



Overview of Provincial Revenue and Expenditure

Foreword to the Overview of Provincial Revenue and Expenditure for the 2016 MTEF

The projected lower than expected economic growth, the high levels of unemployment and poverty as well as the global economic challenges requires innovative budget approach that yields tangible outcomes for the citizenry of the country. The 2016 MTEF Budget sets out to strengthen the path to fiscal consolidation and demonstrates government's commitment to a prudent and sustainable fiscal policy trajectory which seeks to manage government debt, reduce budget deficit and protect spending on core social services.

Thus, given the limited resources and the state of the economy the emphasis over the 2016 MTEF will be on efficiency gains and continuous evaluation of how services are rendered and how our institutions are transformed and posed to be more responsive to the needs of our people. It is thus critical for all to apprehend that behind these budget figures presented here there are people with real needs and socio economic challenges; hence our institutions must utilize the limited funds to respond to these needs and challenges.

The continuation of the fiscal consolidation stance, though supported by the province, presented fiscus challenges for the province. The province's contribution to the total government cut of **R32.880 billion** over the 2016 MTEF is **R832.079 million**; this amount is over and above the initial reduction of **R410.422 million** which emanates from equitable share data updates. Therefore the combine budget cuts for the province over the 2016 MTEF amounts to **R1.243 billion**. The budget cuts, though strenuous to the Province's fiscal framework, presents us with an opportunity to continue to practice fiscal discipline and lock our concerted focus on key priorities that are designed to yield better economic growth prospects, increase employment opportunities as well as bettering the living conditions of our citizenry. Thus, the province will continue to be firm and ensure that the growth of spending on non-core items is restricted and channel much needed resources towards core government programmes and priorities with a view to promote value for money and efficient spending practices.

Accordingly, the budget of **R30.840 billion** for the 2016/17 will continue to fund key social priorities such as education, health and other social services. Investment on infrastructure projects such as roads, agro-processing and development of integrated human settlements throughout the MTEF period with the view to encourage and promote economic growth and create much needed job opportunities will be continued. The province will thus continue to use the available fiscus space to fight back the challenges of poverty, inequality and unemployment and promote good governance.

Lastly, it is important to reiterate that in order to attain our primary objectives set out in the budget, there is a need for collaboration between government, business and civil society to work closely with the view to promote economic growth and creation of job opportunities in our province.

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1. Socio-economic Review and Outlook of the Free State Province

1.1 Introduction

This section provides an overview of the most recent key socio-economic developments in the Free State Province. A selection of these key socio-economic and developmental indicators 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.

All development plans and programmes must be underpinned by the global development agenda. The MDGs, adopted in 2000 with 2015 as the timeline, aimed at an array of issues that included slashing poverty, hunger, disease, gender inequality, and access to water and sanitation. Millennium Development Goals (MDGs) established measurable, universally-agreed objectives for eradicating extreme poverty and hunger, preventing deadly but treatable disease, and expanding educational opportunities to all children, among other development imperatives. The eight MDGs drove progress in several important areas such as:

- Income poverty
- Access to improved sources of water
- Primary school enrolment
- Child mortality

Enormous progress has been made on the MDGs, showing the value of a unifying agenda underpinned by goals and targets. Despite this success, the indignity of poverty has not been ended for all. Post 2015, there is consensus that the world must shift onto a path of inclusive, sustainable and resilient development. To continue this battle, the world has adopted seventeen Sustainable Development Goals (SDGs) in September 2015 with a timeline of 2030. These goals are as follows:

- Goal 1 - End poverty in all its forms everywhere
- Goal 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3 - Ensure healthy lives and promote well-being for all at all ages
- Goal 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5 - Achieve gender equality and empower all women and girls
- Goal 6 - Ensure availability and sustainable management of water and sanitation for all
- Goal 7 - Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9 - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10 - Reduce inequality within and among countries
- Goal 11 - Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12 - Ensure sustainable consumption and production patterns

- Goal 13 - Take urgent action to combat climate change and its impacts*
- Goal 14 - Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15 - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development

1.1. The Free State Demographic Profile

The Free State Province has a population estimate of 2.8 million people. The province is dominated by Sesotho-speaking individuals who account for two thirds of the provincial population. As will be revealed in the upcoming sections, the majority of the population is youth, which has positive economic implications for economic growth under favourable economic conditions. Based on the equitable share formula and with greater weight of the public funds prioritized to Education, it is recognised within the province that the youth must be empowered in order to transition out of the dependency burden group and be fully integrated into the economy. In the 2016 State of the Province Address (SOPA), the Free State government announced various initiatives (Community Nutrition and development Centre, Agri-villages, etc.) which will not only tackle food security during the drought faced by the province, but also create employment opportunities. The extension of the Youth Entrepreneurial Programme, Business in the Box, to other parts of the province is just an example of an enabling environment to encourage entrepreneurship, to tackle unemployment, poverty and inequality.

Table 1.1: Population size and distribution per province

Province	Census 1996	Census 2001	Census 2011	Population estimate 2015	% Change 1996-2015	% Change 2001-2015	% Change 2011-2015	2015 Share of population
Eastern Cape	6 147 244	6 278 651	6 562 053	6 916 200	12.5%	10.2%	5.4%	12.6
Free State	2 633 504	2 706 775	2 745 590	2 817 900	7.0%	4.1%	2.6%	5.1
Gauteng	7 834 125	9 388 854	12 272 263	13 200 300	68.5%	40.6%	7.6%	24.0
KwaZulu-Natal	8 572 302	9 584 129	10 267 300	10 919 100	27.4%	13.9%	6.3%	19.9
Limpopo	4 576 566	4 995 462	5 404 868	5 726 800	25.1%	14.6%	6.0%	10.4
Mpumalanga	3 123 869	3 365 554	4 039 939	4 283 900	37.1%	27.3%	6.0%	7.8
Northern Cape	1 011 864	991 919	1 145 861	1 185 600	17.2%	19.5%	3.5%	2.2
North West	2 727 223	2 984 098	3 509 953	3 707 000	35.9%	24.2%	5.6%	6.7
Western Cape	3 956 875	4 524 335	5 822 734	6 200 100	56.7%	37.0%	6.5%	11.3
South Africa	40 583 572	44 819 777	51 770 561	54 956 900	35.4%	22.6%	6.2%	100

Source: Statistics South Africa, Census 2011 and Mid-Year Population Estimates, 2015

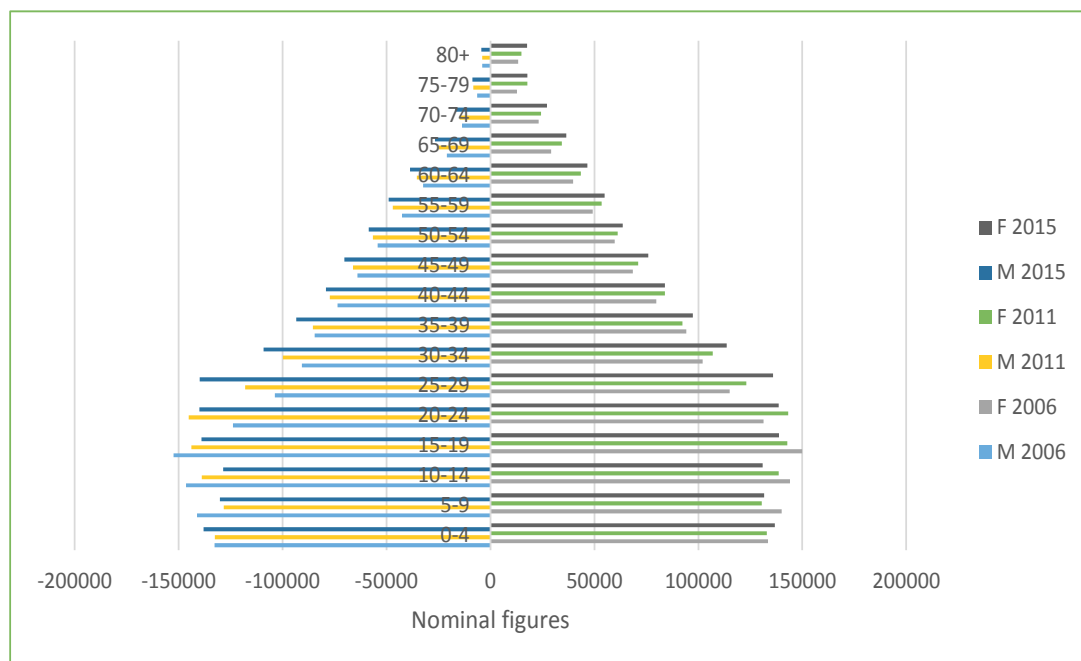
According to table 1.1 above, the number of people living in the Free State was estimated to be 2.817 million in 2015, up by 72 310 or 2.6 percent from 2.745 million people as determined

by Census 2011. The 1996 Census concluded that 2.633 million people resided in the Free State, whilst this number increased to 2.706 million by the time 2001 Census was concluded. The provincial population, therefore, increased by 7.0 percent between 1996 and 2015, by 4.1 percent between 2001 and 2015 and by 2.6 percent between 2011 and 2015.

The Free State has the second smallest contribution to the national population at 5.1 percent share. The highest population portions by provinces in 2015 were Gauteng (24.0 percent), KwaZulu-Natal (19.9 percent) and Eastern Cape (12.6 percent). It should be noted that since the equitable share formula is highly population-driven and captures changes or shifts of population among provinces and their resultant demand for public services, the low share of the Free State population in relation to other provinces dictates a smaller portion of the equitable share in particular.

Figure 1.1 below 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: Free State distribution of population by age and sex, 2006, 2011 and 2015



Source: Statistics South Africa, Census 2011 and 2015 Mid-year estimates

In the Free State, the youth make up the majority of the population, as depicted in figure 1.1 above. All age cohorts from 0-4 to 30-34 in 2015 exceeded 100 000 people, for both genders. Collectively, all residents in the province between the ages of 0 and 34 accounted for 1.8 million or 65.7 percent of the provincial population. Having the majority of the population young and as potential to enter the labour market is favourable for overall total factor productivity, but in South Africa and Free State, this advantage is overwhelmed by a sluggish economy and few jobs being created which results in high unemployment for the youth. According to FS PERO (2015), the youth unemployment rate of the Free State was 39.4 percent in 2015, which is higher than the average unemployment rate of 31.5 percent in the

province. Therefore, the youth still present a heavy dependency burden on a smaller portion of society and government, which has a negative social and economic impact on society.

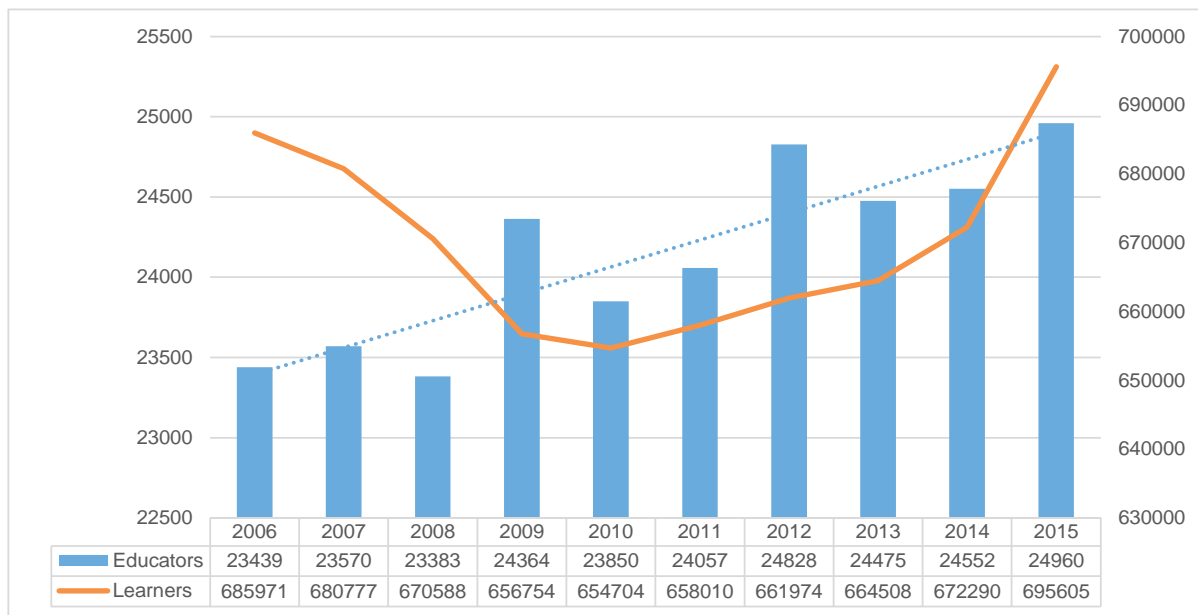
Based on the assumption that people who fall within the age cohorts of 20-24 and 60-64 are ready and able to work, it is favourable that both male and female falling within this age range have collectively increased in numbers and as a proportion of the provincial population between 2006 and 2015. In 2006, there were 669 766 males between 20-64 years and accounted for 52.0 percent of the male population in the province, whilst females in the same age group were estimated at 739 711 and accounted for 53.4 percent of the female population provincially. In 2015, males between 20-64 years were estimated at 778 005 and accounted for 56.8 percent of all males in Free State, whilst females in the same age cohort were estimated at 810 452 and accounted for 56.0 percent of all female population provincially. What remains an important issue to address is to ensure that this age group obtains the right skills mix in relation to available jobs and are given opportunities to be integrated into the main stream economy.

Overall, the province had 1.389 million males and 1.415 million females, which combined is equivalent to 2.805 million people living in the Free State in 2014. With the exception of the Asian population, female individuals dominate their male counter parts in headcount in the Free State.

1.2. Social Indicators

1.2.1. Education

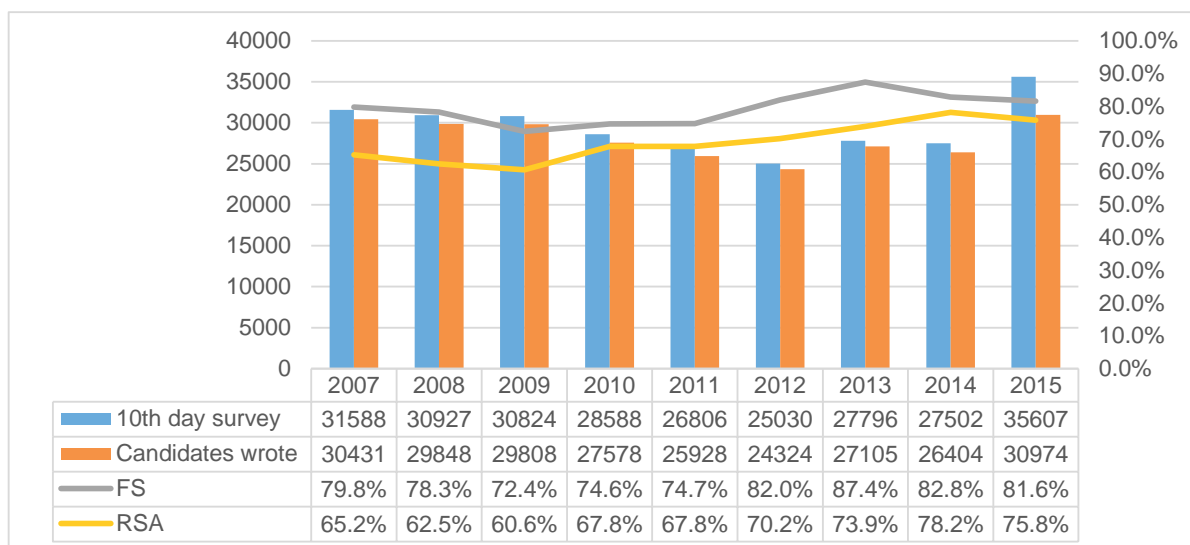
The Free State Province was home to 5.2 per cent of ordinary schools in South Africa that served 5.3 percent or 682 704 learners in 2015. There has been a sharp increase in the number of learners between 2013 and 2015 after a long decline that ended in 2010 followed by a slow recovery in 2011 and 2012. The educator trend followed a similar increasing trend though an unbalanced one. The learner educator ratio (LER) in 2015 was 1:28.85, meaning that approximately 29 learners were allocated to one educator. The LER for the province is lower than the national LER of 1:30.80, indicating learner advantage in the province. Whilst learner numbers and educator numbers are increasing, the number of ordinary schools in the province is decreasing. There were only 1 332 ordinary schools in the province in 2015 compared to 1 675 ordinary schools in 2008. The huge decrease in the number of ordinary schools is due to a reduction in the number of farm schools in the province.

Figure 1.2: Learner numbers versus Educator number, 2006-2015

Source: Department of Basic Education, School Realities 2014.

*Note Learner numbers on the right axis

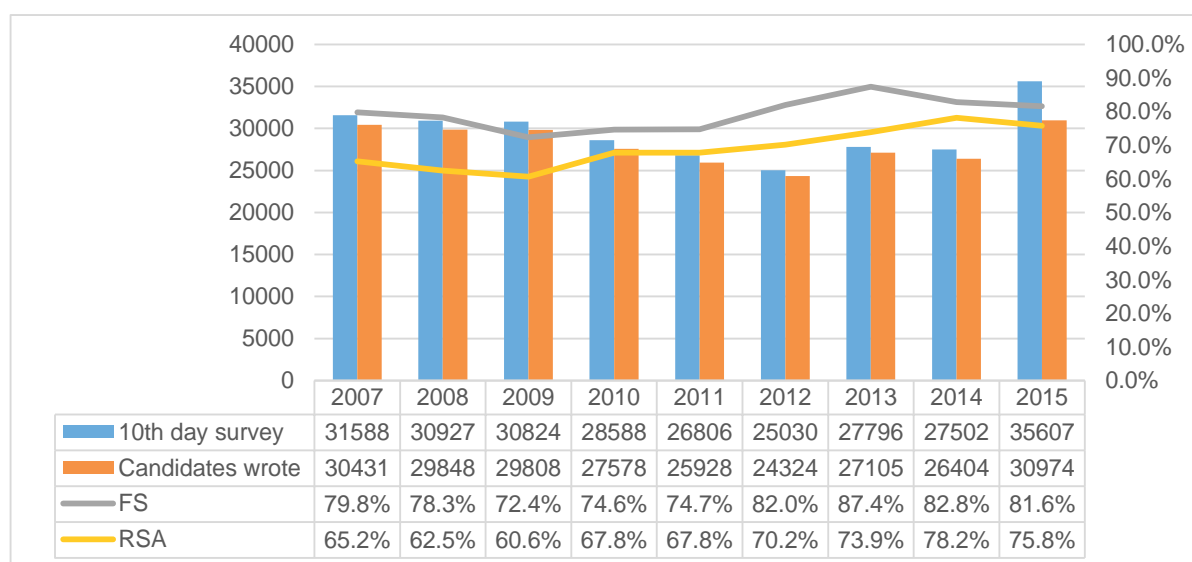
Figure 1.2 above shows that learner numbers have been on a decreasing trend from 2006 to 2010, reaching a record low in 2010. Thereafter, learner numbers started to increase until 2015 where they reached a record high for the period under review. Educator numbers have been fluctuating and were lowest in 2008. From 2006 to 2008 educator numbers were lower. However, from 2009 to 2015, educator numbers surpassed those of 2006 to 2008 with a series of three highs observed in the years 2009, 2012 and 2015. Some of the reasons for the observed peaks in the number of educators might be due to absorption of temporary teachers into schools and unplaced excess educators. Generally, as depicted by the trendline in the figure, the number of educators have been increasing during the period under review, from 23 439 in 2006 to 24 960 in 2015; representing an increase of 6.5 percent.

Figure 1.3: Comparison of learner numbers and matric pass rate, 2007-2015

Source: Free State Department of Education, 2015

Figure 1.3 above shows that the number of learners enrolled for matric in the province has been on a decline during the period 2007 to 2012. Compared to 2013, the 10th day survey shows that the number of matric candidates increased by 7 811 (or 28.1 percent) by 2015. The number of learners enrolled for matric reached a high of 35 607 students in 2015. This is the highest number of matric learners observed for the period of 2007 to 2015. The significant increase in the number of matric learners in 2015 is due to the recent introduction of progressed learners. However, the number of matric candidates who enrolled for matric is always higher than the number of candidates who end up writing the exams. Thus, there are less matric student who sit for the exams than those who enrol at the beginning of the school year, due to school drop-out. Despite the decrease in the number of matric candidates over the years, the matric pass rate in the province has been on an upward trend and has consistently been higher than the national pass rate (see figure 1.3 above). A record high of 87.4 percent pass rate was observed in 2013, which resulted in the Free State having the highest matric pass rate in the country. In 2015 the Free State was ranked 3rd nationally after Western Cape and Gauteng.

