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### SCHEDULE 3

#### BUDGET ALLOCATIONS TO MUNICIPALITIES

The following schedule relates to the allocation of funds by provincial departments to municipalities and covers the following:

- I. The indicative allocation per municipality for every allocation to be made by the Province to municipalities from the Province's own funds;
- II. The envisaged division of these allocations contemplated in sub-paragraph (i) in respect of each municipality for the next financial year and the 2021/22 financial year; and
- III. The conditions and other information in respect of these allocations to facilitate performance measurement and the use of the required inputs and outputs.

Category	District Municipality	Demarcation code	Municipality	TOTAL ALLOCATIONS TO FREE STATE MUNICIPALITIES		
				Provincial and Municipal Financial Year		
				2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)
A		MAN	Mangaung	106 911	135 547	133 556
B	DC 16	FS 161	Letsemeng	2 504	3 705	3 976
B	DC 16	FS 162	Kopanong	6 417	7 931	8 540
B	DC 16	FS 163	Mohokare	2 393	1 425	1 514
C	DC 16	DC 16	Xhariep District	20 000	21 100	22 261
<b>Total Xhariep</b>				<b>31 314</b>	<b>34 161</b>	<b>36 291</b>
B	DC 18	FS 181	Masilonyana	6 942	8 498	9 153
B	DC 18	FS 182	Tokologo	2 275	1 297	1 376
B	DC 18	FS 183	Tswelopele	2 313	3 499	3 753
B	DC 18	FS 184	Matjabeng	118 856	128 365	138 634
B	DC 18	FS 185	Nala	9 253	6 674	7 183
C	DC 18	DC 18	Lejweleputswa District			
<b>Total Lejweleputswa</b>				<b>139 639</b>	<b>148 333</b>	<b>160 099</b>
B	DC 19	FS 191	Setsolo	14 910	16 103	17 392
B	DC 19	FS 192	Dihlabeng	12 205	12 942	13 737
B	DC 19	FS 193	Nketoana	5 788	7 252	7 807
B	DC 19	FS 194	Maluti a Phofung	70 502	76 143	82 234
B	DC 19	FS 195	Phumelela	3 901	3 054	3 273
B	DC 19	FS 196	Mantsopa	1 645	2 777	2 974
C	DC 19	DC 19	Thabo Mofutsanyana District			
<b>Total Thabo Mofutsanyana</b>				<b>108 951</b>	<b>118 271</b>	<b>127 417</b>
B	DC 20	FS 201	Moghaka	11 834	12 781	13 804
B	DC 20	FS 202	Nqwalthe	29 239	22 139	23 660
B	DC 20	FS 203	Metsimaholo	9 611	10 380	11 211
B	DC 20	FS 204	Mafube	2 067	2 233	2 411
C	DC 20	DC 20	Fezile Dabi District		5 000	3 625
<b>Total Fezile Dabi</b>				<b>52 751</b>	<b>52 533</b>	<b>54 711</b>
Unallocated funds		Financial Assistance		38 435	36 673	27 720
Unallocated funds		Municipal Infrastructure Grant		6 506	1 168	6 506
Unallocated funds		....				
<b>Total Unallocated</b>				<b>44 941</b>	<b>37 841</b>	<b>34 226</b>
<b>Total provincial payments by district</b>				<b>484 507</b>	<b>526 686</b>	<b>546 300</b>

PROVINCIAL ALLOCATIONS : MUNICIPAL SUPPORT PROGRAMME TO PROVIDE TECHNICAL SUPPORT TO MUNICIPALITIES IN 2019/20	
1. Transferring Provincial Department	Provincial Treasury
2. Purpose	To assist medium and low capacity municipalities facing financial problems and reporting challenges through Provincial Treasuries' Municipal Support Programme.
3. Measurable Outputs	The provision of limited financial assistance to selected municipalities facing financial & reporting challenges.
4. Conditions	<p>4.1 The Local Municipality acknowledges receipt of the funds as per the prescribed Allocation of funds earmarked for the municipal support programme to provide technical support to municipalities.</p> <p>4.2 Municipality includes the amount in 2018/19 Main Budget.</p> <p>4.3 Municipality reports back on the appropriation of the Allocation of funds earmarked for the municipal support programme to provide technical support to municipalities and submit supporting documentation in this regard.</p> <p>4.4 Compliant with SCM processes &amp; Municipalities must enter into a service level agreement with the service providers.</p> <p>4.5 Progress reports from consultants must be sign off by the Accounting Officer &amp; submitted monthly to PT.</p>
5. Allocation criteria	Allocations are made on a needs basis and financial position of Municipalities
6. Monitoring mechanism	<p>6.1 Project Committee to assess progress</p> <p>6.2 Monthly expenditure report 10 days after the reporting month to PT, (MFMA Sec 71)</p> <p>6.3 Monthly progress report 10 days after the reporting month to PT, (Non Financial Report)</p>
7. Projected life	12 months
8. Payment Schedule	Payment with regard to financial support will be made according to the conditions of paragraph 4.
9. Reason not incorporated in Equitable Share	Section 154(1) of the Constitution, requires the National Government and the Provincial Governments, by legislative and other measures, must support and strengthen the capacity of Municipalities and to exercise their powers and to perform their function
10. Allocation	2019/20 - 34.000 million; 2020/21 - R25.000 million; 2021/22 - R24.725 million

