

PART A:

**OVERVIEW OF PROVINCIAL REVENUE
AND EXPENDITURE**

Foreword to the Overview of Provincial Revenue and Expenditure for the 2015 MTEF

The 2015 MTEF budget is tabled at a time of many constraints that impact quite negatively on the fiscal framework of the country. The uncertainties in the global economic outlook do not augur well for developing economies. The US economic growth for 2015 has been revised upward to 3.6 percent. However, the economic growth forecasts for Euro zone have been revised downward by 0.2 percent to 1.2 percent and for China by 0.3 percent point to 6.8 percent. Japan which fell into technical recession in the third quarter of 2014—the growth has been revised downward to 0.6 percent. These uncertainties in the global economy do not bode well for South African economy. South African projected economic growth has also been revised from 2.5 percent to 2 percent in 2015. Thus the projected sluggish economic growth will definitely have an impact on our provincial economic prospects.

Secondary to the above, is the fiscal stance adopted by the country on spending. The 2014 Medium Term Budget Statement indicated the budget cuts for 2015/16 and 2016/17 financial year—this is in line with fiscal consolidation. In these two financial years expenditure is reduced by R25 billion (Nationally) and thus our province is losing R372 million over the same period. Furthermore, data changes emanating from the 2011 Census continue to impact negatively on the provincial equitable share.

Lastly, the growth of our provincial fiscal framework for 2015 MTEF is also constrained and not in line with the projected inflation for MTEF period (2014 MTBPS: 5.9 percent, 5.6 percent and 5.4 percent). Our fiscal purse grows by an average of 4.28 percent over the same period. The current fiscal framework is quite limited and requires innovative approaches in responding to the needs of our people. It is thus imperative that the limited resources at our disposal are utilized effectively, efficiently and economically for the benefit of our people.

Therefore we need to clearly align our budget to the core priorities outlined by the National Development Plan; the 2014-2019 Medium Term Strategic Framework and the Provincial Growth and Development Strategy. We need to sharply respond to the objectives of the Freedom Charter. So, the budget we table today will further strengthen our resolve to grow our economy, create work opportunities and fight back the challenges of unemployment, inequality and poverty.



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MEC FOR FINANCE: Free State Province

1. Socio-Economic Outlook of the Free State Province

This section provides an overview or a snapshot of provincial demographic profile and the most recent key socio-economic developments that intends to give a more realistic picture of economic and social conditions in the province, and forms the backdrop of the 2014 Provincial Government Medium Term Budget. A selection of these key socio-economic and developmental indicators (including population indicators, education, health, poverty and welfare) are used to illustrate the social realities within the province, and inform provincial government's planning towards enhanced growth and improved development outcomes. Furthermore, these characteristics of a provincial population have great influence in determining a large proportion of equitable share allocations amongst the provinces.

1.1 The Free State Demographic Profile

Free State is a centrally located province within South Africa, with the last census conducted in 2011 revealing that the province has a population of 2.7 million people. According to the provincial government, the province is sparsely populated at 22 people per km² and approximately 29 per cent of individuals in the Free State live in rural farming areas in the province. Census 2011 further discloses that the dominating languages in the province are Sesotho (63 per cent), followed by Afrikaans (13 per cent), IsiXhosa (7 per cent), Setswana (5 per cent), IsiZulu (4 per cent), English (3 per cent), Sign Language (1 per cent) and all other languages (4 per cent).

Nationally, three censuses have been conducted since 1996, and according to Stats SA, the South African population has increased from 40.583 million people in 1996 to 51.770 million people in 2011, which represents an increase of 11.2 million between 1996 and 2011. The 2014 mid-year estimates further reveal that the population has risen to 54.002 million people in the country, which represents an estimated 2.3 million people increase since 2011. The South African population has increased by 33.1 per cent between 1996 and 2014, and has increased by 4.3 per cent between 2011 and 2014.

Table 1.1.1: Population size and distribution per province

Province	Census 1996	Census 2001	Census 2011	Population estimate 2014	% Change 1996-2014	% Change 2001-2014	% Change 2011-2014	2014 Share of population
Eastern Cape	6,147,244	6,278,651	6,562,053	6,786,900	10.4%	8.1%	3.4%	12.6
Free State	2,633,504	2,706,775	2,745,590	2,786,800	5.8%	3.0%	1.5%	5.2
Gauteng	7,834,125	9,388,854	12,272,263	12,914,800	64.9%	37.6%	5.2%	23.9
KwaZulu-Natal	8,572,302	9,584,129	10,267,300	10,694,400	24.8%	11.6%	4.2%	19.8
Limpopo	4,576,566	4,995,462	5,404,868	5,630,500	23.0%	12.7%	4.2%	10.4
Mpumalanga	3,123,869	3,365,554	4,039,939	4,229,300	35.4%	25.7%	4.7%	7.8
Northern Cape	1,011,864	991,919	1,145,861	1,166,700	15.3%	17.6%	1.8%	2.2
North West	2,727,223	2,984,098	3,509,953	3,676,300	34.8%	23.2%	4.7%	6.8
Western Cape	3,956,875	4,524,335	5,822,734	6,116,300	54.6%	35.2%	5.0%	11.3
South Africa	40,583,572	44,819,777	51,770,561	54,002,000	33.1%	20.5%	4.3%	100

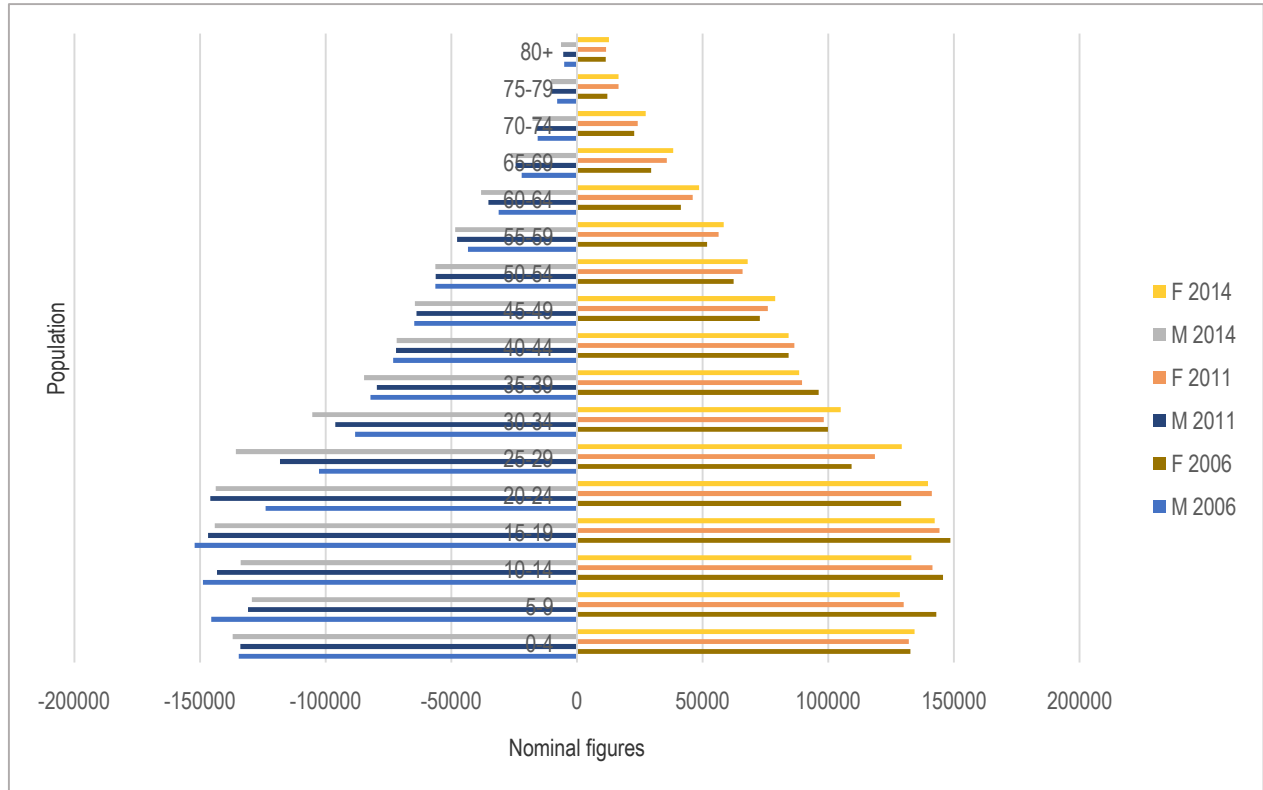
Source: Statistics South Africa, Census 2011 and Mid-Year Population Estimates, 2014

The Free State population was 2.633 million in 1996 and increased by 73 271 to 2.706 million in 2001. The provincial population further increased by 38 815 to 2.745 million according to the 2011 census. This data alone shows that the population of the Free State increased at a decreasing rate between 1996, 2001 and 2011. The 2014 mid-year estimates provided by Statistics South Africa (Stats SA) further depicts that the province's population slightly increased, from 2.745 million in 2011 by 41 210 to 2.786 million in 2014. The provincial population, therefore, increased by 5.8 per cent between 1996 and 2014, by 3.0 per cent between 2001 and 2014 and by 1.5 per cent between 2011 and 2014.

In relation to other provinces, the Free State's population is the second least as it accounted for 5.2 per cent of the national population in 2014. Northern Cape had the lowest population portion at 2.2 per cent of national population in 2014. The highest population portions by provinces in 2014 were Gauteng (23.9 per cent), Kwa Zulu Natal (19.8 per cent) and Eastern Cape (12.6 per cent). It should also be noted since the equitable share formula is highly population driven and captures changes or shifts of population among provinces and their resultant demand on public services, the low portion of Free State population in relation to other provinces dictates a smaller portion of nationally - raised-revenue.

Figure 1.1.1 shows the Free State population structure by age and gender. This structure identifies how big the dependency group is and which type of policies are best suited for each age category group (gender included).

Figure 1.1.1: Distribution of population by age and sex, Free State - 2006, 2011 and 2014



Source: Statistics South Africa, Census 2011 and 2014 Mid- year estimates

The distribution of the population is heaviest from age cohorts 0-4 to 25-29 for both males and females, which means Free State has a higher portion of the population who are young. With the exception of the 25-29 age cohort, age cohorts from 0-4 to 20-24 are individuals likely to be financially depended on older age groups, either through family means or through government support, which means the dependency burden lies on a smaller portion of the population who are employed to support this group.

The population in age cohort 25-29 for both males and females has significantly increased between 2006 and 2014. Males in this age category have increased from 102 620 in 2006 to 135 641 in 2014, which represents a 32.2 percent increase of males in the age cohort 25-29 over the review period. Females in the same age cohort have increased from 109 335 in 2006 to 129 293 in 2014, which is 18.3 percent increase. The age cohort 25-29 includes adults who would have completed their tertiary education and are entering the working environment, therefore this group would include people who would help ease the burden of dependent age group (ages 0-24 and above 65).

The province has 1.379 million males and 1.412 million females, which combined give a 2.792 million people living in the Free State in 2013. It should be noted that across all ethnic groups, female individuals dominate their male counter parts in headcount in the Free State. The dominant ethnic group in both genders in the province is Africans, which accounted for 1.207 million or 87.5 per cent of males and 1.233 million or 87.3 per cent of females in the

province. The 2nd largest ethnic group found in the province is white people, who consist of 8.8 per cent of males and 9.1 per cent of females. Within the white community, Afrikaans language is dominant. In the Coloured community, males make up 3.2 per cent and females 3.2 per cent. Lastly male Asians constitute 0.5 percent and females 0.4 percent in the province.

Table 1.1.2: Free State population group and sex, 2013

Population group	Male		Female		Total	
	Number	% of male population	Number	% of male population	Number	% of male population
African	1,207,002	87.5%	1,233,954	87.3%	2,440,956	87.4%
White	121,259	8.8%	129,036	9.1%	250,294	9.0%
Coloured	43,888	3.2%	44,884	3.2%	88,772	3.2%
Asian	7,049	0.5%	4,949	0.4%	11,998	0.4%
Total	1,379,198	100%	1,412,822	100%	2,792,020	100%

Source: Global Insight, Regional eXplorer, 2014

1.2. The Free State Economy

The Free State embodies a rural province best known for its agricultural and mining sector. According to the 2013 FS PERO, the province is among the most economically diversified in the country, making it one of the safest from internal and external shocks. As the 2nd smallest economy in South Africa (Stats SA, Q3: 2014), the Free State economy has transformed to rely on the tertiary industries as the main contributors (collectively) towards the province's gross domestic product (GDP), as confirmed by table 1.2.1 below. Collectively, the province's industries output have grown from R143.4 million in 2007 to 157.1 million in 2013; establishing a growth rate of 9.6 per cent over the period specified. The economy grew by 3.8 per cent in 2007, but contracted by 2.2 per cent in 2009 as the country entered its first recession in over seventeen years and grew less than its pre-recession rate at 1.7 per cent in 2013.

According to table 1.2.1, the structure of the Free State economy comprises of the tertiary industries, which collectively account for the largest share of the economy, trailed by primary industries and lastly the secondary industries. Between 2007 and 2013, only the portion of tertiary industries grew whilst the portion of the primary and secondary industries declined in relation to other industries. The primary industries declined in both monetary terms and as a proportion of the economy, from R25.9 million in 2007 to R25.6 million in 2013. Its proportion to the entire existing industries declined from 18.0 per cent in 2007 to 16.3 per cent in 2013, indicating mainly a falling mining and quarrying industry. The secondary industries, though the smallest, grew from R22.7 million in 2007 to R23.3 million in 2013. However, the sector's share decreased from 15.8 per cent in 2007 to 14.8 per cent in 2013, mostly due to a decline of the electricity, gas and water industry as indicated in table 1.2.1 below. The dominating tertiary industries collectively grew from R81.4 million in 2007 to R92.9 million, and their share to the provincial economy has also surged from 56.8 per cent in 2007 to 59.2 per cent in 2013. In numerical terms, all industries within the tertiary industries have grown over the period under discussion, with the most notable increase observable in general government services, as a countercyclical measure introduced by government towards sluggish growth in other sectors post the 2009 technical recession.

In 2007, the highest growth rate in the Free State economy was observable in the secondary industries, particularly in the construction industry, which grew by 16.1 per cent. As one of the key sectors in enabling economic growth, the construction industry plays a role in the provision of adequate infrastructure and subsequent attraction of investment. Though most industries declined in 2009, the construction industry grew by 11.2 per cent. Other industries which grew in 2009, albeit slightly, are finance, real estate and business service (0.1 per cent) and general government services (2.6 per cent). The provincial economy recovered in 2010, and by 2013 all industries were growing positively. The collective growth of the primary industries was the fastest at 2.9 per cent, mainly due to high growth rate of 3.3 per cent in the mining and quarrying industry. The slow growth of the secondary industries of 0.5 per cent in 2013 was mainly supported by construction (2.0 per cent), manufacturing (0.2 per cent) and lastly electricity, gas and water (0.1 per cent). The growth rate of 1.8 per cent observable in the tertiary industries in 2013 was largely influenced by the growth in the general government services, which grew by 4.2 per cent, followed by the trade industry (1.6 per cent), personal services (1.4 per cent), transport, storage and communication (0.7 per cent) and finance industry (0.5 per cent).

Table 1.2.1 Provincial Gross Value Added (Constant 2005 prices R1'000)

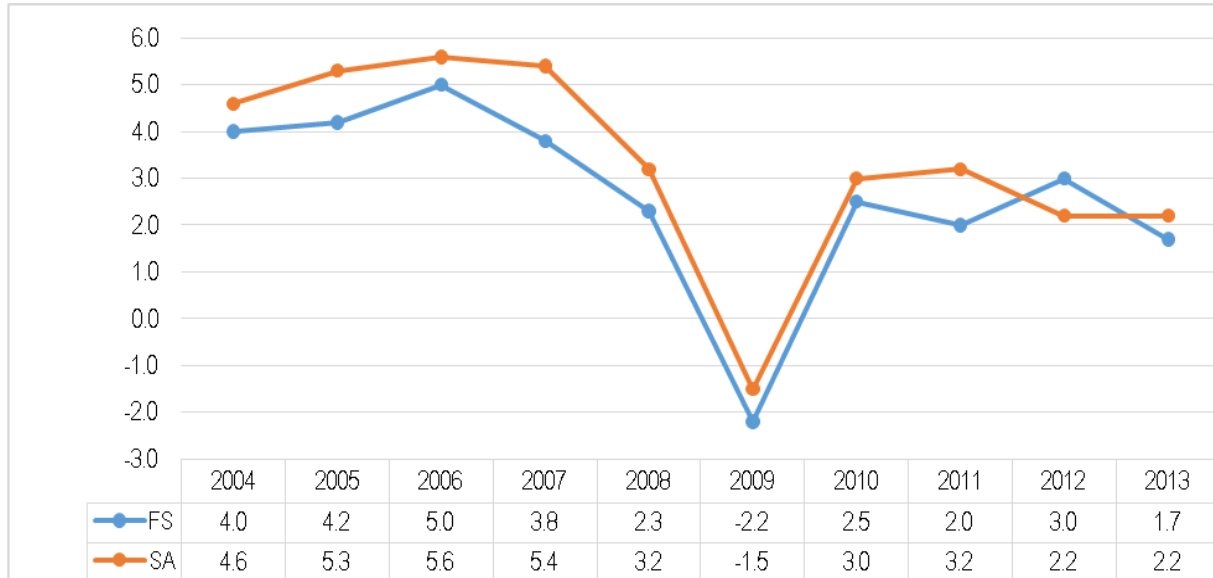
Industry	2007	2008	2009	2010	2011	2012	2013
Primary Industries	25 905	25 797	24 685	25 582	24 702	24 949	25 685
Agriculture, forestry and fishing	5 660	6 898	6 654	6 674	6 060	6 094	6 204
Mining and quarrying	20 245	18 899	18 031	18 908	18 642	18 855	19 481
Secondary Industries	22 754	23 077	22 107	22 825	23 078	23 249	23 365
Manufacturing	14 668	14 946	13 762	14 552	14 713	14 783	14 816
Electricity, gas and water	4 720	4 531	4 339	4 494	4 563	4 581	4 586
Construction	3 367	3 601	4 005	3 779	3 802	3 885	3 962
Tertiary industries	81 474	84 280	83 753	85 218	87 751	91 302	92 967
Wholesale, retail and motor trade; catering and accommodation	22 322	22 579	21 879	22 646	23 268	25 001	25 393
Transport, storage and communication	11 242	11 639	11 444	11 563	11 807	12 016	12 105
Finance, real estate and business services	19 550	20 391	20 416	20 495	21 041	21 678	21 779
Personal services	9 802	10 135	9 974	9 992	10 225	10 408	10 558
General government services	18 559	19 536	20 040	20 523	21 411	22 200	23 132
All industries at basic prices	130 133	133 154	130 545	133 625	135 531	139 500	142 017
Taxes less subsidies on products	13 286	13 616	12 999	13 564	14 557	15 022	15 135
GDPR at market prices	143 420	146 770	143 544	147 189	150 088	154 521	157 152
Industry	2007	2008	2009	2010	2011	2012	2013
Primary Industries	-1.1	-0.4	-4.3	3.6	-3.4	1.0	2.9
Agriculture, forestry and fishing	1.5	21.9	-3.5	0.3	-9.2	0.6	1.8
Mining and quarrying	-1.9	-6.6	-4.6	4.9	-1.4	1.1	3.3
Secondary Industries	5.8	1.4	-4.2	3.2	1.1	0.7	0.5
Manufacturing	4.5	1.9	-7.9	5.7	1.1	0.5	0.2
Electricity, gas and water	3.3	-4.0	-4.2	3.6	1.5	0.4	0.1
Construction	16.1	7.0	11.2	-5.7	0.6	2.2	2.0
Tertiary industries	4.9	3.4	-0.6	1.7	3.0	4.0	1.8
Wholesale, retail and motor trade; catering and accommodation	4.5	1.2	-3.1	3.5	2.7	7.4	1.6
Transport, storage and communication	6.0	3.5	-1.7	1.0	2.1	1.8	0.7
Finance, real estate and business services	5.1	4.3	0.1	0.4	2.7	3.0	0.5
Personal services	5.0	3.4	-1.6	0.2	2.3	1.8	1.4
General government services	4.6	5.3	2.6	2.4	4.3	3.7	4.2
All industries at basic prices	3.8	2.3	-2.0	2.4	1.4	2.9	1.8
Taxes less subsidies on products	3.9	2.5	-4.5	4.3	7.3	3.2	0.8
GDPR at market prices	3.8	2.3	-2.2	2.5	2.0	3.0	1.7

Source: Stats South Africa, Third Quarter 2014

Figure 1.2.1, below illustrates the economic performance of both the Free State and South African economies, measured by real GDP, between 2004 and 2013. Over the past ten years (i.e. 2004 to 2013), the Free State economy grew by 2.6 per cent on average compared to the national average of 3.3 per cent. Barring 2009, both the provincial and national economies performed significantly well, averaging 3.2 per cent and 3.9 per cent respectively. As was the case elsewhere in the world, 2009 was an awful year for the Free State economy. The

province registered negative growth for the first time since 2001 as the national economy entered its first recession in seventeen years.

