

Foreword to the Overview of Provincial Revenue and Expenditure for the 2013/14 MTEF

The prevailing weak global economy has put some strain on the domestic economy and this is evidenced by the widening trade deficit (as a result of weaker global demand for South African exports) investment uncertainty, volatile capital flows and currency and commodity prices. There are also domestic factors that are a cause of concern to our own domestic economy; these are—mining and other sectors strikes, the balance between electricity supply and demand, infrastructure bottlenecks, etc. All of the factors outlined above are presenting a serious stress on the fiscal framework, both nationally and provincially. Such an economic shock which has its origins far away may prove to be a challenging hindrance to our own economic growth if not handled cautiously.

The 2013 MTEF fiscal framework is very constrained and thus presents us with an opportunity to lock our concerted focus on key priorities that are designed to yield better economic growth prospect, employment creation as well as bettering the living conditions of our citizenry. The core principle of prudence in utilizing public resources by all stakeholders remains at the centre of this 2013 MTEF budget; furthermore, commitment to cost saving measures and reprioritization of budget to high impact services will also be monitored throughout the MTEF.

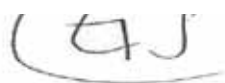
The 2013 MTEF Provincial Fiscal Framework remains tight and priorities continue to increase within the limited fiscal envelope. Furthermore, the subsequent decrease of learner numbers following the 2011 Census outcome will have an adverse impact on the province's share/allocation of the Provincial Equitable Share over the 2013 MTEF. The province will continue with its Revenue Enhancement Allocation strategy aimed at optimizing revenue collection in the province to bolster total provincial receipts.

It is evident that there will a limited expansion on provincial priorities over the 2013 MTEF hence the reprioritization to fund core provincial priorities.

The provincial government over the 2013 MTEF is committed to the programme of action as pronounced by the President, which amongst others include:

- Ignite growth and job creation.
- Invest in improving potential GDP growth, while taking necessary measures to promote inclusivity.
- Narrow inequality, especially between poor and upper-income groups.
- Implement our economic and social policies more effectively.
- Fix our education system, which is the ultimate guarantor of a better future for our children.
- Enhance the labour relations system based on lessons from the recent past.
- Help small and medium-sized businesses to grow, employ and export.
- Increase exports to narrow current account imbalances.
- Radically improve the living conditions of poor communities.

By pulling our resources together we will be able to implement government programmes as mandated by the citizens.



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MEC FOR FINANCE: FREE STATE PROVINCE



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PART A: OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

1. Socio economic outlook

1.1 Free State demographics

Remarkably different population dynamics within South Africa imply that fast growing provinces are characterized by rapidly changing needs that should be reflected in the allocation of the budget. At the same time, budgetary rules (provincial equitable share) preventing major reallocations of the budget may unfairly penalize slow growing provinces. Provinces receive different amounts of spending because of different population sizes.

This section outlines the statistical interpretation and description of a population with reference to distribution, composition or structure. Statistics South Africa had just released revised results of Census 2011 on the 8th of February 2013.

Table 1.1.1: Total population by province – Census 1996, 2001 and 2011

Province	Census 1996	Census 2001	% Change 1996/2001	Census 2011	% Change 2001/2011	% Change 1996/2011
Eastern Cape	6,147,244	6,278,651	2.1	6,562,053	4.5	6.7
Free State	2,633,504	2,706,775	2.7	2,745,590	1.4	4.3
Gauteng	7,834,125	9,388,854	16.6	12,272,263	30.7	56.7
KwaZulu-Natal	8,572,302	9,584,129	10.6	10,267,300	7.1	19.8
Limpopo	4,576,566	4,995,462	8.4	5,404,868	8.2	18.1
Mpumalanga	3,123,869	3,365,554	7.2	4,039,939	20.0	29.3
North West	2,727,223	2,984,098	8.6	3,509,953	17.6	28.7
Northern Cape	1,011,864	991,919	(2.0)	1,145,861	15.5	13.2
Western Cape	3,956,875	4,524,335	12.5	5,822,734	28.7	47.2
South Africa	40,583,572	44,819,777	9.5	51,770,561	15.5	27.6

Source: Statistics SA, Census 2011

Over a period of 15 years (i.e. between 1996 and 2011) the number of population in Free State increased by 4.3 percentage points. The Free State's population has increased by more than 112 000 people since 1996. Census 2011 results show Free State as the province that has least population growth rate when measured between 2001 and 2011. Northern Cape has the least population but it managed to increase its growth rate by 15.5 percentage points in 2011. However, it continues to show Gauteng as the province that is most inhabited in spite of KwaZulu-Natal being the province with the largest share of population since census 1996.

Table 1.1.2: Free State sex group in numbers, 2011

Sex	Number
Female	1,416,623
Male	1,328,967
Total	2,745,590

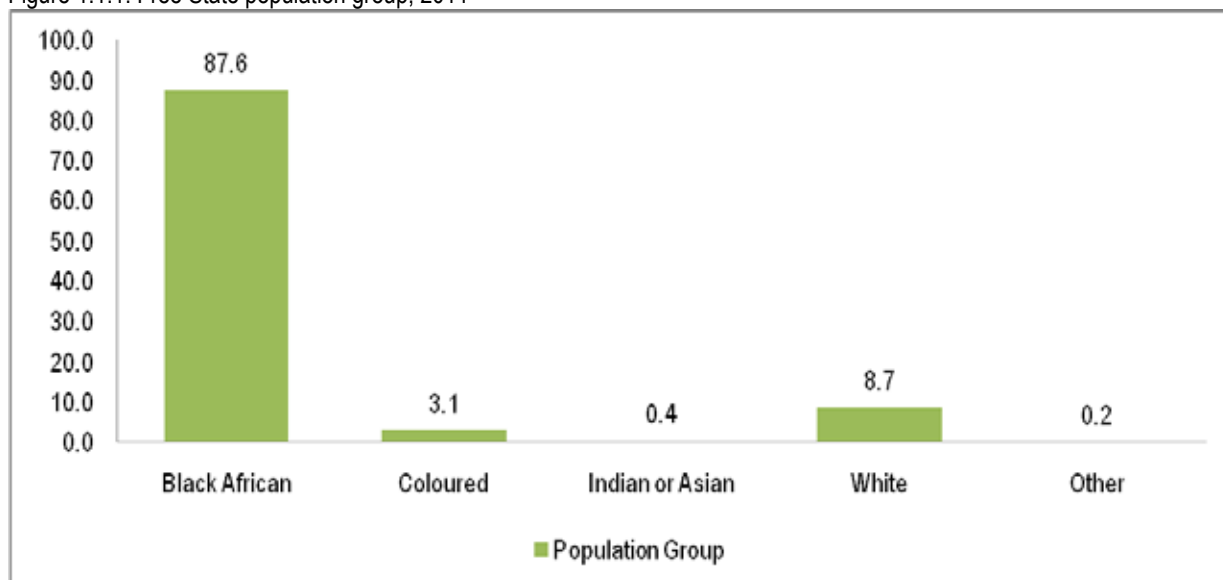
Source: Statistics SA, Census 2011

According to Geohive.com, a site specializing in population statistics, there are around 3,248,080,000 males on the planet and around 3,214,983,000 females. That translates to men accounting for 50.25 per cent of the population. Interestingly, ratios vary from country to

country. However, in China, males outnumber females by nearly 36 million. In Cuba, the number of males and females is about equal, give or take a few thousand.

Nationally, more females are born than males. Still, in the Free State, the province experienced more females than Males. Females accounts to 51.6 per cent of the population while Males only 48.4 per cent in the Free State.

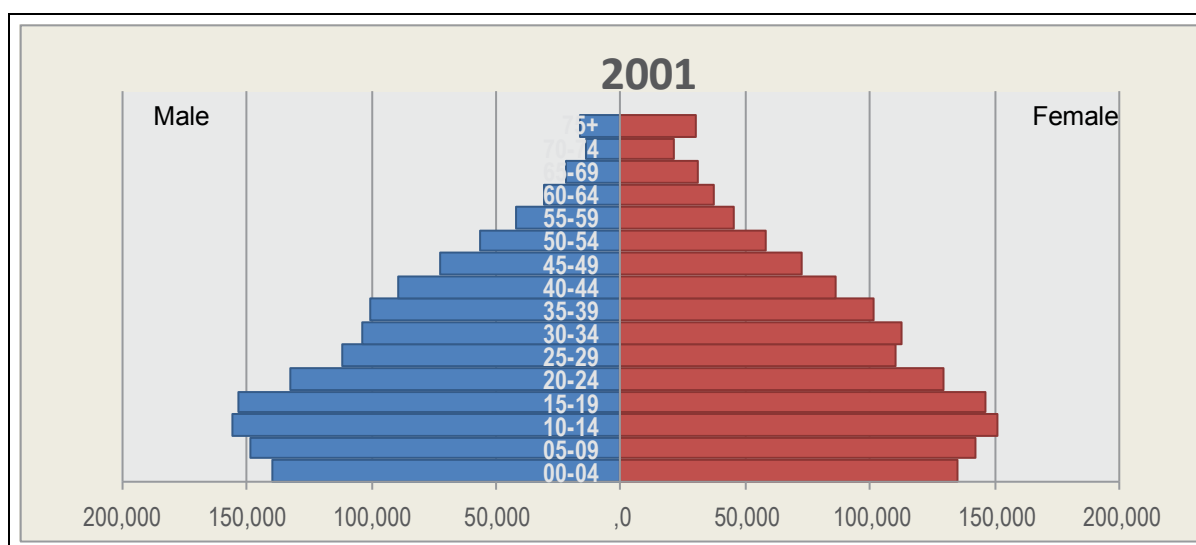
Figure 1.1.1: Free State population group, 2011



Source: Statistics SA, Census 2011

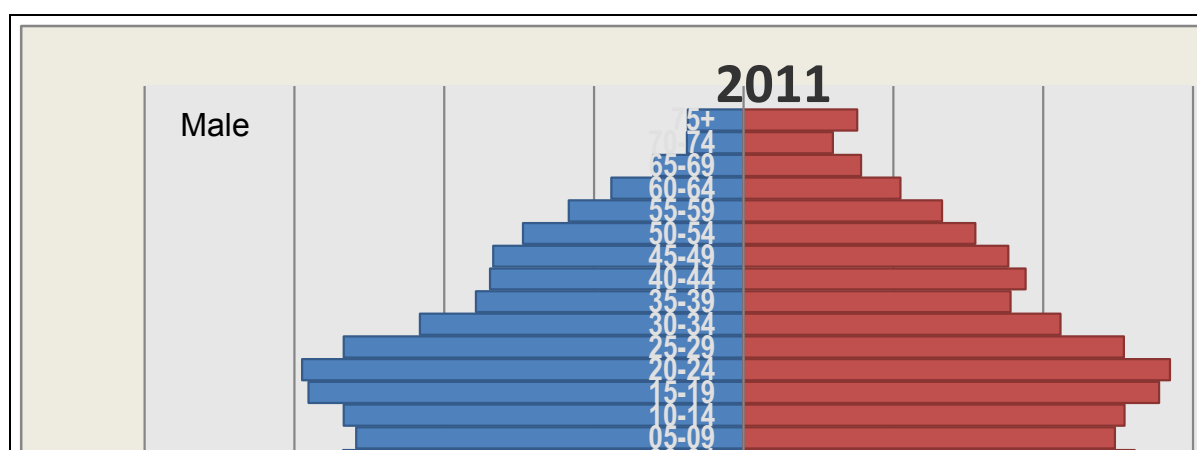
By far, the largest population group in the Free State is Black African, with 2 405 533 people (87.6 per cent of the total population). Second largest population group is Whites with 239 026 which is 8.7 per cent of the total Free State population group. The least population group is Indians or Asians with 0.4 per cent notwithstanding other population group.

Figure 1.1.2: Free State population pyramid



Source: Global Insight, 2011

Figure 1.1.2: continuation (Free State population pyramid)



Source: Global Insight, 2011

According to the World Factbook, the population growth rate is described as the annual percentage change in the population, resulting from a surplus (or deficit) of births over deaths and the balance of migrants entering and leaving the province. The rate may be positive or negative. In Free State case, the rate is gradually moving up. This growth rate (population size) will determine how great a burden would be imposed on a province by changing needs of people for infrastructure (e.g. schools, hospitals, housing, roads), resources (e.g. food, water, electricity) and jobs.

In 2001, there were more children and teenagers (aged 00-19) than 2011. Currently there are more youth aged 20-29 than in the year 2001. From the age of 44-75 years the pattern is more comparable except that males were increasing gradually.

Table 1.1.3: Migration by province of birth versus province where the person was counted (numbers)

	EC	FS	GP	KZN	LP	MP	NW	NC	WC
WC	105,214	19,555	186,412	32,754	20,154	17,019	15,210	27,409	4,032,687
EC	5,982,758	67,757	535,100	281,736	21,127	62,825	93,442	22,211	894,289
NC	23,285	27,861	92,503	58,220	6,341	26,283	46,809	953,640	85,323
FS	23,785	2,316,399	382,525	37,752	18,739	47,631	96,349	21,035	47,390
KZN	45,255	27,487	703,509	9,150,357	13,189	105,855	34,620	8,487	61,945
NW	7,235	26,712	419,081	22,488	30,504	31,990	2,680,769	42,138	17,736
GP	83,097	71,574	6,678,316	124,247	128,662	182,041	164,140	17,539	167,524
MP	14,684	12,282	510,995	44,124	78,030	3,157,644	41,675	3,968	23,413
LP	7,113	16,361	1,290,106	21,098	4,803,480	166,470	97,593	3,353	15,316
Outside SA	75,319	68,896	1,134,587	169,377	165,351	153,115	152,504	19,770	260,952
Total	6,367,745	2,654,884	11,933,134	9,942,153	5,285,577	3,950,873	3,423,111	1,119,550	5,606,575

Source: Statistics SA, Census 2011

NB: Numbers exclude: do not know, unspecified and not applicable

Migration and urbanization are related phenomena that accompany development because people tend to move from rural to urban areas in search of jobs and better amenities which bring population pressure on cities. In addition, migration also occurs when another part of the country offers better opportunities.

The dream of a better life in cities can easily become a nightmare. More immigrants are seen entering the province from Gauteng province (71 574) and Eastern Cape (67 757). Mpumalanga residents are the least (12 282) in Free State province. Migration from one country to another is also common. Despite high emigration levels, a high level of non-South African immigrants has settled in the province, in particular from countries such as Lesotho, Zimbabwe, Nigeria, Bangladesh, and other countries. In 2011, it is estimated that 68 896 non-South Africans were residing in the Free State.

1.2 Free State Economic Indicators

The material conditions that continue to permeate and besiege the global economic dialogue, that of the imminent recession in the Eurozone and the United States, have suddenly rescinded and the International Monetary Fund (IMF) January 2013 World Economic Update is rather positive on global growth outlook. According to the IMF (2013), global economic growth is projected to increase during 2013, as the factors underlying the soft global activity are expected to subside. However, the anticipated upsurge is projected to be more gradual than was previously declared in the IMF October 2012 World Economic Outlook (WEO) projections. Economic conditions improved modestly in the third quarter of 2012, with global growth increasing to about 3 per cent. The main reason attributed to this upsurge in global growth is the accelerated growth of emerging market economies, where activity picked up broadly as expected, and the United States, where growth surprised on the upside.

The projection and indications as suggested by the IMF, that the global economy would gradually grow to levels surpassing previous years, bodes well for South Africa. The country has steered and steadied through the tide brought about by the 2009 recession to assimilate to a resilient growth trajectory, registering an average growth of 3.3 per cent, post-recession. However, this average growth is still well below the pre-crisis era, wherein the country recorded averaged growth of 4.5 per cent, i.e. between 2002 and 2008. On to the Free State provincial economy front, the province registered growth rates of 2.3 per cent and 2.5 per cent for the years 2010 and 2011. These growth rates continued to be well off the pre-recession figures, where the province recorded an average growth of 3.8 per cent, and recorded a somewhat invariably healthy unemployment level of 22.6 per cent during fourth quarter of 2008.

Table 1.2.1: Sectoral Composition of the Free State Economy; 2002 - 2011

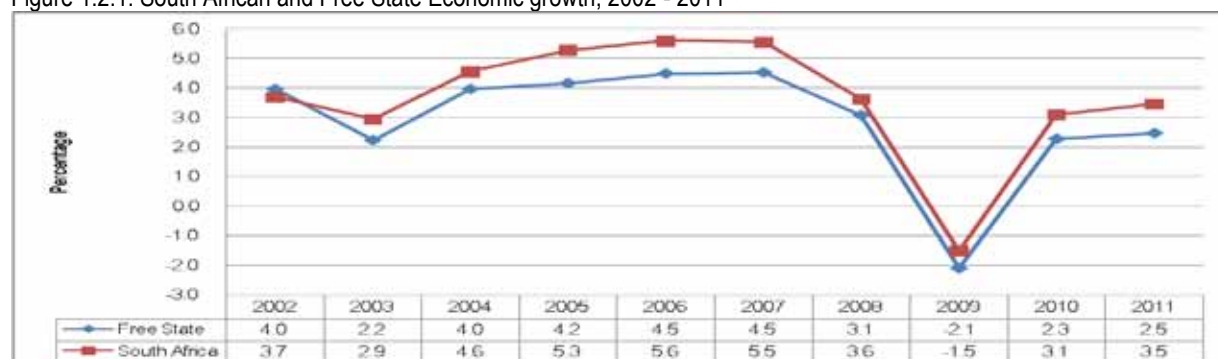
Industry	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary Industries	14.6%	14.5%	14.1%	14.3%	12.7%	12.1%	11.7%	11.4%	11.5%	11.2%
Agriculture, forestry and fishing	4.1%	3.7%	3.6%	3.6%	3.1%	3.1%	3.6%	3.6%	3.5%	3.5%
Mining and quarrying	10.5%	10.8%	10.5%	10.7%	9.6%	9.0%	8.1%	7.8%	8.0%	7.8%
Secondary Industries	16.7%	16.3%	16.5%	16.5%	16.7%	16.8%	16.6%	16.1%	16.3%	16.2%
Manufacturing	12.6%	12.2%	12.2%	12.2%	12.4%	12.4%	12.3%	11.6%	12.0%	11.9%
Electricity, gas and water	2.7%	2.7%	2.8%	2.8%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%
Construction	1.4%	1.5%	1.5%	1.5%	1.5%	1.7%	1.8%	2.0%	1.8%	1.8%
Tertiary industries	58.1%	58.6%	58.8%	58.5%	59.4%	60.0%	60.7%	61.8%	61.3%	61.6%
Wholesale, retail and motor trade; catering & accommodation	10.3%	10.4%	10.5%	10.4%	10.6%	10.5%	10.3%	10.1%	10.2%	10.3%
Transport, storage and communication	8.1%	8.1%	8.0%	7.9%	8.0%	8.1%	8.2%	8.3%	8.2%	8.1%
Finance, real estate and business services	15.1%	15.1%	15.6%	15.8%	16.6%	17.1%	17.7%	18.0%	17.8%	17.9%
Personal services	11.2%	11.6%	11.3%	11.2%	11.3%	11.4%	11.4%	11.5%	11.3%	11.2%
General government services	13.4%	13.5%	13.3%	13.2%	13.1%	13.0%	13.1%	13.9%	13.9%	14.0%
All industries at basic prices	89.4%	89.5%	89.4%	89.3%	88.9%	88.9%	89.0%	89.2%	89.1%	89.1%
Taxes less subsidies on products	10.6%	10.5%	10.6%	10.7%	11.1%	11.1%	11.0%	10.8%	10.9%	10.9%
GDP at market prices	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Stats SA, GDP, Third Quarter, 2012

Table 1.2.1 above illustrates the Free State provincial economy through a disaggregated sectoral composition, from 2002 until 2011. Sectoral composition loosely refers to how the economy in a particular region is composed of sectorally or by which sectors and their relative contribution to the given economy. The Free State economy is a relatively small regional economy, with the main aggregated sector being the Tertiary sector, with an averaged 59.9 per cent share during the period under review, followed by the Secondary sector which accounted for 16.2 per cent, of the provincial economy.

