (Q4:2009 and Q4:2010) show that there was an annual decrease of -0,8 per cent (6 000) in employment.

Turning to unemployment, although the province still faces a critical challenge of high unemployment. The fourth quarter of 2010 saw some significant recovery in the number of unemployed people, the number of unemployed people fell by 30,000 over the quarter to reach 292 000 from 322 000 in the 3rd quarter, a 9.3 per cent decrease. However, a year-on-year comparisons reflect that the province gain about 27 000 people in the pool of those already unemployed.

The number of people not economically active increased substantially over the short period, from 769 000 to 787 000 between the 3rd and 4th quarter 2010, around 18 000 (or 2.3 per cent) additional people were recorded as not being economically active in the province. This has serious implications for current and future government expenditure, because of the increase in social welfare demands. The year-on-year changes indicate that there was an overall decrease in the number of economically inactive persons (6000 or -8,0 per cent).

The number of discouraged work-seekers in the province has been on the decline both over the short and medium term, in the short-term they decreased by 3 000 whilst over a medium-term by 17 000 or by 3.5 per cent and 17.2 per cent respectively. This may suggest a gain of confidence in a larger part of the provincial labour market in finding employment.

According to the Statistics South Africa, the unemployment rate in the Free State shrank by 2.4 percentage points to 27.1 per cent in fourth quarter of 2010 from 29.5 per cent in the 3rd quarter. This was after three consecutive quarters of positive growth in unemployment rate from 26.9 per cent in the 1st quarter to 29.5 per cent in the 3rd quarter of 2010. However, for the entire year unemployment increased by 2.0 percentage point in the province

The labour absorption rate (the share of the population with employment) is around 64 per cent internationally, but only 41 per cent in South Africa. The province's absorption rate has also been emulating that of national, it marginally increased from 41.3 per cent to 42.1 per cent between the 3rd quarter of 2009 and 4th quarter 2010.

3.5.2 Provincial Employment Trends

Table 3.6: Employment by industry, Free State

| | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Qtr-to-qtr | Year-on-year | Qrt-to-Qrt | Year-on-year |
|-------------------------------|----------|----------|----------|----------|----------|------------|--------------|------------|--------------|
| | 2009 | 2010 | 2010 | 2010 | 2010 | change | change | change | change |
| | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Percent | Percent |
| Agriculture | 75 | 75 | 75 | 67 | 64 | -3 | -11 | -4.5 | -14.7 |
| Mining | 38 | 34 | 31 | 32 | 29 | -3 | -9 | -9.4 | -23.7 |
| Manufacturing | 80 | 71 | 71 | 66 | 62 | -4 | -18 | -6.1 | -22.5 |
| Utilities | 4 | 4 | 6 | 3 | 4 | 1 | 0 | 33.3 | 0.0 |
| Construction | 58 | 47 | 50 | 51 | 54 | 3 | -4 | 5.9 | -6.9 |
| Trade | 171 | 161 | 166 | 181 | 169 | -12 | -2 | -6.6 | -1.2 |
| Transport | 45 | 46 | 45 | 33 | 37 | 4 | -8 | 12.1 | -17.8 |
| Finance | 55 | 58 | 68 | 73 | 83 | 10 | 28 | 13.7 | 50.9 |
| Community and social services | 168 | 188 | 178 | 173 | 191 | 18 | 23 | 10.4 | 13.7 |
| Private Households | 97 | 86 | 90 | 89 | 91 | 2 | -6 | 2.2 | -6.2 |

Source: Stats SA, Quarterly Labour Force Survey, 4th Quarter 2010

Table 3.6 above indicates that between the third and fourth quarter last year, most industries lost jobs in the province while others created some minor jobs, resulting in a net gain of 16 000 jobs across all provincial industries. Most of the job gains were in Community and social services, which accounted for 18 000 or 10.4 per cent growth of the job gains, it was followed by Finance with 10 000 job gains or 13.7 per cent employment growth. Job losses were mostly observed in Trade (12 000), Manufacturing (4 000), Agriculture (3 000) and Mining (3 000).

The year-on-year comparisons show that job losses were experienced in all industries except in Finance and Community and Social services, whilst Utilities remain virtually constant. The industry that experienced the most job losses was Manufacturing which is rather unfortunate for the province as this is one of the key sectors widely believed to have a high potential to archive much needed large-scale job creation; at a national level the target set for this sector is 350 000 jobs by 2020 through The Industrial Policy Action Plan.

3.6 Free State Economic Performance

The overall economic structure of the Free State has transformed from a primary economy to a tertiary-industry driven economy. The contribution of the primary sector fell from 17.1 per cent in 2000 to 12.8 per cent in 2009, a decline of around 4.3 per cent, whilst the tertiary sector's relative contribution increased by 4.5 per cent from 64.5 per cent to 69.0 per cent during the same period. The largest industry in the Free State provincial economy between 2000 and 2009 was finance, real estate & business (17.9 per cent), followed by general government services (15.1 per cent), and manufacturing (13.3 per cent), while the smallest industries were construction (1.8 per cent) electricity & water (3.0 per cent), and agriculture, forestry & fishing (4.2 per cent). It is important to note that mining, even though it is on the decline (from contributing 11.4 per cent in 2000 to 8.8 per cent in 2009), is still one of the dominant sectors in the province (in fact, gold mining is the largest sector in the province) and thus continues to play a crucial role in efforts to accelerate economic growth and address some of the socio-economic ills faced by the province. All in all, table 3.7 confirms the assertion that the provincial economy is becoming less and less reliant on the primary industries as was the case historically and more reliant on the tertiary industries.

Table 3.7: GVA by industry (constant 2005 prices), 2000 – 2009

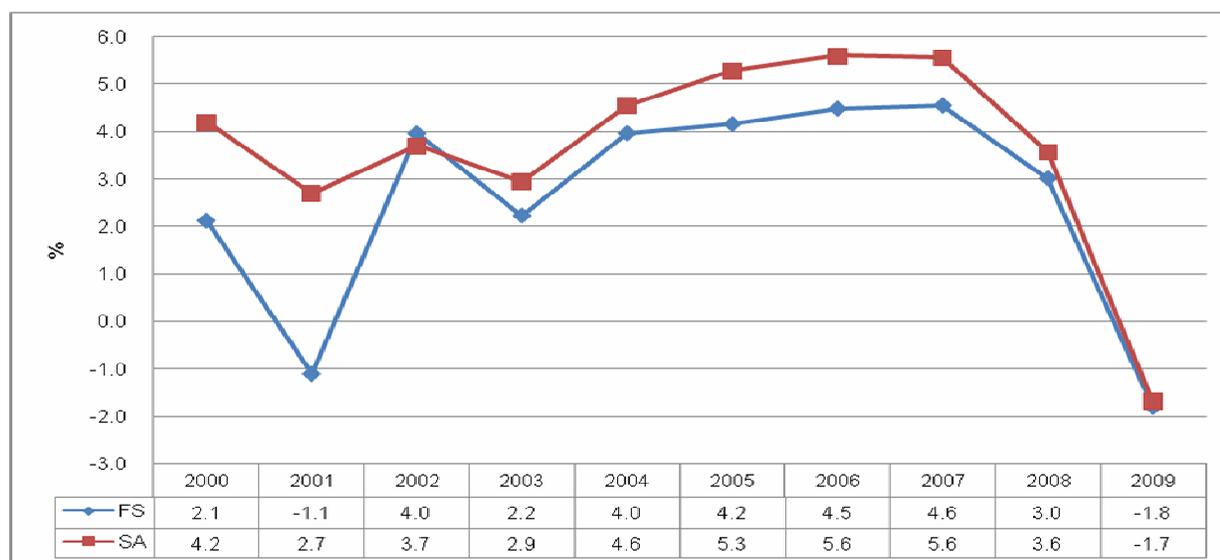
| Industry | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Primary Industries | 17.10% | 15.00% | 16.40% | 16.20% | 15.80% | 16.00% | 14.30% | 13.60% | 13.10% | 12.80% |
| Agriculture, forestry and fishing | 5.60% | 4.80% | 4.60% | 4.20% | 4.00% | 4.10% | 3.50% | 3.40% | 4.10% | 3.90% |
| Mining and quarrying | 11.40% | 10.20% | 11.80% | 12.00% | 11.80% | 11.90% | 10.80% | 10.10% | 9.10% | 8.80% |
| Secondary Industries | 18.60% | 19.10% | 18.70% | 18.30% | 18.40% | 18.40% | 18.80% | 18.90% | 18.70% | 18.30% |
| Manufacturing | 13.80% | 14.30% | 14.10% | 13.60% | 13.70% | 13.60% | 14.00% | 14.00% | 13.80% | 13.30% |
| Electricity, gas and water | 3.10% | 3.00% | 3.00% | 3.00% | 3.10% | 3.10% | 3.10% | 3.10% | 2.90% | 2.90% |
| Construction | 1.60% | 1.80% | 1.60% | 1.60% | 1.70% | 1.70% | 1.70% | 1.90% | 2.00% | 2.10% |
| Tertiary industries | 64.50% | 66.00% | 65.00% | 65.50% | 65.80% | 65.50% | 66.90% | 67.50% | 68.20% | 69.00% |
| Wholesale, retail, motor trade and accommodation | 12.50% | 11.60% | 11.50% | 11.60% | 11.80% | 11.70% | 11.90% | 11.80% | 11.50% | 11.10% |
| Transport, storage and communication | 8.60% | 9.00% | 9.10% | 9.10% | 8.90% | 8.90% | 9.00% | 9.10% | 9.10% | 9.30% |
| Finance, real estate and business services | 15.40% | 17.00% | 16.90% | 16.80% | 17.50% | 17.70% | 18.60% | 19.20% | 19.90% | 19.90% |
| Personal services | 12.40% | 12.80% | 12.60% | 12.90% | 12.70% | 12.50% | 12.70% | 12.80% | 12.80% | 13.00% |
| General government services | 15.60% | 15.60% | 15.00% | 15.10% | 14.90% | 14.80% | 14.70% | 14.60% | 14.70% | 15.60% |

Source: Stats SA, Gross Domestic Product, Third Quarter 2010

The analysis that follows will use GDP as a measure of the performance of the provincial economy. The recent performance of the Free State economy can be divided into two phases; the first phase being between 1997 and 2002, and the second between 2003 and 2009. For the period 1997 to 2002 the Free State economy averaged a mere 1.1 per cent. During that period the province registered negative growth in 1998 (-3.8 per cent) and 2001 (-1.1 per cent). On the other hand, for the period 2003 to 2009 the provincial economy grew reasonably well, averaging 3.0 per cent; excluding 2009 the average was 3.8 per cent. Since 1997, the provincial economy has experienced negative growth on three occasions; the first being in 1998 which was mainly due to the Asian crises which filtered through to other emerging and developing economies, the second was in 2001 caused mainly by the depreciation of the rand which had a negative impact on the mining sector which makes a large

contributions to the provincial economy, and lastly it was in 2009 as a result of the global economic downturn started by the financial crises in the developed economies.

Figure 3.12: South Africa and Free State GDP growth (constant 2005 prices), 2000 - 2009



Source: Stats SA, Gross Domestic Product, Third Quarter 2010

As illustrated in figure 3.12, over the past ten years (2000 to 2009) the Free State economy grew by 2.6 per cent on average compared to the national average of 3.6 per cent. Throughout the period under review, the provincial economy trailed the national economy except for the year 2002. Barring 2009, both the provincial and national economies performed significantly better, averaging 3.1 per cent and 4.2 per cent respectively. Growth was halted by the global financial crisis which plunged the national and provincial economy into a recession in 2009 when the province registered negative growth for the first time since 2001 as the national economy entered its first recession in seventeen years.

Table 3.8: Free State GDP growth by sector (constant 2005 prices), 2000 – 2009

| Industry | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|------------|--------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| Primary Industries | 0.5 | -12.8 | 14 | 1.2 | 1.4 | 5.5 | -7 | -1 | -0.3 | -4.1 |
| Agriculture, forestry and fishing | 23.1 | -15.1 | -0.4 | -7.3 | 0.5 | 5.2 | -9.8 | 1.5 | 21.9 | -4.4 |
| Mining and quarrying | -7.9 | -11.7 | 20.8 | 4.5 | 1.7 | 5.6 | -6 | -1.9 | -7.8 | -4 |
| Secondary Industries | 5.4 | 1.8 | 2.1 | 0.2 | 4.8 | 4.1 | 6.2 | 5.2 | 1.7 | -3.8 |
| Manufacturing | 8.7 | 2 | 3.1 | -0.9 | 4 | 3.9 | 6.9 | 4.3 | 2.1 | -5.4 |
| Electricity, gas and water | 0.8 | -2.9 | 3.5 | 2.1 | 7.8 | 4.4 | 3 | 3.3 | -3.6 | -1.3 |
| Construction | -9.3 | 8.8 | -8.6 | 6 | 6.6 | 5.2 | 6.1 | 15.7 | 7.3 | 3.7 |
| Tertiary industries | 1.8 | 1.4 | 2.8 | 3.2 | 4.2 | 3.7 | 6.2 | 5.5 | 4.1 | -0.4 |
| Wholesale, retail, motor trade and accommodation | 5.4 | -7.8 | 3.4 | 3 | 5.4 | 3 | 6.1 | 4.1 | 0.5 | -5.3 |
| Transport, storage and communication | 6.1 | 3.5 | 5.7 | 2.2 | 2.4 | 3.4 | 5 | 5.8 | 3.8 | 0.3 |
| Finance, real estate and business services | -2.3 | 9.5 | 3.4 | 2.2 | 7.9 | 5.1 | 9.8 | 7.6 | 7.1 | -1.4 |
| Personal services | 4.8 | 2.2 | 2.5 | 5.5 | 1.8 | 3 | 5.1 | 5.3 | 3.7 | -0.1 |
| General government services | -1.5 | -1.2 | 0.3 | 3.4 | 2.4 | 3.3 | 3.5 | 4 | 3.8 | 4.2 |
| All industries at basic prices | 2.4 | -1 | 4.4 | 2.3 | 3.9 | 4 | 4.1 | 4.5 | 3.1 | -1.5 |
| Taxes less subsidies on products | -0.1 | -2.2 | 1 | 1.5 | 4.8 | 5.2 | 8 | 4.7 | 2.6 | -4.2 |
| GDPR at market prices | 2.1 | -1.1 | 4.1 | 2.2 | 4 | 4.2 | 4.5 | 4.6 | 3 | -1.8 |

Source: Stats SA, Gross Domestic Product, Third Quarter 2010

According to Stats SA (2010), the provincial economy grew by -1.8 per cent in 2009, during which only general government services (4.2 per cent growth), construction (3.7 per cent growth), and

transport (0.3 per cent growth) grew positively. The growth was largely due to the government's EPWP projects and the preparations for the 2010 FIFA Soccer World Cup. The worst performing industries were manufacturing and wholesale & retail trade, with a negative growth of -5.4 per cent and -5.3 per cent respectively. Considering that these two industries together contribute almost a quarter to the provincial output, this poor showing had a major negative effect on the overall provincial economic performance. In practical terms, actual output in the provincial economy declined, prompting a decline in employment and a worsening in poverty.

