

REPUBLIC OF SOUTH AFRICA

**DIVISION OF
REVENUE AMENDMENT BILL**

*(As introduced in the National Assembly (proposed section 76); explanatory summary of
Bill published in Government Gazette No. 38059 of 10 October 2014)
(The English text is the official text of the Bill)*

(MINISTER OF FINANCE)

[B 11—2014]

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BILL

To amend the Division of Revenue Act, 2014, in accordance with the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009); and to provide for matters connected therewith.

PREAMBLE

WHEREAS section 214(1) of the Constitution of the Republic of South Africa, 1996, requires an Act of Parliament to provide for—

- (a) the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
- (b) the determination of each province's equitable share of the provincial share of that revenue; and
- (c) any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and any conditions on which those allocations may be made;

WHEREAS the Division of Revenue Act, 2014 (Act No. 10 of 2014), gives effect to section 214(1) of the Constitution in respect of the 2014/15 financial year;

AND WHEREAS section 12(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) requires the Minister of Finance to table a division of revenue amendment Bill with a revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant year.

B E IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows:—

Substitution of Column A of Schedule 1, Part A of Schedule 4 and Part A of Schedule 5 to Act 10 of 2014

1. (1) Column A of Schedule 1 to this Act is hereby substituted for Column A of Schedule 1 to the Division of Revenue Act, 2014 (hereinafter referred to as the principal Act), setting out the equitable division of revenue raised nationally among the national, provincial and local sphere of government for the 2014/15 financial year. 5

(2) Column A of Part A of Schedule 4 to this Act is hereby substituted for Column A of Part A of Schedule 4 to the principal Act, specifying the allocations to provinces for the 2014/15 financial year to supplement the funding of programmes or functions funded from provincial budgets. 10

(3) Column A of Part A of Schedule 5 to this Act is hereby substituted for Column A of Part A of Schedule 5 to the principal Act, specifying the specific purpose allocations to provinces for the 2014/15 financial year. 15

Substitution of first, second and third columns and Column A of Part B of Schedule 5 and first, second and third columns and Column A of Parts A and B of Schedule 6 to Act 10 of 2014

2. (1) The first, second and third columns and Column A of Part B of Schedule 5 to this Act are hereby substituted for the first, second and third columns and Column A of Part B of Schedule 5 to the principal Act, specifying the specific purpose allocations to municipalities for the 2014/15 financial year. 5

(2) The first, second and third columns and Column A of Parts A and B of Schedule 6 to this Act are hereby substituted for the first, second and third columns and Column A of Parts A and B of Schedule 6 to the principal Act, specifying allocations-in-kind to provinces and municipalities for designated special programmes for the 2014/15 financial year. 10

Short title

3. This Act is called the Division of Revenue Amendment Act, 2014.

SCHEDULE 1

EQUITABLE DIVISION OF REVENUE RAISED NATIONALLY AMONG
THE THREE SPHERES OF GOVERNMENT

Spheres of Government	Column A		
	2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
	R'000	R'000	R'000
National ^{1,2}	735 604 179	(6 222 624)	729 381 555
Provincial	362 468 075	-	362 468 075
Local	44 490 145	-	44 490 145
TOTAL	1 142 562 399	(6 222 624)	1 136 339 775

1. National share includes conditional allocations to provincial and local spheres, general fuel levy sharing with metropolitan municipalities, debt service cost and the contingency reserve.
2. The direct charges for the provincial equitable share are netted out.

SCHEDULE 4, PART A

ALLOCATIONS TO PROVINCES TO SUPPLEMENT THE FUNDING OF PROGRAMMES OR FUNCTIONS FUNDED FROM PROVINCIAL BUDGETS

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2014/15	Adjustment	2014/15
					Main Allocation R'000	R'000	Adjusted Allocation R'000
Agriculture, Forestry and Fisheries (Vote 26)	Comprehensive Agricultural Support Programme Grant	To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land restitution and redistribution; and other previously disadvantaged producers who have acquired land through private means, and are engaged in value-adding enterprises domestically, or involved in export, to address damage to infrastructure caused by floods.	General conditional allocation to provinces	Eastern Cape	228 810	-	228 810
				Free State	146 531	-	146 531
				Gauteng	60 816	-	60 816
				KwaZulu-Natal	212 632	-	212 632
				Limpopo	225 873	-	225 873
				Mpumalanga	135 810	-	135 810
				Northern Cape	378 390	-	378 390
				North West	179 410	-	179 410
				Western Cape	292 336	-	292 336
				TOTAL	1 860 608	-	1 860 608
Basic Education (Vote 15)	(a) Education Infrastructure Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education; to enhance capacity to deliver infrastructure in education; to address damage to infrastructure caused by floods.	General conditional allocation to provinces	Eastern Cape	1 177 914	-	1 177 914
				Free State	554 313	-	554 313
				Gauteng	623 602	-	623 602
				KwaZulu-Natal	1 385 781	-	1 385 781
				Limpopo	1 108 625	-	1 108 625
				Mpumalanga	623 602	-	623 602
				Northern Cape	346 445	-	346 445
				North West	623 602	-	623 602
				Western Cape	485 024	-	485 024
				Unallocated	-	397 676	397 676
TOTAL	6 928 908	397 676	7 326 584				
(b) Occupational Specific Dispensation for Education Sector Therapists Grant	To augment the baseline compensation budget of the provincial education departments to enable them to comply with the Education Labour Relations Council Collective Agreement 1 of 2012.	General conditional allocation to provinces	Eastern Cape	6 571	-	6 571	
			Free State	18 358	-	18 358	
			Gauteng	93 599	-	93 599	
			KwaZulu-Natal	41 581	-	41 581	
			Limpopo	-	-	-	
			Mpumalanga	1 072	-	1 072	
			Northern Cape	7	-	7	
North West	1 417	-	1 417				
Western Cape	50 395	-	50 395				
TOTAL	213 000	-	213 000				

SCHEDULE 4, PART A

ALLOCATIONS TO PROVINCES TO SUPPLEMENT THE FUNDING OF PROGRAMMES OR FUNCTIONS FUNDED FROM PROVINCIAL BUDGETS

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A						
					2014/15	Adjustment	2014/15				
					Main Allocation R'000	R'000	Adjusted Allocation R'000				
Health (Vote 16)	(a) Health Professions Training and Development Grant	Support provinces to fund service costs associated with training health sciences trainees on the public service platform.	Nationally assigned function to provinces	Eastern Cape	199 874	-	199 874				
				Free State	146 419	-	146 419				
				Gauteng	811 114	-	811 114				
				KwaZulu-Natal	292 837	-	292 837				
				Limpopo	116 206	-	116 206				
				Mpumalanga	95 288	-	95 288				
				Northern Cape	76 697	-	76 697				
				North West	104 586	-	104 586				
				Western Cape	478 767	-	478 767				
				TOTAL	2 321 788	-	2 321 788				
				Higher Education and Training (Vote 17)	(b) National Tertiary Services Grant	Ensure provision of tertiary health services for all South African citizens; to compensate tertiary facilities for the costs associated with provision of these services.	Nationally assigned function to provinces	Eastern Cape	786 007	-	786 007
								Free State	898 091	-	898 091
								Gauteng	3 493 891	-	3 493 891
KwaZulu-Natal	1 496 427	-	1 496 427								
Limpopo	323 158	-	323 158								
Mpumalanga	97 116	-	97 116								
Northern Cape	298 727	-	298 727								
North West	237 264	-	237 264								
Western Cape	2 537 554	-	2 537 554								
TOTAL	10 168 235	-	10 168 235								
Higher Education and Training (Vote 17)	Further Education and Training Colleges Grant	To ensure the successful transfer of the Further Education and Training College function to the Department of Higher Education and Training.	General conditional allocation to provinces					Eastern Cape	319 517	-	319 517
								Free State	185 111	-	185 111
								Gauteng	725 809	-	725 809
				KwaZulu-Natal	351 475	-	351 475				
				Limpopo	404 504	-	404 504				
				Mpumalanga	140 989	-	140 989				
				North West	43 652	-	43 652				
Western Cape	82 376	-	82 376								
TOTAL	2 631 346	-	2 631 346								

SCHEDULE 4, PART A

ALLOCATIONS TO PROVINCES TO SUPPLEMENT THE FUNDING OF PROGRAMMES OR FUNCTIONS FUNDED FROM PROVINCIAL BUDGETS

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
					R'000	R'000	R'000
Transport (Vote 37)	(a) Provincial Roads Maintenance Grant	To supplement provincial investments for preventative, routine and emergency maintenance and road rehabilitation of provincial road networks, ensure all roads are classified as per Roads Infrastructure Strategic Framework for South Africa and the Road Classification and Access Management guidelines; to implement and maintain road asset management systems; to supplement provincial projects for the repair of roads and bridges damaged by declared natural disasters; to improve the state of the road networks serving electricity generation infrastructure, to construct rural pedestrian access bridges.	General conditional allocation to provinces	Eastern Cape	1 294 279	-	1 294 279
				Free State	1 025 682	-	1 025 682
				Gauteng	514 903	-	514 903
				KwaZulu-Natal	1 788 158	-	1 788 158
				Limpopo	1 127 310	-	1 127 310
				Mpumalanga	1 594 840	-	1 594 840
				Northern Cape	640 472	-	640 472
				North West	690 005	-	690 005
				Western Cape	685 849	-	685 849
				TOTAL	9 361 498	-	9 361 498
	(b) Public Transport Operations Grant	To provide supplementary funding towards public transport services provided by provincial departments of transport.	Nationally assigned function to provinces	Eastern Cape	195 282	-	195 282
				Free State	215 900	-	215 900
				Gauteng	1 819 854	-	1 819 854
				KwaZulu-Natal	904 783	-	904 783
				Limpopo	291 852	-	291 852
				Mpumalanga	491 418	-	491 418
				Northern Cape	43 937	-	43 937
				North West	90 318	-	90 318
				Western Cape	779 365	-	779 365
				TOTAL	4 832 709	-	4 832 709

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
					R'000	R'000	R'000
Agriculture, Forestry and Fisheries (Vote 26)	(a) Ilima/Letsema Projects Grant	To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production.	Conditional allocation	Eastern Cape	46 062	-	46 062
				Free State	60 802	-	60 802
				Gauteng	20 126	-	20 126
				KwaZulu-Natal	69 093	-	69 093
				Limpopo	46 062	-	46 062
				Mpumalanga	46 062	-	46 062
				Northern Cape	72 003	-	72 003
				North West	46 062	-	46 062
				Western Cape	54 353	-	54 353
				TOTAL	460 625	-	460 625
Arts and Culture (Vote 14)	(b) Land Care Programme Grant: Poverty Relief and Infrastructure Development	To promote sustainable use and management of natural resources by engaging in the initiatives that supports the pillars of sustainability (social, economic and environmental) leading to greater productivity, food security, job creation and better well-being for all.	Conditional allocation	Eastern Cape	10 853	-	10 853
				Free State	5 427	-	5 427
				Gauteng	4 748	-	4 748
				KwaZulu-Natal	10 854	-	10 854
				Limpopo	10 178	-	10 178
				Mpumalanga	6 105	-	6 105
				Northern Cape	7 462	-	7 462
				North West	8 140	-	8 140
				Western Cape	4 070	-	4 070
				TOTAL	67 837	-	67 837
Arts and Culture (Vote 14)	Community Library Services Grant	To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.	Conditional allocation	Eastern Cape	109 418	-	109 418
				Free State	119 013	-	119 013
				Gauteng	125 608	-	125 608
				KwaZulu-Natal	122 754	-	122 754
				Limpopo	81 010	-	81 010
				Mpumalanga	114 781	-	114 781
				Northern Cape	118 396	-	118 396
				North West	98 883	-	98 883
				Western Cape	126 347	-	126 347
				TOTAL	1 016 210	-	1 016 210

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A					
					2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation			
					R'000	R'000	R'000			
Basic Education (Vote 15)	(a) Dinaledi Schools Grant	To improve the quality of learner performance in Mathematics, Physical Sciences, Life Sciences and First Additional Language, in line with the Action Plan to 2014, and the National Development Plan; to improve the content knowledge, pedagogies and didactic skills of Mathematics, Physical Sciences and Life Sciences teachers.	Conditional allocation	Eastern Cape	13 342	-	13 342			
				Free State	8 006	-	8 006			
				Gauteng	22 458	-	22 458			
				KwaZulu-Natal	19 568	-	19 568			
				Limpopo	11 340	-	11 340			
				Mpumalanga	10 228	-	10 228			
				Northern Cape	3 782	-	3 782			
				North West	11 785	-	11 785			
				Western Cape	10 673	-	10 673			
				TOTAL	111 182	-	111 182			
				(b) HIV and AIDS (Life Skills Education) Grant	To support South Africa's HIV prevention strategy by increasing sexual and reproductive health knowledge, skills and appropriate decision making among learners and educators; to mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment for learners and educators; to ensure the provision of a safe, rights-based environment in schools that is free of discrimination, stigma and any form of sexual harassment/abuse; to reduce the vulnerability of children to HIV, TB and Sexually Transmitted Infections, with a particular focus on orphaned and vulnerable children.	Conditional allocation	Eastern Cape	37 023	-	37 023
							Free State	11 570	-	11 570
							Gauteng	30 195	-	30 195
							KwaZulu-Natal	52 261	9 727	61 988
							Limpopo	31 085	-	31 085
Mpumalanga	19 404	-	19 404							
Northern Cape	5 059	-	5 059							
North West	17 388	-	17 388							
Western Cape	17 077	-	17 077							
TOTAL	221 062	9 727	230 789							
(c) National School Nutrition Programme Grant	To provide nutritious meals to targeted learners.	Conditional allocation	Eastern Cape	984 548	-	984 548				
			Free State	299 205	-	299 205				
			Gauteng	640 541	-	640 541				
			KwaZulu-Natal	1 237 534	-	1 237 534				
			Limpopo	991 153	-	991 153				
			Mpumalanga	524 913	-	524 913				
			Northern Cape	134 645	-	134 645				
North West	366 890	-	366 890							
Western Cape	282 486	-	282 486							
TOTAL	5 461 915	-	5 461 915							

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
					R'000	R'000	R'000
Basic Education (Vote 15)	(d) Technical Secondary Schools Recapitalisation Grant	To recapitalise technical schools to improve their capacity to contribute to skills development and training in the country.	Conditional allocation	Eastern Cape	32 928	-	32 928
				Free State	22 219	-	22 219
				Gauteng	27 958	-	27 958
				KwaZulu-Natal	45 280	-	45 280
				Limpopo	29 859	-	29 859
				Mpumalanga	28 682	-	28 682
				Northern Cape	13 978	-	13 978
				North West	19 981	-	19 981
				Western Cape	12 597	-	12 597
				TOTAL	233 482	-	233 482
Health (Vote 16)	(a) Comprehensive HIV and AIDS Grant	To enable the health sector to develop an effective response to HIV and AIDS including universal access to HIV counselling and testing; to support the implementation of the national operational plan for comprehensive HIV and AIDS treatment and care; to subsidise in-part funding for the antiretroviral treatment programme.	Conditional allocation	Eastern Cape	1 449 237	-	1 449 237
				Free State	843 026	-	843 026
				Gauteng	2 632 578	-	2 632 578
				KwaZulu-Natal	3 257 992	-	3 257 992
				Limpopo	978 132	-	978 132
				Mpumalanga	818 836	-	818 836
				Northern Cape	342 789	-	342 789
				North West	936 938	-	936 938
				Western Cape	1 051 794	-	1 051 794
				TOTAL	12 311 322	-	12 311 322
	(b) Health Facility Revitalisation Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including: health technology, organisational design systems and quality assurance; to supplement expenditure on health infrastructure delivered through public-private partnerships; to enhance capacity to deliver health infrastructure.	Conditional allocation	Eastern Cape	599 231	-	599 231
				Free State	448 962	18 000	466 962
				Gauteng	671 033	-	671 033
				KwaZulu-Natal	1 162 469	200 000	1 362 469
				Limpopo	467 442	-	467 442
				Mpumalanga	343 509	-	343 509
				Northern Cape	421 428	30 000	451 428
				North West	486 121	14 000	500 121
				Western Cape	639 786	-	639 786
				TOTAL	5 239 981	262 000	5 501 981

