



**Budget Statement 2007/2008**

## Foreword

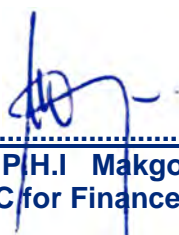
Since the Provincial Budget represents the main instrument of provincial support to national fiscal policy, it is important that the strategy and rationale informing provincial budget proposals is readily understood by the public. Cognizant of the allocation of tax powers and expenditure responsibilities between different spheres of government and the fiscal role of Provincial Executive Council, the budget proposals contained in these budget statements represents the consensus end-result of a provincial budget process developed to ensure that integrated planning, budgeting and constitutional reporting requirements are observed in finalizing the provincial budget proposals for the 2007/08 - 2009/10 Medium Term Expenditure Framework (MTEF) period.

In service to the need to make fiscal information available to the public as a defining characteristic of fiscal transparency, it is important to indicate that these budget proposals are informed by a critical review of the 2005/06 Budget Service Delivery Outcomes, an assessment of the 2006/07 projected budget outcomes and achievements realized in serving the development objectives of government, and an in-depth evaluation of the 2007/08 - 2009/10 MTEF Budget proposals, to ensure that priority areas funded, meaningfully support the attainment of the objectives of the Free State Growth and Development Strategy (FSGDS).

Furthermore, the 2007/08 - 2009/10 budget proposals aim to contribute towards the creation of a broad front for effective economic and social development, ensuring that:

- All government programmes and projects are pro-poor and provide direct benefits to those in greatest need
- Delivery of provincial capital infrastructure supports local economic development by putting a premium on the creation of sustainable jobs and effective skills transfer
- The optimal co-ordination and harmonization of service delivery initiatives of different spheres of government operating in the province remains of paramount importance in the implementation of projects and programmes aimed at advancement of the development objectives of the different spheres of government.
- Public service delivery is at all times planned and implemented in a manner that allows for maximum co-operation, support and input from the state-owned enterprises, public entities and private sector social partners

Finally it remains important to appreciate that these budget proposals represents much more than the mere end result of a statistical exercise to estimate expected provincial revenue and expenditure for the coming three financial years. On the contrary, these proposals represent the most practical expression of the common development aspirations of the people of this province, by willfully directing public resources to those areas of operation that significantly support the development objectives of government in an accountable and transparent framework.



.....  
**Mr. P.H.I. Makgoe**  
**MEC for Finance**

## Table Of Contents

	Budget Statement One	1
Vote 1:	Department of the Premier	62
Vote 2:	Free State Legislature	102
Vote 3:	Department of Tourism, Environmental & Economic Affairs	126
Vote 4:	Free State Provincial Treasury	155
Vote 5:	Department of Health	184
Vote 6:	Department of Education	232
Vote 7:	Department of Social Development	277
Vote 8:	Department of Local Government & Housing	312
Vote 9:	Department of Public Works, Roads & Transport	353
Vote 10:	Department of Public Safety, Security & Liaison	388
Vote 11:	Department of Agriculture	414
Vote 12:	Department of Sport, Arts and Culture	478



# Budget Statement One

## 1. Budget strategy and aggregates

The Free State Growth and Development Strategy (FSGDS) is the most important planning instrument articulating the development agenda and strategic policy direction of the Free State Provincial Government. As such it provides the ideal mandating framework to guide provincial public resource allocation, by:

- Defining the framework and parameters for high-priority, provincial wide lead strategies that has meaningful beneficial impact on prevailing socio-economic conditions in the Province
- Setting the overall framework for ensuring effective use of scarce resources within the Province, by searching for more cost-effective and sustainable solutions to pressing prevailing developmental needs, whilst at the same time, addressing the real root causes of provincial developmental challenges instead of a focus on mere symptoms
- Providing a common vision that sets the basis for common action amongst provincial role players and stakeholders both inside and outside of Government, through identifying opportunities for strategic investment and fostering an environment of certainty and predictability to facilitate and enhance private sector initiative
- Facilitating speedy and cost-effective delivery of government programmes and plans by effective intergovernmental coordination between spheres of government by providing a framework for provincial spatial development, through aligning the development objectives of policies, strategies and priorities of national, provincial and local government in line with the principles of the National Spatial Development (NSDP)

From the aforementioned, it is clear why the strategic focus of the FSGDS largely informed the resultant key areas for funding over the 2007/08 – 2009/10 provincial medium term expenditure framework (MTEF) budget period. In addition, budget allocations were, inter alia, informed by:

- The goals and objectives of vision 2014
- The strategic thrust of the January 8 Statement
- The National Cabinet Lekgotla
- The Lekgotla of the Provincial Executive Council
- Sector priorities as reflected in the 2006 medium term budget policy statement

This exercise identified the following key areas for provincial budget funding, namely:

- Social and human development
- Accelerated growth, development and employment
- Improved effectiveness of governance and administration
- Promotion of effective justice and crime prevention, which will be highlighted briefly.

## **Social and Human Development**

It goes without saying that any growth and development strategy should be cognizant of the important link and impact of growth and development on social aspects. Thus, for example, education is considered to be one of the main preconditions for development, given the fact that the level of education, like life expectancy, is some of the most important contributors to the Human Development Index (HDI). Life expectancy as one of the indicators of quality of life is influenced mainly by adequate living conditions, access to housing and basic services, and access to a health system capable of addressing health needs.

From the above it follows that funding in respect of this provincial objective is largely focused on ensuring the achievement of decisive progress towards the alleviation and ultimate eradication of poverty. More specifically, the ability of the poor to access government services will be improved through:

- Expansion and strengthening of education, health and social development services
- Enhanced support to sport and cultural programmes
- Enhanced support for housing delivery initiatives

It is envisaged that concentration on these focus areas will further enhance key achievements of recent pro-poor budgets of raising the proportion of spending on social services that benefit the poorest quintile of the population and that it will further internalize benefits emanating from redistributive expenditure programmes in social development, health, education, land restitution and housing, which will go a long way in ensuring that better public service delivery, in fact, meet the needs of the poor.

## **Accelerated growth, development and employment**

All sectors of society agree that the provincial transformation agenda needs to move beyond short-term relief options to long-term sustainable definitive solutions.

To ensure that the recent improvements in economic growth are internalized and benefit all, allocations in support of this objective aim to:

- Promote investment in provincial infrastructure, including the provincial road network, so as to strengthen and support economic initiatives in key sectors such as agriculture, tourism, manufacturing and mining.
- Support efforts that seek to give effect to the ‘massification’ of the Expanded Public Works Programme, so as to enable absorption of capacitation of greater numbers of unemployed in labour-intensive programmes.

## **Improved effectiveness of governance and administration**

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

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

## Promotion of effective, justice and crime prevention

In respect of this strategic area, allocations made aim to improve the capacity and effectiveness of the Province to promote justice and crime prevention, to ensure safety and security for all.

As was the practice from the recent past, proposed allocations seek to align allocations much more closely to critical policy directives and development imperatives emanating from Government policy by creating a provincial resource envelope that addresses the reality of the social conditions that prevail in the Province, whilst at the same time, strengthening the competitive and comparative advantages of the Province, resulting from its geographical location, resource endowment and future prospects.

In what follows, the prevailing socio-economic conditions in the province is outlined, the size and nature of various provincial revenue sources is explained and departmental allocations are set out to indicate how the 2007/08- 2009/10 MTEF budget supports the implementation of the revised FSGDS.

### 1.1 Summary of budget aggregates

Table 1.1: Provincial budget summary

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
<b>Provincial receipts</b>									
Transfer receipts from national	11,468,229	13,109,087	14,672,118	11,282,047	11,538,520	11,538,520	12,947,305	14,685,479	16,363,397
Equitable share	7,840,713	8,306,713	8,969,181	9,595,367	9,731,272	9,731,272	10,745,189	12,137,283	13,536,283
Conditional grants	3,627,516	4,802,374	5,702,937	1,686,680	1,807,248	1,807,248	2,202,116	2,548,196	2,827,114
Provincial own receipts	397,129	414,671	447,780	395,000	432,695	437,074	465,447	498,899	532,768
<b>Total provincial receipts</b>	<b>11,865,358</b>	<b>13,523,758</b>	<b>15,119,898</b>	<b>11,677,047</b>	<b>11,971,215</b>	<b>11,975,594</b>	<b>13,412,752</b>	<b>15,184,378</b>	<b>16,896,165</b>
<b>Provincial payments</b>									
Current payments	7,506,310	8,079,202	8,809,899	9,681,558	9,694,570	9,795,698	10,478,703	11,714,938	12,943,893
Transfers and subsidies	3,418,755	4,319,684	4,752,537	1,362,986	1,357,116	1,370,675	1,498,116	1,746,964	1,996,611
Payments for capital assets	520,958	531,112	647,362	581,638	830,969	984,897	1,332,253	1,569,034	1,790,009
Unallocated contingency reserve									
<b>Total provincial payments</b>	<b>11,446,023</b>	<b>12,929,998</b>	<b>14,209,798</b>	<b>11,626,182</b>	<b>11,882,655</b>	<b>12,151,270</b>	<b>13,309,072</b>	<b>15,030,936</b>	<b>16,730,513</b>
<b>Surplus/(deficit) before financing</b>	<b>419,335</b>	<b>593,760</b>	<b>910,100</b>	<b>50,865</b>	<b>88,560</b>	<b>(175,676)</b>	<b>103,680</b>	<b>153,442</b>	<b>165,652</b>
<b>Financing</b>									
Provincial roll-overs									
Other (Specify)									
Other (Specify)									
<b>Surplus/(deficit) after financing</b>	<b>419,335</b>	<b>593,760</b>	<b>910,100</b>	<b>50,865</b>	<b>88,560</b>	<b>(175,676)</b>	<b>103,680</b>	<b>153,442</b>	<b>165,652</b>

The estimated provincial receipt for 2007/08 is R13, 413 billion, which represent an increase of R1, 442 billion or 15 per cent of the 2006/07 main budget. The substantial growth is owing to the significant increase of 31 per cent on Conditional grants, 18 per cent on Own Revenue and 12 per cent on Equitable Share.

The contribution of Equitable Share to the total provincial receipts decrease slightly from 82, 2 per cent in 2006/07 to 81, 1 per cent in 2007/08, Conditional Grants accounts for 16, 4 per cent while provincial own receipts still constitutes 3, 4 per cent of the total provincial receipts. In the first year of the 2007 MTEF, the equitable share grows by 12 per cent from R9, 595 billion in 2006/07 main appropriation to R10, 745 billion. Equitable share's year-on-year growth is further maintained at 13 per cent and 12 per cent in respect of the 2008/09 and 2009/10 financial years respectively. The estimated

provincial receipts will increase by 7 per cent and remains constant in 2008/09 and 2009/10 financial years.

Including the unallocated funds for Government Employee Medical Scheme (GEMS), the total provincial payments will grow at the same rates annually. Excluding the unallocated Government Employee Medical Scheme (GEMS), current payments account for 79 per cent in year one of the MTEF which represent a reduction of 4 per cent compared to 2006/07 financial year. These payments are estimated to grow by 8 per cent of the 2006/07 adjusted budget. The share of current payments to the total provincial expenditure is estimated to decline over the 2007 MTEF to 78 per cent and 77 per cent in 2008/09 and 2009/10 financial years respectively. Transfers and subsidies share equals 11 per cent of the provincial total payments excluding GEMS allocation and it is expected to increase to 12 per cent over the two outer years of the MTEF.

The share of payments for capital assets from the total provincial expenditure increases by 5 per cent in 2006/07 to 10 per cent in the first year of the MTEF, excluding unallocated budget of GEMS. Capital expenditure grows by 61 per cent from the 2006/07 adjusted budget. Estimated growth for 2008/09 is 18 per cent and 13 per cent increase in 2009/10 financial year. The projected growth in payment for capital assets in mainly intended to fund development and maintenance of infrastructure with the view of stimulating economic growth in the Province.

## 1.2 Financing

Table 1.1 indicates consolidated surplus of R422, 774 million over the 2007 MTEF period. This surplus relates to the unallocated budget of Government Employee Medical Benefits (GEMS). This budget will only be allocated to the respective departments after the take-up rate has increased. Including the unallocated budget of GEMS, the Provincial Government is tabling a balanced budget for 2007/08 financial year and no deficit-financing requirement is needed.

The overdraft facility that is negotiated annually with our provincial banker will be used only for the bridging finance purposed in order to address temporarily liquidity requirements. The provincial government does not have any debt that can adversely affect this budget.

Flowing from the Budget Council resolutions, provinces agreed that they should refrain from borrowing for the time being, except for temporary purposes using the bridging finance facility of their provincial bankers. If, in the future, an agreement is reached through the Budget Council that other forms of borrowing will become available to provinces, details of the types, amounts, and terms and conditions of new borrowings will be provided.

## 2. The Budget Process and the Medium Term Expenditure Framework

The Provincial Treasury developed and implemented a comprehensive and credible budget process. This budget process is intended to ensure that integrated planning, budget and reporting principles are observed. Key output relating to the successful implementation of the comprehensive budget process is the extent to which the provincial budget supports the Free State Growth and Development Strategy and 2006 Medium Terms Budget Policy Statement.

The provincial budget process and Treasury Guideline were aligned to the national documents and frameworks. The Executive Council endorsed the provincial budget schedule in July 2006. This marked the commencement of our budget process aimed at ensuring that the Province produces a credible and developmental budget.

Key activities relating to the 2006 Provincial Budget Process were the following:

- Evaluation of the 2006/07 rollover requests was completed by the end of June 2006
- Initial allocation letters were sent to the departments on 16 July 2006
- The first Quarterly Infrastructure Review meeting was held on 25 July 2006
- National Treasury visited the Province during the period 26 to 27 July 2006
- First quarter non-financial report was submitted to National Treasury on the 22 August 2006
- First draft annual performance plans were submitted to National Treasury - 5 September 2006
- Provincial MTEC hearings (26 to 29 September 2006)
- Second quarterly infrastructure review meeting was held on 01 November 2006
- Provincial Budget Lekgotla was held on 13 November 2006
- Adjustment budget was tabled in the Legislature on 20 November 2006
- Second quarter non-financial report was submitted to National Treasury on 22 November 2006
- Executive Council approved preliminary allocation on 22 November 2006
- Database submitted on 10 December 2006 and Budget Statement on 14 December 2006
- The Provincial Treasury hosted the National Treasury from 22 to 24 November 2006
- Third (Quarterly Infrastructure Review) meeting was held on 29 January 2006
- Tabling of the Provincial budget - 28 February 2007

Owing to the need for increased spending on infrastructure development and maintenance coupled with an attempt to improve spending, the Provincial Treasury introduced infrastructure review meetings. The purpose of these meetings was to assess spending trends and progress made with regard to the implementation of infrastructure projects. The second most important discussion points were the 2007/08 infrastructure plans and budgets. In discussing the plans and budget, focus was on the 2007/08 projects and the departments' readiness to implement projects by the beginning of the next financial year. Three meetings were held as indicated in the above key activities relating to the budget process and all the meetings were chaired by the MEC for Finance and attended by Members of the Executive Council. As a result of these meetings, the Province spending on infrastructure and forward planning with the view of implementing projects at the beginning of the financial year has been improved.

As part of the annual budget process, the National Treasury visits provincial treasuries twice a year. The first visit was from 26 – 27 July 2006. This engagement constitutes an important mechanism through which an assessment is done on the previous year's budget outcome, implementation of the current fiscal year and pressures facing the provincial budget. The purpose informed by the objectives of the visits was to look in detail at the following:

- Review of the 2005/06 budget outcome, service delivery outcomes and actual infrastructure spending
- Assessment of the 2006/07 budget with specific reference to pressures, risks and projected outcome
- Evaluate progress made with regard to the implementation of projects and sector specific issues

- Discussions on conditional grants spending and donor funding

The Provincial Medium Term Expenditure Committee hearings were held from 26 - 29 September 2005. These hearings were chaired by the MEC for Finance, and the Premier, Speaker and Members of the Executive Council led the delegations of their respective departments. National Treasury also formed part of the hearings. The hearings focused on the following:

- Review of the 2005/06 and assessment of the performance of the 2006/07 financial year
- Linkage of the Annual Performance Plan to the Provincial Growth and Development Strategy
- Proposed changes to the programme structure, purpose and measurable objectives
- Detailed discussion on the approved organization structure and its funding implications
- 2007 MTEF infrastructure budget and projects and the department's readiness to implement projects with effect from April 2007
- Reprioritization within the baseline and motivation for departmental bids
- Own revenue, donor funding and report on Public Private Partnerships

Over and above the last mentioned issues the hearings were also intended to determine the extent to which the provincial departments give effect to the policy priorities as reflected in the Medium Terms Budget Policy Statement and Free State Growth and Development Strategy. The hearings did provide a platform for a shared understanding between the provincial departments and the National and Provincial Treasuries on the key priorities underpinning each provincial department's budget and the province as a whole.

The Free State Provincial Budget Lekgotla was held on 13 November 2006 in order to finalise budget allocations to departments for the 2007/08 – 2009/10 MTEF period. The Premier, Speaker, Members of the Executive Council, Accounting Officers, the Provincial Budget Office and Chief Financial Officers attended the Provincial Budget Lekgotla. The Provincial Budget Lekgotla assessed the 2006/07 provincial budget with special focus on the spending trends and progress made with regard to the implementation of infrastructure projects. The Provincial Treasury presented to the Lekgotla for consideration and inputs the 2007 MTEF proposals and the rationale/assumptions behind the allocations. The Provincial Budget Lekgotla recommended and referred the proposal to the Executive Council for approval and endorsement. Following the recommendations by the Provincial Budget Lekgotla, the Executive Council approved the 2007 preliminary allocations on the 22 November 2006.

The third provincial visit took place from 22 to 24 November 2005. The following issues formed part of the discussion points:

- Assessment of the expenditure trends including spending on infrastructure projects for the current financial year and identify bottlenecks and associated pressures
- Examine the 2007 MTEF budget allocation and funding of priority areas
- Assess the province's state of readiness to implement new projects in the 2007/08 financial year

Treasuries visited infrastructure projects implemented by the departments of Education, Health, Agriculture, Public Works, Roads and Transport and Sport, Arts and Culture. The

site visits were intended to assess progress made with regard to the implementation of infrastructure projects.

In an effort to strengthen own revenue collection processes and improve related processes in the 2006/07 financial year, the provincial treasury, through the Fiscal Policy unit provided technical and strategic support for institutional capacity building of provincial departments responsible for revenue collection by assisting with strengthening capacity building initiatives that would encourage proper and effective management of, and improve on the projections and revenue collections outlook. The Provincial Treasury ran:

- Two revenue workshops and engaged in revenue bilaterals with the relevant departments
- Assisted with the setting of revenue targets by, together with the relevant departments and developing revenue bases for department
- Oversaw the compliance with revenue policies, PFMA and Treasury Regulations through the enforcement of Norms and Standards for own revenue

The main purpose of these initiatives was to make sure that relevant departments can produce policies that will lead to effective and efficient performance in this area.

Focus in the 2007/08 financial year will, among others, be to further strengthen the initiatives that were started in 2006/07 by among others, introducing revenue task teams with the relevant departments as well as embark on a concerted effort to investigate other revenue raising options and avenues. To this end, research is ongoing on other possible, feasible revenue sources that will not necessarily increase the burden on the already fully loaded revenue collection stream of the province. Equally important, will be to strengthen compliance with the PFMA requirements in all the sectors and this will be achieved through the processes of setting credible revenue budgets, while improving performance. This will be done through:

- Investigating current bases for tax revenue while researching ways in which they can be improved;
- Assisting departments to review their revenue structures while creating an avenue for improved service delivery
- Researching and reviewing relevant legislation and making sure that all the departments that must comply do so without delay;

The main purpose of these initiatives is to make sure other possible revenue raising initiatives are identified and relevant policy documentation be drafted and proposed for approval.

The participation of the Executive Council in the budget process specifically their attendance of the Provincial MTEC hearings and Provincial Budget Lekgotla continues to enhance process and remains critical for ensuring that the budget reflects both national and provincial priorities as espoused in the Free State Growth and Development Strategy.

### **3. Socio-economic Outlook**

Whilst a comprehensive and useful outlook of the state of affairs in the province would go a long way in articulating and highlighting the needs of the people of the Free State on the one hand, it is equally critical for policy formulation, strategy design, planning,

programming and budgeting related to socio-economic restructuring. In this regard, the following limitations regarding data and statistics need to be acknowledged:

- It is not always accessible;
- If it is accessible, it is not always of the best quality;
- If it is accessible, is of a good quality, then it is not always up to date;
- If it is accessible, is of a good quality, is up to date, then it is not always at the right level.

Despite these challenges, the brief socio-economic outlook that follows immediately hereafter seeks to give an indication of the state of affairs in the Free State province since 1996 and to highlight challenges that confront the province. It further seeks to sensitize the provincial administration to explore ways in which at departmental and cluster level, government policy can be utilized to facilitate the creation of a “unified and prosperous Free State” as envisaged in the recently revised FSGDS. Thus the allocation of scarce resources should not only be influenced by the socio-economic outlook, but also make an attempt to alter and improve the outlook. In this regard, the role of government as a catalyst for development becomes critical.

To track trends in the socio-economic performance of the province, a number of indicators will be utilized. These will cover demographic patterns; welfare; education; health; infrastructure; labour as well as economic issues.

### 3.1 Demographic Profile

The size of the population and in particular the number of households are some of the important determinants of the needs of the inhabitants. These needs are expressed in the demand for infrastructural and social services, including water, sanitation, electricity, housing and hospitals. Whilst the data compiled by Statistics South Africa (STATSSA) shows that the Free State’s population appears to have increased in absolute terms from 2.7 million in 2001 to 2.9 million in 2005, the province’s relative share of the country’s population has decreased from 6.5 per cent in 2001 to 6.3 per cent in 2005.

**Table 1.2: Population estimates by age and gender**

Age	Census 2001				2004 Mid-year estimates				2005 Mid-year estimates			
	Male	Female	Total	%	Male	Female	Total	%	Male	Female	Total	%
0-4	126,686	126,606	253,292	9.36%	149,828	147,147	296,975	10.06%	149,000	147,600	296,600	10.04%
5-9	137,613	136,815	274,428	10.14%	155,233	152,150	307,382	10.42%	152,100	150,900	303,000	10.26%
10-14	151,314	151,196	302,510	11.18%	155,913	152,558	308,471	10.45%	155,000	153,800	308,800	10.46%
15-19	151,921	154,005	305,926	11.30%	158,127	154,685	312,812	10.60%	156,500	154,000	310,500	10.51%
20-24	123,392	132,418	255,810	9.45%	148,604	146,313	294,917	9.99%	147,400	143,500	290,900	9.85%
25-29	108,196	121,706	229,902	8.49%	132,437	133,200	265,637	9.00%	129,900	128,400	258,300	8.75%
30-34	98,504	110,031	208,535	7.70%	116,128	120,834	236,962	8.03%	115,700	119,300	235,000	7.96%
35-39	92,286	102,258	194,544	7.19%	93,803	98,361	192,164	6.51%	90,000	94,500	184,500	6.25%
40-44	80,011	85,462	165,473	6.11%	84,190	88,425	172,615	5.85%	81,000	85,800	166,800	5.65%
45-49	64,403	71,458	135,861	5.02%	73,923	78,539	152,462	5.17%	71,400	76,500	147,900	5.01%
50-54	50,234	55,166	105,400	3.89%	58,877	64,159	123,036	4.17%	57,900	63,600	121,500	4.11%
55-59	36,240	41,070	77,310	2.86%	44,415	50,348	94,763	3.21%	45,400	52,100	97,500	3.30%
60-64	27,251	36,115	63,366	2.34%	32,334	38,089	70,423	2.39%	39,700	44,100	83,800	2.84%
65-69	19,920	31,059	50,979	1.88%	21,951	28,849	50,800	1.72%	28,100	33,100	61,200	2.07%
70-74	13,364	21,754	35,118	1.30%	13,597	20,539	34,136	1.16%	18,900	24,400	43,300	1.47%
75+	16,000	32,052	48,052	1.78%	12,808	24,299	37,106	1.26%	17,200	26,300	43,500	1.47%
<b>Total</b>	<b>1,297,335</b>	<b>1,409,171</b>	<b>2,706,506</b>	<b>100.00%</b>	<b>1,452,166</b>	<b>1,498,495</b>	<b>2,950,661</b>	<b>100.00%</b>	<b>1,455,200</b>	<b>1,497,900</b>	<b>2,953,100</b>	<b>100.00%</b>
%	47.93%	52.07%	100.00%		49.21%	50.79%	100.00%		49.28%	50.72%	100.00%	

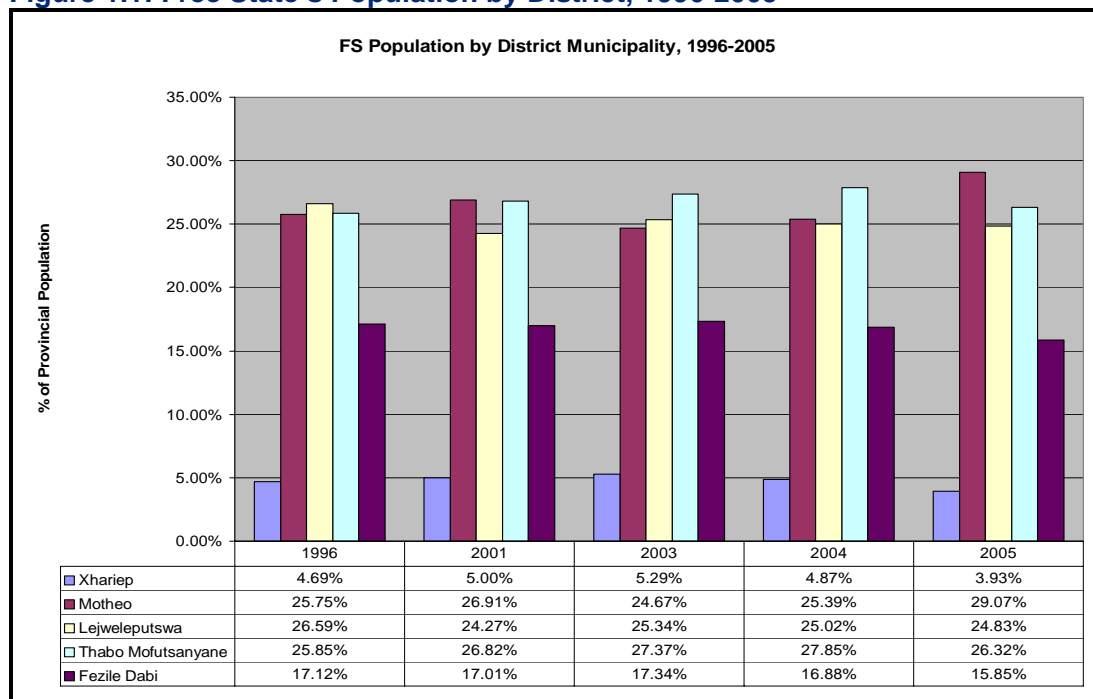
Source: Statistics South Africa, (2005)

In total, table 1.2 above shows that the province had 246 594 more people in 2005 than was the case in 2001, whilst at the same time there were only 3 100 new people in the province between 2004 and 2005, representing growth of 0.08 per cent from 2004 mid-year estimate and 9 per cent from the 2001 Census population. In general, an increase

in the size of the population implies an increase in the demand for public services. However, unlike other provinces, the slack growth in the population eases the pressure on public services and the resources needed for the delivery of such services. The implication hereof is that in the delivery of services, the province may want to pay more attention to the quality of such services as opposed to the quantity. This likely shift of focus is further confirmed by the gradually diminishing dominance of women in the province, though they are still in the majority.