Disaggregating the sectors further and thus focusing on per sector basis, the Finance sector is the sector, commanding a weighty 17.9 per cent stake of the provincial economy in 2011. The Financial services sector, had relatively low variation over the reviewed period, registering a variance of 1.2 per cent, and a growth of 18.9 per cent (between 2002 and 2011). The Financial services sector is followed by the General Government and Manufacturing which accounted for 14.0 per cent and 11.9 per cent respectively. It is worth noting that both the General Government and the Manufacturing sector are the biggest employers in the province, with a combined total of 36.4 per cent of the employed population. The sector with the least contribution to the provincial economy during 2011, was the Constriction sector, which constituted a measly 1.8 per cent of the provincial GDP, declining by an unprecedented 9.1 per cent between 2009 and 2011. The decline in the sector is a cause for concern, as the sector is considered to be a relatively labour-intensive sector and thus a decline could reflect in the increase in the number of poor-persons in the province.

Figure 1.2.1: South African and Free State Economic growth; 2002 - 2011



Source: Stats SA, GDP, Third Quarter, 2012

Figure 1.2.1 above depicts the South African and Free State economic performance for the period 2002 to 2011, using the predominantly used measure of economic growth, i.e. GDP. There exists a strong positive correlation between the Free State economic growth and that of South Africa, leading to a correlation coefficient of 0.9804 for the period under scrutiny. This, therefore, implies there exist a strong likelihood that if the South African economy grows, that of the Free State will follow suit. However, it is important to note that the Free State growth would not necessarily be equal to that of the country, but rather the direction would in all probability be the same.

The Free State economy continued to track the South African economy, averaging 2.9 per cent, relative to 3.6 per cent, during the reviewed period. The impact of the 2009 recession was rather impactful for the province as compared to that of the country, with the Free State registering a negative growth of 2.1 per cent relative to the 1.5 per cent recorded by the country. Post-recession, the province and South Africa were relinquished from its clutches to record growths of 2.3 per cent and 3.1 per cent respectively, spelling a two-fold increase for the province. Growth remained unabated in 2011, wherein the Free State economy grew marginally, from the 2.3 per cent recorded in 2010 to 2.5 per cent. According to Stats SA, the propellant for South African growth during 2011 have been both the General Government and the financial services sectors, which both accounted for 34.7 per cent combined weight.

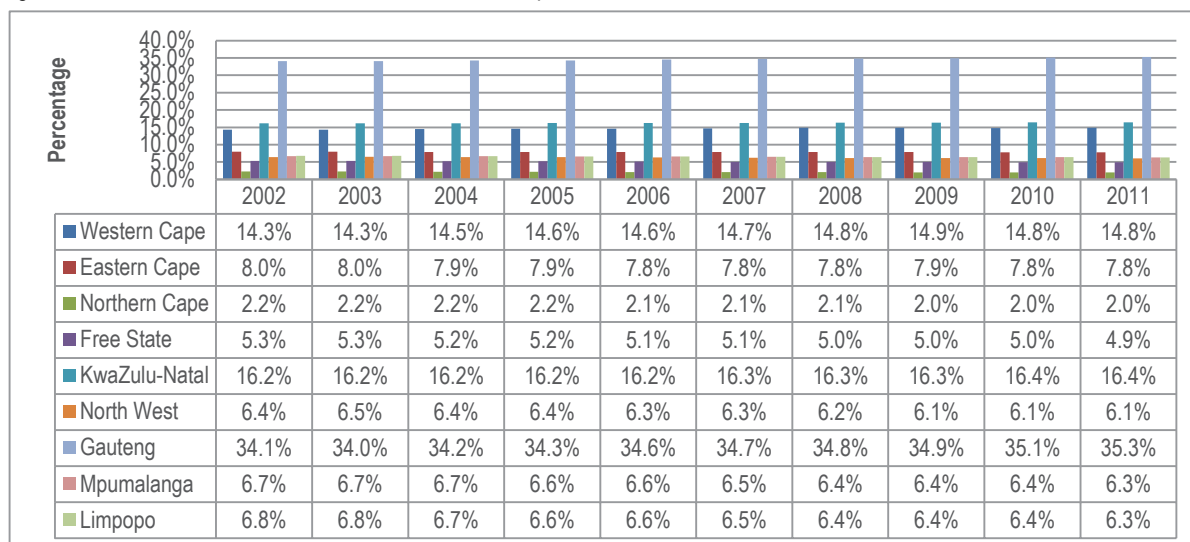
Table 1.2.2: Free State Gross Domestic Product

Industry	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary Industries	14.0	1.2	1.4	5.5	-7.0	-1.0	-0.3	-4.6	3.7	-0.3
Agriculture, forestry and fishing	-0.4	-7.3	0.5	5.2	-9.8	1.5	21.9	-3.5	1.1	0.6
Mining and quarrying	20.8	4.5	1.7	5.6	-6.0	-1.9	-7.8	-5.1	4.9	-0.7
Secondary Industries	2.1	0.2	4.8	4.1	6.2	5.2	1.6	-5.1	3.6	1.8
Manufacturing	3.1	-0.9	4.0	3.9	6.9	4.3	2.1	-7.5	5.1	2.3
Electricity, gas and water	3.5	2.1	7.8	4.4	3.0	3.3	-3.6	-3.9	3.4	0.3
Construction	-8.6	6.0	6.6	5.2	6.1	15.7	6.3	10.4	-5.5	0.8
Tertiary industries	2.8	3.2	4.2	3.7	6.2	5.5	4.3	-0.4	1.5	3.0
Wholesale, retail and motor trade; catering and accommodation	3.4	3.0	5.4	3.0	6.1	4.1	0.7	-3.4	3.1	3.6
Transport, storage and communication	5.7	2.2	2.4	3.4	5.0	5.8	4.4	-1.0	1.2	1.9
Finance, real estate and business services	3.4	2.2	7.9	5.1	9.8	7.6	7.2	-0.7	1.2	3.1
Personal services	2.5	5.5	1.8	3.0	5.1	5.3	3.7	-1.5	0.2	2.2
General government services	0.3	3.4	2.4	3.3	3.5	3.8	3.8	3.8	2.2	3.7
All industries at basic prices	4.4	2.3	3.9	4.0	4.1	4.5	3.2	-1.8	2.2	2.4
Taxes less subsidies on products	1.0	1.5	4.8	5.2	8.0	4.7	2.5	-4.5	3.1	3.3
GDPR at market prices	4.1	2.2	4.0	4.2	4.5	4.5	3.1	-2.1	2.3	2.5

Source: Stats SA, GDP, Third Quarter, 2012

The preceding section interrogated the relative growth rates of the Free State economy and that of South Africa, thus table 1.2.2 above discerns and highlights how these growths were achieved, through analysis of the sectors' relative contributions to the provincial economy. The biggest aggregated sector, i.e. tertiary sector was the only sector to note positive growth, with both the secondary and primary sectors waning, for the period reviewed. The major propellant for the provincial economic growth during 2011 was General Government which recorded growth of 3.7 per cent, as this is noted also with the sector's relative strength in the economy. General Government is the second major contributor to the provincial economy, and its relative strength in the province could not have been felt more than during 2009, when it was the only sector to register positive growth at the height of the recession, not only did the sector record 3.8 per cent growth, it also was responsible for a major dent in the unemployment figures, wherein it recorded growth in employment levels despite other critical sectors shedding jobs.

Figure 1.2.2: Provincial GDP contribution to national output

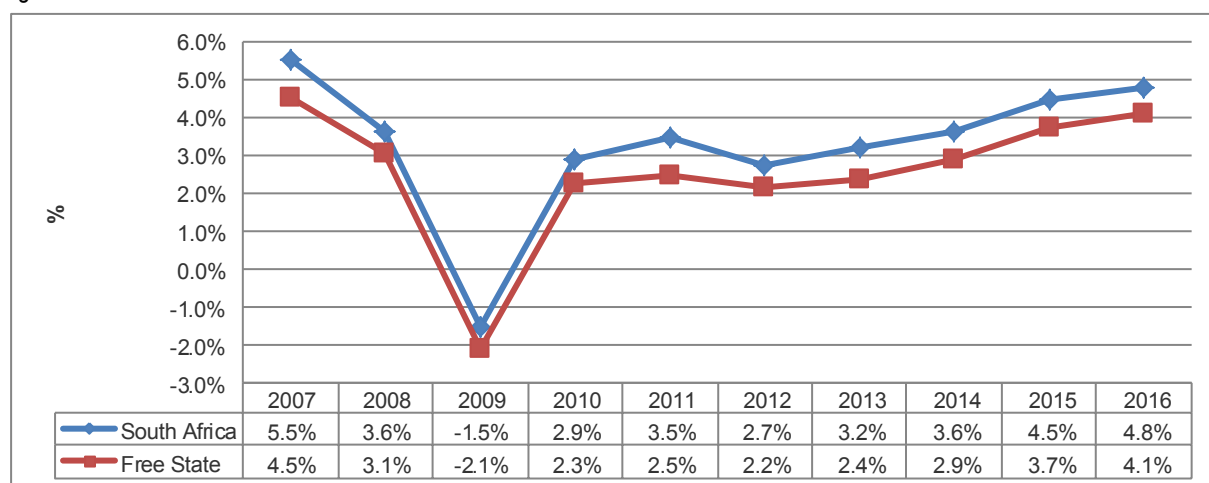


Source: Stats SA, GDP, Third Quarter, 2012

According to figure 1.2.2 above, the Gauteng province continued to be a dominant economic force in South Africa, contributing an impactful 35.3 per cent to the national economy in 2011. The Gauteng province has, for the period reviewed, contributed an averaged 34.2 per cent to the national economy, with minimal variation of 0.4 per cent, and thus spelling growth of 3.6 per cent. The Province of Champions, as Gauteng province is aptly named, is followed by KwaZulu-Natal and the Western Cape province, with contributions of 16.4 per cent and 14.8 per cent, respectively. The Free State's contribution to the national economy has averaged a rather timid 5.1 per cent during the period assessed. The Free State's contribution to the national output declined by 7.0 per cent, from 5.3 per cent in 2002 to 4.9 per cent in 2011, with a minimal variation of 0.1 per cent.

The world and national economic outlook continues to be somber, and the story does not look starkly different provincially. According to the IMF (2012), South Africa is set to record growth of 3.3 per cent, 0.2 percentage points lower than initially projected. IHS Global Insight (2012) forecast the Free State economy to grow by roughly 3.1 per cent on average between the 2012 and 2016, bridging the 4 percentage point mark towards the end of the forecast period or in 2016, when it is anticipated to register a 4.1 per cent growth.

Figure 1.2.3: Free State GDP Forecasts



Source: Global Insight, Rex; Stats SA, GDP, Third Quarter, 2012

Figure 1.2.3 above indicates and thus confirm that the Free State growth performance has lacked behind the South Africa's average, and according to IHS Global Insight forecasts does not indicate the trends seizing in the near future. Between 2009 and 2011, the Free State growth rate averaged 1.2 per cent, whilst the national average for the same period was 1.5 per cent, about 0.30 percentage points higher than that of the Free State. Post-crisis, the Free State economy registered growth rate of 2.3 per cent in 2010, spelling an increase of 4.4 percentage points. The IHS Global Insight growth projections indicate a somber outlook for the provincial economy; the provincial growth is expected to hover around the 3.1 per cent mark from 2012 to 2016.

Free State Labour Market Review

Understanding labour market trends is key to designing effective policies for job creation. National and regional employment estimates and projections trace the potential of different regions in the country to absorb an ever growing labour force. Unemployment rates by age group and sex allow the identification of vulnerable groups most in need of support. Similarly, estimates of working poverty help target efforts to promote decent work and poverty reduction strategies more precisely. Such indicators form the basis of a modern labour

market information and analysis system to support the deployment and assessment of national employment policies.

As illustrated in table 1.2.3 below, the Free State labour force increased by 15 000 persons between Q3:2012 and Q4:2012. This increase was due to an increase in the number of the unemployed by 17 000. The number of employed persons on the other hand decreased by 4 000. This lead to the unemployment rate increasing by 1.2 of a percentage point from 32.0 per cent in Q3:2012 to 33.2 per cent in Q4:2012.

Compared to a year ago, employment decreased by 2.8 per cent (21 000), unemployment increased by 15.6 per cent (49 000), the number of discouraged work-seekers decreased by 5.7 per cent (5 000) and other (not economically active) decreased by 1.4 per cent (10 000) in Q4:2012, resulting in a net decrease of 1.9 per cent (15 000) among the not economically active population.

Table 1.2.3: Free State Labour Force Characteristics

	Oct-Dec 2011	Jan-Mar 2012	Apr-Jun 2012	Jul-Sep 2012	Oct-Dec 2012	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand						Percent		
Population 15-64 yrs	1,877	1,881	1,884	1,888	1,891	3	14	0.2	0.7
Labour Force	1,067	1,087	1,085	1,081	1,096	15	29	1.4	2.7
Employed	753	737	728	736	732	-4	-21	-0.5	-2.8
Unemployed	314	350	357	346	363	17	49	4.9	15.6
Not economically active	810	794	799	806	795	-11	-15	-1.4	-1.9
Discouraged work-seekers	87	69	82	87	82	-5	-5	-5.7	-5.7
Other(not economically active)	723	725	717	719	713	-6	-10	-0.8	-1.4
Rates (%)									
Unemployment rate	29.4	32.2	32.9	32.0	33.2	1.2	3.8		
Employed / population ratio (Absorption)	40.1	39.2	38.6	39.0	38.7	-0.3	-1.4		
Labour force participation rate	56.8	57.8	57.6	57.3	57.9	0.6	1.1		

Source: Stats SA, QLFS Quarter 4, 2012

Table 1.2.4 below shows a decrease in the unemployment rate in six of the nine provinces in Q4:2012 compared to Q3:2012. The biggest decrease in the unemployment rate was observed in Limpopo (2.6 percentage points), North West (1.7 percentage points) and Mpumalanga (1.7 percentage points). The biggest increase in unemployment rate was recorded in KwaZulu-Natal (1.2 percentage points) and Free State (1.2 percentage points).

In comparison to the same period last year, the unemployment rate increased by 1.0 percentage point at the national level. The biggest increases in the unemployment rate were observed in Free State (3.8 percentage points), KwaZulu-Natal (3.2 percentage points) and Eastern Cape (2.7 percentage points). The biggest decrease in unemployment rate was recorded in Gauteng (1.4 percentage points) in the same period (Stats SA, 2012).

Table 1.2.4: Employment by province

	Oct-Dec 2011	Jul-Sep 2012	Oct-Dec 2012	Qtr-to-qtr change	Year-on-year on change	Qtr-to-qtr change	Year-on-year on change
Province	Thousand					Percent	
Western Cape	1 842	1 806	1 824	18	-18	1	-1
Eastern Cape	1 326	1 330	1 261	-69	-65	-5.2	-4.9
Northern Cape	291	290	292	2	1	0.7	0.3
Free State	753	736	732	-4	-21	-0.5	-2.8
KwaZulu-Natal	2 562	2 533	2 493	-40	-69	-1.6	-2.7
North West	700	745	747	2	47	0.3	6.7
Gauteng	4 115	4 194	4 178	-16	63	-0.4	1.5
Mpumalanga	923	928	959	31	36	3.3	3.9
Limpopo	985	1 084	1 092	8	107	0.7	10.9
South Africa	13 497	13 645	13 577	-68	80	-0.5	0.6

Source: Stats SA, QLFS Quarter 4, 2012

Table 1.2.4 above shows that between Q3:2012 and Q4:2012, there were job losses in four of the nine provinces, with the largest declines observed in Eastern Cape (69 000), KwaZulu-Natal (40 000) and Gauteng (16 000). The Free State lost 4 000 jobs. There were employment gains in Mpumalanga (31 000), Western Cape (18 000) and Limpopo (8 000) over the same period.

Compared to the year ended December 2011, employment increased in five of the nine provinces, with Limpopo (107 000), Gauteng (63 000) and North West (47 000) being the biggest contributors, while job losses were observed in KwaZulu-Natal (69 000), Eastern Cape (65 000) and Free State (21 000).

Table 1.2.5: Employment by industry

	Oct-Dec 2011	Jan-Mar 2012	Apr-Jun 2012	Jul-Sep 2012	Oct-Dec 2012	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
Industry	Thousand							Percent	
	753	737	728	736	732	-4	-21	-0.5	-2.8
Agriculture	62	72	56	68	63	-5	1	-7.4	1.6
Mining	27	28	26	27	27	0	0	0.0	0.0
Manufacturing	64	54	57	59	71	12	7	20.3	10.9
Utilities	3	5	6	6	3	-3	0	-50.0	0.0
Construction	49	47	48	51	52	1	3	2.0	6.1
Trade	173	160	156	149	150	1	-23	0.7	-13.3
Transport	35	27	30	32	28	-4	-7	-12.5	-20.0
Finance	62	70	76	66	66	0	4	0.0	6.5
Community and social services	192	181	176	180	183	3	-9	1.7	-4.7
Private households	85	92	97	96	91	-5	6	-5.2	7.1

Source: Stats SA, QLFS Quarter 4, 2012

The biggest employers in the Free State province in Q4:2012 were the community and social services (25.0 per cent), trade (20.5 per cent) and private households (12.4 per cent)

industries, whilst the smallest were utilities (0.4 per cent), mining (3.7 per cent) and transport (3.8 per cent).

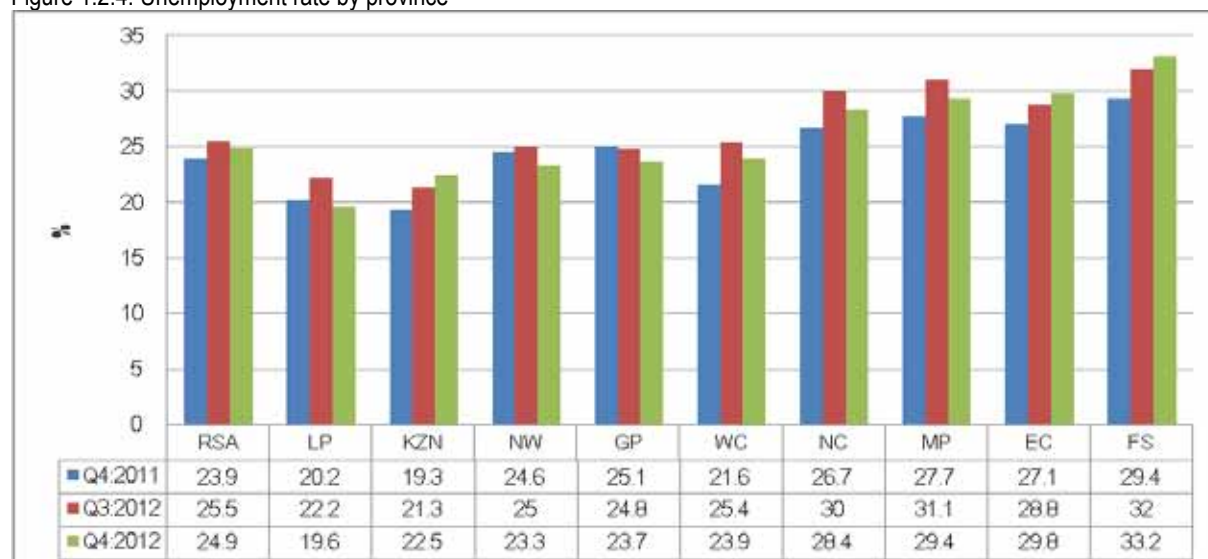
Table 1.2.5 above indicates that between Q2:2012 and Q3:2012, the decrease in total employment was mainly as a result of declines in the number of employed persons in the agriculture (5 000), private households (5 000) and construction (3 000) industries, while employment losses were observed in finance (10 000), Trade (7 000) and private households (1 000).

Compared to the same period last year (year on year), employment decreased by 90 000 jobs in Q3:2012, due to declines in construction (57 000), Trade (27 000), community and social services (17 000), Finance (9 000) and transport (1 000). The biggest jobs gain was observed in private households (14 000).

According to figure 1.2.4 below, the unemployment rate decreased in six of the nine provinces in Q4:2012 compared to Q3:2012. The biggest decrease in the unemployment rate was observed in Limpopo (2.6 percentage points), North West (1.7 percentage points) and Mpumalanga (1.7 percentage points). The biggest increase in unemployment rate was recorded in KwaZulu-Natal (1.2 percentage points) and Free State (1.2 percentage points). The Free State remain the province with the highest unemployment rate, and significantly higher than the national average.