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
					R'000	R'000	R'000
Health (Vote 16)	(c) National Health Insurance Grant	Test innovations in health services delivery and provision for implementing National Health Insurance, allowing for each district to interpret and design innovations relevant to its specific context in line with the vision for realising universal health coverage for all; to undertake health system strengthening activities in identified focus areas; to assess the effectiveness of interventions/activities undertaken in the districts funded through this grant.	Conditional allocation	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape TOTAL	7 000 7 000 7 000 14 000 7 000 7 000 7 000 7 000 7 000 7 000 70 000	- - - - - - - - - - -	7 000 7 000 7 000 14 000 7 000 7 000 7 000 7 000 7 000 7 000 70 000
Human Settlements (Vote 31)	Human Settlements Development Grant	To provide funding for the creation of sustainable human settlements.	Conditional allocation	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape TOTAL	2 159 218 1 061 756 4 417 641 3 273 045 1 219 115 1 146 690 374 832 1 517 136 1 914 936 17 084 369	- - - - - - - - - -	2 159 218 1 061 756 4 417 641 3 273 045 1 219 115 1 146 690 374 832 1 517 136 1 914 936 17 084 369
Public Works (Vote 7)	(a) Expanded Public Works Programme Integrated Grant for Provinces	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; other economic and social infrastructure; tourism and cultural industries; sustainable land based livelihoods and waste management.	Incentive allocation to provinces	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape Unallocated TOTAL	69 544 26 601 23 565 97 945 32 247 39 928 20 348 14 249 24 520 - 348 947	- - - - - - - - - - -	69 544 26 601 23 565 97 945 32 247 39 928 20 348 14 249 24 520 - 348 947

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
					R'000	R'000	R'000
Public Works (Vote 7)	(b) Social Sector Expanded Public Works Programme Incentive Grant for Provinces	To incentivise provincial social sector departments identified in the 2013 Social Sector Expanded Public Works Programme log-frame to increase job creation by focusing on the strengthening and expansion of social service programmes that have employment potential.	Incentive allocation to provinces	Eastern Cape	-	41 714	41 714
				Free State	-	11 700	11 700
				Gauteng	-	73 338	73 338
				KwaZulu-Natal	-	19 544	19 544
				Limpopo	-	18 632	18 632
				Mpumalanga	-	18 844	18 844
				Northern Cape	-	22 018	22 018
				North West	-	26 306	26 306
				Western Cape	-	25 876	25 876
				Unallocated	-	-	-
TOTAL	257 972	-	257 972				
Social Development (Vote 19)	Substance Abuse Treatment Grant	To provide funding for the construction of public substance dependency treatment facilities in the provinces of Eastern Cape, Free State, Northern Cape and North West.	Conditional allocation	Eastern Cape	-	13 000	13 000
				Free State	-	2 000	2 000
				Gauteng	-	-	-
				KwaZulu-Natal	-	-	-
				Limpopo	-	-	-
				Mpumalanga	-	-	-
				Northern Cape	-	2 000	2 000
				North West	-	12 000	12 000
				Western Cape	-	-	-
				TOTAL	29 000	-	29 000
Sport and Recreation South Africa (Vote 20)	Mass Participation and Sport Development Grant	To facilitate sport and recreation participation and empowerment in partnership with relevant stakeholders.	Conditional allocation	Eastern Cape	-	64 895	64 895
				Free State	-	40 318	40 318
				Gauteng	-	94 915	94 915
				KwaZulu-Natal	-	85 435	85 435
				Limpopo	-	59 446	59 446
				Mpumalanga	-	46 959	46 959
				Northern Cape	-	31 450	31 450
				North West	-	43 503	43 503
				Western Cape	-	58 711	58 711
				TOTAL	525 632	-	525 632

SCHEDULE 5, PART B
SPECIFIC-PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A		
			2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
			R'000	R'000	R'000
RECURRENT GRANTS					
Cooperative Governance and Traditional Affairs (Vote 3)	Municipal Systems Improvement Grant	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.	252 152	-	252 152
Energy (Vote 29)	Energy Efficiency and Demand Side Management Grant	To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure, in order to reduce electricity consumption and improve energy efficiency.	136 905	-	136 905
Human Settlements (Vote 31)	Municipal Human Settlements Capacity Grant	To build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes.	300 000	-	300 000
National Treasury (Vote 10)	(a) Infrastructure Skills Development Grant (b) Local Government Financial Management Grant	To recruit unemployed graduates in municipalities to be trained as per the requirements of the relevant Statutory Council/professional body within the built environment. To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.	104 425	-	104 425
Public Works (Vote 7)	Expanded Public Works Programme Integrated Grant for Municipalities	To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure); other economic and social infrastructure; tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; health service programmes; and community safety programmes.	594 575	-	594 575
Transport (Vote 37)	Public Transport Network Operations Grant	To provide operational funding to support the planning, regulation, control and management of municipal public transport networks and services.	902 817	-	902 817
Water and Sanitation (Vote 42)	Water Services Operating Subsidy Grant	To subsidise, refurbish and restore the functionality of water services schemes previously owned and /or operated by the Department of Water and Sanitation or by other agencies on behalf of the department.	449 558	-	449 558
TOTAL			3 189 570	-	3 189 570

SCHEDULE 5, PART B

SPECIFIC-PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A		
			2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
			R'000		
INFRASTRUCTURE GRANTS					
Cooperative Governance and Traditional Affairs (Vote 3)	(a)Municipal Disaster Recovery Grant	To rehabilitate and reconstruct disaster damaged municipal infrastructure.	37 302	156 951	194 253
	(b)Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.	14 683 835	80 214	14 764 049
Energy (Vote 29)	Integrated National Electrification Programme (Municipal) Grant	To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.	1 104 658	-	1 104 658
National Treasury (Vote 10)	Neighbourhood Development Partnership Grant	To support and facilitate the development of urban network plans that consist of primary and secondary networks that interconnect at strategic nodes, which in townships are referred to as urban hubs; urban network plans, precinct plans and then all projects aim to guide the delivery of catalytic infrastructure to leverage third party public and private sector development in the urban hubs; the aim of targeting investment in these strategic locations, as identified by urban network plans, is to improve the quality of life and access of residents in under-served neighbourhoods, generally within townships.	591 179	-	591 179
Transport (Vote 37)	(a) Public Transport Infrastructure Grant	To provide for accelerated planning, construction and improvement of public and non-motorised transport infrastructure.	4 968 029	-	4 968 029
	(b) Rural Roads Asset Management Systems Grant	To assist rural district municipalities to set up rural Road Asset Management Systems, and collect road and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.	75 223	-	75 223
Water and Sanitation (Vote 42)	(a) Municipal Water Infrastructure Grant	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a water supply service.	534 150	1 458	535 608
	(b) Rural Households Infrastructure Grant	To provide-specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable.	47 624	-	47 624
TOTAL			22 042 000	238 623	22 280 623

SCHEDULE 6, PART A

ALLOCATIONS-IN-KIND TO PROVINCES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A		
			2014/15 Main Allocation R'000	2014/15 Adjusted Allocation R'000	
Basic Education (Vote 15)	School Infrastructure Backlogs Grant	Eradication of entire inappropriate school infrastructure; provision of water, sanitation and electricity to schools.	2 938 503	(397 676)	2 540 827
Health (Vote 16)	National Health Grant	To address capacity constraints in provinces and to create an alternate track to speed up infrastructure delivery; to improve spending, performance, monitoring and evaluation on National Health Insurance pilots and infrastructure projects; to fund the introduction of the Human Papillomavirus vaccination programme in schools.	1 574 862	(375 000)	1 199 862
Water and Sanitation (Vote 42)	Human Settlements Development Grant	To provide funding for the creation of sustainable human settlements.	899 177	-	899 177
TOTAL			5 412 542	(772 676)	4 639 866

SCHEDULE 6, PART B
ALLOCATIONS-IN-KIND TO MUNICIPALITIES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A		
			2014/15 Main Allocation R'000	Adjustment R'000	2014/15 Adjusted Allocation R'000
Cooperative Governance and Traditional Affairs (Vote 3)	Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro-enterprises and social institutions servicing poor communities.	-	-	-
Energy (Vote 29)	Integrated National Electrification Programme (Eskom) Grant	To implement the Integrated National Electrification Programme by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.	2 948 037	-	2 948 037
Human Settlements (Vote 31)	Urban Settlements Development Grant	Supplements the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households.	-	-	-
National Treasury (Vote 10)	Neighbourhood Development Partnership Grant	To support and facilitate the development of urban network plans that consist of primary and secondary networks that interconnect at strategic nodes, which in townships are referred to as urban hubs; urban network plans, precinct plans and then all projects aim to guide the delivery of catalytic infrastructure to leverage third party public and private sector development in the urban hubs; the aim of targeting investment in these strategic locations, as identified by urban network plans, is to improve the quality of life and access of residents in under-served neighbourhoods, generally within townships.	58 300	-	58 300
Water and Sanitation (Vote 42)	(a) Water Services Operating Subsidy Grant	To subsidise, refurbish and restore the functionality of water services schemes previously owned and/or operated by the Department of Water and Sanitation or by other agencies on behalf of the department.	142 013	-	142 013
	(b) Regional Bulk Infrastructure Grant	To develop new and refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to develop new and refurbish, upgrade and replace ageing waste water infrastructure of regional significance.	3 986 896	18 563	4 005 459
	(c) Municipal Water Infrastructure Grant	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a water supply service.	524 826	23 300	548 126
	(d) Rural Households Infrastructure Grant	To provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable.	65 500	-	65 500
	TOTAL		7 725 572	41 863	7 767 435

MEMORANDUM ON OBJECTS OF THE DIVISION OF REVENUE AMENDMENT BILL, 2014

1. BACKGROUND

- 1.1 Section 214(1) of the Constitution of the Republic of South Africa, 1996 (“the Constitution”), requires that an Act of Parliament be enacted to provide for—
- (a) the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
 - (b) the determination of each province’s equitable share of the provincial share of that revenue; and
 - (c) any other allocations to provinces, local government or municipalities from the national government’s share of that revenue, and any conditions on which those allocations may be made.
- 1.2 Section 12(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), requires the Minister of Finance to table a division of revenue amendment Bill with a revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant year. As the adjustments budget for 2014 effects changes to the Division of Revenue Act, 2014 (Act No. 10 of 2014) (“the DoRA”), it is necessary for the Division of Revenue Amendment Bill, 2014 (“the Bill”), to be tabled with the adjustments budget.
- 1.3 The Bill is thus introduced in compliance with the requirements of the Constitution and the Money Bills Amendment Procedure and Related Matters Act, 2009.

2. SUMMARY OF BILL

- 2.1 Clause 1 of the Bill proposes the replacement in DoRA of Column A of—
- (i) Schedule 1;
 - (ii) Part A of Schedule 4; and
 - (iii) Part A of Schedule 5.
- Column A specifies the allocations for the 2014/15 financial year. Amendments to allocations are indicated in Column A by indicating the adjustment and the adjusted amount. The Schedules to the Bill address the following matters:
- (a) adjusting the equitable share of the national sphere of government;
 - (b) additional conditional allocations to provinces and municipalities;
 - (c) the conversion of allocations in terms of section 21 of the DoRA; and
 - (d) roll-overs of conditional allocations to provinces and municipalities not transferred by national departments during the 2013/14 financial year.
- 2.2 Clause 2 of the Bill proposes the replacement in DoRA of—
- (i) the first, second and third columns and Column A of Part B of Schedule 5; and
 - (ii) the first, second and third columns and Column A of Parts A and B of Schedule 6.
- 2.3 Clause 3 of the Bill provides for the short title.

3. ORGANISATIONS AND INSTITUTIONS CONSULTED

The following institutions were consulted on the adjustments proposed in the Bill:

- Financial and Fiscal Commission;
- South African Local Government Association; and
- National and provincial departments.

4. FINANCIAL IMPLICATIONS TO STATE

This Bill is necessitated by the proposed national adjustment budget for the 2014/15 financial year which affects the division of revenue between the three spheres of government. Financial implications to government are limited to the total transfers to provinces and local government as indicated in the Schedules to the Bill.

5. CONSTITUTIONAL IMPLICATIONS

This Bill (if enacted), in conjunction with the DoRA, will give effect to section 214 of the Constitution.

6. PARLIAMENTARY PROCEDURE

- 6.1 The State Law Advisers and the National Treasury are of the opinion that this Bill must be dealt with in accordance with the procedure envisaged by section 76(1) of the Constitution, as it provides for legislation envisaged in Chapter 13 of the Constitution and as it includes provisions affecting the financial interests of the provincial sphere of government, as contemplated in section 76(4)(b) of the Constitution.
- 6.2 In this regard we were guided by Chapter 4 of the Constitution which provides for procedures that Bills must follow in Parliament. Section 76 of the Constitution provides for parliamentary procedure for ordinary Bills affecting the provinces. In terms of section 76(3) a Bill must be dealt with in accordance with the procedure established by either subsection 76(1) or subsection 76(2) if it falls within a functional area listed in Schedule 4.
- 6.3 In **Stephen Segopotso Tongoane and Others v Minister for Agriculture and Land Affairs and Others CCT100/9 [2010] ZACC 10** at paragraphs 70 and 72, the Constitutional Court stated that the test for determining how a Bill is to be tagged must be broader than that for determining legislative competence. Whether a Bill is a section 76 Bill is determined in two ways. First by the explicit list of legislative matters in section 76(3), and second by whether the provisions of a Bill in substantial measure fall within a concurrent legislative competence.
- 6.4 This test compels us to consider the substance, purpose and effect of the subject matter of the proposed Bill.
- 6.5 The Bill provides for legislation envisaged in Chapter 13 of the Constitution. Furthermore, the Bill includes provisions affecting the financial interests of the provincial sphere of government as contemplated in section 76(4)(b) of the Constitution. We are therefore of the opinion that the Bill must be dealt with in accordance with the procedure envisaged by section 76(1) of the Constitution.
- 6.6 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional Leaders in terms of section 18(1)(a) of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003), since it does not contain provisions pertaining to customary law or customs of traditional communities.

DIVISION OF REVENUE AMENDMENT BILL ATTACHMENTS

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ANNEXURE 1:
EXPLANATORY MEMORANDUM TO
THE DIVISION OF REVENUE
AMENDMENT

Explanatory memorandum to the division of revenue amendment bill

■ Background

The allocation of resources to the three spheres of government is a critical step in the budget process, required before national government, the nine provinces and 278 municipalities can determine their own budgets. The allocation process takes into account the powers and functions assigned to the three spheres of government. The process for making this decision is at the heart of cooperative governance as envisaged in the Constitution. To foster transparency and ensure smooth intergovernmental relations, section 214(1) of the Constitution requires that every year a Division of Revenue Act determine the equitable division of nationally raised revenue between the three spheres of government. The Intergovernmental Fiscal Relations Act (1997) prescribes the process for determining the equitable sharing and allocation of revenue raised nationally.