Secondly, table 1.2 shows that with large concentrations of the provincial population in the younger age groups, the province has an expansive profile. The table above shows that the school-going age population (5-19 years) decreased from 32.6 per cent in 2001 to 31.2 per cent between 2001 and 2005. Combined with the low rate of growth in the population in general, this will ease the pressure on resources necessary for the provision of education in the province. As a result, it could be expected that the rate of growth in provincial expenditure on education will decrease in line with this observation. Whilst a slight increase in the proportion of the elderly (65 years +) from 4.96 per cent in 2001 to 5.01 per cent in 2005, the proportion of those aged between 15 and 64 years, otherwise known as the economically active population, remained around 64 per cent.

**Figure 1.1: Free State’s Population by District, 1996-2005**

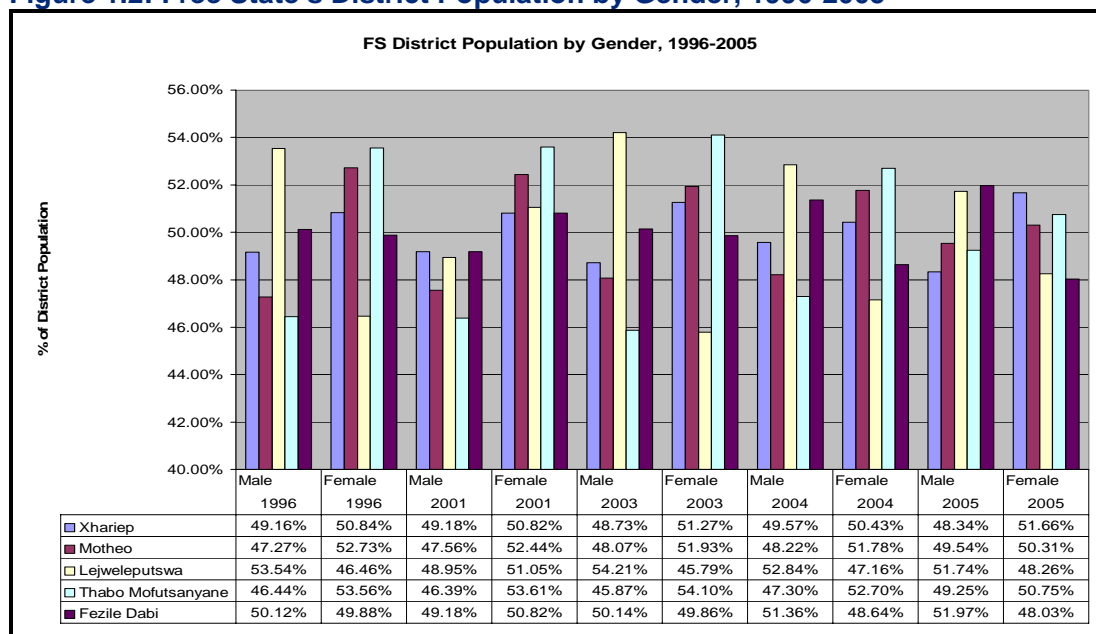


Source: Statssa, Free State’s Development Index Framework, 2007

What is interesting to note about the spread of the province’s population between its five municipal districts is that while Xhariep has always been known to be the smallest, no municipal district has consistently been the largest between 1996 and 2005. In 1996, Lejweleputswa, at 26.59 per cent was the largest, in 2001, at 26.91 per cent, Motheo was the largest, in 2003 and 2004 Thabo Mofutsanyane, at 27.37 per cent and 27.85 per cent, respectively, was the largest, and in 2005, Motheo, at 29.07 per cent was again the largest. Notably, the gap between the most populous and second most populous district was the largest in 2005 and Motheo was the only district that showed an increase in its share of the provincial population. Coupled with the reported high rates of HIV-infections

in Lejweleputswa, the latter could be an indication of migration trends within the province.

**Figure 1.2: Free State's District Population by Gender, 1996-2005**



Source: Statssa, Free State's Development Index Framework, 2007

Although there could be many reasons for the low population growth rate experienced by the province, the most prominent include the declining contribution of both the agricultural and mining sectors to the Free State economy and the reported ravaging impact of HIV and AIDS, with the former closely linked to migration patterns as shown in table 3.2 below. Compared to 1996, the share of women in three of the four most populous districts, namely Motheo, Thabo Mofutsanyane and Fezile Dabi had declined in 2005. If one adds the reduction in the relative share of women in the province as also confirmed in table 1.2, then it seems likely that the province's population will continue to dwindle in future.

**Table 1.3: Migration trends between provinces, 1996 and 2001**

Provinces	MOVED OUT								
	EC	FS	GP	KZN	LP	MP	NC	NW	WC
EC	-	6.8	10.0	8.3	1.1	2.1	5.0	2.5	28.7
FS	4.3	-	8.6	4.1	1.7	3.7	128	6.1	5.6
GP	23.2	46.9	-	60.3	69.0	57.0	18.5	64.0	35.1
KZN	24.9	6.7	15.4	-	2.1	7.2	3.1	2.6	10.0
LP	1.6	3.4	13.6	3.2	-	11.6	29	6.8	2.7
MP	2.6	5.5	11.9	8.5	15.0	-	24	3.7	3.4
NC	1.1	4.7	2.3	0.8	0.6	0.9	-	10.1	10.4
NW	5.5	15.8	18.3	3.6	8.6	13.7	19.4	-	4.1
WC	36.7	10.2	19.9	11.2	2.1	3.9	35.9	4.1	-
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Northern Cape PGDS, 2004

As mentioned earlier, the recent demise of the agricultural and mining sectors, coupled with the perceived lack of economic opportunities in the Free State, has resulted in the province losing its people to other provinces, with Gauteng attracting 46.9 per cent of all those that left the Free State between 1996 and 2001 and North West only attracting 15.8 per cent, followed by Western Cape at 10.2 per cent.

### 3.2 Welfare

The DBSA (2006) notes that “it is difficult to measure poverty accurately because the concept of poverty is not easy to define and even once it is defined, it is not easy to measure in a way that is true to the definition”. Whilst the dispute around the definition and measurement of poverty is largely an academic exercise, what is of essence is that poverty is a reflection of some form of deprivation. In this regard, poverty is often broadly defined in terms of lack of access to opportunities for a sustainable livelihood; such would include income, skills, knowledge, self-confidence and access to decision-making. However, socio-economic data does not allow for an analysis of all these dimensions of poverty. At best, attempts to measure, understand and analyse poverty use income and expenditure data. From these, two poverty indicators are usually calculated, namely the poverty rate, which measures the proportion of the population living below the poverty line, and the poverty gap, which measures the required annual income that would be required to bring poor households out of poverty? These are often supported by other indicators such as the gini-coefficient, the human development index (HDI), functional literacy rate, unemployment, as well as access to basic and social services. All these indicators are reported on in different sub-sections.

From the income dimension of poverty, household income is one of the most important determinants of welfare as the level thereof determines the household’s ability to meet basic needs, such as for adequate food, clothing, shelter and basic amenities. With poverty often defined as the lack of resources to meet these needs, the Bureau of Market Research annually determines the minimum income (i.e. minimum living level, in short MLL) an average four member household needs to earn to meet its basic needs, estimated at R1 777 per month or R21 324 per annum in 2005 according to DBSA’s Regional Socio-economic Analysis (2006).

Despite the discrepancies in the statistics, the Bureau for Market Research at Stellenbosch University reported that the number of people living in poverty in the Free State grew from just over one million in 1996 to almost 1.7 million in 2004, representing an increase from 38.6 per cent to 55.9 per cent of the total population of the Province.

A snapshot of poverty in 2004 that in an estimated 1.8 million people in the Free State were living in poverty, i.e. poverty rate of 68 per cent. At that time, it was reported that the poverty gap between the rich and poor was widening and some municipalities had many of their residents living below the minimum levels of living (MLL).

**Table 1.4: Poverty Indicators, 2004**

	No. of poor persons (million)	% of population in poverty	Poverty gap (Rbillion)	Share of poverty gap
Free State	1,800	68%	5,9	7,2
South Africa	25,700	57%	81,3	100,0

Source: Human Science Research Council (2004)

Compared to the country, the province's poverty rate was higher by 11 per cent. The annual income required to close the poverty gap in the province in 2004 was R5, 9 billion, equivalent to 10 per cent of the province's nominal GVA of R58.6 billion then or 45 per cent of the provincial budget of R12.9 billion in 2004/05.

The Social Accounting Matrix (SAM) for Free State developed in 2004, shows that majority of Africans' income is from semi- skilled and unskilled labour supplied for all industries/activities. About 66 per cent of the government remuneration is paid to the skilled labour followed by the finance and business services paid 40 per cent. The government remunerates professionals by about 55 per cent. This is true as government is the main source of employment in the province. Many blacks are unskilled labourers and their income share is the highest compared to other population groups. The semi-skilled are found mainly in occupations such as craft and plant and machine operators for the mining and the secondary and transport industries, and skilled agricultural and fishery workers in the agriculture industry (28 per cent). Most of the unskilled labour is employed in the primary sector with about 53 per cent in the agriculture and 25 per cent in the mining industry.

The skilled and semi-skilled portion of the white population takes the biggest share of income. About 75 per cent of the skilled income is from the government sector, 71 per cent from the finance and business services. The semi-skilled labour income is about 24 per cent on average. The majority of the whites' skilled labour is employed in the tertiary industry followed by the secondary industries. The legislator, senior official and managers' employment for whites is the highest for all industries. Less than 2 per cent only of the white population's income is from unskilled labour and the domestic workers' employment is the smallest.

The skilled labour of coloureds is employed in the tertiary industries, mainly government, at 64 per cent, and the semi-skilled is in the secondary industry and unskilled labour income is in the primary sector mainly in agriculture at 72 per cent.

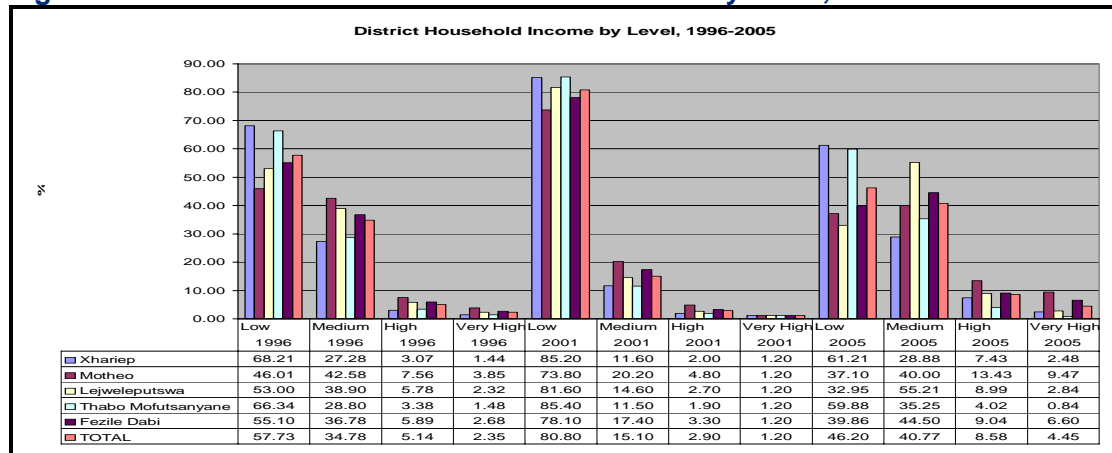
The Asians/Indians population share to that of the total province is small, hence the high percentage of the labour income. The majority of labour income is for skilled labour. About 79 per cent of the government's salaries and wages went to skilled labour. Only 2.3 per cent of government's salaries were for unskilled labour. The domestic workers employment is the least of all the population group.

Between the period 1996 and 2006, the proportion of individuals with incomes described as low in the province decreased from 65.41 per cent to 53.31 per cent. Whilst a similar trend is observed for all the five districts of the province, a regrettably low decrease from 75.07 per cent to 70.38 per cent is reported for Thabo Mofutsanyane during the same period. Between the period 1996 and 2006, the proportion of individuals with incomes described as very high in the province increased from 0.7 per cent in 1.66 per cent. Whilst a similar trend is observed for the other four districts of the province, a decrease from 0.55 per cent to 0 per cent is reported for Thabo Mofutsanyane during the same period.

Turning attention to households, figure 3.3 below gives a comprehensive summary of the progress made in reducing the number of households with low incomes. Between the period 1996 and 2006, the proportion of households with incomes described as low in the province decreased from 57.73 per cent to 46.20 per cent. Whilst similar trends are

observed for all the five districts of the province, the rate of decrease in the province's two most poor districts of Xhariep and Thabo Mofutsanyane was conspicuously.

**Figure 1.3: Free State's District Household Income by Level, 1996-2005**

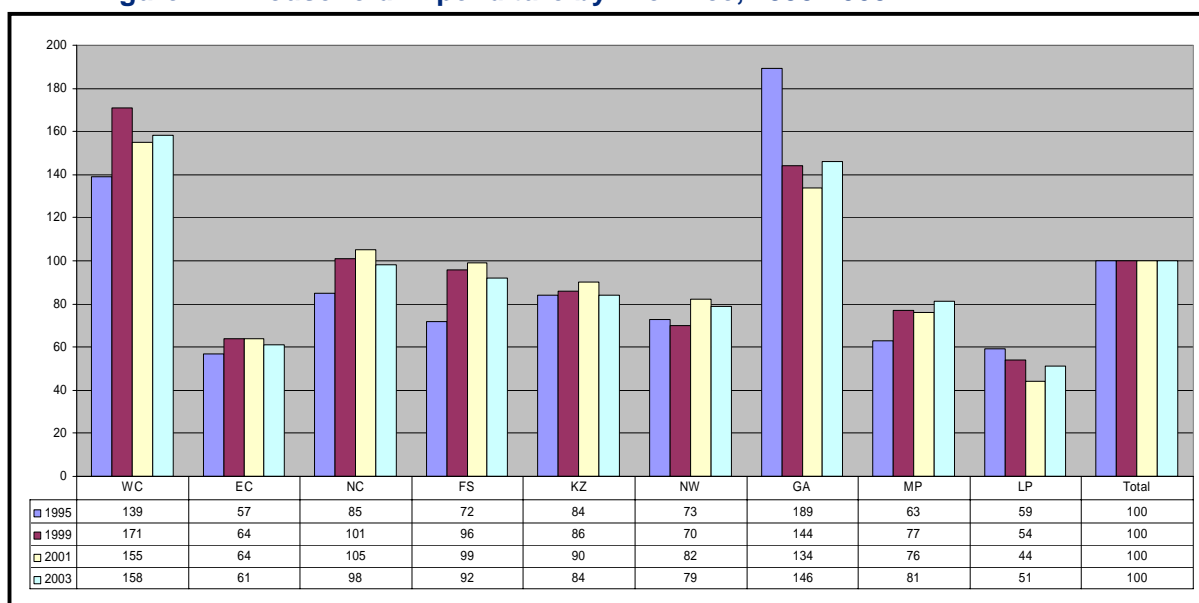


Source: Statssa, Free State's Development Index Framework, 2007

On the other hand, between the period 1996 and 2006, the proportion of households with incomes described as very high in the province increased from 2.35 per cent to 4.45 per cent. Whilst a similar trend is observed in four of the five districts of the province, Thabo Mofutsanyane shows a decline from 1.48 per cent to 0.84 per cent in this regard.

Using what the Department of Education's Monitoring and Evaluation Report (2006) describes as a possibly more direct indicator of living standards, namely the household per capita expenditure, figure 1.4 below shows that the Free State, according to this measure, was the sixth poorest of all the provinces or conversely the fourth richest province, with an index value ranging between 72 in 1995 and 92 in 2003. Whilst a significant increase of 17 units is recorded between 1995 and 2001, it should be concerning that the province was one of the six provinces with a decreasing index between 2001 and 2003.

**Figure 1.4: Household Expenditure by Province, 1995-2003<sup>1</sup>**



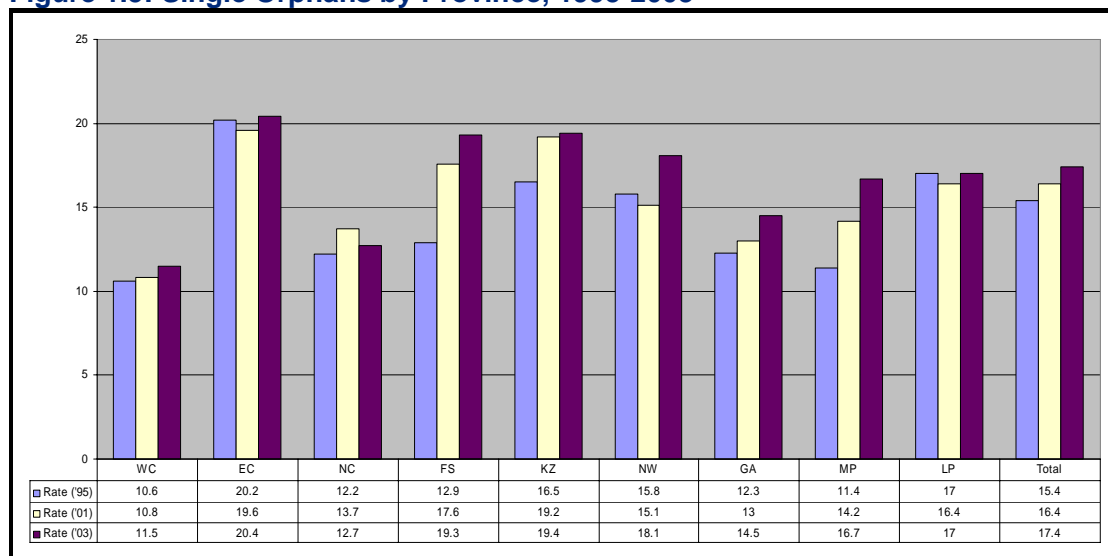
Primary Sources: OHS 1995, OHS 1999, LFS 2001, LFS 2003 (Statssa)

In addition to the indicators of poverty above, the issue of what is generally termed “populations under stress” is critical as the social welfare service of government is primarily premised on this. This refers to sections of the population that are perhaps more vulnerable to shocks than other individuals (Department of Education, 2006). As evident from the household surveys, four groups fitting this description can be readily identified, namely orphans, grant recipients, disabled individuals, and children in households reporting an inability (temporary or permanent) to provide sufficient for all members. Together with dependency ratio, these are generally accepted indicators of vulnerability. However, in view of the unreliability and fluctuating nature of disability rates from year to year, the situation of the disabled will not be discussed.

On the issue of orphans, there are reports, amongst others by the Departments of Education and Health, that these are becoming an increasingly urgent reality of the post-apartheid era as a direct consequence of the HIV and AIDS pandemic that is reportedly plaguing South Africa and the Free State in particular. In this regard, one can distinguish between single orphans, defined as children between 7 and 18 years old that have lost one parent, and double orphans, defined as children between 7 and 18 years old that have lost both parents.

<sup>1</sup> In view of the reported complications around the capturing of income and expenditure data during national household surveys, per capita household expenditure, with the national average indexed at 100 for each year was calculated. It was considered best to use the figure to gauge provinces’ relative positions.

**Figure 1.5: Single Orphans by Province, 1995-2003**



Primary Sources: OHS 1995, LFS 2001, LFS 2003 (Statssa)

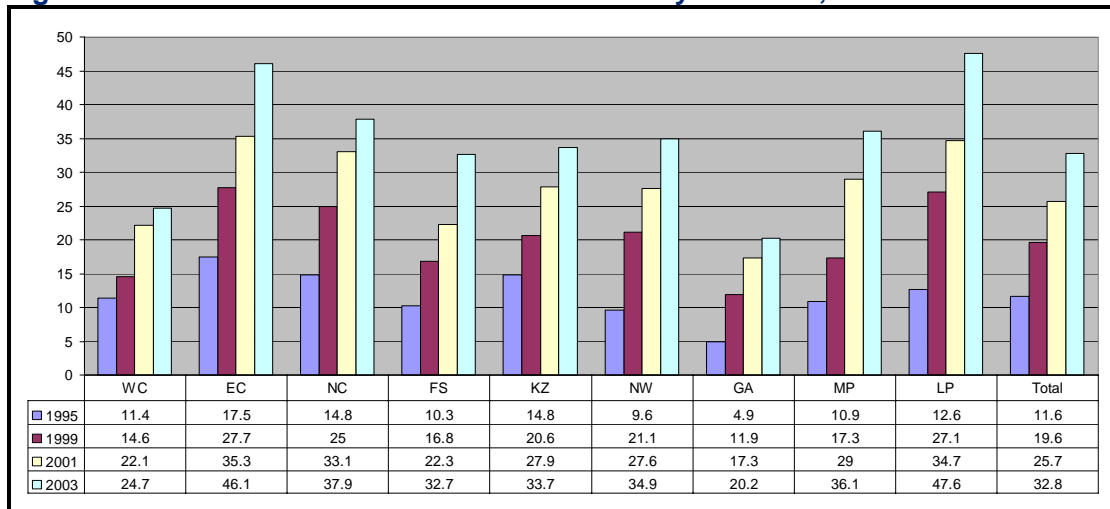
All in all, there were 1,7 million single orphans in 1995 in the country and this rose to 2,1 million in 2003, resulting in a 2 per cent increase nationally, i.e. from 15.4 per cent to 17.4 per cent, with African children making the majority of these. Nevertheless, it is worrying to note that the proportion of single orphans in the Free State increased sharply from 12.9 per cent in 1995 to 19.3 per cent in 2003. Specifically, the number of single orphans in the province rose by 46 000 from 89 000 in 1995 to 135 000 in 2003, with the proportion of Africans rising from 91 per cent to 94 per cent. In terms of this, the province has regressed from having the fifth largest proportion of single orphans to third. Assuming that the observation cited by the Department of Education (2006) that the provincial variations that exist seem to be at least partially related to the severity of the HIV/AIDS pandemic in the provinces is true, then the province faces a daunting task in this regard.

Similarly, there were 220 000 double orphans in 1995 in the country and this rose to 371 000 in 2003, resulting in a 1 per cent increase nationally, i.e. from 2.0 per cent to 3.0 per cent, with African children making the majority of these. Again, it is worrying to note that the number of double orphans in the Free State doubled from 13 000 in 1995 to 26 000 in 2003.

On the second indicator of vulnerability, namely access to social grants such as old age pensions, disability grants and child support grants, it needs to be mentioned that since many of these grants are means tested, they tend to form an integral source of income for many poor household. In this regard, it is cited that “any changes in individual’s eligibility for these grants may have important ramifications not only for the individual concerned, but for the entire household which is often heavily reliant on the grant” (Department of Education, 2006).

Whilst figure 1.6 below gives a comparative analysis of household access to social grants per province from 1995 to 2003, it should be highlighted that the grants included in the survey questionnaires have changed slightly over time. As a result, it is proposed that in interpreting this, the figures herein should not be taken to mean take-up rates of a fixed ‘basket’ of grants, but rather as an indication of the coverage of the grant system.

