



Member of the Executive Council  
for Finance  
FREE STATE PROVINCE

**CABINET REFERENCE NO.:** \_\_\_\_/2013

**DEPARTMENTAL FILE NO:** 2013/14 ADJUSTMENT BUDGET

**EXECUTIVE COUNCIL MEMORANDUM  
PROVINCIAL TREASURY**

**SUBJECT:** 2013/14 ADJUSTMENT BUDGET

**1. PURPOSE OF THE MEMORANDUM**

To request the Executive Council to approve the proposed 2013/14 Adjustment Budget.

**2. BACKGROUND**

In terms of section 31 of the Public Finance Management Act (PFMA) No.1 of 1999 (as amended by Act No. 29 of 1999), the MEC for Finance in the Province may table an adjustment budget in the Provincial Legislature which may only provide for:

- The appropriation of funds that have become available to the Province;
- Unforeseeable and unavoidable expenditure recommended by the Provincial Executive Council of the Province within the framework determined by the Minister of Finance;
- Any 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.

Coupled to the above-mentioned legislative requirements, it is worth mentioning that the provincial fiscal framework is under tremendous constraints; consequently, departments are encouraged to continue to re-examine their baselines, scale down spending on non-core or low priority programmes, improve efficiency on supply chain management and service delivery. The departments are encouraged to reduce wastage and reprioritize savings towards high impact government priorities.

Furthermore, the available resources will be channeled towards non-discretionary items such as improvement in conditions of service (ICS) to sustain the level of services.

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### 3. DISCUSSION

#### 3.1 THE SPENDING PATTERNS AS AT 30 SEPTEMBER 2013 AND BUDGET PRESSURES

##### 3.1.1 SUMMARY OF PROVINCIAL SPENDING

The actual expenditure incurred by the Province as at 30 September 2013 amounts to R13.267 billion or 49.4 per cent from the budget of R26.872 billion. This expenditure is just below the benchmark norm of 50 per cent by R169 million or 0.63 percent. The province projects to overspend the budget by an amount of R1.490 billion or 5.5 per cent at the end of the 2013/14 financial year mainly on compensation of employees, transfers to households and goods & services.

The departments that are contributing towards this projected over expenditure are mainly Education, Health, Social Development, Public Works, Sport, Arts, Culture and Recreation, Human Settlements and Provincial Legislature whilst projected over expenditure by Agriculture and Rural Development is less than R1 million. The five (5) remaining departments projected to underspend their respective allocations at the end of the current financial year. Table 1 and table 1.1 below illustrate second quarter spending performance per department.

Table 1: Second quarter spending per department

| Department                                        | Compensation of employees |                |               | Goods & services and other |                |               | Transfers and subsidies |                |               | Payments for capital |              |              | Total           |                 |                 |      |
|---------------------------------------------------|---------------------------|----------------|---------------|----------------------------|----------------|---------------|-------------------------|----------------|---------------|----------------------|--------------|--------------|-----------------|-----------------|-----------------|------|
|                                                   | Budget                    | Expenditure    | Projections   | Budget                     | Expenditure    | Projections   | Budget                  | Expenditure    | Projections   | Budget               | Expenditure  | Projections  | Budget          | Expenditure     | Projections     |      |
| Rm                                                | (1)                       | (2)            | (3)           | (4)                        | (5)            | (6)           | (7)                     | (8)            | (9)           | (10)                 | (11)         | (12)         | (13)            | (14)            | (15)            | (16) |
| <i>Social services</i>                            |                           |                |               |                            |                |               |                         |                |               |                      |              |              |                 |                 |                 |      |
| Education                                         | 7 971.1                   | 4 366.6        | -797.3        | 813.5                      | 349.8          | -159.2        | 1 197.9                 | 799.4          | -349.7        | 473.8                | 149.2        | -6.1         | 10 456.2        | 5 665.0         | -1 312.3        |      |
| Health                                            | 5 197.3                   | 2 605.7        | -49.2         | 1 945.2                    | 1 050.3        | 12.9          | 112.3                   | 48.5           | -1.6          | 640.0                | 169.8        | -13.4        | 7 894.8         | 3 874.2         | -51.4           |      |
| Social Development                                | 445.9                     | 228.7          | -15.3         | 88.1                       | 48.0           | -4.3          | 381.6                   | 189.4          | -0.8          | 35.6                 | 17.9         | 2.6          | 951.3           | 484.1           | -18.7           |      |
| <b>Sub-total</b>                                  | <b>13 614.3</b>           | <b>7 201.0</b> | <b>-852.8</b> | <b>2 846.8</b>             | <b>1 448.1</b> | <b>-150.6</b> | <b>1 691.8</b>          | <b>1 037.2</b> | <b>-352.0</b> | <b>1 149.4</b>       | <b>336.9</b> | <b>-16.9</b> | <b>19 302.3</b> | <b>10 023.2</b> | <b>-1 382.4</b> |      |
| <i>Non-social services</i>                        |                           |                |               |                            |                |               |                         |                |               |                      |              |              |                 |                 |                 |      |
| Premier                                           | 192.3                     | 93.7           | 2.6           | 84.9                       | 40.5           | 3.5           | 0.5                     | 0.5            | -0.2          | 2.4                  | 0.9          | -0.8         | 280.0           | 135.5           | 5.2             |      |
| Legislature                                       | 82.3                      | 37.2           | 0.1           | 57.6                       | 25.9           | 6.7           | 31.9                    | 26.0           | -20.9         | 1.9                  | 1.5          | -0.3         | 173.7           | 90.7            | -14.4           |      |
| Economic Development, Tourism & Environmental Aff | 181.6                     | 90.2           | -             | 95.7                       | 38.6           | 11.7          | 118.6                   | 57.1           | -3.0          | 54.3                 | 12.5         | 4.2          | 450.2           | 198.5           | 12.9            |      |
| Provincial Treasury                               | 159.5                     | 74.1           | 9.1           | 54.2                       | 24.7           | -0.4          | 0.3                     | 3.0            | -2.7          | 2.3                  | 1.5          | -1.5         | 216.3           | 103.3           | 4.4             |      |
| Cooperative Governance & Traditional Affairs      | 165.7                     | 69.8           | 6.0           | 116.0                      | 41.0           | 3.9           | 64.0                    | 32.8           | 5.8           | 2.8                  | 0.8          | -2.9         | 348.4           | 144.4           | 12.7            |      |
| Public Works                                      | 356.8                     | 170.5          | 2.2           | 530.4                      | 330.2          | -165.7        | 286.0                   | 147.7          | -             | 245.1                | 89.3         | 4.2          | 1 418.3         | 737.7           | -69.3           |      |
| Police, Roads & Transport                         | 529.9                     | 246.9          | 2.8           | 443.6                      | 234.2          | 6.0           | 232.2                   | 126.2          | -0.4          | 1 054.7              | 345.1        | -8.1         | 2 260.4         | 952.5           | 0.2             |      |
| Agriculture & Rural Development                   | 298.4                     | 152.3          | -7.6          | 113.8                      | 37.9           | -15.3         | 195.7                   | 104.9          | -1.4          | 65.4                 | 5.1          | 23.5         | 673.3           | 300.1           | -0.7            |      |
| Sport, Arts, Culture & Recreation                 | 199.9                     | 84.7           | 8.8           | 110.8                      | 94.4           | -26.2         | 25.1                    | 20.1           | -4.9          | 179.3                | 88.5         | -1.2         | 515.1           | 287.8           | -23.4           |      |
| Human Settlements                                 | 81.9                      | 35.9           | 2.5           | 27.5                       | 16.2           | -7.9          | 1 122.2                 | 240.5          | -0.0          | 2.0                  | 0.3          | -            | 1 233.6         | 292.9           | -5.4            |      |
| <b>Sub-total</b>                                  | <b>2 248.3</b>            | <b>1 055.2</b> | <b>26.6</b>   | <b>1 634.5</b>             | <b>883.6</b>   | <b>-123.6</b> | <b>2 076.4</b>          | <b>758.9</b>   | <b>-27.9</b>  | <b>1 610.2</b>       | <b>545.6</b> | <b>17.1</b>  | <b>7 569.3</b>  | <b>3 243.3</b>  | <b>-107.8</b>   |      |
| <b>TOTAL</b>                                      | <b>15 862.6</b>           | <b>8 256.2</b> | <b>-826.2</b> | <b>4 481.2</b>             | <b>2 331.7</b> | <b>-274.2</b> | <b>3 768.2</b>          | <b>1 796.1</b> | <b>-379.9</b> | <b>2 759.6</b>       | <b>882.5</b> | <b>0.2</b>   | <b>26 871.6</b> | <b>13 266.5</b> | <b>-1 490.2</b> |      |