Figure 1.4: Mathematics output for 2009-2015



Source: Free State Education Department, 2015.

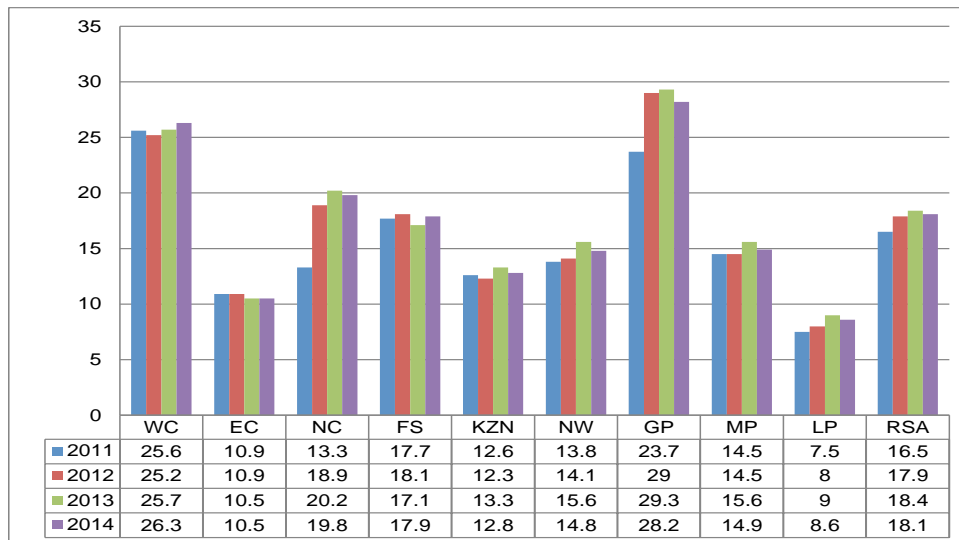
According to figure 1.4 above, the highest number of learners who sat for mathematics matric exams were in 2009 with a figure of 13 282 learners. Despite this record high, only 32.8 percent of learners managed to pass with 40 percent plus. The number of learners who wrote maths exams was on a decrease between 2009 and 2012. The learner numbers started to increase from 2013 and 2015 with an average pass rate of 46.61 percent compared to 32.89 percent for the period 2009 to 2012. Although the proportion of learners taking maths has been on a decline, the pass rate for maths has been increasing, which might be an indication of improvements in the learning area.

1.2.2. Health

Public sector health care has always been under pressure to deliver health care services to more than 80 percent of the population, whilst the private sector has on average catered for 13.6 percent of the population. The challenge is that the private sector only provides health

services to high income and middle income earners, as well as formally employed groups. Given the present conditions in the country (high levels of poverty and unemployment), the majority of the people make use of the large public health care sector. To improve the health system and ease the burden on the public sector, the department of health is preparing a transition to the National Health Insurance (NHI) which aims to provide medical coverage to all people in the country and also help towards building the desired health system (one that promotes equality, efficiency and offers quality services irrespective of the employment status of the people or their wealth).

Figure 1.5: The percentage of people who have medical aid in the Free State and South Africa, 2010 - 2015.



Source: Statistics South Africa, 2015

The graph above shows that only 17.9 percent of the people in the Free State in 2014 had medical aid schemes and thus had access to the highly efficient private sector compared to the 18.1 percent of the people at national level. Western Cape (26.3 percent) and Gauteng (28.2 percent) are the two provinces with the highest medical aid coverage as a result of their high per capita income. In the Free State, medical aid coverage catered for 17.7 percent of the population in 2014. The number of people on medical aid in the province has been fluctuating due to the increasing medical aid contributions under tough economic conditions. Thus, the provincial government has to stretch out its finances to cater to the majority of the people, hence the sector is burdened.

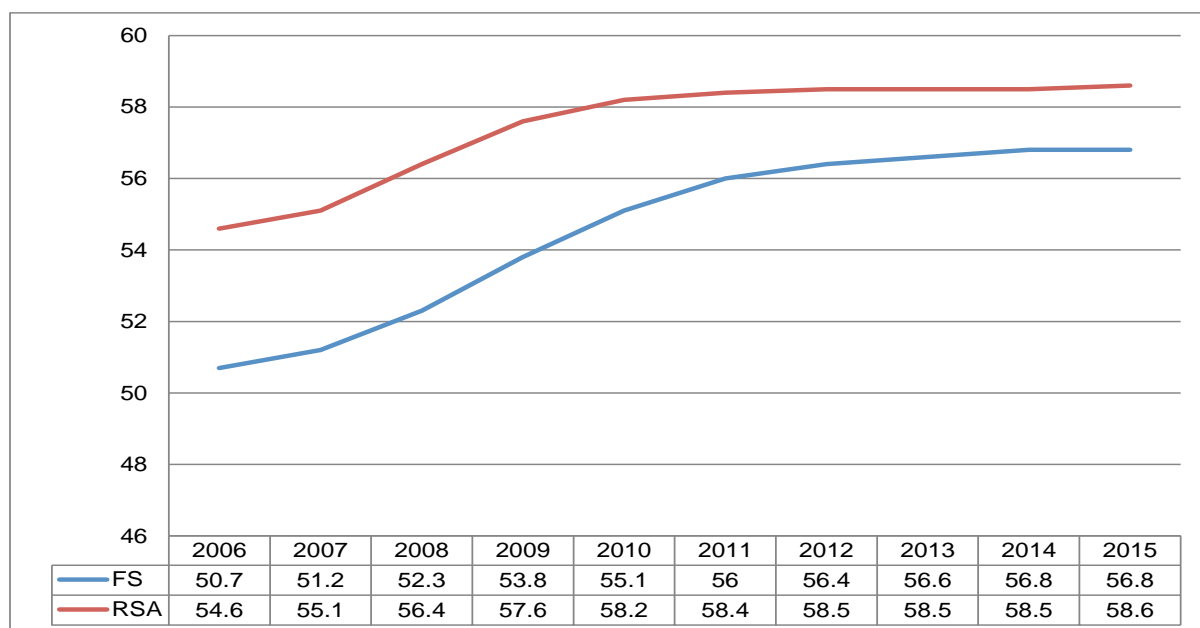
Life Expectancy

Life expectancy at its simplest core is the number of years a person is expected to live and is used to evaluate the status of the health system (Health Trust Systems, 2015). An increasing trend in life expectancy was observed for both the province and the country. The increase was due to improved accessibility of health care services such as district clinics, mobile clinics or designated team of professionals, and the extensive introduction of antiretroviral

(ART) programme which has tremendously helped the country in prevention and treatment of HIV/AIDS epidemic, which is deemed as the leading cause of many deaths in the country. HIV/AIDS has accounted for about 31 percent of deaths in the country (Statistics South Africa, 2015).

Figure 1.6 shows that life expectancy at birth in the Free State has steadily increased between 2006 and 2015, although the trend levels out at the top end of 2014 and 2015. Throughout this ten year period, life expectancy at birth in the province has been lower than the national average, signalling the need for an improvement in the health system of the province. Despite this, life expectancy in the province has increased from 50.7 years in 2006 to 56.8 years in 2015; a rise of 6.1 years.

Figure 1.6: The life expectancy in the Free State and South Africa, 2006 - 2015.

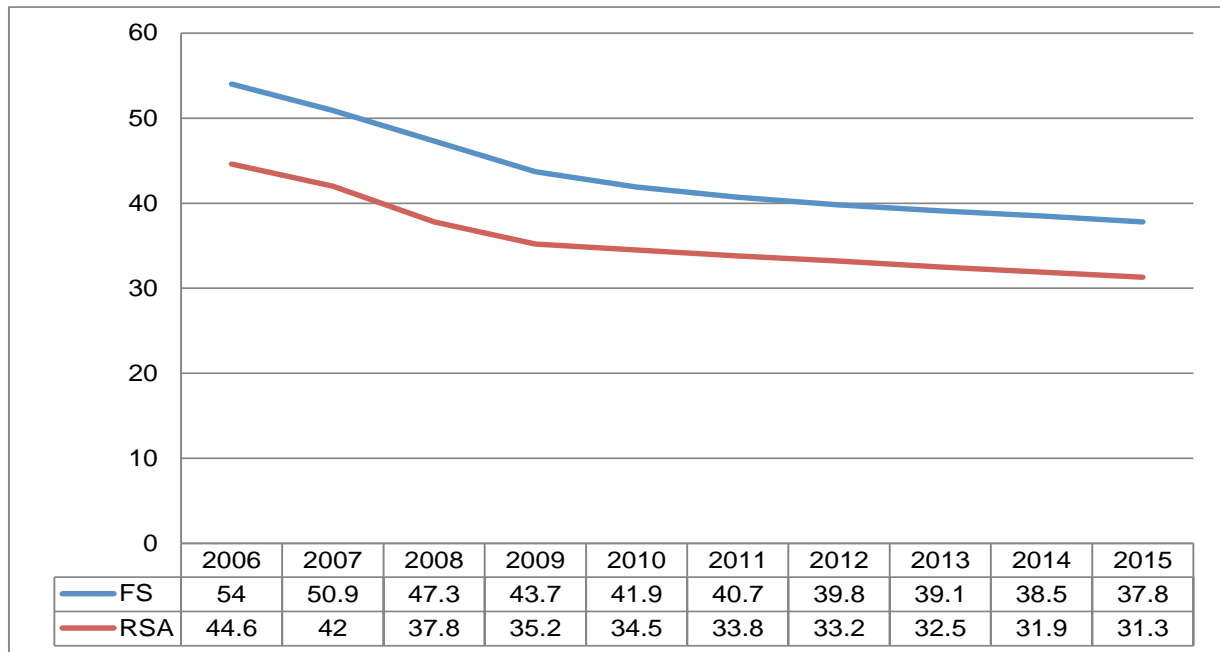


Source: Health Systems Trust, 2015

Infant Mortality rate

Infant mortality rate is the number of deaths of children under 1 year per 1000 births. The infant mortality rate in the Free State and nationally has been on a decline from 2006 to 2015 despite the high levels of poverty and unemployment that may at times translate to lack of food (malnutrition) for a lot of poor households. The decrease might also be due to improved access of antenatal services.

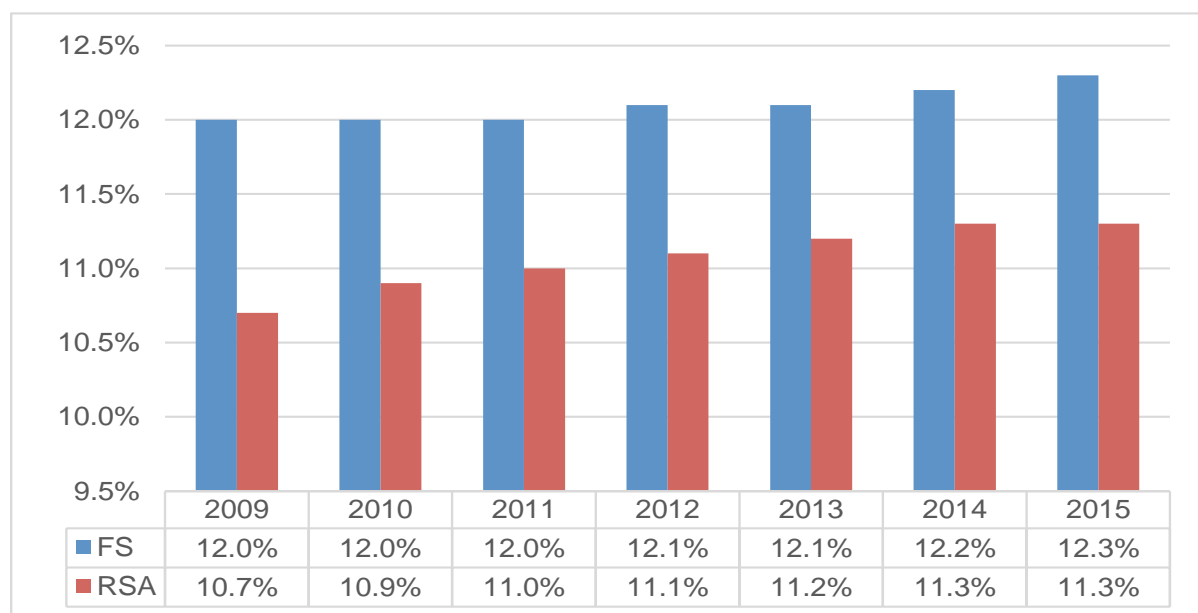
Figure 1.7 below shows the infant mortality in the Free State has declined from 54.0 percent in 2006 to 37.8 percent in 2015; this represents a decrease of 16.2 percentage points. Despite this huge decrease, the province's infant mortality rate has consistently been higher than that of South Africa during the 10 year period under review. This might be due to the fact that significant child health programmes such as immunization that help prevent child related diseases and death are highly depend on health education and preventative mechanism. However, more effort in health education and preventative mechanism are still a priority for the province to realize its targets of decreasing infant mortality rate.

Figure 1.7: Infant mortality rate in Free State and South Africa, 2003 – 2015

Source: Health Systems Trust, 2015

HIV Prevalence (as a percentage of total population)

It is estimated that HIV/AIDS accounts for about 31 percent of deaths in the country (Statistics South Africa, 2015). Even though the Free State has the second smallest population in the country, it has a high HIV prevalence rate despite various efforts for prevention and treatment of the disease.

Figure 1.8: HIV Prevalence in the Free State and South Africa, 2009 – 2015

Source: Health Systems Trust, 2015

Figure 1.8 illustrates the estimated percentage of people living with HIV in the Free State and the country at large. The HIV prevalence in the province has been steadily increasing between 2009 and 2015 and is higher than that of national, despite an improvement in the allocation of funds to comprehensive HIV Grant. Although South Africa has the largest ART programme in the world, there are visible declines in the awareness of the disease that affect the fight against the disease negatively. Campaigns such as Khomanani, Soul City, and Love Life are no longer popular as they once were. The most notable awareness programmes running in both the country and province is the wide distribution of condoms as a preventative measure.

1.2.3. Poverty

Poverty is a state characterized by lack of resources (e.g. house, income, food, health etc.) that ensure a good standard of life and well-being (Statistics South Africa, 2011). Despite various commitments such as social wage, tax, salary increase above inflation, free access to basic services and no fee paying schools, poverty still remains a challenge for many of the people in the province and the country. Poverty can be measured using poverty lines (e.g. upper-bound poverty line which represent the minimum income an individual must possess to purchase food and non-food items essential for well-being). The proportion of individuals whose income is below this line are defined as poor (Statistics South Africa, 2011).

Poverty gap rates, as expressed in figure 1.9 below are used to measure the extent of poverty. The poverty gap rates measure the distance that an individual is away from the poverty line expressed as a percentage (Statistics South Africa, 2011). Thus they essentially measure the differences between the poorest, poor and non-poor.

Figure 1.9: Poverty gap rates (from upper-bound poverty line), 2005 - 2014

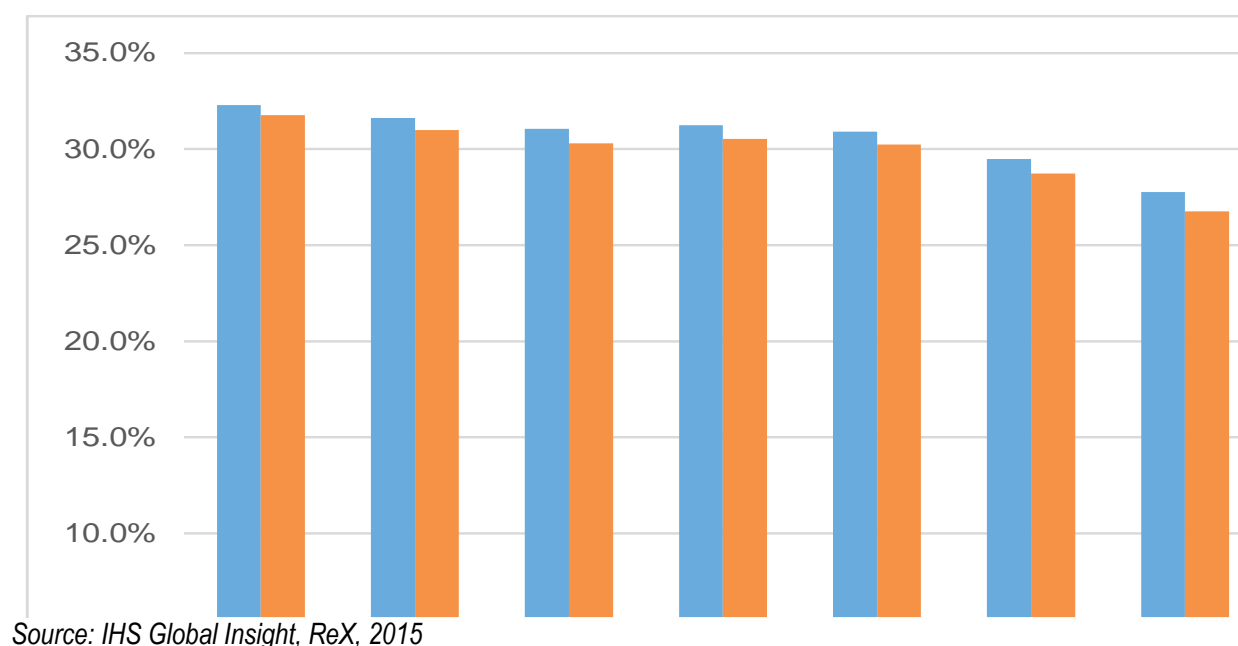


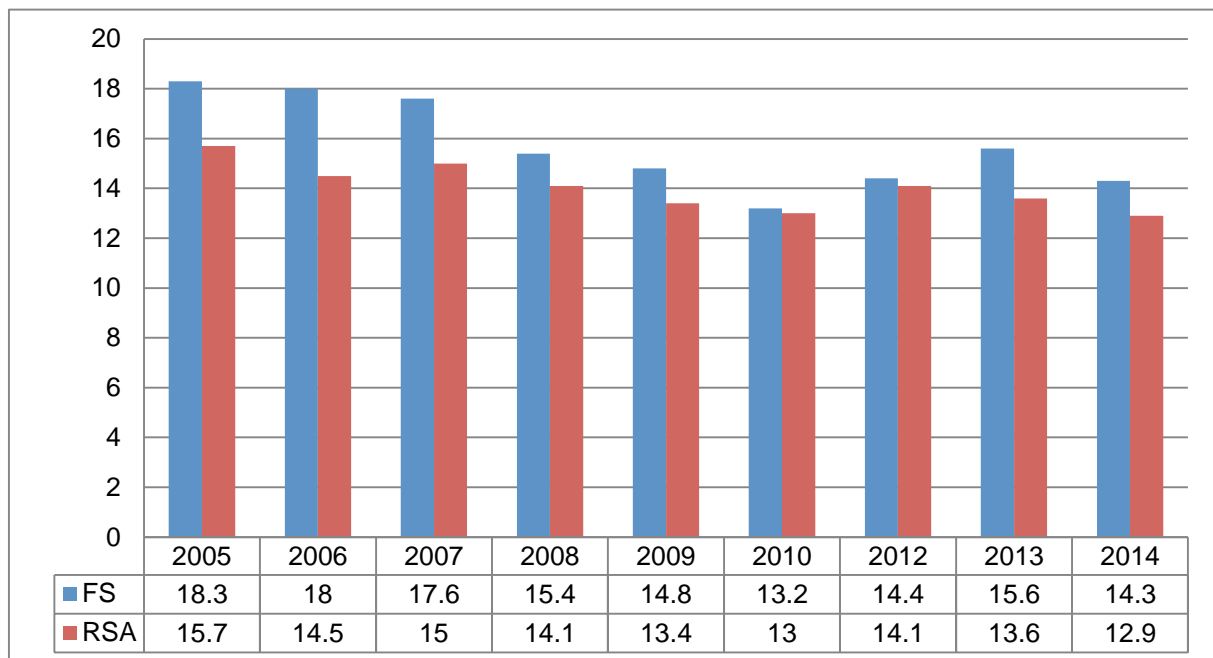
Figure 1.5.1.1 indicates the poverty gap rates (from upper-bound poverty line) in the Free State and South Africa have been decreasing at a steady rate between 2005 and 2011, and

then levelled out for the remaining three years up to 2014. Although there is an overall decrease in the poverty gap rates due to the provincial government policy interventions, income inequality still remains a challenge for many people in the province. The poverty gap rates of the province for the last ten years have been lower than that of national. This means that it is relatively easier for the people of the Free State to move out of poverty as they are closer to the upper bound poverty line than people in the rest of the country.