Year-on-year, the unemployment rate increased slightly by 1.0 percentage point at the national level. The biggest increases in the provincial unemployment rate were observed in Free State (3.8 percentage points), KwaZulu-Natal (3.2 percentage points) and Eastern Cape (2.7 percentage points). The biggest decrease in unemployment rate was recorded in Gauteng (1.4 percentage points) in the same period. It is clear from the analysis above that unemployment remains a major obstacle in the Free State.

Figure 1.2.4: Unemployment rate by province



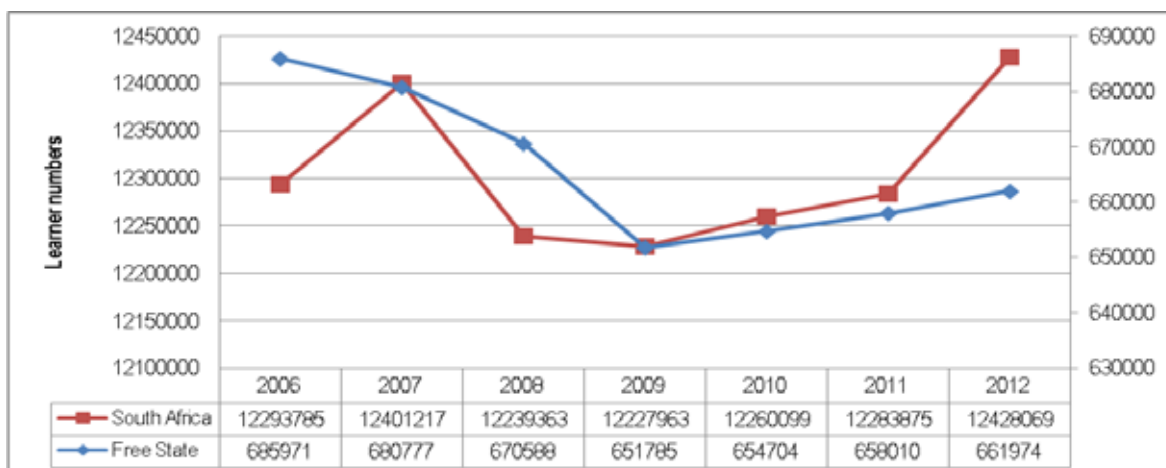
Source: Stats SA, QLFS Quarter 4, 2012

1.3 Social Indicators

1.3.1 Education

The education system has experienced major growth in recent years. This has resulted in an increase in enrolment levels at the lower end of the system or the early childhood development (ECD) including Grade R, with learners in Grade R in the province improving from 23767 in 2009 to 30639 in 2012. However Free State's total learner population has declined from 5.8 per cent nationally in 2010 to 5.32 per cent in 2012 which is a further decline from the 7 per cent in 2006. The decline in the total learner population in relation to national learner numbers is as a result of learner numbers nationally increasing at a faster rate than the provincial learner numbers. There is a deliberate move from the province to reduce the number of farm school that are observed not to be viable and placing those learners in boarding schools for a more effective quality education. The number of farm schools has declined from 46 per cent in 2006 to 32 per cent in 2012. The decline in farm schools had a favourable effect on learner school ratio (LSR) of 478 which was the fourth lowest below the National average of 492 in 2012. The province also has a favourable learner educator ratio (LER) of 27.1 in all ordinary public schools, which is the lowest from a national average of 30.4 in 2012.

Figure 1.3.1: Number of learners in ordinary, independent and public schools, 2006 to 2012.



Source: School Realities, 2012. 2010.

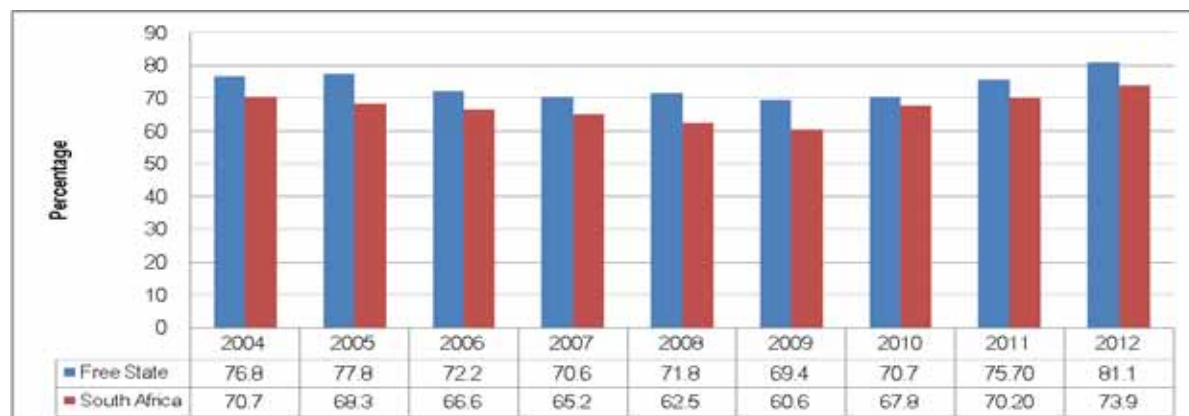
Figure 1.3.1 indicates that the provincial learner numbers are increasing at a slower pace than the national learner numbers thus affecting the education's share of equitable share negatively. In an overview of all learners between the ages 5 and 24 years in the Free State in census 2011, the largest proportion of learners 73.1 per cent were attending an educational institution, which is slightly lower than the national average of 73.4 per cent (Stats SA, 2012). The proportion of learners at universities increased slightly from 1.9 per cent in 2001 to 2.1 per cent in 2011 with the national average of 2.2 per cent in 2011 and is the third highest in provincial comparison (Stats SA, 2012). The proportion attending colleges is at 1.8 per cent compared to national average of 1.9 per cent.

The age cohort 5-17 or the Free State learner population has decreased from 760 486 in 2001 census to 657 489 in 2011 census, that is roughly 14 per cent decrease as compared to only a 4 per cent decrease nationally within the same period of review. Also, looking at figure 3.3 the provincial enrolment figure stood at 658 010 in 2011 and increased to 661 974 in 2012 (0.6 per cent increase) comparing to 1.14 per cent increase nationally. The small relative increase in learner enrolment and a significant decrease in learner population will both

have the depressing impact on the Free State budget allocation and specifically on the provincial education share.

The province's performance in Grade 12 results has continued to progress from 71.8 per cent in 2008 to 81.1 per cent in 2012, which is the third in overall results nationally. The matric results will always attract attention because it is a good measure of the state of education provincially and nationally.

Figure 1.3.2: Comparison of matric pass rates National and Free State, 2004 to 2006



Source: Department of Basic Education, 2013.

The observed trends with regard to the performance of the province in Grade 12 results is slightly above the national average of 73.9 per cent in 2012, third in overall results and indicating great advancement in the direction of quality education. The total number of learners with bachelor passes has surpassed the 25 per cent mark to 28.5 per cent thus indicative of improvement in quality education which is also above the national average of 26.6 per cent.

1.3.2 Health

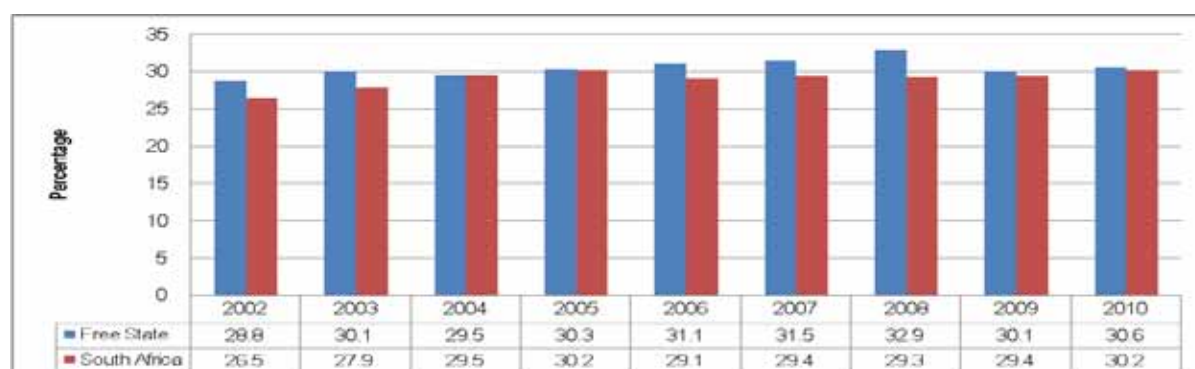
The government is still faced with an enormous task of extending its ongoing efforts to reform the health fiscal framework because of the increasing burden of diseases that increased budget pressures. The HIV/ AIDS burden and its related illnesses have continued to affect and infect many people. The drive to address these challenges has delivered marginal results in the past and the financial resources have not been translated into real outcomes.

These challenges as reflected in the National Ten Point Plan for health have remained relevant for the coming years. The provincial health infrastructure is delivered through four complexes, namely Eastern Free State Health complex (EFSHC), Northern Free State Health complex (NFSHC), Southern Free State Health complex (SFSHC) and Academic Health complex (AHC). The health complexes houses 27 district hospitals, 5 regional hospitals, 1 tertiary hospital and 1 psychiatric hospital with 352 clinics and 155 mobile clinics.

Health indicators such as HIV prevalence rate, life expectancy at birth, infant mortality rate, immunization rate, maternal death rate, incidence of notifiable diseases, and medical aid coverage are used in measuring the state of health in the province. According to Statistics South Africa in 2010, 16.9 percent of people in the Free State had medical aids compared to 17.6 per cent nationally. The white population had the most coverage at around 71 per cent compared to Blacks at 46 per cent nationally at the time the survey was conducted (Stats SA, 2011). The non-coverage of the majority of the people will be corrected by the Introduction of The National Health Insurance (NHI), which will guarantee access to quality health care

services. The infant mortality rate for the Free State has decreased from 63 per cent in 2002 to 41.9 per cent in 2010, according to Health System Trust (2012). The average infant mortality rate for South Africa has also decreased from 59 per cent in 2002 and to 34.5 per cent in 2010 from the same Health System Trust information of 2012. On the other hand life expectancy has increased from 51.7 per cent and 52.5 per cent for Free State and South Africa respectively to 56 per cent and 58.4 per cent respectively. The slight increase in life expectancy at birth could be associated with government intervention, which entails increase in access to reproductive education and an increase in the number of people on ARVs, which improves life expectancy.

Figure 1.3.3: HIV prevalence (Antenatal), 2002 to 2010



Source: Health System Trust, 2012.

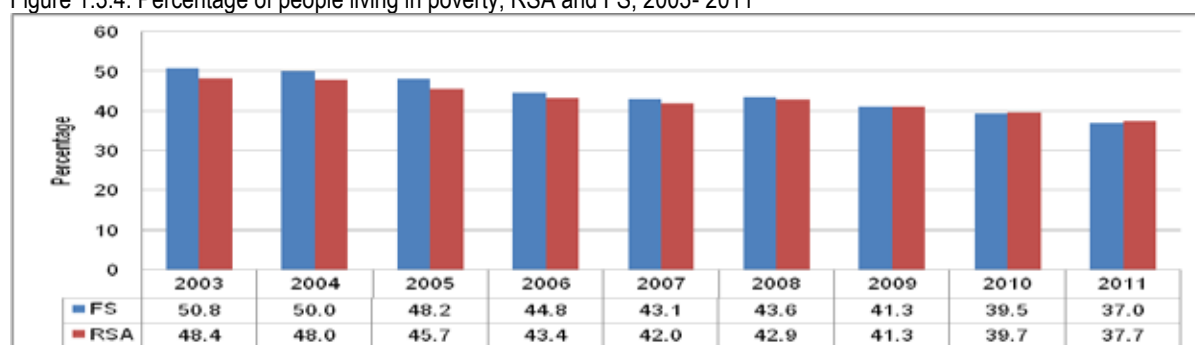
Figure 1.3.3 shows that the HIV prevalence rate has remained persistently high with an increase from 28.8 per cent in 2002 to 30.6 per cent in 2010, an increase of more than 2.5 per cent. The increase in HIV prevalence has adverse implications for life expectancy in the province.

1.3.3 Poverty, Welfare and Access to Basic Services

Poverty is regarded as one of the most critical challenges of both the provincial and national governments. According to DBSA (2006), it is difficult to define and measure poverty, the concept of poverty is not easy to define and even once it is defined, it is not easy to measure it in a way that it is true to the definition. However, in simple terms, poverty relates to the access of basic services such as, access to sanitation, water, electricity, housing and refuse disposal. Up to date, eradication of poverty is still the highest priority of government in order to build a better life for all. In 2011, the percentage of people living in poverty was at 37.0 per cent, a decline of 6 per cent from 2010.

Poverty

Figure 1.3.4: Percentage of people living in poverty, RSA and FS, 2003- 2011



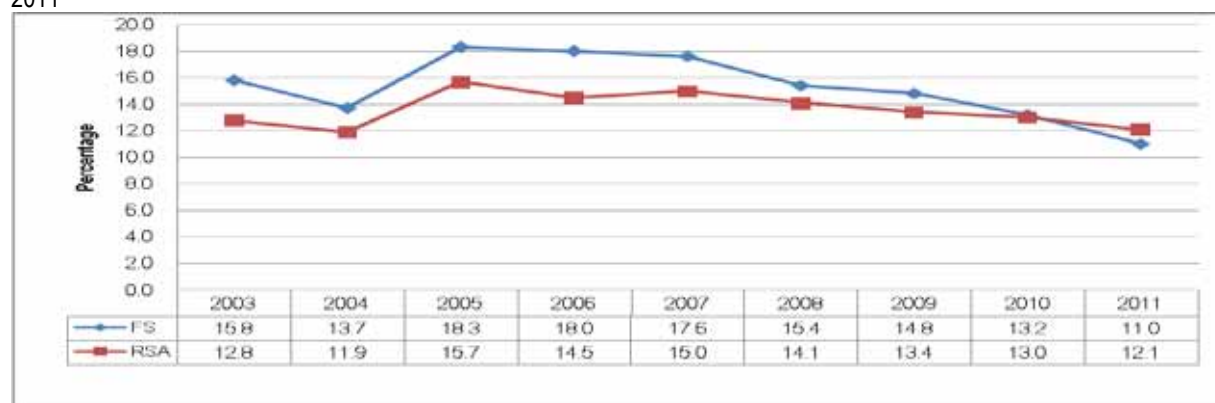
Source: Global Insight, REX 2011

For both Free State and South Africa, the percentage of people living in poverty declined from 50.8 and 48.4 per cent in 2003 to 37.0 and 37.7 per cent in 2011 respectively. Free State experienced a decline of 22 per cent in people living in poverty for the period under review. Improvements in access to basic social services such as housing, clean water, better sanitation, access to education and better health etc, could be linked to the decline in the percentage of people living in poverty. Social grants on the other hand have proven to be vital source for poverty relief, but not adequate for poverty elimination.

Housing

The characteristics of the dwellings in which households live and their access to various services and facilities provide an important indication of the well-being of household members. It is widely recognised that shelter satisfies a basic human need for physical security and comfort.

Figure 1.3.5: Percentage of people living in informal dwellings, FS & RSA, 2003-2011

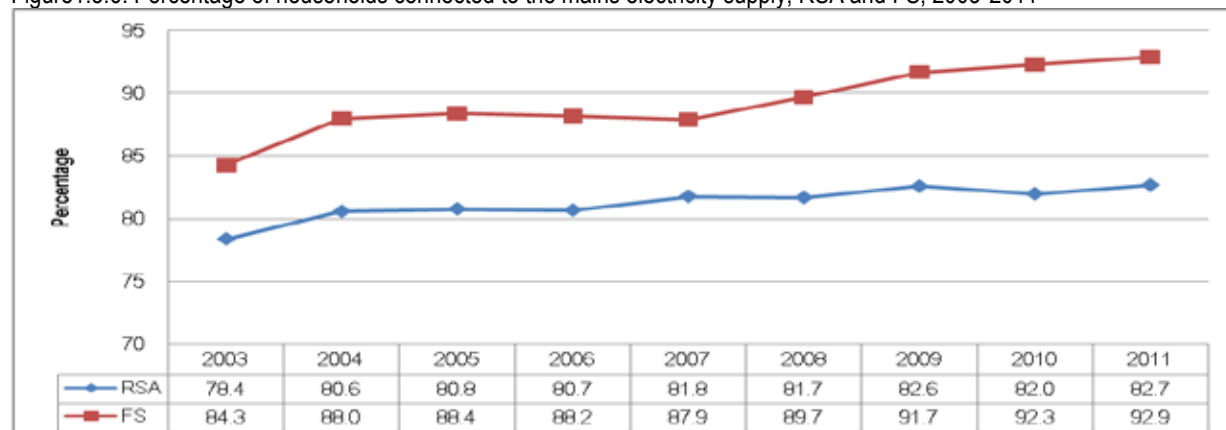


Source: Global Insight, REX 2011

Even though there were some annual fluctuations for the period under review, the percentage of people living in informal dwellings in the Free State declined by 30.0 per cent from 2003 to 2011 (percentage change). On the other hand, the percentage people living in informal dwellings nationally declined slightly by 5.0 per cent.

Source of energy for households

Figure 1.3.6: Percentage of households connected to the mains electricity supply, RSA and FS, 2003-2011

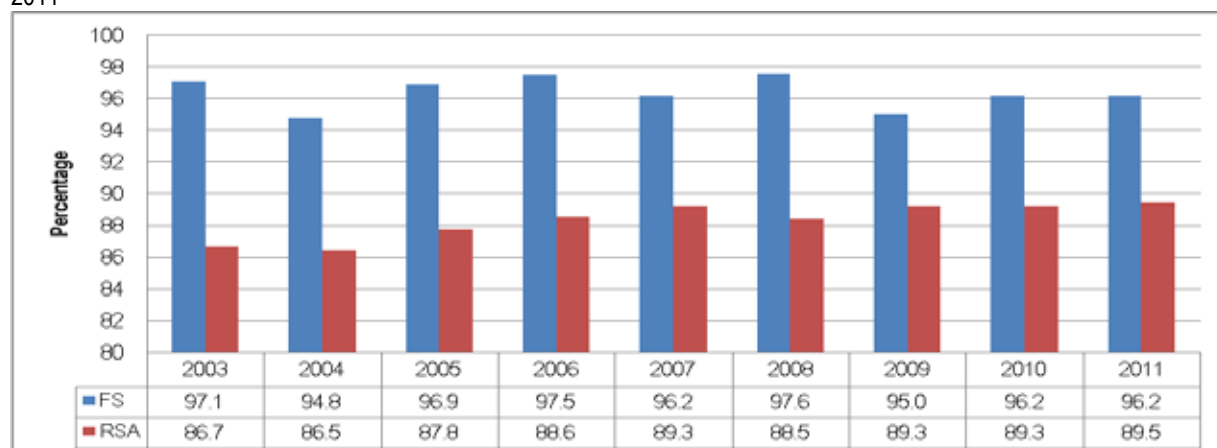


Source: Stats SA, GHS 2011

The percentage of households connected to the mains electricity supply in Free State increased from 84.3 per cent in 2003 to 92.9 per cent in 2011 an increase of 10.0 per cent, compare to 5.0 per cent increase in South Africa. The increase in the percentage of households connected to the mains electricity supply indicates that, both Free State and South Africa are winning the battle in terms of electricity connection. This could also 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.

Water access and use

Figure 1.3.7: Percentage of households with access to piped or tap water in the dwelling, off-site or on-site, FS & RSA, 2003-2011



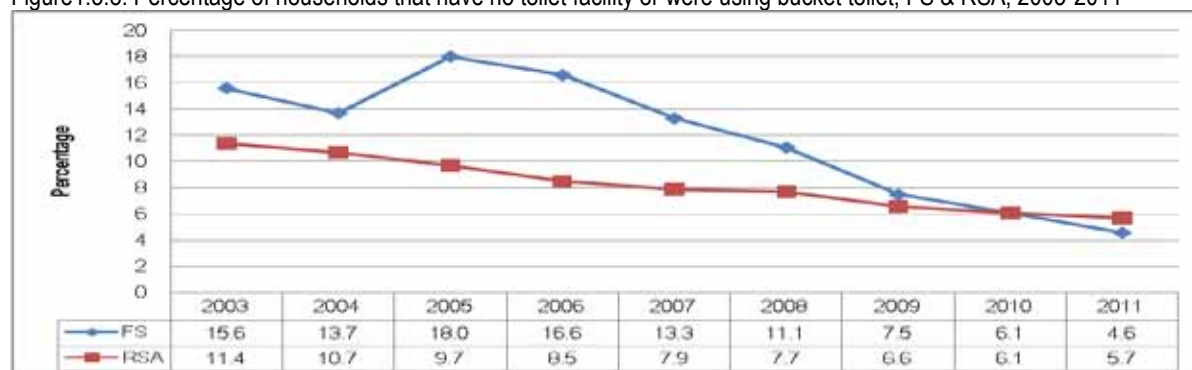
Source: StatsSA, GHS 2011

The percentage of households with access to piped or tap water in the dwelling, off-site or on-site nationally increased by 2.8 per cent from 86.7 per cent in 2003 to 89.5 per cent in 2011. However, in the Free State there have been small annual fluctuations, the percentage of households who received piped water suppliers declined by a mere -0.9 per cent from 97.1 per cent in 2003 to 96.2 per cent in 2011.