Table 3.9: Outlook of the Free State economy, 2010-2014

| Indicator | 2009 | Average 1996-2009 | 2010 (forecast) | 2011 (forecast) | 2012 (forecast) | 2013 (forecast) | 2014 (forecast) | Average 2009-2014 |
|-------------------------------------|---------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| GDPR (R million, constant prices) | 90 413 | 77 304 | 92 015 | 94 598 | 97 477 | 100 715 | 104 373 | 96 598 |
| Real GDP % growth | -1.40% | 2.10% | 1.80% | 2.80% | 3.00% | 3.30% | 3.60% | 2.90% |
| GDPR by sector (real change) | | | | | | | | |
| Agriculture | -3.20% | -0.70% | 2.50% | 2.70% | 3.30% | 3.50% | 3.70% | 3.10% |
| Mining | -7.20% | -2.60% | -3.60% | -3.90% | -4.10% | -4.20% | -3.70% | -3.90% |
| Manufacturing | -10.70% | 2.50% | 2.40% | 2.80% | 3.30% | 3.50% | 3.90% | 3.20% |
| Electricity & water | -0.50% | 1.50% | 2.10% | 3.00% | 3.60% | 3.90% | 4.40% | 3.40% |
| Construction | 7.80% | 3.30% | 2.00% | 1.70% | 2.70% | 2.30% | 3.20% | 2.40% |
| Trade & accommodation | -2.90% | 2.20% | 2.10% | 2.60% | 3.20% | 3.50% | 3.70% | 3.00% |
| Transport & communication | 0.50% | 3.90% | 3.30% | 3.60% | 3.80% | 4.10% | 4.40% | 3.80% |
| Finance | 1.30% | 4.70% | 2.80% | 3.40% | 3.80% | 4.00% | 4.40% | 3.70% |
| Government & other services | 3.80% | 2.60% | 3.50% | 3.90% | 3.80% | 3.90% | 4.10% | 3.80% |

Source: IHS Global Insight, 2010

For the period under review (2010 – 2014), the provincial economy is projected to grow, on average, by 2.9 per cent, compared to the forecast national average of 3.8 per cent. Free State is expected to be the slowest growing province over the next coming five years, mainly due to the waning mining sector, gold mining in particular. Gold mining in South Africa is on a declining trend and is forecast to shrink by around 5 per cent per year in the Free State. In fact, it is expected that by 2013, the gold mining sector in the Free State will no longer be the most important sector, dropping all the way down to fourth. The provincial economy was projected to grow by 1.8 per cent in 2010, with the fastest growth occurring in the government & other services industry at 3.5 per cent, followed by the transport & communication industry (3.3 per cent) and the finance industry (2.8 per cent). This will be beneficial for the Free State economy since the community services industry and the finance industry collectively contribute 49.3 per cent towards the provincial GDP. Mining is the only industry projected to grow negatively throughout the period under review, averaging 3.9 per cent. Most industries are expected to grow at an increasing rate throughout the forecasted period, with the electricity & water industry, the transport & communication industry and the finance industry growing the fastest by 2014 at 4.4 per cent each. From averaging -0.7 per cent between 1996 and 2009, the agricultural industry is forecast to grow by 3.7 per cent in 2014. All in all, the provincial economy is projected to grow at an increasing rate, but still below the pre-recession rate and worryingly below the national average. As the economy grows, it is important that such growth is linked to the creation of jobs primarily for the poor in order for the benefits of economic growth to accrue to the poor in a significant manner.

4. Receipts

4.1 Overall position

The total provincial receipt for the 2011/12 financial year amounts to R23.214 billion. This amount is constituted by equitable share and conditional grants which are national transfers as well as own revenue of the province. The national transfers are the main source of funding for the province; with equitable share contributing 75.48 per cent and conditional grants at 21.43 per cent. The transfers from national for 2011/12 amount to R22.496 billion and this represents 96.90 per cent of the total provincial receipts. This amount includes equitable share funding of R17.521 billion and conditional grants of R4.975 billion. The provincial own receipts for 2011/12 financial year is projected at

R717.613 million or 3.23 per cent of the total receipts. Table 4.1 below, depicts the actual receipts for 2007/08 to 2009/10, and the estimated revenue for 2010/11 as well as the estimated receipts for the 2011 MTEF.

Table 4.1: Summary of provincial receipts

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Revised estimates | Medium-term estimates | | |
|---|-------------------|-------------------|-------------------|--------------------|-----------------------------------|-------------------|-----------------------|-------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Transfer receipts from National | | | | | | | | | |
| Equitable share | 10 918 513 | 12 713 176 | 14 794 064 | 15 959 310 | 16 217 212 | 16 217 212 | 17 520 835 | 18 430 860 | 19 363 325 |
| Conditional grants | 2 147 229 | 2 865 483 | 3 739 308 | 4 788 061 | 4 608 041 | 4 608 041 | 4 975 817 | 5 365 484 | 5 739 484 |
| Total transfer receipts from National | 13 065 742 | 15 578 659 | 18 533 372 | 20 747 371 | 20 825 253 | 20 825 253 | 22 496 652 | 23 796 344 | 25 102 809 |
| Provincial own receipts | | | | | | | | | |
| Tax receipts | 240 710 | 286 885 | 300 383 | 330 715 | 326 436 | 326 436 | 368 942 | 404 016 | 460 657 |
| Casino taxes | 25 283 | 24 824 | 24 183 | 27 874 | 27 874 | 27 874 | 29 368 | 30 831 | 32 568 |
| Horse racing taxes | 5 495 | 5 848 | 5 631 | 6 504 | 6 504 | 6 504 | 6 854 | 7 270 | 7 629 |
| Liquor licences | 2 295 | 2 312 | 2 843 | 3 081 | 3 081 | 3 081 | 3 335 | 3 592 | 3 789 |
| Motor vehicle licences | 207 637 | 253 901 | 267 726 | 293 256 | 288 977 | 288 977 | 329 385 | 362 323 | 416 671 |
| Sales of goods and services other than capital assets | 172 279 | 229 171 | 185 593 | 192 436 | 180 203 | 201 140 | 186 591 | 198 997 | 211 434 |
| Transfers received | 640 | 615 | 2 | - | - | 60 | - | - | - |
| Fines, penalties and forfeits | 13 112 | 19 883 | 30 116 | 22 418 | 35 769 | 35 824 | 25 878 | 27 275 | 28 775 |
| Interest, dividends and rent on land | 66 956 | 35 252 | 95 688 | 88 100 | 98 089 | 97 961 | 102 331 | 107 832 | 113 776 |
| Sales of capital assets | 6 800 | 2 635 | 1 043 | 2 150 | 16 059 | 17 342 | 15 150 | 14 339 | 15 217 |
| Financial transactions in assets and liabilities | 45 893 | 18 746 | 38 134 | 11 592 | 20 924 | 22 287 | 18 721 | 19 739 | 20 830 |
| Total provincial own receipts | 546 390 | 593 187 | 650 959 | 647 411 | 677 480 | 701 050 | 717 613 | 772 198 | 850 689 |
| Provincial funding | | 38 202 | 190 480 | | 285 590 | 285 590 | | | |
| Provincial rollovers | | 38 202 | 154 592 | | 63 757 | 63 757 | | | |
| Provincial reserves | | | 35 888 | | 221 833 | 221 833 | | | |
| Total provincial receipts | 13 612 132 | 16 210 048 | 19 374 811 | 21 394 782 | 21 788 322 | 21 811 893 | 23 214 265 | 24 568 542 | 25 953 498 |

The total provincial fiscus increases by R1.426 billion in nominal terms, from an adjusted R21.788 billion in 2010/11 to R23.214 billion in 2011/12; representing an increase of 6.54 per cent year in 2011/12, 5.83 per cent in 2012/13 and 5.63 per cent in 2013/14. Total provincial receipts increase by a total of R4.165 billion over the 2011 MTEF or an average of 6. per cent. In the outer years of 2011 MTEF, the total provincial revenue is projected to be R24.568 billion and R25.953 billion respectively. Equitable share, which contributes the bigger share of national transfers to the province, is estimated at R17.521 billion for 2011/12, R18.431 billion for 2012/13 and R19.636 billion in 2013/14. These represent nominal increases of R1.304 billion in 2011/12, R0.910 billion in 2012/13 and R0.932 billion in 2013/14. Therefore, over the 2011 MTEF the equitable share increases by an average of 6.09 per cent in nominal terms.

The conditional grants, are adjusted upwards to R4.975 billion in 2011/12, R5.365 billion and R5.739 billion in 2012/13 and 2013/14 respectively. Provincial own revenue shows a significant increase of 7.89 per cent on average over the 2011 MTEF, this increase is over the projected inflation of 4.6 per cent as per MTBPS of 2010. Though this provincially raised revenue contributes marginally to provincial receipts, its role in addressing key priorities of the province cannot be underestimated.

Furthermore, the contribution of provincial own revenue to the total provincial receipts increases over the MTEF, from 3.09 per cent in 2011/12 to 3.14 per cent in 2012/13 and 3.27 per cent in 2013/14. Motor vehicle license fees contributes 47.1 per cent on provincial own revenue on average followed by patient fees with 12.4 per cent as well as interest revenue from Treasury with 13.8 per cent, this remain the biggest contributors to the provincial own revenue

4.2 Equitable share

As guided by sections 214 and 227 of the Constitution of the Republic, the nationally generated revenue is allocated to provinces via the Provincial Equitable Share (PES) formula. The PES is the decisive tool used by National government to allocate funds to provinces so as to enable them to work towards meeting provincial priorities.

In 2006 the Budget Council called for a comprehensive review of the provincial equitable share formula to address concerns that it was not flexible enough to deal with expenditure responsibilities driving unique provincial budgets. Based on the review, a number of reforms will be introduced to the provincial equitable share formula for the 2011 Budget. The formula will continue to have six components with the major changes on the education, health and basic share components. The reforms include:

- Education component weighting decreases from 51 per cent to 48 per cent – it is still based on the school age cohort (5-17 years) and school enrolment data
- Health component weighting increases from 26 per cent to 27 per cent – it is no longer based on the proportion of population with and without medical aid. A new health component is introduced which is based on the output data from the health sectors and the risk-adjusted capitation index based on data from the Risk Equalisation Fund
- Basic component weighting changes from 14 per cent to 16 per cent – it continues to be based on the province's share of national population
- Poverty (3 per cent) - the level of poverty in the province
- Economic activity (1 per cent) – based on the Regional Gross Domestic Product data
- Institutional (5 per cent) - equal division among provinces

The major reason for the amendments to the education and health weight stem from a resolution that was taken in Budget Council that said the weights of the education and health components will be determined by the average expenditure by provinces on these sectors, excluding conditional grants, over three years.

Equitable Share transfers to the province increase by R1.303 billion or 8.4 per cent from R16.217 billion in 2010/11 to R17.520 in 2011/12. Over the 2011 MTEF outer years the equitable share transfers grow at a declining rate of 5.19 per cent in 2012/13 and 5.5 per cent in 2013/14. The additions to 2011 MTEF cater for inflation, policy adjustment as well as new government priorities. The reviewing of the formula and updating of the components in the 2011 Equitable Share formula impacted negatively on the total equitable share that the province is receiving. Some of the components that are impacting negatively on the receipt of the province are learner numbers that are declining in the province and population. The province's share of the total national equitable Share allocation declined from 6.3 per cent in 2009/10 to 6.2 per cent, 6.1 per cent in 2011/12 and 2012/13 and 6.0 in 2013/14 respectively.

4.3 Conditional grants

In the 2011 MTEF two new conditional grants are introduced to the province, namely; the school infrastructure backlogs grant and the provincial disaster grant. The school infrastructure backlogs grant is a short-term grant introduced to deal with the backlog in inappropriate structures and access to basic services in education.

School Infrastructure Backlogs Grant

The grant is a short-term grant introduced to deal with the backlog in inappropriate structures and access to basic services in education. The grant will be administered by the National Department of

Basic Education as a grant-in-kind to accelerate the eradication of backlogs in schools. A total allocation R700 million in 2011/12, R2.3 billion in 2012/13 and R5.2 billion in 2013/14 is made available. The available funds are currently unallocated and may be administered as a grant-in-kind.

The exact manner in which this grant will be administered will be communicated as soon as these details are finalized. Provinces are to note that section 19(2) of the Division of Revenue Bill enables the national department to transfer a province's portion of this grant through the Education Infrastructure Grant if the province has a proven track record that it has the capacity to implement infrastructure projects.

Provincial Disasters Grant

The Provincial Disasters Grant is introduced in the 2011 MTEF as an unallocated grant to cater for funding disaster responses. This grant will be disbursed to areas within three days to three months after an area is declared a disaster as per the Disaster Management Act. The grant will fund the immediate needs following disasters and will not fund projects of a long term nature such as repairs to infrastructure.

If provinces receive an allocation through this grant before they table their adjustment budget they will need to reflect this expenditure in their adjustment budget. If an allocation is received after the province has tabled the adjustment budget it will need to pass a finance bill that provides ex-post authorisation of expenditure of the grant. The finance bill will typically be tabled after the annual report pertaining to the relevant budget has been adopted.

Infrastructure grant to provinces (IGP)

To improve alignment of provincial infrastructure transfers with sector needs, the Infrastructure Grant to Provinces has been restructured. The portion of the grant that was earmarked for health is now allocated to the new health infrastructure grant. The portion that was earmarked for roads is now put into the provincial roads maintenance grant, which will be administered by the Department of Transport. The portion of the grant earmarked for education is now in the new education infrastructure grant.

The IGP allocations for the province for the 2010 MTEF were R997.085 in 2011/12 and R1.092 billion in 2012/13. With the restructuring of the IGP the province will receive a combined total of R995.562 million in 2011/12, R1.126 billion and R1.208 billion in 2013/14 from the three grants.

Health Infrastructure funding

Infrastructure funding in the health sector is currently supported by the IGP and Hospital Revitalisation grant. Over the 2011 MTEF the provincial allocations for the Health Infrastructure Grant will be R129.6 million in 2011/12, R141.9 million in 2012/13 and R149.7 million in 2013/14.

In January 2011, the National Department of Health requested that the decision to merge this money into the Hospital Revitalisation Grant be reconsidered given that the IGP was a supplementary grant, whereas the Hospital Revitalisation Grant is a specific purpose grant. This is a temporary arrangement for the 2011/12 as provinces will be engaged about how to merge the funding streams into one conditional grant.

Education infrastructure funding to provinces

The Education Infrastructure Grant will supplement existing infrastructure budgets in education and function in a similar manner to the existing IGP. Allocation to the province over the 2011 MTEF will amount to R1.361 billion. New allocation criteria will be developed for this grant, which will be phased-in from 2013/14.

Provincial Roads Maintenance grant

The provincial allocation for this grant over the MTEF is R447.2 million in 2011/12, R525.8 million in 2012/13 and R567.4 million in 2013/14. Key performance indicators and incentives will be introduced that reward provinces that manage the needs of their network in an economically optimally efficient and productive manner.

To improve transparency and oversight as well as to encourage provinces to follow proper infrastructure planning principles, section 9(2)(d) of the Division of Revenue will require provinces to submit lists of infrastructure projects for health, education and roads for 2011/12 and 2012/13 to the relevant national transferring officer within 14 days after the act comes into effect. The national transferring officer is required to publish these lists in a gazette within 28 days after the act comes into effect. Failure to adhere to the clause will result in allocations being withheld.

Dinaledi Schools Grant

The Dinaledi Schools Grant was introduced in the 2010/11 conditional grant framework. The grant is to promote Mathematics and Physical Science teaching and learning; to improve learner performance in Mathematics and Physical Science in line with the Action Plan 2014; and to improve teachers' content knowledge of Mathematics and Physical Science. Over the 2011 MTEF the grant will be R5.0 million in 2011/12, R7.2 million in 2012/13 and R7.6 million in 2013/14.

Human Settlements Development Grant

To accelerate the eradication of informal settlements a portion of the Human Settlements Development Grant to provinces has been reduced and a portion reduced with has been transferred directly to the metros through the new Urban Settlements Development Grant. The Urban Settlements Development Grant merges the above portion of the Human Settlement Development Grant with the former MIG (Cities). Allocation to Mangaung Municipality over the 2011 MTEF will amount to R1.4 billion.

Allocations for the Human Settlements Development Grant are revised upwards over the 2011 MTEF to R913.9 million in 2011/12, R954.3 million in 2012/13 and R1.006 billion in 2013/14.

Conditional Grants for the province increase by R367.776 million or 7.98 per cent from an adjusted R4.608 billion in 2010/11 to R4.975 billion in 2011/12. Over the 2011 MTEF period the grants increase by an average of 7.6 per cent, a higher increase when compared to Equitable Share. Conditional Grant accounts for, on average, 21.77 per cent of the total provincial budget over the 2011 MTEF. The following grants have been revised upward as compared to an adjusted 2010/11 allocations:

- Comprehensive Agricultural Support Programme increases by R27.160 million from 2010/11 to 2011/12 to support emerging farmers and to strengthen the training skills of the extension officers who will also be held accountable for ensuring that the community group as the custodians of this training transfers the necessary skills to emerging farmers.
- Ilima/Letsema increases by R25.033 million from 2010/11 to 2011/12 assist targeted vulnerable Free State farming communities to increase agricultural production and improve farming skills.
- The Comprehensive HIV and Aids Grant grows by R92.857 million from 2010/11 to 2011/12 to support the implementation of the National Operational Plan for Comprehensive HIV and Aids treatment and care.

