

Schedule 4: Provincially assigned function allocations to Departments

PROVINCIAL ALLOCATIONS TO DEPARTMENTS IN TERMS OF INFRASTRUCTURE EXPENDITURE

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 Appendix A.

Transferring dept	Type of Allocation	Name of Allocation	Purpose	Department	Column A	Column B		
					2012/13 allocation	Forward Estimates		
						2013/14	2014/15	
					R'000	R'000	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.	Free State Legislature	44 500	30 000	30 000	
				Economic Development, Tourism & Environmental Affairs	52 247	55 121	55 121	
				Health	15 000	20 000	25 000	
				Education	12 000	15 000	17 000	
				Social Development	35 000	31 640	31 100	
				Public Works	120 267	162 072	162 072	
				Police, Roads & Transport	487 790	576 760	616 760	
				Agriculture	41 851	31 493	31 493	
				Sport, Arts, Culture & Recreation	101 488	81 805	81 805	
				IEA TOTAL	910 143	1 003 891	1 050 350	
	Revenue Enhancement Allocation (REA)	Enhance capacity to deliver on infrastructure.	Economic Development, Tourism & Environmental Affairs	14 925				
			Public Works	13 742				
			Police, Roads & Transport	5 530				
			Unallocated		29 496	41 232		
			REA TOTAL	34 197	29 496	41 232		
	TOTAL PROVINCIAL ALLOCATIONS EARMARKED FOR INFRASTRUCTURE					944 340	1 033 387	1 091 582

Appendix A:

Framework for Earmarked allocation to Departments

This appendix provides a brief description of the framework for the Infrastructure- as well as Revenue Enhancement Allocations captured in the 2012 Appropriation Act. (The new Provincial Revenue Enhancement Strategy was adopted in September 2011.) The following key areas for these allocations are considered:

- Purpose and measurable objectives
- Conditions
- Reason not incorporated in equitable share
- Monitoring mechanisms
- The projected life
- 2012 MTEF allocation
- Review of User Asset Management Plans (U-Amp) for 2012/13

The attached framework is not part of the Appropriation Act, but is published in order to provide more information to Parliament, legislatures, municipal councils, officials in all three spheres of government and the public.

Infrastructure- and Revenue Enhancement Allocations	
Transferring Department	<ul style="list-style-type: none"> Provincial Treasury
Purpose	<ul style="list-style-type: none"> Assist in acceleration of construction, maintenance and rehabilitation of new and existing infrastructure in the Free State Legislature, Economic Development Tourism & Environmental Affairs, Health, Education, Social Development, Public Works, Police Roads & Transport, Agriculture, and Sport Arts Culture & Recreation. Optimizing revenue collection whilst improving the revenue collection areas throughout the province and ring-fencing allocations for spending on revenue related projects and systems. Enhance capacity to deliver on infrastructure exclusively for provincial related projects other than the municipalities and national government.
Measurable objectives/ outputs	<ul style="list-style-type: none"> Number of buildings, libraries, tourism resorts, agricultural sites, social care centers and roads constructed and maintained. Number of reserves, Weighbridges and Properties upgraded and maintained and establishment of debt collection centre.
Conditions	<ul style="list-style-type: none"> Departments must comply with the conditions of the Provincial Revenue Enhancement Strategy. Spending on REA Projects by the departments must be in line with the proposals sent by departments including timeframes. Submission of detailed User Asset Management Plans (U-Amp) for 2012 by 25 April 2012 for departments that are targeted by this allocation. These plans must comply with the prescribed format. Submission of planning information in prescribed model format for 2012 by 25 April 2012. The Infrastructure Enhancement Allocation can only be utilized for infrastructure purposes, for the projects approved in the provincial department's project list. Departments must report all infrastructure expenditure funded by this grant through Project and Asset Segment in the SCOA. Departments must maintain up to date databases of all contracts that are funded by this grant that is compliant with the Register of Projects and i-Tender system. Non-compliance with this requirement may result in the withholding of this grant. Changes to the approved infrastructure list must be signed off by the affected MEC(s) and approval will be granted by the MEC for Finance and the following process must be followed: <ul style="list-style-type: none"> ~ Approved amendment by the Departmental HOD be submitted to Provincial Treasury as per SRM circular 1 of 2008 ~ The amendment(s) must be submitted to Provincial Treasury for analysis and the creation of the changes in SCOA. ~ Provincial Treasury will provide the final approval as soon as signed by the MEC for Finance ~ Provincial Treasury will communicate the response to the department within 14 days Submission of draft U-Amp, which include organizational support plan for 2013/14 in the prescribed format by 31 July 2012, or any other date as determined by Provincial Treasury.

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	<ul style="list-style-type: none"> • 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. • 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. • Submission of a performance report on infrastructure spending 30 days after year end in the format determined by National Treasury (refer to Division of Revenue Act 2012, section 11(6)(a) and (b)).
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • 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. • The Revenue Enhancement Allocation is only 5 per cent of the total revenue budget and can only be used to enhance revenue related projects.
Monitoring mechanisms	<ul style="list-style-type: none"> • 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. • Departments should conduct regular site visits to revenue projects together with Provincial Treasury. • Provincial Treasury reserves the right to withhold or suspend departmental allocations in cases where departments fail to adhere to conditions.
Projected life	<ul style="list-style-type: none"> • To be reviewed every year
MTEF allocation	<ul style="list-style-type: none"> • IEA: 2012/13: R910 143 million; 2013/14: R1 003 891 billion; 2014/15: R1 050 350 billion • REA: 2012/13: R34 197 million; 2013/14: R29 496 million; 2014/15: R41 232 million
Process for approval of 2013/14 business plans	<ul style="list-style-type: none"> • U-Amp are drafted according to prescribed format • Draft U-Amp for departments that are targeted by the allocation are submitted to Provincial Treasury by 31 August 2012 • Provincial Treasury reviews plans and give feedback to departments: 31 October 2012 • Final approval of provincial U-Amp by Provincial Treasury: 1 April 2013 • The Revenue Enhancement Allocation bidding will follow the same process that the expenditure budget follows, which will also include monitoring and approval.