**Figure 1.6: Household Access to Social Grants by Province, 1995-2003**

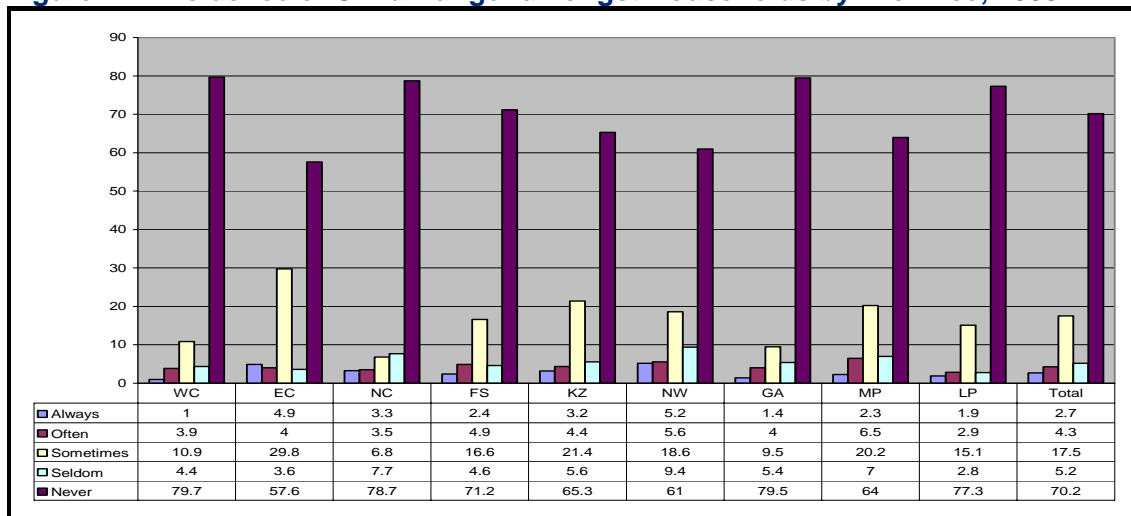


Primary Sources: OHS 1995, OHS 1999, LFS 2001, LFS 2003 (Statssa)

Whilst all provinces show similar trends of increasing household access to social grants between 1995 and 2003, it is worth noting that coverage in the Free State more than tripled between 1995 and 2003, with its coverage more in line with the national average in the most recent period

On the second last indicator of vulnerability, namely children in households that are unable to obtain sufficient food, it has to be emphasized that the incidence hereof is a key indicator of the standard of living and according to the Department of Education (2006), has a serious impact on the education of affected children. Unfortunately, only the GHS 2003 has data on this indicator. In line with all the other indicators of deprivation and vulnerability, 71 out of every 100 children in Free State households never went hungry during the year in question, thus making the province to have the 5<sup>th</sup> highest proportion of such children. Conversely, 29 out of every 100 children in Free State households are always/often/sometimes/seldom hungry. At 2.4 per cent, the province has the fifth highest proportion of households with children that are always hungry. Figure 1.7 below gives a summary picture of the incidence of child hunger in the country as a whole in 2003.

**Figure 1.7: Incidence of Child Hunger amongst Households by Province, 2003**



Lastly, the dependency ratio is yet another useful indicator of vulnerability. It is essentially a ratio of dependents, namely children up to 14 years and people over 64 years of age, to people with ages ranging between 15 and 64 years. Differently put, the dependency ratio, broadly defined, is the rate of dependency of the economically-inactive population on the economically-active population. However, this is often refined in line with the purpose of the analysis. In this regard, two variants of the dependency ratio will be discussed, namely the 'education' variant<sup>2</sup> as well as the 'worker' variant<sup>3</sup>.

With regard to the 'education' variant of the dependency ratio, figure 1.7 shows that on average, there has been a steady decline in this, with the exception of Limpopo. Whilst this ratio for the Free State dropped from 0.86 in 1995 to 0.75 in 2003, the province is still ranked sixth in this regard.

In addition to table 1.5 below, it is reported that for South Africa as a whole in 2001, the average size of a black household was 4.11 whilst that of a white household was 3.05 (<http://en.wikipedia.org>). Whilst it cannot be simply assumed that the trend observed in table 3.4 above has been sustained post-2001, it is to be expected that the average household size will differ between provinces, between races within the same province and between different time periods.

<sup>2</sup> For the purpose of education, the age composition of the dependents is adjusted to include children up to 18 years and those over 64 and the age composition of the independents is similarly adjusted to include people with ages ranging between 19 years and 64 years.

<sup>3</sup> In this regard, the structural composition of the dependents is adjusted to include the all those unemployed in an average household to those that are employed, regardless of age.

**Table 1.5: Average Household<sup>4</sup> Sizes by Province, 1990-2001**

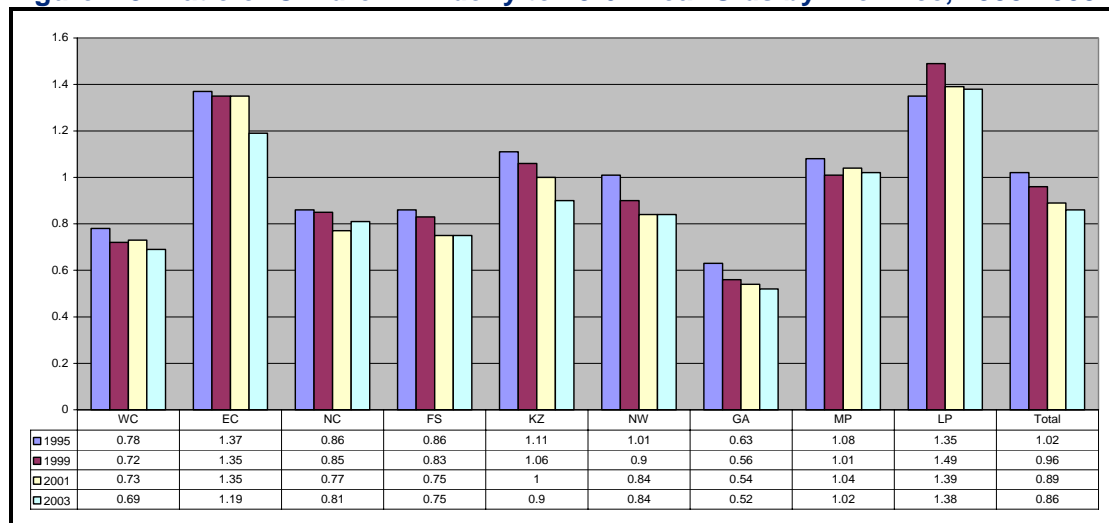
Description	EC	FS	GA	KZ	LP	MP	NC	NW	WC	Total
1990	5.2	3.9	3.5	5.7	5.2	4.6	4.3	3.8	3.9	4.5
1994	4.9	4.0	3.9	5.0	4.7	4.8	4.1	4.5	3.9	4.5
1996	4.6	4.1	3.7	5.0	4.9	4.6	4.3	4.6	3.9	4.4
2001	4.1	3.6	3.2	4.2	4.3	4.0	3.8	3.7	3.6	3.8

Source: <http://www.hst.org.za/healthstats/6/data>

Nevertheless, using the data on table 1.5 above and figure 1.8 below, a dependency ratio of 0.75 in the Free State in 2001 would mean that on average, two members of an average household consisting of three and a half members in the Free State were either younger than 19 years of age or older than 64 years. Applying the same to an average black household in the Free State in 2001 with a dependency ratio of 0.77 as reported in the Census 2001, it means that on average three of the four members of an average black household in the Free State were either younger than 19 years of age or older than 64 years.

Bearing in mind that approximately 42 per cent of the province's population was and still is younger than 19 years of age, it can be expected that the majority of the dependents per household, especially black, were younger than 19 years of age. This realization has got major implications for the state and outcomes of education in the province as will be shown in the next section. Nevertheless, figure 1.8 tracks and reports on progress in the 'education' variant of the dependency ratio.

**Figure 1.8: Ratio of Children + Elderly to 19-64 Year Olds by Province, 1995-2003**



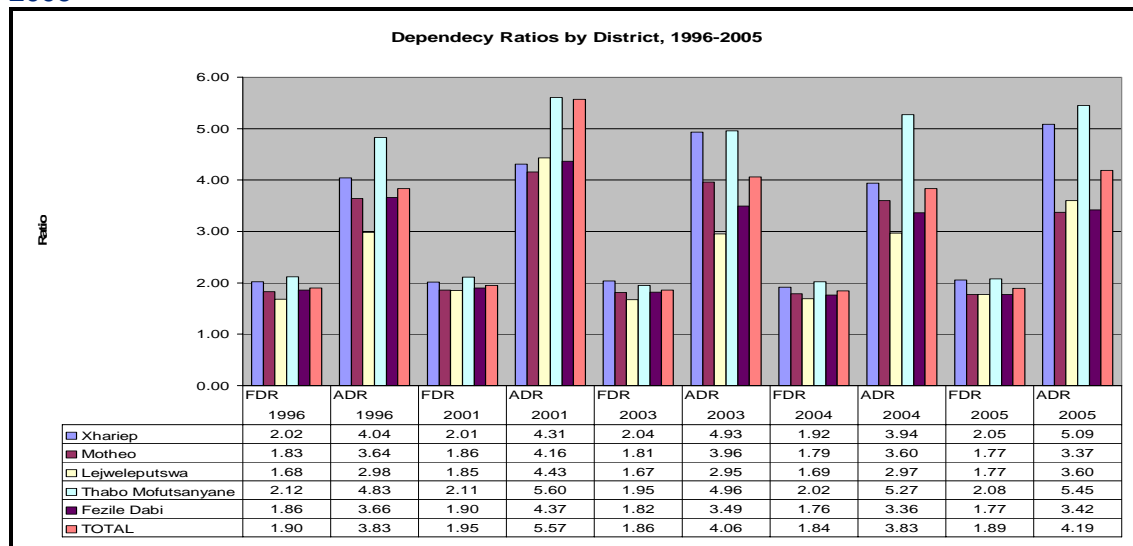
Primary Sources: OHS 1995, OHS 1999, LFS 2001, LFS 2003 (Statssa)

Lastly, in order to track the dependency of non-workers on workers, especially given the high rates of unemployment across the board, the 'worker' variant of the dependency ratio is more useful. Completing the picture in the Free State, at 2.0, the worker

<sup>4</sup> Defined by Statssa as the average number of people living in each household where household is defined as a person, or a group of persons, who occupy a common dwelling (or part of it) for at least four days a week and who provide themselves jointly with food and other essentials for living. In other words, they live together as a unit. People who occupy the same dwelling, but do not share food or other essentials, are enumerated as separate households.

dependency ratio was found to be the fifth highest in 2003, meaning that in an average household in the Free State, each worker was supporting two non-workers.

**Figure 1.9: District Potential and Actual Dependency Ratio (FDR & ADR), 1996-2005**



Source: Statssa, Free State's Development Index Framework, 2007

In summary, all the indicators in this section confirm that whilst there is an improvement in living standards of the people of the province, such improvements are occurring at a snail's pace. Secondly, all the poverty indicators confirm that despite the progress that has been made to date, Thabo Mofutsanyane and Xhariep remain the province's poorest districts. Furthermore, all the poverty and vulnerability indicators do show a slack in the performance of the Free State as a province in 2001, with its ranking temporarily falling from being seventh to sixth worst-off province. The progress reported on most of the indicators helped the province to reclaim its spot as the third better-off province after Gauteng and the Western Cape in 2003.

In an attempt to quantify the extent of human development of a community, development practitioners have developed a composite index called the Human Development Index (HDI)<sup>5</sup>. Based on measures of life expectancy, literacy and income, it is seen broadly as a measure of people's ability to live long and healthy lives, to communicate, to participate in the life of the community and to have sufficient resources to make a decent living. Some of these have been discussed under the sections dealing with poverty; others will be discussed under health and education. To conclude the welfare picture of the Free State, table 1.6 gives an overview of level of human development as well as the distribution of income as measured by Gini co-efficient<sup>6</sup>

<sup>5</sup> HDI ranges between 0 and 1, with 1 indicating a high level of human development.

<sup>6</sup> The Gini coefficient is a measure of the distribution of income within an economy and ranges between 0 and 1. A gini coefficient of 1 basically means that all the income produced in the economy accrues to a single household or person whilst a gini coefficient of 0 will mean that all the income produced in the economy is equally distributed amongst all households or persons in such an economy.

**Table 1.6: Human development and inequality, 1996 and 2004**

Province	HDI		Gini-coefficient	
	1996	2004	1996	2004
<b>Free State</b>	<b>0.53</b>	<b>0.55</b>	<b>0.59</b>	<b>0.64</b>
Western Cape	0.66	0.68	0.55	0.58
Eastern Cape	0.49	0.52	0.60	0.65
Northern Cape	0.54	0.57	0.59	0.61
KwaZulu-Natal	0.52	0.57	0.60	0.65
North-West	0.50	0.53	0.55	0.61
Gauteng	0.67	0.70	0.58	0.59
Mpumalanga	0.50	0.55	0.59	0.64
Limpopo	0.45	0.50	0.58	0.65
<b>South Africa</b>	<b>0.56</b>	<b>0.59</b>	<b>0.60</b>	<b>0.64</b>

Source: FSGDS, 2007

Although there has been a slight improvement in the human development status of people in the Free State between 1996 and 2004, shown by the increase in the HDI from 0.53 to 0.55, the income inequality has also proportionately increased as shown by an increasing Gini co-efficient from 0.59 to 0.64. This means that, although the fruits of economic growth have benefited some people, they have also intensified the growing income gap between the rich and the poor in the province, as is the case in all the provinces of South Africa and South Africa as a whole. In fact, in those provinces in which the HDI improved the most (Mpumalanga and Limpopo), the Gini-coefficient has also increased dramatically, given the current socio-economic structure and dynamics of South Africa and the Free State in particular, it seems that a rapid improvement in the economic development status of this region could probably lead to an increase in inequality. Thus, the distribution of economic benefits cannot be left to the markets alone. In this regard, the role of government cannot be over-emphasized. Although the level of human development in the Free State is significantly lower than the average for South Africa, the same level of inequality prevails.

### 3.3 Education

In its review, National Treasury (2006) cites that “mainly rural provinces tend to have more schools with fewer learners than the more urbanized provinces”. More specifically, Free State had 7.2% of national public ordinary schools serving 5 per cent of all learners in 2005. After Eastern Cape, the province had the most favorable the learner-to-school ratio of 364 as well as the most favourable learner-to-educator ratio of 30. Table 1.7 below gives a summary of provincial comparisons of selected key education indicators.

**Table 1.7: Selected Education Indicators: Provincial Comparisons, 2005<sup>7</sup>**

Province	No. of Learners	% of Total	No. of Educators	% of Total	No. of Schools	% of Total	Learner-Educator Ratio	Learner-School Ratio
Eastern Cape	2,179,102	18.3	66,083	18.2	6,239	24.4	33.0	349
Free State	670,656	5.6	22,324	6.2	1,842	7.2	30.0	364
Gauteng	1,605,150	13.5	50,600	14.0	1,897	7.4	31.7	846
KwaZulu-Natal	2,681,144	22.5	77,906	21.5	5,653	22.1	34.4	474
Limpopo	1,885,872	15.8	55,361	15.3	4,187	16.4	34.1	450
Mpumalanga	895,583	7.5	26,643	7.4	1,863	7.3	33.6	481
Northern Cape	207,688	1.7	65,13	1.8	422	1.6	31.9	492
North West	836,159	7.0	26,929	7.4	2,025	7.9	31.1	413
Western Cape	949,790	8.0	30,119	8.3	1,454	5.7	31.9	653
<b>Total</b>	<b>11,911,144</b>	<b>100.0</b>	<b>362,478</b>	<b>100.0</b>	<b>25,582</b>	<b>100.0</b>	<b>32.9</b>	<b>466</b>

Primary Source: 2005 School Realities, National Department of Education

With education considered to make a vital contribution to social cohesion, which is a crucial element for sustaining democracy (National Treasury, 2006), it goes without saying that its financing is equally critical. Table 1.8 below shows that as a percentage of total provincial spending, the province's spending on education has consistently been among the four highest spending provinces in the country and has also consistently been above the national average.

**Table 1.8: Provincial Education Expenditure, 2002/03 – 2008/09**

Province	Provincial education spending as percentage of total provincial spending							Percentage Growth	
	2002/03 Outcome	2003/04 Outcome	2004/05 Outcome	2005/06 Preliminary Outcome	2006/07 Med. Term Estimate	2007/08 Med. Term	2008/09 Med. Term Estimate	2002/03 - 2005/06	2005/06 - 2008/09
Eastern Cape	49.6	47.5	49.3	48.7	48.7	48.5	48.2	7.5	12.3
Free State	45.6	45.8	45.3	46.0	45.3	43.6	42.9	11.5	7.4
Gauteng	38.5	40.2	39.7	38.4	35.6	37.0	37.6	8.6	11.7
KwaZulu-Natal	46.5	47.2	46.5	45.0	43.6	42.9	41.2	12.9	8.9
Limpopo	50.8	50.0	51.3	49.5	48.3	48.1	48.1	11.6	9.5
Mpumalanga	49.6	50.2	48.6	49.8	48.6	48.6	48.8	13.8	9.3
Northern Cape	44.2	41.6	42.1	39.5	37.4	37.1	38.0	9.8	7.8
North West	48.3	48.1	46.6	45.3	43.8	41.8	40.9	10.5	6.7
Western Cape	40.5	40.3	38.9	38.5	38.0	38.2	38.0	10.3	8.4
<b>Total</b>	<b>45.7</b>	<b>45.7</b>	<b>45.6</b>	<b>44.7</b>	<b>43.2</b>	<b>43.1</b>	<b>42.8</b>	<b>10.6</b>	<b>9.7</b>

Source: Provincial Budgets and Expenditure Reviews, 2002/03-2008/09, National Treasury, 2006

<sup>7</sup> These figures are only for public ordinary schools and exclude independent schools.

At 11.5 per cent, the province's spending on education recorded the second highest growth between 2002/03 and 2005/06. However, the province's growth rate of 7.4 per cent for the period between 2005/06 and 2008/09 was the second lowest after North West province. Sadly though, compensation of employees takes up between 68.7 per cent and 80 per cent of all education expenditure in the provinces during the 2006/07 MTEF period. In addition to the country-wide overwhelming progress in reducing compensation of employees from between 74.8 per cent and 88.9 per cent of all education expenditure during the period 2002/03 and 2005/06, the province is one of the only three provinces projecting to have spending on compensation of employees below average in 2007/08 and the only one in 2008/09 (at 75.4 per cent and 72.9 per cent, respectively).

**Table 1.9: Public ordinary school education expenditure per capita, 2002/03 – 2008/09**

Province	2002/03 Outcome	2003/04 Outcome	2004/05 Outcome	2005/06 Preliminary Outcome	2006/07 Med. Term Estimate	2007/08 Med. Term Estimate	2008/09 Med. Term Estimate
Eastern Cape	3,847	4,191	4,341	4,593	5,217	5,886	6,520
Free State	4,170	4,836	5,183	5,768	6,130	6,520	7,057
Gauteng	4,438	4,827	4,882	5,142	5,970	6,494	7,006
KwaZulu- Natal	4,162	3,840	4,298	4,860	5,238	5,850	6,278
Limpopo	3,413	3,810	4,522	4,574	4,991	5,546	6,134
Mpumalanga	3,871	4,373	4,526	5,454	5,665	6,145	6,615
Northern Cape	4,782	5,063	5,209	5,822	6,179	6,813	7,402
North West	4,283	4,827	5,194	6,167	5,952	6,353	6,856
Western Cape	4,384	4,753	5,026	5,631	6,015	6,507	7,014
<b>Total</b>	<b>4,034</b>	<b>4,291</b>	<b>4,626</b>	<b>5,070</b>	<b>5,508</b>	<b>6,062</b>	<b>6,588</b>

Source: Provincial Budgets and Expenditure Reviews, 2002/03-2008/09, National Treasury, 2006

Despite these across-the-board high levels of expenditure in education, inequalities between provinces are still glaring. Using per capita expenditure in public ordinary schools, the table below shows that the province has been steadfastly found amongst the four provinces with the highest per capita expenditure on education, with the others being Northern Cape, Western Cape and Gauteng. However, the expected correlation between this spending and the outcomes of education is what is lacking.

While enrolment rates are impressive and overall spending on education in the provinces is quite substantial, these statistics do not tell us enough about the ability of the schooling system to retain learners nor do they tell us about the quality of the education they receive or whether in fact the education that is currently provided equips learners to get jobs, access higher education or contribute to the economy, their families, communities and society as a whole. In this regard, the matric statistics could be a useful indicator of the education outcomes.

**Table 1.10: Comparative Matric Pass Statistics, 2000-2006**

Province	2001			2002			2003			2004			2005			2006		
	No. of matrics	% Pass	% WME <sup>8</sup>	No. of matrics	% Pass	% WME	No. of matrics	% Pass	% WME	No. of matrics	% Pass	% WME	No. of matrics	% Pass	% WME	No. of matrics	% Pass	% WME
Eastern Cape	28825	45.6	6.5	33286	51.8	8.1	37468	60.0	9.5	33915	53.5	8.8	39597	56.7	8.8	41268	59.3	10.1
Free State	15703	59.0	14.5	17777	70.7	18.8	18916	80.0	22.8	19459	78.7	22.2	20355	77.8	21.9	21582	72.2	19.7
Gauteng	47368	73.6	21.3	50941	78.1	21.7	55621	81.5	23.3	54808	76.8	22.1	57073	74.9	21.1	57355	78.3	23.2
KwaZulu-Natal	58620	62.8	16.8	68973	70.7	18.1	75077	77.1	20.4	81830	74.0	18.9	84842	70.5	17.4	82460	65.7	15.2
Limpopo	48971	59.5	13.4	49644	69.5	17.5	48219	70.0	18.9	54897	70.6	20.9	60087	64.7	17.7	58850	55.7	13.3
Mpumalanga	18136	46.9	9.6	22222	55.8	10.8	22700	58.2	12.4	22913	61.8	12.5	22737	58.6	12.7	25479	65.3	14.0
Northern Cape	5571	84.2	14.7	5309	89.9	18.3	5667	90.7	19.6	5609	83.4	18.7	6172	78.9	15.3	5753	76.8	15.5
North West	22963	62.5	14.4	24637	67.8	14.5	25055	70.4	15.3	24221	64.9	12.4	23748	63.0	12.1	25440	67.0	14.6
Western Cape	31049	82.7	25.0	32985	86.5	26.5	33769	87.1	26.6	33065	85.0	27.1	32573	84.4	26.9	33316	83.7	26.6
<b>Total</b>	<b>277206</b>	<b>61.7</b>	<b>15.1</b>	<b>305774</b>	<b>68.9</b>	<b>16.9</b>	<b>322492</b>	<b>73.2</b>	<b>18.6</b>	<b>330717</b>	<b>70.7</b>	<b>18.2</b>	<b>347184</b>	<b>68.3</b>	<b>17.0</b>	<b>351503</b>	<b>66.6</b>	<b>16.2</b>

Source: Department of Education, 2006 (b)

Since 2003, the matric pass rate in the country as a whole and the province specifically has been on a decline. However, the province achieved the fourth highest matric pass rate in the most recent exams; sliding from the third position it held in 2005. As for the quality of the matric passes, the province slid once again from having the second highest proportion of passes with matriculation exemption in 2005 to being the third in 2006.

### 3.4 Health

Before a cursory outlook at the state of public sector health in the province, it needs to be borne in mind that the number of people not on medical aid has been increasing significantly in the past number of years. Table 1.11 below shows that an estimated 2.5 million (or 85 per cent) of the Free State's population was not covered on medical aid in 2004. With reports suggesting that the majority of people with HIV/Aids are not on medical aid and therefore rely mostly on government's free health services, it can be expected that the pressure on the government's health expenditure will keep increasing as the number of those infected increase as they depend mostly on public health services.

**Table 1.11: Number of people on medical aid ('000)**

	2002	2003	2004
Covered	405	404	440
Not Covered	2,312	2,336	2,506
<b>Total</b>	<b>2,719</b>	<b>2,741</b>	<b>2,947</b>

Source: Statistics South Africa (2005)

In measuring the state of health in the province, three indicators will be used, namely life expectancy at birth, infant mortality, incidence of notifiable diseases. Defined as the

<sup>8</sup> WME stands for "With Matriculation Exemption" and refers to the percentage of candidates who obtained a university endorsement.

average number of additional years a person could expect to live if current mortality trends were to continue for the rest of that person's life, table 1.12 below show, together with North West and KwaZulu-Natal, Free State had the lowest life expectancy in the country in 1996. Except for 2000, the province's life expectancy has consistently been lower than the national average. Without a significant change in the HIV/AIDS picture in the country and the province, the Actuarial Society of South Africa projects that in 2006, the province will have the third lowest life expectancy after KwaZulu-Natal and Mpumalanga.

**Table 1.12: Life Expectancy at birth per province, 1996-2006**

Years	EC	FS	GP	KZN	LP	MP	NC	NW	WC	SA
1996	60	53	60	53	60	54	56	53	61	57
2000	56	55	58	52	57	53	61	60	63	55
2002	54	52	55	48	54	50	59	53	63	53
2005 ASSA 2000	47	45	48	40	48	43	54	46	-	46
2006 ASSA 2003	49	47	52	43	56	46	57	50	62	51

Source: [www.hst.org.za](http://www.hst.org.za)

Notes: Figures for the period between 1996 and 2002 are from Statssa, whilst those for 2005 and 2006 are projections from the Actuarial Society of South Africa (ASSA).

One of the key indicators of the state of health in a given area or region is the infant mortality rate. Defined as the number of deaths per 1 000 children under one year, the province has consistently had the third worst infant mortality rate between 1998 and 2006. Whilst this fell from 53 to 48, ASSA projected in 2003 that without aggressive intervention strategies in this sector and in the province specifically, this gain would be lost as the infant mortality rate would jump to 58 in the Free State by 2006.

