

## **Foreword to the overview of Provincial Revenue and Expenditure for the 2017 MTEF**

The 2017 Medium Term Expenditure Framework (MTEF) Budget is tabled in the midst of rebounding global economic prospects as well as relatively promising domestic economic growth forecasts. The South African Gross Domestic Product is expected to increase from growth of 0.5 percent to 1.3 percent in 2017 and is projected to continue to improve moderately over the medium-term. Furthermore, government will continue to stabilize public debt and reduce budget deficit through fiscal consolidation; this in itself includes continuation of spending ceiling over the MTEF ahead.

Therefore, the challenge for us as a province is to continue on our path to support fiscal stance of the country. The sterling work that we have already done with regard to streamlining our budgets and ensuring that our core public services are protected and continue to benefit our people must be continued in earnest. The 2017 MTEF budget as contained in this document reflects the province's resolve to reprioritize spending towards addressing the needs of our people in the province. Our emphasis in the 2017 MTEF will be on the continuation of efficient, effective and economic utilization of limited financial resources towards radical transformation of our provincial socio-economic landscape. Our view is to have a more inclusive economy that prides itself through creation of employment opportunities, promotion of ownership and full participation in the economic activities of the province.

We therefore remain committed to the National Development Plan and our provincial programmes as expressed in the Provincial Growth and Development Strategy attest to that. As a result, the proposed allocation of R32.898 billion in the 2017/18 will be utilized prudently to—(i) grow the economy (ii) to create job opportunities (iii) to fight poverty and inequality (iv) to promote social cohesion and (v) promote accountability and good governance.

It is indeed a great honour to present the 2017 Medium Term Expenditure Framework (MTEF) which evidently outlines the plans of the Provincial Government for the upcoming three financial years.

**PART A:**

**OVERVIEW OF PROVINCIAL REVENUE  
AND EXPENDITURE**

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

### **1.1. Introduction**

High on the developmental agenda of the Free State Province is the need to find ways of lifting people out of poverty and to transform the existing patterns of inequality in the province. In spite of the progress that has been made since 1994, poverty, unemployment and growing inequality remain the greatest challenges in undoing the legacy of Apartheid.

This section provides a succinct overview of the socio-economic status of the Free State. This profiling is important for the purpose of supporting the optimal allocation of scarce resources between sectors and geographical areas and across the population, in a manner that provides sustainable growth, equity and the empowerment of the poor and marginalized.

### **1.2. Demographic profile**

Demographics are the science of vital and social statistics, such as the births, deaths, marriages, employment, mobility, lifestyles, etc., of populations. The numbers identify certain characteristics about the residents of the province, thus telling a story or forecasting future trends within the population. Such information is crucial for proper planning by the provincial government in a quest to deliver quality services to the residents of the Free State.

The population of South Africa has increased to 55.9 million in 2016 from 51.7 million in 2011, representing an increase of over 4.1 million. Of the 55.9 million people living in South Africa, a majority reside in Gauteng (13.4 million), followed by KwaZulu-Natal (11.0 million) and Eastern Cape (7.0 million). Northern Cape remains the province with the smallest share of the country's population with 1.1 million people (see table 1 below). According to Statistics South Africa's Community Survey 2016, the number of households in the country has also increased to 16.9 million in 2016, from 14.5 million in 2011. A majority of these were headed by males (58.7%).

The population of the Free State increased by an estimated 116 010 people, from 2.7 million in 2011 to 2.8 million in 2016, making it the second smallest increase after the Northern Cape (45 839). The proportion of the Free State's population to national total population decreased by 0.2 percentage points; from 5.3 percent in 2011 to 5.1 percent in 2016, which is the highest decline nationally. The negative change in the Free State's population in particular has severe consequences on the province's share of nationally raised revenue via the equitable share formulae. Because the formula is largely population-driven (over 60 percent of the formula uses population data), the allocations capture shifts in population across provinces. As a result, provinces with increased populations, like Gauteng, receive additional resources, while those with decreasing populations, like the Free State, receive reduced allocations.

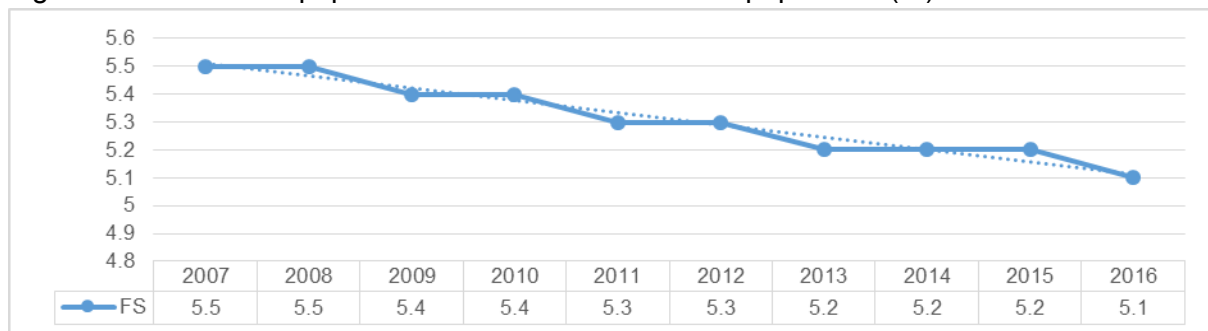
Table 1: Population by province

	Census 2011		CS 2016		2011-2016	
	Population estimate	% of total population	Population estimate	% of total population	Population change	% share change
Eastern Cape	6 562 053	12.7%	7 061 700	12.6%	499 647	0.0%
<b>Free State</b>	<b>2 745 590</b>	<b>5.3%</b>	<b>2 861 600</b>	<b>5.1%</b>	<b>116 010</b>	<b>-0.2%</b>
Gauteng	12 272 263	23.7%	13 498 200	24.1%	1 225 937	0.4%
KwaZulu-Natal	10 267 300	19.8%	11 079 700	19.8%	812 400	0.0%
Limpopo	5 404 868	10.4%	5 803 900	10.4%	399 032	-0.1%
Mpumalanga	4 039 939	7.8%	4 328 300	7.7%	288 361	-0.1%
Northern Cape	1 145 861	2.2%	1 191 700	2.1%	45 839	-0.1%
North West	3 509 953	6.8%	3 790 600	6.8%	280 647	0.0%
Western Cape	5 822 734	11.2%	6 293 200	11.3%	470 466	0.0%
South Africa	51 770 560	100.0%	55 908 900	100.0%	4 138 340	0.0%

Source: Statistics South Africa, Census 2011 and Community Survey 2016

As shown in figure 1 below, the contribution of the Free State to the total national population has been on a continuous decline over the past ten years under review. In 2007 the share of the Free State was estimated at 5.5 percent, before declining to 5.1 percent in 2016. On average, the share of the Free State is estimated at 5.3 percent between 2007 and 2016. It is worth noting that the Free State (-0.4 percentage point), together with the Eastern Cape (-0.4 percentage point) recorded the biggest declines in population shares, followed by Northern Cape (-0.2 percentage point). On the other hand, the biggest beneficiary has been Gauteng with an increase of 1 percentage point, followed by Western Cape (0.2 percentage point) and North West (0.1 percentage point).

Figure 1: Free State’s population contribution to national population (%)

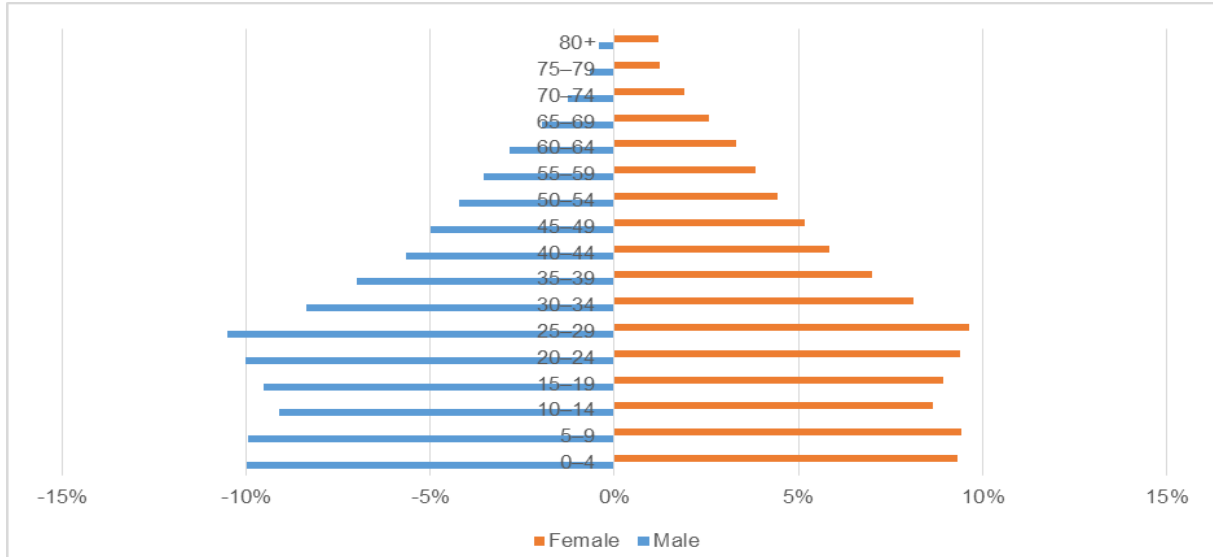


Source: Statistics South Africa, Community Survey 2016

Figure 2 below shows the population structure of the Free State in 2016 by means of a population pyramid. Population pyramids are graphical representations of the age and sex of a population. The age-sex structure of any population affects the labour force, demand for education facilities, retirement and medical systems amongst others. Therefore, the population pyramid provides crucial data that can be used by the government when planning. The Free State has what is called an expansive population pyramid. Expansive population pyramids depict populations that have a larger percentage of people in younger age groups. Populations with this shape usually have high fertility rates with lower life expectancies. The implications of such a structure is excessive strain on the economically active population. The pyramid narrows toward the top because the death rate is higher among older people than

among younger people. Free State’s population pyramid depicts the characteristics of a developing nation which are: (i) low growth rates, (ii) high birth rate, and (iii) short life expectancy.

Figure 2: Free State’s population pyramid, 2016



Source: Statistics South Africa, Community Survey 2016

### 1.3. Social Indicators

#### 1.3.1. Health

Although improving the health status is a goal in itself, it also has important general benefits. A poor health status reduces the ability of people to be productive, earn a proper income and escape the poverty cycle. The cost of preventing illness is far lower than the cost of curative treatment and absence from work.

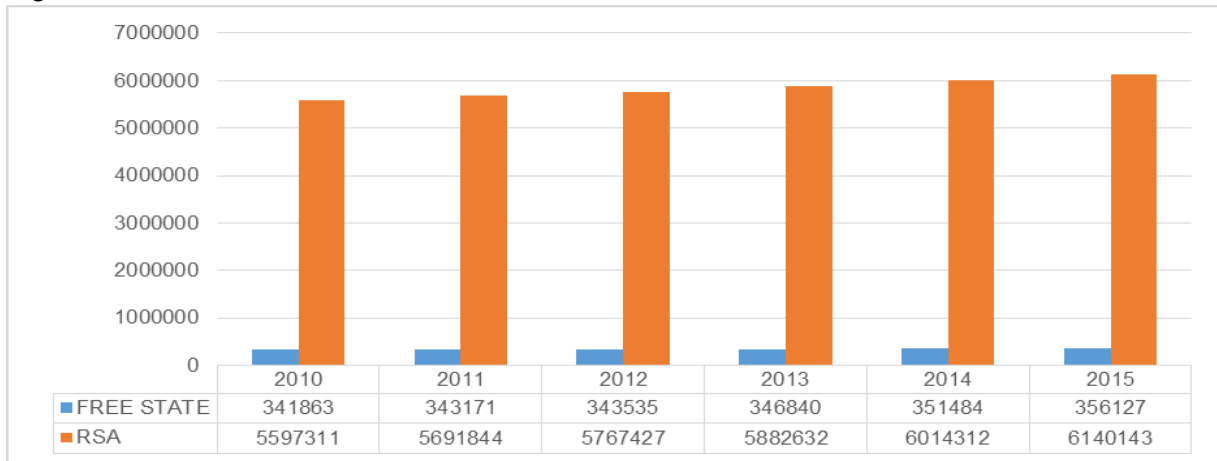
Table 2: Average provincial life expectancy at birth for females and males

	Free State Life Expectancy		South Africa Life Expectancy	
	Female	Male	Female	Male
2001-2006	67.0	64.7	67.0	64.7
2006-2011	57.4	56.0	57.4	56.0
2011-2016	63.3	60.9	63.3	60.9

Source: Statistics South Africa, General Household Survey, 2016

As depicted in table 2 above, life expectancy for the female and male groups have increased over time provincially. The average life expectancy for males has increased to 53 years for the period 2011-2016, from 43.1 years for the period 2006-2011 in the province. On the other hand females’ life expectancy increased to 54 years during 2011-2016 from 46 years during 2001-2006. Nationally, life expectancy across the periods increased over time but deteriorated between the period of 2001-2006 and 2006-2011 where life expectancy for females decreased from 67 years to 63 years. Male’s life expectancy has also declined from 64 years during the period 2001-2006 to 60 years during 2011-2016. Generally, females tend to live longer than males in the province and for the country as a whole.

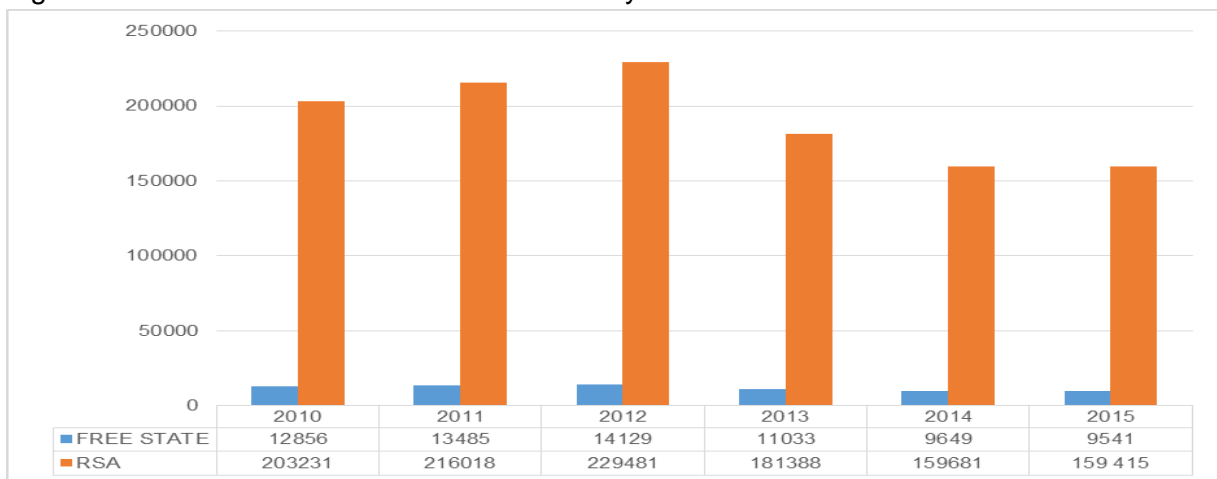
Figure 3: Number of individuals estimated to be HIV+



Source: Statistics South Africa, General Household Survey, 2016

Nationally, the number of individuals estimated to be HIV+ has increased to 6 140 143 in 2015 from 5 597 311 in 2010; representing an increase of 9.7 percent. This trend is also reflected in provincial trends where the number of individuals living with HIV has increased to 356 127 in 2015 from 341 863 in 2010, representing an increase of 4.2 percent. There has been a gradual increase in the number of people living with HIV for both the province and the country. However, HIV infections are happening at a faster rate nationally than provincially. The five year average growth rate of the number of people estimated to be HIV+ in the province is estimated at 0.8 percent, whereas for the country it is 1.9 percent.

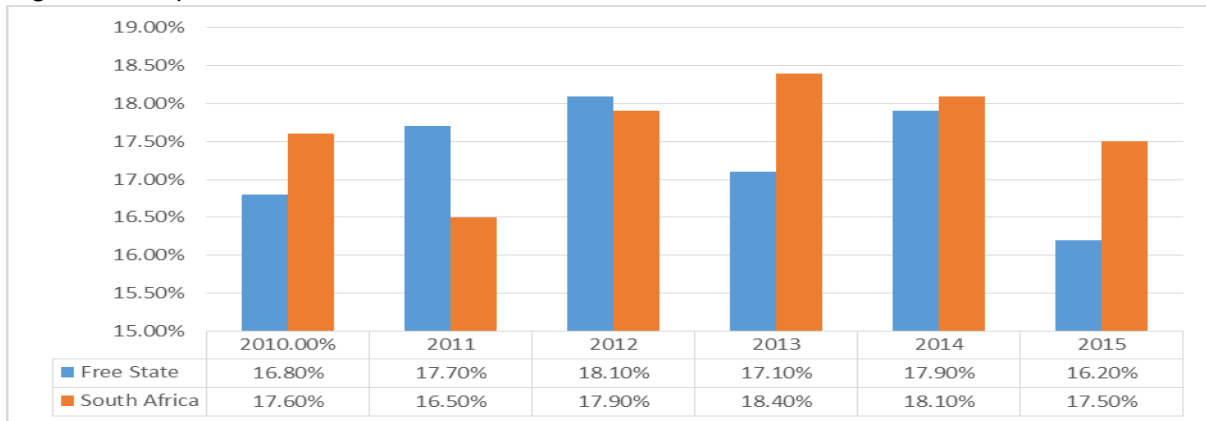
Figure 4: Estimated number of deaths caused by HIV



Source: IHS Global Insight, Regional Explorer, 2017

The figure 3 above showed that the number of persons living with HIV increased over the period of 2010 to 2015. However, this is not the case with deaths caused by HIV; the numbers have rapidly declined over the same period at both provincial and national level. The estimated number of deaths caused by HIV decreased to 159 415 in 2015 from 203 231 in 2010 representing a decrease of 24.1 percent nationally. In the province estimated number of deaths caused by HIV have decreased to 9 541 in 2015 from 12 856 in 2010, representing a decrease of 25.7 percent. The number of deaths from HIV peaked in 2014 (14 129) in the province and 2014 (229 481) nationally.

Figure 5: Proportion of individuals with medical aid schemes



Source: Statistics South Africa, General Household Survey, 2016

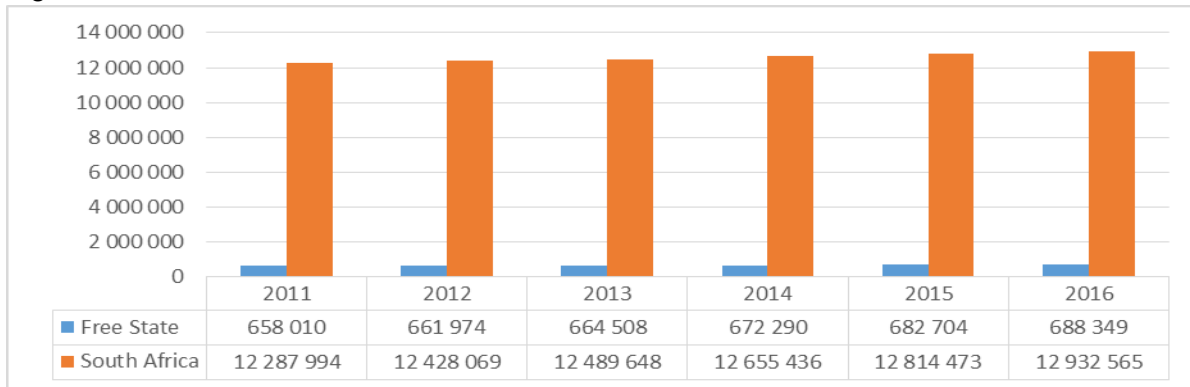
In 2015, about 16.2 percent individuals in the province belonged to a medical aid scheme, down from 18.1 percent in 2012. For the period 2010 to 2015, the percentage of individuals that had medical aid scheme decreased by 0.6 percentage point, from 16.8 percent in 2010 to 16.2 percent in 2015. Nationally, the proportion of individuals with medical aid decreased by a meagre 0.1 percentage point, from 17.6 percent in 2010 to 17.5 percent in 2015. According to figure 5 above, the majority of the people in the Free State remain without medical aid coverage and thus rely heavily on the government to provide free quality public healthcare.

### 1.3.2. Education

An education expands the range of options from which a person may choose, thus creating opportunities for a fulfilling life. Education and training satisfy the basic human need for knowledge and skills. It provides a means of meeting basic needs, provided that adequate employment opportunities exist, and helps sustain and accelerate overall development. The level of education of the population in a region influences its welfare through the indirect effects on health, fertility and life expectancy. Education helps to increase the value of other forms of social and physical investment (DBSA, 2001).

Figure 6 below shows the learner number trends for South Africa and Free State. During the period 2011 to 2016, the number of learners at ordinary schools increased for both the country and the province. Provincially, the number of learners increased by 30 339 learners, from 658 010 in 2011 to 688 349 in 2016, whilst for the country it increased by 644 571 learners, from 12 287 994 in 2011 to 12 932 565 in 2016. The number of learners have increased at a faster annual average rate of 1.03 percent nationally compared to 0.91 percent provincially. Free State's share of learners decreased from 5.4 percent in 2011 to 5.3 percent in 2016; a decline of 0.1 percentage point.

Figure 6: South Africa and Free State's number of learners



Source: Department of Basic Education, 2016

The learner educator ratio (LER) standard for South African set at 30:1. This represents an allocation of 1 educator for 30 learners in each classroom at ordinary schools. The LER for the province over the period 2011 to 2016 has remained below the envisaged 30:1. However, it must be noted that LER over the period concerned has increased, with the last two years (2015 and 2016) having a LER of 28:9 and 29:1 respectively. Therefore, the province has to guard against overcrowding especially since learner numbers are increasing at faster rate compared educator numbers that have gradually decreased. Nationally, LER over the same period was below 30:1, but with the exception of the last two years (2015 and 2016), where LER was well above 30:1.