- The Hospital Revitalization Grant is also growing strongly by R39.457 million for the 2011/12 financial year to cater for infrastructure needs of the provincial health department.
- Technical Secondary Schools Recapitalisation Grant grows by 92.97 per cent to R14.428 million in the 2011/12 financial year. This is to continue with the recapitalization of technical schools to improve the capacity to tribute to skills development and training.

Table 4.2 Summary of Conditional Grants by Grant

| Department/Grant | Outcome | | | Main Appropriation | Adjusted Appropriation 2010/11 | Revised estimates | Medium Term Expenditure Estimates | | |
|---|------------------|------------------|------------------|--------------------|-----------------------------------|-------------------|-----------------------------------|------------------|------------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Agriculture | 58 550 | 77 530 | 82 004 | 106 132 | 107 099 | 88 099 | 159 554 | 178 382 | 197 658 |
| Agricultural Disaster Management Grant | 17 050 | 26 127 | 11 053 | - | - | - | - | - | - |
| Comprehensive Agricultural Support Programme Grant | 38 084 | 47 975 | 61 513 | 75 772 | 75 772 | 59 772 | 102 932 | 114 829 | 131 484 |
| Land Care Programme Grant: Poverty Relief & Infrastructure Development | 3 416 | 3 428 | 4 113 | 4 360 | 4 360 | 4 360 | 4 622 | 8 953 | 8 571 |
| Lima/Letsema Projects Grants | - | - | 5 325 | 26 000 | 26 967 | 23 967 | 52 000 | 54 600 | 57 603 |
| Education | 113 742 | 142 452 | 144 317 | 470 240 | 478 062 | 478 062 | 567 711 | 612 739 | 661 365 |
| Further Education and Training College Sector Recapitalisation Grant | 36 574 | 52 200 | - | 256 703 | 257 074 | 257 074 | 291 772 | 314 461 | 346 682 |
| Dinaledi Schools Grant | - | - | - | - | - | - | 5 040 | 7 200 | 7 596 |
| HIV and Aids (Life Skills Education) Grant | 9 164 | 9 350 | 10 166 | 10 866 | 11 041 | 11 041 | 11 772 | 12 561 | 13 252 |
| National School Nutrition Programme Grant | 68 004 | 80 902 | 134 151 | 195 194 | 202 470 | 202 470 | 244 699 | 263 367 | 277 852 |
| Technical Secondary Schools Recapitalization Grant | - | - | - | 7 477 | 7 477 | 7 477 | 14 428 | 15 150 | 15 983 |
| Health | 859 771 | 1 046 765 | 1 249 604 | 1 626 096 | 1 631 900 | 1 472 755 | 1 827 422 | 1 960 858 | 2 101 091 |
| Comprehensive HIV and Aids Grant | 153 646 | 189 630 | 298 931 | 433 583 | 437 583 | 437 583 | 530 440 | 621 824 | 750 788 |
| Forensic Pathology Services Grant | 41 713 | 35 814 | 32 696 | 37 218 | 37 218 | 37 218 | 39 451 | - | - |
| Health Professions Training and Development Grant | 97 143 | 101 988 | 110 504 | 117 400 | 117 400 | 117 400 | 124 444 | 130 930 | 138 131 |
| Hospital Revitalisation Grant | 86 324 | 168 615 | 180 119 | 378 426 | 378 426 | 219 281 | 417 883 | 438 140 | 412 172 |
| National Tertiary Services Grant | 480 945 | 550 718 | 627 021 | 659 469 | 659 469 | 659 469 | 715 204 | 769 964 | 800 000 |
| World Cup Health Preparation Strategy Grant | - | - | 333 | - | 1 804 | 1 804 | - | - | - |
| Human Settlements | 473 160 | 859 118 | 954 997 | 1 300 691 | 1 037 691 | 1 037 691 | 913 907 | 954 326 | 1 006 814 |
| Integrated Housing and Human Settlement Development Grant | 473 160 | 859 118 | 954 997 | 1 300 691 | 1 037 691 | 1 037 691 | 913 907 | 954 326 | 1 006 814 |
| National Treasury | 512 421 | 552 867 | 609 856 | 869 338 | 869 338 | 748 116 | 995 562 | 1 126 188 | 1 200 848 |
| Infrastructure Grant to Provinces | 512 421 | 552 867 | 609 856 | 869 338 | 869 338 | 748 116 | 995 562 | 1 126 188 | 1 200 848 |
| Provincial Infrastructure Grant: Flood Rehabilitation Grant | - | - | - | - | - | - | - | - | - |
| Public Works | - | 70 199 | 185 095 | 154 158 | 222 386 | 341 528 | 219 916 | 233 737 | 249 390 |
| Devolution of Property Rate Fund Grant to Provinces | - | 70 199 | 185 095 | 154 158 | 222 386 | 341 528 | 219 916 | 233 737 | 249 390 |
| Sport and Recreation South Africa | 15 986 | 19 591 | 26 373 | 28 186 | 28 240 | 28 240 | 33 078 | 34 732 | 36 642 |
| Mass Sport and Recreation Participation Programme Grant | 15 986 | 19 591 | 26 373 | 28 186 | 28 240 | 28 240 | 33 078 | 34 732 | 36 642 |
| Transport | - | - | 121 018 | 169 264 | 169 264 | 169 264 | 184 566 | 195 516 | 208 162 |
| Public Transport Operations Grant | - | - | 121 018 | 169 264 | 169 264 | 169 264 | 184 566 | 195 516 | 208 162 |
| Other (Not Included above) | 16 251 | 28 919 | 40 191 | 63 956 | 64 061 | 64 061 | 74 101 | 69 007 | 77 514 |
| Expanded Public Works Programme Grant to Province for Social Sector | - | - | - | 4 992 | 4 992 | 4 992 | 15 586 | 18 703 | 22 444 |
| Community Library Service Grant | 16 251 | 28 919 | 40 191 | 45 197 | 45 302 | 45 302 | 47 909 | 50 304 | 55 070 |
| Expanded Public Works Programme Incentive Grant for the Infrastructure Sector | - | - | - | 13 767 | 13 767 | 13 767 | 10 606 | - | - |
| Total conditional grants | 2 049 881 | 2 797 441 | 3 413 455 | 4 788 061 | 4 608 041 | 4 427 816 | 4 975 817 | 5 365 485 | 5 739 484 |

4.4 Total provincial own receipts

Table 4.3: Summary of provincial own receipts by Vote

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimates | Medium-term estim | |
|--|----------------|----------------|----------------|--------------------|------------------------|-------------------|-------------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2010/11 | 2011/12 |
| Vote 01: Department of the Premier | 2 608 | 2 574 | 2 944 | 2 845 | 3 185 | 3 185 | 3 363 | 3 546 |
| Vote 03: Economic Development, Tourism and Environmental Affairs | 54 374 | 57 944 | 52 190 | 61 733 | 58 159 | 58 401 | 62 021 | 66 007 |
| Vote 04: Provincial Treasury | 63 196 | 33 980 | 91 715 | 85 982 | 96 287 | 96 261 | 101 682 | 107 176 |
| Vote 05: Health | 83 645 | 125 296 | 103 377 | 88 355 | 101 355 | 120 592 | 103 031 | 105 811 |
| Vote 06: Education | 13 792 | 16 222 | 12 836 | 15 072 | 15 201 | 15 201 | 16 052 | 16 919 |
| Vote 07: Social Development | 937 | 3 452 | 15 176 | 1 016 | 1 043 | 1 103 | 1 101 | 1 161 |
| Vote 08: Cooperative Governance and Traditional Affairs | 2 830 | 2 398 | 2 482 | 2 759 | 1 988 | 1 899 | 2 099 | 2 214 |
| Vote 09: Public Works | 25 970 | 18 088 | 7 092 | 8 604 | 9 570 | 10 272 | 9 635 | 10 158 |
| Vote 10: Police, Roads and Transport | 269 021 | 320 328 | 352 798 | 366 453 | 382 949 | 382 949 | 411 258 | 451 224 |
| Vote 11: Agriculture and Rural Development | 28 046 | 3 417 | 3 526 | 2 708 | 2 977 | 2 977 | 2 239 | 2 342 |
| Vote 12: Sport, Arts, Culture and Recreation | 1 971 | 9 488 | 6 804 | 11 136 | 4 165 | 7 609 | 4 582 | 5 040 |
| Vote 13: Human Settlements | - | - | 19 | 748 | 601 | 601 | 550 | 600 |
| Total provincial own receipts by Vote | 546 390 | 593 187 | 650 959 | 647 411 | 677 480 | 701 050 | 717 613 | 772 198 |

Table 4.3 above shows the history of actual own revenue receipts, the estimates for 2010/11 and the 2011 MTEF period. In an attempt to create a credible own revenue base, the 2010/11 own revenue budget was adjusted upwards from R647 million to R677 million, representing a growth of R30 million or 4 percent. The increase on revenue budget was mainly realised on eight (8) departments from twelve (12) collecting departments, however four (4) departments reduced their revenue budget in 2010/11 fiscal year.

The revenue budget shows an increase of R40.1 million or 6 per cent from Adjusted Appropriation of R677 million in the 2010/11 to R718 million in the 2011/12, an increase of R54.5 million or 7.6 per cent in the 2012/13 to R772 million and a further increase of R78.4 million or 10.1 per cent in 2013/14 to R851 million.

The Provincial Treasury together with departments will be working towards the development of Provincial Revenue Strategy in 2011/12. The focus on this policy document will mainly be on the following:

- Revenue enhancement
- Determination of credible revenue budget
- Monitoring, reporting and analyses
- Accountability

5. Payments

5.1 Overall position

The total outlays for 2010/11 MTEF period for the Free State province are budgeted as follows:

- Financial year 2011/12: R23 188 073 000
- Financial year 2012/13: R24 549 840 000
- Financial year 2013/14: R25 931 054 000

For the 2011 MTEF period, the provincial spending is expected to rise from R23.188 billion in 2011/12 to R24.549 billion in the 2012/13 financial year and R25.931 billion in the 2013/14. Despite continued slow recovery in the global economy, the growth percentages of 6.49 per cent, 5.87 per cent and 5.62 per cent respectively over the 2011 MTEF are slightly above the inflation projections of

4.6 per cent in 2011/12, 5.1 per cent in 2012/13 and 5.2 per cent in 2013/14 in the outer years as published by National Treasury in the 2010 MTBPS. This slight increase on level of expenditure requires departments to continue to reprioritise budgets and to improve on the quality of service delivery to the people of Free State province.

In line with the governments' priorities to create jobs, expand service delivery and continued improvement to the infrastructure networks, the increase in 2011/12 MTEF period is mainly directed to the social and economic services departments. This focus is aimed at improving the living standards of the people of Free State Province. Table 5.1 below indicates that the social sector departments (i.e. Education, Health and Social Development) consume R17.119 billion or 73.83 per cent of the estimated total provincial payments of R23.188 billion for the 2011/12 financial year. Education still consumes the bulk of the social sector budget of R17.118 billion with R9.496 billion or 40.95 per cent while Social Development takes 3.45 per cent and the remaining 29.41 per cent is allocated to Health.

The share for non-social sector departments decreased marginally from 27.65 per cent in 2010/11 to 26.71 per cent in 2011/12 with an estimated budget of R6.069 billion. The Department of Police, Roads and Transport has the largest budget share of R1.465 billion or 24.1 per cent of the non-social sector departments' allocation followed by Public Works with R1.226 billion or share of 20.2 per cent.

5.2 Payments by vote

Table 5.1: Summary of provincial payments and estimates by Vote

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimates | Medium-term estimates | | |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
| Vote 01: Department of the Premier | 110 277 | 122 548 | 157 381 | 167 942 | 194 159 | 194 159 | 220 756 | 199 973 | 209 601 |
| Vote 02: Provincial Legislature | 81 916 | 135 792 | 145 518 | 153 638 | 153 638 | 153 500 | 203 406 | 213 247 | 205 813 |
| Vote 03: Economic Development, Tourism and Environmental Affairs | 268 026 | 286 254 | 316 441 | 370 762 | 370 005 | 370 005 | 390 303 | 414 095 | 436 226 |
| Vote 04: Provincial Treasury | 123 652 | 138 047 | 149 550 | 177 509 | 172 898 | 171 754 | 201 033 | 211 752 | 223 871 |
| Vote 05: Health | 3 829 067 | 4 453 496 | 5 208 138 | 6 151 710 | 6 307 313 | 5 805 170 | 6 820 708 | 7 313 855 | 7 744 530 |
| Vote 06: Education | 5 796 932 | 6 713 036 | 7 846 210 | 8 539 463 | 8 731 626 | 8 617 492 | 9 496 341 | 9 957 579 | 10 452 168 |
| Vote 07: Social Development | 426 048 | 540 424 | 665 732 | 721 690 | 714 837 | 711 974 | 801 787 | 845 603 | 879 582 |
| Vote 08: Cooperative Governance and Traditional Affairs | 186 560 | 220 784 | 290 522 | 320 048 | 377 154 | 377 160 | 375 641 | 383 042 | 408 820 |
| Vote 09: Public Works | 507 895 | 660 522 | 777 162 | 920 129 | 1 028 298 | 1 146 348 | 1 226 210 | 1 266 774 | 1 367 851 |
| Vote 10: Police, Roads and Transport | 950 910 | 1 220 087 | 1 461 446 | 1 682 742 | 1 742 842 | 2 069 292 | 1 465 457 | 1 743 004 | 1 878 496 |
| Vote 11: Agriculture and Rural Development | 291 485 | 361 710 | 391 207 | 437 045 | 446 063 | 429 853 | 519 341 | 550 346 | 586 331 |
| Vote 12: Sport, Arts, Culture and Recreation | 187 210 | 316 134 | 360 893 | 373 423 | 387 440 | 387 440 | 479 300 | 418 588 | 449 988 |
| Vote 13: Human Settlements | 509 320 | 906 642 | 1 003 899 | 1 364 913 | 1 148 282 | 1 148 282 | 987 790 | 1 031 982 | 1 087 777 |
| Total provincial payments and estimates by Vote | 13 269 298 | 16 075 476 | 18 774 099 | 21 381 014 | 21 774 555 | 21 582 429 | 23 188 073 | 24 549 840 | 25 931 054 |

The above table 5.1 reflects the summary of payments and estimates by vote from 2007/08 to 2013/14 MTEF. For 2011/12 financial year provincial expenditure is growing by R1.413 billion or 6.49 per cent from adjusted allocation of R21.775 billion in 2010/11 to R23.188 billion. The provincial expenditure is estimated to grow marginally low at an average of 5.99 per cent over the 2011 MTEF.

5.2.1 Department of the Premier

The Department of the Premier receives an allocation of R220.756 million in 2011/12 which represent an increase or growth of 13.70 per cent from the adjusted allocation of R194.159 million in 2010/11. The department's allocation declines by 10.40 per cent in 2012/13 and grows by 4.8 per cent in 2013/14. Amongst other priorities the department will cater for is EXCO meeting, Planning Commission, Thusanong Centre, Communication and Operation Hlasela advocacy, Review of FSGDS and Provincial Hotline.

5.2.2 Provincial Legislature

The Free State Legislature is allocated an amount of R203.406 million in 2011/12 or an increase of 32.4 per cent from the adjusted allocation of R153.638 million. The allocation of the department grows with a declining rate 4.84 per cent in 2012/13 and a further 3.5 per cent in 2013/14. Included in the MTEF allocation is R116.500 million for the New Legislature Building.