This explanatory memorandum to the Division of Revenue Amendment Bill, 2014, (“the Bill”) fulfills the requirement set out in section 12(4) of the Money Bills Amendment Procedure and Related Matters Act, (Act No. 9 of 2009), that the Minister of Finance must table a division of revenue amendment bill with the revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant year. Section 10(5) of the Intergovernmental Fiscal Relations Act requires that the Division of Revenue Bill must be accompanied by an explanatory memorandum detailing how the Bill takes account of the matters listed in sections 214(2)(a) to (j) of the Constitution; government’s response to the recommendations of the Financial and Fiscal Commission (FFC); and any assumptions and formulae used in arriving at the respective divisions among provinces and municipalities. As the FFC’s recommendations are specific to the main budget and none of the formulae used in the Division of Revenue Act, 2014, have been changed, this explanatory memorandum only contains three parts:

- Part 1 describes the factors that inform the division of resources between the three spheres of government.
- Part 2 describes the proposed amendments to the Division of Revenue Act, 2014 and their impact on the different spheres of government.
- Part 3 describes changes to the frameworks and detailed allocations per province and municipality that have been gazetted in terms of section 16(1) of the Division of Revenue Act, 2014. The changes are submitted to parliament for consideration as envisaged in section 16(2) of the Division of Revenue Act, 2014.

The Division of Revenue Amendment Bill and its underlying allocations are the culmination of extensive consultation processes between national, provincial and local government. The Budget Council and Budget Forum deliberated on the matters discussed in this memorandum. The approach to local government allocations have been discussed with organised local government (South African Local Government Association) at technical meetings, culminating in a meeting of the Budget Forum.

■ Part 1: Constitutional considerations

Section 214 of the Constitution requires that the annual Division of Revenue Act be enacted only after taking account of factors in sub-sections (2)(a) to (j) of the Constitution. These include the national interest; provision for debt; the needs of national government and emergencies; the allocation of resources to provide basic services and meet developmental needs, fiscal capacity and efficiency of the provincial and local spheres; the reduction of economic disparities; and the promotion of stability and predictability. Annexure W1 to the 2014 Division of Revenue Bill outlined in detail how these considerations were taken into account in the 2014 Division of Revenue. None of the adjustments in this Bill alter the constitutional considerations that informed the 2014 Division of Revenue.

■ Part 2: Summary of changes in the Division of Revenue Amendment Bill, 2014

An adjustments budget provides for unforeseen and unavoidable expenditure; appropriation of monies already announced during the tabling of the annual budget (but not allocated at that stage); the shifting of funds between and within votes where a function is transferred; the utilisation of savings; and the roll-over of unspent funds from the preceding financial year. If the adjustments budget effects changes to the division of revenue as contained in the Division of Revenue Act for the relevant year the Minister of Finance must table a Division of Revenue Amendment Bill with the revised framework. There are amendments to the 2014 Budget that affect the Division of Revenue Act, 2014 which will be effected through the Division of Revenue Amendment Act, 2014, once enacted. The amendments as they impact on provinces and municipalities are discussed in detail below.

Changes to provincial allocations

Roll-over

When a department does not spend all of the funds allocated to it in a financial year, the remaining funds are returned to the National Revenue Fund. If departments had already committed these funds (or a part thereof) to be spent, then they can apply for the funds to be returned to them so that they can meet that commitment. The return of these funds is called a roll-over. The roll-over of national funds not yet transferred to provinces in 2013/14 is included in the Division of Revenue Amendment Bill, 2014.

An amount of R9.7 million is rolled-over for KwaZulu-Natal province for the *HIV and AIDS (life skills education) grant*. These funds were withheld due to delays in procuring HIV and AIDS related teacher training, first aid kits and scales for schools by the KZN province as bid specifications were not finalised as planned. These goods and services have since been procured and delivered (invoices have been submitted as proof of commitment). These payments cannot be accommodated within the 2014/15 allocation since that is committed to a new set of projects.

Conversions of indirect provincial conditional grants to direct provincial conditional grants

An amount of R397.7 million has been converted from the *school infrastructure backlogs grant* (indirect grant) to the *education infrastructure grant* (direct grant) for the Western Cape as the province will be the implementing agent for these projects.

R262 million from the indirect *national health grant: health facility revitalisation component* will be converted to the direct *health facility revitalisation grant* for four provinces (R18 million for Free State, R200 million for KwaZulu-Natal, R30 million for Northern Cape

and R14 million for North West). A saving of R113 million is also declared under the *national health grant: health facility revitalisation component*.

Changes to local government allocations

Roll-overs

A roll-over of R1.5 million has been approved for Ngaka Modiri Molema District Municipality's allocation for the *municipal water infrastructure grant* for a project on the Ottersdal Water Supply in Tswaing Local Municipality. When the payment was processed on 31 March 2014, the Department of Water and Sanitation experienced technical challenges causing the payment to be rejected by the system. As this was the last day of the 2013/14 financial year, the funds had to be rolled-over so that they can be transferred in 2014/15.

A roll-over of R80.2 million has been approved on the *municipal infrastructure grant* for projects in nine municipalities where transfers were stopped in 2013/14. These municipalities are in the Eastern Cape, KwaZulu-Natal, Northern Cape, North West and Western Cape. The funds were stopped in terms of section 18 of the 2013 Division of Revenue Act during 2013/14 after National Treasury in consultation with the Department of Cooperative Governance stopped *municipal infrastructure grant* transfers for municipalities that showed spending of less than 30 per cent of their grant allocations after the first six months of the municipal financial year. The transfer of a total of R677.1 million was stopped for 84 municipalities and R547.1 million was reallocated to municipalities that could fast track the implementation of their capital projects. However an amount of R130 million remained unallocated. Of this amount, R80.2 million has been approved for roll-overs to 9 municipalities that have demonstrated that they have contractual commitments in place to spend these funds.

A roll-over of R18.6 million has been approved on the *regional bulk infrastructure grant* for projects in the North West province. Funds have been committed to Magalies Water Board for the Taung / Naledi Bulk Water Supply Scheme. The funds could not be spent on the grant due to late processing of invoices which could not be finalised before the end of the financial year.

Unforeseen and unavoidable expenditure

The poor operations and maintenance of the Waste Water Treatment Works in the town of Bloemhof in the Lekwa-Teemane Local Municipality (where Dr Ruth Segomotsi Mompati District Municipality is the water services authority) compromised the quality of water resulting in three fatalities. R8.3 million has been recommended through the indirect *municipal water infrastructure grant* for emergency interventions to address this issue. These funds will be used for a water emergency intervention project that will: ensure the distribution network functions properly; prevent untreated wastewater/sewage from being discharged into fresh water streams; and fund the acquisition of new lab equipment.

An amount of R15 million has been approved through the indirect *municipal water infrastructure grant* for an emergency intervention for the Madidi and Giyani area where there is currently insufficient water being provided by the water treatment works to supply the needs of over 250 000 households in the area. These funds will be used to add another 16 boreholes to provide additional water resources in the area.

Disaster funding

Additional funding for disaster recovery will be allocated through the *municipal disaster recovery grant* to 24 municipalities in 5 provinces in 2014/15. This is to repair and replace infrastructure damaged as a result of declared disasters that occurred in 2013 and 2014. A

process of independent damage verification and costing was undertaken to determine the cost of repairing or reconstructing damaged infrastructure and other services. This was in response to requests for post disaster funding received from the Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga and Western Cape provinces. The total verified costs amounted to R2.7 billion for national, provincial and municipal infrastructure. Of this total, R157 million will be transferred to municipalities in the 2014/15 financial year to repair municipal infrastructure. Further amounts for all three spheres will be allocated over the 2015 MTEF, details of these allocations will be announced in the 2015 Budget.

Function shift

As part of the National Macro Organisation of the State (NMOS) process that followed the 2014 national elections, the sanitation function has been shifted from the Department of Human Settlements to the Department of Water and Sanitation. The schedules of this Bill therefore also include the shift of two sanitation grants, the *rural households infrastructure grant* and the indirect portion of the *human settlements development grant* allocated for the eradication of bucket sanitation, from the Department of Human Settlements to the Department of Water and Sanitation. The change in the name of this department from the Department of Water Affairs to the Department of Water and Sanitation is also reflected in the schedules.

■ Part 3: Changes to gazetted frameworks and allocations

Together with the tabling of the Division of Revenue Amendment Bill, National Treasury also submits to parliament proposed changes to gazetted conditional grant frameworks and allocations. Section 16(2) of the Division of Revenue Act, 2014, requires National Treasury to consult parliament on any proposed changes to a conditional grant framework for the purposes of correcting an error or omission before gazetting the changes.

The proposed changes to provincial and local government conditional grant frameworks are described below and the revised frameworks and detailed allocations are included in the annexures and appendices to the Division of Revenue Amendment Bill, 2014. While these changes do not form part of the Bill, parliament is requested to consider them in terms of the process set out in Section 16(2) of the Division of Revenue Act, 2014.

Changes to provincial conditional grant frameworks

Corrections are proposed to the frameworks for the *education infrastructure grant*, *health facility revitalisation grant*, *national health grant: health facility revitalisation component*, *national health grant: national health insurance component*, *provincial roads maintenance grant* and the indirect portion of the *human settlements development grant*.

Education infrastructure grant

Two errors will be corrected in the framework for this grant that funds the construction of education facilities by provinces.

- The framework will be corrected to align the dates for the submission of infrastructure plans in the framework to those prescribed in the Division of Revenue Act, 2014.
- The maximum amount that may be used for technical capacity to implement infrastructure projects was incorrectly stated as R16 million. The correct amount is R26 million and this will be amended in the regazetted framework. Provinces can use this amount for the appointment of public servants to manage infrastructure projects in provincial head offices and district offices and the R16 million maximum did not

provide sufficient resources to enable all provinces to fund staff needed in district offices.

Health facility revitalisation grant

Two errors in the *health facility revitalisation grant* framework that funds provincial health infrastructure will be corrected.

- The framework will be corrected to align the dates for the submission of infrastructure plans in the framework to those prescribed in the Division of Revenue Act, 2014.
- The maximum amount that may be used for technical capacity to implement infrastructure projects was incorrectly stated as R16 million. The correct amount is R29 million and this will be amended in the regazetted framework. Provinces can use this amount for the appointment of public servants to manage infrastructure projects in provincial head offices and district offices and the R16 million maximum did not provide sufficient resources to enable all provinces to fund staff needed in district offices.

National health grant: health facility revitalisation component

Three corrections are required to the framework for this indirect conditional grant through which the national Department of Health implements infrastructure projects in National Health Insurance pilot districts.

- A correction is needed to the list of details that must be included in the Infrastructure Programme Management Plan (IPMP) and Infrastructure Programme Implementation Plan (IPIP) and the Annual Implementation Plan (AIP). These plans must include costed project lists for 2014/15, 2015/16 and 2016/17 and projected milestones. The other details that the gazetted framework required in these plans (such as a human resources plan and a monitoring and evaluation plan) will be included in the conditions section of the framework instead.
- As the plans discussed above will be submitted to National Treasury, there is no need for an assessment to also be submitted, so this requirement is removed.
- The dates for the process for approval of 2015/16 Annual Implementation Plans need to be corrected to align to those prescribed in the Division of Revenue Act, 2014.

National health grant: national health insurance component

Five corrections are needed in the framework for this indirect grant, through which the national Department of Health pilots interventions in National Health Insurance pilot districts.

- The framework only refers to medical practitioners and omits to include other health practitioners that may need to be contracted to support the improvement in service delivery. This omission will be corrected by referring to “health practitioners” and “health care services” in the framework instead of only “medical practitioners.”
- The word “contracting” will be changed to “purchasing services from” in relation to health professionals. This allows the department to purchase services from practitioners in their own practices instead of contracting them to work in public facilities.
- The original framework omits to mention the implementation of alternative models for the supply of chronic medicines. This will be added to the outcomes and conditions sections of the grant framework.
- The due date for business plans to be submitted to National Treasury was erroneously stated as two weeks after the enactment of Division of Revenue Act, this is corrected to 30 July 2014 in the revised framework.

- The allocations for the MTEF in the gazetted framework were incorrect. The correct allocations over the 2014 MTEF that will be included in the regazetted framework are R395 million in 2014/15, R414 million in 2015/16 and R401.9 million in 2016/17.

Human settlements development grant (indirect portion)

This indirect grant to provinces was created in 2014/15 to fund an accelerated bucket eradication programme. As part of the shift of the sanitation function from the Department of Human Settlements to the Department of Water and Sanitation this indirect grant will now be administered by the Department of Water and Sanitation. This means that the name of the transferring department on the grant framework must be corrected. No other changes are made to the conditions or allocations for the grant.

Provincial roads maintenance grant

One error needs to be corrected in the framework for this grant that funds the maintenance of provincial roads.

- The framework incorrectly refers to project lists being gazetted in provincial legislatures. This will be corrected to reflect that project lists must be tabled in provincial legislatures.

Changes to local government conditional grant frameworks

Changes are needed to correct errors and omissions in the local government conditional grant frameworks for the *rural household infrastructure grant* and the *municipal human settlements capacity grant*.

Rural households infrastructure grant

This grant funds the provision of on-site solutions for water and sanitation for rural households where the provision of connector services is not feasible. The grant has both direct and indirect components. As part of the shift of the sanitation function from the Department of Human Settlements to the Department of Water and Sanitation this grant will now be administered by the Department of Water and Sanitation. This means that the name of the transferring department on the grant framework must be corrected. A condition in the grant framework under the section applicable to the indirect portion of the grant requires that municipalities must submit business plans by 30 June 2014. This is an error as beneficiaries of the indirect grant (through which the national department implements projects) do not have to submit business plans. This error will be corrected by moving this condition to the section of the framework applicable to recipients of the direct grant as these municipalities do have to submit business plans.

Municipal human settlements capacity grant

This is a new grant introduced in 2014/15 to build capacity in municipalities to deliver and administer human settlements programmes. Two errors and two omissions in this new grant framework will be corrected.

- As this grant was introduced before the new Medium Term Strategic Framework (MTSF) for 2014/15 – 2018/19 was published it did not include reference to the catalytic projects set out in the MTSF. This omission will be corrected through the inclusion of a condition that business plans must be aligned to the catalytic projects in line with the MTSF.
- The second omission to be corrected is that the gazetted framework does not require that business plans and reports also be submitted to provinces. As provinces transfer

funds from the *human settlements development grant* to cities it is important that they also receive and review the capacity building business plans and reports of cities.

- A correction is needed to align the grant framework with the decision by the Human Settlements MinMEC to hold the assignment of the housing function in abeyance while the assignment process is reviewed. This means that assignment will not take place in 2014/15 and so all references to assignment taking place this year should be removed from the framework. This includes references to the transfer of projects, staff and assets and liabilities from provinces to municipalities that would have taken place in the event of the function being assigned in 2014/15.
- The timelines for the submission and approval of business plans in the framework also need to be corrected due to the delays caused by the decision to review the assignment process. The timelines will be corrected so that the revised draft business plans can be submitted in November 2014 and final business plans submitted in early January 2015. This will allow funds to be transferred and spent in the second half of the 2014/15 municipal financial year.

Changes to allocations

Details per municipality of the changes to allocations for the *municipal infrastructure grant*, *municipal water infrastructure grant*, *regional bulk infrastructure grant* and the *municipal disaster recovery grant* that have been described in part 2 of this explanatory memorandum will be gazetted. These changes are shown in annexures 4 and 5 to the Bill. Details of the changes per province for the indirect *school infrastructure backlogs grant* and the *national health grant* described in part 2 of this explanatory memorandum will also be gazetted. These changes are shown in appendixes 2 and 3 to this Bill.

In addition, changes to the names of provincial departments will be gazetted for the recipients of the *expanded public works programme integrated grant for provinces*. These changes are shown in appendix 1 to this Bill.

- The first correction is for departments in Limpopo where the Department of Agriculture is responsible for implementing expanded public works programme projects and not the Department of Rural Development as reflected in the original gazette.
- Following the 2014 national and provincial elections, the Department of Agriculture and Environmental Affairs in KwaZulu-Natal was split into two departments, namely the Department of Economic Development, Tourism and Environmental Affairs and the Department of Agriculture and Rural Development. Due to the split, the allocation and job creation target for the former department will be split between the new departments and regazetted.

