



FREE STATE

ESTIMATES
OF PROVINCIAL REVENUE AND
EXPENDITURE

2019/20

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The background of the page features a photograph of a modern, multi-story building with a curved facade and many windows. Overlaid on this image is a large, light-colored circular graphic that consists of two concentric circles. In the upper left quadrant, there is a solid black triangle pointing towards the center of the page.

PART A

OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

Foreword to the overview of Provincial Revenue and Expenditure for the 2019 MTEF

It is my heartfelt gratitude to present the 2019 MTEF budget to the people of the Free State. We have taken cognisance of the announcements by the President, the Premier of the province and the Minister of Finance. These announcements mainly relates to the effective use of public resources for the benefits of the populace. The January 8 Statement, Cabinet Lekgotla and Provincial Budget Lekgotla further emphasize on the need to direct resources towards high impact programmes and projects that have the potential to fight the three burden of poverty, unemployment and inequality. The budget we are presenting responds to the needs of the people and seeks to push back the very scourge of unemployment, poverty and inequality.

The 2019 MTEF is still underpinned by constrained national fiscus which is clearly evidenced by the allocations to provinces. The continuing fiscal consolidation stance with the associated budget cuts calls for innovative and prudent approaches in the deployment of limited public resources. We have therefore, as informed by various engagements with stakeholders, allocated more than 74 percent of budget towards the social services departments—namely, Education, Health, Social Development and Sport, Arts, Culture and Recreation. These are key frontline departments in fighting poverty, unemployment and inequality.

In the 2017/18 and 2018/19 financial years we hosted two successful Research Workshops with the aim of promoting evidenced based policy making and budgeting. In the forthcoming financial year we will continue with these engagements and ensure that the information gathered is filtered through our budget process. We are therefore delighted that the MTEF budget is strategically positioned to respond to the identified priorities as set out in the National Development Plan and key amongst these priorities are Education, Health, Infrastructure, Agriculture, Economy, Fighting Crime and Land restitution. With clear and decisive implementation of our budget through various departments we are confident that we will succeed in growing an inclusive economy that creates much needed job opportunities for our people.

Let us continue to work together towards a prosperous and equitable Free State. Together we move South Africa forward.



Ms. E.C. Rockman

MEC FOR FINANCE: Free State Treasury

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

1.1. Introduction

As outlined in National Development Plan (NDP) and further emphasised in the Medium Term Strategic Framework (MSTF), it remains the provincial government's plan and policy to improve the socio-economic conditions of the residents of the province. Despite government's intervention, the 2019/20 budget is tabled amid resilient challenges of poverty, inequality and unemployment. As a result, key developmental indicators (such as population indicators, education, health, poverty and welfare) will be provided to measure or illustrate the social realities within the province, in order to guide and inform provincial government's planning towards improved development outcomes.

1.2. Demographics

Table 1 below shows the total population across all nine provinces and their respective shares to the total population of the country. Looking at three data points (Census 2001, Census 2011 and 2017 Mid-year estimates), South Africa's total population has increased by 12.9 million people, from 44.8 million in 2001 to 51.8 million in 2011 and further to 56.5 million in 2017 or 1.7 percent on an annual average basis. Gauteng recorded the largest share of the population, followed by KwaZulu-Natal, Western Cape and Eastern Cape. A more skewed population distribution is revealed when comparing the last census (2011) and the recent mid-year estimates (2018) across provinces. For example, only Gauteng, North West and Western Cape recorded an increase in population share i.e. the size of their population share increased from 23.7 percent to 25.5 percent; 2.2 percent to 6.9 percent; and 11.2 percent to 11.5 percent between 2011 and 2018, respectively. Although there are numerous factors (mortality, fertility etc.) that can explain the changes, it was proven that in South Africa, inter-provincial as well as international migration patterns significantly influence the provincial population numbers and structures (Mid-year population estimates, 2018).

In the case of the Free State, the provincial population only grew by 250 thousands between 2001 and 2018, which represent a meagre growth of 0.5 percent on annual average basis – slower than the national average. In absolute terms, Free State's population grew from 2.71 million in 2001 to 2.95 million in 2018. On the fiscal front, a downward trend in population growth has an undesirable effect since a smaller budget share from national government will be allocated to the province. This is because the formula used to allocate or redistribute the collected revenue is largely driven by population count.

Table 1: Total Population by Province, 2001 - 2017

	Census	% of total population	Census	% of total population	Mid-year population	% of total population
	2001		2011		2018	
Eastern Cape	6 278 651	14.0	6 562 053	12.7	6 522 700	11.3
Free State	2 706 775	6.0	2 745 590	5.3	2 954 300	5.1
Gauteng	9 388 854	20.9	12 272 263	23.7	14 717 000	25.5
KwaZulu-Natal	9 584 129	21.4	10 267 300	19.8	11 384 700	19.7
Limpopo	4 995 462	11.1	5 404 868	10.4	5 797 300	10.0
Mpumalanga	3 365 554	7.5	4 039 939	7.8	4 523 900	7.8
Northern Cape	2 984 098	6.7	3 509 953	6.8	1 225 600	2.1
North West	991 919	2.2	1 145 861	2.2	3 979 000	6.9
Western Cape	4 524 335	10.1	5 822 734	11.2	6 621 100	11.5
Total	44 819 777	100.0	51 770 561	100.0	57 725 600	100

Source: Statistics South Africa, 2018

To gain further understanding on the provincial population dynamics (fertility, mortality, and migration trends), the shapes of the population pyramid are compared. Figure 1 and 2 illustrate the Free State provincial population by age and sex structure for the year 2008 and 2017, respectively. By mere inspection, the shapes of the two pyramids are not far off from each other, meaning the distribution of the provincial population by age and gender did not change significantly over the 10-year period. Again, further analysis show that the share of the youth category (persons between the ages of 14 and 35 years) as percentage of the total population is declining. For instance, youth accounted for 39 per cent of the population in 2008, however, in 2017 the share was standing at 36 per cent. In the same period, the share of children and the elderly population (people aged above 60 years) grew, indicating a higher burden on those who are economically productive and on government social grants. On gender, the female population has been higher than their male population implying that the bigger share of the budget should be apportioned to the female population, i.e. the province should implement gender sensitive budgeting (incorporation of equality principles into all stages of the budget process).

Figure 1: Population by Gender and Age, 2008

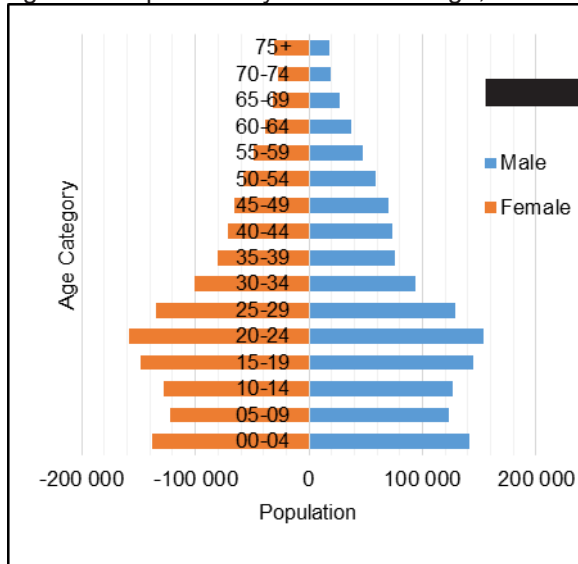
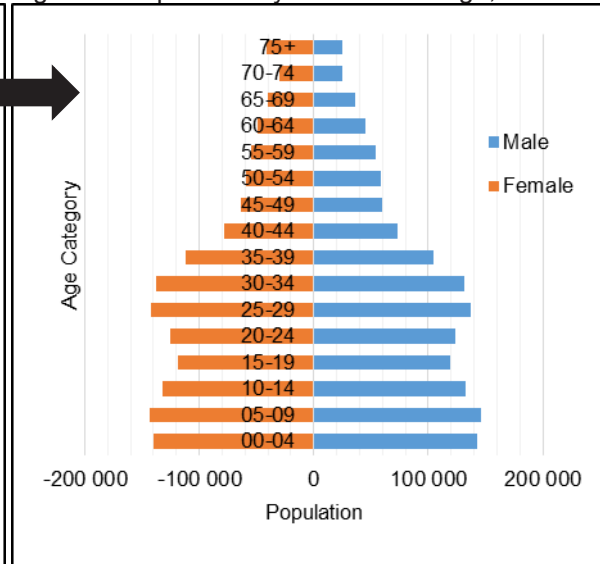


Figure 2: Population by Gender and Age, 2017



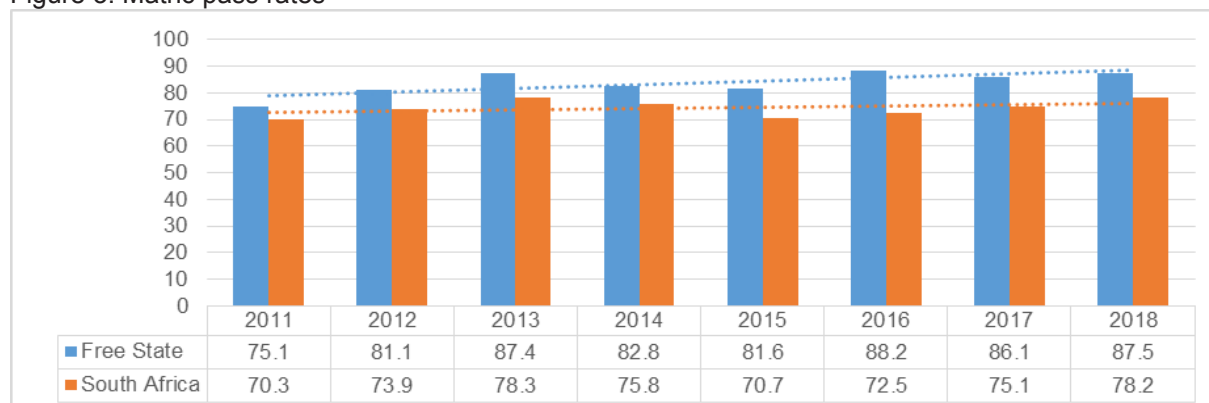
Source: IHS Markit, Regional eXplorer, 2018

1.3. Social Indicators

1.3.1. Education

The Free State achieved a matric pass rate of 87.5 per cent in 2018, marginally up from 86.1 per cent in 2017. As depicted in figure 3 below, the provincial matric pass rate has consistently surpassed the national pass rates. That is, the average pass rate for the Free State was roughly 9 percentage points higher than the national average over the period under review. Generally, both the national and provincial pass rates have been on an increase. The Free State had the highest pass rate in 2017, but has been relegated to second place in 2018 by Gauteng (87.9 per cent).

Figure 3: Matric pass rates

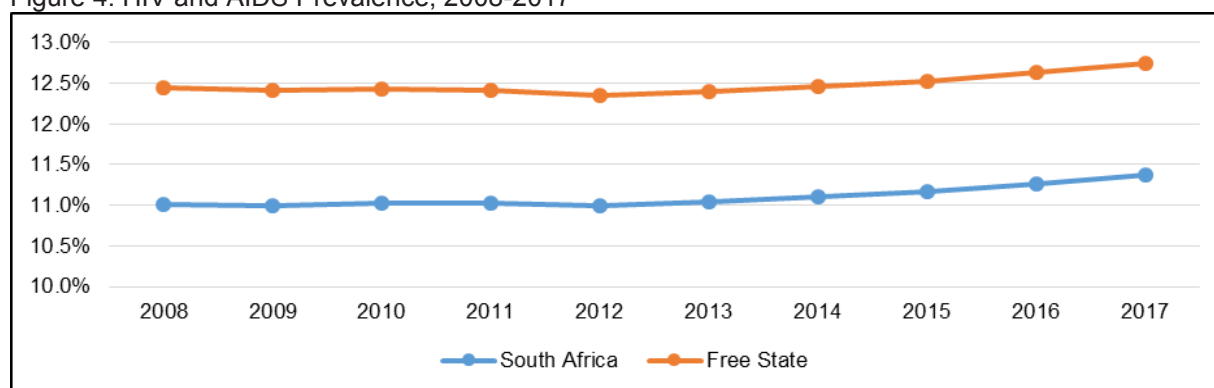


Source: Department of Basic Education, 2019

1.3.2. Health

Figure 4 below shows the proportion of people living with HIV for the period 2008 to 2017. HIV prevalence (the number of HIV positive people in the population out of the total population at a given time period) increased marginally since 2008. According to the United Nations, South Africa has the fourth-highest adult HIV prevalence rate in the world. The 2018 Regional Explorer model from IHS Markit estimates the HIV prevalence for the Free State Province to be 12.7 per cent, which is much higher than the national estimate. In comparison to other provinces, Free State had the third highest prevalence after KwaZulu-Natal and Mpumalanga. The total number of persons living with HIV in South Africa increased from an estimated 5.4 million in 2008 to 6.4 million by 2017. Provincially, HIV recorded 12.7 per cent in 2017 and has been persistently higher than the national rate. Although the HIV prevalence remain stubbornly high, the number of AIDS related deaths has declined. This changes are associated with the extensive rollout of antiretroviral therapy and other government initiatives such as provision of condoms, HIV testing, Prevention of Mother-to-Child Transmission (PMTCT), Medical Male Circumcision (MMC), Post-Exposure Prophylaxis (PEP) etc. (Institute of Race Relations, 2018).

Figure 4: HIV and AIDS Prevalence, 2008-2017



Source: IHS Markit, Regional eXplorer, 2018

Table 2 below illustrates the life expectancy of the Free State and South Africa from 2001 to 2016. Life expectancy (which measure the overall mortality level of a population) is increasing in both the Free State and South Africa. An increase is generally attributable to an overall improvements in the health and welfare of South Africans. More specifically, Statistics South Africa attributes the incremental change to the rollout of antiretroviral therapy and other government initiatives such as provision of condoms, HIV testing, Prevention of Mother-to-Child Transmission (PMTCT), Medical Male Circumcision (MMC) etc.

Provincially, Western Cape consistently has the highest life expectancy at birth for both males and females over time, whilst the Free State has the lowest life expectancy at birth. The Free State's life expectancy increased by almost 10 years since 2001, increasing from 50.6 and 46.6 in 2001-2016 to 61.5 and 55.0 in 2016-2022 for female and male population, respectively. Overall, the national life expectancy exceeds the provincial, which could indicate a need to allocate more fiscal resource in order to turn the tide.

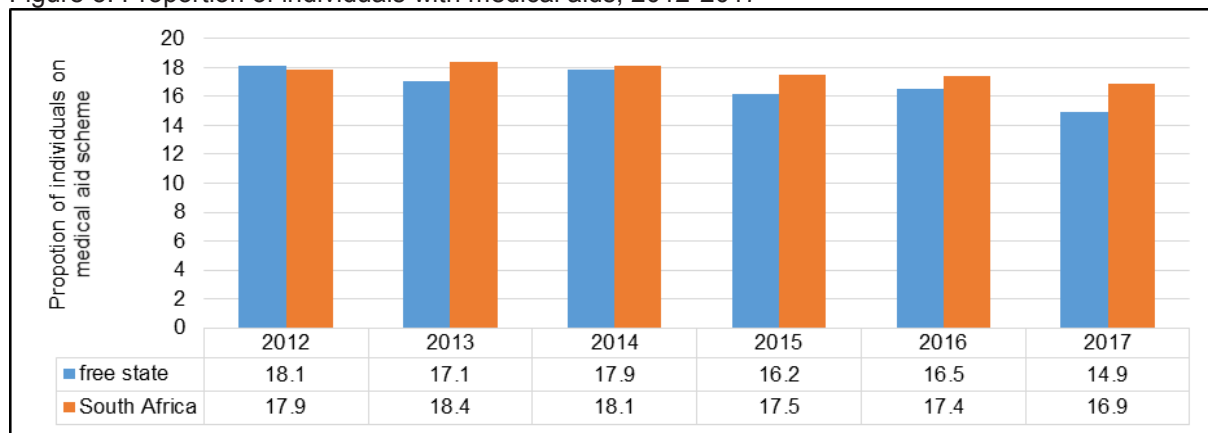
Table 2: Life Expectancy, 2001-2021

	Free State Life Expectancy		South Africa Life Expectancy	
	Female	Male	Female	Male
2001-2006	50.6	46.6	55.4	52.5
2006-2011	50.9	47.1	58.5	54.8
2011-2016	58.2	53.3	64.6	59.3
2016-2021	61.5	55.0	67.3	61.1

Source: District Health System, 2017

Figure 5 shows that the percentage of individuals who are members of a medical aid decreased from 18.1 per cent in 2012 to 14.9 per cent in 2017, signalling more dependence on the provincial health care system. Nationally, the proportion of individuals who belong to a medical aid decreased slightly from 17.9 per cent to 16.9 per cent over the period under review. The national medical aid coverage is higher than the provincial, this implies that the Free State province will have to avail more resources (such as health professionals, medical equipment etc.) than an average province to deal with a higher reliance on public healthcare services. This will put more pressure on the provincial fiscus since there are a lot competing priorities.