5.2.3 Department of Economic Development, Tourism and Environmental

The Department of Economic Development, Tourism and Environmental Affairs received an increment of 5.48 per cent or R390.303 million in 2011/12 from the adjusted budget of R370.005 million in 2010/11. The department's allocation continues to grow by 6.10 per cent, 5.30 per cent in 2012/13 and 2013/14 respectively. The funds will be utilized for priorities such as Economic Development, Tourism Marketing, Re-development of resorts and Infrastructure Enhancement.

5.2.4 Department of Treasury

The Department of Treasury's budget allocation increases by 16.27 per cent to R 201.033 million in 2011/12 from the adjusted budget of R172.898 million in 2010/11. In 2012/13 a growth of 5.33 per cent is realised and 5.72 per cent in 2013/14. Major part of these allocations will cover SITA and MFMA Capacity Building.

5.2.5 Department of Health

The Department of Health received an amount of R6.821 billion in 2011/12 or 8.14 per cent increase from an adjusted allocation of R6.307 billion in 2010/11. Over the 2011 MTEF the department's allocation grows by an average of 7.09 per cent. These allocations will address issues such as; shortfall in Occupation Specific Dispensation (OSD) for doctors, therapists and nurses; Reducing infant and child mortality; tuberculosis (XDR and MDR); Medical Male Circumcision; Public Hospital norms and standards and Health infrastructure. Funds have also been included into the equitable share for the re-engineering of Primary Health Care.

5.2.6 Department of Education

The Department of Education receives the highest allocation of R9.496 billion in 2011/12 which is an increase of 8.75 per cent from the adjusted allocation R8.731 billion in 2010/11. The allocations grow with an average of 6.19 per cent over the 2011 MTEF. The major part of these allocations is earmarked for priorities such as; No fee policy, Learner Teacher Support Materials (LTSM); OSD for Educators Expansion of the teachers to reduce the teacher to learner ratio in quintile 1 schools; Provision of inclusive education to accommodate learners with disabilities in mainstream and special schools; Early Childhood Development (ECD); Tertiary bursaries; Literacy and numeracy and Education Infrastructure.

5.2.7 Department of Social Development

The Department of Social Development is allocated an amount of R801.787 million in 2011/12; this is a commendable increase of 12.16 per cent from an adjusted allocation of R714.837 million in 2010/11. The department's allocation is growing with a declining rate of 5.46 per cent in 2012/13 and 4.01 per cent in 2013/14. Amongst other funded priorities for the department is sustainable livelihood Recruiting and retaining of Social Workers; Infrastructure Enhancement; and Early Childhood Development.

5.2.8 Department of Cooperative Governance and Traditional Affairs

The Department of Cooperative Governance and Traditional Affairs is allocated an amount of R375.641 million in 2011/12 or a decrease of 0.40 per cent from the adjusted allocation of R377.154. The allocation of the department is showing a growth of 1.97 per cent in 2012/13 and 6.73 per cent in 2013/14. Funded priorities amongst others are Operation Clean Audits; Assistance and financial capacity building to municipalities; Revitalization of VIP toilets; and House of Traditional Leaders.

5.2.9 Department of Public Works

The Department of Public Works receives an amount of R1.226 billion in 2011/12 or 19.24 per cent increase from adjusted allocation of R1.028 billion. The average growth of 10.18 per cent is realised over 2011 MTEF, furthermore an amount of R35.261 million in 2011/12, R36.844 million in 2012/13 and R38.507 million in 2013/14 has been reduced from this department and transferred to the Department of Agriculture for Rural Development function. Funds are allocated for priorities such as, Property rates; Leases; Revitalisation of Government buildings; Expanded Public Works Programme (EPWP); and Establishment of Project Management Unit.

5.2.10 Department of Police, Roads and Transport

The Department of Police, Roads and Transport received an allocation of R1.465 billion or 15.92 per cent decline from the adjusted budget of R1.742 billion 2010/11. The department's allocation starts to grow by 18.94 per cent in 2012/13 and in 2013/14 it grows with a declining rate of 7.77 per cent. These allocations will mainly cover provincial roads, yellow fleet and filling of critical post.

5.2.11 Department of Agriculture and Rural Development

The Department of Agriculture and Rural Development receives an amount of R519.341 million in 2011/12 or 16.43 per cent increase from adjusted allocation of R446.063 million. The growth of 9.65 per cent is realised over 2011 MTEF, included in the allocation is an amount of R35.261 million in 2011/12, R36.844 million in 2012/13 and R38.507 million in 2013/14 that has been transferred from the Department of Public Works following the transfer of Rural Development function. Some of the priorities that will be funded in the 2011 MTEF include food security; Poverty relieve; Agro processing and agrarian reform.

5.2.12 Department of Sport, Arts, Culture and Recreation

The Department of Sport, Arts, Culture and Recreation's budget allocation increases by 23.71 per cent to R 479.300 million in 2011/12 from the adjusted budget of R387.440 million in 2010/11. In 2012/13 the allocation declines with 12.67 per cent and in 2013/14 growth by 7.5 per cent. Amongst other priorities which will be funded are the Centenary legacy projects, All Sport Development Phakisa Major Sport Events and MACUFE.

5.2.13 Department of Human Settlements

The Department of Human Settlements is allocated an amount of R987.790 million in 2011/12 which represent a decrease of 13.98 per cent from an adjusted allocation of R1.148 billion. Part of the reason for the decline is the transfer of funds from the grant to the new Urban Settlements Development Grant. In the outer years of the MTEF the department's allocation increases by 4.48 per cent in 2012/3 and 5.41 per cent in 2013/14. The allocation for this department is mainly dominated by the Human Settlements Development Grant. Other funded priorities include: auditing fees and implementation of new structure.

5.3 Payments by economic classification

Table 5.2: Summary of provincial payments and estimates by economic classification

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimates | Medium-term estimates | | |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
| Current payments | 10 531 222 | 12 239 125 | 14 269 681 | 15 990 595 | 16 403 426 | 16 174 380 | 17 763 296 | 18 864 370 | 20 032 264 |
| Compensation of employees | 8 072 184 | 9 650 080 | 10 883 763 | 12 253 768 | 12 579 924 | 12 528 690 | 13 955 635 | 14 818 384 | 15 818 965 |
| Goods and services | 2 386 470 | 2 586 459 | 3 375 076 | 3 735 043 | 3 820 761 | 3 643 621 | 3 803 245 | 4 042 823 | 4 210 497 |
| Interest and rent on land | 72 568 | 2 586 | 10 842 | 1 784 | 2 741 | 2 069 | 4 416 | 3 163 | 2 802 |
| Transfers and subsidies to: | 1 430 968 | 2 093 115 | 2 824 476 | 3 379 994 | 3 356 460 | 3 476 256 | 3 143 542 | 3 242 980 | 3 322 749 |
| Provinces and municipalities | 51 365 | 175 099 | 433 655 | 393 873 | 410 942 | 530 126 | 302 830 | 288 382 | 311 223 |
| Departmental agencies and accounts | 46 075 | 56 963 | 75 773 | 79 976 | 81 476 | 81 481 | 91 319 | 93 336 | 96 397 |
| Universities and technikons | 1 100 | 1 095 | 1 136 | 1 200 | 1 200 | 1 211 | 1 300 | 1 400 | 1 400 |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | 31 888 | 37 845 | 187 831 | 207 671 | 229 421 | 225 965 | 222 850 | 237 545 | 252 176 |
| Non-profit institutions | 736 079 | 834 287 | 954 208 | 1 164 366 | 1 349 179 | 1 341 668 | 1 406 188 | 1 458 416 | 1 458 869 |
| Households | 564 461 | 987 826 | 1 171 873 | 1 532 908 | 1 284 242 | 1 295 805 | 1 119 055 | 1 163 901 | 1 202 684 |
| Payments for capital assets | 1 301 425 | 1 677 586 | 1 630 580 | 2 010 425 | 2 013 730 | 1 925 092 | 2 281 235 | 2 442 491 | 2 576 041 |
| Buildings and other fixed structures | 1 150 003 | 1 525 706 | 1 412 824 | 1 681 246 | 1 675 715 | 1 690 255 | 1 982 018 | 2 181 366 | 2 305 384 |
| Machinery and equipment | 147 173 | 143 883 | 210 324 | 320 182 | 320 306 | 220 181 | 291 093 | 252 854 | 262 409 |
| Heritage assets | 588 | 388 | - | - | 34 | 34 | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | 735 | 1 821 | 5 557 | 7 000 | 12 305 | 9 245 | - | - | - |
| Land and subsoil assets | 271 | 4 382 | 1 220 | 959 | 2 329 | 2 178 | 500 | 600 | 700 |
| Software and other intangible assets | 2 655 | 1 406 | 655 | 1 038 | 3 041 | 3 199 | 7 624 | 7 671 | 7 548 |
| Payments for financial assets | 5 683 | 65 650 | 49 362 | - | 939 | 6 701 | - | - | - |
| Total economic classification | 13 269 298 | 16 075 476 | 18 774 099 | 21 381 014 | 21 774 555 | 21 582 429 | 23 188 073 | 24 549 840 | 25 931 054 |

Table 5.2 above reflects the summary of provincial payments and estimates by economic classification from 2007/08 to 2013/14. The largest share of the provincial payments is consumed by current payments in particular compensation of employees. For the 2011/12 financial year, current payments absorb 77 per cent of the budget of which 79 per cent is allocated to compensation of employees. From the total provincial estimate compensation of employees' share is 60 per cent in 2011/12, 60 per cent and 61 per cent in 2012/13 and 2013/14 financial years respectively.

The transfers and subsidies constitute 13.60 per cent share of the total provincial payments in 2011/12, 13.20 per cent in 2012/13 and 12.80 per cent in 2013/14. A slightly increase is noted in transfers to provinces and municipalities from R302.830 million in 2011/12 to R311.830 million in 2013/14 financial year. Transfers to households are fluctuating from R1.119 billion in 2011/12 to R1.163 billion in 2012/13 and R1.202 billion in 2013/14.

Payments for capital assets shows an increase of 13.28 per cent from R2.014 billion in 2010/11 to R2.281 billion in 2011/12. There is an increase of 18.28 per cent in buildings and other fixed structures allocation from R1.676 billion in 2010/11 to R1.982 billion in 2011/12 financial year mainly attributed to infrastructure allocation. The overall increase in payments for capital assets is marginal over the 2011 MTEF.

5.4 Payments by policy area

Table 5.3: Summary of provincial payments and estimates by policy area

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimates | Medium-term estimates | |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | 2011/12 | 2012/13 | |
| General public services | 1 010 300 | 1 277 693 | 1 520 133 | 1 739 266 | 1 926 147 | 2 042 921 | 2 227 046 | 2 274 788 |
| Public order and safety | 155 717 | 198 555 | 248 198 | 240 994 | 276 798 | 274 215 | 263 500 | 281 154 |
| Economic affairs | 1 240 573 | 1 525 125 | 1 807 650 | 2 109 980 | 2 136 797 | 2 453 457 | 1 954 464 | 2 254 028 |
| Environmental protection | 114 131 | 144 371 | 113 246 | 139 575 | 145 315 | 141 478 | 157 137 | 172 263 |
| Housing and community amenities | 509 320 | 906 642 | 1 003 899 | 1 364 913 | 1 148 282 | 1 148 282 | 987 790 | 1 031 982 |
| Health | 3 829 067 | 4 453 496 | 5 208 138 | 6 151 710 | 6 307 313 | 5 805 170 | 6 820 708 | 7 313 855 |
| Recreation, culture and religion | 187 210 | 316 134 | 360 893 | 373 423 | 387 440 | 387 440 | 479 300 | 418 588 |
| Education | 5 796 932 | 6 713 036 | 7 846 210 | 8 539 463 | 8 731 626 | 8 617 492 | 9 496 341 | 9 957 579 |
| Social protection | 426 048 | 540 424 | 665 732 | 721 690 | 714 837 | 711 974 | 801 787 | 845 603 |
| Total provincial payments and estimates by policy area | 13 269 298 | 16 075 476 | 18 774 099 | 21 381 014 | 21 774 555 | 21 582 429 | 23 188 073 | 24 549 840 |

Table 5.3 above shows the summary of expenditures by policy area, the details of which are shown in Table A: 4 of the Annexure to the Overview of Provincial Revenue and Expenditure. This table indicates the policy priority areas that are funded from the provincial allocation. As detailed in MTSF (2009-2014) Education and Health are the key policy areas for the government hence both of them are allocated the bigger share of the total expenditure of the province. Expenditure on Education and Health accounted for 40.95 per cent and 29.41 per cent of the total provincial payments in 2011/12, respectively. The expenditure in respect of these policy areas is projected to remain steady in 2010/11. Provincial expenditure on Economic affairs is also stable at 8.43 per cent and 9.18 per cent of the total expenditure in 2011/12 and 2012/13. The Economic sector amounts to R2.137 billion in 2010/11 and declines by 8.53 per cent to R1.954 billion in 2011/12 respectively. The provincial payments for all policy areas, except Public order and Safety and Recreation, culture and religion, are showing a positive growth over the 2011 MTEF.

5.5 Infrastructure expenses

5.5.1 Provincial Infrastructure payments

Table 5.4 (a): Summary of provincial infrastructure payments and estimates by Vote

| Department | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates | | |
|---|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
| Public Works | 163 271 | 55 729 | 64 746 | 86 459 | 121 751 | 121 407 | 227 046 | 226 593 | 258 765 |
| Health | 236 107 | 281 985 | 271 615 | 523 426 | 523 426 | 374 789 | 547 504 | 580 051 | 561 888 |
| Education | 227 411 | 371 561 | 434 731 | 369 206 | 347 871 | 233 723 | 418 776 | 458 483 | 483 699 |
| Sport, Arts, Culture and Recreation | 23 657 | 91 634 | 63 615 | 104 155 | 95 359 | 93 408 | 194 049 | 102 025 | 110 349 |
| Economic Development, Tourism and Environmental Affairs | 38 174 | 60 984 | 39 237 | 45 586 | 45 586 | 45 586 | 46 806 | 52 847 | 55 754 |
| Social Development | 10 546 | 18 177 | 6 441 | 30 000 | 4 000 | 117 | 38 000 | 50 000 | 42 200 |
| Agriculture and Rural Development | 51 500 | 80 598 | 85 913 | 133 306 | 129 273 | 129 273 | 192 983 | 208 233 | 229 151 |
| Free State Legislature | - | - | - | - | - | - | 42 000 | 44 500 | 30 000 |
| Police, Roads and Transport | 745 997 | 966 000 | 979 801 | 1 136 639 | 1 175 739 | 1 455 845 | 832 041 | 1 077 593 | 1 170 193 |
| Total provincial Infrastructure | 1 496 663 | 1 926 668 | 1 946 099 | 2 428 777 | 2 443 005 | 2 454 148 | 2 539 205 | 2 800 325 | 2 941 999 |

Table 5.4(a) above shows the provincial infrastructure payments and estimates from 2007/08 to 2013/14. From 2010/11 the allocation for infrastructure increases by R96.200 million from adjusted R2.443 billion to R2.539 billion in 2011/12 financial year. The infrastructure spending is anticipated to realize healthy average growth of 6.5 per cent over the 2011 MTEF period. The infrastructure development programme will be central in driving the expansion and diversification of productive industries in the province; this includes the construction industry and supplier industries. The procurement in the construction industry should contribute to the development of local economies as well as that of the Free State Province. The infrastructure grant to provinces has been restructured into three departments (Department of Health, Department of Police, Roads and Transport and the Department of Education), this implies that the province has no discretion in terms of allocating the grant.

The infrastructure budget of the Department of Public Works is increasing significantly by 86.5 per cent from adjusted budget of R121.751 million in 2010/11 to R227.046 million in 2011/12 due to shifting of infrastructure funds from the Department of Police, Roads and Transport for the revitalization of excess roads. The infrastructure budget of the Department of Social Development increased significantly by R34 million from the adjusted budget of R4.000 million in 2010/11 to R38.000 million in 2011/12. This is as a result of the significant decrease in 2010/11 financial year when the infrastructure budget of the department was decreased by R26.00 million due to shifting of funds from a project that was stagnant.