Category	District Municipality	Demarcation code	Municipality	PROVINCIAL TREASURY: ALLOCATIONS TO FREE STATE MUNICIPALITIES		
				Provincial and Municipal Financial Year		
				2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)
B	DC 16	FS 161	Letsemeng		1 000	1 055
B	DC 16	FS 162	Kopanong		1 000	1 055
B	DC 16	FS 163	Mohokare	2 000	1 000	1 055
B	DC 18	FS 181	Masilonyana		1 000	1 055
B	DC 18	FS 182	Tokologo	2 000	1 000	1 055
B	DC 18	FS 183	Tswelopele		1 000	1 055
B	DC 18	FS 185	Nala	4 000	1 000	1 055
B	DC 19	FS 193	Nkelobana		1 000	1 055
B	DC 19	FS 195	Phumelela	2 000	1 000	1 055
B	DC 19	FS 196	Mantsopa		1 000	1 055
B	DC 20	FS 202	Nqwathe	18 000	10 000	10 550
C	DC 20	DC 20	Fezile Dabi District		5 000	3 625
Unallocated funds		Financial Assistance		6 000		
<b>TOTAL</b>				<b>34 000</b>	<b>25 000</b>	<b>24 725</b>

PROVINCIAL ALLOCATIONS TO MUNICIPALITIES IN TERMS OF LIMITED FINANCIAL SUPPORT	
LIMITED FINANCIAL SUPPORT TO XHARIEP DISTRICT MUNICIPALITY	
1. Transferring Provincial Department	Cooperative Governance and Traditional Affairs
2. Purpose	2.1 To assist the Xhariep District Municipality facing financial problems to restructure its financial position and organization over the medium term
3. Measurable Outputs	3.1 The provision of limited financial assistance to those Municipalities facing critical financial problems
4. Conditions	4.1 The Xhariep District Municipality acknowledges receipt of the funds as per the prescribed Limited Financial Assistance Return Certificate 4.2 The Xhariep District Municipality include the amount in its Adjustment Budget 4.3 The Xhariep District Municipality reports back on the appropriation of the Limited Financial Assistance and submit supporting documentation in this regard 4.4 The Xhariep District Municipality continuously reports to the Department progress on the matter.
5. Allocation criteria	5.1 Allocations are based on financial position of Municipalities
6. Monitoring mechanism	6.1 Monthly expenditure reports 6.2 Monthly progress reports
7. Projected life	12 months
8. Payment Schedule	Payment with regard to financial support will be made according to the conditions of paragraph 4
9. Allocation	2019/20 - R20.000 million; 2020/21 - R21.100 million and 2021/22 - R22.261 million