ANNEXURE 2:
FRAMEWORKS FOR CONDITIONAL
GRANTS TO PROVINCES

Annexure 2: Frameworks for Conditional Grants to Provinces

Detailed frameworks on Part A of Schedule 4 and Parts A of Schedules 5 and 6 grants to provinces

Introduction

This annexure provides a brief description of the framework for grants set out in Part A of Schedule 4 and Parts A of Schedules 5 and 6 to of the 2014 Division of Revenue Amendment Bill. The following are key areas considered for the grants:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority outcome(s) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between provinces
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2014 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving provincial departments
- Process for approval of 2015 MTEF allocations

The attached frameworks are not part of the Division of Revenue Amendment Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2014 Division of Revenue Amendment Bill is enacted, these frameworks will be gazetted in terms of the Act.

The financial statements and annual reports for 2014/15 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

BASIC EDUCATION GRANT

Education Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 15)
Strategic goal	<ul style="list-style-type: none"> • To supplement provinces to fund provincial education infrastructure
Grant purpose	<ul style="list-style-type: none"> • To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education • To enhance capacity to deliver infrastructure in education • To address damage to infrastructure caused by natural disasters
Outcome statements	<ul style="list-style-type: none"> • Improved service delivery by provincial departments as a result of an improved and increased stock of schools infrastructure • Aligned and coordinated approach to infrastructure development at the provincial level • Improved education infrastructure expenditure patterns • Improved response to the rehabilitation of school infrastructure affected by natural disasters • Improved rates of employment and skills development in the delivery of infrastructure
Outputs	<ul style="list-style-type: none"> • Number of new schools, additional education spaces, education support spaces and administration facilities constructed as well as equipment and furniture provided • Number of existing schools' infrastructure upgraded and rehabilitated • Number of new and existing schools maintained • Number of work opportunities created
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 1: Improved quality of basic education
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses a User-Asset Management Plan (U-AMP) which contains the following: <ul style="list-style-type: none"> ○ demand and need determination ○ education infrastructure improvement priorities and targets ○ current performance of education infrastructure ○ project portfolio ○ U-AMP improvement plan ○ project lists for a period of at least 10 years ○ maintenance plan ○ financial summary ○ organisational and support plan
Conditions	<ul style="list-style-type: none"> • Provinces may use a maximum of R26 million of this grant in the 2014/15 financial year for the appointment of public servants to their infrastructure units. Posts must be aligned to the agreed sector structure and job profiles and approved by the national Department of Basic Education (DBE) • Provincial Education Departments (PEDs) must on a quarterly basis submit to the transferring national officer, relevant provincial treasury and the National Treasury, a report on the filling of posts on the approved establishment for the infrastructure unit of the affected provincial department in a format determined by the National Treasury • Provinces must report all infrastructure expenditure partially or fully funded by this grant in a format determined by the National Treasury and the DBE • Provinces must maintain a record of all contracts that are fully or partially funded by this grant, if the contract is above the prescribed tender value that is compliant with the Register of Projects of the Construction Industry Development Board • The flow of the first installment of the grant depends upon receipt by DBE and provincial treasuries of: <ul style="list-style-type: none"> ○ approved and signed-off tabled U-AMP with prioritised project lists for the 2014 MTEF and a comprehensive maintenance plan by not later than 11 April 2014. The U-AMP must also include the implementation plans for schools affected by natural disasters ○ PEDs must provide the relevant provincial treasury with a list of infrastructure projects over the medium term expenditure framework for tabling in the provincial legislature with the provincial Appropriation Bill in the format determined by the National Treasury, and within seven days after the tabling in the legislature, submit the list to the DBE and the National Treasury and upload the list on the provincial website ○ submit to DBE, the relevant provincial treasury and the National Treasury any amendment to the list and the reason for the amendment and table the amended list with the provincial Adjustments Appropriation Bill and upload the amended list on their website • The flow of the second installment depends upon receipt by DBE and provincial treasuries of the approved and signed-off: <ul style="list-style-type: none"> ○ monthly infrastructure reports for March 2014 in a format determined by the National Treasury and DBE ○ National Education Infrastructure Management System (NEIMS) assessment forms for the fourth quarter of the 2013/14 financial year not later than 18 April 2014 ○ submit quarterly performance reports on disaster allocations, to the Provincial Disaster Management Centre (PDMC) and DBE • The flow of the third instalment is dependent upon receipt by DBE, the relevant provincial treasuries and the National Treasury, on a date and in a format determined by National Treasury, the approved and signed-off:

Education Infrastructure Grant	
	<ul style="list-style-type: none"> ○ draft U-AMP for all infrastructure programmes for a period of at least 10 years (including the initial list of prioritised projects and a comprehensive maintenance plan). The 2015/16 project list must be drawn from the prioritised project list for the MTEF tabled in 2014/15 ○ monthly infrastructure reports in the format determined by National Treasury and the DBE ○ NEIMS assessment forms for the first quarter of 2014/15 by 25 July 2014 ○ submission of quarterly performance reports on disaster allocations for the first quarter of 2014/15 to the PDMC and DBE ● The flow of the fourth installment to the Western Cape is conditional upon receipt by the DBE and relevant provincial treasury of the approved and signed off: <ul style="list-style-type: none"> ○ monthly infrastructure report for August 2014 in the format determined by National Treasury and the DBE ● The flow of the fifth installment is conditional upon receipt by the DBE and relevant provincial treasuries of the approved and signed off: <ul style="list-style-type: none"> ○ monthly infrastructure reports in the format determined by National Treasury and the DBE ○ NEIMS assessment forms for the second quarter of 2014/15 by 24 October 2014 ○ draft Infrastructure Programme Management Plan (IPMP) (including the construction procurement strategy) for infrastructure programmes envisaged to commence within the period for the Medium Term Expenditure Framework (MTEF). These plans should also be submitted to National Treasury in a format and on a date determined by National Treasury ○ submission of quarterly performance reports on disaster allocations for the second quarter of 2014/15 to the PDMC and DBE ● The flow of the sixth installment is conditional upon receipt by the DBE and the relevant provincial treasuries, on a date determined by National Treasury, of the approved and signed-off: <ul style="list-style-type: none"> ○ monthly infrastructure reports in the format determined by National Treasury and the DBE ○ NEIMS assessment forms for the third quarter of 2014/15 to DBE not later than 23 January 2015 ○ submission of the final IPMP and the construction procurement strategy for infrastructure programmes envisaged to commence within the period for the MTEF not later than 13 February 2015 ○ submission of quarterly performance reports on disaster allocations for the second quarter of 2014/15 to the PDMC and DBE ● Client departments must enter into Service Delivery Agreements (SDAs) with their implementing agents. The development or review of the SDA should continue in parallel with the development of the IPMP and Infrastructure Programme Implementation Plan (IPIP) ● Provincial departments must establish committees with the relevant implementing agents and hold monthly meetings that are minuted to review progress on the IPMP and IPIP ● Provincial departments must consult with the relevant municipality on the development of their Integrated Development Plans to ensure integrated planning of basic services and school sporting facilities ● All immovable asset management and maintenance responsibilities as prescribed by the Government Immovable Asset Management Act of 2007 (GIAMA) and the Infrastructure Delivery Management Toolkit must be adhered to ● PEDs must provide School Governing Bodies with maintenance guidelines to conduct minor maintenance. This should be in accordance with the sector maintenance strategy ● PEDs must establish and maintain updated Immoveable Asset Registers ● PEDs must provide all the necessary equipment and furniture in the spaces provided when constructing new projects ● Minor maintenance functions must be budgeted and planned for at the provincial level and carried out through the district offices for non-section 21 schools. A monitoring and evaluation tool must be developed by PEDs for maintenance in section 21 schools that receive a budget through the section 21 allocation for maintenance ● PEDs must seek approval from DBE, in consultation with the National Treasury, for the procurement of any mobile classrooms to be funded by this grant ● Additional funds have been added to this grant for the reconstruction and rehabilitation of infrastructure damaged by floods. The following amounts per province must be used for the repair of infrastructure damaged by natural disasters declared in the Government Gazette and as assessed by the National Disaster Management Centre (NDMC): <ul style="list-style-type: none"> ○ KwaZulu-Natal: R31.6 million ○ Limpopo: R20.3 million ○ Western Cape: R0.7 million ● Business plans for the allocated disaster funds must be in line with the post disaster verification assessment reports submitted to the NDMC ● Disaster reconstruction and rehabilitation funds may only be utilised for approved projects as listed in the post disaster verification assessment reports and approved business plans ● Quarterly performance reports on disaster allocations must be submitted to the NDMC ● R397.7 million is earmarked for projects in the Western Cape that were funded through the Schools Infrastructure Backlogs Grant. These funds must be used to meet the objectives of the Schools Infrastructure Backlogs Grant. ● Compliance with the conditions of this grant framework and the relevant clauses within the stipulated timeframes of the Division of Revenue Act

Education Infrastructure Grant	
	<ul style="list-style-type: none"> • Non-compliance with any of the above conditions may result in the withholding and subsequent stopping of this grant
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2014/15 are based on historical allocations for the previous Infrastructure Grant for Provinces
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through a conditional grant enables the national department to ensure the delivery and maintenance of education infrastructure in a coordinated and efficient manner, and consistent with national norms and standards for school buildings
Past performance	2012/13 audited financial outcomes <ul style="list-style-type: none"> • Allocated R5 822 million and transferred R5 820 million to provinces, of which provinces spent R5 614 million or 96 per cent of the adjusted allocation
	2012/13 service delivery performance <ul style="list-style-type: none"> • 3 478 teaching spaces provided, 1 139 admin spaces, 241 water, 252 sanitation, 91 energy, 268 fencing, 1 083 maintenance and upgrades and 6 sports facilities
Projected life	<ul style="list-style-type: none"> • Education is a key government priority and given the need to continually maintain school infrastructure and ensure that norms and standards are maintained
MTEF allocations	<ul style="list-style-type: none"> • 2014/15: R7 327 million, 2015/16: R9 469 million, and 2016/17: R10 038 million
Payment schedule	<ul style="list-style-type: none"> • As per the gazetted amended payment schedule
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • DBE will visit selected infrastructure sites in provinces • DBE and National Treasury will support provinces to improve infrastructure delivery capacity and systems • DBE must provide guidance to provinces in planning and prioritisation • DBE and National Treasury must jointly evaluate and provide feedback to all provinces on the assessment of U-AMPs/infrastructure plans • Submit quarterly performance reports on disaster allocations to NDMC within 45 days after the end of each quarter • Comply with the conditions of this grant framework and the relevant clauses within the stipulated timeframes of the Division of Revenue Act
	Responsibilities of the provincial departments <ul style="list-style-type: none"> • PEDs must submit a monthly provincial infrastructure report of infrastructure programmes within 15 days after the end of each month to the relevant provincial treasury and DBE • PEDs must table infrastructure plans together with draft strategic and annual performance plans • Submit quarterly performance reports on disaster allocations, to the PDMC and DBE • Comply with the conditions of this grant framework and the relevant clauses within the stipulated timeframes of the Act
Process for approval of the 2015/16 and 2016/17 business plans	<ul style="list-style-type: none"> • For purposes of the Education Infrastructure Grant in the 2015/16 financial year, PEDs must, in the format and on the date determined by the National Treasury, submit to DBE, the relevant provincial treasury and the National Treasury approved project proposals for all new projects in the planning stage in the 2015/16 financial year • Approved concept reports for all projects in the design or construction stage in the 2015/16 financial year • For purposes of the Education Infrastructure Grant in the 2016/17 financial year, PEDs must, in the format and on the date determined by the National Treasury, submit to DBE, the relevant provincial treasury and the National Treasury: <ul style="list-style-type: none"> ○ draft U-AMPs and a prioritised list of projects for a period of at least 10 years ○ IPMPs and Construction Procurement Strategies for infrastructure programmes envisaged to commence within the period for the MTEF • Implementing department(s) or agent(s) must submit the Infrastructure Programme Implementation Plans (IPIPs) for 2015/16 to client departments by 28 November 2014

HEALTH GRANTS

Health Facility Revitalisation Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Strategic goal	<ul style="list-style-type: none"> • To enable provinces to plan, manage, maintain and transform health infrastructure in line with national and provincial policy objectives
Grant purpose	<ul style="list-style-type: none"> • To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including: health technology, organisational design (OD) systems and quality assurance (QA) • Supplement expenditure on health infrastructure delivered through public-private partnerships • To enhance capacity to deliver health infrastructure
Outcome statements	<ul style="list-style-type: none"> • Improved service delivery by provincial departments as a result of an improved and increased quality of health services • Improved quality and well maintained health infrastructure (backlog and preventative maintenance) • Improved rates of employment and skills development in the delivery of infrastructure • Value for money and cost effective design of facilities
Outputs	<ul style="list-style-type: none"> • Number of health facilities, planned, designed, constructed, equipped, operationalised and maintained
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • The business plan in this grant will be replaced by the Infrastructure Programme Management Plan (IPMP), the User-Asset Management Plan (U-AMP), Annual Implementation Plan (AIP) and the Infrastructure Programme Implementation Plan (IPIP), and will include the following: <ul style="list-style-type: none"> ○ projects funded in 2014/15, 2015/16, and 2016/17 ○ annual project milestones ○ quarterly cash flow projections per project for 2014/15
Conditions	<ul style="list-style-type: none"> • With the exception of funding for costs incurred on business case and project brief development, all new/replacement hospitals, nursing colleges and nursing schools projects commencing construction in 2014/15 must have business cases and Project Execution Plans (costed project master plans) approved before funds can be released for such projects • All the new projects should follow project implementation stages as prescribed in the Project Implementation Manual (PIM) • Provincial Departments of Health (PDoH) must submit 2014/15 AIPs signed-off by the Head of Department (HoD) with the organisational structure of the infrastructure unit to the national Department of Health (DoH) for approval by 28 February 2014 • The 2014/15 MTEF project list as captured in the AIP should comply with the following allocations: <ul style="list-style-type: none"> ○ minimum of 25 per cent of the grant allocation for maintenance of infrastructure ○ minimum of 25 per cent of the grant allocation for rehabilitation, refurbishment and repair, upgrades and additions of infrastructure ○ maximum of 50 per cent of the grant allocation should be allocated for new and replacement infrastructure • Provinces may deviate from these allocation proportions if approval from DoH is obtained by 28 February 2014 • Provinces must utilise a maximum of R29 million from the allocated budget for technical capacity to implement the infrastructure projects • Provinces must submit monthly financial reports and quarterly non-financial reports in a prescribed form • In instances where the capacity of the Provincial Public Works Department is deemed insufficient, the PDoH will be entitled to engage alternative Implementing Agents (IAs), provided that Supply Chain Management processes as prescribed in the Treasury Regulations for appointment of service providers are followed • PDoH must enter into Service Delivery Agreements (SDAs) with their IAs • Appropriately qualified built environment representatives from the provincial departments infrastructure units must assist in the procurement of professional service providers and contractors by its IA, through representation as a member on the specification, evaluation and adjudication committees of the IA • All PDoH must submit a procurement plan as per Infrastructure Delivery Management System (IDMS) for infrastructure projects as compiled by the IA to their provincial treasury and DoH by 30 April 2014 for the 2014/15 financial year • The DoH after consultation with National Treasury will withhold transfers if the province is under-spending • All new/replacement hospitals, nursing colleges and nursing schools must follow peer review stages as per PIM • Additional funds have been added to this grant for the reconstruction and rehabilitation of infrastructure damaged by floods in the 2011/12 and 2012/13 financial years. The following amounts per province must be used for the repair of infrastructure damaged by natural disasters declared in the Government Gazette and as assessed by the NDMC: <ul style="list-style-type: none"> ○ KwaZulu-Natal: R0.26 million ○ Mpumalanga: R0.88 million
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2014/15 are project based