Figure 5: Proportion of individuals with medical aids, 2012-2017



Source: Statistics South Africa, 2018

1.3.3. Poverty, Welfare and Access to Basic Services

Poverty reduction, employment creation, inequality eradication and maintaining a sustainable and inclusive economic growth forms the fundamental goal of any government, essentially to achieve stability, build human capital, attract foreign investment, create high output and income growth. The absence of these socio-economic priorities in any economy leads to instability, insufficient economic, social and human development. In assessing the well-being of the people of the Free State, we provide the overview of poverty, inequality, human development index, as well as accessibility of basic services.

Beginning with poverty, we used a cost-of-basic needs approach of Statistics South Africa which links welfare to the consumption of goods and services. Similarly to Statistics South Africa, we choose a specific national poverty line or Upper bound poverty Line (adequate

income level to purchase both food and non-food component, estimated to be R 1 000 per month) to estimate Headcount¹, Poverty Gap² and Poverty Severity³.

Table 3 displays a snapshot of absolute measures of poverty (Headcount, Poverty Gap and Poverty Severity) across the nine provinces for the period 2009 and 2016. Using all three measures, income poverty levels have risen in South Africa, i.e. a share of the population living on less than R1000 a month, in other words Headcount ratio, grew marginally, from 38.9 per cent in 2011 to 40 per cent in 2016. This is the case for all provinces excluding Mpumalanga and Limpopo. Analysing Poverty Gap and Poverty Severity index, again, all provinces are worse off with the exception of Mpumalanga, indicating a more deeper and severe poverty in 2016 relative to 2011.

Table 3: Measures of Poverty

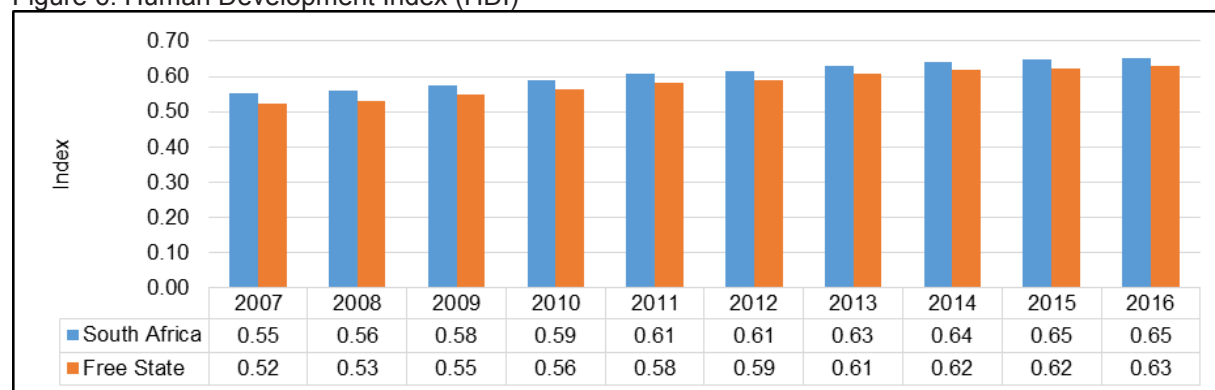
	Headcount		Poverty gap		Poverty Severity	
	2011	2016	2011	2016	2011	2016
Western Cape	23.9	25.3	8.2	9.2	3.8	4.5
Eastern Cape	52.1	54.3	23.9	26	13.6	15.5
Northern Cape	45.2	45.6	19.1	19.4	10.3	10.7
Free State	41.7	43.1	16.8	17.9	9.1	9.6
KwaZulu-Natal	47	48.4	21.3	22.7	12.2	13.2
North West	43.9	49	19.7	21.6	11.2	12.3
Gauteng	23	26	8.3	9.7	4.2	4.9
Mpumalanga	48.2	46	21.1	20.9	11.7	12
Limpopo	55.8	55	26.2	27.4	15.5	16.7
Total	38.3	40	16.3	17.6	9	9.9

Source: Statistics South Africa, 2016

1.3.4. Human Development Index and Gini Coefficient

Human Development Index (HDI) is simply an index that relatively gauges the level of development using income, health and education as input variables. In a nutshell, three criteria of human development are considered i.e. longevity, knowledge and standard of living. HDI varies between 0 and 1, with zero being the lowest level of development and 1 the highest level of development. In figure 6 below, there is a noticeable upward trend in the in HDI for both the province and the country, which suggests improvement in living standards. Again, a comparison of the national development index with that of the province signifies that the provincial standard of living is lagging behind those of national, which in turn denotes an imbalance in development between the province and the rest of South Africa.

Figure 6: Human Development Index (HDI)



Source: IHS Markit, Regional eXplorer, 2018

¹ Poverty Headcount calculates the share of the population which is poor.

² Poverty Gap represents the depth of poverty

³ Poverty Severity also measure depth of poverty and is sensitive to inequalities among the poor

Disparities in income levels are measured using the Gini-coefficient which varies from 0 to 1. If the Gini Coefficient is equal to zero it means that incomes are distributed in a perfectly equal manner, indicating a low variance between high and low income earners in the population. If the Gini coefficient is equal to one, income is completely inequitable, with one individual in the population earning income, whilst everyone else earns nothing. Looking at figure 8, which depicts the Gini coefficient of both the province and the country, it is clear that there is a high level of inequality as the figures are closer to one than they are to zero. Encouragingly, Gini appears to be slightly stabilising for both Free State and South Africa meaning the income gap is no longer widening. Nevertheless, fundamental policy action is required to tackle inequality, as well as to stimulate more inclusive growth.

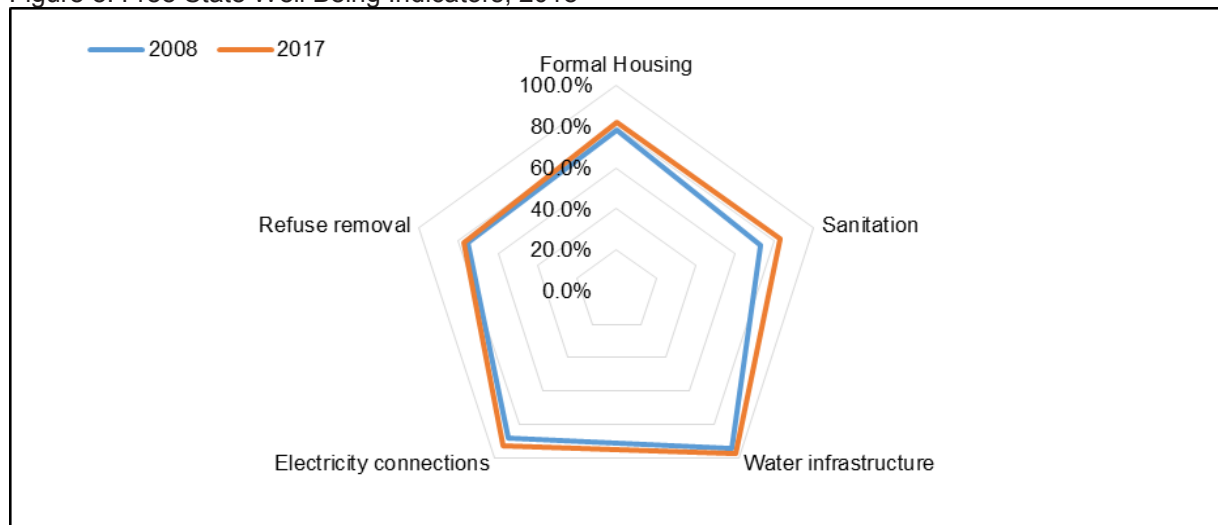
Figure 7: Gini Coefficient



Source: IHS Markit, Regional eXplorer, 2018

Figure 8 below looks at the accessibility of basic household infrastructure, such as portable water, electricity, flush toilets, sanitation, and so on. Overall, there is a moderate improvement in terms of access to these services since 2008. In 2017, a significant number of households had access to piped water (97.5 per cent), followed by electricity connection (92.6 per cent), sanitation (82.7 per cent), formal housing (82.3 per cent) and refuse removal (77.4 per cent). Notably, although provision of refuse removal and sanitation services have improved, accessibility remains relatively lower.

Figure 8: Free State Well Being Indicators, 2018



Source: IHS Markit, Regional eXplorer, 2018

1.4. Free State Economy

The growth rate of the Free State provincial economy remains far below the NDP growth target of 5.4 per cent in order to drastically reduce unemployment, poverty and inequality in the province. The average annual growth rate of the province was 1.6 per cent between 2011 and 2017, and the provincial economy is estimated to have declined by 1.4 per cent in 2018. The most significant challenge to the economic growth rate of the province between 2011 and 2017 was the 2015/16 drought, which caused the economy to decline by -0.1 per cent in 2015 and in 2016. However, the economy recovered and expanded by 2.9 per cent in 2017, mainly due to the recovery of the agriculture industry as well as rising commodity prices.

In 2017, the agricultural industry of the Free State is estimated to have grown by 74.8 per cent, as agriculture in the province not only benefitted from higher agricultural output in 2017, but also from the low base effect of 2015/16 drought. Also, the growth of the provincial mining industry is estimated at 5.3 per cent in 2017, due to the recovery of commodity prices such as gold and coal, which benefitted the province.

The Free State economy is projected to have re-entered a recession in 2018, with a decrease of -1.4 per cent, due to notable declines of agriculture (-14.7 per cent), mining (-10.2 per cent), the decline of construction (-2.1 per cent) and trade (-0.6 per cent). Also, with the exception of the finance industry (which grew by 1.3 per cent in 2018), all other industries grew by less than 1 per cent in 2018. The provincial economy is projected to recover from a decline of -1.4 per cent in 2018 to a growth of 0.9 per cent, with the highest growth visible in transport (3.2 per cent), agriculture (2.9 per cent), transport (2.8 per cent) and manufacturing (1.3 per cent).

Table 4 below shows that the economy of the Free State has expanded from R150.2 billion in 2011 to R165.0 billion in 2017, which represents an average annual growth of 1.6 per cent over the period. The primary industries of the province have surged from R24.7 billion in 2011 to R27.4 billion in 2017, which represents an average annual increase of 1.7 per cent over the period. This increase is due to both agricultural and mining industries, which increased by annual averages of 3.0 per cent and 1.3 per cent respectively over the period. The agricultural industry experienced a temporary dip in size in 2015 and 2016 due to drought, whilst the size of the mining industry also temporarily declined in 2015 and 2016 due to the decline of real output of the mining industry in the country across all the mineral groups (including gold) with the exception of building materials. Also, the decline in mining output in 2016 could partly be attributed to low levels of confidence and legislative uncertainty in the mining sector as well as steep increases in the cost of electricity and steel, as well as the cost of ensuring the safety of mine workers.

Table 4: Provincial Gross Value Added (Constant 2010 prices R' million)

Industry (R' million)	2011	2012	2013	2014	2015	2016	2017
Primary Industries	24 744	25 069	25 733	26 651	24 761	23 314	27 449
Agriculture	6 100	6 212	6 479	6 925	5 195	4 169	7 285
Mining	18 644	18 857	19 254	19 726	19 565	19 145	20 164
Secondary Industries	23 112	23 351	23 647	24 094	24 167	24 206	24 307
Manufacturing	14 745	14 872	15 003	15 400	15 438	15 546	15 661
Electricity	4 568	4 575	4 583	4 545	4 514	4 421	4 450
Construction	3 800	3 904	4 061	4 149	4 215	4 238	4 196
Tertiary Industries	87 921	91 492	93 209	94 816	96 230	97 540	97 804
Trade	23 287	25 134	25 527	25 795	26 085	26 303	25 968
Transport	11 843	12 037	12 207	12 482	12 692	12 743	12 873
Finance	21 076	21 746	21 772	22 201	22 577	23 044	23 329
Community services	31 715	32 575	33 703	34 338	34 876	35 450	35 633
All Industries	135 778	139 911	142 589	145 561	145 157	145 060	149 560
Taxes less subsidies on products	14 388	14 759	14 984	15 149	15 355	15 277	15 424
GDPR at market prices	150 166	154 670	157 573	160 710	160 512	160 337	164 984
Industry	2011	2012	2013	2014	2015	2016	2017
Primary Industries	-3.3	1.3	2.6	3.6	-7.1	-5.8	17.7
Agriculture	-8.6	1.8	4.3	6.9	-25.0	-19.8	74.8
Mining	-1.4	1.1	2.1	2.5	-0.8	-2.1	5.3
Secondary Industries	1.3	1.0	1.3	1.9	0.3	0.2	0.4
Manufacturing	1.3	0.9	0.9	2.6	0.2	0.7	0.7
Electricity	1.6	0.2	0.2	-0.8	-0.7	-2.1	0.6
Construction	0.6	2.7	4.0	2.2	1.6	0.6	-1.0
Tertiary Industries	3.2	4.1	1.9	1.7	1.5	1.4	0.3
Trade	2.8	7.9	1.6	1.1	1.1	0.8	-1.3
Transport	2.4	1.6	1.4	2.3	1.7	0.4	1.0
Finance	2.8	3.2	0.1	2.0	1.7	2.1	1.2
Community Services	3.9	2.7	3.5	1.9	1.6	1.6	0.5
All Industries	1.6	3.0	1.9	2.1	-0.3	-0.1	3.1
Taxes less subsidies on products	6.1	2.6	1.5	1.1	1.4	-0.5	1.0
GDPR at market prices	2.0	3.0	1.9	2.0	-0.1	-0.1	2.9

Source: Statistics South Africa, Gross Domestic Product, First Quarter 2018 and IHS Markit Regional eXplorer, 2018

The provincial secondary industries increased collectively from R23.1 billion in 2011 to R24.3 billion in 2017, which is equivalent to an average annual growth rate of 0.8 per cent over the period. The enlargement of the secondary industries over the reference period was due to the construction industry, which increased from R14.7 billion to R15.7 billion over the period as well as the construction industry, which grew from R3.8 billion to R4.2 billion over the same period. These two industries grew by an annual average growth of 1.0 per cent and 1.7 per cent respectively between 2011 and 2017. On the other hand, the electricity industry declined from R4.6 billion to R4.5 billion, which represents an annual average decline of 0.4 per cent over the period. As noted in the 2018/19 EPRE, the electricity industry has been negatively affected by the 2015/16 drought, as the industry has been declining since 2014. Also, the demand for electricity in the province and country could also be declining as citizenry seek alternative ways to receive energy.

The tertiary industries increased from R87.9 billion in 2011 to R97.8 billion in 2017, which represents an average annual increase of 1.8 per cent over the period. Community services,

which is the largest industry in the province, also had the highest annual average growth rate of 2.0 per cent amongst the tertiary industries over the reference period. This was followed by the trade industry, which enlarged by an annual average growth rate of 1.8 per cent, finance (1.7 per cent) as well as transport (1.4 per cent).

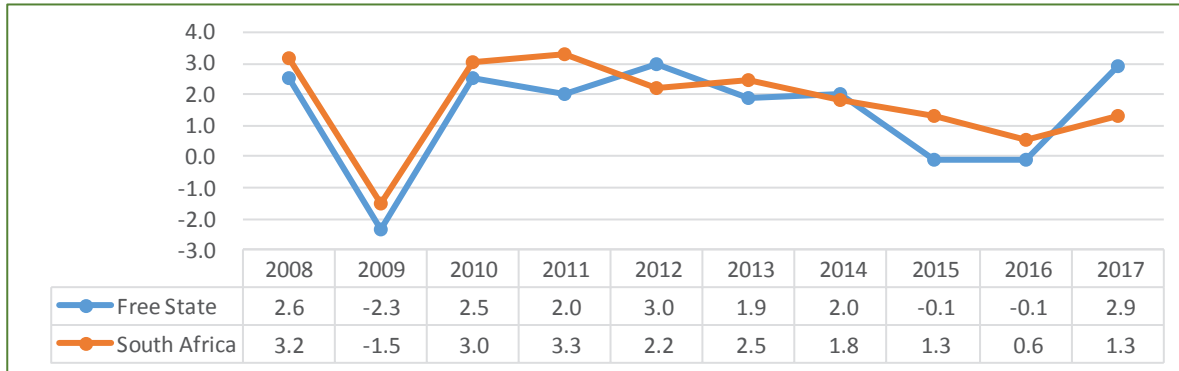
The high average annual growth rate of community service is due to the high annual growth rates of the industry before fiscal consolidation (3.9 per cent, 2.7 per cent and 3.5 per cent between 2011 and 2013). Since the introduction of fiscal consolidation, the annual growth rate of the industry has decelerated to 0.5 per cent in 2017. Although trade has enlarged between 2011 and 2017, the industry experienced a temporary dip from R26.3 billion in 2016 to R26.0 billion in 2017. The industry was adversely affected by the subdued business and consumer confidence, weak employment creation as well as a decline in real household disposable income, amongst other factors (SARB, 2017).

The finance industry has increased from R21.1 billion in 2011 to R23.3 billion in 2017, whilst the size of the transport industry has also ballooned from R11.8 billion in 2011 to R12.9 billion in 2017. However, an analysis of table 4 above shows that finance achieved higher annual growth rates in 2011 and 2012 compared to the later years, whilst the transport industry's annual growth rate have been declining between 2011 and 2017 when the temporary spike of petrol price dip in 2014-2015 due to the commodity price slump of global crude oil is excluded.