Sanitation and refuse removal

According to Stats SA GHS (2011), environmental hygiene plays an essential role in the prevention of many diseases. It also impacts on the natural environment and the preservation of important natural assets, such as water resources. Proper sanitation is one of the key elements in improving environmental sanitation.

Figure 1.3.8: Percentage of households that have no toilet facility or were using bucket toilet, FS & RSA, 2003-2011



Source: Stats SA, GHS 2011

Nationwide the percentage of households with no toilets or were using bucket toilets decreased from 11.4 per cent in 2003 to 5.7 per cent in 2011. According to Stats SA, GHS (2011), provinces with the highest percentage of no toilet facilities/bucket users include: Eastern Cape 16.8 per cent, Limpopo 8.8 per cent and Northern Cape 7.1 per cent. On the other hand, Free State province shows the decline of 71.0 per cent from 2003 to 2011.

The proper disposal of household waste and refuse is also important to maintain environmental hygiene. According to Stats SA, GHS (2011), the percentage of households whose refuse was removed by the municipality in the Province increased from 67.1 per cent in 2003 to 81.2 per cent in 2011. Nationally, the percentage of households whose refuse was removed by the municipality increased from 59.1 per cent to 61.0 per cent between 2003 and 2011.

Gini-Coefficient and Human Development Index (HDI)

The Gini-coefficient is explained as a summary statistics of income inequality, which varies from 0 to 1 where 0 means perfect equality meaning all households earn equal income and 1 means one household earns all the income and other households earns nothing.

Table 1.3.9: Gini-coefficient, Free State by population, 2007-2011

	African	White	Coloured	Asian	Total
2007	0.59	0.46	0.59	0.56	0.65
2008	0.58	0.46	0.56	0.53	0.64
2009	0.57	0.46	0.55	0.48	0.63
2010	0.56	0.45	0.53	0.47	0.63
2011	0.55	0.45	0.52	0.45	0.62

Source: Global Insight, REX 2010

For the Free State province, Gini-coefficient stayed almost, same from the year 2007 to 2011 averaging 0.63 per cent (Total Population).

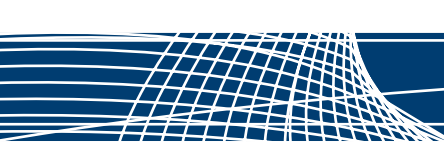
Human Development Index (HDI) on the other hand is defined as a composite, relative index that attempts to quantify extend of human development of a community; it is a measure of the quality of life. For example it measures the people's ability to live long and healthy life, to communicate, to participate 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). Reading from table 1.3.1 below, Free State's HDI stayed almost the same from the year 2007 to 2011 averaging 0.55 per cent (Total Population).

Table 1.3.1: Human Development Index for Free State per race, 2006-2010

Year	African	White	Coloured	Asian	Total
2007	0.48	0.85	0.55	0.76	0.55
2008	0.49	0.85	0.56	0.75	0.55
2009	0.48	0.85	0.57	0.75	0.55
2010	0.49	0.85	0.57	0.75	0.55
2011	0.51	0.86	0.59	0.77	0.57

Source: Global Insight, REX 2011

With regard to the access of basic services the province has done remarkably well, with households with electricity being at 92.9 per cent in 2011 and the households with access to



piped or tap water in the dwelling, off-site or on-site has seemingly remained unchanged between 2003 and 2011 at an average of 96.0 per cent.

In terms of sanitation, the province had done well as well in reducing the percentage of people using bucket toilet system, where there was a decline of 71.0 per cent from 2003 to 2011. Also the percentage of people or households living in informal dwellings declined from 15.8 per cent in 2003 to 11.0 per cent in 2011. On the issue of the provincial Gini coefficient & HDI, the province remained fairly stable at an average of 0.63 per cent and 0.55 per cent respectively for total population. Free State province has over the period reviewed experienced battles and victories, and in terms of bettering access to basic services, it is doing exceptionally well.

2. Budget strategy and aggregates

2.1 Introduction

The three main challenges facing our provincial government are--unemployment, poverty and inequality; therefore the thrust of our budget is mainly focused on addressing these three anomalies. In 2013 MTEF ahead provincial government plans to invest considerably on infrastructure development with the view to create sustainable economic growth that yields work opportunities for our people. The investments and initiatives that the province plans to implement are derived mainly from the vision of the National Development Plan, Free State Vision 2013 and the revised Free State Growth and Development Strategy. All of the abovementioned documents identify the need for coordinated government priority setting, focused resource allocation and harmonized implementation of policies. Therefore, the budget response to the challenges facing the province is informed by the National Development Plan and the Free State Vision 2030 and thus to unlock and realize the economic potential of the province the following strategic projects will be the driving force-

- The Durban – Free State – Gauteng Development Corridor
- The development of the N8 corridor
- The development of Xhariep Solar Park
- Exploitation of mining potential that still exist in the goldfield region
- Various water resource intervention throughout the province

The budget as a strategy to address challenges of the province will also focus on the initiatives of the National Spatial Development Plan; this will be done through investment in people, particularly in areas with little potential or no potential for economic opportunities. Budget makes provision for expanded public works and community works programmes which have yielded positive results in past financial years; these initiatives will assist in unlocking work opportunities in areas with limited economic opportunities. Expanded public works programme created more than 157 000 work opportunities in 2009/10 and is expected to create 48 124 work prospects in the coming financial year. On the other hand the community works programme which is implemented in 13 municipalities is projected to create 22 000 work opportunities per annum.

Furthermore, the budget is focused on supporting and ensuring that the successes recorded by education and health services in the past years are sustained and further improved going forward; to that effect the province is allocating close to 70 per cent of the total budget to the two departments. The construction of school hostels has progressed well and to this end four hostels have been concluded and are operational; one hostel will be completed in this financial year; whilst construction of other two hostels is expected to commence in the coming financial year.

In the following financial year the department of Education will focus on the following, amongst others—

- 60 grade R classes will be established
- Educational toys for 200 schools providing grade R will be procured
- Maths laboratories will be extended to 200 schools
- Science kits will be provided to additional 200 schools
- National School Nutrition Programme will be extended and more than 535 000 will benefit
- Learner Transport Programme will be extended to benefit 8 851 learners

Provincial health sector has made tangible progress in ensuring that the following are achieved:

- Child mortality has reduced from 53 per 1000 live births to less than 30 per 1000 live births
- Immunization of children with new vaccine increased to 90.9 per cent
- Prevention of mother to child HIV transmission reduced from 7 per cent to 3 per cent in 2012
- Drug availability levels improved to an average of 97.6 per cent for regional and academic hospitals
- Infrastructure projects for Mantsopa and Trompsburg hospitals are at advanced stage
- Planning and design of new clinics is at an advanced stage; this include modular structures
- There is progress with regard to piloting of NHI in Thabo Mofutsanyane region

The 2013 MTEF budget will continue supporting the above mentioned priorities and will also ensure that the key four priorities of the sector are realized through efficient utilization of allocated budget; these are—

- Increasing Life Expectancy.
- Decreasing Maternal and Child Mortality.
- Combating HIV and AIDS and Decreasing the Burden of Diseases from Tuberculosis.
- Strengthening Health System Effectiveness

Provincial Government will continue with implementation of the identified 12 outcomes as reflected by the Presidency; furthermore, the provincial strategic thrust will continue to be guided by the 2009-2014 Medium Term Strategic Framework as outlined below. These include:

- Stimulation of economy for growth and jobs;
- Improving education outcomes;
- Improve health profile of our citizenry;
- Continuing with rural development strategy linked to land and agrarian reform and food security;
- Continuing investment in economic and social infrastructure;
- Increasing safety;
- Cohesive and caring communities;
- Pursue regional development;
- Sustainable resource management; and
- Build a developmental state, including improving public services.

Lastly, 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. To that end the province will resuscitate textile

industry; develop Provincial Agriculture Master Plan and roll-out “Mohoma Mobung Development Programme”. An amount of **R97.145 million** has been added to the baseline of the Department of Agriculture in order to initiate a province-wide commodity orientated programme aimed at improving primary production levels amongst small-holder farmers; and the aim is to channel these volumes into a common value chain so as to achieve food security, food affordability and sustainability in production. This will be done in conjunction with various role-players, strategic partners and potential investors.

2.2 Summary of budget aggregates

Table 1.1: Provincial budget summary

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Provincial receipts	18 972 337	21 168 052	23 777 346	24 870 129	25 307 705	25 231 919	26 871 618	27 719 839	29 550 571
Transfer receipts from national	18 321 380	20 358 697	22 912 132	24 050 769	24 486 739	24 486 739	26 021 055	26 828 156	28 611 829
Equitable share	14 794 064	16 217 212	17 722 579	18 531 165	18 795 286	18 795 286	20 000 325	20 905 461	21 897 266
Conditional grants	3 527 316	4 141 485	5 189 553	5 519 604	5 691 453	5 691 453	6 020 730	5 922 695	6 714 563
Provincial own receipts	650 957	809 355	865 214	819 360	820 966	745 180	850 563	891 683	938 742
Provincial payments	18 774 099	20 974 002	23 761 324	24 870 127	25 809 614	26 228 453	26 871 618	27 673 336	29 496 068
Current payments	14 269 396	16 241 841	18 277 833	18 913 375	19 573 940	19 902 633	20 343 836	21 973 705	23 321 832
Transfers and subsidies	2 824 767	3 352 692	3 502 604	3 521 595	3 670 827	3 594 985	3 768 158	3 312 462	3 401 474
Payments for capital assets	1 630 574	1 357 415	1 940 885	2 435 084	2 564 765	2 726 572	2 759 624	2 387 169	2 772 762
Payments for financial assets	49 362	22 054	40 002	73	82	4 263			
Unallocated contingency reserve									
Surplus/(deficit) before financing	198 238	194 050	16 022	2	-501 909	-996 534		46 503	54 503
Financing	312 595	295 971	445 175		496 448	496 448		46 503	54 504
Provincial roll-overs	276 707	74 138	81 703		174 759	174 759			
Provincial reserves (Revenue Enhancement)	35 888	221 833	363 472		321 689	321 689		46 503	54 504
Surplus/(deficit) after financing	510 833	490 021	461 197	2	-5 461	-500 086		46 503	54 503

The estimated total provincial receipts for the 2013/14 financial year amount to R26.872 billion, which represent an increase of R1.067 billion or 4.14 per cent of the 2012/13 adjusted budget of R25.804 billion. The moderate increase of 4.14 per cent in 2013/14 is mainly influenced by additional allocation of R321.689 million from provincial reserves which was allocated during the tabling of the 2012/13 adjustment. It is pivotal to state that “if provincial reserves of R321.689 million are stripped-off from 2012/13 adjusted allocation the increase is 5.45 per cent.

The Provincial Equitable Share grows by 6.41 per cent in 2013/14 compared to the 2012/13 adjusted budget. In the last two outer years of the 2013 MTEF Provincial Equitable Share grows by 4.53 per cent to R20.905 billion in 2014/15 and 4.74 per cent to R21.897 billion in 2015/16, while Conditional Grants grow by 2.63 per cent in 2013/14 to R6.021 billion including provincial rollovers of R174.759 million and further decline by 1.63 per cent in 2014/15 to R5.922 billion and lastly increased by 13.37 per cent per cent in 2015/16 to R6.714 billion. The decline in 2014/15 is as a result of revision to the conditional grant framework which will be discussed further in part 4 of this document

Provincial Own Receipts grows by 3.61 per cent in 2013/14 to R850.563 million and 4.83 per cent in 2014/15 to R891.683 million, while in 2015/16 grows by 5.28 per cent to R938.742 million.

The proportionate share of Equitable Share to the total Provincial Receipts increased marginally from 73.8 per cent in 2012/13 to 74.4 per cent in 2013/14 mainly due to phasing-in of devolution of property rates fund grant into Equitable Share and Conditional Grants decreased from 22.73 per cent in 2012/13 to 22.4 per cent in 2013/14 as a result of revision and reforms in conditional grant frameworks. Lastly Provincial Own Receipts decreased slightly from 3.22 per cent in 2012/13 to 3.17 per cent in 2013/14 of the total Provincial Receipts for 2012/13.

The current payments account for 75.71 per cent in year one of 2013 MTEF which represent an increase of 3.93 per cent compared to the adjusted appropriation in 2012/13 financial year. The share of current payments to the total provincial expenditure is estimated to increase to 79.40 per cent in 2014/15 financial year and further increase to 79.07 per cent in the last outer year of 2013 MTEF.

In 2013/14 transfers and subsidies make up 14.02 per cent of the provincial total payments. The share of transfer payments declines to 11.97 per cent in the 2014/15 financial year and then declines further to 11.53 per cent in the 2014/15 financial year.

The share of payments for capital assets from the total provincial expenditure is 10.27 per cent in 2013/14 financial year and declines to 8.63 per cent in 2014/15 financial year and increases to 9.40 per cent in the 2015/16 financial year. Capital expenditure increases by 7.59 per cent from the 2012/13 adjusted budget in 2013/14 financial year. Estimated decline for the 2014/15 financial year is 13.49 per cent and in the last outer year the growth of 16.15 per cent is projected. 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.

2.3 Financing

Table 1.1 above indicates consolidated surplus of R101.007 million over the 2013 MTEF period, of which R46.503 million is for 2014/15 and R54.503 million for 2015/16,. The surplus relates to earmarked funding for Revenue Enhancement Allocation in line with the approved Provincial Revenue Enhancement Strategy which is aimed at optimizing revenue collection. The Provincial Government is therefore tabling a balanced budget in 2013/14.

Furthermore, 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 imperative to mention that borrowing will be considered as a last resort for funding after all avenues of funding have been explored. The province will only borrow for investment which has economic spin-off through National Treasury's Loan Coordinating Committee. In addition to the above, the cost of repaying 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.

3. The budget process and the medium term expenditure framework

The 2013 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 Makgotlas (EXCO Lekgotla and Provincial Budget Lekgotla) which successfully aligned budgets to set priorities. Added to the above processes are the interactions of all the departments with the Provincial Executive Council and Treasury Committee with the view of ensuring that the 2013 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. Reprioritization of budgets to address frontline government services still remain relevant for 2013 MTEF and thus all provincial departments are required to take initiatives that ensure adequate funding for key government priorities.



Key activities relating to the 2012/13 Provincial Budget Process were the following:

- The 2012/13 Provincial Budget Process endorsed by the EXCO during July 2012
- Provincial Rollovers were finalized in July 2012
- National Treasury July visits were held on the 07-08 August 2012
- Formalization of Treasury Committee during August 2012
- Provincial Budget Workshop held on the 17 August 2012 to mainly address:
 - Budget and programme structure;
 - Emphasis on the improvement of the quality of data on EPRE;
 - SPPs and APPs formats & New database introduced by National Treasury
- First Quarter Infrastructure Review meeting was held on the 20th and 21st of August 2012
- Adoption of Revised Provincial Cost Containment Measures during October 2012
- 2012 Provincial Medium Term Expenditure Committee (PMTEC) hearings and Second Quarter Infrastructure Review meetings were held between 23 – 24 October 2012
- Revenue Bilaterals held on 25-26 October 2012
- the tabling of the 2012/13 Adjustment budget and MTBPS took place on the 15 November 2012 with emphasis on reprioritization towards roads
- Provincial Budget Lekgotla was scheduled for 29 - 30 November 2012, however, did not materialize due commitments by the Executive Authorities at that time
- The 2013 Preliminary MTEF allocations were presented to the Extended EXCO on the 16 January 2013
- Third Quarter Infrastructure Review meeting is scheduled for February 2013
- The tabling of the 2013 Provincial Budget scheduled for the 6th of March 2013
- Tabling of the APPs is anticipated from middle March 2013

As part of annual budget process, National Treasury visits Provincial Treasuries twice a year. The first visit was from 7th to 8th August 2012. 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:

- Review of 2011/12 specific performance issues relevant to each department, factors impacting on performance and plans to improve level of performance;
- Supply Chain Management Strategic Sourcing;
- Audit outcomes on financial and performance information;
- Provincial capacity concerning planning and performance monitoring;
- Spending plans on rollover requests;
- Clear perspective of performance on infrastructure expenditure per project status;
- PPP: Identification of possible projects within the provincial departments, management and reporting on PPP projects in implementation; and
- Institutional governance arrangements for entities where applicable.

Provincial Medium Term Expenditure Committee hearings were held on 23th – 24st October 2012. These hearings were chaired by the CEO of Provincial Treasury and other Accounting Officers of various departments led the delegations of their respective departments. National Treasury also formed part of the hearings. The hearings focused on the following:

- Review of the past three financial years (2009/10, 2010/11 and 2011/12) as reflected in the Annual Reports;
- Actual expenditure and projections for the 2012/13 financial year as at 31 August 2012;
- Detailed discussion of performance in the sector specific areas including the progress made on the implementation of the funded sector priorities and infrastructure projects;
- In depth discussions on the departments' requirements for the 2012 MTEF Period;

- Detailed discussions on Conditional Grants; and
- Reprioritization within the baselines and motivation for departmental budget bids over the MTEF.

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, Provincial Treasury, through 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 improvements on the projections and revenue collection outlook.

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

- Assisted departments with funding from Revenue Enhancement Allocation
- 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 analysis of revenue targets and development of revenue base for each department
- Enforced compliance with revenue policies, PFMA and Treasury Regulations through the implementing of Norms and Standards for own revenue
- Investigating current bases for tax revenue while researching ways in which they can be improved
- Assisting departments to review their revenue structures while creating an avenue for improved service delivery
- Researching and reviewing relevant legislation and prescripts and ensuring department's adherence
- Conduct site visits on revenue related projects for monitoring

Provincial Treasury further 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 appropriate time for Treasury to track physical progress of various projects against the spending and set timeframe for individual projects.

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 2012 Medium Term Budget Policy Statement (MTBPS) as well as other government priorities. The hearings provided a platform for a shared understanding between provincial departments and National and Provincial Treasuries on the key priorities underpinning each provincial department's budget and the province as a whole.

Free State Budget Task - Team comprising of MECs from various departments and executive majors together with Provincial Treasury officials held various meetings during January 2013 in order to finalise recommended allocations to departments for the 2013 MTEF period. In this regard, the Provincial Executive Council approved the 2013 MTEF allocations following the recommendations by the Budget Task Team; the Executive Council approved these allocations on the 18 February 2013.

The Budget – Task Team played an important role in consolidating the various recommendations and options in clear threads resulting in this proposed resource allocations per department, furthermore the participation of the Executive Council in the budget process and specifically their attendance of the Provincial MTEC hearings, Budget Lekgotla and Extended EXCO Lekgotla continue to enhance the process and remain vital for ensuring that the budget reflects both national and provincial priorities.

4. Receipts

4.1 Overall position

The receipts of provincial government consists of sources of funding from national government which are; equitable share and conditional grants and provincial own receipts under guidance of two legislative framework which are chapter 13 of the constitution of the Republic of South Africa and Treasury Regulation emanating from Public Financial Management in which chapter 3 provide establishment, delegation, control, withdrawal, functions and powers by respective treasury.