In terms of the incidence of all types of TB, the Free State had the fourth largest number of reported incidences between 2003 and 2004. Whilst this slightly improved in 2005, with the province showing the fifth largest number of reported incidences, the number of reported incidences increased from 611 to 708 between 2003 and 2005. As is the case with all the other provinces, there seems to be an increase in the incidence of all types of TB during the period under review

**Table 1.13: Some Health Indicators by province**

Infant mortality rate (deaths under 1 year per 1 000 live births)										
	EC	FS	GP	KZN	LP	MP	NC	NW	WC	SA
1998 revised	61.2	53	36.3	52.1	37.2	47.3	41.8	42	30	45
2000	70.9	61.8	44.4	68.4	51.6	58.6	46.4	55.2	31.7	59.1
2003	68.3	48.1	33.5	30.4	34.1	40.5	28.7	61.9	43.5	42.5
2006 ASSA2003	62	58	37	62	37	53	34	44	26	48
Incidence of TB (all types) (per 100 000)										
	EC	FS	GP	KZN	LP	MP	NC	NW	WC	SA
2003	590.9	611.1	373.4	782.2	181	238.1	812.4	525.3	931.5	550.1
2004	518.7	642	435.8	723.3	214.7	229.5	783.6	551.2	988.1	550.9
2005	637.9	708.3	487.8	885.9	237.2	333.6	846	711.5	1037.2	645
HIV prevalence (%) (antenatal)										
	EC	FS	GP	KZN	LP	MP	NC	NW	WC	SA
2002	23.6	28.8	31.6	36.5	15.6	28.6	15.1	26.2	12.4	26.5
2003	27.1	30.1	29.6	37.5	17.5	32.6	16.7	29.9	13.1	27.9
2004	28	29.5	33.1	40.7	19.3	30.8	17.6	26.7	15.4	29.5
2005	29.5	30.3	32.4	39.1	21.5	34.8	18.5	31.8	15.4	30.2

Source: South African Health Review, Department of Health, 2006

Lastly, according to the Report on the National HIV and Syphilis Antenatal Sero-Prevalence Survey in South Africa (2005), whilst the national rate of increase in the HIV prevalence is much slower than in the formative years, the table above shows that it is still on the increase. Though the province had the third highest prevalence of HIV in the country in 2002, significant strides have been made resulting in the province showing the fifth highest prevalence in 2005. Nevertheless, it is still concerning that the HIV prevalence rate is on the rise.

As in the case of education, the delivery of health services mostly depends on the availability of and accessibility to health facilities, as well as the availability of suitably qualified and dedicated staff. In view of the fact that table 1.14 below gives only an overview of all health facilities in the province, it is rather incomplete as it does not reflect on the quality of these facilities

**Table 1.14: Availability of health facilities in the Free State per district, 2006**

Area	Clinics	CHCs	Mobile Service	District Hospital	Regional Hospital	Specialised Hospital	Total Facilities
Xhariep DM	17	1	20	1	0	0	39
Letsemeng	4	1	6	0	0	0	11
Kopanong	9		8	0	0	0	17
Mohokare	4	0	6	1	0	0	11
Motheo DM	68	4	14	2	2	1	89
Naledi	3	0	2	0	0	0	5
Mangaung	56	4	12	2	2	1	75
Mantsopa	9	0					9
Lejweleputswa DM	45	1	26	5	0	1	77
Masilonyana	9	0	5	1	0	0	15
Tokologo	4	0	4	0	0	0	8
Tswelopele	3	0	4	1	0	0	8
Matjhabeng	25	1	7	2	0	1	35
Nala	4	0	6	1	0	0	11
Thabo Mofutsanyane DM	69	1	20	8	2	0	98
Setsoto	12	1	5	3	0	0	20
Dihlabeng	10	0	4	2	1	0	17
Nketoana	6	0	3	0	0	0	9
Maluti a Phofung	33	0	6	2	1	0	42
Phumelela	7	0	2	1	0	0	10
Fezile Dabi DM	32	9	24	4	1	0	80
Moqhaka	8	4	8	0	1	0	21
Ngwathe	10	3	7	2	0	0	32
Metsimaholo	6	2	4	1	0	0	13
Mafube	8	0	5	1	0	0	14
<b>Free State Total</b>	<b>230</b>	<b>16</b>	<b>110</b>	<b>21</b>	<b>6</b>	<b>1</b>	<b>384</b>

Source: South African Health Review, Department of Health, 2006 (inclusive of the outcomes of the re-demarcation)

Note: 1 National Central Hospital and 2 Specialized Hospitals, both in Motheo, need to be added to the total number of hospital in the province

In terms of public health personnel, the table below highlights some of the challenges in this sector for the country as a whole, and for the Free State in particular. Together with

six other provinces, Free State has seen an increase in the ratio of dental practitioners to the public health dependent population. At present, the province has the fifth highest ratio of 2.12 which is also above the national average of 1.78. In simple terms, there are two dental practitioners in the public sector for every 100 000 public health dependent people in the province.

When it comes to public sector medical practitioners, the province has seen a decline in this such that by 2006, there were twenty-one medical practitioners for every 100 000 public health dependent people in the province compared to twenty-three in 2003. Notable is the fact that in the past two years, the province's ratio in this regard has been lower than the national average. In this regard, the province had the fourth lowest ratio after Eastern Cape, Limpopo and North West

As for public sector pharmacists, the province saw an increase in this ratio from 3.2 in 2003 to 4.1 in 2005 and a decline to 3.9 in 2006. Effectively, there were four public sector pharmacists for every 100 000 public health dependent people in the province. Whilst this is close to the national average of 4.3, it is still marginally lower. In this regard, the province had the sixth highest ratio.

**Table 1.15: Health Personnel by province, 2003-2006**

<b>Dental Practitioners per 100 000 population</b>										
	<b>EC</b>	<b>FS</b>	<b>GP</b>	<b>KZN</b>	<b>LP</b>	<b>MP</b>	<b>NC</b>	<b>NW</b>	<b>WC</b>	<b>SA</b>
2003	0.99	1.5	2.79	0.7	1.01	1.75	1.87	1.49	3.35	<b>1.58</b>
2005	0.9	2.01	2.62	0.71	1.18	1.69	2.37	1.42	3.63	<b>1.63</b>
2006	0.99	2.12	3.16	0.73	1.15	2.51	2.94	1.35	3.48	<b>1.78</b>
<b>Medical Practitioners per 100 000 population</b>										
2003	12.7	23.1	25.4	21.3	14.3	17.9	28.4	11.5	31.9	<b>19.7</b>
2005	15.8	20.7	25.9	24.2	14.3	21.5	36.5	13.6	36.1	<b>21.9</b>
2006	16.1	21.4	29.7	27.5	14.8	22	34.7	14.8	38.8	<b>23.7</b>
<b>Pharmacists per 100 000 population</b>										
2003	2.2	3.2	3.7	3.2	2.2	2.7	3.1	2.1	6.4	<b>3.1</b>
2005	3.4	4.1	3.8	4.2	2.8	4.3	5.2	3.2	7.5	<b>4</b>
2006	3	3.9	4.1	4.7	3.3	4.8	6.9	3.3	8.1	<b>4.3</b>
<b>Professional nurses per 100 000 population</b>										
2003	98.5	130.7	115.1	107.3	119.3	93.7	127.1	88.9	113.9	<b>107.1</b>
2005	109.1	149.7	106.9	108.8	110	93.2	144.6	90	111.2	<b>109.2</b>
2006	102.3	139.4	113.1	111.4	110.3	96.4	126.9	88.9	114.7	<b>109.5</b>
<b>Vacancies in Public Health sector</b>										
<b>Percentage of Medical Practitioner posts vacant</b>										
2006	36.1	33.6	20.9	34.3	26.8	38.5	53.4	29.9	12.6	<b>29.9</b>
<b>Percentage of Professional Nurse posts vacant</b>										
2006	34	31.4	26	42.5	15	40	33.2	22.8	22	<b>31.5</b>
<b>Percentage of Health professional Posts vacant</b>										
2003	28.4	40.7	31.9	24.5	13.4	67.4	27.3	33	13.8	<b>31.1</b>
2005	26.6	40.5	26.7	29.6	15.8	43.9	35.1	23.1	8.1	<b>27.2</b>
2006	32.6	40.4	24.2	32.4	16.4	43.1	37.8	23.1	16.9	<b>29</b>

Source: South African Health Review, Department of Health, 2006

As for public sector professional nurses, the province saw an increase in this ratio from 130.7 in 2003 to 149.7 in 2005 and a decline to 139.4 in 2006. Effectively, there were one-hundred-and-thirty-four public sector nurses for every 100 000 public health

dependent people in the province in 2006. Regardless of these trends, it is worth noting that province ratio in this regard has always been above the national average between 2003 and 2006. Furthermore, the province has consistently had the highest ratio of professional nurses.

One of the factors likely to shed some light into these observations is the vacancy rate amongst public health care professionals. For key staff in this sector, namely medical practitioners and professional nurses, the vacancy rates in the country in 2006 were quite high at 29.9 per cent and 31.5 per cent respectively. Whilst the vacancy rate for professional nurses, at 31.4 per cent was more or less in line with the national average, what is of more concern is that province's vacancy rate for medical practitioners, at 33.6 per cent, was above the national average.

### **3.5 Infrastructure**

Articulating the importance of infrastructure in the regional economy, the DBSA (2006) cites that infrastructure plays a dual role in the regional economy, namely an improvement in the region's economic activity and an improvement in the living conditions. The provision of infrastructure services such as housing, transport and roads, water, sanitation, electricity and telecommunications represents a precondition for improved growth, thus creating economic opportunities to improve the welfare, quality of life, as well as productivity of the region's citizenry. The availability of infrastructural services raises the productivity of users by, for example, reducing the time and effort needed to obtain water, or commute to work. From an efficiency point of view, the ability of a region to compete is also largely determined by the availability of adequate and reliable infrastructure. Analyzing access to services and housing in South Africa in 2001, the DBSA observed that there seemed to be positive correlation between access to services and the level of urbanization. In this regard, they conclude that the provision of services is often neglected in rural areas.

#### **3.5.1 Housing**

With access to shelter being one of the basic needs, government's housing policy largely seeks to provide low and medium-income households with housing through a range of delivery mechanisms that incorporate essential basic services such as water, sanitation, roads, and electricity. In so doing, the sector has shifted away from the approach of simply providing shelter, to one focusing on creating complete human settlements.

In this regard, table 1.16 below gives an overview of the Free State's household by type of dwelling. The total number of households with formal brick dwellings has increased from 480 000 in 2002 to 559 000 in 2004, an increase of 8 per cent. The occupation of informal shacks and other forms of dwelling has decreased by 9 per cent and 22 per cent respectively in 2004, mainly because of the provision of houses by government and the provision of house allowances from government. The high increase in houses, huts and flat occupation was as a result of absorbing those who formerly stayed in the informal and other dwellings.

**Table 1.16: Household by type of dwelling**

Type of dwelling ('000)	2002	2003	2004	% change	
				2003	2004
House/ brick structure on separate stand/yard or on farm	480	507	559	6%	10%
Traditional dwelling/hut	48	45	51	-6%	13%
Flat/apartment	22	16	26	-27%	63%
Town/cluster house (simplex/duplex)	5	*	*	-	-
Unit on retirement village	-	-	-	-	-
Dwelling/house/room in backyard	11	*	*	-	-
Informal dwelling/shack	116	127	115	9%	-9%
Other	61	72	56	18%	-22%
<b>Total</b>	<b>745</b>	<b>792</b>	<b>844</b>	<b>6%</b>	<b>7%</b>

Source: Statistics South Africa (2005)

\*- Figures less than a thousand are insignificant

The Housing Subsidy grant and the Human Settlement and Development grant have been consolidated into a single Integrated Housing and Human Settlement Development grant as of 2005/06. Funds allocated through this conditional grant account for approximately 85 per cent of provincial housing budgets. Expenditure on this grant has increased strongly in the past three years and is expected to grow even faster over the next three years as a result of additional funds allocated for the implementation of the comprehensive plan. Table 1.17 shows that expenditure of housing grant funding has increased at an average annual rate of 7.9 per cent from 2002/03 to 2005/06.

**Table 1.17: Intergrated housing and human settlement development grant expenditure, 2002/03-2008/09**

Description	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Percentage growth (average annual)		
	Outcome (R Million)			Prelim. Outcome (R million)	Medium-term estimates (R million)			2002/03 - 2005/06	2005/06 - 2006/07	2005/06 - 2008/09
<b>Eastern Cape</b>	475	810	584	607	762	953	1,047	8.5%	25.4%	19.9%
<b>Free State</b>	193	327	464	370	523	653	718	24.2%	41.2%	24.7%
<b>Gauteng</b>	1,185	993	1,121	1,357	1,758	2,197	2,414	4.6%	29.6%	21.2%
<b>KwaZulu-Natal</b>	775	928	829	816	1,048	1,311	1,440	1.7%	28.5%	20.9%
<b>Limpompo</b>	413	454	318	378	521	652	716	2.9%	38.0%	23.8%
<b>Mpumalanga</b>	246	285	310	269	421	526	578	3.0%	56.4%	29.0%
<b>Northern Cape</b>	50	110	94	103	105	131	144	27.2%	2.2%	12.0%
<b>North West</b>	336	364	381	615	613	767	842	22.3%	-3.0%	11.0%
<b>Western Cape</b>	354	292	527	552	599	749	822	16.0%	8.5%	14.2%
<b>Total</b>	<b>4,027</b>	<b>4,563</b>	<b>4,628</b>	<b>5,067</b>	<b>6,350</b>	<b>7,939</b>	<b>8,721</b>	<b>7.9%</b>	<b>25.3%</b>	<b>19.8%</b>

Source: National Treasury, 2006

The increase in spending was maintained in 2005/06 as provinces were able to spend all the allocated amounts totaling R5,1 billion. Expenditure is expected to increase from R5,1 billion in 2005/06 to R8,7 billion in 2008/09, an average annual increase of 19.8 per cent. It is envisaged that this will provide for the construction of over 200,000 new houses per year for low-income households. It is worth noting that the province's growth in spending in this regard was the second highest since 2002/03.

As for housing delivery outcomes, there has been considerable progress in the delivery of houses since 1994. Of the 1,9 million houses built since 1994, 138 687 units or 7.18

per cent were built in the Free State. The province was amongst the only three provinces that have shown an increase in the housing delivery performance in 2005/06.

**Table 1.18: Houses completed or under construction by province, 1994/95-2005/06**

	1994/95-1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	Total	% distribution
Eastern Cape	83,738	34,021	10,816	58,662	27,119	37,524	16,874	<b>268,754</b>	13.92%
Free State	55,611	16,088	7,005	9,155	16,746	16,447	17,635	<b>138,687</b>	7.18%
Gauteng	230,717	38,547	46,723	24,344	49,034	28,002	23,409	<b>440,776</b>	22.83%
KwaZulu-Natal	178,123	28,547	14,379	24,485	33,668	36,734	21,601	<b>337,537</b>	17.48%
Limpopo	62,151	20,996	16,667	14,953	15,810	16,514	21,973	<b>169,064</b>	8.76%
Mpumalanga	52,403	16,457	14,584	21,649	21,232	18,000	14,389	<b>158,714</b>	8.22%
Northern Cape	16,421	4,148	2,588	6,056	3,787	3,598	5,293	<b>41,891</b>	2.17%
North West	73,575	14,109	13,885	23,784	10,484	10,037	14,445	<b>160,319</b>	8.30%
Western Cape	130,646	17,730	16,634	20,500	15,735	11,756	2,040	<b>215,041</b>	11.14%
<b>Total</b>	<b>883,385</b>	<b>190,643</b>	<b>143,281</b>	<b>203,588</b>	<b>193,615</b>	<b>178,612</b>	<b>137,659</b>	<b>1,930,783</b>	<b>100.00%</b>

Source: National Treasury, 2006

Another measure of service delivery relates to the planned housing delivery for each province and this is reflected by the number of properties transferred. It is estimated that property assets worth over R37 billion have been transferred to South African households since 1994. Table 1.19 shows that in total, over 1,6 million properties have been transferred to owners since 1994/95, of which 128,578 units or 7.9 per cent were transferred to Free State households.

**Table 1.19: Properties Transferred by province, 1994/95-2005/06**

	1994/95-2003/04		2004/05		2005/06		Total	
	Number	%	Number	%	Number	%	Number	%
Eastern Cape	201,219	14.6%	21,718	13.7%	10,541	11.0%	233,478	14.3%
Free State	108,770	7.9%	16,756	10.5%	3,052	3.2%	128,578	7.9%
Gauteng	302,764	21.9%	39,821	25.1%	21,104	22.1%	363,689	22.2%
KwaZulu-Natal	214,409	15.5%	23,801	15.0%	23,920	25.0%	262,130	16.0%
Limpopo	126,038	9.1%	14,587	9.2%	12,818	13.4%	153,443	9.4%
Mpumalanga	113,647	8.2%	9,888	6.2%	1,182	1.2%	124,717	7.6%
Northern Cape	29,316	2.1%	4,746	3.0%	792	0.8%	34,854	2.1%
North West	112,620	8.1%	8,604	5.4%	15,015	15.7%	136,239	8.3%
Western Cape	173,979	12.6%	18,973	11.9%	7,069	7.4%	200,021	12.2%
<b>Total</b>	<b>1,382,762</b>	<b>100%</b>	<b>158,894</b>	<b>100%</b>	<b>95,493</b>	<b>100%</b>	<b>1,637,149</b>	<b>100%</b>

Source: National Treasury, 2006

### 3.5.2 Roads

Access to transport and roads is important as it facilitates and provides access to markets for both all participants of the regional economy. With secondary and tertiary roads mainly catering for intra-provincial travel and, in the main, being the responsibility of provincial governments, this section focuses on these.

The quality of provincial roads varies from province to province as well as regionally within provinces. Table 1.20 shows that just over 85 per cent of the roads for which provinces are responsible are gravel roads and access roads. On aggregate only 16.7 per cent of provincial roads are paved. In addition to other factors such as the extent of historical maintenance backlogs of provincial roads, unsurfaced roads increase the need for continual maintenance, which requires ongoing expenditure.

**Table 1.20: Extent of provincial road networks, March 2006**

Description	Surface Roads (km)	Gravel Roads (km)	Access Road (km)	Total kilometers	Total number of vehicles	Road densities
Eastern Cape	5,493	34,692	7,631	47,816	480,059	10,0
Free State	6,310	22,046	20,000	48,356	416,029	8,6
Gauteng	3,357	1,771	2,410	7,538	2,893,665	383,9
KwaZulu-Natal	7,216	19,373	10,571	37,160	1,023,368	27,5
Limpopo	4,973	11,631	10,578	27,182	352,906	13,0
Mpumalanga	6,144	10,752	7,479	24,375	432,313	17,7
Northern Cape	3,013	53,725	12,023	68,761	160,113	2,3
North West	5,691	19,161	10,017	34,869	400,098	11,5
Western Cape	6,621	24,991	7,822	39,434	1,236,809	31,4
	<b>48,818</b>	<b>198,142</b>	<b>88,531</b>	<b>335,491</b>	<b>7,395,360</b>	-

Source: National Treasury, 2006

Turning focus to the Free State, 14.41 per cent of all provincial roads are found in the province, thus making the province to have the second highest proportion of these in the country. In terms of access roads, 22.25 per cent of these are found in the province, thus making the province to have the highest number of these in the country. Of the 48 818 km of provincial roads in the province, only 6 310 km or 12.92 per cent are surfaced whilst 22 046 km or 11.12 per cent are gravel. In this regard, the province has the second highest distance of surfaced roads and the fourth longest distance of gravel roads.

The potential utilisation of roads is an important indicator of future spending requirements. The rate of utilisation determines the extent and timing of road maintenance. Over-utilisation also result in traffic congestion. Potential utilisation can be inferred from road densities reflected in table 1.20 above. Of the 7,4 million registered vehicles in South Africa as at the end March 2006, Free State had 416 029 units or 5.62 per cent. As a result, the province had the second lowest road density of 8.6. From this, it could be inferred that if the quality of the provincial roads was of the highest standard, the relatively low road density should have favoured the sustainability of the province's road networks. By contrast, this could imply that the alleged bad state of roads in the province has little to do with utilization, but more to do with the quality of workmanship.

Turning to expenditure on roads, table 1.21 below shows that provincial spending on roads grew by R2,3 billion between 2002/03 and 2005/06, and is predicted to grow by a further R4,2 billion over the next three years, reaching R11,8 billion by 2008/09. Of all the nine provinces, Free State shows the highest rate of growth in road infrastructure expenditure in 2006/07 as well as for the 2006/07 MTEF..

**Table 1.21: Provincial and national roads infrastructure expenditure, 2002/03 - 2008/09**

Description	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Percentage growth (average annual)		
	Outcome			Prelim. Outcome	Medium-term estimates			2002/03 - 2005/06	2005/06 - 2006/07	2006/07 - 2008/09
<b>Eastern Cape</b>	7,0%	6,6%	5,9%	5,8%	5,5%	5,9%	5,7%	1,4%	8,2%	11,9%
<b>Free State</b>	4,3%	3,3%	3,3%	3,1%	4,4%	7,2%	8,7%	0,3%	54,8%	54,6%
<b>Gauteng</b>	2,6%	2,2%	2,4%	2,0%	1,9%	2,0%	2,4%	0,6%	18,1%	18,5%
<b>KwaZulu-Natal</b>	3,7%	4,6%	4,9%	5,2%	4,9%	5,3%	5,6%	27,3%	6,3%	15,2%
<b>Limpopo</b>	4,5%	5,0%	5,1%	5,5%	4,8%	5,8%	5,2%	20,5%	4,4%	8,8%
<b>Mpumalanga</b>	6,1%	5,0%	6,1%	6,2%	5,4%	6,8%	6,1%	14,7%	4,3%	8,8%
<b>Northern Cape</b>	4,8%	4,1%	5,6%	4,5%	5,1%	6,1%	6,4%	11,2%	28,0%	23,3%
<b>North West</b>	3,5%	4,3%	3,5%	4,6%	4,3%	5,0%	5,6%	24,1%	3,0%	17,7%
<b>Western Cape</b>	5,0%	4,0%	4,5%	5,6%	6,5%	6,0%	6,1%	16,1%	27,0%	12,3%

Source: National Treasury, 2006

With the provincial roads infrastructure expenditure comprising 48.2 per cent of the total expenditure for the provincial departments of roads and transport, table 1.21 above shows that, judging by expenditure, road infrastructure is considered one of the top priorities in the Free State, a notion that seems to be in line with the locational advantage of the province.

Comparing the Free State to other provinces with regard to some delivery outcomes related to roads, table 1.22 below shows that in 2005/06, 890 km of surfaced provincial roads were upgraded and 839 km of surfaced roads were rehabilitated in the country as a whole. In the process, 47 530 jobs were created through the EPWP. Against the background of all the work that was done in Free State roads in 2005/06 in excess of 26 722 km, the number of jobs created through these was shockingly low, i.e. 764. In fact, taking into consideration the length of roads on which some form of work was conducted compared to other provinces such as KwaZulu-Natal, the province created the second lowest number of jobs. In view of the high rates of unemployment and poverty discussed in the earlier part of this document, this undesirable outcome cannot go unchecked.

**Table 1.22: Provincial roads construction outputs, 2005/06**

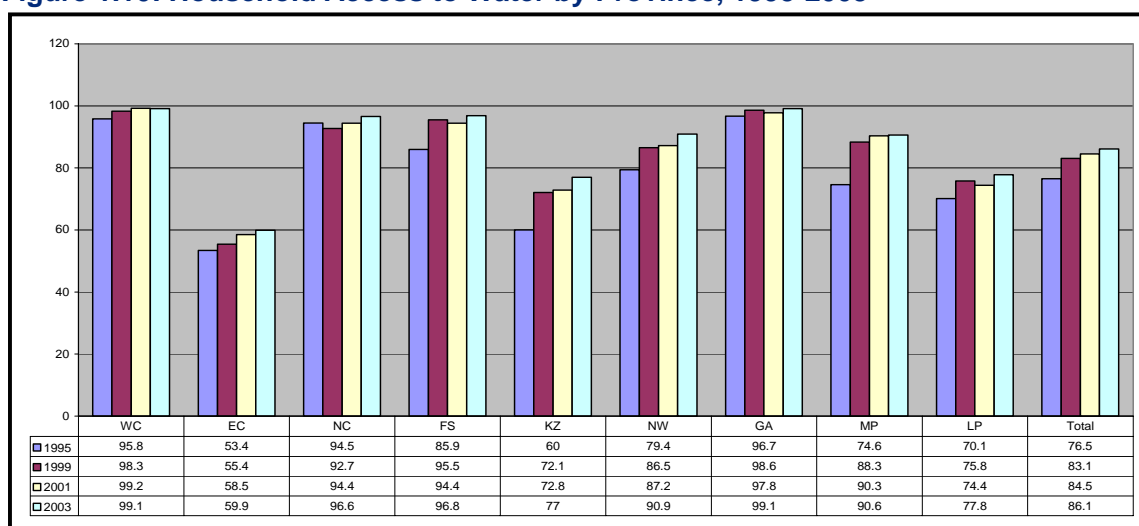
Description	Road Construction (Surfaced Roads)				Road Maintenance			
	Upgraded (km)	Rehabilitated (km)	Total kilometres	% of Total kilometres	Resealed tarred Roads (km)	Regravel Roads (km)	All Routine Maintenance (km)	EPWP Jobs Created
Eastern Cape	389	68	457	26.43%	60	586	30,826	1,242
Free State	39	-	39	2.26%	16	69	26,722	764
Gauteng	11	-	11	0.64%	120	6	64	1,329
KwaZulu-Natal	93	77	170	9.83%	72	868	11,084	30,647
Limpopo	115	491	606	35.05%	111	7,750	63,392	619
Mpumalanga	-	-	-	0.00%	-	-	-	-
Northern Cape	55	44	99	5.73%	90	-	1,681	2,600
North West	175	126	301	17.41%	80	49	46,170	6,325
Western Cape	13	33	46	2.66%	548	581	34,000	4,004
<b>Total</b>	<b>890</b>	<b>839</b>	<b>1,729</b>	<b>100.00%</b>	<b>1,097</b>	<b>9,909</b>	<b>213,939</b>	<b>47,530</b>

Source: National Treasury, 2006

### 3.5.3 Water

“By means of water”, says the Koran, “we give life to everything.” That simple teaching captures a deeper wisdom. People need water as surely as they need oxygen: without it life could not exist. But water also gives life in a far broader sense. People need clean water and sanitation to sustain their health and maintain their dignity. But beyond the household water also sustains ecological systems and provides an input into the production systems that maintain livelihoods. Water pervades all aspects of human development. When people are denied access to clean water at home or when they lack access to water as a productive resource their choices and freedoms are constrained by ill health, poverty and vulnerability (UNDP, 2006). Access to clean water and sanitation also reduce mortality (DBSA, 2006).