UNALLOCATED PROVINCIAL ALLOCATIONS TO MUNICIPALITIES	
LIMITED FINANCIAL AND INFRASTRUCTURE SUPPORT TO MUNICIPALITIES	
1. Transferring Provincial Department	Cooperative Governance and Traditional Affairs
2. Purpose	2.1 To assist medium and small Municipalities experiencing severe financial problems to restructure their financial positions and organizations over the medium term 2.2 To provide funding towards the Municipal Infrastructure Grant to performing municipalities
3. Measurable Outputs	3.1 The provision of limited financial and infrastructure assistance to those Municipalities facing critical financial problems
4. Conditions	4.1 The Local / District Municipality acknowledge receipt of the funds as per the prescribed Limited Financial Assistance Return Certificate 4.2 The Local / District Municipality include the amount in its Adjustment Budget 4.3 The Local / District Municipality reports back on the appropriation of the Limited Financial Assistance and submit supporting documentation in this regard. 4.4 Service providers to be appointed for the compilation of design and tender documentation and implementation of project 4.5 Contractors appointed by way of open public tenders. 4.6 Payment vouchers submitted to the Department.
5. Allocation criteria	5.1 Allocations are based on financial position of Municipalities 5.2 Allocation are based as emergency situations arise, such as water purification, electrification and revitalisation of VIP toilets
6. Monitoring mechanism	6.1 Monthly financial reports and progress meetings 6.2 Monthly proof of expenditure, monthly progress reports and close out report on completion 6.3 Quarterly MIG meetings
7. Projected life	12 months
8. Payment Schedule	Unallocated
9. Allocation	Financial Assistance: 2019/20 - R32.435 million; 2020/21 - R36.673 million and 2021/22 - R27.720 million Municipal Infrastructure Grant: 2019/20 - R6.506 million; 2020/21 - R1.168 million and 2021/22 - R6.506 million

Category	District Municipality	Demarcation code	Municipality	COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS: ALLOCATIONS TO FREE STATE MUNICIPALITIES		
				Provincial and Municipal Financial Year		
				2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)
C	DC 16	DC 16	Xhariep District	20 000	21 100	22 261
	Unallocated funds		Financial Assistance	32 435	36 673	27 720
	Unallocated funds		Municipal Infrastructure Grant	6 506	1 168	6 506
<b>TOTAL</b>				<b>58 941</b>	<b>58 941</b>	<b>56 487</b>

PROVINCIAL ALLOCATION TO MUNICIPALITIES: PROPERTY RATES AND TAXES	
1. Transferring Provincial Department	Public Works and Infrastructure
2. Purpose	For the payment of municipal property rates and taxes on provincially owned properties (registered, unregistered or incorrectly registered).
3. Measurable Outputs	Payment of rates and taxes made within 30 days of receipt of invoice from municipality
4. Conditions	Property for which rates and taxes are imposed must be reflected on the General Valuation roll of the municipality and must be recorded as provincially owned on the Departmental Fixed Asset Register
5. Allocation criteria	Payment on receipt of valid property rates and taxes invoice from municipality
6. Monitoring mechanism	Payment of property rates to be captured on BAS and to reconcile BAS reports with the Rates and Taxes register
7. Projected life	Ongoing through earmarked funding
8. Payment Schedule	As per rates and taxes invoice from municipality
9. Allocation	2019/20 - R385 066 million; 2020/21 - R406 245 million; 2021/22 - R428 588 million

Category	District Municipality	Demarcation code	Municipality	PUBLIC WORKS AND INFRASTRUCTURE: ALLOCATIONS TO FREE STATE MUNICIPALITIES		
				Provincial and Municipal Financial Year		
				2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)
A		MAN	Mangaung	103 411	132 047	130 056
B	DC 16	FS 161	Letsemeng	2 504	2 705	2 921
B	DC 16	FS 162	Kopanong	6 417	6 931	7 485
B	DC 16	FS 163	Mohokare	393	425	459
B	DC 18	FS 181	Masilonyana	6 942	7 498	8 098
B	DC 18	FS 182	Tokologo	275	297	321
B	DC 18	FS 183	Tswelopele	2 313	2 499	2 698
B	DC 18	FS 184	Majabeng	118 856	128 365	138 634
B	DC 18	FS 185	Nala	5 253	5 674	6 128
B	DC 19	FS 191	Setso	14 910	16 103	17 392
B	DC 19	FS 192	Dihlabeng	9 205	9 942	10 737
B	DC 19	FS 193	Nketoana	5 788	6 252	6 752
B	DC 19	FS 194	Maluti a Phofung	70 502	76 143	82 234
B	DC 19	FS 195	Phumelela	1 901	2 054	2 218
B	DC 19	FS 196	Mantsopa	1 645	1 777	1 919
B	DC 20	FS 201	Moqhaka	11 834	12 781	13 804
B	DC 20	FS 202	Nqwalthe	11 239	12 139	13 110
B	DC 20	FS 203	Metsimaholo	9 611	10 380	11 211
B	DC 20	FS 204	Mafube	2 067	2 233	2 411
<b>TOTAL</b>				<b>385 066</b>	<b>436 245</b>	<b>458 588</b>