Figure 1.2.1: South Africa and Free State GDP annual growth rates (2010 constant prices)

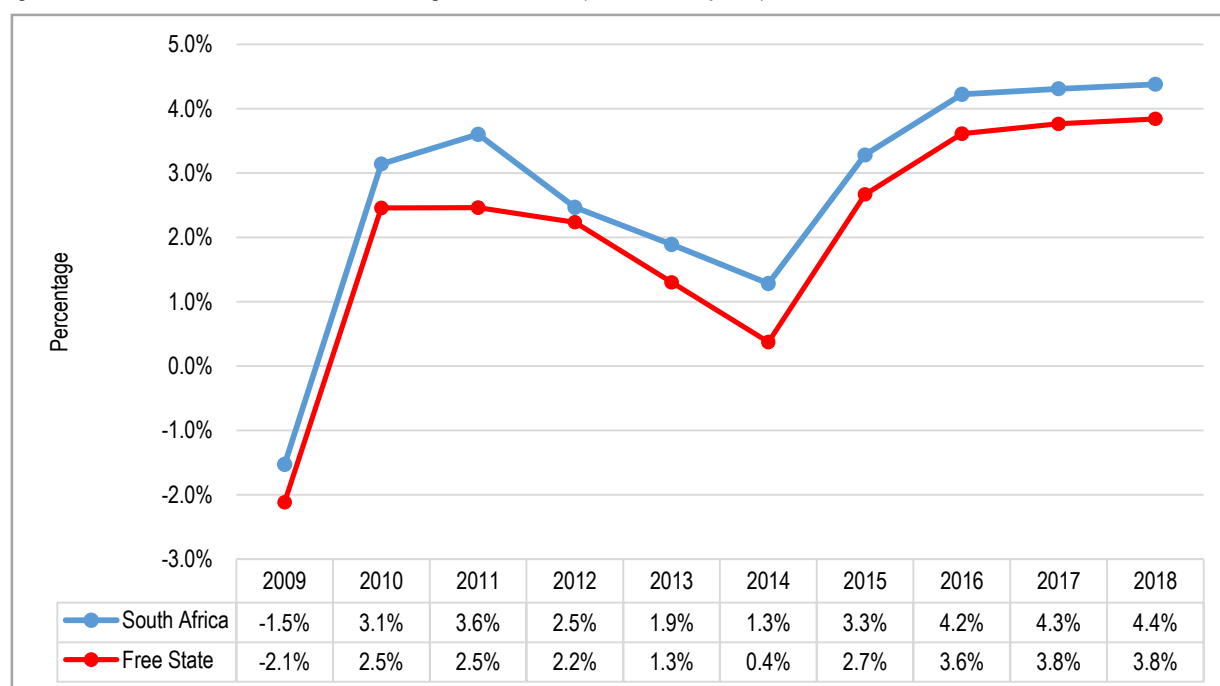


Source: Statistics South Africa, Gross Domestic Product, Third Quarter 2014

According to Stats SA, the provincial economy grew by -2.2 per cent in 2009. Post the 2009 economic recession, the provincial economy has failed to reach the pre-recession growth rates. Free State experienced an average growth rate of approximately 3.8 per cent in real terms between 2005 and 2008. However, the period 2009 to 2013, it only recorded an average growth of about 2.3 per cent. Clearly, the provincial economy has not fully recovered from the impact of the global economic crisis and the continued weak global economy.

In the presence of an anticipated minimum hikes of 13 per cent on electricity prices granted to ESKOM by NERSA, and a possible weaker R/\$ exchange rate in 2015 and falling commodity prices, economic growth rate projections are expected to increase in 2015, to 3.3 per cent for South Africa and 2.7 per cent for the Free State (using 2005 constant prices). The decrease in fuel prices, which commenced in 2014, is anticipated to have positive spillovers, not just in the transport sector but for all other industries which rely on this commodity as an input in their production processes. Lower fuel prices will also translate to increased disposable income for consumers, who can decide to either decrease their debt levels, save or spend. Either way, the direct and indirect implications of increased disposable income will have positive effects on Gross Domestic Product (GDP) both nationally and provincially.

Figure 1.2.2: South Africa and Free State economic growth forecasts, (2005 constant prices)



Source: HIS Global Insight, Regional eXplorer, 2014

The growth trajectory of both the national and provincial economy is expected to increase over the medium term, to reach 4.4 percent and 3.8 percent respectively in 2018. The 2014 MTBPS states a number of intervention to be taken by the South African government to ensure this positive growth path, namely to improve competitiveness in the oil and gas development, renewable energy and green technology, employment incentives (Employment Tax Incentives were introduced nationally in 2014) and sector based interventions. These sector interventions, amongst other, include upgrading equipment in manufacturing through Industrial Policy Action Plan, linking emerging farmers and relevant markets in the agricultural industry, increasing energy supply (grid) in the electricity sector and the modernization of the mining sector and relations between all relevant stakeholders in South Africa. The National Development Plan (NDP) and the Free State Growth Development Strategy (FSGDS) vision towards 2030 will continue to guide all participants in both economies of actions towards inclusive growth.

The sector-based interventions indicated below, amongst others, have given effect to the provincial growth forecasts by industry, as indicated by table 1.2.2 below.

Table 1.2.2: Free State growth forecasts by industry

(R'000)	2012	2013	2014	2015	2016	2017	2018
Gross Domestic Product	96,222,023	97,474,154	97,839,298	100,449,205	104,075,057	107,990,836	112,139,593
Total industries	2.46%	1.44%	0.64%	2.65%	3.57%	3.73%	3.81%
GDPR by sector (real change)							
Agriculture	3.22%	3.16%	0.16%	1.25%	2.25%	1.99%	2.42%
Mining	-1.93%	2.98%	-10.43%	-2.77%	-2.78%	-2.98%	-2.86%
Manufacturing	0.76%	-0.60%	0.51%	2.20%	3.18%	3.21%	3.41%
Electricity	0.28%	-0.63%	2.24%	4.01%	4.88%	4.97%	5.06%
Construction	2.36%	2.97%	2.05%	2.49%	3.50%	3.54%	3.68%
Trade	7.76%	2.78%	2.14%	3.35%	4.44%	4.17%	4.17%
Transport	1.72%	1.05%	2.56%	3.74%	4.57%	4.54%	4.54%
Finance	3.49%	1.73%	2.55%	4.15%	4.97%	5.06%	5.18%
Community services	2.04%	1.13%	1.20%	2.59%	3.66%	4.22%	4.08%

Source: HIS Global Insight, Regional eXplorer, 2014

Flowing from the growth outcomes of all industries in 2012 and 2013, HIS Global Insight (2014) projections anticipate the provincial GDP to reach R97.4 billion in 2014 and increase to R100.4 billion in 2015, which represents 0.64 per cent and 2.65 per cent respectively. In 2014, low growth is expected mainly due to the waning mining sector, which will decline by 10.4 per cent. All other industries are expected to grow, amongst them the transport (2.56 per cent), finance (2.55 per cent), and electricity (2.24 per cent). In 2015, the mining sector is expected to decline by 2.77 per cent whilst large growths are anticipated in finance (4.15 per cent), electricity (4.01 per cent) and transport (3.74 per cent). The transport industry is expected to benefit from oil price decreases, which commenced in 2014 and have filtered into 2015 whilst the electricity sector might be boosted by independent power producers (IPP). Based on a list compiled in 2011, Free State has one IPP, however, the capacity of the IPP surpasses many IPP nationally, at 64.0 MW.

Over the looming medium term ending in 2018, agriculture is expected to boost the primary industries, growing from 1.25 per cent in 2015 to 2.42 per cent in 2018 whilst the mining sector is expected to decline by 2.77 per cent in 2015, decreasing further by 2.86 per cent in 2018. As stated in the 2014 FS SERO, there is a “continuous rural-areas exodus and migration of people from mining towns to seek other employment alternatives”. Government intends to support agricultural industry through better linkage between farmers and their relevant markets.

Among the secondary industries, manufacturing is expected to grow by 2.20 per cent in 2015, and the growth will accelerate to 3.41 per cent in 2018. As indicated in preceding paragraphs above, manufacturing is set to benefit from sector specific interventions to be implemented by government such as provision of assistance to companies to enhance their competitiveness. Also, an implementation of a new framework for special economic zones (SEZ), which has

been introduced. The Department of Trade and Industry defines SEZs as “geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country”. An SEZ allows for targeted incentives, logistics improvements and active partnerships between businesses, municipalities and development agencies. The electricity industry is projected to grow by 4.01 per cent in 2015, which will increase to 5.06 per cent in 2018. Construction will grow by 2.49 per cent in 2015 and reach a growth rate of 3.68 per cent in 2018.

Trade, as one of the tertiary industries, is projected to grow by 3.35 per cent in 2015, a growth which will accelerate to 4.17 per cent in 2018. The transport industry is projected to grow by 3.74 per cent in 2015 and reach a growth rate of 4.54 per cent in 2018. Finance, which has a projected growth of 4.15 per cent in 2015, is expected to grow by 5.18 per cent in 2018, which will make it the fastest growing sector by 2018. In 2014, the national government announced that reforms in the finance industry to improve consumer protection and safeguard investments are on the cards. Such reforms are bound to have positive externalities into the economy, through increased savings and investments. Community services, which comprises of personal services and general government services, is projected to grow by 2.59 per cent and reach a growth rate of 4.08 per cent in 2018.

1.3 Free State Labour Market

One of the biggest challenges facing South Africa and in particular the Free State province, is high unemployment levels. According to Q3: 2014 data from Stats SA, the unemployment rate in South Africa was 24.5 per cent, which meant that 5.1 million people were unemployed and worse, 3 million people nationally were in long term unemployment (long term unemployment represents individuals who have been unemployed for a year or more). Of these 3 million jobless people in long term unemployment, 1.5 million have been without a job for the past five years. According to the International Monetary Fund (IMF), South Africa should focus on activities which increase labour demand, remove inhibitions to employment and reduce duality in labour market, in the context of high (and stubborn) unemployment.

Provincially, the battle to reduce unemployment has been a mammoth task. Free States unemployment has remained the highest in comparison with other provinces, partly due to an economy still bearing the effects of the 2009 recession through lower economic growth rates than pre-recession, which cannot translate to job creation.

Table 1.3.1 below reveals that the population of working age has increased, from 1.848 million people in Q4: 2013 to 1.862 million people in Q4: 2014, which represents an increase of 14 000 people who are able to work. This category of people also increased from 1.858 million people in Q3: 2014 to 1.862 million people in Q4: 2014, which represents an increase of 3 000 people who are able to work.

Table 1.3.1: Labour Market Overview for Free State province

	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
Labour Market Aggregates	Thousand					Percent			
Population 15-64 yrs	1,848	1,852	1,855	1,858	1,862	3	14	0.2	0.7
Narrow Labour Force	1,112	1,107	1,147	1,154	1,138	-15	26	-1.3	2.4
Expanded Labour Force	1,262	1,237	1,268	1,276	1,277	0	14	0.0	1.1
Employed	746	724	745	755	772	17	26	2.3	3.5
Narrow Unemployed	367	384	401	399	367	-32	0	-8.1	0.0
Expanded Unemployed	517	514	523	522	505	-17	-12	-3.2	-2.3
Not economically active	736	744	708	705	723	18	-13	2.6	-1.7
Discouraged work seekers	93	78	76	78	77	-1	-16	-1.2	-17.4
Labour Force Participation Rate (Percent)									
Narrow LFPR	60.2	59.8	61.8	62.1	61.1	-1.0	0.9		
Expanded LFPR	68.3	66.8	68.3	68.7	68.6	-0.1	0.3		
Unemployment Rate (Percent)									
Narrow Unemployment Rate	33.0	34.7	35.0	34.6	32.2	-2.4	-0.8		
Expanded Unemployment rate	40.9	41.5	41.2	40.9	39.5	-1.4	-1.4		

Source: Statistics South Africa, QLFS, Fourth Quarter 2014

Narrow labour force, which represents both the employed and the unemployed, increased between Q4: 2013 and Q4: 2014 by 26 000 people, however the labour force declined by 15 000 people between Q3: 2014 and Q4: 2014, which could be as a result of the non-economically active, which increased by 18 000 from 705 000 individuals in Q3: 2014 to 723 000 in Q4: 2014. This 18 000 increase is mostly affected by students, who increased by 21 000 over the same period, which could signal not the commencement of studies but that most of these students were economically active and could have had temporary jobs.

Employment increased from 755 000 in Q3: 2014 by 17 000 to 772 000 in Q4: 2014, which could represent workers who are hired in the fourth quarter of the year as product and labour demand increase in line with increased consumer spending during the festive season. Since Q4: 2013, employment increased by 26 000 from 746 000 workers to 772 000 workers in Q4: 2014. Therefore, this has resulted in the decrease of unemployment rate by 2.4 percentage points from 34.6 per cent in Q3: 2014 to 32.2 per cent in Q4: 2014. The same unemployment rate has declined by 0.8 percentage points, from 33.0 per cent in Q4: 2013 to 32.2 per cent in Q4: 2014.

Further details of employment in the Free State in comparison with other provinces are displayed in table 1.3.2 below.

Table 1.3.2: Employment by province

Province	Oct-Dec 2013	Jul-Sept 2014	Oct-Dec 2014	Qtr-Qtr change	Yr-on-yr change	Qtr-Qtr change	Yr-on yr change
	Thousand			Percent			
South Africa	15177	15117	15320	203	143	1.30%	0.90%
Western Cape	2235	2182	2170	-12	-65	-0.50%	-2.90%
Eastern Cape	1332	1377	1336	-41	4	-3.00%	0.30%
Northern Cape	329	302	320	18	-9	6.00%	-2.70%
Free State	746	755	772	17	26	2.30%	3.50%
Kwa Zulu Natal	2527	2419	2520	101	-7	4.20%	-0.30%
North West	869	921	948	27	79	2.90%	9.10%
Gauteng	4823	4820	4881	61	58	1.30%	1.20%
Mpumalanga	1149	1135	1138	3	-11	0.30%	-1.00%
Limpopo	1168	1206	1235	29	67	2.40%	5.70%

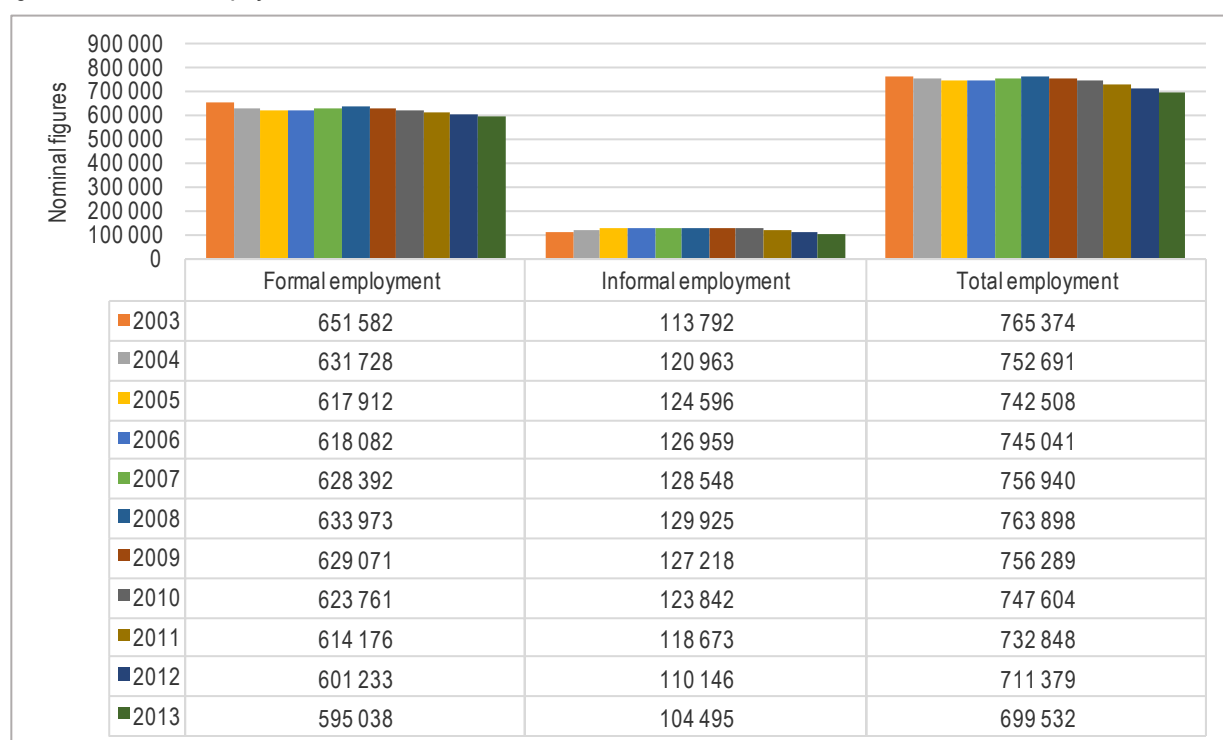
Source: Statistics South Africa, QLFS, Fourth Quarter 2014

A bigger and negative effect was felt on South Africa's employment in the 3rd quarter of 2014 where employment declined from 15.177 million in Q4: 2013 to 15.117 million in Q3: 2014. The effects of the strikes in the manufacturing and mining sector as well as indirect effects of electricity, and lack of skills could have affected the decline in employment in South Africa. However, employment increased by 203 000 workers from 15.117 million in Q3: 2014 to 15.320 in Q4: 2014, whilst year-on-year changes demonstrated that 143 000 more people were employed between 15.177 million people in Q4: 2013 and 15.320 million people in Q4: 2014.

Quarter-to-quarter, Free State employment increased by 17 000 from 755 000 in Q3: 2014 to 772 000 in Q4: 2014, and was the 4th least job creating province in the country. Provinces which created the highest employment between Q3: 2014 and Q4: 2014 were Kwa Zulu Natal (101 000), Gauteng (61 000) and Limpopo (29 000). However, year-on-year data reveal that employment in the Free State province increased by 26 000, from 746 000 in Q4: 2013 to 772 000 in Q4: 2014. The year-on-year increase in employment was mainly due to increase in trade (32 000), manufacturing (17 000) as well as community and social services (9 000). Over the same review period, significant loss of jobs occurred in agriculture (16 000), finance (12 000) and private households (11 000). Over the review period, Free State was the 4th highest job creator after North West (79 000), Limpopo (67 000) and Gauteng (58 000).

An analysis of Free State employment in the formal and informal economy between 2003 and 2013 shows that the trend of total employment largely follows formal employment trends, as is visible in figure 1.3.1 below.

Figure 1.3. 1: Number of employed in formal and informal sector – Free State Province



Source: Global Insight, Regional eXplorer, 2014

Total employment in the Free State declined from 765 374 in 2003 to 699 532 in 2013, which is a decline of 65 842 workers over the review period. Total employment peaked at 765 374 in 2003 and 763 898 in 2008. Formal employment displayed the same trend by declining by 56 544 from 651 582 in 2003 to 595 038 in 2013. Employment in the formal economy peaked at 651 582 in 2003 and again at 633 973 in 2008. It seemed that labour demand lags economic activity in Free State, which is evident by 4.0 per cent growth in the regional economy in 2002, followed by weaker growth of 2.0 per cent in 2003 (SERO, 2014). This makes sense as firms would take time to adjust the number of employees in response to a changing economic climate. Informal employment declined by 9 297 workers from 113 792 in 2003 to 104 495 in 2013 and only peaked at 129 925 in 2008. It is evident that labour trends in both the formal and informal economies were negatively affected by the 2009 recession and post-recession effects.

Total employment growth in the Free State declined by 1.6 per cent in 2003, grew and peaked by 1.6 percent in 2007 and returned to negative growth rate of 1.7 per cent in 2013. Employment in the formal economy also declined by 3.1 per cent in 2003, returned to positive growth rate of 1.7 percent in 2007 and declined by 1.0 percent in 2013. Growth of

employment in the informal economy has been consistently declining, from 8.1 percent in 2003 to negative 5.1 per cent in 2013.

A necessary look at the official and expanded unemployment rates across provinces is displayed in table 1.3.3 below, which depicts Free State has the highest unemployment rate in South Africa.

Table 1.3.3: Unemployment rate by province

Province	Official unemployment Rate					Expanded unemployment Rate				
	Oct-Dec 2013	Jul-Sept 2014	Oct-Dec 2014	Qtr-Qtr change	Yr-on yr change	Oct-Dec 2013	Jul-Sept 2014	Oct-Dec 2014	Qtr-Qtr change	Yr-on yr change
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
South Africa	24.1%	25.40%	24.3%	-1.1%	0.2%	34.0%	35.8%	34.6%	-1.2%	0.6%
Western Cape	21.0%	23.60%	22.9%	-0.7%	1.9%	22.1%	25.5%	24.5%	-1.0%	2.4%
Eastern Cape	27.8%	29.50%	29.1%	-0.4%	1.3%	43.3%	43.0%	41.9%	-1.1%	-1.4%
Northern Cape	24.9%	29.70%	28.7%	-1.0%	3.8%	34.8%	39.5%	38.4%	-1.1%	3.6%
Free State	33.0%	34.60%	32.2%	-2.4%	-0.8%	40.9%	40.9%	39.5%	-1.4%	-1.4%
Kwa Zulu Natal	19.9%	24.10%	20.8%	-3.3%	0.9%	36.2%	40.8%	37.9%	-2.9%	1.7%
North West	27.3%	26.80%	25.2%	-1.6%	-2.1%	42.2%	41.8%	40.0%	-1.8%	-2.2%
Gauteng	25.2%	24.60%	24.6%	0.0%	-0.6%	28.9%	29.6%	29.6%	0.0%	0.7%
Mpumalanga	27.2%	29.30%	26.6%	-2.7%	-0.6%	40.2%	42.0%	40.5%	-1.5%	0.3%
Limpopo	16.9%	15.90%	15.9%	0.0%	-1.0%	36.1%	38.4%	37.2%	-1.2%	1.1%

Source: Statistics South Africa, QLFS, Fourth Quarter 2014

Nationally, the official unemployment rate has declined by 1.1 percentage points, from 25.4 per cent in Q3: 2014 to 24.3 percent in Q4: 2014. Year-on-year, the national official unemployment rate slightly increased by 0.2 per cent, from 24.1 per cent in Q4: 2013 to 24.3 per cent in Q4: 2014. Free State has the highest official unemployment rate across provinces, although the unemployment rate declined by 2.4 percentage points, from 34.6 per cent in Q3: 2014 to Q4: 2014 and also declined by 0.8 percentage points from 33.0 per cent in Q4: 2013 to Q4: 2014.

On a quarter-to-quarter basis, significant efforts to reduce the official unemployment rate were most visible in Kwa-Zulu-Natal with 3.3 percentage points drop, followed by Mpumalanga with a 2.7 percentage point drop. Therefore Free State ranks in at position three in terms of significant drop in official unemployment with a 2.4 percentage drop.

On a year-on-year basis, North West has the highest drop in official unemployment by 2.1 percentage points, followed by Limpopo with a drop of 1.0 percentage point and Free State with a drop of 0.8 percentage point in unemployment.