1.2.4. Housing

One of the basic needs is proper housing as it provides shelter and social security. Provincial Government guided by the NDP strives to provide proper housing by replacing all informal dwellings such as shacks with formal dwellings such as free RDP houses to improve the lives of people in the province.

Figure 1.10: The proportion of people in the Free State and South Africa that live in informal dwellings, 2005 - 2014



Source: Statistics South Africa, 2015

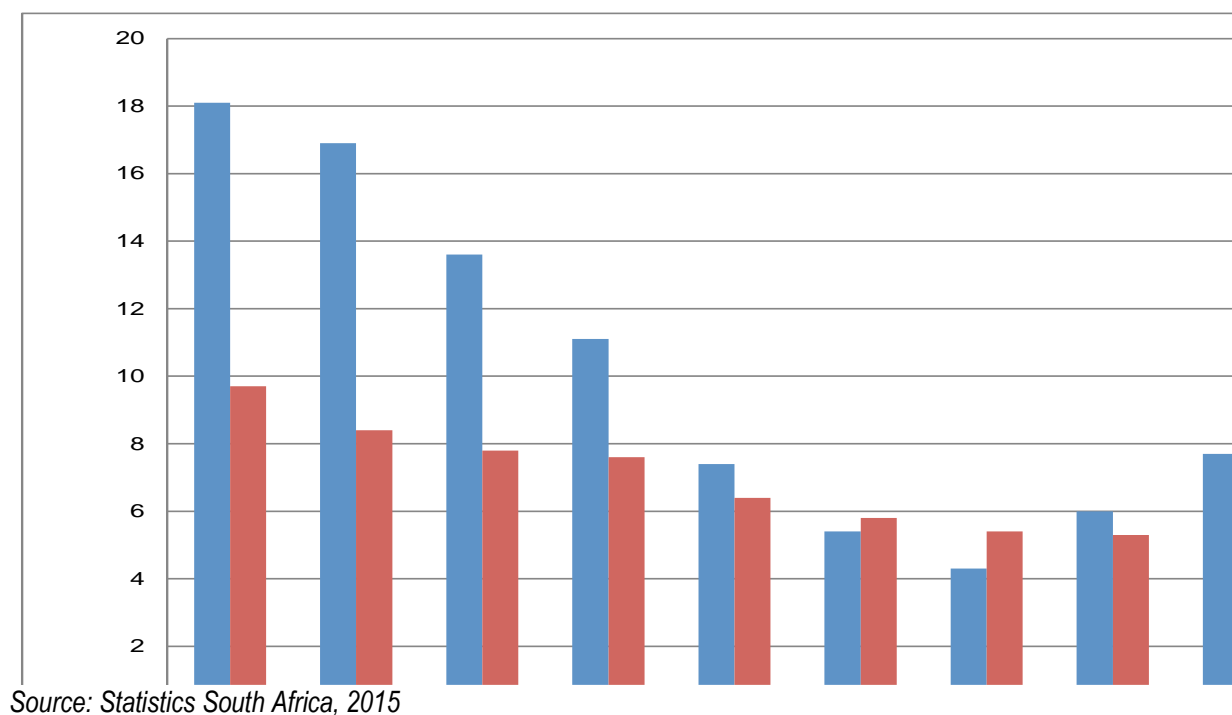
Figure 1.10 shows that 14.3 percent of people in the Free State lived in informal dwellings in the year 2014. Compared to South Africa, the province has always had a higher percentage of people that lived in informal dwellings. However, for the past ten years, the percentage of people that live in informal dwellings has been decreasing. The year 2013 saw an increase to 15.6 percent in the percentage of people that live in informal dwellings just before it dropped to 14.3 percent in 2014. The overall trend point to a decrease of about 4 percent in the number of people in informal dwellings during the period of 2005 to 2014. This indicates progress in providing formal housing to the people of the Free State. The one challenge about housing is that it is a social service that is delivered over the long term. Thus the realized progress might not be a true reflection of housing projects in progress.

1.2.5. Sanitation and refuse removal

It is important that the Free State has adequate sanitation and refuse removal to maintain public hygiene and thus containing the spread of diseases such as diarrhoea, cholera and other sanitation related diseases which might ease the burden that is in the health system.

Figure 1.11 beneath shows that for the period 2005 to 2014, the percentage of households with no toilet facilities or still in use of the buckets system in South Africa declined by 4.8 percentage points; from 9.7 percent in 2005 to 4.9 percent in 2014. For the same period, in the Free State it declined from 18.1 percent to 7.9 percent, a decrease of 10.8 percentage points. Moreover, the percentage of people without toilets or use the bucket system declined from 18.1 percent in 2005 to 4.3 percent in 2011, a significant decrease of 13.8 percentage points. The increase in people without sanitation corresponds with an increase in people living in informal dwellings (see figure 1.10). Thus the Free State province needs to significantly inject funds in improving and reinforcing sanitation procedures for good public health and environment health.

Figure 1.11: The percentage of households in Free State and South Africa that are without toilet facilities or use the bucket system, 2005 – 2014



1.2.6. Human Development Index

The Human Development Index (HDI) is a tool that uses social indicators (life expectancy and education) and economic indicators (GDP per capita/ standard of living) to measure the development in a country or region (National Health Trust Systems, 2015). The index ranges between zero and one, an index closer to 0 shows low levels of human development whereas an index closer to 1 shows high levels of human development.

Figure 1.12: Human Development Index for Free State and South Africa

Source: IHS Global Insight, ReX, 2015

Figure 1.12 above shows that the HDI for both the Free State and South Africa has been steadily increasing for the period of 2005 to 2014, although the HDI in 2014 remained the same as the previous year. The HDI for the province has always been lower than that of national. Despite this, HDI has been on an increasing trend moving from 0.52 in 2005 to 0.6 in 2014. This increase in the HDI might be due to the increasing trend in life expectancy and education in the same period despite the low prosperity of the economy. This increase shows that the social and economic development in the province is moderate. Overall the different variables indicate that the province is still in the right track to deliver improved services to its residents.

1.3. The Free State Economy

The Free State is a small, land-locked economy within South Africa which is affected not only by internal factors within the province but also by global and national occurrences. As the growth of the global economy slows together with emerging markets, South Africa and Free State will not be exempted from this slowdown in economic growth. According to IMF (2016), risks to the global economic outlook for 2016-17 still remain on the downside as the world adjusts to current economic events such as a China's rebalancing, slower growth of emerging markets, lower commodity prices and tightening monetary policy in USA. As a result, South Africa and Free State's growth risks will also be tilted to the downside.

The Free State economy is abundant with natural resources, which makes it attractive from an agricultural, mining and tourism perspective. What remains important for the province is how to mitigate external shocks on these industries and resuscitate the economic contributions of these labour intensive industries, which have a bearing on unemployment, poverty and inequality. According to Statistics South Africa (2014) and Global Insight (2015), the contribution of the agricultural and mining industries has been falling post the 2009 economic recession and in 2014, these industries contributed 4.9 percent and 12.7 percent respectively. Given the El Nino episode and continuous global commodity price slump in 2015, the performance of the agricultural and mining industries will continue to be under pressure.

This commodity price slump will not only infiltrate the primary industries but will also affect the performance of the secondary industries. Manufacturing in the Free State dominates the secondary industries through a 10.8 percent contribution towards the provincial economy. As the commodity price slump continues to affect the performance of Sasol, this will have a huge bearing on manufacturing since fuel, petroleum, chemical and rubber products account for approximately 70.2 percent of manufacturing in the province. The construction industry is not only negatively affected by application of fiscal consolidation in the public sector, but by reduced investment by the private sector.

Lastly, the Free State economy is dominated by tertiary industries, which account for 65.3 percent of the provincial economy at basic prices. Although the provincial economy is bombarded by challenges in many of its sectors, a few opportunities are present in the tertiary industries. In South Africa as a whole, tourism benefited from a weaker exchange rate in late 2015, while the need to import grain is set to benefit the centrality of the Free State through increased freight to other provinces. Table 1.3 below provides clarity on the historical performance of the Free State economy and its industries.

Table 1.3: Provincial Gross Value Added (Constant 2010 prices R1' million)

Industry	2008	2009	2010	2011	2012	2013	2014
Primary Industries	25 796	24 685	25 582	24 699	24 944	25 675	26 219
Agriculture	6 898	6 654	6 674	6 060	6 094	6 204	6 541
Mining	18 898	18 031	18 908	18 639	18 850	19 471	19 678
Secondary Industries	23 078	22 106	22 825	23 078	23 249	23 364	23 263
Manufacturing	14 946	13 762	14 552	14 713	14 783	14 816	14 692
Electricity	4 531	4 339	4 494	4 563	4 581	4 586	4 572
Construction	3 601	4 005	3 779	3 802	3 885	3 962	3 999
Tertiary Industries	84 280	83 752	85 219	87 752	91 303	92 967	94 832
Trade	22 579	21 879	22 646	23 268	25 001	25 393	25 859
Transport	11 639	11 444	11 563	11 807	12 016	12 105	12 311
Finance	20 391	20 416	20 495	21 041	21 678	21 779	22 079
Community Services	29 671	30 013	30 515	31 636	32 608	33 690	34 583
All industries at basic prices	133 152	130 545	133 623	135 529	139 495	142 007	144 315
Taxes less subsidies on products	13 616	12 999	13 564	14 557	15 022	15 135	15 206
GDPR at market prices	146 768	143 544	147 189	150 086	154 517	157 142	159 521
Industry	2008	2009	2010	2011	2012	2013	2014
Primary Industries	-0.4%	-4.3%	3.6%	-3.5%	1.0%	2.9%	2.1%
Agriculture	21.9%	-3.5%	0.3%	-9.2%	0.6%	1.8%	5.4%
Mining	-6.6%	-4.6%	4.9%	-1.4%	1.1%	3.3%	1.1%
Secondary Industries	1.4%	-4.2%	3.2%	1.1%	0.7%	0.5%	-0.4%
Manufacturing	1.9%	-7.9%	5.7%	1.1%	0.5%	0.2%	-0.8%
Electricity	-4.0%	-4.2%	3.6%	1.5%	0.4%	0.1%	-0.3%
Construction	7.0%	11.2%	-5.7%	0.6%	2.2%	2.0%	0.9%
Tertiary Industries	3.4%	-0.6%	1.7%	3.0%	4.0%	1.8%	2.0%
Trade	1.2%	-3.1%	3.5%	2.7%	7.4%	1.6%	1.8%
Transport	3.5%	-1.7%	1.0%	2.1%	1.8%	0.7%	1.7%
Finance	4.3%	0.1%	0.4%	2.7%	3.0%	0.5%	1.4%
Community Services	4.6%	1.2%	1.7%	3.7%	3.1%	3.3%	2.6%
All industries at basic prices	2.3%	-2.0%	2.4%	1.4%	2.9%	1.8%	1.6%
Taxes less subsidies on products	2.5%	-4.5%	4.3%	7.3%	3.2%	0.8%	0.5%
GDPR at market prices	2.3%	-2.2%	2.5%	2.0%	3.0%	1.7%	1.5%

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

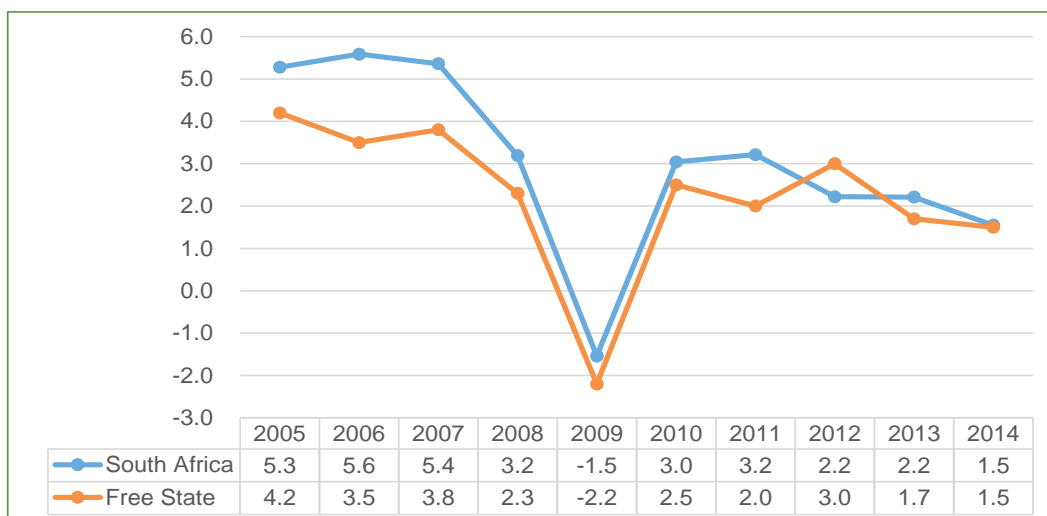
Primary industries in the Free State have slightly grown from R25.8 billion in 2008 to 26.2 billion in 2014; this represents an annual average growth of 0.2 percent. The mining industry grew from R18.9 billion in 2008 to R19.7 billion in 2014, which represents an increase in contribution towards the provincial economy from 11.5 percent to 12.7 percent over the same period. The agricultural sector in Free State has declined from R6.9 billion in 2008 to R6.5 billion, mainly due to climate change and a series of drought occurrences.

The secondary industries have increased slightly from R23.1 billion in 2008 to R23.3 billion in 2014, which represents an average growth of 0.3 percent per annum. Manufacturing dominates the secondary industries, but its output has declined from R14.9 billion in 2008 to R14.6 billion in 2014. According to SEDA (2012), some of the challenges faced by manufacturing on a national scale include higher labour and production costs, and banks perceiving SMMEs as risky and therefore are reluctant to lend money to these companies. The McKinsey Global Institute (2015) also highlights challenges of high input costs including inland logistic as well as labour costs.

Tertiary industries grew from R84.3 billion in 2008 to R94.8 billion in 2014, which represents an average growth of 2.2 percent over the specified period. At basic prices, the share of the tertiary industries to the provincial economy has grown from 60.9 percent in 2008 to 65.3 percent in 2014. Tertiary industries are mainly supported by community services, which has grown from R29.7 billion in 2008 to R34.6 billion in 2014, representing an annual average growth of 2.9 percent.

Figure 1.13 below illustrates the economic performance of both the Free State and South African economies, measured by real GDP, between 2005 and 2014. Over the review period, the Free State economy grew by 2.2 percent on average compared to the national average of 3.0 percent. Post the economic recession of 2009, the provincial economy grew by 2.1 percent on average, whilst the national economy grew by 2.4 percent. The Free State economy was shielded from the direct effects of the 2012 and 2014 platinum strikes.

Figure 1.13: South Africa and Free State GDP annual growth rates (2010 constant prices)



Source: IHS Global Insight, ReX, 2015

The economy of the Free State is anticipated to have grown by 0.5 percent in 2015, in comparison to a 1.2 percent growth of South Africa in the same year. The year 2015 was characterized by a slower global economic growth, tightening monetary policy by the USA and other countries such as South Africa, decreased appetite for emerging markets' risky assets, weaker exchange rate for emerging markets and drought.

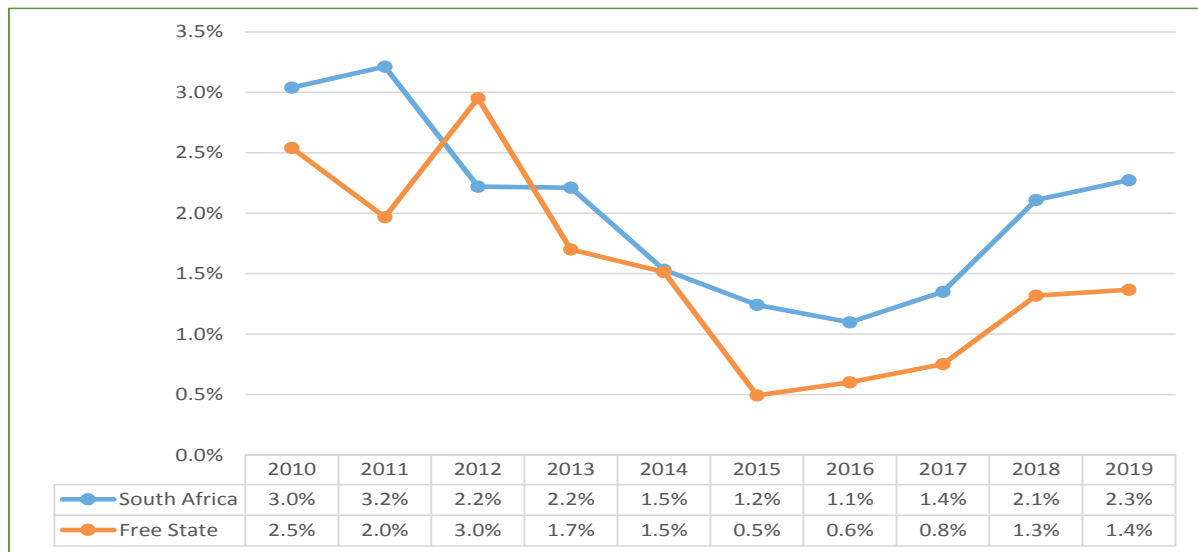
In anticipation of minimum hikes of 8 percent on electricity prices granted to ESKOM by NERSA, a weaker R/\$ exchange rate in 2016, lower commodity prices, increased inflation risks, higher interest rates and deteriorating conditions in the mining industry, the South African economic growth rate is expected to slightly decline to 1.1 percent in 2016, whilst economic growth rate projection for the province will rise slightly to 0.6 percent in 2016. Although continued lower prices will provide relief to consumers, a weaker exchange rate, increases in interest rate and taxes will undermine economic growth for South Africa and Free State in 2016.

The growth trajectory of both the national and provincial economy is expected to increase over the medium term, to reach 2.3 percent and 1.4 percent respectively in 2019. As stated by the President of South Africa in the 2016 State of the Province Address, these projections fall short of the aspirant 5 percent economic growth envisioned in the National Development Plan to half unemployment by 2030. However, key focus will be directed to progress and expansion of programmes/ activities based on the Nine-Point Plan established in 2015 to respond to sluggish economic growth, as stated in the 2016 State of the Nation Address as well as the 2016 State of the Province Address by Free State.

For the Free State Province, the 2016 SOPA emphasized the release of Emergency Drought Disaster Fund set to benefit the agricultural sector through purchasing feed, medication for animals and for water reticulation support for animals. Also, five sites in the Free State have been identified for the establishment of Agri-Parks, which will boost agro-processing for the province. In manufacturing, the implementation of the Black Industrial Development Programme will bolster value chains in the province for the benefit of local enterprises. Also, various co-operation agreements between Free State and other countries (China, Russia, India, etc.) have been signed flowing from the Free State Global Investor Trade Bridge held in September 2015. To capitalize on the current successes of the tourism industry, a tourism grant will be introduced, which will also benefit historically disadvantaged people. These are some of the examples of interventions to be implemented for the provincial economy in the medium term and will remain important as the province strengthens efforts for a faster and inclusive economic growth.

As illustrated in figure 1.14 below, the Free State economy is projected to continue to grow below the national average over the next four years. The province is forecast to grow by 1.0 percent on average compared to the national average of 1.7 percent. It is evident that both the country and the province will continue with sluggish growth well below the pre-recession rates and significantly below the targeted 5.0 percent.

Figure 1.14: South Africa and Free State economic growth forecasts (2010 constant prices)



Source: IHS Global Insight, ReX, 2015

The sector-based interventions indicated above, amongst other, have given effect to the provincial growth forecasts by industry, as indicated by table 1.4 below.