Table 1.1: 2013/14 Budget outcome

| Department<br>(1)                                 | Main Budget<br>R'm<br>(2) | Spent           |              | Proj            |              | Total           |               | Deviation<br>(Over)/Under |              |
|---------------------------------------------------|---------------------------|-----------------|--------------|-----------------|--------------|-----------------|---------------|---------------------------|--------------|
|                                                   |                           | R'm<br>(3)      | %<br>(4)     | R'm<br>(5)      | %<br>(6)     | R'm<br>(7)      | %<br>(8)      | R'm<br>(9)                | %<br>(10)    |
| <b>Social services</b>                            |                           |                 |              |                 |              |                 |               |                           |              |
| Education                                         | 10 456.2                  | 5 665.0         | 54.2%        | 6 103.5         | 58.4%        | 11 768.5        | 112.6%        | -1 312.3                  | -12.6%       |
| Health                                            | 7 894.8                   | 3 874.2         | 49.1%        | 4 072.0         | 51.6%        | 7 946.2         | 100.7%        | -51.4                     | -0.7%        |
| Social Development                                | 951.2                     | 484.1           | 50.9%        | 485.9           | 51.1%        | 970.0           | 102.0%        | -18.8                     | -2.0%        |
| <b>Sub-total</b>                                  | <b>19 302.2</b>           | <b>10 023.3</b> | <b>51.9%</b> | <b>10 661.4</b> | <b>55.2%</b> | <b>20 684.7</b> | <b>107.2%</b> | <b>-1 382.5</b>           | <b>-7.2%</b> |
| <b>Non-social services</b>                        |                           |                 |              |                 |              |                 |               |                           |              |
| Premier                                           | 280.0                     | 135.5           | 48.4%        | 139.3           | 49.8%        | 274.8           | 98.1%         | 5.2                       | 1.9%         |
| Legislature                                       | 173.7                     | 90.7            | 52.2%        | 97.4            | 56.1%        | 188.1           | 108.3%        | -14.4                     | -8.3%        |
| Economic Development, Tourism & Environmental Aff | 450.2                     | 198.5           | 44.1%        | 238.9           | 53.1%        | 437.4           | 97.2%         | 12.8                      | 2.8%         |
| Provincial Treasury                               | 216.4                     | 103.3           | 47.7%        | 108.6           | 50.2%        | 211.9           | 97.9%         | 4.5                       | 2.1%         |
| Cooperative Governance & Traditional Affairs      | 348.4                     | 144.4           | 41.4%        | 191.3           | 54.9%        | 335.7           | 96.4%         | 12.7                      | 3.6%         |
| Public Works                                      | 1 418.3                   | 737.7           | 52.0%        | 779.9           | 55.0%        | 1 517.6         | 107.0%        | -99.3                     | -7.0%        |
| Police, Roads & Transport                         | 2 260.4                   | 952.5           | 42.1%        | 1 307.7         | 57.9%        | 2 260.2         | 100.0%        | 0.2                       | 0.0%         |
| Agriculture & Rural Development                   | 673.3                     | 300.1           | 44.6%        | 373.9           | 55.5%        | 674.0           | 100.1%        | -0.7                      | -0.1%        |
| Sport, Arts, Culture & Recreation                 | 515.1                     | 287.8           | 55.9%        | 250.8           | 48.7%        | 538.6           | 104.6%        | -23.5                     | -4.6%        |
| Human Settlements                                 | 1 233.6                   | 292.9           | 23.7%        | 946.1           | 76.7%        | 1 239.0         | 100.4%        | -5.4                      | -0.4%        |
| <b>Sub-total</b>                                  | <b>7 569.4</b>            | <b>3 243.4</b>  | <b>42.8%</b> | <b>4 433.9</b>  | <b>58.6%</b> | <b>7 677.3</b>  | <b>101.4%</b> | <b>-107.9</b>             | <b>-1.4%</b> |
| <b>TOTAL</b>                                      | <b>26 871.6</b>           | <b>13 266.7</b> | <b>49.4%</b> | <b>15 095.3</b> | <b>56.2%</b> | <b>28 362.0</b> | <b>105.5%</b> | <b>-1 490.4</b>           | <b>-5.5%</b> |

### 3.1.2 SPENDING ON INFRASTRUCTURE

The 2013/14 initial allocations towards infrastructure projects amount to R2.970 billion of which R999.4 million or 33.6 per cent was spent during the first two quarters of the current financial year.

The projected under expenditure amounts to R225.2 million or 7.6 per cent of which Health is the biggest contributor with an anticipated under expenditure of R167.2 million followed by Agriculture and Rural Development with R51.6 million projected under expenditure.

The details of the second quarter infrastructure outcome are illustrated in table 2 below.

Table 2: 2013/14 Second Quarter Budget Outcome - Infrastructure Expenditure

| Department<br>(1)                                 | Main Budget<br>R'm<br>(2) | Spent        |              | Proj           |              | Total          |              | Deviation<br>(Over)/Under |              |
|---------------------------------------------------|---------------------------|--------------|--------------|----------------|--------------|----------------|--------------|---------------------------|--------------|
|                                                   |                           | R'm<br>(3)   | %<br>(4)     | R'm<br>(5)     | %<br>(6)     | R'm<br>(7)     | %<br>(8)     | R'm<br>(9)                | %<br>(10)    |
| <b>Social services</b>                            |                           |              |              |                |              |                |              |                           |              |
| Education                                         | 513.1                     | 184.0        | 35.9%        | 329.1          | 64.1%        | 513.1          | 100.0%       | 0.0                       | 0.0%         |
| Health                                            | 562.0                     | 123.3        | 21.9%        | 271.6          | 48.3%        | 394.9          | 70.3%        | 167.2                     | 29.7%        |
| Social Development                                | 32.3                      | 15.6         | 48.2%        | 14.0           | 43.3%        | 29.6           | 91.5%        | 2.8                       | 8.5%         |
| <b>Sub-total</b>                                  | <b>1 107.4</b>            | <b>322.9</b> | <b>29.2%</b> | <b>614.7</b>   | <b>55.5%</b> | <b>937.5</b>   | <b>84.7%</b> | <b>169.9</b>              | <b>15.3%</b> |
| <b>Non-social services</b>                        |                           |              |              |                |              |                |              |                           |              |
| Economic Development, Tourism & Environmental Aff | 64.6                      | 12.5         | 19.3%        | 47.1           | 72.9%        | 59.6           | 92.3%        | 5.0                       | 7.7%         |
| Public Works                                      | 248.6                     | 91.1         | 36.6%        | 157.6          | 63.4%        | 248.7          | 100.0%       | -0.1                      | 0.0%         |
| Police, Roads & Transport                         | 1 152.3                   | 382.1        | 33.2%        | 770.1          | 66.8%        | 1 152.3        | 100.0%       | 0.0                       | 0.0%         |
| Agriculture & Rural Development                   | 215.4                     | 100.1        | 46.5%        | 63.7           | 29.6%        | 163.7          | 76.0%        | 51.6                      | 24.0%        |
| Sport, Arts, Culture & Recreation                 | 182.1                     | 90.7         | 49.8%        | 92.6           | 50.9%        | 183.3          | 100.7%       | -1.3                      | -0.7%        |
| <b>Sub-total</b>                                  | <b>1 862.9</b>            | <b>676.5</b> | <b>36.3%</b> | <b>1 131.0</b> | <b>60.7%</b> | <b>1 807.6</b> | <b>97.0%</b> | <b>55.3</b>               | <b>3.0%</b>  |
| <b>TOTAL</b>                                      | <b>2 970.3</b>            | <b>999.4</b> | <b>33.6%</b> | <b>1 745.7</b> | <b>58.8%</b> | <b>2 745.1</b> | <b>92.4%</b> | <b>225.2</b>              | <b>7.6%</b>  |