Figure 1.10: Household Access to Water by Province, 1995-2003



Primary Sources: OHS 1995, OHS 1999, LFS 2001, LFS 2003 (Statssa)

In figure 1.10 above, households access to piped water for the years 1995, 1999, 2001 and 2003 is presented, both nationally and provincially. The impact of government policy is clearly reflected in the general trend of increasing access to piped water over the period. On a national level, access to piped water rose by almost 10 per cent points from

1995 to 2003, so that 86.1 per cent of households had access to piped water in 2003. Whilst inter-provincial disparities in piped water access are stark, Free State province showed an increase 85.9 per cent in 1995 to 96.8 per cent in 2003.

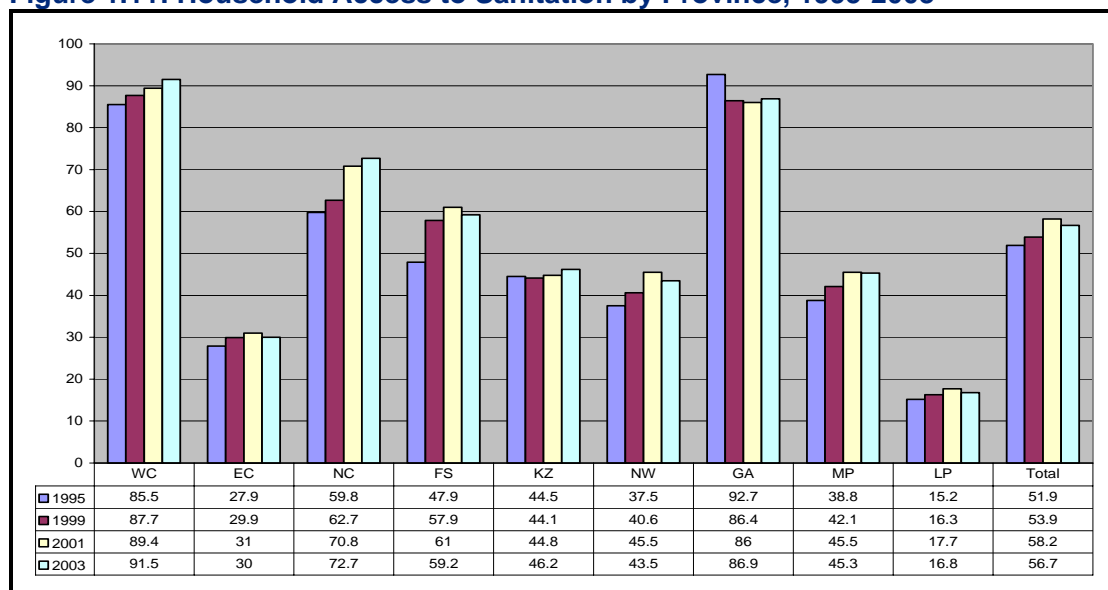
The improvements in access amongst African households across all provinces have resulted in a significant narrowing in the gap between race groups. Nationally, the difference between African and White access rates was nearly halved from 29.6 per cent points in 1995 to 16.5 per cent points in 2003. In this regard, the province made significant inroads into closing the access gap between African and White households, with the access rates for African households increasing from 82.7 per cent in 1995 to 96.4 per cent in 2003.

### 3.5.4 Sanitation

Another household service for which access can be investigated is sanitation, which is essential for the promotion of improved health and living conditions. Here access to sanitation refers to households having access to flush toilets, either in their dwellings or on site, and these flush toilets can be connected either to a public sewerage system or to a septic tank. Nationally, approximately 57 per cent of households had access to modern sanitation in 2003, somewhat higher than in 1995

In the Free State, access to sanitation increased from 47.9 per cent in 1995 to 59.2 per cent in 2003, an increase of 11.3 per cent. This makes the Free State to have the fourth highest access rate to sanitation after Western Cape, Gauteng and Northern Cape.

**Figure 1.11: Household Access to Sanitation by Province, 1995-2003**



Primary Sources: OHS 1995, OHS 1999, LFS 2001, LFS 2003 (Statssa)

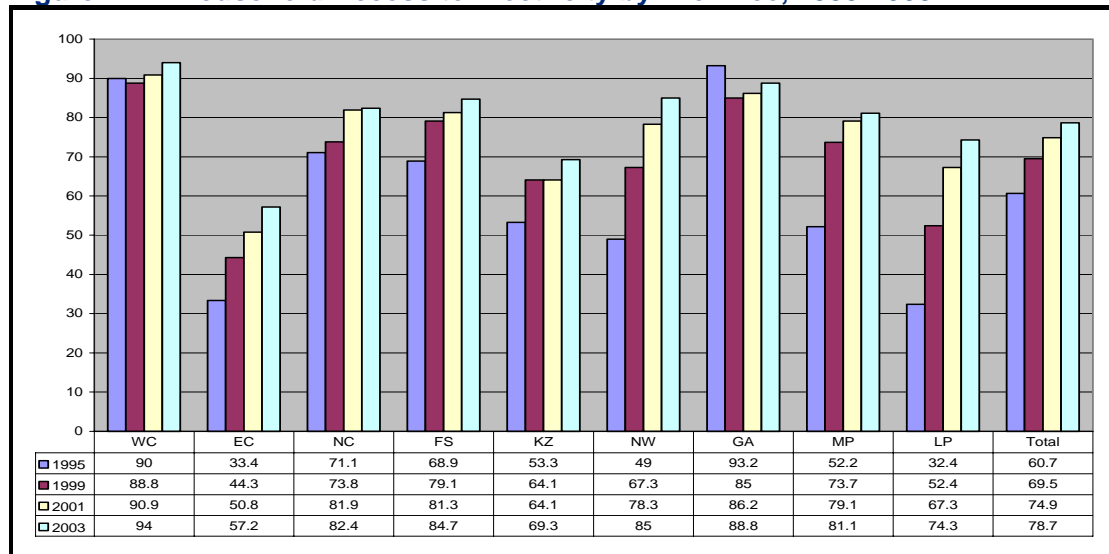
Similarly, there are also wide disparities in access to sanitation between the different races. This is particularly the case for Africans and, to a lesser extent, for Coloureds. In the Free State, access rates for Africans increased from 35.1 per cent in 1995 to 51.9 per cent in 2003 whilst the same decreased from 76.6 per cent to 70 per cent for Coloureds during the same period. With the Free State arguably amongst the six most

rural provinces, it is reported that this makes provision of flush toilets not viable, so that greater reliance is placed on pit latrines

### 3.5.6 Electricity

The electrification of areas previously without electricity has also been a priority and, as a result, the proportion of households nationally with access to electricity has increased from 60.7 per cent to 78.7 per cent between 1995 and 2003. Thus, households with access to electricity are those who report electricity as their main source of energy for lighting or heating or cooking. The Free State had an increase from 68.9 per cent to 84.7 per cent in the access rate between 1995 and 2003, though the province remained steadfastly as the one with the fourth highest access rate.

**Figure 1.12: Household Access to Electricity by Province, 1995-2003**



Primary Sources: OHS 1995, OHS 1999, LFS 2001, LFS 2003 (Statssa)

Notable is the rate of decrease from 82.4 per cent to 7 per cent 4 amongst Coloured households between 1995 and 2003 on the one hand and an increase amongst African households from 61.3 per cent to 82.4 per cent on the other hand.

### 3.6 Labour and Employment

This section highlights key aspects of the pattern of unemployment over the period March 2001 to March 2006. Table 1.23 below indicates that unemployment rate in the province is continuing to decline over the period March 2001 to March 2006. In comparison, the Free State had the fourth highest unemployment rate of 28.3 per cent in 2006 after Limpopo at 35.6 per cent, North West at 31.8 per cent and Kwazulu-Natal at 29.9 per cent.

**Table 1.23: Unemployment rate by province, March 2001 – March 2006**

Province	Mar 2001	Mar 2002	Mar 2003	Mar 2004	Mar 2005	Mar 2006
	<b>Percentage</b>					
Western Cape	19,0	18,4	19,9	16,8	17,6	15,9
Eastern Cape	28,4	26,4	29,8	32,6	27,1	22,1
Northern Cape	23,8	27,7	28,9	22,4	29,4	23,5
Free State	27,4	31,1	31,2	26,0	30,6	28,3
KwaZulu-Natal	26,2	35,9	36,3	33,0	31,7	29,9
North West	27,9	30,3	32,3	30,8	28,8	31,8
Gauteng	28,2	29,8	30,8	27,7	22,7	23,3
Mpumalanga	26,3	29,9	30,8	25,7	27,4	27,4
Limpopo	28,1	35,1	39,4	31,2	32,4	35,6
<b>Total</b>	<b>26,4</b>	<b>29,7</b>	<b>31,2</b>	<b>27,9</b>	<b>26,5</b>	<b>25,6</b>

Source: Statistics South Africa (Labour Force Survey, March 2006)

**Table 1.24: Estimated population of working age (15 – 65 years)  
By province, sex and labour market status (Official definition of unemployment)**

Province	Male							Female							Total						
	Total	Not economically active	Economically active				Total	Not economically active	Economically active				Total	Not economically active	Economically active						
			Total	Workers	Unemployed	Rate			Total	Workers	Unemployed	Rate			Total	Workers	Unemployed	Rate			
N (1 000)				%			N (1 000)				%			N (1 000)				%			
South Africa	14 414	5 348	9 066	7 111	1 955	21.6	15 433	7 775	7 658	5 339	2 319	30.3	29 852	13 126	16 726	12 451	4 275	25.6			
Western Cape	1 612	399	1 213	1 033	180	14.9	1 624	643	981	812	169	17.2	3 236	1 042	2 194	1 845	349	15.9			
Eastern Cape	1 831	802	1 029	811	218	21.2	2 164	1 100	1 064	819	245	23.0	3 996	1 903	2 094	1 630	464	22.1			
Northern Cape	287	100	187	150	37	19.6	292	152	139	99	40	28.8	580	253	327	250	77	23.5			
Free State	915	334	581	465	115	19.8	990	490	500	309	191	38.1	1 906	825	1 081	775	306	28.3			
KwaZulu-Natal	2 843	1 235	1 608	1 175	434	27.0	3 227	1 707	1 521	1 020	501	32.9	6 072	2 943	3 129	2 195	935	29.9			
North West	1 194	450	745	557	187	25.2	1 237	690	547	324	223	40.7	2 431	1 140	1 291	881	410	31.8			
Gauteng	3 391	897	2 495	2 016	479	19.2	3 083	1 285	1 798	1 277	521	29.0	6 474	2 181	4 293	3 293	1 000	23.3			
Mpumalanga	944	345	599	475	124	20.7	1 048	541	507	328	180	35.4	1 992	886	1 106	803	303	27.4			
Limpopo	1 396	786	609	428	181	29.7	1 768	1 167	600	351	249	41.5	3 163	1 953	1 210	780	430	35.6			

\* For all values of 10 000 or lower the sample size is too small for reliable estimates.

Totals include unspecified sex.

Due to rounding, numbers do not necessarily add up to totals.

Source: Statistics South Africa (Labour Force Survey, March 2006)

Table 1.24 further indicates that, the province has 825 of its working age population not economically active as compared to 1081 that are active.

**Figure 1.13: District Employment by Sector (1996, 2001, 2005)**

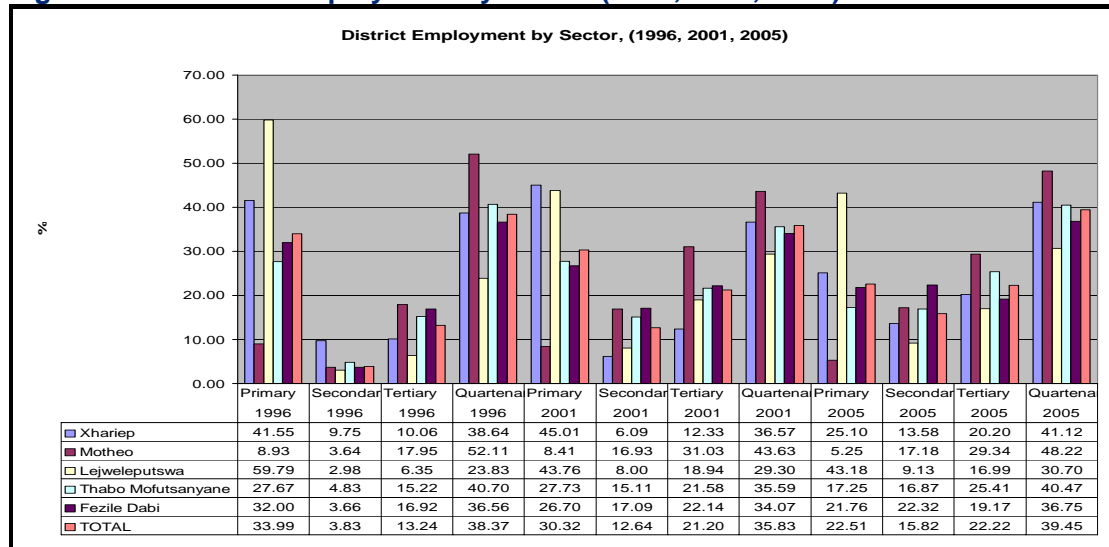


Figure 1.13 above shows that there's been a dramatic decline in the employment of labour within the Primary sector since 1996. This can be seen in the Lejweleputswa district which previously used to employ about 60 per cent of labour in the Primary sector. In 2005 it only employed 43.18 per cent.

Looking at the employment of labour in the province, figure 3.14 below shows that since 1996, the province has experienced a decline in unskilled labour, it declined from 39 per cent in 1996 to 35 per cent in 2005; while skilled labour while it makes a small proportion of labour in the province; it has increased from 2.76 per cent in 1996 to 4.62 per cent in 2005. The challenge is to graduate this great number of unskilled labour to semi-skilled and ultimately highly skilled in the province; FET colleges can play a vital role in addressing this; which will contribute towards high level of economic growth in the province.

**Figure 1.14: District Labour by Skill Level**

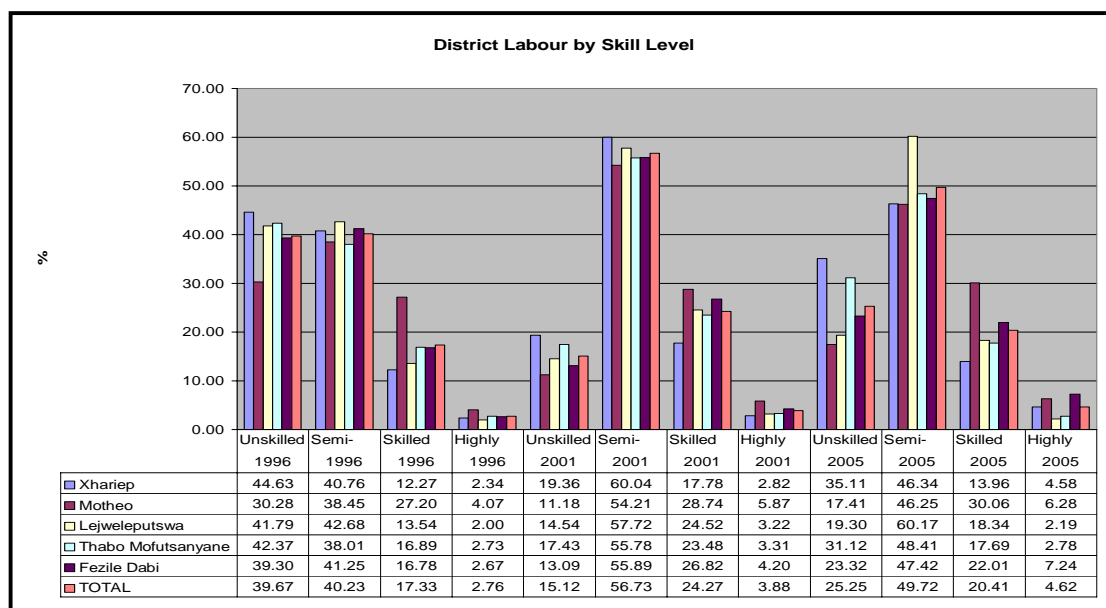


Figure 1.14 indicates that the province has continued to experience high shortage of highly skilled labour across all district municipalities, semi-skilled labour seems to be the only level which the province is experiencing more of it between 1996 to 2005. In 2005 the province had 49.72 per cent of its labour force as semi-skilled; with Lejweleputswa being the district with the highest semi-skilled at 60.17 per cent.

**Figure 1.15: Unskilled vs Highly-skilled labour by District**

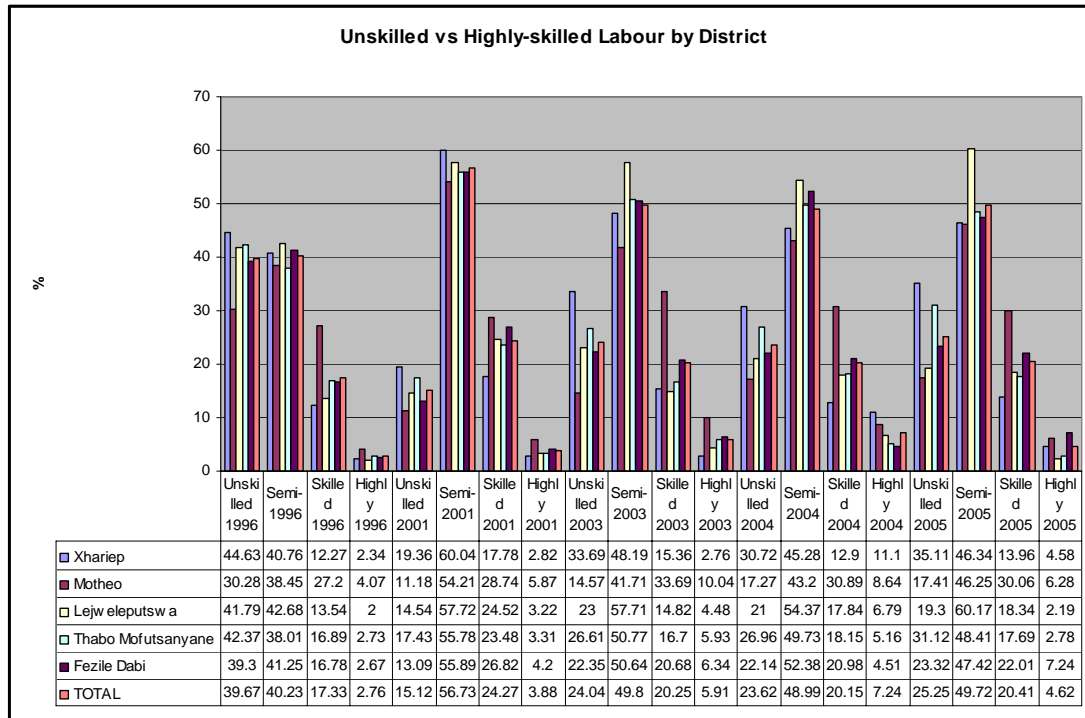
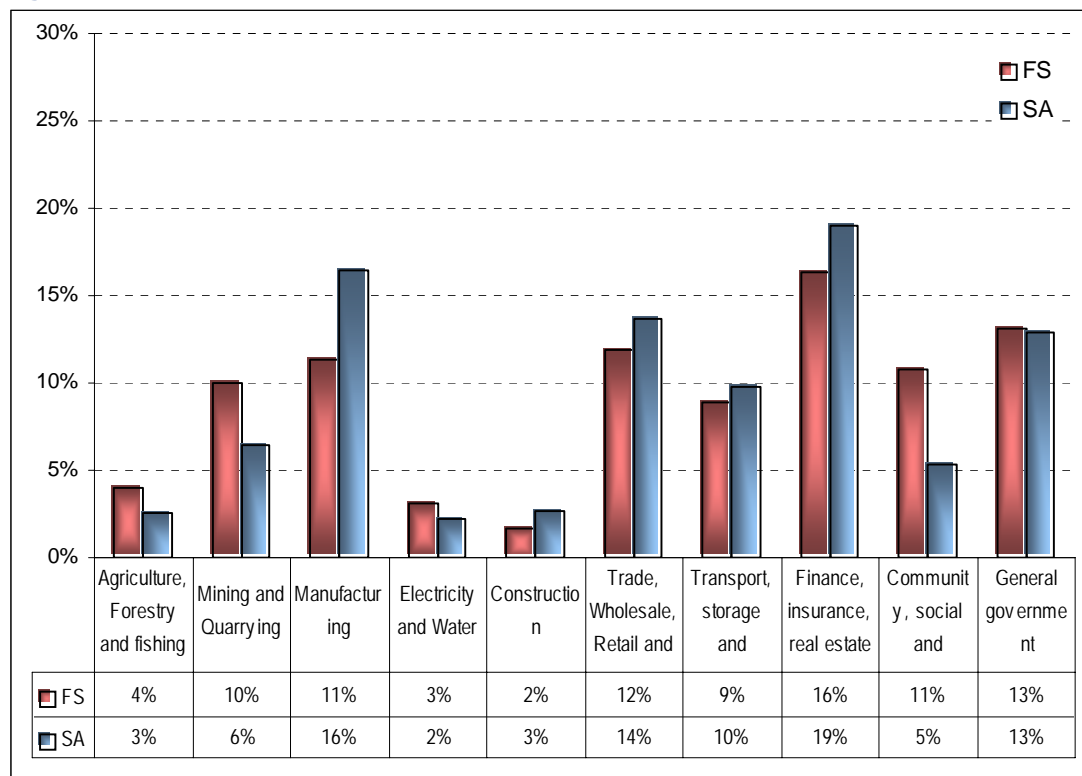


Figure 1.15 shows that in all district municipalities in the province, high proportion of labour was unskilled as compared to skilled labour. In 1996 the province had 39.67 per cent unskilled and only 2.76 per cent as skilled labour; in 2005 the picture was still the same as 25.25 per cent of labour was still unskilled while only 4.62 per cent of labour was highly-skilled.

### 3.6 Economy

The Free State's economic structure differs from that of South Africa. The sectors finance, insurance and business activities, trade, wholesale and accommodation, manufacturing, mining and community and social services are the main contributors to the Free State economy, while manufacturing and trade, wholesale and accommodation and finance and business activities are main contributors to the economy of the country.

**Figure 1.16: Sectoral composition of Free State and South Africa (2004)**



Source: Statistics South Africa (2005)

Looking deeper into the structure of the Free State economy, table 1.25 below shows the contribution of the primary-sector industries, i.e. Agriculture, Forestry and Fishing and Mining and Quarrying fell from 15.8 per cent in 2002, remained constant for the subsequent two years and then fell further to 14.8 per cent of the total value added in 2005. The main contribution came from Mining and Quarrying at between 11 per cent and 10 per cent. The declining contribution of Agriculture, Forestry and Fishing may be due to the drought, stock theft and other causes. Notable is the province's dependence on the mining sector for its economic performance, contributing 11 per cent. Whilst the primary sector contributed 15.4 per cent to the output of the Free State province, it employed 28.5 per cent in 2004, thus indicating the relative labour-intensity of this sector. However, this declined significantly to 22.5 per cent.

The secondary industries' contribution has remained constant on average over the years at 17.6 per cent of the regional Gross Domestic Product (GDPR). Whilst contributing 17.6 per cent of total provincial output, this employed only 15.8 per cent in 2005, thus an increase of 2 per cent in this sector's employment. Manufacturing contributed 11 per cent and is mainly due to the mining-related products. The smallest contributors are Construction (2 per cent), Electricity, and Water (3 per cent). The main contribution is from Manufacturing, which is partly dependent on the primary sector for growth. That the relative contribution of this sector has been falling since 2001 should be a cause for concern.

The tertiary industries, with a contribution of 67 per cent to total GDPR, have been steadily increasing over the years. The main sources of growth opportunities are in these industries. Such industries are tourism under Trade and Accommodation, and also the finance and business services, which is the highest contributor to the provincial economy. The tertiary sector contributed 67.6 per cent to the output of the provincial

economy and employed 61.7 per cent of all workers in the Free State in 2005, thus an increase of 3.42 per cent as compared to 2004. The main contribution came from finance, insurance and business activities by 19 per cent but combined together, the general government and community and social services contributed the biggest share of 24 per cent. Government expenditure is on average the same for both the province and the country and consists mainly of social grants to households in the province.

Turning the focus to the performance of the Free State economy, tables 1.25 and 1.26 shed some light on this. The first compares the value added by different sectors of the Free State whilst the second table compares the performance of the economy since 1996 to 2004 with other provinces.

With regard to table 1.25, the economy of the province had a 3.9 per cent growth in 2004, and this went up to around 4.5 per cent in 2005, suggesting immense growth potential for the provincial economy. It needs to be mentioned that this growth rate was in line with the country's growth rate. The sectors seemingly responsible for this growth is Trade, Finance and to a lesser extent, community services.