Table 5.4 (b) below indicates total provincial infrastructure by category. The total infrastructure budget amounts to R8.282 billion over the 2011 MTEF. Rehabilitation, renovations and refurbishments accounts for the largest share of the budget with R2.845 billion over the 2011 MTEF followed by upgrades and repairs with R2.212 billion over the MTEF. Maintenance of assets continues to be a priority for the province with health increases in the maintenance budget from R351.827 million in 2011/12 to R480.609 million in 2012/13 and R753.750 million in 2013/14.

Table 5.4(b) :Summary - payments and estimates of provincial infrastructure by category

| Category/type of structure | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Revised estimate | Medium-term estimates | | |
|---|------------------|------------------|------------------|--------------------|-----------------------------------|------------------|-----------------------|------------------|------------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| R thousands | 205 165 | 852 090 | 790 047 | 812 726 | 882 097 | 236 012 | 399 786 | 531 751 | 477 042 |
| New and replacement assets | | | | | | | | | |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - |
| Education | 115 748 | 251 531 | 380 769 | 78 000 | 72 891 | 67 661 | 63 200 | 128 580 | 48 000 |
| Sport, Arts, Culture and Recreation | 15 512 | 4 506 | 17 079 | 37 968 | 23 381 | 22 909 | 46 578 | 60 200 | 63 665 |
| Economic Development, Tourism and Environmental Affairs | 30 000 | 42 688 | 39 237 | 42 586 | 42 586 | 42 586 | 24 076 | 32 647 | 34 443 |
| Social Development | - | 18 177 | 6 441 | 30 000 | 4 000 | 117 | 35 000 | 45 000 | 42 200 |
| Agriculture and Rural Development | 38 084 | 47 975 | 66 839 | 101 772 | 102 739 | 102 739 | 154 932 | 169 429 | 189 087 |
| Free State Legislature | - | - | - | - | - | - | 42 000 | 44 500 | 30 000 |
| Police Roads and Transport | 5 821 | 487 213 | 279 682 | 522 400 | 636 500 | - | 34 000 | 51 395 | 69 647 |
| Maintenance and repairs | 244 619 | 161 214 | 210 018 | 275 342 | 286 331 | 496 875 | 351 827 | 480 609 | 753 750 |
| Public Works | 99 301 | - | 3 329 | 13 942 | 32 731 | 35 070 | 15 946 | 16 965 | 12 508 |
| Health | 37 086 | 24 635 | 48 445 | 77 426 | 69 566 | 79 906 | 24 883 | 48 000 | 70 172 |
| Education | 8 308 | 8 460 | 9 079 | 10 110 | 10 110 | 7 893 | 6 000 | 10 000 | 10 000 |
| Sport, Arts, Culture and Recreation | 1 079 | 2 326 | 2 291 | 3 197 | 3 257 | 3 647 | 6 500 | 6 525 | 6 884 |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | 5 000 | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | 13 416 | 32 623 | 19 074 | 4 360 | 4 360 | 4 360 | 4 622 | 8 953 | 8 571 |
| Police Roads and Transport | 85 429 | 93 170 | 127 800 | 166 307 | 166 307 | 365 999 | 288 876 | 390 166 | 645 615 |
| Upgrades and additions | 515 642 | 348 665 | 246 591 | 448 224 | 395 314 | 1 245 131 | 654 962 | 700 572 | 856 240 |
| Public Works | 63 970 | 55 729 | 61 417 | 72 517 | 89 020 | 86 337 | 211 100 | 209 628 | 246 257 |
| Health | - | - | - | - | - | - | - | - | - |
| Education | 93 776 | 64 537 | 27 560 | 174 369 | 102 360 | 45 759 | 242 161 | 237 203 | 356 835 |
| Sport, Arts, Culture and Recreation | 7 066 | 8 851 | 6 479 | 19 462 | 22 058 | 20 189 | 120 971 | 35 300 | 39 800 |
| Economic Development, Tourism and Environmental Affairs | 8 174 | 18 296 | - | 3 000 | 3 000 | 3 000 | 17 730 | 20 200 | 21 311 |
| Social Development | 10 546 | - | - | - | - | - | 3 000 | 5 000 | - |
| Agriculture and Rural Development | - | - | - | - | - | - | - | - | - |
| Police Roads and Transport | 332 110 | 201 252 | 151 135 | 178 876 | 178 876 | 1 089 846 | 60 000 | 193 241 | 192 037 |
| Rehabilitation, renovations and refurbishments | 521 658 | 445 510 | 506 654 | 638 630 | 655 010 | 358 158 | 1 029 308 | 1 018 493 | 796 703 |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | 199 021 | 257 350 | 223 170 | 446 000 | 453 860 | 294 883 | 522 621 | 532 051 | 491 716 |
| Education | - | 3 795 | 15 676 | 46 400 | 59 920 | 41 101 | 54 093 | 33 800 | 30 600 |
| Sport, Arts, Culture and Recreation | - | - | - | - | - | - | - | - | - |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | - | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | - | - | - | 27 174 | 22 174 | 22 174 | 33 429 | 29 851 | 31 493 |
| Police Roads and Transport | 322 637 | 184 365 | 267 808 | 119 056 | 119 056 | - | 419 165 | 422 791 | 242 894 |
| Infrastructure transfer - current | - | - | 1 647 | 1 650 | 1 650 | 1 302 | 1 000 | 1 000 | 1 764 |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - |
| Education | - | - | 1 647 | 1 650 | 1 650 | 1 302 | 1 000 | 1 000 | 1 764 |
| Sport, Arts, Culture and Recreation | - | - | - | - | - | - | - | - | - |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | - | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | - | - | - | - | - | - | - | - | - |
| Police Roads and Transport | - | - | - | - | - | - | - | - | - |
| Infrastructure transfer - Capital | 9 579 | 119 189 | 191 142 | 252 205 | 222 603 | 116 670 | 102 322 | 67 900 | 56 500 |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - |
| Education | 9 579 | 43 238 | - | 58 677 | 100 940 | 70 007 | 52 322 | 47 900 | 36 500 |
| Sport, Arts, Culture and Recreation | - | 75 951 | 37 766 | 43 528 | 46 663 | 46 663 | 20 000 | - | - |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | - | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | - | - | - | - | - | - | - | - | - |
| Police Roads and Transport | - | - | 153 376 | 150 000 | 75 000 | - | 30 000 | 20 000 | 20 000 |
| Total provincial infrastructure | 1 496 663 | 1 926 668 | 1 946 099 | 2 428 777 | 2 443 005 | 2 454 148 | 2 539 205 | 2 800 325 | 2 941 999 |

5.5.2 Provincial Public-Private Partnership (PPP) projects

Table 5.5: Summary of provincial Public-Private Partnership projects: Free State

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Revised estimate | Medium-term estimates | | |
|--------------------------------------|----------------|---------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Projects under implementation | (6 166) | | (3 680) | (4 048) | (4 048) | (4 048) | (4 453) | (4 898) | (5 388) |
| PPP unitary charge | | | | | | | | | |
| Penalties (if applicable) | | | | | | | | | |
| Advisory fees | | | | | | | | | |
| Project monitoring cost | | | | | | | | | |
| Revenue generated (if applicable) | (6 166) | | (3 680) | (4 048) | (4 048) | (4 048) | (4 453) | (4 898) | (5 388) |
| Contingent liabilities (Information) | | | | | | | | | |
| Proposed Projects | | | | | | | | | |
| Advisory fees | | | | | | | | | |
| Project team costs | | | | | | | | | |
| Site acquisition costs | | | | | | | | | |
| Other project costs | | | | | | | | | |
| Total | (6 166) | | (3 680) | (4 048) | (4 048) | (4 048) | (4 453) | (4 898) | (5 388) |

Currently in the Free State Province the only department with a Public –Private Partnership arrangement is the Department of Health. This partnership is between the Department of Health and Netcare and located within Universitas and Pelonomi hospitals.

5.6 Transfers

5.6.1 Transfer to public entities

Table 5.6: Summary of provincial transfers to public entities by transferring department

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Estimate actual | Medium-term estimates | | |
|---|---------------|---------------|----------------|--------------------|-----------------------------------|-----------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Department of the Premier | 13 845 | 11 578 | 7 161 | - | - | - | - | - | - |
| Economic Development, Tourism and Environmental Affairs | 52 522 | 50 197 | 82 670 | 95 770 | 100 770 | 100 770 | 89 875 | 95 614 | 99 234 |
| Sport, Arts, Culture and Recreation | 3 895 | 15 173 | 24 213 | 10 917 | 11 267 | 11 267 | 8 284 | 8 784 | 9 611 |
| Total provincial transfers to public entities | 70 262 | 76 948 | 114 044 | 106 687 | 112 037 | 112 037 | 98 159 | 104 398 | 108 845 |

The Free State Gambling and Liquor Authority have been listed as a Public Entity and Free State Investment Promotion Agency is incorporated to the Free State Development Corporation. The delisting of the Free State Investment Agency as Provincial public Entity is in the process.

The transfers payment for public entities by the Department of Economic Development Tourism, and Environmental Affairs decreased by 10.81 per cent from adjusted R100.770 million in 2010/11 to R89.875 million in 2011/12 financial year. The decrease in the allocations is mainly attributed to the fact that these entities should be self sustainable in future. The Public Entities under the Department of Economic Development, Tourism and Environmental Affairs must also must also assist in terms of investment opportunities for the Province, SMMEs and promote economic activity within the province.

The transfer payment from the Department of Sport, Arts, Culture and Recreation is mainly to Phakisa Major Sports Event and Development Corporation. The entity is aimed at promoting and staging of major sport events in order to contribute towards sport tourism in the Province. The allocation for 2011/12 financial year amount to R8.284 million and increased to R8.784 million in 2012/13 financial year and to R9.611 million in the 2013/14 financial year.

Table 5.7: Summary of provincial transfers to development corporations by entity

| Entity | Provincial department | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Estimate actual | Medium-term estimates | | |
|---|---|---------|---------|---------|--------------------|-----------------------------------|-----------------|-----------------------|---------|---------|
| | | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| R thousand | | | | | | | | | | |
| Free State Development Corporation | Economic Development, Tourism and Environmental Affairs | - | 22 000 | 10 000 | 34 700 | 34 700 | 46 200 | 28 000 | 32 245 | 33 403 |
| Total provincial transfers to development corporations | | - | 22 000 | 10 000 | 34 700 | 34 700 | 46 200 | 28 000 | 32 245 | 33 403 |

Table 5.7 above illustrates the transfer payment to the Free State Development Corporation. The allocation to the Corporation was reduced by 19.3 per cent from R34.700 million in 2010/11 financial year to R28 million with a view of re-positioning the entity to focus only on providing support to Small Medium and Micro Enterprises (SMME's) which will stimulate economic growth and advance Black Economic Empowerment in line with priorities as stipulated the Free State Growth and Development Strategy.

5.6.2 Transfer to local government

Table 5.8: Summary of provincial transfers to local government by category

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Estimate actual | Medium-term estimates | | | |
|---|---------|---------------|----------------|--------------------|-----------------------------------|-----------------|-----------------------|----------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 | |
| Category A | - | - | - | - | - | - | - | - | - | |
| Category B | 48 769 | 85 882 | 151 899 | 6 685 | 111 060 | 111 910 | 10 300 | 350 | 371 | |
| Category C | 2 596 | 89 178 | 281 461 | 387 128 | 299 822 | 418 156 | 292 465 | 287 962 | 310 772 | |
| Total provincial transfers to local government | | 51 365 | 175 060 | 433 360 | 393 813 | 410 882 | 530 066 | 302 765 | 288 312 | 311 143 |

5.7 Personnel numbers and costs

Table 5.9: Summary of personnel numbers and costs by Vote

| Personnel numbers | As at |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 31 March 2008 | 31 March 2009 | 31 March 2010 | 31 March 2011 | 31 March 2012 | 31 March 2013 | 31 March 2014 |
| Vote 01: Office of the Premier | 306 | 311 | 336 | 372 | 344 | 353 | 395 |
| Vote 02: Provincial Legislature | 142 | 143 | 145 | 157 | 157 | 155 | 156 |
| Vote 03: Economic Development, Tourism and | 660 | 684 | 716 | 550 | 550 | 550 | 984 |
| Vote 04: Provincial Treasury | 314 | 353 | 358 | 400 | 400 | 400 | 429 |
| Vote 05: Health | 16 175 | 16 252 | 15 693 | 15 638 | 15 638 | 16 627 | 16 827 |
| Vote 06: Education | 30 977 | 31 094 | 30 619 | 29 862 | 31 438 | 31 688 | 29 865 |
| Vote 07: Social Development | 1 418 | 1 738 | 1 594 | 1 713 | 1 713 | 1 979 | 2 024 |
| Vote 08: Cooperative Governance and Tradition | 540 | 627 | 761 | 761 | 761 | 761 | 873 |
| Vote 09: Public Works and Rural Development | 2 378 | 2 321 | 2 050 | 2 173 | 2 173 | 2 026 | 2 176 |
| Vote 10: Police, Road and Transport | 2 029 | 2 337 | 3 926 | 4 042 | 4 042 | 4 042 | 4 042 |
| Vote 11: Agriculture | 1 129 | 1 157 | 1 090 | 1 111 | 1 111 | 1 111 | 1 133 |
| Vote 12: Sport, Culture and Recreation | 702 | 808 | 790 | 857 | 862 | 862 | 867 |
| Vote 13: Human Settlement | 59 | 55 | 105 | 121 | 121 | 121 | 141 |
| Total provincial personnel numbers | 56 829 | 57 880 | 58 183 | 57 757 | 59 310 | 60 675 | 59 912 |
| Total provincial personnel cost (R thousand) | 8 072 184 | 9 650 080 | 10 883 763 | 12 528 690 | 13 955 635 | 14 818 384 | 15 818 965 |
| Unit cost (R thousand) | 142 | 167 | 187 | 217 | 235 | 244 | 264 |

1. Full-time equivalent

Table 5.10: Summary of provincial personnel numbers and costs

| | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Estimate actual | Medium-term estimates | | |
|---|-----------|-----------|------------|--------------------|-----------------------------------|-----------------|-----------------------|------------|------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Total for province | | | | | | | | | |
| Personnel numbers (head count) | 56 829 | 57 880 | 58 183 | 57 757 | 59 310 | 60 675 | 59 912 | 60 595 | 61 416 |
| Personnel cost (R thousands) | 8 072 184 | 9 650 080 | 10 883 763 | 12 253 768 | 12 579 924 | 12 528 690 | 13 955 635 | 14 818 384 | 15 818 965 |
| Human resources component | | | | | | | | | |
| Personnel numbers (head count) | 846 | 821 | 926 | 876 | 867 | 876 | 882 | 886 | 889 |
| Personnel cost (R thousands) | 122 838 | 143 643 | 166 491 | 156 988 | 155 828 | 158 941 | 173 690 | 177 111 | 187 281 |
| Head count as % of total for province | 1.5% | 1.4% | 1.6% | 1.5% | 1.5% | 1.4% | 1.5% | 1.5% | 1.4% |
| Personnel cost as % of total for province | 1.5% | 1.5% | 1.5% | 1.3% | 1.2% | 1.3% | 1.2% | 1.2% | 1.2% |
| Finance component | | | | | | | | | |
| Personnel numbers (head count) | 519 | 528 | 807 | 709 | 744 | 725 | 687 | 685 | 687 |
| Personnel cost (R thousands) | 168 730 | 197 222 | 143 380 | 143 737 | 141 077 | 140 343 | 150 817 | 159 400 | 168 999 |
| Head count as % of total for province | 0.9% | 0.9% | 1.4% | 1.2% | 1.3% | 1.2% | 1.1% | 1.1% | 1.1% |
| Personnel cost as % of total for province | 2.1% | 2.0% | 1.3% | 1.2% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |
| Full time workers | | | | | | | | | |
| Personnel numbers (head count) | 53 719 | 54 049 | 53 833 | 54 281 | 55 723 | 56 198 | 55 447 | 56 128 | 56 921 |
| Personnel cost (R thousands) | 7 540 973 | 9 098 025 | 10 246 266 | 11 326 299 | 12 120 425 | 12 169 339 | 13 275 681 | 14 132 620 | 15 017 662 |
| Head count as % of total for province | 94.5% | 93.4% | 92.5% | 94.0% | 94.0% | 92.6% | 92.5% | 92.6% | 92.7% |
| Personnel cost as % of total for province | 93.4% | 94.3% | 94.1% | 92.4% | 96.3% | 97.1% | 95.1% | 95.4% | 94.9% |
| Part-time workers | | | | | | | | | |
| Personnel numbers (head count) | 1 309 | 1 935 | 1 204 | 135 | 188 | 196 | 142 | 142 | 142 |
| Personnel cost (R thousands) | 152 027 | 313 057 | 159 575 | 516 652 | 25 595 | 28 560 | 33 662 | 33 700 | 34 401 |
| Head count as % of total for province | 2.3% | 3.3% | 2.1% | 0.2% | 0.3% | 0.3% | 0.2% | 0.2% | 0.2% |
| Personnel cost as % of total for province | 2% | 3% | 1% | 4% | 0% | 0% | 0% | 0% | 0% |
| Contract workers | | | | | | | | | |
| Personnel numbers (head count) | 500 | 688 | 966 | 989 | 978 | 1 349 | 980 | 947 | 948 |
| Personnel cost (R thousands) | 57 847 | 67 105 | 128 687 | 137 051 | 137 261 | 138 123 | 132 124 | 127 886 | 128 487 |
| Head count as % of total for province | 0.9% | 1.2% | 1.7% | 1.7% | 1.6% | 2.2% | 1.6% | 1.6% | 1.5% |
| Personnel cost as % of total for province | 0.7% | 0.7% | 1.2% | 1.1% | 1.1% | 1.1% | 0.9% | 0.9% | 0.8% |