### 3.1.3 SPENDING ON COMPENSATION OF EMPLOYEES

Table 3 below indicates actual expenditure of R8.256 billion or 52.0 per cent against the initial allocation of R15.863 billion towards compensation of employees. The province projects an over expenditure of R836.2 million or 5.3 per cent of which Education projected an over expenditure of R797.3 million due to the fact that the department did not provide sufficiently towards this item at the beginning of the current financial year. The projected over-spending is also due to higher than projected salary increase of 6.6 per cent instead of 6.3 per cent as initially budgeted for.

Other departments projecting to over-spend include Department of Health with R49.2 million mainly due to shortfall on pay progression and improvement in conditions of service, Social Development with R16.3 million as a result of re-grading of social workers and Agriculture and Rural Development with R7.6 million due to shortfall on PDMS, pay progression and higher than expected wage agreement.

Table 3: 2013/14 Second Quarter Budget Outcome - Compensation of Employees

| Department<br>(1)                                 | Main Budget<br>R'm<br>(2) | Spent          |              | Proj           |              | Total           |               | Deviation<br>(Over)/Under |              |
|---------------------------------------------------|---------------------------|----------------|--------------|----------------|--------------|-----------------|---------------|---------------------------|--------------|
|                                                   | R'm<br>(3)                | %<br>(4)       | R'm<br>(5)   | %<br>(6)       | R'm<br>(7)   | %<br>(8)        | R'm<br>(9)    | %<br>(10)                 |              |
| <b>Social services</b>                            |                           |                |              |                |              |                 |               |                           |              |
| Education                                         | 7 971.1                   | 4 366.6        | 54.8%        | 4 401.8        | 55.2%        | 8 768.4         | 110.0%        | -797.3                    | -10.0%       |
| Health                                            | 5 197.3                   | 2 605.7        | 50.1%        | 2 640.8        | 50.8%        | 5 246.5         | 100.9%        | -49.2                     | -0.9%        |
| Social Development                                | 445.9                     | 228.7          | 51.3%        | 233.4          | 52.4%        | 462.1           | 103.7%        | -16.3                     | -3.7%        |
| <b>Sub-total</b>                                  | <b>13 614.3</b>           | <b>7 201.0</b> | <b>52.9%</b> | <b>7 276.0</b> | <b>53.4%</b> | <b>14 477.0</b> | <b>106.3%</b> | <b>-862.8</b>             | <b>-6.3%</b> |
| <b>Non-social services</b>                        |                           |                |              |                |              |                 |               |                           |              |
| Premier                                           | 192.3                     | 93.7           | 48.7%        | 96.0           | 49.9%        | 189.7           | 98.6%         | 2.6                       | 1.4%         |
| Legislature                                       | 82.3                      | 37.2           | 45.2%        | 45.0           | 54.6%        | 82.2            | 99.9%         | 0.1                       | 0.1%         |
| Economic Development, Tourism & Environmental Aff | 181.6                     | 90.2           | 49.7%        | 91.4           | 50.3%        | 181.6           | 100.0%        | 0.0                       | 0.0%         |
| Provincial Treasury                               | 159.5                     | 74.1           | 46.4%        | 76.4           | 47.9%        | 150.5           | 94.3%         | 9.1                       | 5.7%         |
| Cooperative Governance & Traditional Affairs      | 165.7                     | 69.8           | 42.1%        | 89.9           | 54.3%        | 159.7           | 96.4%         | 6.0                       | 3.6%         |
| Public Works                                      | 356.8                     | 170.5          | 47.8%        | 184.2          | 51.6%        | 354.6           | 99.4%         | 2.2                       | 0.6%         |
| Police, Roads & Transport                         | 529.9                     | 246.9          | 46.6%        | 280.2          | 52.9%        | 527.1           | 99.5%         | 2.8                       | 0.5%         |
| Agriculture & Rural Development                   | 298.4                     | 152.3          | 51.0%        | 153.7          | 51.5%        | 306.0           | 102.5%        | -7.6                      | -2.5%        |
| Sport, Arts, Culture & Recreation                 | 199.9                     | 84.7           | 42.4%        | 106.3          | 53.2%        | 191.1           | 95.6%         | 8.8                       | 4.4%         |
| Human Settlements                                 | 81.9                      | 35.9           | 43.8%        | 43.5           | 53.1%        | 79.4            | 96.9%         | 2.5                       | 3.1%         |
| <b>Sub-total</b>                                  | <b>2 248.4</b>            | <b>1 055.2</b> | <b>46.9%</b> | <b>1 166.6</b> | <b>51.9%</b> | <b>2 221.8</b>  | <b>98.8%</b>  | <b>26.6</b>               | <b>1.2%</b>  |
| <b>TOTAL</b>                                      | <b>15 862.7</b>           | <b>8 256.2</b> | <b>52.0%</b> | <b>8 442.7</b> | <b>53.2%</b> | <b>16 698.9</b> | <b>105.3%</b> | <b>-836.2</b>             | <b>-5.3%</b> |

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### 3.2 TOTAL AVAILABLE FUNDING

The total available funding for the 2013/14 adjustment budget amounts to R128.884 million, which is constituted by non-discretionary allocations from National Treasury including funds for Improvement in Conditions of Service (ICS) and Conditional Grants, as well as Provincially allocated amounts such as Rollovers, Uncommitted REA, Revenue over-collection and Legislature's Retained Revenue.

Table 4 below illustrates the breakdown of total available funding towards the Free State Province to be appropriated in the 2013/14 Adjustment Estimates.

| 2013/14 Adjustment Budget<br>R'000                 | Allocation      |
|----------------------------------------------------|-----------------|
| <b>Rollovers</b>                                   | <b>150 196</b>  |
| <b>Conditional Grants</b>                          | <b>150 196</b>  |
| <b>Health</b>                                      | <b>86 792</b>   |
| Health Infrastructure Grant                        | 13 859          |
| Hospital Revitalization Grant                      | 72 933          |
| <b>Education</b>                                   | <b>9 861</b>    |
| Education Infrastructure Grant                     | 7 287           |
| HIV and Aids (Life Skills Education) Grant         | 2 306           |
| National School Nutrition Programme Grant          | 268             |
| <b>SACR</b>                                        | <b>1 185</b>    |
| Community Library Services Grant                   | 1 185           |
| <b>PRT</b>                                         | <b>48 500</b>   |
| Provincial Roads Maintenance Grant                 | 48 500          |
| <b>Social Development</b>                          | <b>3 858</b>    |
| EPWP grant for the Social Sector                   | 3 858           |
| <b>Adjustments from National Treasury</b>          | <b>-81 314</b>  |
| <b>Equitable Share</b>                             | <b>172 751</b>  |
| <b>ICS</b>                                         | <b>37 177</b>   |
| Regrading of Clerks                                | 98 834          |
| Marikana Tragedy                                   | 125             |
| Devolution of Property Rates                       | 36 615          |
| <b>Conditional Grants</b>                          | <b>-254 065</b> |
| Education: FET Colleges Grant                      | 814             |
| PRT: Provincial Roads Maintenance Grant            | -254 879        |
| <b>Adjustment from Provincial Own Revenue</b>      | <b>5 767</b>    |
| <b>CATHSSETA</b>                                   | <b>1 337</b>    |
| <b>Legislature revenue (Legislature to Retain)</b> | <b>20 188</b>   |
| <b>2012/13 Revenue over-collection</b>             | <b>30 000</b>   |
| <b>2013/14 Uncommitted REA</b>                     | <b>2 600</b>    |
| <b>Fleet Management - 2012/13 Surplus</b>          |                 |
| <b>Prize Money - NHBRC (Human Settlements)</b>     | <b>110</b>      |
| <b>TOTAL</b>                                       | <b>128 884</b>  |