Figure 9 below displays the economic growth rates of South Africa and Free State over a 10-year period (2008-2017). Over the reference period, the Free State economy grew by an average of 1.4 per cent, which is 0.4 per cent below the national average growth over the same period. During this period, the provincial economy has suffered two recessions over a three-year period, with an economic decline of 2.3 per cent in 2009, as well as a decline of 0.1 per cent in 2015 and in 2016. When all three years of the provincial recessions as well as the 2017 base effect of the 2015/16 recession are excluded, the provincial economy grew by an average of 2.3 per cent between 2010 and 2014. Between 2010 and 2014, the province benefitted mainly from the 2010 FIFA World Cup and its aftereffects on tourism, as well as the 2012 ANC Centenary.

On the other hand, South Africa only had one recession, which occurred through the economic decline of 1.5 per cent in 2009. When this year is excluded and a post-recession growth is considered, the country grew by an average of 2.0 per cent between 2010 and 2017. High growth rates above 3.0 per cent were only achieved during the 2010 FIFA World Cup and the year after. Thereafter, the country's growth has continuously declined, suffering from the 2012 and 2014 platinum strikes, the commodity slump post 2012, the 2015 currency depreciation as well as the 2015/16 drought, among other factors.

Figure 9: South Africa and Free State GDP annual growth rates (2010 constant prices)



Source: Statistics South Africa, Gross Domestic Product, First Quarter 2018 and IHS Markit Regional eXplorer, 2018

Figure 10 below illustrates the historical and forecast growth rates of the Free State and South African economies. Post the 2015/16 drought and due to the base effect from the drought as well as rising annual commodity prices, the provincial economy recovered from a decline of 0.1 per cent in 2015 and 2016 to a growth of 2.9 per cent in 2017. As previously indicated, agriculture grew by a mammoth 74.8 per cent in 2017, whilst mining grew by 5.3 per cent in the same year. The provincial mining industry benefitted from recovering gold and coal prices, which rose from \$1249.0 per troy oz. to \$1257.6 per troy oz. and from \$64.0 per metric ton to \$85.2 per metric ton respectively between 2016 and 2017. The water sub-industry also benefitted from the end of the drought and resulted in the electricity industry's recovery from a decline of 2.1 per cent to a minute growth of 0.6 per cent over the same period. Lastly the growth of the transport industry increased from 0.4 per cent in 2016 to 1.0 per cent in 2017 due to increased freight transportation as commodity prices increased. The growth of all other industries regressed in 2017 relative to their 2016 levels.

The Free State economy is estimated to have regressed from a growth of 2.9 per cent in 2017 to a decline of 1.4 per cent in 2018, with the main declines being in agriculture (14.7 per cent), mining (10.2 per cent), construction (2.1 per cent) and trade (0.6 per cent).

In relation to agriculture, the Crop Estimates Committee (2018) estimates that the production of maize in the Free State might have declined from 7 362 000 tons in 2017 to 5 486 600 tons in 2018, which represents a 25.5 per cent decline between the two years. Similar to the decline of the national industry in the first two quarters of 2018, the provincial agricultural industry declined by 56.5 per cent and 40.1 per cent respectively over the same period, due to the lower production of horticulture and field crops, as well as delayed harvesting of maize in 2018:Q2. Mining in the province declined uninterruptedly for the first three quarters of 2018, by 25.1 per cent, 0.7 per cent and 12.4 per cent respectively, due to the decline in gold production. Gold mining production was adversely affected by the closure of some loss-making operations, exacerbated by the lower rand price of gold. The construction industry in the Free State province declined by 4.2 per cent and 3.3 per cent in 2018:Q1 and 2018:Q3, respectively, likely due to the persistently weak building and construction confidence levels, the absence of meaningful fixed capital investment and fiscal consolidation. Lastly, trade industry of the province declined by 5.1 per cent and 2.5 per cent in 2018:1 and 2018:Q2, respectively. In the first quarter, trade was negatively affected by the base effect of the strong Black Friday sales in 2017:Q4, the Listeriosis outbreak, weak formal sector employment as well as the subdued growth in household credit extension. In the second quarter, retail activity declined in the food, beverages & tobacco, hardware, paint & glass as well as pharmaceutical & medical goods sub-industries. Also, the depreciation in the exchange value of the rand could have negatively affected new vehicle sales through higher price increases.

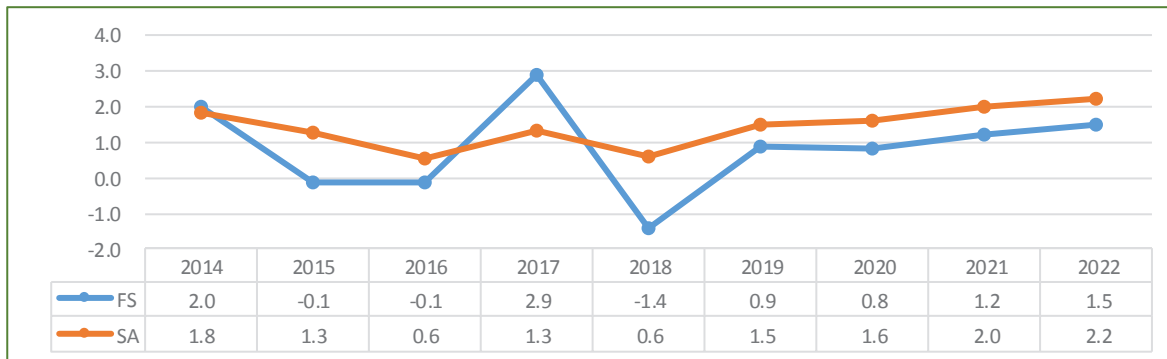
Over all, the South African economy has faced several challenges in 2018, including the 1) the trade war initiated by the USA, 2) the Turkish Lira crisis and the resultant risk aversion of investors from EMDEs assets, 3) monetary policy tightening in the USA, 4) rising annual crude oil prices, 5) rising costs related to the components of fuel in SA 6) currency depreciation relative to 2017, and 7) Listeriosis and its impact on trade between SA and other African countries, amongst other challenges. Free State, as part of South Africa, could not be exempted from the effects of the challenges.

In 2019, the provincial economy is projected to recover and grow by 0.9 per cent, which is 2.3 percentage points above the previous year's growth. The fastest growth rates are projected in transport (3.2 per cent), agriculture (2.9 per cent), finance (2.8 per cent) and manufacturing (1.3 per cent). The performance of the transport industry is influenced by developments in the passenger and freight transportation, as well as the reliable performance of the communication sub-industry. Although monthly global oil prices have been increasing between September 2017 and October 2018, these prices have declined from peak of \$76.7 per barrel in October 2018 to \$56.6 per barrel in January 2019. Passenger transport may benefit in 2019 if the average crude oil continues to, which will be determined by two factors: if the benefit of the increase in oil output by OPEC members outweighs the effect of sanctions imposed by the USA on Iran, which is an oil-exporter. Rising commodity prices may also benefit the transport industry through freight. Generally, the communication sub-industry in the country has continuously performed well through increased active subscriptions as well as innovation e.g. through data provision.

In agriculture, the Crop Estimates Committee (2018) expects more hectares of land will be utilised for planting in 2019 relative to 2018 for the following summer crops: maize (6 per cent more land), soybeans (8.2 per cent more land), sorghum (49.3 per cent more land) and dry beans (12.4 per cent more land). The performance of finance is determined by the banking industry, insurance industry, and real estate and business services. In 2019, the performance of banking industry and business services may play a greater role in determining the growth of the finance industry as the economy recovers. The most visible risk to the banking sector activity lies in whether monetary policy will continue to tighten in the USA or not, as this will determine the monetary policy direction in South Africa in 2019. Manufacturing in the Free State may benefit from developments through Sasol in relation to the developments of the Lake Charles Chemicals Project. Sasol's share prices rose in early 2019 as progress in the construction of the project is being made.

Over the 2020 medium term, the Free State economy is projected to grow by an average of 1.2 per cent, whilst the national economy is anticipated to grow by an average of 1.9 per cent. Overall, these growth forecasts remain below the NDP target of 5.4 per cent to reduce unemployment in both regions. However, the economic interventions announced in 2018 through the Economic Stimulus and Recovery Plan, as well as the restructuring of Eskom, may put both economies on a higher growth trajectory in the near future.

Figure 10: South Africa and Free State economic growth forecasts (2010 constant prices)



Source: Statistics South Africa, Gross Domestic Product, First Quarter 2018 and IHS Markit Regional eXplorer, 2018

Table 5 below shows that the Free State economy is anticipated to expand in the 2020 MTEF period from R165.4 billion in 2020 to R170.0 billion in 2022, which represents an average annual increase of 1.4 per cent over the period.

Over the 2020 MTEF period, the highest average growth rates by a provincial industry are expected in transport (3.4 per cent), finance (3.1 per cent) as well as in agriculture (2.5 per cent each). The performance of the transport industry through passenger and freight transport remains volatile and is determined by the performance of oil prices (for passenger transport) and commodity prices as well as exports and imports for freight transport. What is easier to anticipate is the continuous positive performance of the communication sub-industry, which has active subscriptions rising consistently and includes innovation in its product provision. A recovering provincial economy and subsequent improved consumer confidence, can result in increased activity in the banking sector through activities such as lending, which is beneficial for the finance industry. The risk that exists in terms of the USA and South Africa's monetary policy tightening in 2019 is expected to not continue into the 2020 MTEF. The performance of the agriculture in the country and Free State is volatile and is determined by elements in nature. However if no drought or dry spell occurs during the 2020 MTEF period, the agricultural industry will grow positively over the period.

Over the same reference period, Mining is the only industry that is projected to have a negative average growth rate, of 4.6 per cent. Community services as well as trade are also anticipated to be amongst the lowest growing industries on average between 2020 and 2022, equivalent to 0.3 per cent and 1.2 per cent respectively. The World Bank (2018) projects the average annual price of gold to decline from \$1245 per troy oz. in 2019 to \$1217 per troy oz. in 2021 and Australian coal prices to decline from \$100.0 per mt to \$86.4 per mt over the same period (the World Bank does not include South African coal prices in its forecasts, therefore Australian coal prices can be used to estimate the direction of the South African coal price in the future). Therefore the deteriorating commodity prices will negatively impact the performance over the 2020 MTEF. The low average growth rate of community services over the MTEF is commendable as fiscal consolidation must continue in the province. The average growth of trade over the MTEF likely reflects the subdued provincial economy as well as the chronically high unemployment rate of the province, which has a negative impact on demand. Trade could also be reflecting the increased trade protectionism globally and its negative impact on investment and production efficiency for the rest of the world.

Table 5: Free State growth forecasts by industry

R'million	2016	2017	2018	2019	2020	2021	2022
GDP-R (Constant 2010 prices)	160 337	164 984	162 627	164 042	165 382	167 423	169 903
Real GDP-R per cent growth	-0.1	2.9	-1.4	0.9	0.8	1.2	1.5
GDP-R by industry (real growth)							
Agriculture	-19.8	74.8	-14.7	2.9	2.7	2.4	2.5
Mining	-2.1	5.3	-10.2	-3.0	-5.2	-4.2	-4.4
Manufacturing	0.7	0.7	0.1	1.3	1.7	1.6	1.8
Electricity	-2.1	0.6	0.4	1.1	1.0	1.7	2.2
Construction	0.6	-1.0	-2.1	0.2	0.9	1.6	2.0
Trade	0.8	-1.3	-0.6	0.3	0.3	1.7	1.7
Transport	0.4	1.0	0.7	3.2	3.8	3.1	3.4
Finance	2.1	1.2	1.3	2.8	3.2	3.0	3.1
Community services	1.6	0.5	0.9	-0.3	0.0	0.1	0.7
Total industries	-0.1	3.1	-1.8	0.7	0.6	1.0	1.3

Source: Statistics South Africa, Gross Domestic Product, First Quarter 2018 and IHS Markit Regional eXplorer, 2018

1.5. Free State Labour Market Overview

The unemployment rate of the Free State province reached 32.9 per cent in 2018: Q4, but has remained roughly the same when compared to a year earlier. However, the indicator experienced heightened volatility on a quarterly basis in 2018, which coincides with the recession of 1.4 per cent predicted for the provincial economy in the same year. The Free State PERO (2019) indicates that the provincial economy declined by 8.0 per cent and 2.5 per cent in 2018:Q1 and 2018:Q2, respectively, which lead to a technical recession of the province in 2018:Q2, similar to the national economy. Although both the national and provincial economies recovered from the recessions in 2018:Q3, the provincial economy grew only by a minute 0.9 per cent in that quarter. Therefore, the unemployment rate of the province surged consistently from 32.6 per cent in 2017:Q4 to a peak of 36.3 per cent in 2018:Q3. However, the indicator has since improved from 36.3 per cent in 2018:Q3 to 32.9 per cent in 2018:Q4, which represents a 3.4 percentage point improvement. Greater detail is provided for labour market indicators in the successive sections below.

Statistics South Africa (2019) indicates that the labour force of the Free State has increased by 7 000 (or 0.6 per cent) between 2017:Q4 and 2018:Q4. The increase in the labour force on an annual basis was mainly due to the increase in the number of unemployed individuals, who increase by 7 000 or 1.7 per cent. The number of employed people only increased by 1 000 (or 0.1 per cent) compared to the previous year. In the same period, those who are not economically active only increased by 2 000 or 0.3 per cent, whilst discouraged work seekers also increased by the same number of people, which is equivalent to 1.9 per cent.

On a quarter-to-quarter basis, the labour force of the province declined by 12 000 people or 1.0 per cent, mainly due to the decline of unemployed individuals by 45 000 or 10.2 per cent. However, the number of employed people increased by 33 000 or 4.2 per cent, which lessened the negative impact on the labour force. The majority of those who gained employment were in the formal sector (46 000 or 9.6 per cent) as well the private household industry (4 000 or 4.4 per cent). However, agriculture lost 17 000 jobs (or 23.5 per cent) in the same quarter whilst employment in the informal sector remained constant. Those who are not economically active increased by 14 000 or 2.1 per cent between 2018:Q3 and 2018:Q4, with the discouraged work seekers surging by 21 000 people or 30.0 per cent.

Overall, the official unemployment rate of the Free State rose slightly on a year on year basis, from 32.6 per cent in 2017:Q4 to 32.9 per cent in 2018:Q4, which represents a 0.3 percentage point climb over the period. However, much volatility in the economy occurred during 2018, with a technical recession recorded in 2018:Q2 and a recovery of 0.9 per cent in 2018:Q3. As a result, the official unemployment rate of the province rose from 32.6 per cent in 2017:Q4 to 36.3 per cent in 2018:Q3. However, the labour market experienced significant improvement through a decline in the unemployment rate from its peak of 36.3 per cent in 2018:Q3 to 32.9 per cent in 2018:Q4.

Table 6: labour Market Overview for Free State province

	Oct-Dec 2017	Jan-Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year to year change	Qrt to Qrt change	Year to year change
	Thousand					Percent			
Population 15-64 yrs	1 892	1 895	1 897	1 900	1 902	2	9	0.1	0.5
Labour Force	1 195	1 211	1 202	1 215	1 202	-12	7	-1.0	0.6
Employed	806	814	788	774	806	33	1	4.2	0.1
Formal sector (Non-agricultural)	488	500	483	474	519	46	32	9.6	6.5
Informal sector (Non-agricultural)	157	146	150	133	134	0	-23	0.2	-14.6
Agriculture	77	92	71	74	57	-17	-21	-23.5	-26.7
Private households	84	77	84	92	96	4	13	4.4	15.0
Unemployed	390	397	414	441	396	-45	7	-10.2	1.7
Not economically active	697	684	696	685	699	14	2	2.1	0.3
Discouraged work-seekers	89	67	82	70	91	21	2	30.0	1.9
Other	608	616	614	615	609	-6	1	-1.0	0.1
Rates (%)									
Unemployment rate	32.6	32.8	34.4	36.3	32.9	-3.4	0.3		
Employed / population ratio (Absorption)	42.6	43.0	41.5	40.7	42.4	1.7	-0.2		
Labour force participation rate	63.2	63.9	63.3	63.9	63.2	-0.7	0.0		

Source: Statistics South Africa, QLFS, Fourth Quarter 2018

Employment in South Africa increased by 358 000 (or 2.2 per cent) between 2017:Q4 and 2018:Q4, as well as by 149 000 (or 0.9 per cent) between 2018:Q3 and 2018:Q4. On year-on-year basis, people gained the most jobs in finance (238 000), followed by construction (91 000) and trade (79 000). However, jobs were lost in several industries over the same period, with the most jobs lost in community and social services (67 000), transport (36 000) and manufacturing (24 000). Between 2018:Q3 and 2018:Q4, the majority of jobs were gained in finance (109 000), followed by private households (65 000) and manufacturing (48 000). On a quarter-to-quarter basis, the majority of jobs were lost in community & social services (51 000), followed transport (30 000) and utilities (22 000).

A cross provincial analysis reveals that the biggest gains in employment year-on-year occurred in Gauteng (172 000), followed by KwaZulu-Natal (135 000) and Limpopo (59 000). However, the biggest losses in employment occurred in North West (27 000) and Eastern Cape (16 000) whilst employment remained constant in the Northern Cape over the same period. A quarter-to-quarter analysis reveal that the largest employment gains occurred in Gauteng (86 000), Free State (33 000) and Western Cape (26 000). However, the largest losses in employment occurred in Eastern Cape (15 000), North West (6 000) as well as Northern Cape (1 000) and Limpopo (1 000).