PROVINCIAL ALLOCATIONS TO MUNICIPALITIES: ASSISTANCE TO LOCAL MUNICIPALITIES FOR LIBRARY SERVICES	
1. Transferring Provincial Department	Sport, Arts, Culture and Recreation
2. Purpose	To assist municipalities with the administration of public libraries
3. Measurable Outputs	3.1 Improved salaries for public library staff, bringing salaries on par with salaries paid by the Department 3.2 Increased opening hours for libraries
4. Conditions	4.1 Funds transferred must only be used for the purpose indicated 4.2 A monthly statement indicating that funds were used for the stated purpose must be submitted within 15 days after the end of the month 4.3 Internal and external audit to ascertain that funds are used for the stated purpose and that measurable outputs are achieved 4.4 Monthly monitoring visits to review performance 4.5 Signing of a Memorandum of Agreement for the implementation of Conditional Grant Project
5. Allocation criteria	Allocated according to norms and standards relating to size and number of libraries
6. Monitoring mechanism	6.1 Monthly statements 6.2 Monthly monitoring visits by District Managers 6.3 Quarterly performance reports 6.4 Monitoring and Evaluation by the Provincial Evaluation Team established in terms of the Division of Revenue Act
7. Projected life	Continuous
8. Payment Schedule	In terms of agreements
9. Allocation	2019/20 - R6.5 million; 2020/21 - R6.5 million; 2021/22 - R6.5 million

Category	District Municipality	Demarcation code	Municipality	SPORT, ARTS, CULTURE AND RECREATION: ALLOCATIONS TO FREE STATE MUNICIPALITIES		
				Provincial and Municipal Financial Year		
				2019/20 (R'000)	2020/21 (R'000)	2021/22 (R'000)
A		MAN	Mangaung	3 500	3 500	3 500
B	DC 19	FS 192	Dihlabeng	3 000	3 000	3 000
<b>TOTAL</b>				<b>6 500</b>	<b>6 500</b>	<b>6 500</b>

## SCHEDULE 4 (a)

### PROVINCIAL ALLOCATIONS TO DEPARTMENTS EARMARKED FOR INFRASTRUCTURE DELIVERY

The following table relates to the allocation of a portion of the provincial equitable share to departments, earmarked for infrastructure delivery, of which the conditions are set out in Annexure A.

Transferring dept R'000	Type of Allocation	Name of Allocation	Purpose	Department	Column A 2019/20 allocation	Column B Forward Estimates	
						2020/21	2021/22
Provincial Treasury	General infrastructure allocation to departments	Infrastructure Enhancement Allocation (IEA)	Assist in acceleration of construction, maintenance and rehabilitation of new and existing infrastructure.	Economic, Small Business Development, Tourism & Environmental Affairs	34 927	38 113	38 113
				Health	26 922	23 847	23 847
				<i>of which earmarked for Rouxville clinic</i>	6 646		
				Education	12 645	16 216	16 216
				Public Works and Infrastructure	181 122	194 696	194 696
				<i>of which earmarked for Township Revitalization (TSR)</i>	127 387	127 387	127 387
				<i>PPP Transaction Advisors</i>	20 000	30 000	30 000
				<i>Prov Gov Building &amp; Ramkraal Construction</i>		30 000	30 000
				<i>Biometrics &amp; CCTV camera</i>	10 000	10 000	10 000
				Police, Roads & Transport	428 442	423 013	423 013
				<i>of which earmarked for Phakisa race track</i>	3 494		
				<i>Harrismitlh logistic hub</i>	9 000		
				Agriculture and Rural Development	102 306	106 262	106 262
				<i>of which earmarked for Mohoma Mobung</i>	60 000	60 000	60 000
				<i>Karee - horticulture project</i>	7 000	7 385	
				Sport, Arts, Culture & Recreation	112 641	104 299	104 000
				<i>of which earmarked for Fezile Dabi stadium</i>	25 000		
<i>Charles Mopeli Stadium</i>	20 000	30 000	30 000				
Provincial Revenue Fund			19 475				
<b>IEA TOTAL</b>					<b>899 005</b>	<b>906 446</b>	<b>925 622</b>
	Revenue Enhancement Allocation (REA)	Funding towards projects which have the potential to optimize provincial revenue collection.	Health	3 400			
			Public Works and Infrastructure	6 300			
			Police, Roads & Transport	13 400			
			Provincial Revenue Fund				10 068
<b>REA TOTAL</b>					<b>23 100</b>		<b>10 068</b>
<b>TOTAL PROVINCIAL ALLOCATIONS EARMARKED FOR INFRASTRUCTURE</b>					<b>922 105</b>	<b>906 446</b>	<b>935 690</b>

**SCHEDULE 4 (b)**  
**PROVINCIAL ALLOCATIONS TO DEPARTMENTS EARMARKED FOR SPECIFIC**  
**EXPENDITURE EXCLUDING INFRASTRUCTURE**

The following table relates to the allocation of a portion of the provincial equitable share to departments, earmarked for specific purposes to enhance service delivery, of which the conditions are set out in Annexure A.