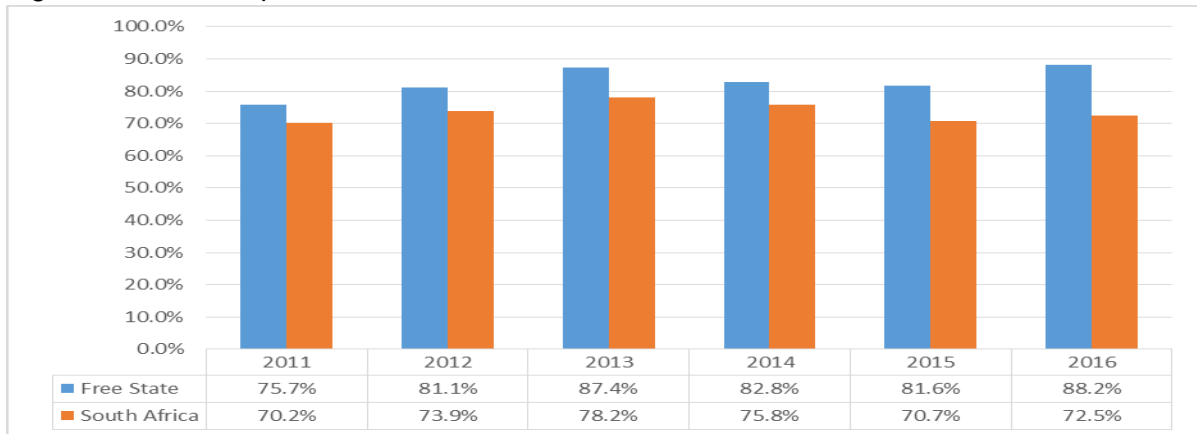
Table 3: Learner educator ratio for South Africa and Free State

	2011	2012	2013	2014	2015	2016
<b>Free State</b>						
<b>Number of learners</b>	658 010	661 974	664 508	672 290	682 704	688 349
<b>Number of educators</b>	24 057	24 828	24 475	24 552	23 661	23 523
<b>LER</b>	27:1	26:1	27:1	27:1	28:9	29:1
<b>South Africa</b>						
<b>Number of learners</b>	12 287 994	12 428 069	12 489 648	12 665 436	12 814 473	12 932 565
<b>Number of educators</b>	420 608	425 167	425 023	425 090	416 093	418 613
<b>LER</b>	29:1	29:1	29:1	30:1	21:1	31:1

Source: Department of Basic Education, 2016

According to figure 7 below, there has been a long term trend increase in the Grade 12 pass rates for both South Africa and the Free State. On average, between 2011 and 2016, the provincial pass rate increased by 3.16 percent, while national average pass rates increased by 0.77 percent. The Free State province has consistently performed better than the national average during the period under review. In fact, the province registered the highest provincial pass rate in the country in 2016.

Figure 7: Grade 12 pass rates

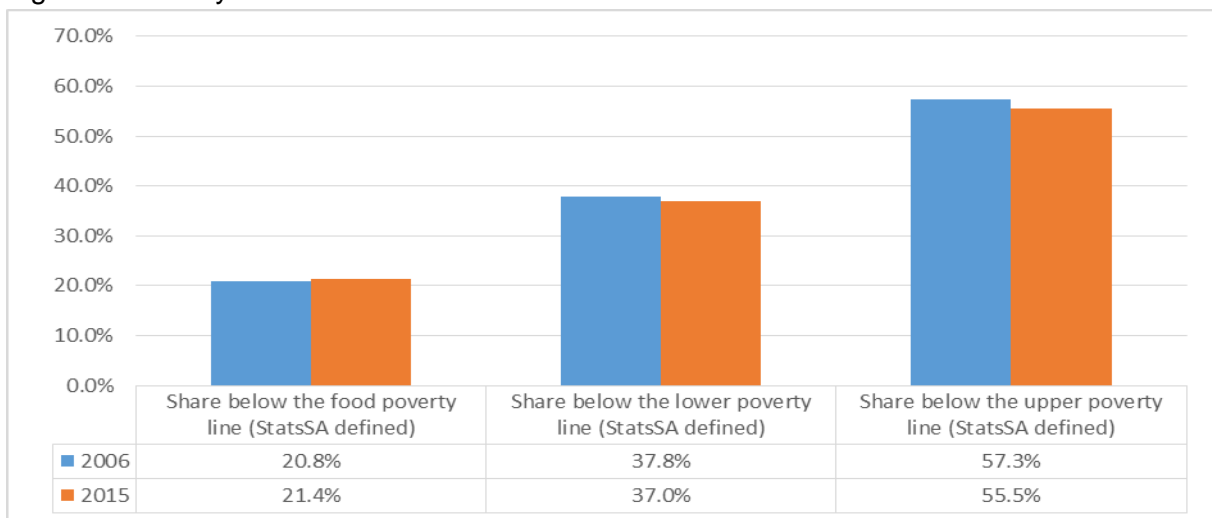


Source: Department of Basic Education, 2016

### 1.3.3. Poverty

A study by the Free State Provincial Treasury on poverty and inequality (G.G Mashibini and O.S Omshoro-Jones, 2016) found that poverty rates in the province have declined (using all three poverty lines), but the level remains high, as also seen in figure 8 below. The improvement is mostly attributable to a redistributive fiscal policy and average income growth. The study further states that poverty severity is substantially high in rural areas than urban, which could be triggered by rural-urban migration.

Figure 8: Poverty levels in the Free State



Source: IHS Global Insight, Regional Explorer, 2017

### 1.3.4. Access to basic services

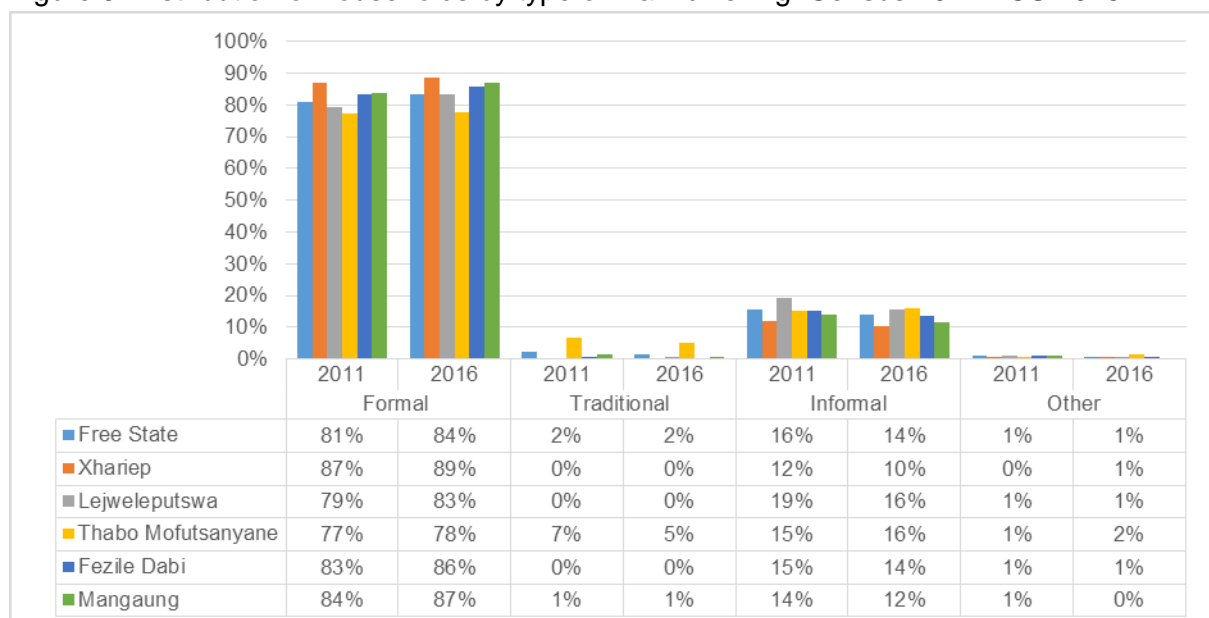
One of the key features of a developmental state is to ensure that all citizens, in particular the poor and other vulnerable groups, have access to basic services. The Constitution of South Africa places the responsibility on government to ensure that such services are progressively expanded to all, within the limits of available resources. Government policy on most of these issues is therefore to progressively move towards universal access.

## Housing

The Free State province has worked tirelessly to improve access to shelter to its residents. Figure 9 below shows the gradual increase in the number of households living in formal dwellings over time from 81 percent in 2011 to 84 percent in 2016. The percentage of households living in traditional dwellings has not changed at 2 percent. Those living in informal dwellings have decreased slightly from 16 percent in 2011 to 14 percent in 2016.

Within the province, Xhariep has the highest rate of formal housing at 89 percent, followed by Mangaung (87 percent) and Fezile Dabi (86 percent). Thabo Mofutsanyane has the lowest proportion of those with access to formal housing at 78 percent in 2016. It worth noting that improvements were recorded across all districts pertaining to access to formal housing between 2011 and 2016. Notwithstanding the achievements of the province, more work still needs to be done as a significant share of 16 percent still have no access to formal housing in the province.

Figure 9: Distribution of households by type of main dwelling: Census 2011 - CS 2016



Source: Statistics South Africa, Community Survey 2016

## Electricity

The RDP (1994) identifies energy as a ‘basic need’. It went further to state that “although Eskom has excess generating capacity, only 36% of South African households have access to electricity, leaving some three million households un-electrified. Furthermore, some 19 000 black schools (86% of schools) and around 4 000 clinics are currently without electricity. Little attention has been paid to utilizing sustainable energy sources...” (Section 2.7.1).

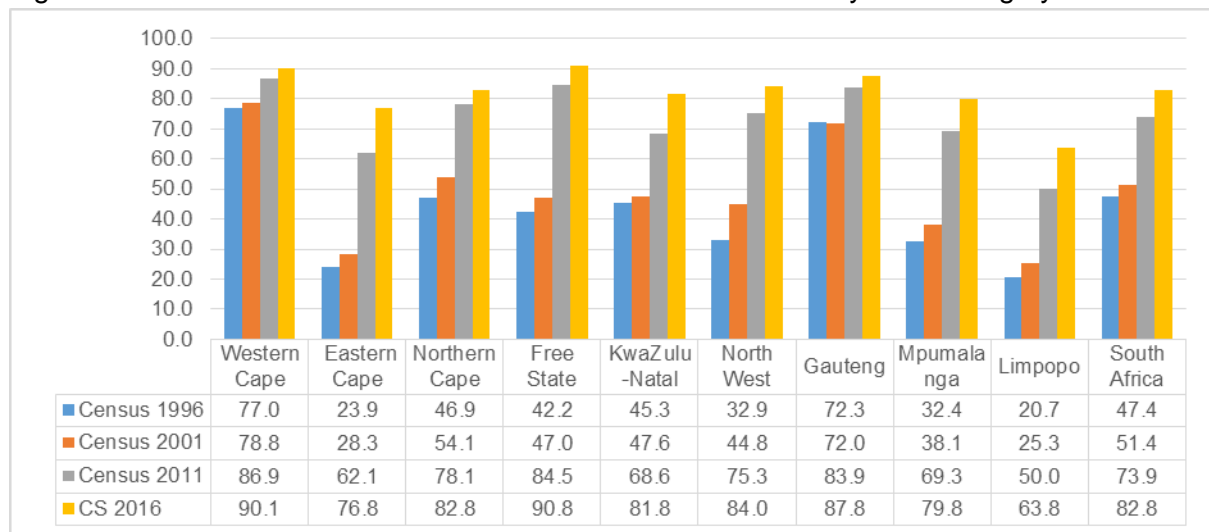
The democratic government introduced an energy and electrification policy aimed at:

- Addressing the inequalities and backlog in access to energy of the majority;
- Promoting economic development through energy provision;
- Managing the environmental and health impact of energy provision and use

Figure 10 below indicates that many households in South Africa are now resorting to using electricity as the main energy for cooking. The provincial variations for 2016 shows that over 90% of households in both Free State (90.8 percent) and Western Cape (90.1 percent) use electricity for cooking, making them the highest as compared to other provinces in the country. However Limpopo (63.8 percent), Eastern Cape (76.8 percent) and Mpumalanga (79.8 percent) remain the lowest provinces that use electricity as the cooking source as compared to its use generally.

Significant strides have been made in the Free State since 1996 when only 42.2 percent of the households had access to electricity for cooking. Between 1996 and 2016, access to electricity for cooking increased by a massive 48.6 percentage points in the province to reach an all-time high of 90.8 percent.

Figure 10: The distribution of households with access to electricity for cooking by district

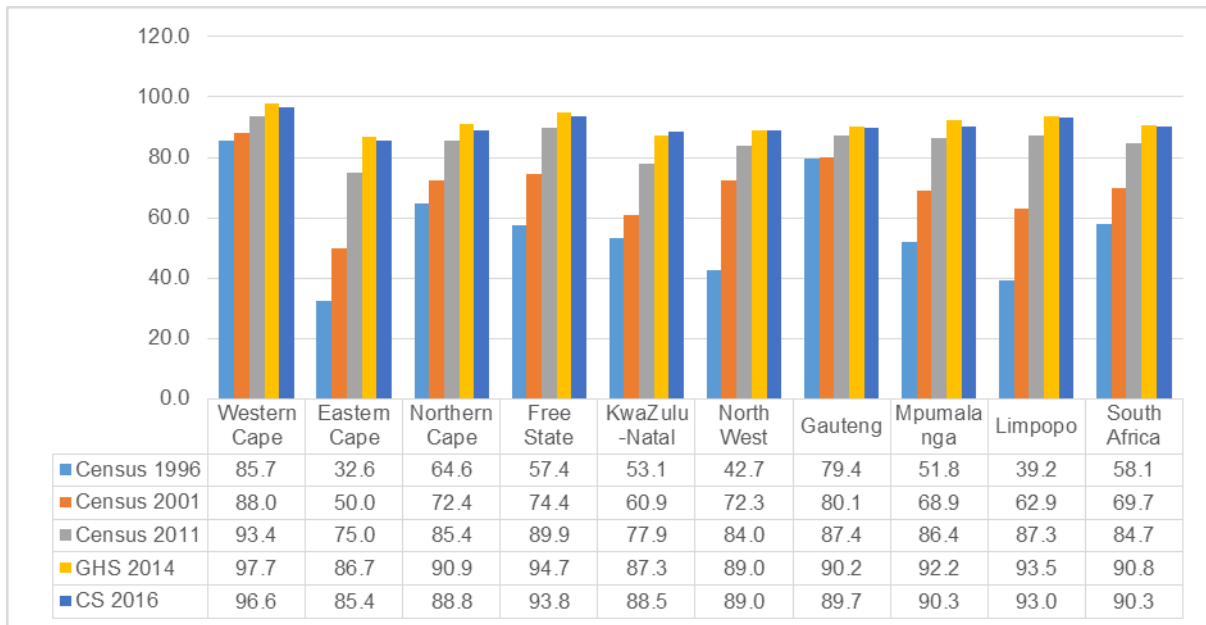


Source: Statistics South Africa, Community Survey 2016

Figure 11 below illustrates the trends with regard to electricity for lighting access from 1996 to 2016. National access to electricity for lighting has improved drastically from 58.1 percent in 1996 to 90.3 percent in 2016; an increase of 32.2 percentage points. This laudable progress in the national average is due to improvements in access across all provinces, with Western Cape (96.6 percent), Free State (93.3 percent), Limpopo (93.0 percent) and Mpumalanga (90.3 percent) achieving over 90 percent access rates.

The proportion of households with access to electricity for lighting in the Free State increased from 57.4 percent in 1996 to 93.8 percent in 2016. However, what is a bit of a concern is the apparent drop of 0.9 percentage point compared to 2014. Overall, the province has performed exceptionally well during the review period to provide access to electricity to its residents. The electrification programme has indeed been a success in the Free State, although more work remains as the province strives for universal access.

Figure 11: The distribution of households with access to electricity for lighting by province and districts



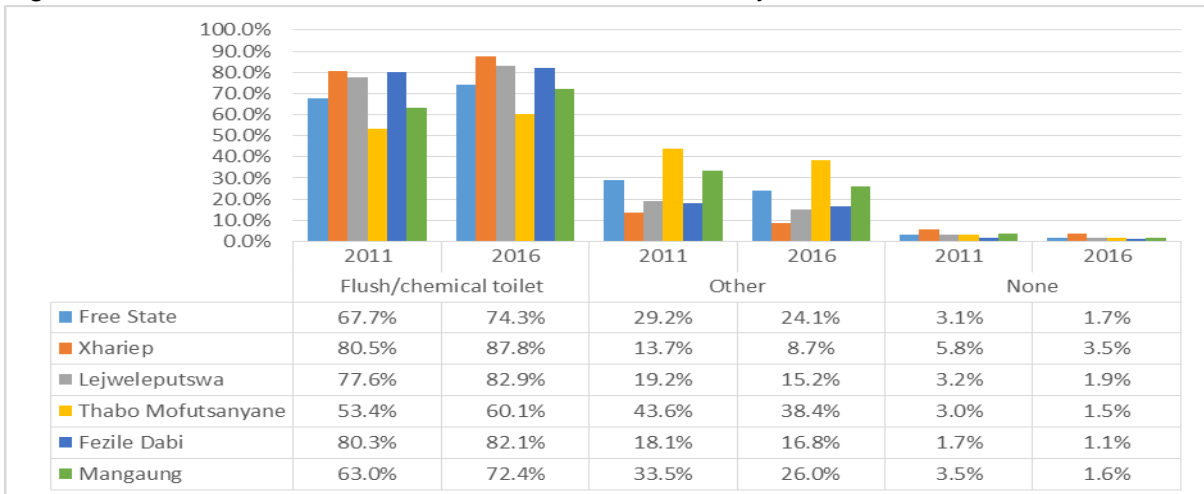
Source: Statistics South Africa, Community Survey 2016

## Sanitation

Government has a constitutional responsibility to ensure that all South Africans have access to adequate sanitation. The Constitutional responsibilities for ensuring access to sanitation rest with government; local government must provide access to basic sanitation, while national and provincial government must support municipalities with legislation and other measures.

According to figure 12 below, approximately 74.3 percent of the Free State’s households had access to flush/chemical toilet facilities in 2016, an increase of 6.6 percentage points from 67.7 percent in 2011. The proportion of those without any form of toilet facility decreased from 3.1 percent in 2011 to 1.7 percent in 2016. Clearly there has been a substantial improvement with regard to access to proper toilet facilities in the Free State, but more work remains as the province seeks to achieve the target of eliminating the proportion of those without any toilet facilities.

Figure 12: Distribution of toilet facilities in the Free State by district



Source: Statistics South Africa, Community Survey 2016

### 1.3.5. Human Development Index (HDI)

The Human Development Index (HDI) is a composite, relative index which attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. It is thus seen as a measure of people’s ability to live a long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to make a decent living.

Figure 13: Human Development Index



Source: IHS Global Insight, Regional Explorer, 2017

Figure 13 above shows that the HDI for both the Free State and South Africa has been steadily increasing for the period of 2005 to 2015. Historically, the HDI for the province has always been lower than that of the country. Despite this, HDI has been on an increasing trend moving from 0.51 in 2005 to 0.63 in 2015. This increase in the HDI might be due to the increasing trend in life expectancy and education in the same period despite the low prosperity of the economy. This increase shows that the social and economic development in the province is moderate. Overall the different variables indicate that the province is still in the right track to deliver improved services to its residents.

## 1.4. The Free State Economy

The economy of the Free State faced several headwinds in 2016, in line with some the challenges faced by the global, regional and national economies. The El Nino episode, which resulted in the drought experienced by Southern Africa (including the South Africa and the Free State), infiltrated into the beginning of 2016. This drought resulted in less grain being planted throughout the country, which resulted in the need to import grain during 2015 and 2016. Coupled with a weaker domestic currency, the drought fuelled food inflation to double-digit territory, and negatively impacted consumer and business confidence in 2016.

The relief brought by a weaker La Nina episode (rainfall) towards the end of 2016 benefited the agricultural industry of the province. The Crop Estimates Committee (2017) estimates that Free State was the 2nd largest producer of maize (yellow and white maize combined), as well as wheat in 2016. The production of wheat increased from 176 500 tons in 2015 to 308 000 tons in 2016, which represents a 75 percent increase in 2016. However, the production of maize in the province declined from 3.944 million tons in 2015 to 2.119 tons in 2016, which represents a 46.3 percent decline in the production in 2016. Given that more rain is expected in 2017 and more land is projected to be utilized for planting maize, the production of maize is projected to recover in 2017. However, the agricultural industry is facing renewed fears through the presence of army worms in 2017, which may undermine harvests and food security in the province and country at large.

The agricultural and trade industries of South Africa and Free State faced a couples of challenges in 2016, particularly in relation to the poultry sub-industry. The renegotiation of the AGOA agreement between the USA and South Africa resulted in 65 000 tons of chicken portions being imported into South Africa; this arrangement was concluded in March 2016. Brazil also exports breast fillets at a cheaper price than what South African producers can compete with, whilst the EU exports chicken quarter legs into SA at an uncompetitive price. Therefore, the Department of Trade and Industry approved a provisional 13.9 percent safeguard duty on European bone-in chicken imported in December in terms of SA's economic partnership agreement with the EU, as one of the measures to protect the poultry sub-industry.

The recovery of commodity prices such as gold and coal in 2016 will have a positive impact on the mining industry of the Free State. The industry will also benefit from the perceived vision of the USA's new administration, which wants to stimulate jobs and boost the country's manufacturing industry. If the consumer welfare of the USA is boosted, more diamonds will be demanded from countries such as South Africa, and Free State will benefit from its production of the commodity.

Manufacturing still has an important role to play in the Free State and the country. When the economy of South Africa grew by 3.3 percent in the 2nd quarter of 2016, the production of petroleum, chemical, rubber and plastic products was partially responsible for the rebound of manufacturing activity in the country in that quarter, which Free State also plays a role in.

