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PROVINCIAL NOTICE

[No. 333 of 2016]

FREE STATE PROVINCIAL TREASURY

DIVISION OF REVENUE ACT, 2016: ADJUSTED BUDGET ALLOCATIONS FOR DEPARTMENTS IN TERMS OF HOSPITALS, MUNICIPALITIES AND EARMARKED FUNDS

I, EC Rockman, Member of the Executive Council responsible for the Provincial Treasury, hereby publish, in terms of section 30(3) of the Division of Revenue Act, 2016 (Act No. 3 of 2016) and for general notice, the adjusted allocations for Departments as set out in Schedules 1 to 3. The initial allocations were published in *Provincial Gazette* No. 161 of 18 March 2016, whereafter amendments to budget allocations to certain municipalities were published in *Provincial Gazette* No. 30 of 17 June 2016:

- **Schedule 1** – Hospital budgets;
- **Schedule 2** – Transfers to municipalities;
- **Schedule 3** – Provincial adjusted allocations in terms of earmarked funds.

Schedule 1

HOSPITAL BUDGETS

The below tables relate to the adjustments of the 2016/17 allocations to Hospitals:

Summary	2016/17		
	Main Appropriation	Changes	Adjusted Budget
Central Hospitals	2 224 638	11 959	2 236 597
General Regional Hospitals	1 351 461	(43 270)	1 308 191
District Hospitals	1 277 332	9 225	1 286 557
Total	4 853 431	(22 086)	4 831 345
Receipts			
Transfer receipts from national	4 771 408	(22 086)	4 749 322
Equitable Share	3 657 198	(22 086)	3 635 112
Conditional Grants	1 114 210		1 114 210
Funds from Provincial Own Revenue	82 023		82 023
Total receipts	4 853 431	(22 086)	4 831 345
Payments			
Current payments	4 713 996	(31 295)	4 682 701
Compensation of employees	3 625 489	(72 000)	3 553 489
Goods and services	1 088 446	40 705	1 129 151
Interest and rent on land	61		61
Transfers and subsidies to:	14 644	3 452	18 096
Municipalities			
Departmental agencies and accounts			
Higher education institutions			
Public corporations and private enterprises			
Non-profit institutions	2 114		2 114
Households	12 530	3 452	15 982
Payments for capital assets	124 791	5 757	130 548
Buildings and other fixed structures			
Machinery and equipment	124 791	5 757	130 548
Biological assets			
Land and sub-soil assets			
Software and other intangible assets			
Payments for financial assets			
Unallocated contingency reserve			
Total payments	4 853 431	(22 086)	4 831 345

Central Hospitals	2016/17		
	Main Appropriation	Changes	Adjusted Budget
Universitas Hospital	1 436 775	11 959	1 448 734
Pelonomi Hospital	787 863		787 863
Total	2 224 638	11 959	2 236 597
Receipts			
Transfer receipts from national	2 184 415	11 959	2 196 374
Equitable Share	1 070 205	11 959	1 082 164
Conditional Grants	1 114 210		1 114 210
<i>Comprehensive HIV and Aids Grant</i>			
<i>Health Infrastructure Grant</i>	958 021	(958 021)	
<i>Health Professions Training and Development Grant</i>		156 189	156 189
<i>Hospital revitalisation Grant</i>			
<i>National Health Insurance Grant</i>			
<i>National Tertiary Services Grant</i>		958 021	958 021
<i>Nursing College and Schools Grant</i>	156 189	(156 189)	
Funds from Provincial Own Revenue	40 223		40 223
Total receipts	2 224 638	11 959	2 236 597
Payments			
Current payments	2 116 295	9 562	2 125 857
Compensation of employees	1 559 429		1 559 429
Goods and services	556 866	9 562	566 428
<i>of which</i>			
<i>Consultants and professional services</i>	88 509	(12 427)	76 082
<i>Contractors</i>	53 767	(626)	53 141
<i>Agency & support / outsourced services</i>	43 085	959	44 044
<i>Medical supplies</i>	205 505	(9 211)	196 294
<i>Medicine</i>	105 000	(1 688)	103 312
<i>Other (Specify)</i>	61 000	32 555	93 555
Interest and rent on land			
Transfers and subsidies to:	7 154	2 397	9 551
Municipalities			
Non-profit institutions			
Households	7 154	2 397	9 551
Payments for capital assets	101 189		101 189
Buildings and other fixed structures			
Machinery and equipment	101 189		101 189
Software and other intangible assets			
Payments for financial assets			
Unallocated contingency reserve			
Total payments	2 224 638	11 959	2 236 597