Table 4.1 below depicts the 2013/14 provincial own revenue adjustment, the 2013/14 own revenue budget was adjusted upward by R5.767 million or 0.7 per cent from R850.563 million to R856.330 million. All the departments, except Provincial Treasury and Department of the Premier, were adjusted upward. The estimated revenue budget for Provincial Treasury was adjusted downward due to improved provincial spending that resulted in cash constraints for the province; whilst the declining number of subscribers for government gazette and the proposed write-off of PALAMA conference resulted in downward adjustment for the Department of the Premier.

Table 4.1: 2013/14 Provincial Own Revenue adjustment

| Departments                     | 2013/14            |                    |                        | Percentage Change |
|---------------------------------|--------------------|--------------------|------------------------|-------------------|
|                                 | Main Appropriation | Increased/Decrease | Adjusted Appropriation |                   |
| Premier                         | 4 894              | -85                | 4 809                  | -1.7%             |
| DETEA                           | 69 364             | 2 489              | 71 853                 | 3.6%              |
| Treasury                        | 75 975             | -45 000            | 30 975                 | -59.2%            |
| Health                          | 149 616            | 365                | 149 981                | 0.2%              |
| Education                       | 17 319             | 959                | 18 278                 | 5.5%              |
| Social Development              | 1 218              | 160                | 1 378                  | 13.1%             |
| COGTA                           | 1 771              | 42                 | 1 813                  | 2.4%              |
| Human Settlement                | 211                | 9                  | 220                    | 4.3%              |
| Public Works                    | 23 564             | 8 836              | 32 400                 | 37.5%             |
| Police, Roads & Transport       | 493 902            | 33 936             | 527 838                | 6.9%              |
| Agriculture & Rural Development | 2 875              | 67                 | 2 942                  | 2.3%              |
| S A C & R                       | 9 854              | 3 989              | 13 843                 | 40.5%             |
| Total receipts                  | 850 563            | 5 767              | 856 330                | 0.7%              |

### 3.3 FUNDING REQUESTS BY DEPARTMENTS

#### 3.3.1 ROLL-OVER REQUESTS

The consolidated roll-over requests for nine (9) departments (Health, Education, Social Development, Police Roads and Transport, Department of the Premier, Economic Development, Public Works, Agriculture & Rural Development and Sport Arts Culture and Recreation) amount to R229.145 million of which R203.616 million relates to Conditional Grants and R25.529 million to Equitable Share. The details of the departments' requests are as follows and are discussed in details below.

### 3.3.1.1 CONDITIONAL GRANTS ROLLOVERS

Table 5 below depicts total rollover requests per department as well as amounts approved regarding conditional grants.

Table 5: Conditional grant rollovers

| DEPARTMENT                                           | CONDITIONAL GRANT                          | ROLLOVER REQUEST | ROLLOVER APPROVED |
|------------------------------------------------------|--------------------------------------------|------------------|-------------------|
|                                                      |                                            | R'000            | R'000             |
| <b>VOTE 5: HEALTH</b>                                |                                            | <b>86 924</b>    | <b>86 792</b>     |
|                                                      | <i>Hospital Revitalization</i>             | 73 065           | 72 933            |
|                                                      | <i>Health Infrastructure Grant</i>         | 13 859           | 13 859            |
| <b>VOTE 6: EDUCATION</b>                             |                                            | <b>17 251</b>    | <b>9 861</b>      |
|                                                      | <i>HIV/ AIDS (life skills education)</i>   | 3 245            | 2 306             |
|                                                      | <i>National School Nutrition Programme</i> | 4 529            | 268               |
|                                                      | <i>Dinaledi School Grant</i>               | 2 190            | -                 |
|                                                      | <i>Education Infrastructure Grant</i>      | 7 287            | 7 287             |
| <b>VOTE 7: SOCIAL DEVELOPMENT</b>                    |                                            | <b>3 858</b>     | <b>3 858</b>      |
|                                                      | <i>EPWP Social Sector Incentive Grant</i>  | 3 858            | 3 858             |
| <b>VOTE 10: POLICE ROADS AND TRANSPORT</b>           |                                            | <b>54 675</b>    | <b>48 500</b>     |
|                                                      | <i>Provincial Road Maintenance Grant</i>   | 48 500           | 48 500            |
|                                                      | <i>Police (EPWP Incentive grant)</i>       | 6 175            | -                 |
| <b>VOTE 12: SPORT, ARTS CULTURE &amp; RECREATION</b> |                                            | <b>4 293</b>     | <b>1 185</b>      |
|                                                      | <i>Community Library Services Grant</i>    | 4 293            | 1 185             |
| <b>TOTAL Conditional Grant rollovers</b>             |                                            | <b>167 001</b>   | <b>150 196</b>    |

### 3.3.1.2 EQUITABLE SHARE ROLLOVERS

The total provincial rollover requests for Equitable Share amount to R25.529 million. The requests for provincial equitable share rollovers were not approved due to current cash flow challenges coupled with slow growth on national and provincial revenues. The request per department is as follows:

- Department of the Premier - R0.889 million
- Department of Economic Development - R3.235 million
- Social Development – R6.926 million
- Public Works - R6.411 million
- Sport, Arts, Culture and Recreation – R3.424 million; and
- Agriculture and Rural Development - R4.644 million

The details of the request per department are attached as **Annexure B** of this memorandum.

### 3.3.2 ADDITIONAL FUNDING REQUESTS AND PROPOSED ALLOCATIONS

The total additional funding requests for the 2013/14 adjustment budget amounts to R2.259 billion. The bulk of these requests relates to the Departments of Education, Health, Public Works and Police, Roads and Transport. Table six (6) below illustrates additional funding requests for the 2013/14 adjustment budget per department.