Health Facility Revitalisation Grant	
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> Funding infrastructure through a conditional grant enables the national department to ensure the delivery and maintenance of health infrastructure in a coordinated and efficient manner and ensure it is consistent with national norms, standards and guidelines for health facilities
Past performance	<p>2012/13 audited financial outcomes</p> <ul style="list-style-type: none"> <i>Hospital Revitalisation Grant</i>: Allocated and transferred R4 527 million (including roll-overs). Of the total transferred, R3 660 million (81 per cent) was spent <i>Health Infrastructure Grant</i>: Allocated and transferred R1 911 million (including roll-overs). Of the total transferred, R1 804 million (94.4 per cent) was spent <i>Nursing Colleges and Schools Grant</i>: Allocated and transferred R100 million. Of the total transferred, R72.4 million (72.4 per cent) was spent <p>2012/13 service delivery performance</p> <ul style="list-style-type: none"> <i>Hospital Revitalisation Grant</i>: A total 85 projects received funding from this grant <i>Health Infrastructure Grant</i>: A total of 354 projects received funding from this grant and 36 were completed and handed over by the contractors <i>Nursing Colleges and Schools Grants</i>: A total of 32 projects were funded from this grant for maintenance and upgrades
Projected life	<ul style="list-style-type: none"> Health is a key government priority and given the need to continually maintain health infrastructure and ensure that norms and standards are maintained, the grant will remain in place until at least the end of the 2016/17 Medium Term Expenditure Framework
MTEF allocations	<ul style="list-style-type: none"> 2014/15: R5 502 million, 2015/16: R5 389 million, and 2016/17: R5 652 million
Payment schedule	<ul style="list-style-type: none"> Quarterly transfers
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Conduct provincial sites visits Attend provincial Infrastructure Progress Review Meetings Provide guidance to provinces in planning and prioritisation and evaluating U-AMP, IPMP, AIP and prioritised projects that provinces develop and submit Submit quarterly performance reports to National Treasury, National Council of Provinces and National Health Council within 45 days after the end of each quarter Update project implementation manual Peer review and feedback processes should be undertaken timeously <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Provincial departments must establish committees with the relevant IAs and hold monthly meetings that are minuted to review progress on the IPMP, IPIP and IDMS Provinces must submit to DoH monthly and quarterly reports for all projects funded in the 2014/15 financial year in this grant through the PMIS and IRM Provinces must submit monthly and quarterly reports in the prescribed format to DoH PDoh must align infrastructure plans (U-AMP and IPMP) with their respective Service Transformation Plans, Strategic Plans and Annual Performance Plans All projects in retention must be closed within 12 months of works completion Adhere to all immovable asset management and maintenance responsibilities as prescribed by the Government Immovable Asset Management Act of 2007 (GIAMA), and the provincial IDMS
Process for approval of the 2015/16 business plans	<ul style="list-style-type: none"> Submission of draft 2015/16 U-AMP to be submitted to DOH by 25 July 2014 Submission of first draft IPMPs for 2015/16 by PDoH to IAs by 20 October 2014 Submission of the first draft AIP by 30 January 2015 Submission of the final IPMP, U-AMP and IPIP for 2015/16 by PDoH to DoH by 30 November 2014 Submission of the final AIP for 2015/16 by PDoH to NDOH by 06 March 2015

National Health Grant: Health Facility Revitalisation Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Strategic goal	<ul style="list-style-type: none"> • To plan, manage, maintain and transform health infrastructure in line with national and provincial policy objectives
Grant purpose	<ul style="list-style-type: none"> • To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health, including health technology, organisational systems (OD) and quality assurance (QA) in National Health Insurance (NHI) pilot districts • Supplement expenditure on health infrastructure delivered through public-private partnerships • To enhance capacity to deliver infrastructure in health
Outcome statements	<ul style="list-style-type: none"> • Improved quality of and well maintained health infrastructure (backlog and preventative maintenance) • Improved rates of skills development in the delivery of infrastructure • Value for money and cost effective facilities
Outputs	<ul style="list-style-type: none"> • Number of health facilities, planned, designed, constructed, equipped, operationalised and maintained
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the Business Plan	<ul style="list-style-type: none"> • The business plan in this grant will be replaced by the Infrastructure Programme Management Plan (IPMP) Infrastructure Programme Implementation Plan (IPIP) and the Annual Implementation Plan which will include the following: <ul style="list-style-type: none"> ○ Costed project lists for 2014/15, 2015/16 and 2016/17 ○ Projected milestones
Conditions	<ul style="list-style-type: none"> • The national Department of Health (DoH) must, in consultation with the provinces, develop and submit within 30 days of the promulgation of the 2014 Division of Revenue Act, an intergovernmental protocol agreement signed by provincial and national departments, outlining how the grant will operate and the responsibility and functions of each sphere. The agreements should also include: <ul style="list-style-type: none"> ○ a list of the projects that are benefiting from the grant ○ an indication of how projects will support the achievement of sector priorities ○ an indication of how projects are aligned to the strategic plans and service transformation plans for provincial health departments ○ confirmation by province that operational budgets (i.e. personnel, equipment, etc.) and maintenance budgets are affordable and will be made available for all new assets constructed or acquired • The signed protocols should be submitted to National Treasury by 31 May 2014 • DoH must prepare an IPMP and IPIP which must include, inter alia, procurement strategies and plans, project cash flow schedules, a human resource plan and plans and plans detailing the monitoring and evaluation of projects funded through this grant. These plans must be submitted to National Treasury by 31 May 2014, or a later date if approved by National Treasury • Any project in the construction phases must have an approved project proposal (business case) • DoH must submit monthly financial and quarterly non-financial infrastructure reports to National Treasury within 30 days of the end of each quarter • The provincial departments should report the progress of the projects under this grant in their annual reports and describe how these facilities have been considered in their future planning and budgeting • DoH must maintain up to date databases (Project Management Information System (PMIS), Infrastructure Reporting Model (IRM) and Register of Projects) for all contracts that are fully or partially funded by this grant • DoH must convene quarterly Progress Review Committee meetings with all project managers to monitor and oversee the performance of all funded projects • All completed projects must have a close out report with a documented maintenance plan • All projects in retention must be closed within twelve months of practical completion • National Treasury may request copies of any documentation and may withhold grant funding if there is non-compliance with any of the conditions above
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2014/15 are project and performance based
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through an indirect conditional grant enables the national department to ensure the delivery and maintenance of health infrastructure in a coordinated and efficient manner that is consistent with national norms, standards and guidelines for health facilities
Past performance	<p>2012/13 audited financial outcome</p> <ul style="list-style-type: none"> • New grant introduced in 2013/14 <p>2012/13 service delivery performance</p> <ul style="list-style-type: none"> • New grant introduced in 2013/14
Projected life	<ul style="list-style-type: none"> • Health is a key government priority and given the need to continually maintain health infrastructure and ensure that norms and standards are maintained, the grant will remain in place until at least the end of the 2014 Medium Term Expenditure Framework
MTEF allocations	<ul style="list-style-type: none"> • 2014/15: R605 million, 2015/16: R1 021 million, and 2016/17: R1 115 million
Payment schedule	<ul style="list-style-type: none"> • Monthly payments made according to verified and approved invoices from services providers

National Health Grant: Health Facility Revitalisation Component	
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Build and demonstrate the capacity necessary to manage this grant • DoH must ensure that infrastructure plans are aligned to the Annual Performance Plans and must take cognisance of existing infrastructure projects in provinces • Undertake the full infrastructure development cycle for all the projects (or as otherwise agreed with provinces) under the grant and management thereof, with all the necessary planning and documentation required above • Appoint project level supervision via professional teams for level 2 and level 4 supervision on single projects or a cluster of projects depending on the nature and complexity of projects, for all projects under this grant as well as provincial direct grants • Implement and manage project management and progress review meetings and reporting • Submit all quarterly and annual progress and performance reports • Collaboration and coordination with provincial departments for the full development cycle of infrastructure development in respect of projects funded by this grant <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Provinces will provide all the available information, data and other available and necessary documents in respect of the projects under this grant to DoH • Provinces should undertake life cycle maintenance as well as the full operation, staffing and management of the projects in facilities completed under this grant by the DoH • All immovable asset management and maintenance responsibilities of the completed projects under this grant as prescribed by the Government Immovable Asset Management Act of 2007, rests with provinces
Process for approval of 2015/16 annual implementation plans	<ul style="list-style-type: none"> • Submission of the final IPMP, IPIP and AIP by 06 March 2015

National Health Grant: National Health Insurance Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Strategic goal	<ul style="list-style-type: none"> • To strengthen the public healthcare system in preparation for National Health Insurance (NHI) • To strengthen the design of NHI through the innovative testing of new reforms in pilot sites • A public health care system that is better prepared to implement reforms necessary for the phased implementation of NHI
Grant purpose	<ul style="list-style-type: none"> • To develop and implement innovative models for contracting medical practitioners within the NHI pilot districts • To identify and test alternative reimbursement models for central hospitals in readiness for the phased implementation of NHI • To support central hospitals in strengthening health information systems and revenue management
Outcome statements	<ul style="list-style-type: none"> • Appropriate and innovative models for purchasing services from health professionals within NHI pilot districts identified and tested • An alternative distribution model for chronic medication in NHI pilot districts implemented • Development of Diagnosis-Related Groups (DRGs) as a reimbursement mechanism for central hospitals • Strengthened information systems and revenue management at central hospitals
Outputs	<ul style="list-style-type: none"> • Innovative models for purchasing health care services within selected NHI pilot districts, including: <ul style="list-style-type: none"> ○ Health professionals as defined by need ○ Fully constituted and functional District Clinical Specialist Teams ○ Strengthening of School Health Services linked to addressing the learning challenges of learners in identified schools • A chronic care dispensing and distribution model serving patients in the NHI pilot districts implemented • Phase 1 of DRG tool development undertaken • 200 health professionals contracted to render services at health facilities in NHI pilot districts • Models for strengthening information and revenue management systems and an identified reimbursement mechanism for central hospitals
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan and service level agreements	<ul style="list-style-type: none"> • The business plan and Service Level Agreements (SLAs) for the NHI component will include information on the following: <ul style="list-style-type: none"> ○ outcome indicators ○ output indicators ○ key activities and resource schedule ○ monitoring and evaluation plan ○ cash flow requirements for 2014/15
Conditions	<ul style="list-style-type: none"> • The national Department of Health (DoH) will establish two National Technical Task Teams (NTTT), as follows: <ul style="list-style-type: none"> ○ Health professionals contracting NTTT: will coordinate the planning and, implementation, of projects for the contracting of health professionals within selected NHI pilot districts ○ DRG NTTT: plan, coordinate, provide technical support/advice and oversee the work on central hospitals • DoH must develop and submit by 30 July 2014, a framework outlining how the grant will operate, its systems and rules and the responsibility and functions of the national and provincial departments of health • Implementation of, or spending on, any project in a provincial facility, may only take place if DoH has signed an Service Level Agreement (SLA) with the provincial Department of Health on the respective responsibilities of each party with respect to that project in accordance with section 238 of the Constitution and the allocation of functions and powers in the National Health Act • DoH must enter into a SLA with the relevant provincial Department of Health regarding the contracting of medical practitioners in accordance with the Public Service Act (1994) as amended, or the applicable procurement prescripts, as the case may be. The SLA must include information on the availability of facilities and equipment for health professionals to deliver specified services, the recruitment and placement of health professionals in facilities, contract management arrangements and the determination and piloting of reimbursement mechanisms for health professionals. Any proposed changes to the SLAs must be formally approved by both the national and provincial departments • Project level administrative expenditure must not exceed a maximum of 3 per cent of the total grant funding. No activity that is linked to the responsibility of DoH that falls outside this scope may be funded through this grant • The grant must be used to achieve the objectives in the following areas: <ul style="list-style-type: none"> ○ development and testing of innovative models for purchasing services from health professionals within selected NHI pilot districts ○ a chronic care medication dispensing and distribution model implemented in the NHI pilot districts ○ identification of the most appropriate alternative reimbursement mechanisms for central hospitals ○ development of a new reimbursement mechanism using DRGs ○ strengthening information systems and revenue management at central hospitals ○ other areas approved in consultation with the National Treasury • The 10 central hospitals included in this arrangement for 2014/15 are as follows:

National Health Grant: National Health Insurance Component	
	<ul style="list-style-type: none"> ○ Charlotte Maxeke Academic Hospital (Gauteng) ○ Steve Biko Academic Hospital (Gauteng) ○ Dr George Mukhari Academic Hospital (Gauteng) ○ Chris Hani Baragwanath Academic Hospital (Gauteng) ○ Universitas Academic Hospital (Free State) ○ Inkosi Albert Luthuli Academic Hospital (KwaZulu-Natal) ○ King Edward VIII (KwaZulu-Natal) ○ Groote Schuur Academic Hospital (Western Cape) ○ Tygerberg Hospital (Western Cape) ○ Nelson Mandela Academic Hospital (Eastern Cape) <ul style="list-style-type: none"> ● Final business plans for the grant for 2014/15 must be submitted to the National Treasury by 30 July 2014, incorporating operational plans for contracting of health professionals and central hospitals respectively ● Quarterly performance and monthly and quarterly financial reports must be submitted to the National Treasury. Where appropriate, financial reporting must include spending per province or national. The National Treasury, in consultation with the DoH, may require specific changes to the format and content of such reports and business plan ● The DoH must put in place an evaluation strategy using independent external experts to evaluate the interventions funded through this grant
Allocation criteria	<ul style="list-style-type: none"> ● Work in Central hospitals will be undertaken taking into account the capacity of their information systems and readiness to test the identified alternative reimbursement mechanism(s) ● Health facilities in the NHI districts with the greatest need for health professionals and where health professionals are willing to work in the facility will be prioritised ● The chronic care medication dispensing and distribution model will be implemented in NHI pilot districts ● DRG work will be undertaken in all 10 central hospitals
Reason not incorporated in equitable share	<ul style="list-style-type: none"> ● The lack of sufficient capacity at provincial level to pilot purchasing of services from health practitioners and revenue management in central hospitals ● The importance of central coordination in development of models and the establishment of NHI to inform ongoing NHI designs
Past performance	<p>2012/13 audited financial outcome</p> <ul style="list-style-type: none"> ● New grant introduced in 2013/14 <p>2011/12 service delivery performance</p> <ul style="list-style-type: none"> ● New grant introduced in 2013/14
Projected life	<ul style="list-style-type: none"> ● Subject to policy developments that will be finalised as part of the implementation of National Health Insurance
MTEF allocations	<ul style="list-style-type: none"> ● 2014/15: R395 million, 2015/16: R414 million, and 2016/17: R401 million
Payment schedule	<ul style="list-style-type: none"> ● Payments will be made according to verified invoices or advance payments in line with approved Programme Implementation Plans from the service providers
Responsibilities of the national transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> ● Convene and chair all meetings of the NTTTs ● Ensure that the health professionals contracting NTTT must at a minimum comprise of a representative from the each provincial Department of Health ● The DRG NTTT must at a minimum comprise of a representative from each of the identified central hospitals ● Submit approved SLAs, supporting project plans and lists to the National Treasury ● Establish the necessary organisational structures and build capacity within the DoH to implement, oversee and monitor the execution of all approved projects using the 3 per cent administrative costs provision ● Provide the guidance and support for innovative arrangements of engaging public and private sector providers, including methods of contracting (types of contracts and payment mechanisms) ● Manage, monitor and support programme implementation in provinces, selected pilot districts and selected central hospitals including regular visits to project sites ● Submit monthly financial reports to National Treasury 20 days after the end of each month ● Submit quarterly performance reports including meeting summaries where necessary to national Treasury within 45 days after the end of each quarter ● Include in the annual performance evaluation report of the grant required by the Division of Revenue Act the lessons learnt, including failures experienced and how these lessons will inform the design of future interventions <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> ● Ensure compliance with all reporting requirements and adherence to the provisions of SLAs
Process for approval of 2015/16 business plans	<ul style="list-style-type: none"> ● DoH to submit first draft framework outlining how the grant will operate, SLAs and business plans to national Treasury by end of December 2014 ● DoH must submit final SLAs and business plans to National Treasury within two weeks after the enactment of the Division of Revenue Act