Table 1.4: Free State growth forecasts by industry

(R'000)	2013	2014	2015	2016	2017	2018	2019
Gross Domestic Product	142 006 912	144 314 648	144 878 746	145 770 193	146 828 438	148 761 057	150 770 509
Total industries	1.8%	1.6%	0.4%	0.6%	0.7%	1.3%	1.4%
GDPR by sector (real change)							
Agriculture	1.8%	5.4%	-5.0%	0.1%	-0.6%	-2.7%	-1.4%
Mining	3.3%	1.1%	1.0%	3.3%	2.6%	2.2%	0.9%
Manufacturing	0.2%	-0.8%	-0.2%	0.3%	0.7%	1.9%	1.8%
Electricity	0.1%	-0.3%	-2.4%	-1.4%	-1.4%	0.6%	0.6%
Construction	2.0%	0.9%	0.1%	0.4%	0.3%	0.5%	0.7%
Trade	1.6%	1.8%	0.0%	0.5%	0.5%	1.1%	1.5%
Transport	0.7%	1.7%	0.7%	0.9%	1.1%	2.4%	3.0%
Finance	0.5%	1.4%	1.7%	0.4%	0.8%	1.7%	1.8%
Community services	3.3%	2.6%	1.1%	-0.3%	0.2%	1.0%	1.0%

Source: IHS Global Insight, ReX, 2015

GDP at basic prices is expected to rise from R144.3 billion in 2014 to R144.8 billion in 2015, which represents a growth of 0.4 percent. In 2016, the GDP is anticipated to rise to R145.8 billion (0.6 percent), and thereafter accelerate and reach R150.8 billion in 2019. In 2016, low growth is expected mainly due to global and national economic challenges. Globally, the downside risks remain due to reduced demand from China, monetary policy tightening and lower commodity prices. Nationally, the exchange rate is weaker, possible labour unrests and increasing interest rates and electricity prices will have an impact on economic growth.

At a provincial level, the electricity sector is expected to decline by 1.4 percent in Free State, as dams will be affected by drought and the implementation of carbon tax on Eskom and other power producers will affect the electricity sector's performance. Community services will

also decline by 0.3 percent in 2016 as the province continues on fiscal consolidation path and also taking into account measures introduced in the 2016 State of the Nation Address to cut wasteful expenditure. All other industries are expected to grow and the highest growths are expected in mining (3.3 percent) and transport (0.9 percent). Transport will be boosted by lower global oil prices as well as increased commodity freight as importing of grain by South Africa increases in 2016.

Over the immediate medium term ending in 2019, the agricultural sector will be the hardest hit and contract by 0.6 percent, 2.7 percent and 1.4 percent in 2017, 2018 and 2019 respectively. With the exception of the electricity sector's performance in 2016, all other industries are expected to grow over the 2017-2019 medium term. Mining is expected to grow the highest but to decelerate from 2.6 percent in 2016 to 0.9 percent in 2019. This industry requires serious intervention as many mining companies nationally are financially distressed and are considering closure, mergers, reduction of assets, which have serious implications for jobs and poverty.

Manufacturing is expected to accelerate from growth of 0.7 percent in 2017 to 1.8 percent in 2019. The industry is set to benefit from sector specific interventions to be implemented by government such as provision of assistance to companies to enhance their competitiveness. The Free State government in the 2016 SOPA announced the roll out of Black Industrial Development Plan to enhance value chains for the benefit of local enterprises. Also, Free State manufacturing is set to benefit from various co-operation agreements existing between the province and countries such as China, India and Russia, amongst others. As an example, a R5 billion investment towards the Harrismith Special Economic Zone will benefit manufacturing and also potentially create 5 000 jobs. The electricity industry will improve from a decline of 1.4 percent in 2017 to a growth of 0.6 percent in 2019, whilst construction will gradually accelerate from 0.3 percent in 2017 to 0.7 percent in 2019.

Trade is projected to grow by 0.5 percent in 2015, and to accelerate and reach 1.5 percent in 2019. Although new visa laws are expected to hamper growth in foreign tourist numbers, the effect of a weaker South African exchange rate will boost the sub-industry. The transport industry is expected to grow by 1.1 percent in 2017 and reach a growth rate of 3.0 percent in 2019, whilst finance is expected to increase its rate of growth from 0.8 percent in 2017 to 1.8 percent in 2019. Community services, which comprises personal services and general government services, is projected to grow by 0.2 percent in 2017 and keep the growth rate constant at 1.0 percent in 2018 and 2019.

1.4. Free State Labour Market

The South African and Free State government are continuously working towards the aim of addressing the triple challenge of unemployment, poverty and inequality. Unemployment in particular is not a unique challenge to country. The ILO (2015) estimates that there 201 million people were unemployed globally in 2014 and that the global employment gap has continued to rise since the 2008 financial crisis. With more new entrants entering the markets and the global economy slowing down, economic and social challenges for society might drag on. South Africa is currently faced by a number of economic challenges, such as low commodity prices, a weaker exchange rate, upside inflation risks and a sluggish global economy. These, as well as reduced consumer and business confidence threaten economic

growth and will make the task of creating jobs more challenging in the medium term. However, as already mentioned in the previous sections above, the national and provincial government are intending to implement a number of interventions to bolster economic growth and as a result, support job creation.

According to Statistics South Africa, the Free State labour force increased by 37 000 (or 3.3 percent) between Q4:2014 and Q4:2015. During the same period, the number of employed people increased by 53 000 (or 6.9 percent), while the number of the unemployed decreased by 16 000 (or 4.3 percent). The changes in employment and unemployment numbers has led to a decline in the unemployment rate from 32.2 percent in Q4:2014 to 29.8 percent in Q4:2015; representing a fall of 2.4 percentage points.

The number of discouraged work-seekers, year on year, declined by 7.7 percent, which is indicative of the positive outlook job-seekers have in the Free State.

Table 1.5: Labour Market Overview for Free State province

	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand							Percent	
Population 15-64 yrs	1 862	1 865	1 869	1 872	1 875	3	13	0.2	0.7
Labour Force	1 138	1 152	1 165	1 161	1 176	15	37	1.3	3.3
Employed	772	802	798	795	825	30	53	3.8	6.9
Formal sector (Non-agricultural)	507	518	520	496	524	27	17	5.5	3.4
Informal sector (Non-agricultural)	136	127	124	140	144	4	8	2.9	5.6
Agriculture	54	82	74	65	64	-1	10	-1.6	18.8
Private households	75	75	80	94	93	-1	18	-0.7	23.9
Unemployed	367	350	366	366	351	-15	-16	-4.1	-4.3
Not economically active	723	713	704	711	700	-12	-24	-1.6	-3.3
Discouraged work-seekers	77	92	93	69	71	1	-6	1.9	-7.7
Other(not economically active)	647	621	610	642	629	-13	-18	-2	-2.8
Rates (%)									
Unemployment rate	32.2	30.4	31.4	31.5	29.8	-1.7	-2.4		
Employed / population ratio (Absorption)	41.5	43	42.7	42.5	44	1.5	2.5		
Labour force participation rate	61.1	61.8	62.3	62	62.7	0.7	1.6		

Source: Statistics South Africa, QLFS, Fourth Quarter 2015

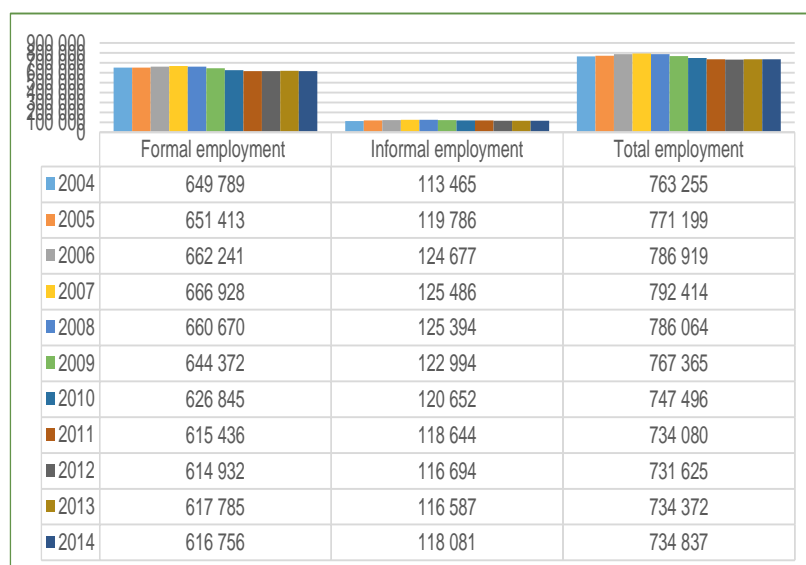
Table 1.6 below depicts trends in employment in South Africa by province. Employment in South Africa increased by 4.6 percent, year on year, from 15 320 in Q4:2014 to 1 875 in Q4:2015. The biggest provincial employment increases, year on year, were in Western Cape (210 000) and Gauteng (209 000), whilst the Northern Cape (-9 000) was the only province that recorded a decline during this period. For the Free State, employment increased by 53 000 or 6.9 percent.

Table 1.6: Employment by province

	Oct-Dec 2014	Jul-Sep 2013	Oct-Dec 2015	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
South Africa	15 320	15 828	16 018	190	698	1.2	4.6
Western Cape	2 170	2 317	2 380	62	210	2.7	9.7
Eastern Cape	1 336	1 372	1 411	39	76	2.9	5.7
Northern Cape	320	302	312	9	-9	3.1	-2.7
Free State	772	795	825	30	53	3.8	6.9
KwaZulu-Natal	2 520	2 573	2 529	-43	10	-1.7	0.4
North West	948	921	969	48	21	5.2	2.2
Gauteng	4 881	5 011	5 090	79	209	1.6	4.3
Mpumalanga	1 138	1 184	1 191	7	53	0.6	4.7
Limpopo	1 235	1 353	1 311	-42	76	-3.1	6.1

Source: Statistics South Africa, QLFS, Fourth Quarter 2015

In terms of parentage shares, Gauteng employed the biggest share of South Africa's workforce in Q4:2015 at 32 percent, followed by KwaZulu-Natal (16 percent) and Western Cape (15 percent). The smallest contributors to national employment were Northern Cape (2 percent), Free State (5 percent) and North West (6 percent).

Figure 1.15: Number of employed in formal and informal sector – Free State Province

Source: Global Insight, REX, 2015

According to figure 1.15 above, total employment in the Free State declined from 763 255 in 2004 to 734 837 in 2014, which is a decline of 28 418 workers over the review period. Total employment peaked at 792 414 in 2007. Formal employment displayed a similar trend by

declining from 649 789 in 2004 to 616 756 in 2014, which represents a total decline of 33 033. Employment in the formal economy also peaked at 666 928 in 2007. In contrast, informal employment increased from 113 465 in 2004 to 118 081 in 2014 and also peaked at 125 486 in 2007.

Total employment in the Free State declined by 3.7 percent between 2004 and 2014. Although the financial crisis started in 2008 and ended in 2009, jobs were shed annually from 2008 until 2012; the rate of job losses were 0.8 percent, 2.4 percent, 2.6 percent, 1.8 per cent and 0.3 percent in 2008, 2009, 2010, 2011 and 2012 respectively. The biggest job losses lagged the 2009 economic recession, as is expected of the relationship between economic growth and labour demand. Employment in the formal economy declined by 5.1 percent between 2004 and 2014, whilst employment in the informal economy grew by 4.1 percent over the same reference period.

A necessary look at the official and expanded unemployment rates across provinces is displayed in table 1.7 below, which depicts that the Free State had the highest official unemployment rate in South Africa. However, turning to the expanded unemployment rate, the Free State is ranked sixth highest at 36.3 percent. This point to the low number of discouraged work-seekers the Free State has relative to other provinces.

Table 1.7: Unemployment rate by province

Province	Official Unemployment Rate					Expanded Unemployment Rate				
	Oct-Dec 2014	Jul-Sep 2015	Oct-Dec 2015	Qtr-Qtr change	Yr-on yr change	Oct-Dec 2014	Jul-Sep 2015	Oct-Dec 2015	Qtr-Qtr change	Yr-on yr change
	Percent		Percent			Percent			Percent	
South Africa	24.3	25.5	24.5	-1	0.2	34.6	34.4	33.8	-0.6	-0.8
Western Cape	22.9	20.6	19.4	-1.2	-3.5	24.5	23.1	22	-1.1	-2.5
Eastern Cape	29.1	29.2	27.4	-1.8	-1.7	41.9	42.5	40.3	-2.2	-1.6
Northern Cape	28.7	34.8	25.8	-9	-2.9	38.4	42.4	38.9	-3.5	0.5
Free State	32.2	31.5	29.8	-1.7	-2.4	39.5	37.7	36.3	-1.4	-3.2
KwaZulu-Natal	20.8	20.5	20.5	0	-0.3	37.9	35.6	36.8	1.2	-1.1
North West	25.2	25.4	23.9	-1.5	-1.3	40	40.7	38.9	-1.8	-1.1
Gauteng	24.6	28.6	27.6	-1	3	29.6	31.4	30.2	-1.2	0.6
Mpumalanga	26.6	26.2	25.7	-0.5	-0.9	40.5	39	39.4	0.4	-1.1
Limpopo	15.9	18.8	19.8	1	3.9	37.2	36.6	38.6	2	1.4

Source: Statistics South Africa, QLFS, Fourth Quarter 2015

The unemployment rate in the Free State, measured both in terms of the strict and expanded definition, declined during the review period as depicted in table 1.7 above. Year on year, the official unemployment declined by 2.4 percentage points, while the expanded unemployment rate decline by 3.2 percentage points. The Free State registered the biggest decline in the expanded unemployment rate, year on year. In terms of the official unemployment rates, the biggest declines were in Limpopo (3.9 percentage points) and Western Cape 3.5 (percentage points). The official unemployment rate for the country decreased by 0.2 of a percentage point between Q4:2014 and Q4:2015.

2. Budget strategy and aggregates

2.1 Introduction

The National Development Plan, the 14 Outcomes, the 2014-19 Medium Term Strategic Framework, Industrial Policies as well as the Free State Provincial Growth and Development Strategy continue to inform the 2016 MTEF Provincial Budget. Although, the 2016 MTEF Budget is constrained, this budget has potential to grow our economy, create job and push back the challenges of unemployment.

In brief the Free State Provincial Government will continue to fund the below mentioned key government priorities amongst others over the 2016 MTEF:

- The budget of **R30.840 billion** for the 2016/17 will continue to fund key social priorities such as education, health and other social services.
- Investment on infrastructure projects such as roads, agro-processing and development of integrated human settlements throughout the MTEF period with the view to encourage and promote economic growth and create much needed job opportunities will be continued.
- The province will thus continue to use the available fiscus space to fight back the challenges of poverty, inequality and unemployment and promote good governance.
- Continued 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.
- Further restriction of growth in personnel budget across all 12 provincial departments;
- Continue with the strengthening of cost containment measures

The 2016 Budget sets out a more rapid fiscal consolidation which demonstrate government's commitment to a prudent, sustainable fiscal policy trajectory, and respond directly to low economic growth, higher debt and debt-service costs, unemployment, poverty and increasing public-sector wages.

Furthermore, given the limited resources and the state of the economy, the emphasis over the MTEF would be on efficiency and continuous evaluation of how services are rendered and transform our institutions to make them more responsive to the needs of our people.

The continuation of fiscal consolidation though supported by the province, has had a negative effect on our fiscal space. National and provincial allocations have been cut of R32.880 billion over the 2016 MTEF. The Free State's cut has been R832.079 million. This amount is in addition to the R410.422 million reduction from the province's equitable share following data updates. The combined cuts of R1.243 billion over the 2016 MTEF require that we continue to practice fiscal discipline and focus on key priorities that are designed to yield better economic growth prospects, increase employment opportunities as well as bettering the living conditions of our people.

The Departments of Education and Health will continue to receive the largest share of the provincial budget. To this effect, the province is allocating R71.502 billion or 73 percent of the total budget to the Departments of Education and Health over the 2016 MTEF. In support of Education R1.964 billion from an available amount of R2.746 billion received from national for ICS was allocated to Education. This is 71.5 percent over the MTEF and 79.9 percent in 2016/17 and 75.6 percent in 2017/18 of the total funding received. An additional allocation of R20 million has been appropriated towards Learner Teacher Support Material (LTSM) and the matric support programme in Education in 2016/17.

An additional amount of R169.897 million has been added to the baseline of the Department of Health mainly for mobile clinic programmes that will strengthen health service delivery in rural areas, the maintenance and repair of medical gas equipments as well as Medical Depot.

Social Development receives an additional amount of R113.529 million over the MTEF towards the normalization of stipends funding of Early Childhood Development (ECD) practitioners and matrons as well as the funding formula for ECD centres in line with relevant prescripts.

An amount of R21.140 billion over the 2016 MTEF has been set aside towards economic cluster, the budget for this cluster will enable the province to promote economic growth and create much needed job opportunities as well as to investment on infrastructure projects such as roads, agro-processing and development of integrated human settlements.

An efficient and effective governance is central to the achievement of our mandate as set out in the National Development Plan, the 2014 to 2019 Medium Term Strategic Framework and the Provincial Growth and Development Strategy. Our success of government is greatly informed by the success implementation of our laws, policies, regulations, systems and mechanisms. It is therefore fundamental that we support and enhance the coordination and oversight roles played by the Provincial Legislature, the Office of the Premier, COGTA and the Provincial Treasury. It is therefore against the above-mentioned background that the Free State Province allocates an amount of R3.842 billion over the MTEF towards this sector.

2.2 Aligning provincial budgets to achieve government's prescribed outcomes

The 2016 MTEF budget is underpinned by the National Development Plan (NDP), the 2015 – 2019 Medium Term Strategic Framework, and the Free State Provincial Growth and Development Plan (FSPGDS) which is linked to the 14 national outcomes that underpinned 2016 MTEF budget.

The Medium Term Strategic Framework (MTSF), which is a building block towards the achievement of the vision and goals of the NDP, is structure around the following priority outcomes:

1. Quality basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.

6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable, sustainable rural communities contributing to food security for all.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Protect and enhance our environmental assets and natural resources.
11. Create a better South Africa and contribute to a better and safer Africa and World.
12. An efficient, effective and development oriented public
13. An inclusive and responsive social protection system.
14. Nation building and social cohesion.

The Free State Provincial Growth and Development Plan, which is aligned to the NDP and MTSP, is built on 6 pillars.