Although the trade industry has been negatively affected by increasing trade protectionism from the USA and EU (through increased imports of poultry), the new Economic Partnership Agreement which came into effect in October 2016 between the EU and SADC will benefit South Africa, and the Free State, as the country has preferential access to the EU market on

99 percent of its products, including agricultural products. Also, the province is benefiting from the retail centre development, which has resulted in the operation of malls such as the Lemo Mall in Bloemfontein, Botshabelo Mall and Boitumelo Junction Shopping Mall in Welkom. Table 1.3 below depicts the historical performance of the provincial industries in greater detail.

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

Industry (R' million)	2009	2010	2011	2012	2013	2014	2015
<b>Primary Industries</b>	<b>24 672</b>	<b>25 582</b>	<b>24 744</b>	<b>25 069</b>	<b>25 929</b>	<b>26 809</b>	<b>26 601</b>
Agriculture	6 606	6 674	6 100	6 212	6 452	6 883	6 393
Mining	18 066	18 908	18 644	18 857	19 478	19 926	20 207
<b>Secondary Industries</b>	<b>22 150</b>	<b>22 825</b>	<b>23 112</b>	<b>23 351</b>	<b>23 575</b>	<b>24 018</b>	<b>23 949</b>
Manufacturing	13 762	14 552	14 745	14 872	14 935	15 318	15 288
Electricity	4 383	4 494	4 568	4 575	4 579	4 550	4 491
Construction	4 005	3 779	3 800	3 904	4 061	4 150	4 169
<b>Tertiary Industries</b>	<b>83 752</b>	<b>85 218</b>	<b>87 921</b>	<b>91 492</b>	<b>93 073</b>	<b>94 508</b>	<b>95 356</b>
Trade	21 879	22 646	23 287	25 134	25 500	25 775	25 978
Transport	11 444	11 563	11 843	12 037	12 194	12 528	12 606
Finance	20 416	20 495	21 076	21 746	21 759	22 084	22 465
Community services	30 013	30 515	31 715	32 575	33 620	34 121	34 306
<b>All Industries</b>	<b>130 575</b>	<b>133 625</b>	<b>135 778</b>	<b>139 911</b>	<b>142 577</b>	<b>145 335</b>	<b>145 907</b>
Taxes less subsidies on products	12 999	13 565	14 388	14 759	14 947	15 022	15 119
<b>GDPR at market prices</b>	<b>143 574</b>	<b>147 190</b>	<b>150 166</b>	<b>154 670</b>	<b>157 525</b>	<b>160 357</b>	<b>161 027</b>
Industry	2009	2010	2011	2012	2013	2014	2015
<b>Primary Industries</b>	<b>-5.2</b>	<b>3.7</b>	<b>-3.3</b>	<b>1.3</b>	<b>3.4</b>	<b>3.4</b>	<b>-0.7</b>
Agriculture	-3.5	1.0	-8.6	1.8	3.9	6.7	-7.1
Mining	-5.8	4.7	-1.4	1.1	3.3	2.3	1.6
<b>Secondary Industries</b>	<b>-4.0</b>	<b>3.0</b>	<b>1.3</b>	<b>1.0</b>	<b>1.0</b>	<b>1.9</b>	<b>-0.3</b>
Manufacturing	-7.9	5.7	1.3	0.9	0.4	2.6	-0.2
Electricity	-2.9	2.5	1.6	0.2	0.1	-0.6	-1.3
Construction	11.2	-5.7	0.6	2.7	4.0	2.2	0.5
<b>Tertiary Industries</b>	<b>-0.6</b>	<b>1.8</b>	<b>3.2</b>	<b>4.1</b>	<b>1.7</b>	<b>1.5</b>	<b>0.9</b>
Trade	-3.1	3.5	2.8	7.9	1.5	1.1	0.8
Transport	-1.7	1.0	2.4	1.6	1.3	2.7	0.6
Finance	0.1	0.4	2.8	3.2	0.1	1.5	1.7
Community Services	1.0	2.6	7.1	4.9	5.7	2.7	0.5
<b>All Industries</b>	<b>-2.1</b>	<b>2.3</b>	<b>1.6</b>	<b>3.0</b>	<b>1.9</b>	<b>1.9</b>	<b>0.4</b>
Taxes less subsidies on products	-4.5	4.3	6.1	2.6	1.3	0.5	0.7
<b>GDPR at market prices</b>	<b>-2.3</b>	<b>2.5</b>	<b>2.0</b>	<b>3.0</b>	<b>1.8</b>	<b>1.8</b>	<b>0.4</b>

Source: Statistics South Africa, Gross Domestic Product, First Quarter 2016; IHS Global Insight, Regional eXplorer, 2017

The size of the Free State economy has enlarged from R143.6 billion in 2009 to R161.0 billion in 2015, which represents an annual average increase of 1.9 percent over the period.

The primary industries of the Free State economy have increased from R24.7 billion in 2009 to R26.6 billion in 2015, which represents an average annual growth of 1.3 percent over the period. The agricultural industry declined from R6.6 billion in 2009 to R6.3 billion in 2015, which is an average annual decline of 0.5 percent. Agriculture's most recent highest peak was at R6.9 billion in 2014, however the drought experienced in the Free State province led to the decline of the industry by 7.1 percent between 2014 and 2015. However, the mining industry of the Free State increased from R18.1 billion in 2009 to R20.2 billion in 2015, which represents an average annual growth rate of 1.9 percent over the period.

The secondary industries of the Free State grew from R22.2 billion in 2009 to R23.9 billion in 2015, which is an average annual growth rate of 1.3 percent over the period. Manufacturing accounts for 63.8 percent of the secondary industries, and has increased from R13.8 billion in 2009 to R15.3 billion in 2015; this represents an average annual growth rate of 1.8 percent. The electricity industry has increased from R4.4 billion in 2009 to R4.5 billion in 2015,

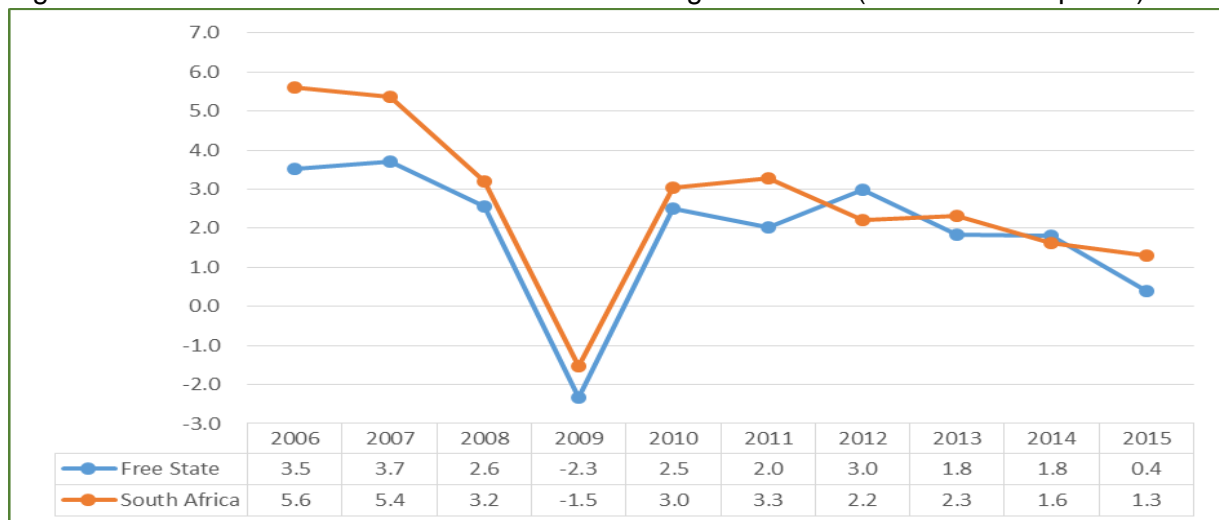
representing an average annual growth rate of 0.4 percent. The electricity industry has been on a constant increase since 2009, however the 2015 drought may have affected the water sub-industry within the electricity industry. The construction industry has increased from R4.0 billion in 2009 to the R4.2 billion in 2015, which represents an average annual growth rate of 0.7 percent over the period. The slow pace of construction industry growth may be attributed to the lower investment after the 2010 World Cup and fiscal consolidation in terms public expenditure, as well as slow private investment in the context of a subdued economy.

The tertiary industries, which collectively account for approximately 65 percent of the Free State’s economy, increased their output from R83.8 billion in 2009 to R95.4 billion in 2015, which is an annual average growth rate of 2.2 percent. Trade may be currently facing challenges of increased global trade protectionism, however the provincial industry has increased from R21.9 billion in 2009 to R26.0 billion in 2015; an annual average growth rate of 2.9 percent. The average annual growth rate of the trade industry is the currently the highest within the province, and it is attributed to the mammoth 7.9 percent growth of the industry in 2012.

Transport has also risen from R11.4 billion in 2009 to R12.6 billion in 2015, which represents an annual average growth rate of 1.6 percent. The finance industry has increase from R20.4 billion in 2009 to R22.5 billion in 2015 (with an annual average growth rate of 1.6 percent) whilst the community services industry increased from R30.0 billion in 2009 to R34.3 billion in 2015 (with an annual average growth rate of 2.3 percent).

Figure 14 below depicts the growth rates of South Africa’s and Free State’s economies between 2006 and 2015. The Free State economy grew by an average of 1.9 percent over the period, whilst the South African economy grew by an average of 2.6 percent over the same period. The huge decline of the provincial economy growth rate, from 1.8 per cent in 2014 to 0.4 per cent in 2015, may have been caused by a subdued global economy, the 2015/16 El Nino episode and its impact on the agriculture and water industries, low commodity prices in comparison with the commodity-boom prices as well as fiscal consolidation.

Figure 14: South Africa and Free State GDP annual growth rates (2010 constant prices)



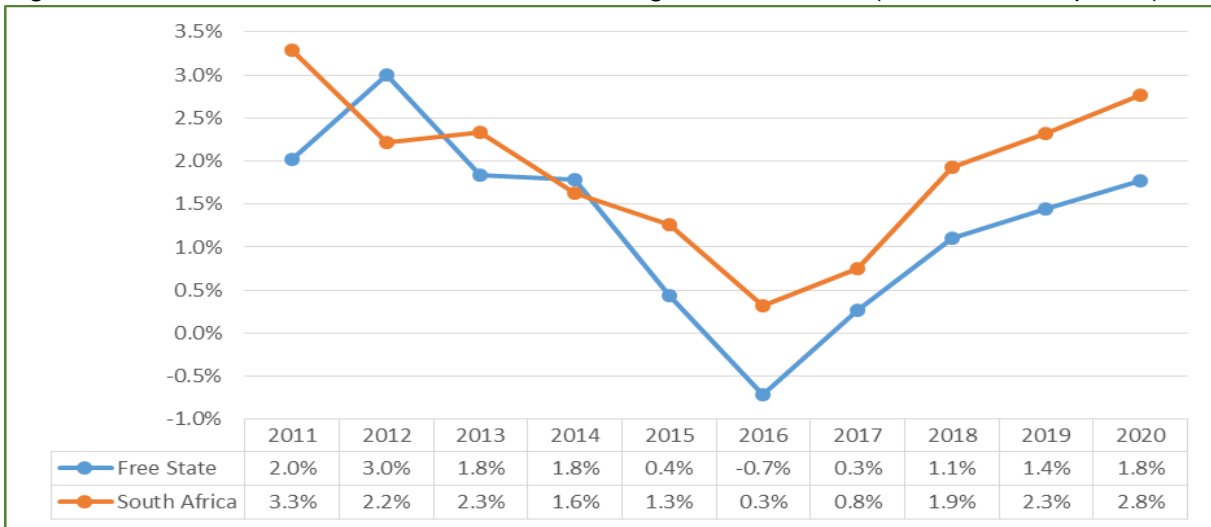
Source: Statistics South Africa, Gross Domestic Product, First Quarter 2016; IHS Global Insight, Regional Explorer, 2017

According to figure 15 below, the average growth rate of the Free State economy between 2011 and 2015 is estimated to be 1.8 percent, which is 0.3 percentage points below the South African average growth rate of 2.1 percent over the same period. The provincial economy is projected to have entered a recession and declined by 0.7 percent in 2016, due to the drought which filtered into 2016 and the relief of a weak La Nina episode commencing towards the end of the same year. The provincial economy was also mainly affected by the commodity slump, although some commodity prices such as gold and coal made a recovery in 2016. South Africa is anticipated to have grown by a minute 0.3 percent in 2016. The main downside risks faced by the national economy in 2016 included 1) lower growth and demand from China, 2) the drought and a weaker La Nina in 2016, 3) perceived political discord, 4) inflation bridging the upper target band and increasing interest rates (consumer confidence), potential downgrade by Ratings Agencies (S&P, Moody's and Fitch) and 5) lower business confidence and subsequent reduction in private investment. The South African economy was boosted by a weaker domestic currency and the subsequent increase in exports as well as the performance of manufacturing and mining in the 2nd quarter of 2016.

In 2017, the provincial economy is projected to recover from the previous year's contraction and grow by 0.3 percent. The resilience of the provincial economy will be mainly supported by the continuing recovery of commodity prices, as well as the better crop production as rainfall persists in the province. The South African economy is projected to recover moderately and grow by 0.8 percent in 2017, as inflationary pressures and high unemployment continue to weigh on consumer spending (World Bank, 2017). In addition, there remains policy uncertainty following the new administration of the USA and Brexit, although the UK has indicated that it seeks a trade agreement that is at least as beneficial as EPA concluded between EU and SADC (The UK's intention is favourable for SA's trade industry).

Over the 2018 medium term, the Free State economy is projected to grow by an average of 1.4 percent, whilst the national economy is anticipated to grow by an average of 2.3 percent. The recovery of the provincial economy may be bolstered by rainfall and the recovery of the agricultural sector, whilst better trade conditions that are in place in terms of the new EPA and that are sort through a trade agreement with the UK will also benefit the provincial trade and agricultural industries in the medium term. The manufacturing industry of the Free State will rebound in response to an improving global economic outlook, as well as the implementation of gas industrialisation, through investments such as the exploitation of helium gas, which has attracted R200 million investment thus far.

Figure 15: South Africa and Free State economic growth forecasts (2010 constant prices)



Source: Statistics South Africa, Gross Domestic Product, First Quarter 2016; IHS Global Insight, Regional Explorer, 2017

Table 5 below shows that the Free State economic output is anticipated to expand from R159.9 billion in 2016 to R160.3 billion in 2017, and grow further to R167.3 billion in 2020. Following a similar trend, all industries in the provincial economy are projected to grow by 0.3 percent in 2017, and accelerate further to grow by 1.7 percent in 2020.

The agricultural industry of the province is projected to recover from contracting by 7.2 percent in 2016 to expand by 0.5 percent in 2017. As the second biggest producer of maize and wheat in the country, Free State agriculture will benefit from more rainfalls in 2017. The downside risk faced by the industry includes the presence of army worms, which can destroy harvest and disrupt food security for the province. However, the agricultural industry is projected to recover and grow by 1.7 percent in 2020. The other half of the primary industries, mining industry, is also projected to recover from a decline of 4.5 percent in 2016 to a growth of 2.6 percent in 2017. As an energy-intensive industry, mining will benefit from the continuous reliability of electricity supply. Also, gold and coal prices showed signs of recovery in 2016, which is a positive for the province. In the medium term, the growth rate of the mining industry in the Free State is projected to decline from 0.9 percent in 2017 to 0 percent in 2020.

In the secondary industries, the output of the electricity industry is projected to decline by 0.1 percent in 2017, and thereafter recover and reach 2.9 percent in 2020. In South Africa, hydro-electricity was reduced in 2016 following the drought and even in the mist of rainfalls, the water sub-industry might recover gradually in 2017. The construction industry continues to be disadvantaged by fiscal consolidation as well as weak private investment and over the medium term, the industry is projected to contract by an average of 0.2 percent per annum.

In the tertiary industry, increased global protectionism and uncertain trade policies are anticipated to have a negative bearing on the trade industry, which is projected to decline by 0.3 percent in 2017. However, favourable trade policies from the EU and anticipated from the UK may favour the tertiary industry of the province, which is projected to recover and grow by 1.6 percent in 2020. The transport industry, which is projected to grow by a minute 0.1 percent in 2017, is projected to grow more robustly over the medium term and grow the

fastest by 3.1 percent in 2020. The national and provincial government continues to support the development and maintenance of transport infrastructure in the province e.g. public-sector investment in mixed-use Airport Development Node as well as the 2nd phase of the Integrated Public Transport Network in the Mangaung region.

Table 5: Free State growth forecasts by industry

R'1000	2014	2015	2016	2017	2018	2019	2020
<b>Gross Domestic Product</b>	160 328 010	161 027 129	159 866 989	160 291 315	162 062 529	164 400 919	167 312 446
<b>Total Industries</b>	1.9%	0.4%	-0.6%	0.3%	1.0%	1.4%	1.7%
<b>GDPR by Industry (real change)</b>							
<b>Agriculture</b>	6.7%	-7.1%	-7.2%	0.5%	0.5%	0.9%	1.7%
<b>Mining</b>	2.2%	1.6%	-4.5%	2.6%	0.9%	0.9%	0.0%
<b>Manufacturing</b>	2.6%	-0.2%	1.5%	-0.1%	1.1%	1.1%	1.3%
<b>Electricity</b>	-0.6%	-1.3%	-1.8%	-0.1%	1.2%	2.2%	2.9%
<b>Construction</b>	2.2%	0.5%	-0.9%	0.1%	-0.2%	-0.4%	0.0%
<b>Trade</b>	1.1%	0.8%	-0.6%	-0.3%	0.9%	1.1%	1.6%
<b>Transport</b>	2.7%	0.6%	-0.7%	0.1%	1.8%	2.0%	3.1%
<b>Finance</b>	1.5%	1.7%	0.6%	0.3%	2.0%	2.1%	2.5%
<b>Community services</b>	1.5%	0.5%	1.4%	-0.3%	0.4%	1.6%	2.1%

Source: IHS Global Insight, Regional Explorer, 2017

## 1.5. Free State Labour Market

The International Labour Organization (2017) highlighted that the global economy grew by 3.1 percent in 2016, which is the lowest economic growth rate in the past six years. Although the global economy is projected to recover and grow by 3.4 percent in 2017, global uncertainties such as increased trade protectionism pose downside risks to the global economic outlook. In the context of a subdued global economy, the ILO raises concerns in the labour market, such as will a sufficient number of jobs be created; will the quality of the jobs in existence be improved; and lastly will the gains from growth be inclusively distributed? The ILO expects unemployment to remain high in the medium term, which will be worsened if labour force growth outstrips job creation.

The unemployment rate in emerging market and developing economies is projected to increase as the recession faced by a number of countries in 2016 (e.g. Brazil) will have a negative impact on their labour market conditions in 2017 (ILO, 2017). Similar to these countries, the Free State is estimated to have registered a negative growth rate of 0.7 percent in 2016 (Global Insight, 2017). According to Statistics South Africa the province has the highest unemployment rate in the country (34.7 percent in Q4:2016) and approximately 68 000 jobs were lost in 2016. An estimated economic growth rate of 0.3 percent in 2017 will make it very difficult for the province to create sufficient jobs to reduce the high unemployment rate of the province.

According to Statistics South Africa (2017) the labour force of the Free State has declined by 16 000 (or 1.4 percent) between Q4:2015 and Q4:2016. Over the review period, employment drastically declined by 68 000 (or 8.2 percent), whilst the number of unemployed individuals increased by 52 000 (or 14.7 percent). As indicated in table 6 below, the official unemployment rate of the province increased from 29.8 percent in Q4:2015 to 34.7 percent in

Q4:2016, which represents a 4.9 percentage point increase. As indicated in the economy section above, the provincial economy faced several headwinds in 2016 which included drought in the agricultural and water industries, low commodity prices in mining, subdued global and national economies, fiscal consolidation, as well as reduced consumer and business confidence. These are among several factors which may have plummeted the provincial economy into negative growth territory in 2016 and subsequently increased the provincial unemployment rate.

Table 6: labour Market Overview for Free State province

	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	Jul-Sep 2016	Oct-Dec 2016	Qrt to Qrt change	Year to year change	Qrt to Qrt change	Year to year change
	Thousand						Percent		
<b>Population 15-64 yrs</b>	1 875	1 879	1 882	1 884	1 885	1	10	0.1	0.5
<b>Labour Force</b>	1 176	1 196	1 176	1 186	1 160	-26	-16	-2.2	-1.4
Employed	825	790	797	781	757	-24	-68	-3.0	-8.2
Formal sector (Non-agricultural)	524	483	506	478	460	-18	-64	-3.7	-12.2
Informal sector (Non-agricultural)	144	136	124	146	143	-3	-1	-1.9	-0.5
Agriculture	64	72	66	60	65	5	1	8.6	1.3
Private households	93	100	101	97	89	-8	-4	-8.5	-4.4
Unemployed	351	405	379	405	403	-2	52	-0.6	14.7
Not economically active	700	683	706	699	726	27	26	3.9	3.8
Discouraged work-seekers	71	66	81	85	82	-3	11	-3.4	15.7
Other	629	617	625	614	644	30	15	4.9	2.4
<b>Rates (%)</b>									
Unemployment rate	29.8	33.9	32.2	34.2	34.7	1	5		
Employed / population ratio (Absorption)	44.0	42.1	42.4	41.4	40.2	-1	-4		
Labour force participation rate	62.7	63.6	62.5	62.9	61.5	-1	-1		

Source: Statistics South Africa, QLFS, Fourth Quarter 2016

Employment in South Africa increased by 51 000 (or 0.3 percent) between Q4:2015 and Q4:2016. However, employment in the country increased by 235 000 between Q3: 2016 and Q4: 2016, boosted mainly by community services (73 000), transport (46 000) and manufacturing (44 000) industries.