The expanded unemployment rate includes discourage work seekers and shows that Free State unemployment has improved in comparison with other provinces and has moved from 3rd highest at 40.9 per cent in Q4: 2013 to 4th highest at 39.5 per cent in 2014. The highest

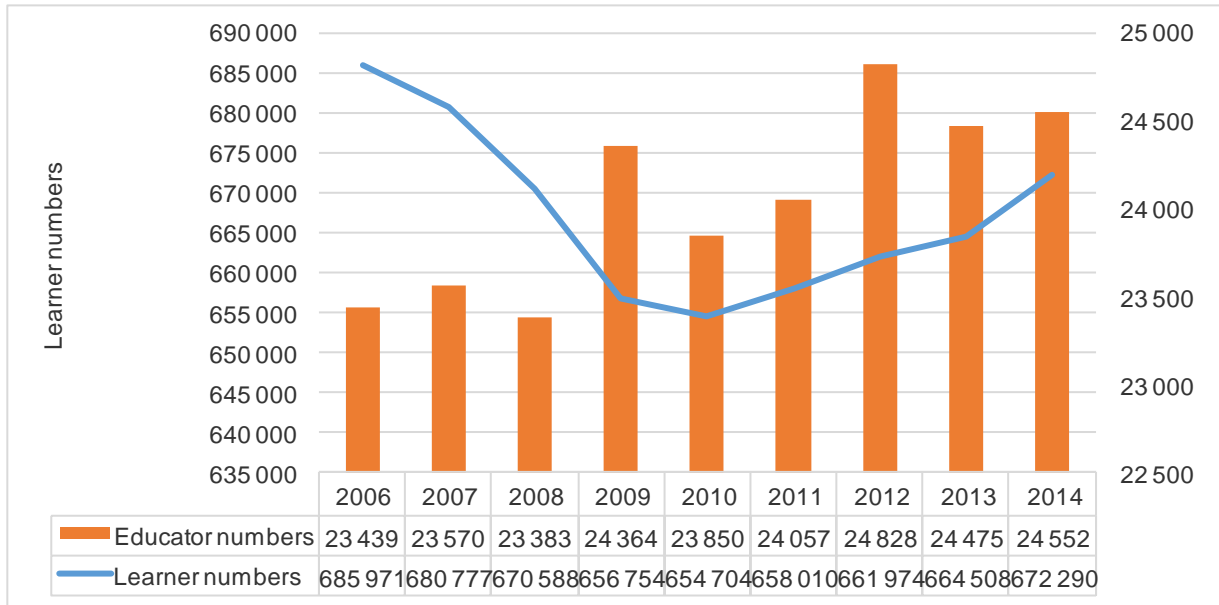
expanded unemployment rates are in Eastern Cape (41.9 per cent), Mpumalanga (40.5 per cent) and North West (40.0 per cent).

1.4. Social indicators

1.4.1. Education

The Free State Province is home to 5.3 percent of ordinary schools in South Africa, serving 672290 learners in 2014. It is the second smallest of all the provinces after Northern Cape with 2.2 percent share of ordinary schools. The number of ordinary schools in the province has declined from 6.5 percent in 2008 (1,675) to 5.3 per cent (1,376) in 2014, as a result of a decline in the number of farm school generally. Farm schools have declined from 51.9 per cent in 2004 in to 31 per cent in 2014 in the province, which is a decline of about 20 percentage points mainly due to urbanization, and a slowdown in the population growth rate of the province. The decline in farm schools coupled with the increase in learner school ratios, which have increased from 377 learner school ratio in 2006 to 490 learner school ratio in 2014, have had a favourable learner output results in overall pass rate as one of the favourable factors affecting school quality. The slowdown of the population growth rate and migration out of the province were more evident in the decline of learner numbers from 685,971 in 2006 to 654,704 in 2010 according to figure 1.3.1, before a slow increase in 2011 and subsequently to 672290 learners in 2014. However, learner numbers in the province are on a gradual increasing trend from 2011 onwards at a slower pace as compared to national learner numbers.

Figure 1.4.1.1: Learner numbers versus Educator numbers, 2006 - 2014



Source: School realities, 2009 – 2014, Education Statistics in South Africa, 2008.

- * Educator numbers on the right axis

Whilst learner numbers have dropped to their lowest in 2010, Educator numbers have increased significantly in 2009, from 23,383 in 2008 to 24,364 which is a 981 increase in educators. The reason for the increase in educators and the sustainability thereof from 2009 and up to 2014 was as a result of the absorption of temporary educators into the system. The learner educator ratio in 2014 stood at 27.8 for state-paid and SGB-paid educators, which is below 31.0 learner educator ratio of the country.

Figure 1.4.1.2: Comparison and learners and pass rate, 2007 - 2014

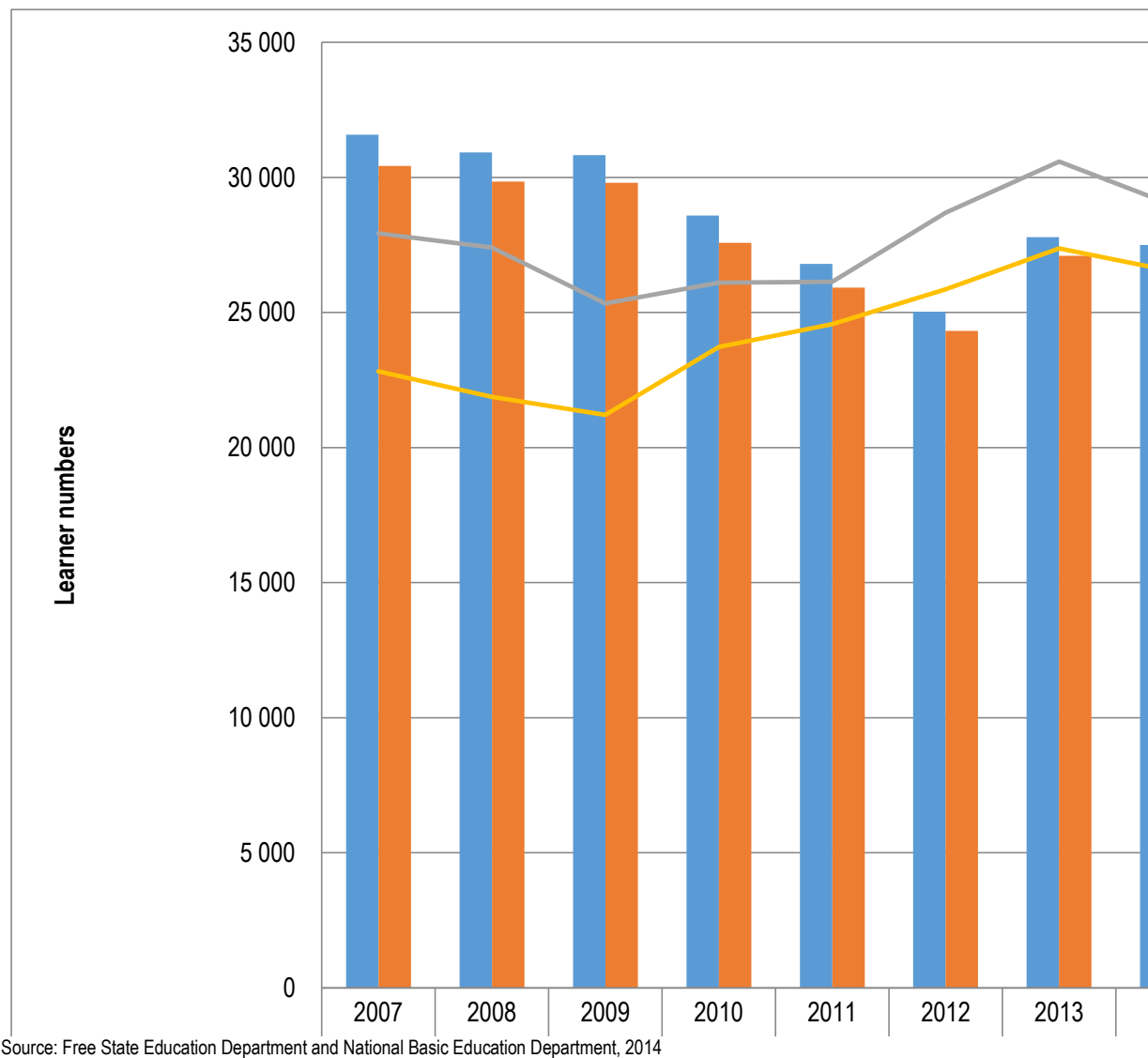
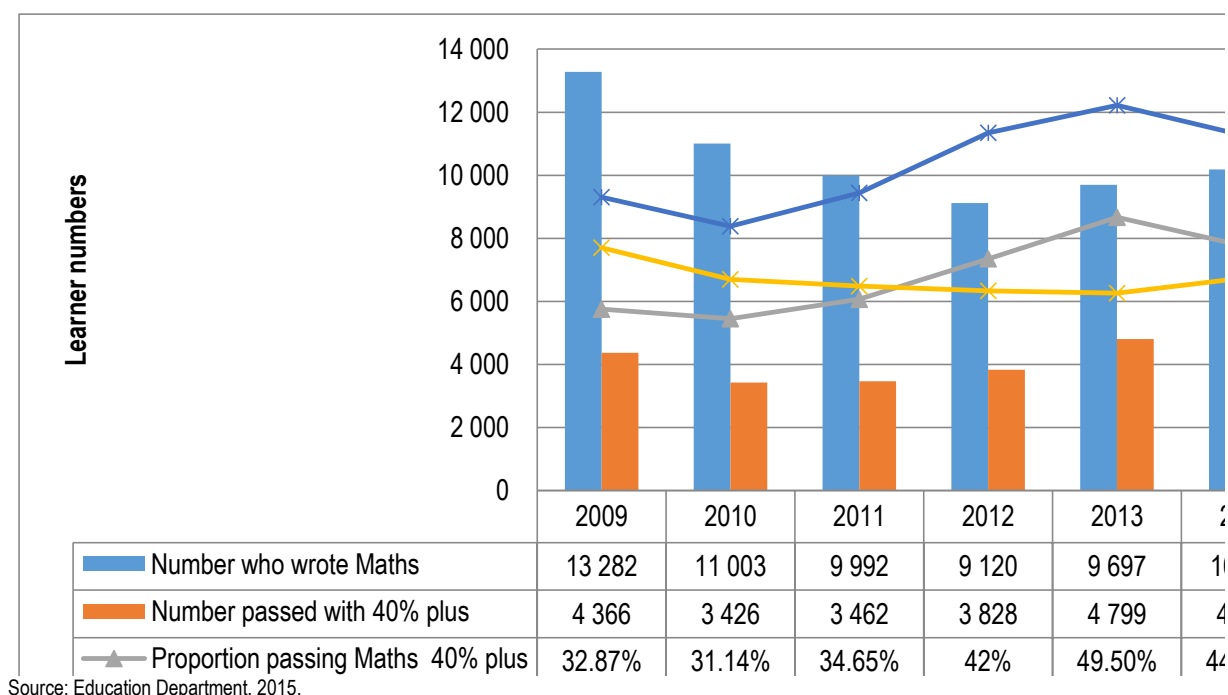


Figure 1.3.3, depicts that the matric candidates have been on a decreasing trend between 2007 and 2012, decreasing by 6558 learners before increasing slightly by 2,766 learners in 2013. However, the 2014 matric learner numbers have declined slightly again by 294 learners. The provincial matric pass rate has always displayed a similar trend on an upward side, meaning that it has always been above the national average between 2007 and 2014. The matric pass rate was at its lowest in 2009 with a 72.4 per cent pass and at its highest with an 87.4 per cent pass in 2013, which made the Free State the province with the highest pass rate that year. In 2014 the Free State dropped to position four with 82.2 per cent pass rate nationally.

Figure 1.4.1.3: Mathematics output, 2009 - 2014



According to figure 1.4.1.3, the number of candidates who sat for matric examinations in Mathematics in 2014 increased by 491 learners or 5.1 per cent compared to the 2013 numbers. However, the proportion taking mathematics from the matric cohort has increased from 35.78 per cent to 38.53 per cent during the same period. The number of learners passing mathematics has decreased from 69.80 per cent in 2013 to 64.25 per cent in 2014 after three years on an increasing trend which is a small setback.

Improving enrollments and pass rate of above 40 per cent in mathematics will need fairly competent and skilled educators in the content of grades mathematics for which they teach, and upgrading the competency levels of those already teaching the subject.

1.4.2. Health

South Africa is in the midst of introducing the National Health Insurance (NHI) for its citizens. The main intention of the insurance is to provide universal medical coverage and bridge the gap between public and private health sectors in the country. It is estimated that about 45 per cent of the total health care financing in South Africa goes to the individuals who are members of the medical aid schemes (Ataguba & Akazili, 2010:75). Moreover, around 18.4 per cent of individuals belonged to medical aid schemes in South Africa and majority of the people (81.6 per cent) in the country use public sector which only have a share of 55 per cent of the total health care financing. This shows that the big gap exists between the two sectors and hence, needs an urgent attention.

Figure 1.4.2.1: Percentage of individuals who are members of medical aid scheme per province, 2010 -2013

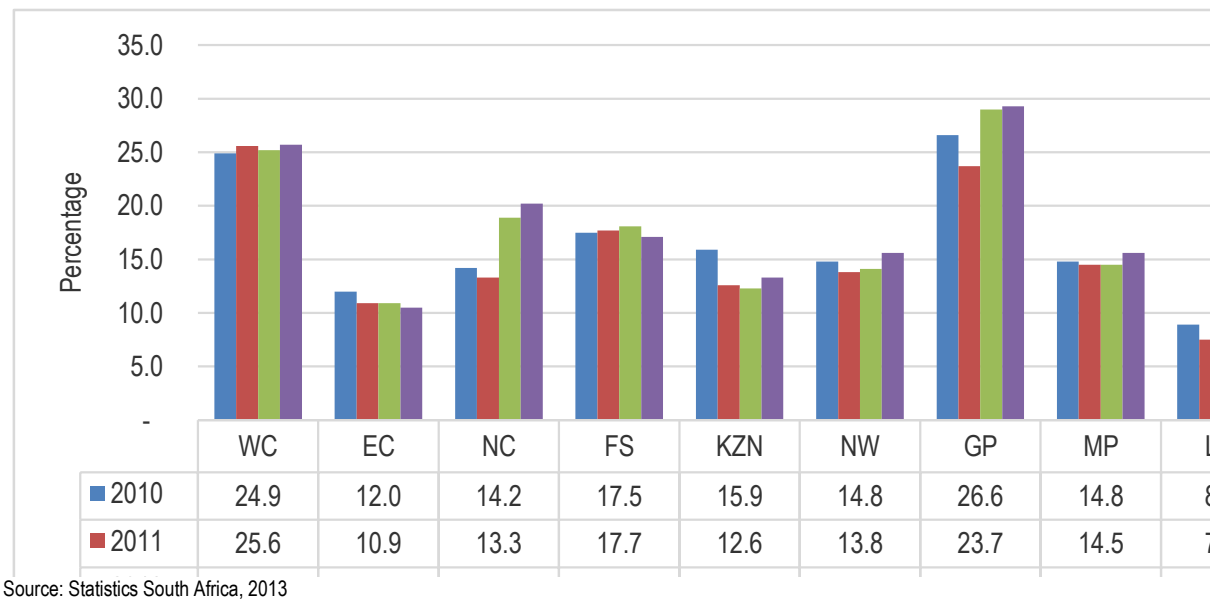


Figure 1.4.2.1 illustrates that Free State had 17.1 per cent of individuals who were members of medical aid schemes in 2013. This percentage was lower than national proportion of 18.4 per cent for the same year. In addition, the medical coverage in the province decreased from 18.1 percent in 2012. This is the major concern for the provincial government since this places the responsibility on the provincial government to provide medical care for the majority of the population.

Figure 1.4.2.2: Life Expectancy at Birth in the Free State Province and South Africa, 2005 -2014

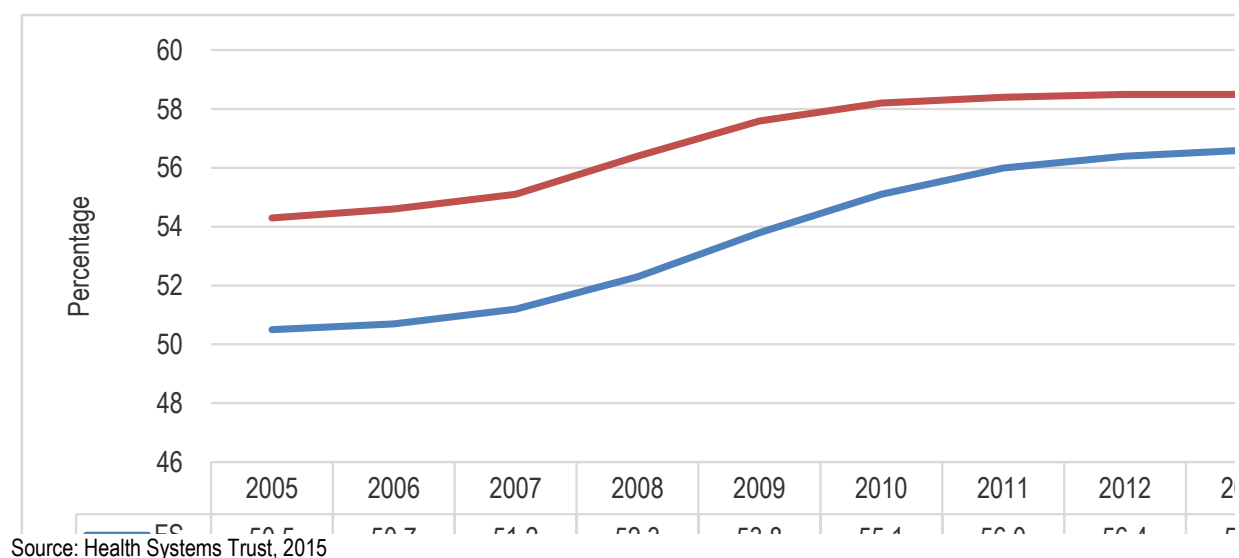


Figure 1.4.2.2 shows a steady increase of Life Expectancy at birth in South Africa and Free State from 2005 to 2014. This steady increase shows that government is in control of maintaining the spread of diseases such as HIV in the country and in the province. Life Expectancy at Birth increased from 50.5 years in 2005 to 56.8 years in 2014 in the Free State.

Figure 1.4.2.3 depicts national and provincial Infant Mortality Rate under 1 year per 1,000 live births between 2003 and 2013. It illustrates the decline of infant mortality rate between 2003 and 2013 in South Africa and in the Free State. This is good news for both national and provincial governments as it shows that measures and strategies that are put in place managed to save the lives of many infants for the past eleven years. Nevertheless, it is very important for provincial government to further put in place other measures in order to ensure that the provincial Infant Mortality Rate remains below national average in future. Free State's Infant Mortality Rate significantly decreased from 48.1 per 1,000 live births in 2003 to 39.1 per 1,000 live births.

Figure 1.4.2.3: Infant Mortality Rate (deaths under 1 year per 1,000 live births) in Free State Province and South Africa, 2003 -2014

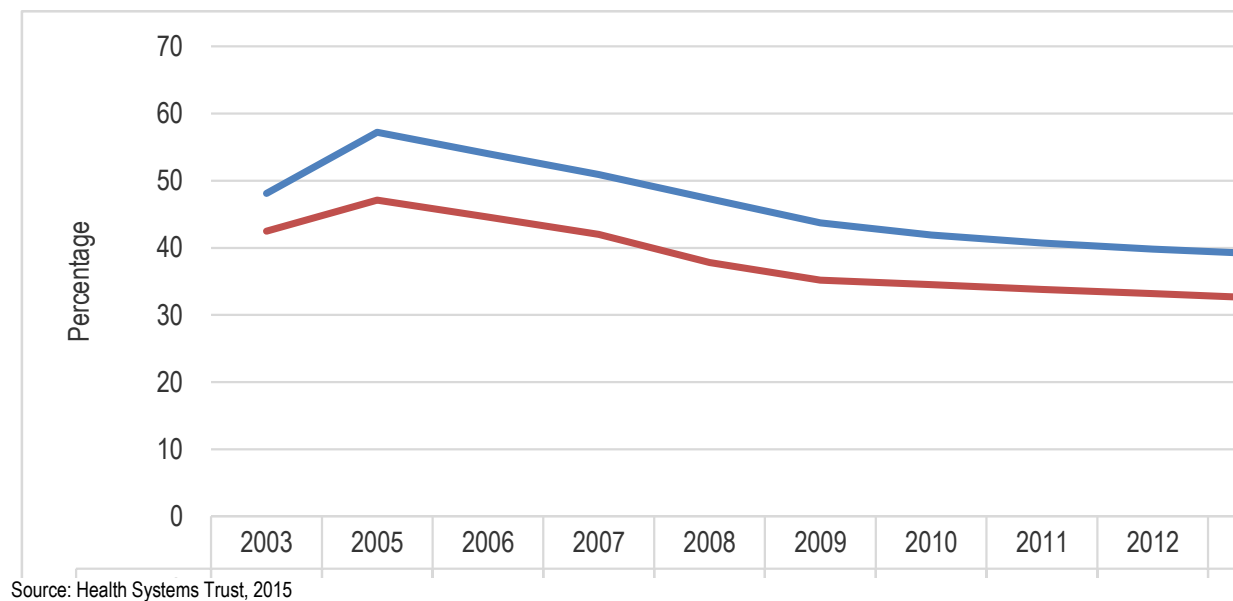
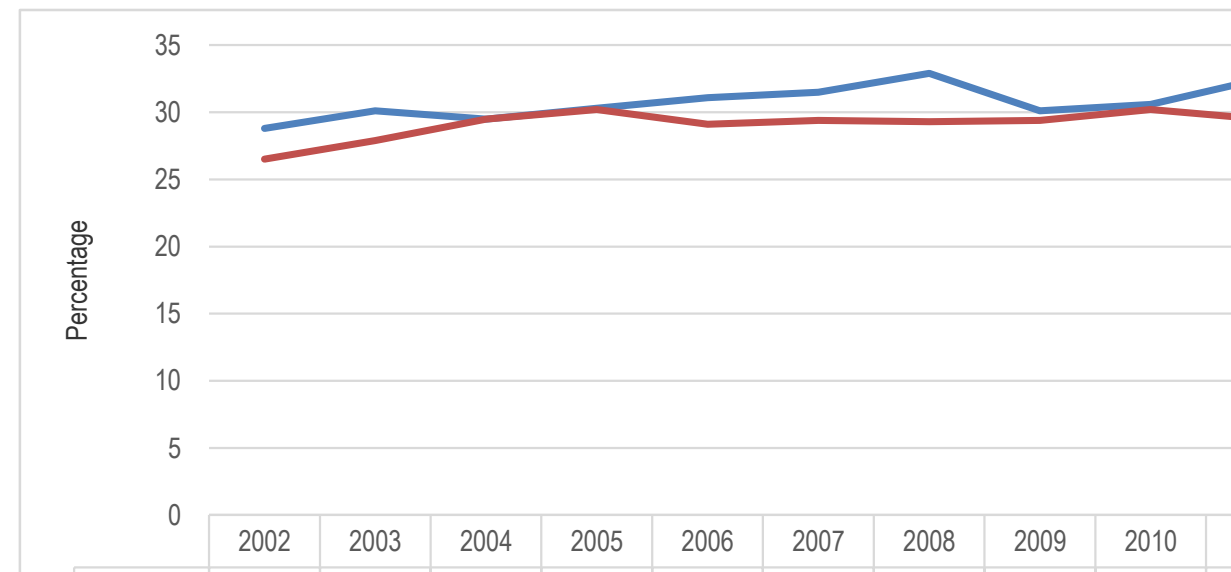


Figure 1.4.2.4: HIV Prevalence (Antenatal) in the Free State and South Africa, 2002 - 2012



Source: Health Systems Trust, 2015

Figure 1.4.2.4 presents the HIV prevalence in South Africa and the Free State. It demonstrates that national and provincial HIV prevalence was hovering around 30 per cent for the period under review. Free State HIV prevalence was above national prevalence over the period of ten years (2002 – 2012), except in 2004 where it was equal to the national average.