Department	Purpose /Project / Priority	Column A	Column B	
		2019/20 allocation	Forward Estimates	
			2020/21	2021/22
Premier	CDWs	84 808	89 472	94 393
	Non-financial function/ HR Capacity	2 681	2 828	2 984
	HIV and Aids function	1 245	1 313	1 385
	Youth Affairs	1 000	1 000	
	Provincial Bursaries	271 212	277 229	294 127
	<b>Sub-total</b>	<b>360 946</b>	<b>371 842</b>	<b>392 889</b>
Economic, Small Business Development, Tourism & Environmental Affairs	Appointments of Small Business Dev	12 779	12 779	12 779
	Global Trade Bridge		5 000	
	Global Trade round table	3 000		3 000
	Waste management	2 000	2 000	2 000
	Flea market - Development and support of crafters	13 000	10 000	10 000
	Maluti SEZ (FDC)	20 000	20 000	20 000
	Youth Enterprise Inovo (Rural Enterprize)	18 000	18 000	18 000
	Radical ecn transformation (FDC)	23 516	23 516	23 516
	Radical ecn transformation (DESTEA)	15 000	15 000	15 000
	Flower Festival (Transfer to FSGLTA)	12 000	12 000	12 000
	Wildlife Economy	3 000	3 000	3 000
	Youth Township Revitalisation		5 000	5 000
	Free State Business Chamber	2 000		
	Free State Youth Chamber of Business	1 000	1 000	1 000
<b>Sub-total</b>	<b>125 295</b>	<b>127 295</b>	<b>125 295</b>	
Provincial Treasury	Transversal commitment	12 960	12 960	12 960
	Financial intervention measures	5 000	5 000	5 000
	Municipal Support Programme (MSP)	34 000	25 000	24 725
	Municipal Support Programme (National Treasury - Section 139 intervention)	9 642	9 889	10 333
	Infrastructure Development Improvement	5 000	5 000	5 000
<b>Sub-total</b>	<b>66 602</b>	<b>57 849</b>	<b>58 018</b>	
Health	Repair and maintenance of Medical Gas equipment		10 000	10 000
	Medical Depot	40 000	40 000	40 000
	Bursaries of Cuban doctors	57 336	60 489	63 816
	Funding from National Treasury for Cuban Doctors			55 981
	<b>Sub-total</b>	<b>97 336</b>	<b>110 489</b>	<b>169 797</b>