In terms of provinces, the biggest gains in employment, year-on-year, occurred in Limpopo (103 000), Eastern Cape (36 000) and Gauteng (22 000). The biggest losses in employment over the same period occurred in Free State (68 000), Mpumalanga (36 000) and Northern Cape (14 000). Quarter to quarter changes reveal that the largest gains in employment occurred in Western Cape (70 000), Limpopo (64 000) and North West (60 000). Over the same period, the largest losses in employment occurred in Free State (24 000), Mpumalanga (19 000) and Northern Cape (10 000).

Table 7: Employment by province

	Oct-Dec 2015	Jul-Sep 2016	Oct-Dec 2016	Qrt to Qrt change	Year to year change	Qrt to Qrt change	Year to year change
	Thousand				Percent		
South Africa	16 018	15 833	16 069	235	51	1.5	0.3
Western Cape	2 380	2 315	2 386	70	6	3.0	0.3
Eastern Cape	1 411	1 443	1 447	5	36	0.3	2.5
Northern Cape	312	308	298	-10	-14	-3.3	-4.4
<b>Free State</b>	<b>825</b>	<b>781</b>	<b>757</b>	<b>-24</b>	<b>-68</b>	<b>-3.0</b>	<b>-8.2</b>
Kw aZulu Natal	2 529	2 496	2 541	45	12	1.8	0.5
North West	969	900	959	60	-10	6.6	-1.1
Gauteng	5 090	5 068	5 111	44	22	0.9	0.4
Mpumalanga	1 191	1 174	1 155	-19	-36	-1.6	-3.0
Limpopo	1 311	1 349	1 414	64	103	4.8	7.8

Source: Statistics South Africa, QLFS, Fourth Quarter 2016

According to table 8 below, Free State had the highest official unemployment rate in South Africa at 34.7 percent in Q4:2016, followed by Northern Cape (32.0 percent) and Mpumalanga (31.0 percent). The lowest official unemployment rate in Q4:2016 was in Limpopo (19.3 percent), followed by Western Cape (20.5 percent) and KwaZulu-Natal (23.9 percent).

When discouraged work seekers are taken into account, Northern Cape had the highest expanded unemployment rate of 43.3 percent in Q4:2016, followed by Mpumalanga (42.1 percent) and Eastern Cape (41.3 percent). The lowest expanded unemployment rates in Q4:2016 were in Western Cape (23.6 percent), followed by Gauteng (32.1 percent) and Limpopo (34.1 percent). Free State had the fourth highest expanded unemployment rate of 40.9 percent in Q4:2016, and share the ranking with North West.

Table 8: Unemployment rate by province

	Official Unemployment Rate					Expanded Unemployment Rate				
	Oct-Dec 2015	Jul-Sep 2016	Oct-Dec 2016	Qrt to Qrt change	Year to year change	Oct-Dec 2015	Jul-Sep 2016	Oct-Dec 2016	Qrt to Qrt change	Year to year change
	Percent			Percent		Percent			Percent	
South Africa	24.5	27.1	26.5	-0.6	2.0	33.8	36.3	35.6	-0.7	1.8
Western Cape	19.4	21.7	20.5	-1.2	1.1	22.0	24.8	23.6	-1.2	1.6
Eastern Cape	27.4	28.2	28.4	0.2	1.0	40.3	41.3	41.3	0	1
Northern Cape	25.8	29.6	32.0	2.4	6.2	38.9	41.8	43.3	1.5	4.4
<b>Free State</b>	<b>29.8</b>	<b>34.2</b>	<b>34.7</b>	<b>0.5</b>	<b>4.9</b>	<b>36.3</b>	<b>40.4</b>	<b>40.9</b>	<b>0.5</b>	<b>4.6</b>
Kw aZulu Natal	20.5	23.5	23.9	0.4	3.4	36.8	40.4	40.7	0.3	3.9
North West	23.9	30.5	26.5	-4.0	2.6	38.9	44.6	40.9	-3.7	2
Gauteng	27.6	29.1	28.6	-0.5	1.0	30.2	32.8	32.1	-0.7	1.9
Mpumalanga	25.7	30.4	31.0	0.6	5.3	39.4	41.4	42.1	0.7	2.7
Limpopo	19.8	21.9	19.3	-2.6	-0.5	38.6	36.3	34.1	-2.2	-4.5

Source: Statistics South Africa, QLFS, Fourth Quarter 2016

## 2. Budget strategy and aggregates

### 2.1 Introduction

The 2017 MTEF budget as contained in this document reflects the province's resolve to reprioritize spending towards addressing the needs of our people in the province. Our emphasis in the 2017 MTEF will be on the continuation of efficient, effective and economic utilization of limited financial resources towards radical transformation of our provincial socio-economic landscape. Our view is to have a more inclusive economy that prides itself through creation of employment opportunities, promotion of ownership and full participation in the economic activities of the province.

The 2017 Medium Term Expenditure Framework (MTEF) budget will focus on sustaining spending on core priorities and channelling resources to critical needs. The National Development Plan (NDP) recognises that faster, broad-based growth is needed to transform the economy, create jobs, and reduce poverty and inequality.

The 2017 MTEF will be guided by the following principle:

- The province will strive to have a more inclusive economy that prides itself through creation of employment opportunities, promotion of ownership and full participation in the economic activities of the province.
- The emphasis of the 2017 MTEF will also be on the continuation of efficient, effective and economic utilization of limited financial resources towards radical transformation of our provincial socio-economic landscape
- The province will prioritize funding towards frontline services whilst ensuring that there is no overall growth on non-core items.
- Free State Government will continue to practice fiscal discipline and reduce spending towards non-core items without compromising service delivery
- The province will continue with the implementation of cost containment and improved efficiency over the 2017 MTEF

The budget of R32.898 billion in 2017/18 will have to continue to fund key social priorities such as education, health and other social services. Investment on infrastructure projects such as roads, agro-processing and development of integrated human settlements throughout the MTEF period with the view to encourage and promote economic growth and create much needed job opportunities will be critical. The province will thus need to continue to use the very restricted fiscal space to fight back the challenges of poverty, inequality and unemployment and promote good governance.

Over 2017 MTEF fiscal consolidation will continue to impact negatively on the provincial equitable share; consequently the province share is reduced by R150.675 million. The contribution amounts to R150.675 million and the breakdown is as follows:

- Adjustments to baseline allocations due to the impact of data updates in the Equitable Share formula (R62.215 million over the MTEF)
- Reductions to the Fiscal Framework for Provincial Equitable Share imposed by the National Government following sluggish economic growth as well as weak currency and other new priorities identified (R88.460 million over the MTEF)

Additional funding was however allocated specifically to **Education** (R348.110 million) and **Health** (R55.653 million). These allocations are in the two outer years of the MTEF and are specifically earmarked for the appointment of additional educators and to augment the Health budget for medicines due to the higher than average inflation on medicines.

An amount of R394.800 million was also allocated to the Province in the 2019/20 financial year to specifically cater for the higher than budgeted wage increases.

### **Conditional grants reforms**

The **Early Childhood Development (ECD) Grant** first allocated for the 2017 MTEF in the Social Development. The grant has two components namely: subsidy component to address poor children's access to early childhood education and maintenance component to ensure the appropriateness of the infrastructure where children access early childhood programmes.

The **Learners Profound Intellectual Disabilities Grant** was introduced in the 2017 MTEF. The department is allocated an amount of R11 368 million in 2017/18, R28 864 million in 2018/19 and R34 360 million in 2019/20 financial years. The grant purpose is to provide the necessary support, resources and equipment to identified care centres and schools for the provision of education to children with Severe to Profound Intellectual Disabilities.

**Provincial Roads Maintenance Grant:** The visual condition indicator (VCI) increases from 45 percent in the 2016 MTEF to 55 percent for the 2017 MTEF. It is necessary to change this criteria in order to ensure a progressive improvement in the condition of the entire road network. The VCI threshold will be phased in at 45, 50 and 55 per cent in the respective years of the 2017 MTEF. This will allow actual volumes to be used instead of projected traffic volume.

## 2.2 Aligning provincial budgets to achieve government's prescribed outcomes

The 2017 MTEF budget is underpinned by the 2015 – 2019 Medium Term Strategic Framework, 14 national outcomes, the National Development Plan (NDP) and the Provincial Growth and Development Plan (PGDP) which is linked to the 14 national outcomes that underpinned 2017 MTEF budget are:

1. Quality basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Comprehensive rural development and land reform.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Create a better South Africa and contribute to a better and safer Africa and World.
12. An efficient, effective and development oriented public
13. An inclusive and responsive social protection system.
14. Nation building and social cohesion.

### Transformation for growth

Inclusive growth requires broad-based transformation to break down structural impediments to new economic activities, deconcentrate industries dominated by few participants, accelerate the inclusion of millions of black South Africans into jobs and businesses, and return to a path of rising per capita incomes for all.

The changes needed to achieve this are set out in the NDP. They include:

- Improving education and skills development, starting with a more effective basic
- Education and early childhood development sector.
- Strengthening competition laws to address skewed ownership and control, which is a barrier to business entry and the expansion of key markets that are essential for job creation.
- Increasing private-sector participation in sectors dominated by public enterprises, and ensuring that effective regulatory authorities curb the power of monopolies.
- Providing support and incentives for labour-intensive sectors, including agriculture,
- Agro-processing and tourism.

Overcoming the spatial fragmentation of South Africa's cities, so that people have easier access to jobs and infrastructure.

The Free State Government Provincial Priorities for 2015-19 continue to guide departments' operations, the priorities are

Outcomes	Priorities	Actions will include	Lead Department
<b>Rural Development, Land and Agrarian Reform and Food Security – Transform Rural Areas</b>	Rural Development Programmes	Expand Rural Development Programmes to ensure sustainable livelihoods in rural areas	Agriculture & Rural Development (ARD)
	Grow Rural Enterprises and Industries	Grow sustainable rural enterprises and industries and intensify the development aspect of land reform	ARD
	Land Reform Farms	Expand programmes to ensure that all land reform farms become productive and contribute to our food security.	ARD
	Support to Small Farmers	Roll-out and expand different projects, e.g. support to small farmers which will enhance job creation and promote access to high protein food.	ARD
<b>Ensure Decent Living Conditions and Sustainable Human Settlements</b>	Mixed Income Housing Projects	Implement bold programmes to promote better located mixed income housing projects	Human Settlements (HS)
	Improve Housing Conditions	Improve housing conditions for the poor in all formal settlements	HS
	Unlocking State Land for Affordable Housing	Unlocking well located land, especially state land for affordable housing	Public Works and Infrastructure (PWI)
	Provide Housing Opportunities	Contribute to provision of 1 million housing opportunities for qualifying households over the next 5 years	HS
	Integrated Transport in Rural Areas	Promote integrated transport	Police, Roads and Transport (PRT)
	Sanitation Infrastructure in Rural Areas	Accelerate roll out of sanitation infrastructure in rural areas and informal settlements	HS & COGTA
	Basic Services and Infrastructure in Informal Settlements	Further provision of basic services and infrastructure in existing informal settlements	HS & COGTA
Electrical connections	Connecting additional homes to electricity grid		

Outcomes	Priorities	Actions will include	Lead Department	
<b>Improve and Expand Education and Training</b>	Free Education	Progressive realization of free education at all levels	Education	
	Early Childhood Development (ECD)	Make Early Childhood Development a priority in the next 5 years	Education & SD	
	Eradicate Illiteracy	Eradicate Adult Illiteracy	Education	
	Quality in Teaching and Learning in Schools	Improve quality in teaching and learning in schools	Education	
	Teacher Development	Attend to teacher development	Education	
	School Safety Programmes	Implement further school safety programmes	Education & PRT	
	Support needs of poor students	Work with Universities and FET colleges to intensify our effort to support needs of poor students	Education	
<b>Ensure Quality Health Care for All</b>	Fight against HIV and AIDS	Maintain momentum in the fight against HIV and AIDS – continue to encourage people to get tested	Health	
	Public Health Care	Improve quality of public health care	Health	
	Distribution of ARVs	Intensify the campaign against HIV and AIDS to contribute to ensuring that at least 4.6 million people receive ARVs	Health	
	Male Circumcision	Expand male circumcision programme	Health	
	HIV Counselling and Testing	Expand HIV-counselling and testing programmes	Health	
	Chronic Medication	Ensure Chronic Medication is available	Health	
<b>Expand Comprehensive Social Security</b>	Social Welfare Services	Increase the number of social services professionals to respond to the demand of social welfare services	SD	
	Social Services and Grants	Make sure that all people who qualify for social services and grants receive them	SD	
<b>Fight Corruption and Crime</b>	Fight Corruption	Prohibit public servants and representatives from doing business with the state	Treasury and Department of the Premier (DoP)	
		Establish tender board to adjudicate tenders in all sphere of government	Treasury and DoP	
	Safety and Security		Continue to ensure that South Africans are safer and feel safer	PRT
			Further reduce the levels of crime	PRT
			Continue to work with communities to make our neighborhood and cities safer – especially through strengthening the anti-crime awareness and dealing with substance abuse	PRT
			Protect adults and children from domestic violence and crime against children	PRT
			Pursue a multi-disciplinary approach in our fight against violence against women and children	PRT

Outcomes	Priorities	Actions will include	Lead Department
<b>Build a United Nation and Promote Social Cohesion</b>	Public Participation	Ensure public representatives are constantly in touch with the people and listens to people's concerns and needs	Legislature, Treasury and DoP
	Heritage	Actively promote patriotism and honour our collective heritage by Celebrating Symbols and Public Reference Points and The Important Historical and Cultural Sites and events of all our people	Sport, Arts and Culture (SAC)
		Promote and reserve our heritage	SAC
		Build more museums and monuments and continue to maintain our existing ones	SAC
	National Development Plan	Mobilise all sectors to contribute meaningfully in the implementation of the NDP	DoP

## 2.3 Summary of budget aggregates

Table 1.1: Provincial budget summary

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>Provincial receipts</b>									
Transfer receipts from national	26 291 816	26 732 338	28 625 695	29 810 631	29 840 602	29 840 602	31 789 105	33 931 292	36 377 338
Equitable share	20 016 810	20 710 762	21 996 092	22 994 762	22 994 762	22 994 762	24 521 941	26 284 534	28 165 434
Conditional grants	6 275 006	6 021 576	6 629 603	6 815 869	6 845 840	6 845 840	7 267 164	7 646 758	8 211 904
Provincial own receipts	856 330	965 834	1 008 183	1 029 711	1 072 196	1 055 216	1 111 945	1 172 603	1 237 341
<b>Total provincial receipts</b>	<b>27 148 146</b>	<b>27 698 172</b>	<b>29 633 878</b>	<b>30 840 342</b>	<b>30 912 798</b>	<b>30 895 818</b>	<b>32 901 050</b>	<b>35 103 895</b>	<b>37 614 679</b>
<b>Provincial payments</b>									
Current payments	20 358 741	22 148 515	23 047 098	24 396 598	24 130 050	25 065 682	26 061 690	28 129 154	30 471 649
Transfers and subsidies	4 233 146	4 020 858	3 913 792	4 062 159	4 422 098	4 660 724	4 621 562	4 774 560	5 011 403
Payments for capital assets	2 410 065	2 295 822	2 465 229	2 370 254	2 535 182	2 584 632	2 215 066	2 163 922	2 043 894
Payments for financial assets	3 952	10 748	5 132			3 847			
<b>Total provincial payments</b>	<b>27 005 904</b>	<b>28 475 944</b>	<b>29 431 251</b>	<b>30 829 012</b>	<b>31 087 330</b>	<b>32 314 885</b>	<b>32 898 318</b>	<b>35 067 635</b>	<b>37 526 946</b>
<b>Surplus/(deficit) before financing</b>	<b>142 242</b>	<b>-777 772</b>	<b>202 626</b>	<b>11 331</b>	<b>-174 532</b>	<b>-1 419 067</b>	<b>2 732</b>	<b>36 260</b>	<b>87 733</b>
<b>Financing</b>	<b>201 962</b>	<b>464 714</b>	<b>222 010</b>		<b>174 630</b>	<b>174 630</b>			
Provincial roll-overs	150 196	434 328	184 364		174 038	174 038			
Provincial reserves	51 766	30 386	37 646		592	592			
<b>Surplus/(deficit) after financing</b>	<b>344 204</b>	<b>-313 058</b>	<b>424 637</b>	<b>11 331</b>	<b>98</b>	<b>-1 244 437</b>	<b>2 732</b>	<b>36 260</b>	<b>87 733</b>

The total provincial fiscus amounts to R32 901 billion in 2017/18, R35.104 billion in 2018/19 and R37.615 billion in 2019/20. The total fiscal framework is inclusive of equitable share, conditional grants as well as provincial own revenue over the 2017 MTEF.

The Provincial Equitable Share grows from R22.995 billion in 2016/17 to R24.522 billion in 2017/18; this represent an increase of 6.6 percent. In the outer two years, the equitable share grows by 7.2 percent per year; thus on average the allocation for equitable share increases by 7.0 percent over the 2017 MTEF. It is important to note that the provincial equitable share has been reduced downward by R150.675 million over the 2017 MTEF due to fiscal consolidation.

The final 2017 MTEF allocations for Conditional Grants amount to R23.126 billion; this amount is divided as follows: R7.267 billion in 2017/18 and R7.647 billion in 2018/19 and R8.212 billion in 2019/20. On average, over the 2017 MTEF, the conditional grants grow by 5.4 percent.

The average percentage growth of Equitable Share over the 2017 MTEF totals 7 percent and that of conditional grants amounts to 5.4 percent.

## **2.4 Financing**

The province estimates a consolidated surplus of R126.725 million over the 2017 MTEF period, of which R2.732 million is for 2017/18, R36.260 million for 2018/19 and R87.733 million for 2019/20. The surplus will be used strategically to address unforeseeable and unavoidable expenditure as well as to create sufficient reserves.

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

Key activities relating to the 2016/17 Provincial Budget Process were the following:

- Provincial Rollovers were finalized in 14 June 2016
- Provincial Budget Workshop held on the 22 July 2016
- National Treasury visits were held on the 15-17 August 2016
- Third quarter Infrastructure Review meetings were held on 08-09 February 2017
- 2016 Provincial Medium Term Expenditure Committee (PMTEC) hearings were held on the 19-22 September 2016
- Revenue Bilaterals were held on the 31<sup>st</sup> October 2016 to 01<sup>st</sup> November 2016
- The tabling of the 2015/16 Adjustment budget was held on 23 November 2016 and the tabling of special adjustment is schedule for 7<sup>th</sup> March 2017
- Extended Executive Council meeting was convened 2016 and 14-16 February 2017 with special focus on the budget and EXCO also engaged departments on their plans for the MTEF and if plans and budgets are addressing the national and provincial priorities
- Follow-up bilaterals were held with departments on February 2017 to thoroughly engage departments proposed budget and determine if departments did respond to resolutions taken in the extended EXCO meetings
- EXCO Lekgotla took place from the 28<sup>th</sup> February till 01<sup>st</sup> March 2017, the main aim was to ascertain whether the SOPA injunctions were addressed in the department's presentations /allocations.
- The 2017 MTEF allocations were presented to the EXCO on 28 February 2017 to 1<sup>st</sup> of march 2017
- The tabling of the 2017 Provincial Budget is scheduled for the 7<sup>th</sup> of March 2017

## 4. Receipts

### 4.1 Overall position

The total provincial receipts consists of equitable share, conditional grants and provincial own receipts. The total allocation for the 2017 MTEF amounts to R105.620 billion. Over the MTEF equitable share accounts for, on average, 74.7 percent, the conditional grants' share still remains at 22 percent ; whilst Provincial own receipts contributes 3.3 percent in 2017 MTEF

The total provincial fiscal framework increases by 5.7 percent from an adjusted budget of R31.086 billion in 2016/17 to R32.901 billion in 2017/18. In the outer two financial years provincial budget is estimated to be R35.104 billion (or 6.7 percent growth) and R37.615 billion (or 7.2 percent growth). Thus over the 2017 MTEF the provincial fiscal framework increases by an average of 6.5 percent, this growth is above the projected MTEF inflation of 6.2 percent.

Table 4.1: Summary of provincial receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>Transfer receipts from National</b>									
Equitable share	20 016 810	20 710 762	21 996 092	22 994 762	22 994 762	22 994 762	24 521 941	26 284 534	28 165 434
Conditional grants	6 275 006	6 021 576	6 629 603	6 815 869	6 845 840	6 845 840	7 267 164	7 646 758	8 211 904
<b>Total transfer receipts from National</b>	<b>26 291 816</b>	<b>26 732 338</b>	<b>28 625 695</b>	<b>29 810 631</b>	<b>29 840 602</b>	<b>29 840 602</b>	<b>31 789 105</b>	<b>33 931 292</b>	<b>36 377 338</b>
<b>Provincial own receipts</b>									
Tax receipts	497 284	540 359	543 255	613 138	662 541	662 541	702 246	743 042	786 138
Casino taxes	36 051	35 448		43 235	43 235	43 235	45 872	48 579	51 397
Horse racing taxes	8 073	8 881		9 879	9 879	9 879	10 482	11 100	11 744
Liquor licences	6 305	6 859		7 648	7 749	7 749	8 114	8 593	9 091
Motor vehicle licences	446 855	489 171	543 255	552 376	601 678	601 678	637 778	674 770	713 906
Sales of goods and services other than capital assets	312 658	255 458	294 621	350 932	345 007	325 684	363 038	380 297	399 740
Transfers received	5 891	10 933	3 320	11 000	3 000	3 000			
Fines, penalties and forfeits	13 917	15 817	18 947	16 122	15 922	15 923	17 093	18 088	18 998
Interest, dividends and rent on land	42 626	52 431	21 332	11 609	21 962	22 869	11 958	12 653	13 332
Sales of capital assets	11 145	17 186	27 892	1 390	8 300	8 816	1 541	1 554	1 648
Transactions in financial assets and liabilities	5 599	26 762	13 468	25 520	15 464	16 383	16 069	16 969	17 485
<b>Total provincial own receipts</b>	<b>889 120</b>	<b>918 946</b>	<b>922 834</b>	<b>1 029 711</b>	<b>1 072 196</b>	<b>1 055 216</b>	<b>1 111 945</b>	<b>1 172 603</b>	<b>1 237 341</b>
<b>Provincial funding</b>	<b>201 962</b>	<b>464 714</b>	<b>222 010</b>		<b>174 630</b>	<b>174 630</b>			
Provincial roll-overs	150 196	434 328	184 364		174 038	174 038			
Provincial reserves	51 766	30 386	37 646		592	592			
<b>Total provincial receipts</b>	<b>27 382 898</b>	<b>28 115 998</b>	<b>29 770 540</b>	<b>30 840 342</b>	<b>31 087 428</b>	<b>31 070 448</b>	<b>32 901 050</b>	<b>35 103 895</b>	<b>37 614 679</b>

### 4.2 Equitable share

The provincial equitable share allocation from the nationally raised revenue is formula driven. The formula used to divide the equitable share between provinces is objective-based and redistributive by design. The formula is reviewed and updated annually, based on the latest available data.