1.5. Poverty, Welfare and Access to Basic Services

1.5.1. Poverty

Poverty and inequality remain the greatest challenges in South Africa. With the Gini coefficient of about 0.60, South African along with Brazil, remains one of the most inequitable countries in the world (Landman, 2013). Nevertheless, research by World Bank (2014) showed that South African fiscal policy achieved the largest poverty reductions among 12 middle income countries which were sampled in the study. The results in this study show that tax and social benefits are effectively redistributing income from rich to poor. About 3.6 million people were lifted out of poverty as measured by those living on less than \$2.50 a day (in purchasing power parity dollars) and the rate of extreme poverty was cut by half (World Bank, 2014).

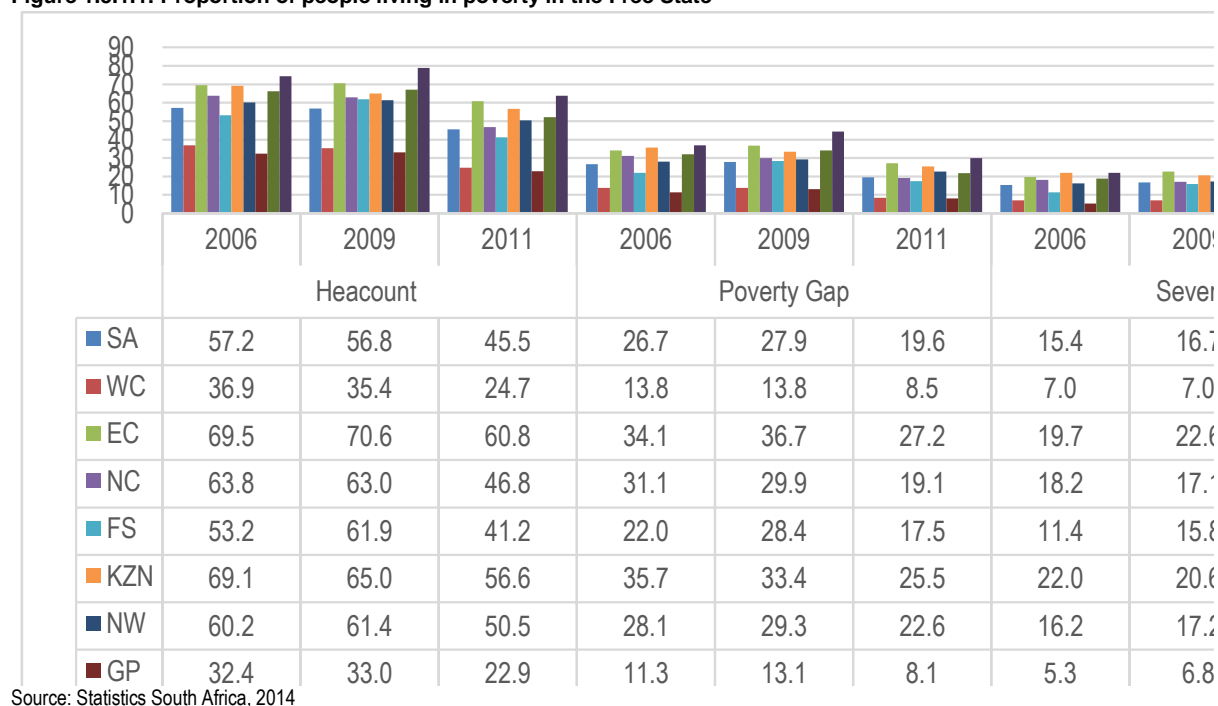
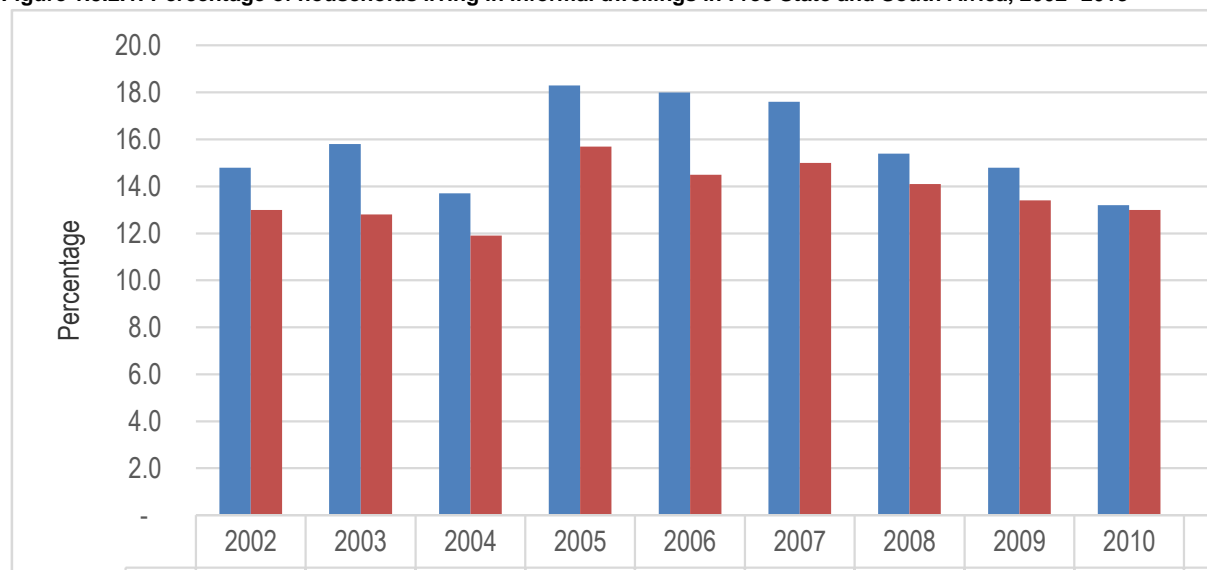
Figure 1.5.1.1: Proportion of people living in poverty in the Free State

Figure 1.5.1.1 shows the proportion of people living in poverty in the Free State and South Africa. It demonstrates that the proportion of people living in poverty in the Free State declined from 53.2 per cent in 2006 to 41.2 per cent in 2011. The proportion of people living in poverty in the province is less than the national proportion of 45.5 per cent in 2011. Likewise, the poverty gap and its severity decreased for both national and Free State. The provincial poverty gap declined from 22.0 per cent in 2006 to 17.5 per cent in 2011 and its severity from 11.4 per cent in 2006 to 9.3 per cent in 2011. Free State had the second lowest severity of poverty of 9.3 per cent in South Africa after Western Cape with 3.9 per cent in 2011.

1.5.2. Housing

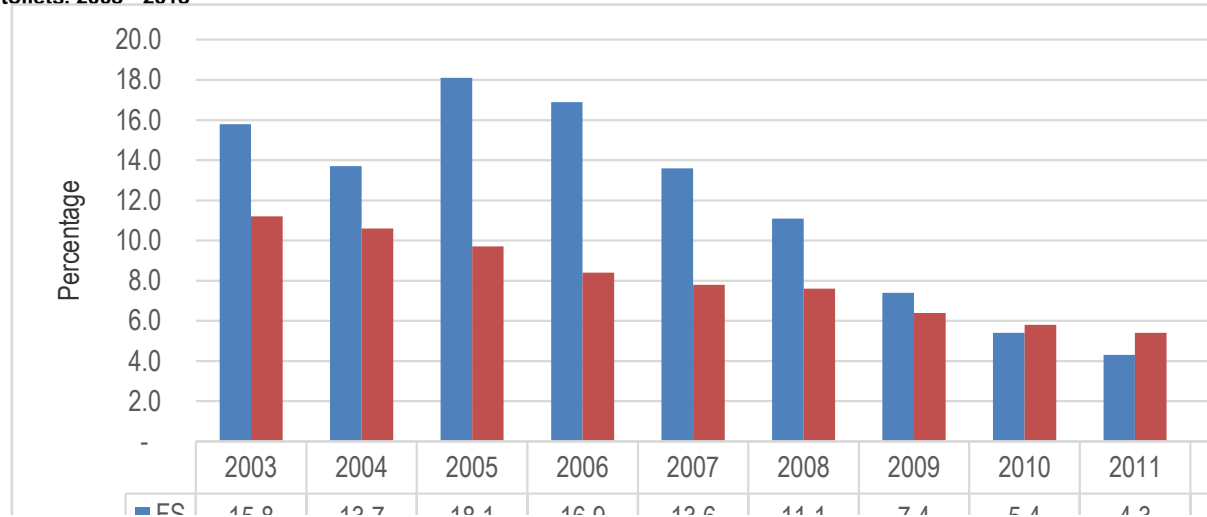
The percentage of households living in informal dwellings in the Free State and South Africa is depicted in Figure 1.5.2.1. While the proportion of households living in informal dwellings has apparently remained unchanged between 2002 and 2013, the intermediary period has been characterized by uneven changes. The average proportion of households living in informal dwellings was 15.6 per cent in the Free State between 2002 and 2013. The average nationwide average proportion of households living in poverty was 13.7 per cent for the period under review.

Figure 1.5.2.1: Percentage of households living in informal dwellings in Free State and South Africa, 2002 -2013

Source: Statistics South Africa, 2015

1.5.3. Sanitation and refuse removal

Availability of toilets to households and proper disposal of household waste and refuse is an indispensable service to environmental neatness. Proper sanitation is one of the key elements in improving environmental sanitation (Statistics South Africa, 2011).

Figure 1.5.3.1: Percentage of households in Free State and South Africa without toilet facilities or were using bucket toilets. 2003 - 2013

Source: Statistics South Africa, 2015

Figure 1.5.3.1 confirms that the percentage of households without toilet facilities decreased in the Free State and in South Africa between 2003 and 2013. Percentage of households without toilet facilities decreased from 11.3 per cent to 5.1 per cent between 2003 and 2013 in South Africa. Percentage of households without toilet facilities in the Free State province decreased from 15.8 per cent in 2003 to 7.7 per cent in 2013 although higher than the national average of 5.1 per cent in 2013.

1.5.4. Human Development Index

Longevity, knowledge and decent standard of living are three basic aspects of human development and are measured by Human Development Index (HDI).

Figure 1.5.4.1: South Africa and Free State Human Development Index (HDI)

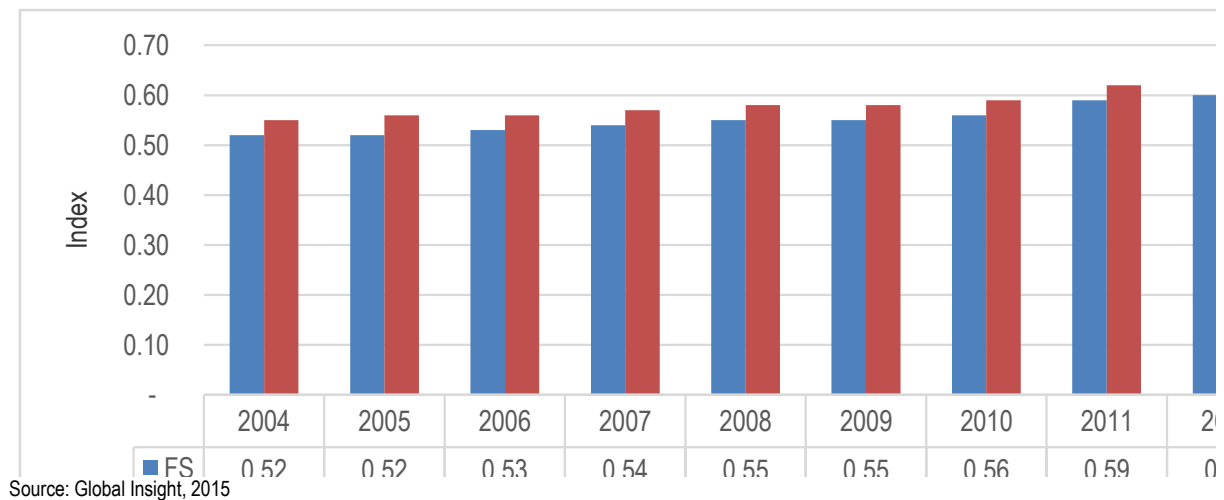


Figure 1.5.4.1 presents the HDI in the Free State and South Africa between 2004 and 2013. The HDI in the province consistently increased from 0.52 in 2004 to 0.61 in 2013. This increase is consistent with the national trend even though the provincial one is slightly lower. The upward trend of this index in the province shows that the standard of living of the people in the province and in South Africa is gradually improving.

2. Budget strategy and aggregates

2.1 Introduction

The proposed 2015 MTEF allocations are informed and aligned to broad government policies; such as the National Development Plan (NDP) which sets a broad framework for inclusive growth based on a more competitive economy, a capable developmental state and improved livelihoods of all South Africans. Although, the 2015 budget is still constrained and challenging, the provincial government will still continue to focus amongst others on the following strategies:

- Reprioritisation of provincial budget with efforts to restructure budget to unlock funds to key government priorities as well as to fund projects with potential to stimulate economic growth and thus employment opportunities; whilst at the same time emphasising fiscal prudence.
- Restriction of growth in personnel budget across all 13 provincial departments;
- Unlocking the potential of SMMEs, cooperatives, township and rural enterprises.
- ICT infrastructure development and investment in water, sanitation and transport infrastructure.
- Over and above that, the social sector departments collectively will continue to receive the largest portion of the budget as the province plans to stimulate human settlement development and small enterprises while continuing provincial investment in education, health and social development services. This includes roll-out of connectivity to schools to promote digital advancements in our schools.

The basis of the 2015 MTEF budget strategy continues to be the reprioritization of the existing provincial budget.

Given the resource constraints that exist due to the high demand for government services, and the reduction of R372 million over the 2015 MTEF in the province's equitable share, ways of increasing provincial own revenue generation are continuously being explored, through the Provincial Revenue Enhancement Strategy (PRES) and Job Fund and other alternative funding mechanisms where feasible.

The provincial government will raise the much needed funds for amongst others; the development of SMMEs, roads infrastructure, responding to provincial disasters, modernizing public education and responding to new education imperatives for quality education by launching pilot project to issue learners with tablets and ensure ITC in schools involved in pilot are upgraded.

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The budget is focused on supporting education and health services strengthened and improved going forward. To that effect, the province is allocating close to R63.610 billion or 68.9 percent of the total budget to the Departments of Education and Health over 2015 MTEF. The social protection sector will receive R3.212 billion or 3.5 percent of the total provincial budget to continue to fund social workers, issuing community development workers with tools of trade and provide support to the NGOs, as well as substance-abuse centres.

In ensuring that agriculture and rural development meet their respective mandates an amount of R2.306 billion is allocated to this department over the 2015 MTEF. In support of effective and efficient delivery of much needed infrastructure in the province the Department of Public Works is allocated an amount of R4.604 billion over the 2015 MTEF. The Department of Police Roads and Transport is allocated an amount of 7.548 billion or 8.2 percent over the 2015 MTEF to address road maintenance, road networks in the province and implementing biometric security system at Pelonomi Hospital. For the provision of comprehensive human settlements the province allocated R4.074 billion or 4.4 percent over the MTEF.

2.2 Aligning provincial budgets to achieve government's prescribed outcomes

In order to demonstrate the alignment to the National Development Plan, 2015 – 2019 Medium Term Strategic Framework and 14 outcomes, the Free State Provincial Government has identified the following 6 pillars with 15 drivers in the Provincial Growth and Development Plan which are directly linked to the requirements of the National Development Plan and 14 outcomes; and these are:

- **Pillar 1: Inclusive Economic Growth and Sustainable Job Creation**
 - Driver 1: Diversify and expand agricultural development and food security.
 - Driver 2: Minimise the impact of the declining mining sector and ensure that existing mining potential is harnessed.
 - Driver 3: Expand and diversify manufacturing opportunities.
 - Driver 4: Capitalise on transport and distribution.
 - Driver 5: Harness and increase tourism potential and opportunities.
- **Pillar 2: Education, Innovation and Skills Development**
 - Driver 6: Ensure an appropriate skills base for growth and development.
- **Pillar 3: Improved Quality of Life**
 - Driver 7: Curb crime and streamline criminal justice performance.
 - Driver 8: Improve and maintain basic and road infrastructure, maintain and integrate transport infrastructure.
 - Driver 9: Facilitate sustainable human settlements.
 - Driver 10: Provide and improve adequate health care for citizens.
 - Driver 11: Ensure social development and social security services for all citizens.
 - Driver 12: Integrate environmental limitations and change into growth and development planning.
- **Pillar 4: Sustainable Rural Development**
 - Driver 13: Mainstream rural development into growth and development planning.
- **Pillar 5: Build Social Cohesion**
 - Driver 14: Maximise arts, culture, sports and recreation opportunities and prospects for all communities.
- **Pillar 6: Good Governance**
 - Driver 15: Foster good governance to create conducive climate for growth and development.

The following are the Free State Government Provincial Priorities for the 2015-19:

Outcomes	Priorities	Actions will include	Lead Department
Rural Development, Land and Agrarian Reform and Food Security – Transform Rural Areas	Rural Development Programmes	Expand Rural Development Programmes to ensure sustainable livelihoods in rural areas	Agriculture & Rural Development
	Grow Rural Enterprises and Industries	Grow sustainable rural enterprises and industries and intensify the development aspect of land reform	Agriculture & Rural Development
	Land Reform Farms	Expand programmes to ensure that all land reform farms become productive and contribute to our food security.	Agriculture & Rural Development
	Support to Small Farmers	Roll-out and expand different projects, e.g. support to small farmers which will enhance job creation and promote access to high protein food.	Agriculture & Rural Development
Ensure Decent Living Conditions and Sustainable Human Settlements	Mixed Income Housing Projects	Implement bold programmes to promote better located mixed income housing projects	Human Settlements
	Improve Housing Conditions	Improve housing conditions for the poor in all formal settlements	Human Settlements
	Unlocking State Land for Affordable Housing	Unlocking well located land, especially state land for affordable housing	Public Works
	Provide Housing Opportunities	Contribute to provision of 1 million housing opportunities for qualifying households over the next 5 years	Human Settlements
	Integrated Transport in Rural Areas	Promote integrated transport	Police, Roads and Transport
	Sanitation Infrastructure in Rural Areas	Accelerate roll out of sanitation infrastructure in rural areas and informal settlements	Human Settlements & COGTA
	Basic Services and Infrastructure in Informal Settlements Electrical connections	Further provision of basic services and infrastructure in existing informal settlements Connecting additional homes to electricity grid	Human Settlements & COGTA
Improve and Expand Education and Training	Free Education	Progressive realization of free education at all levels	Education
	Early Childhood Development (ECD)	Make Early Childhood Development a priority in the next 5 years	Education & Social Development
	Eradicate Illiteracy	Eradicate Adult Illiteracy	Education
	Quality in Teaching and Learning in Schools	Improve quality in teaching and learning in schools	Education
	Teacher Development	Attend to teacher development	Education
	School Safety Programmes	Implement further school safety programmes	Education and Police, Roads and Transport
	Support needs of poor students	Work with Universities and FET colleges to intensify our effort to support needs of poor students	Education
Ensure Quality Health Care for All	Fight against HIV and AIDS	Maintain momentum in the fight against HIV and AIDS – continue to encourage people to get tested	Health
	Public Health Care	Improve quality of public health care	Health
	Distribution of ARVs	Intensify the campaign against HIV and AIDS to contribute to ensuring that at least 4.6 million people receive ARVs	Health
	Male Circumcision	Expand male circumcision programme	Health
	HIV Counselling and	Expand HIV-counselling and testing	Health

Outcomes	Priorities	Actions will include	Lead Department
	Testing	programmes	
	Chronic Medication	Ensure Chronic Medication is available	Health
Expand Comprehensive Social Security	Social Welfare Services	Increase the number of social services professionals to respond to the demand of social welfare services	Social Development
	Social Services and Grants	Make sure that all people who qualify for social services and grants receive them	Social Development
Fight Corruption and Crime	Fight Corruption	Prohibit public servants and representatives from doing business with the state	Treasury and Department of the Premier
		Establish tender board to adjudicate tenders in all sphere of government	Treasury and Department of the Premier
	Safety and Security	Continue to ensure that South Africans are safer and feel safer	Police, Roads and Transport
		Further reduce the levels of crime	Police, Roads and Transport
		Continue to work with communities to make our neighborhood and cities safer – especially through strengthening the anti-crime awareness and dealing with substance abuse	Police, Roads and Transport
		Protect adults and children from domestic violence and crime against children	Police, Roads and Transport
		Pursue a multi-disciplinary approach in our fight against violence against women and children	Police, Roads and Transport
Build a United Nation and Promote Social Cohesion	Public Participation	Ensure public representatives are constantly in touch with the people and listens to people's concerns and needs	Legislature, Treasury and Premier
	Heritage	Actively promote patriotism and honour our collective heritage by Celebrating Symbols and Public Reference Points and The Important Historical and Cultural Sites and events of all our people	Sport, Arts and Culture
		Promote and reserve our heritage	Sport, Arts and Culture
		Build more museums and monuments and continue to maintain our existing ones	Sport, Arts and Culture
	National Development Plan	Mobilise all sectors to contribute meaningfully in the implementation of the NDP	Department of the Premier

The 2015 MTEF proposed allocations, though constrained by provincial fiscal purse, are positioned to respond directly to the objectives of the broad government policies as outlined above.