General Regional Hospitals	2016/17		
	Main Appropriation	Changes	Adjusted Budget
Psychiatric Hospital	319 825		319 825
Bongani Hospital	364 370	(13 271)	351 099
Dihlabeng Hospital	180 316	(5 000)	175 316
Mofumahadi Manapo Mopele Hospital	219 901	(5 000)	214 901
Botumelo Hospital	267 049	(19 999)	247 050
Total	1 351 461	(43 270)	1 308 191
Receipts			
Transfer receipts from national	1 339 461	(43 270)	1 296 191
Equitable Share	1 339 461	(43 270)	1 296 191
Conditional Grants			
Funds from Provincial Own Revenue	12 000		12 000
Total receipts	1 351 461	(43 270)	1 308 191
Payments			
Current payments	1 334 256	(50 451)	1 283 805
Compensation of employees	1 087 897	(81 000)	1 006 897
Goods and services	246 354	30 549	276 903
of which			
Consultants and professional services	21 933	(975)	20 958
Contractors	12 564	730	13 294
Agency & support / outsourced services	41 857	28 093	69 950
Medical supplies	73 303	(6 449)	66 854
Medicine	44 340	(2 617)	41 723
Other (Specify)	52 357	11 767	64 124
Interest and rent on land	5		5
Transfers and subsidies to:	6 103	1 000	7 103
Municipalities			
Non-profit institutions	2 114		2 114
Households	3 989	1 000	4 989
Payments for capital assets	11 102	6 181	17 283
Buildings and other fixed structures			
Machinery and equipment	11 102	6 181	17 283
Software and other intangible assets			
Payments for financial assets			
Unallocated contingency reserve			
Total payments	1 351 461	(43 270)	1 308 191

District Hospitals	2016/17		
	Main Appropriation	Changes	Adjusted Budget
Diamant Hospital	24 064	10 500	34 564
Stoffel Coetsee Hospital	20 805		20 805
Erbekweni Hospital	21 015		21 015
National Hospital	155 441	225	155 666
Botshabelo Hospital	115 496		115 496
Mantsopa Hospital	29 773		29 773
Dr. JS Moroka Hospital	111 786		111 786
Mohau Hospital	19 355		19 355
Nala Hospital	25 383		25 383
Thusanong Hospital	66 202		66 202
Katleho Hospital	62 007		62 007
Winburg Hospital	20 750		20 750
Metsimaholo Hospital	83 328	24 182	107 510
Parys Hospital	40 866		40 866
Tokollo Hospital	44 100	3 107	47 207
Matube Hospital	31 401	(2 357)	29 044
Elizabeth Ross Hospital	98 104		98 104
Thebe Hospital	61 654		61 654
Phumelela Hospital	22 788		22 788
Phekolong Hospital	71 277		71 277
Nkepana Hospital	25 188		25 188
Phuthuloha Hospital	34 240		34 240
John Daniel Newsberry Hospital	22 617		22 617
Itemoheng Hospital	33 692		33 692
Albert Nzula Hospital	36 000	(26 432)	9 568
Total	1 277 332	9 225	1 286 557
Receipts			
Transfer receipts from national	1 247 532	9 225	1 256 757
Equitable Share	1 247 532	9 225	1 256 757
Conditional Grants			
Funds from Provincial Own Revenue	29 800		29 800
Total receipts	1 277 332	9 225	1 286 557
Payments			
Current payments	1 263 445	9 594	1 273 039
Compensation of employees	978 163	9 000	987 163
Goods and services	285 226	594	285 820
of which			
<i>Consultants and professional services</i>	40 665	(15 876)	24 789
<i>Contractors</i>	23 420	(11 878)	11 542
<i>Agency & support / outsourced services</i>	33 222	5 686	38 908
<i>Medical supplies</i>	43 013	8 807	51 820
<i>Medicine</i>	62 565	(5 965)	56 600
<i>Other (Specify)</i>	82 342	19 819	102 161
Interest and rent on land	56		56
Transfers and subsidies to:	1 387	55	1 442
Municipalities			
Households	1 387	55	1 442
Payments for capital assets	12 500	(424)	12 076
Buildings and other fixed structures			
Machinery and equipment	12 500	(424)	12 076
Payments for financial assets			
Unallocated contingency reserve			
Total payments	1 277 332	9 225	1 286 557

Schedule 2

TRANSFERS TO MUNICIPALITIES

The below tables relate to the adjustments of funds to be transferred to Municipalities during the 2016/17 financial year:

PROVINCIAL ALLOCATIONS : ADJUSTMENT TO ALLOCATION OF FUNDS EARMARKED FOR THE MUNICIPAL SUPPORT PROGRAMME TO PROVIDE TECHNICAL SUPPORT TO MUNICIPALITIES	
1. Transferring Provincial Department	Provincial Treasury
2. Purpose	To assist municipalities experiencing severe financial problems through Municipal Support Programme and to support other programmes of the Provincial Treasury.
3. Measurable Outputs	The provision of limited financial assistance to the Municipalities and MFM Chief Directorate Program support.
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 Confirmation of appointment of the service providers to be submitted to Free State Provincial Treasury (In cases where Municipalities are procuring).</p> <p>4.3 Services Level Agreement with the service providers and / or municipalities to be entered into.</p> <p>4.4 The Steering Committee to be established to monitor progress on the implementation of the SLA and to meet at least once a quarter.</p> <p>4.5 Progress report together with certified invoices of the service providers to be submitted to Free State Provincial Treasury for payment/ transfer.</p> <p>4.6 In the event that the Municipality does not comply with the conditions, the MEC for Finance reserves the right to stop the allocation.</p>
5. Allocation criteria	Allocations are made on a needs basis and financial position of municipalities.
6. Monitoring mechanism	6.1 Progress report together with certified invoices of the service providers to be submitted to Free State Provincial Treasury for payment/ transfer.
7. Projected life	Maximum period for 2016/17 financial year of the implementing agent.
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 to manage their own affairs, to exercise their powers and to perform their functions.
10. Allocation	R1.000 million

Free State: Provincial Treasury

Category	District Municipality	Number	Municipality	2016/17 Adjustments R'000
B	DC 16	FS 163	Mohokare	600
B	DC 18	FS 183	Tswelopele	400
Total				1 000

PROVINCIAL ALLOCATIONS TO MUNICIPALITIES	
LIMITED FINANCIAL- AND INFRASTRUCTURE SUPPORT TO MUNICIPALITIES	
1. Transferring Provincial Department	Cooperative Governance and Traditional Affairs
2. Purpose	To assist medium and small Municipalities experiencing severe financial problems to restructure their financial positions and organizations over the medium term
3. Measurable Outputs	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.
5. Allocation criteria	Allocations are based on financial position of Municipalities
6. Monitoring mechanism	Monthly financial reports and progress meetings
7. Projected life	12 months
8. Payment Schedule	Payment with regard to Financial Support is made according to the conditions in paragraph 4
9. Allocation	Correction of Unallocated funds: (R64.735 million) (Transfers to various municipalities already gazetted)

Free State: Cooperative Governance and Traditional Affairs

Category	District Municipality	Number	Municipality	2016/17 Adjustments R'000
			Unallocated funds - Financial Assistance	(27 811)
			Unallocated funds - Municipal Infrastructure Grant	(36 924)
Total				(64 735)

PROVINCIAL ALLOCATIONS TO MUNICIPALITIES: PROPERTY RATES AND TAXES	
1. Transferring Provincial Department	Public Works and Infrastructure (Vote 9)
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	Re-allocation of budgets

Free State: Public Works and Infrastructure

Category	District Municipality	Number	Municipality	2016/17 Adjustments R'000
A		MAN	Mangaung	(22)
B	DC 16	FS 162	Kopanong	715
B	DC 16	FS 164	Naledi	(693)
Total				

Schedule 3 (a)

PROVINCIAL ADJUSTED ALLOCATIONS TO DEPARTMENTS EARMARKED FOR INFRASTRUCTURE DELIVERY

The following table relates to the adjusted allocations for Infrastructure Enhancement allocation (IEA) and Revenue Enhancement Allocation (REA) during the 2016/17 financial year:

Transferring dept	Type of Allocation	Name of Allocation	Purpose	Department	2016/17 Allocations				
					Main Appropriation	Adjustments	Adjusted Appropriation		
R'000									
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 and Small Business Development, Tourism & Environmental Affairs	41 770	(31 121)	10 649		
				Health	22 349		22 349		
				Education	15 197	(13 197)	2 000		
				Public Works and Infrastructure	144 346	2 000	146 346		
				<i>of which earmarked for Township Revitalization</i>	117 724		117 724		
				Police, Roads & Transport	392 654	(4 749)	387 905		
				Agriculture and Rural Development	102 744	2 196	104 942		
				<i>of which earmarked for Mhoma Mabung</i>	80 000		80 000		
				Sport, Arts, Culture & Recreation	131 873	10 025	141 898		
				<i>of which earmarked for Seisa Ramabodu stadium</i>	57 981	9 800	67 781		
				IEA TOTAL	IEA TOTAL	850 933	(34 844)	816 089	
				Revenue Enhancement Allocation (REA)	Funding towards projects which have the potential to optimize provincial revenue collection.	Economic and Small Business Development, Tourism & Environmental Affairs	5 243		5 243
						Provincial Treasury	2 000	(1 700)	300
						Public Works and Infrastructure		404	404
						Provincial Revenue Fund	1 437	(903)	534
REA TOTAL	REA TOTAL	8 680	(2 199)	6 481					
TOTAL				859 613	(37 043)	822 570			