As a result of the redistributive nature of the formula and data changes the provinces share decreased downwards and although the allocation increased at constant rate. That is 6.6, 7.2 and 7.2 percent over the MTEF. Equitable share increase by R1.527 billion from 2016/17 to 2017/18 financial year.

Over the 2017 MTEF years the equitable share transfers grow on average by 7.0 percent, which is higher than the average inflation rate of 6.1 percent. The budget grows by 6.5 percent over the 2017 MTEF.

The above growth is far higher than the projected 2017 MTEF inflation of 6.1 percent. In addition, for the remainder of the agreement with labour organizations (unions) the increases on ICS as agreed upon is CPI plus 1. The additional funds given for inflationary policy adjustment on compensation of employees the provincial grow remains below inflation and far below inflationary adjustment on compensation of employees.

### **4.3 Conditional Grants**

The Conditional grants are transfers from national sphere of government and are allocated for specific purposes (schedule 5) as well as a supplement to provincial own projects (schedule 4). The province has minimum control over the utilization of grants, specifically the schedule 5 grants. The grants' allocation to the province grows by an average of 5.4 percent over the 2017 MTEF.

The grants allocations amounts to R7.267 million in 2017/18 and R7.647 million in 2018/19 and increases to R8.212 million in 2019/20. The province will therefore spend R23.126 million over the MTEF. The allocations for Education Infrastructure grant declines from an adjusted R811.351 million in 2016/17 to R661.635 million in 2017/18; however over the last two financial years the grant will increase marginally. Health Facility Revitalization Grants will also increase from R474.692 million in 2016/17 to R552.157 million in 2017/18. All other grants for Health will increase in 2017/18 financial year. Furthermore, the allocations for National Health Insurance to provinces will cease in 2017/18 as the grant is being reconfigured by National Department of Health.

Lastly, all other conditional grants' allocations to the province, except for Maths, Science and Technology, CASP and Substance Abuse grants, increased and will further allow the province to continue implementing national and provincial priorities such addressing, amongst others, HIV/AIDS, support to agricultural sector, creation of job opportunities (EPWPs), construction of roads, bridges and human settlements, schools nutrition and support, library services and sport development.

Social Sector Expanded Public Works Programme (EPWP) Incentive Grant for Provinces. This grant is allocated to social sector departments as an incentive which is paid out based on the departments achieving job creation targets set out in the previous financial year. The grant has allocated R23.167 million in 2017/18 to five provincial departments. The departments of Sports, Arts, Culture and Recreation will receive R 1.519 million, Health will receive R4.453 million, and Education will receive R1.679 million, with R13.823 million going to Social Development and R1.693 million to the Department of Roads and Transport.

Expanded Public Works Programme (EPWP) Integrated Grant for Provinces. The overall strategy is to reduce poverty through the reduction of unemployment. This grant has allocated R28.566 million to the province in 2017/18 be distributed amongst the Departments of Economic and Small Business Development Tourism and Environmental Affairs, Health, Education, Public Works and Infrastructure, Police, Roads and Transport, Agriculture and Rural Development, Sport, Arts, Culture and Recreation and Human Settlements.

Early Childhood Development Grant. The grant has two components, each with a different objective. The subsidy component aims to address poor children's access to early childhood education, while the maintenance component is to ensure the appropriateness of the infrastructure where children access early childhood programmes.

Table 4.2 below shows the detail of various conditional grants allocated to the province

Table 4.2: Summary of conditional grants by Transferring department

Transferring Department/Grant	Audited outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium Term Expenditure Estimates		
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19
<b>Agriculture and Rural Development</b>	<b>204 229</b>	<b>229 791</b>	<b>235 072</b>	<b>239 242</b>	<b>239 242</b>	<b>239 242</b>	<b>237 635</b>	<b>253 809</b>	<b>282 734</b>
Agricultural Disaster Management Grant		15 791							
Comprehensive Agricultural Support Programme Grant	140 259	146 335	168 807	174 289	174 289	174 289	168 592	179 476	205 339
Ilima/Letsema Projects Grant	55 399	62 238	60 990	59 447	59 447	59 447	63 178	66 843	70 586
Land Care Programme Grant: Poverty Relief and Infrastructure Development	8 571	5 427	5 275	5 506	5 506	5 506	5 865	7 490	6 809
<b>Arts and Culture</b>	<b>59 422</b>	<b>119 141</b>	<b>160 854</b>	<b>157 758</b>	<b>158 233</b>	<b>158 233</b>	<b>159 017</b>	<b>167 829</b>	<b>176 969</b>
Community Library Services Grant	59 422	119 141	160 854	157 758	158 233	158 233	159 017	167 829	176 969
<b>Sport and Recreation South Africa</b>	<b>38 823</b>	<b>40 190</b>	<b>64 520</b>	<b>43 019</b>	<b>66 461</b>	<b>66 461</b>	<b>95 755</b>	<b>34 893</b>	<b>36 569</b>
Mass Participation and Sport Development Grant	38 823	40 190	64 520	43 019	66 461	66 461	95 755	34 893	36 569
<b>Education</b>	<b>712 699</b>	<b>841 069</b>	<b>1 112 604</b>	<b>1 076 526</b>	<b>1 211 368</b>	<b>1 211 368</b>	<b>1 079 136</b>	<b>1 149 605</b>	<b>1 215 601</b>
Dinaledi Schools Grant	6 907	8 047							
Education Disaster Management Grant									
Education Infrastructure Grant	399 284	488 566	755 177	695 122	811 351	811 351	661 635	690 455	729 120
HIV and AIDS (Life Skills Education) Grant	11 847	10 931	11 457	12 967	12 980	12 980	13 980	14 790	15 618
National School Nutrition Programme Grant	273 717	292 948	318 670	334 971	343 685	343 685	358 412	379 369	398 337
OSD for Education Sector Therapists Grant		18 358	5 775						
Technical Secondary Schools Recapitalization Grant	20 944	22 219							
Maths, Science and Technology Grant			21 525	33 466	43 352	43 352	33 741	36 127	38 166
Learners with Profound Intellectual Disabilities Grant							11 368	28 864	34 360
<b>Health</b>	<b>2 146 506</b>	<b>2 479 866</b>	<b>2 567 097</b>	<b>2 611 506</b>	<b>2 632 261</b>	<b>2 632 261</b>	<b>2 884 563</b>	<b>3 077 636</b>	<b>3 288 392</b>
Comprehensive HIV, Aids and TB Grant	699 554	847 635	911 681	1 015 061	1 015 061	1 015 061	1 148 408	1 322 225	1 434 680
Health Facility Revitalisation Grant	454 423	580 816	580 123	474 692	495 447	495 447	552 157	491 134	518 638
Health Professions Training and Development Grant	138 029	146 419	149 702	156 189	156 189	156 189	165 973	175 599	185 430
National Tertiary Services Grant	849 629	898 036	918 387	958 021	958 021	958 021	1 018 025	1 077 070	1 137 386
National Health Insurance Grant	4 871	6 960	7 204	7 543	7 543	7 543			
Human Papillomavirus Vaccine Grant								11 608	12 258
<b>Human Settlements</b>	<b>1 350 936</b>	<b>1 061 756</b>	<b>1 059 326</b>	<b>1 098 411</b>	<b>1 101 195</b>	<b>1 101 195</b>	<b>1 193 038</b>	<b>1 264 697</b>	<b>1 333 008</b>
Housing Disaster Relief Grant									
Human Settlements Development Grant	1 350 936	1 061 756	1 059 326	1 098 411	1 101 195	1 101 195	1 193 038	1 264 697	1 333 008
<b>Transport</b>	<b>1 341 549</b>	<b>1 477 219</b>	<b>1 358 877</b>	<b>1 499 287</b>	<b>1 500 869</b>	<b>1 500 869</b>	<b>1 530 400</b>	<b>1 651 159</b>	<b>1 828 782</b>
Provincial Roads Maintenance Grant	1 138 167	1 261 445	1 140 418	1 258 030	1 259 612	1 259 612	1 274 731	1 383 542	1 546 178
Public Transport Operations Grant	203 382	215 774	218 459	241 257	241 257	241 257	255 669	267 617	282 604
<b>Social Development</b>			<b>3 500</b>	<b>42 500</b>	<b>53 500</b>	<b>53 500</b>	<b>35 887</b>	<b>47 130</b>	<b>49 849</b>
Substance Abuse Treatment Grant			3 500	42 500	53 500	53 500	14 237	17 708	18 700
Early Childhood Development Grant							18 398	25 903	27 346
Social Worker Employment Grant							3 252	3 519	3 803
<b>Other (Not Included above)</b>	<b>28 436</b>	<b>34 890</b>	<b>44 994</b>	<b>47 620</b>	<b>47 781</b>	<b>47 781</b>	<b>51 733</b>		
Expanded Public Works Programme Integrated Grant for Provinces	16 166	24 861	23 662	25 641	25 802	25 802	28 566		
Social Sector EPWP Incentive Grant for Provinces	12 270	10 029	21 332	21 979	21 979	21 979	23 167		
<b>Total conditional grants</b>	<b>5 882 600</b>	<b>6 283 922</b>	<b>6 606 844</b>	<b>6 815 869</b>	<b>7 010 910</b>	<b>7 010 910</b>	<b>7 267 164</b>	<b>7 646 758</b>	<b>8 211 904</b>

#### 4.4 Total provincial own receipts

Table 4.3: Summary of provincial own receipts by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
1 Department of the Premier	5 416	6 057	5 484	4 931	5 854	5 854	5 949	6 083	6 426
3 Economic, Small Business Development, Tourism and Environmental Affairs	72 453	78 594	35 603	25 894	26 156	26 156	22 314	24 310	27 565
4 Provincial Treasury	41 483	49 905	17 796	10 440	20 440	20 440	11 087	11 742	12 398
5 Health	156 798	116 626	152 565	178 974	164 695	145 992	178 877	189 351	200 334
6 Education	18 025	20 263	19 653	19 355	19 355	20 754	19 798	20 267	20 300
7 Social Development	1 762	3 725	1 687	1 725	1 542	1 778	1 636	1 733	1 834
8 Cooperative Governance and Traditional Affairs	2 191	2 296	1 431	284	200	200	212	225	238
9 Public Works and Infrastructure	37 481	40 264	44 856	44 106	47 684	47 684	48 388	50 804	53 344
10 Police, Roads and Transport	534 101	576 579	624 644	658 210	707 512	707 512	744 514	784 245	826 210
11 Agriculture and Rural Development	3 026	2 947	4 511	1 966	2 825	2 913	2 230	2 372	2 514
12 Sport, Arts, Culture and Recreation	15 729	20 534	14 262	22 757	14 457	14 457	12 156	12 873	13 620
13 Human Settlements	655	1 156	342	307	613	613	316	326	326
Free State Gambling and Liquor Authority				60 762	60 863	60 863	64 468	68 272	72 232
<b>Total provincial own receipts by Vote</b>	<b>889 120</b>	<b>918 946</b>	<b>922 834</b>	<b>1 029 711</b>	<b>1 072 196</b>	<b>1 055 216</b>	<b>1 111 945</b>	<b>1 172 603</b>	<b>1 237 341</b>

The estimated revenue for 2017/18 amounts to R1.112 billion and this represents an increase of 3.7 percent when compared to 2016/17. Thus over the MTEF period revenue is projected to grow by an average of 4.9 percent.

The projected national economic prospects have a direct impact on the performance of revenue in the province. Consequently, the projected growth on revenue estimates is mainly as a result of economic conditions such as unemployment and subdued economic prospects as most revenue items relate to economic conditions. As a commitment of the province, Provincial Treasury continues to offer technical and strategic support to departments with the aim of enhancing revenue collection, administration, processes, systems and identification of new streams of income. This goes along with intensifying the working relationships with various institutions that utilize provincial government services such as Road Accident Fund of which Task Team established yielded in positive spin offs for the province. Once more, the province extends its health care service to Lesotho Government of which the payment is expected for the treating of patients. Furthermore, the assistance of South African Post Office in terms of the renewals of vehicle licenses is noticeable as collection on motor vehicle licenses fees is growing.

#### 4.5 Donor funding

The Province received an amount of R24.000 million between 2014/15 and 2015/16 from European Union as part of the General Budget Support Funding (GBS). The funding is aimed at assisting with the implementation of Radio Frequency Identification (RFID) System for library assets. Thus every library item will be provided with an RFID tag which replaces the old bar coding system.

Table 4.3 (b): Summary of Foreign Donor Aid by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>12 Sport, Arts, Culture and Recreation</b>									
General Budget Support Funding (European Union)		12 000	12 000						
<b>Total donor funding received</b>		<b>12 000</b>	<b>12 000</b>						

## 5. Payments

### 5.1 Overall position

The total outlays for 2017 MTEF period for the Free State Province are budgeted as follows:

- Financial year 2017/18: R32.901 billion
- Financial year 2018/19: R35.104 billion
- Financial year 2019/20: R37.615 billion

In the 2017 MTEF period, provincial expenditure is expected to rise to R32.898 billion in 2017/18, this represent an increase of 5.5 percent when compared to the adjusted budget of R31.080 in 2016/17. In the subsequent financial year of 2018/19, the spending must be remain within the allocated amount of R35.067 billion this is a growth of 6.6 percent when compared to 2017/18 financial year. For the outer financial year, the province is estimated to spend R37.526 billion and this represent a slight increase of 7.0 percent.

### 5.2 Payments by vote

Table 5.1: Summary of provincial payments and estimates by Vote

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
1 Department of the Premier	271 881	303 330	310 061	309 644	358 400	340 958	564 980	606 258	645 447
2 Free State Legislature	182 064	192 181	211 894	228 232	228 232	225 608	234 044	247 483	262 643
3 Economic, Small Business Development, Tourism and Environmental Affairs	432 354	429 772	463 414	493 548	474 996	490 339	558 780	602 361	621 180
4 Provincial Treasury	216 367	239 063	300 173	326 766	336 217	336 217	315 314	326 414	327 124
5 Health	7 779 386	8 290 459	8 693 972	9 048 599	9 042 105	9 042 105	9 774 916	10 486 793	11 267 855
6 Education	10 557 631	11 351 814	11 487 389	12 059 747	12 201 043	12 794 331	12 739 378	13 614 009	14 586 931
7 Social Development	962 711	956 335	1 002 691	1 145 164	1 137 113	1 114 101	1 172 295	1 230 023	1 297 976
8 Cooperative Governance and Traditional Affairs	307 106	364 265	377 609	407 596	448 275	448 316	407 187	444 331	473 897
9 Public Works and Infrastructure	1 398 695	1 382 173	1 503 355	1 486 417	1 486 572	2 020 055	1 522 356	1 627 642	1 771 205
10 Police, Roads and Transport	2 190 213	2 401 922	2 420 214	2 586 841	2 625 102	2 742 425	2 720 070	2 878 342	3 117 393
11 Agriculture and Rural Development	684 003	695 111	741 551	745 825	746 681	750 681	758 809	808 457	864 185
12 Sport, Arts, Culture and Recreation	541 732	661 967	697 897	655 128	698 355	703 470	687 295	660 435	667 107
13 Human Settlements	1 481 761	1 207 552	1 221 031	1 335 504	1 304 239	1 306 279	1 442 894	1 535 087	1 624 003
<b>Total provincial payments and estimates</b>	<b>27 005 904</b>	<b>28 475 943</b>	<b>29 431 251</b>	<b>30 829 011</b>	<b>31 087 330</b>	<b>32 314 885</b>	<b>32 898 318</b>	<b>35 067 636</b>	<b>37 526 946</b>

## **Department of the Premier**

The Department the Premier receives R564.980 million in 2017/18; and the allocation increases to R606.258 million in 2018/19. In the last outer year the allocation amounts to R645.447 million. In total, the department will spend R1.186 billion over the MTEF period.

This allocation will cater for, amongst others, Community Development Workers (CDWs), Provincial Communication Strategy, Non-financial Funtion/HR Capacity,Transport Economist function ,ICT Training Centre ,Harrismith Logistic hub and Provincial Bursaries.

## **Provincial Legislature**

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

Free State Legislature is allocated R234.044 million in 2017/18, R247.483 million in 2018/19 and R262.643 million in 2019/20. Over the MTEF the August House will spend R736.254 million; this allocation will provide for execution of Legislature's core mandate which include, amongst others, consideration of legislation, public participation, awareness and education, oversight function and support to political parties in the Legislature.

## **Economic and Small Business Development, Tourism and Environmental Affairs**

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

The 2017/18 allocation to the department amounts to R558.780 million and includes an amount of R35.451 million which is earmarked. For 2018/19 the department receives R602.361 million; and R621.180 million for 2019/20. The department will spend R1.782 billion over the MTEF to implement various programmes focused on the core mandate which include, waste management, global trade round table, tourism promotion and development and support of crafters.

## **Provincial Treasury**

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

Provincial Treasury is allocated R315.314 million in 2017/18 and R326.414 million in 2018/19. The budget will increase to R327.124 million in 2019/20, the department will spend R968.852 million over the MTEF to strengthen and implement its oversight role.

## **Department of Health**

The budget for the Department of Health has been increased by R9.774 million over the 2017 MTEF to cater for mobile clinic programmes, maintenance and repair of medical gas equipment and bursaries of Cuban doctors. A further R40 million is also set aside to assist Medical Depot in 2017/18 financial year.

In total, the department is allocated R31.530 billion over the MTEF to improve the quality of health service in the province. The allocation is divided as follows, R9.775 billion in 2017/18, R10.487 billion in 2018/19; R11.268 billion in 2019/20.

## **Department of Education**

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

The department receives an allocation of R40.940 billion over the 2017 MTEF. This amount is divided as follows: R12.739 billion in the 2017/18, R13.614 billion in the 2018/19 and R14.587 million in the 2019/20. The allocations further provide for timely transfers of funds to schools as well as for the matric intervention programme.

Other priorities that this budget will provide for over the MTEF includes, Learner Teacher Support Materials, funding for quintile 1, 2, and 3 schools (no fees schools) in line with South African Schools Act, provincial expansion of Grade R, training and development of educators, Matric support programmes, School connectivity, Agricultural schools, support for mathematics and science, hostel support and education infrastructure. The department will strengthen the implementation of its Provincial Strategy on Learner Attainment in both the Primary and the Secondary schools with the intention to improve both the quality of learning and teaching. The objective of the province for 2017 academic year is to achieve 95% pass rate and increased bachelors.

## **Department of Social Development**

The Department of Social Department has been allocated a budget of R3.7 billion over the 2017 MTEF to provide for social services for the poor, the vulnerable and those with special needs. Furthermore, the allocation caters improving the quality of child care and protection services, care for older persons, substance abuse interventions, victim of abuse support as well as provision of shelter for homeless persons.

The MTEF allocation includes an amount of R220.181 million earmarked the following priorities: Office on the rights of children, sanitary towels and early childhood development. Therefore the allocation to the department amounts to R1.172 billion in 2017/18, R1.230 billion in 2018/19 and R1.298 billion in 2019/20. Included in the allocations are grants to the value of R14 million earmarked over MTEF.

### **Department of Cooperative Governance and Traditional Affairs (COGTA)**

The Department of Cooperative Governance and Traditional Affairs will receive R407.187 million for 2017/18 and R444.331 million for 2018/19. In the last year of the MTEF the allocation increases to R473.897 million. The allocation will fund the following priorities: Operation Clean Audit, Fire fighting equipment and water labs.

### **Department of Public Works and Infrastructure**

The department of Public Works and Infrastructure will continue its role as a custodian of infrastructure implementation for the province. In the financial year ahead the province estimates to spend more than R162.287 million on Infrastructure Enhancement projects; this expenditure relates to, inter alia, Township Revitalization and Trompsburg Sewer; thus proper coordination and implementation of these projects relies on this department.

Funding to the value of R1.522 billion is made available to the department in 2017/18. The total allocation to the department over the MTEF amounts to R4.921 billion and will further fund other priorities such as municipal rates and taxes and property payments. The MTEF allocation includes R1.628 billion and R1.771 billion for 2018/19 and 2019/20 respectively.

### **Department of Police, Roads and Transport**

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

The department is allocated R2.720 billion in 2017/18; R2.878 billion in 2018/19 and R3.117 billion in 2019/20. And over the MTEF the department will spend over R8.716 billion. The MTEF allocation includes an amount of R15 million which provides for installation of Biometrics at OR Tambo and Fidel Castro buildings and for matters of security pertaining to cash in transit.

### **Department of Agriculture and Rural Development**

The Department of Agriculture and Rural Development has been allocated an amount of R758.809 million in 2017/18. This budget includes R239.635 million which relates conditional grants, that is R168.592 million for Agricultural Support programme, R63.178 million for Ilima Letsema Projects, R2 million for EPWP and R5.865 million for Land Care Grant. The department will spend about R2.431 billion over the MTEF period and that includes an allocation of R808.457 million and R864.185 million in the outer years.

The following priorities, amongst others, are funded over the MTEF: Veterinary labs and Mohoma-Mobung.