Table 7: Employment by province

	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year to year change	Qrt to Qrt change	Year to year change
	Thousand					Percent	
South Africa	16 171	16 380	16 529	149	358	0.9	2.2
Western Cape	2 492	2 494	2 520	26	29	1.1	1.2
Eastern Cape	1 391	1 390	1 375	-15	-16	-1.1	-1.1
Northern Cape	321	323	322	-1	0	-0.3	0.1
Free State	806	774	806	33	1	4.2	0.1
KwaZulu Natal	2 513	2 635	2 648	13	135	0.5	5.4
North West	999	979	973	-6	-27	-0.7	-2.7
Gauteng	4 991	5 077	5 163	86	172	1.7	3.5
Mpumalanga	1 242	1 231	1 245	14	3	1.1	0.3
Limpopo	1 417	1 478	1 477	-1	59	-0.1	4.2

Source: Statistics South Africa, QLFS, Fourth Quarter 2018

A 10-year analysis of employment in the Free State indicates that the total employment declined from 786 000 in 2008 to 770 000 in 2017, which represents a 2.1 per cent decline over the review period. The decline in total employment in the province over a 10-year period was due to the decline in formal employment, which deteriorated from 655 040 to 628 130 (or by 4.1 per cent). However, informal employment surged over the same period, from 131 584 in 2008 to 141 908 in 2017, which represents a 7.8 per cent increase over the period.

Formal employment dominates total employment in the province, however its share has declined from 83.3 per cent in 2008 to 81.6 per cent in 2017, which is equivalent to a 1.7 percentage point decline. Yet, the share of informal employment has increased from 16.7 per cent to 18.4 per cent, which represents a 1.7 percentage point increase over the same period. Women in Employment: Globalizing and Organizing believes that the informal economy does contribute to growth, however improvement of the concepts, measures, and methods for measuring the contribution of the informal economy is needed. The disadvantages that the informal sector face is 1) less factors of production (only labour, no land, no capital and no technology), 2) less bargaining power to demand their share of value added and 3) definitions and measures of productivity vary from sector to sector and there are few direct measures of the productivity of the informal workforce. Nonetheless, India currently has the highest growth rate in the world whilst having approximately 81 per cent of its workforce in the informal sector. Therefore, an indirect link between the informal sector and economic growth does exist.

Table 8 below shows that Free State has the second highest official unemployment rate in South Africa estimated at 32.9 per cent in 2018:Q4, after Eastern Cape (36.1 per cent); the official unemployment rate of the Free State is followed by Mpumalanga (32.0 per cent). However, Limpopo has the lowest official unemployment rate of 16.5 per cent in 2018:Q4, which is followed by Western Cape (19.3 per cent) and Northern Cape (25.0 per cent).

As previously mentioned, a year-on-year analysis reveals that the official unemployment rate of the Free State increased slightly from 32.6 per cent to 32.9 per cent. However, the indicator reduced significantly from 36.3 per cent in 2018:Q3 to 32.9 per cent in 2018:Q4, which represents a 3.4 percentage point decline over the period, as the provincial economy likely continued to recover post the second quarter technical recession.

When the expanded unemployment rate is considered, Eastern Cape maintained the highest unemployment rate of 46.8 per cent in 2018:Q4, which is followed by North West (42.9 per cent) and KwaZulu-Natal (41.3 per cent). Conversely, Western Cape has the lowest

expanded unemployment rate in the country at 23.1 per cent in 2018:Q4, which followed by Gauteng (33.6 per cent) and Northern Cape (38.6 per cent). Free State has an expanded unemployment rate of 39.3 per cent, which has declined by 2.2 percentage points between 2018:Q3 and 2018:Q4. The province has the fifth highest expanded unemployment rate amongst all provinces.

Table 8: Unemployment rate by province

Provinces	Official Unemployment Rate					Expanded Unemployment Rate				
	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year to year change	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year to year change
	Percent		Percent			Percent		Percent		
South Africa	26.7	27.5	27.1	-0.4	0.4	36.3	37.3	37.0	-0.3	0.7
Western Cape	19.5	20.4	19.3	-1.1	-0.2	23.0	23.7	23.1	-0.6	0.1
Eastern Cape	35.1	35.6	36.1	0.5	1.0	44.8	46.0	46.8	0.8	2
Northern Cape	27.1	27.0	25.0	-2.0	-2.1	40.5	40.1	38.6	-1.5	-1.9
Free State	32.6	36.3	32.9	-3.4	0.3	39.0	41.5	39.3	-2.2	0.3
KwaZulu Natal	24.1	23.0	25.6	2.6	1.5	41.0	41.2	41.3	0.1	0.3
North West	23.9	28.0	26.6	-1.4	2.7	40.6	43.9	42.9	-1	2.3
Gauteng	29.1	29.6	29.0	-0.6	-0.1	33.7	34.3	33.6	-0.7	-0.1
Mpumalanga	28.9	32.5	32.0	-0.5	3.1	39.7	41.3	41.1	-0.2	1.4
Limpopo	19.6	18.9	16.5	-2.4	-3.1	36.8	38.1	38.8	0.7	2

Source: Statistics South Africa, QLFS, Fourth Quarter 2018

2. Budget strategy and aggregates

2.1 Introduction

The 2019 MTEF budget is once again driven by the ongoing fiscal consolidation and the pursuit to reduce public debt and budget deficit. The continuing fiscal consolidation stance with its attended budget cuts calls for innovative and prudent approaches in the deployment of limited public resources. The 2019 MTEF budget is thus focused on sustaining spending on core priorities such as education, health and social services. The budget further takes into consideration the directives of NDP and thus provides for infrastructure development with the aim of creating inclusive economic growth and much needed job opportunities. However, the projected subdued economic growth for the country and the province remains a key risk for fiscal sustainability of the province as well as achievement of provincial objectives. In positioning itself for the said fiscal challenges the province will continue to adhere to the following principles:

- The province will strive to have a more inclusive economy that prides itself through creation of employment opportunities, promotion of ownership and full participation in the economic activities of the province.
- The emphasis of the 2019 MTEF will also be on the continuation of efficient, effective and economic utilization of limited financial resources towards radical transformation of our provincial socio-economic landscape.
- The province will continue to practice fiscal discipline and prioritize funding towards frontline services whilst ensuring that there is no overall growth on non-core items.
- The province will also continue with the implementation of cost containment and improved efficiency over the 2019 MTEF

2.2 Aligning provincial budgets to achieve government's prescribed outcomes

The 2019 MTEF budget derived its mandate from the 2014-2019 Medium Term Strategic Framework, the 14 national outcomes, the National Development Plan and the Provincial Growth and Development Plan (PGDP). The allocations to the various provincial departments is aligned to the following 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. Comprehensive rural development and land reform.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
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.

Investment and transformation for growth

The Free State Government's economic policy is focused on inclusive economic growth that generates job opportunities for people. The province continues to use budget as a tool to achieve sustainable economic growth through infrastructure-led investment. In the coming financial year the province will spend more than R4.534 billion on infrastructure development. The province further acknowledges that for achieving full economic impact there is a need to work closely with private sector in this regard. The Free State government will continue in its pursuit to transform the economy through its economic transformation programmes implemented by the Department of Economic, Small Business Development, Tourism and Environmental Affairs and its public entities. The province remains committed to implementing the directives of NDP as well as the provincial growth strategy. The table below reflects the key components of the provincial strategy for 2014-2019.

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 5 years	HS
	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
	Electricity connection	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	Improve quality in teaching and learning in schools	Education

Outcomes	Priorities	Actions will include	Lead Department
	Schools		
	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 Office of the Premier (OTP)
		Establish tender board to adjudicate tenders in all sphere of government	Treasury and OTP
	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 neighbourhood and cities safer – especially through strengthening the anti-crime awareness and dealing with substance abuse	PRT
		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 OTP
	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 (SAC)
		Promote and reserve our heritage	SAC
		Build more museums and monuments and continue to maintain our existing ones	SAC
	National Development Plan	Mobilise all sectors to contribute meaningfully in the implementation of the NDP	OTP

2.3 Summary of budget aggregates

Table 9: Provincial budget summary

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Provincial receipts									
Transfer receipts from national	28 625 695	29 753 712	31 789 105	33 739 364	33 752 864	33 752 864	36 049 396	38 323 151	40 980 992
Equitable share	21 996 092	22 994 762	24 521 941	26 178 043	26 178 043	26 178 043	28 186 642	30 337 928	32 411 131
Conditional grants	6 629 603	6 758 950	7 267 164	7 561 321	7 574 821	7 574 821	7 862 754	7 985 223	8 569 861
Provincial own receipts	1 008 183	1 072 196	1 111 945	1 153 335	1 158 582	1 158 582	1 224 622	1 270 033	1 250 997
Total provincial receipts	29 633 878	30 825 908	32 901 050	34 892 699	34 911 446	34 911 446	37 274 018	39 593 184	42 231 989
Provincial payments									
Current payments	23 081 244	24 422 553	26 141 839	27 970 232	27 956 180	29 303 250	30 459 008	32 641 400	34 847 391
Transfers and subsidies	3 889 162	4 233 832	4 412 235	4 693 481	4 661 229	5 162 319	4 584 476	4 750 502	4 960 344
Payments for capital assets	2 455 713	2 225 131	2 336 857	2 213 514	2 511 013	2 370 050	2 230 534	2 191 479	2 352 148
Payments for financial assets	5 132	10 747	13 393		17	5 758			
Unallocated contingency reserve									
Total provincial payments	29 431 251	30 892 263	32 904 324	34 877 227	35 128 439	36 841 377	37 274 018	39 583 381	42 159 883
Surplus/(deficit) before financing	202 626	(66 355)	(3 274)	15 472	(216 993)	(1 929 931)	9 803	72 106	
Financing	222 010	174 630	277 547		219 702	219 702			
Provincial roll-overs	184 364	174 038	267 456		191 002	191 002			
Provincial reserves	37 646	592	10 091		28 700	28 700			
Surplus/(deficit) after financing	424 637	108 275	274 273	15 472	2 709	(1 710 229)	9 803	72 106	

The total provincial fiscus amounts to R37.274 billion in 2019/20, R39.593 billion in 2020/21 and R42.232 billion in 2021/22. The table above provides details of revenue sources for the forthcoming MTEF period.

Provincial Equitable Share increases from R26.214 billion in 2018/19 to R28.187 billion in 2019/20; representing an increase of 7.5 percent. In the outer two years, the increase amount 7.6 percent and 6.8 percent respectively. On average equitable share grows by 7.3 percent over the 2019 MTEF

The final 2019 MTEF allocation for conditional grants amounts to R24.418 billion; this amount is divided as follows: R7.863 billion in 2019/20 and R7.985 billion in 2020/21 and R8.570 billion 2021/22. On average, conditional grants grow by 3.6 percent over the MTEF.

The Province projects to collect R1.225 billion in 2019/20, R1.270 billion in 2020/21 and R1.251 billion in 2021/22. Thus, over the MTEF the estimated own revenue grows by an average of 2.6 percent.

2.4 Financing

The 2019/20 total transfer from national amounts to R36.049 billion and is inclusive of equitable share to the tune of R28.187 billion and conditional grants amounting to R7.863 billion. Included in the above allocations are specific earmarked funds to the tune of R194.713 million; these funds are for specific projects such as up-scaling of sanitary dignity project, funding for Cuban doctors, municipal interventions for municipalities who are under section 139, building infrastructure capacity within Provincial Treasuries, conversion of Substance Abuse Treatment and Social Worker grants and shifting of food relief function to provinces. There are no additional discretionary allocations to the province.

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

Key activities relating to the 2019/20 Provincial Budget Process were the following:

- Provincial Rollovers formed part of the tabling of Adjustment Budget on 13th of November 2018.
- Provincial Budget Engagements after National Benchmark with Health (on the 12th of December 2018) and Public Works and Infrastructure (31st January 2019).
- National Treasury Visits were held on the 13-15 August 2018.
- Third quarter Infrastructure and Conditional Grant Review meetings were held on 26th of February and 7th of March 2019.
- 2018 Provincial Medium Term Expenditure Committee (PMTEC) hearings were held on the 9-12 October 2018.
- Revenue Bilaterals were held on the 16-17 October 2018.
- The tabling of the 2018/19 Adjustment budget was held on 13th of November 2018.
- The Benchmark was held on the 5th of December 2018.
- A Provincial Budget Lekgotla was held on the 27th of February 2019 to evaluate sector budget allocations ahead of the 2019 MTEF.
- Executive Council consideration of the proposed 2019 MTEF allocations was also convened on the 27th of February 2019.
- The tabling of the 2019 Provincial Budget occurred on the 4th of March 2019.

4. Receipts

4.1 Overall position

The total 2019 MTEF fiscal framework amounts to R119.099 billion and is disaggregated as follows—R37.274 billion for 2019/20, R39.593 billion and R42.232 billion for 2020/21 and 2021/22 respectively. Over the MTEF equitable share accounts for, on average, 76 percent, conditional grants for 21 percent, and provincial own receipts contributes 3 percent. Overall the total provincial fiscal framework grows by 6.1 percent in 2019/20, 6.2 percent in 2020/21 and 6.7 percent in 2021/22. On average the growth totals 6.3 percent over the 2019 MTEF.

Table 10: Summary of provincial receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Transfer receipts from National									
Equitable share	21 996 092	22 994 762	24 521 941	26 178 043	26 178 043	26 178 043	28 186 642	30 337 928	32 411 131
Conditional grants	6 629 603	6 758 950	7 267 164	7 561 321	7 574 821	7 574 821	7 862 754	7 985 223	8 569 861
Total transfer receipts from National	28 625 695	29 753 712	31 789 105	33 739 364	33 752 864	33 752 864	36 049 396	38 323 151	40 980 992
Provincial own receipts									
Tax receipts	593 337	662 541	702 247	741 290	760 745	760 745	775 506	793 214	811 430
Casino taxes	40 034	43 235	45 872	42 632	42 632	42 632	46 309	48 777	51 377
Horse racing taxes	9 591	9 879	10 482	11 006	11 006	11 006	8 088	8 520	8 974
Liquor licences	7 425	7 749	8 114	8 520	8 520	8 520	11 609	12 227	12 879
Motor vehicle licences	536 287	601 678	637 779	679 132	698 587	698 587	709 500	723 690	738 200
Sales of goods and services other than capital assets	340 087	345 007	363 037	359 688	349 873	349 873	365 558	383 332	388 223
Transfers received	11 500	3 000							
Fines, penalties and forfeits	15 597	15 922	17 093	16 851	16 366	16 366	18 143	19 173	19 580
Interest, dividends and rent on land	12 764	21 962	11 958	12 631	10 848	10 848	13 322	13 999	14 011
Sales of capital assets	8 364	8 300	1 541	7 955	7 179	7 179	38 831	46 460	2 053
Transactions in financial assets and liabilities	26 534	15 464	16 069	14 920	13 571	13 571	13 262	13 854	15 700
Total provincial own receipts	1 008 183	1 072 196	1 111 945	1 153 335	1 158 582	1 158 582	1 224 622	1 270 033	1 250 997
Provincial funding	222 010	174 630	277 547		219 702	219 702			
Provincial roll-overs	184 364	174 038	267 456		191 002	191 002			
Provincial reserves	37 646	592	10 091		28 700	28 700			
Total provincial receipts	29 855 888	31 000 538	33 178 597	34 892 699	35 131 148	35 131 148	37 274 018	39 593 184	42 231 989

4.2 Equitable share

The weighted share of the province in terms of equitable share remains constant at 5.6 percent over each financial year of the 2019 MTEF, thus averaging 5.6 percent. As a result of the redistributive nature of the formula and data changes the provinces share decreased downwards albeit the allocations increased.

Over the MTEF period the provincial equitable share amounts to R90.936 billion and is disaggregated as follows—R28.187 billion in 2019/20, R30.338 billion and R32.411 billion in the outer years. On average the equitable to the province grows above the projected inflation at 7.3 percent over the MTEF period.

4.3 Conditional Grants

Conditional grants are transfers from national and are meant for implementation of national priorities (specific allocations) and supplementing of provincial programmes. These grants are regulated through the Division of Revenue Act.

The total conditional grants received by the province amount to R24.418 billion over the MTEF period. The grants' allocation to the province nominally grows by an average of 3.4 percent over the 2019 MTEF.

Due to fiscal challenges the budget had to be reprioritised to fund new and changing national government priorities. These changes resulted in baseline reductions for conditional grants; thus the 2019/20 allocations to the province increased marginally by 1.4 percent.

Provincial receipts for conditional grants amounts to R24.415 billion over the MTEF. For the MTEF ahead the province will receive R7.863 billion in 2019/20, R7.985 billion in 2020/21 and R8.570 billion in 2021/22, this represent an average increase of 3.4 percent.

Notwithstanding the fiscal consolidation announced in the 2018 Medium Term Budget Policy Statement, allocations for grants funding essential services such as the National School Nutrition Programme grant, Early Childhood Development grant and the Comprehensive HIV, AIDS and TB grant have been increased.