Table 6: Additional funding request and proposed allocations

| DEPARTMENT<br>R'000                                     | ADDITIONAL<br>FUNDING<br>REQUEST | PROPOSED ALLOCATIONS  |               |               |               |                        | TOTAL         |
|---------------------------------------------------------|----------------------------------|-----------------------|---------------|---------------|---------------|------------------------|---------------|
|                                                         |                                  | Reprior-<br>itization | Discretionary | Other         | ICS           | Regrading<br>of clerks |               |
| <b>PREMIER</b>                                          | <b>50 100</b>                    | <b>-5 177</b>         | <b>7 500</b>  |               | <b>432</b>    | <b>619</b>             | <b>3 374</b>  |
| Compensation of Employees and Re-Grading of clerks      | 4 000                            |                       |               |               | 432           | 619                    | 1 051         |
| Communication Strategy Funding                          | 20 000                           |                       |               |               |               |                        |               |
| IT (CDW)                                                | 7 500                            |                       | 7 500         |               |               |                        | 7 500         |
| IT Strategy (LAN upgrade)                               | 10 000                           |                       |               |               |               |                        |               |
| Annual Free State Book                                  | 8 000                            |                       |               |               |               |                        |               |
| 20 year review project                                  | 600                              |                       |               |               |               |                        |               |
| Reprioritised funds towards Education                   |                                  | -5 177                |               |               |               |                        | -5 177        |
| <b>LEGISLATURE</b>                                      |                                  |                       |               | <b>20 188</b> | <b>185</b>    |                        | <b>20 373</b> |
| Revenue retained                                        |                                  |                       |               | 20 188        |               |                        | 20 188        |
| Compensation of Employees                               |                                  |                       |               |               | 185           |                        | 185           |
| <b>ECONOMIC DEVELOPMENT, TOURISM &amp; ENVIRONMENT</b>  | <b>48 991</b>                    | <b>-12 888</b>        | <b>4 293</b>  | <b>1 206</b>  | <b>408</b>    | <b>376</b>             | <b>-6 605</b> |
| ICS, Filling of Critical vacancies and Re-Grading       | 10 505                           |                       | 4 293         |               | 408           | 376                    | 5 077         |
| FS Gambling and Liquor Authority                        | 6 670                            |                       |               |               |               |                        |               |
| Investigation of two casinos                            | 700                              |                       |               |               |               |                        |               |
| Performance Management software                         | 200                              |                       |               |               |               |                        |               |
| IT Infrastructure                                       | 5 000                            |                       |               |               |               |                        |               |
| Replacement of 2 pool vehicles                          | 320                              |                       |               |               |               |                        |               |
| Employee Wellness Programme                             | 200                              |                       |               |               |               |                        |               |
| Strategic Session costs                                 | 250                              |                       |               |               |               |                        |               |
| Textile Revite                                          | 10 000                           |                       |               |               |               |                        |               |
| FS Tourism Authority                                    | 20 610                           |                       |               |               |               |                        |               |
| Tour de Free State                                      | 4 900                            |                       |               |               |               |                        |               |
| F2 Powerboat WC                                         | 7 000                            |                       |               |               |               |                        |               |
| Ongoing sport Development (Partnership with Bolton)     | 1 650                            |                       |               |               |               |                        |               |
| Tourism month                                           | 1 000                            |                       |               |               |               |                        |               |
| Macufe branding                                         | 500                              |                       |               |               |               |                        |               |
| Bethlehem Air Show                                      | 1 000                            |                       |               |               |               |                        |               |
| Cherry Jazz Festival                                    | 1 000                            |                       |               |               |               |                        |               |
| Music Tourism                                           | 200                              |                       |               |               |               |                        |               |
| Durban Indaba                                           | 1 600                            |                       |               |               |               |                        |               |
| Phakisa Lifestyle Show                                  | 760                              |                       |               |               |               |                        |               |
| Promotion of the big 5 routes                           | 1 000                            |                       |               |               |               |                        |               |
| Transfers from CATHSSETA                                | 1 206                            |                       |               | 1 206         |               |                        | 1 206         |
| Reprioritised funds towards Education                   |                                  | -12 888               |               |               |               |                        | -12 888       |
| <b>PROVINCIAL TREASURY</b>                              | <b>13 459</b>                    | <b>-4 439</b>         | <b>11 677</b> |               | <b>358</b>    | <b>223</b>             | <b>7 819</b>  |
| Compensation of employees                               | 2 692                            |                       | 910           |               | 358           |                        | 1 268         |
| Regrading of clerks                                     |                                  |                       |               |               |               | 223                    | 223           |
| Business Re-engineering                                 | 5 000                            |                       | 5 000         |               |               |                        | 5 000         |
| Suppliers' Database                                     | 5 767                            |                       | 5 767         |               |               |                        | 5 767         |
| Reprioritised funds towards Education                   |                                  | -4 439                |               |               |               |                        | -4 439        |
| <b>HEALTH</b>                                           | <b>347 758</b>                   | <b>-8 528</b>         |               |               | <b>11 664</b> | <b>8 822</b>           | <b>11 958</b> |
| Compensation of Employees (ICS) and Regrading of clerks | 115 706                          |                       |               |               | 11 664        | 8 822                  | 20 486        |
| Goods and Services (including medicine)                 | 194 186                          |                       |               |               |               |                        |               |
| Cuban Student Program                                   | 37 866                           |                       |               |               |               |                        |               |
| Reprioritised funds towards Education                   |                                  | -8 528                |               |               |               |                        | -8 528        |

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Table 6: Additional funding request and proposed allocations (cont..)

| DEPARTMENT<br>R'000                                                     | ADDITIONAL<br>FUNDING<br>REQUEST | PROPOSED ALLOCATIONS  |               |       |               |                        | TOTAL          |
|-------------------------------------------------------------------------|----------------------------------|-----------------------|---------------|-------|---------------|------------------------|----------------|
|                                                                         |                                  | Reprior-<br>itization | Discretionary | Other | ICS           | Regrading<br>of clerks |                |
| <b>EDUCATION</b>                                                        | <b>1 306 203</b>                 | <b>79 078</b>         |               |       | <b>19 467</b> | <b>47 574</b>          | <b>146 119</b> |
| Compensation of Employees Shortfall                                     | 747 935                          |                       |               |       | 19 467        | 47 574                 | 67 041         |
| Bursaries                                                               | 272 922                          |                       |               |       |               |                        |                |
| LTSM CAPS                                                               | 234 000                          |                       |               |       |               |                        |                |
| Leave Gratuities                                                        | 21 346                           |                       |               |       |               |                        |                |
| OSD of therapist at Special Schools                                     | 30 000                           |                       |               |       |               |                        |                |
| Reprioritised funds towards Education                                   |                                  | 79 078                |               |       |               |                        | 79 078         |
| <b>SOCIAL DEVELOPMENT</b>                                               | <b>23 062</b>                    | <b>-2 655</b>         | <b>11 000</b> |       | <b>1 001</b>  | <b>538</b>             | <b>9 884</b>   |
| Shortfall Compensation of Employees                                     | 6 200                            |                       |               |       | 1 001         | 538                    | 1 539          |
| Regrading of Social Workers                                             | 10 000                           |                       | 11 000        |       |               |                        | 11 000         |
| Goods & Services                                                        | 6 862                            |                       |               |       |               |                        |                |
| Reprioritised funds towards Education                                   |                                  | -2 655                |               |       |               |                        | -2 655         |
| <b>COGTA</b>                                                            | <b>35 640</b>                    | <b>-12 697</b>        | <b>5 000</b>  |       | <b>372</b>    | <b>453</b>             | <b>-6 872</b>  |
| Security services                                                       | 3 500                            |                       |               |       |               |                        |                |
| Maintenance Master Key System                                           | 200                              |                       |               |       |               |                        |                |
| Adverts, radio slots                                                    | 500                              |                       |               |       |               |                        |                |
| MEC's Image by Communication division                                   | 350                              |                       |               |       |               |                        |                |
| Development of ICT Strat Plan                                           | 3 800                            |                       |               |       |               |                        |                |
| Sita Data lines                                                         | 1 000                            |                       |               |       |               |                        |                |
| Employee Assistance Programme                                           | 500                              |                       |               |       |               |                        |                |
| Occupational Health and Safety programme                                | 350                              |                       |               |       |               |                        |                |
| Sport and recreation equipment and gear                                 | 150                              |                       |               |       |               |                        |                |
| Fleet Services: kilometers and operating leases                         | 2 500                            |                       |               |       |               |                        |                |
| Partnership capacity building COGTA/LGSETA/SALGA                        | 3 000                            |                       |               |       |               |                        |                |
| Operational Clean audit, commitments to municipalities, MEC injunctions | 11 570                           |                       | 5 000         |       |               |                        | 5 000          |
| Salaries shortfall (pr 4), periodic payments, non pensionable           | 2 040                            |                       |               |       | 372           | 453                    | 825            |
| Regrading of clerks                                                     |                                  |                       |               |       |               |                        |                |
| Various operational cost                                                | 1 680                            |                       |               |       |               |                        |                |
| Fencing of traditional offices                                          | 3 000                            |                       |               |       |               |                        |                |
| Ex-gratia payments - previous House of Traditional Leaders              | 1 500                            |                       |               |       |               |                        |                |
| Reprioritised funds towards Education                                   |                                  | -12 697               |               |       |               |                        | -12 697        |
| <b>PUBLIC WORKS</b>                                                     | <b>134 137</b>                   | <b>-12 999</b>        |               |       | <b>801</b>    | <b>672</b>             | <b>-11 526</b> |
| Recruitment                                                             | 150                              |                       |               |       |               |                        |                |
| Legal fees                                                              | 300                              |                       |               |       |               |                        |                |
| Health Risk Management                                                  | 110                              |                       |               |       |               |                        |                |
| Project Management Information System                                   | 500                              |                       |               |       |               |                        |                |
| SharePoint Document Management System                                   | 400                              |                       |               |       |               |                        |                |
| Utility Payments                                                        | 111 857                          |                       |               |       |               |                        |                |
| Lease Payments - Rentals                                                | 460                              |                       |               |       |               |                        |                |
| Housekeeping services                                                   | 4 860                            |                       |               |       |               |                        |                |
| Community Workers Salaries                                              | 4 000                            |                       |               |       |               |                        |                |
| National Youth Services                                                 | 4 000                            |                       |               |       |               |                        |                |
| Contractor Development                                                  | 4 000                            |                       |               |       |               |                        |                |
| Training                                                                | 3 000                            |                       |               |       |               |                        |                |
| Food for Waste                                                          | 500                              |                       |               |       |               |                        |                |
| Regrading of clerks                                                     |                                  |                       |               |       | 801           | 672                    | 1 473          |
| Reprioritised funds towards Education                                   |                                  | -12 999               |               |       |               |                        | -12 999        |