5.8 Payments on training

Table 5.11: Summary of provincial payments on training by Vote

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Estimate actual | Medium-term estimates | | |
|--|---------------|---------------|---------------|--------------------|-----------------------------------|-----------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Vote 01: Department of the Premier | 748 | 251 | 483 | 1 101 | 1 101 | 1 101 | 990 | 1 036 | 1 088 |
| Vote 02: Provincial Legislature | - | - | - | - | - | - | - | - | - |
| Vote 03: Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | - | - | - |
| Vote 04: Provincial Treasury | - | - | - | - | - | - | - | - | - |
| Vote 05: Health | 22 970 | 19 553 | 25 082 | 18 769 | 18 769 | 18 769 | 20 034 | 20 034 | 21 136 |
| Vote 06: Education | 39 549 | 24 495 | 29 201 | 65 047 | 66 749 | 66 749 | 72 082 | 77 129 | 82 913 |
| Vote 07: Social Development | 1 285 | - | 778 | 1 509 | 1 209 | 773 | 1 517 | 1 593 | 1 593 |
| Vote 08: Cooperative Governance and Traditional Affairs | 252 | 1 172 | 733 | 1 150 | 988 | 988 | 2 167 | 4 204 | 4 408 |
| Vote 09: Public Works | 6 266 | 10 112 | 3 242 | 4 553 | 4 347 | 4 368 | 4 526 | 4 622 | 4 973 |
| Vote 10: Police, Roads and Transport | 101 | 208 | 412 | 589 | 589 | 589 | 808 | 900 | 1 010 |
| Vote 11: Agriculture and Rural Development | 1 695 | 4 170 | 2 162 | 2 225 | 2 225 | 2 225 | 2 454 | 2 642 | 5 856 |
| Vote 12: Sport, Arts, Culture and Recreation | 703 | 606 | 526 | 1 803 | 789 | 908 | 1 442 | 1 561 | 1 675 |
| Vote 13: Human Settlement | 58 | 100 | 350 | 349 | 328 | 328 | 846 | 871 | 872 |
| Total provincial payments on training | 73 627 | 60 667 | 62 969 | 97 095 | 97 094 | 96 798 | 106 866 | 114 592 | 125 524 |

Annexure to the Overview of Provincial Revenue and Expenditure

Table A.1: Details of total provincial own receipts

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Revised estimates | Medium-term estimates | | |
|---|----------------|----------------|----------------|--------------------|-----------------------------------|-------------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Tax receipts | 240 710 | 286 885 | 300 383 | 330 715 | 326 436 | 326 436 | 368 942 | 404 016 | 460 657 |
| Casino taxes | 25 283 | 24 824 | 24 183 | 27 874 | 27 874 | 27 874 | 29 368 | 30 831 | 32 568 |
| Horse racing taxes | 5 495 | 5 848 | 5 631 | 6 504 | 6 504 | 6 504 | 6 854 | 7 270 | 7 629 |
| Liquor licences | 2 295 | 2 312 | 2 843 | 3 081 | 3 081 | 3 081 | 3 335 | 3 592 | 3 789 |
| Motor vehicle licences | 207 637 | 253 901 | 267 726 | 293 256 | 288 977 | 288 977 | 329 385 | 362 323 | 416 671 |
| Sales of goods and services other than capital assets | 172 279 | 229 171 | 185 593 | 192 436 | 180 203 | 201 140 | 186 591 | 198 997 | 211 434 |
| Sale of goods and services produced by department (excluding capital assets) | 172 191 | 228 845 | 185 142 | 192 119 | 179 877 | 200 814 | 186 261 | 198 658 | 211 087 |
| Sales by market establishments | 36 462 | 47 110 | 31 699 | 41 526 | 18 956 | 20 754 | 20 806 | 24 472 | 26 061 |
| Administrative fees | 160 | 159 | 653 | 351 | 365 | 708 | 351 | 369 | 387 |
| Other sales | 135 569 | 181 576 | 152 790 | 150 242 | 160 556 | 179 352 | 165 104 | 173 817 | 184 639 |
| <i>Of which</i> | | | | | | | | | |
| <i>Health patient fees</i> | | | | | | | | | |
| <i>Other (Specify)</i> | | | | | | | | | |
| <i>Other (Specify)</i> | | | | | | | | | |
| Sales of scrap, waste, arms and other used current goods (excluding capital assets) | 88 | 326 | 451 | 317 | 326 | 326 | 330 | 339 | 347 |
| Transfers received from: | 640 | 615 | 2 | - | - | 60 | - | - | - |
| Other governmental units | - | - | 2 | - | - | - | - | - | - |
| Universities and technikons | - | - | - | - | - | - | - | - | - |
| Foreign governments | - | - | - | - | - | - | - | - | - |
| International organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | 640 | 600 | - | - | - | 60 | - | - | - |
| Households and non-profit institutions | - | 15 | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | 13 112 | 19 883 | 30 116 | 22 418 | 35 769 | 35 824 | 25 878 | 27 275 | 28 775 |
| Interest, dividends and rent on land | 66 956 | 35 252 | 95 688 | 88 100 | 98 089 | 97 961 | 102 331 | 107 832 | 113 776 |
| Interest | 66 956 | 35 233 | 95 688 | 88 100 | 98 089 | 97 961 | 102 331 | 107 832 | 113 776 |
| Dividends | - | - | - | - | - | - | - | - | - |
| Rent on land | - | 19 | - | - | - | - | - | - | - |
| Sales of capital assets | 6 800 | 2 635 | 1 043 | 2 150 | 16 059 | 17 342 | 15 150 | 14 339 | 15 217 |
| Land and subsoil assets | 3 958 | 2 624 | 1 036 | 136 | 2 081 | 3 325 | 2 000 | 400 | 450 |
| Other capital assets | 2 842 | 11 | 7 | 2 014 | 13 978 | 14 017 | 13 150 | 13 939 | 14 767 |
| Financial transactions in assets and liabilities | 45 893 | 18 746 | 38 134 | 11 592 | 20 924 | 22 287 | 18 721 | 19 739 | 20 830 |
| Total provincial own receipts | 546 390 | 593 187 | 650 959 | 647 411 | 677 480 | 701 050 | 717 613 | 772 198 | 850 689 |

Table A.2: Information relating to Conditional Grants

| Vote and Grant | Adjusted appropriation | Actual transfer | Audited expenditure | Adjusted appropriation | Actual transfer | Audited expenditure | Adjusted appropriation | Actual transfer | Audited expenditure | Adjusted appropriation | Revised transfer estimate | Revised expenditure estimate | Medium-term estimates | | | |
|--|------------------------|-----------------|---------------------|------------------------|-----------------|---------------------|------------------------|-----------------|---------------------|------------------------|---------------------------|------------------------------|-----------------------|-----------|-----------|--|
| | 2007/08 | | | 2008/09 | | | 2009/10 | | | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 | |
| R thousand | | | | | | | | | | | | | | | | |
| Agriculture | 69 917 | 69 917 | 58 550 | 85 858 | 85 858 | 77 530 | 87 325 | 87 325 | 82 004 | 107 099 | 107 099 | 88 099 | 159 554 | 178 382 | 197 658 | |
| Agricultural Disaster Management Grant | 28 417 | 28 417 | 17 050 | 26 367 | 26 367 | 26 127 | 11 053 | 11 053 | 11 053 | - | - | - | - | - | - | |
| Comprehensive Agricultural Support Programme Grant | 38 084 | 38 084 | 38 084 | 56 063 | 56 063 | 47 975 | 65 659 | 65 659 | 61 513 | 75 772 | 75 772 | 59 772 | 102 932 | 114 829 | 131 484 | |
| Land Care Programme Grant: Poverty Relief & Infrastructure Development | 3 416 | 3 416 | 3 416 | 3 428 | 3 428 | 3 428 | 4 113 | 4 113 | 4 113 | 4 360 | 4 360 | 4 360 | 4 622 | 8 953 | 8 571 | |
| Lima/Letsema Projects Grants | - | - | - | - | - | - | 6 500 | 6 500 | 5 325 | 26 967 | 26 967 | 23 967 | 52 000 | 54 600 | 57 603 | |
| Education | 113 814 | 113 814 | 113 742 | 162 425 | 162 425 | 142 452 | 152 165 | 152 165 | 144 317 | 478 062 | 478 062 | 478 062 | 567 711 | 612 739 | 661 365 | |
| Dined School Grants | - | - | - | - | - | - | - | - | - | - | - | - | 5 040 | 7 200 | 7 596 | |
| Further Education and Training College Sector Recapitalisation Grant | 36 574 | 36 574 | 36 574 | 52 200 | 52 200 | 52 200 | - | - | - | 257 074 | 257 074 | 257 074 | 291 772 | 314 461 | 346 682 | |
| HIV and Aids (Life Skills Education) Grant | 9 217 | 9 217 | 9 164 | 9 800 | 9 800 | 9 350 | 10 341 | 10 341 | 10 166 | 11 041 | 11 041 | 11 041 | 11 772 | 12 561 | 13 252 | |
| National School Nutrition Programme Grant | 68 023 | 68 023 | 68 004 | 100 425 | 100 425 | 80 902 | 141 824 | 141 824 | 134 151 | 202 470 | 202 470 | 202 470 | 244 699 | 263 367 | 277 852 | |
| Technical Secondary Schools Recapitalization Grant | - | - | - | - | - | - | - | - | - | 7 477 | 7 477 | 7 477 | 14 428 | 15 150 | 15 983 | |
| Health | 863 866 | 863 866 | 859 771 | 1 091 620 | 1 091 620 | 1 046 765 | 1 309 774 | 1 309 774 | 1 249 604 | 1 631 900 | 1 631 900 | 1 472 755 | 1 827 422 | 1 960 858 | 2 101 091 | |
| Comprehensive HIV and Aids Grant | 153 646 | 153 646 | 153 646 | 189 630 | 189 630 | 189 630 | 298 931 | 298 931 | 298 931 | 437 583 | 437 583 | 437 583 | 530 440 | 621 824 | 750 788 | |
| Forensic Pathology Services Grant | 41 713 | 41 713 | 41 713 | 46 698 | 46 698 | 35 814 | 39 890 | 39 890 | 32 696 | 37 218 | 37 218 | 37 218 | 39 451 | - | - | |
| Health Professions Training and Development Grant | 97 143 | 97 143 | 97 143 | 102 000 | 102 000 | 101 988 | 110 754 | 110 754 | 110 504 | 117 400 | 117 400 | 117 400 | 124 444 | 130 930 | 138 131 | |
| Hospital Revitalisation Grant | 90 419 | 90 419 | 86 324 | 202 753 | 202 753 | 168 615 | 215 156 | 215 156 | 180 119 | 378 426 | 378 426 | 219 281 | 417 883 | 438 140 | 412 172 | |
| National Tertiary Services Grant | 480 945 | 480 945 | 480 945 | 550 539 | 550 539 | 550 718 | 642 835 | 642 835 | 627 021 | 659 469 | 659 469 | 659 469 | 715 204 | 769 964 | 800 000 | |
| World Cup Health Preparation Strategy Grant | - | - | - | - | - | - | 2 208 | 2 208 | 333 | 1 804 | 1 804 | 1 804 | - | - | - | |
| Human Settlements | 557 858 | 557 858 | 473 160 | 859 122 | 859 122 | 859 118 | 970 521 | 970 521 | 954 997 | 1 037 691 | 1 037 691 | 1 037 691 | 913 907 | 954 326 | 1 006 814 | |
| Integrated Housing and Human Settlement Development Grant | 557 858 | 557 858 | 473 160 | 859 122 | 859 122 | 859 118 | 970 521 | 970 521 | 954 997 | 1 037 691 | 1 037 691 | 1 037 691 | 913 907 | 954 326 | 1 006 814 | |
| National Treasury | 677 000 | 677 000 | 512 421 | 569 278 | 569 278 | 552 867 | 733 593 | 569 278 | 609 856 | 869 338 | 478 138 | 748 116 | 995 562 | 1 126 188 | 1 200 848 | |
| Infrastructure Grant to Provinces | 677 000 | 677 000 | 512 421 | 569 278 | 569 278 | 552 867 | 733 593 | 569 278 | 609 856 | 869 338 | 478 138 | 748 116 | 995 562 | 1 126 188 | 1 200 848 | |
| Public Works | - | - | - | 125 066 | 125 066 | 70 199 | 185 104 | 185 104 | 185 095 | 222 386 | 222 386 | 341 528 | 219 916 | 233 737 | 249 390 | |
| Devolution of Property Rate Fund grant to Provinces | - | - | - | 125 066 | 125 066 | 70 199 | 185 104 | 185 104 | 185 095 | 222 386 | 222 386 | 341 528 | 219 916 | 233 737 | 249 390 | |
| Sport and Recreation South Africa | 15 326 | 15 326 | 15 986 | 20 355 | 20 355 | 19 591 | 26 591 | 26 591 | 26 373 | 28 240 | 28 240 | 28 240 | 33 078 | 34 732 | 36 642 | |
| Mass Sport and Recreation Participation Programme Grant | 15 326 | 15 326 | 15 986 | 20 355 | 20 355 | 19 591 | 26 591 | 26 591 | 26 373 | 28 240 | 28 240 | 28 240 | 33 078 | 34 732 | 36 642 | |
| Transport | - | - | - | - | - | - | 151 805 | 151 805 | 121 018 | 169 264 | 169 264 | 169 264 | 184 566 | 195 516 | 208 162 | |
| Public Transport Operations Grant | - | - | - | - | - | - | 151 805 | 151 805 | 121 018 | 169 264 | 169 264 | 169 264 | 184 566 | 195 516 | 208 162 | |
| Other (Not included above) | 16 470 | 16 470 | 16 251 | 31 126 | 31 126 | 28 919 | 63 323 | 40 315 | 40 191 | 64 061 | 50 294 | 64 061 | 74 101 | 69 007 | 77 514 | |
| Provincial Project management for MIG | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Expanded Public Works Programme Grant to province for Social Sector | - | - | - | - | - | - | - | - | - | 4 992 | 4 992 | 4 992 | 15 586 | 18 703 | 22 444 | |
| Community Library Service Grant | 16 470 | 16 470 | 16 251 | 31 126 | 31 126 | 28 919 | 40 315 | 40 315 | 40 191 | 45 302 | 45 302 | 45 302 | 47 909 | 50 304 | 55 070 | |
| EPWP Incentive Grant | - | - | - | - | - | - | 23 008 | - | - | 13 767 | - | 13 767 | 10 606 | - | - | |
| Total conditional grants | 2 314 251 | 2 314 251 | 2 049 881 | 2 944 850 | 2 944 850 | 2 797 441 | 3 680 201 | 3 492 878 | 3 413 455 | 4 608 041 | 4 203 074 | 4 427 816 | 4 975 817 | 5 365 485 | 5 739 484 | |