TRANSPORT GRANT

Provincial Roads Maintenance Grant	
Transferring department	<ul style="list-style-type: none"> • Transport (Vote 37)
Strategic goal	<ul style="list-style-type: none"> • To ensure efficient investment in provincial roads to implement the Road Infrastructure Strategic Framework For South Africa (RISFSA) in line with the S'hamba Sonke Road Programme and other related road infrastructure asset management programmes
Grant purpose	<ul style="list-style-type: none"> • To supplement provincial investments for preventative, routine and emergency maintenance and road rehabilitation of provincial road networks, ensure all roads are classified as per RISFSA and the Road Classification and Access Management (RCAM) guidelines • Implement and maintain road asset management systems • To supplement provincial projects for the repair of roads and bridges damaged by declared natural disasters • To improve the state of the road network serving electricity generation infrastructure • To construct rural pedestrian access bridges
Outcome statements	<ul style="list-style-type: none"> • Improve the condition and lifespan of the assets (provincial roads), thereby improving the level of service • Improved rates of employment, community participation and skills development through the delivery of roads infrastructure projects (Expanded Public Works Programme objective) • Create work opportunities for unemployed people through labour-intensive construction methodologies for the delivery of road infrastructure projects
Outputs	<ul style="list-style-type: none"> • Road classification processes 100 per cent completed by the end of 30 September 2014 • Number of lane-kilometres of surfaced roads rehabilitated against a target of 1 100 lane-kilometres • Number of lane-kilometres of surfaced roads resealed against a target of 3 000 lane-kilometres • Number of kilometres of gravel roads re-gravelled against a target of 3 000 km • Number of m² of blacktop patching (including pothole repairs) against a target of 810 000m² • Number of kilometres of gravel roads bladed against a target of 350 000 km • Submission of updated road condition data/report by 29 August 2014 • Number of work opportunities created against a target of 212 662 • Number of Full Time Equivalents (FTEs) jobs created against a target of 60 100
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 6: An efficient, competitive and responsive economic infrastructure network
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses a Road Asset Management Plan, which contains the following details: <ul style="list-style-type: none"> ○ level of service ○ network condition and traffic volumes ○ project lists for 2014/15 to 2016/17 with a summary of targets as per Key Performance Indicator (KPI) for preventative, routine and emergency maintenance and road rehabilitation works ○ financial summary ○ organisational and support plan ○ job creation estimates ○ emerging contractor opportunities ○ linkages to socio economic activities and opportunities
Conditions	<ul style="list-style-type: none"> • Provinces may use a maximum of R10 million from the Provincial Roads Maintenance Grant (PRMG), subject to approval from the national Department of Transport (DoT), for: <ul style="list-style-type: none"> ○ the completion of road classification and updating of the Geographic Information System spatial maps and records for all roads in South Africa by the end of 2014/15 ○ Visual Condition Index assessments and ensuring that Provincial Road Asset Management Systems are kept up to date • This funding (up to a maximum of R10 million) may be used for the appointment of mainly public servants to infrastructure units. This funding is allocated as part of a capacity support and is available until the 2015/16 financial year • Provinces must submit visual condition inspection data to the national data repository as per the format determined by the Committee of Transport Officials (COTO), Road Asset Management System (RAMS) Technical Sub-Committee and prescribed by the national DoT • Up to a maximum of R1000 per km per year for paved roads and R500 per km per year for gravel roads of the grant may be allocated towards the road classification and collection of data required by this grant • A draft detailed Road Asset Management Plan (RAMP) for 2014/15 that is compliant with the requirements of the Government Immovable Assets Management Act (2007) and based on the COTO Road Asset Management Guidelines must be submitted by 29 August 2014 to DoT, relevant provincial treasury and National Treasury • The payment of the first installment is dependent upon submission to DoT and the relevant provincial treasury of the following: <ul style="list-style-type: none"> ○ receipt by DoT of all outstanding RAMS data, signed-off 2014/15 fourth quarter performance report, monthly Infrastructure Reporting Model (IRM) and signed-off budget sheet by 15 April 2014 ○ planning IRM for 2014 Medium Term Expenditure Framework, final RAMP and signed-off project list for the 2014 Medium Term Expenditure Framework (MTEF) in a Table B5 format by 19 April 2014 • The payment of the second installment of this grant is dependent on submission to DoT of the first quarter performance report for 2014/15, updated monthly IRM and signed-off budget sheet by 15 July 2014

Provincial Roads Maintenance Grant	
	<ul style="list-style-type: none"> • The third instalment is dependent on receipt by DoT of the second quarter performance report for 2014/15, updated IRM and signed-off budget sheet for 2014/15 by 15 October 2014 • The fourth instalment is dependent on receipt of the third quarter performance report for 2014/15, updated monthly IRM and signed-off budget sheet reporting for 2014/15 by 15 January 2015 • Should the cost of repairing the disaster affected infrastructure exceed the amounts earmarked below provinces must fund that shortfall from their provincial equitable share • The following amounts per province must be used in 2014/15 for the repair of infrastructure damaged by the natural disaster declared in Government Gazette 33949 and as assessed by the National Disaster Management Centre (NDMC): <ul style="list-style-type: none"> ○ Eastern Cape: R171.2 million ○ Free State: R33.3 million ○ Gauteng: R1.4 million ○ KwaZulu-Natal: R52.2 million ○ Limpopo: R79.6 million ○ Mpumalanga R76.3 million ○ Northern Cape: R93.2 million ○ North West: R8.1 million ○ Western Cape R86.9 million • Business plans for the allocated disaster funds must be in line with the post disaster verification assessment reports and must be submitted to the NDMC • Disaster reconstruction and rehabilitation funds may only be utilised for approved projects as listed in the post disaster verification assessment reports and approved business plans • Quarterly performance reports on disaster allocations must be submitted to the NDMC • All S'hamba Sonke projects must be branded in the contract sign boards with the logo S'hamba Sonke
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the PRMG formula, which takes into account the extent of the provincial road network (gravel/paved), the traffic volumes, the visual condition indices on the network and geo-climatic and topographic factors • The funding for road networks supporting electricity generation infrastructure are subject to separate allocation criteria based on the programme schedule; <ul style="list-style-type: none"> ○ Mpumalanga must allocate at least R740 million in 2014/15 to coal haulage projects ○ KwaZulu-Natal must allocate R63 million in 2014/15 for roads supporting the Avon Peaking Power Plant • The funding for rehabilitation and repair of roads and bridges that were assessed by the NDMC is subject to separate allocation criteria • From 2015/16 the grant will become performance based • Allocation criteria from 2015/16 onwards shall consider compliance by provinces to submit recently updated road condition data/report
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This grant is intended to ensure that provinces give priority to road infrastructure maintenance and promote efficiency in road investment
Past performance	<p>2012/13 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated and transferred R8 696 million to provinces, of R7 219 million (90 per cent) was spent by provinces <p>2012/13 service delivery performance</p> <ul style="list-style-type: none"> • 4.3 million m² of re-sealing of paved roads • 13 346 km of re-gravelling • 1.1 million m² of black top patching of paved roads • 363 522 km of gravel roads bladed • 42 919 FTEs created
Projected life	<ul style="list-style-type: none"> • The grant is ongoing, but will be subject to periodic review
MTEF allocations	<ul style="list-style-type: none"> • 2014/15: R9 362 million, 2015/16: R9 952 million, and 2016/17: R10 292 million
Payment schedule	<ul style="list-style-type: none"> • Payment will be made in accordance with a payment schedule agreed to with provinces and approved by National Treasury
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Assess and evaluate all provinces' Road Asset Management Plans (RAMP) and give feedback to provincial departments • The DoT in partnership with the national Department of Public Works will assess business plans to ensure compliance to S'hamba Sonke and Expanded Public Works Programme (EPWP) guidelines. In addition, the two departments will monitor and assess the performance on the S'hamba Sonke and EPWP by provincial departments • Assess and approve the submissions from provinces regarding the use of the maximum of R10 million for RAMS and capacity building of their infrastructure units • Submit quarterly performance reports to National Treasury and the National Council of Provinces within 45 days after the end of each quarter • Submit a grant evaluation report to National Treasury 120 days after the end of the financial year

Provincial Roads Maintenance Grant	
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Provincial departments must submit quarterly infrastructure reports to the DoT and the relevant provincial treasury that comply with the Infrastructure Reporting Model and S'hamba Sonke templates 45 days after the end of each quarter • Provincial departments must implement their projects in line with the S'hamba Sonke and EPWP guidelines • Provincial departments should report on the EPWP job creation data to the DoT and national Department of Public Works on the EPWP reporting system • Provinces must report all infrastructure expenditure partially or fully funded by this grant on the Infrastructure Reporting Model provided by the National Treasury • Ensure projects are selected using RAMS as the primary source of information • Ensure ongoing stakeholder communication and engagement, with regard to planning and implementation of road projects • Ensure that the approved PRMG funded projects are tabled in the provincial legislature. The national Department of Transport's approval is needed on the PRMG project list before it is tabled at the provincial legislature • Design and implement projects in compliance with the S'hamba Sonke and EPWP guidelines • Submit quarterly performance reports within 30 days after the end of each quarter to DoT, the relevant provincial treasury and National Treasury
Process for approval of the 2015/16 business plans	<ul style="list-style-type: none"> • Provinces submit a draft business plan in the prescribed Road Asset Management Plan (RAMP) format, with projects selected using RAMS as the primary source, by 29 August 2014 • Road Asset Management Plans including PRMG project lists are assessed and reviewed by DoT, Department of Public Works and National Treasury and feedback is provided within 30 days • Provinces to submit final 2014/15 RAMP to DoT, relevant provincial treasury and National Treasury by end November 2014

WATER AND SANITATION GRANT

Human Settlements Development Grant (Schedule 6, Part A)	
Transferring department	<ul style="list-style-type: none"> Water and Sanitation (Vote 42)
Strategic goal	<ul style="list-style-type: none"> The eradication of bucket sanitation in order to create sustainable human settlements
Grant purpose	<ul style="list-style-type: none"> To provide funding for the creation of sustainable human settlements
Outcome statements	<ul style="list-style-type: none"> The eradication of bucket sanitation through the provision of access to basic infrastructure for sanitation
Outputs	<ul style="list-style-type: none"> Number of households previously using bucket toilets provided with improved sanitation
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 8: Sustainable human settlements and improved quality of household life
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Outputs Cash flow (payment schedule) Monthly reporting
Conditions	<ul style="list-style-type: none"> Spending in terms of this grant must comply with any conditions set in terms of Section 4 of the 2014 Appropriations Act Projects undertaken through the Schedule 6, Part A Human Settlements Development Grant may only fund sanitation projects that contribute to the eradication of bucket sanitation Projects funded through this grant must take account of and must not duplicate projects funded through the Urban Settlements Development Grant or Municipal Infrastructure Grant that will eradicate bucket sanitation All proposed projects must be approved by a joint committee comprising the departments of Human Settlements, Water and Sanitation and Cooperative Governance. This committee must ensure there is no duplication with existing projects This grant must prioritise areas where bucket sanitation is still being used The Department of Water and Sanitation (DWS) must enter into a Service Level Agreement (SLA) with the relevant province and Water Services Authority before any project is implemented. All SLAs must be concluded by 31 March 2014 SLAs must specify: <ul style="list-style-type: none"> the consultation process undertaken with affected communities the alignment between the project plan and the Water Services Development Plan of the municipality where the project is located and any provincial or municipal informal settlement upgrading or settlement development plans approved for the area where the project will be implemented the infrastructure that will be built how maintenance of the infrastructure will be conducted and funded in future agreement by the province and Water Services Authority that the project should be implemented as an allocation-in-kind The DWS must provide for skills transfer as part of the implementation of projects
Allocation criteria	<ul style="list-style-type: none"> Funds have been divided among the provinces based on the number of households using bucket sanitation
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> It is a national priority to eradicate bucket sanitation and this grant will accelerate progress towards this goal
Past performance	<p>2012/13 audited financial outcomes</p> <ul style="list-style-type: none"> New grant <p>2012/13 service delivery performance</p> <ul style="list-style-type: none"> New grant
Projected life	<ul style="list-style-type: none"> This grant is allocated for two years and will end in 2015/16
MTEF allocations	<ul style="list-style-type: none"> 2014/15: R899 million, and 2015/16: R975 million
Payment schedule	<ul style="list-style-type: none"> Payments are made after verification of work performed
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of national department</p> <ul style="list-style-type: none"> Facilitate the planning for bucket eradication within national government and coordinate with other spheres Negotiate with provinces and sign Service Level Agreements (SLAs) for the implementation of projects The DWS must submit its proposed plans to the National Treasury by 14 March 2014, after the plans have been approved by the joint committee with the departments of Human Settlements and Cooperative Governance. These plans must set out the following details: <ul style="list-style-type: none"> project location and number of units to be delivered estimated cost per unit; start and implementation time for the project; any other details as the National Treasury might ask for, from time to time All service level agreements signed with provinces must be submitted to National Treasury The department must submit quarterly progress reports to the Office of the Chief Procurement Officer on the implementation of the plans for monitoring purposes Submit reports in the format and on the dates prescribed by National Treasury

Human Settlements Development Grant (Schedule 6, Part A)	
	Responsibilities of provincial departments <ul style="list-style-type: none"> • Ensure projects implemented through the Schedule 6, Part A Human Settlements Development Grant do not duplicate existing projects • Facilitate cooperation with municipalities to ensure the sustainability of bucket eradication projects
Process for approval of the 2015/16 business plans	<ul style="list-style-type: none"> • Business plans for 2015/16 will be based on progress in eradicating backlogs in 2014/15. Draft plans for 2015/16 and allocations per province must be submitted to National Treasury by 5 December 2014

ANNEXURE 3:
**FRAMEWORKS FOR CONDITIONAL
GRANTS TO MUNICIPALITIES**

Annexure 3: Frameworks for Conditional Grants to Municipalities

Detailed frameworks on Part B of Schedule 5 and 6 grants to municipalities

Introduction

This annexure provides a brief description for grants in Part B of Schedule 5 and 6 of the 2014 Division of Revenue Amendment Bill. The following are key areas considered for the grant:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority outcome(s) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between municipalities
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2014 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving municipalities
- Process for approval of 2015 MTEF allocations

The attached frameworks are not part of the Division of Revenue Amendment Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2014 Division of Revenue Amendment Bill is enacted, these frameworks will be gazetted in terms of the Act.