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Table 6: Additional funding request and proposed allocations (cont..)

| DEPARTMENT<br>R'000                                                                                                      | ADDITIONAL<br>FUNDING<br>REQUEST | PROPOSED ALLOCATIONS  |               |               |               |                        | TOTAL          |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------|---------------|---------------|---------------|------------------------|----------------|
|                                                                                                                          |                                  | Reprior-<br>itization | Discretionary | Other         | ICS           | Regrading<br>of clerks |                |
| <b>POLICE, ROADS AND TRANSPORT</b>                                                                                       | <b>120 000</b>                   | <b>-226</b>           | <b>6 000</b>  |               | <b>1 189</b>  | <b>1 071</b>           | <b>8 034</b>   |
| Shortfall on PTOG                                                                                                        | 16 000                           |                       | 6 000         |               |               |                        | 6 000          |
| Cash in Transit services for Registration Authorities                                                                    | 5 000                            |                       |               |               |               |                        |                |
| Strengthening of law enforcement during festive season and increase of visibility of law enforcement (Security services) | 30 000                           |                       |               |               |               |                        |                |
| Bank charges and card fees                                                                                               | 4 000                            |                       |               |               |               |                        |                |
| Fleet Management - GG vehicles                                                                                           | 30 000                           |                       |               |               |               |                        |                |
| Auditor general                                                                                                          | 4 000                            |                       |               |               |               |                        |                |
| Training & Development                                                                                                   | 3 000                            |                       |               |               |               |                        |                |
| Court order                                                                                                              | 28 000                           |                       |               |               |               |                        |                |
| Regrading of clerks                                                                                                      |                                  |                       |               |               | 1 189         | 1 071                  | 2 260          |
| Reprioritised funds towards Education                                                                                    |                                  | -226                  |               |               |               |                        | -226           |
| <b>AGRICULTURE AND RURAL DEVELOPMENT</b>                                                                                 | <b>107 975</b>                   | <b>-12 091</b>        |               |               | <b>669</b>    | <b>460</b>             | <b>-10 962</b> |
| Compensation of Employees                                                                                                | 10 000                           |                       |               |               | 669           | 460                    | 1 129          |
| GG Transport - General                                                                                                   | 5 000                            |                       |               |               |               |                        |                |
| GG Transport - Transportation of personnel to Glen                                                                       | 3 000                            |                       |               |               |               |                        |                |
| Telephone costs                                                                                                          | 3 000                            |                       |               |               |               |                        |                |
| Sita account                                                                                                             | 1 200                            |                       |               |               |               |                        |                |
| Network lines                                                                                                            | 600                              |                       |               |               |               |                        |                |
| Leave Gratuities                                                                                                         | 1 175                            |                       |               |               |               |                        |                |
| Vrede Dairy Project                                                                                                      | 84 000                           |                       |               |               |               |                        |                |
| Reprioritised funds towards Education                                                                                    |                                  | -12 091               |               |               |               |                        | -12 091        |
| <b>SPORT, ARTS CULTURE AND RECREATION</b>                                                                                | <b>52 312</b>                    | <b>-4 826</b>         | <b>26 912</b> | <b>131</b>    | <b>448</b>    | <b>298</b>             | <b>22 963</b>  |
| COE                                                                                                                      |                                  |                       |               |               | 448           |                        | 448            |
| Macufe sponsorships                                                                                                      | 3 260                            |                       |               |               |               |                        |                |
| Macufe 2013                                                                                                              | 30 152                           |                       | 26 912        |               |               |                        | 26 912         |
| Freedom Fighters series                                                                                                  | 10 000                           |                       |               |               |               |                        |                |
| Reconciliation Challenge - 3rd edition                                                                                   | 8 900                            |                       |               |               |               |                        |                |
| Sport Administration Learnership Programme                                                                               | 131                              |                       |               | 131           |               |                        | 131            |
| Social Cohesion Provincial Summit                                                                                        | 1 500                            |                       |               |               |               |                        |                |
| Official opening of the Fezile Dabi Stadium                                                                              | 650                              |                       |               |               |               |                        |                |
| Regrading of clerks                                                                                                      |                                  |                       |               |               |               | 298                    | 298            |
| Reprioritised funds towards Education                                                                                    |                                  | -4 826                |               |               |               |                        | -4 826         |
| <b>HUMAN SETTLEMENTS</b>                                                                                                 | <b>19 400</b>                    | <b>-2 552</b>         |               | <b>110</b>    | <b>183</b>    | <b>659</b>             | <b>-1 600</b>  |
| Audit fees                                                                                                               | 6 000                            |                       |               |               |               |                        |                |
| Salary Increase                                                                                                          | 1 400                            |                       |               |               | 183           |                        | 183            |
| Operating leases (Mobile HSS TRUCK)                                                                                      | 3 500                            |                       |               |               |               |                        |                |
| Legal fees                                                                                                               | 3 500                            |                       |               |               |               |                        |                |
| Communications (cell contracts & telephone)                                                                              | 2 500                            |                       |               |               |               |                        |                |
| Prize money - NHBRC                                                                                                      |                                  |                       |               | 110           |               |                        | 110            |
| Printing and publications                                                                                                | 2 000                            |                       |               |               |               |                        |                |
| Chief register of deeds                                                                                                  | 500                              |                       |               |               |               |                        |                |
| Regrading of clerks                                                                                                      |                                  |                       |               |               |               | 659                    | 659            |
| Reprioritised funds towards Education                                                                                    |                                  | -2 552                |               |               |               |                        | -2 552         |
| <b>TOTAL</b>                                                                                                             | <b>2 259 037</b>                 | <b>0</b>              | <b>72 382</b> | <b>21 635</b> | <b>37 177</b> | <b>61 765</b>          | <b>192 959</b> |

### **3.3.3 ADJUSTMENTS TO PROVINCIAL ROADS MAINTENANCE AND FURTHER EDUCATION TRAINING GRANTS**

During the implementation of the revised formula for the allocation of the provincial roads maintenance grant, calculation errors were made by the transferring Department, resulting in major shifts in the baselines of provinces. Initially, the province was expected to lose R394 million on the PRMG in 2013/14. However, a decision was taken to phase-in the implementation and re-allocate unspent funds to provinces with capacity to spend. Subsequently, the Free State's allocation was reduced by R254.879 million in the current financial year.