Allocations to various conditional grants were reprioritized to avail funding for other fiscal pressures. Comprehensive Agricultural Support grant allocations have been reduced over the MTEF to fund establishment of food and mount disease facility by the Agriculture Research Council. Furthermore, funds were reprioritized from Education Infrastructure grant towards Schools Infrastructure Backlogs Grant; the reprioritized funds will provide for eradication of pit latrines within the provinces.

There are also reforms within the Comprehensive HIV, AIDS and TB grant which entails reconfiguration of grants' components. The grant will henceforth have a malaria component funded to the tune of R318.8 million which is reprioritized from within the grant itself. The allocation is earmarked for provinces affected by malaria outbreaks. The tuberculosis component will now be a stand-alone component and thus allow for effective monitoring and evaluation of spending and outcomes.

There are also reductions on Health Infrastructure grant over the MTEF period, the funds are reprioritized towards other national pressures. The Title Deeds Restoration grant comes to an end in 2020/21 and will be phased back into the Human Settlements Development grant (HSDG) baseline.

More than R950 million is reprioritized away from HSDG towards National Housing Finance Cooperation for the Finance Linked Individual Subsidy Scheme (FLISP) to improve coordination and support to targeted individuals. In 2019/20 a new window is created within HSDG which requires that 15 percent of the grant to be spent on upgrading the informal settlements.

Table below shows the detail of various conditional grants allocated to the province

Table 11: Summary of conditional grants by Transferring department

Table 11: Summary of conditional grants by transferring department									
Transferring Department/Grant	Audited outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium Term Expenditure Estimates		
R thousand	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Agriculture and Rural Development	235 072	236 320	209 210	253 969	277 825	277 825	247 374	266 787	286 893
Agricultural Disaster Management Grant									
Comprehensive Agricultural Support Programme Grant	168 807	171 367	148 342	179 476	202 468	202 468	168 373	183 441	198 516
Ilima/Letsema Projects Grant	60 990	59 447	55 003	66 843	67 707	67 707	70 586	74 468	79 011
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 275	5 506	5 865	7 650	7 650	7 650	8 415	8 878	9 366
Arts and Culture	160 854	157 960	144 212	159 504	174 309	174 309	168 691	177 982	188 875
Community Library Services Grant	160 854	157 960	144 212	159 504	174 309	174 309	168 691	177 982	188 875
Sport and Recreation South Africa	64 520	66 418	37 002	95 986	154 569	154 569	100 839	105 883	111 232
Mass Participation and Sport Development Grant	64 520	66 418	37 002	95 986	154 569	154 569	100 839	105 883	111 232
Education	1 112 604	923 496	1 245 726	1 202 854	1 225 528	1 225 528	1 310 006	1 226 429	1 310 032
Dinaledi Schools Grant									
Education Infrastructure Grant	755 177	533 180	851 836	755 337	756 163	756 163	833 485	722 425	778 272
HIV and AIDS (Life Skills Education) Grant	11 457	12 043	14 214	13 413	13 413	13 413	14 148	14 853	15 670
National School Nutrition Programme Grant	318 670	339 106	350 983	379 369	389 507	389 507	400 727	422 767	446 019
OSD for Education Sector Therapists Grant	5 775								
Technical Secondary Schools Recapitalization Grant									
Maths, Science and Technology Grant	21 525	39 167	25 736	34 349	46 048	46 048	36 277	38 714	40 879
Learners with Profound Intellectual Disabilities Grant			2 957	20 386	20 397	20 397	25 369	27 670	29 192
Health	2 565 945	2 625 995	2 823 920	3 040 064	3 065 121	3 065 121	3 193 210	3 454 677	3 767 915
Health Facility Revitalisation Grant	578 971	489 181	491 514	576 362	601 419	601 419	498 713	527 985	569 368
Comprehensive HIV, Aids and TB Grant	911 681	1 015 061	1 148 408	1 199 425	1 199 425	1 199 425	1 331 235	1 474 491	1 666 204
Health Professions Training and Development Grant	149 702	156 189	165 973	175 599	175 599	175 599	185 430	195 629	206 389
National Tertiary Services Grant	918 387	958 021	1 018 025	1 077 070	1 077 070	1 077 070	1 137 386	1 213 591	1 280 339
National Health Insurance Grant	7 204	7 543							
Human Resources Capacitation Grant							28 188	30 049	31 972
Human Papillomavirus Vaccine Grant				11 608	11 608	11 608	12 258	12 932	13 643
Human Settlements	1 059 326	1 099 349	1 192 716	1 122 609	1 122 609	1 122 609	1 125 261	1 127 616	1 161 364
Title Deeds Restoration Grant				50 187	50 187	50 187	32 095	33 860	
Human Settlements Development Grant	1 059 326	1 099 349	1 192 716	1 072 422	1 072 422	1 072 422	1 093 166	917 011	908 030
Informal Settlements Upgrading Partnership Grant for Provinces								176 745	253 334
Transport	1 358 877	1 500 625	1 525 338	1 563 556	1 563 556	1 563 556	1 618 872	1 598 663	1 714 869
Provincial Roads Maintenance Grant	1 140 418	1 259 408	1 269 724	1 299 602	1 299 602	1 299 602	1 340 137	1 301 253	1 401 101
Public Transport Operations Grant	218 459	241 217	255 614	263 954	263 954	263 954	278 735	297 410	313 768
Social Development	3 500	14 565	21 635	42 883	93 861	93 861	25 477	27 186	28 681
Substance Abuse Treatment Grant	3 500	14 565	7 229	17 708	63 650	63 650			
Early Childhood Development Grant			12 937	21 656	26 692	26 692	25 477	27 186	28 681
Social Worker Employment Grant			1 469	3 519	3 519	3 519			
Other (Not Included above)	44 994	44 485	50 818	79 896	80 253	80 253	73 024		
Expanded Public Works Programme Integrated Grant for Provinces	23 662	22 601	27 801	27 378	27 640	27 640	31 203		
Social Sector EPWP Incentive Grant for Provinces	21 332	21 884	23 017	52 518	52 613	52 613	41 821		
Total conditional grants	6 605 692	6 669 213	7 250 577	7 561 321	7 757 631	7 757 631	7 862 754	7 985 223	8 569 861

4.4 Total provincial own receipts

Table 12: Summary of provincial own receipts by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1 Department of the Premier	6 330	8 207	5 731	4 668	4 668	4 668	4 456	4 681	4 936
3 Economic, Small Business Development, Tourism and Environmental Affairs	35 603	11 336	21 934	29 310	26 132	30 162	17 996	25 089	23 322
4 Provincial Treasury	18 057	24 108	16 291	11 742	8 745	8 745	12 398	13 080	13 080
5 Health	152 565	124 928	146 076	189 073	186 723	186 723	194 284	196 086	199 388
6 Education	19 653	20 540	57 514	20 267	20 267	24 668	20 300	20 450	20 550
7 Social Development	1 687	3 132	917	1 300	1 189	1 189	1 242	1 226	1 362
8 Cooperative Governance and Traditional Affairs	1 431	535	191	225	236	236	238	245	248
9 Public Works and Infrastructure	44 856	54 350	41 295	41 651	41 651	41 651	77 596	88 011	45 046
10 Police, Roads and Transport	624 644	717 210	744 514	774 969	790 616	790 616	812 925	833 077	849 776
11 Agriculture and Rural Development	4 511	4 007	3 044	3 027	3 385	3 385	3 618	4 282	5 016
12 Sport, Arts, Culture and Recreation	14 262	14 424	10 883	12 970	12 452	12 970	13 162	13 859	14 621
13 Human Settlements	455	601	316	400	360	360	400	422	422
Free State Gambling, Liquor and Tourism Authority	51 188	55 715	54 671	63 733	62 158	62 158	66 006	69 524	73 230
Total provincial own receipts by Vote	975 242	1 039 093	1 103 377	1 153 335	1 158 582	1 167 531	1 224 621	1 270 032	1 250 997

The estimated revenue for 2019/20 financial year amounts to R1.225 billion and represent 4.9 percent increase when compared to the revenue target of 2018/19 financial year which was R1.168 billion. The province projects to collect more than R24.418 billion over the MTEF, thus the revenue is projected grow by an average of 2.6 percent.

The revenue baseline have been adjusted and determined by taking into consideration the nature of each department in terms of revenue collection and the mandate. Furthermore, the economic conditions have also impacted on the projected revenue. It must be mentioned that the setting of tariffs is the key in revenue collection as this contributes directly to the purse of the province. Benchmarking with other provinces and market scanning in setting revenue tariffs is a crucial and put the province on par with the market and other provinces. In pursuit to enhance revenue collection and improve on revenue collection, amidst fiscal constraints, the province will continue to provide financial support to departments through the Revenue Enhancement Strategy for projects have the potential increase revenue (return on investments). Regular engagements with departments on revenue strategies and monitoring of revenue performance will be ongoing in the MTEF period with the aim of improving revenue collection for the province.

4.5 Donor funding

The province received no donations for 2019/20 financial year.

Table 13: Summary of Foreign Donor Aid by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
4. Treasury									
Gender Based Budgeting Research (Belgian Development Agency)					2 000	2 000			
12. Sprt, Arts, Culture & Recreation									
General Budget Support Funding (European Union)	368								
Total department donor funding	368				2 000	2 000			

5. Payments

5.1 Overall position

The total expenses for 2019 MTEF period for the Free State Province are budgeted as follows:

- Financial year 2019/20: R37.274 billion
- Financial year 2020/21: R39.583 billion
- Financial year 2021/22: R42.160 billion

In the 2019 MTEF period, provincial expenditure is expected to rise to R37.274 billion in 2019/20, this represent an increase of 6 percent when compared to the adjusted budget of R35.128 in 2018/19. In the subsequent financial years the spending is expected to increase R39.583 billion and R42.160 billion, representing an increase of 6 percent and 7 percent respectively.

5.2 Payments by vote

Table 14: Summary of provincial payments and estimates by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18		2018/19		2019/20	2020/21	2021/22
1 Department of the Premier	489 982	619 803	650 881	611 279	705 500	808 471	625 682	651 631	685 442
2 Free State Legislature	211 894	220 842	231 854	253 118	253 118	249 213	266 242	285 521	289 197
3 Economic, Small Business Development, Tourism and Environmental Affairs	463 414	463 076	488 926	631 931	580 734	585 234	630 925	661 348	684 981
4 Provincial Treasury	300 173	316 364	306 049	347 832	345 206	350 206	367 624	372 693	388 975
5 Health	8 693 972	9 076 855	9 801 951	10 403 313	10 380 370	10 423 655	11 142 372	11 945 764	12 789 487
6 Education	11 307 468	11 834 003	12 890 596	13 579 224	13 622 963	14 159 044	14 733 214	15 872 545	17 071 026
7 Social Development	1 002 691	1 090 754	1 141 665	1 266 057	1 316 131	1 276 498	1 375 324	1 427 689	1 492 383
8 Cooperative Governance and Traditional Affairs	377 609	445 918	391 246	443 329	467 404	467 404	456 135	478 994	499 918
9 Public Works and Infrastructure	1 503 355	1 486 262	1 532 217	1 635 268	1 701 257	2 698 302	1 803 273	1 929 997	2 018 009
10 Police, Roads and Transport	2 420 214	2 605 121	2 737 770	2 776 609	2 774 074	2 948 990	2 888 688	2 885 836	3 045 602
11 Agriculture and Rural Development	741 551	733 929	699 043	810 479	816 293	824 293	821 354	871 396	916 891
12 Sport, Arts, Culture and Recreation	697 897	698 026	610 983	727 010	808 986	693 664	753 543	776 049	807 938
13 Human Settlements	1 221 031	1 301 310	1 421 143	1 391 778	1 356 403	1 356 403	1 409 642	1 423 918	1 470 034
Total provincial payments and estimates	29 431 251	30 892 263	32 904 324	34 877 227	35 128 439	36 841 377	37 274 018	39 583 381	42 159 883

Office of the Premier

The Department of the Premier receives R625.682 million in 2019/20, R651.631 million in 2020/21 and R685.442 million in 2021/22. The funding caters for, inter alia, the following priorities:

- Provincial Communication Strategy
- Free State Training and Development Institution
- Provincial Bursaries and
- Strengthening of oversight role

Free State Legislature

Legislature is allocated R266.242 million in 2019/20; R285.521 million in 2020/21 and R289.197 million in 2021/22. The allocations provides for the following priorities, amongst others:

- Party political funding
- Public participation and
- Strengthening of oversight role

Department of Economic, Small Business Development, Tourism and Environmental Affairs

The proposed allocation amounts to R630.925 million for 2019/20, R661.348 million for 2020/21 and R684.981 million for 2021/22. The budget makes provision for the following priorities, inter alia:

- Environmental programmes
- Radical economic transformation
- Waste Management
- Revitalisation of Resorts
- Support of SMME's and Corporative

Support of Black Industrialists

Provincial Treasury

Provincial Treasury receives R367.624 million in 2019/20; R372.693 million in 2020/21 and R388.975 million in 2021/22. This budget makes provision for, amongst others:

- SITA payment
- Financial intervention measures
- Municipal support programme and
- Strengthening of oversight role

Department of Health

The proposed allocation to the department amounts to **R11.142 billion** in 2019/20, **R11.946 billion** in 2020/21 and **R12.789 billion** in 2021/22. The budget makes provision for key sector priorities such as, amongst others:

- Medicine and Medical Supplies
- Laboratory Services (NHLS) and Blood Supply and Services
- Food Services and Relevant Supplies
- Infrastructure and Non-Infrastructure maintenance
- Children's Vaccines
- ARV'S
- Medical Depot

Department of Education

The department is allocated R14.733 billion in 2019/20, R15.873 billion in 2020/21 and R17.071 billion in 2021/22. The budget addresses, amongst others, the following sector priorities over the 2019 MTEF:

- Norms and Standards in schools
- Learner Teacher Support Material
- Grade R programme
- School Hostels Support
- Matric support programmes
- Provision for exemption of school fees
- School Connectivity
- Sanitary dignity project
- School infrastructure which include maintenance and
- Learner Transport Programme

Department of Social Development

The department is allocated R1.375 billion in 2019/20, R1.428 billion in 2020/21 and R1.492 billion in 2021/22. The following priorities, amongst others, are funded:

- ECD and Partial Care
- Office on the Rights of Children
- Victim Empowerment
- Violence Against Women and Children
- Substance Abuse Treatment centre
- Social Worker employment
- Sanitary dignity project
- NAWONGO court judgement

Department of Cooperative Governance and Traditional Affairs

The department is allocated R456.135 million in 2019/20, R478.994 million in 2020/21 and R499.918 million in 2021/22. The proposed budget is expected to address the following priorities, amongst others:

- Operation Clean Audit
- Municipal Support
- Support for Water Laboratories in municipalities
- Community Development Workers

Department of Public Works and Infrastructure

The proposed allocation amounts to R1.803 billion in 2019/20, R1.930 billion in 2020/21 and R2.018 billion in 2021/22. The proposed allocation addresses some of the key priorities of the department such as:

- Property payments,
- Municipal services
- Rates and taxes.
- Infrastructure investment
- Installation of biometric and CCTV cameras at Fidel Castro and OR Tambo buildings

Department of Police, Roads and Transport

The proposed budget amounts to R2.889 billion in 2019/20, R2.886 billion in 2020/21 and R3.046 billion in 2021/22. The allocation mainly provides for, amongst others:

- Infrastructure investments
- Support to public transport operators
- Revenue collection (SAPO and Cash-in Transit) and
- Procurement of Fire Fighting equipment

Department of Agriculture and Rural Development

The department receives R821.354 million in 2019/20, R871.396 million in 2020/21 and R916.891 million in 2021/22. The budget makes provision for the following priorities, amongst others:

- Land care programmes
- Support and training of farmers
- Veterinary services
- Mohoma-Mobung programme
- Implementation of agricultural projects

Department of Sport, Arts, Culture and Recreation

The department receives a total allocation of R753.543 million in 2019/20, R776.049 million in 2020/21 and R807.938 million in 2021/22. The budget caters for, amongst others:

- Infrastructure development
- Arts and culture
- EPWP programme
- Provincial library and archives services and
- Recreation and heritage

Department of Human Settlements

The proposed allocation amount to R1.410 billion in 2019/20, R1.424 billion in 2020/21 and R1.470 billion in 2021/22. The allocation is mainly driven by conditional grants. The following priorities are catered:

- Human settlements needs
- Tittle deeds restoration
- Military Veterans Housing
- Demolition and building of two rooms houses

5.3 Payments by economic classification

Table 15: Summary of provincial payments and estimates by economic classification

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Current payments	23 081 244	24 422 553	26 141 839	27 970 232	27 956 180	29 303 250	30 459 008	32 641 400	34 847 391
Compensation of employees	17 798 719	18 964 429	20 168 244	21 410 863	21 485 239	21 799 185	23 261 635	25 247 318	27 007 071
Goods and services	5 279 066	5 453 943	5 944 528	6 559 035	6 470 361	7 499 638	7 196 716	7 393 588	7 839 821
Interest and rent on land	3 459	4 181	29 067	334	580	4 427	657	494	499
Transfers and subsidies to:	3 889 162	4 233 832	4 412 235	4 693 481	4 661 229	5 162 319	4 584 476	4 750 502	4 960 344
Provinces and municipalities	404 821	430 294	424 365	468 808	476 576	645 899	484 581	526 686	546 300
Departmental agencies and accounts	232 396	276 691	269 029	277 315	266 818	266 428	278 749	292 645	303 029
Higher education institutions	182 102	163 059	263 948	264 877	328 461	351 631	271 228	277 246	294 145
Foreign governments and international organisations									
Public corporations and private enterprises	274 481	297 201	286 443	310 793	296 960	308 615	328 251	346 408	365 461
Non-profit institutions	1 320 865	1 551 514	1 711 402	1 834 308	1 865 863	2 111 602	1 866 279	1 923 674	2 013 927
Households	1 474 497	1 515 073	1 457 048	1 537 380	1 426 551	1 478 144	1 355 388	1 383 843	1 437 482
Payments for capital assets	2 455 713	2 225 131	2 336 857	2 213 514	2 511 013	2 370 050	2 230 534	2 191 479	2 352 148
Buildings and other fixed structures	2 163 803	1 856 170	1 989 875	1 852 652	2 129 547	2 000 091	1 871 724	1 841 701	1 932 795
Machinery and equipment	290 620	341 860	313 144	347 505	353 661	344 974	347 325	338 556	338 514
Heritage assets									
Specialised military assets									
Biological assets	65		17 381						
Land and subsoil assets	52	138		600	100		900	900	900
Software and other intangible assets	1 173	26 963	16 457	12 757	27 705	24 985	10 585	10 322	79 939
Payments for financial assets	5 132	10 747	13 393		17	5 758			
Total economic classification	29 431 251	30 892 263	32 904 324	34 877 227	35 128 439	36 841 377	37 274 018	39 583 381	42 159 883

Table above reflects summary of provincial payments and estimates by economic classification. In the MTEF period provisions for compensation of employees amounts to R75.516 billion or 63 percent of the total allocation whilst goods and services accounts for R22.430 billion or 19 percent over the MTEF. Payments for compensation of employees increases by an average of 7.9 percent whilst that of goods and services by 6.9 percent over

the MTEF. The province is committed in managing the wage bill through non filling of critical posts and regular staff audits (head counts).