Table A.3: Details of provincial payments and estimates by economic classification

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimates | Medium-term estimates | | |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
| Current payments | 10 531 222 | 12 239 125 | 14 269 681 | 15 990 595 | 16 403 426 | 16 174 380 | 17 763 296 | 18 864 370 | 20 032 264 |
| Compensation of employees | 8 072 184 | 9 650 080 | 10 883 763 | 12 253 768 | 12 579 924 | 12 528 690 | 13 955 635 | 14 818 384 | 15 818 965 |
| Salaries and wages | 6 965 212 | 8 348 513 | 9 378 811 | 10 584 173 | 10 895 731 | 10 877 523 | 12 003 546 | 12 776 645 | 13 632 504 |
| Social contributions | 1 106 972 | 1 301 567 | 1 504 952 | 1 669 595 | 1 684 193 | 1 651 167 | 1 952 089 | 2 041 739 | 2 186 461 |
| Goods and services | 2 386 470 | 2 586 459 | 3 375 076 | 3 735 043 | 3 820 761 | 3 643 621 | 3 803 245 | 4 042 823 | 4 210 497 |
| <i>of which (refer to section 5.3, table 1.11 in Budget Statement 1)</i> | | | | | | | | | |
| <i>Learner Teacher Support Material</i> | 56 038 | 46 754 | 116 031 | 138 666 | 138 796 | 142 144 | 147 863 | 121 995 | 92 654 |
| <i>Medicine</i> | 378 006 | 117 322 | 465 671 | 495 483 | 522 312 | 477 460 | 527 284 | 643 623 | 748 164 |
| <i>Medical Consumables</i> | 200 993 | 290 834 | 266 222 | 448 046 | 304 537 | 271 954 | 290 948 | 352 301 | 399 867 |
| <i>Other</i> | 1 751 433 | 2 131 549 | 2 527 152 | 2 652 848 | 2 855 116 | 2 752 063 | 2 837 150 | 2 924 904 | 2 969 812 |
| Interest and rent on land | 72 568 | 2 586 | 10 842 | 1 784 | 2 741 | 2 069 | 4 416 | 3 163 | 2 802 |
| Interest | 1 443 | 2 536 | 10 842 | 1 784 | 2 741 | 2 069 | 4 416 | 3 163 | 2 802 |
| Rent on land | 71 125 | 50 | - | - | - | - | - | - | - |
| Transfers and subsidies to: | 1 430 968 | 2 093 115 | 2 824 476 | 3 379 994 | 3 356 460 | 3 476 256 | 3 143 542 | 3 242 980 | 3 322 749 |
| Provinces and municipalities | 51 365 | 175 099 | 433 655 | 393 873 | 410 942 | 530 126 | 302 830 | 288 382 | 311 223 |
| Provinces ² | - | 39 | 295 | 60 | 60 | 60 | 65 | 70 | 80 |
| Provincial Revenue Funds | - | 39 | 50 | 60 | 60 | 60 | 65 | 70 | 80 |
| Provincial agencies and funds | - | - | 245 | - | - | - | - | - | - |
| Municipalities ³ | 51 365 | 175 060 | 433 360 | 393 813 | 410 882 | 530 066 | 302 765 | 288 312 | 311 143 |
| Municipalities | 25 353 | 166 794 | 425 905 | 365 936 | 400 882 | 520 066 | 287 689 | 273 312 | 295 318 |
| <i>of which: Regional service council levies</i> | | | | | | | | | |
| Municipal agencies and funds | 26 012 | 8 266 | 7 455 | 27 877 | 10 000 | 10 000 | 15 076 | 15 000 | 15 825 |
| Departmental agencies and accounts | 46 075 | 56 963 | 75 773 | 79 976 | 81 476 | 81 481 | 91 319 | 93 336 | 96 397 |
| Social security funds | 3 412 | 5 029 | 5 820 | 6 505 | 6 505 | 6 505 | 7 208 | 7 713 | 8 291 |
| Provide list of entities receiving transfers ⁴ | 42 663 | 51 934 | 69 953 | 73 471 | 74 971 | 74 976 | 84 111 | 85 623 | 88 106 |
| Universities and technikons | 1 100 | 1 095 | 1 136 | 1 200 | 1 200 | 1 211 | 1 300 | 1 400 | 1 400 |
| Public corporations and private enterprises ⁵ | 31 888 | 37 845 | 187 831 | 207 671 | 229 421 | 225 965 | 222 850 | 237 545 | 252 176 |
| Public corporations | 30 188 | 37 508 | 187 831 | 204 671 | 210 321 | 223 892 | 220 850 | 236 545 | 251 176 |
| Subsidies on production | - | - | 121 018 | 169 264 | 169 264 | 183 135 | 184 566 | 195 516 | 208 162 |
| Other transfers | 30 188 | 37 508 | 66 813 | 35 407 | 41 057 | 40 757 | 36 284 | 41 029 | 43 014 |
| Private enterprises | 1 700 | 337 | - | 3 000 | 19 100 | 2 073 | 2 000 | 1 000 | 1 000 |
| Subsidies on production | - | - | - | - | - | - | - | - | - |
| Other transfers | 1 700 | 337 | - | 3 000 | 19 100 | 2 073 | 2 000 | 1 000 | 1 000 |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Non-profit institutions | 736 079 | 834 287 | 954 208 | 1 164 366 | 1 349 179 | 1 341 668 | 1 406 188 | 1 458 416 | 1 458 869 |
| Households | 564 461 | 987 826 | 1 171 873 | 1 532 908 | 1 284 242 | 1 295 805 | 1 119 055 | 1 163 901 | 1 202 684 |
| Social benefits | 49 139 | 56 163 | 69 822 | 51 855 | 54 874 | 65 277 | 56 615 | 57 574 | 60 246 |
| Other transfers to households | 515 322 | 931 663 | 1 102 051 | 1 481 053 | 1 229 368 | 1 230 528 | 1 062 440 | 1 106 327 | 1 142 438 |
| Payments for capital assets | 1 301 425 | 1 677 586 | 1 630 580 | 2 010 425 | 2 013 730 | 1 925 092 | 2 281 235 | 2 442 491 | 2 576 041 |
| Buildings and other fixed structures | 1 150 003 | 1 525 706 | 1 412 824 | 1 681 246 | 1 675 715 | 1 690 255 | 1 982 018 | 2 181 366 | 2 305 384 |
| Buildings | 584 266 | 765 780 | 820 929 | 971 380 | 872 396 | 577 553 | 1 359 899 | 1 456 370 | 1 497 849 |
| Other fixed structures | 565 737 | 759 926 | 591 895 | 709 866 | 803 319 | 1 112 702 | 622 119 | 724 996 | 807 535 |
| Machinery and equipment | 147 173 | 143 883 | 210 324 | 320 182 | 320 306 | 220 181 | 291 093 | 252 854 | 262 409 |
| Transport equipment | 325 | 16 565 | 36 129 | 41 892 | 43 022 | 22 752 | 68 372 | 57 545 | 53 936 |
| Other machinery and equipment | 146 848 | 127 318 | 174 195 | 278 290 | 277 284 | 197 429 | 222 721 | 195 309 | 208 473 |
| Heritage assets | 588 | 388 | - | - | 34 | 34 | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | 735 | 1 821 | 5 557 | 7 000 | 12 305 | 9 245 | - | - | - |
| Land and subsoil assets | 271 | 4 382 | 1 220 | 959 | 2 329 | 2 178 | 500 | 600 | 700 |
| Software and other intangible assets | 2 655 | 1 406 | 655 | 1 038 | 3 041 | 3 199 | 7 624 | 7 671 | 7 548 |
| Payments for financial assets | 5 683 | 65 650 | 49 362 | - | 939 | 6 701 | - | - | - |
| Total economic classification | 13 269 298 | 16 075 476 | 18 774 099 | 21 381 014 | 21 774 555 | 21 582 429 | 23 188 073 | 24 549 840 | 25 931 054 |

Of which: Capitalised compensation⁶

Table A.4(a): Payments summary by policy area (simple example of bridging table)

| Function | Category | Department | Programme | | |
|----------------------------------|------------------------------------|---|---|-------------|---|
| General public services | Legislative | Premier | Administration Management services | | |
| | | Provincial Legislature | Administration National Council of Provinces Management services | | |
| | Financial and fiscal affairs | Finance | Administration Financial planning and resource manager Financial management Procurement Management services | | |
| Public order and safety | Police services | Provincial Safety and Liaison | Administration | | |
| Economic Affairs | General economic affairs | Economic Affairs | Administration Trade, industry and tourism development Economic and development services Consumer protection and inspectorate sen Management services | | |
| | | | Agriculture | Agriculture | Administration Agricultural development and research Veterinary services Conservation management Environmental management Specialist environmental services Management services |
| | | | Transport | Transport | Roads Road traffic and law enforcement Transport |
| | Communication | Tourism | Tourism | | |
| Environmental Protection | Environmental protection | | Conservation management Environmental management Specialist environmental services | | |
| Housing and community amenities | Housing development | Housing | Technical service Planning and development | | |
| Health | Outpatient service | Health | District health services Primary nutrition programme | | |
| | R&D health (CS) | | Health science | | |
| | Hospital services | | Provincial hospital services Specialised hospital services | | |
| Recreation, culture and religion | Recreational and sporting services | Sport, recreation, arts and culture | Sport and recreation | | |
| | Cultural services | | Art, culture and heritage Facility development | | |
| Education | Pre-primary and primary | Education | Pre-primary Primary | | |
| | Secondary education | | Secondary | | |
| | Subsidiary service to education | | Provision of subsidiary | | |
| | Education not definable by level | | ABET | | |
| Social protection | Social security services | Social service and population development | Administration Social security Social assistance Social welfare services Social development Population development Management services | | |

Table A.4(b): Details of provincial payments and estimates by policy area

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation | Estimate actual | Medium-term estimates | | |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2010/11 | 2011/12 | 2012/13 |
| General Public Services | | | | | | | | | |
| Executive and Legislature | 192 193 | 258 340 | 302 899 | 321 580 | 347 797 | 347 659 | 424 162 | 413 220 | 415 414 |
| Office of the Premier | 110 277 | 122 548 | 157 381 | 167 942 | 194 159 | 194 159 | 220 756 | 199 973 | 209 601 |
| RDP | | | | | | | | | |
| Provincial Legislature | 81 916 | 135 792 | 145 518 | 153 638 | 153 638 | 153 500 | 203 406 | 213 247 | 205 813 |
| Financial and Fiscal Services | 123 652 | 138 047 | 149 550 | 177 509 | 172 898 | 171 754 | 201 033 | 211 752 | 223 871 |
| Provincial Treasury | 123 652 | 138 047 | 149 550 | 177 509 | 172 898 | 171 754 | 201 033 | 211 752 | 223 871 |
| General Services (Public Works, CoGTA) | 694 455 | 881 306 | 1 067 684 | 1 240 177 | 1 405 452 | 1 523 508 | 1 601 851 | 1 649 816 | 1 776 671 |
| Total: General Public Services | 1 010 300 | 1 277 693 | 1 520 133 | 1 739 266 | 1 926 147 | 2 042 921 | 2 227 046 | 2 274 788 | 2 415 956 |
| Public Order and Safety | | | | | | | | | |
| Police Services | 155 717 | 198 555 | 248 198 | 240 994 | 276 798 | 274 215 | 263 500 | 281 154 | 294 088 |
| Safety and Liaison | 155 717 | 198 555 | 248 198 | 240 994 | 276 798 | 274 215 | 263 500 | 281 154 | 294 088 |
| Total: Public Order and Safety | 155 717 | 198 555 | 248 198 | 240 994 | 276 798 | 274 215 | 263 500 | 281 154 | 294 088 |
| Economic Affairs | | | | | | | | | |
| General Economic Affairs | 153 895 | 141 883 | 203 195 | 231 187 | 224 690 | 228 527 | 233 166 | 241 832 | 252 110 |
| Dept of Economic Affairs | 153 895 | 141 883 | 203 195 | 231 187 | 224 690 | 228 527 | 233 166 | 241 832 | 252 110 |
| Agriculture | 291 485 | 361 710 | 391 207 | 437 045 | 446 063 | 429 853 | 519 341 | 550 346 | 586 331 |
| Dept of Agriculture Affairs | 291 485 | 361 710 | 391 207 | 437 045 | 446 063 | 429 853 | 519 341 | 550 346 | 586 331 |
| Transport | 795 193 | 1 021 532 | 1 213 248 | 1 441 748 | 1 466 044 | 1 795 077 | 1 201 957 | 1 461 850 | 1 584 408 |
| Department of Transport | 795 193 | 1 021 532 | 1 213 248 | 1 441 748 | 1 466 044 | 1 795 077 | 1 201 957 | 1 461 850 | 1 584 408 |
| Total: Economic Affairs | 1 240 573 | 1 525 125 | 1 807 650 | 2 109 980 | 2 136 797 | 2 453 457 | 1 954 464 | 2 254 028 | 2 422 849 |
| Environmental Protection | | | | | | | | | |
| Environmental Protection | 114 131 | 144 371 | 113 246 | 139 575 | 145 315 | 141 478 | 157 137 | 172 263 | 184 116 |
| Total: Environmental Protection | 114 131 | 144 371 | 113 246 | 139 575 | 145 315 | 141 478 | 157 137 | 172 263 | 184 116 |
| Housing and Community Amenities | | | | | | | | | |
| Housing Development | 509 320 | 906 642 | 1 003 899 | 1 364 913 | 1 148 282 | 1 148 282 | 987 790 | 1 031 982 | 1 087 777 |
| Department of Human Settlement | 509 320 | 906 642 | 1 003 899 | 1 364 913 | 1 148 282 | 1 148 282 | 987 790 | 1 031 982 | 1 087 777 |
| Total: Housing and Community Amenities | 509 320 | 906 642 | 1 003 899 | 1 364 913 | 1 148 282 | 1 148 282 | 987 790 | 1 031 982 | 1 087 777 |
| Health | | | | | | | | | |
| Outpatient services | | | | | | | | | |
| R and D Health (CS) | | | | | | | | | |
| Hospital Services | 3 829 067 | 4 453 496 | 5 208 138 | 6 151 710 | 6 307 313 | 5 805 170 | 6 820 708 | 7 313 855 | 7 744 530 |
| Total: Health | 3 829 067 | 4 453 496 | 5 208 138 | 6 151 710 | 6 307 313 | 5 805 170 | 6 820 708 | 7 313 855 | 7 744 530 |
| Recreation, Culture and Religion | | | | | | | | | |
| Sporting and Recreational Affairs | 187 210 | 316 134 | 360 893 | 373 423 | 387 440 | 387 440 | 479 300 | 418 588 | 449 988 |
| Sport, Arts and Culture | 187 210 | 316 134 | 360 893 | 373 423 | 387 440 | 387 440 | 479 300 | 418 588 | 449 988 |
| Total: Recreation, Culture and Religion | 187 210 | 316 134 | 360 893 | 373 423 | 387 440 | 387 440 | 479 300 | 418 588 | 449 988 |
| Education | | | | | | | | | |
| Pre-primary & Primary Phases | | | | | | | | | |
| Secondary Education Phase | | | | | | | | | |
| Subsidised Services to Education | | | | | | | | | |
| Education not defined by level | 5 796 932 | 6 713 036 | 7 846 210 | 8 539 463 | 8 731 626 | 8 617 492 | 9 496 341 | 9 957 579 | 10 452 168 |
| Total: Education | 5 796 932 | 6 713 036 | 7 846 210 | 8 539 463 | 8 731 626 | 8 617 492 | 9 496 341 | 9 957 579 | 10 452 168 |
| Social protection | | | | | | | | | |
| Social Security Services | | | | | | | | | |
| Social Services and Population Development | 426 048 | 540 424 | 665 732 | 721 690 | 714 837 | 711 974 | 801 787 | 845 603 | 879 582 |
| Total: Social protection | 426 048 | 540 424 | 665 732 | 721 690 | 714 837 | 711 974 | 801 787 | 845 603 | 879 582 |
| Total provincial payments and estimates by policy area | 13 269 298 | 16 075 476 | 18 774 099 | 21 381 014 | 21 774 555 | 21 582 429 | 23 188 073 | 24 549 840 | 25 931 054 |