2.3 Summary of budget aggregates

Table 1.1: Provincial budget summary

Table 10.1 Provincial budget summary									
Audited outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Provincial receipts									
Transfer receipts from national	22 557 721	24 125 317	26 291 816	26 662 980	26 732 338	26 732 338	28 366 665	29 629 918	31 259 630
Equitable share	17 663 243	18 661 308	20 016 810	20 690 081	20 710 762	20 710 762	21 757 298	22 775 186	23 979 176
Conditional grants	4 894 478	5 464 009	6 275 006	5 972 899	6 021 576	6 021 576	6 609 367	6 854 732	7 280 454
Provincial own receipts	865 214	858 282	882 303	900 855	965 834	965 932	1 008 183	1 059 706	1 117 032
Total provincial receipts	23 422 935	24 983 599	27 174 119	27 563 835	27 698 172	27 698 270	29 374 848	30 689 624	32 376 662
Provincial payments									
Current payments	18 012 365	19 349 710	20 358 820	22 118 788	22 257 694	22 613 242	22 856 651	24 082 015	25 875 412
Transfers and subsidies	3 313 441	3 343 477	4 233 155	3 619 605	3 899 978	4 070 313	4 137 326	4 399 567	4 533 334
Payments for capital assets	1 940 267	2 497 264	2 410 108	1 808 441	2 035 542	1 930 789	2 380 699	2 142 493	1 882 789
Payments for financial assets	40 002	9 941	3 952		905	1 513			
Unallocated contingency reserve									
Total provincial payments	23 306 075	25 200 392	27 006 035	27 546 834	28 194 119	28 615 856	29 374 676	30 624 076	32 291 536
Surplus/(deficit) before financing	116 860	-216 793	168 084	17 001	-495 947	-917 586	172	65 549	85 126
Financing	406 332	484 172	201 962		499 232	499 232			
Provincial roll-overs	43 562	174 759	150 196		455 010	455 010			
Provincial reserves	362 770	309 413	51 766		44 222	44 222			
Surplus/(deficit) after financing	523 192	267 379	370 046	17 001	3 285	-418 354	172	65 549	85 126

The estimated total provincial receipts for the 2015/16 financial year amount to R29.375 billion, which represent an increase of R1.677 billion or 6.1 percent of the 2014/15 adjusted budget of R27.698 billion.

The Provincial Equitable Share grows by 5.1 percent in 2015/16 compared to the 2014/15 adjusted budget. In the last two outer years of the 2015 MTEF Provincial Equitable Share grows by 4.7 percent in 2016/17 and 5.3 percent 2017/18, while Conditional Grants increases substantially by 9.8 percent in 2015/16 and 3.7 percent in 2016/17 to and lastly increases by 6.2 percent in 2017/18.

The provincial own receipts grows from R965.834 million in 2014/15 to R1.008 billion in 2015/16 this represents 4.4 percent increase. The provincial own receipts further increases to R1.060 billion and R1.117 billion which represents 5.1 percent and 5.4 percent in 2016/17 and 2017/18 respectively.

The proportionate share of Equitable Share to the total provincial receipts decreased slightly from 74.8 percent in 2014/15 to 74.1 percent in 2015/16 whilst conditional grants slightly increased from 21.7 percent in 2014/15 to 22.5 percent in 2015/16.

Lastly provincial own receipts increased from 3.5 percent in 2014/15 financial year to 3.4 percent in 2015/16 of the total Provincial Receipts for 2015/16.

The current payments account for 77.8 percent in the first year of 2015 MTEF which represent an increase of 2.7 percent compared to the adjusted appropriation in 2014/15 financial year. The share of current payments to the total provincial expenditure is estimated to increase to 78.6 percent in 2016/17 financial year and slightly increases to 80.1 percent in the last outer year of 2015 MTEF.

In 2015/16 the share of transfers and subsidies is anticipated to be 14.1 percent of the provincial total payments. The allocation shows slight increase from 2014/15 adjusted budget which represented a 13.8 percent. The allocation further increases to 14.4 percent in 2016/17 and 14.0 percent in 2017/18 financial year.

The share of payments for capital assets from the total provincial expenditure is 8.1 percent in 2015/16 financial year and significantly decreases to 7.0 percent in 2016/17 financial year and further declines to 5.8 percent in 2017/18 financial year.

2.4 Financing

Table 1.1 above indicates consolidated surplus of R150.847 million over the 2015 MTEF period, of which R0.172 million is for 2015/16, R65.549 million for 2016/17 and R85.126 million for 2017/18. The surplus relates to earmarked funding for Revenue Enhancement Allocation and Infrastructure Enhancement Allocation.

3. The budget process and the medium term expenditure framework

The 2015 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 2015 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 2015 MTEF and thus all provincial departments are required to take initiatives that ensure adequate funding for key government priorities.

Key activities relating to the 2014/15 Provincial Budget Process were the following:

- The 2014/15 Provincial Budget Process endorsed by the EXCO during August 2014
- Provincial Rollovers were finalized in July 2014
- National Treasury July visits were held on the 14-15 August 2014
- Provincial Budget Workshop held on the 22nd September 2014 mainly focus on the following :
 - Summary of the budget process
 - Feedback on published Estimates of Provincial Revenue & Expenditure (EPRE);
 - Feedback on the 2015/16 1st draft budget submission;
 - Reforms within 2015 MTEF Budget Guide & EPRE;
 - 2015/16 First Draft APPs.
- First Quarter Infrastructure Review meetings was held on 21st of August 2014
- Second, Third and Fourth Quarter Infrastructure Review meetings will be held on 1st of April 2015.
- 2014 Provincial Medium Term Expenditure Committee (PMTEC) hearings were held on the 26-27 September 2014

- Revenue Bilaterals were held on the 28 - 29 October 2014
- The tabling of the 2014/15 Adjustment budget was held on 20th November 2014
- Provincial Budget Lekgotla was scheduled for November 2014, however, rescheduled for 22 February 2015 and 1st of March 2015
- The 2015 MTEF allocations were presented to the Extended EXCO in 5 February 2015
- The tabling of the 2015 Provincial Budget is scheduled for the 11th of March 2015
- Tabling of the APPs is anticipated from middle March 2015

As part of annual budget process, National Treasury visits Provincial Treasuries twice a year. The first visit was from 14th to 15th August 2014. 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:

- Highlights of the previous financial year;
- Review of specific performance issues relevant to a particular department;
- Financial issues;
- Performance on infrastructure projects;

Provincial Medium Term Expenditure Committee hearings were held on 26th to 27th September 2014. These hearings were chaired by the MEC of Provincial Treasury and other MECs and 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 2013/14 financial year budget outcome
- Current financial year actual expenditure and projections
- The cluster departments should demonstrate areas where reprioritization of funds from underperforming
- The cluster department should demonstrate the appropriation of available resources in line with policy priorities over the MTEF 2015
- Approved Organization Structure indicating programmes, post levels and associated cost.

In the midst of fiscal constraints, provincial own revenue continues to be critical funding for provincial own priorities hence there is a pressing need for Provincial Treasury to continue to provide technical and strategic support to ensure that there is effective revenue optimization, administration and management in the province thereof.

The following activities are performed by Provincial Treasury with a view to enhance revenue collection in the province:

- Provide funding on the revenue related projects through Revenue Enhancement Allocation
- Conduct various site visits to monitor the administrative/system processes on revenue
- Provision of assistance to departments for the determination and analysis of credible revenue budgeting
- Enforcement of compliance to PFMA, Treasury Regulations, revenue circulars, policies and instruction notes.

- Assist departments with the analysis of revenue targets and development of revenue base for each department
- Review revenue tariffs structures which are core in own revenue items
- Hosting of revenue bilateral meetings with the view to strengthen the province's capacity to collect and maximize the provincial own revenue

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.

- Infrastructure development has been identified at national and provincial level as a key enabler for economic growth and consequently job creation in line with the NDP and FSGDS. The National Treasury together with Provincial Treasuries are in the process of procuring Technical Assistants to assist Provinces with the implementation and institutionalization of the IDMS.
- Departments are in the implementation phase of the Section 42 Transfer of Immovable Assets and a standardized SDA between DPW as Implementing Agent and all Client Departments.
- Through IDMS support the compliance with and quality of Infrastructure planning methodology and documents have been improved and has enabled the province to qualify to bid for unallocated budget at a national level in line with the new performance based budgeting methodology for infrastructure Conditional Grants.
- The concept of Immovable Asset Life Cycle management has been introduced that has in turn facilitated improved planned maintenance of provincial Immovable Assets.
- Departmental maintenance strategies have been developed or are in the process of development to support planned maintenance of provincial Immovable Assets. Infrastructure delivery and project management has been improved.
- The development of provincial Infrastructure Delivery Management Systems (IDMS) has been introduced at a national level for which purpose, the national standard for IDMS was developed to guide provinces in the process. Through this important document a standardized systems approach to the management of provincial Immovable Assets has been introduced in line with PFMA, GIAMA, CIDB Act and other national legislation. The System for the first time clearly defines the roles and responsibilities of all role players in the provincial Immovable Asset environment.
- The Free State Provincial Treasury will lead a process of the annual IDMS review with provincial departments in line with the DoRA conditions.
- An IDMS implementation road map has been developed to guide and monitor the implementation and institutionalisation of the FS IDMS.
- The IDMS HR Capacitation frameworks are at different stages of completion, approval and implementation. This is the key enabling intervention for the institutionalisation of the IDMS in the province. Through this process the Department of Education and Health has seen an increase in their DoRA grant allocation from R16 million in 2013 to R26 million and R29 million respectively for technical capacity building for purposes of infrastructure planning.

- Implementation of the IDMS is underway in Free State Provincial Treasury, Department of Public Works, Department of Health and Department of Education.

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 2014 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 mayors together with Provincial Treasury officials held various meetings during February 2015 in order to finalise infrastructure projects and recommended allocations to departments for the 2015 MTEF period. In this regard, the Provincial Executive Council approved the 2015 MTEF allocations following the recommendations by the Budget Task Team; the Executive Council approved these allocations on the 5th March 2015.

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 total provincial receipts consists of equitable share, conditional grants and provincial own receipts. The total allocations for 2015 MTEF amounts to R92.441 billion and divided as follows—R29.374 billion for 2015/16, R30.689 billion for 2016/17 and R32.376 billion for the outer financial year. Over the MTEF equitable share accounts for, on average, 74.1 percent of the allocation, whilst conditional grants accounts for 22.4 percent and provincial own receipts contributes only 3.4 percent.

The total provincial fiscal framework increases by R1.677 million or 6.1 percent from an adjusted budget of R27.698 billion in 2014/15 to R29.374 billion in 2015/16. And in the outer two financial years provincial fiscal position is estimated to be R30.690 billion and R32.377 billion respectively. Thus over the MTEF the provincial fiscal framework increases by an average of 5.3 percent, the growth is far less than the projected MTEF inflation of 5.9 percent, 5.6 percent and 5.4 percent over the MTEF period.

The conditional grants and equitable share are transfers from national sphere of government. Both streams are allocated in terms of Division of Revenue Act. Part of the conditional grants is allocated for specific purposes whilst the other portion serves as supplementary for provincial infrastructure investments. Thus provinces have minimum leverage over the utilization of grants, specifically the schedule 5 grants.

Provincial Own Revenue emanates from the province, this is revenue collected by the various departments in the province. The province has absolute leverage over the utilization of this income. Table 4.1.1 indicates the sources of revenue in the province. Mainly provincial revenue is driven by tax receipts which include motor vehicle licenses; this item contributes 56.5 percent on average, of the total estimated own revenue over the MTEF. Other non-tax receipts item which contributes more to the provincial revenue is sale of goods and services which accounts for, on average, 32.7 percent over the MTEF.

Table 4.1: Summary of provincial receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Transfer receipts from National									
Equitable share	17 663 243	18 661 308	20 016 810	20 690 081	20 710 762	20 710 762	21 757 298	22 775 186	23 979 176
Conditional grants	4 894 478	5 464 009	6 275 006	5 972 899	6 021 576	6 021 576	6 609 367	6 854 732	7 280 454
Total transfer receipts from National	22 557 721	24 125 317	26 291 816	26 662 980	26 732 338	26 732 338	28 366 665	29 629 918	31 259 630
Provincial own receipts									
Tax receipts	410 650	442 705	497 284	513 025	539 209	539 209	571 022	602 998	635 560
Casino taxes	30 176	30 732	36 051	36 864	36 864	36 864	39 039	41 225	43 451
Horse racing taxes	6 747	6 410	8 073	8 041	9 057	9 057	9 591	10 128	10 675
Liquor licences	5 150	5 744	6 305	6 082	6 690	6 690	7 085	7 481	7 885
Motor vehicle licences	368 577	399 819	446 855	462 038	486 598	486 598	515 307	544 164	573 549
Sales of goods and services other than capital assets	270 162	268 142	281 865	299 463	312 642	308 902	332 126	350 476	368 707
Transfers received	2 295	6 145	5 891		9 900	10 233	10 000	11 000	12 000
Fines, penalties and forfeits	27 066	22 305	13 917	13 761	14 536	14 587	15 023	15 742	16 577
Interest, dividends and rent on land	91 631	53 702	42 670	33 398	43 731	44 091	35 342	37 172	39 045
Sales of capital assets	18 532	9 861	11 517	14 956	14 940	15 674	19 966	16 495	17 782
Transactions in financial assets and liabilities	44 878	55 422	29 159	26 252	30 876	33 236	24 704	25 823	27 361
Total provincial own receipts	865 214	858 282	882 303	900 855	965 834	965 932	1 008 183	1 059 706	1 117 032
Provincial funding	406 332	484 172	201 962		499 232	499 232			
Provincial roll-overs	43 562	174 759	150 196		455 010	455 010			
Provincial reserves	362 770	309 413	51 766		44 222	44 222			
Total provincial receipts	23 829 267	25 467 771	27 376 081	27 563 835	28 197 404	28 197 502	29 374 848	30 689 624	32 376 662

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.

The distribution of weights by components remains unchanged, the definitions of the all components are outlined below:

- **Education component** weighting remains at 48 percent – based on the school age cohort (5-17 years) and school enrolment data.
- **Health component** weighting is 27 percent – is 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 percent –based on the province's share of national population.
- **Poverty** is 3 percent – grounded on the level of poverty in the province.
- **Economic activity** 1 percent – based on the Regional Gross Domestic Product data
- **Institutional** is 5 percent - distributed equally amongst all nine provinces.

Over the 2015 MTEF years the equitable share transfers grow on average by 5.0 percent. Equitable share transfers to the province increase by R1.047 million or 5.1 percent from the adjusted R20.710 billion in 2014/15 to R21.757 billion in 2015/16.

The remainder of the MTEF grows with 4.7 percent in 2016/17 and 5.3 percent in 2017/18. The additions to 2015 MTEF cater for inflationary policy adjustment on compensation of employees and existing priorities.

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 2015 MTEF the following reforms will be introduced, namely:

Changes to Infrastructure to improving provincial performance in infrastructure delivery

From 2016/17 provinces will only be eligible to receive allocations for Health and Education Infrastructure grants if they have complied with qualification criteria that require them to meet certain planning.

Consolidation of Health Grants

The National Tertiary Services Grant aims to transform the tertiary hospital service in line with national policy objectives. Over the MTEF, R2.894 billion was allocated to this conditional Grant.

The Comprehensive HIV and AIDS Grant is intended to enable the health sector to develop and increased by R63.870 million from 2014/15 to 2015/16 financial year to R911.946 million in order to support the implementation of the National Operational Plan for comprehensive HIV and Aids treatment and care.

The Health Facility Revitalization Grant supports the projects that modernize infrastructure and equipment in hospitals. R564.950 million was allocated in 2015/16 and R492.698 million in 2016/17 and R492.698 million in 2017/18.

The Health Profession Training and Development Grant is used for the training of health professionals and the development of medical specialist. The grant amount over the medium term allocated is R471.916 million.

Human Settlements Development (HSD) Grant

The Human Settlement Development Grant facilitates the establishment of stable sustainable human settlement. This grant should eradicate and formalise the informal settlement. The municipalities will receive Human Settlements Development Grant fund from national government through provincial government transfers. A total amount of R3.554 billion is allocated to the HSD grant over the 2015 MTEF, which comprises of R1.057 billion in 2015/16, R1.211 billion in 2016/17 and R1.286 billion in 2017/18. Over the MTEF a total amount of R322.793 million has been earmarked for mining towns to address eradication of bucket sanitation systems in informal settlement, of which an amount of R282.652 million has been allocated to Matjhabeng and R40.141 million has been allocated to Moqhaka in 2016/17 and 2017/18 for the provision of improved sanitation in areas where housing projects did not provide adequately decent sanitation.

Comprehensive Agricultural Support Programme

The purpose of the grant is to expand the provision of agricultural support services, promotes and facilitates agricultural development by targeting smallholder and previously disadvantaged farmers. Included in this grant is the extension recovery programme which focuses on improving extension services through training programmes. Over 2015 MTEF the total allocation is R541.443 million, in 2015/16 the department is allocated R171.012 million which increase by R8.432 million and R11.543 million respectively in 2016/17 and 2017/18.

Land Care Programme: Poverty Relief and Infrastructure Development

Land Care Programme Grant optimises production and sustainability of natural resource for food security and job creation. The grant is allocated R16.633 million over the 2015 MTEF.

Ilima/Letsema Projects

This grant is intended to boost crop and livestock production and features as the Fetsa Tlala Massification initiative in the Department. The grant purpose is to assist targeted vulnerable Free State farming communities to increase agricultural production and improve farming skills. Over 2015 MTEF the grant is allocated R183.615 million. In 2015/16 the grant is allocated R60.990 million, R59.447 million in 2016/17 and R63.178 million in 2017/18, the grant decrease by 2.5 percent in 2016/17 and increases by 6.3 percent in 2017/18.

Maths, Science and Technology Grant

This grant is an amalgamation of Dinaledi schools grant and Technical Secondary Schools Recapitalization (TSSR) grant and its aim is to improve the achievement of learner participation and success rates, teacher demand, supply, utilisation, development and support, school resourcing and partnerships, consistent with targets set in the Action Plan 2019 and the National Development Plan (NDP). Over the medium term, R101.574 million is allocated to this grant.

Education Infrastructure Grant

The grant is used by the province to maintain, refurbish and upgrade of existing schools, enhance capacity to deliver infrastructure and improve planning and management which will be implemented through this grant. The grant is allocated R2.213 billion over the MTEF, in 2015/16 the budget is allocated R762.553 million, R707.553 million in 2016/17 to R742.931 million in 2017/18.

HIV and Aids (Life Skills Education)

The grant was initiated to assist provinces in providing life skills in all primaries and secondary schools, access to voluntary counseling and testing and development of community based care models, R37.409 million has been allocated over the 2015 MTEF decreasing with R2.224 million from 2014/15 to 2015/16.

National Schools Nutrition Programme Grant

The grant seeks to enhance learning capacity through school feeding programmes, support food production and improve food security in school communities and improve access to education through the provision of nutritious meals to targeted learners in quintile 1, 2 and 3 schools. The grant has increased with R17.740 million from 2014/15 to 2015/16 and R16.809 million and R16.699 million in 2016/17 and 2017/18.

Further Education Training (FET) Colleges Grant

From 1 April 2015 the function of FET colleges will be responsibility of the Department of Higher Education and Training

Social Sector Expanded Public Works Programme (EPWP) Incentive Grant for Provinces

This grant is allocated to social sector departments as an incentive which is paid out based on the departments achieving job creation targets set out in the previous financial year. The EPWP Social Sector Incentive Grant has been allocated R21.379 million in 2015/16 to four provincial departments. R13.067 million for Health, R1.000 million for Education, R6.312 million for Social Development and R1.000 million for the Department of Sport, Arts, Culture and Recreation.

Expanded Public Works Programme (EPWP) Integrated Grant for Provinces

EPWP Integrated Grant to Provinces is a short to medium term programme that aims to provide work opportunities coupled with training. The overall strategy is to reduce poverty through the alleviation and reduction of unemployment. This grant is allocated R22.825 million in 2015/16 to be distributed amongst the Departments of Economic and Small Business Development Tourism and Environmental Affairs, Health, Education, Public Works and Infrastructure, Police, Roads and Transport, Agriculture and Rural Development, Sport, Arts, Culture and Recreation and Human Settlements.

Community Library Services Grant

The grant is used to ensure that the urban and rural library services are transformed through recapitalised programme. Its main focus is staff capacity, library resources and information computer technology. The grant allocation over the MTEF is R477.307 million, which increased with R31.055 million between 2014/15 and 2015/16, from 2015/16 to 2016/17 increased by R3.093 million and from 2016/17 to 2017/18 increased by R3.793 million. The increases over the MTEF are made available to enhance capacity in the sector and to provide for dual purpose libraries where needed.

Provincial Roads Maintenance Grant

The purpose of this grant is to develop maintenance activities and cover the cost of renovations, upgrades and refurbishment activities. The grant receives R6.648 billion of

which R30.350 million is allocated over the MTEF for road asset management system to keep systems updated. A total of R3.648 billion has been allocated to this grant over the MTEF.

Public Transport Operations Grant

The grant is used to subsidise roads based public transport services and provide supplementary funding towards public transport services provided by provincial governments. This grant will amount to R695.256 million over the MTEF.