The total provincial receipt for the 2013/14 financial year amounts to R26.872 billion. This amount is constituted by Equitable Share and Conditional Grants which are national transfers as well as Provincial Own Revenue. The national transfers are the main source of financial support for the province; with equitable share contributing 74.4 with a slight increase of 0.4 per cent from 2012/13 and conditional grants at 22.4 per cent or R6.021 billion. The transfers from national for 2013/14 amount to R26.021 billion and this represents 96.8 per cent of the total provincial receipts. This amount includes equitable share funding of R20.000 billion and conditional grants of R6.021 billion. The provincial own receipts for 2013/14 financial year is projected at R850.563 million or 3.2 per cent of the total receipts.

The total provincial fiscal framework increases by R1.067 million from an adjusted budget of R25.804 billion in 2012/13 to R26.871 billion in 2013/14; representing an increase of 4.1 per cent year in 2013/14. In the last two outer years of 2013 MTEF, the total provincial fiscal framework is projected to be R27.766 billion and R29.605 billion respectively. Total provincial receipts increase by a total of R3.801 billion over the 2013 MTEF or with an average of 5.4 per cent.

The Equitable Share is an unconditional and objective redistributive allocation to provinces based on the equitable share formula. According to the Constitution of the Republic of South Africa section 214 (2) and section 227 (1), the equitable share must take into account the national interest as well as to ensure that province and municipalities are able to provide basic services and perform the functions allocated to them. The Equitable Share which contributes the bigger share of national transfers to the province is estimated at R20.000 billion for 2013/14, R20.905 billion for 2014/15 and R21.897 billion in 2015/15, representing nominal increases of R1.067 billion in 2013/14, R894.724 million in 2014/15 and R1.839 billion in 2015/16. Therefore, over the 2013 MTEF the equitable share increases by an average of 4.70 per cent in nominal terms.

The conditional grants complement a range of programmes funded by Provinces (Schedule 4 Division of Revenue Act), specific purpose allocation to provinces (Schedule 5 Division of Revenue Act), allocation in kind to provinces (Schedule 7 Division of Revenue), and provision to specifically cater for immediate release of funds to provinces (Schedule 8 of Division of Revenue). Conditional grants are adjusted upwards by R154.518 million from the adjusted R5.866 billion to R6.021 billion in 2013/14, R5.922 billion and R6.714 billion in 2014/15 and 2015/16 respectively.

Provincial Own Revenue shows an increase of 4.6 per cent on average over the 2013 MTEF, this increase is slightly below the projected inflation of 5.3 per cent as per MTBPS of 2012. This source of revenue is congregated through tax receipts (motor vehicle taxes, casino taxes, horse racing taxes, liquor license) and through sales of goods and services other than capital assets. Contribution of provincial own revenue to the total provincial receipts increases over the 2013 MTEF from 3.61 per cent in 2013/14 to 4.8 per cent in 2014/15 and 5.28 per cent in 2015/16. Motor vehicle licenses contributes 46.65 per cent on average over the 2013 MTEF, followed by sales of goods and services which includes patient fees with an

average share of 31.48 per cent and interest on investment with an average share of 8.86 per cent.

The province is still continuing with the Revenue Enhancement Strategy, which was approved in September 2011. The Strategy is aimed at optimizing revenue collection whilst improving the revenue management areas throughout the province. To ensure that the province invests on its assets, funding was provided for maintenance of state properties and upgrade of fencing facilities of which the return will be realised once completed during 2012/13 financial year. The funds were also made available for the ring fencing on revenue projects for 2013/14 financial year, which amongst others include rental properties, agricultural activities, outsourcing case managers at hospitals and improvements of the systems – liquor and bookings at the resorts & reserves.

Table 4.1: Summary of provincial receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Transfer receipts from National	18 321 380	20 358 697	22 912 132	24 050 769	24 486 739	24 486 739	26 021 055	26 828 156	28 611 829
Equitable share	14 794 064	16 217 212	17 722 579	18 531 165	18 795 286	18 795 286	20 000 325	20 905 461	21 897 266
Conditional grants	3 527 316	4 141 485	5 189 553	5 519 604	5 691 453	5 691 453	6 020 730	5 922 695	6 714 563
Provincial own receipts	650 957	809 355	865 214	819 360	820 966	745 180	850 563	891 683	938 742
Tax receipts	300 383	337 697	410 650	402 612	423 127	423 127	445 168	467 027	488 711
Casino taxes	24 183	25 739	30 176	31 071	32 961	32 961	34 609	36 339	38 156
Horse racing taxes	5 631	5 427	6 747	4 769	5 387	5 387	7 615	7 995	8 395
Liquor licences	2 843	5 624	5 150	7 252	7 252	7 252	5 408	5 678	5 962
Motor vehicle licences	267 726	300 907	368 577	359 520	377 527	377 527	397 536	417 015	436 198
Sales of goods and services other than capital assets	178 139	224 515	270 162	245 507	259 220	199 310	264 668	280 425	298 862
Transfers received	2	2 770	2 295		6 140	6 145			
Fines, penalties and forfeits	30 116	37 897	27 066	29 711	24 488	24 534	25 650	27 175	28 042
Interest, dividends and rent on land	95 688	113 758	91 631	103 219	72 961	66 700	76 547	80 291	83 999
Sales of capital assets	8 497	20 211	18 532	16 502	12 867	9 947	12 998	10 115	11 823
Transactions in financial assets and liabilities	38 132	72 507	44 878	21 809	22 163	15 417	25 532	26 650	27 305
Provincial funding	312 595	295 971	445 175		496 448	496 448		46 503	54 504
Provincial roll-overs	276 707	74 138	81 703		174 759	174 759			
Provincial reserves	35 888	221 833	363 472		321 689	321 689		46 503	54 504
Total provincial receipts	19 284 932	21 464 023	24 222 521	24 870 129	25 804 153	25 728 367	26 871 618	27 766 342	29 605 075

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.

The provincial equitable share allocation of the nationally raised revenue is formula driven. The formula used to divide the equitable share between provinces is objective-based and redistributive by design. The formula is reviewed and updated annually, based on the latest available data.

In the 2011/12 MTEF, the Health portion of the formula changed. The formula previously took into account the number of people not on medical aid, however currently the formula takes into account estimated demand for health services according to age and gender, as well as data obtained from the District Health Information System.

The distribution of weights by components remains unchanged, with Education share of 48 per cent, Health share with 27 per cent and the Basic share component with 16 per cent. The definitions of the all components are outlined below:

- **Education component** weighting remains constant at 48 per cent – based on the school age cohort (5-17 years) and school enrolment data
- **Health component** weighting is 27 per cent –based on a new health component which was introduced based on the output data from the health sectors and the risk-adjusted capitation index based on data from the Risk Equalization Fund.
- **Basic component** weighting is 16 per cent –based on the province's share of national population
- **Poverty** is 3 per cent – grounded on the level of poverty in the province
- **Economic activity** 1 per cent – based on the Regional Gross Domestic Product data
- **Institutional** is 5 per cent - distributed equally amongst all nine provinces

Equitable share transfers to the province increase by R1.205 billion or 6.41 per cent from the adjusted R18.795 billion in 2012/13 to R20.000billion in 2013/14. Over the 2013 MTEF years the equitable share transfers grow on average by 5.22 per cent, with a growth of 6.41 per cent in 2013/14, 4.53 per cent in 2013/14 and 4.74 per cent in 2015/16. The additions to 2013 MTEF cater for inflationary policy adjustment on compensation of employees as well as expansion on existing priorities, such as increase in Grade R and quintile 1 schools' teachers, absorption of social work graduates, Tuberculosis – GeneXpert and support to the NGOs. The 2011 Census and data changes in the equitable share formula in the 2012/13 financial year had an adverse impact to the total provincial equitable share over the 2013 MTEF as the province share was revised downwards by R180.295 million in 2013/14, R380.863 million in 2014/15 and R864.434 million in 2015/16, totaling R1.431 billion.

4.3 Conditional grants

Conditional grants are allocated by the national government in order to assist provinces to realize national objectives, on top of funds available in equitable share and own revenue produced by provinces; these grants supplement priorities that need to be realized by national government through provinces. In the 2013 MTEF the following reforms will be introduced, namely:

Changes to Infrastructure to improving provincial performance in infrastructure delivery

Over the next three years government aims to achieve better value for money from investment in provincial infrastructure. A new approach to infrastructure conditional grants is intended to institutionalize proper planning. Provinces will be required to bid for these allocations two years in advance and financial incentives will be built into the grant for provinces that implement best practices in delivering infrastructure.

From 2015/16 provinces will only be eligible to receive allocations for Health Infrastructure grant and Education Infrastructure grant if they have complied with qualification criteria that require them to meet certain planning criteria.

Conversion of the Devolution of Property Rate Funds Grant into the provincial equitable share from 2013/14

The purpose of the grant was to enable provinces to take over the responsibility of paying property rates and municipal charges on properties that were administered by national government on their behalf. Progress has been made in ensuring that all provinces have

records of their properties and liabilities for municipal property rates. This grant is converted into the equitable share of the Department of Public Works from 2013/14. The grant will be phased in over MTEF into equitable share with **R282.904 million** in 2013/14, **R298.861 million** in 2014/15 and **R312.609 million** in 2015/16.

Changes to the health infrastructure and NHI grant systems post 2012 MTBPS (for implementation from 2013/14)

There are two main amendments that have been made to the conditional grant system funding the provision of health infrastructure and the National Health Insurance (NHI) pilots. Firstly, all conditional grants in the health sector with a focus on infrastructure have been consolidated into one grant with separate grant components. Secondly, a new indirect (grant-in-kind) grant has been created by dividing the consolidated health infrastructure grant and NHI grant into direct and indirect components. Additional clauses have been included in the 2013 Division of Revenue Bill to cater for these reforms. The conditional grant framework linked to the newly established indirect grant will be designed in such a manner to ensure that the constitutional mandate of provinces with respect to the primary health care function is respected.

Consolidation of Health Infrastructure grants

The Health Facilities Revitalisation grant funds the construction and maintenance of health infrastructure. This grant has been created through the merger of three previous grants: the Health Infrastructure grant, the Hospital Revitalisation grant and the Nursing Colleges and Schools grant, which are now three grant components within the merged grant. The combination gives greater flexibility to the Department of Health to shift funds between the three grant components, with the approval of the National Treasury, so that they can avoid under- or over-spending in any one area of health infrastructure. This grant is supported by the (indirect) National Health Grant (Health Facility Revitalisation component).

The conditional grant allocations to department through the three grant components of the **Health Facility Revitalisation Grant** are as follows: a) R228.420 million over the 2013 MTEF through the **Health Infrastructure Component** (R67.250 million in 2013/14, R73.293 million in 2014/15 and R87.877 million in 2015/16); b) R1.445 billion over the 2013 MTEF through the **Hospital Revitalisation Component** (R469.470 million in 2013/14, R476.662 million in 2014/15 and R499.048 million in 2015/16); and c) R10.152 million over the 2013 MTEF through the Nursing Colleges and Schools Component (R2.242 million in 2013/14, R4.995 million in 2014/15 and R2.915 million in 2015/16).

Revisions to the National Tertiary Services grant allocations

The National Tertiary Services Grant (NTSG) preliminary allocations communicated to provinces in December 2012 have been revised. The original baseline allocations for the grant have been retained whilst the national Department of Health task team completes its work on the costing of the NTSG and the Health Professions and Training Development grant. The task team is expected to complete its work by May 2013 and the outcomes will inform the provincial breakdown allocations going forward

Further Education Training (FET) Colleges Grant

The grant has been revised to accommodate decision to convert a portion of the grant into a subsidy that is transferred directly to colleges from the National Department of Higher Education and Training (DHET). The FET grant portion will be R172.068 million in 2013/14, R183.137 million in 2014/15 and R194.212 million in 2015/16.

Updates to human settlements development grant with data from 2011 Census

At the time that the preliminary allocation letters were provided to provinces, calculations of all components of the Human Settlements Development Grant (HSDG) formula were not updated with data from the 2011 Census. The final allocations are based on a fully updated HSDG formula. The 2011 Census results have shown large shifts in the need for housing towards larger urban centres. The current formula for HSDG does not necessarily sufficiently respond to these shifts which will necessitate a review of the formula. The full amount will be allocated in 2013/14, and half the allocations will be allocated to provinces in 2014/15 and 2015/16 (*the remainder of the allocations for the two outer-years will remain unallocated in the interim*). As a result, the allocation to Human Settlements amount to R1.120 billion in 2013/14, R584.045 million in 2013/14 and R580.398 million in 2015/16.

Other conditional grants

- Comprehensive Agricultural Support Programme increases by R13.445 million from 2012/13 to 2013/14 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.
- Land Care Programme: Poverty Relief and Infrastructure Development is being allocated R8.571 million in 2013/14 this is a decrease of R0.382 million from 2012/13.
- Ilima/Letsema projects are increasing R3.399 million from 2012/13 to 2013/14 the grant purpose is to assist targeted vulnerable Free State farming communities to increase agricultural production and improve farming skills.
- Dinaledi Schools grant is growing with R0.199 million from 2012/13 to 2013/14.
- Education infrastructure grant. Given the current constrained domestic outlook, Cabinet on 5 February 2013 agreed to savings to specific provincial conditional grants. Due to slow spending by provinces, the Education Infrastructure Grant has been reduced by R1 billion over the 2013 MTEF, despite this decrease the provincial allocation of grant is growing with R9.296 million from R459.635 million in 2012/13 to R468.931 million 2013/14.
- HIV and Aids (Life skills Education) is decreasing with R1.020 million from 2012/13 to 2013/14.
- National Schools Nutrition Programme grant. The grant is growing with R12.223 million from 2012/13 to 2013/14 and this grant seeks to enhance learning capacity and improve access to education through the provision of nutritious meals to targeted learners in quintile 1, 2 and 3 schools.
- The Technical Secondary Schools Recapitalization grant is growing with R1.093 million from 2012/13 to 2013/14. The purpose of the grant is to recapitalize technical schools to improve their capacity to contribute to skills development and training in the country.
- The Comprehensive HIV and AIDS Grant is also growing strongly by R100.343 million from 2012/13 to 2013/14 financial year to support the implementation of the National Operational Plan for comprehensive HIV and Aids treatment and care.

- The Social Sector Expanded Public Works Programme (EPWP): Social Sector and Integrated Infrastructure Grants to provinces is an incentive grant to departments, which is paid out based on the departments achieving job creation targets set out in the previous financial year. The EPWP Social Sector grant has been allocated to Social Development R8.545 million in 2013/14.
- The Expanded Public Works Programme (EPWP) Integrated Grant for infrastructure Integrated Infrastructure Grants to provinces is an incentive grant to departments, which is paid out based on the departments achieving job creation targets set out in the previous financial year. This grant has been allocated R18.001 million in 2013/14, to be distributed amongst the Departments of Public Works; Police, Roads and Transport; Education; Health; Economic Development Tourism and Environmental Affairs; Sport, Arts, Culture & Recreation and Agriculture.
- Community Library service grant is growing with R10.123 million between 2012/13 and 2013/14, in 2014/15 and 2015/16 additional funding is made available to enhance capacity in the sector to address issues arising from the function shift as well as to provide for dual purpose libraries where needed. In 2014/15 the grant grows with R56.095 million and R37.101 million in 2015/16.

Table 4.2: Summary of conditional grants by grant

Department/Grant	Audited outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium Term Expenditure Estimates		
	R thousand	2009/10	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
Agriculture	82 005	94 226	167 561	190 382	190 382	190 382	206 844	212 707	220 890
Agriculture Disaster Management Grant	11 053		4 736						
Comprehensive Agricultural Support Programme Grant	61 514	64 754	106 360	126 829	126 829	126 829	140 274	146 478	152 226
Ilima/Letsema Projects Grant	5 325	25 112	51 843	54 600	54 600	54 600	57 999	60 802	62 877
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 113	4 360	4 622	8 953	8 953	8 953	8 571	5 427	5 787
Arts and Culture	40 191	45 234	45 418	50 304	52 795	52 795	62 918	119 013	156 114
Community Library Services Grant	40 191	45 234	45 418	50 304	52 795	52 795	62 918	119 013	156 114
Education	144 317	427 336	1 026 253	1 078 497	1 086 167	1 086 167	956 222	1 096 993	1 358 927
Dinaledi Schools Grant			4 816	7 179	7 374	7 374	7 573	8 006	8 374
Education Infrastructure Grant			420 881	459 635	459 635	459 635	468 931	572 856	804 746
HIV and Aids (Life Skills Education) Grant	10 166	11 000	10 434	12 491	13 155	13 155	12 135	11 570	11 129
National School Nutrition Programme Grant	134 151	189 926	248 201	261 367	262 329	262 329	274 552	299 205	317 157
Technical Secondary Schools Recapitalisation		7 477	14 428	19 870	19 870	19 870	20 963	22 219	23 309
Further Education and Training Colleges Grant		218 933	327 493	317 955	323 804	323 804	172 068	183 137	194 212
Health	1 249 604	1 442 374	1 815 224	2 169 931	2 422 616	2 271 159	2 274 588	2 475 230	2 674 697
Comprehensive HIV and Aids Grant	298 931	388 329	456 532	615 160	642 641	615 160	742 984	868 770	984 903
Forensic Pathology Services Grant	32 696	30 738	38 475						
Health Infrastructure Grant			75 051	139 073	181 717	139 073	67 250	73 293	87 877
Health Professions Training and Development	110 504	117 400	124 447	130 930	130 930	130 930	138 131	146 419	153 154
Hospital Revitalisation Grant	180 119	244 634	405 515	472 384	654 944	573 612	469 470	476 662	499 048
National Tertiary Services Grant	627 021	659 469	715 204	786 724	786 724	786 724	849 661	898 091	939 403
World Cup Health Preparation Strategy Grant	333	1 804							
National Health Insurance Grant				16 500	16 500	16 500	4 850	7 000	7 397
Nursing Colleges and Schools Grant				9 160	9 160	9 160	2 242	4 995	2 915
Human Settlements	954 997	1 037 685	927 821	961 619	991 804	991 804	1 120 936	584 045	580 398
Housing Disaster Relief Grant			16 631		27 469	27 469			
Human Settlements Development Grant	954 997	1 037 685	911 190	961 619	964 335	964 335	1 120 936	584 045	580 398
National Treasury	609 872	727 211	116 214						
Infrastructure Grant to Provinces									
Education	199 973	146 894	65 455						
Health	62 199	58 344	3 543						
Police, Roads and Transport	347 700	521 973	47 216						
Public Works	185 095	222 376	240 150	231 399	231 399	231 399			
Devolution of Property Rate Funds Grant	185 095	222 376	240 150	231 399	231 399	231 399			
Sport and Recreation South Africa	26 373	28 291	33 078	34 371	34 371	34 371	38 832	41 774	43 863
Mass Sport and Recreation Participation Programme Grant	26 373	28 291	33 078	34 371	34 371	34 371	38 832	41 774	43 863
Transport	121 018	187 077	525 607	757 802	811 379	1 429 379	1 333 844	1 392 933	1 456 183
Provincial Roads Maintenance Grant			321 905	564 930	618 507	1 218 507	1 130 462	1 179 270	1 456 183
Public Transport Operations Grant	121 018	187 077	181 934	192 872	192 872	210 872	203 382	213 663	
Sani Pass Roads Grant									
Transport Disaster Management Grant			21 768						
Other (Not Included above)	15 045	4 055	15 859	45 299	45 299	45 299	26 546		
Expanded Public Works Programme Incentive Grant for Provinces	15 045		4 378	21 391	21 391	21 391	18 001		
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		4 055	11 481	23 908	23 908	23 908	8 545		
Total conditional grants	3 428 517	4 215 865	4 913 185	5 519 604	5 866 212	6 332 755	6 020 730	5 922 695	6 491 072

4.4 Total provincial own receipts

Table 4.3: Summary of provincial own receipts by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
1 Department of the Premier	2 944	3 345	6 388	4 033	4 648	4 259	4 894	5 133	5 370
3 Economic Development, Tourism and Environmental Affairs	52 191	57 934	65 348	69 268	65 867	66 233	69 364	70 081	74 516
4 Provincial Treasury	91 715	112 886	91 078	102 152	72 152	65 809	75 975	79 699	83 365
5 Health	103 374	187 952	177 714	140 702	147 672	78 023	149 616	155 971	163 648
6 Education	12 836	14 524	15 779	16 919	17 013	17 275	17 319	17 719	18 119
7 Social Development	15 176	1 523	882	1 161	1 281	1 287	1 218	1 278	1 337
8 Cooperative Governance and Traditional Affairs	2 482	2 092	2 010	2 214	1 682	1 599	1 771	1 858	1 944
9 Public Works	7 092	9 764	28 076	18 538	23 370	23 370	23 564	27 921	34 396
10 Police, Roads and Transport	352 798	405 313	464 719	452 812	469 146	469 146	493 902	518 383	541 705
11 Agriculture	3 526	3 095	2 695	2 345	2 376	2 376	2 875	3 083	3 298
12 Sport, Arts, Culture and Recreation	6 804	10 469	9 720	8 666	15 559	15 559	9 854	10 337	10 812
13 Human Settlements	19	458	805	550	200	244	211	220	232
14 Rural Development									
Total provincial own receipts by Vote	650 957	809 355	865 214	819 360	820 966	745 180	850 563	891 683	938 742

According to section 228 of the Constitution of the Republic of South Africa, the provinces may impose taxes, levies and duties other than income tax, corporate tax, VAT, general sales tax, rates on property or custom duties. The Free State mainly generates its own revenue through motor vehicle licenses, patient fees, gambling taxes as well as interest on investment made by the Provincial Treasury. Therefore; the main departments that contribute significantly towards provincial own revenue are: Police, Roads and Transport; Health; Provincial Treasury and Economic Development Tourism and Environmental Affairs.