Allocations for Transfers and Subsidies amounts to R14.295 billion or 12 percent of the total budget over the MTEF. Transfers to provinces and municipalities increased marginally by 2 percent, from an adjusted R476.576 million in 2018/19 to R485.581 million in 2019/20. Over the MTEF the transfers to provinces and municipalities amounts to R1.558 billion over the MTEF. The bulk of transfers is accounted by Non-profit institutions and amounts to R5.804 billion over the MTEF and this include transfers to schools as determined by the South African Schools Act. Payments for capital assets' allocation amounts to R6.774 billion or 5.7 percent over the MTEF. The allocation includes conditional grants and Provincial Infrastructure Enhancement allocations.

5.4 Payments by functional area

Table 16: Summary of provincial payments and estimates by functional area

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22
General public services	3 239 014	3 462 217	3 499 404	3 731 805	3 912 621	5 063 073	3 965 669	4 189 185	4 370 620
Public order and safety	382 137	420 249	506 647	436 674	444 674	573 663	492 879	508 349	535 480
Economic affairs	2 070 242	2 190 867	2 266 169	2 400 610	2 380 810	2 372 813	2 403 954	2 415 928	2 550 709
Environmental protection	671 643	670 238	612 654	756 201	737 959	755 217	802 760	821 382	861 600
Housing and community amenities	1 221 031	1 301 310	1 421 143	1 391 778	1 356 403	1 356 403	1 409 642	1 423 918	1 470 034
Health	8 693 972	9 076 855	9 801 951	10 403 313	10 380 370	10 423 655	11 142 372	11 945 764	12 789 487
Recreation, culture and religion	825 161	825 360	738 257	885 376	950 019	834 773	921 038	949 529	987 959
Education	11 325 361	11 854 413	12 916 434	13 605 413	13 649 452	14 185 282	14 760 380	15 901 637	17 101 611
Social protection	1 002 691	1 090 754	1 141 665	1 266 057	1 316 131	1 276 498	1 375 324	1 427 689	1 492 383
Total provincial payments and estimates by policy area	29 431 251	30 892 263	32 904 324	34 877 227	35 128 439	36 841 377	37 274 018	39 583 381	42 159 883

Table 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 provincial government and accounts for 40.1 percent and 30.1 percent over the MTEF; whilst recreation, culture and religion receives the third largest share of 2.4 percent.

5.5 Provincial Infrastructure payments

Table 17: Summary of payments and estimates of provincial infrastructure by vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22
3 Economic, Small Business Development, Tourism and Environmental Affairs	18 243	15 259	13 090	34 298	34 298	34 298	34 927	38 113	38 113
5 Health	609 173	516 215	514 513	597 209	604 266	623 852	525 635	561 832	603 215
6 Education	760 081	536 424	868 834	768 553	776 015	776 015	849 863	740 374	796 221
7 Social Development	9 113	17 168	12 209	10 257	64 235	42 237	12 485	14 361	15 987
9 Public Works and Infrastructure	183 920	205 439	187 551	205 454	158 835	158 835	227 304	227 753	232 723
10 Police, Roads and Transport	1 218 315	1 306 629	1 370 148	1 380 413	1 362 165	1 362 165	1 424 090	1 343 253	1 443 101
11 Agriculture and Rural Development	106 224	104 452	57 572	109 275	60 713	60 713	102 306	106 262	106 262
12 Sport, Arts, Culture and Recreation	253 261	193 659	189 869	191 530	191 530	191 530	184 959	189 038	194 088
13 Human Settlements	1 026 681	1 148 326	1 230 038	1 115 458	1 115 458	1 115 458	1 173 427	1 173 616	1 207 364
Total provincial infrastructure payments and	4 185 011	4 043 571	4 443 824	4 412 447	4 367 515	4 365 103	4 534 996	4 394 602	4 637 074

An amount of R13.567 billion or 11 percent of total budget is allocated for infrastructure over the MTEF. About R7.764 billion or 56.5 percent of the above allocation is accounted by the

Departments of Police, Roads and Transport and Human Settlements. Thus the bulk of the allocation is for construction, maintenance and upgrading of roads as well as building of proper human settlements. Departments of Education and Health are allocated a combined budget of R4.077 billion or 30.1 percent of the budget over the MTEF. The allocation is for maintenance, refurbishment and building of schools and clinics. Allocation for Department of Sport, Arts, Culture and Recreation is mainly for construction of libraries.

Table 18: Summary of payments and estimates of provincial infrastructure per category

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Existing infrastructure assets	2 604 430	2 397 797	2 630 758	2 576 706	2 704 706	2 705 570	2 655 530	2 394 674	2 554 775
Maintenance and repairs	726 378	980 541	1 112 475	1 183 213	1 075 313	1 036 465	1 280 655	1 233 445	1 338 070
Upgrades and additions	850 452	461 875	605 561	671 767	1 059 202	1 031 670	926 170	882 444	924 997
Refurbishment and rehabilitation	1 027 600	955 381	912 722	721 726	570 191	637 435	448 705	278 785	291 708
New infrastructure assets	355 062	321 406	338 562	473 557	411 286	418 143	466 232	644 087	675 796
Infrastructure transfers	1 131 499	1 223 589	1 296 034	1 102 369	1 062 138	1 062 138	1 193 853	1 201 823	1 235 571
Infrastructure transfers - Current	80 000	78 874	32 662	30 000	19 769	19 769	101 256	76 707	76 258
Infrastructure transfers - Capital	1 051 499	1 144 715	1 263 372	1 072 369	1 042 369	1 042 369	1 092 597	1 125 115	1 159 313
Infrastructure: Payments for financial assets									
Infrastructure: Leases									
Non Infrastructure	94 020	100 779	178 470	259 815	189 385	179 252	219 381	154 018	170 932
Total provincial infrastructure payments and estimates	4 185 011	4 043 571	4 443 824	4 412 447	4 367 515	4 365 103	4 534 996	4 394 602	4 637 074

Table above illustrate the allocation per infrastructure categories over the MTEF. Allocation for new infrastructure amounts to R1.786 billion or 13.2 percent of the MTEF whilst that for maintenance totals R3.852 billion or 28.4 percent of the total infrastructure allocation over MTEF. Payments for Transfers amounts to R3.632 billion or 26.8 percent over the MTEF period.

5.6 Provincial Public-Private Partnership (PPP) projects

There is currently one Public-Private Partnership in the province. This partnership is between the Department of Health and Netcare and is located within Universitas and Pelonomi hospitals. Included in the table below is a PPP Transaction Advisors for the planned Provincial Government Building and Ramkraal building.

Table 19: Summary of departmental Public-Private Partnership (PPP) projects

Project description	Annual cost of project			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Projects signed in terms of Treasury Regulation 16	10 240	23 206	24 386	26 063	26 063	26 063	28 707	30 475	30 812
PPP unitary charge	9 973	5 900	6 166	6 444	6 444	6 444	10 060	10 676	10 633
Advisory fees		3 848	4 079	4 323	4 323	4 323	3 788	4 020	4 045
Project monitoring cost		1 763	1 646	1 945	1 945	1 945	1 977	2 098	2 660
Revenue generated		11 400	12 187	13 029	13 029	13 029	12 533	13 322	12 943
Contingent liabilities	267	295	308	322	322	322	349	359	531
Projects in preparation	1 615								
Advisory fees	1 615								
Project team costs									
Site acquisition costs									
Capital payment									
Other project costs									
Total PPP projects	11 855	23 206	24 386	26 063	26 063	26 063	28 707	30 475	30 812

5.7 Transfers

5.7.1 Transfer to public entities

Table 20: Summary of provincial transfers to public entities by transferring department

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
3 Economic, Small Business Development, Tourism and Environmental Affairs	108 345	131 442	127 274	155 160	139 827	155 160	165 291	169 979	179 328
Free State Development Corporation	3 700	10 200	14 465	42 833	31 000	42 833	47 516	45 726	48 241
Free State Gambling, Liquor & Tourism Authority	104 645	121 242	112 809	112 327	108 827	112 327	117 775	124 253	131 087
Total provincial transfers to public entities	108 345	131 442	127 274	155 160	139 827	155 160	165 291	169 979	179 328

The total transfer payments to Public Entities amounts to R165.291 million in 2019/20, R169.979 million and R179.328 million in 2020/21 and 2021/22 respectively. The transfers to FDZ includes funding for MAP SEZ of R60 million over the MTEF.

5.7.2 Transfer to local government

Table 21: Summary of provincial transfers to local government by category

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Category A	173 753	125 401	143 419	113 392	131 860	303 482	106 911	135 547	133 556
Category B	203 207	287 010	258 613	293 754	308 611	308 611	312 655	327 198	352 632
Category C	27 300	17 000	17 850	20 000	25 500	23 000	26 000	26 100	25 886
Unallocated			3 278	41 592	10 535	10 535	38 941	37 841	34 226
Total provincial transfers to local government	404 260	429 411	423 160	468 738	476 506	645 628	484 507	526 686	546 300

5.7.3 Personnel numbers and costs

Table 22: 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		2015/16	2016/17	2017/18	Establishment		2018/19	2019/20	2020/21	2021/22	Average over MTEF		
1 Department of the Premier	(numbers) (R'000)	604 218 711	624 334 055	644 263 282	530	138	668 294 753	707 305 300	688 324 274	694 339 430	1.3%	4.8%	1.3%
2 Free State Legislature	(numbers) (R'000)	154 100 870	152 109 253	165 117 776	162	3	165 130 756	165 138 946	171 146 219	171 154 258	1.2%	5.7%	0.6%
3 Economic, Small Business Dev, Tourism & Environm Affairs	(numbers) (R'000)	863 213 471	831 218 930	711 235 249	642	67	709 271 615	722 285 011	853 290 018	853 304 959	6.4%	3.9%	1.2%
4 Provincial Treasury	(numbers) (R'000)	447 170 553	447 185 702	447 192 611	443	4	447 215 594	447 236 936	447 253 382	447 265 748	-	7.2%	1.0%
5 Health	(numbers) (R'000)	19 384 5 539 463	18 845 5 814 798	17 371 6 262 522	18 152	-	18 152 6 692 644	18 835 7 308 830	19 985 7 875 377	19 985 8 324 908	3.3%	7.5%	31.0%
6 Education	(numbers) (R'000)	30 566 9 181 185	30 710 9 698 929	29 438 10 299 394	27 227	2 242	29 469 11 053 592	29 456 11 741 233	29 596 12 896 831	29 707 13 939 706	0.3%	8.0%	51.0%
7 Social Development	(numbers) (R'000)	2 059 526 169	1 901 566 444	1 920 605 426	2 033	-	2 033 663 007	2 091 727 838	2 091 782 826	2 091 829 035	0.9%	7.7%	3.1%
8 Cooperative Governance and Traditional Affairs	(numbers) (R'000)	403 183 254	386 195 649	356 213 849	84	266	350 241 066	350 262 289	350 285 895	350 311 626	-	8.9%	1.1%
9 Public Works and Infrastructure	(numbers) (R'000)	2 035 402 532	1 775 402 583	1 519 384 674	1 411	3	1 414 429 628	1 531 459 807	1 760 494 087	1 766 521 259	7.7%	6.7%	2.0%
10 Police, Roads and Transport	(numbers) (R'000)	2 323 561 082	2 937 686 894	2 527 772 446	2 137	282	2 419 896 749	3 653 845 617	3 653 888 560	3 653 953 424	14.7%	2.1%	3.7%
11 Agriculture and Rural Development	(numbers) (R'000)	1 030 330 413	1 014 341 103	1 077 380 706	1 034	25	1 059 414 362	1 077 419 970	1 118 445 062	1 118 468 752	1.8%	4.2%	1.8%
12 Sport, Arts, Culture and Recreation	(numbers) (R'000)	859 235 942	947 261 538	1 068 280 028	1 118	12	1 130 324 352	1 361 346 193	1 266 371 032	1 266 389 553	3.9%	6.3%	1.5%
13 Human Settlements	(numbers) (R'000)	323 135 074	319 148 551	345 160 281	384	41	425 180 903	456 183 665	480 193 755	480 204 413	4.1%	4.2%	0.8%
Total Personnel Numbers		61 050	60 888	57 588	55 357	3 083	58 440	60 851	62 458	62 581	2.3%		
Total Personnel Cost (R'million)		17 798 719	18 964 429	20 168 244			21 809 021	23 261 635	25 247 318	27 007 071		7.4%	
Unit Cost		291 543	311 464	350 216			373 187	382 272	404 229	431 554			

5.7.4 Payments on training

Table 23: Summary of provincial payments on training by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
1 Department of the Premier	212	963	1 469	2 479	2 479	2 479	2 720	2 156	2 275
2 Free State Legislature	200	718	376	690	690	690	730	770	812
3 Economic, Small Business Development, Tourism and Environmental Affairs	1 662	2 316	2 532	4 623	5 450	5 248	4 095	4 960	5 232
4 Provincial Treasury	2 805	2 857	3 557	2 974	2 757	2 464	3 178	3 322	3 505
5 Health	47 867	12 594	83 400	97 108	97 108	97 108	341 866	309 612	386 958
6 Education	21 890	43 308	56 880	107 691	86 035	84 964	116 910	128 529	138 947
7 Social Development	2 207	2 703	5 329	4 761	3 721	2 280	5 808	6 000	6 200
8 Cooperative Governance and Traditional Affairs	790	7 896	3 577	2 256	6 756	6 756	2 382	2 513	2 651
9 Public Works and Infrastructure	2 941	4 239	4 008	4 296	12 248	12 248	4 598	4 941	5 213
10 Police, Roads and Transport	9 805	6 336	13 726	9 740	9 740	9 740	15 412	16 261	17 155
11 Agriculture and Rural Development	842	1 985	14 397	2 516	8 078	7 192	2 511	2 022	2 022
12 Sport, Arts, Culture and Recreation	2 473	2 405	2 525	2 654	2 654	2 654	2 654	2 799	2 953
13 Human Settlements	177	705	941	950	950	950	950	950	1 002
Total provincial payments on training	93 871	89 025	192 717	242 738	238 666	234 773	503 814	484 835	574 925