Table A.5: Transfers to local government by category and municipality

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Estimate actual | Medium-term estimates | | |
|--|---------------|----------------|----------------|--------------------|-----------------------------------|-----------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Category A | - | - | - | - | - | - | - | - | - |
| Municipality | - | - | - | - | - | - | - | - | - |
| Category B | 48 769 | 85 882 | 151 899 | 6 685 | 111 060 | 111 910 | 10 300 | 350 | 371 |
| Letsemeng | 245 | 97 | 1 387 | - | 3 300 | 3 300 | - | - | - |
| Kopanong | 284 | 210 | 4 053 | 3 083 | 3 083 | 3 083 | 100 | 116 | 123 |
| Mohokare | - | 1 140 | 3 500 | - | - | - | - | - | - |
| Naledi | 8 300 | 1 640 | 844 | 183 | 2 183 | 2 183 | 100 | 117 | 124 |
| Mangaung | 7 577 | 66 784 | 56 968 | 2 335 | 13 000 | 13 000 | 10 000 | - | - |
| Mantsopa | 9 000 | 446 | - | - | - | - | - | - | - |
| Masilonyana | 911 | 2 000 | 4 950 | - | 16 000 | 16 000 | - | - | - |
| Tokologo | 5 877 | 1 249 | - | - | 500 | 500 | - | - | - |
| Tswelopele | 705 | - | - | - | - | - | - | - | - |
| Matjhabeng | 532 | 5 000 | 36 480 | - | 18 500 | 18 500 | - | - | - |
| Nala | - | 1 737 | 1 000 | 1 000 | 1 000 | 1 000 | - | - | - |
| Setsoto | - | 340 | 300 | - | 8 000 | 8 000 | - | - | - |
| Dihlabeng | 538 | 1 400 | 1 602 | - | 20 000 | 20 000 | - | - | - |
| Nketoana | 12 300 | 900 | - | - | 2 500 | 2 500 | - | - | - |
| Maluti a Phofung | - | 2 041 | 13 281 | - | 4 000 | 4 000 | - | - | - |
| Phumelela | 2 500 | - | 3 012 | - | 1 910 | 1 910 | - | - | - |
| Moghaka | - | 500 | - | - | 8 500 | 8 500 | - | - | - |
| Ngwathe | - | - | 5 030 | - | 5 000 | 5 850 | - | - | - |
| Metsimaholo | - | - | 648 | - | - | - | - | - | - |
| Mafube | - | 398 | 18 844 | 84 | 3 584 | 3 584 | 100 | 117 | 124 |
| Category C | 2 596 | 89 178 | 281 461 | 387 128 | 299 822 | 418 156 | 292 465 | 287 962 | 310 772 |
| Xhariep | - | 6 118 | 14 855 | 13 569 | 11 526 | 10 206 | 2 158 | 2 295 | 2 448 |
| Motheo | 10 | 23 846 | 27 005 | 26 923 | 20 461 | 53 905 | 86 348 | 91 775 | 97 921 |
| Lejweleputswa | - | 6 859 | 17 253 | 14 655 | 16 872 | 15 490 | 10 295 | 10 942 | 11 676 |
| Thabo Mofutsanyana | 2 575 | 34 502 | 123 438 | 93 509 | 162 657 | 246 191 | 105 752 | 112 397 | 119 924 |
| Fezile Dabi | - | 17 853 | 98 910 | 60 030 | 75 566 | 78 432 | 42 863 | 16 328 | 17 421 |
| Unallocated | 10 | - | - | 178 442 | 12 740 | 13 932 | 45 049 | 54 225 | 61 382 |
| Inter-provincial transfers | 1 | - | - | - | - | - | - | - | - |
| Total transfers to local government | 51 365 | 175 060 | 433 360 | 393 813 | 410 882 | 530 066 | 302 765 | 288 312 | 311 143 |

Table A.6: Summary of provincial payments and estimates by district and municipal

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates | | |
|-------------------------------------|---------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2010/11 | 2011/12 | 2012/13 |
| Region | | | | | | | | | |
| Xhariep | 529 | 7 565 | 23 795 | 16 652 | 17 909 | 16 589 | 2 258 | 2 411 | 2 571 |
| Letsemeng | 245 | 97 | 1 387 | - | 3 300 | 3 300 | - | - | - |
| Kopanong | 284 | 210 | 4 053 | 3 083 | 3 083 | 3 083 | 100 | 116 | 123 |
| Mohokare | - | 1 140 | 3 500 | - | - | - | - | - | - |
| Xhariep | - | 6 118 | 14 855 | 13 569 | 11 526 | 10 206 | 2 158 | 2 295 | 2 448 |
| Motheo | 24 887 | 92 716 | 84 817 | 29 441 | 35 644 | 69 088 | 96 448 | 91 892 | 98 045 |
| Naledi | 8 300 | 1 640 | 844 | 183 | 2 183 | 2 183 | 100 | 117 | 124 |
| Mangaung | 7 577 | 66 784 | 56 968 | 2 335 | 13 000 | 13 000 | 10 000 | - | - |
| Mantsopa | 9 000 | 446 | - | - | - | - | - | - | - |
| Motheo | 10 | 23 846 | 27 005 | 26 923 | 20 461 | 53 905 | 86 348 | 91 775 | 97 921 |
| Thobo Mofutsanyane | 17 913 | 39 183 | 141 633 | 93 509 | 199 067 | 282 601 | 105 752 | 112 397 | 119 924 |
| Setsoto | - | 340 | 300 | - | 8 000 | 8 000 | - | - | - |
| Dihlabeng | 538 | 1 400 | 1 602 | - | 20 000 | 20 000 | - | - | - |
| Nketoana | 12 300 | 900 | - | - | 2 500 | 2 500 | - | - | - |
| Maluti a Phofung | - | 2 041 | 13 281 | - | 4 000 | 4 000 | - | - | - |
| Phumelela | 2 500 | - | 3 012 | - | 1 910 | 1 910 | - | - | - |
| Thobo Mofutsanyane | 2 575 | 34 502 | 123 438 | 93 509 | 162 657 | 246 191 | 105 752 | 112 397 | 119 924 |
| Fezile Dabi | - | 18 751 | 123 432 | 60 114 | 92 650 | 96 366 | 42 963 | 16 445 | 17 545 |
| Moqhaka | - | 500 | - | - | 8 500 | 8 500 | - | - | - |
| Nqwathe | - | - | 5 030 | - | 5 000 | 5 850 | - | - | - |
| Metsimaholo | - | - | 648 | - | - | - | - | - | - |
| Mafube | - | 398 | 18 844 | 84 | 3 584 | 3 584 | 100 | 117 | 124 |
| Fezile Dabi | - | 17 853 | 98 910 | 60 030 | 75 566 | 78 432 | 42 863 | 16 328 | 17 421 |
| Lejeleputswa | 8 025 | 16 845 | 59 683 | 15 655 | 52 872 | 51 490 | 10 295 | 10 942 | 11 676 |
| Masilonyana | 911 | 2 000 | 4 950 | - | 16 000 | 16 000 | - | - | - |
| Tokologo | 5 877 | 1 249 | - | - | 500 | 500 | - | - | - |
| Tswelopele | 705 | - | - | - | - | - | - | - | - |
| Matjhabeng | 532 | 5 000 | 36 480 | - | 18 500 | 18 500 | - | - | - |
| Nala | - | 1 737 | 1 000 | 1 000 | 1 000 | 1 000 | - | - | - |
| Lejeleputswa | - | 6 859 | 17 253 | 14 655 | 16 872 | 15 490 | 10 295 | 10 942 | 11 676 |
| Unallocated funds | 10 | - | - | 178 442 | 12 740 | 13 932 | 45 049 | 54 225 | 61 382 |
| Intrer - provincial transfer | 1 | - | - | - | - | - | - | - | - |
| Total provincial payments by | 51 365 | 175 060 | 433 360 | 393 813 | 410 882 | 530 066 | 302 765 | 288 312 | 311 143 |

Table A .7: Summary - payments and estimates of provincial infrastructure by category

| Category/type of structure | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates | | |
|---|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2010/11 | 2011/12 | 2012/13 |
| R thousands | | | | | | | | | |
| New and replacement assets | 205 165 | 852 090 | 790 047 | 812 726 | 882 097 | 236 012 | 399 786 | 531 751 | 477 042 |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - |
| Education | 115 748 | 251 531 | 380 769 | 78 000 | 72 891 | 67 661 | 63 200 | 128 580 | 48 000 |
| Sport, Arts, Culture and Recreation | 15 512 | 4 506 | 17 079 | 37 968 | 23 381 | 22 909 | 46 578 | 60 200 | 63 665 |
| Economic Development, Tourism and Environmental Affairs | 30 000 | 42 688 | 39 237 | 42 586 | 42 586 | 42 586 | 24 076 | 32 647 | 34 443 |
| Social Development | - | 18 177 | 6 441 | 30 000 | 4 000 | 117 | 35 000 | 45 000 | 42 200 |
| Agriculture and Rural Development | 38 084 | 47 975 | 66 839 | 101 772 | 102 739 | 102 739 | 154 932 | 169 429 | 189 087 |
| Free State Legislature | - | - | - | - | - | - | 42 000 | 44 500 | 30 000 |
| Police Roads and Transport | 5 821 | 487 213 | 279 682 | 522 400 | 636 500 | - | 34 000 | 51 395 | 69 647 |
| Maintenance and repairs | 244 619 | 161 214 | 210 018 | 275 342 | 286 331 | 496 875 | 351 827 | 480 609 | 753 750 |
| Public Works | 99 301 | - | 3 329 | 13 942 | 32 731 | 35 070 | 15 946 | 16 965 | 12 508 |
| Health | 37 086 | 24 635 | 48 445 | 77 426 | 69 566 | 79 906 | 24 883 | 48 000 | 70 172 |
| Education | 8 308 | 8 460 | 9 079 | 10 110 | 10 110 | 7 893 | 6 000 | 10 000 | 10 000 |
| Sport, Arts, Culture and Recreation | 1 079 | 2 326 | 2 291 | 3 197 | 3 257 | 3 647 | 6 500 | 6 525 | 6 884 |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | 5 000 | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | 13 416 | 32 623 | 19 074 | 4 360 | 4 360 | 4 360 | 4 622 | 8 953 | 8 571 |
| Police Roads and Transport | 85 429 | 93 170 | 127 800 | 166 307 | 166 307 | 365 999 | 288 876 | 390 166 | 645 615 |
| Upgrades and additions | 515 642 | 348 665 | 246 591 | 448 224 | 395 314 | 1 245 131 | 654 962 | 700 572 | 856 240 |
| Public Works | 63 970 | 55 729 | 61 417 | 72 517 | 89 020 | 86 337 | 211 100 | 209 628 | 246 257 |
| Health | - | - | - | - | - | - | - | - | - |
| Education | 93 776 | 64 537 | 27 560 | 174 369 | 102 360 | 45 759 | 242 161 | 237 203 | 356 835 |
| Sport, Arts, Culture and Recreation | 7 066 | 8 851 | 6 479 | 19 462 | 22 058 | 20 189 | 120 971 | 35 300 | 39 800 |
| Economic Development, Tourism and Environmental Affairs | 8 174 | 18 296 | - | 3 000 | 3 000 | 3 000 | 17 730 | 20 200 | 21 311 |
| Social Development | 10 546 | - | - | - | - | - | 3 000 | 5 000 | - |
| Agriculture and Rural Development | - | - | - | - | - | - | - | - | - |
| Police Roads and Transport | 332 110 | 201 252 | 151 135 | 178 876 | 178 876 | 1 089 846 | 60 000 | 193 241 | 192 037 |
| Rehabilitation, renovations and refurbishments | 521 658 | 445 510 | 506 654 | 638 630 | 655 010 | 358 158 | 1 029 308 | 1 018 493 | 796 703 |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | 199 021 | 257 350 | 223 170 | 446 000 | 453 860 | 294 883 | 522 621 | 532 051 | 491 716 |
| Education | - | 3 795 | 15 676 | 46 400 | 59 920 | 41 101 | 54 093 | 33 800 | 30 600 |
| Sport, Arts, Culture and Recreation | - | - | - | - | - | - | - | - | - |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | - | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | - | - | - | 27 174 | 22 174 | 22 174 | 33 429 | 29 851 | 31 493 |
| Police Roads and Transport | 322 637 | 184 365 | 267 808 | 119 056 | 119 056 | - | 419 165 | 422 791 | 242 894 |
| Infrastructure transfer - current | - | - | 1 647 | 1 650 | 1 650 | 1 302 | 1 000 | 1 000 | 1 764 |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - |
| Education | - | - | 1 647 | 1 650 | 1 650 | 1 302 | 1 000 | 1 000 | 1 764 |
| Sport, Arts, Culture and Recreation | - | - | - | - | - | - | - | - | - |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | - | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | - | - | - | - | - | - | - | - | - |
| Police Roads and Transport | - | - | - | - | - | - | - | - | - |
| Infrastructure transfer - Capital | 9 579 | 119 189 | 191 142 | 252 205 | 222 603 | 116 670 | 102 322 | 67 900 | 56 500 |
| Public Works | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - |
| Education | 9 579 | 43 238 | - | 58 677 | 100 940 | 70 007 | 52 322 | 47 900 | 36 500 |
| Sport, Arts, Culture and Recreation | - | 75 951 | 37 766 | 43 528 | 46 663 | 46 663 | 20 000 | - | - |
| Economic Development, Tourism and Environmental Affairs | - | - | - | - | - | - | - | - | - |
| Social Development | - | - | - | - | - | - | - | - | - |
| Agriculture and Rural Development | - | - | - | - | - | - | - | - | - |
| Police Roads and Transport | - | - | 153 376 | 150 000 | 75 000 | - | 30 000 | 20 000 | 20 000 |
| Total provincial infrastructure | 1 496 663 | 1 926 668 | 1 946 099 | 2 428 777 | 2 443 005 | 2 454 148 | 2 539 205 | 2 800 325 | 2 941 999 |

Table A.8: Summary of Infrastructure Enhancement Allocation payments and estimates by Vote

| R' thousand | Outcome | | | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates | | |
|---|----------------|------------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2010/11 | 2011/12 | 2012/13 |
| Public Works | 9 980 | 26 176 | 8 791 | 29 339 | 36 339 | 36 339 | 150 407 | 147 267 | 162 072 |
| Health | 105 490 | 69 350 | 48 593 | 55 000 | 55 000 | 55 000 | - | - | - |
| Education | 80 721 | 229 537 | 150 833 | 92 465 | 85 465 | 53 872 | - | - | - |
| Sport, Arts, Culture & Recreation | 23 657 | 92 634 | 63 615 | 55 058 | 59 684 | 93 857 | 168 599 | 75 479 | 81 805 |
| Economic development, Tourism & Environmental Affairs | 20 000 | 36 704 | - | 45 755 | 50 886 | 42 535 | 46 806 | 52 847 | 55 754 |
| Agriculture and Rural Development | 10 000 | 29 195 | 14 961 | 27 174 | 27 174 | 21 464 | 28 429 | 29 851 | 31 493 |
| Social Development | - | - | - | 30 000 | 4 000 | 117 | 38 000 | 45 000 | 42 200 |
| Free State Legislature | - | - | - | - | - | - | 42 000 | 44 500 | 30 000 |
| Police, Roads and Transport | 363 595 | 592 010 | 361 448 | 566 951 | 566 951 | 566 951 | 358 876 | 525 799 | 576 760 |
| Total provincial allocation (Infrastructure Enhancement) | 613 443 | 1 075 606 | 648 241 | 901 742 | 885 499 | 870 135 | 833 117 | 920 743 | 980 084 |

PART B:
Estimates of Provincial Revenue and Expenditure:
Departmental Estimates