The province rolled-out the Provincial Revenue Enhancement Strategy in 2012/13 financial year with intention to improve competence and efficiency of the current revenue process, furthermore, this strategy sort to gather different approaches that are intended to stimulate the growth in revenue collection, supporting only related projects that enhances the manner in which revenue is collected throughout the Free State Province. In 2013/14 a total amount of R16.840 million has been set aside for this initiative.

Table 4.4 above shows the history of own revenue receipts, the estimates for 2012/13 as well as the future expected revenue collection over the 2013 MTEF period. The 2012/13 own revenue budget was adjusted upwards by R1.606 million to R820.966 million. This represents an increase of 0.19 per cent from the main appropriation. The revenue budget further shows an increase of R29.597 million from the adjusted budget of R820.563 million to R850.563 million in 2013/14. In the last outer two years the provincial own revenue grows to R891.683 million and R938.742 million respectively.

5. Payments

5.1 Overall position

The total outlays for 2013 MTEF period for the Free State Province are budgeted as follows:

- Financial year 2013/14: R26.872 billion
- Financial year 2014/15: R27.673 billion
- Financial year 2015/16: R29.496 billion

For the 2013 MTEF period, the provincial spending is expected to rise to R26.872 billion in 2013/14, this represent an increase of 4.11 per cent when compared to the adjusted budget of 2012/13. In the subsequent financial year of 2014/15, the spending expected to increase to R27.673 billion and thus indicating a growth of 3 per cent when compared to 2013/14 financial year. For the outer financial year, the province is estimated to spend R29.496 billion and this represent a strong increase of 6.58 per cent. Although the fiscal frame work of the province seems to be constrained due to changes in equitable share formula, the growth in projected spending of the province grows strongly in the outer year. Basically on average the projected provincial spending over the MTEF grows steadily at 4.56 per cent.

5.2 Payments by vote

Table 5.1: Summary of provincial payments and estimates by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
1 Department of the Premier	157 381	185 050	213 514	253 113	255 261	255 261	279 956	274 295	282 797
2 Free State Legislature	145 518	150 134	195 588	212 422	205 885	205 885	173 698	179 227	184 956
3 Economic Development, Tourism and Environmental Affairs	316 441	327 288	389 855	436 894	418 047	418 047	450 195	448 703	465 873
4 Provincial Treasury	149 550	162 778	184 972	212 111	208 733	203 153	216 355	223 397	230 714
5 Health	5 208 138	6 019 179	6 811 239	7 383 255	7 759 316	7 693 589	7 894 778	8 370 012	8 847 850
6 Education	7 846 210	8 461 169	9 714 634	10 044 709	10 434 612	10 767 393	10 456 217	11 017 961	11 804 967
7 Social Development	665 732	712 546	803 679	865 450	871 122	877 612	951 229	985 160	1 032 204
8 Cooperative Governance and Traditional Affairs	290 522	388 061	379 245	323 042	311 542	312 501	348 413	373 086	392 140
9 Public Works	777 162	1 000 054	1 254 538	1 269 707	1 241 309	1 277 474	1 418 308	1 458 672	1 500 842
10 Police, Roads and Transport	1 461 446	1 618 129	1 716 893	1 755 500	1 958 646	2 061 862	2 260 413	2 356 071	2 694 397
11 Agriculture	375 239	396 009	500 298	579 482	561 906	571 803	629 627	646 683	655 203
12 Sport, Arts, Culture and Recreation	360 893	381 525	479 714	435 621	453 312	453 312	515 137	584 341	630 566
13 Human Settlements	1 003 899	1 144 733	1 061 255	1 058 221	1 089 073	1 089 711	1 233 625	705 883	719 329
14 Rural Development	15 968	27 347	55 900	40 600	40 850	40 850	43 667	49 845	54 230
Total provincial infrastructure payments and estimates	18 774 099	20 974 002	23 761 324	24 870 127	25 809 614	26 228 453	26 871 618	27 673 336	29 496 068

The above table 5.1 reflects the summary of payments and estimates by vote from 2009/10 to 2015/16 MTEF. For 2013/14 financial year provincial expenditure is growing by R1.062 million or 4.11 per cent from adjusted allocation of R25.809 billion in 2012/13 to R26.872 billion. The provincial expenditure is estimated to grow at an average of 4.56 per cent over the 2013 MTEF.

Department of the Premier

The Department of the Premier receives an allocation of R279.956 million in 2013/14 which represents an increase of 9.7 per cent from the adjusted allocation of R255.261 million in 2012/13. The department's allocation increases by -2.0 per cent in 2014/15 and further grows by 3.1 per cent in 2015/16.

The allocation will cater for the following priorities: Monitoring and Evaluation, Coordination of Provincial Skills and Development & Training, render support to the Executive Council, Provision of legal support to all provincial departments and public entities, Institutional Enhancement and Provincial Communication Strategy.

Provincial Legislature

The Free State Legislature is allocated an amount of 173.698 million in 2013/14, which is a decrease of 15.6 per cent from the adjusted allocation of R205.885 million in 2012/13 due to transfer of the building of Legislature to the Department of Public Works. The allocation of the institution increases by 3.2 per cent in 2014/15 to R179.227 million and by 3.2 per cent in 2015/16 to R184.956 million. The budget allocation mainly covers for its oversight role and implementation of various prescripts.

Economic Development, Tourism and Environmental Affairs

The Department of Economic Development, Tourism and Environmental Affairs receives an allocation of R450.195 million in 2013/14 which represents an increase of 7.7 per from the adjusted budget of R418.047 million in 2012/13. The department's allocation is decreasing to R448.703 million or 0.3 per cent in 2014/15 and increasing to R465.873 million or 3.8 per cent in 2015/16.

The allocation will cover amongst others, the following priorities; continuation of infrastructural environmental projects, FS 500 (motor car racing), liquor license management system, marketing of resort and reserves, planetarium development, ekasi and stokvel tourism, promotion of SMMEs, and attraction of tourists to the Free State province.

Provincial Treasury

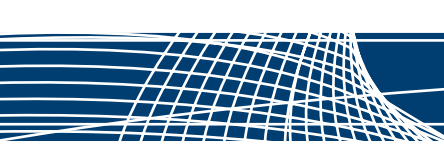
Provincial Treasury's budget allocation increases from the adjusted budget of R208.733 million in 2012/13 to R216.355 million or 3.7 per cent growth in 2013/14. The allocation in 2014/15 is R223.397 million, with a growth of 3.3 per cent and 3.3 per cent growth to R230.714 million in 2015/16. The allocation for the 2013 MTEF budget will continue to promote capacity building to various municipalities, strengthening financial governance practices, payments for SITA accounts, enforce fiscal discipline and improve operational efficiency and managing provincial budget and spending.

Department of Health

The Department of Health receives an amount of R7.895 billion in 2013/14 from an adjusted allocation of R7.759 billion in 2012/13, R8.370 billion in 2014/15 and R8.848 billion in 2015/16. Over the 2013 MTEF the department's allocation grows by an average of 5.1 per cent. The allocation will amongst others address the following priorities; Maternal and Child Health, Accelerating HIV Counseling and Testing through PICT, Medical male circumcision, Medical Supplies and Dry Dispensary, Upscale Condom Distribution, Tuberculosis (TB), Health Infrastructure, Medicine and National Health Laboratory Services.

Department of Education

The department of Education is allocation an amount of R10.456 billion in 2013/14 which is an increase of 0.03 per cent from the adjusted allocation R10.434 billion in 2012/13, R11.018 billion in 2014/15 and R11.804 in 2015/16. The allocation grows by 4.4 per cent over the 2013 MTEF.



The allocation will cater for priorities such as Management & Governance, Incentives to Performing Schools, School Laboratory and Libraries, Rehabilitation of School Toilets, LTSM, School Furniture, Revitalization of Agriculture School, Mathematical & Science, Learner Transport, Hostel Projects and Teachers' Training & Development.

The Department will continue to drive its goals of improving performance in Literacy and Numeracy, improving National Senior Certificate Results and reducing the number of under-performing high schools in the province.

Department of Social Development

The Department of Social Development is allocated an amount of R951.229 million in 2013/14 which represents an increase of 8.88 per cent from an adjusted allocation of R871.122 million in 2012/13, R985.160 million in 2014/15 and R1.032 billion in 2015/16.

The following are funded priorities by the department: Persons with Disabilities, Child Care and Protection – ECD, Support to NGOs, Care for Older Persons, Campaign against Substance Abuse, Infrastructure (Maintenance), Construction of Youth Centers, Absorption of Social Work Graduates and Prevention of abuse against women & children.

Department of Cooperative Governance and Traditional Affairs (COGTA)

The department of Cooperative Governance and Traditional Affairs is allocated an amount of R348.413 million in 2013/14 which represents an increase of 11.8 per cent from the adjusted allocation of R311.542 million in 2012/13. The allocation of the department is showing a growth of 7.1 per cent in 2014/15 and 5.1 per cent in 2015/16. Funded priorities amongst others are Municipal Financial Intervention, Bulk Infrastructure & Basic Services and Operation clean audit.

Department of Public Works

The Department of Public Works receives an amount of R1.418 billion in 2013/14, R1.459 billion in 2014/15 and R1.501 billion in 2015/16. The following priorities are funded: Provincial Government Building, Office leases, Municipal Services, Devolution of Property Rates Fund grant and Township Revitalization.

The department will also continue to implement the Government Immovable Assets Management Act (GIAMA) as well as coordination of the Expanded Public Works Programme (EPWP) in the province.

Department of Police, Roads and Transport

The Department of Police, Roads and Transport receives an allocation of R2.260 billion in 2013/14, R2.356 billion in 2014/15 and R2.646 billion in 2015/16. The allocation will also cater for Pothole Repair, Rehabilitations of Provincial roads, Settlement of the Roads, Assets Management, Flood Damage.

Department of Agriculture

The Department of Agriculture receives an amount of R629.627 million in 2013/14 or 12.1 per cent increase from adjusted allocation of R561.906 million in 2012/13. The allocation of the department is showing a growth of 2.7 per cent in 2014/15 and 1.3 per cent in 2015/16. Funded priorities amongst others are Mohoma Mobung Project, Provincial Agricultural Master Plan, Refurbishment of Vet Laboratory, Food Security and Revenue Enhancement projects.

Department of Sport, Arts, Culture and Recreation

The Department of Sport, Arts, Culture and Recreation's budget allocation increased by 13.2 per cent to R515.137 million in 2013/14 from the adjusted budget of R453.312 million in 2012/13. In 2014/15 the allocation grows by 13.6 per cent and 5.9 per cent in 2015/16.

Amongst other priorities which will be funded are Library Services, Arts & Culture Projects/Programmes, Mass Participation and Sport Development Grant, Sports Infrastructure and Roll-out of Indoor Multipurpose Centers & Stadiums.

Department of Human Settlements

The allocation to the Department of Human Settlements amounts to R1.233 billion in 2013/14, R705.883 million in 2014/15 and R719.329 million in 2015/16. A significant portion of the Department's budget is funded through the Human Settlements Development grant, amounting to R1.121 billion in 2013/14, R584.045 million in 2014/15 and R580.398 billion in 2015/16. Furthermore included in the Human Settlements Development grant is an amount of R73.245 million which is earmarked for flood repairs.

Department of Rural Development

The Department receives a total allocation of **R43.667 million** for 2013/14; **R49.845 million** for 2014/15 and **R54.230 million** for 2015/16. The allocation will cater for Rural Development Projects, Poverty alleviation, Coordination & implementation of rural and development projects.

5.3 Payments by economic classification

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Current payments	14 269 396	16 241 841	18 277 833	18 913 375	19 573 940	19 902 633	20 343 836	21 973 705	23 321 832
Compensation of employees	10 883 768	12 440 086	14 037 058	15 096 385	14 996 696	15 536 381	15 862 671	16 786 043	17 709 355
Goods and services	3 374 786	3 797 694	4 239 206	3 815 972	4 574 122	4 353 518	4 479 487	5 185 970	5 610 639
Interest and rent on land	10 842	4 061	1 569	1 018	3 122	12 734	1 678	1 693	1 838
Transfers and subsidies to:	2 824 767	3 352 692	3 502 604	3 521 595	3 670 827	3 594 985	3 768 158	3 312 462	3 401 474
Provinces and municipalities	433 655	435 242	345 022	297 404	290 204	315 711	346 383	381 546	398 093
Departmental agencies and accounts	114 478	118 537	152 620	167 550	182 409	182 173	152 277	127 249	126 071
Higher education institutions	1 168	1 248	7 300	1 056	556	556	1 055	1 108	1 159
Public corporations and private enterprises	188 209	252 772	240 488	226 117	236 579	240 251	231 647	227 089	236 958
Non-profit institutions	915 383	1 276 851	1 468 833	1 504 472	1 523 362	1 510 629	1 506 908	1 557 078	1 616 444
Households	1 171 874	1 268 042	1 288 341	1 324 996	1 437 717	1 345 665	1 529 888	1 018 392	1 022 749
Payments for capital assets	1 630 574	1 357 415	1 940 885	2 435 084	2 564 765	2 726 572	2 759 624	2 387 169	2 772 762
Buildings and other fixed structures	1 412 824	1 052 862	1 688 340	2 232 589	2 320 497	2 490 043	2 461 567	2 249 454	2 601 459
Machinery and equipment	210 325	290 998	241 527	196 578	236 335	223 981	293 003	132 673	166 249
Heritage assets		33	261	95	50	50			
Biological assets	5 557	8 905	7 154	1 440	1 440	6 084	1 440	1 440	1 440
Land and subsoil assets	1 220	2 330	865	3 010	4 490	3 818	2 728	2 728	2 728
Software and other intangible assets	648	2 287	2 738	1 372	1 953	2 596	886	874	886
Payments for financial assets	49 362	22 054	40 002	73	82	4 263			
Total economic classification	18 774 099	20 974 002	23 761 324	24 870 127	25 809 614	26 228 453	26 871 618	27 673 336	29 496 068

Table 5.2 above reflects the summary of provincial payments and estimates by economic classification from 2009/10 to 2015/16. The largest share of the provincial payments is consumed by current payments in particular compensation of employees. For the 2013/14 financial year, current payments absorbs 75.7 per cent of the total budget of R26.872 billion, of which 59 per cent of the total provincial budget relates to compensation of employees.

The compensation of employees increases by R866 million or 5.7 per cent from R14.996 billion in 2012/13 to R15.862 billion in 2013/14, 5.82 per cent and 5.50 per cent in 2014/15 and 2015/16 financial years respectively. The goods and services budget decreases by R94.635 million or -2.07 per cent from R4.574 billion in 2012/13 to R4.480 billion in 2013/14, while in 2014/15 increased by 15.78 per cent to R5.186 billion and 8.20 per cent in 2015/16 to R5.610 billion.

Transfers and Subsidies take up 14.02 per cent share of the total provincial payments in 2013/14, 11.97 per cent in 2014/15 and 11.53 per cent in 2015/16. Transfers to provinces and municipalities increased from R346.383 million in 2013/14 to R381.546 million in 2014/15 and R398.093 million in 2015/16. The transfers to households amounts to R1.529 billion in 2013/14, R1.018 billion in 2014/15 and R1.022 billion in 2015/16, the average decrease on this item over the 2013 MTEF amounts to 17.8 per cent mainly due unallocated funds on Human Settlements Development Grant.

Payments for capital assets shows marginal increase of 3.42 per cent over the 2013 MTEF.

5.4 Payments by policy area

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
General public services	1 668 050	2 073 238	2 449 111	2 529 749	2 477 463	2 527 813	2 755 982	2 813 163	2 916 785
Public order and safety	248 198	277 369	251 364	296 092	291 905	383 033	307 117	339 332	348 499
Economic affairs	1 330 935	1 411 776	1 565 218	1 506 944	1 715 279	1 733 473	1 967 554	2 076 431	2 412 192
Environmental protection	340 412	379 274	501 457	612 398	577 225	561 491	654 345	662 920	664 041
Housing and community amenities	1 003 899	1 144 733	1 061 255	1 058 221	1 089 073	1 089 711	1 233 625	705 883	719 329
Health	5 208 138	6 019 179	6 811 239	7 383 255	7 759 316	7 693 589	7 894 778	8 370 012	8 847 850
Recreation, culture and religion	450 724	481 458	588 852	555 981	576 291	576 292	633 724	684 875	731 103
Education	7 858 011	8 474 429	9 729 149	10 062 037	10 451 940	10 785 439	10 473 264	11 035 560	11 824 065
Social protection	665 732	712 546	803 679	865 450	871 122	877 612	951 229	985 160	1 032 204
Total provincial payments and estimates by policy area	18 774 099	20 974 002	23 761 324	24 870 127	25 809 614	26 228 453	26 871 618	27 673 336	29 496 068

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 Health and Education accounted for 29.4 per cent and 38.9 per cent of the total provincial payments in 2013/14, respectively. The Economic sector amounts to R1.967 billion in 2013/14, R2.076 billion in 2014/15 and R2.412 billion in 2015/16. The provincial payments for all policy areas other than housing and community amenities are indicating upwards trends over the 2013 MTEF.

5.5 Infrastructure expenses

5.5.1 Provincial Infrastructure payments

Table 5.4(a): Summary - Payments and estimates of provincial infrastructure by vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
2 Free State Legislature			42 000	44 500	32 500	32 500			
3 Economic Development, Tourism and Environmental Affairs	39 237	29 287	24 292	67 772	46 525	46 525	64 570	54 019	53 467
5 Health	271 615	364 615	300 118	627 149	838 353	838 353	530 511	556 511	578 090
6 Education	434 731	240 521	373 316	483 135	486 006	486 006	544 596	660 332	875 662
7 Social Development	9 770	20 160	18 942	35 000	31 000	31 000	32 324	31 578	31 312
9 Public Works	62 217	77 945	84 276	216 954	176 982	176 982	248 573	242 221	247 240
10 Police, Roads and Transport	979 801	980 850	541 241	728 871	880 374	910 374	1 164 262	1 195 786	1 498 583
11 Agriculture	59 993	70 414	76 657	115 091	170 804	170 804	191 649	112 422	90 548
12 Sport, Arts, Culture and Recreation	63 615	84 234	42 497	119 734	107 225	107 225	182 062	214 614	229 357
14 Rural Development				22 700			22 528	22 439	25 600
Total provincial infrastructure payments and estimates	1 920 979	1 868 026	1 503 339	2 460 906	2 769 769	2 799 769	2 981 075	3 089 922	3 629 859

Table 5.4(a) above shows the provincial infrastructure payments and estimates from 2009/10 to 2015/16. From 2013/14 the allocation for infrastructure increased by R211.306 million from adjusted R2.770 billion in 2012/13 to R2.981 billion in 2013/14 financial year.

Table 5.4(b) below indicates total provincial infrastructure by category. The total infrastructure budget amounts to R9.701 billion over the 2013 MTEF. Rehabilitation, renovations and refurbishments accounts for the largest share of the budget with R2.953 billion over the MTEF followed by Upgrades and additions with R2.673 billion over the MTEF.