### **Department of Sport, Arts, Culture and Recreation**

The Department of Sport, Arts, Culture and Recreation is allocated R687.295 million in 2017/18 and R660.435 million in 2018/19 and R667.107 million in 2019/20. Thus over the MTEF the department will spend R2.015 billion to implement the following priorities, amongst others, library services as well as sport development and mass participation. These allocations also provide for Macufe. Furthermore, the budget also caters for community radios, artists and photographers.

## Department of Human Settlements

In 2017/18 the Department of Human Settlements is allocated R1.443 billion for implementation of its core mandates that include delivery of incremental housing, social and rental housing, mixed housing development and land acquisition. In the outer years, the department is allocated R1.535 billion and R1.624 billion respectively.

The department will spend R4.659 billion over the MTEF period to deliver on the projects identified in State of the Province Address. The province has allocated R93 million over the MTEF to fund demolition and construction of two room houses.

### 5.3 Payments by economic classification

Table 5.2: Summary of provincial payments and estimates by economic classification

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19
<b>Current payments</b>	<b>20 358 741</b>	<b>22 148 515</b>	<b>23 047 098</b>	<b>24 396 598</b>	<b>24 130 050</b>	<b>25 065 682</b>	<b>26 061 690</b>	<b>28 129 154</b>	<b>30 471 649</b>
Compensation of employees	16 153 027	16 829 431	17 798 719	18 633 155	18 500 231	18 983 317	20 064 251	21 476 749	23 221 559
Goods and services	4 204 059	5 317 497	5 244 920	5 761 222	5 625 859	6 078 473	5 997 168	6 652 111	7 249 796
Interest and rent on land	1 655	1 587	3 459	2 221	3 960	3 892	271	294	294
<b>Transfers and subsidies to:</b>	<b>4 233 146</b>	<b>4 020 858</b>	<b>3 913 792</b>	<b>4 062 159</b>	<b>4 422 098</b>	<b>4 660 724</b>	<b>4 621 562</b>	<b>4 774 560</b>	<b>5 011 403</b>
Provinces and municipalities	360 889	336 197	404 821	433 393	427 662	512 410	408 809	456 788	480 007
Departmental agencies and accounts	189 538	167 171	232 396	230 368	285 363	282 388	254 338	252 525	266 576
Higher education institutions	851	5 352	2 181	1 094	1 194	1 194	249 554	265 958	292 370
Foreign governments and international organisations									
Public corporations and private enterprises	254 739	262 929	274 481	264 765	267 127	281 111	289 949	298 450	314 728
Non-profit institutions	1 439 342	1 428 796	1 345 668	1 637 650	1 708 225	1 801 309	1 821 993	1 799 659	1 859 246
Households	1 987 787	1 820 413	1 654 245	1 494 889	1 732 527	1 782 312	1 596 919	1 701 180	1 798 476
<b>Payments for capital assets</b>	<b>2 410 065</b>	<b>2 295 822</b>	<b>2 465 229</b>	<b>2 370 254</b>	<b>2 535 182</b>	<b>2 584 632</b>	<b>2 215 066</b>	<b>2 163 922</b>	<b>2 043 894</b>
Buildings and other fixed structures	2 176 487	2 036 144	2 173 414	2 090 376	2 174 367	2 202 933	1 843 253	1 792 791	1 682 350
Machinery and equipment	224 899	256 361	290 525	273 930	355 333	375 251	357 943	368 114	358 425
Heritage assets									
Biological assets			65						
Land and subsoil assets	739	4	52	737	737	737	600	737	778
Software and other intangible assets	7 940	3 313	1 173	5 211	4 745	5 711	13 270	2 280	2 341
<b>Payments for financial assets</b>	<b>3 952</b>	<b>10 748</b>	<b>5 132</b>			<b>3 847</b>			
<b>Total economic classification</b>	<b>27 005 904</b>	<b>28 475 943</b>	<b>29 431 251</b>	<b>30 829 011</b>	<b>31 087 330</b>	<b>32 314 885</b>	<b>32 898 318</b>	<b>35 067 636</b>	<b>37 526 946</b>

Table 5.2 above reflects the summary of provincial payments and estimates by economic classification and the largest portion consists of compensation of employees which is allocated R64.763 billion or 61 percent. The compensation of employees increases by R1.571 billion or 7.8 percent from R18.493 billion in 2016/17 adjusted budget to R20.064 billion in 2017/18, 6.6 percent and 7.5 percent in 2018/19 and 2019/20 financial years respectively. The province will continue with measures to limit personnel growth in order to unlock much needed funds to support economic growth and other priorities in the province.

The goods and services budget increases by R381.668 million or 6.4 percent from R5.616 billion in 2016/17 to R5.998 billion in 2017/18, while in 2018/19 increases by 10.9 percent to R6.641 billion and 2.9 percent in 2019/20 to R7.237 billion.

Transfers and Subsidies are allocated R14.408 over the MTEF and take 14 percent share of the total provincial payments over the same period. Transfers to provinces and municipalities increased from R427.662 million in 2016/17 to R408.809 million in 2017/18, R456.788 million in 2018/19 and R480.007 million in 2019/20. The transfers to Non-profit institutions amounts to R5.480 billion over the MTEF and this include transfers to schools as determined by the National Schools Act.

#### 5.4 Payments by functional area

Table 5.3 above shows the summary of expenditures by policy area, the details of which are shown in Table A: 4(b) of the Annexure to the Overview of Provincial Revenue and Expenditure. Education and Health are the key policy areas for the government policy area receive 38.7 percent and 29.7 percent over the MTEF; while Recreation, culture and religion receives the third largest share of 2.5 percent.

#### 5.5 Provincial Infrastructure payments

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
3 Economic, Small Business Development, Tourism and Environmental Affairs	32 344	10 286	18 243	41 770	10 649	10 649	45 672	45 498	39 500
5 Health	460 659	599 736	609 173	499 041	519 796	519 796	588 095	524 981	552 485
6 Education	423 304	400 368	716 400	684 886	798 918	798 918	651 563	676 903	714 080
7 Social Development	28 989	23 071	9 406	47 615	58 615	47 615	23 459	14 858	15 686
9 Public Works and Infrastructure	231 727	187 561	183 920	201 933	205 439	205 439	216 702	210 664	214 578
10 Police, Roads and Transport	1 139 820	1 312 403	1 218 315	1 335 193	1 322 275	1 322 275	1 382 090	1 576 790	1 667 672
11 Agriculture and Rural Development	128 272	182 342	106 224	110 411	112 609	112 609	106 027	116 877	116 877
12 Sport, Arts, Culture and Recreation	175 276	224 727	253 261	170 262	225 904	185 262	131 286	131 568	106 568
13 Human Settlements				1 148 326	1 148 326	1 148 326	1 276 608	1 356 077	1 356 077
<b>Total provincial infrastructure payments and estimates</b>	<b>2 620 391</b>	<b>2 940 494</b>	<b>3 114 942</b>	<b>4 239 437</b>	<b>4 402 531</b>	<b>4 350 889</b>	<b>4 421 502</b>	<b>4 654 216</b>	<b>4 783 523</b>

An amount of R13.859 billion is allocated over the MTEF to infrastructure and this is 13.1 percent from the provincial budget of R105.493 billion. Police, Roads and Transport is allocated R4.627 billion over the MTEF or 33.4 percent from the infrastructure budget for construction of new roads and upgrading the current road network. Education is allocated R2.043 billion over the MTEF or 15 percent for building of new schools and hostels and upgrading current infrastructure. Health is allocated R1.666 billion over the MTEF or 12 percent for new infrastructure and upgrading of current infrastructure.

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
Existing infrastructure assets	2 141 121	2 316 786	2 604 725	2 521 020	2 587 115	2 578 063	2 554 792	2 708 810	2 998 382
Maintenance and repair	156 534	644 966	726 671	861 319	942 551	895 653	1 165 472	1 398 863	1 645 339
Upgrades and additions	829 124	772 359	850 454	661 950	668 803	658 087	508 717	555 851	641 162
Refurbishment and rehabilitation	1 155 463	899 461	1 027 600	997 751	975 761	1 024 323	880 603	754 096	711 881
New infrastructure assets	271 567	437 556	380 060	447 261	500 063	480 915	455 443	482 084	311 489
Infrastructure transfers	155 725	59 145	104 818	1 231 326	1 254 768	1 231 326	1 336 608	1 416 077	1 416 077
Infrastructure transfers - Current			80 000	132 864	132 864	132 864	60 000	101 452	101 452
Infrastructure transfers - Capital	155 725	59 145	24 818	1 098 462	1 121 904	1 098 462	1 276 608	1 314 625	1 314 625
Infrastructure: Payments for financial assets									
Infrastructure: Leases		13 589							
Non Infrastructure	51 978	113 418	25 339	39 830	60 585	60 585	74 659	47 245	57 575
<b>Total provincial infrastructure payments and estimates</b>	<b>2 620 391</b>	<b>2 940 494</b>	<b>3 114 942</b>	<b>4 239 437</b>	<b>4 402 531</b>	<b>4 350 889</b>	<b>4 421 502</b>	<b>4 654 216</b>	<b>4 783 523</b>

Table 5.4(b) illustrate the allocation of funds to the various infrastructure categories and over the MTEF R8.262 billion will be allocated to existing infrastructure to ensure the province maintain the current assets, R1.249 billion or 9 percent will be allocated to new infrastructure while R4.168 million or 30 percent will be going to infrastructure transfers.

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

Currently there is only one Public-Private Partnership in the province. This partnership is between the Department of Health and Netcare and located within Universitas and Pelonomi hospitals.

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

Project description	Annual cost of project			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>13 182</b>	<b>25 229</b>	<b>10 240</b>	<b>23 206</b>	<b>23 206</b>	<b>23 206</b>	<b>24 386</b>	<b>26 063</b>	<b>27 523</b>
PPP unitary charge	8 057	16 998	9 973	5 900	5 900	5 900	6 166	6 444	6 805
Advisory fees	4 845	7 931		3 848	3 848	3 848	4 079	4 323	4 565
Project monitoring cost	65	65		1 763	1 763	1 763	1 646	1 945	2 054
Revenue generated				11 400	11 400	11 400	12 187	13 029	13 759
Contingent liabilities	215	235	267	295	295	295	308	322	340
<b>Projects in preparation</b>									
Advisory fees									
Project team costs									
Site acquisition costs									
Capital payment									
Other project costs									
<b>Total PPP projects</b>	<b>13 182</b>	<b>25 229</b>	<b>10 240</b>	<b>23 206</b>	<b>23 206</b>	<b>23 206</b>	<b>24 386</b>	<b>26 063</b>	<b>27 523</b>

## 5.7 Transfers

### 5.7.1 Transfer to public entities

Table 5.6: Summary of provincial transfers to public entities by transferring department

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19
<sup>3</sup> <b>Economic, Small Business Development, Tourism and Environmental Affairs</b>	<b>115 718</b>	<b>102 434</b>	<b>108 345</b>	<b>99 938</b>	<b>121 673</b>	<b>124 238</b>	<b>132 685</b>	<b>137 660</b>	<b>144 899</b>
Free State Development Corporation	22 545	1 200	3 700	1 200	1 200	7 200	27 260	25 833	27 124
Free State Gambling, Liquor and Tourism Authority	93 173	101 234	104 645	98 738	120 473	117 038	105 425	111 827	117 775
<b>Total provincial transfers to public entities</b>	<b>115 718</b>	<b>102 434</b>	<b>108 345</b>	<b>99 938</b>	<b>121 673</b>	<b>124 238</b>	<b>132 685</b>	<b>137 660</b>	<b>144 899</b>

The total transfer payment to the Public Entities by the Department of Economic and Small Business Development, Tourism and Environmental Affairs increased from an adjusted budget of R121.673 million in 2016/17 to R132.682 million in 2017/18; an increase of 3.7 percent the increase under FDC is mainly related to SMMEs support and development in the province and this allocation responds directly to the elements of Radical Economic Transformation.

## 5.7.2 Transfer to local government

Table 5.6.1: Summary of provincial transfers to local government by category

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19
Category A	62 715	110 295	173 753	87 574	93 358	184 541	108 265	113 392	133 812
Category B	264 026	206 482	203 207	258 853	310 498	310 495	249 871	273 454	273 886
Category C	31 103	17 626	27 300	81 803	22 013	17 071	50 607	69 872	72 235
<b>Total provincial transfers to local government</b>	<b>357 844</b>	<b>334 403</b>	<b>404 260</b>	<b>428 230</b>	<b>425 869</b>	<b>512 107</b>	<b>408 743</b>	<b>456 718</b>	<b>479 933</b>

## 5.7.3 Personnel numbers and costs

Table 5.7: Summary of personnel numbers and costs by Vote<sup>1</sup>

Department	Cost in R million	Actual			Funded posts	Additional Posts	Revised estimate	Medium-term expenditure estimate			Posts Growth Rate	Cost Growth rate	Cost % of Total Provincial
		2013/14	2014/15	2015/16				Establishment	2016/17	2017/18			
1 Department of the Premier	(numbers) (R'000)	620 186 915	621 204 681	608 218 711	498	126	624 212 828	625 259 385	625 275 719	625 298 614	0.1%	12.0%	1.2%
2 Free State Legislature	(numbers) (R'000)	153 81 307	158 93 695	154 100 870	149	3	152 112 078	165 129 819	165 132 354	165 138 949	2.8%	7.4%	0.6%
3 Economic, Small Business Dev, Tourism & Environm Aff	(numbers) (R'000)	641 179 251	635 195 033	863 213 471	583	248	831 221 896	831 237 891	831 255 619	831 272 372	-	7.1%	1.2%
4 Provincial Treasury	(numbers) (R'000)	478 145 101	388 155 792	451 170 553	431	15	446 191 424	433 205 484	433 220 513	433 234 411	-1.0%	7.0%	1.0%
5 Health	(numbers) (R'000)	18 867 5 153 185	18 437 5 258 723	17 765 5 539 463	17 261	-	17 261 5 837 191	18 547 6 381 379	18 585 6 680 662	18 835 7 260 967	3.0%	7.5%	31.2%
6 Education	(numbers) (R'000)	30 898 8 414 360	31 371 8 761 787	30 566 9 181 185	28 587	2 381	30 968 9 773 243	28 734 10 061 109	28 638 10 936 301	28 389 11 806 654	-2.9%	6.5%	50.8%
7 Social Development	(numbers) (R'000)	2 008 463 814	1 999 474 589	2 059 526 169	1 901	-	1 901 569 877	2 066 631 264	2 066 686 773	2 066 743 500	2.8%	9.3%	3.1%
8 Cooperative Governance and Traditional Affairs	(numbers) (R'000)	375 130 975	410 171 020	403 183 254	700	41	741 202 351	782 213 234	782 225 602	782 244 233	1.8%	6.5%	1.1%
9 Public Works and Infrastructure	(numbers) (R'000)	1 819 339 107	2 010 372 654	2 035 402 532	1 585	190	1 775 402 058	1 562 401 423	1 562 431 128	1 562 461 307	-4.2%	4.7%	2.0%
10 Police, Roads and Transport	(numbers) (R'000)	2 080 489 424	2 332 516 951	2 323 561 082	2 312	106	2 418 691 448	2 437 692 934	2 438 720 815	2 438 781 198	0.3%	4.2%	3.4%
11 Agriculture and Rural Development	(numbers) (R'000)	1 234 303 166	1 210 319 486	1 030 330 413	1 004	25	1 029 349 191	1 018 365 437	1 018 388 379	1 018 417 676	-0.4%	6.2%	1.8%
12 Sport, Arts, Culture and Recreation	(numbers) (R'000)	742 173 980	813 197 247	859 235 942	920	27	947 266 665	1 090 315 390	1 090 334 988	1 090 358 187	4.8%	10.3%	1.5%
13 Human Settlements	(numbers) (R'000)	249 92 442	263 107 772	323 135 074	278	41	319 153 067	320 169 501	319 187 896	319 203 491	-	10.0%	0.9%
<b>Total Personnel Numbers</b>		<b>60 164</b>	<b>246 941</b>	<b>59 439</b>	<b>56 209</b>	<b>3 203</b>	<b>59 412</b>	<b>58 610</b>	<b>58 552</b>	<b>58 553</b>	<b>-0.5%</b>		
<b>Total Personnel Cost (R'million)</b>		<b>16 153 027</b>	<b>16 829 431</b>	<b>17 798 719</b>			<b>18 983 317</b>	<b>20 064 251</b>	<b>21 476 749</b>	<b>23 221 559</b>		<b>6.9%</b>	
<b>Unit Cost</b>		<b>268 483</b>	<b>68 152</b>	<b>299 445</b>			<b>319 520</b>	<b>342 335</b>	<b>366 798</b>	<b>396 590</b>			

## 5.7.4 Payments on training

**Table 5.8: Summary of provincial payments on training by Vote**

R thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19
1 Department of the Premier	652	25	212	245	245	245	262	276	291
2 Free State Legislature	676	505	200	718	718	718	643	690	730
3 Economic, Small Business Development, Tourism and Environmental Affairs	1 395	1 402	1 662	4 710	3 675	3 867	3 388	8 094	8 546
4 Provincial Treasury	6 957	8 346	2 805	2 857	2 857	2 857	3 557	3 788	4 002
5 Health	27 169	8 532	47 867	11 634	11 634	12 594	83 400	97 108	100 974
6 Education	50 485	24 488	21 890	93 500	56 503	56 467	100 275	109 012	117 686
7 Social Development	2 424	4 723	5 010	5 727	5 727	4 786	6 294	6 825	7 318
8 Cooperative Governance and Traditional Affairs	1 607	2 887	790	1 996	4 163	4 163	2 132	2 256	2 382
9 Public Works and Infrastructure	1 976	2 723	2 941	4 472	4 299	4 239	4 146	4 460	4 957
10 Police, Roads and Transport	2 532	1 035	9 805	23 786	22 191	18 544	11 527	14 941	15 777
11 Agriculture and Rural Development	266	931	2 820	3 288	2 924	1 473	3 338	5 997	6 894
12 Sport, Arts, Culture and Recreation	1 646	670	2 473	1 849	1 849	2 405	2 525	2 654	2 654
13 Human Settlements	242	428	177	705	705	705	941	996	1 052
<b>Total provincial payments on training</b>	<b>98 027</b>	<b>56 695</b>	<b>98 652</b>	<b>155 487</b>	<b>117 490</b>	<b>113 063</b>	<b>222 428</b>	<b>257 097</b>	<b>273 263</b>

The revised estimate of 2016/17 as stated in this document is based on the projected outcome as captured in the In Year Monitoring model of January 2017

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

Table A.1: Details of total provincial own receipts

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>Tax receipts</b>	<b>497 284</b>	<b>540 359</b>	<b>543 255</b>	<b>613 138</b>	<b>662 541</b>	<b>662 541</b>	<b>702 247</b>	<b>743 042</b>	<b>786 138</b>
Casino taxes	36 051	35 448		43 235	43 235	43 235	45 872	48 579	51 397
Horse racing taxes	8 073	8 881		9 879	9 879	9 879	10 482	11 100	11 744
Liquor licences	6 305	6 859		7 648	7 749	7 749	8 114	8 593	9 091
Motor vehicle licences	446 855	489 171	543 255	552 376	601 678	601 678	637 779	674 770	713 906
<b>Sales of goods and services other than capital assets</b>	<b>312 658</b>	<b>255 458</b>	<b>294 621</b>	<b>350 932</b>	<b>345 007</b>	<b>325 684</b>	<b>363 037</b>	<b>380 298</b>	<b>399 739</b>
Sale of goods and services produced by department (excluding capital assets)	<b>312 415</b>	<b>255 285</b>	<b>294 454</b>	<b>350 675</b>	<b>344 693</b>	<b>325 370</b>	<b>362 819</b>	<b>380 079</b>	<b>399 469</b>
Sales by market establishments	57 060	57 905	65 815	79 749	81 475	80 959	80 518	85 526	91 939
Administrative fees	73 452	71 137	69 574	90 103	90 495	90 495	90 965	93 150	95 238
Other sales	181 903	126 243	159 065	180 823	172 723	153 916	191 336	201 403	212 292
Of which									
Health patient fees	113 670	72 614	128 789	108 423	105 703	105 703	116 285	120 650	122 002
Commission Insurance	12 021	12 275	11 769	11 446	11 446	11 446	11 508	11 532	11 620
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	243	173	167	257	314	314	218	219	270
<b>Transfers received from:</b>	<b>5 891</b>	<b>10 933</b>	<b>3 320</b>	<b>11 000</b>	<b>3 000</b>	<b>3 000</b>			
Other governmental units	5 891	10 933	3 320	11 000	3 000	3 000			
Higher education institutions									
Foreign governments									
International organisations									
Public corporations and private enterprises									
Households and non-profit institutions									
<b>Fines, penalties and forfeits</b>	<b>13 917</b>	<b>15 817</b>	<b>18 947</b>	<b>16 122</b>	<b>15 922</b>	<b>15 923</b>	<b>17 093</b>	<b>18 088</b>	<b>18 998</b>
<b>Interest, dividends and rent on land</b>	<b>42 626</b>	<b>52 431</b>	<b>21 332</b>	<b>11 609</b>	<b>21 962</b>	<b>22 869</b>	<b>11 958</b>	<b>12 652</b>	<b>13 332</b>
Interest	1 533	3 060	3 742	1 407	1 760	2 667	1 123	1 178	1 216
Dividends	41 093	49 371	17 590	10 202	20 202	20 202	10 835	11 474	12 116
Rent on land									
<b>Sales of capital assets</b>	<b>11 145</b>	<b>17 186</b>	<b>27 892</b>	<b>1 390</b>	<b>8 300</b>	<b>8 816</b>	<b>1 541</b>	<b>1 554</b>	<b>1 648</b>
Land and subsoil assets		815	2 500		1 600	2 116			
Other capital assets	11 145	16 371	25 392	1 390	6 700	6 700	1 541	1 554	1 648
<b>Financial transactions in assets and liabilities</b>	<b>5 599</b>	<b>26 762</b>	<b>13 468</b>	<b>25 520</b>	<b>15 464</b>	<b>16 383</b>	<b>16 069</b>	<b>16 969</b>	<b>17 486</b>
<b>Total provincial own receipts</b>	<b>889 120</b>	<b>918 946</b>	<b>922 834</b>	<b>1 029 711</b>	<b>1 072 196</b>	<b>1 055 216</b>	<b>1 111 945</b>	<b>1 172 603</b>	<b>1 237 341</b>