The Department of Education is allocated an additional amount of R0.814 million to cover the costs of above inflation increases to Improvement in conditions of service for Further Education Training (FET) teachers/lectures.

### **3.3.4 SHIFTING OF FUNDS BETWEEN DEPARTMENTS (COGTA AND HUMAN SETTLEMENTS)**

The Department of Cooperative Governance and Traditional Affairs (COGTA) will transfer an amount of R25 million to the Department of Human Settlements during the 2013/14 adjustment budget following the split of administration support function. The breakdown of R25 million in terms of economic classification is as follows – R20 million relates to compensation of employees and R5 million relates to goods and services. The total number of officials to be transferred from COGTA to Human Settlements equals fifty two (52).

### **3.3.5 SUMMARY OF PROPOSED ALLOCATIONS PER DEPARTMENT**

Table 7 below indicates the summary of recommended allocations to departments. Total additional allocations to all provincial departments amount to a net amount of R86.615 million. The net amount of R86.615 million after taking into account the downward adjustment of R254.879 million from Provincial Roads Maintenance Grant in the Department of Police, Roads and Transport as well as additional amount of R341.494 million from conditional grants rollovers, improvement in conditions of service, own revenue over collection and retained revenue by Provincial Legislature.

Table 7: Summary of allocations per department

| Department                                          | Main Appropriation | Adjustments |                |                              |                            |                |                 |                               |               |                                | Other - revenue retention | Total additional appropriation | Adjusted Appropriation |
|-----------------------------------------------------|--------------------|-------------|----------------|------------------------------|----------------------------|----------------|-----------------|-------------------------------|---------------|--------------------------------|---------------------------|--------------------------------|------------------------|
|                                                     |                    | Roll-overs  | National - ICS | National - Upgrade of Clerks | Other National adjustments | Prioritization | Uncommitted REA | CATHSSE TA, ODA & Price Money | Other Revenue | Shifts/transfer bl departments |                           |                                |                        |
| R thousand                                          | (1)                | (3)         | (4)            | (5)                          | (6)                        | (7)            | (8)             | (9)                           | (10)          | (11)                           | (13)                      | (14)                           | (15)                   |
| Vote 01: Department of the Premier                  | 279 956            |             | 432            | 619                          |                            | -5 177         |                 |                               | 7 500         |                                |                           | 3 374                          | 283 330                |
| Vote 02: Provincial Legislature                     | 173 698            |             | 185            |                              |                            |                |                 |                               |               |                                | 20 188                    | 20 373                         | 194 071                |
| Vote 03: Economic Dev, Tourism & Environmental Aff  | 450 195            |             | 408            | 376                          |                            | -12 633        | -210            | 1 206                         | 4 293         |                                |                           | -6 655                         | 443 390                |
| Vote 04: Provincial Treasury                        | 216 355            |             | 358            | 223                          |                            | -4 459         |                 |                               | 11 677        |                                |                           | 7 819                          | 224 174                |
| Vote 05: Health                                     | 7 894 778          | 86 792      | 11 664         | 8 822                        |                            | -8 528         | -1 210          |                               |               |                                |                           | 97 550                         | 7 992 328              |
| Vote 06: Education                                  | 10 456 217         | 9 861       | 19 467         | 47 574                       | 814                        | 79 078         |                 |                               |               |                                |                           | 156 794                        | 10 613 011             |
| Vote 07: Social Development                         | 951 229            | 3 858       | 1 001          | 538                          | 125                        | -2 655         |                 |                               | 11 000        |                                |                           | 13 867                         | 965 096                |
| Vote 08: Cooperative Governance and Traditional Aff | 348 413            |             | 372            | 453                          |                            | -12 657        |                 |                               | 5 000         | -25 050                        |                           | -31 872                        | 316 541                |
| Vote 09: Public Works                               | 1 418 308          |             | 801            | 672                          |                            | -12 659        | -1 210          |                               |               |                                |                           | -12 723                        | 1 405 582              |
| Vote 10: Police, Roads and Transport                | 2 260 413          | 48 500      | 1 189          | 1 071                        |                            | -254 879       | -226            |                               | 6 000         |                                |                           | -169 345                       | 2 062 068              |
| Vote 11: Agriculture and Rural Development          | 673 294            |             | 669            | 460                          |                            | -12 051        |                 |                               |               |                                |                           | -10 522                        | 662 332                |
| Vote 12: Sport, Arts, Culture and Recreation        | 515 137            | 1 185       | 448            | 298                          |                            | -4 826         |                 | 131                           | 26 912        |                                |                           | 24 148                         | 539 285                |
| Vote 13: Human Settlements                          | 1 233 625          |             | 183            | 659                          |                            | -2 552         |                 | 110                           |               | 25 000                         |                           | 23 400                         | 1 257 025              |
| Total provincial payments and estimates by Vote     | 26 871 618         | 150 196     | 37 177         | 61 765                       |                            | -254 879       | 0               | -2 659                        | 1 447         | 72 382                         | 20 188                    | 86 615                         | 26 958 233             |
| Unallocated                                         |                    |             |                | 37 069                       |                            |                |                 | 2 600                         |               |                                |                           | 39 669                         | 39 669                 |

#### 4. SURRENDER OF UNSPENT FUNDS

It is proposed that cash must be made available to those departments that have surrendered unspent funds from the previous financial year in relation to approved rollovers.

#### 5. PERSONNEL IMPLICATIONS

None.

#### 6. FINANCIAL IMPLICATIONS

The total adjusted amount for adjustment budget amount to a net amount of R86.615 million mainly because of the downward adjustment of R254.879 million from Provincial Roads Maintenance Grant and will be allocated to departments in line with table 7 above.

#### 7. COMMUNICATION

All departments will be notified about the Executive Council's final decision as soon as it has been communicated to the Provincial Treasury.

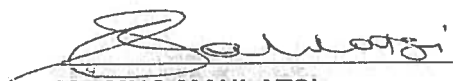
#### 8. RECOMMENDATIONS

It is recommended that the Executive Council:

- 8.1 **Agrees** that the departments that received additional funding must expedite spending to avoid under spending at the end of the financial year.
- 8.2 **Approves** proposed 2013/14 adjustment allocations as contained in table 7 above.
- 8.3 **Notes** that the 2013/14 Provincial Own Revenue was adjusted upwards by R5.767 million, after taking into account downward revision on interest on investment.

- 8.4 **Notes** that the Departments of Sport, Arts, Culture and Recreation and Economic Development, Tourism and Environmental Affairs received amount of R0.131 million and R1.206 million respectively from CATHSSETA in the current financial year.
- 8.5 **Notes** that the Departments of Human Settlements and Cooperative Governance and Traditional Affairs received an amount of R0.110 million for prize money and R0.98 million for ODA respectively.
- 8.6 **Notes** that an amount of **R61.765 million** has been allocated towards the re-grading of clerks.
- 8.7 **Notes** that an amount of **R25 million** will be transferred from Cooperative Governance and Traditional Affairs to Human Settlements following the split of support function.
- 8.8 **Notes** that the allocation of R39.669 million earmarked for re-grading of clerks and uncommitted REA shall be deferred.
- 8.9 **Notes** that an amount of **R2.600 million** for uncommitted Revenue Enhancement Allocations relate to the following:
- R1.200 million – Revolving restaurant (Public Works);
  - R1.200 million – Patient verification system (Health); and
  - R0.200 million – Development of electronic booking system at resorts and reserves (Economic Development, Tourism and Environmental Affairs).
- 8.10 **Notes** that the retained revenue from Fleet Management is not included in the 2013/14 Adjustment Budget and should be considered for the 2<sup>nd</sup> Adjustment Budget.
- 8.11 **Notes** the tabling of the 2013/14 Adjustment Budget is scheduled for 20 November 2013.