**Table 1.25: Gross Domestic Product industry (R billion)**

Industry	Constant 2000 prices (R million)					Value added contributions				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Agriculture, Forestry and Fishing	2,401	2,391	2,071	2,133	2,256	5.5%	5.1%	4.4%	4.3%	4.4%
Mining and Quarrying	4,093	4,944	5,210	5,426	5,376	9.3%	10.6%	11.0%	11.0%	10.4%
<b>Primary industries</b>	<b>6,494</b>	<b>7,335</b>	<b>7,281</b>	<b>7,559</b>	<b>7,632</b>	<b>14.7%</b>	<b>15.8%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>14.8%</b>
Manufacturing	5,786	5,966	5,952	6,139	6,376	13.1%	12.8%	12.6%	12.5%	12.4%
Electricity and Water	1,564	1,523	1,515	1,652	1,667	3.6%	3.3%	3.2%	3.4%	3.2%
Construction	904	826	855	880	1,032	2.1%	1.8%	1.8%	1.8%	2.0%
<b>Secondary industries</b>	<b>8,209</b>	<b>8,316</b>	<b>8,322</b>	<b>8,671</b>	<b>9,075</b>	<b>18.6%</b>	<b>17.9%</b>	<b>17.6%</b>	<b>17.6%</b>	<b>17.6%</b>
Trade, Wholesale, Retail and Accommodation	5,568	5,760	6,077	6,395	6,947	12.6%	12.4%	12.8%	13.0%	13.4%
Transport, storage and communication	4,406	4,658	4,798	4,831	4,954	10.0%	10.0%	10.1%	9.8%	9.6%
Finance, insurance, real estate and business services	7,057	7,985	8,110	8,845	9,266	16.0%	17.2%	17.1%	18.0%	18.0%
Community, social and other personal services	5,378	5,510	5,734	5,804	6,130	12.2%	11.9%	12.1%	11.8%	11.9%
General government	6,814	6,832	6,905	7,111	7,490	15.5%	14.7%	14.6%	14.4%	14.5%
<b>Tertiary industries</b>	<b>29,894</b>	<b>30,746</b>	<b>31,632</b>	<b>32,986</b>	<b>34,787</b>	<b>67.9%</b>	<b>66.2%</b>	<b>66.8%</b>	<b>67.0%</b>	<b>67.6%</b>
All industries at basic prices	44,044	46,446	47,361	49,216	51,494					
Taxes less subsidies	4,504	4,539	4,631	4,817	5,093		3.7%	1.9%	4.2%	4.7%

Source: Statistics South Africa (2005)

Nevertheless, taking a long-term view of the provincial economy since 1996, table 1.26 below suggest that the Free State has significantly lagged behind, though table 1.25 could suggest that the province might have turned its corner.

**Table 1.26: Nominal and real GVA and growth, 1996-2004**

	Year	Nominal GVA (R million)	Real GVA (constant 2000 prices) (R million)	% of SA's GVA	Average annual growth in GVA 1996-2004 (%)
Western Cape	1996	100,477	132,787	17.5%	2.1 (7)
	2004	201,575	156,345	16.4%	
Northern Cape	1996	10,254	14,610	1.9%	2.5 (4)
	2004	23,010	17,752	1.9%	
Free State	1996	32,835	41,760	5.5%	0.7 (8)
	2004	58,660	44,214	4.6%	
Eastern Cape	1996	38,741	51,174	6.8%	2.3 (5)
	2004	79,733	61,318	6.4%	
KwaZulu-Natal	1996	85,967	113,167	14.9%	3 (2)
	2004	187,193	143,382	15.0%	
Mpumalanga	1996	40,224	52,176	6.9%	2.6 (3)
	2004	83,413	64,081	6.7%	
Limpopo	1996	24,337	35,118	4.6%	2.2 (6)
	2004	52,914	41,861	4.4%	
Gauteng	1996	199,104	264,050	34.9%	3.9 (1)
	2004	461,161	356,209	37.3%	
North West	1996	33,534	52,178	6.9%	3 (2)
	2004	82,751	65,858	6.9%	
<b>National Total</b>	<b>1996</b>	<b>565,473</b>	<b>757,020</b>	<b>100%</b>	<b>2.9</b>
	<b>2004</b>	<b>1,230,409</b>	<b>954,019</b>	<b>100%</b>	

Source: DBSA, 2006

We conclude this discussion by looking at the role of the state in this entire puzzle. When people are asked to list the economic problems about which they are most concerned, unemployment and inflation generally top the list. Economic growth is rarely mentioned as one of the most pressing concerns. The importance of economic growth is often overlooked. While the effects of growth may be small in any one year, the cumulative effect of compound growth becomes rather dramatic over time. The "rule of 72"<sup>9</sup> may be used to illustrate the effect of economic growth. This rule states that the period of time required for income to double is 72 divided by the growth rate ([www.swlearning.com/economics/policy\\_debates/infrastructure.html](http://www.swlearning.com/economics/policy_debates/infrastructure.html)).

Applying this to South Africa and the Free State if an economy experiences real growth at an annual rate of 3.2 per cent and 2.6 per cent, respectively, average income in the country and province will double in 23 years and 28 years, respectively (i.e  $72/3.2 = 22.5$  and  $72/2.6=27.6$ ). Using the goal of a 6 per cent growth for the South African economy, the rule of 72 suggest that it should take 12 years for South Africa's income to double, provided the economy does not grow at any rate less than 6 per cent for the next twelve years. In view of the MDG set for 2014, which is in 7 years time, the rule of 72 suggests that South Africa will need to grow by no less than 10 per cent in the next seven years for the country's income to be doubled by 2014. Question is, what will it take for a Free State economy with an average real growth of 0.7 per cent between 1996 and 2004 to

<sup>9</sup> The rule of 72 is a simplified way to determine how long an investment will take to double, given a fixed annual rate of interest.

grow by no less than 10 per cent in the next seven years in order to double its income and halve poverty by 2014?

## 4. Receipts

### 4.1 Overall position

The total provincial receipts for the 2007/08 financial year is estimated at R13, 413 billion. The National transfer consisting of Equitable share and Conditional grants are the main source of provincial receipts to enable the province to carry out its mandate. The total National Transfers for 2007/08 amounts to R12, 947 billion which constitute 96, 5 per cent of total provincial receipts. This encompasses equitable share funding of R10, 745 billion and conditional grants of R2, 202 billion. Provincial own receipts for 2007/08 financial year is projected at R465 million or only 3, 4 per cent of total receipts. Table 1.27 below shows the actual receipts for 2003/04 to 2005/06, the estimated revenue for 2006/07 and 2007/08 MTEF period.

Table 1.27: Summary of provincial receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
<b>Transfer receipts from National</b>									
Equitable share	7,840,713	8,306,713	8,969,181	9,595,367	9,731,272	9,731,272	10,745,189	12,137,283	13,536,283
Conditional grants	3,627,516	4,802,374	5,702,937	1,686,680	1,807,248	1,807,248	2,202,116	2,548,196	2,827,114
<b>Total transfer receipts from National</b>	<b>11,468,229</b>	<b>13,109,087</b>	<b>14,672,118</b>	<b>11,282,047</b>	<b>11,538,520</b>	<b>11,538,520</b>	<b>12,947,305</b>	<b>14,685,479</b>	<b>16,363,397</b>
<b>Provincial own receipts</b>									
Tax receipts	158,339	168,852	197,939	211,594	219,589	211,991	238,822	257,903	279,803
Casino taxes	11,117	8,937	11,393	14,986	19,800	18,288	20,686	21,931	22,923
Horse racing taxes	4,574	5,036	5,090	3,503	5,322	5,454	5,858	6,452	7,009
Liquor licences	2,306	2,452	2,420	2,522	3,884	2,899	4,278	4,520	4,871
Motor vehicle licences	140,342	152,427	179,036	190,583	190,583	185,350	208,000	225,000	245,000
Sales of goods and services other than	152,008	138,646	143,181	137,618	135,585	139,376	145,612	153,172	161,215
Transfers received	75	-	10	-	-	18	-	-	-
Fines, penalties and forfeits	8,143	9,604	11,231	12,854	12,865	13,960	13,850	17,114	17,617
Interest, dividends and rent on land	62,426	73,880	64,972	30,270	56,429	61,523	59,031	62,026	65,063
Sales of capital assets	4,590	2,392	1,287	2,023	2,573	2,569	2,017	2,030	2,047
Financial transactions in assets and	11,548	21,297	29,160	641	5,654	7,637	6,115	6,654	7,023
<b>Total provincial own receipts</b>	<b>397,129</b>	<b>414,671</b>	<b>447,780</b>	<b>395,000</b>	<b>432,695</b>	<b>437,074</b>	<b>465,447</b>	<b>498,899</b>	<b>532,768</b>
<b>Total provincial receipts</b>	<b>11,865,358</b>	<b>13,523,758</b>	<b>15,119,898</b>	<b>11,677,047</b>	<b>11,971,215</b>	<b>11,975,594</b>	<b>13,412,752</b>	<b>15,184,378</b>	<b>16,896,165</b>

The total provincial receipts increases by R1, 736 billion in nominal terms from 2006/07 main appropriation to 2007/08. This represents an increase of 13 per cent. In the outer years of 2007/08 MTEF, the total provincial revenue is R15, 184 billion and R16, 896 billion respectively. The equitable share, which forms the bulk of national transfer to the province, is R12, 137 billion for 2007/08 and R13, 536 billion for 2008/09 representing an increase of 13 per cent and 11, 5 per cent respectively. Conditional grants provide a further R2, 202 billion and R2, 548 billion or 15, 7 per cent and 10,9 per cent increase in the outer two years of the MTEF period.

Provincial own revenue forms a very small part of the total provincial receipts. The share of Provincial own revenue to the total provincial receipts shows a slight increase of 0.1 per cent in 2007/08 from 3, 4 per cent in 2006/07 to 3, 5 per cent. Although it indicates an increase in the first year of the MTEF, it is evident that provincial own revenue increases at a lower rate compared to other sources of funding (Equitable share and conditional grants). The contribution of provincial own revenue to the total provincial

receipts declines from 3, 5 per cent in 2007/08 to 3, 3 per cent in the last year of the 2007 MTEF. The main contributor to the provincial own revenue being tax receipts at 52 per cent.

## 4.2 Equitable share

The allocation process under section 214(2) of the Constitution states that the Act referred to in subsection 10 may be enacted only after the provincial governments, organized local government and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered.

The equitable share formula is merely an objective mechanism that allocates funds between provinces and not to functional areas. The Division of Revenue Act provides for the equitable division of revenue raised at national level among the three spheres of government, i.e. national, provincial and local levels. The division is made in terms of the Provincial Equitable Share formula.

The new equitable share formula was phased in the 2005/06 financial year after the revised formula was agreed to. The share of the Free State province did not change significantly. A review process was once again embarked on during 2006 in order to incorporate changes due to provincial shares that changed after the demarcation of Provincial boundaries. The Free State was however not affected by any demarcation of Boundaries. During this process a recommendation was however also made to move away from using 4-year averages as in the past in order to feed population numbers etc. into the formula. This decision did impact negatively on the Total Equitable Share that the Province should get by reducing the province's total share from an initial 6.4 per cent to 6.3 per cent of total Provincial Equitable share for the Country. This was mainly due to a steady decline in student numbers from the department of Education during the past four years. The effect would normally not have been so severe due to the cushioning effect of using averages. The components of the formula have been updated with the latest available data.

The paragraph below outlines the components and weights of the formula:

- Education – the enrolment and school age cohort (51%)
- Health – based on the proportion of population with and without medical aid (26%)
- Basic - province's share of total population (14%)
- Poverty - the level of poverty in the province (3%)
- Economic activity – based on the Regional Gross Domestic Product data (1%)
- Institutional - equal division among provinces (5%)

The weights of the components have been updated with the data from the General Household Survey. The results of the Snap Survey by the national Department of Education have been used to update the education component. However, the 2005 Snap Survey will not be considered because of several gaps.

Taking into account the expenditure pattern over the past three years, the shares of the components remain unchanged and will be used over the next three years to ensure stability.

### 4.3 Conditional grants

Conditional Grants continue to experience sustained growth in view of the positive growth of the Equitable Share of the province equaling an average of 9 per cent annual growth (excluding Social Assistance grants) over the past 3 years. Broadly, conditional grants enhance mostly Social and Human development as Health, Education and Local Government and Housing accounted for 83 per cent of the total allocation for conditional grants in 2006/07. This trend remains relatively strong over the MTEF with the three mentioned departments accounting for 74 per cent, 74 per cent and 72 per cent over the next three years.

Though the framework for conditional grants caters mostly for Health, Education and Local Government and Housing, these three departments are central to achieving our Social and Human Development priority of the Free State Growth and Development Strategy. These grants are used by the national government as an intervention mechanism of ensuring that national policies are funded and implemented in terms of the national framework and the Division of Revenue Act.

Some grants will gradually be converted into the provincial Equitable Share once their activities form part of the broader mandate of the department, for e.g. Hospital Management and Quality Improvement Grant (Health), Integrated Nutrition Programme Grant (Health) and Further Education and Training College Grant (Education) to be converted into the Provincial Equitable Share in 2009/10. It should be noted that these conditional grants were not necessarily discontinued but rather became part of the Equitable Share.

Some of the major increases in conditional grants include Education's Further Education and Training College Sector Recapitalization Grant which grows from R30, 000 million to 36 000 million in 2007/08 and a substantial increase of R52, 200 million or 45 per cent in 2008/09. It will then be converted into the departmental equitable share from 2009/10 to deal with the Recapitalization of Further Education and Training Colleges.

Hospital Revitalization Grant is also growing strongly from R45, 653 million in 2006/07 to R90, 419 million in 2007/08, R141, 979 million in 2008/09 and R159, 987 million in 2009/10 representing a three year strong growth of 19 per cent, 57 per cent and 13 per cent over the MTEF period. Further growth is also experienced in National Tertiary Services which grows at a fast rate especially in the last two years of the MTEF period. This grant grows from R458, 043 million in the 2006/07, R480, 945 million in 2007/08, R536, 023 million in 2008/09 and R585, 736 million in 2009/10, resulting in increases in healthy growth rates of 5 per cent, 12 per cent and 9 per cent over the MTEF period. The strong growth in this grant especially in 2008/09 – 2009/10 is partly attributed to the Remuneration Review of Health Professionals. A portion of this grant will fund the Remuneration Review of Health Professionals.

The Provincial Infrastructure Grant doubles from the current allocation of R242, 678 million to 509, 978 million in 2007/08, it further grows to R567, 448 million in 2008/09 and R662, 758 million in the last year of the MTEF period. Though this grant is shared between the departments of Public Works, Roads and Transport, Education and Health, the bulk of these funds are allocated to the department of Public Works, Roads and Transport to deal with province's roads infrastructure which is underpinned by robust investment on the provincial roads infrastructure. This represents increases of 110 per cent, 11 per cent and 17 per cent over the MTEF period. This infrastructure investment provides strong platform for accelerated future growth of the province.

Agriculture remains critical to unlock the economic potential of this province; this sector is well suited for rapid job creation and can provide growing opportunities for emerging black farmers. Comprehensive Agricultural Support Programme Grant is growing strongly from the current allocation of R25, 306 million to R38, 084 million, R39, 912 million and R43, 909 million representing increases of 50 per cent, 5 per cent and 10 per cent over the MTEF. Mass Sport and Recreation Participation Programme Grant increases strongly from R9, 780 million in the current financial year to R15, 206 million, 21, 534 million and R28, 606 million over the MTEF, representing health growth rates of above 30 per cent over the MTEF, 55 per cent in year 1, 42 per cent in year 2 and 33 per cent in year 3. The only new conditional grant in terms of the current framework is the Library Service Grant which is introduced to step up and institutionalize community library services in undeserved areas. This grant is allocated R16, 470 million, R30, 927 million and R42, 639 million over the MTEF period.

Table 1.28 Provincial Summary of Conditional Grants

Department/Grant	Outcome			Main Appropriation	Adjusted Appropriation 2006/07	Estimate actual	Medium Term Expenditure Estimates		
	2003/04	2004/05	2005/06				2007/08	2008/09	2009/10
<b>Agriculture</b>	<b>2,298</b>	<b>3,426</b>	<b>66,296</b>	<b>28,421</b>	<b>35,887</b>	<b>35,887</b>	<b>41,354</b>	<b>43,340</b>	<b>48,022</b>
Agricultural Disaster Management Grant			26,328		6,672	6,672			
Comprehensive Agricultural Support Programme Grant		1,495	36,463	25,306	25,306	25,306	38,084	39,912	43,909
Land Care Programme Grant: Poverty Relief & Infrastructure Development	2,298	1,931	3,505	3,115	3,909	3,909	3,270	3,428	4,113
<b>Education</b>	<b>30,647</b>	<b>54,542</b>	<b>69,325</b>	<b>103,208</b>	<b>111,537</b>	<b>111,537</b>	<b>113,240</b>	<b>135,070</b>	<b>88,453</b>
Early Childhood Development Grant	4,836	1,000	737						
Financial Management and Quality Enhancement Grant	15,853	56							
Further Education and Training College Sector Recapitalisation Grant				30,000	30,000	30,000	36,000	52,200	-
HIV and Aids (Life Skills Education) Grant	9,958	7,337	7,961	8,424	8,865	8,865	9,217	9,800	10,341
National School Nutrition Programme Grant		46,149	60,627	64,784	72,672	72,672	68,023	73,070	78,112
<b>Health</b>	<b>507,062</b>	<b>596,197</b>	<b>717,488</b>	<b>779,992</b>	<b>799,306</b>	<b>810,402</b>	<b>852,575</b>	<b>977,467</b>	<b>1,063,868</b>
Comprehensive HIV and Aids Grant	30,144	69,070	100,479	142,265	142,265	142,267	153,646	165,938	179,213
Forensic Pathology Services Grant			317	41,494	46,883	41,494	30,422	31,198	28,177
Health Professions Training and Development Grant	90,061	93,643	92,517	92,517	92,517	92,517	97,143	102,000	110,755
Hospital Revitalisation Grant	50,356	47,436	92,157	45,673	59,598	76,081	90,419	141,979	159,987
Malaria and Cholera Prevention Grant		1,900							
National Tertiary Services Grant	336,501	384,148	432,018	458,043	458,043	458,043	480,945	536,352	585,736
<b>Housing</b>	<b>327,308</b>	<b>464,393</b>	<b>370,130</b>	<b>522,601</b>	<b>528,629</b>	<b>528,629</b>	<b>653,293</b>	<b>772,410</b>	<b>892,768</b>
Integrated Housing and Human Settlement Development Grant	327,308	464,393	370,130	522,601	528,629	528,629	653,293	772,410	892,768
<b>National Treasury</b>	<b>213,642</b>	<b>193,785</b>	<b>226,376</b>	<b>242,678</b>	<b>294,043</b>	<b>294,043</b>	<b>509,978</b>	<b>567,448</b>	<b>662,758</b>
Provincial Infrastructure Grant	141,876	174,904	226,376	242,678	294,043	294,043	509,978	567,448	662,758
Provincial Infrastructure Grant: Flood Rehabilitation Grant	71,766	18,881							
<b>Provincial and Local Government</b>	<b>33,208</b>	<b>31,736</b>	<b>13,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disaster Relief Grant									
Local Government Capacity Building Grant and CMIP	33,208	31,736	13,621						
<b>Sport and Recreation South Africa</b>	<b>-</b>	<b>971</b>	<b>2,488</b>	<b>9,780</b>	<b>9,962</b>	<b>9,962</b>	<b>15,206</b>	<b>21,534</b>	<b>28,606</b>
Mass Sport and Recreation Participation Programme Grant		971	2,488	9,780	9,962	9,962	15,206	21,534	28,606
<b>Other (not included above)</b>	<b>2,875,748</b>	<b>3,473,406</b>	<b>3,622,098</b>	<b>-</b>	<b>27,884</b>	<b>27,884</b>	<b>16,470</b>	<b>30,927</b>	<b>42,639</b>
Library Service Grant					27,884	27,884	16,470	30,927	42,639
Integrated Social Development Services Grant	36,564	784	45,251						
Provincial Project Management for MIG	2,973	3,295	1,923						
Hospital Management and Quality Improvement	12,730	13,055	13,393						
Integrated Nutrition Programme	47,817	6,234	7,296						
Medico Legal		132							
Child Support Extension Grant	71,526	208,318							
Social Grant Arrears	34,264	2,150							
HIV and Aids (Community-Based Care) grant	8,416	9,295	20,294						
Social Assistance Grants	2,661,458	3,230,143	3,533,941						
<b>Total conditional grants</b>	<b>3,989,913</b>	<b>4,818,456</b>	<b>5,087,822</b>	<b>1,686,680</b>	<b>1,807,248</b>	<b>1,818,344</b>	<b>2,202,116</b>	<b>2,548,196</b>	<b>2,827,114</b>

## 4.4 Total provincial own receipts

Table 1.29: Summary of provincial own receipts by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
Vote 01: Office of the Premier	414	440	2,094	1,118	1,404	1,107	1,474	1,548	1,625
Vote 03: Tourism, Environmental and Economic Affairs	41,700	29,296	35,745	29,729	32,867	34,135	39,356	41,324	43,390
Vote 04: Provincial Treasury	61,140	71,259	53,462	29,479	55,564	60,264	58,338	61,249	64,305
Vote 05: Health	79,050	75,114	69,777	69,280	69,280	69,280	73,280	77,676	82,162
Vote 06: Education	16,915	18,053	30,642	9,240	9,950	10,675	10,923	11,469	12,043
Vote 07: Social Development	1,240	838	9,687	819	1,638	1,638	660	690	730
Vote 08: Local Government and Housing	990	1,668	2,933	1,425	2,147	2,147	2,254	2,367	2,485
Vote 09: Public Works, Roads and Transport	190,944	213,605	240,194	251,487	252,249	250,232	272,185	294,956	318,028
Vote 10: Public Safety, Security and Liaison	157	267	358	27	74	74	78	82	86
Vote 11: Agriculture	4,280	3,857	2,677	2,136	3,250	3,250	2,937	3,378	3,546
Vote 12: Sport, Arts and Culture	299	274	211	260	4,272	4,272	3,962	4,160	4,368
<b>Total provincial own receipts by Vote</b>	<b>397,129</b>	<b>414,671</b>	<b>447,780</b>	<b>395,000</b>	<b>432,695</b>	<b>437,074</b>	<b>465,447</b>	<b>498,899</b>	<b>532,768</b>

Table 1.29 above shows the history of actual own revenue receipts, the estimates for the 2006/07 and 2007 MTEF period. In an attempt to create a credible own revenue base, the 2006/07 own revenue budget was adjusted with an amount of R37, 695 from R395 million to R433 million in 2006/07. This represents an increase of 10 per cent from the main appropriation. All departments adjusted their own revenue budget upwards except the Department of Health.

The own revenue budget of the Department of Public Works Roads and Transport increases by 9 per cent from the main appropriation to R272 million in 2007/08. This is due to the positive growth in motor vehicle sales and improved efficiency in the department. This department remains the main contributor to the own revenue budget contributing about 59 per cent.

The province is projecting an overall over-collection in excess of R10 million for all departments based on the current collection trends in the departments. Revenue bilaterals were held in September 2006 to iron out specific problems in all departments and to establish better communication between Treasury and the departments. During these meetings particular attention was also given to the credibility of each department's Provincial Own Revenue Budget and some inconsistencies in the budgets were ironed out. All departments, with the exception of the Department of Health, were able to increase their Own Revenue estimates for the adjustment budget as well as the MTEF.

## 5. Expense

### 5.1 Overall position

The total outlays for 2007/08 MTEF period for the Free State province are budgeted as follows:

- Financial year 2007/08: R13, 412, 752 , 000
- Financial year 2008/09: R15, 184, 378, 000
- Financial year 2009/10: R16, 896, 165, 000

There has been a significant improvement in the provincial spending since 2003/04. From the actual spending of R8, 915 billion (excluding Social Assistance Grants) in

2003/04 to an estimated R12, 151 billion in 2006/07, representing an average annual increase of 13 per cent. In the 2007 MTEF period, the provincial spending is expected to rise from R13, 413 billion in 2007/08 to R16, 896 billion in 2009/10 financial year. The increased level of expenditure represents a real opportunity for departments to improve on the quality of service delivery to the people of Free State province.

In line with the government priorities to expand service delivery and improve infrastructure networks, the increase in 2007/08 MTEF period is mainly directed to the social and economic services departments. This focus is aimed at improving the living standards of the people of Free State Province. Table 1.10 below indicates that the social sector departments (i.e. Education, Health and Social Development) consume R9, 789 billion or 74 per cent of the estimated total provincial payments of R13, 309 billion for 2007/08 financial year. Education still consumes the bulk of the social sector budget of R8, 939 billion by R5, 692 billion or 58 per cent while Social Development takes 5 per cent and the remaining 37 per cent allocated to Health.

The share for non-social sector departments increased from 23 per cent in 2005/06 to 26 per cent in 2007/08 with an estimated budget of R3, 520 billion. The department of Public Works, Roads and Transport has the largest budget share of R1, 590 billion or 45 per cent of the non-social sector departments' allocation. The payments for 2007 MTEF period are estimated to increase annually by 12, 9 per cent in 2008/09 and 11, 3 per cent in 2009/10.

## 5.2 Expense by vote

Table 1.30: Summary of provincial payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2006/07	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06				2007/08	2008/09	2009/10
Vote 01: Office of the Premier	77,521	82,123	86,099	91,856	94,856	95,152	103,475	110,571	118,380
Vote 02: Provincial Legislature	50,136	62,223	66,677	73,928	74,928	75,335	82,064	87,845	94,244
Vote 03: Tourism, Environmental and Economic	215,528	241,056	174,548	229,805	229,805	221,590	262,757	294,836	321,071
Vote 04: Provincial Treasury	100,703	109,783	98,060	119,679	119,679	110,292	127,112	136,374	146,457
Vote 05: Health	2,542,413	2,794,911	3,121,275	3,249,613	3,369,410	3,397,765	3,643,438	4,061,119	4,547,480
Vote 06: Education	4,048,174	4,399,506	4,916,135	5,272,241	5,333,257	5,333,400	5,692,455	6,330,671	7,012,556
Vote 07: Social Development	2,812,671	3,520,811	3,916,847	417,850	445,734	423,185	453,092	525,629	642,970
Vote 08: Local Government and Housing	493,746	632,008	527,219	718,062	745,870	738,610	878,028	1,014,817	1,151,841
Vote 09: Public Works, Roads and Transport	735,468	792,564	855,469	1,066,323	1,066,323	1,351,837	1,589,870	1,922,643	2,083,462
Vote 10: Public Safety, Security and Liaison	27,906	24,407	30,143	31,758	31,758	31,758	34,845	37,893	41,769
Vote 11: Agriculture	182,839	177,011	298,710	223,557	232,143	234,792	273,444	308,669	338,882
Vote 12: Sport, Arts and Culture	158,918	93,595	118,616	131,510	138,892	137,554	168,492	199,869	231,401
<b>Total provincial payments and estimates by</b>	<b>11,446,023</b>	<b>12,929,998</b>	<b>14,209,798</b>	<b>11,626,182</b>	<b>11,882,655</b>	<b>12,151,270</b>	<b>13,309,072</b>	<b>15,030,936</b>	<b>16,730,513</b>

Table 1.30 above reflects the summary of payment and estimates by vote from 2003/04 to 2009/10. The 2007/08 provincial expenditure is anticipated to grow by R1, 682 billion or 14,5 per cent from R11, 626 billion in 2006/07 financial year. Worth noting is the substantial increase in 2007/08 for the non-social departments like Tourism, Environmental and Economic Affairs (14 per cent to rehabilitate tourism products and establishment of two new public entities), Local Government and Housing (22 per cent which is in line with the government 's intention to provide houses, basic services to the pool and strengthen our economic services departments, Public works, Roads and Transport (49 per cent, aimed at improving and rehabilitating road networks and other infrastructure in the province), Agriculture (22 per cent due to the significant increase in

the Comprehensive Agricultural Support Programme Grant, introduction of Infrastructure Enhancement Allocation Grant and allocation for appointing technical staff) and Sport, Arts and Culture (28 per cent mainly due to the enormous increase in the Mass Sport and Recreation Participation Grant and the introduction of the Community Library Services Grant).