Table A.2: Information relating to Conditional Grants

Transferring department and Grant	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Revised transfer estimate	Revised expenditure estimate	Medium-term estimates		
	2013/14			2014/15			2015/16			2016/17			2017/18	2018/19	2019/20
R thousand															
<b>Agriculture and Rural Development</b>	<b>206 844</b>	<b>206 844</b>	<b>204 229</b>	<b>229 987</b>	<b>228 551</b>	<b>229 791</b>	<b>237 277</b>	<b>237 181</b>	<b>235 072</b>	<b>239 242</b>	<b>239 242</b>	<b>239 242</b>	<b>237 635</b>	<b>253 809</b>	<b>282 734</b>
Agricultural Disaster Management Grant				15 791	15 791	15 791									
Comprehensive Agricultural Support Programme Grant	140 274	140 274	140 259	146 531	146 531	146 335	171 012	170 916	168 807	174 289	174 289	174 289	168 592	179 476	205 339
Ilima/Letsema Projects Grant	57 999	57 999	55 399	62 238	60 802	62 238	60 990	60 990	60 990	59 447	59 447	59 447	63 178	66 843	70 586
Land Care Programme Grant: Poverty Relief and Infrastructure Development	8 571	8 571	8 571	5 427	5 427	5 427	5 275	5 275	5 275	5 506	5 506	5 506	5 865	7 490	6 809
<b>Arts and Culture</b>	<b>65 586</b>	<b>64 401</b>	<b>59 422</b>	<b>124 721</b>	<b>119 013</b>	<b>119 141</b>	<b>161 338</b>	<b>155 758</b>	<b>160 854</b>	<b>158 233</b>	<b>157 758</b>	<b>158 233</b>	<b>159 017</b>	<b>167 829</b>	<b>176 969</b>
Community Library Services Grant	65 586	64 401	59 422	124 721	119 013	119 141	161 338	155 758	160 854	158 233	157 758	158 233	159 017	167 829	176 969
<b>Sport and Recreation South Africa</b>	<b>38 832</b>	<b>38 832</b>	<b>38 823</b>	<b>40 318</b>	<b>40 318</b>	<b>40 190</b>	<b>64 526</b>	<b>64 398</b>	<b>64 520</b>	<b>66 461</b>	<b>66 461</b>	<b>66 461</b>	<b>95 755</b>	<b>34 893</b>	<b>36 569</b>
Mass Participation and Sport Development Grant	38 832	38 832	38 823	40 318	40 318	40 190	64 526	64 398	64 520	66 461	66 461	66 461	95 755	34 893	36 569
<b>Education</b>	<b>794 015</b>	<b>784 154</b>	<b>712 699</b>	<b>968 764</b>	<b>913 671</b>	<b>841 069</b>	<b>1 252 056</b>	<b>1 124 361</b>	<b>1 112 604</b>	<b>1 211 368</b>	<b>1 083 055</b>	<b>1 211 368</b>	<b>1 079 136</b>	<b>1 149 605</b>	<b>1 215 601</b>
Dinaledi Schools Grant	7 573	7 573	6 907	8 503	8 006	8 047									
Education Infrastructure Grant	476 218	468 931	399 284	607 581	554 313	488 566	881 568	762 553	755 177	811 351	695 122	811 351	661 635	690 455	729 120
HIV and AIDS (Life Skills Education) Grant	14 441	12 135	11 847	12 686	11 570	10 931	11 699	9 944	11 457	12 980	12 967	12 980	13 980	14 790	15 618
National School Nutrition Programme Grant	274 820	274 552	273 717	299 417	299 205	292 948	320 869	314 400	318 670	343 685	341 500	343 685	358 412	379 369	398 337
OSD for Education Sector Therapists Grant				18 358	18 358	18 358	5 775	5 775	5 775						
Technical Secondary Schools Recapitalization Grant	20 963	20 963	20 944	22 219	22 219	22 219									
Maths, Science and Technology Grant							32 145	31 689	21 525	43 352	33 466	43 352	33 741	36 127	38 166
Learnners with Profound Intellectual Disabilities Grant													11 368	28 864	34 360
<b>Health</b>	<b>2 361 380</b>	<b>2 274 588</b>	<b>2 146 506</b>	<b>2 503 037</b>	<b>2 361 498</b>	<b>2 479 866</b>	<b>2 596 838</b>	<b>2 573 667</b>	<b>2 567 097</b>	<b>2 632 261</b>	<b>2 611 506</b>	<b>2 632 261</b>	<b>2 884 563</b>	<b>3 077 636</b>	<b>3 288 392</b>
Comprehensive HIV, Aids and TB Grant	742 984	742 984	699 554	848 076	843 026	847 635	911 946	911 505	911 681	1 015 061	1 015 061	1 015 061	1 148 408	1 322 225	1 434 680
Health Facility Revitalisation Grant	625 754	538 962	454 423	603 451	466 962	580 816	609 545	586 910	580 123	495 447	474 692	495 447	552 157	491 134	518 638
Health Professions Training and Development	138 131	138 131	138 029	146 419	146 419	146 419	149 756	149 756	149 702	156 189	156 189	156 189	165 973	175 599	185 430
National Tertiary Services Grant	849 661	849 661	849 629	898 091	898 091	898 036	918 387	918 332	918 387	958 021	958 021	958 021	1 018 025	1 077 070	1 137 386
National Health Insurance Grant	4 850	4 850	4 871	7 000	7 000	6 960	7 204	7 164	7 204	7 543	7 543	7 543			
Human Papillomavirus Vaccine Grant														11 608	12 258
<b>Human Settlements</b>	<b>1 350 936</b>	<b>1 350 936</b>	<b>1 350 936</b>	<b>1 076 642</b>	<b>1 076 642</b>	<b>1 061 756</b>	<b>1 072 170</b>	<b>1 057 284</b>	<b>1 059 326</b>	<b>1 101 195</b>	<b>1 098 411</b>	<b>1 101 195</b>	<b>1 193 038</b>	<b>1 264 697</b>	<b>1 333 008</b>
Housing Disaster Relief Grant															
Human Settlements Development Grant	1 350 936	1 350 936	1 350 936	1 076 642	1 076 642	1 061 756	1 072 170	1 057 284	1 059 326	1 101 195	1 098 411	1 101 195	1 193 038	1 264 697	1 333 008
<b>Public Works and Infrastructure</b>															
Devolution of Property Rate Funds Grant															
<b>Transport</b>	<b>1 577 205</b>	<b>1 528 705</b>	<b>1 341 549</b>	<b>1 477 238</b>	<b>1 241 582</b>	<b>1 477 219</b>	<b>1 363 465</b>	<b>1 363 465</b>	<b>1 358 877</b>	<b>1 500 869</b>	<b>1 499 287</b>	<b>1 500 869</b>	<b>1 530 400</b>	<b>1 651 159</b>	<b>1 828 782</b>
Provincial Roads Maintenance Grant	1 373 823	1 325 323	1 138 167	1 261 338	1 025 682	1 261 445	1 142 796	1 142 796	1 140 418	1 259 612	1 258 030	1 259 612	1 274 731	1 383 542	1 546 178
Public Transport Operations Grant	203 382	203 382	203 382	215 900	215 900	215 774	220 669	220 669	218 459	241 257	241 257	241 257	255 669	267 617	282 604
<b>Social Development</b>				<b>2 000</b>	<b>2 000</b>		<b>14 500</b>	<b>12 500</b>	<b>3 500</b>	<b>53 500</b>	<b>42 500</b>	<b>53 500</b>	<b>35 887</b>	<b>47 130</b>	<b>49 849</b>
Substance Abuse Treatment Grant				2 000	2 000		14 500	12 500	3 500	53 500	42 500	53 500	14 237	17 708	18 700
Early Childhood Development Grant													18 398	25 903	27 346
Social Worker Employment Grant													3 252	3 519	3 803
<b>Other (Not included above)</b>	<b>30 404</b>	<b>26 546</b>	<b>28 436</b>	<b>39 425</b>	<b>38 301</b>	<b>34 890</b>	<b>45 524</b>	<b>40 989</b>	<b>44 994</b>	<b>47 781</b>	<b>47 620</b>	<b>47 781</b>	<b>51 733</b>		
Expanded Public Works Programme Integrated Grant for Provinces	18 001	18 001	16 166	27 725	26 601	24 861	24 145	21 281	23 662	25 802	25 641	25 802	28 566		
Social Sector EPWP Incentive Grant for Provinces	12 403	8 545	12 270	11 700	11 700	10 029	21 379	19 708	21 332	21 979	21 979	21 979	23 167		
<b>Total conditional grants</b>	<b>6 425 202</b>	<b>6 275 006</b>	<b>5 882 600</b>	<b>6 462 132</b>	<b>6 021 576</b>	<b>6 283 922</b>	<b>6 807 694</b>	<b>6 629 603</b>	<b>6 606 844</b>	<b>7 010 910</b>	<b>6 845 840</b>	<b>7 010 910</b>	<b>7 267 164</b>	<b>7 646 758</b>	<b>8 211 904</b>

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>Current payments</b>	<b>20 358 741</b>	<b>22 148 515</b>	<b>23 047 098</b>	<b>24 396 598</b>	<b>24 130 050</b>	<b>25 065 682</b>	<b>26 061 690</b>	<b>28 129 154</b>	<b>30 471 649</b>
Compensation of employees	16 153 027	16 829 431	17 798 719	18 633 155	18 500 231	18 983 317	20 064 251	21 476 749	23 221 559
Salaries and wages	13 918 232	14 612 793	15 270 081	15 986 196	15 858 833	16 318 997	17 253 703	18 525 775	20 029 377
Social contributions	2 234 795	2 216 637	2 528 638	2 646 959	2 641 398	2 664 320	2 810 548	2 950 974	3 192 182
Goods and services	4 204 059	5 317 497	5 244 920	5 761 222	5 625 859	6 078 473	5 997 168	6 652 111	7 249 796
Interest and rent on land	1 655	1 587	3 459	2 221	3 960	3 892	271	294	294
Interest	1 641	1 587	3 459	2 221	3 960	3 890	271	294	294
Rent on land	14					2			
<b>Transfers and subsidies to:</b>	<b>4 233 146</b>	<b>4 020 858</b>	<b>3 913 792</b>	<b>4 062 159</b>	<b>4 422 098</b>	<b>4 660 724</b>	<b>4 621 562</b>	<b>4 774 560</b>	<b>5 011 403</b>
Provinces and municipalities	360 889	336 197	404 821	433 393	427 662	512 410	408 809	456 788	480 007
Provinces <sup>2</sup>	42	1 794	561	63	63	63	66	70	74
Provincial Revenue Funds	42	65	2	63	63	63	66	70	74
Provincial agencies and funds		1 730	559						
Municipalities <sup>3</sup>	360 847	334 403	404 260	433 330	427 599	512 347	408 743	456 718	479 933
Municipal bank accounts	357 844	334 403	385 420	419 980	402 849	487 597	403 743	443 718	466 933
Municipal agencies and funds	3 003		18 840	13 350	24 750	24 750	5 000	13 000	13 000
Departmental agencies and accounts	189 538	167 171	232 396	230 368	285 363	282 388	254 338	252 525	266 576
Social security funds									
Departmental agencies (non-business entities)	189 538	167 171	232 396	230 368	285 363	282 388	254 338	252 525	266 576
Higher education institutions	851	5 352	2 181	1 094	1 194	1 194	249 554	265 958	292 370
Foreign governments and international organisations									
Public corporations and private enterprises <sup>5</sup>	254 739	262 929	274 481	264 765	267 127	281 111	289 949	298 450	314 728
Public corporations	233 470	216 990	222 164	242 457	248 457	248 490	287 929	298 450	314 728
Subsidies on products and production (pc)	210 872	215 775	218 459	241 257	241 257	241 257	260 669	272 617	287 604
Other transfers to public corporations	22 598	1 215	3 705	1 200	7 200	7 233	27 260	25 833	27 124
Private enterprises	21 269	45 939	52 317	22 308	18 670	32 621	2 020		
Subsidies on products and production (pe)									
Other transfers to private enterprises	21 269	45 939	52 317	22 308	18 670	32 621	2 020		
Non-profit institutions	1 439 342	1 428 796	1 345 668	1 637 650	1 708 225	1 801 309	1 821 993	1 799 659	1 859 246
Households	1 987 787	1 820 413	1 654 245	1 494 889	1 732 527	1 782 312	1 596 919	1 701 180	1 798 476
Social benefits	103 670	138 332	143 359	51 174	66 686	110 238	48 880	52 458	53 657
Other transfers to households	1 884 117	1 682 081	1 510 886	1 443 715	1 665 841	1 672 074	1 548 039	1 648 722	1 744 819
<b>Payments for capital assets</b>	<b>2 410 065</b>	<b>2 295 822</b>	<b>2 465 229</b>	<b>2 370 254</b>	<b>2 535 182</b>	<b>2 584 632</b>	<b>2 215 066</b>	<b>2 163 922</b>	<b>2 043 894</b>
Buildings and other fixed structures	2 176 487	2 036 144	2 173 414	2 090 376	2 174 367	2 202 933	1 843 253	1 792 791	1 682 350
Buildings	801 327	769 464	699 710	642 855	737 130	724 290	690 286	629 939	634 182
Other fixed structures	1 375 160	1 266 680	1 473 704	1 447 521	1 437 237	1 478 643	1 152 967	1 162 852	1 048 168
Machinery and equipment	224 899	256 361	290 525	273 930	355 333	375 251	357 943	368 114	358 425
Transport equipment	89	13 638	8 405	20 667	24 682	45 682	10 106	17 556	15 556
Other machinery and equipment	224 810	242 723	282 120	253 263	330 651	329 569	347 837	350 558	342 869
Heritage assets									
Specialised military assets									
Biological assets			65						
Land and subsoil assets	739	4	52	737	737	737	600	737	778
Software and other intangible assets	7 940	3 313	1 173	5 211	4 745	5 711	13 270	2 280	2 341
<b>Payments for financial assets</b>	<b>3 952</b>	<b>10 748</b>	<b>5 132</b>			<b>3 847</b>			
<b>Total economic classification</b>	<b>27 005 904</b>	<b>28 475 943</b>	<b>29 431 251</b>	<b>30 829 011</b>	<b>31 087 330</b>	<b>32 314 885</b>	<b>32 898 318</b>	<b>35 067 636</b>	<b>37 526 946</b>

Table A.4(a): Details of function

Function	Category	Department	Programme
General public services	Legislative	Premier	Administration Management services
		Provincial Legislature	Administration National Council of Provinces Management services
	Financial and fiscal affairs	Finance	Administration Financial planning and resource management Financial management Procurement Management services
Public order and safety	Police services	Provincial Safety and Liaison	Administration
Economic Affairs	General economic affairs	Economic Affairs	Administration Trade, industry and tourism development Economic and development services Consumer protection and inspectorate services Management services
			Agriculture
	Transport	Transport	Roads Road traffic and law enforcement Transport
	Communication	Tourism	Tourism
Environmental Protection	Environmental protection		Conservation management Environmental management Specialist environmental services
Housing and community amenities	Housing development	Housing	Technical service Planning and development
Health	Outpatient service	Health	District health services Primary nutrition programme
	R&D health (CS)		Health science
	Hospital services		Provincial hospital services Specialised hospital services
Recreation, culture and religion	Recreational and sporting services	Sport, arts, culture and recreation	Sport and recreation
	Cultural services		Art, culture and heritage Facility development
Education	Pre-primary and primary	Education	Pre-primary Primary
	Secondary education		Secondary
	Subsidiary service to education		Provision of subsidiary
Social protection	Social security services	Social service and population development	Administration Social security Social assistance Social welfare services Social development Population development Management services

Table A.4(b): Payments and estimates by policy area

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>GENERAL PUBLIC SERVICES</b>	<b>2 690 699</b>	<b>2 818 446</b>	<b>3 059 093</b>	<b>3 158 726</b>	<b>3 266 067</b>	<b>3 820 753</b>	<b>3 490 326</b>	<b>3 723 059</b>	<b>3 979 670</b>
<b>Executive and Legislative</b>	<b>204 933</b>	<b>210 960</b>	<b>230 581</b>	<b>244 572</b>	<b>244 075</b>	<b>242 626</b>	<b>251 396</b>	<b>265 840</b>	<b>283 042</b>
Office of the Premier	22 869	18 779	18 687	16 340	15 843	17 018	17 352	18 357	20 399
Provincial Legislature	182 064	192 181	211 894	228 232	228 232	225 608	234 044	247 483	262 643
<b>General Services</b>	<b>2 269 399</b>	<b>2 368 423</b>	<b>2 528 339</b>	<b>2 587 388</b>	<b>2 685 775</b>	<b>3 241 910</b>	<b>2 923 617</b>	<b>3 130 805</b>	<b>3 369 504</b>
Office of the Premier	249 012	284 551	291 374	293 304	342 557	323 940	547 628	587 901	625 048
Police, Roads and Transport	187 581	213 708	217 512	258 852	271 852	309 680	302 252	317 338	337 164
Public Works and Infrastructure	1 398 695	1 382 173	1 503 355	1 486 417	1 486 572	2 020 055	1 522 356	1 627 642	1 771 205
Cooperative Governance & Traditional Affairs	307 106	364 265	377 609	407 596	448 275	448 316	407 187	444 331	473 897
Economic, Small Business Development, Tourism and Environmental Affairs	127 005	123 726	138 489	141 219	136 519	139 919	144 194	153 593	162 190
<b>Financial and Fiscal Services</b>	<b>216 367</b>	<b>239 063</b>	<b>300 173</b>	<b>326 766</b>	<b>336 217</b>	<b>336 217</b>	<b>315 314</b>	<b>326 414</b>	<b>327 124</b>
Provincial Treasury	216 367	239 063	300 173	326 766	336 217	336 217	315 314	326 414	327 124
<b>PUBLIC ORDER AND SAFETY</b>	<b>318 391</b>	<b>377 762</b>	<b>382 137</b>	<b>359 281</b>	<b>389 709</b>	<b>448 729</b>	<b>368 847</b>	<b>403 808</b>	<b>434 293</b>
<b>Police Services</b>	<b>18 411</b>	<b>23 852</b>	<b>22 669</b>	<b>23 674</b>	<b>21 174</b>	<b>23 174</b>	<b>25 081</b>	<b>26 595</b>	<b>28 084</b>
Police, Roads and Transport	18 411	23 852	22 669	23 674	21 174	23 174	25 081	26 595	28 084
<b>Traffic Control</b>	<b>299 980</b>	<b>353 910</b>	<b>359 467</b>	<b>335 607</b>	<b>368 535</b>	<b>425 555</b>	<b>343 766</b>	<b>377 213</b>	<b>406 209</b>
Police, Roads and Transport	299 980	353 910	359 467	335 607	368 535	425 555	343 766	377 213	406 209
<b>EDUCATION</b>	<b>10 576 894</b>	<b>11 371 628</b>	<b>11 505 282</b>	<b>12 081 205</b>	<b>12 222 301</b>	<b>12 815 789</b>	<b>12 761 488</b>	<b>13 637 470</b>	<b>14 613 106</b>
<b>Pre-primary &amp; Primary Phases</b>	<b>4 731 643</b>	<b>5 061 631</b>	<b>5 145 607</b>	<b>5 301 091</b>	<b>5 282 426</b>	<b>5 643 258</b>	<b>5 712 685</b>	<b>6 169 252</b>	<b>6 639 174</b>
Education	4 731 643	5 061 631	5 145 607	5 301 091	5 282 426	5 643 258	5 712 685	6 169 252	6 639 174
<b>Secondary Education Phase</b>	<b>3 142 835</b>	<b>3 305 771</b>	<b>3 407 491</b>	<b>3 556 800</b>	<b>3 526 079</b>	<b>3 750 514</b>	<b>3 818 923</b>	<b>4 120 232</b>	<b>4 417 716</b>
Education	3 142 835	3 305 771	3 407 491	3 556 800	3 526 079	3 750 514	3 818 923	4 120 232	4 417 716
<b>Education not defined by level</b>	<b>797 264</b>	<b>895 859</b>	<b>1 180 957</b>	<b>1 165 322</b>	<b>1 300 776</b>	<b>1 310 561</b>	<b>1 181 575</b>	<b>1 266 386</b>	<b>1 349 600</b>
Agriculture and Rural Development	19 263	19 814	17 893	21 458	21 258	21 458	22 110	23 461	26 175
Education	778 001	876 045	1 163 064	1 143 864	1 279 518	1 289 103	1 159 465	1 242 925	1 323 425
<b>Subsidiary Services to Education</b>	<b>1 905 152</b>	<b>2 108 367</b>	<b>1 771 227</b>	<b>2 057 992</b>	<b>2 113 020</b>	<b>2 111 456</b>	<b>2 048 305</b>	<b>2 081 600</b>	<b>2 206 616</b>
Education	1 905 152	2 108 367	1 771 227	2 057 992	2 113 020	2 111 456	2 048 305	2 081 600	2 206 616
<b>HEALTH</b>	<b>7 779 386</b>	<b>8 290 459</b>	<b>8 693 972</b>	<b>9 048 599</b>	<b>9 042 105</b>	<b>9 042 105</b>	<b>9 774 916</b>	<b>10 486 793</b>	<b>11 267 855</b>
Outpatient services	1 128 559	1 167 048	1 198 563	1 351 461	1 236 191	1 208 140	1 493 220	1 618 239	1 731 424
R and D Health (CS)									
Hospital Services	6 650 827	7 123 411	7 495 409	7 697 138	7 805 914	7 833 965	8 281 696	8 868 554	9 536 431
<b>SOCIAL PROTECTION</b>	<b>962 711</b>	<b>956 335</b>	<b>1 002 691</b>	<b>1 145 164</b>	<b>1 137 113</b>	<b>1 114 101</b>	<b>1 172 295</b>	<b>1 230 023</b>	<b>1 297 976</b>
<b>Social Security Services</b>									
Social Development									
<b>Social Services and Population Development</b>	<b>962 711</b>	<b>956 335</b>	<b>1 002 691</b>	<b>1 145 164</b>	<b>1 137 113</b>	<b>1 114 101</b>	<b>1 172 295</b>	<b>1 230 023</b>	<b>1 297 976</b>
Social Development	962 711	956 335	1 002 691	1 145 164	1 137 113	1 114 101	1 172 295	1 230 023	1 297 976
<b>HOUSING AND COMMUNITY AMENITIES</b>	<b>1 481 761</b>	<b>1 207 552</b>	<b>1 221 031</b>	<b>1 335 504</b>	<b>1 304 239</b>	<b>1 306 279</b>	<b>1 442 894</b>	<b>1 535 087</b>	<b>1 624 003</b>
<b>Housing Development</b>	<b>1 481 761</b>	<b>1 207 552</b>	<b>1 221 031</b>	<b>1 335 504</b>	<b>1 304 239</b>	<b>1 306 279</b>	<b>1 442 894</b>	<b>1 535 087</b>	<b>1 624 003</b>
Human Settlements	1 481 761	1 207 552	1 221 031	1 335 504	1 304 239	1 306 279	1 442 894	1 535 087	1 624 003
<b>ENVIRONMENTAL PROTECTION</b>	<b>615 953</b>	<b>599 094</b>	<b>671 643</b>	<b>711 155</b>	<b>685 629</b>	<b>702 272</b>	<b>727 674</b>	<b>786 198</b>	<b>828 771</b>
<b>Environmental Protection</b>	<b>615 953</b>	<b>599 094</b>	<b>671 643</b>	<b>711 155</b>	<b>685 629</b>	<b>702 272</b>	<b>727 674</b>	<b>786 198</b>	<b>828 771</b>
Economic, Small Business Development, Tourism and Environmental Affairs	136 426	125 390	140 834	171 745	143 442	158 785	174 338	186 846	193 807
Agriculture	479 527	473 704	530 809	539 410	542 187	543 487	553 336	599 352	634 964
<b>RECREATION, CULTURE AND RELIGION</b>	<b>677 710</b>	<b>790 303</b>	<b>825 161</b>	<b>767 560</b>	<b>834 522</b>	<b>836 202</b>	<b>825 180</b>	<b>803 301</b>	<b>817 223</b>
<b>Sporting and Recreational Affairs</b>	<b>677 710</b>	<b>790 303</b>	<b>825 161</b>	<b>767 560</b>	<b>834 522</b>	<b>836 202</b>	<b>825 180</b>	<b>803 301</b>	<b>817 223</b>
Sport, Arts, Culture and Recreation	541 732	661 967	697 897	655 128	698 355	703 470	687 295	660 435	667 107
Economic, Small Business Development, Tourism and Environmental Affairs	135 978	128 336	127 264	112 432	136 167	132 732	137 885	142 866	150 116
Premier									
<b>ECONOMIC AFFAIRS</b>	<b>1 902 399</b>	<b>2 064 365</b>	<b>2 070 242</b>	<b>2 221 817</b>	<b>2 205 645</b>	<b>2 228 655</b>	<b>2 334 697</b>	<b>2 461 896</b>	<b>2 664 049</b>
<b>General Economic Affairs</b>	<b>32 945</b>	<b>52 320</b>	<b>56 827</b>	<b>68 152</b>	<b>58 868</b>	<b>58 903</b>	<b>102 363</b>	<b>119 056</b>	<b>115 067</b>
Economic, Small Business Development, Tourism and Environmental Affairs	32 945	52 320	56 827	68 152	58 868	58 903	102 363	119 056	115 067
<b>Agriculture</b>	<b>153 704</b>	<b>169 648</b>	<b>167 667</b>	<b>165 724</b>	<b>168 630</b>	<b>165 790</b>	<b>165 858</b>	<b>164 773</b>	<b>180 181</b>
Agriculture and Rural Development	153 704	169 648	167 667	165 724	168 630	165 790	165 858	164 773	180 181
<b>Rural Development</b>	<b>31 509</b>	<b>31 945</b>	<b>25 182</b>	<b>19 233</b>	<b>14 606</b>	<b>19 946</b>	<b>17 505</b>	<b>20 871</b>	<b>22 865</b>
Agriculture and Rural Development	31 509	31 945	25 182	19 233	14 606	19 946	17 505	20 871	22 865
<b>Transport</b>	<b>1 684 241</b>	<b>1 810 452</b>	<b>1 820 566</b>	<b>1 968 708</b>	<b>1 963 541</b>	<b>1 984 016</b>	<b>2 048 971</b>	<b>2 157 196</b>	<b>2 345 936</b>
Police, Roads and Transport	1 684 241	1 810 452	1 820 566	1 968 708	1 963 541	1 984 016	2 048 971	2 157 196	2 345 936
<b>Total provincial payments and estimates by policy area</b>	<b>27 005 904</b>	<b>28 475 943</b>	<b>29 431 251</b>	<b>30 829 011</b>	<b>31 087 330</b>	<b>32 314 885</b>	<b>32 898 318</b>	<b>35 067 636</b>	<b>37 526 946</b>