Department	Purpose /Project / Priority	Column A	Column B	
		2019/20 allocation	Forward Estimates	
			2020/21	2021/22
Education	School connectivity	17 000	17 000	17 000
	Interventions - matric support programme	10 000	10 000	10 000
	School transfers: Norms and Standards	14 000	14 000	14 000
	LTSM	24 000	24 000	24 000
	HYMATHS	19 000	19 000	19 000
	Sanitary Dignity project	1 572	1 572	1 658
	Sanitary Dignity project (National)	13 881		
	Learner Transport	50 000	50 000	50 000
	<b>Sub-total</b>	<b>149 453</b>	<b>135 572</b>	<b>135 658</b>
Social Development	Office on the Rights of Children	1 719	1 814	1 914
	Substance Abuse Treatment (converted grant)	18 700	19 728	20 813
	Social Worker (converted grant)	3 803	4 058	4 281
	Sanitary towels	6 000	6 000	6 000
	Food Relief		6 635	7 072
	Early Childhood Development	237 638	238 888	240 200
	NAWONGO (NT)	11 910	12 547	13 237
	Violence Against Women (NT)	15 883	16 733	17 653
	<b>Sub-total</b>	<b>295 653</b>	<b>306 403</b>	<b>311 170</b>
Cooperative Governance &	Operation Clean Audit	22 771	24 023	25 344
	Water laboratory municipal support	5 000	5 000	5 000
	Municipal Support Programme	20 000	20 000	20 000
	<b>Sub-total</b>	<b>47 771</b>	<b>49 023</b>	<b>50 344</b>
Public Works & Infrastructure	Property Rates and Taxes	385 066	436 245	458 588
	<b>Sub-total</b>	<b>385 066</b>	<b>436 245</b>	<b>458 588</b>
Police, Roads & Transport	Transport Economist function	5 116	5 397	5 694
	Fire fighting equipment	5 000	5 000	5 000
	Cash in Transit	20 273	20 536	20 813
	Post office	3 600	3 600	3 600
	<b>Sub-total</b>	<b>33 989</b>	<b>34 533</b>	<b>35 107</b>
Agriculture & Rural Development	Disaster	6 000	6 000	6 000
	<b>Sub-total</b>	<b>6 000</b>	<b>6 000</b>	<b>6 000</b>
Sport, Arts, Culture & Recreation	Arts and Culture (Macufe)	38 000	39 000	40 000
	Artists	4 000	4 000	4 000
	Photographers	4 000	4 000	4 000
	Community radio stations	3 000	3 000	3 000
	Arts and Culture programmes	5 000	5 000	5 000
	Community Sport Outreach Programme	2 000	2 000	2 000
	Sport Equipment and Attire	2 000	2 000	2 000
	Interdepartmental Choir competition	780	780	780
	<b>Sub-total</b>	<b>58 780</b>	<b>59 780</b>	<b>60 780</b>
Human Settlements	Demolition and construction of 2 roomed houses	31 000	31 000	31 000
	Top up of military veterans	15 000	15 000	15 000
	<b>Sub-total</b>	<b>46 000</b>	<b>46 000</b>	<b>46 000</b>
<b>TOTAL PROVINCIAL EARMARKED ALLOCATIONS</b>		<b>1 672 891</b>	<b>1 741 031</b>	<b>1 849 646</b>

## Annexure A:

### Detailed frameworks on Schedules 4(a) and 4(b) earmarked allocations to Departments

#### Introduction

This annexure provides a brief description of the framework for earmarked allocations set out in Schedules 4(a) and 4(b). The following key areas are considered for these allocations:

- Purpose and measurable objectives
- Conditions
- Reason not incorporated in equitable share
- Monitoring mechanisms
- The projected life
- MTEF allocation
- Process for approval of Business Plans

The attached framework is published in order to provide more information to Parliament, legislatures, municipal councils, officials in all three spheres of government and the public.