- Pillar 1: Inclusive Economic Growth and Sustainable Job Creation
- Pillar 2: Education, Innovation and Skills Development
- Pillar 3: Improved Quality of Life
- Pillar 4: Sustainable Rural Development
- Pillar 5: Build Social Cohesion
- Pillar 6: Good Governance

The Free State Government Provincial Priorities for 2015-19 which continue to guide departments' operations are:

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 (ARD)
	Grow Rural Enterprises and Industries	Grow sustainable rural enterprises and industries and intensify the development aspect of land reform	ARD
	Land Reform Farms	Expand programmes to ensure that all land reform farms become productive and contribute to our food security.	ARD
	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.	ARD
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 (HS)
	Improve Housing Conditions	Improve housing conditions for the poor in all formal settlements	HS
	Unlocking State Land for Affordable Housing	Unlocking well located land, especially state land for affordable housing	Public Works and Infrastructure (PWI)
	Provide Housing Opportunities	Contribute to provision of 1 million housing opportunities for qualifying households over the next	HS

Outcomes	Priorities	Actions will include	Lead Department
		5 years	
	Integrated Transport in Rural Areas	Promote integrated transport	Police, Roads and Transport (PRT)
	Sanitation Infrastructure in Rural Areas	Accelerate roll out of sanitation infrastructure in rural areas and informal settlements	HS & COGTA
	Basic Services and Infrastructure in Informal Settlements	Further provision of basic services and infrastructure in existing informal settlements	HS & COGTA
	Electrical connections	Connecting additional homes to electricity grid	
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 & SD
	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 & PRT
	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 Testing	Expand HIV-counselling and testing programmes	Health
	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	SD
	Social Services and Grants	Make sure that all people who qualify for social services and grants receive them	SD
Fight Corruption and Crime	Fight Corruption	Prohibit public servants and representatives from doing business with the state	Treasury and Department of the Premier (DoP)
		Establish tender board to adjudicate tenders in all sphere of government	Treasury and DoP
	Safety and Security	Continue to ensure that South Africans are safer and feel safer	PRT
		Further reduce the levels of crime	PRT
		Continue to work with communities to make our	PRT

Outcomes	Priorities	Actions will include	Lead Department
		neighbourhood and cities safer – especially through strengthening anti-crime awareness and dealing with substance abuse	
		Protect adults and children from domestic violence and crime against children	PRT
		Pursue a multi-disciplinary approach in our fight against violence against women and children	PRT
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 DoP
	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 (SACR)
		Promote and reserve our heritage	SACR
		Build more museums and monuments and continue to maintain our existing ones	SACR
	National Development Plan	Mobilise all sectors to contribute meaningfully in the implementation of the NDP	DoP

2.3 Summary of budget aggregates

Table 1.1: Provincial budget summary

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Provincial receipts									
Transfer receipts from national	24 125 317	26 291 816	26 732 338	28 366 665	28 625 695	28 625 695	29 810 631	31 809 199	33 853 477
Equitable share	18 661 308	20 016 810	20 710 762	21 757 298	21 996 092	21 996 092	22 994 762	24 590 994	26 134 741
Conditional grants	5 464 009	6 275 006	6 021 576	6 609 367	6 629 603	6 629 603	6 815 869	7 218 205	7 718 736
Provincial own receipts	858 282	882 903	965 834	1 008 183	1 008 183	965 151	1 029 711	1 062 520	1 093 194
Total provincial receipts	24 983 599	27 174 719	27 698 172	29 374 848	29 633 878	29 590 846	30 840 342	32 871 719	34 946 671
Provincial payments									
Current payments	19 349 710	20 358 821	22 182 254	22 856 651	23 050 964	23 783 230	24 396 597	26 591 990	28 330 063
Transfers and subsidies	3 343 477	4 233 155	3 912 711	4 126 963	4 205 340	4 360 300	4 062 161	4 205 538	4 387 566
Payments for capital assets	2 497 264	2 410 108	2 064 074	2 391 062	2 598 681	2 615 905	2 370 253	2 033 721	2 076 082
Payments for financial assets	9 941	3 951	1 093		260	132			
Total provincial payments	25 200 392	27 006 035	28 160 132	29 374 676	29 855 246	30 759 567	30 829 012	32 831 246	34 793 711
Surplus/(deficit) before financing	-216 793	168 684	-461 960	172	-221 368	-1 168 721	11 331	40 473	152 960
Financing	484 172	201 962	465 245		222 010	222 010			
Provincial roll-overs	174 759	150 196	434 859		184 364	184 364			
Provincial reserves	309 413	51 766	30 386		37 646	37 646			
Surplus/(deficit) after financing	267 379	370 646	3 285	172	642	-946 711	11 331	40 473	152 960

The estimated total provincial receipts for the 2016/17 financial year amount to R30.840 billion, which represent an increase of R1.206 billion or 4.1 percent of the 2015/16 adjusted budget of R29.634 billion.

The Provincial Equitable Share grows by 4.5 percent in 2016/17 compared to the 2015/16 adjusted budget. In the last two outer years of the 2016 MTEF, Provincial Equitable Share grows by 6.9 percent in 2017/18 and 6.3 percent 2018/19.

The 4.5 percent growth in 2016/17 is well below the projected inflation rate of 6.1 percent as tabled in the 2016 MTEF budget by the Minister of Finance on 24 February 2016. While the 2017/18 and 2018/19 growth compares better with the projected inflation rate of 6.3 percent for 2017/18 and 6.0 percent for 2018/19, it is below the expected rate of inflation for Improvement in Conditions of Services (ICS).

Conditional Grants increase slightly by 2.8 percent in 2016/17 and 5.9 percent in 2017/18 and lastly by 6.9 percent in 2018/19. The provincial own receipts increases from R1.008 billion in 2015/16 to R1.030 billion in 2016/17 this represents a growth of 2.1 percent. The receipts further increase to R1.063 billion and R1.093 billion in 2017/18 and 2018/19 respectively.

The proportionate share of Equitable Share to the total provincial receipts increased slightly from 74.2 percent in 2015/16 to 74.6 percent in 2016/17 whilst conditional grants decreased from 22.4 percent in 2015/16 to 22.1 percent in 2016/17.

2.4 Financing

The consolidated surplus of R204.764 million over the 2016 MTEF is currently put aside for provincial disasters and to cushion the province from possible cuts imposed by national government.

3. The budget process and the medium term expenditure framework (MTEF)

The 2016 MTEF budget process aims to ensure that resources are allocated to priorities and that government spending remains within sustainable fiscal limits.

Given the constrained economic outlook at the beginning of 2015/16 financial year and limited resources the province took a coordinated and strategic approach in the 2016 MTEF to government planning, budgeting and delivery for maximum social-economic impact. Departments aligned their budgets to the NDP, MTSF and FSGDS. As in the previous MTEF cycles, departments were asked to continue implementing cost-containment measures due to limited resources and to redirect any savings realised from this into service delivery. Departments were also requested to fund any new priorities through reprioritisation.

The 2016 MTEF budget included, as previous years, bilaterals between the departments and Provincial Treasury, the Provincial Medium Term Expenditure Committee (PMTEC) meetings which afforded all departments the opportunity to present budget requests and bids as well as various interactions with the Provincial Executive Council (EXCO). Joint planning process were undertaken between the provincial departments, the Executive Council and Treasury Committee with the view of ensuring that the 2016 MTEF budget addresses the set key priorities of government and to ensure maximum social-economic impact.

A theme that will be continued in this cycle is prudence, efficiency, effectiveness and reprioritization in the utilization of limited public resources. Reprioritization of budgets to address frontline government services still remains relevant for the 2016 MTEF.

Key activities relating to the 2015/16 Provincial Budget Process were the following:

- Provincial Rollovers were finalized in July 2015
- National Treasury visits were held on the 12-13 August 2015
- Provincial Budget Workshop held on the 4 August 2015
- Third quarter Infrastructure Review meeting was held on 25 February 2016
- 2015 Provincial Medium Term Expenditure Committee (PMTEC) hearings were held on the 20-22 September 2015
- Revenue Bilaterals were held on the 28 - 29 October 2015
- The tabling of the 2015/16 Adjustment budget was held on 20th November 2015 and the tabling of special adjustment is scheduled for 8 March 2016
- Extended Executive Council meetings were held on 28-29 January 2016 and 9 February 2016 with special focus on the budget. EXCO also engaged departments on their plans for the MTEF and if plans and budgets address the national and provincial priorities
- Follow-up bilaterals were held with departments on 17 February 2016 to thoroughly engage departments proposed budgets and determine if departments did respond to resolutions taken in the Extended EXCO meetings
- The 2016 MTEF allocations were presented to the EXCO on 3 March 2016
- The tabling of the 2016 Provincial Budget is scheduled for 8 March 2016

In the current economic climate provincial own revenue has become more critical and there is a need for Provincial Treasury to continue to provide technical and strategic support and intensify initiatives to increase revenue collection as well as recovery of outstanding 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.

- Infrastructure development has been identified at national and provincial level as a key enabler for economic growth in line with the NDP and FSPGDS. The National Treasury together with Provincial Treasuries have completed the process of appointing technical assistant to assist provinces with the implementation and institutionalization of the IDMS as at 1 February 2016.
- The IDMS HR Capacitation frameworks are at different stages of completion. This is the key enabling intervention for the institutionalisation of the IDMS in the province. Both the Department of Health and Education have advertised the vacant funded technical posts and the recruitment process is at an advanced stage with the aim to allow successful candidates to commence work as at 1 April 2016.

4. Receipts

4.1 Overall position

The total provincial receipts consists of equitable share, conditional grants and provincial own receipts. The total allocation for the 2016 MTEF amounts to R98.659 billion. Over the MTEF equitable share accounts for, on average, 74.7 percent of the allocation compared to 74.1 percent in the 2015 MTEF, whilst the conditional grants' share decreased from 22.4 percent in the 2015 MTEF to 22.0 percent in the 2016 MTEF. Provincial own receipts contributes 3.4 percent in the 2016 MTEF.

The total provincial fiscal framework increases by 4.1 percent from an adjusted budget of R29.633 billion in 2015/16 to R30.840 billion in 2016/17. In the outer two financial years provincial budget is estimated to be R32.872 billion and R34.947 billion respectively.

Thus over the MTEF the provincial fiscal framework increases by an average of 5.7 percent, this growth is below the projected MTEF inflation of 6.1 percent. In addition the increase on ICS agreed with labour organizations (unions) for the next 3 years is based on the projected CPI plus 1.

Table 4.1: Summary of provincial receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
Transfer receipts from National									
Equitable share	18 661 308	20 016 810	20 710 762	21 757 298	21 996 092	21 996 092	22 994 762	24 590 994	26 134 741
Conditional grants	5 464 009	6 275 006	6 021 576	6 609 367	6 629 603	6 629 603	6 815 869	7 218 205	7 718 736
Total transfer receipts from National	24 125 317	26 291 816	26 732 338	28 366 665	28 625 695	28 625 695	29 810 631	31 809 199	33 853 477
Provincial own receipts									
Tax receipts	442 705	497 284	540 359	571 022	593 337	600 546	613 137	631 531	650 477
Casino taxes	30 732	36 051	35 448	39 039	40 034	40 034	43 235	44 532	45 868
Horse racing taxes	6 410	8 073	8 881	9 591	9 591	9 591	9 879	10 175	10 480
Liquor licences	5 744	6 305	6 859	7 085	7 425	7 425	7 648	7 877	8 113
Motor vehicle licences	399 819	446 855	489 171	515 307	536 287	543 496	552 376	568 947	586 015
Sales of goods and services other than capital assets	268 142	282 465	257 539	332 274	340 087	274 549	350 933	362 511	375 426
Transfers received	6 145	5 891	10 933	10 000	11 500	4 957	11 000	12 000	10 000
Fines, penalties and forfeits	22 305	13 917	15 815	15 023	15 597	19 020	16 122	16 619	16 507
Interest, dividends and rent on land	53 702	42 670	52 407	35 342	12 764	12 976	11 589	11 938	12 195
Sales of capital assets	9 861	11 517	17 186	19 966	8 364	30 324	1 412	1 514	1 559
Transactions in financial assets and liabilities	55 422	29 159	26 741	24 556	26 534	22 779	25 519	26 406	27 029
Total provincial own receipts	858 282	882 903	920 980	1 008 183	1 008 183	965 151	1 029 711	1 062 520	1 093 194
Provincial funding	484 172	201 962	465 245		222 010	222 010			
Provincial roll-overs	174 759	150 196	434 859		184 364	184 364			
Provincial reserves	309 413	51 766	30 386		37 646	37 646			
Total provincial receipts	25 467 771	27 376 681	28 118 563	29 374 848	29 855 888	29 812 856	30 840 342	32 871 719	34 946 671

4.2 Equitable share

The provincial equitable share allocation from 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.

As a result of the redistributive nature of the formula and data changes the provinces share decreased downwards and although the allocation increased it is increasing at a decreasing rate. Equitable share decreased R R1.243 billion over the MTEF. Of this R410.422 million is due to data changes while the province's equitable share was further decreased with R832.079 million due to the cuts affected by government as result of the fiscal consolidation.

Over the 2016 MTEF years the equitable share transfers grow on average by 5.9 percent, which is below the average inflation rate of 6.13 percent. The budget grows with 4.5 percent from 2015/16 to 2016/17 and the two outer years of MTEF grows with 6.9 percent 6.3 percent respectfully.

The above growth is far less than the projected MTEF inflation of 6.1 percent for 2016, 6.3 for 2017 and 6.0 for 2018. In addition, the increases on ICS as agreed with labour organizations (unions) are CPI plus 1 for the next 3 years. Despite the additional funds given for inflationary policy adjustment on compensation of employees the provincial grow remains below inflation and far below inflationary adjustment on compensation of employees.

4.3 Conditional Grants

Conditional grants are transfers from national sphere of government and are allocated for specific purposes (schedule 5) as well as a supplement to provincial own projects (schedule 4), thus provinces have minimum leverage over the utilization of grants, specifically the schedule 5 grants. The grants' allocation to the province grows by an average of 4.3 percent over the MTEF.

Table 4.2 below shows the detail of various conditional grants allocated to the province. The allocation for 2016/17 slightly declined by 0.2 percent when compared to 2015/16 budget; the noted decrease is mainly as a result of approved funds that were rolled over to 2015/16 financial year. The growth for the two outer years is 5.9 percent and 6.9 percent respectively. The allocations for infrastructure grants, namely, Education Infrastructure and Health Facility Revitalization Grants declined over the MTEF period. The noted decline is mainly as a result of fiscal consolidation and redirecting of funds to other key national priorities. The 2016/17 allocation for Mass Participation and Sport Development and Ilima grants also declined slightly when compared to 2015/16. Furthermore, the allocations for National Health Insurance to provinces will cease in 2017/18 as the grant is being reconfigured by National Department of Health.

Lastly, all allocations to other grants increased and we still allow the province to continue implementing national and provincial priorities such addressing, amongst others, HIV/AIDS, support to agricultural sector, creation of job opportunities (EPWPs), construction of roads, bridges and human settlements, schools nutrition and support, library services and sport development. Other grants such as OSD for Educators have served their purpose and there are no allocations in the coming MTEF period.

The Comprehensive HIV, AIDS and TB Grant increased by R392 million from the 2015/16 adjusted budget to R1.1304 billion in 2018/19 in order to extend ART coverage and scope of tuberculosis.

Comprehensive Agricultural Support Programme (CASP). The purpose of CASP has remained unchanged. However during the 2015/16 year the province was allowed to reprioritize programmes within CASP and savings of R30 million was then directed towards drought relieve

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 grant has allocated R21.979 million in 2016/17 to four provincial departments. The departments of Health and Education will receive R3.000 million each, with R14.179 million going to Social Development and R1.800 million to the Department of Sport, Arts, Culture and Recreation.

Expanded Public Works Programme (EPWP) Integrated Grant for Provinces. The overall strategy is to reduce poverty through the reduction of unemployment. This grant has allocated R25.641 million to the province in 2016/17 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 purpose of the grant is to improve access to library and information services. Amongst other six, new library buildings will be constructed and two buildings will be upgraded.

Table 4.2: Summary of conditional grants by Transferring department

Table 4.2: Summary of Conditional grants by Transferring department										
Transferring Department/Grant	Audited outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium Term Expenditure Estimates			
R thousand	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	
Agriculture and Rural Development	190 121	205 408	229 891	237 277	237 277	237 277	239 242	258 798	273 734	
Agricultural Disaster Management Grant			15 791							
Comprehensive Agricultural Support Programme Grant	126 637	140 274	146 435	171 012	171 012	171 012	174 289	189 769	200 701	
Ilima/Letsema Projects Grant	54 531	56 563	62 238	60 990	60 990	60 990	59 447	63 178	66 843	
Land Care Programme Grant: Poverty Relief and Infrastructure Development	8 953	8 571	5 427	5 275	5 275	5 275	5 506	5 851	6 190	
Arts and Culture	48 502	59 422	119 141	155 776	161 338	161 338	157 758	161 329	170 430	
Community Library Services Grant	48 502	59 422	119 141	155 776	161 338	161 338	157 758	161 329	170 430	
Sport and Recreation South Africa	34 114	38 823	40 190	64 526	64 526	64 526	43 019	45 538	48 131	
Mass Participation and Sport Development Grant	34 114	38 823	40 190	64 526	64 526	64 526	43 019	45 538	48 131	
Education	804 798	794 015	841 069	1 128 092	1 252 056	1 252 056	1 076 526	1 063 298	1 124 234	
Dinaledi Schools Grant	5 184	7 573	8 047							
Education Disaster Management Grant										
Education Infrastructure Grant	512 348	476 218	488 566	762 553	881 568	881 568	695 122	661 635	699 276	
HIV and AIDS (Life Skills Education) Grant	9 910	14 441	10 931	10 462	11 699	11 699	12 967	13 980	14 790	
National School Nutrition Programme Grant	257 762	274 820	292 948	317 157	320 869	320 869	334 971	351 720	372 119	
Occupation Specific Dispensation for Education Sector Therapists Grant			18 358	5 775	5 775	5 775				
Technical Secondary Schools Recapitalization Grant	19 594	20 963	22 219							
Maths, Science and Technology Grant				32 145	32 145	32 145	33 466	35 963	38 049	
Health	2 143 463	2 146 506	2 479 970	2 552 243	2 596 838	2 596 838	2 611 506	2 840 626	3 070 616	
Comprehensive HIV, Aids and TB Grant	639 245	699 554	847 635	911 946	911 946	911 946	1 015 061	1 171 502	1 304 022	
Health Facility Revitalisation Grant	575 499	454 423	580 816	564 950	609 545	609 545	474 692	485 128	502 319	
Health Professions Training and Development Grant	130 945	138 029	146 419	149 756	149 756	149 756	156 189	165 971	175 597	
National Tertiary Services Grant	786 801	849 629	898 140	918 387	918 387	918 387	958 021	1 018 025	1 077 070	
National Health Insurance Grant	10 973	4 871	6 960	7 204	7 204	7 204	7 543			
Human Papillomavirus Vaccine Grant									11 608	
Human Settlements	975 608	1 350 936	1 061 756	1 057 284	1 072 170	1 072 170	1 098 411	1 226 608	1 306 077	
Housing Disaster Relief Grant	11 334									
Human Settlements Development Grant	964 274	1 350 936	1 061 756	1 057 284	1 072 170	1 072 170	1 098 411	1 226 608	1 306 077	
Public Works and Infrastructure	268 005									
Devolution of Property Rate Funds Grant	268 005									
Transport	758 448	1 341 549	1 477 219	1 363 465	1 363 465	1 363 465	1 499 287	1 587 907	1 677 135	
Provincial Roads Maintenance Grant	565 702	1 138 167	1 261 445	1 142 796	1 142 796	1 142 796	1 258 030	1 332 238	1 409 518	
Public Transport Operations Grant	192 746	203 382	215 774	220 669	220 669	220 669	241 257	255 669	267 617	
Social Development				6 500	14 500	14 500	42 500	34 101	48 379	
Substance Abuse Treatment Grant				6 500	14 500	14 500	42 500	14 238	17 709	
Early Childhood Development Grant								19 863	30 670	
Other (Not Included above)	30 750	29 726	34 890	44 204	45 524	45 524	47 620			
Expanded Public Works Programme Integrated Grant for Provinces	12 114	17 456	24 861	22 825	24 145	24 145	25 641			
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	18 636	12 270	10 029	21 379	21 379	21 379	21 979			
Total conditional grants	5 253 809	5 966 385	6 284 126	6 609 367	6 807 694	6 807 694	6 815 869	7 218 205	7 718 736	

4.4 Total provincial own receipts

Table 4.3: Summary of provincial own receipts by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
1 Department of the Premier	4 300	5 416	6 057	5 484	4 949	4 954	4 931	4 835	5 119
3 Economic and Small Business Development, Tourism and Environmental Affairs	61 127	72 453	78 594	86 043	92 573	113 114	86 655	89 255	91 933
4 Provincial Treasury	52 525	41 483	49 905	34 246	11 273	11 273	10 440	10 754	11 076
5 Health	174 567	149 981	116 616	173 761	168 761	104 540	178 974	184 343	189 873
6 Education	19 082	18 025	20 263	20 344	19 206	19 206	19 355	19 798	20 267
7 Social Development	1 390	1 762	3 725	1 529	1 629	1 629	1 725	1 827	1 933
8 Cooperative Governance and Traditional Affairs	3 241	2 191	2 296	2 026	1 214	1 214	284	302	317
9 Public Works and Infrastructure	33 358	38 081	42 308	46 767	43 964	43 964	44 106	46 488	49 184
10 Police, Roads and Transport	489 943	534 101	576 579	614 039	639 039	645 952	658 210	677 956	698 295
11 Agriculture and Rural Development	2 701	3 026	2 947	2 273	2 362	2 591	1 966	2 535	2 398
12 Sport, Arts, Culture and Recreation	15 855	15 729	20 534	21 411	22 915	16 372	22 757	24 110	22 473
13 Human Settlements	193	655	1 156	260	298	342	307	316	326
Total provincial own receipts by Vote	858 282	882 903	920 980	1 008 183	1 008 183	965 151	1 029 711	1 062 520	1 093 194

The estimated revenue for 2016/17 amounts to R1.029 billion and this represent an increase of 2.1 percent when compared to 2015/16. Thus over the MTEF period revenue is projected to grow by an average of 2.7 percent.

The last year economic performance and the projected economic prospects have a direct negative impact on the performance of revenue in the province. Thus the nominal projected growth on revenue estimates is mainly as a result of economic conditions such unemployment and subdued economic prospects. However, Provincial Treasury will continue to provide technical and strategic support to departments with the view to enhance revenue collection systems and identification of new streams of income. This will also include establishing close working relationships with institutions that utilizes our provincial government services such as Road Accident Fund and National Departments. The province has already taken steps (strengthening of the service level arrangements) in ensuring that services provided to Lesotho patients are paid for on time.