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>Category A</b>	<b>62 715</b>	<b>110 295</b>	<b>173 753</b>	<b>87 574</b>	<b>93 358</b>	<b>184 541</b>	<b>108 265</b>	<b>113 392</b>	<b>133 812</b>
Mangaung	62 715	110 295	173 753	87 574	93 358	184 541	108 265	113 392	133 812
<b>Category B</b>	<b>264 026</b>	<b>206 482</b>	<b>203 207</b>	<b>258 853</b>	<b>310 498</b>	<b>310 495</b>	<b>249 871</b>	<b>273 454</b>	<b>273 886</b>
Letsemeng	1 409	1 759	2 286	2 106	2 106	2 106	2 069	2 189	2 189
Kopanong	3 424	2 745	6 872	4 190	4 190	4 190	4 117	4 356	4 356
Mohokare	4 510	2 890	748	192	1 292	1 292	188	199	199
Masilonyana	2 424	3 122	3 865	3 737	16 314	16 313	3 672	3 885	3 885
Tokologo	236	259	331	311	311	311	306	324	324
Tswelopele	6 509	1 400	1 490	1 677	1 677	1 677	1 648	1 744	1 744
Matjhabeng	35 789	28 315	33 361	56 262	56 662	56 662	55 284	58 490	58 490
Nala	516	1 995	3 619	2 389	7 904	7 903	2 348	2 484	2 484
Setsoto	21 826	32 120	11 332	17 956	22 956	22 956	17 644	18 667	18 667
Dihlabeng	7 823	8 308	14 605	9 946	21 299	21 298	9 774	10 341	10 341
Nketoana	7 585	7 388	7 608	9 182	9 182	9 182	9 479	10 719	10 935
Maluti-a-Phofung	129 915	66 213	67 134	102 599	102 599	102 599	102 088	107 364	107 364
Phumelela	1 688	2 750	3 180	3 650	3 650	3 650	4 044	4 969	5 185
Mantsopa	4 413	6 591	3 071	2 539	2 539	2 539	3 029	11 560	11 560
Moqhaka	16 658	10 056	8 888	7 978	7 978	7 978	7 840	8 295	8 295
Ngwathe	5 262	7 230	8 034	8 657	8 657	8 657	8 507	9 000	9 000
Metsimaholo	6 299	7 025	17 658	13 393	18 393	18 393	8 247	8 725	8 725
Mafube	7 740	16 316	9 125	12 089	22 789	22 789	9 587	10 143	10 143
<b>Category C</b>	<b>31 103</b>	<b>17 626</b>	<b>27 300</b>	<b>81 803</b>	<b>22 013</b>	<b>17 071</b>	<b>50 607</b>	<b>69 872</b>	<b>72 235</b>
Khariep District Municipality	25 000	15 800	16 500	17 000	17 000	17 000	17 850	19 000	20 000
Lejweleputswa District Municipality									
Thabo Mofutsanyana District Municipality		1 826	10 800						
Fezile Dabi District Municipality	6 103								
Unallocated				64 803	5 013	71	32 757	50 872	52 235
<b>Total transfers to local government</b>	<b>357 844</b>	<b>334 403</b>	<b>404 260</b>	<b>428 230</b>	<b>425 869</b>	<b>512 107</b>	<b>408 743</b>	<b>456 718</b>	<b>479 933</b>

Table A.6: Summary of provincial payments and estimates by region and district

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>Metro</b>	<b>62 715</b>	<b>110 295</b>	<b>173 753</b>	<b>87 574</b>	<b>93 358</b>	<b>184 541</b>	<b>108 265</b>	<b>113 392</b>	<b>133 812</b>
Mangaung	62 715	110 295	173 753	87 574	93 358	184 541	108 265	113 392	133 812
<b>Region</b>	<b>295 129</b>	<b>224 108</b>	<b>230 507</b>	<b>275 853</b>	<b>327 498</b>	<b>327 495</b>	<b>267 721</b>	<b>292 454</b>	<b>293 886</b>
<b>Xhariep</b>	<b>34 343</b>	<b>23 194</b>	<b>26 406</b>	<b>23 488</b>	<b>24 588</b>	<b>24 588</b>	<b>24 224</b>	<b>25 744</b>	<b>26 744</b>
Letsemeng	1 409	1 759	2 286	2 106	2 106	2 106	2 069	2 189	2 189
Kopanong	3 424	2 745	6 872	4 190	4 190	4 190	4 117	4 356	4 356
Mohokare	4 510	2 890	748	192	1 292	1 292	188	199	199
Xhariep District Municipality	25 000	15 800	16 500	17 000	17 000	17 000	17 850	19 000	20 000
<b>Thabo Mofutsanyane</b>	<b>173 250</b>	<b>125 196</b>	<b>117 730</b>	<b>145 872</b>	<b>162 225</b>	<b>162 224</b>	<b>146 058</b>	<b>163 620</b>	<b>164 052</b>
Setsoto	21 826	32 120	11 332	17 956	22 956	22 956	17 644	18 667	18 667
Dihlabeng	7 823	8 308	14 605	9 946	21 299	21 298	9 774	10 341	10 341
Nketoana	7 585	7 388	7 608	9 182	9 182	9 182	9 479	10 719	10 935
Maluti a Phofung	129 915	66 213	67 134	102 599	102 599	102 599	102 088	107 364	107 364
Phumelela	1 688	2 750	3 180	3 650	3 650	3 650	4 044	4 969	5 185
Mantsopa	4 413	6 591	3 071	2 539	2 539	2 539	3 029	11 560	11 560
Thabo Mofutsanyana District Municipality		1 826	10 800						
<b>Fezile Dabi</b>	<b>42 062</b>	<b>40 627</b>	<b>43 705</b>	<b>42 117</b>	<b>57 817</b>	<b>57 817</b>	<b>34 181</b>	<b>36 163</b>	<b>36 163</b>
Moqhaka	16 658	10 056	8 888	7 978	7 978	7 978	7 840	8 295	8 295
Nqwathe	5 262	7 230	8 034	8 657	8 657	8 657	8 507	9 000	9 000
Metsimaholo	6 299	7 025	17 658	13 393	18 393	18 393	8 247	8 725	8 725
Mafube	7 740	16 316	9 125	12 089	22 789	22 789	9 587	10 143	10 143
Fezile Dabi District Municipality	6 103								
<b>Lejweleputswa</b>	<b>45 474</b>	<b>35 091</b>	<b>42 666</b>	<b>64 376</b>	<b>82 868</b>	<b>82 866</b>	<b>63 258</b>	<b>66 927</b>	<b>66 927</b>
Masilonyana	2 424	3 122	3 865	3 737	16 314	16 313	3 672	3 885	3 885
Tokologo	236	259	331	311	311	311	306	324	324
Tswelopele	6 509	1 400	1 490	1 677	1 677	1 677	1 648	1 744	1 744
Matjabeng	35 789	28 315	33 361	56 262	56 662	56 662	55 284	58 490	58 490
Nala	516	1 995	3 619	2 389	7 904	7 903	2 348	2 484	2 484
Lejweleputswa District Municipality									
<b>Unallocated funds</b>				<b>64 803</b>	<b>5 013</b>	<b>71</b>	<b>32 757</b>	<b>50 872</b>	<b>52 235</b>
<b>Total provincial payments by region and district</b>	<b>357 844</b>	<b>334 403</b>	<b>404 260</b>	<b>428 230</b>	<b>425 869</b>	<b>512 107</b>	<b>408 743</b>	<b>456 718</b>	<b>479 933</b>

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

R thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>New infrastructure assets</b>	<b>271 567</b>	<b>437 556</b>	<b>380 060</b>	<b>447 261</b>	<b>500 063</b>	<b>480 915</b>	<b>455 443</b>	<b>482 084</b>	<b>311 489</b>
Economic, Small Business Development, Tourism and Environmental Affairs	16 104	358	1 284	16 700	1 200	1 200	3 500	35 500	23 500
Health	11 346	140 829	117 939	53 161	53 161	53 161	70 431	82 026	64 762
Education	62 956	89 991	159 224	230 242	302 022	302 022	271 251	252 947	135 637
Social Development	28 000	16 388	5 131	42 500	53 500	42 500	10 055		
Public Works and Infrastructure	61 502	16 460	8 225	12 032	11 962	11 962	13 086	14 460	14 590
Police Roads and Transport	15 184			35 750	19 450	18 454	49 000	53 000	35 000
Agriculture and Rural Development	36 178	102 826							
Sport, Arts, Culture and Recreation	40 297	70 704	88 257	56 876	58 768	51 616	38 120	44 151	38 000
<b>Upgrades and additions</b>	<b>829 124</b>	<b>772 359</b>	<b>850 454</b>	<b>661 950</b>	<b>668 803</b>	<b>658 087</b>	<b>508 717</b>	<b>555 851</b>	<b>641 162</b>
Economic, Small Business Development, Tourism and Environmental Affairs	4 995	9 473	15 176	22 448	8 125	8 125	19 395	7 500	16 000
Health	366 799	191 581	108 619	9 210	9 210	9 210	6 139	23 544	25 354
Education	134 915	221 019	385 407	319 896	301 345	301 345	153 991	200 250	289 783
Social Development		583	433						
Public Works and Infrastructure	170 225	171 101	174 516	180 631	184 207	184 207	194 031	186 263	189 580
Police Roads and Transport	10 114		13 833	3 000	6 000	6 000	13 000	12 000	13 000
Agriculture and Rural Development	19 175	33 640	20 047	26 411	28 086	28 086	40 027	52 877	52 877
Sport, Arts, Culture and Recreation	122 901	144 962	132 423	100 354	131 830	121 114	82 134	73 417	54 568
<b>Refurbishment and rehabilitation</b>	<b>1 155 463</b>	<b>899 461</b>	<b>1 027 600</b>	<b>997 751</b>	<b>975 761</b>	<b>1 024 323</b>	<b>880 603</b>	<b>754 096</b>	<b>711 881</b>
Health	29 736	140 319	234 431	296 490	296 490	296 490	376 598	306 724	342 288
Education	127 996	63 633	122 614	122 748	83 551	83 551	90 339	82 372	139 593
Police Roads and Transport	997 731	695 509	670 555	578 513	595 720	644 282	405 666	365 000	230 000
<b>Maintenance and repair</b>	<b>156 534</b>	<b>644 966</b>	<b>726 671</b>	<b>861 319</b>	<b>942 551</b>	<b>895 653</b>	<b>1 165 472</b>	<b>1 398 863</b>	<b>1 645 339</b>
Economic, Small Business Development, Tourism and Environmental Affairs	1 245	455	1 783	2 622	1 324	1 324	14 777	2 498	
Health	800		122 845	100 350	100 350	100 350	60 268	65 442	62 506
Education	21 764	16 370	49 155	12 000	112 000	112 000	135 982	141 334	149 067
Social Development	989	1 100	3 842	5 115	5 115	5 115	13 404	14 858	15 686
Public Works and Infrastructure			1 179	9 270	9 270	9 270	9 585	9 941	10 408
Police Roads and Transport	116 791	616 894	533 927	717 930	701 105	653 539	914 424	1 146 790	1 389 672
Agriculture and Rural Development	8 969	4 086	6 177	4 000	4 523	4 523	6 000	4 000	4 000
Sport, Arts, Culture and Recreation	5 976	6 061	7 763	10 032	8 864	9 532	11 032	14 000	14 000
<b>Infrastructure transfer - current</b>			<b>80 000</b>	<b>132 864</b>	<b>132 864</b>	<b>132 864</b>	<b>60 000</b>	<b>101 452</b>	<b>101 452</b>
Agriculture and Rural Development			80 000	80 000	80 000	80 000	60 000	60 000	60 000
<b>Infrastructure transfer - Capital</b>	<b>155 725</b>	<b>59 145</b>	<b>24 818</b>	<b>1 098 462</b>	<b>1 121 904</b>	<b>1 098 462</b>	<b>1 276 608</b>	<b>1 314 625</b>	<b>1 314 625</b>
Economic, Small Business Development, Tourism and Environmental Affairs	10 000								
Education	75 673	9 355							
Social Development		5 000							
Agriculture and Rural Development	63 950	41 790							
Sport, Arts, Culture and Recreation	6 102	3 000	24 818	3 000	26 442	3 000			
Human Settlements				1 095 462	1 095 462	1 095 462	1 276 608	1 314 625	1 314 625
<b>Infrastructure: Leases</b>		<b>13 589</b>							
Health		13 589							
<b>Non Infrastructure</b>	<b>51 978</b>	<b>113 418</b>	<b>25 339</b>	<b>39 830</b>	<b>60 585</b>	<b>60 585</b>	<b>74 659</b>	<b>47 245</b>	<b>57 575</b>
Health	51 978	113 418	25 339	39 830	60 585	60 585	74 659	47 245	57 575
<b>Total provincial infrastructure</b>	<b>2 620 391</b>	<b>2 940 494</b>	<b>3 114 942</b>	<b>4 239 437</b>	<b>4 402 531</b>	<b>4 350 889</b>	<b>4 421 502</b>	<b>4 654 216</b>	<b>4 783 523</b>

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

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
3 Economic, Small Business Development, Tourism and Environmental Affairs	32 344	10 286	15 769	41 770	10 649	10 649	45 672	45 498	45 498
5 Health	3 480	2 512	21 623	22 349	22 349	22 349	23 938	23 847	23 847
6 Education		1 901	1 796	15 197	2 000	2 000	16 278	16 216	16 216
7 Social Development		21 388	2 367						
9 Public Works and Infrastructure	186 856	150 464	151 841	144 346	146 346	146 346	162 287	154 696	154 696
10 Police, Roads and Transport	300 631	299 296	374 746	392 654	329 734	329 734	439 161	423 767	433 013
11 Agriculture and Rural Development	110 099	74 089	82 286	102 744	104 942	104 942	99 256	108 877	108 877
12 Sport, Arts, Culture and Recreation Unallocated	164 708	189 348	163 054	131 873	136 783	136 783	101 286	105 568	80 568
								5 855	7 896
<b>Total Infrastructure Enhancement Allocation</b>	<b>798 118</b>	<b>749 284</b>	<b>813 482</b>	<b>850 933</b>	<b>752 803</b>	<b>752 803</b>	<b>887 878</b>	<b>884 324</b>	<b>870 611</b>

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

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
3 Economic, Small Business Development, Tourism and Environmental Affairs	3 058	2 619		5 243	5 243	5 243			
4 Provincial Treasury		500	1 630	2 000	300	300			
5 Health		2 000							
9 Public Works and Infrastructure	2 688	2 701	814		404	404			
10 Police, Roads and Transport		23 991							
11 Agriculture and Rural Development Unallocated	4 296	292		1 437			1 340	21 979	31 235
<b>Total Revenue Enhancement Allocation</b>	<b>10 042</b>	<b>32 103</b>	<b>2 444</b>	<b>8 680</b>	<b>5 947</b>	<b>5 947</b>	<b>1 340</b>	<b>21 979</b>	<b>31 235</b>

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

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
3 Economic, Small Business Development, Tourism and Environmental Affairs	497	1 974	2 240	2 629	2 790	2 790	2 000		
5 Health	2 757	2 702	2 000	2 000	2 000	2 000	2 000		
6 Education	1 710	2 629	3 108	2 567	2 567	2 567	2 000		
7 Social Development		583	433						
9 Public Works and Infrastructure	7 102	5 955	6 034	6 530	6 530	6 530	10 900		
10 Police, Roads and Transport	3 000	4 633	3 130	5 366	5 366	5 366	5 666		
11 Agriculture and Rural Development	550	2 254	2 027	2 145	2 145	2 145	2 000		
12 Sport, Arts, Culture and Recreation	550	2 131	2 342	2 404	2 404	2 404	2 000		
13 Human Settlement		2 000	2 348	2 000	2 000	2 000	2 000		
<b>Total Revenue Enhancement Allocation</b>	<b>16 166</b>	<b>24 861</b>	<b>23 662</b>	<b>25 641</b>	<b>25 802</b>	<b>25 802</b>	<b>28 566</b>		

**Table A.11: Summary of Social Sector Expanded Public Works Programme Incentive Grant for Provinces payments and estimates by Vote**

R' thousand	Audited outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
5 Health		1 547	13 067	3 000	3 000	3 000	4 453		
6 Education		2 240	981	3 000	3 000	3 000	1 679		
7 Social Development	12 270	3 662	6 284	14 179	14 179	14 179	13 823		
10 Police, Roads and Transport							1 693		
12 Sport, Arts, Culture and Recreation		2 580	1 000	1 800	1 800	1 800	1 519		
<b>Total Revenue Enhancement Allocation</b>	<b>12 270</b>	<b>10 029</b>	<b>21 332</b>	<b>21 979</b>	<b>21 979</b>	<b>21 979</b>	<b>23 167</b>		