<b>Infrastructure- and Revenue Enhancement Allocations</b>	
<b>Transferring Department</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury</li> </ul>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• Assist in acceleration of construction, maintenance and rehabilitation of new and existing infrastructure in Economic, Small Business Development, Tourism &amp; Environmental Affairs, Health, Education, Public Works and Infrastructure, Police Roads &amp; Transport, Agriculture and Rural Development, and Sport Arts Culture &amp; Recreation.</li> <li>• Optimize/ Enhance revenue generation and improve revenue collection methods in the province.</li> <li>• Enhance capacity to deliver on infrastructure exclusively for provincial related projects other than the municipalities and national government.</li> </ul>
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Number of buildings, libraries, tourism resorts, agricultural sites and roads constructed and maintained.</li> <li>• Establishment of—(i) effective revenue collection systems (ii) Development of electronic booking system (iii) Development of effective debt collection mechanism (iv) Repair and upgrade of registration authorities and properties.</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Departments are required to submit detailed business plans and or feasibility studies prior to the implementation of the project/ programme where applicable.</li> <li>• Departments must comply with the conditions of the amended Provincial Revenue Enhancement Strategy.</li> <li>• Spending on Revenue Enhancement Allocation (REA) Projects by the departments must be in line with the proposals sent by departments including timeframes.</li> <li>• The Infrastructure Enhancement Allocation must only be utilized for infrastructure purposes, for the projects approved in the provincial department's project list.</li> <li>• The REA budget is earmarked for enhancement of revenue projects and departments must identify the programme which will account for it and it must be clear in the system.</li> <li>• In instances where departments have utilized these funds for purposes other than stipulated in this framework and failed to inform the Provincial Treasury accordingly, the expenditure will be treated as unauthorized.</li> <li>• Changes to the approved infrastructure list must be signed off by the affected MEC(s) where after approval will be granted by the MEC for Finance. The following process must be followed:               <ul style="list-style-type: none"> <li>~ Approved amendment by the Departmental MEC must be submitted to Provincial Treasury as per Free State Financial Management Amendment Act of 2016 (Act nr 4 of 2016).</li> <li>~ The amendment(s) must be submitted to Provincial Treasury for analysis and the creation of the changes in SCOA.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>~ Provincial Treasury will provide the final approval as soon as signed by the MEC for Finance.</li> <li>~ Provincial Treasury will communicate the response to the department within 14 days.</li> <li>• Departments must conduct site visits together with the Provincial Treasury on quarterly basis.</li> <li>• Departments must attend Provincial Infrastructure Progress Review Meetings.</li> <li>• Departments must report all infrastructure expenditure funded by these allocations through Project, Asset and Infrastructure Segments in SCOA.</li> <li>• Departments must maintain up to date databases of all contracts that are funded by these allocations that is compliant with the Register of Projects and i-Tender system. Non-compliance with this requirement may result in the withholding of funds.</li> <li>• Submission of draft U-Amp, which include organizational support plan for 2019/20 in the prescribed format by 31 July 2019, or any other date as determined by Provincial Treasury.</li> <li>• Submission of quarterly performance reports as well as report on physical progress with implementation of infrastructure projects to the Provincial Treasury within 30 days after the end of each quarter (refer to Division of Revenue Bill 2019, (Bill nr. 5 of 2019) section 11(4)).</li> <li>• Submission of monthly expenditure reports required in terms of section 40(4)(c) of the Public Finance Management Act to the Provincial Treasury. Reported information should cover the full infrastructure budget in the department, not only these allocations.</li> <li>• Submission of a performance report on infrastructure spending within two months after the end of the 2019/20 financial year in the format determined by National Treasury (refer to Division of Revenue Bill 2019, (Bill nr. 5 of 2019) section 11(6)).</li> <li>• Any earmarked allocation or a portion thereof, which is not spent at the end of the financial year, must revert to Provincial Revenue Fund (PRF). Unspent funds must be surrendered to the Provincial Treasury by 31 May each year or any other date as determined by Provincial Treasury.</li> <li>• In cases where new infrastructure and/or the upgrading of existing infrastructure are paid from the Infrastructure Enhancement Allocation, the allocation may also be used for the payment of related furniture and equipment to ensure the operationalization of such infrastructure.</li> <li>• Although expenses in relation to the related furniture and equipment may still be classified as Capital Expenditure, care should be taken with the classification of these assets as "movable assets" which is non-infrastructure whereas the actual immovable assets are classified as infrastructure.</li> </ul>
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>• These allocations ensure that departments give priority to infrastructure maintenance, rehabilitation, upgrading, construction, support and accelerated and shared growth initiatives in line with Government priorities.</li> <li>• The Revenue Enhancement Allocation (REA) is capped at a maximum of 5 per cent of the total provincial revenue budget and must only be used to enhance revenue related projects.</li> </ul>
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Departments are required to submit detailed monthly and quarterly reports which capture the full details of the projects including the allocation for the year, capacity to deliver, the expenditure for the period in question and on outputs achieved.</li> <li>• Departments should conduct regular site visits to revenue projects together with Provincial Treasury.</li> <li>• Provincial Treasury reserves the right to withhold or suspend departmental allocations in cases where departments fail to adhere to conditions of Revenue and Infrastructure Enhancement Allocation.</li> </ul>
<b>Projected life</b>	<ul style="list-style-type: none"> <li>• To be reviewed every year</li> </ul>
<b>MTEF allocation</b>	<ul style="list-style-type: none"> <li>• <b>IEA:</b> 2019/20: R899.005 million; 2020/21: R906.446 million; 2021/22: R925.622 million</li> <li>• <b>REA:</b> 2019/20: R23.1002 million; 2020/21: R0, 2021/22: R10.068 million;</li> </ul>
<b>Process for approval of 2019/20 business plans</b>	<ul style="list-style-type: none"> <li>• U-Amp is drafted according to prescribed format.</li> <li>• Draft U-Amp for departments that are targeted by the allocation are submitted to Provincial Treasury by 31 August 2019 or a date to be determined by the Provincial Treasury as per provincial budget process.</li> <li>• Provincial Treasury reviews plans and give feedback to departments: 31 October 2019 or a date to be determined by the Provincial Treasury as per provincial budget process.</li> <li>• Final approval of provincial U-Amp by Provincial Treasury: 1 April 2019</li> <li>• The Revenue Enhancement Allocation bidding will follow the same process than the expenditure budget, which will also include monitoring and approval.</li> </ul>