ANNEXURE

**TO THE OVERVIEW OF
PROVINCIAL REVENUE AND
EXPENDITURE**

Table A.1: Details of total provincial own receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Tax receipts	594 443	687 402	692 450	741 290	760 745	760 745	775 506	793 214	811 430
Casino taxes	35 448	39 039	36 842	42 632	42 632	42 632	46 309	48 777	51 377
Horse racing taxes	8 881	9 591	8 932	11 006	11 006	11 006	8 088	8 520	8 974
Liquor licences	6 859	7 085	8 897	8 520	8 520	8 520	11 609	12 227	12 879
Motor vehicle licences	543 255	631 687	637 779	679 132	698 587	698 587	709 500	723 690	738 200
Sales of goods and services other than capital assets	295 346	264 997	308 114	359 688	349 909	353 909	365 558	383 332	388 223
Sale of goods and services produced by department (excluding capital assets)	295 179	264 874	307 940	359 466	349 711	353 711	365 533	383 307	388 198
Sales by market establishments	65 815	66 141	63 548	78 290	74 683	78 434	69 823	80 914	83 638
Administrative fees	69 574	65 843	88 179	78 546	74 147	74 147	84 849	89 811	91 623
Other sales	159 790	132 890	156 213	202 630	200 881	201 130	210 861	212 582	212 937
Of which									
Health patient fees	128 789	89 555	99 583	121 082	121 082	121 082	127 070	128 472	128 472
Commission Insurance	11 769	11 446	12 271	11 688	11 688	11 937	11 870	11 908	11 830
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	167	123	174	222	198	198	25	25	25
Transfers received from:	3 320	3 675							
Other governmental units	3 320	3 083							
Higher education institutions									
Foreign governments									
International organisations									
Public corporations and private enterprises		592							
Households and non-profit institutions									
Fines, penalties and forfeits	18 947	19 856	16 483	16 851	16 366	16 383	18 143	19 173	19 580
Interest, dividends and rent on land	21 594	28 099	19 682	12 631	10 848	11 046	13 321	13 999	14 011
Interest	3 743	4 354	3 671	1 157	2 374	2 572	1 205	1 217	1 229
Dividends	17 851	23 745	16 011	11 474	8 474	8 474	12 116	12 782	12 782
Rent on land									
Sales of capital assets	28 236	14 091	10 166	7 955	7 176	7 770	38 831	46 460	2 053
Land and subsoil assets	2 500	6 804	508	5 348	5 310	5 310	38 710	46 310	310
Other capital assets	25 736	7 287	9 658	2 607	1 866	2 460	121	150	1 743
Financial transactions in assets and liabilities	13 357	20 973	56 482	14 920	13 538	17 678	13 262	13 854	15 700
Total provincial own receipts	975 242	1 039 093	1 103 377	1 153 335	1 158 582	1 167 531	1 224 621	1 270 032	1 250 997

OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

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	2015/16			2016/17			2017/18			2018/19			2019/20	2020/21	2021/22
Agriculture and Rural Development	237 277	237 181	235 072	239 242	239 242	236 320	239 980	237 635	209 210	277 825	267 469	277 825	247 374	266 787	286 893
Agricultural Disaster Management Grant															
Comprehensive Agricultural Support Programme Grant	171 012	170 916	168 807	174 289	174 289	171 367	170 937	168 592	148 342	202 468	192 976	202 468	168 373	183 441	198 516
Ilimala/Letsema Projects Grant	60 990	60 990	60 990	59 447	59 447	59 447	63 178	63 178	55 003	67 707	66 843	67 707	70 586	74 468	79 011
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 275	5 275	5 275	5 506	5 506	5 506	5 865	5 865	5 865	7 650	7 650	7 650	8 415	8 878	9 366
Arts and Culture	161 338	155 758	160 854	158 233	157 758	157 960	159 017	159 017	144 212	174 309	159 504	159 504	168 691	177 982	188 875
Community Library Services Grant	161 338	155 758	160 854	158 233	157 758	157 960	159 017	159 017	144 212	174 309	159 504	159 504	168 691	177 982	188 875
Sport and Recreation South Africa	64 526	64 398	64 520	66 461	66 461	66 418	95 755	95 755	37 002	154 569	95 986	95 986	100 839	105 883	111 232
Mass Participation and Sport Development Grant	64 526	64 398	64 520	66 461	66 461	66 418	95 755	95 755	37 002	154 569	95 986	95 986	100 839	105 883	111 232
Education	1 252 056	1 124 361	1 112 604	1 124 478	996 165	923 496	1 278 360	1 076 207	1 245 726	1 225 528	1 202 854	1 225 528	1 310 006	1 226 429	1 310 032
Dinaledi Schools Grant															
Education Infrastructure Grant	881 568	762 553	755 177	724 461	608 232	533 180	852 916	661 635	851 836	756 163	755 337	756 163	833 485	722 425	778 272
HIV and AIDS (Life Skills Education) Grant	11 699	9 944	11 457	12 980	12 967	12 043	14 289	13 980	14 214	13 413	13 413	13 413	14 148	14 853	15 670
National School Nutrition Programme Grant	320 869	314 400	318 670	343 685	341 500	339 106	362 352	358 412	350 983	389 507	379 369	389 507	400 727	422 767	446 019
OSD for Education Sector Therapists Grant	5 775	5 775	5 775												
Maths, Science and Technology Grant	32 145	31 689	21 525	43 352	33 466	39 167	37 435	33 741	25 736	46 048	34 349	46 048	36 277	38 714	40 879
Learners with Profound Intellectual Disabilities Grant							11 368	8 439	2 957	20 397	20 386	20 397	25 369	27 670	29 192
Health	2 596 838	2 573 667	2 565 945	2 632 261	2 611 506	2 625 995	2 884 563	2 884 563	2 823 920	3 065 121	3 040 064	3 065 121	3 193 210	3 454 677	3 767 915
Health Facility Revitalisation Grant	609 545	586 910	578 971	495 447	474 692	489 181	552 157	552 157	491 514	601 419	576 362	601 419	498 713	527 985	569 368
Comprehensive HIV, Aids and TB Grant	911 946	911 505	911 681	1 015 061	1 015 061	1 015 061	1 148 408	1 148 408	1 148 408	1 199 425	1 199 425	1 199 425	1 331 235	1 474 491	1 666 204
Health Professions Training and Development Grant	149 756	149 756	149 702	156 189	156 189	156 189	165 973	165 973	165 973	175 599	175 599	175 599	185 430	195 629	206 389
National Tertiary Services Grant	918 387	918 332	918 387	958 021	958 021	958 021	1 018 025	1 018 025	1 018 025	1 077 070	1 077 070	1 077 070	1 137 386	1 213 591	1 280 339
National Health Insurance Grant	7 204	7 164	7 204	7 543	7 543	7 543									
Human Resources Capacitation Grant													28 188	30 049	31 972
Human Papillomavirus Vaccine Grant										11 608	11 608	11 608	12 258	12 932	13 643
Human Settlements	1 072 170	1 057 284	1 059 326	1 101 195	1 098 411	1 099 349	1 193 038	1 193 038	1 192 716	1 122 609	1 122 609	1 122 609	1 125 261	1 127 616	1 161 364
Title Deeds Restoration Grant										50 187	50 187	50 187	32 095	33 860	
Human Settlements Development Grant	1 072 170	1 057 284	1 059 326	1 101 195	1 098 411	1 099 349	1 193 038	1 193 038	1 192 716	1 072 422	1 072 422	1 072 422	1 093 166	917 011	908 030
Informal Settlements Upgrading Partnership Grant for Provinces													176 745	253 334	
Transport	1 363 465	1 363 465	1 358 877	1 500 869	1 499 287	1 500 625	1 530 400	1 530 400	1 525 338	1 563 556	1 563 556	1 563 556	1 618 872	1 598 663	1 714 869
Provincial Roads Maintenance Grant	1 142 796	1 142 796	1 140 418	1 259 612	1 258 030	1 259 408	1 274 731	1 274 731	1 269 724	1 299 602	1 299 602	1 299 602	1 340 137	1 301 253	1 401 101
Public Transport Operations Grant	220 669	220 669	218 459	241 257	241 257	241 217	255 669	255 669	255 614	263 954	263 954	263 954	278 735	297 410	313 768
Social Development	14 500	12 500	3 500	53 500	42 500	14 565	74 822	21 650	21 635	93 861	42 883	54 228	25 477	27 186	28 681
Substance Abuse Treatment Grant	14 500	12 500	3 500	53 500	42 500	14 565	53 172		7 229	63 650	17 708	24 017			
Early Childhood Development Grant							18 398	18 398	12 937	26 692	21 666	26 692	25 477	27 186	28 681
Social Worker Employment Grant							3 252	3 252	1 469	3 519	3 519	3 519			
Other (Not included above)	45 524	40 989	44 994	47 781	47 620	44 485	51 733	51 733	50 818	80 253	79 896	80 253	73 024		
Expanded Public Works Programme Integrated Grant for Provinces	24 145	21 281	23 662	25 802	25 641	22 601	28 566	28 566	27 801	27 640	27 378	27 640	31 203		
Social Sector EPWP Incentive Grant for Provinces	21 379	19 708	21 332	21 979	21 979	21 884	23 167	23 167	23 017	52 613	52 518	52 613	41 821		
Total conditional grants	6 807 694	6 629 603	6 605 692	6 924 020	6 758 950	6 669 213	7 507 668	7 249 998	7 250 577	7 757 631	7 574 821	7 644 610	7 862 754	7 985 223	8 569 861

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Current payments	23 081 244	24 422 553	26 141 839	27 970 232	27 956 180	29 303 250	30 459 008	32 641 400	34 847 391
Compensation of employees	17 798 719	18 964 429	20 168 244	21 410 863	21 485 239	21 799 185	23 261 635	25 247 318	27 007 071
Salaries and wages	15 270 081	16 301 190	17 332 392	18 489 833	18 501 762	18 734 888	20 051 171	21 793 754	23 337 798
Social contributions	2 528 638	2 663 239	2 835 852	2 921 030	2 983 477	3 064 297	3 210 464	3 453 564	3 669 273
Goods and services	5 279 066	5 453 943	5 944 528	6 559 035	6 470 361	7 499 638	7 196 716	7 393 588	7 839 821
Interest and rent on land	3 459	4 181	29 067	334	580	4 427	657	494	499
Interest	3 459	4 181	29 049	334	580	4 419	657	494	499
Rent on land			18			8			
Transfers and subsidies	3 889 162	4 233 832	4 412 235	4 693 481	4 661 229	5 162 319	4 584 476	4 750 502	4 960 344
Provinces and municipalities	404 821	430 294	424 365	468 808	476 576	645 899	484 581	526 686	546 300
Provinces ²	561	183	1 205	70	70	271	74		
Provincial Revenue Funds	2	183		70	70	70	74		
Provincial agencies and funds	559		1 205			201			
Municipalities ³	404 260	430 111	423 160	468 738	476 506	645 628	484 507	526 686	546 300
Municipal bank accounts	385 420	404 661	395 360	435 738	436 506	608 128	450 507	501 686	521 575
Municipal agencies and funds	18 840	25 450	27 800	33 000	40 000	37 500	34 000	25 000	24 725
Departmental agencies and accounts	232 396	276 691	269 029	277 315	266 818	266 428	278 749	292 645	303 029
Social security funds									
Departmental agencies (non-business entities)	232 396	276 691	269 029	277 315	266 818	266 428	278 749	292 645	303 029
Higher education institutions	182 102	163 059	263 948	264 877	328 461	351 631	271 228	277 246	294 145
Foreign governments and international organisations									
Public corporations and private enterprises ⁵	274 481	297 201	286 443	310 793	296 960	308 615	328 251	346 408	365 461
Public corporations	222 164	251 417	270 079	306 787	294 954	295 032	326 251	343 136	362 009
Subsidies on products and production (pc)	218 459	241 217	255 614	263 954	263 954	264 032	278 735	297 410	313 768
Other transfers to public corporations	3 705	10 200	14 465	42 833	31 000	31 000	47 516	45 726	48 241
Private enterprises	52 317	45 784	16 364	4 006	2 006	13 583	2 000	3 272	3 452
Subsidies on products and production (pe)									
Other transfers to private enterprises	52 317	45 784	16 364	4 006	2 006	13 583	2 000	3 272	3 452
Non-profit institutions	1 320 865	1 551 514	1 711 402	1 834 308	1 865 863	2 111 602	1 866 279	1 923 674	2 013 927
Households	1 474 497	1 515 073	1 457 048	1 537 380	1 426 551	1 478 144	1 355 388	1 383 843	1 437 482
Social benefits	145 551	132 409	124 871	56 920	59 182	105 426	62 496	61 725	62 911
Other transfers to households	1 328 947	1 382 664	1 332 177	1 480 460	1 367 369	1 372 718	1 292 892	1 322 118	1 374 571
Payments for capital assets	2 455 713	2 225 131	2 336 857	2 213 514	2 511 013	2 370 050	2 230 534	2 191 479	2 352 148
Buildings and other fixed structures	2 163 803	1 856 170	1 989 875	1 852 652	2 129 547	2 000 091	1 871 724	1 841 701	1 932 795
Buildings	1 332 103	1 079 631	1 262 879	1 353 487	1 495 554	1 360 847	1 376 634	1 285 314	1 346 526
Other fixed structures	831 700	776 539	726 996	499 165	633 993	639 244	495 090	556 387	586 269
Machinery and equipment	290 620	341 860	313 144	347 505	353 661	344 974	347 325	338 556	338 514
Transport equipment	8 405	62 566	23 323	10 526	4 958	2 439	6 094	4 686	5 023
Other machinery and equipment	282 215	279 294	289 821	336 979	348 703	342 535	341 231	333 870	333 491
Heritage assets									
Specialised military assets									
Biological assets	65		17 381						
Land and sub-soil assets	52	138		600	100		900	900	900
Software and other intangible assets	1 173	26 963	16 457	12 757	27 705	24 985	10 585	10 322	79 939
Payments for financial assets	5 132	10 747	13 393		17	5 758			
Total economic classification	29 431 251	30 892 263	32 904 324	34 877 227	35 128 439	36 841 377	37 274 018	39 583 381	42 159 883

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 functional area

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
GENERAL PUBLIC SERVICES	3 239 014	3 462 217	3 499 404	3 731 805	3 912 621	5 063 073	3 965 669	4 189 185	4 370 620
Executive and Legislative	230 581	238 552	254 155	271 475	273 649	268 658	286 507	306 698	311 538
Office of the Premier	18 687	17 710	22 301	18 357	20 531	19 445	20 265	21 177	22 341
Provincial Legislature	211 894	220 842	231 854	253 118	253 118	249 213	266 242	285 521	289 197
General Services	2 708 260	2 907 301	2 939 200	3 112 498	3 293 766	4 444 209	3 311 538	3 509 794	3 670 107
Office of the Premier	471 295	602 093	628 580	592 922	684 969	789 026	605 417	630 454	663 101
Police, Roads and Transport	217 512	238 284	246 101	280 531	265 078	312 547	287 685	304 843	318 470
Public Works and Infrastructure	1 503 355	1 486 262	1 532 217	1 635 268	1 701 257	2 698 302	1 803 273	1 929 997	2 018 009
Cooperative Governance & Traditional Affairs	377 609	445 918	391 246	443 329	467 404	467 404	456 135	478 994	499 918
Economic, Small Business Development, Tourism and Environmental Affairs	138 489	134 744	141 056	160 448	175 058	176 930	159 028	165 506	170 609
Financial and Fiscal Services	300 173	316 364	306 049	347 832	345 206	350 206	367 624	372 693	388 975
Provincial Treasury	300 173	316 364	306 049	347 832	345 206	350 206	367 624	372 693	388 975
PUBLIC ORDER AND SAFETY	382 137	420 249	506 647	436 674	444 674	573 663	492 879	508 349	535 480
Police Services	22 669	19 414	23 999	24 595	24 595	24 124	27 264	27 627	29 143
Police, Roads and Transport	22 669	19 414	23 999	24 595	24 595	24 124	27 264	27 627	29 143
Traffic Control	359 467	400 835	482 648	412 079	420 079	549 539	465 615	480 722	506 337
Police, Roads and Transport	359 467	400 835	482 648	412 079	420 079	549 539	465 615	480 722	506 337
EDUCATION	11 325 361	11 854 413	12 916 434	13 605 413	13 649 452	14 185 282	14 760 380	15 901 637	17 101 611
Pre-primary & Primary Phases	5 145 607	5 474 499	5 861 083	5 864 706	5 969 359	6 479 927	6 712 811	7 369 453	7 962 255
Education	5 145 607	5 474 499	5 861 083	5 864 706	5 969 359	6 479 927	6 712 811	7 369 453	7 962 255
Secondary Education Phase	3 407 491	3 631 323	3 888 105	4 309 171	4 226 034	4 280 031	4 453 028	4 884 148	5 263 333
Education	3 407 491	3 631 323	3 888 105	4 309 171	4 226 034	4 280 031	4 453 028	4 884 148	5 263 333
Education not defined by level	1 180 957	1 012 133	1 403 717	1 341 119	1 362 800	1 362 802	1 477 960	1 417 094	1 520 362
Agriculture and Rural Development	17 893	20 410	25 838	26 189	26 489	26 238	27 166	29 092	30 585
Education	1 163 064	991 723	1 377 879	1 314 930	1 336 311	1 336 564	1 450 794	1 388 002	1 489 777
Subsidiary Services to Education	1 591 306	1 736 458	1 763 529	2 090 417	2 091 259	2 062 522	2 116 581	2 230 942	2 355 661
Education	1 591 306	1 736 458	1 763 529	2 090 417	2 091 259	2 062 522	2 116 581	2 230 942	2 355 661
HEALTH	8 693 972	9 076 855	9 801 951	10 403 313	10 380 370	10 423 655	11 142 372	11 945 764	12 789 487
Outpatient services	1 198 563	1 193 629	1 277 345	1 405 985	1 419 485	1 398 536	1 535 426	1 633 348	1 735 890
R and D Health (CS)									
Hospital Services	7 495 409	7 883 226	8 524 606	8 997 328	8 960 885	9 025 119	9 606 946	10 312 416	11 053 597
SOCIAL PROTECTION	1 002 691	1 090 754	1 141 665	1 266 057	1 316 131	1 276 498	1 375 324	1 427 689	1 492 383
Social Security Services									
Social Development									
Social Services and Population Development	1 002 691	1 090 754	1 141 665	1 266 057	1 316 131	1 276 498	1 375 324	1 427 689	1 492 383
Social Development	1 002 691	1 090 754	1 141 665	1 266 057	1 316 131	1 276 498	1 375 324	1 427 689	1 492 383
HOUSING AND COMMUNITY AMENITIES	1 221 031	1 301 310	1 421 143	1 391 778	1 356 403	1 356 403	1 409 642	1 423 918	1 470 034
Housing Development	1 221 031	1 301 310	1 421 143	1 391 778	1 356 403	1 356 403	1 409 642	1 423 918	1 470 034
Human Settlements	1 221 031	1 301 310	1 421 143	1 391 778	1 356 403	1 356 403	1 409 642	1 423 918	1 470 034
ENVIRONMENTAL PROTECTION	671 643	670 238	612 654	756 201	737 959	755 217	802 760	821 382	861 600
Environmental Protection	671 643	670 238	612 654	756 201	737 959	755 217	802 760	821 382	861 600
Economic, Small Business Development, Tourism and Environmental Affairs	140 834	139 488	137 858	163 770	170 363	167 649	206 966	190 278	196 015
Agriculture	530 809	530 750	474 796	592 431	567 596	587 568	595 794	631 104	665 585
RECREATION, CULTURE AND RELIGION	825 161	825 360	738 257	885 376	950 019	834 773	921 038	949 529	987 959
Sporting and Recreational Affairs	825 161	825 360	738 257	885 376	950 019	834 773	921 038	949 529	987 959
Sport, Arts, Culture and Recreation	697 897	698 026	610 983	727 010	808 986	693 664	753 543	776 049	807 938
Economic, Small Business Development, Tourism and Environmental Affairs	127 264	127 334	127 274	158 366	141 033	141 109	167 495	173 480	180 021
Premier									
ECONOMIC AFFAIRS	2 070 242	2 190 867	2 266 169	2 400 610	2 380 810	2 372 813	2 403 954	2 415 928	2 550 709
General Economic Affairs	56 827	61 510	82 738	149 347	94 280	99 546	97 436	132 084	138 336
Economic, Small Business Development, Tourism and Environmental Affairs	56 827	61 510	82 738	149 347	94 280	99 546	97 436	132 084	138 336
Agriculture	167 667	168 802	189 698	183 082	212 931	201 407	189 031	201 286	210 485
Agriculture and Rural Development	167 667	168 802	189 698	183 082	212 931	201 407	189 031	201 286	210 485
Rural Development	25 182	13 967	8 711	8 777	9 277	9 080	9 363	9 914	10 236
Agriculture and Rural Development	25 182	13 967	8 711	8 777	9 277	9 080	9 363	9 914	10 236
Transport	1 820 566	1 946 588	1 985 022	2 059 404	2 064 322	2 062 780	2 108 124	2 072 644	2 191 652
Police, Roads and Transport	1 820 566	1 946 588	1 985 022	2 059 404	2 064 322	2 062 780	2 108 124	2 072 644	2 191 652
Total provincial payments and estimates by functional area	29 431 251	30 892 263	32 904 324	34 877 227	35 128 439	36 841 377	37 274 018	39 583 381	42 159 883