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
New and replacement assets	748 329	616 093	449 669	757 480	922 448	922 448	627 117	511 759	691 879
Existing Infrastructure assets	948 780	1 021 802	1 009 479	1 582 826	1 778 504	1 778 504	2 158 008	2 477 064	2 825 490
Upgrades and additions	255 530	309 125	373 317	733 748	737 748	737 748	854 952	935 631	882 030
Rehabilitation, renovations and refurbishments	502 306	427 492	520 415	538 807	782 965	782 965	1 139 898	790 127	1 023 332
Maintenance and repairs	190 944	285 185	115 747	310 271	257 791	257 791	163 158	751 306	920 128
Infrastructure transfers	223 870	230 131	44 191	120 600	68 817	98 817	195 950	101 099	112 490
Current	3 023	15 185	2 943	52 427	10 500	10 500	31 500	22 939	36 000
Capital	220 847	214 946	41 248	68 173	58 317	88 317	164 450	78 160	76 490
<i>Current infrastructure</i>	193 967	300 370	118 690	362 698	268 291	268 291	194 658	774 245	956 128
<i>Capital infrastructure</i>	1 727 012	1 567 656	1 384 649	2 098 208	2 501 478	2 531 478	2 786 417	2 315 677	2 673 731
Current payments (incl CoE)									
Total provincial infrastructure payments and estimates	1 920 979	1 868 026	1 503 339	2 460 906	2 769 769	2 799 769	2 981 075	3 089 922	3 629 859

5.5.2 Provincial Public-Private Partnership (PPP) projects

Table 5.5: Summary of departmental Public-Private Partnership (PPP) projects

R thousand	Annual cost of project Outcome			Main appropriation	Adjusted appropriation 2012/13	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Projects under implementation	3 680	11 704	4 453	6 020	7 764	11 852	13 266	14 568	16 048
PPP unitary charge				100	112	140	157	177	199
Penalties (if applicable)									
Advisory fees				866	1 027	2 405	2 819	3 823	4 223
Project monitoring cost				156	179	181	262	298	321
Revenue generated (if applicable)	3 680	11 704	4 453	4 898	6 241	8 921	9 813	10 035	11 038
Contingent liabilities (Information)					205	205	215	235	267
Proposed Projects				(2 542)	(2 620)	(4 004)	(5 000)	(5 660)	(6 633)
Advisory fees				(2 296)	(1 204)	(693)	(788)	(1 046)	(1 417)
Project team costs				(246)	(280)	(363)	(351)	(402)	(217)
Site acquisition costs					(971)	(2 761)	(3 721)	(4 011)	(4 732)
Other project costs					(165)	(187)	(140)	(201)	(267)
Total	3 680	11 704	4 453	3 478	5 144	7 848	8 266	8 908	9 415

Currently there is only one Public-Private Partnership in the province. This partnership is between the Department of Health and Netcare and located within Universitas and Pelonomi hospitals.

Currently in the Free State Province the only department with a Public –Private Partnership arrangement is Health.

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	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
1 Office of the Premier	7 161								
Youth Commission	7 161								
3 Economic Development, Tourism and Environmental Affairs	82 670	99 933	109 138	120 360	120 360	122 810	113 418	100 360	100 360
Free State Development Corporation	42 600	29 490	35 000	32 245	32 245	27 245	22 245	12 245	12 245
Free State Gambling and Liquor Board	22 683	32 184	44 574	48 251	48 251	48 251	51 309	48 251	48 251
Free State Tourism Authority	17 387	38 259	29 564	39 864	39 864	47 314	39 864	39 864	39 864
University of The Free State									
Phakisa									
12 Sport, Arts, Culture and Recreation	24 503	11 702	8 284						
Phakisa	24 503	11 702	8 284						
Total provincial transfers to public entities	114 334	111 635	117 422	120 360	120 360	122 810	113 418	100 360	100 360

The transfer payment to the Public Entities by the Department of Economic Development Tourism, and Environmental Affairs decreased by 5.7 per cent from adjusted R120.360 million in 2012/13 to R113.418 million in 2013/14 financial year. This allocation is intended for investment opportunities for the province, assistance to the SMMEs and promotion of economic activity within the province. Furthermore, the allocation caters for intensification of economic development through tourism marketing and in order to attract tourists in the province.

5.6.2 Transfer to local government

Table 5.6.1: Summary of provincial transfers to local government by category

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Category A	120 939	63 810	58 049	59 391	59 391	56 909	72 905	73 943	77 881
Category B	94 931	75 121	18 812	1 730	1 730	1 730	2 000	3 500	5 000
Category C	217 490	296 281	268 118	236 233	229 033	257 026	271 423	304 043	315 152
Total provincial transfers to local government	433 360	435 212	344 979	297 354	290 154	315 665	346 328	381 486	398 033

5.7 Personnel numbers and costs

Table 5.7: Summary of personnel numbers and costs by Vote¹

Personnel numbers	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016
1 Department of the Premier	336	348	353	620	663	692	696
2 Free State Legislature	157	149	142	135	148	148	148
3 Economic Development, Tourism and Environmental Affairs	593	572	594	657	762	834	883
4 Provincial Treasury	356	358	372	408	447	447	447
5 Health	15 693	16 631	19 321	19 283	19 565	19 656	19 565
6 Education	30 619	30 855	32 199	31 555	27 567	26 160	26 113
7 Social Development	1 594	1 593	2 003	2 030	2 086	2 088	2 090
8 Cooperative Governance and Traditional Affairs	613	942	704	646	646	646	646
9 Public Works	2 085	2 050	1 930	2 064	2 191	2 191	2 191
10 Police, Roads and Transport	2 337	2 088	2 146	2 073	2 696	2 696	2 692
11 Agriculture	1 099	1 065	1 193	1 251	1 284	1 287	1 287
12 Sport, Arts, Culture and Recreation	790	862	731	707	811	811	811
13 Human Settlements	55	110	110	207	235	260	284
14 Rural Development			39	51	53	53	53
Total provincial personnel numbers	56 327	57 623	61 837	61 687	59 154	57 969	57 906
Total provincial personnel cost (R thousand)	10 883 768	12 440 086	14 037 058	14 996 696	15 862 671	16 786 043	17 709 355
Unit cost (R thousand)	193	216	227	243	268	290	306

Table 5.7.1: Summary of provincial personnel numbers and costs

	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Total for province									
Personnel numbers (head count)	56 327	57 623	61 837	62 545	61 687	59 154	59 154	57 969	57 906
Personnel cost (R thousand)	10 883 768	12 440 086	14 037 058	15 096 385	14 996 696	15 536 381	15 862 671	16 786 043	17 709 355
Human resources component									
Personnel numbers (head count)	716	822	749	754	772	773	714	729	739
Personnel cost (R thousand)	123 193	151 665	135 272	147 426	158 960	156 474	144 286	152 716	160 946
Head count as % of total for province	1.3%	1.4%	1.2%	1.2%	1.3%	1.3%	1.2%	1.3%	1.3%
Personnel cost as % of total for province	1.1%	1.2%	1.0%	1.0%	1.1%	1.0%	0.9%	0.9%	0.9%
Finance component									
Personnel numbers (head count)	441	744	612	639	653	658	642	693	702
Personnel cost (R thousand)	189 087	137 979	116 202	129 688	135 889	136 087	155 879	165 638	175 169
Head count as % of total for province	0.8%	1.3%	1.0%	1.0%	1.1%	1.1%	1.1%	1.2%	1.2%
Personnel cost as % of total for province	1.7%	1.1%	0.8%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%
Full time workers									
Personnel numbers (head count)	56 327	57 623	61 837	62 545	56 415	56 421	55 163	54 377	54 403
Personnel cost (R thousand)	8 559 705	9 786 510	11 324 307	12 641 817	12 756 973	12 809 726	13 474 421	14 306 278	14 968 292
Head count as % of total for province	100.0%	100.0%	100.0%	100.0%	91.5%	95.4%	93.3%	93.8%	94.0%
Personnel cost as % of total for province	78.6%	78.7%	80.7%	83.7%	85.1%	82.4%	84.9%	85.2%	84.5%
Part-time workers									
Personnel numbers (head count)	1 934	1 204	137	142	138	138	1 635	1 235	1 227
Personnel cost (R thousand)	311 367	157 493	24 860	26 073	25 667	28 078	155 509	170 559	181 521
Head count as % of total for province	3.4%	2.1%	0.2%	0.2%	0.2%	0.2%	2.8%	2.1%	2.1%
Personnel cost as % of total for province	2.9%	1.3%	0.2%	0.2%	0.2%	0.2%	1.0%	1.0%	1.0%
Contract workers									
Personnel numbers (head count)	668	852	1 226	1 309	1 039	1 042	1 000	935	835
Personnel cost (R thousand)	63 730	114 100	139 490	152 957	136 228	142 898	144 762	149 258	151 354
Head count as % of total for province	1.2%	1.5%	2.0%	2.1%	1.7%	1.8%	1.7%	1.6%	1.4%
Personnel cost as % of total for province	0.6%	0.9%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%

5.8 Payments on training

Table 5.8: Summary of provincial payments on training by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
1 Department of the Premier	483	490	492	427	427	427	1 801	1 847	1 891
2 Free State Legislature	269	840	765	682	683	682	676	712	749
3 Economic Development, Tourism and Environmental Affairs	112	806	649	836	836	568	8 997	9 448	9 883
4 Provincial Treasury	3 508	6 430	7 946	8 872	10 999	7 484	10 958	10 668	11 118
5 Health	28 599	20 088	20 034	27 594	27 594	27 594	25 596	26 767	29 579
6 Education	29 201	58 382	58 385	78 291	59 334	59 324	78 074	81 199	85 850
7 Social Development		1 177	1 492	3 866	1 136	1 004	4 461	4 723	5 010
8 Cooperative Governance and Traditional Affairs	733	542	1 790	2 664	552	582	2 862	3 032	2 950
9 Public Works	3 242	3 107	2 503	4 622	4 622	4 622	3 692	3 788	3 969
10 Police, Roads and Transport	412	1 035	933	808	808	808	900	1 010	1 015
11 Agriculture	4 170	2 162		2 454	2 454	2 454	2 810	3 092	3 239
12 Sport, Arts, Culture and Recreation	606	526							
13 Human Settlements	475	175	82	489	199	109	557	594	499
14 Rural Development									
Total provincial payments on training	71 810	95 760	95 071	131 605	109 644	105 658	141 384	146 880	155 752



ANNEXURE TO THE OVERVIEW OF PROVINCIAL REVENUE & EXPENDITURE



Table A.1: Details of total provincial own receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Tax receipts	300 383	337 697	410 650	402 612	423 127	423 127	445 168	467 027	488 711
Casino taxes	24 183	25 739	30 176	31 071	32 961	32 961	34 609	36 339	38 156
Horse racing taxes	5 631	5 427	6 747	4 769	5 387	5 387	7 615	7 995	8 395
Liquor licences	2 843	5 624	5 150	7 252	7 252	7 252	5 408	5 678	5 962
Motor vehicle licences	267 726	300 907	368 577	359 520	377 527	377 527	397 536	417 015	436 198
Sales of goods and services other than capital assets	178 139	224 515	270 162	245 507	259 220	199 310	264 668	280 425	298 862
Sale of goods and services produced by department (excluding capital assets)	177 883	224 306	269 937	245 507	258 986	199 166	264 449	280 200	298 631
Sales by market establishments	25 786	24 665	38 807	34 966	43 392	43 400	44 109	49 255	56 506
Administrative fees	52 361	65 998	67 821	62 170	65 804	65 804	68 854	72 227	75 613
Other sales	99 736	133 643	163 309	148 371	149 790	89 962	151 486	158 718	166 512
Of which									
Health patient fees	72 174	90 106	95 011	85 641	85 641	50 814	89 923	94 419	99 140
Commission Insurance	8 583	9 519	10 195	10 497	10 497	10 497	10 245	10 405	10 800
Serv: fees Establishing, Rezoning fees, Land Consolidation	1 279	1 712	1 142	1 120	1 120	1 175	1 447	1 522	1 597
Sales of provincial gazette and tender bulletin	1 932	3 136	5 166	4 000	4 000	3 588	4 208	4 413	4 616
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	256	209	225		234	144	219	225	231
Transfers received from:	2	2 770	2 295		6 140	6 145			
Other governmental units									
Higher education institutions									
Foreign governments									
International organisations									
Public corporations and private enterprises	2	2 770	2 060		6 140	6 140			
Households and non-profit institutions			235			5			
Fines, penalties and forfeits	30 116	37 897	27 066	29 711	24 488	24 534	25 650	27 175	28 042
Interest, dividends and rent on land	95 688	113 758	91 631	103 219	72 961	66 700	76 547	80 291	83 999
Interest	4 545	1 389	1 453	1 297	1 297	1 283	1 085	1 131	1 198
Dividends	91 143	112 369	90 178	101 922	71 664	65 417	75 462	79 160	82 801
Rent on land									
Sales of capital assets	8 497	20 211	18 532	16 502	12 867	9 947	12 998	10 115	11 823
Land and subsoil assets	195	1 701	184	1 700	1 700	1 700	1 790	1 878	1 964
Other capital assets	8 302	18 510	18 348	14 802	11 167	8 247	11 208	8 237	9 859
Financial transactions in assets and liabilities	38 132	72 507	44 878	21 809	22 163	15 417	25 532	26 650	27 305
Total provincial own receipts	650 957	809 355	865 214	819 360	820 966	745 180	850 563	891 683	938 742

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	Revised expenditure estimate	Adjusted appropriation	Revised transfer estimate	Revised expenditure estimate	Medium-term estimates		
R thousand	2009/10	2009/10	2009/10	2010/11	2010/11	2010/11	2011/12	2011/12	2011/12	2012/13	2012/13	2012/13	2013/14	2014/15	2015/16
Agriculture	87 325	87 272	82 005	99 521	98 554	94 226	167 730	164 290	167 561	190 382	190 382	190 382	206 844	212 707	220 890
Agriculture Disaster Management Grant	11 053	11 000	11 053				4 736	4 736	4 736						
Comprehensive Agricultural Support Programme Grant	65 659	65 659	61 514	68 194	68 194	64 754	106 372	102 932	106 360	126 829	126 829	126 829	140 274	146 478	152 226
Ilimala/Letsema Projects Grant	4 113	4 113	5 325	4 360	4 360	25 112	4 622	4 622	51 843	54 600	54 600	54 600	57 999	60 802	62 877
Land Care Programme Grant: Poverty Relief and Infrastructure Development	6 500	6 500	4 113	26 967	26 000	4 360	52 000	52 000	4 622	8 953	8 953	8 953	8 571	5 427	5 787
Arts and Culture	40 315	40 315	40 191	45 251	45 197	45 234	47 909	47 909	45 418	52 795	50 304	52 795	62 918	119 013	156 114
Community Library Services Grant	40 315	40 315	40 191	45 251	45 197	45 234	47 909	47 909	45 418	52 795	50 304	52 795	62 918	119 013	156 114
Education	152 165	132 647	144 317	478 062	470 611	427 336	1 044 077	996 270	1 026 253	1 086 167	1 084 346	1 086 167	956 222	1 096 993	1 358 927
Dinaledi Schools Grant							5 040	5 040	4 816	7 374	7 179	7 374	7 573	8 006	8 374
Education Disaster Management Grant															
Education Infrastructure Grant							425 256	425 256	420 881	459 635	459 635	459 635	468 931	572 866	804 746
HIV and Aids (Life Skills Education) Grant	10 341	10 341	10 166	11 041	10 866	11 000	11 772	11 772	10 434	13 155	12 491	13 155	12 135	11 570	11 129
National School Nutrition Programme Grant	141 824	122 306	134 151	202 470	195 194	189 926	254 365	244 699	248 201	262 329	261 367	262 329	274 562	299 205	317 157
Technical Secondary Schools Recapitalisation Grant				7 477	7 477	7 477	14 428	14 428	14 428	19 870	19 870	19 870	20 963	22 219	23 309
Further Education and Training Colleges Grant				257 074	257 074	218 933	333 216	295 075	327 493	323 804	323 804	323 804	172 068	183 137	194 212
Health	1 309 774	1 268 601	1 249 604	1 586 007	1 584 203	1 442 374	1 989 595	1 959 139	1 815 224	2 422 616	2 335 931	2 271 159	2 274 588	2 475 230	2 674 697
Comprehensive HIV and Aids Grant	298 931	298 931	298 931	437 583	437 583	388 329	533 319	530 440	456 532	642 641	615 160	615 160	742 984	868 770	984 903
Forensic Pathology Services Grant	39 890	32 855	32 696	37 218	37 218	30 738	39 451	39 451	38 475						
Health Disaster Response (Cholera) Grant															
Health Infrastructure Grant							131 717	131 717	75 051	181 717	139 073	139 073	67 250	73 293	87 877
Health Professions Training and Development Grant	110 754	110 754	110 504	117 400	117 400	117 400	124 444	124 444	124 447	130 930	130 930	130 930	138 131	146 419	153 154
Hospital Revitalisation Grant	215 156	181 018	180 119	332 533	332 533	244 634	445 460	417 883	405 515	654 944	638 384	573 612	469 470	476 662	499 048
National Tertiary Services Grant	642 835	642 835	627 021	659 469	659 469	659 469	715 204	715 204	715 204	786 724	786 724	786 724	849 661	898 091	939 403
World Cup Health Preparation Strategy Grant	2 208	2 208	333	1 804		1 804									
National Health Insurance Grant										16 500	16 500	16 500	4 850	7 000	7 397
Nursing Colleges and Schools Grant										9 160	9 160	9 160	2 242	4 995	2 915
Human Settlements	962 759	962 759	954 997	1 037 691	1 037 691	1 037 685	958 007	958 007	927 821	991 804	961 619	991 804	1 120 936	584 045	580 398
Housing Disaster Relief Grant							44 100	44 100	16 631	27 469		27 469			
Human Settlements Development Grant	962 759	962 759	954 997	1 037 691	1 037 691	1 037 685	913 907	913 907	911 190	964 335	961 619	964 335	1 120 936	584 045	580 398
National Treasury	733 593	717 182	609 856	478 137	478 137	727 211	117 119	117 119	116 214						
Infrastructure Grant to Provinces															
Education	201 443	187 546	199 973	54 913	54 913	146 894	65 666	65 666	65 455						
Health	460 170	458 636	62 199	400 724	400 724	58 344	47 216	47 216	3 543						
Police, Roads and Transport	71 980	71 000	347 684	22 500	22 500	521 973	4 237	4 237	47 216						
Public Works	185 104	140 144	185 095	222 386	222 386	222 376	240 163	240 163	240 150	231 399	231 399	231 399			
Devolution of Property Rate Funds Grant	185 104	140 144	185 095	222 386	222 386	222 376	240 163	240 163	240 150	231 399	231 399	231 399			
Sport and Recreation South Africa	26 591	26 591	26 373	28 291	28 186	28 291	33 078	33 078	33 078	34 371	34 371	34 371	38 832	41 774	43 863
Mass Sport and Recreation Participation Programme Grant	26 591	26 591	26 373	28 291	28 186	28 291	33 078	33 078	33 078	34 371	34 371	34 371	38 832	41 774	43 863
Transport	151 805	151 805	121 018	169 264	169 264	187 077	653 499	653 499	525 607	811 379	757 802	1 429 379	1 333 844	1 392 933	1 679 674
Provincial Roads Maintenance Grant							447 165	447 165	321 905	618 507	564 930	1 218 507	1 130 462	1 179 270	1 456 183
Public Transport Operations Grant	151 805	151 805	121 018	169 264	169 264	187 077	184 566	184 566	181 934	192 872	192 872	210 872	203 382	213 663	223 491
Transport Disaster Management Grant							21 768	21 768	21 768						
Other (Not included above)			15 045	7 256	7 256	4 055	20 079	20 079	15 859	45 299	45 299	45 299	26 546		
Expanded Public Works Programme Incentive Grant for Provinces			15 045	2 264	2 264		4 493	4 493	4 378	21 391	21 391	21 391	18 001		
Social Sector Expanded Public Works Programme Incentive Grant for Provinces				4 992	4 992	4 055	15 586	15 586	11 481	23 908	23 908	23 908	8 545		
Total conditional grants	3 649 431	3 527 316	3 428 501	4 151 866	4 141 485	4 215 865	5 271 256	5 189 553	4 913 185	5 866 212	5 691 453	6 332 755	6 020 730	5 922 695	6 714 563