Submitted by:



**Mr. MNG MAHLATSI**  
**CEO: PROVINCIAL TREASURY**

DATE...12/11/2013

Recommended by:

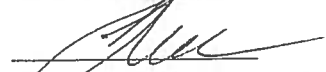


**Mr. EC ROCKMAN**  
**MEC FOR FINANCE**

DATE...12/11/13.

**TO: The Secretary: Free State Executive Council**

Please place an appropriate item on the next agenda of the Executive Council and distribute copies of this Memorandum to the respective Members of the Executive Council for consideration.



**Me. EC ROCKMAN, MPL.**

**MEC FOR FINANCE**

**DATE:** 12/11/13

**DRAFT PROPOSED EXCO RESOLUTION**

**CABINET MEETING RESOLUTION NO. \_\_\_\_/2013**

**SUBJECT: 2013/14 ADJUSTMENT BUDGET**

- 1. Resolved that cognizance be taken of:
  - 1.1 The proposed allocations to individual departments as summarized in table 7 above.
  - 1.2 The tabling of the 2013/14 Adjustment Budget on 20 November 2013.

**2. RESOLVED FURTHER THAT:**

2.1 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**SECRETARY: EXECUTIVE COUNCIL**

**DATE:** \_\_\_\_\_

## ANNEXURE B - EQUITABLE SHARE ROLLOVER REQUESTS

| DEPARTMENTS                                                           | EQUITABLE SHARE                                                                          | ADJUSTED BUDGET | EXPENDITURE AS   | AMOUNT NOT SPENT AS | AMOUNT                 | COMMITMENTS | UNCOMMITTED |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------|------------------|---------------------|------------------------|-------------|-------------|
|                                                                       |                                                                                          |                 | AT 31 MARCH 2013 | AT 31 MARCH 2013    | REQUESTED FOR ROLLOVER |             | AMOUNTS     |
|                                                                       | R'000                                                                                    | R'000           | R'000            | R'000               | R'000                  | R'000       | R'000       |
| <b>Vote 1: Premier</b>                                                |                                                                                          | 46 207          | 45 039           | 1 168               | 889                    | 102         | 787         |
|                                                                       | Cable installation                                                                       | 524             | 477              | 47                  | 46                     | 46          | -0          |
|                                                                       | Lease agreements                                                                         | 35 791          | 34 983           | 808                 | 531                    | 37          | 494         |
|                                                                       | Lease agreements                                                                         | 9 892           | 9 579            | 313                 | 312                    | 19          | 293         |
| <b>Vote 3: Economic Development Tourism and Environmental Affairs</b> |                                                                                          | 16 348          | 13 111           | 3 235               | 3 235                  | 405         | 3 440       |
|                                                                       | Fencing of Willem Pret                                                                   | 3 360           | 2 955            | 405                 | 405                    | 405         | 0           |
|                                                                       | Fencing of TDR                                                                           | 3 690           | 2 800            | 890                 | 890                    | -           | 1 500       |
|                                                                       | Braaistands at WPW                                                                       | 166             | 0                | 166                 | 166                    | -           | 166         |
|                                                                       | Repair sewerage Erlenisdam                                                               | 184             | 0                | 184                 | 184                    | -           | 184         |
|                                                                       | Soetdoring NP/Upgrade underground electricity to train camp                              | 8 946           | 7 356            | 1 590               | 1 590                  | -           | 1 590       |
| <b>Vote 6: Social Development</b>                                     |                                                                                          | 357 930         | 349 782          | 8 149               | 6 926                  |             |             |
|                                                                       | TRANSFERS AND SUBSIDIES/ NO PROJ S/ALONE TRNSF EXP CUR: NPI: OTH NON PROFIT INSTITUTIONS | 320 015         | 313 266          | 6 749               | 5 209                  |             |             |
|                                                                       | TRANSFERS AND SUBSIDIES/ NO PROJ S/ALONE TRNSF EXP CUR: NPI: OTH NON PROFIT INSTITUTIONS | 10 306          | 10 306           | 0                   | 318                    |             |             |
|                                                                       | CONSTRUCTION                                                                             | 27 609          | 26 209           | 1 400               | 1 400                  |             |             |
| <b>Vote 9: Public Works</b>                                           |                                                                                          | 21 055          | 14 488           | 6 539               | 6 411                  | 4 888       | 1 747       |
|                                                                       | INFRASTRUCTURE - NEW OFFICES                                                             | 12 000          | 9 071            | 2 929               | 2 734                  | 2 734       | 195         |
|                                                                       | UPGRADE & ADDITIONS - OFFICES                                                            | 5 788           | 3 702            | 2 086               | 2 125                  | 2 125       | -           |
|                                                                       | UPGRADE & ADDITIONS - HALL                                                               | 3 267           | 1 715            | 1 524               | 1 552                  | 28          | 1 582       |
| <b>Vote 10: Sport Arts Culture and Recreation</b>                     |                                                                                          | 25 670          | 22 248           | 3 424               | 3 424                  | 3 429       |             |
|                                                                       | IT Main Server with increased capacity to deal with escalating email traffic             | 341             | 244              | 97                  | 97                     | 102         |             |
|                                                                       | Construction: Jacobsdal Ralanang Library                                                 | 7 760           | 7 414            | 346                 | 346                    | 346         |             |
|                                                                       | Upgrade: Harrismith Library                                                              | 780             | 571              | 209                 | 209                    | 209         |             |
|                                                                       | Upgrade: Children Park Gym Facility                                                      | 990             | 900              | 90                  | 90                     | 90          |             |
|                                                                       | IDT (RADN Construction & Malsapa Trading 613 (JV))                                       | 4 720           | 4 307            | 413                 | 413                    | 413         |             |
|                                                                       | Construction upgrade: FSSSI New Entrance gates                                           | 8 057           | 5 797            | 2 263               | 2 263                  | 2 263       |             |
|                                                                       | Construction: Provincial talent Development Centre for Netball                           | 3 022           | 3 015            | 6                   | 6                      | 6           |             |
| <b>Vote 13: Agriculture and Rural Development</b>                     |                                                                                          | -               | 1 688            | 4 644               | 4 644                  | 2 079       | 754         |
|                                                                       | Cornelia Children's Park                                                                 | -               | -                | 1 000               | 1 000                  | 1 000       | -           |
|                                                                       | Barolong Community Hall                                                                  | -               | 694              | 433                 | 433                    | 754         | 754         |
|                                                                       | Wilhemina access road                                                                    | -               | -                | 1 342               | 1 342                  | -           | -           |
|                                                                       | Wilhemina access road                                                                    | -               | -                | 624                 | 624                    | -           | -           |
|                                                                       | Rainfall Farm Fencing                                                                    | -               | -                | 127                 | 127                    | -           | -           |
|                                                                       | Bultfontein access road                                                                  | -               | 127              | 319                 | 319                    | -           | -           |
|                                                                       | Makholokoeng Community Hall                                                              | -               | 867              | 325                 | 325                    | 325         | -           |
|                                                                       | Jagersfontein solar installation                                                         | -               | -                | 475                 | 475                    | -           | -           |
| <b>TOTAL</b>                                                          |                                                                                          | 467 208         | 446 355          | 27 158              | 25 529                 | 10 903      | 6 728       |

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