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Mangaung	173 753	125 401	143 419	113 392	131 860	303 482	106 911	135 547	133 556
Mangaung	173 753	125 401	143 419	113 392	131 860	303 482	106 911	135 547	133 556
Category B	203 207	286 861	258 613	293 754	308 611	308 611	310 655	327 198	352 632
Letsemeng	2 286	1 963	2 096	3 189	7 921	7 921	3 504	3 705	3 976
Kopanong	6 872	3 841	4 591	6 356	17 695	17 695	8 417	7 931	8 540
Mohokare	748	1 358	368	1 199	1 366	1 366	1 393	1 425	1 514
Masilonyana	3 865	16 214	19 772	5 885	11 885	11 885	8 942	8 498	9 153
Tokologo	331	480	1 546	2 324	3 324	3 324	2 275	1 297	1 376
Tswelopele	1 490	1 582	1 934	2 744	3 147	3 147	3 313	3 499	3 753
Matjhabeng	33 361	50 790	43 537	58 490	45 509	45 509	118 856	128 365	138 634
Nala	3 619	9 721	9 514	3 484	5 850	5 850	6 253	6 674	7 183
Setsoto	11 332	14 816	24 000	18 667	27 536	16 636	14 910	16 103	17 392
Dihlabeng	16 605	23 145	11 253	13 091	11 393	11 393	12 205	12 942	13 737
Nketoana	5 608	6 002	6 125	8 119	6 624	6 624	6 788	7 252	7 807
Maluti-a-Phofung	69 134	93 379	62 669	111 114	92 297	103 197	70 502	76 143	82 234
Phumelela	1 180	1 466	5 292	3 369	14 632	14 632	3 901	3 054	3 273
Mantsopa	3 071	2 585	1 568	1 560	2 309	2 309	2 645	2 777	2 974
Moqhaka	8 888	7 723	18 796	8 295	11 785	11 785	11 834	12 781	13 804
Ngwathe	8 034	11 997	21 579	27 000	32 967	32 967	23 239	22 139	23 660
Metsimaholo	19 658	22 034	9 519	8 725	8 955	8 955	9 611	10 380	11 211
Mafube	7 125	17 765	14 454	10 143	3 416	3 416	2 067	2 233	2 411
Category C	27 300	17 000	17 850	20 000	25 500	23 000	28 000	26 100	25 886
Xhariep District Municipality	16 500	17 000	17 850	20 000	20 000	20 000	21 000	21 100	22 261
Lejweleputswa District Municipality									
Thabo Mofutsanyana District Municipality	10 800				3 000	3 000			
Fezile Dabi District Municipality					2 500		7 000	5 000	3 625
Unallocated			3 278	41 592	10 535	10 535	38 941	37 841	34 226
Total transfers to local government	404 260	429 262	423 160	468 738	476 506	645 628	484 507	526 686	546 300

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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Metro	173 753	125 401	143 419	113 392	131 860	303 482	106 911	135 547	133 556
Mangaung	173 753	125 401	143 419	113 392	131 860	303 482	106 911	135 547	133 556
Region	230 507	303 861	276 463	313 754	334 111	331 611	338 655	353 298	378 518
Xhariep	26 406	24 162	24 905	30 744	46 982	46 982	34 314	34 161	36 291
Letsemeng	2 286	1 963	2 096	3 189	7 921	7 921	3 504	3 705	3 976
Kopanong	6 872	3 841	4 591	6 356	17 695	17 695	8 417	7 931	8 540
Mohokare	748	1 358	368	1 199	1 366	1 366	1 393	1 425	1 514
Xhariep District Municipality	16 500	17 000	17 850	20 000	20 000	20 000	21 000	21 100	22 261
Thabo Mofutsanyane	117 730	141 393	110 907	155 920	157 791	157 791	110 951	118 271	127 417
Setsoto	11 332	14 816	24 000	18 667	27 536	16 636	14 910	16 103	17 392
Dihlabeng	16 605	23 145	11 253	13 091	11 393	11 393	12 205	12 942	13 737
Nketoana	5 608	6 002	6 125	8 119	6 624	6 624	6 788	7 252	7 807
Maluti a Phofung	69 134	93 379	62 669	111 114	92 297	103 197	70 502	76 143	82 234
Phumelela	1 180	1 466	5 292	3 369	14 632	14 632	3 901	3 054	3 273
Mantsopa	3 071	2 585	1 568	1 560	2 309	2 309	2 645	2 777	2 974
Thabo Mofutsanyane District Municipality	10 800				3 000	3 000			
Fezile Dabi	43 705	59 519	64 348	54 163	59 623	57 123	53 751	52 533	54 711
Moghaka	8 888	7 723	18 796	8 295	11 785	11 785	11 834	12 781	13 804
Nqwathe	8 034	11 997	21 579	27 000	32 967	32 967	23 239	22 139	23 660
Metsimaholo	19 658	22 034	9 519	8 725	8 955	8 955	9 611	10 380	11 211
Mafube	7 125	17 765	14 454	10 143	3 416	3 416	2 067	2 233	2 411
Fezile Dabi District Municipality					2 500		7 000	5 000	3 625
Lejweleputswa	42 666	78 787	76 303	72 927	69 715	69 715	139 639	148 333	160 099
Masilonyana	3 865	16 214	19 772	5 885	11 885	11 885	8 942	8 498	9 153
Tokologo	331	480	1 546	2 324	3 324	3 324	2 275	1 297	1 376
Tswelopele	1 490	1 582	1 934	2 744	3 147	3 147	3 313	3 499	3 753
Matjabeng	33 361	50 790	43 537	58 490	45 509	45 509	118 856	128 365	138 634
Nala	3 619	9 721	9 514	3 484	5 850	5 850	6 253	6 674	7 183
Lejweleputswa District Municipality									
Unallocated funds			3 278	41 592	10 535	10 535	38 941	37 841	34 226
Total provincial payments by region and district	404 260	429 262	423 160	468 738	476 506	645 628	484 507	526 686	546 300

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18		2018/19		2019/20	2020/21	2021/22
New infrastructure assets	355 062	321 406	338 562	473 557	411 286	418 143	466 232	644 087	675 796
Economic, Small Business Development, Tourism and Environmental Affairs	1 284		604						
Health	117 939	53 161	1 659	84 867	46 567	27 034	40 646	241 686	268 446
Education	134 226	152 846	247 645	233 492	197 990	246 378	296 800	275 500	279 500
Social Development	5 131	14 565	7 229		45 942	23 944			
Public Works and Infrastructure	8 225	11 962	8 205	40 369	8 298	8 298	18 306	19 777	22 762
Police Roads and Transport		6 182	35 100	21 000	17 641	17 641	16 500	10 000	10 000
Agriculture and Rural Development				9 000	10 019	10 019	7 000	7 385	
Sport, Arts, Culture and Recreation	88 257	82 690	38 120	84 829	84 829	84 829	86 980	89 739	95 088
Existing infrastructure assets	2 604 430	2 397 797	2 630 758	2 576 706	2 704 706	2 705 570	2 655 530	2 394 674	2 554 775
Upgrades and additions	850 452	461 875	605 561	671 767	1 059 202	1 031 670	926 170	882 444	924 997
Economic, Small Business Development, Tourism and Environmental Affairs	15 176	13 027	3 045	17 998	17 998	17 998	12 000	18 385	17 300
Health	108 619	9 210	7 239	27 547	16 547	11 655	47 000	8 811	
Education	385 405	117 967	283 321	310 750	357 825	335 185	336 092	248 796	264 974
Social Development	433								
Public Works and Infrastructure	174 516	184 207	174 129	153 944	137 684	137 684	172 895	183 276	184 961
Police Roads and Transport	13 833	9 907	36 358	38 552	415 522	415 522	253 977	309 000	336 500
Agriculture and Rural Development	20 047	27 694	19 335	30 275	20 925	20 925	25 306	28 877	36 262
Sport, Arts, Culture and Recreation	132 423	99 863	82 134	92 701	92 701	92 701	78 900	85 299	85 000
Rehabilitation and refurbishment	1 027 600	955 381	912 722	721 726	570 191	637 435	448 705	278 785	291 708
Economic, Small Business Development, Tourism and Environmental Affairs				3 500	3 500	3 500	2 500		
Health	234 431	296 490	415 179	412 015	473 745	540 989	387 349	236 485	249 108
Education	122 614	35 664	108 319	39 000	71 500	71 500	14 000	14 600	14 600
Public Works and Infrastructure				1 200	2 912	2 912	14 803	9 700	10 000
Police Roads and Transport	670 555	623 227	389 224	266 011	18 534	18 534	30 053	18 000	18 000
Maintenance and repairs	726 378	980 541	1 112 475	1 183 213	1 075 313	1 036 465	1 280 655	1 233 445	1 338 070
Economic, Small Business Development, Tourism and Environmental Affairs	1 783	2 232	9 441	12 800	12 800	12 800	20 427	19 728	20 813
Health	122 845	100 350	41 122	49 062	44 439	22 087	19 136	40 928	42 928
Education	49 155	186 172	195 235	132 543	86 112	69 616	144 668	146 175	173 741
Social Development	3 549	2 603	4 980	10 257	18 293	18 293	12 485	14 361	15 987
Public Works and Infrastructure	1 179	9 270	5 217	9 941	9 941	9 941	21 300	15 000	15 000
Police Roads and Transport	533 927	667 313	839 873	944 610	879 728	879 728	1 033 560	973 253	1 045 601
Agriculture and Rural Development	6 177	4 495	5 575	10 000	10 000	10 000	10 000	10 000	10 000
Sport, Arts, Culture and Recreation	7 763	8 106	11 032	14 000	14 000	14 000	19 079	14 000	14 000
Infrastructure transfers - current	80 000	78 874	32 662	30 000	19 769	19 769	101 256	76 707	76 258
Agriculture and Rural Development	80 000	26 010	32 662	30 000	19 769	19 769	30 000	30 000	30 000
Infrastructure transfers - Capital	1 051 499	1 144 715	1 263 372	1 072 369	1 042 369	1 042 369	1 092 597	1 125 115	1 159 313
Agriculture and Rural Development		46 253		30 000			30 000	30 000	30 000
Sport, Arts, Culture and Recreation	24 818	3 000	58 583						
Human Settlements	1 026 681	1 095 462	1 204 789	1 042 369	1 042 369	1 042 369	1 062 597	1 095 115	1 129 313
Non Infrastructure	94 020	100 779	178 470	259 815	189 385	179 252	219 381	154 018	170 932
Health	25 339	57 004	49 314	23 718	22 968	22 087	31 504	33 922	42 733
Education	68 681	43 775	34 314	52 768	62 588	53 336	58 303	55 303	63 406
Police Roads and Transport			69 593	110 240	30 740	30 740	90 000	33 000	33 000
Human Settlements			25 249	73 089	73 089	73 089	39 574	31 793	31 793
Total provincial infrastructure	4 185 011	4 043 571	4 443 824	4 412 447	4 367 515	4 365 103	4 534 996	4 394 602	4 637 074

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
3 Economic, Small Business Development, Tourism and Environmental Affairs	15 769	12 209	13 090	34 298	16 600	16 600	34 927	38 113	38 113
5 Health	21 623	20 125	13 961	18 847	847	847	26 922	23 847	23 847
6 Education	1 796	1 939	13 404	11 216	8 723	8 723	12 645	16 216	16 216
7 Social Development	2 367								
9 Public Works and Infrastructure	151 841	146 341	159 379	157 496	119 008	119 008	181 122	194 696	194 696
10 Police, Roads and Transport	374 746	357 614	344 092	396 567	368 319	368 319	428 442	423 013	423 013
11 Agriculture and Rural Development	82 286	97 176	57 572	100 677	40 214	40 214	102 306	106 262	106 262
12 Sport, Arts, Culture and Recreation	163 054	136 783	86 806	119 368	111 114	111 114	121 997	110 568	110 568
Unallocated				3 452					19 475
Total Infrastructure Enhancement Allocation	813 482	772 187	688 304	841 921	664 825	664 825	908 361	912 715	932 190

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

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
3 Economic, Small Business Development, Tourism and Environmental Affairs		4 811							
4 Provincial Treasury	1 630	62	107						
5 Health							3 400		
9 Public Works and Infrastructure	814	280					6 300		
10 Police, Roads and Transport							13 400		
11 Agriculture and Rural Development									
Unallocated				12 011					10 068
Total Revenue Enhancement Allocation	2 444	5 153	107	12 011			23 100		10 068

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

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
3 Economic, Small Business Development, Tourism and Environmental Affairs	2 240	2 024	1 820	2 213	2 213	2 213	2 279		
5 Health	2 000	1 375	1 986	2 000	2 000	2 000			
6 Education	3 108	760	1 738	2 000	2 262	2 262	2 000		
7 Social Development	433						2 000		
9 Public Works and Infrastructure	6 034	6 528	10 900	6 783	6 783	6 783	6 966		
10 Police, Roads and Transport	3 130	5 365	5 666	8 011	8 011	8 011	11 553		
11 Agriculture and Rural Development	2 027	2 145	2 000	2 335	2 335	2 335	2 239		
12 Sport, Arts, Culture and Recreation	2 342	2 404	1 693	2 000	2 000	2 000	2 000		
13 Human Settlement	2 348	2 000	2 000	2 036	2 036	2 036	2 166		
Total EPWP Incentive Grant for Provinces	23 662	22 601	27 803	27 378	27 640	27 640	31 203		

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 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
3 Economic, Small Business Development, Tourism and Environmental Affairs									
5 Health	13 067	3 000	4 453	12 529	12 529	12 529	10 025		
6 Education	981	2 953	1 529	8 893	8 988	8 988	7 689		
7 Social Development	6 284	14 131	13 823	29 626	29 626	29 626	23 027		
9 Public Works and Infrastructure									
10 Police, Roads and Transport			1 693				1 080		
12 Sport, Arts, Culture and Recreation	1 000	1 800	1 519	1 470	1 470	1 470			
Total Social Sector EPWP Incentive Grant	21 332	21 884	23 017	52 518	52 613	52 613	41 821		

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