4.5 Donor funding

The Province received an amount of R24 million between 2014/15 and 2015/16 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 Aid by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
12 Sport, Arts, Culture and Recreation									
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 2016 MTEF period for the Free State Province are budgeted as follows:

- Financial year 2016/17: R30.840 billion
- Financial year 2017/18: R32.871 billion
- Financial year 2018/19: R34.947 billion

In the 2016 MTEF period, provincial expenditure is expected to rise to R30.829 billion in 2016/17, this represent an increase of 3.3 percent when compared to the adjusted budget of 2015/16. In the subsequent financial year of 2017/18, the spending must be remain within the allocated amount of R32.931 billion this is a growth of 6.5 percent when compared to 2016/17 financial year. For the outer financial year, the province is estimated to spend R34.794 billion and this represent a slight increase of 6.0 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 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
1 Department of the Premier	252 855	271 881	303 330	283 896	317 001	311 001	309 644	307 031	322 481
2 Free State Legislature	205 885	182 064	192 181	181 692	214 138	214 051	228 232	233 855	244 731
3 Economic and Small Business Development, Tourism and Environmental Affairs	407 139	432 354	429 772	472 179	468 788	468 811	493 548	511 786	537 550
4 Provincial Treasury	206 545	216 367	239 063	295 467	309 105	307 105	326 766	303 057	316 468
5 Health	7 611 720	7 779 386	8 290 459	8 675 429	8 727 575	8 728 675	9 048 599	9 687 502	10 429 806
6 Education	10 056 769	10 557 631	11 351 814	11 538 104	11 815 423	12 414 750	12 059 747	13 022 900	13 713 171
7 Social Development	867 136	962 711	956 335	1 020 074	1 017 813	1 011 874	1 145 164	1 162 679	1 232 721
8 Cooperative Governance and Traditional Affairs	300 530	307 106	364 265	376 406	380 315	380 315	407 596	411 525	430 835
9 Public Works and Infrastructure	1 255 252	1 398 695	1 382 173	1 491 935	1 504 295	1 790 940	1 486 417	1 547 578	1 622 098
10 Police, Roads and Transport	1 927 682	2 190 213	2 401 922	2 390 931	2 408 003	2 417 634	2 586 841	2 732 693	2 869 303
11 Agriculture and Rural Development	595 490	684 003	695 111	744 542	752 591	761 351	745 825	778 286	815 866
12 Sport, Arts, Culture and Recreation	445 337	541 863	662 300	679 605	698 887	701 832	655 128	641 030	672 645
13 Human Settlements	1 068 052	1 481 761	1 207 552	1 224 416	1 241 311	1 251 228	1 335 504	1 491 326	1 586 036
Total provincial payments and estimates	25 200 392	27 006 035	28 476 277	29 374 676	29 855 245	30 759 567	30 829 011	32 831 249	34 793 711

Department of the Premier

The Department the Premier receives R309.644 million in 2016/17; and the allocation decline slightly by 0.8 percent to R307.031 million in 2017/18. In the last outer year the allocation amounts to R322.481 million. In total, the department will spend R939.156 million over the MTEF period.

This allocation will cater for, amongst others, transfer of performance, monitoring and evaluation function from Provincial Treasury to Office of the Premier, Community Development Workers (CDWs), Provincial Communication Strategy, transfer of Transport Economist function, ICT training and Free State Training and Development Institute.

Provincial Legislature

Provincial Legislature plays an oversight and support role to government. The oversight role executed by the Legislature over the Executive keeps the focus firmly on achieving the goals of government.

Free State Legislature is allocated R228.232 million in 2016/17, R233.855 million in 2017/18 and R244.731 million in 2018/19. Over the MTEF the august house will spend R706.818 million; this allocation will provide for execution of Legislature's core mandate which include, amongst others, consideration of legislation, public participation, awareness and education, oversight function and support to political parties in the Legislature.

Economic and Small Business Development, Tourism and Environmental Affairs

The Department of Economic and Small Business Development, Tourism and Environmental Affairs carries a significant mandate of supporting the SMMEs which have a potential to address the challenges of unemployment through creation of work opportunities.

The 2016/17 allocation to the department amounts to R492.548 million and includes an amount of R2.629 million which is earmarked for EPWP projects. For 2017/18 the department receives R511.786 million; and R537.550 million for 2018/19. The department will spend R1.543 billion over the MTEF to implement various programmes focused on the core mandate which include, inter alia, environmental management and protection, tourism hospitality and development and support of crafters.

Provincial Treasury

Provincial Treasury is responsible for ensuring that constitutional and statutory provisions are adhered to and implemented by departments and public institutions. The department remains resolute in its duty as a custodian of the Public Finance Management Act (PFMA) and will continue to strive for a proper and effective implementation of this vital document which will put the province in a good stead.

Provincial Treasury is allocated R326.766 million in 2016/17 and R303.057 million in 2017/18. The budget will increase to R316.468 million in 2018/19, the department will spend R946.292 million over the MTEF to strengthen and implement its oversight role.

Department of Health

The budget for the Department of Health has been increased by R169.897 million over the 2016 MTEF to cater for mobile clinic programmes and maintenance and repair of medical gas equipment. A further R40 million is also set aside to assist Medical Depot in 2016/17 financial year.

In total, the department is allocated R29.166 billion over the MTEF to improve the quality of health service in the province. The allocation is divided as follows, R9.049 billion in 2016/17, R9.688 billion in 2017/18; R10.429 billion in 2018/19.

Department of Education

Investment in quality education plays a key role in accelerating and achieving social transformation and the Department of Education continues to receive the largest share of the provincial budget.

The department receives an allocation of R38.796 billion over the 2016 MTEF. This amount is divided as follows: R12.059 billion in the 2016/17, R13.023 billion in the 2017/18 and R13.713 billion in the 2018/19. The allocations further provide for timely transfers of funds to schools as well as for the matric intervention programme.

Other priorities that this budget will provide for over the MTEF includes, Learner Teacher Support Materials, funding for quintile 1, 2, and 3 schools (no fees schools) in line with South African Schools Act, provincial expansion of Grade R, training and development of educators, hostel support, Agricultural schools, support for mathematics and science, hostel support and education infrastructure. The department will strengthen the implementation of its Provincial Strategy on Learner Attainment in both the Primary and the Secondary schools with the intention to improve both the quality of learning and teaching. The objective of the province for 2016 academic year is to achieve 90/40 matric results which means 90% pass rate and 40% bachelors.

Department of Social Development

The Department of Social Department has been allocated a budget of R3.540 billion over the 2016 MTEF to provide for social services for the poor, the vulnerable and those with special needs. Furthermore, the allocation caters improving the quality of child care and protection services, care for older persons, substance abuse interventions, victim of abuse support as well as provision of shelter for homeless persons.

The MTEF allocation includes an amount of R113.529 million earmarked the following priorities: ECD Practitioners, increasing the stipend of practitioners and Matrons that will go towards increasing salaries of matrons. Therefore the allocation to the department amounts to R1.145 billion in 2016/17, R1.163 billion in 2017/18 and R1.233 billion in 2018/19. Included in the allocations for 2017/18 and 2018/19 are grants to the value of R19.863 million and R30.670 million respectively earmarked for early childhood development.

Department of Cooperative Governance and Traditional Affairs (COGTA)

The Department of Cooperative Governance and Traditional Affairs will receive R407.596 million for 2016/17 and R411.525 million for 2017/18. In the last year of the MTEF the allocation increases to R430.835 million. The allocation will fund the following priorities: Operation Clean Audit, Municipal Financial Intervention, bulk infrastructure, sanitation and basic services, fire brigade equipment and water labs.

Department of Public Works and Infrastructure

The department of Public Works and Infrastructure will continue its role as a custodian of infrastructure implementation for the province. In the financial year ahead the province estimates to spend more than R3 billion on infrastructure projects; this expenditure relates to, inter alia, construction of roads, houses and health facilities; thus proper coordination and implementation of these projects relies on this department.

Funding to the value of R1.486 billion is made available to the department in 2016/17. The total allocation to the department over the MTEF amounts to R4.622 billion and will further fund other priorities such as municipal rates and taxes, property payments and operating leases. The MTEF allocation includes R1.548 billion and R1.622 billion for 2017/18 and 2018/19 respectively.

Department of Police, Roads and Transport

The budget for the Department of Police, Roads and Transport enable the department to implement new road infrastructure and continue with maintenance projects.

The department is allocated R2.587 billion in 2016/17; R2.733 billion in 2017/18 and R2.869 billion in 2018/19. And over the MTEF the department will spend over R8.189 billion. The MTEF allocation includes an amount of R42.792 million which provides for installation of Biometrics at OR Tambo and Fidel Castro buildings and for matters of security pertaining to cash in transit.

Department of Agriculture and Rural Development

The Department of Agriculture and Rural Development has been allocated an amount of R745.825 million in 2016/17. This budget includes R239.242 million which relates conditional grants, that is R174.289 million for Agricultural Support programme, R59.447 million for Ilima Letsima Projects, R2.145 million for EPWP and R5.506 million for Land Care Grant. The department will spend just above R2.339 billion over the MTEF period and that includes an allocation of R778.286 million and R815.866 million in the outer years.

The following priorities, amongst others, are funded over the MTEF: capacitation of Extension Officers, veterinary clinics, animal vaccination, water purification at Glen Farm, Mohoma-Mobung and disaster management.

Department of Sport, Arts, Culture and Recreation

The Department of Sport, Arts, Culture and Recreation is allocated R655.128 million in 2016/17 and R641.030 million in 2017/18 and R672.645 million in 2018/19. Thus over the MTEF the department will spend R1.923 billion to implement the following priorities, amongst others, library services as well as sport development and mass participation. These allocations also provide for Macufe. An additional amount of R17 million is set aside for other arts and culture programmes. Furthermore, the budget also caters for artists and photographers.

Department of Human Settlements

In 2016/17 the Department of Human Settlements is allocated R1.335 billion for implementation of its core mandates that include delivery of incremental housing, social and rental housing, mixed housing development and land acquisition. In the outer years, the department is allocated R1.491 billion and R1.586 billion respectively.

The department will spend R4.413 billion over the MTEF period to deliver on the projects identified in State of the Province Address. Over and above the grant the province has allocated R150 million over the MTEF to fund demolition and construction of two room houses.

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		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
Current payments	19 349 710	20 358 821	22 148 850	22 856 651	23 050 964	23 783 230	24 396 597	26 591 990	28 330 063
Compensation of employees	15 150 740	16 153 028	16 829 433	17 520 232	17 610 255	18 155 415	18 633 155	20 000 238	21 375 187
Goods and services	4 195 615	4 204 138	5 317 830	5 336 189	5 437 842	5 625 651	5 761 221	6 580 935	6 951 053
Interest and rent on land	3 355	1 655	1 587	230	2 867	2 164	2 221	10 817	3 824
Transfers and subsidies to:	3 343 477	4 233 155	4 020 858	4 126 963	4 205 340	4 360 300	4 062 161	4 205 538	4 387 566
Provinces and municipalities	319 607	364 124	336 197	426 393	401 302	465 503	433 393	422 309	445 588
Departmental agencies and accounts	179 352	189 582	167 171	140 591	175 153	169 665	230 369	192 251	202 199
Higher education institutions	56	851	5 352	286	2 286	2 288	1 094	1 095	1 096
Foreign governments and international organisations	1 000	33							
Public corporations and private enterprises	239 168	251 517	262 929	255 348	256 011	272 263	264 765	272 978	280 158
Non-profit institutions	1 296 373	1 438 184	1 428 796	1 489 834	1 513 364	1 522 951	1 637 650	1 707 437	1 750 943
Households	1 307 921	1 988 864	1 820 413	1 814 511	1 857 224	1 927 630	1 494 889	1 609 468	1 707 582
Payments for capital assets	2 497 264	2 410 108	2 295 820	2 391 062	2 598 681	2 615 905	2 370 253	2 033 721	2 076 082
Buildings and other fixed structures	2 249 043	2 176 488	2 036 144	2 084 246	2 258 740	2 319 291	2 090 376	1 715 638	1 746 237
Machinery and equipment	233 172	224 941	256 359	304 927	336 113	292 761	273 929	312 306	328 028
Heritage assets	49								
Specialised military assets									
Biological assets	10 606								
Land and subsoil assets	2 964	739	4	700	500	500	737	737	737
Software and other intangible assets	1 430	7 940	3 313	1 189	3 328	3 353	5 211	5 040	1 080
Payments for financial assets	9 941	3 951	10 748		260	132			
Total economic classification	25 200 392	27 006 035	28 476 277	29 374 676	29 855 245	30 759 567	30 829 011	32 831 249	34 793 712

Table 5.2 above reflects the summary of provincial payments and estimates by economic classification and the largest portion consists of compensation of employees which is allocated R60.009 billion or 61 percent. The compensation of employees increases by R1.023 billion or 5.8 percent from R17.610 billion in 2015/16 adjusted budget to R18.633 billion in 2016/17, 7.3 percent and 6.9 percent in 2017/18 and 2018/19 financial years

respectively. The province will continue with measures to limit personnel growth to enable the release of funds to support economic growth in the province.

The goods and services budget increases by R323.379 million or 5.9 percent from R5.438 billion in 2015/16 to R5.761 billion in 2016/17, while in 2017/18 increases by 4.2 percent to R6.581 billion and 5.6 percent in 2018/19 to R6.951 billion.

Transfers and Subsidies is allocated 12.655 over the MTEF and take 13 percent share of the total provincial payments over the same period. Transfers to provinces and municipalities increased from R401.302 million in 2015/16 to R433.393 million in 2016/17, R422.309 million in 2017/18 and R445.588 million in 2018/19. The transfers to Non-profit institutions amounts to R5.096 billion over the MTEF and this include transfers to schools as determined by the National Schools Act..

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		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
General public services	2 476 069	2 690 699	2 818 446	2 981 245	3 081 446	3 365 642	3 158 727	3 219 024	3 370 825
Public order and safety	1 481 686	1 701 840	1 839 989	1 845 316	1 854 375	1 841 190	1 995 355	2 113 313	2 209 204
Economic affairs	530 781	558 451	629 142	615 034	618 705	651 450	599 250	625 206	655 968
Environmental protection	551 121	615 953	599 094	683 163	678 178	677 367	711 155	748 725	796 592
Housing and community amenities	1 068 052	1 481 761	1 207 552	1 224 416	1 241 311	1 251 228	1 335 504	1 491 326	1 586 036
Health	7 611 720	7 779 386	8 290 459	8 675 429	8 727 575	8 728 675	9 048 599	9 687 502	10 429 806
Recreation, culture and religion	540 952	638 340	763 632	771 997	801 709	798 267	754 052	738 650	775 927
Education	10 072 875	10 576 894	11 371 628	11 558 002	11 834 133	12 433 874	12 081 205	13 044 823	13 736 632
Social protection	867 136	962 711	956 335	1 020 074	1 017 813	1 011 874	1 145 164	1 162 679	1 232 721
Total provincial payments and estimates by policy area	25 200 392	27 006 035	28 476 277	29 374 676	29 855 245	30 759 567	30 829 011	32 831 249	34 793 711

Table 5.3 above shows the summary of expenditures by policy area, the details of which are shown in Table A:4(b) of the Annexure to the Overview of Provincial Revenue and Expenditure. Education and Health are the key policy areas for the government policy area receive 39.5 percent and 29.6 percent over the MTEF; while Public Order and Safety receive the third largest share of 6.4 percent.

5.5 Provincial Infrastructure payments

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
3 Economic and Small Business Development, Tourism and Environmental Affairs	42 865	32 344	10 286	31 543	18 243	18 243	41 770	45 672	45 498
5 Health	244 020	273 342	497 792	589 380	633 974	633 974	499 041	509 066	526 166
6 Education	530 776	423 305	400 368	755 329	866 633	867 429	684 886	649 563	685 725
7 Social Development	26 976	28 989	18 071	16 370	21 570	15 033	47 615	19 653	23 438
9 Public Works and Infrastructure	160 163	231 727	187 561	172 791	192 533	192 040	201 933	207 016	210 664
10 Police, Roads and Transport	746 854	1 273 919	1 330 489	1 223 276	1 220 561	1 224 561	1 335 193	1 435 988	1 513 268
11 Agriculture and Rural Development	106 177	128 272	182 342	116 964	111 776	71 576	110 411	99 256	98 878
12 Sport, Arts, Culture and Recreation	96 460	175 276	228 164	190 829	243 043	253 038	170 262	135 971	131 568
Total provincial infrastructure payments and estimates	1 954 291	2 567 174	2 855 073	3 096 482	3 308 333	3 275 894	3 091 111	3 102 185	3 235 205

R9.428 billion is allocated over the MTEF to infrastructure and this is 9.6 percent from the provincial budget of R30.829 billion. Police, Roads and Transport is allocated R4.284 billion over the MTEF or 45.5 percent from the infrastructure budget for construction of new roads and upgrading the current road network. Education is allocated 2.020 billion over the MTEF or 21.4 percent for building of new schools and hostels and upgrading current infrastructure. Health is allocated R1.534 billion over the MTEF or 16.3 percent for new infrastructure and upgrading of current infrastructure.

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Existing infrastructure assets	1 377 325	2 064 118	2 364 618	2 517 891	2 732 472	2 725 892	2 513 352	2 583 862	2 744 669
Maintenance and repair	366 907	446 122	589 531	723 196	769 472	764 153	861 319	1 280 758	1 387 087
Upgrades and additions	512 215	629 705	762 989	749 752	858 832	854 169	654 282	712 190	795 668
Refurbishment and rehabilitation	498 203	988 291	1 012 098	1 044 943	1 104 168	1 107 570	997 751	590 914	561 914
New infrastructure assets	511 038	348 408	425 939	462 291	433 243	427 384	454 929	418 323	395 036
Infrastructure transfers	65 928	154 648	64 516	116 300	142 618	122 618	122 830	100 000	95 500
Infrastructure transfers - Current	1 602	5 025	10 371	57 800	57 800	37 800	73 830	100 000	95 500
Infrastructure transfers - Capital	64 326	149 623	54 145	58 500	84 818	84 818	49 000		
Total provincial infrastructure payments and	1 954 291	2 567 174	2 855 073	3 096 482	3 308 333	3 275 894	3 091 111	3 102 185	3 235 205

Table 5.4(b) illustrate the allocation of funds to the various infrastructure categories and over the MTEF R7.852 billion will be allocated to existing infrastructure to ensure the province maintain the current assets, R1.251 billion or 13.5 percent will be allocated to new infrastructure while R318.330 million or 3.4 percent will be going to infrastructure transfers.

5.6 Provincial Public-Private Partnership (PPP) projects

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.

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

Project description	Annual cost of project		Outcome	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Projects signed in terms of Treasury Regulation	23 385	13 182	25 229	10 240	10 240	10 240	23 206	24 386	26 063
PPP unitary charge	8 057	8 057	16 998	9 973	9 973	9 973	5 900	6 166	6 444
Advisory fees	3 476	4 845	7 931				3 848	4 079	4 323
Project monitoring cost		65	65				1 763	1 646	1 945
Revenue generated	11 852						11 400	12 187	13 029
Contingent liabilities		215	235	267	267	267	295	308	322
Projects in preparation									
Advisory fees									
Project team costs									
Site acquisition costs									
Capital payment									
Other project costs									
Total PPP projects	23 385	13 182	25 229	10 240	10 240	10 240	23 206	24 386	26 063

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		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
3 Economic and Small Business Development, Tourism and Environmental Affairs	122 810	115 718	102 434	95 915	106 345	99 958	99 938	98 685	104 409
Free State Development Corporation	27 245	22 545	1 200	3 700	3 700	3 700	1 200	1 260	1 333
Free State Gambling and Liquor Authority	48 251	51 309	50 870	50 351	51 851	50 351	55 551	53 349	56 443
Free State Tourism Authority	47 314	41 864	50 364	41 864	50 794	45 907	43 187	44 076	46 632
Total provincial transfers to public entities	122 810	115 718	102 434	95 915	106 345	99 958	99 938	98 685	104 409

The total transfer payment to the Public Entities by the Department of Economic and Small Business Development, Tourism and Environmental Affairs decreased from an adjusted budget of R106.345 million in 2015/16 to R99.938 million in 2016/17; a decline of 6 percent is due to fact that the Free State Tourism Authority received once of transfers in 2015/16. The allocations over MTEF are intended for tourism marketing (FSTA), regulation of gambling as well as assistance to SMMEs.