The financial statements and annual reports for 2014/15 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

HUMAN SETTLEMENTS GRANT

Municipal Human Settlements Capacity Grant	
Transferring department	<ul style="list-style-type: none"> Human Settlements (Vote 31)
Strategic goal	<ul style="list-style-type: none"> To ensure effective management of human settlements programmes at the local government level in line with the accreditation framework
Grant purpose	<ul style="list-style-type: none"> To build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes
Outcome statements	<ul style="list-style-type: none"> Human settlements programmes are administered by skilled personnel to ensure optimal service delivery Management information systems are in place and efficient to ensure that beneficiary management is effective, units and services delivered are appropriately recorded and accounted for
Outputs	<ul style="list-style-type: none"> Feasibility, design, planning, project management and monitoring capacity built in municipalities Organogram approved Capacity building plan in place
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: Responsive, accountable, efficient and effective local government
Details contained in the business plan	<ul style="list-style-type: none"> Output indicators Outcome indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> Positions to be funded from the conditional grant must be on the council approved organogram for the department responsible for housing and human settlements in the municipality Municipalities to submit a business plan on how the grant is to be utilised. The business plan must reflect the municipality's plans to develop capacity to deal with planning, program and project management, subsidy and beneficiary management and financial management for human settlements and must be aligned to the catalytic mega projects set out in outcome 8 of the 2014/15 – 2018/19 Medium Term Strategic Framework Funds must be spent in accordance with the approved business plans The flow of funds is subject to submission of a business plan that will be approved by the National Department
Allocation criteria	<ul style="list-style-type: none"> The grant is allocated to six metropolitan municipalities initially identified to be assigned the housing function. Allocations are made up of a base allocation and a weighted share based on the number of households living in the municipality with a monthly income of less than R3 500 per month
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> To facilitate the building of capacity in municipalities to ensure functionality to deliver effective services in the human settlements sector by respective municipalities
Past performance	2012/13 audited financial outcomes <ul style="list-style-type: none"> New grant
	2012/13 service delivery performance <ul style="list-style-type: none"> New grant
Projected life	<ul style="list-style-type: none"> The grant continues until 2016/17, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2014/15: R300 million, 2015/16: R300 million, and 2016/17: R300 million
Payment schedule	<ul style="list-style-type: none"> Transfers will be made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Approve the national and municipal business plans and compliance certificates after consultation with relevant provincial departments Provide frameworks for the development of municipal business plans by 31 October 2014 Provide capacity development support to municipalities Undertake structured and other visits to municipalities as is necessary Facilitate regular interactions between national, provincial and municipal departments of human settlements Submit approved 2015/16 municipal and national plan to National Treasury by 30 June 2015 Submit an annual evaluation report for 2014/15 on the performance of the grant to National Treasury by 31 August 2015 Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter Establish national level institutional capacity support for municipalities

Municipal Human Settlements Capacity Grant	
	<p>Responsibilities of the municipalities</p> <ul style="list-style-type: none"> • Submit draft municipal business plans and compliance certificates to the national department and relevant provincial department by 28 November 2014 • Submit final municipal business plans including cash flow projections to the national department and relevant provincial department by 9 January 2015 • Submit quarterly performance reports to the national department and relevant provincial department • Submit the 2014/15 annual evaluation reports on their performance to the national department and relevant provincial department by 31 July 2015 • Municipalities should utilise the grant to develop capacity for the development of human settlements and such capacity should be demonstrated by expenditure on the Human Settlements Development Grant, Urban Settlements Development Grant and other associated budgets • Ensure effective and efficient utilisation of the grant • The monthly Division of Revenue Act expenditure and quarterly reports must be signed by the Municipal Manager
Process for approval of the 2015/16 business plans	<ul style="list-style-type: none"> • First draft municipal business plans for 2015/16 financial year to be submitted to the national department and relevant provincial department by 30 April 2015 • Submit final municipal business plans with cash flow projections and compliance certificates for the 2015/16 financial year to the national department and relevant provincial department by 30 June 2015

WATER AND SANITATION GRANT

Rural Households Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> Water and Sanitation (Vote 42)
Strategic goal	<ul style="list-style-type: none"> To reduce sanitation backlogs in rural households
Grant purpose	<ul style="list-style-type: none"> To provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable
Outcome statements	<ul style="list-style-type: none"> Improved access to basic sanitation in rural areas Build the capacity of municipalities benefitting from an indirect grant (Schedule 6B) allocation to carry out this function themselves in future
Outputs	<ul style="list-style-type: none"> Number of rural households provided with access to on-site sanitation Number of jobs created Number of households trained in on-site technologies and maintenance of facilities Number of households reached by health and hygiene awareness training
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: A responsive, accountable, effective and efficient local government system
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Key activities Inputs
Conditions	<p>Rural Households Infrastructure Grant direct component (Schedule 5B)</p> <ul style="list-style-type: none"> Municipalities must submit business plans approved by the Accounting Officer, in accordance with their Water Services Development Plans (WSDPs) Fund training for beneficiaries on health and hygiene practices and how to maintain the facilities provided Target the provision of on-site sanitation facilities to rural households not intended for connector services The design of sanitation facilities has to be consistent with South African National Standards norms and standards The implementation of the programme must include training of communities on their responsibilities with regard to the outcomes of the programme and health and hygiene awareness training If a municipality does not submit a business plan by 30 June 2014 the municipality's allocation may be allocated to a performing municipality <p>Rural Household Infrastructure Grant indirect component (Schedule 6B)</p> <ul style="list-style-type: none"> For municipalities where this grant is implemented as an allocation-in-kind (Schedule 6B), the Department of Water and Sanitation (DWS) must enter into a Service Level Agreement (SLA) with the relevant municipality before any project is implemented. All SLAs must be concluded by 31 March 2014 SLAs must specify: <ul style="list-style-type: none"> the consultation process undertaken with affected communities the alignment between the project plan and the municipality's WSDP the infrastructure that will be built how maintenance of the infrastructure will be conducted and funded in future by the municipality details of how the capacity of the municipality will be strengthened through the process so that it can implement projects itself in future agreement by the municipality that the project should be implemented as an allocation-in-kind DWS must provide for skills transfer as part of the implementation of projects
Allocation criteria	<ul style="list-style-type: none"> Allocations are based on the highest number of backlogs in each of the 23 priority district municipalities identified by government
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This is a special purpose grant with specific objectives and distribution criteria
Past performance	<p>2012/13 audited financial outcomes</p> <ul style="list-style-type: none"> The indirect grant was allocated R340.6 million and expenditure was recorded at R135 million (60 per cent) of the allocation <p>2012/13 service delivery performance</p> <ul style="list-style-type: none"> Number of households served with sanitation facilities per province were as follows: <ul style="list-style-type: none"> Eastern Cape: 6 488 Free State: 1 675 KwaZulu-Natal: 6 558 Limpopo: 5 320 Mpumalanga: 2 936 Northern Cape: 507 North West: 3 893 Total: 27 377
Projected life	<ul style="list-style-type: none"> The grant will continue until 2016/17, and will be subject to review
MTEF allocations	<ul style="list-style-type: none"> Direct Transfers (Schedule 5B)

Rural Households Infrastructure Grant	
	2014/15: R48 million, 2015/16: R51 million, and 2016/17: R125 million <ul style="list-style-type: none"> • Allocation-in-kind (Schedule 6B) • 2014/15: R66 million and 2015/16: R67 million
Payment schedule	<ul style="list-style-type: none"> • Payments are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring national officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Administer the implementation of the programme • To approve the business plans submitted by municipalities for Schedule 5B allocations • Agree on Service Level Agreements (SLAs) with municipalities for Schedule 6B allocations • The department must submit a draft Skills Transfer and Capacity Building Plan for Schedule 6B allocations to National Treasury by 1 July 2014, a final plan must be submitted to National Treasury by 1 September 2014. The Skills Transfer and Capacity Building Plan must set out how the capacity of benefiting provinces/municipalities will be developed so that they can continue to perform the function after the Schedule 6B funded project ends. The plan must set measurable targets that will be achieved over the 2014 MTEF. The plan must set out how existing and new capacity building initiatives will be used to achieve these targets • The department must submit an annual assessment of progress against its Skills Transfer and Capacity Building Plan to National Treasury two months after the end of the municipal financial year • Continuously monitor implementation and provide support to municipalities • Submit monthly financial and quarterly non-financial reports to National Treasury • Submit an annual evaluation report after the end of the financial year • Explore the possibility of incorporating beneficiation of sanitation waste in projects • Provide support to municipalities and households • Verify reports from municipalities
	Responsibilities of municipalities <ul style="list-style-type: none"> • Municipalities will be responsible for selection of the project areas that provide total coverage within available funds • Municipalities shall be responsible for maintenance of the installed infrastructure • Submit monthly financial and quarterly non-financial reports for Schedule 5B allocations • Municipalities to ensure efficient and effective use of resources • Municipalities will choose the appropriate technology to be implemented • Municipalities must ensure that groundwater protocols have been conducted to manage the potential of groundwater contamination from the on-site sanitation facilities
Process for approval of the 2015/16 business plans	<ul style="list-style-type: none"> • Business plans for Schedule 5B allocations must be submitted by 30 September 2014 for the 2015 Medium Term Expenditure Framework • SLAs for Schedule 6B allocations must be signed by 2 February 2015 • Skills Transfer and Capacity Building Plans for Schedule 6B in 2015/16 must be based on consultation and an assessment of the capacity needs in each municipality. Plans must be submitted to National Treasury before the start of the financial year

ANNEXURE 4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B TO THE BILL)

(National and Municipal Financial Years)

ANNEXURE 4

**INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES
(ANNEXURE REGARDING SCHEDULE 5, PART B TO THE BILL) 1 OF 3**

Category		Municipality		Municipal Disaster Recovery Grant		
				Column A		
				2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
		R'000	R'000	R'000		
GAUTENG						
A	EKU	Ekurhuleni	-	-	-	
A	JHB	City of Johannesburg	-	-	-	
A	TSH	City of Tshwane	-	14 878	14 878	
Total: Gauteng Municipalities			-	14 878	14 878	
KWAZULU-NATAL						
A	ETH	eThekweni	-	806	806	
B	KZN211	Vulamehlo	-	401	401	
B	KZN212	Umdoni	-	5 054	5 054	
B	KZN213	Umzumbe	-	10 000	10 000	
B	KZN214	uMuziwabantu	-	-	-	
B	KZN215	Ezingoleni	-	-	-	
B	KZN216	Hibiscus Coast	-	-	-	
C	DC21	Ugu District Municipality	-	4 999	4 999	
Total: Ugu Municipalities			-	20 454	20 454	
B	KZN232	Emnambithi/Ladysmith	-	31 346	31 346	
B	KZN233	Indaka	-	-	-	
B	KZN234	Umtshezi	-	-	-	
B	KZN235	Okhahlamba	-	1 612	1 612	
B	KZN236	Imbabazane	-	-	-	
C	DC23	Uthukela District Municipality	-	-	-	
Total: Uthukela Municipalities			-	32 958	32 958	
Total: KwaZulu-Natal Municipalities			159	54 218	54 377	
LIMPOPO						
B	LIM331	Greater Giyani	-	4 982	4 982	
B	LIM332	Greater Letaba	-	-	-	
B	LIM333	Greater Tzaneen	-	-	-	
B	LIM334	Ba-Phalaborwa	-	-	-	
B	LIM335	Maruleng	1 100	-	1 100	
C	DC33	Mopani District Municipality	-	-	-	
Total: Mopani Municipalities			1 100	4 982	6 082	
Total: Limpopo Municipalities			1 100	4 982	6 082	
MPUMALANGA						
B	MP301	Albert Luthuli	-	-	-	
B	MP302	Msakaligwa	-	-	-	
B	MP303	Mkhondo	-	-	-	
B	MP304	Pixley Ka Seme	-	1 206	1 206	
B	MP305	Lekwa	-	-	-	
B	MP306	Dipaleseng	-	-	-	
B	MP307	Govan Mbeki	-	-	-	
C	DC30	Gert Sibande District Municipality	-	-	-	
Total: Gert Sibande Municipalities				1 206	1 206	
B	MP321	Thaba Chweu	-	-	-	
B	MP322	Mbombela	-	4 958	4 958	
B	MP323	Umjindi	-	12 332	12 332	
B	MP324	Nkomazi	-	15 868	15 868	
B	MP325	Bushbuckridge	-	1 783	1 783	
C	DC32	Ehlanzeni District Municipality	-	-	-	
Total: Ehlanzeni Municipalities			-	34 941	34 941	
Total: Mpumalanga Municipalities			-	36 147	36 147	

ANNEXURE 4
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES
(ANNEXURE REGARDING SCHEDULE 5, PART B TO THE BILL) 1 OF 3

Category		Municipality		Municipal Disaster Recovery Grant		
				Column A		
				2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
		R'000	R'000	R'000		
WESTERN CAPE						
B	WC022	Witzenberg	-	-	-	
B	WC023	Drakenstein	-	-	-	
B	WC024	Stellenbosch	-	-	-	
B	WC025	Breede Valley	-	770	770	
B	WC026	Langeberg	-	6 270	6 270	
C	DC2	Cape Winelands District Municipality	-	-	-	
Total: Cape Winelands Municipalities			-	7 040	7 040	
B	WC031	Theewaterskloof	-	1 385	1 385	
B	WC032	Overstrand	-	1 272	1 272	
B	WC033	Cape Agulhas	-	-	-	
B	WC034	Swellendam	-	115	115	
C	DC3	Overberg District Municipality	-	80	80	
Total: Overberg Municipalities			-	2 852	2 852	
B	WC041	Kannaland	-	2 008	2 008	
B	WC042	Hessequa	-	22 835	22 835	
B	WC043	Mossel Bay	-	6 809	6 809	
B	WC044	George	-	-	-	
B	WC045	Oudtshoorn	-	-	-	
B	WC047	Bitou	-	-	-	
B	WC048	Knysna	-	-	-	
C	DC4	Eden District Municipality	27 432	-	27 432	
Total: Eden Municipalities			27 432	31 652	59 084	
B	WC051	Laingsburg	-	5 183	5 183	
B	WC052	Prince Albert	-	-	-	
B	WC053	Beaufort West	-	-	-	
C	DC5	Central Karoo District Municipality	-	-	-	
Total: Central Karoo Municipalities			-	5 183	5 183	
Total: Western Cape Municipalities			27 432	46 726	74 158	
National Total			37 302	156 951	194 253	

**INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES
(ANNEXURE REGARDING SCHEDULE 5, PART B TO THE BILL) 2 OF 3**

Category		Municipality		Municipal Infrastructure Grant		
				Column A		
				2014/15 Main Allocation R'000	Adjustment R'000	2014/15 Adjusted Allocation R'000
EASTERN CAPE						
B	EC153	Ngquza Hill	50 594	-	50 594	
B	EC154	Port St Johns	31 998	-	31 998	
B	EC155	Nyandeni	56 324	-	56 324	
B	EC156	Mhlontlo	40 675	24 000	64 675	
B	EC157	King Sabata Dalindyebo	80 071	-	80 071	
C	DC15	O.R.Tambo District Municipality	604 371	-	604 371	
Total: O.R.Tambo Municipalities				864 033	24 000	888 033
Total: Eastern Cape Municipalities				2 916 227	24 000	2 940 227
KWAZULU-NATAL						
B	KZN221	uMshwathi	25 698	5 431	31 129	
B	KZN222	uMngeni	21 415	-	21 415	
B	KZN223	Mpofana	11 991	-	11 991	
B	KZN224	Impendle	11 736	-	11 736	
B	KZN225	Msunduzi	163 158	-	163 158	
B	KZN226	Mkhambathini	16 251	-	16 251	
B	KZN227	Richmond	17 493	-	17 493	
C	DC22	Umgungundlovu District Municipality	97 264	-	97 264	
Total: Umgungundlovu Municipalities				365 006	5 431	370 437
B	KZN261	eDumbe	17 041	1 500	18 541	
B	KZN262	uPhongolo	26 789	-	26 789	
B	KZN263	Abaqulusi	34 158	7 200	41 358	
B	KZN265	Nongoma	29 812	-	29 812	
B	KZN266	Ulundi	29 000	-	29 000	
C	DC26	Zululand District Municipality	221 622	-	221 622	
Total: Zululand Municipalities				358 422	8 700	367 122
Total: KwaZulu-Natal Municipalities				3 207 141	14 131	3 221 272
NORTHERN CAPE						
B	NC061	Richtersveld	7 182	3 000	10 182	
B	NC062	Nama Khoi	13 979	-	13 979	
B	NC064	Kamiesberg	9 129	-	9 129	
B	NC065	Hantam	9 953	-	9 953	
B	NC066	Karoo Hoogland	8 890	-	8 890	
B	NC067	Khâi-Ma	8 376	-	8 376	
C	DC6	Namakwa District Municipality	-	-	-	
Total: Namakwa Municipalities				57 509	3 000	60 509
B	NC071	Ubuntu	9 655	-	9 655	
B	NC072	Umsobomvu	11 148	-	11 148	
B	NC073	Emthanjeni	12 608	3 500	16 108	
B	NC074	Kareeberg	7 848	-	7 848	
B	NC075	Renosterberg	7 741	-	7 741	
B	NC076	Thembelihle	10 598	-	10 598	
B	NC077	Siyathemba	9 708	-	9 708	
B	NC078	Siyancuma	16 023	-	16 023	
C	DC7	Pixley Ka Seme District Municipality	-	-	-	
Total: Pixley Ka Seme Municipalities				85 329	3 500	88 829
Total: Northern Cape Municipalities				450 944	6 500	457 444
NORTH WEST						
B	NW392	Naledi	16 051	-	16 051	
B	NW393	Mamusa	14 991	-	14 991	
B	NW394	Greater Taung	44 192	-	44 192	
B	NW396	Lekwa-Teemane	14 152	-	14 152	
B	NW397	NW397	28 383	-	28 383	
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	132 640	23 400	156 040	
Total: Dr Ruth Segomotsi Mompati Municipalities				250 409	23 400	273 809
Total: North West Municipalities				1 598 850	23 400	1 622 250
WESTERN CAPE						
B	WC041	Kannaland	9 927	-	9 927	
B	WC042	Hessequa	12 997	3 462	16 459	
B	WC043	Mossel Bay	22 531	-	22 531	
B	WC044	George	37 946	8 721	46 667	
B	WC045	Oudtshoorn	20 437	-	20 437	
B	WC047	Bitou	18 914	-	18 914	
B	WC048	Knysna	23 648	-	23 648	
C	DC4	Eden District Municipality	-	-	-	
Total: Eden Municipalities				146 400	12 183	158 583
Total: Western Cape Municipalities				472 393	12 183	484 576
National Total				14 683 835	80 214	14 764 049

**INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES
(ANNEXURE REGARDING SCHEDULE 5, PART B TO THE BILL) 3 OF 3**

		Municipal Water Infrastructure Grant		
		Column A		
		2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
Category	Municipality	R'000	R'000	R'000
NORTH WEST				
B	NW381 Ratlou	-	-	-
B	NW382 Tswaing	-	-	-
B	NW383 Mafikeng	-	-	-
B	NW384 Ditsobotla	-	-	-
B	NW385 Ramotshere Moiloa	-	-	-
C	DC38 Ngaka Modiri Molema District Municipality	-	1 458	1 458
Total: Ngaka Modiri Molema Municipalities		-	1 458	1 458
Total: North West Municipalities		-	1 458	1 458
National Total		534 150	1 458	535 608

ANNEXURE 5

ALLOCATIONS-IN-KIND TO MUNICIPALITIES (ANNEXURE REGARDING SCHEDULE 6, PART B TO THE BILL)

(National and Municipal Financial Years)

ANNEXURE 5

ALLOCATIONS-IN-KIND TO MUNICIPALITIES
(ANNEXURE REGARDING SCHEDULE 6, PART B TO THE BILL) 1 OF 2

Category			Municipal Water Infrastructure Grant		
			Column A		
			2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
			R'000	R'000	R'000
LIMPOPO					
B	LIM331	Greater Giyani	-	-	-
B	LIM332	Greater Letaba	-	-	-
B	LIM333	Greater Tzaneen	-	-	-
B	LIM334	Ba-Phalaborwa	-	-	-
B	LIM335	Maruleng	-	-	-
C	DC33	Mopani District Municipality	43 071	15 000	58 071
Total: Mopani Municipalities			43 071	15 000	58 071
Total: Limpopo Municipalities			190 471	15 000	205 471
NORTH WEST					
B	NW392	Naledi	-	-	-
B	NW393	Mamusa	-	-	-
B	NW394	Greater Taung	-	-	-
B	NW396	Lekwa-Teemane	-	-	-
B	NW397	NW397	-	-	-
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	15 000	8 300	23 300
Total: Dr Ruth Segomotsi Mompati Municipalities			15 000	8 300	23 300
Total: North West Municipalities			46 067	8 300	54 367
National Total			524 826	23 300	548 126

ALLOCATIONS-IN-KIND TO MUNICIPALITIES
(ANNEXURE REGARDING SCHEDULE 6, PART B TO THE BILL) 2 OF 2

			Regional Bulk Infrastructure Grant		
			Column A		
			2014/15 Main Allocation	Adjustment	2014/15 Adjusted Allocation
			R'000	R'000	R'000
Category	Municipality				
NORTH WEST					
B	NW392	Naledi	-	-	-
B	NW393	Mamusa	-	-	-
B	NW394	Greater Taung	-	-	-
B	NW396	Lekwa-Teemane	-	-	-
B	NW397	NW397	-	-	-
C	DC39	Dr Ruth Segomotsi Mompati District Municipality	127 014	18 563	145 577
Total: Dr Ruth Segomotsi Mompati Municipalities			127 014	18 563	145 577
Total: North West Municipalities			277 000	18 563	295 563
National Total			3 986 896	18 563	4 005 459

APPENDIX 1

**APPENDIX TO SCHEDULE 5, PART A: BREAKDOWN OF EPWP INTEGRATED GRANT FOR PROVINCES: TARGETS AND ALLOCATIONS
PER PROVINCIAL DEPARTMENT**

APPENDIX 1

APPENDIX TO SCHEDULE 5, PART A: BREAKDOWN OF EPWP INTEGRATED GRANT FOR PROVINCES: TARGETS AND ALLOCATIONS PER PROVINCIAL DEPARTMENT

Public Works (Vote 7)	EPWP Integrated Grant to Provinces				
	Province/Provincial Department	FTE Performance Target (revised)	2014/15 Main Allocation R'000	Adjustments R'000	2014/15 Adjusted allocation R'000
EASTERN CAPE					
Rural Development and Agrarian Reform	47	2 681	-	2 681	
Economic Development, Environmental Affairs and Tourism	14	2 102	-	2 102	
Education	21	3 115	-	3 115	
Health	13	2 000	-	2 000	
Human Settlements	18	2 654	-	2 654	
Local Government and Traditional Affairs	13	2 000	-	2 000	
Roads and Public Works	3 503	46 791	-	46 791	
Social Development and Special Programmes	13	2 000	-	2 000	
Sport, Recreation, Arts and Culture	14	2 102	-	2 102	
Transport	27	4 099	-	4 099	
Total: Eastern Cape	3 683	69 544	-	69 544	
FREE STATE					
Agriculture	30	2 254	-	2 254	
Human Settlements	13	2 000	-	2 000	
Economic Development, Tourism and Environmental Affairs	14	2 102	-	2 102	
Education	16	2 416	-	2 416	
Health	21	3 108	-	3 108	
Police, Roads and Transport	3 191	4 635	-	4 635	
Social Development	13	2 000	-	2 000	
Sport, Arts, Culture and Recreation	14	2 131	-	2 131	
Public Works and Rural Development	40	5 955	-	5 955	
Total: Free State	3 352	26 601	-	26 601	
GAUTENG					
Agriculture and Rural Development	29	2 454	-	2 454	
Education	16	2 450	-	2 450	
Health	13	2 010	-	2 010	
Housing	13	2 000	-	2 000	
Infrastructure Development	37	5 511	-	5 511	
Local Government	13	2 000	-	2 000	
Roads and Transport	1 277	3 140	-	3 140	
Social Development	13	2 000	-	2 000	
Sport, Arts, Culture and Recreation	13	2 000	-	2 000	
Total: Gauteng	1 424	23 565	-	23 565	
KWAZULU-NATAL					
Agriculture, Environmental Affairs and Rural Development	-	19 008	(19 008)	-	
Agriculture and Rural Development	34	-	4 181	4 181	
Arts and Culture	14	2 102	-	2 102	
Co-operative Governance and Traditional Affairs	23	3 471	-	3 471	
Economic Development, Tourism and Environmental Affairs	122	2 000	14 827	16 827	
Education	14	2 070	-	2 070	
Health	17	2 581	-	2 581	
Public Works	21	3 168	-	3 168	
Social Development	13	2 000	-	2 000	
Sport and Recreation	14	2 102	-	2 102	
Transport	5 092	59 443	-	59 443	
Total: KwaZulu-Natal	5 364	97 945	-	97 945	
LIMPOPO					
Agriculture	128	12 777	2 263	15 040	
Economic Development, Environment and Tourism	14	2 102	-	2 102	
Education	13	2 000	-	2 000	
Health	14	2 089	-	2 089	
Co-operative Governance, Human Settlements and Traditional Affairs	14	2 144	-	2 144	
Public Works	15	2 252	-	2 252	
Roads and Transport	2 902	4 518	-	4 518	
Rural Development	-	2 263	(2 263)	-	
Sport, Arts and Culture	14	2 102	-	2 102	
Total: Limpopo	3 114	32 247	-	32 247	

APPENDIX 1

APPENDIX TO SCHEDULE 5, PART A: BREAKDOWN OF EPWP INTEGRATED GRANT FOR PROVINCES: TARGETS AND ALLOCATIONS PER PROVINCIAL DEPARTMENT

Public Works (Vote 7)	EPWP Integrated Grant to Provinces				
	Province/Provincial Department	FTE Performance Target (revised)	2014/15 Main Allocation R'000	Adjustments R'000	2014/15 Adjusted allocation R'000
MPUMALANGA					
Agriculture, Rural Development and Land Administration	92	11 274	-	11 274	
Co-operative Governance and Traditional Affairs	13	2 000	-	2 000	
Culture, Sport and Recreation	15	2 199	-	2 199	
Economic Development, Environment and Tourism	24	3 561	-	3 561	
Education	22	3 340	-	3 340	
Health	18	2 732	-	2 732	
Public Works, Roads and Transport	4 141	12 798	-	12 798	
Social Development	14	2 024	-	2 024	
Total: Mpumalanga	4 339	39 928	-	39 928	
NORTHERN CAPE					
Agriculture, Land Reform and Rural Development	34	2 102	-	2 102	
Cooperative Governance, Human Settlements and Traditional Affairs	19	2 836	-	2 836	
Economic Development and Tourism	27	4 102	-	4 102	
Education	14	2 025	-	2 025	
Environment and Nature Conservation	14	2 102	-	2 102	
Health	14	2 115	-	2 115	
Roads and Public Works	1 854	2 964	-	2 964	
Sport, Arts and Culture	14	2 102	-	2 102	
Total: Northern Cape	1 990	20 348	-	20 348	
NORTH WEST					
Agriculture and Rural Development	39	2 509	-	2 509	
Economic Development, Environment, Conservation and Tourism	14	2 102	-	2 102	
Education	13	2 000	-	2 000	
Local Government and Traditional Affairs	13	2 000	-	2 000	
Public Works, Roads and Transport	1 828	5 638	-	5 638	
Total: North West	1 907	14 249	-	14 249	
WESTERN CAPE					
Agriculture	26	2 248	-	2 248	
Cultural Affairs and Sport	15	2 224	-	2 224	
Environmental Affairs and Development Planning	18	2 748	-	2 748	
Health	16	2 417	-	2 417	
Human Settlements	26	3 842	-	3 842	
Transport and Public Works	1 662	8 477	-	8 477	
Education	17	2 564	-	2 564	
Total: Western Cape	1 780	24 520	-	24 520	
Unallocated					
Grand Total	26 953	348 947	-	348 947	

1. Correction for Limpopo to reflect that the Department of Agriculture receives an allocation from this grant not the Department of Rural Development

2. Correction for KwaZulu-Natal to reflect the split of the former Department of Agriculture and Rural Development into two departments: the Department of Economic Development, Tourism and Environmental Affairs and the Department of Agriculture and Rural Development, which both receive allocations

APPENDIX 2

**APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF NATIONAL HEALTH GRANT: ALLOCATIONS PER GRANT COMPONENT
PER PROVINCE**

APPENDIX 2

**APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF NATIONAL HEALTH GRANT:
ALLOCATIONS PER GRANT COMPONENT PER PROVINCE**

Health (Vote 16)	National Health Grant		
Province/Components/Sub-components	2014/15 Main Allocation R'000	Adjustments R'000	2014/15 Adjusted allocation R'000
Total Per Province/Components			
Eastern Cape	167 997	(43 148)	124 849
Free State	49 847	-	49 847
Gauteng	96 143	-	96 143
KwaZulu-Natal	45 016	-	45 016
Limpopo	445 598	(315 434)	130 164
Mpumalanga	144 242	-	144 242
Northern Cape	17 006	-	17 006
North West	11 113	-	11 113
Western Cape	17 396	-	17 396
Unallocated	580 504	(16 418)	564 086
Total	1 574 862	(375 000)	1 199 862
<i>of which:</i>			
Health Facility Revitalisation Grant Component			
<i>of which:</i>			
(a) Health infrastructure sub-component			
Eastern Cape	135 674	(43 148)	92 526
Free State	38 623	-	38 623
Gauteng	62 903	-	62 903
KwaZulu-Natal	-	-	-
Limpopo	420 424	(315 434)	104 990
Mpumalanga	127 382	-	127 382
Northern Cape	3 072	-	3 072
North West	6 280	-	6 280
Western Cape	-	-	-
Unallocated	185 504	(16 418)	169 086
Total	979 862	(375 000)	604 862
Human Papillomavirus Vaccine Grant Component			
Eastern Cape	32 323	-	32 323
Free State	11 224	-	11 224
Gauteng	33 240	-	33 240
KwaZulu-Natal	45 016	-	45 016
Limpopo	25 174	-	25 174
Mpumalanga	16 860	-	16 860
Northern Cape	13 934	-	13 934
North West	4 833	-	4 833
Western Cape	17 396	-	17 396
Total	200 000	-	200 000
National Health Insurance Grant Component			
(a) National Health Insurance - Central Hospitals			
Eastern Cape	-	-	-
Free State	-	-	-
Gauteng	-	-	-
KwaZulu-Natal	-	-	-
Limpopo	-	-	-
Mpumalanga	-	-	-
Northern Cape	-	-	-
North West	-	-	-
Western Cape	-	-	-
Unallocated	20 000	-	20 000
Total	20 000	-	20 000
(b) National Health Insurance - Medical Practitioner Contracting			
Eastern Cape	-	-	-
Free State	-	-	-
Gauteng	-	-	-
KwaZulu-Natal	-	-	-
Limpopo	-	-	-
Mpumalanga	-	-	-
Northern Cape	-	-	-
North West	-	-	-
Western Cape	-	-	-
Unallocated	375 000	-	375 000
Total	375 000	-	375 000
National Health Insurance Grant Component Total	395 000	-	395 000

1. Correction to reflect declared saving and conversion of funds to direct Health Facility Revitalisation Grant

APPENDIX 3

APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF SCHOOL INFRASTRUCTURE BACKLOGS GRANT: ALLOCATIONS PER PROVINCE

APPENDIX 3

APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF SCHOOL INFRASTRUCTURE
BACKLOGS GRANT: ALLOCATIONS PER PROVINCE

Basic Education (Vote 15)	School Infrastructure Backlogs Grant		
Province			
	2014/15 Main Allocation R'000	Adjustments R'000	2014/15 Adjusted allocation R'000
Eastern Cape	1 598 271	-	1 598 271
Free State	515 217	-	515 217
Gauteng	12 737	-	12 737
KwaZulu-Natal	182 578	-	182 578
Limpopo	76 792	-	76 792
Mpumalanga	106 177	-	106 177
Northern Cape	15 671	-	15 671
North West	33 384	-	33 384
Western Cape	397 676	(397 676)	-
Total	2 938 503	(397 676)	2 540 827

1. Funds converted to direct Education Infrastructure Grant