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Current payments	14 269 396	16 241 841	18 277 833	18 913 375	19 573 940	19 902 633	20 343 836	21 973 705	23 321 832
Compensation of employees	10 883 768	12 440 086	14 037 058	15 096 385	14 996 696	15 536 381	15 862 671	16 786 043	17 709 355
Salaries and wages	9 379 674	10 705 497	12 082 058	12 996 358	12 895 473	13 494 795	13 473 509	14 298 874	15 097 441
Social contributions	1 504 094	1 734 589	1 955 000	2 100 027	2 101 223	2 041 586	2 389 162	2 487 169	2 611 914
Goods and services	3 374 786	3 797 694	4 239 206	3 815 972	4 574 122	4 353 518	4 479 487	5 185 970	5 610 639
Interest and rent on land	10 842	4 061	1 569	1 018	3 122	12 734	1 678	1 693	1 838
Interest	10 840	4 059	1 569	1 018	3 122	12 734	1 678	1 693	1 838
Rent on land	2	2							
Transfers and subsidies to:	2 824 767	3 352 692	3 502 604	3 521 595	3 670 827	3 594 985	3 768 158	3 312 462	3 401 474
Provinces and municipalities	433 655	435 242	345 022	297 404	290 204	315 711	346 383	381 546	398 093
Provinces ²	295	30	43	50	50	43	55	60	60
Provincial Revenue Funds	295	28	27	50	50	43	55	60	60
Provincial agencies and funds		2	16						
Municipalities ³	433 360	435 212	344 979	297 354	290 154	315 668	346 328	381 486	398 033
Municipalities	433 360	430 212	310 979	297 354	290 154	315 665	346 328	381 486	398 033
Municipal agencies and funds		5 000	34 000			3			
Departmental agencies and accounts	114 478	118 537	152 620	167 550	182 409	182 173	152 277	127 249	126 071
Social security funds									
Provide list of entities receiving transfers ⁴	114 478	118 537	152 620	167 550	182 409	182 173	152 277	127 249	126 071
Higher education institutions	1 168	1 248	7 300	1 056	556	556	1 055	1 108	1 159
Public corporations and private enterprises ⁵	188 209	252 772	240 488	226 117	236 579	240 251	231 647	227 089	236 958
Public corporations	188 209	241 653	228 600	226 117	236 579	236 571	225 647	225 929	235 758
Subsidies on production	121 018	188 824	185 315	193 872	208 472	209 312	203 382	213 663	223 491
Other transfers	67 191	52 829	43 285	32 245	28 107	27 259	22 265	12 266	12 267
Private enterprises		11 119	11 888			3 680	6 000	1 160	1 200
Subsidies on production			100						
Other transfers		11 119	11 788			3 680	6 000	1 160	1 200
Foreign governments and international organisations									
Non-profit institutions	915 383	1 276 851	1 468 833	1 504 472	1 523 362	1 510 629	1 506 908	1 557 078	1 616 444
Households	1 171 874	1 268 042	1 288 341	1 324 996	1 437 717	1 345 665	1 529 888	1 018 392	1 022 749
Social benefits	52 959	47 067	56 618	36 559	36 764	90 287	43 485	44 848	42 273
Other transfers to households	1 118 915	1 220 975	1 231 723	1 288 437	1 400 953	1 255 378	1 486 403	973 544	980 476
Payments for capital assets	1 630 574	1 357 415	1 940 885	2 435 084	2 564 765	2 726 572	2 759 624	2 387 169	2 772 762
Buildings and other fixed structures	1 412 824	1 052 862	1 688 340	2 232 589	2 320 497	2 490 043	2 461 567	2 249 454	2 601 459
Buildings	772 310	510 943	1 182 546	1 452 108	1 601 742	1 049 998	940 670	1 126 750	1 080 861
Other fixed structures	640 514	541 919	505 794	780 481	718 755	1 440 045	1 520 897	1 122 704	1 520 598
Machinery and equipment	210 325	290 998	241 527	196 578	236 335	223 981	293 003	132 673	166 249
Transport equipment	35 875	27 936	3 415	2 200	5 528		22 329	2 335	3 047
Other machinery and equipment	174 450	263 062	238 112	194 378	230 807	223 981	270 674	130 338	163 202
Heritage assets		33	261	95	50	50			
Specialised military assets									
Biological assets	5 557	8 905	7 154	1 440	1 440	6 084	1 440	1 440	1 440
Land and subsoil assets	1 220	2 330	865	3 010	4 490	3 818	2 728	2 728	2 728
Software and other intangible assets	648	2 287	2 738	1 372	1 953	2 596	886	874	886
Payments for financial assets	49 362	22 054	40 002	73	82	4 263			
Total economic classification	18 774 099	20 974 002	23 761 324	24 870 127	25 809 614	26 228 453	26 871 618	27 673 336	29 496 068

Table A.4(a): Details of function

Function	Category	Department	Programme
General public services	Legislative	Premier	Administration Management services
		Provincial Legislature	Administration National Council of Provinces Management services
	Financial and fiscal affairs	Finance	Administration Financial planning and resource management Financial management Procurement Management services
Public order and safety	Police services	Provincial Safety and Liaison	Administration
Economic Affairs	General economic affairs	Economic Affairs	Administration Trade, industry and tourism development Economic and development services Consumer protection and inspectorate services Management services
	Agriculture	Agriculture	Administration Agricultural development and research Veterinary services Conservation management Environmental management Specialist environmental services Management services
	Transport	Transport	Roads Road traffic and law enforcement Transport
	Communication	Tourism	Tourism
Environmental Protection	Environmental protection		Conservation management Environmental management Specialist environmental services
Housing and community amenities	Housing development	Housing	Technical service Planning and development
Health	Outpatient service	Health	District health services Primary nutrition programme
	R&D health (CS)		Health science
	Hospital services		Provincial hospital services Specialised hospital services
Recreation, culture and religion	Recreational and sporting services	Sport, recreation, arts and culture	Sport and recreation
	Cultural services		Art, culture and heritage Facility development
Education	Pre-primary and primary	Education	Pre-primary Primary
	Secondary education		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): Payments and estimates by policy area

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
GENERAL PUBLIC SERVICES	1 668 050	2 073 238	2 449 111	2 529 749	2 477 463	2 527 813	2 755 982	2 813 163	2 916 785
Executive and Legislative	170 310	175 759	215 161	229 582	222 933	227 065	194 592	200 845	207 195
Office of the Premier	24 792	25 625	19 573	17 160	17 048	21 180	20 894	21 618	22 239
Provincial Legislature	145 518	150 134	195 588	212 422	205 885	205 885	173 698	179 227	184 956
General Services	1 348 190	1 734 701	2 048 978	2 088 056	2 045 797	2 097 595	2 345 035	2 388 921	2 478 876
Office of the Premier	125 428	159 425	193 941	235 953	238 213	234 081	259 062	252 677	260 558
Police, Roads and Transport	77 896	101 399	137 707	158 094	157 473	172 084	205 262	186 750	193 836
Public Works	777 162	1 000 054	1 254 538	1 269 707	1 241 309	1 277 474	1 418 308	1 458 672	1 500 842
Cooperative Governance & Traditional Affairs	290 522	388 061	379 245	323 042	311 542	312 501	348 413	373 086	392 140
Economic Development, Tourism and Environmental Affairs	77 182	85 762	83 547	101 260	97 260	101 455	113 990	117 736	131 500
Financial and Fiscal Services	149 550	162 778	184 972	212 111	208 733	203 153	216 355	223 397	230 714
Provincial Treasury	149 550	162 778	184 972	212 111	208 733	203 153	216 355	223 397	230 714
PUBLIC ORDER AND SAFETY	248 198	277 369	251 364	296 092	291 905	383 033	307 117	339 332	348 499
Police Services	18 457	21 300	12 633	26 981	23 634	20 780	18 176	25 315	25 806
Police, Roads and Transport	18 457	21 300	12 633	26 981	23 634	20 780	18 176	25 315	25 806
Traffic Control	229 741	256 069	238 731	269 111	268 271	362 253	288 941	314 017	322 693
Police, Roads and Transport	229 741	256 069	238 731	269 111	268 271	362 253	288 941	314 017	322 693
EDUCATION	7 858 011	8 474 429	9 729 149	10 062 037	10 451 940	10 785 439	10 473 264	11 035 560	11 824 065
Pre-primary & Primary Phases	3 423 811	3 799 602	4 110 697	4 430 582	4 257 213	4 453 505	4 428 962	4 629 738	4 886 012
Education	3 423 811	3 799 602	4 110 697	4 430 582	4 257 213	4 453 505	4 428 962	4 629 738	4 886 012
Secondary Education Phase	2 305 779	2 605 690	2 885 337	2 997 746	2 933 061	3 022 639	2 930 321	3 056 172	3 233 420
Education	2 305 779	2 605 690	2 885 337	2 997 746	2 933 061	3 022 639	2 930 321	3 056 172	3 233 420
Education not defined by level	553 316	579 416	760 494	762 254	803 199	782 371	634 195	630 794	661 799
Agriculture	11 801	13 260	14 515	17 328	17 328	18 046	17 047	17 599	19 098
Education	541 515	566 156	745 979	744 926	785 871	764 325	617 148	613 195	642 701
Subsidiary Services to Education	1 575 105	1 489 721	1 972 621	1 871 455	2 458 467	2 526 924	2 479 786	2 718 856	3 042 834
Education	1 575 105	1 489 721	1 972 621	1 871 455	2 458 467	2 526 924	2 479 786	2 718 856	3 042 834
HEALTH	5 208 138	6 019 179	6 811 239	7 383 255	7 759 316	7 693 589	7 894 778	8 370 012	8 847 850
Outpatient services	1 331 718	1 485 347	1 630 938	1 726 755	1 776 653	1 755 304	1 157 767	1 202 462	1 292 659
R and D Health (CS)									
Hospital Services	3 876 420	4 533 832	5 180 301	5 656 500	5 982 663	5 938 285	6 737 011	7 167 550	7 555 191
SOCIAL PROTECTION	665 732	712 546	803 679	865 450	871 122	877 612	951 229	985 160	1 032 204
Social Security Services									
Social Development									
Social Services and Population Development	665 732	712 546	803 679	865 450	871 122	877 612	951 229	985 160	1 032 204
Social Development	665 732	712 546	803 679	865 450	871 122	877 612	951 229	985 160	1 032 204
HOUSING AND COMMUNITY AMENITIES	1 003 899	1 144 733	1 061 255	1 058 221	1 089 073	1 089 711	1 233 625	705 883	719 329
Housing Development	1 003 899	1 144 733	1 061 255	1 058 221	1 089 073	1 089 711	1 233 625	705 883	719 329
Human Settlements	1 003 899	1 144 733	1 061 255	1 058 221	1 089 073	1 089 711	1 233 625	705 883	719 329
ENVIRONMENTAL PROTECTION	340 412	379 274	501 457	612 398	577 225	561 491	654 345	662 920	664 041
Environmental Protection	340 412	379 274	501 457	612 398	577 225	561 491	654 345	662 920	664 041
Economic Development, Tourism and Environmental Affairs	113 246	115 584	154 663	180 772	161 475	158 721	171 458	172 274	170 774
Agriculture	227 166	263 690	346 794	431 626	415 750	402 770	482 887	490 646	493 267
RECREATION, CULTURE AND RELIGION	450 724	481 458	588 852	555 981	576 291	576 292	633 724	684 875	731 103
Sporting and Recreational Affairs	450 724	481 458	588 852	555 981	576 291	576 292	633 724	684 875	731 103
Sport, Arts, Culture and Recreation	360 893	381 525	479 714	435 621	453 312	453 312	515 137	584 341	630 566
Economic Development, Tourism and Environmental Affairs	82 670	99 933	109 138	120 360	122 979	122 980	118 587	100 534	100 537
Premier	7 161								
ECONOMIC AFFAIRS	1 330 935	1 411 776	1 565 218	1 506 944	1 715 279	1 733 473	1 967 554	2 076 431	2 412 192
General Economic Affairs	43 343	26 009	42 507	34 502	36 333	34 891	46 160	58 159	63 062
Economic Development, Tourism and Environmental Affairs	43 343	26 009	42 507	34 502	36 333	34 891	46 160	58 159	63 062
Agriculture	136 272	119 059	138 989	130 528	128 828	150 987	129 693	138 438	142 838
Agriculture	136 272	119 059	138 989	130 528	128 828	150 987	129 693	138 438	142 838
Rural Development	15 968	27 347	55 900	40 600	40 850	40 850	43 667	49 845	54 230
Rural Development	15 968	27 347	55 900	40 600	40 850	40 850	43 667	49 845	54 230
Transport	1 135 352	1 239 361	1 327 822	1 301 314	1 509 268	1 506 745	1 748 034	1 829 989	2 152 062
Police, Roads and Transport	1 135 352	1 239 361	1 327 822	1 301 314	1 509 268	1 506 745	1 748 034	1 829 989	2 152 062
Total provincial payments and estimates by policy area	18 774 099	20 974 002	23 761 324	24 870 127	25 809 614	26 228 453	26 871 618	27 673 336	29 496 068

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Category A	120 939	63 810	58 049	59 391	59 391	56 909	72 905	73 943	77 881
Mangaung	120 939	63 810	58 049	59 391	59 391	56 909	72 905	73 943	77 881
Category B	94 931	75 121	18 812	1 730	1 730	1 730	2 000	3 500	5 000
Letsemeng	1 387	3 300	100	115	115	115			
Kopanong	4 053	7 000	100	115	115	115			
Mohokare	3 500	3 000	5 451						
Naledi	844	4 898	2 765						
Masilonyana	4 950	9 000							
Tokologo		3 180							
Tswelopele									
Matjhabeng	36 480								
Nala	1 000	7 000	3 800						
Setsoto	300								
Dihlabeng	1 602	10 000		500	500	500	667	1 167	1 667
Nketoana									
Maluti a Phofung	13 281	14 000		500	500	500	667	1 167	1 667
Phumelela	3 012	2 309	3 796						
Mantsopa									
Moghaka									
Ngwathe	5 030	5 850							
Metsimaholo	648	84		500	500	500	666	1 166	1 666
Mafube	18 844	5 500	2 800						
Category C	217 490	296 281	268 118	236 233	229 033	257 026	271 423	304 043	315 152
Xhariep	14 855	30 203	3 828	5 445	5 445	13 736	6 423	6 638	8 012
Lejweleputswa	17 253	14 832	24 824	18 865	18 865	42 205	25 851	26 174	28 236
Thabo Mofutsanyana	124 238	151 109	142 556	120 064	120 064	129 856	140 610	155 061	159 185
Fezile Dabi	61 144	89 836	33 028	37 634	27 634	22 718	37 115	37 545	40 295
Unallocated		10 301	63 882	54 225	57 025	48 511	61 424	78 625	79 424
Inter-provincial transfers									
Total transfers to local government	433 360	435 212	344 979	297 354	290 154	315 665	346 328	381 486	398 033

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Metro	120 939	63 810	58 049	59 391	59 391	56 909	72 905	73 943	77 881
Motheo	120 939	63 810	58 049	59 391	59 391	56 909	72 905	73 943	77 881
Region	312 421	361 101	223 048	183 738	173 738	210 245	211 999	228 918	240 728
Xhariep	24 639	48 401	12 244	5 675	5 675	13 966	6 423	6 638	8 012
Letsemeng	1 387	3 300	100	115	115	115			
Kopanong	4 053	7 000	100	115	115	115			
Mohokare	3 500	3 000	5 451						
Naledi	844	4 898	2 765						
Xhariep	14 855	30 203	3 828	5 445	5 445	13 736	6 423	6 638	8 012
Thabo Mofutsanyane	142 433	177 418	146 352	121 064	121 064	130 856	141 944	157 395	162 519
Setsoto	300								
Dihlabeng	1 602	10 000		500	500	500	667	1 167	1 667
Nketoana									
Maluti a Phofung	13 281	14 000		500	500	500	667	1 167	1 667
Phumelela	3 012	2 309	3 796						
Mantsopa									
Thabo Mofutsanyane	124 238	151 109	142 556	120 064	120 064	129 856	140 610	155 061	159 185
Fezile Dabi	85 666	101 270	35 828	38 134	28 134	23 218	37 781	38 711	41 961
Mqhaka									
Nqwathe	5 030	5 850							
Metsimaholo	648	84		500	500	500	666	1 166	1 666
Mafube	18 844	5 500	2 800						
Fezile Dabi	61 144	89 836	33 028	37 634	27 634	22 718	37 115	37 545	40 295
Lejoleputswa	59 683	34 012	28 624	18 865	18 865	42 205	25 851	26 174	28 236
Masilonyana	4 950	9 000							
Tokologo		3 180							
Tswelopele									
Matjabeng	36 480								
Nala	1 000	7 000	3 800						
Lejoleputswa	17 253	14 832	24 824	18 865	18 865	42 205	25 851	26 174	28 236
Unallocated funds		10 301	63 882	54 225	57 025	48 511	61 424	78 625	79 424
Inter-provincial transfer									
Total provincial payments by region and district	433 360	435 212	344 979	297 354	290 154	315 665	346 328	381 486	398 033

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
2 Legislature			38 498	44 500	32 500	32 500			
3 Economic Development Tourism & Environmental Affairs	36 704	29 287	42 851	52 247	33 400	33 400	64 570	54 019	53 467
5 Health	48 953	59 747		15 000	1 000	1 000	19 800	24 500	24 250
6 Education	150 833	60 509	11 146	12 000	12 000	12 000	14 850	16 660	16 490
7 Social Development		117	8 700	35 000	31 000	31 000	31 324	30 478	30 167
9 Public Works	8 791	32 564	152 244	120 267	120 267	120 267	187 151	188 230	186 309
10 Police, Roads and Transport	607 259	458 877	321 905	487 790	629 553	255 092	382 992	404 225	436 775
11 Agriculture	14 961	20 710	27 119	41 851	27 975	27 975	103 178	103 475	90 548
12 Sport, Arts, Culture and Recreation	63 615	80 638	98 424	101 488	91 488	91 488	162 287	161 506	161 143
Total Infrastructure Enhancement Allocation	931 116	742 449	700 887	910 143	979 183	604 722	966 152	983 093	999 149

Table A.9: Summary of Infrastructure Grant to Provinces payments and estimates by Vote

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
5 Health	62 199	58 344	3 543						
6 Education	199 973	146 894	65 455						
10 Police, Roads and Transport	347 700	521 973	47 216						
Total Infrastructure Grant to	609 872	727 211	116 214						

Table A.10: Summary of Revenue Enhancement Allocation payments and estimates by Vote

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
3 Economic Development Tourism & Environmental Affairs				14 925	14 925	14 925	3 258		
5 Health							2 200		
9 Public Works				13 742	2 800	2 800	6 607		
10 Police, Roads and Transport				5 530	3 530	3 530			
11 Agriculture							4 775		
Unallocated Revenue Enhancement								46 503	54 504
Total Revenue Enhancement Allocation				34 197	21 255	21 255	16 840	46 503	54 504

Table A.11: Summary of Expanded Public Works Programme Incentive Grant for Provinces payments and estimates by Vote

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
3 Economic Development Tourism & Environmental Affairs				1 000	1 000	1 000	550		
5 Health				2 032	2 032	2 032	3 249		
6 Education				1 000	1 000	1 000	3 000		
7 Social Development									
9 Public Works			4 193	6 184	6 184	6 184	7 102		
10 Police, Roads and Transport	15 045			6 175	6 175	6 175	3 000		
11 Agriculture				4 000	4 000	4 000	550		
12 Sport, Arts, Culture and Recreation			185	1 000	1 000	1 000	550		
Unallocated									
Total Revenue Enhancement	15 045		4 378	21 391	21 391	21 391	18 001		

Table A.12: Summary of Social Sector Expanded Public Works Programme Incentive Grant for Provinces payments and estimates by Vote

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12	2012/13	2012/13	2012/13	2013/14	2014/15	2015/16
3 Economic Development Tourism & Environmental Affairs									
5 Health		2 352	11 481	7 470	7 470	7 470			
6 Education				5 941	5 941	5 941			
7 Social Development		1 703		10 098	10 098	10 098	8 545		
9 Public Works									
10 Police, Roads and Transport									
12 Sport, Arts, Culture and Recreation				399	399	399			
Unallocated									
Total Revenue Enhancement Allocation		4 055	11 481	23 908	23 908	23 908	8 545		