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		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Category A	51 148	56 399	108 996	108 681	172 867	236 458	86 881	107 584	112 672
Category B	252 023	273 564	207 781	241 728	200 611	200 611	264 146	248 052	262 974
Category C	16 393	34 106	17 626	75 924	27 824	27 814	82 303	66 607	69 872
Total provincial transfers to local government	319 564	364 069	334 403	426 333	401 302	464 883	433 330	422 243	445 518

5.7.3 Personnel numbers and costs

Table 5.7: Summary of personnel numbers and costs by Vote¹

Department		Actual			Funded posts	Additional Posts	Revised estimate	Medium-term expenditure estimate			Posts Growth Rate	Cost Growth rate	Cost % of Total Provincial
Cost in R million		2012/13	2013/14	2014/15	Establishment		2015/16	2016/17	2017/18	2018/19	Average over MTEF		
1 Department of the Premier	(numbers) (R'000)	615 172 261	620 186 915	621 204 681	503	105	608 222 934	651 239 161	651 249 712	651 263 928	2.3%	5.8%	1.2%
2 Free State Legislature	(numbers) (R'000)	141 72 734	146 81 307	142 93 695	154	–	154 104 180	158 116 809	158 121 622	158 127 981	0.9%	7.1%	0.6%
3 Economic & Small Business Dev, Tourism & Environm Aff	(numbers) (R'000)	676 163 024	641 179 251	635 195 033	732	131	863 213 362	929 222 654	929 237 890	929 254 657	2.5%	6.1%	1.2%
4 Provincial Treasury	(numbers) (R'000)	394 140 513	478 145 101	388 155 792	410	41	451 175 593	466 187 040	466 200 432	466 212 226	1.1%	6.5%	1.0%
5 Health	(numbers) (R'000)	18 843 4 944 006	18 867 5 153 185	18 437 5 258 723	17 765	–	17 765 5 643 868	17 765 5 879 374	17 765 6 295 773	17 765 6 741 088	–	6.1%	31.4%
6 Education	(numbers) (R'000)	32 063 7 844 142	30 898 8 414 360	31 371 8 761 787	28 227	3 662	31 889 9 397 839	30 216 9 393 355	30 015 10 092 639	29 821 10 798 585	-2.2%	4.7%	50.8%
7 Social Development	(numbers) (R'000)	2 009 416 062	2 008 463 814	2 000 474 589	2 059	–	2 059 526 523	2 059 572 796	2 059 613 897	2 059 658 860	–	7.8%	3.0%
8 Cooperative Governance and Traditional Affairs	(numbers) (R'000)	373 133 820	375 130 975	410 171 020	360	43	403 187 562	402 199 658	402 213 234	402 225 602	-0.1%	6.3%	1.1%
9 Public Works and Infrastructure	(numbers) (R'000)	1 998 313 992	1 927 339 108	2 112 372 654	1 627	527	2 154 400 766	2 231 402 058	2 218 430 370	2 218 451 758	1.0%	4.1%	2.2%
10 Police, Roads and Transport	(numbers) (R'000)	2 124 447 361	2 080 489 424	2 332 516 951	1 981	342	2 323 562 512	2 782 617 634	2 984 660 153	2 796 702 707	6.4%	7.7%	3.3%
11 Agriculture and Rural Development	(numbers) (R'000)	1 220 278 632	1 234 303 166	1 210 319 488	1 117	9	1 126 336 558	1 084 349 991	1 087 376 960	1 087 387 381	-1.2%	4.8%	1.9%
12 Sport, Arts, Culture and Recreation	(numbers) (R'000)	704 159 292	742 173 980	813 197 247	832	27	859 247 691	1 251 290 016	1 256 312 699	1 256 336 388	13.5%	10.7%	1.5%
13 Human Settlements	(numbers) (R'000)	169 64 901	249 92 442	263 107 772	323	–	323 136 027	359 162 610	365 194 857	379 214 026	5.5%	16.3%	0.9%
Total Personnel Numbers		61 329	231 906	60 734	56 090	4 887	60 977	60 353	60 355	59 987	-0.5%		
Total Personnel Cost (R'million)		15 150 740	16 153 028	16 829 433			18 155 415	18 633 155	20 000 238	21 375 187		5.6%	
Unit Cost		247 040	69 653	277 101			297 742	308 736	331 377	356 330			

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 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
1 Department of the Premier	1 286	652	25	986	986	(86)	11 713	1 983	1 936
2 Free State Legislature	682	676	505	741	251	251	718	643	690
3 Economic and Small Business Development, Tourism and Environmental Affairs	7 046	9 003	10 028	10 246	10 246	10 246	10 073	9 883	10 456
4 Provincial Treasury	9 416	11 342	12 365	10 301	9 670	8 785	10 925	11 782	12 296
5 Health	23 084	27 169	8 532	47 867	47 867	47 867	11 634	11 912	12 731
6 Education	49 523	50 485	24 488	86 363	52 332	52 026	93 500	100 498	107 535
7 Social Development	1 084	2 424	4 723	5 010	5 010	5 010	5 727	6 138	6 588
8 Cooperative Governance and Traditional Affairs	537	1 607	2 887	2 389	784	777	1 996	2 132	2 256
9 Public Works and Infrastructure	4 451	2 314	2 760	3 007	3 007	3 007	3 178	3 311	3 503
10 Police, Roads and Transport	1 717	2 532	1 035	10 765	7 151	10 257	20 951	11 200	11 010
11 Agriculture and Rural Development	264	507	1 417	3 349	3 288	1 924	2 553	2 681	2 859
12 Sport, Arts, Culture and Recreation	470	1 646	670	2 473	1 849	1 849	2 405	2 525	2 654
13 Human Settlements	76	242	428	1 177	1 177	177	952	941	996
Total provincial payments on training	99 636	110 599	69 863	184 674	143 618	142 090	176 325	165 629	175 511

The revised estimate of 2015/16 as stated in this document is based on the projected outcome as captured in the In Year Monitoring model of January 2016

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Anexure to the Overview of the 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		
	2012/13	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Tax receipts	442 705	497 284	540 359	571 022	593 337	600 546	613 137	631 531	650 476
Casino taxes	30 732	36 051	35 448	39 039	40 034	40 034	43 235	44 532	45 868
Horse racing taxes	6 410	8 073	8 881	9 591	9 591	9 591	9 879	10 175	10 480
Liquor licences	5 744	6 305	6 859	7 085	7 425	7 425	7 648	7 877	8 113
Motor vehicle licences	399 819	446 855	489 171	515 307	536 287	543 496	552 376	568 947	586 015
Sales of goods and services other than capital assets	268 142	282 465	257 539	332 274	340 087	274 549	350 933	362 511	375 427
Sale of goods and services produced by department (excluding capital assets)	267 334	281 620	257 468	332 049	340 032	274 494	350 676	362 290	375 204
Sales by market establishments	49 738	57 060	59 993	68 142	82 199	82 192	79 749	83 316	88 243
Administrative fees	69 093	73 327	70 308	84 529	87 147	83 434	89 874	92 465	95 299
Other sales	148 503	151 233	127 167	179 378	170 686	108 868	181 053	186 509	191 662
Of which									
Health patient fees	93 961	91 423	65 724	104 474	104 474	97 781	69 156	108 423	113 103
Commission Insurance	11 111	12 021	12 275	13 379	12 241	12 241	11 446	11 508	11 532
Fines, penalties and forfeits									
Sales of provincial gazette and tender bulletin	3 476	5 028	5 656	5 254	4 599	4 599	4 862	4 762	5 041
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	808	845	71	225	55	55	257	221	223
Transfers received from:	6 145	5 891	10 933	10 000	11 500	4 957	11 000	12 000	10 000
Other governmental units	6 020	5 891	10 933	10 000	11 500	4 957	11 000	12 000	10 000
Higher education institutions									
Foreign governments									
International organisations									
Public corporations and private enterprises	125								
Households and non-profit institutions									
Fines, penalties and forfeits	22 305	13 917	15 815	15 023	15 597	19 020	16 122	16 619	16 507
Interest, dividends and rent on land	53 702	42 670	52 407	35 342	12 784	12 976	11 608	11 960	12 219
Interest	2 147	1 577	3 036	1 437	1 742	1 934	1 406	1 452	1 396
Dividends	51 555	41 093	49 371	33 905	11 042	11 042	10 202	10 508	10 823
Rent on land									
Sales of capital assets	9 861	11 517	17 186	19 966	8 344	30 324	1 390	1 492	1 535
Land and subsoil assets	240		815	5 000	5 000	5 000			
Other capital assets	9 621	11 517	16 371	14 966	3 344	25 324	1 390	1 492	1 535
Financial transactions in assets and liabilities	55 422	29 159	26 741	24 556	26 534	22 779	25 519	26 406	27 029
Total provincial own receipts	858 282	882 903	920 980	1 008 183	1 008 183	965 151	1 029 710	1 062 519	1 093 194

Table A.2: Information relating to Conditional Grants

Transferring department and Grant	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Revised transfer estimate	Revised expenditure estimate	Medium-term estimates		
R thousand	2012/13			2013/14			2014/15			2015/16			2016/17	2017/18	2018/19
Agriculture and Rural Development	190 382	190 382	190 121	206 844	206 844	205 408	229 987	228 551	229 891	237 277	237 181	237 277	239 242	258 798	273 734
Agricultural Disaster Management Grant							15 791	15 791	15 791						
Comprehensive Agricultural Support Programme Grant	126 829	126 829	126 637	140 274	140 274	140 274	146 531	146 531	146 435	171 012	170 916	171 012	174 289	189 769	200 701
Ilimalletsema Projects Grant	54 600	54 600	54 531	57 999	57 999	56 563	62 238	60 802	62 238	60 990	60 990	60 990	59 447	63 178	66 843
Land Care Programme Grant: Poverty Relief and Infrastructure Development	8 953	8 953	8 953	8 571	8 571	8 571	5 427	5 427	5 427	5 275	5 275	5 275	5 506	5 851	6 190
Arts and Culture	52 795	50 304	48 502	65 586	64 401	59 422	124 721	119 013	119 141	161 338	155 758	161 338	157 758	161 329	170 430
Community Library Services Grant	52 795	50 304	48 502	65 586	64 401	59 422	124 721	119 013	119 141	161 338	155 758	161 338	157 758	161 329	170 430
Sport and Recreation South Africa	34 116	34 116	34 114	38 832	38 832	38 823	40 318	40 318	40 190	64 526	64 398	64 526	43 019	45 538	48 131
Mass Participation and Sport Development Grant	34 116	34 116	34 114	38 832	38 832	38 823	40 318	40 318	40 190	64 526	64 398	64 526	43 019	45 538	48 131
Education	822 363	820 542	804 798	794 015	784 154	794 015	968 764	913 671	841 069	1 252 056	1 124 361	1 252 056	1 076 526	1 063 298	1 124 234
Dinaledi Schools Grant	7 374	7 179	5 184	7 573	7 573	7 573	8 503	8 006	8 047						
Education Infrastructure Grant	519 635	519 635	512 348	476 218	468 931	476 218	607 581	554 313	488 566	881 568	762 553	881 568	695 122	661 635	699 276
HIV and AIDS (Life Skills Education) Grant	13 155	12 491	9 910	14 441	12 135	14 441	12 686	11 570	10 931	11 699	9 944	11 699	12 967	13 980	14 790
National School Nutrition Programme Grant	262 329	261 367	257 762	274 820	274 552	274 820	299 417	299 205	292 948	320 869	314 400	320 869	334 971	351 720	372 119
Occupation Specific Dispensation for Education Sector Therapists Grant							18 358	18 358	18 358	5 775	5 775	5 775			
Technical Secondary Schools Recapitalization Grant	19 870	19 870	19 594	20 963	20 963	20 963	22 219	22 219	22 219						
Maths, Science and Technology Grant										32 145	31 689	32 145	33 466	35 963	38 049
Health	2 422 616	2 335 931	2 143 463	2 361 380	2 274 588	2 146 506	2 503 037	2 361 498	2 479 970	2 596 838	2 573 667	2 596 838	2 611 506	2 840 626	3 070 616
Comprehensive HIV, Aids and TB Grant	642 641	615 160	639 245	742 984	742 984	699 554	848 076	843 026	847 635	911 946	911 505	911 946	1 015 061	1 171 502	1 304 022
Health Facility Revitalisation Grant	845 821	786 617	575 499	625 754	538 962	454 423	603 451	466 962	580 816	609 545	586 910	609 545	474 692	485 128	502 319
Health Professions Training and Development	130 930	130 930	130 945	138 131	138 131	138 029	146 419	146 419	146 419	149 756	149 756	149 756	156 189	165 971	175 597
National Tertiary Services Grant	786 724	786 724	786 801	849 661	849 661	849 629	898 091	898 091	898 140	918 387	918 332	918 387	958 021	1 018 025	1 077 070
National Health Insurance Grant	16 500	16 500	10 973	4 850	4 850	4 871	7 000	7 000	6 960	7 204	7 164	7 204	7 543		
Human Papillomavirus Vaccine Grant															11 608
Human Settlements	991 804	961 619	975 608	1 350 936	1 350 936	1 350 936	1 076 642	1 076 642	1 061 756	1 072 170	1 057 284	1 072 170	1 098 411	1 226 608	1 306 077
Housing Disaster Relief Grant	27 469		11 334												
Human Settlements Development Grant	964 335	961 619	964 274	1 350 936	1 350 936	1 350 936	1 076 642	1 076 642	1 061 756	1 072 170	1 057 284	1 072 170	1 098 411	1 226 608	1 306 077
Public Works and Infrastructure	268 014	268 014	268 005												
Devolution of Property Rate Funds Grant	268 014	268 014	268 005												
Transport	811 379	757 802	758 448	1 577 205	1 528 705	1 341 549	1 477 238	1 241 582	1 477 219	1 363 465	1 363 465	1 363 465	1 499 287	1 587 907	1 677 135
Provincial Roads Maintenance Grant	618 507	564 930	565 702	1 373 823	1 325 323	1 138 167	1 261 338	1 025 682	1 261 445	1 142 796	1 142 796	1 142 796	1 258 030	1 332 238	1 409 518
Public Transport Operations Grant	192 872	192 872	192 746	203 382	203 382	203 382	215 900	215 900	215 774	220 669	220 669	220 669	241 257	255 669	267 617
Social Development							2 000	2 000		14 500	12 500	14 500	42 500	34 101	48 379
Substance Abuse Treatment Grant							2 000	2 000		14 500	12 500	14 500	42 500	14 238	17 709
Early Childhood Development Grant													19 863	30 670	
Other (Not included above)	45 299	45 299	30 750	30 404	26 546	29 726	39 425	38 301	34 890	45 524	40 989	45 524	47 620		
Expanded Public Works Programme Integrated Grant for Provinces	21 391	21 391	12 114	18 001	18 001	17 456	27 725	26 601	24 861	24 145	21 281	24 145	25 641		
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	23 908	23 908	18 636	12 403	8 545	12 270	11 700	11 700	10 029	21 379	19 708	21 379	21 979		
Total conditional grants	5 638 768	5 464 009	5 253 809	6 425 202	6 275 006	5 966 385	6 462 132	6 021 576	6 284 126	6 807 694	6 629 603	6 807 694	6 815 869	7 218 205	7 718 736

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
Current payments	19 349 710	20 358 821	22 148 850	22 856 651	23 050 964	23 783 230	24 396 597	26 591 990	28 330 063
Compensation of employees	15 150 740	16 153 028	16 829 433	17 520 232	17 610 255	18 155 415	18 633 155	20 000 238	21 375 187
Salaries and wages	13 009 791	13 940 420	14 612 795	15 160 885	15 105 918	15 620 114	15 996 035	17 177 348	18 385 380
Social contributions	2 140 949	2 212 608	2 216 637	2 359 347	2 504 337	2 535 301	2 637 120	2 822 891	2 989 807
Goods and services	4 195 615	4 204 138	5 317 830	5 336 189	5 437 842	5 625 651	5 761 221	6 580 935	6 951 053
Interest and rent on land	3 355	1 655	1 587	230	2 867	2 164	2 221	10 817	3 824
Interest	3 355	1 641	1 587	230	2 867	2 164	2 221	10 817	3 824
Rent on land		14							
Transfers and subsidies to:	3 343 477	4 233 155	4 020 858	4 126 963	4 205 340	4 360 300	4 062 161	4 205 538	4 387 566
Provinces and municipalities	319 607	364 124	336 197	426 393	401 302	465 503	433 393	422 309	445 588
Provinces ²	1 724	55	1 794	60		620	63	66	70
Provincial Revenue Funds	43	55	65	60		62	63	66	70
Provincial agencies and funds	1 681		1 730			558			
Municipalities ³	317 883	364 069	334 403	426 333	401 302	464 883	433 330	422 243	445 518
Municipalities	317 721	357 844	334 403	426 333	382 452	446 043	419 980	422 243	445 518
Municipal agencies and funds	162	6 225			18 850	18 840	13 350		
Departmental agencies and accounts	179 352	189 582	167 171	140 591	175 153	169 665	230 369	192 251	202 199
Social security funds									
Provide list of entities receiving transfers ⁴	179 352	189 582	167 171	140 591	175 153	169 665	230 369	192 251	202 199
Higher education institutions	56	851	5 352	286	2 286	2 288	1 094	1 095	1 096
Foreign governments and international organisations	1 000	33							
Public corporations and private enterprises ⁵	239 168	251 517	262 929	255 348	256 011	272 263	264 765	272 978	280 158
Public corporations	235 445	233 438	216 990	224 369	224 369	224 375	242 457	256 929	268 950
Subsidies on production	208 186	210 872	215 775	220 669	220 669	220 669	241 257	255 669	267 617
Other transfers	27 259	22 566	1 215	3 700	3 700	3 706	1 200	1 260	1 333
Private enterprises	3 723	18 079	45 939	30 979	31 642	47 888	22 308	16 049	11 208
Subsidies on production									
Other transfers	3 723	18 079	45 939	30 979	31 642	47 888	22 308	16 049	11 208
Non-profit institutions	1 296 373	1 438 184	1 428 796	1 489 834	1 513 364	1 522 951	1 637 650	1 707 437	1 750 943
Households	1 307 921	1 988 864	1 820 413	1 814 511	1 857 224	1 927 630	1 494 889	1 609 468	1 707 582
Social benefits	81 772	97 318	129 544	46 409	58 330	118 652	47 187	46 617	47 522
Other transfers to households	1 226 149	1 891 546	1 690 869	1 768 102	1 798 894	1 808 978	1 447 702	1 562 850	1 660 059
Payments for capital assets	2 497 264	2 410 108	2 295 820	2 391 062	2 598 681	2 615 905	2 370 253	2 033 721	2 076 082
Buildings and other fixed structures	2 249 043	2 176 488	2 036 144	2 084 246	2 258 740	2 319 291	2 090 376	1 715 638	1 746 237
Buildings	881 416	793 913	769 756	715 690	760 871	821 839	756 546	664 034	661 498
Other fixed structures	1 367 627	1 382 575	1 266 388	1 368 556	1 497 869	1 497 452	1 333 830	1 051 604	1 084 739
Machinery and equipment	233 172	224 941	256 359	304 927	336 113	292 761	273 929	312 306	328 028
Transport equipment	56	65	13 596	9 119	7 820	4 890	20 667	21 369	23 456
Other machinery and equipment	233 116	224 876	242 763	295 808	328 293	287 871	253 263	290 937	304 572
Heritage assets	49								
Specialised military assets									
Biological assets	10 606								
Land and subsoil assets	2 964	739	4	700	500	500	737	737	737
Software and other intangible assets	1 430	7 940	3 313	1 189	3 328	3 353	5 211	5 040	1 080
Payments for financial assets	9 941	3 951	10 748		260	132			
Total economic classification	25 200 392	27 006 035	28 476 277	29 374 676	29 855 245	30 759 567	30 829 011	32 831 249	34 793 712