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	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Agriculture and Rural Development	167 561	190 121	205 408	212 760	229 987	229 987	237 277	244 384	260 030
Agriculture Disaster Management Grant	4 736				15 791	15 791			
Comprehensive Agricultural Support Programme Grant	106 360	126 637	140 274	146 531	146 531	146 531	171 012	179 444	190 987
Ilima/Letsema Projects Grant	51 843	54 531	56 563	60 802	62 238	62 238	60 990	59 447	63 178
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 622	8 953	8 571	5 427	5 427	5 427	5 275	5 493	5 865
Arts and Culture	45 418	48 502	59 422	119 013	124 721	124 721	155 776	158 869	162 662
Community Library Services Grant	45 418	48 502	59 422	119 013	124 721	124 721	155 776	158 869	162 662
Sport and Recreation South Africa	33 078	34 114	38 823	40 318	40 318	40 318	64 526	42 574	45 128
Mass Sport and Recreation Participation Programme Grant	33 078	34 114	38 823	40 318	40 318	40 318	64 526	42 574	45 128
Education	698 760	804 798	794 015	913 671	968 764	878 619	1 128 092	1 087 952	1 143 539
Dinaledi Schools Grant	4 816	5 184	7 573	8 006	8 503	6 725			
Education Infrastructure Grant	420 881	512 348	476 218	554 313	607 581	531 146	762 553	707 553	742 931
HIV and Aids (Life Skills Education) Grant	10 434	9 910	14 441	11 570	12 686	11 442	10 462	12 967	13 980
National School Nutrition Programme Grant	248 201	257 762	274 820	299 205	299 417	291 757	317 157	333 966	350 665
Occupation Specific Dispensation for Education Sector Therapists Grant				18 358	18 358	18 276	5 775		
Technical Secondary Schools Recapitalisation Grant	14 428	19 594	20 963	22 219	22 219	19 273			
Maths,Science and Technology Grant							32 145	33 466	35 963
Health	1 815 224	2 143 463	2 146 506	2 343 498	2 503 037	2 503 037	2 552 243	2 641 196	2 842 480
Comprehensive HIV and Aids Grant	456 532	639 245	699 554	843 026	848 076	848 076	911 946	1 026 745	1 157 770
Forensic Pathology Services Grant	38 475								
Hospital Facility Revitalisation Grant	480 566	575 499	454 423	448 962	603 451	603 451	564 950	492 698	492 698
of which									
Health infrastructure component	75 051	81 950	78 763		122 627				
Hospital Revitalisation component	405 515	490 284	374 517		475 829				
Nursing Colleges and Schools component		3 265	1 143		4 995				
Health Professions Training and Development Grant	124 447	130 945	138 029	146 419	146 419	146 419	149 756	156 189	165 971
National Tertiary Services Grant	715 204	786 801	849 629	898 091	898 091	898 091	918 387	958 021	1 018 025
National Health Insurance Grant		10 973	4 871	7 000	7 000	7 000	7 204	7 543	8 016
World Cup Health Preparation Strategy Grant									
Human Settlements	927 821	975 608	1 350 936	1 061 756	1 076 642	1 076 642	1 057 284	1 210 630	1 285 972
Housing Disaster Relief Grant	16 631	11 334							
Human Settlements Development Grant	911 190	964 274	1 350 936	1 061 756	1 076 642	1 076 642	1 057 284	1 210 630	1 285 972
National Treasury	116 069								
Infrastructure Grant to Provinces									
Education	65 455								
Health	3 543								
Police, Roads and Transport	47 071								
Public Works and Infrastructure	240 150	268 005							
Devolution of Property Rate Funds Grant	240 150	268 005							
Transport	525 607	758 448	1 341 549	1 241 582	1 477 238	1 477 238	1 363 465	1 439 627	1 540 643
Provincial Roads Maintenance Grant	321 905	565 702	1 138 167	1 025 682	1 261 338	1 261 338	1 142 796	1 209 539	1 296 144
Public Transport Operations Grant	181 934	192 746	203 382	215 900	215 900	215 900	220 669	230 088	244 499
Transport Disaster Management Grant	21 768								
Social Development				2 000	2 000	2 000	6 500	29 500	
Substance Abuse				2 000	2 000	2 000	6 500	29 500	
Other (Not Included above)	15 859	30 750	29 726	38 301	39 425	38 196	44 204		
Expanded Public Works Programme Incentive Grant for Provinces	4 378	12 114	17 456	26 601	27 725	26 814	22 825		
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	11 481	18 636	12 270	11 700	11 700	11 382	21 379		
Total conditional grants	4 585 547	5 253 809	5 966 385	5 972 899	6 462 132	6 370 758	6 609 367	6 854 732	7 280 454

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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1 Department of the Premier	6 388	4 300	5 416	5 043	5 179	5 043	5 484	5 790	6 103
3 Economic and Small Business Development, Tourism and Environmental Affairs	65 348	61 127	72 453	75 877	82 666	82 692	86 043	90 945	95 937
4 Provincial Treasury	91 078	52 525	41 483	32 681	42 481	42 991	34 246	36 106	37 921
5 Health	177 714	174 567	149 981	158 380	164 080	164 080	173 761	183 492	193 401
6 Education	15 779	19 082	18 025	19 302	19 851	19 601	20 344	21 242	22 150
7 Social Development	882	1 390	1 762	1 455	1 652	1 577	1 529	1 615	1 702
8 Cooperative Governance and Traditional Affairs	2 010	3 241	2 191	1 914	1 914	1 849	2 026	2 140	2 255
9 Public Works and Infrastructure	28 076	33 358	37 481	34 920	42 308	42 308	46 767	44 106	46 488
10 Police, Roads and Transport	464 719	489 943	534 101	557 397	581 489	581 489	614 039	648 426	683 442
11 Agriculture and Rural Development	2 695	2 701	3 026	2 478	2 666	2 818	2 273	2 504	2 686
12 Sport, Arts, Culture and Recreation	9 720	15 855	15 729	11 176	20 676	20 676	21 411	23 065	24 658
13 Human Settlements	805	193	655	232	872	808	260	275	289
Total provincial own receipts by Vote	865 214	858 282	882 303	900 855	965 834	965 932	1 008 183	1 059 706	1 117 032

Section 228 of the Constitution of the Republic of South Africa allows provinces to impose taxes, levies and duties other than income tax, corporate tax, VAT, general sales tax, rates on property or custom duties. Thus the province generates revenue mainly through motor vehicle licenses, gambling taxes and liquor licenses. Revenue is also generated through sale of goods and services such as patients' fees, attractions such as resorts and reserves etc. Furthermore, the province makes revenue through investments, auction of game animals and rental of government properties.

Table 4.4 above indicates various departments that contribute to revenue of the province. Over the 2015 MTEF the departments are estimated to collect more than R3.152 billion in revenue; with Departments of Police, Roads and Transport as well as Health expected to contribute 79 percent over the MTEF. The estimated provincial own revenue grows by an average of 4.6 percent over the 2015 MTEF which is relatively less than the expected inflation over the same period. However, considering the constrained fiscal position the province will further introduce innovative measures to increase revenue in the forthcoming MTEF period.

4.4 Donor funding

The Province received an amount of R12 million in 2014/15 as well as in 2015/16, totaling to R24 million as a donor fund from European Union, as part of the General Budget Support Funding (GBS). The funding is aimed at assisting with the implementation of Radio Frequency Identification (RFID) System for library assets. Thus every library item will be provided with an RFID tag which replaces the old bar coding system.

Table 4.3(b): Summary of Foreign Donor Fund: Sport Arts Culture and Recreation

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
General Budget Support Funding (European Union)				12 000	12 000	12 000	12 000		
Total donor funding received				12 000	12 000	12 000	12 000		

5. Payments

5.1 Overall position

The total outlays for 2015 MTEF period for the Free State Province are budgeted as follows:

- Financial year 2015/16: R29.375 billion
- Financial year 2016/17: R30.624 billion
- Financial year 2017/18: R32.292 billion

In the 2015 MTEF period, provincial expenditure is expected to rise to R29.375 billion in 2015/16, this represent an increase of 4.2 percent when compared to the adjusted budget of 2014/15. In the subsequent financial year of 2016/17, the spending expected to increase to R30.675 billion and thus indicating a growth of 4.3 percent when compared to 2015/16 financial year. For the outer financial year, the province is estimated to spend R32.292 billion and this represent a slight increase of 5.4 percent.

The fiscal framework of the province is constrained due to changes in equitable share formula; the growth in projected spending of the province grows slightly in the outer year. Basically on average the projected provincial spending over the MTEF grows steadily at 4.1 percent.

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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1 Department of the Premier	213 514	252 855	271 881	270 514	308 013	304 013	283 896	291 979	306 116
2 Free State Legislature	195 588	205 885	182 064	176 209	203 780	203 467	181 692	190 324	199 717
3 Economic and Small Business Development, Tourism and Environmental Affairs	389 855	407 139	432 354	444 084	449 974	451 169	472 179	473 133	498 893
4 Provincial Treasury	184 972	206 545	216 367	226 740	244 235	245 235	295 467	305 576	288 435
5 Health	6 811 239	7 611 720	7 779 386	8 155 342	8 327 177	8 126 183	8 675 429	9 062 870	9 612 841
6 Education	9 259 385	10 056 769	10 557 631	10 880 478	10 914 369	11 295 037	11 538 104	12 018 637	12 701 852
7 Social Development	803 679	867 136	962 711	973 054	967 554	968 644	1 020 074	1 084 288	1 107 811
8 Cooperative Governance and Traditional Affairs	379 245	300 530	307 106	341 625	371 625	371 651	376 406	399 608	416 152
9 Public Works and Infrastructure	1 254 538	1 255 252	1 398 695	1 414 916	1 384 835	1 650 822	1 491 935	1 517 137	1 595 071
10 Police, Roads and Transport	1 716 893	1 927 682	2 190 213	2 195 242	2 428 898	2 438 769	2 390 931	2 494 983	2 662 118
11 Agriculture and Rural Development	556 198	595 490	684 003	669 270	696 265	685 358	744 542	763 879	798 023
12 Sport, Arts, Culture and Recreation	479 714	445 337	541 863	589 043	669 176	662 176	679 605	638 639	637 911
13 Human Settlements	1 061 255	1 068 052	1 481 761	1 210 317	1 228 218	1 213 332	1 224 416	1 383 022	1 466 595
Total provincial payments and estimates	23 306 075	25 200 392	27 006 035	27 546 834	28 194 119	28 615 856	29 374 676	30 624 074	32 291 535

Department of the Premier

The Department of the Premier receives an allocation of R283.896 million in 2015/16 which represents a decrease of -7.8 percent from the adjusted allocation of R308.013 million in 2014/15. The negative growth is due to a once off amount of R30 million in 2014/15 Adjustment budget to relieve pressure on compensation of employees. The allocation for the department increases by 2.8 percent in 2016/17 and further grows by 4.8 percent in 2017/18.

Provincial Legislature

The Free State Legislature is allocated an amount of R181.692 million in 2015/16, which is a decrease of 10.83 percent from the adjusted allocation of R203.780 million in 2014/15 due to once off allocation, retained revenue of R27.571 million. The allocation of the institution increases by 4.8 percent in 2016/17 to R190.324 million and by 4.9 percent in 2017/18 to R199.717 million. The budget allocation mainly covers for its oversight role, and political party funding.

Economic and Small Business Development, Tourism and Environmental Affairs

The Department of Economic Development, Tourism and Environmental Affairs receives an allocation of R472.179 million in 2015/16 which represents an increase of 4.9 percent from the adjusted budget of R449.974 million in 2014/15. The allocation for the department is increasing to R473.133 million or 0.2 percent in 2016/17 and increasing to R498.893 million or 5.4 percent in 2017/18.

The allocation will cover amongst others, the following priorities; Economic and Small Business Development, the continued management of Environmental related matters and the Green Economy, the Re-development of Resorts, Revenue Enhancement Projects, Infrastructure Enhancement and Transfers to Public Entities mainly for tourism marketing and development of SMMEs.

Provincial Treasury

Budget allocation for Provincial Treasury increase by R51.232 million or 21.0 percent from the adjusted budget of R244.235 million in 2014/15 to R295.467 million in 2015/16. The allocation in 2016/17 is R305.576 million, with a growth of 3.4 percent and decreases by 5.6 percent to R288.435 million in 2017/18. The allocation will cater municipal support programmes and upgrading of the provincial supplier's database.

Department of Health

The Department of Health receives an amount of R8.675 billion in 2015/16 from an adjusted allocation of R8.327 billion in 2014/15, R9.063 billion in 2016/17 and R9.613 billion in 2017/18. Over the 2015 MTEF the allocation for the department grows by an average of 5.8 percent. The allocation will amongst others address the following priorities; Infection control & Cleaning, Medical Supplies, Medicines, Medical waste, Laboratory Services: National Health Blood Services (SANBS), Medical Gas, Food Services & relevant supplies, Security, Services, Laundry Services, Essential Equipment & Maintenance, Infrastructure maintenance Children Vaccine, ARVs and Aids objectives, Vaccine, Maternal and Child Health,

Accelerating HIV Counseling and Testing through PICT, Medical Male Circumcision, Medical Supplies and Dry Dispensary, Upscale Condom Distribution, Tuberculosis (TB) and Revenue Enhancement Strategy.

Department of Education

The Department of Education is allocated an amount of R11.538 billion in 2015/16 which is an increase of 5.7 percent from the adjusted allocation of R10.914 billion in 2014/15, R12.019 billion in 2016/17 and R12.702 billion in 2017/18. The allocation grows by 5.6 percent over the 2015 MTEF.

The allocation will cater for priorities such as teachers' salaries, school connectivity, Management & Governance, Bursaries to Non Employees, Schools infrastructure, LTSM, Expansion of Grade R, Mathematical & Science, Hostel Projects, 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 R1.020 billion in 2015/16 which represents an increase of 5.4 percent from an adjusted allocation of R967.554 million in 2014/15, R1.084 billion in 2016/17 and R1.108 billion in 2017/18.

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), and Construction of Youth Centers 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 R376.406 million in 2015/16 which represents an increase of 1.3 percent from the adjusted allocation of R371.625 million in 2014/15. The allocation of the department is showing a growth of 6.2 percent in 2016/17 and 4.1 percent in 2017/18. 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 R1.492 billion in 2015/16, R1.517 billion in 2016/17 and R1.595 billion in 2017/18. The following priorities are funded: Provincial Government Buildings, Municipal Services, Property Rates and Taxes, Township Revitalization and Revenue Enhancement Projects.

The department will continue to support and activate utilization of national youth services, implement the Government Immovable Assets Management Act (GIAMA) as well as coordinate EPWP in the province.

Department of Police, Roads and Transport

The Department of Police, Roads and Transport receives an allocation of R2.390 billion in 2015/16, R2.495 billion in 2016/17 and R2.662 billion in 2017/18. The allocations will mainly

fund provincial road maintenance infrastructure, public transport operator and contractor development.

Department of Agriculture and Rural Development

The Department of Agriculture and Rural Development receives an amount of R744.542 million in 2015/16 or 6.9 percent increase from adjusted allocation of R696.265 million in 2014/15. The allocation of the department is showing a growth of 2.6 percent in 2016/17 and 4.5 percent in 2017/18. Funded priorities amongst others are the Mohoma Mobung Project, Refurbishment of Vet Laboratories in Kroonstad and Bloemfontein, Food Security and Farmer Support Initiatives. The Department will also intensify its efforts on the Rekgaba ka Diratswana projects in relation to food gardens as well as the Fetsa Tlala projects in relation to the increase of crops and livestock.

Department of Sport, Arts, Culture and Recreation

The allocation for the Department of Sport, Arts, Culture and Recreation increase by R679.605 million or 1.6 percent in 2015/16 from the adjusted budget of R669.176 million in 2014/15. In 2016/17 the allocation decreases by 6 percent and 0.1 percent in 2017/18. The decline in departmental allocations over the MTEF relates to the Seisa Ramabodu Stadium which should be completed at the end of 2016/17, hence there is a negative growth in the annual allocation towards the project.

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

Department of Human Settlements

The allocation to the Department of Human Settlements amounts to R1.224 billion in 2015/16, R1.383 billion in 2016/17 and R1.466 billion in 2017/18. A significant portion of the department's budget is funded through the Human Settlements Development Grant, amounting to R1.057 billion in 2015/15, R1.211 billion in 2016/17 and R1.286 billion in 2016/17. The funding provided in this department in the main is for the creation of sustainable and integrated human settlements that enable an improved quality of household life and access to basic services.

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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Current payments	18 012 365	19 349 710	20 358 820	22 118 788	22 257 694	22 613 242	22 856 651	24 088 634	25 876 764
Compensation of employees	13 779 654	15 150 740	16 153 026	17 786 318	17 047 927	17 042 260	17 520 232	18 494 969	19 560 087
Goods and services	4 231 164	4 195 615	4 204 139	4 331 852	5 209 102	5 569 492	5 336 189	5 593 406	6 316 419
Interest and rent on land	1 547	3 355	1 655	618	665	1 490	230	259	259
Transfers and subsidies to:	3 313 441	3 343 477	4 233 155	3 619 605	3 899 978	4 070 313	4 126 963	4 399 567	4 533 334
Provinces and municipalities	345 011	319 607	364 124	366 446	366 039	448 460	426 393	415 925	432 837
Departmental agencies and accounts	152 619	179 352	189 577	158 945	181 709	181 694	140 591	140 890	145 252
Higher education institutions	7 670	56	851	1 120	3 820	820	286	1 094	2 014
Foreign governments and international organisations									
Public corporations and private enterprises	240 499	240 166	251 518	230 886	242 205	250 765	255 348	255 345	263 210
Non-profit institutions	1 279 878	1 296 373	1 439 342	990 135	1 276 526	1 338 766	1 489 834	1 567 238	1 586 480
Households	1 287 764	1 307 923	1 987 743	1 872 073	1 829 679	1 849 808	1 814 511	2 019 074	2 103 540
Payments for capital assets	1 940 267	2 497 264	2 410 108	1 808 441	2 035 542	1 930 789	2 391 062	2 135 875	1 881 438
Buildings and other fixed structures	1 688 342	2 249 043	2 176 488	1 638 236	1 667 253	1 636 679	2 084 246	1 898 244	1 639 795
Machinery and equipment	241 063	233 172	224 941	168 668	366 015	292 235	304 927	235 782	239 795
Heritage assets	261	49							
Specialised military assets									
Biological assets	7 154	10 606						0	0
Land and subsoil assets	865	2 964	739	700	700	700	700	738	737
Software and other intangible assets	2 582	1 430	7 940	837	1 574	1 175	1 189	1 111	1 111
Payments for financial assets	40 002	9 941	3 952		905	1 513			
Total economic classification	23 306 075	25 200 392	27 006 035	27 546 834	28 194 119	28 615 856	29 374 676	30 624 075	32 291 537

Table 5.2 above reflects the summary of provincial payments and estimates by economic classification from 2011/12 to 2017/18. The largest share of the provincial payments is consumed by current payments in particular compensation of employees. For the 2015/16 financial year, current payments absorb 77.8 percent of the total budget of R29.374 billion, of which 59.6 percent of the total provincial budget relates to compensation of employees.

The compensation of employees increases by R472.305 million or 2.8 percent from R17.048 billion in 2014/15 adjusted budget to R17.520 billion in 2015/16, 5.6 percent and 5.8 percent in 2016/17 and 2017/18 financial years respectively. The goods and services budget increases by R127.087 million or 2.4 percent from R5.209 billion in 2014/15 to R5.336 billion in 2015/16, while in 2016/17 increases by 4.7 percent to R5.587 billion and 13 percent in 2017/18 to R6.315 billion.

Transfers and Subsidies take up 14.1 percent share of the total provincial payments in 2015/16, 14.4 percent in 2016/17 and 14.0 percent in 2017/18. Transfers to provinces and municipalities increased from R366.039 million in 2014/15 to R426.393 million in 2015/16, R415.925 million in 2016/17 and R432.837 in 2017/18. The transfers to households amounts to R1.824 billion in 2015/16, R2.019 billion in 2016/17 and R2.103 billion in 2017/18.

Payments for capital assets shows a decrease of 12.1 percent from R2.142 billion in 2016/17 to R1.883 billion in 2017/18.

5.4 Payments by functional 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
General public services	2 449 111	2 476 069	2 690 699	2 750 574	2 861 908	3 120 397	2 981 245	3 068 768	3 187 192
Public order and safety	1 340 455	1 481 686	1 701 840	1 676 588	1 864 244	1 860 746	1 845 316	1 923 632	2 074 611
Economic affairs	511 127	530 781	561 673	557 974	628 768	644 950	615 034	603 388	629 156
Environmental protection	501 457	551 121	615 953	648 262	615 884	608 266	683 163	727 748	754 830
Housing and community amenities	1 061 255	1 068 052	1 481 761	1 210 317	1 228 218	1 213 332	1 224 416	1 383 022	1 466 595
Health	6 811 239	7 611 720	7 779 386	8 155 342	8 327 177	8 126 183	8 675 429	9 062 870	9 612 841
Recreation, culture and religion	553 852	540 952	635 118	677 332	766 884	759 885	771 997	731 610	735 531
Education	9 273 900	10 072 875	10 576 894	10 897 391	10 933 482	11 313 453	11 558 002	12 038 747	12 722 968
Social protection	803 679	867 136	962 711	973 054	967 554	968 644	1 020 074	1 084 288	1 107 811
Total provincial payments and estimates	23 306 075	25 200 392	27 006 035	27 546 834	28 194 119	28 615 856	29 374 676	30 624 074	32 291 535

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 (2014-2019) Education and Health are the key policy areas for the government hence both of them are allocated the bigger share of the total expenditure of the province. Expenditure on Education and Health accounted for 39.3 percent and 29.5 percent of the total provincial payments in 2015/16, respectively.

5.5 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
2 Free State Legislature									
3 Economic and Small Business Development, Tourism and Environmental Affairs	42 851	42 865	32 344	54 019	12 373	19 358	31 543	41 924	46 267
5 Health	484 109	575 944	460 659	476 570	612 545	612 545	589 381	515 129	516 948
6 Education	497 482	530 776	423 305	565 389	572 785	572 785	755 329	695 806	726 421
7 Social Development	8 700	26 976	28 989	19 928	28 223	28 236	16 370	49 198	21 444
9 Public Works and Infrastructure	218 589	160 163	231 727	189 510	187 561	187 561	185 791	189 159	205 453
10 Police, Roads and Transport	881 671	746 854	1 273 919	1 112 833	1 330 489	1 330 489	1 223 276	1 281 336	1 399 894
11 Agriculture and Rural Development	151 104	106 177	128 272	83 642	84 475		116 964	103 047	100 548
12 Sport, Arts, Culture and Recreation	100 320	96 460	185 672	202 214	216 633	213 633	190 829	155 334	136 351
Total provincial infrastructure payments and estimates	2 384 826	2 286 215	2 764 887	2 704 105	3 045 084	2 964 607	3 109 483	3 030 933	3 153 326

Table 5.4(a) above shows the provincial infrastructure payments and estimates from 2011/12 to 2017/18. Between 2015/16 and 2016/17 the allocation for infrastructure decreased by R77.095 million. In 2016/17 there is an increase in allocation from R3.031 billion in 2017/18 to R3.153 billion.