On average all departments budgets are increasing significantly above 10 per cent in 2008/09 and 2009/10, with distinction to Tourism, Environmental and Economic Affairs with a 22 per cent increase in 2008/09 and 25 per cent in 2009/10, Public Works, Roads and Transport growing by 22 per cent and 19 per cent in 2008/09 and 2009/10 respectively, Agriculture growing by 22 per cent in 2008/09 and 25 per cent in 2009/10, and Sport, Arts and Culture with an increase of 28 per cent and 43 per cent in 2008/09 and in 2009/10 respectively.

### 5.3 Expense by economic classification

Table 1.31: Summary of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
<b>Current payments</b>	<b>7,506,310</b>	<b>8,079,202</b>	<b>8,809,899</b>	<b>9,681,558</b>	<b>9,694,570</b>	<b>9,795,698</b>	<b>10,478,703</b>	<b>11,714,938</b>	<b>12,943,893</b>
Compensation of employees	5,718,976	6,225,785	6,764,019	7,379,544	7,326,585	7,299,216	7,992,772	8,815,624	9,655,415
Goods and services	1,720,413	1,761,234	1,993,528	2,302,014	2,367,985	2,490,604	2,485,931	2,899,314	3,288,478
Interest and rent on land	43,268	37,538	40,994						
Financial transactions in assets and liabilities	14,113	54,415	11,358			4,540			
Unauthorized Expenditure	9,540	230	-			1,338			
<b>Transfers and subsidies to:</b>	<b>3,418,755</b>	<b>4,319,684</b>	<b>4,752,537</b>	<b>1,362,986</b>	<b>1,357,116</b>	<b>1,370,675</b>	<b>1,498,116</b>	<b>1,746,964</b>	<b>1,996,611</b>
Provinces and municipalities	158,410	183,447	99,316	68,502	55,452	51,779	19,239	20,171	20,729
Departmental agencies and accounts	61,006	116,419	53,786	63,954	72,712	74,428	71,395	77,460	84,289
Universities and technikons	-	1,099	1,102	1,100	1,100	1,100	1,100	1,100	1,100
Public corporations and private enterprises	100,020	4,708	3,509	2,334	7,014	7,045	14,195	14,322	12,410
Foreign governments and international organisations									
Non-profit institutions	389,148	454,757	752,828	667,226	641,079	628,997	656,654	760,203	861,887
Households	2,710,171	3,559,254	3,841,996	559,870	579,759	607,326	735,533	873,708	1,016,196
<b>Payments for capital assets</b>	<b>520,958</b>	<b>531,112</b>	<b>647,362</b>	<b>581,638</b>	<b>830,969</b>	<b>984,897</b>	<b>1,332,253</b>	<b>1,569,034</b>	<b>1,790,009</b>
Buildings and other fixed structures	410,600	367,394	522,023	464,090	685,613	857,517	1,193,637	1,401,555	1,597,593
Machinery and equipment	110,221	159,313	119,856	110,535	133,778	115,773	137,902	158,821	183,317
Cultivated assets	137		3,340		156	156			
Software and other intangible assets		4,397	2,027	337	1,557	1,598	586	614	655
Land and subsoil assets		8	116	6,676	9,865	9,853	128	8,044	8,444
<b>Total economic classification</b>	<b>11,446,023</b>	<b>12,929,998</b>	<b>14,209,798</b>	<b>11,626,182</b>	<b>11,882,655</b>	<b>12,151,270</b>	<b>13,309,072</b>	<b>15,030,936</b>	<b>16,730,513</b>

Table 1.31 above reflects the summary of provincial payments and estimates by economic classification from 2003/04 to 2009/10. The largest share of the provincial payments is consumed by current payments in particular compensation of employees. For the 2007/08 financial year, current payments absorb 79 per cent of the budget of which 76 per cent is allocated to compensation of employees. From the total provincial estimate compensation of employees' shares is 60 per cent in 2007/08 and 59 per cent 58 per cent in 2008/09 and 2009/10 financial years respectively. The decrease in personnel over the MTEF clearly indicates the provincial government's intention to move resources towards service delivery particularly infrastructure development and maintenance.

The transfers and subsidies constitutes an 11, 3 per cent share of the total provincial payments in 2007/08, 11, 6 per cent in 2008/09 and 11, 9 per cent in 2009/10. Significant growth is noted in transfers to public corporations and private enterprises from R2, 334 million in 2006/07 to R14, 195 million in 2007/08 financial year and transfers to households with an average growth of 22, 2 per cent over the MTEF.

Payments for capital assets show an increase of 129 per cent from R581, 638 million in 2006/07 to R1, 332 billion in 2007/08. There is a substantial increase in buildings and other fixed structures allocation from R464 million in 2006/07 to R1, 194 billion in 2007/08 financial year mainly attributed to the increase in infrastructure allocation. The payment for Land and subsoil assets is decreasing drastically from R6, 676 million in 2006/07 to R128 000 in 2007/08, and increasing sharply to R8, 044 million in 2008/09.

## 5.4 Expense by policy area

Table 1.32: Summary of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation 2006/07	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2007/08	2008/09	2009/10
General public services	540,044	573,730	612,448	698,899	709,717	752,560	797,627	921,752	1,008,142
Public order and safety	27,906	24,407	30,143	31,758	31,758	31,758	34,845	37,893	41,769
Economic affairs	842,755	909,137	1,024,310	1,225,870	1,236,715	1,460,495	1,786,794	2,096,692	2,262,173
Environmental protection	77,484	72,602	58,957	23,910	20,585	20,063	24,500	26,430	28,523
Housing and community amenities	395,658	541,299	411,067	574,531	596,587	594,490	707,829	830,881	955,499
Health	2,542,413	2,794,911	3,121,275	3,249,613	3,369,410	3,397,765	3,643,438	4,061,119	4,547,480
Recreation, culture and religion	158,918	93,595	118,616	131,510	138,892	137,554	168,492	199,869	231,401
Education	4,048,174	4,399,506	4,916,135	5,272,241	5,333,257	5,333,400	5,692,455	6,330,671	7,012,556
Social protection	2,812,671	3,520,811	3,916,847	417,850	445,734	423,185	453,092	525,629	642,970
<b>Total provincial payments and estimates by</b>	<b>11,446,023</b>	<b>12,929,998</b>	<b>14,209,798</b>	<b>11,626,182</b>	<b>11,882,655</b>	<b>12,151,270</b>	<b>13,309,072</b>	<b>15,030,936</b>	<b>16,730,513</b>

Table 1.32 above shows the summary of expenditure by policy area, the details of which are shown in table A: 4 of the Annexure to the Budget Statement One. This table indicates the policy priority areas that are funded from the provincial allocation. Education is still the highest priority and accounts for R5, 692 billion or 42, 8 per cent of the total provincial expenditure in 2007/08. The expenditure in respect of this policy area demonstrates a consistent increase of 11 per cent in the two outer years to an estimated R7, 013 billion in the 2009/10 financial year. It is also important to note the Provincial Government's intention to stimulate the Free State economy by investing in the Economic sector policy area in particular infrastructure. The Economic sector amounts to R1, 787 billion in 2007/08 and grows by 17 per cent to R2, 097 billion in 2008/09 and 7, 9 per cent to R2, 262 billion in 2009/10. The provincial payments for all policy areas are showing a positive growth over the 2007 MTEF.

## 5.5 Infrastructure expense

### 5.5.1 Provincial Infrastructure payments

Table 1.33: Summary of provincial infrastructure payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
Vote 03: Tourism, Environmental and Economic Affairs	17,900	8,571	6,091	16,837	25,436	25,251	36,000	47,500	53,400
Vote 05: Health	104,709	94,190	170,953	84,849	153,257	153,257	206,910	286,795	324,614
Vote 06: Education	146,663	143,799	175,606	169,311	175,305	175,305	238,610	268,484	332,240
Vote 07: Social Development	14,195	5,749	19,114	-	10,294	10,501	12,035	-	-
Vote 09: Public Works, Roads and Transport	408,832	439,241	472,390	662,596	653,759	879,089	1,003,000	1,199,000	1,303,000
Vote 11: Agriculture	2,298	5,634	64,273	28,421	30,033	30,732	51,354	63,540	69,022
Vote 12: Sport, Arts and Culture	5,225	24,955	25,099	26,000	22,800	22,800	22,300	24,885	27,041
<b>Total provincial infrastructure payments and estimates by</b>	<b>699,822</b>	<b>722,139</b>	<b>933,526</b>	<b>988,014</b>	<b>1,070,884</b>	<b>1,296,935</b>	<b>1,570,209</b>	<b>1,890,204</b>	<b>2,109,317</b>

Table 1.33 above shows the provincial infrastructure payments and estimates from 2003/04 to 2009/10, which has increased from R670 million in 2003/04 to R2, 109 billion in the 2009/10 financial year. The infrastructure spending is anticipated to realize a sharp increase over the 2007 MTEF period with an increase of 57 per cent from R988 million in 2006/07 to R1, 570 billion in 2007/08. This amount is intended for infrastructure development and to assist the province in its endeavor to boost economic development, job creation as well as to provide and enhance sustainable infrastructure facilities as stated in the Free State Growth and Development Strategy. This allocation include national conditional grants earmarked for infrastructure, for example, Provincial Infrastructure Grant, Hospital Revitalisation, Comprehensive Agricultural Support Programme, Land Care, and a top up from the provincial equitable share (Infrastructure Enhancement Allocation grant).

Approximately 65 per cent of the total infrastructure budget is allocated to the department of Public Works, Roads and Transport for roads infrastructure and maintenance of provincial government buildings. The infrastructure budget of the department of Tourism, Environmental and Economic Affairs is increasing by 114 per cent from R16, 837 million in 2006/07 to R36 million in 2007/08 intended for construction and rehabilitation of tourism products. Also noted is the significant growth in infrastructure payments for Health increasing with more than 100 per cent from R84, 849 million in 2006/07 to R178, 910 million in 2007/08, attributed to an increase in Hospital Revitalisation Grant and allocation of Provincial Infrastructure grant to this department. The infrastructure allocation of Sport, Arts and Culture has decreased from R26 million in 2006/07 to R22, 300 million in 2007/08 due to the conversion of the Infrastructure Enhancement Allocation to the equitable share.

## 5.5.2 Provincial Public-Private Partnership (PPP) projects

Currently the only department with a Public-Private Partnership arrangement is Health. The department of Education is exploring the possibility of PPP which should assist the department with the eradication of platooning schools and rehabilitation of other dilapidated school infrastructure in the province.

Table 1.34: Summary of provincial Public-Private Partnership (PPP) projects

Project description	Annual cost of project Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
<b>R thousand</b>									
Projects under implementation	(100)	(2,800)	(2,275)	(1,010)	-	(1,010)	(2,753)	(3,028)	(3,331)
PPP unitary charge									
Advisory fees	400								
Revenue generated (if applicable)		(2,100)	(2,275)	(1,500)		(1,500)	(2,753)	(3,028)	(3,331)
Project monitoring cost	(500)	(700)		490		490			
<b>New projects</b>	<b>(500)</b>	<b>1,928</b>	<b>964</b>	<b>40,200</b>	<b>6,500</b>	<b>6,700</b>	<b>40,000</b>	<b>80,000</b>	<b>85,600</b>
PPP unitary charge									
Advisory fees	(500)	1,928	964	40,000	6,500	6,500	40,000	80,000	85,600
Revenue generated (if applicable)									
Project monitoring cost				200		200			
<b>Total</b>	<b>(600)</b>	<b>(872)</b>	<b>(1,311)</b>	<b>39,190</b>	<b>6,500</b>	<b>5,690</b>	<b>37,247</b>	<b>76,972</b>	<b>82,269</b>

## 5.7 Transfers

### 5.7.1 Transfer to public entities

Table 1.35: Summary of provincial transfers to public entities by transferring department

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
Vote 01: Office of the Premier	7,901	8,424	8,828	9,252	9,252	9,252	9,715	10,200	10,710
Vote 03: Tourism, Environmental and Economic Affairs	15,563	15,500	9,897	25,057	33,835	37,551	36,131	39,015	41,993
Vote 12: Sport, Arts and Culture	93,520	2,363	2,778	1,734	4,834	4,834	3,895	4,022	2,093
<b>Total provincial transfers to public entities</b>	<b>116,984</b>	<b>26,287</b>	<b>21,503</b>	<b>36,043</b>	<b>47,921</b>	<b>51,637</b>	<b>49,741</b>	<b>53,237</b>	<b>54,796</b>

The transfer payment to Free State Youth commission is consistently increasing by 5 per cent from 2006/07 to 2007/08 and the two outer MTEF years. The transfer payment for public entities under the department of Tourism, Environmental and Economic Affairs has increased by 44 per cent from R25 million to R36 million mainly due to the anticipated establishment of two new public entities in 2007/08 financial year, namely Free State Investment Promotion Agency and Free State Liquor Authority. The transfer payment from the department of Sport, Arts and Culture is mainly to Phakisa Major Sports Event and Development Corporation. The transfer payment to this entity is increasing by 125 per cent in 2007/08 and 3 per cent in 2008/09 and decreasing by 48 per cent in 2009/10, mainly for the reason that the increase in 2007/08 and 2008/09 is for payment of litigation against the entity, R2 million will be paid in 2007/08 and 2008/09 in terms of the settlement agreement.

## 5.7.2 Transfers to Development corporations

Table 1.36: Summary of provincial transfers to development corporations by entity

R thousand		Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
Entity	Provincial department	2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Free State Development Corporation	Tourism, Environmental & Economic A	50,720	86,855	30,000	26,500	26,500	24,500	22,000	23,300	26,200
Free State AgriEco	Agriculture	6,500								
<b>Total provincial transfers to development corporations</b>		<b>57,220</b>	<b>86,855</b>	<b>30,000</b>	<b>26,500</b>	<b>26,500</b>	<b>24,500</b>	<b>22,000</b>	<b>23,300</b>	<b>26,200</b>

The transfer payment allocation for the Free State Development Corporation has decreased by 16, 9 per cent from R26, 500 million in 2006/07 to R22 million in 2007/08 and increasing by 5, 9 per cent in 2008/09 and 12, 4 per cent in 2009/10. This entity has been repositioned to focus only on providing support to Small Medium and Micro Enterprises (SMME's) which will stimulate economic growth and advance Black Economic Empowerment. Developing and providing support to SMME's is one of the flagship projects of the Free State Growth and Development Strategy.

## 5.7.3 Transfers to local government

Table 1.37: Summary of provincial transfers to local government by category

R thousand		Outcome			Main appropriation	Adjusted appropriation	Estimated Actual	Medium-term estimates		
		2003/04	2004/05	2005/06	2006/07			2007/08	2008/09	2009/10
Category A										
Category B		57,911	157,212	67,047	27,302	31,234	27,403	9,796	9,659	
Category C		100,499	26,235	32,269	41,200	24,218	24,376	9,443	10,512	20,729
<b>Total departmental transfers</b>		<b>158,410</b>	<b>183,447</b>	<b>99,316</b>	<b>68,502</b>	<b>55,452</b>	<b>51,779</b>	<b>19,239</b>	<b>20,171</b>	<b>20,729</b>

## 5.9 Personnel numbers and costs

Table 1.38: Summary of personnel numbers and costs by Vote1

Personnel numbers	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010
Vote 01: Office of the Premier	302	274	290	308	308	308	315
Vote 02: Provincial Legislature	152	157	165	142	142	142	143
Vote 03: Tourism, Environmental and Economic Affairs	692	733	731	779	779	779	794
Vote 04: Provincial Treasury	237	268	271	297	297	297	312
Vote 05: Health	14,239	15,283	15,807	14,465	24,758	14,465	25,089
Vote 06: Education	29,294	29,846	29,720	29,541	29,541	29,541	30,390
Vote 07: Social Development	1,617	1,717	1,732	1,263	1,325	1,263	1,346
Vote 08: Local Government and Housing	371	489	315	468	468	468	1,074
Vote 09: Public Works, Roads and Transport	4,564	4,565	4,361	4,470	4,249	4,470	5,088
Vote 10: Public Safety, Security and Liaison	121	80	96	107	107	107	107
Vote 11: Agriculture	1,268	1,260	1,171	1,170	1,170	1,170	1,227
Vote 12: Sport, Arts and Culture	366	395	418	674	674	674	679
<b>Total provincial personnel numbers</b>	<b>53,223</b>	<b>55,067</b>	<b>55,077</b>	<b>53,684</b>	<b>63,818</b>	<b>53,684</b>	<b>66,564</b>
Total provincial personnel cost (R thousand)	5,718,976	6,225,785	6,764,019	7,299,216	7,992,772	8,815,624	9,655,415
Unit cost (R thousand)	107	113	123	136	125	164	145

1. Full-time equivalent

Table 1.39: Summary of provincial personnel numbers and costs

	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
<b>Total for province</b>									
Personnel numbers (head count)	53,223	55,067	55,077	55,168	63,818	53,684	66,564	66,460	66,400
Personnel cost (R thousands)	5,718,976	6,225,785	6,764,019	7,379,544	7,326,585	7,299,216	7,992,772	8,815,624	9,655,415
<b>Human resources component</b>									
Personnel numbers (head count)	283	360	433	761	705	752	826	830	842
Personnel cost (R thousands)	115,178	123,891	53,279	165,578	93,516	105,726	187,207	193,188	198,593
Head count as % of total for province	1%	1%	1%	1%	1%	1%	1%	1%	1%
Personnel cost as % of total for province	2%	2%	1%	2%	1%	1%	2%	2%	2%
<b>Finance component</b>									
Personnel numbers (head count)	442	425	418	740	664	698	834	911	915
Personnel cost (R thousands)	59,206	63,668	61,154	132,481	100,690	110,640	148,002	154,900	161,280
Head count as % of total for province	1%	1%	1%	1%	1%	1%	1%	1%	1%
Personnel cost as % of total for province	1%	1%	1%	2%	1%	2%	2%	2%	2%
<b>Full time workers</b>									
Personnel numbers (head count)	51,767	53,797	54,319	52,649	61,931	51,840	63,957	63,855	63,797
Personnel cost (R thousands)	5,510,447	5,919,502	6,533,329	7,166,646	7,127,131	7,008,141	7,715,531	8,276,382	8,941,879
Head count as % of total for province	97%	98%	99%	95%	97%	97%	96%	96%	96%
Personnel cost as % of total for province	96%	95%	97%	97%	97%	96%	97%	94%	93%
<b>Part-time workers</b>									
Personnel numbers (head count)	533	505	150	902	292	277	1,017	1,017	1,017
Personnel cost (R thousands)	41,383	52,271	70,863	14,808	10,194	67,689	59,127	161,737	247,598
Head count as % of total for province	1%	1%	0%	2%	0%	1%	2%	2%	2%
Personnel cost as % of total for province	1%	1%	1%	0%	0%	1%	1%	2%	3%
<b>Contract workers</b>									
Personnel numbers (head count)	923	765	608	1,617	1,595	1,567	1,590	1,588	1,586
Personnel cost (R thousands)	167,146	254,012	159,827	198,090	189,260	223,386	218,114	377,505	465,938
Head count as % of total for province	2%	1%	1%	3%	2%	3%	2%	2%	2%
Personnel cost as % of total for province	3%	4%	2%	3%	3%	3%	3%	4%	5%

## 5.10 Expense by training

Table 1.40: Summary of provincial payments on training by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
Vote 01: Office of the Premier	372	495	487	593	596	596	702	753	810
Vote 02: Provincial Legislature	315	331	351	573	573	573	766	805	861
Vote 03: Tourism, Environmental and	755	805	771	1,685	1,685	1,206	1,195	1,163	1,241
Vote 04: Provincial Treasury	428	983	913	726	1,286	794	764	796	868
Vote 05: Health	41,846	34,976	45,079	44,227	42,367	36,622	39,209	42,554	43,210
Vote 06: Education	36,605	27,632	33,932	32,969	32,969	32,969	37,527	41,855	45,724
Vote 07: Social Development	1,049	811	993	1,746	1,746	1,746	1,836	1,937	1,937
Vote 08: Local Government and Hous	861	418	2,384	951	2,437	2,437	1,147	1,219	1,071
Vote 09: Public Works, Roads and Tr	906	5,266	8,203	8,220	8,221	8,222	6,500	8,000	12,000
Vote 10: Public Safety, Security and L	29	204	363	581	581	581	668	712	712
Vote 11: Agriculture	1,583	2,827	-	4,972	-	-	-	-	-
Vote 12: Sport, Arts and Culture	438	468	544	693	728	713	817	870	931
<b>Total provincial payments on traini</b>	<b>85,187</b>	<b>75,216</b>	<b>94,020</b>	<b>97,936</b>	<b>93,189</b>	<b>86,459</b>	<b>91,131</b>	<b>100,664</b>	<b>109,365</b>

# Annexure A to Budget Statement 1

Table A1: Information relating to Conditional grants

Vote and Grant	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Revised transfer estimate	Revised expenditure estimate	Medium term estimates		
	2008/04			2004/05			2005/06			2006/07			2007/08	2008/09	2009/10
<b>R1 thousand</b>	2,373	1,800	2,298	37,315	37,240	3,426	72,977	72,977	66,296	35,887	35,887	35,887	41,354	43,340	48,022
<b>Agriculture</b>															
Agricultural Disaster Management Grant				17,000	17,000		33,000	33,000	26,328	6,672	6,672	6,672			
Comprehensive Agricultural Support Programme Grant				16,870	16,870	1,495	36,463	36,463	36,463	25,306	25,306	25,306	38,084	39,912	43,909
Land Care Programme Grant: Poverty Relief & Infrastructure Development	2,373	1,800	2,298	3,445	3,370	1,931	3,514	3,514	3,505	3,909	3,909	3,909	3,270	3,428	4,113
<b>Education</b>	35,766	27,902	30,647	59,533	56,815	54,542	77,654	77,654	69,325	111,537	111,537	111,537	113,240	135,070	88,463
Early Childhood Development Grant	6,573	5,544	4,836	1,737		1,000	737	737	737						
Financial Management and Quality Enhancement Grant	19,158	14,768	15,853	904		56									
Further Education and Training College Sector Recapitalisation Grant							8,402	8,402		30,000	30,000	30,000	36,000	52,200	
HIV and Aids (Life Skills Education) Grant	10,035	7,590	9,938	7,792	7,715	7,337	8,402	8,402	7,961	8,865	8,865	8,865		9,800	10,341
National School Nutrition Programme Grant				49,100	49,100	46,149	68,515	68,515	60,627	72,672	72,672	72,672	68,023	73,070	78,112
<b>Health</b>	508,962	508,962	507,062	587,047	585,664	596,197	733,955	733,955	717,488	799,306	810,402	810,402	852,575	977,467	1,063,868
Comprehensive HIV and Aids Grant	30,144	30,144	30,144	54,969	55,476	69,070	100,874	100,874	100,479	142,265	142,267	142,267	153,646	165,938	179,213
Forensic Pathology Services Grant							2,366	2,366	317	46,883	41,494	41,494	30,422	31,198	28,177
Health Professions Training and Development Grant	90,061	90,061	90,061	93,643	93,643	93,643	92,517	92,517	92,517	92,517	92,517	92,517	97,143	102,000	110,755
Hospital Rehabilitation Grant	50,356	50,356	50,356	52,370	52,370	47,436	106,082	106,082	92,157	59,598	76,081	76,081	90,419	141,979	159,937
Malaria and Cholera Prevention Grant	1,900	1,900		1,900											
National Tertiary Services Grant	336,501	336,501	336,501	384,165	384,165	384,148	432,116	432,116	432,018	458,043	458,043	458,043	480,945	536,352	585,736
<b>Housing</b>	344,834	333,903	327,308	548,444	594,661	464,393	492,144	492,144	370,130	528,629	528,629	528,629	663,293	772,410	892,768
Integrated Housing and Human Settlement Development Grant	344,834	333,903	327,308	548,444	594,661	464,393	492,144	492,144	370,130	528,629	528,629	528,629	663,293	772,410	892,768
<b>National Treasury</b>	244,598	162,950	213,642	227,015	199,281	193,785	181,641	130,276	226,376	294,043	294,043	294,043	509,978	567,448	662,758
Provincial Infrastructure Grant	153,950	141,950	141,876	208,133	199,281	174,904	181,641	130,276	226,376	294,043	294,043	294,043	509,978	567,448	662,758
Provincial Infrastructure Grant: Flood Rehabilitation Grant	90,648	21,000	71,766	18,882		18,881									
<b>Provincial and Local Government</b>	47,670	30,409	33,208	45,548	31,050	31,736	13,813	13,813	13,621	-	-	-	-	-	-
Disaster Relief Grant															
Local Government Capacity Building Grant and OMP	47,670	30,409	33,208	45,548	31,050	31,736	13,813	13,813	13,621						
<b>Sport and Recreation South Africa</b>	-	-	-	1,000	1,000	971	2,670	2,670	2,488	9,962	9,962	9,962	15,206	21,534	28,606
Mass Sport and Recreation Participation Programme Grant				1,000	1,000	971	2,670	2,670	2,488	9,962	9,962	9,962	15,206	21,534	28,606
<b>Other (not included above)</b>	2,888,532	2,849,397	2,875,748	3,510,014	3,493,926	3,473,406	4,297,015	4,297,015	3,622,098	27,884	27,884	27,884	16,470	30,927	42,639
Library Services Grant															
Integrated Social Development Services Grant	37,334	37,334	36,564	38,104	37,334	784	74,654	74,654	45,251	27,884	27,884	27,884			
Provincial Project Management for MG	4,870	3,132	2,973	5,218	3,321	3,295	1,923	1,923	1,923						
Hospital Management and Quality Improvement	12,730	12,730	12,730	13,055	9,791	13,055	13,393	13,393	13,393						
Integrated Nutrition Programme	47,817	47,817	47,817	6,636	6,636	6,234	7,296	7,296	7,296						
Medico Legal	1,000	1,000		1,000		132									
Child Support Extension Grant	76,698	76,698	71,526	245,730	240,538	208,318									
Social Grant Areas	37,437		34,264	3,173		2,150									
HIV and Aids (Community Based Care) grant	9,228	9,228	8,416	10,637	9,825	9,295	20,716	20,716	20,294						
Social Assistance grants	2,661,418	2,661,458	2,661,458	3,186,461	3,186,461	3,230,143	4,179,033	4,179,033	3,533,941						
<b>Total conditional grants</b>	4,072,735	3,915,323	3,989,913	5,015,916	4,799,617	4,818,456	5,871,869	5,820,504	5,087,822	1,807,248	1,818,344	1,818,344	2,202,716	2,548,196	2,827,714