Schedule 3 (b)

PROVINCIAL ADJUSTED ALLOCATIONS TO DEPARTMENTS EARMARKED FOR SPECIFIC EXPENDITURE EXCLUDING INFRASTRUCTURE

The following table relates to the adjusted allocations of a portion of the provincial equitable share to departments, earmarked for specific purposes to enhance service delivery, during the 2016/17 financial year:

Transferring dept	Type of Allocation	Department	Purpose /Project / Priority	2016/17 Allocations		
				Main Appropriation	Adjustments	Adjusted Appropriation
R'000						
Provincial Treasury	Specifically earmarked allocations to departments (excluding IEA and REA)	Premier	CDWs	71 375	(10 000)	61 375
			Non-financial function/ HR Capacity	2 200		2 200
			Transport Economist function	4 288		4 288
			ICT Training Centre	10 000	(10 000)	
			HIV and Aids function	1 057		1 057
			Harismith Logistic Hub		2 000	2 000
			Sub-total	88 920	(18 000)	70 920
		Economic and Small Business Development, Tourism & Environmental Affairs	Small Business Development	14 057	(200)	13 857
			Global Trade Bridge	1 000	(1 000)	
			Waste management	2 000		2 000
			Free market - Development and support of crafters	10 000	(10 000)	
			FSTA - Tourism Development	1 210		1 210
			Tourism and Hospitality Grants	4 000		4 000
			Flower Festival (Transfer to FSTA)		12 000	12 000
			FS International football (Tourism Sport Development)		4 000	4 000
			National Tourism Expo		4 000	4 000
		Sub-total	32 267	8 800	41 067	
		Provincial Treasury	Supplier's Database	30 000	(1 524)	28 476
			Transversal commitment	16 596		16 596
			SITA	1 000		1 000
			Software for Internal Audit (Team mates)	1 500		1 500
			Municipal Support Programme	30 000	600	30 600
			Regiments capital and Makomoto		875	875
Financial intervention measures			5 000	5 000		
Sub-total	79 096	4 951	84 047			

Transferring dept	Type of Allocation	Department	Purpose /Project / Priority	2016/17 Allocations		
				Main Appropriation	Adjustments	Adjusted Appropriation
R'000						
Provincial	Specifically	Health	Repair and maintenance of Medical Gas equipment	10 000		10 000
			Legal exposure	10 000		10 000
			Medical Depot	40 000		40 000
			Mobile Clinic Programme	57 000	(25 000)	32 000
			Sub-total	117 000	(25 000)	92 000
		Education	Provincial Bursaries	260 315		260 315
			School connectivity	17 000		17 000
			Interventions - matric support programme	51 655	(41 655)	10 000
			LTSM	10 000		10 000
			Sub-total	338 970	(41 655)	297 315
		Social Development	Children with special needs	1 464	(1 464)	
			Office on the Rights of Children		1 464	1 464
			ECD Practitioners - Stipends	110 397	(110 397)	
			Matrons	34 711	(34 711)	
			Sanitary towels	6 000		6 000
			Shortfall on ECD Subsidy	13 500	(13 500)	
			Early Childhood Development		212 638	212 638
			Sub-total	166 072	54 030	220 102
		Cooperative Governance & Traditional Affairs	Operation Clean Audit	19 411	26 876	46 287
			Fire fighting equipment	5 000		5 000
			Water laboratory municipal support	5 000	500	5 500
			Sub-total	29 411	27 376	56 787
		Public Works & Infrastructure	Rates and Taxes	329 177		329 177
			Sub-total	329 177		329 177
		Police, Roads & Transport	Learner Transport	40 000		40 000
			Biometrics & CCTV camera	15 000		15 000
			Over collection of own revenue		41 428	41 428
			Cash in Transit	12 000		12 000
			Sub-total	67 000	41 428	108 428
		Agriculture & Rural Development	Disaster Management		1 000	1 000
			Sub-total		1 000	1 000
		Sport, Arts, Culture & Recreation	Arts and Culture (Macule)	35 000	8 500	43 500
			Artists	5 000		5 000
			Photographers	5 000		5 000
			Community radio stations	3 000		3 000
			Arts and Culture programmes	6 000		6 000
			FS Rugby Support		5 000	5 000
			OR Tambo Marathons		2 100	2 100
			Sub-total	54 000	15 600	69 600
		Human Settlements	Demolition and construction of 2 roomed houses	50 000	(33 000)	17 000
			Sub-total	50 000	(33 000)	17 000
TOTAL PROVINCIAL EARMARKED ALLOCATIONS (EXCL INFRASTRUCTURE)				1 351 913	35 530	1 387 443