### Earmarked Allocations

<b>Transferring Department</b>	<ul style="list-style-type: none"> <li>Provincial Treasury</li> </ul>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Assist in implementation of provincial government priorities.</li> <li>Enhance capacity to deliver on government priorities for provincial related projects other than infrastructure projects.</li> </ul>
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>Improved service delivery and access to government services.</li> <li>Spending in line with the submitted business plans.</li> <li>Contribution of the projects/ programmes to the overall Provincial development objectives (FSGDS).</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>Departments are required to submit detailed business plans and or feasibility studies prior to the implementation of the project/programme where applicable.</li> <li>The Earmarked Allocations can only be utilized for purposes listed in Schedule 4(b).</li> <li>In instances where departments have utilized these funds for purposes other than stipulated in this framework and failed to inform the Provincial Treasury accordingly, the expenditure will be treated as unauthorized.</li> <li>Departments must report all expenditure funded by these allocations separately in the relevant Fund Segment of SCOA.</li> <li>Requests to decrease/increase these allocations must be signed off by the affected MEC(s) where after approval will be granted by the MEC for Finance. The following process must be followed: <ul style="list-style-type: none"> <li>~ Detailed submission of planned amendment signed by the relevant HoD and MEC must be submitted to Provincial Treasury;</li> <li>~ All necessary supporting documents as requested by Provincial Treasury, such as BAS reports, must be attached to the submission;</li> <li>~ Provincial Treasury will provide the final approval as soon as signed by the MEC for Finance.</li> </ul> </li> <li>Submission of quarterly performance reports to Provincial Treasury within 30 days after the end of each quarter.</li> <li>Submission of monthly expenditure reports required in terms of section 40(4)(c) of the Public Finance Management Act to Provincial Treasury.</li> <li>Any earmarked allocation or a portion thereof, which is not spent at the end of the financial year, must be surrendered to Provincial Revenue Fund (PRF). Unspent funds must be surrendered to the Provincial Treasury by 31 May each year or any other date as determined by Provincial Treasury.</li> <li>* The R1 million allocated to DESTEA for Free State Youth Chamber of Business, should not be spend until further direction is provided by Provincial Treasury.</li> </ul>
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>These allocations are aimed at improving service delivery in line with provincial government priorities.</li> </ul>
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>Departments are required to submit detailed monthly and quarterly reports which capture the full details of each earmarked allocation for the year, the expenditure for the period in question and outputs achieved.</li> <li>Provincial Treasury and the relevant departments must conduct physical inspections where applicable.</li> <li>Provincial Treasury reserves the right to withhold or suspend departmental allocations in cases where departments fail to adhere to the conditions of the earmarked funds.</li> </ul>
<b>Projected life</b>	<ul style="list-style-type: none"> <li>To be reviewed every year</li> </ul>
<b>MTEF allocation</b>	<ul style="list-style-type: none"> <li>2019/20: R1.673 billion; 2020/21: R1.681 billion; 2021/22: R1.744 billion</li> </ul>

## SCHEDULE 5

### PROVINCIAL ALLOCATIONS TO PUBLIC ENTITIES, INCLUDING FUNDS EARMARKED FOR SPECIFIC EXPENDITURE

The following table relates to the allocation of a portion of the provincial equitable share to Public Entities, including funds earmarked for specific purposes to enhance service delivery.

Transferring dept R'000	Type of Allocation	Purpose	Department	Project / Priority	Column A	Column B	
					2018/19 allocation	Forward Estimates	
						2019/20	2020/21
Economic, Small Business Development, Tourism & Environmental Affairs	Specifically earmarked allocations to entities	Market tourism	Free State Development Corporation (FDC)	Total transfer to the entity	47 516	45 726	48 241
				<i>of which earmarked for:</i>			
				Maluti SEZ	20 000	20 000	20 000
				Radical ecn transformation	23 516	23 516	23 516
		Sub-total	47 516	45 726	48 241		
		Regulate gambling and liquor industry in the province	Free State Gambling, Liquor and Tourism Authority (FSGLTA)	Total Transfer to the entity	117 775	124 253	131 087
				<i>of which earmarked for:</i>			
Flower Festival	12 000			12 000	12 000		
Sub-total	117 775	124 253	131 087				
<b>Total Transfers to the entities</b>					<b>165 291</b>	<b>169 979</b>	<b>179 328</b>