Table A.2: Details of total provincial own receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
<b>Tax receipts</b>	<b>158,339</b>	<b>168,852</b>	<b>197,939</b>	<b>211,594</b>	<b>219,589</b>	<b>211,991</b>	<b>238,822</b>	<b>257,903</b>	<b>279,803</b>
Casino taxes	11,117	8,937	11,393	14,986	19,800	18,288	20,686	21,931	22,923
Horse racing taxes	4,574	5,036	5,090	3,503	5,322	5,454	5,858	6,452	7,009
Liquor licences	2,306	2,452	2,420	2,522	3,884	2,899	4,278	4,520	4,871
Motor vehicle licences	140,342	152,427	179,036	190,583	190,583	185,350	208,000	225,000	245,000
<b>Sales of goods and services other than capital assets</b>	<b>152,008</b>	<b>138,646</b>	<b>143,181</b>	<b>137,618</b>	<b>135,585</b>	<b>139,376</b>	<b>145,612</b>	<b>153,172</b>	<b>161,215</b>
Sale of goods and services produced by department (excluding capital assets)	152,008	138,621	143,177	137,168	135,494	139,326	145,231	152,789	160,830
Sales by market establishments	43,800	48,180	44,727	46,658	47,243	47,239	48,946	51,456	54,028
Administrative fees	1,169	103	110	87	401	436	165	167	169
Other sales	107,039	90,338	98,340	90,423	87,850	91,651	96,120	101,166	106,633
Of which									
Health patient fees									
Other (Specify)									
Other (Specify)									
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	-	25	4	450	91	50	381	383	385
<b>Transfers received from:</b>	<b>75</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other governmental units						18			
Universities and technikons									
Foreign governments									
International organisations									
Public corporations and private enterprises			10						
Households and non-profit institutions	75								
<b>Fines, penalties and forfeits</b>	<b>8,143</b>	<b>9,604</b>	<b>11,231</b>	<b>12,854</b>	<b>12,865</b>	<b>13,960</b>	<b>13,850</b>	<b>17,114</b>	<b>17,617</b>
<b>Interest, dividends and rent on land</b>	<b>62,426</b>	<b>73,880</b>	<b>64,972</b>	<b>30,270</b>	<b>56,429</b>	<b>61,523</b>	<b>59,031</b>	<b>62,026</b>	<b>65,063</b>
Interest	62,421	73,879	64,972	30,270	56,374	61,468	58,998	61,990	65,025
Dividends									
Rent on land	5	1			55	55	33	36	38
<b>Sales of capital assets</b>	<b>4,590</b>	<b>2,392</b>	<b>1,287</b>	<b>2,023</b>	<b>2,573</b>	<b>2,569</b>	<b>2,017</b>	<b>2,030</b>	<b>2,047</b>
Land and subsoil assets				1,500	1,766	1,766	1,500	1,500	1,500
Other capital assets	4,590	2,392	1,287	523	807	803	517	530	547
<b>Financial transactions in assets and liabilities</b>	<b>11,548</b>	<b>21,297</b>	<b>29,160</b>	<b>641</b>	<b>5,654</b>	<b>7,637</b>	<b>6,115</b>	<b>6,654</b>	<b>7,023</b>
<b>Total provincial own receipts</b>	<b>397,129</b>	<b>414,671</b>	<b>447,780</b>	<b>395,000</b>	<b>432,695</b>	<b>437,074</b>	<b>465,447</b>	<b>498,899</b>	<b>532,768</b>

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2006/07	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2007/08	2008/09	2009/10
<b>Current payments</b>	<b>7,506,310</b>	<b>8,079,202</b>	<b>8,809,899</b>	<b>9,681,558</b>	<b>9,694,570</b>	<b>9,795,698</b>	<b>10,478,703</b>	<b>11,714,938</b>	<b>12,943,893</b>
Compensation of employees	5,718,976	6,225,785	6,764,019	7,379,544	7,326,585	7,299,216	7,992,772	8,815,624	9,655,415
Salaries and wages	4,839,280	5,313,736	6,005,870	6,374,916	6,320,976	6,301,183	6,872,394	7,594,460	8,323,914
Social contributions	879,696	912,049	758,149	1,004,628	1,005,609	998,033	1,120,378	1,221,164	1,331,501
Goods and services	1,720,413	1,761,234	1,993,528	2,302,014	2,367,985	2,490,604	2,485,931	2,899,314	3,288,478
<i>of which (refer to section 5.3, table 1.11 in Budget Statement 1)</i>									
Learner Teacher Support Material									
Medicine									
Medical Consumables									
Other									
Interest and rent on land	43,268	37,538	40,994	-	-	-	-	-	-
Interest	426								
Rent on land	42,842	37,538	40,994						
Financial transactions in assets and liabilities	14,113	54,415	11,358			4,540			
Unauthorised expenditure	9,540	230	-			1,338			
<b>Transfers and subsidies to:</b>	<b>3,418,755</b>	<b>4,319,684</b>	<b>4,752,537</b>	<b>1,362,986</b>	<b>1,357,116</b>	<b>1,370,675</b>	<b>1,498,116</b>	<b>1,746,964</b>	<b>1,996,611</b>
Provinces and municipalities	158,410	183,447	99,316	68,502	55,452	51,779	19,239	20,171	20,729
Provinces <sup>2</sup>	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-						
Provincial agencies and funds	-	-	-						
Municipalities <sup>3</sup>	158,410	183,447	99,316	68,502	55,452	51,779	19,239	20,171	20,729
Municipalities	158,410	183,447	99,316	68,502	55,452	51,779	19,187	20,113	20,665
<i>of which: Regional service council levies</i>							52	58	64
Municipal agencies and funds									
Departmental agencies and accounts	61,006	116,419	53,786	63,954	72,712	74,428	71,395	77,460	84,289
Social security funds	41			5	5	5			
Provide list of entities receiving transfers <sup>4</sup>	60,965	116,419	53,786	63,949	72,707	74,423	71,395	77,460	84,289
Universities and technikons		1,099	1,102	1,100	1,100	1,100	1,100	1,100	1,100
Public corporations and private enterprises <sup>5</sup>	100,020	4,708	3,509	2,334	7,014	7,045	14,195	14,322	12,410
Public corporations	93,520	4,708	3,509	2,334	5,434	5,465	4,195	4,322	2,410
Subsidies on production			699	600	600	631	300	300	317
Other transfers	93,520	4,708	2,810	1,734	4,834	4,834	3,895	4,022	2,093
Private enterprises	6,500				1,580	1,580	10,000	10,000	10,000
Subsidies on production									
Other transfers	6,500				1,580	1,580	10,000	10,000	10,000
Foreign governments and international organisations									
Non-profit institutions	389,148	454,757	752,828	667,226	641,079	628,997	656,654	760,203	861,887
Households	2,710,171	3,559,254	3,841,996	559,870	579,759	607,326	735,533	873,708	1,016,196
Social benefits	2,383,726	3,103,323	3,397,547	35,258	38,293	56,224	78,918	97,508	119,345
Other transfers to households	326,445	455,931	444,449	524,612	541,466	551,102	656,615	776,200	896,851
<b>Payments for capital assets</b>	<b>520,958</b>	<b>531,112</b>	<b>647,362</b>	<b>581,638</b>	<b>830,969</b>	<b>984,897</b>	<b>1,332,253</b>	<b>1,569,034</b>	<b>1,790,009</b>
Buildings and other fixed structures	410,600	367,394	522,023	464,090	685,613	857,517	1,193,637	1,401,555	1,597,593
Buildings	285,075	252,923	296,893	219,158	416,178	432,453	485,317	599,486	704,093
Other fixed structures	125,525	114,471	225,130	244,932	269,435	425,064	708,320	802,069	893,500
Machinery and equipment	110,221	159,313	119,856	110,535	133,778	115,773	137,902	158,821	183,317
Transport equipment	1,118	8,414	1,278				160		
Other machinery and equipment	109,103	150,899	118,578	110,535	133,778	115,773	137,742	158,821	183,317
Cultivated assets	137		3,340		156	156			
Software and other intangible assets		4,397	2,027	337	1,557	1,598	586	614	655
Land and subsoil assets		8	116	6,676	9,865	9,853	128	8,044	8,444
<b>Total economic classification</b>	<b>11,446,023</b>	<b>12,929,998</b>	<b>14,209,798</b>	<b>11,626,182</b>	<b>11,882,655</b>	<b>12,151,270</b>	<b>13,309,072</b>	<b>15,030,936</b>	<b>16,730,513</b>

*Of which: Capitalised compensation<sup>6</sup>*

## Payments summary by policy table) area (simple example of bridging

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

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

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
<b>General Public Services</b>									
Executive and Legislature	127,657	144,346	152,776	165,784	169,784	170,487	185,539	198,416	212,624
Office of the Premier	77,521	82,123	86,099	91,856	94,856	95,152	103,475	110,571	118,380
RDP									
Provincial Legislature	50,136	62,223	66,677	73,928	74,928	75,335	82,064	87,845	94,244
Financial and Fiscal Services	100,703	109,783	98,060	119,679	119,679	110,292	127,112	136,374	146,457
Provincial Treasury	100,703	109,783	98,060	119,679	119,679	110,292	127,112	136,374	146,457
General Services (Public Works, Local Govern	311,684	319,601	361,612	413,436	420,254	471,781	484,976	586,962	649,061
<b>Total: General Public Services</b>	<b>540,044</b>	<b>573,730</b>	<b>612,448</b>	<b>698,899</b>	<b>709,717</b>	<b>752,560</b>	<b>797,627</b>	<b>921,752</b>	<b>1,008,142</b>
<b>Public Order and Safety</b>									
Police Services	27,906	24,407	30,143	31,758	31,758	31,758	34,845	37,893	41,769
Safety and Liaison	27,906	24,407	30,143	31,758	31,758	31,758	34,845	37,893	41,769
<b>Total: Public Order and Safety</b>	<b>27,906</b>	<b>24,407</b>	<b>30,143</b>	<b>31,758</b>	<b>31,758</b>	<b>31,758</b>	<b>34,845</b>	<b>37,893</b>	<b>41,769</b>
<b>Economic Affairs</b>									
General Economic Affairs	138,044	168,454	115,591	205,895	209,220	201,527	238,257	268,406	292,548
Dept of Economic Affairs	138,044	168,454	115,591	205,895	209,220	201,527	238,257	268,406	292,548
Agriculture	182,839	177,011	298,710	223,557	232,143	234,792	273,444	308,669	338,882
Dept of Agriculture Affairs	182,839	177,011	298,710	223,557	232,143	234,792	273,444	308,669	338,882
Transport	521,872	563,672	610,009	796,418	795,352	1,024,176	1,275,093	1,519,617	1,630,743
Department of Transport	521,872	563,672	610,009	796,418	795,352	1,024,176	1,275,093	1,519,617	1,630,743
<b>Total: Economic Affairs</b>	<b>842,755</b>	<b>909,137</b>	<b>1,024,310</b>	<b>1,225,870</b>	<b>1,236,715</b>	<b>1,460,495</b>	<b>1,786,794</b>	<b>2,096,692</b>	<b>2,262,173</b>
<b>Environmental Protection</b>									
Environmental Protection	77,484	72,602	58,957	23,910	20,585	20,063	24,500	26,430	28,523
<b>Total: Environmental Protection</b>	<b>77,484</b>	<b>72,602</b>	<b>58,957</b>	<b>23,910</b>	<b>20,585</b>	<b>20,063</b>	<b>24,500</b>	<b>26,430</b>	<b>28,523</b>
<b>Housing and Community Amenities</b>									
Housing Development	395,658	541,299	411,067	574,531	596,587	594,490	707,829	830,881	955,499
Department of Housing	395,658	541,299	411,067	574,531	596,587	594,490	707,829	830,881	955,499
<b>Total: Housing and Community Amenities</b>	<b>395,658</b>	<b>541,299</b>	<b>411,067</b>	<b>574,531</b>	<b>596,587</b>	<b>594,490</b>	<b>707,829</b>	<b>830,881</b>	<b>955,499</b>
<b>Health</b>									
Outpatient services									
R and D Health (CS)									
Hospital Services	2,542,413	2,794,911	3,121,275	3,249,613	3,369,410	3,397,765	3,643,438	4,061,119	4,547,480
<b>Total: Health</b>	<b>2,542,413</b>	<b>2,794,911</b>	<b>3,121,275</b>	<b>3,249,613</b>	<b>3,369,410</b>	<b>3,397,765</b>	<b>3,643,438</b>	<b>4,061,119</b>	<b>4,547,480</b>
<b>Recreation, Culture and Religion</b>									
Sporting and Recreational Affairs	158,918	93,595	118,616	131,510	138,892	137,554	168,492	199,869	231,401
Sport, Arts and Culture	158,918	93,595	118,616	131,510	138,892	137,554	168,492	199,869	231,401
<b>Total: Recreation, Culture and Religion</b>	<b>158,918</b>	<b>93,595</b>	<b>118,616</b>	<b>131,510</b>	<b>138,892</b>	<b>137,554</b>	<b>168,492</b>	<b>199,869</b>	<b>231,401</b>
<b>Education</b>									
Pre-primary & Primary Phases									
Secondary Education Phase									
Subsidised Services to Education									
Education not defined by level	4,048,174	4,399,506	4,916,135	5,272,241	5,333,257	5,333,400	5,692,455	6,330,671	7,012,556
<b>Total: Education</b>	<b>4,048,174</b>	<b>4,399,506</b>	<b>4,916,135</b>	<b>5,272,241</b>	<b>5,333,257</b>	<b>5,333,400</b>	<b>5,692,455</b>	<b>6,330,671</b>	<b>7,012,556</b>
<b>Social protection</b>									
Social Security Services	2,530,781	3,230,143	3,533,941						
Social Services and Population Development	281,890	290,668	382,906	417,850	445,734	423,185	453,092	525,629	642,970
<b>Total: Social protection</b>	<b>2,812,671</b>	<b>3,520,811</b>	<b>3,916,847</b>	<b>417,850</b>	<b>445,734</b>	<b>423,185</b>	<b>453,092</b>	<b>525,629</b>	<b>642,970</b>
<b>Total provincial payments and estimates by</b>	<b>11,446,023</b>	<b>12,929,998</b>	<b>14,209,798</b>	<b>11,626,182</b>	<b>11,882,655</b>	<b>12,151,270</b>	<b>13,309,072</b>	<b>15,030,936</b>	<b>16,730,513</b>

Table A.6: Transfers to local government by category and municipality

R thousand	Outcome			Main appropriation	Adjusted appropriation 2006/07	Estimate actual	Medium-term estimates		
	2003/04	2004/05	2005/06				2007/08	2008/09	2009/10
Category A	-	-	-	-	-	-	-	-	-
Municipality									
Category B	57,911	157,037	67,047	27,302	31,234	31,412	9,796	9,659	-
Letsemeng	2,944	8,301	1,414	144	420	361	315	333	
Kopanong	1,519	9,236	1,477	618	504	445	406	388	
Mohokare	855	5,137	3,513	344	550	331	270	288	
Naledi	901	1,823	540	314	330	530	270	88	
Mangaung	3,576	27,702	29,126	16,702	18,599	20,200	2,692	1,724	
Mantsopa	1,610	4,996	581	419	435	354	388	406	
Masilonyana	1,716	5,615	369	414	490	391	122	88	
Tokologo	692	4,781	903	446	580	526	238	88	
Twelopele	971	3,886	236	514	465	466	272	88	
Matjhabeng	1,276	17,726	717	1,994	2,010	2,798	501	1,405	
Nala	968	3,138	3,275	429	505	506	245	144	
Setsoto	5,166	14,121	2,773	164	381	461	325	144	
Dihlabeng	3,294	7,110	2,874	564	949	181	328	156	
Nketoana	3,986	4,025	8,418	664	980	981	525	144	
Maluti a Phofung	21,733	8,581	627	1,664	930	949	661	1,823	
Phumelela	431	3,061	2,906	514	615	531	70	88	
Moghaka	1,779	10,175	1,224	450	466	466	128	156	
Ngwathe	2,449	7,532	1,802	441	732	283	350	314	
Metsimaholo	323	5,329	3,680	161	237	214	1,320	1,406	
Mafube	1,722	4,762	592	342	1,056	438	370	388	
Category C	100,499	26,370	32,128	41,200	24,219	22,604	9,421	10,486	20,699
Xhariep	13,676	2,364	2,653	3,189	666	660	72	72	
Moltheo	13,923	5,062	5,533	7,870	1,592	1,567	102	149	34
Lejweleputswa	25,668	3,227	2,606	4,458	2,470	783	73	78	
Thabo Mofutsanyane	16,874	3,922	3,888	5,424	2,308	2,305	158	215	
Fezile Dabi	16,353	2,247	2,083	2,763	1,494	1,493	158	312	
Unallocated	14,005	9,548	15,365	17,496	15,689	15,796	8,858	9,660	20,665
<b>Total transfers to local gov</b>	<b>158,410</b>	<b>183,407</b>	<b>99,175</b>	<b>68,502</b>	<b>55,453</b>	<b>54,016</b>	<b>19,217</b>	<b>20,145</b>	<b>20,699</b>

Table A.5: Details of payments for infrastructure by category

Category/type of structure	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2003/04	2004/05	2005/06				2006/07	2007/08	2008/09
<b>R thousands</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>						
<b>New constructions (buildings and infrastructure)</b>	<b>115,692</b>	<b>158,020</b>	<b>194,562</b>	<b>195,418</b>	<b>274,055</b>	<b>273,870</b>	<b>346,081</b>	<b>462,938</b>	<b>474,416</b>
Public Works Roads and Transport					20,000	20,000	56,000	145,000	100,000
Health	33,832	24,011	44,419	53,373	99,707	99,707	48,750	55,000	60,000
Education	81,860	126,925	148,448	123,849	123,849	123,849	186,448	210,262	266,524
Sport, Art and Culture		7,084	1,695	18,196	11,700	11,700	13,848	13,176	20,592
Tourism, Environmental and Economic Affairs					18,799	18,614	29,000	39,500	27,300
Social Development							12,035		
Agriculture									
<b>Rehabilitation/upgrading</b>	<b>158,274</b>	<b>113,860</b>	<b>203,265</b>	<b>82,017</b>	<b>394,349</b>	<b>607,048</b>	<b>700,921</b>	<b>871,125</b>	<b>814,889</b>
Public Works Roads and Transport					297,000	509,000	540,000	627,000	526,000
Health	70,877	70,179	124,224	31,476	45,598	45,598	93,579	164,895	189,879
Education	64,803	16,874	27,158	34,562	40,556	40,556	43,662	49,222	56,216
Sport, Art and Culture	4,694	16,028	21,487	5,779	10,377	10,377	6,680	9,808	4,094
Tourism, Environmental and Economic Affairs	17,900	8,571	6,091	10,200			7,000		17,700
Social Development									
Agriculture		2,208	24,305		818	1,517	10,000	20,200	21,000
<b>Recurrent maintenance</b>	<b>423,558</b>	<b>446,833</b>	<b>495,731</b>	<b>673,121</b>	<b>353,934</b>	<b>367,264</b>	<b>481,853</b>	<b>504,801</b>	<b>763,590</b>
Public Works Roads and Transport	408,832	439,241	472,390	662,596	336,759	350,089	407,000	427,000	677,000
Health			2,310		7,952	7,952	64,581	66,900	74,735
Education				8,500	8,500	8,500	8,500	9,000	9,500
Sport, Art and Culture	531	1,843	1,917	2,025	723	723	1,772	1,901	2,355
Tourism, Environmental and Economic Affairs									
Social Development	14,195	5,749	19,114						
Agriculture									
<b>Other capital projects</b>	<b>2,298</b>	<b>3,426</b>	<b>39,968</b>	<b>37,458</b>	<b>48,546</b>	<b>48,753</b>	<b>41,354</b>	<b>51,340</b>	<b>56,422</b>
Public Works Roads and Transport									
Health									
Education				2,400	2,400	2,400			
Sport, Art and Culture									
Tourism, Environmental and Economic Affairs				6,637	6,637	6,637		8,000	8,400
Social Development					10,294	10,501			
Agriculture	2,298	3,426	39,968	28,421	29,215	29,215	41,354	43,340	48,022
<b>Total provincial infrastructure</b>	<b>699,822</b>	<b>722,139</b>	<b>933,526</b>	<b>988,014</b>	<b>1,070,884</b>	<b>1,296,935</b>	<b>1,570,209</b>	<b>1,890,204</b>	<b>2,109,317</b>

**Table A.7: Summary of provincial payments and estimates by region, district and municipal ward**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Estimated Actual	Medium-term estimates		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2006/07		
<b>Region</b>							2007/08	2008/09	2009/10
<b>Xhariep</b>	<b>18,994</b>	<b>25,038</b>	<b>9,057</b>	<b>4,295</b>	<b>2,140</b>	<b>1,797</b>	<b>1,063</b>	<b>1,081</b>	<b>-</b>
Letsemeng	2,944	8,301	1,414	144	420	361	315	333	
Kopanong	1,519	9,236	1,477	618	504	445	406	388	
Mohokare	855	5,137	3,513	344	550	331	270	288	
Xhariep	13,676	2,364	2,653	3,189	666	660	72	72	
<b>Motheo</b>	<b>20,010</b>	<b>39,583</b>	<b>35,780</b>	<b>25,305</b>	<b>20,956</b>	<b>22,651</b>	<b>3,452</b>	<b>2,367</b>	<b>34</b>
Naledi	901	1,823	540	314	330	530	270	88	
Mangaung	3,576	27,702	29,126	16,702	18,599	20,200	2,692	1,724	
Mantsopa	1,610	4,996	581	419	435	354	388	406	
Motheo	13,923	5,062	5,533	7,870	1,592	1,567	102	149	34
<b>Thobo Mofutsanyane</b>	<b>51,484</b>	<b>40,820</b>	<b>21,486</b>	<b>8,994</b>	<b>6,163</b>	<b>5,408</b>	<b>2,067</b>	<b>2,570</b>	<b>-</b>
Setseto	5,166	14,121	2,773	164	381	461	325	144	
Dihlabeng	3,294	7,110	2,874	564	949	181	328	156	
Nketoana	3,986	4,025	8,418	664	980	981	525	144	
Maluti a Phofung	21,733	8,581	627	1,664	930	949	661	1,823	
Phumelela	431	3,061	2,906	514	615	531	70	88	
Thobo Mofutsanyane	16,874	3,922	3,888	5,424	2,308	2,305	158	215	
<b>Fezile Dabi</b>	<b>22,626</b>	<b>30,045</b>	<b>9,381</b>	<b>4,157</b>	<b>3,985</b>	<b>2,894</b>	<b>2,326</b>	<b>2,576</b>	<b>-</b>
Moqhaka	1,779	10,175	1,224	450	466	466	128	156	
Nqwathe	2,449	7,532	1,802	441	732	283	350	314	
Metsimaholo	323	5,329	3,680	161	237	214	1,320	1,406	
Mafube	1,722	4,762	592	342	1,056	438	370	388	
Fezile Dabi	16,353	2,247	2,083	2,763	1,494	1,493	158	312	
<b>Lejeleputswa</b>	<b>31,291</b>	<b>38,373</b>	<b>8,106</b>	<b>8,255</b>	<b>6,520</b>	<b>5,470</b>	<b>1,451</b>	<b>1,891</b>	<b>-</b>
Masilonyana	1,716	5,615	369	414	490	391	122	88	
Tokoloko	692	4,781	903	446	580	526	238	88	
Tswelopele	971	3,886	236	514	465	466	272	88	
Matjabeng	1,276	17,726	717	1,994	2,010	2,798	501	1,405	
Nala	968	3,138	3,275	429	505	506	245	144	
Lejeleputswa	25,668	3,227	2,606	4,458	2,470	783	73	78	
<b>Unallocated funds</b>	<b>14,005</b>	<b>9,548</b>	<b>15,365</b>	<b>17,496</b>	<b>15,689</b>	<b>15,796</b>	<b>8,858</b>	<b>9,660</b>	<b>20,665</b>
<b>Total provincial payments by</b>	<b>158,410</b>	<b>183,407</b>	<b>99,175</b>	<b>68,502</b>	<b>55,453</b>	<b>54,016</b>	<b>19,217</b>	<b>20,145</b>	<b>20,699</b>