Table 5.4(b) below indicates total provincial infrastructure by category. The total infrastructure budget amounts to R9.292 billion over the 2015 MTEF. Rehabilitation and refurbishments accounts for the largest share of the budget with R2.222 billion over the MTEF followed by Upgrades and additions with R2.129 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	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
New infrastructure assets	463 705	719 331	513 859	400 474	462 140	462 317	492 045	411 929	442 868
Existing infrastructure assets	1 802 818	1 500 956	2 096 380	2 197 561	2 400 455	2 353 801	2 499 632	2 505 004	2 614 458
Upgrades and additions	764 419	616 651	627 708	826 081	724 402	682 842	731 369	670 091	727 391
Refurbishment and rehabilitation	533 251	517 398	1 020 549	424 939	690 345	702 245	1 047 073	568 497	605 977
Maintenance and repair	505 148	366 907	448 123	946 541	985 708	968 714	721 190	1 266 416	1 281 090
Infrastructure transfers	118 303	65 928	154 648	106 070	197 070	162 070	116 351	114 000	96 000
Infrastructure transfer - current	21 366	1 602	5 025	30 426	30 426	30 426	57 851	55 500	36 000
Infrastructure transfer - Capital	96 937	64 326	149 623	75 644	166 644	131 644	58 500	58 500	60 000
Total provincial infrastructure	2 384 826	2 286 215	2 764 887	2 704 105	3 059 665	2 978 188	3 108 028	3 030 933	3 153 326

5.6 Provincial Public-Private Partnership (PPP) projects

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

Project description	Annual cost of project			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Projects under implementation	-	8 057	8 057	16 998	16 998	16 998	9 973	11 856	11 856
PPP unitary charge		8 057	8 057	16 998	16 998	16 998	9 973	11 856	11 856
Penalties (if applicable)									
Advisory fees									
Project monitoring cost									
Revenue generated (if applicable)									
Contingent liabilities (information)									
Proposed projects	4 453	15 328	5 125	8 231	8 231	8 231	267	294	294
Advisory fees		3 476	4 845	7 931	7 931	7 931			
Project team costs			65	65	65	65			
Site acquisition costs	4 453	11 852							
Other project costs			215	235	235	235	267	294	294
Total	4 453	23 385	13 182	25 229	25 229	25 229	10 240	12 150	12 150

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.

5.7 Transfers

5.7.1 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1 Office of the Premier									
Youth Commission									
3 Economic and Small Business Development, Tourism and Environmental Affairs	109 134	122 810	115 718	89 315	98 734	98 735	95 915	93 985	98 684
Free State Development Corporation	35 000	27 245	22 545	1 200	1 200	1 200	3 700	1 200	1 260
Free State Gambling and Liquor Authority	44 586	48 251	51 309	48 251	50 870	50 871	50 351	50 808	53 348
Free State Investment Promotion Agency									
Free State Tourism Authority	29 548	47 314	41 864	39 864	46 664	46 664	41 864	41 977	44 076
Phakisa Major Sport Events and Development Corporation									
12 Sport, Arts, Culture and Recreation	8 284								
Phakisa	8 284								
Total provincial transfers to public entities	117 418	122 810	115 718	89 315	98 734	98 735	95 915	93 985	98 684

The transfer payment to the Public Entities by the Department of Economic Development Tourism, and Environmental Affairs decreased by 2.9 percent from adjusted R98.734 million in 2014/15 to R95.915 million in 2015/16 financial year. This allocation is intended for investment opportunities for the province, assistance to the SMMEs and promotion of economic activity within the province.

5.7.2 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Category A	58 042	51 148	56 399	75 443	66 285	196 640	108 681	86 881	107 584
Category B	227 889	252 023	273 564	230 418	225 701	182 464	241 728	251 296	248 052
Category C	59 048	16 393	34 106	60 525	73 982	67 849	75 924	77 685	77 135
Total provincial transfers to local government	344 979	319 564	364 069	366 386	365 968	446 953	426 333	415 862	432 771

5.7.3 Personnel numbers and costs

Table 5.7: Summary of personnel numbers and costs by Vote¹

Personnel numbers	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	As at 31 March 2017
1 Department of the Premier	349	615	620	612	637	648	648
2 Free State Legislature	142	141	146	142	165	165	165
3 Economic and Small Business Development, Tourism and Environmental Affairs	630	676	641	635	737	803	803
4 Provincial Treasury	394	478	388	405	478	466	466
5 Health	18 779	18 843	18 867	18 437	18 274	18 274	18 274
6 Education	31 628	32 063	30 898	30 873	29 799	29 552	29 636
7 Social Development	2 003	2 009	2 008	2 000	2 030	2 030	2 030
8 Cooperative Governance and Traditional Affairs	704	646	567	567	567	581	581
9 Public Works and Infrastructure	1 930	1 894	1 819	2 010	2 060	2 060	2 060
10 Police, Roads and Transport	2 146	2 124	2 080	2 367	2 367	2 367	2 367
11 Agriculture and Rural Development	1 184	1 220	1 234	1 210	1 212	1 212	1 212
12 Sport, Arts, Culture and Recreation	715	715	742	813	1 008	1 008	1 008
13 Human Settlements	110	169	249	263	265	305	342
Total provincial personnel numbers	60 714	61 593	60 259	60 334	59 599	59 471	59 592
Total provincial personnel cost (R thousand)	13 779 654	15 150 740	16 153 026	17 042 260	17 520 232	18 494 969	19 560 087
Unit cost (R thousand)	227	246	268	282	294	311	328

1. Full-time equivalent

Table 5.7.1: Summary of provincial personnel numbers and costs

	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	As at 31 March 2017
Total for province							
Personnel numbers (head count)	60 714	61 593	60 259	60 334	59 599	59 471	59 592
Personnel cost (R thousand)	13 779 654	15 150 740	16 153 026	17 042 260	17 520 232	18 494 969	19 560 087
Human resources component							
Personnel numbers (head count)	988	860	1 002	837	1 025	1 030	1 034
Personnel cost (R thousand)	185 229	174 052	159 187	192 932	220 728	238 875	212 736
Head count as % of total for province	1.6%	1.4%	1.7%	1.4%	1.7%	1.7%	1.7%
Personnel cost as % of total for province	1.3%	1.1%	1.0%	1.1%	1.3%	1.3%	1.1%
Finance component							
Personnel numbers (head count)	884	780	958	1 017	1 167	1 194	1 194
Personnel cost (R thousand)	157 012	144 624	133 296	231 038	249 628	266 342	214 997
Head count as % of total for province	1.5%	1.3%	1.6%	1.7%	2.0%	2.0%	2.0%
Personnel cost as % of total for province	1.1%	1.0%	0.8%	1.4%	1.4%	1.4%	1.1%
Full time workers							
Personnel numbers (head count)	57 764	58 680	57 026	58 738	53 179	53 056	53 210
Personnel cost (R thousand)	9 026 795	9 830 748	10 240 457	11 518 320	10 883 639	11 428 532	11 578 807
Head count as % of total for province	95.1%	95.3%	94.6%	97.4%	89.2%	89.2%	89.3%
Personnel cost as % of total for province	65.5%	64.9%	63.4%	67.6%	62.1%	61.8%	59.2%
Part-time workers							
Personnel numbers (head count)	1 229	1 242	1 466	1 629	3 688	3 686	3 686
Personnel cost (R thousand)	141 144	80 020	97 113	125 372	219 080	223 152	233 786
Head count as % of total for province	2.0%	2.0%	2.4%	2.7%	6.2%	6.2%	6.2%
Personnel cost as % of total for province	1.0%	0.5%	0.6%	0.7%	1.3%	1.2%	1.2%
Contract workers							
Personnel numbers (head count)	1 332	1 078	1 317	846	815	802	802
Personnel cost (R thousand)	81 090	61 012	72 288	70 347	80 800	81 183	84 379
Head count as % of total for province	2.2%	1.8%	2.2%	1.4%	1.4%	1.3%	1.3%
Personnel cost as % of total for province	0.6%	0.4%	0.4%	0.4%	0.5%	0.4%	0.4%

5.7.4 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		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1 Department of the Premier	718	1 286	651	1 911	2 486	596	986	1 045	1 104
2 Free State Legislature	769	689	426	508	508	508	534	538	564
3 Economic and Small Business Development, Tourism and Environmental Affairs	647	663	1 291	9 448	9 448	9 448	9 883	9 883	9 883
4 Provincial Treasury	7 947	9 416	12 645	15 634	19 099	20 357	10 301	11 026	10 990
5 Health	21 968	23 084	27 169	10 113	12 139	8 532	47 867	9 102	9 102
6 Education	65 063	57 352	57 517	122 195	42 015	45 475	86 363	91 016	96 615
7 Social Development	1 492	1 084	2 424	4 723	3 787	3 787	5 010	5 276	5 540
8 Cooperative Governance and Traditional Affairs	1 790	537	1 409	2 500	1 815	2 050	2 389	2 509	2 634
9 Public Works and Infrastructure	2 503	4 351	1 976	2 493	2 409	2 403	2 631	2 782	2 895
10 Police, Roads and Transport	934	1 717	2 532	5 488	2 030	2 586	13 500	15 543	16 224
11 Agriculture and Rural Development	2 162	-	2 454	2 810	2 810	2 810	3 092	3 239	3 401
12 Sport, Arts, Culture and Recreation	547	470	1 646	1 736	1 736	1 736	2 473	2 405	2 525
13 Human Settlements	82	76	242	1 177	1 177	42	1 177	1 241	1 308
Total provincial payments on training	106 622	100 725	112 382	180 736	101 459	100 330	186 206	155 605	162 785

ANNEXURE TO THE OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

Table A.1: Details of total provincial own receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Tax receipts	410 650	442 705	497 284	513 025	539 209	539 209	571 022	602 998	635 560
Casino taxes	30 176	30 732	36 051	36 864	36 864	36 864	39 039	41 225	43 451
Horse racing taxes	6 747	6 410	8 073	8 041	9 057	9 057	9 591	10 128	10 675
Liquor licences	5 150	5 744	6 305	6 082	6 690	6 690	7 085	7 481	7 885
Motor vehicle licences	368 577	399 819	446 855	462 038	486 598	486 598	515 307	544 164	573 549
Sales of goods and services other than capital assets	270 162	268 142	281 865	299 687	314 489	308 902	332 126	350 476	368 707
Sale of goods and services produced by department (excluding capital assets)	269 936	267 934	281 650	299 462	314 269	308 682	331 901	350 246	368 474
Sales by market establishments	36 833	49 738	57 060	56 374	64 660	61 622	68 142	71 656	75 027
Administrative fees	67 995	67 608	71 355	80 124	77 975	77 975	82 658	87 360	92 157
Other sales	165 108	150 588	153 235	162 964	171 634	169 085	181 101	191 230	201 290
Of which									
Health patient fees									
Commission Insurance									
Fines, penalties and forfeits									
International organisations									
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	226	208	215	225	220	220	225	230	233
Transfers received from:	2 295	6 145	5 891		9 900	10 233	10 000	11 000	12 000
Other governmental units	2 060	6 020	5 891		9 900	10 233	10 000	11 000	12 000
Higher education institutions									
Foreign governments									
International organisations									
Public corporations and private enterprises		125							
Households and non-profit institutions	235								
Fines, penalties and forfeits	27 066	22 305	13 917	13 761	14 501	14 587	15 023	15 742	16 577
Interest, dividends and rent on land	91 631	53 702	42 670	33 398	43 709	44 091	35 342	37 172	39 045
Interest	1 453	2 147	1 577	1 230	1 541	1 534	1 437	1 436	1 522
Dividends	90 178	51 555	41 093	32 168	42 168	42 557	33 905	35 736	37 523
Rent on land									
Sales of capital assets	18 532	9 861	11 517	14 732	14 962	15 674	19 966	16 495	17 782
Land and subsoil assets	184	240		2 000		815	5 000		
Other capital assets	18 348	9 621	11 517	12 732	14 962	14 859	14 966	16 495	17 782
Financial transactions in assets and liabilities	44 878	55 422	29 159	26 252	29 064	33 236	24 704	25 823	27 361
Total provincial own receipts	865 214	858 282	882 303	900 855	965 834	965 932	1 008 183	1 059 706	1 117 032

Table A.2: Information relating to Conditional Grants

Vote and Grant	Adjusted appro- piation	Actual transfer	Audited expen- diture	Adjusted appro- piation	Actual transfer	Audited expen- diture	Adjusted appro- piation	Actual transfer	Revised expenditure estimate	Adjusted appro- piation	Revised transfer estimate	Revised expenditure estimate	Medium-term estimates		
R thousand	2011/12			2012/13			2013/14			2014/15			2015/16	2016/17	2017/18
Agriculture and Rural Development	167 730	164 290	167 561	190 382	190 382	190 121	206 844	206 844	205 408	229 987	228 551	229 987	237 277	244 384	260 030
Agriculture Disaster Management Grant	4 736	4 736	4 736							15 791	15 791	15 791			
Comprehensive Agricultural Support Programme Grant	106 372	102 932	106 360	126 829	126 829	126 637	140 274	140 274	140 274	146 531	146 531	146 531	171 012	179 444	190 987
Ilima/Letsema Projects Grant	52 000	52 000	51 843	54 600	54 600	54 531	57 999	57 999	56 563	62 238	60 802	62 238	60 990	59 447	63 178
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 622	4 622	4 622	8 953	8 953	8 953	8 571	8 571	8 571	5 427	5 427	5 427	5 275	5 493	5 865
Arts and Culture	47 909	47 909	45 418	52 795	50 304	48 502	65 586	64 401	59 422	124 721	119 013	124 721	155 776	158 869	162 662
Community Library Services Grant	47 909	47 909	45 418	52 795	50 304	48 502	65 586	64 401	59 422	124 721	119 013	124 721	155 776	158 869	162 662
Sport and Recreation South Africa	33 078	33 078	33 078	34 116	34 116	34 114	38 832	38 832	38 823	40 318	40 318	40 318	64 526	42 574	45 128
Mass Sport and Recreation Participation Programme Grant	33 078	33 078	33 078	34 116	34 116	34 114	38 832	38 832	38 823	40 318	40 318	40 318	64 526	42 574	45 128
Education	710 861	701 195	698 760	822 363	820 542	804 798	794 015	784 154	794 015	968 764	913 671	878 619	1 128 092	1 087 952	1 143 539
Dinaledi Schools Grant	5 040	5 040	4 816	7 374	7 179	5 184	7 573	7 573	7 573	8 503	8 006	6 725			
Education Disaster Management Grant															
Education Infrastructure Grant	425 256	425 256	420 881	519 635	519 635	512 348	476 218	468 931	476 218	607 581	554 313	531 146	762 553	707 553	742 931
HIV and Aids (Life Skills Education) Grant	11 772	11 772	10 434	13 155	12 491	9 910	14 441	12 135	14 441	12 686	11 570	11 442	10 462	12 967	13 980
National School Nutrition Programme Grant	254 365	244 699	248 201	262 329	261 367	257 762	274 820	274 552	274 820	299 417	299 205	291 757	317 157	333 966	350 665
Occupation Specific Dispensation for Education Sector Therapists Grant										18 358	18 358	18 276	5 775		
Technical Secondary Schools Recapitalisation Grant	14 428	14 428	14 428	19 870	19 870	19 594	20 963	20 963	20 963	22 219	22 219	19 273			
Maths, Science and Technology Grant													32 145	33 466	35 963
Health	1 989 595	1 959 139	1 815 224	2 422 616	2 335 931	2 143 463	2 361 380	2 274 588	2 146 506	2 503 037	2 361 498	2 503 037	2 552 243	2 641 196	2 842 480
Comprehensive HIV and Aids Grant	533 319	530 440	456 532	642 641	615 160	639 245	742 984	742 984	699 554	848 076	843 026	848 076	911 946	1 026 745	1 157 770
Forensic Pathology Services Grant	39 451	39 451	38 475												
Hospital Facility Revitalisation Grant of which	577 177	549 600	480 566	845 821	786 617	575 499	625 754	538 962	454 423	603 451	466 962	603 451	564 950	492 698	492 698
Health infrastructure component	131 717	131 717	75 051	181 717	139 073	81 950	139 192	125 333	78 763	122 627					
Hospital Revitalisation component	445 460	417 883	405 515	654 944	638 384	490 284	484 320	411 387	374 517	475 829					
Nursing Colleges and Schools component				9 160	9 160	3 265	2 242	2 242	1 143	4 995					
Health Professions Training and Development	124 444	124 444	124 447	130 930	130 930	130 945	138 131	138 131	138 029	146 419	146 419	146 419	149 756	156 189	165 971
National Tertiary Services Grant	715 204	715 204	715 204	786 724	786 724	786 801	849 661	849 661	849 629	898 091	898 091	898 091	918 387	958 021	1 018 025
National Health Insurance Grant				16 500	16 500	10 973	4 850	4 850	4 871	7 000	7 000	7 000	7 204	7 543	8 016
World Cup Health Preparation Strategy Grant															
Human Settlements	958 007	958 007	927 821	991 804	961 619	975 608	1 350 936	1 350 936	1 350 936	1 076 642	1 076 642	1 076 642	1 057 284	1 210 630	1 285 972
Housing Disaster Relief Grant	44 100	44 100	16 631	27 469		11 334									
Human Settlements Development Grant	913 907	913 907	911 190	964 335	961 619	964 274	1 350 936	1 350 936	1 350 936	1 076 642	1 076 642	1 076 642	1 057 284	1 210 630	1 285 972
National Treasury	117 119	117 119	116 069												
Infrastructure Grant to Provinces															
Education	65 666	65 666	65 455												
Health	4 237	4 237	3 543												
Police, Roads and Transport	47 216	47 216	47 071												
Public Works and Infrastructure	240 163	240 163	240 150	268 014	268 014	268 005									
Devolution of Property Rate Funds Grant	240 163	240 163	240 150	268 014	268 014	268 005									
Transport	653 499	653 499	525 607	811 379	757 802	758 448	1 577 205	1 528 705	1 341 549	1 477 238	1 241 582	1 477 238	1 363 465	1 439 627	1 540 643
Provincial Roads Maintenance Grant	447 165	447 165	321 905	618 507	564 930	565 702	1 373 823	1 325 323	1 138 167	1 261 338	1 025 682	1 261 338	1 142 796	1 209 539	1 296 144
Public Transport Operations Grant	184 566	184 566	181 934	192 872	192 872	192 746	203 382	203 382	203 382	215 900	215 900	215 900	220 669	230 088	244 499
Transport Disaster Management Grant	21 768	21 768	21 768												
Social Development										2 000	2 000	2 000	6 500	29 500	
Substance Abuse										2 000	2 000	2 000	6 500	29 500	
Other (Not included above)	20 079	20 079	15 859	45 299	45 299	30 750	30 404	26 546	29 726	39 425	38 301	38 196	44 204		
Expanded Public Works Programme Incentive Grant for Provinces	4 493	4 493	4 378	21 391	21 391	12 114	18 001	18 001	17 456	27 725	26 601	26 814	22 825		
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	15 586	15 586	11 481	23 908	23 908	18 636	12 403	8 545	12 270	11 700	11 700	11 382	21 379		
Total conditional grants	4 938 040	4 894 478	4 585 547	5 638 768	5 464 009	5 253 809	6 425 202	6 275 006	5 966 385	6 462 132	6 021 576	6 370 758	6 609 367	6 854 732	7 280 454

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
Current payments	18 012 365	19 349 710	20 358 820	22 118 788	22 257 694	22 613 242	22 856 651	24 088 634	25 876 764
Compensation of employees	13 779 654	15 150 740	16 153 026	17 786 318	17 047 927	17 042 260	17 520 232	18 494 969	19 560 087
Salaries and wages	11 785 753	13 009 791	13 940 418	15 171 138	14 655 879	12 717 005	15 178 167	15 988 817	16 910 265
Social contributions	1 993 901	2 140 949	2 212 608	2 615 180	2 392 048	4 325 255	2 342 065	2 506 152	2 649 822
Goods and services	4 231 164	4 195 615	4 204 139	4 331 852	5 209 102	5 569 492	5 336 189	5 593 406	6 316 419
Interest and rent on land	1 547	3 355	1 655	618	665	1 490	230	259	259
Interest	1 547	3 355	1 641	618	665	1 490	230	259	259
Rent on land			14						
Transfers and subsidies to:	3 313 441	3 343 477	4 233 155	3 619 605	3 899 978	4 070 313	4 126 963	4 399 567	4 533 334
Provinces and municipalities	345 011	319 607	364 124	366 446	366 039	448 460	426 393	415 925	432 837
Provinces ²	790	1 724	55	60	60	1 507	60	63	66
Provincial Revenue Funds	780	1 724	55	60	60	1 507	60	63	66
Provincial agencies and funds	10								
Municipalities ³	344 221	317 883	364 069	366 386	365 979	446 953	426 333	415 862	432 771
Municipalities	310 221	317 721	361 066	366 386	365 979	446 953	426 333	415 862	432 771
Municipal agencies and funds	34 000	162	3 003						
Departmental agencies and accounts	152 619	179 352	189 577	158 945	181 709	181 694	140 591	140 890	145 252
Social security funds									
Provide list of entities receiving transfers ⁴	152 619	179 352	189 577	158 945	181 709	181 694	140 591	140 890	145 252
Higher education institutions	7 670	56	851	1 120	3 820	820	286	1 094	2 014
Foreign governments and international organisations									
Public corporations and private enterprises ⁵	240 499	240 166	251 518	230 886	242 205	250 765	255 348	255 345	263 210
Public corporations	226 858	236 443	233 438	217 290	217 290	217 115	224 369	231 288	245 759
Subsidies on production	185 315	209 186	210 872	215 930	215 930	215 900	220 669	230 088	244 499
Other transfers	41 543	27 257	22 566	1 360	1 360	1 215	3 700	1 200	1 260
Private enterprises	13 641	3 723	18 080	13 596	24 915	33 650	30 979	24 057	17 451
Subsidies on production	100								
Other transfers	13 541	3 723	18 080	13 596	24 915	33 650	30 979	24 057	17 451
Non-profit institutions	1 279 878	1 296 373	1 439 342	990 135	1 276 526	1 338 766	1 489 834	1 567 238	1 586 480
Households	1 287 764	1 307 923	1 987 743	1 872 073	1 829 679	1 849 808	1 814 511	2 019 074	2 103 540
Social benefits	58 739	81 386	95 659	47 905	53 768	99 913	45 066	41 655	41 959
Other transfers to households	1 229 025	1 226 537	1 892 084	1 824 168	1 775 911	1 749 895	1 769 445	1 977 419	2 061 582
Payments for capital assets	1 940 267	2 497 264	2 410 108	1 808 441	2 035 542	1 930 789	2 391 062	2 135 875	1 881 438
Buildings and other fixed structures	1 688 342	2 249 043	2 176 488	1 638 236	1 667 253	1 636 679	2 084 246	1 898 244	1 639 795
Buildings	1 182 548	913 846	815 010	901 170	849 323	848 949	745 166	689 258	642 138
Other fixed structures	505 794	1 335 197	1 361 478	737 066	817 930	787 730	1 339 080	1 208 986	997 657
Machinery and equipment	241 063	233 172	224 941	168 668	366 015	292 235	304 927	235 782	239 795
Transport equipment	3 415	56	65		40		5 119	7 000	4 967
Other machinery and equipment	237 648	233 116	224 876	168 668	365 975	292 235	299 808	228 783	234 828
Heritage assets	261	49							
Specialised military assets									
Biological assets	7 154	10 606						0	0
Land and subsoil assets	865	2 964	739	700	700	700	700	738	737
Software and other intangible assets	2 582	1 430	7 940	837	1 574	1 175	1 189	1 111	1 111
Payments for financial assets	40 002	9 941	3 952		905	1 513			
Total economic classification	23 306 075	25 200 392	27 006 035	27 546 834	28 194 119	28 615 856	29 374 676	30 624 075	32 291 537

