



treasury

Department of  
Treasury  
FREE STATE PROVINCE

## 2013/14 ADJUSTMENT BUDGET

The growth trend of the provincial economy largely mirrors that of the national economy. As a result growth projections for our province remain subdued. Growth is projected to decline from **1.6 % in 2012** to **1.2 % in 2013**, improving to **2.6 % in 2014**. The provincial economic activity continues to be sustained mainly by the tertiary sector, which currently accounts for **67.7 %**.

The fundamental need to transform and expand the provincial economy has never been more evident. A robust effort is required to reverse the declining contribution and stimulate growth of the Primary and Secondary Economic Sectors, which currently accounts for 17.3 % and 15.0 % of the provincial economy respectively.

These sectors had previously contributed significantly to the employment rate of the province. The revival of these two sectors could be amongst the key areas to reverse the growing provincial unemployment rate.

Unemployment is not a statistical exercise. The current levels of unemployment in the Free State have a brutal impact on the poor and marginalised in all of our communities. In recognition of that fact, government has formulated a comprehensive response that was detailed by the hon. Premier in the State of the Province Address earlier this year. This response includes both high-impact long-term strategic projects that will realize and unlock the economic potential of the Free State as well as short- and medium-term projects and programmes, including a more focused approach towards support of the SMME-sector.

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The tabling of the adjustment budget is in terms of section 31 of the Public Finance Management Act (PFMA) No. 1 of 1999 (as amended by Act No. 29 of 1999) and it provides for the followings:

- ✓ The appropriation of funds that have become available to the Province;
- ✓ All expenditure for emergency situations as prescribed by section 25 of the PFMA;
- ✓ Money to be appropriated for expenditure already announced by the MEC for Finance during the tabling of the annual budget;
- ✓ The shifting of funds between and within votes or to follow the transfer of functions in terms of section 42 of the PFMA;
- ✓ Utilization of savings under a main division within a vote for the defrayment of excess expenditure under another main division within the same vote in terms of section 43 of the PFMA; and
- ✓ The roll-over of unspent funds from the preceding financial year.

The **total available funding** for the 2013/14 adjustment budget amounts to **R86.615 million**, which is constituted by non-discretionary allocations from National Treasury of which Regrading of clerks (**R61.765 million**), Marikana Tragedy (**R0.125 million**) and FET ICS (**R0.814 million**) including funds for Improvement in Conditions of Service (ICS) – (**R37.177 million**) and Conditional Grants (**R150.196 million**), as well as Provincial funding – (**R72.382 million**). Furthermore is CATHSSETA – (**R1.206 million**), Sports learnership (**R0.131 million**), Prize money- NHBC for Human Settlements – (**R0.110 million**) and retained revenue to Legislature (R20.188 million). Included is the reduction of PRMG – (**R254.879 million**) and unallocated REA – (**R2.600 million**).

In addition to the above adjustments the following amendments were made:

- Shifting of funds from COGTA to Human Settlements due to the split – **R25.000 million**

The available funding is allocated to departments as follows:

**Premier – R3.374 million**

- ✓ ICS – R0.432 million
- ✓ Regrading of clerks – R0.619 million
- ✓ CDWs funding – R7.500 million
- ✓ Reprioritization for Provincial Bursaries – (R5.177 million)

**Legislature – R20.373 million**

- ✓ Revenue retained – R20.373 million
- ✓ ICS – R0.185 million

✓ **Economic Development, Tourism & Environmental Affairs - (R6.805 million)**

- ✓ ICS – R0.408 million

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- ✓ Regrading of clerks – R0.376 million
- ✓ Compensation of employees – R4.293 million
- ✓ Transfers from CATHSSETA – R1.206 million
- ✓ Reprioritization for provincial bursaries – (R12.888 million)
- ✓ Unallocated REA – (R0.200)

**Provincial Treasury – R7.819 million**

- ✓ ICS – R0.358 million
- ✓ Regrading of clerks – R0.223 million
- ✓ Compensation of employees – R0.910 million
- ✓ Business re-engineering – R5.000 million
- ✓ Suppliers' database – R5.767 million
- ✓ Reprioritization for provincial bursaries – (R4.439 million)

**Health – R97.550 million**

- ✓ ICS – R11.664 million
- ✓ Regrading of clerks – R8.822 million
- ✓ Reprioritization for provincial bursaries – (R8.528 million)
- ✓ Unallocated REA – (R1.200 million)

**Education – R156.794 million**

- ✓ ICS – 19.467 million
- ✓ Regrading of clerks – R47.574 million
- ✓ Funding for provincial bursaries – R79.078 million
- ✓ Rollover – R9.861 million
- ✓ FET ICS – R0.814 million

**Social Development – R13.867 million**

- ✓ ICS – R1.001 million
- ✓ Regrading of clerks – R0.538 million
- ✓ Rollover – R3.858 million
- ✓ Marikana Tradegey – R0.125 million
- ✓ Compensation of employees – R11.000 million
- ✓ Reprioritization for provincial bursaries – (R2.655 million)

**COGTA – (R31.872 million)**

- ✓ ICS – R0.372 million
- ✓ Regrading of clerks – R0.453 million
- ✓ Operation clean audit – R5.000 million
- ✓ Official Development Assistance – R0.098 million
- ✓ Reprioritization for provincial bursaries – (R12.697 million)

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- ✓ Transfer between departments – (R25.000 million)

#### **Public Works – (R12.726 million)**

- ✓ ICS – R0.801 million
- ✓ Regrading of clerks – R0.672 million
- ✓ Reprioritization for provincial bursaries – (R12.999 million)
- ✓ Unallocated REA – (R1.200 million)

#### **Police, Roads and Transport – (R198.345) million**

- ✓ ICS – R1.189 million
- ✓ Regrading of clerks – R1.071 million
- ✓ Shortfall on PTOG – R6.000 million
- ✓ Rollover – R48.500 million
- ✓ Reprioritization for provincial bursaries – (R0.226 million)
- ✓ PRMG cut – (R254.879 million)

#### **Agriculture and Rural Development – (R10.962 million)**

- ✓ ICS – R0.669 million
- ✓ Regrading of clerks – R0.460 million
- ✓ Reprioritization for provincial bursaries – (R12.091 million)

#### **Sport, Arts, Culture and Recreation – R24.148 million**

- ✓ ICS – R0.448 million
- ✓ Regrading of clerks – R0.298 million
- ✓ Sport Administration Learnership programme – R0.131 million
- ✓ Macufe 2013 – R26.912 million
- ✓ Rollover – R1.185 million
- ✓ Sports Administration learnership – R0.131 million
- ✓ Reprioritization for provincial bursaries – (R4.826 million)

#### **Human Settlements – R23.400 million**

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- ✓ ICS – R0.183 million
- ✓ Regrading of clerks – R0.659 million
- ✓ Prize money: NHBRC – R0.110 million
- ✓ Transfer between departments – R25.00 million
- ✓ Reprioritization for provincial bursaries – (R2.552 million)