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, arts, culture and recreation	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 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
GENERAL PUBLIC SERVICES	2 476 069	2 690 699	2 818 446	2 981 245	3 081 446	3 365 642	3 158 727	3 219 024	3 370 825
Executive and Legislative	227 380	204 933	210 960	200 039	231 828	231 861	244 572	251 206	263 088
Office of the Premier	21 495	22 869	18 779	18 347	17 690	17 810	16 340	17 352	18 357
Provincial Legislature	205 885	182 064	192 181	181 692	214 138	214 051	228 232	233 855	244 731
General Services	2 042 144	2 269 399	2 368 423	2 485 739	2 540 513	2 826 676	2 587 388	2 664 760	2 791 268
Office of the Premier	231 360	249 012	284 551	265 549	299 311	293 191	293 304	289 679	304 124
Police, Roads and Transport	158 060	187 581	213 708	214 456	224 385	229 828	258 852	271 483	280 619
Public Works and Infrastructure	1 255 252	1 398 695	1 382 173	1 491 935	1 504 295	1 790 940	1 486 417	1 547 578	1 622 098
Cooperative Governance & Traditional Affairs	300 530	307 106	364 265	376 406	380 315	380 315	407 596	411 525	430 835
Economic and Small Business Development, Tourism and Environmental Affairs	96 942	127 005	123 726	137 393	132 207	132 402	141 219	144 495	153 592
Financial and Fiscal Services	206 545	216 367	239 063	295 467	309 105	307 105	326 766	303 057	316 468
Provincial Treasury	206 545	216 367	239 063	295 467	309 105	307 105	326 766	303 057	316 468
PUBLIC ORDER AND SAFETY	1 481 686	1 701 840	1 839 989	1 845 316	1 854 375	1 841 190	1 995 355	2 113 313	2 209 204
Police Services	271 636	263 208	277 627	319 438	341 303	331 118	344 305	369 915	390 167
Police, Roads and Transport	271 636	263 208	277 627	319 438	341 303	331 118	344 305	369 915	390 167
Traffic Control	1 210 050	1 438 632	1 562 362	1 525 878	1 513 072	1 510 072	1 651 050	1 743 398	1 819 037
Police, Roads and Transport	1 210 050	1 438 632	1 562 362	1 525 878	1 513 072	1 510 072	1 651 050	1 743 398	1 819 037
EDUCATION	10 072 875	10 576 894	11 371 628	11 558 002	11 834 133	12 433 874	12 081 205	13 044 823	13 736 632
Pre-primary & Primary Phases	4 925 231	5 194 737	5 704 944	5 426 357	5 517 559	5 963 002	5 696 159	6 216 819	6 587 668
Education	4 925 231	5 194 737	5 704 944	5 426 357	5 517 559	5 963 002	5 696 159	6 216 819	6 587 668
Secondary Education Phase	3 016 646	3 142 835	3 305 771	3 341 924	3 445 450	3 587 257	3 556 800	3 813 720	4 063 062
Education	3 016 646	3 142 835	3 305 771	3 341 924	3 445 450	3 587 257	3 556 800	3 813 720	4 063 062
Education not defined by level	1 039 043	1 016 426	1 147 619	1 441 650	1 576 236	1 590 010	1 458 422	1 491 316	1 551 376
Agriculture and Rural Development	16 106	19 263	19 814	19 898	18 710	19 124	21 458	21 923	23 461
Education	1 022 937	997 163	1 127 805	1 421 752	1 557 526	1 570 886	1 436 964	1 469 393	1 527 915
Subsidiary Services to Education	1 091 955	1 222 896	1 213 294	1 348 071	1 294 888	1 293 605	1 369 824	1 522 968	1 534 526
Education	1 091 955	1 222 896	1 213 294	1 348 071	1 294 888	1 293 605	1 369 824	1 522 968	1 534 526
HEALTH	7 611 720	7 779 386	8 290 459	8 675 429	8 727 575	8 728 675	9 048 599	9 687 502	10 429 806
Outpatient services	1 082 222	1 128 559	1 167 048	1 265 913	1 275 913	1 201 589	1 351 461	1 506 464	1 621 958
R and D Health (CS)									
Hospital Services	6 529 498	6 650 827	7 123 411	7 409 516	7 451 662	7 527 086	7 697 138	8 181 038	8 807 848
SOCIAL PROTECTION	867 136	962 711	956 335	1 020 074	1 017 813	1 011 874	1 145 164	1 162 679	1 232 721
Social Security Services									
Social Development									
Social Services and Population Development	867 136	962 711	956 335	1 020 074	1 017 813	1 011 874	1 145 164	1 162 679	1 232 721
Social Development	867 136	962 711	956 335	1 020 074	1 017 813	1 011 874	1 145 164	1 162 679	1 232 721
HOUSING AND COMMUNITY AMENITIES	1 068 052	1 481 761	1 207 552	1 224 416	1 241 311	1 251 228	1 335 504	1 491 326	1 586 036
Housing Development	1 068 052	1 481 761	1 207 552	1 224 416	1 241 311	1 251 228	1 335 504	1 491 326	1 586 036
Human Settlements	1 068 052	1 481 761	1 207 552	1 224 416	1 241 311	1 251 228	1 335 504	1 491 326	1 586 036
ENVIRONMENTAL PROTECTION	551 121	615 953	599 094	683 163	678 178	677 367	711 155	748 725	796 592
Environmental Protection	551 121	615 953	599 094	683 163	678 178	677 367	711 155	748 725	796 592
Economic and Small Business Development, Tourism and Environmental Affairs	154 307	136 426	125 390	154 403	141 679	142 821	171 745	177 355	187 845
Agriculture	396 814	479 527	473 704	528 760	536 499	534 546	539 410	571 371	608 748
RECREATION, CULTURE AND RELIGION	540 952	638 340	763 632	771 997	801 709	798 267	754 052	738 650	775 927
Sporting and Recreational Affairs	540 952	638 340	763 632	771 997	801 709	798 267	754 052	738 650	775 927
Sport, Arts, Culture and Recreation	445 337	541 863	662 300	679 605	698 887	701 832	655 128	641 030	672 645
Economic and Small Business Development, Tourism and Environmental Affairs	95 615	96 477	101 332	92 392	102 822	96 435	98 924	97 620	103 282
Premier									
ECONOMIC AFFAIRS	530 781	558 451	629 142	615 034	618 705	651 450	599 250	625 206	655 968
General Economic Affairs	60 275	72 446	79 324	87 991	92 080	97 153	81 660	92 317	92 831
Economic and Small Business Development, Tourism and Environmental Affairs	60 275	72 446	79 324	87 991	92 080	97 153	81 660	92 317	92 831
Agriculture	154 340	153 704	169 648	169 618	170 401	182 823	165 724	164 244	161 444
Agriculture and Rural Development	154 340	153 704	169 648	169 618	170 401	182 823	165 724	164 244	161 444
Rural Development	28 230	31 509	31 945	26 266	26 981	24 858	19 233	20 749	22 213
Agriculture and Rural Development	28 230	31 509	31 945	26 266	26 981	24 858	19 233	20 749	22 213
Transport	287 936	300 792	348 225	331 159	329 243	346 616	332 634	347 897	379 480
Police, Roads and Transport	287 936	300 792	348 225	331 159	329 243	346 616	332 634	347 897	379 480
Total provincial payments and estimates by policy area	25 200 392	27 006 035	28 476 277	29 374 676	29 855 245	30 759 567	30 829 011	32 831 249	34 793 711

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Category A	51 148	56 399	108 996	108 681	172 867	236 458	86 881	107 584	112 672
Mangaung	51 148	56 399	108 996	108 681	172 867	236 458	86 881	107 584	112 672
Category B	252 023	273 564	207 781	241 728	200 611	200 611	264 146	248 052	262 974
Letsemeng	2 101	1 409	1 759	2 032	1 790	1 790	2 106	2 069	2 189
Kopanong	5 142	3 424	2 745	4 043	3 412	3 412	4 190	4 117	4 356
Mohokare	4 604	4 510	2 890	185	775	775	192	188	199
Naledi	861	6 316	1 299	669	1 409	1 409	693	681	720
Masilonyana	2 135	2 424	3 122	3 606	3 302	3 302	3 737	3 672	3 885
Tokologo	465	236	259	300	331	331	311	306	324
Tswelopele	2 014	6 509	1 400	1 618	1 992	1 992	1 677	1 648	1 744
Matjhabeng	48 171	39 011	28 315	54 286	32 861	32 861	56 262	55 284	58 490
Nala	6 656	516	1 995	2 306	3 587	3 587	2 389	2 348	2 484
Setsoto	19 919	21 826	32 120	17 326	16 723	16 723	17 956	17 644	18 667
Dihlabeng	7 925	8 490	9 975	11 598	11 571	11 571	12 280	12 108	13 008
Nketoana	6 542	6 918	5 991	6 608	6 914	6 914	8 098	6 729	7 119
Maluti a Phofung	121 244	130 581	67 610	99 795	67 919	67 919	103 682	102 921	109 031
Phumelela	1 134	1 022	1 775	1 271	1 873	1 873	2 417	1 294	1 369
Mantsopa	356	4 413	5 899	520	2 445	2 445	539	529	560
Moghaka	5 903	16 658	10 056	7 699	8 889	8 889	7 978	7 840	8 295
Ngwathe	4 481	5 262	7 230	8 354	18 034	18 034	13 657	8 507	9 000
Metsimaholo	5 000	6 966	8 691	10 098	9 659	9 659	10 726	10 580	11 391
Mafube	7 370	7 073	14 650	9 414	7 125	7 125	15 256	9 587	10 143
Unallocated									
Category C	16 393	34 106	17 626	75 924	27 824	27 814	82 303	66 607	69 872
Xhariep	10 050	25 000	15 800	16 500	17 000	16 990	17 500	17 850	19 000
Lejweleputswa									
Thabo Mofutsanyana	4 500		1 826		10 800	10 800			
Fezile Dabi	1 843	9 106							
Unallocated				59 424	24	24	64 803	48 757	50 872
Inter-provincial transfers									
Total transfers to local government	319 564	364 069	334 403	426 333	401 302	464 883	433 330	422 243	445 518

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		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Metro	51 148	56 399	108 996	108 681	172 867	236 458	86 881	107 584	112 672
Motheo	51 148	56 399	108 996	108 681	172 867	236 458	86 881	107 584	112 672
Region	268 416	307 670	225 407	258 228	228 411	228 401	281 646	265 902	281 974
Xhariep	22 758	40 659	24 493	23 429	24 386	24 376	24 681	24 905	26 464
Letsemeng	2 101	1 409	1 759	2 032	1 790	1 790	2 106	2 069	2 189
Kopanong	5 142	3 424	2 745	4 043	3 412	3 412	4 190	4 117	4 356
Mohokare	4 604	4 510	2 890	185	775	775	192	188	199
Naledi	861	6 316	1 299	669	1 409	1 409	693	681	720
Xhariep	10 050	25 000	15 800	16 500	17 000	16 990	17 500	17 850	19 000
Thabo Mofutsanyane	161 620	173 250	125 196	137 118	118 245	118 245	144 972	141 225	149 754
Setsoto	19 919	21 826	32 120	17 326	16 723	16 723	17 956	17 644	18 667
Dihlabeng	7 925	8 490	9 975	11 598	11 571	11 571	12 280	12 108	13 008
Nketoana	6 542	6 918	5 991	6 608	6 914	6 914	8 098	6 729	7 119
Maluti a Phofung	121 244	130 581	67 610	99 795	67 919	67 919	103 682	102 921	109 031
Phumelela	1 134	1 022	1 775	1 271	1 873	1 873	2 417	1 294	1 369
Mantsopa	356	4 413	5 899	520	2 445	2 445	539	529	560
Thabo Mofutsanyane	4 500		1 826		10 800	10 800			
Fezile Dabi	24 597	45 065	40 627	35 565	43 707	43 707	47 617	36 514	38 829
Moghaka	5 903	16 658	10 056	7 699	8 889	8 889	7 978	7 840	8 295
Nqwathe	4 481	5 262	7 230	8 354	18 034	18 034	13 657	8 507	9 000
Metsimaholo	5 000	6 966	8 691	10 098	9 659	9 659	10 726	10 580	11 391
Mafube	7 370	7 073	14 650	9 414	7 125	7 125	15 256	9 587	10 143
Fezile Dabi	1 843	9 106							
Lejweleputswa	59 441	48 696	35 091	62 116	42 073	42 073	64 376	63 258	66 927
Masilanyana	2 135	2 424	3 122	3 606	3 302	3 302	3 737	3 672	3 885
Tokologo	465	236	259	300	331	331	311	306	324
Tswelopele	2 014	6 509	1 400	1 618	1 992	1 992	1 677	1 648	1 744
Matjabeng	48 171	39 011	28 315	54 286	32 861	32 861	56 262	55 284	58 490
Nala	6 656	516	1 995	2 306	3 587	3 587	2 389	2 348	2 484
Lejeleputswa									
Unallocated funds				59 424	24	24	64 803	48 757	50 872
Inter-provincial transfer									
Total provincial payments by region and district	319 564	364 069	334 403	426 333	401 302	464 883	433 330	422 243	445 518

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

	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
New infrastructure assets	511 038	348 408	425 939	462 291	433 243	427 384	454 929	418 323	395 036
Economic and Small Business Development, Tourism and Environmental Affairs	25 358	16 104	358	2 800	1 284	1 284	16 700	16 000	35 500
Health	186 192	141 838	120 046	107 048	114 069	114 069	53 161	56 018	27 055
Education	141 405	62 957	89 991	245 951	196 951	196 951	230 242	243 800	252 482
Social Development	26 209	28 000	16 388	11 770	16 235	10 235	42 500	14 238	17 709
Public Works and Infrastructure	9 071	8 684	16 460	12 610	10 257	10 257	12 033	13 168	14 460
Police Roads and Transport	8 446	15 014	16 400	23 000	10 500	9 591	35 750	27 750	28 750
Agriculture and Rural Development	84 002	36 178	102 826	3 790			7 667		
Sport, Arts, Culture and Recreation	30 355	39 633	63 470	55 322	83 947	84 997	56 876	47 349	19 080
Existing infrastructure assets	1 377 325	2 064 118	2 364 618	2 517 891	2 732 472	2 725 892	2 513 352	2 583 862	2 744 669
Upgrades and additions	512 215	629 705	762 989	749 752	858 832	854 169	654 282	712 190	795 668
Economic and Small Business Development, Tourism and Environmental Affairs	7 072	4 995	9 473	26 676	15 176	15 176	22 448	26 395	7 500
Health	49 341	117 721	171 181	102 152	116 725	116 725	9 210	121 937	148 006
Education	222 922	134 915	221 019	293 640	384 853	385 241	319 896	262 749	314 953
Social Development			583		735	735			
Public Works and Infrastructure	151 092	223 043	171 101	160 181	178 345	177 852	180 630	184 263	186 263
Police Roads and Transport		189	800	9 000	9 300	13 215	3 000	4 000	5 000
Agriculture and Rural Development	22 175	19 175	33 640	33 458	27 776	10 358	18 744	35 256	35 458
Sport, Arts, Culture and Recreation	59 613	129 667	155 192	124 645	125 922	134 867	100 354	77 590	98 488
Refurbishment and rehabilitation	498 203	988 291	1 012 098	1 044 943	1 104 168	1 107 570	997 751	590 914	561 914
Health	6 885	8 758	196 194	212 764	235 764	235 764	296 490	126 550	127 899
Education	83 987	127 996	63 633	200 749	222 589	222 997	122 748	128 514	100 165
Police Roads and Transport	407 331	851 537	752 271	631 430	645 815	648 809	578 513	335 850	333 850
Maintenance and repair	366 907	446 122	589 531	723 196	769 472	764 153	861 319	1 280 758	1 387 087
Economic and Small Business Development, Tourism and Environmental Affairs	10 435	1 245	455	2 067	1 783	1 783	2 622	3 277	2 498
Health				129 616	129 616	129 616	100 350	164 561	187 706
Education	18 447	21 764	16 370	14 989	62 240	62 240	12 000	14 500	18 125
Social Development	767	989	1 100	4 600	4 600	4 063	5 115	5 415	5 729
Police Roads and Transport	331 077	407 179	561 018	559 846	554 946	552 946	717 930	1 068 388	1 145 668
Agriculture and Rural Development		8 969	4 086	4 216	4 000	1 218	4 000	4 000	3 420
Sport, Arts, Culture and Recreation	6 181	5 976	6 502	7 862	8 356	8 356	10 032	11 032	14 000
Infrastructure transfers	65 928	154 648	64 516	116 300	142 618	122 618	122 830	100 000	95 500
Infrastructure transfer - current	1 602	5 025	10 371	57 800	57 800	37 800	73 830	100 000	95 500
Health	1 602	5 025	10 371	37 800	37 800	37 800	39 830	40 000	35 500
Agriculture and Rural Development				20 000	20 000		34 000	60 000	60 000
Infrastructure transfer - Capital	64 326	149 623	54 145	58 500	84 818	84 818	49 000		
Economic and Small Business Development, Tourism and Environmental Affairs		10 000							
Education	64 015	75 673	9 355						
Agriculture and Rural Development		63 950	41 790	55 500	60 000	60 000	46 000		
Sport, Arts, Culture and Recreation	311		3 000	3 000	24 818	24 818	3 000		
Total provincial infrastructure	1 954 291	2 567 174	2 855 073	3 096 482	3 308 333	3 275 894	3 091 111	3 102 185	3 235 205

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
3 Economic and Small Business Development, Tourism and Environmental Affairs	35 050	32 344	10 286	31 543	18 243	18 243	41 770	45 672	45 498
5 Health	1 000	3 480	2 512	22 431	22 431	22 431	22 349	23 938	23 847
6 Education	12 000		1 901	15 253	2 457	2 457	15 197	16 278	16 216
7 Social Development			21 388	6 725	3 190	3 190			
9 Public Works and Infrastructure	116 767	186 856	150 464	144 197	151 844	151 844	144 346	155 287	154 696
10 Police, Roads and Transport	638 362	300 631	299 296	385 302	372 496	372 496	392 654	431 161	429 519
11 Agriculture and Rural Development	24 681	109 913	74 089	86 385	85 203	85 203	392 654	431 161	429 519
12 Sport, Arts, Culture and Recreation	91 488	164 708	189 348	154 469	163 280	163 280	131 873	105 971	105 568
Unallocated								4 108	55 075
Total Infrastructure Enhancement Allocation	919 348	797 932	749 284	846 305	819 144	819 144	1 140 843	1 213 576	1 259 938

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

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
3 Economic and Small Business Development, Tourism and Environmental Affairs	11 475	3 058	2 619				5 243		
4 Provincial Treasury			500	2 000	2 000	2 000	2 000		
5 Health			2 000	1 200	100	100			
9 Public Works and Infrastructure	2 800	2 688	2 701	1 000	1 218	1 218			
10 Police, Roads and Transport	3 530		23 991						
11 Agriculture and Rural Development		4 482	292						
Unallocated							1 437	1 340	32 014
Total Revenue Enhancement Allocation	17 805	10 228	32 103	4 200	3 318	3 318	8 680	1 340	32 014

Table A.10: Summary of Expanded Public Works Programme Integrated Grant for Provinces payments and estimates by Vote

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
3 Economic and Small Business Development, Tourism and Environmental Affairs	738	497	1 974	2 421	2 421	2 421	2 629		
5 Health		2 757	2 702	2 000	2 000	2 000	2 000		
6 Education	1 000	3 000	2 629	2 523	3 108	3 108	2 567		
7 Social Development			583		735	735			
9 Public Works and Infrastructure	5 377	7 102	5 955	6 034	6 034	6 034	6 530		
10 Police, Roads and Transport		3 000	4 633	3 130	3 130	2 213	5 366		
11 Agriculture and Rural Development	4 000	550	2 254	2 027	2 027	2 027	2 145		
12 Sport, Arts, Culture and Recreation	999	550	2 131	2 342	2 342	2 342	2 404		
13 Human Settlement			2 000	2 348	2 348	2 348	2 000		
Total Revenue Enhancement Allocation	12 114	17 456	24 861	22 825	24 145	23 228	25 641		

Table A.11: 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 2015/16	Revised estimate	Medium-term estimates		
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19
5 Health	7 255		1 547	13 067	13 067	13 067	3 000		
6 Education	4 742		2 240	1 000	1 000	1 000	3 000		
7 Social Development	6 240	12 270	3 662	6 312	6 312	6 312	14 179		
12 Sport, Arts, Culture and Recreation	399		2 580	1 000	1 000	1 000	1 800		
Total Revenue Enhancement Allocation	18 636	12 270	10 029	21 379	21 379	21 379	21 979		

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