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
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 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
GENERAL PUBLIC SERVICES	2 449 111	2 476 069	2 690 699	2 750 574	2 861 908	3 120 397	2 981 245	3 068 768	3 187 192
Executive and Legislative	215 161	227 380	204 933	200 538	228 522	221 811	200 039	208 977	219 480
Office of the Premier	19 573	21 495	22 869	24 329	24 742	18 344	18 347	18 653	19 763
Provincial Legislature	195 588	205 885	182 064	176 209	203 780	203 467	181 692	190 324	199 717
General Services	2 048 978	2 042 144	2 269 399	2 323 296	2 389 151	2 653 351	2 485 739	2 554 216	2 679 278
Office of the Premier	193 941	231 360	249 012	246 185	283 271	285 669	265 549	273 326	286 353
Police, Roads and Transport	137 707	158 060	187 581	196 415	225 415	221 204	214 456	220 479	230 853
Public Works and Infrastructure	1 254 538	1 255 252	1 398 695	1 414 916	1 384 835	1 650 822	1 491 935	1 517 137	1 595 071
Cooperative Governance & Traditional Affairs	379 245	300 530	307 106	341 625	371 625	371 651	376 406	399 608	416 152
Economic and Small Business Development, Tourism and Environmental Affairs	83 547	96 942	127 005	124 155	124 005	124 005	137 393	143 666	150 849
Financial and Fiscal Services	184 972	206 545	216 367	226 740	244 235	245 235	295 467	305 576	288 435
Provincial Treasury	184 972	206 545	216 367	226 740	244 235	245 235	295 467	305 576	288 435
PUBLIC ORDER AND SAFETY	1 340 455	1 481 686	1 701 840	1 676 588	1 864 244	1 860 746	1 845 316	1 923 632	2 074 611
Police Services	231 189	271 636	263 208	279 046	276 962	284 275	319 438	328 314	364 669
Police, Roads and Transport	231 189	271 636	263 208	279 046	276 962	284 275	319 438	328 314	364 669
Traffic Control	1 109 266	1 210 050	1 438 632	1 397 542	1 587 282	1 576 471	1 525 878	1 595 318	1 709 942
Police, Roads and Transport	1 109 266	1 210 050	1 438 632	1 397 542	1 587 282	1 576 471	1 525 878	1 595 318	1 709 942
EDUCATION	9 273 900	10 072 875	10 576 894	10 897 391	10 933 482	11 313 453	11 558 002	12 038 747	12 722 968
Pre-primary & Primary Phases	4 352 453	4 925 231	5 194 737	5 417 111	5 314 855	5 648 324	5 426 357	5 693 156	6 018 154
Education	4 352 453	4 925 231	5 194 737	5 417 111	5 314 855	5 648 324	5 426 357	5 693 156	6 018 154
Secondary Education Phase	2 885 337	3 016 646	3 142 835	3 248 717	3 203 526	3 276 292	3 341 924	3 513 093	3 711 300
Education	2 885 337	3 016 646	3 142 835	3 248 717	3 203 526	3 276 292	3 341 924	3 513 093	3 711 300
Education not defined by level	975 189	1 039 043	1 016 426	1 173 345	1 283 426	1 180 486	1 441 650	1 418 868	1 491 566
Agriculture and Rural Development	14 515	16 106	19 263	16 913	19 113	18 416	19 898	20 110	21 116
Education	960 674	1 022 937	997 163	1 156 432	1 264 313	1 162 070	1 421 752	1 398 758	1 470 450
Subsidiary Services to Education	1 060 921	1 091 955	1 222 896	1 058 218	1 131 675	1 208 351	1 348 071	1 413 630	1 501 948
Education	1 060 921	1 091 955	1 222 896	1 058 218	1 131 675	1 208 351	1 348 071	1 413 630	1 501 948
HEALTH	6 811 239	7 611 720	7 779 386	8 155 342	8 327 177	8 126 183	8 675 429	9 062 870	9 612 841
Outpatient services	1 008 675	1 082 222	1 128 559	1 194 401	1 204 557	1 176 104	1 265 913	1 344 094	1 475 165
R and D Health (CS)									
Hospital Services	5 802 564	6 529 498	6 650 827	6 960 941	7 122 620	6 950 079	7 409 516	7 718 776	8 137 677
SOCIAL PROTECTION	803 679	867 136	962 711	973 054	967 554	968 644	1 020 074	1 084 288	1 107 811
Social Security Services									
Social Development									
Social Services and Population Development	803 679	867 136	962 711	973 054	967 554	968 644	1 020 074	1 084 288	1 107 811
Social Development	803 679	867 136	962 711	973 054	967 554	968 644	1 020 074	1 084 288	1 107 811
HOUSING AND COMMUNITY AMENITIES	1 061 255	1 068 052	1 481 761	1 210 317	1 228 218	1 213 332	1 224 416	1 383 022	1 466 595
Housing Development	1 061 255	1 068 052	1 481 761	1 210 317	1 228 218	1 213 332	1 224 416	1 383 022	1 466 595
Human Settlements	1 061 255	1 068 052	1 481 761	1 210 317	1 228 218	1 213 332	1 224 416	1 383 022	1 466 595
ENVIRONMENTAL PROTECTION	501 457	551 121	615 953	648 262	615 884	608 266	683 163	727 748	754 830
Environmental Protection	501 457	551 121	615 953	648 262	615 884	608 266	683 163	727 748	754 830
Economic and Small Business Development, Tourism and Environmental Affairs	154 663	154 307	136 426	174 832	135 344	138 690	154 403	168 799	177 548
Agriculture	346 794	396 814	479 527	473 430	480 540	469 576	528 760	558 949	577 282
RECREATION, CULTURE AND RELIGION	553 852	540 952	635 118	677 332	766 884	759 885	771 997	731 610	735 531
Sporting and Recreational Affairs	553 852	540 952	635 118	677 332	766 884	759 885	771 997	731 610	735 531
Sport, Arts, Culture and Recreation	479 714	445 337	541 863	589 043	669 176	662 176	679 605	638 639	637 911
Economic and Small Business Development, Tourism and Environmental Affairs	74 138	95 615	93 255	88 289	97 708	97 709	92 392	92 971	97 620
Premier									
ECONOMIC AFFAIRS	511 127	530 781	561 673	557 974	628 768	644 950	615 034	603 388	629 156
General Economic Affairs	77 507	60 275	75 668	56 808	92 917	90 765	87 991	67 697	72 876
Economic and Small Business Development, Tourism and Environmental Affairs	77 507	60 275	75 668	56 808	92 917	90 765	87 991	67 697	72 876
Agriculture	149 324	154 340	153 704	147 337	167 122	168 147	169 618	167 310	179 561
Agriculture and Rural Development	149 324	154 340	153 704	147 337	167 122	168 147	169 618	167 310	179 561
Rural Development	45 565	28 230	31 509	31 590	29 490	29 219	26 266	17 509	20 065
Agriculture and Rural Development	45 565	28 230	31 509	31 590	29 490	29 219	26 266	17 509	20 065
Transport	238 731	287 936	300 792	322 239	339 239	356 819	331 159	350 872	356 655
Police, Roads and Transport	238 731	287 936	300 792	322 239	339 239	356 819	331 159	350 872	356 655
Total provincial payments and estimates by policy area	23 306 075	25 200 392	27 006 035	27 546 834	28 194 119	28 615 856	29 374 676	30 624 074	32 291 535

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Category A	58 042	51 148	56 399	75 443	66 285	196 640	108 681	86 881	107 584
Mangaung	58 042	51 148	56 399	75 443	66 285	196 640	108 681	86 881	107 584
Category B	227 889	252 023	273 564	230 418	225 701	182 464	241 728	251 296	248 052
Letsemeng	740	2 101	1 409	1 512	1 759	3 759	2 032	2 106	2 069
Kopanong	2 970	5 142	3 424	4 346	3 500	3 473	4 043	4 190	4 117
Mohokare	5 725	4 604	4 509	141	2 935	2 891	185	192	188
Naledi	2 765	861	6 316	639	1 299	1 299	669	693	681
Masilonyana	4 800	2 135	2 424	2 580	5 604	3 122	3 606	3 737	3 672
Tokologo	193	465	236	246	260	260	300	311	306
Tswelopele	2 550	2 014	6 510	732	1 401	1 401	1 618	1 677	1 648
Matjhabeng	17 774	48 171	39 011	22 070	47 000	2 413	54 286	56 262	55 284
Nala	9 458	6 656	516	546	1 996	1 996	2 306	2 389	2 348
Setsoto	11 473	19 919	21 826	12 927	18 012	26 387	17 326	17 956	17 644
Dihlabeng	9 382	7 925	8 490	9 877	9 976	9 874	11 598	12 280	12 108
Nketoana	3 113	6 542	6 918	7 254	6 364	5 721	6 608	6 848	6 729
Maluti a Phofung	120 168	121 244	130 581	126 813	86 332	62 493	99 795	103 682	102 921
Phumelela	4 986	1 134	1 022	1 080	1 696	1 083	1 271	1 317	1 294
Mantsopa	543	356	4 413	444	450	4 631	520	539	529
Moghaka	4 321	5 903	16 658	6 789	10 058	8 958	7 699	7 978	7 840
Ngwathe	9 780	4 481	5 262	4 908	7 232	8 897	8 354	8 657	8 507
Metsimaholo	10 149	5 000	6 966	8 107	8 677	19 156	10 098	10 726	10 580
Mafube	6 999	7 370	7 073	19 407	11 150	14 650	9 414	9 756	9 587
Unallocated									
Category C	59 048	16 393	34 106	60 525	73 982	67 849	75 924	77 685	77 135
Xhariep	11 376	10 050	25 000	15 800	15 800	15 800	16 500	17 000	17 850
Lejweleputswa						2 450			
Thabo Mofutsanyana	2 000	4 500				3 558			
Fezile Dabi	45 672	1 843	9 106						
Unallocated				44 725	58 182	46 041	59 424	60 685	59 285
Inter-provincial transfers									
Total transfers to local government	344 979	319 564	364 069	366 386	365 968	446 953	426 333	415 862	432 771

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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Metro	58 042	51 148	56 399	75 443	66 285	196 640	108 681	86 881	107 584
Motheo	58 042	51 148	56 399	75 443	66 285	196 640	108 681	86 881	107 584
Region	286 937	268 416	307 670	246 218	241 501	204 272	258 228	268 296	265 902
Xhariep	23 576	22 758	40 658	22 438	25 293	27 222	23 429	24 181	24 905
Letsemeng	740	2 101	1 409	1 512	1 759	3 759	2 032	2 106	2 069
Kopanong	2 970	5 142	3 424	4 346	3 500	3 473	4 043	4 190	4 117
Mohokare	5 725	4 604	4 509	141	2 935	2 891	185	192	188
Naledi	2 765	861	6 316	639	1 299	1 299	669	693	681
Xhariep	11 376	10 050	25 000	15 800	15 800	15 800	16 500	17 000	17 850
Thabo Mofutsanyane	151 665	161 620	173 250	158 395	122 830	113 747	137 118	142 622	141 225
Setsoto	11 473	19 919	21 826	12 927	18 012	26 387	17 326	17 956	17 644
Dihlabeng	9 382	7 925	8 490	9 877	9 976	9 874	11 598	12 280	12 108
Nketoana	3 113	6 542	6 918	7 254	6 364	5 721	6 608	6 848	6 729
Maluti a Phofung	120 168	121 244	130 581	126 813	86 332	62 493	99 795	103 682	102 921
Phumelela	4 986	1 134	1 022	1 080	1 696	1 083	1 271	1 317	1 294
Mantsopa	543	356	4 413	444	450	4 631	520	539	529
Thabo Mofutsanyane	2 000	4 500				3 558			
Fezile Dabi	76 921	24 597	45 065	39 211	37 117	51 661	35 565	37 117	36 514
Moghaka	4 321	5 903	16 658	6 789	10 058	8 958	7 699	7 978	7 840
Nqwathe	9 780	4 481	5 262	4 908	7 232	8 897	8 354	8 657	8 507
Metsimaholo	10 149	5 000	6 966	8 107	8 677	19 156	10 098	10 726	10 580
Mafube	6 999	7 370	7 073	19 407	11 150	14 650	9 414	9 756	9 587
Fezile Dabi	45 672	1 843	9 106						
Lejweleputswa	34 775	59 441	48 697	26 174	56 261	11 642	62 116	64 376	63 258
Masilonyana	4 800	2 135	2 424	2 580	5 604	3 122	3 606	3 737	3 672
Tokologo	193	465	236	246	260	260	300	311	306
Tswelopele	2 550	2 014	6 510	732	1 401	1 401	1 618	1 677	1 648
Matjabeng	17 774	48 171	39 011	22 070	47 000	2 413	54 286	56 262	55 284
Nala	9 458	6 656	516	546	1 996	1 996	2 306	2 389	2 348
Lejeleputswa						2 450			
Unallocated funds				44 725	58 182	46 041	59 424	60 685	59 285
Inter-provincial transfer									
Total provincial payments by region and district	344 979	319 564	364 069	366 386	365 968	446 953	426 333	415 862	432 771

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
New infrastructure assets	463 705	719 331	513 859	400 474	423 045	432 022	492 045	411 929	442 868
Free State Legislature									
Economic and Small Business Development, Tourism and Environmental Affairs	35 235	25 358	16 104	25 400	895	6 239	2 800	15 000	31 400
Health	212 152	384 411	242 094	100 041	215 368	215 368	106 029		28 996
Education	93 081	141 405	62 957	126 357	91 692	91 692	245 951	244 447	245 015
Social Development	8 700	26 209	28 000	16 828	25 123	25 123	11 770	44 083	16 029
Public Works and Infrastructure	12 900	19 145	61 502	7 000	13 730	13 730	32 810	24 000	27 000
Police Roads and Transport	5 051	8 446	15 014	25 916	16 400	16 400	23 000	31 350	28 750
Agriculture and Rural Development	70 481	84 002	36 178	5 167	5 167		10 363		
Sport, Arts, Culture and Recreation	26 105	30 355	52 010	93 765	54 670	63 470	59 322	53 049	65 678
Existing infrastructure assets	1 802 818	1 500 956	2 096 380	2 197 561	2 424 969	2 370 515	2 501 087	2 505 004	2 614 458
Upgrades and additions	764 419	616 651	627 708	826 081	748 916	699 556	731 369	670 091	727 391
Free State Legislature									
Economic and Small Business Development, Tourism and Environmental Affairs	870	7 072	4 995	26 500	10 959	12 000	26 676	24 801	12 600
Health	196 450	163 851	170 223	184 978	149 251	149 251	101 042	104 173	120 896
Education	229 159	222 922	134 915	283 471	221 013	221 013	293 640	260 158	316 253
Social Development				2 000	2 000	2 000			
Public Works and Infrastructure	205 689	141 018	170 225	182 510	173 831	173 831	152 981	165 159	178 453
Police Roads and Transport	3 023		189	7 200	800	800	9 000	5 000	5 000
Agriculture and Rural Development	63 542	22 175	19 175	40 475	38 601		26 885	22 547	34 548
Sport, Arts, Culture and Recreation	65 686	59 613	127 986	98 947	152 461	140 661	121 145	88 253	59 641
Refurbishment and rehabilitation	533 251	517 398	1 020 549	424 939	690 345	702 245	1 047 073	568 497	605 977
Free State Legislature									
Economic and Small Business Development, Tourism and Environmental Affairs									
Health	52 875	26 080	41 016	158 017	214 392	214 392	214 894	189 871	124 824
Education	74 080	83 987	127 996	113 917	111 569	111 569	200 749	177 201	151 153
Social Development									
Public Works and Infrastructure									
Police Roads and Transport	406 296	407 331	851 537	153 005	364 384	376 284	631 430	201 425	330 000
Agriculture and Rural Development									
Sport, Arts, Culture and Recreation									
Maintenance and repair	505 148	366 907	448 123	946 541	985 708	968 714	722 645	1 266 416	1 281 090
Free State Legislature									
Economic and Small Business Development, Tourism and Environmental Affairs	6 746	10 435	1 245	2 119	519	1 119	2 067	2 123	2 267
Health	2 266		2 301	3 108	3 108	3 108	129 565	185 585	206 232
Education	15 725	18 447	21 764	4 000	19 867	19 867	14 989	14 000	14 000
Social Development		767	989	1 100	1 100	1 113	4 600	5 115	5 415
Public Works and Infrastructure									
Police Roads and Transport	467 301	331 077	407 179	926 712	948 905	937 005	559 846	1 043 561	1 036 144
Agriculture and Rural Development	4 581		8 969	3 000	5 707		4 216	5 000	6 000
Sport, Arts, Culture and Recreation	8 529	6 181	5 676	6 502	6 502	6 502	7 362	11 032	11 032
Infrastructure transfers	118 303	65 928	154 648	106 070	197 070	162 070	116 351	114 000	96 000
Infrastructure transfer - current	21 366	1 602	5 025	30 426	30 426	30 426	57 851	55 500	36 000
Free State Legislature									
Economic and Small Business Development, Tourism and Environmental Affairs									
Health	20 366	1 602	5 025	30 426	30 426	30 426	37 851	35 500	36 000
Education	1 000								
Social Development									
Public Works and Infrastructure									
Police Roads and Transport									
Agriculture and Rural Development							20 000	20 000	
Sport, Arts, Culture and Recreation									
Infrastructure transfer - Capital	96 937	64 326	149 623	75 644	166 644	131 644	58 500	58 500	60 000
Free State Legislature									
Economic and Small Business Development, Tourism and Environmental Affairs			10 000						
Health									
Education	84 437	64 015	75 673	37 644	128 644	128 644			
Social Development									
Public Works and Infrastructure									
Police Roads and Transport									
Agriculture and Rural Development	12 500		63 950	35 000	35 000		55 500	55 500	60 000
Sport, Arts, Culture and Recreation		311		3 000	3 000	3 000	3 000	3 000	
Total provincial infrastructure	2 384 826	2 286 215	2 764 887	2 704 105	3 045 084	2 964 607	3 109 483	3 030 933	3 153 326

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
2 Legislature	38 498								
3 Economic and Small Business Development, Tourism and Environmental Affairs	42 851	35 050	32 344	54 019	15 373	15 373	44 371	45 323	46 267
5 Health		1 000	3 480	24 500	5 986	5 986	24 250	24 250	24 250
6 Education	11 146	12 000		16 660	4 664	4 664	16 490	16 490	16 490
7 Social Development	8 700			14 828	14 828	14 828	15 236	15 766	16 029
9 Public Works and Infrastructure	152 244	116 767	186 856	154 485	150 485	150 485	184 988	185 622	186 309
10 Police, Roads and Transport	321 905	638 362	300 631	374 225	288 421	288 421	416 543	426 045	436 775
11 Agriculture and Rural Development	27 119	24 681	109 913	78 475	76 480	76 480	89 065	89 780	90 548
12 Sport, Arts, Culture and Recreation	98 424	91 488	164 708	164 506	190 506	190 506	160 291	136 577	82 351
Unallocated									56 674
Total Infrastructure Enhancement Allocation	700 887	919 348	797 932	881 698	746 743	746 743	951 234	939 852	955 693

Table A.9: Summary of Revenue Enhancement Allocation (REA) payments and estimates by Vote

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
3 Economic and Small Business Development, Tourism and Environmental Affairs		11 475	3 058	200	2 819	2 819			
4 Provincial Treasury				2 000	1 100	1 100			
5 Health				3 000	2 000	2 000			
9 Public Works and Infrastructure		2 800	2 688	1 200	2 919	2 919			
10 Police, Roads and Transport		3 530		23 734	23 734	23 734			
11 Agriculture and Rural Development			4 482		293	293			
Unallocated					3 000	3 000		52 435	55 252
Total Revenue Enhancement Allocation		17 805	10 228	30 134	35 865	35 865		52 435	55 252

Table A.10: Summary of Infrastructure Grant to Provinces (IGP) payments and estimates by Vote

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
5 Health	3 543								
6 Education	65 455								
10 Police, Roads and Transport	47 216								
Total Infrastructure Grant to Provinces	116 214								

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 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
3 Economic and Small Business Development, Tourism and Environmental Affairs		738	497	2 102	2 102	2 102	2 421		
5 Health			2 757	3 108	3 108	3 108	2 000		
6 Education		1 000	3 000	2 416	3 540	2 629	2 523		
7 Social Development				2 000	2 000	2 000			
9 Public Works and Infrastructure	4 193	5 377	7 102	5 955	5 955	5 955	6 034		
10 Police, Roads and Transport			3 000	4 635	4 635	4 635	3 130		
11 Agriculture and Rural Development		4 000	550	2 254	2 254	2 254	2 027		
12 Sport, Arts, Culture and Recreation	185	999	550	2 131	2 131	2 131	2 342		
13 Human Settlement				2 000	2 000	2 000	2 348		
Total Revenue Enhancement Allocation	4 378	12 114	17 456	26 601	27 725	26 814	22 825		

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 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
3 Economic and Small Business Development, Tourism and Environmental Affairs									
5 Health	11 481	7 255		2 580	2 580	2 580	13 067		
6 Education		4 742		2 846	2 846	2 528	1 000		
7 Social Development		6 240	12 270	3 694	3 694	3 694	6 312		
9 Public Works and Infrastructure									
10 Police, Roads and Transport									
12 Sport, Arts, Culture and Recreation		399		2 580	2 580	2 580	1 000		
Unallocated									
Total Revenue Enhancement Allocation	11 481	18 636	12 270	11 700	11 700	11 382	21 379		