

Division of Revenue Act, 2002 (Act 5 of 2002) has been repealed by
Division of Revenue Act, 2003 (Act 7 of 2003) as of 17 April 2003



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THE PRESIDENCY

No. 407 28 March 2002

It is hereby notified that the President has assented to the following Act, which is hereby published for general information:—

No. 5 of 2002: Division of Revenue Act, 2002



AIDS HELPLINE: 0800-123-22 Prevention is the cure

(English text signed by the President.)
(Assented to 27 March 2002.)

ACT

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2002/2003 financial year; to provide for reporting requirements for allocations pursuant to such division; to provide for the withholding and the delaying of payments; to provide for liability for costs incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations; and to provide for matters connected therewith.

PREAMBLE

WHEREAS section 214(1) of the Constitution 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.

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

Definitions

1. In this Act, unless the context indicates otherwise, a word to which a meaning has been assigned in the Public Finance Management Act bears the same meaning, and— 5

- (i) "accredited bank account" means—
 - (a) in respect of a province, a bank account of the provincial Revenue Fund which the head official of the provincial treasury has certified to the National Treasury as the bank account into which allocations in terms of this Act must be deposited; and 10
 - (b) in respect of a municipality, a bank account of a municipality which the municipal manager has certified to the national accounting officer responsible for local government as the bank account into which allocations in terms of this Act must be deposited;
- (ii) "Director-General" means the Director-General of the National Treasury; 15
- (iii) "head official of the provincial treasury" means the head official of the provincial department responsible for financial matters in the province;
- (iv) "Intergovernmental Fiscal Relations Act" means the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
- (v) "municipality" means a municipality established in terms of the Municipal Structures Act; 20

- (vi) "municipal accounting officer" means the municipal manager of a municipality or such other person who has been instructed or delegated by the council to perform the functions of an accounting officer;
- (vii) "municipal public entity" means—
 a board, commission, company, corporation, fund, utility or other entity which is—
 (a) a juristic person under the ownership control of a municipality;
 (b) established pursuant to a resolution of the council or in terms of legislation;
 (c) fully or substantially funded either from municipal funds or by way of a tax, levy or other money imposed in terms of legislation; and
 (d) accountable to the municipality;
- (viii) "Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- (ix) "next financial year" means the financial year commencing on 1 April 2003 and ending on 31 March 2004;
- (x) "payment schedule" means an instalment schedule which sets out—
 (a) the amount of each instalment of an equitable share or other allocation to be transferred to a province or municipality for the financial year;
 (b) the date on which each such instalment must be paid; and
 (c) to whom, and to which accredited bank account, each such instalment must be paid;
- (xi) "prescribe" means prescribe by regulation in terms of section 33;
- (xii) "Public Finance Management Act" means the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (xiii) "receiving officer"—
 (a) in respect of a Schedule 3 allocation transferred to a province, means the head official of a provincial treasury acting with the concurrence of the accounting officer of the provincial department receiving the allocation;
 (b) in respect of a Schedule 4 allocation transferred to a province, means the accounting officer of a provincial department which receives such allocation; or
 (c) in respect of a Schedule 5 allocation transferred to a municipality, means the municipal accounting officer of that municipality;
- (xiv) "SALGA" means the national organisation recognised in terms of section 2(1)(a) of the Organised Local Government Act, 1997 (Act No. 52 of 1997);
- (xv) "transferring national officer" means the accounting officer responsible for a national department which transfers to a province or municipality a Schedule 3, 4 or 5 allocation, but excludes the accounting officer of the National Treasury in respect of an allocation listed in those Schedules and which is on the vote of the National Treasury;
- (xvi) "transferring provincial officer" means the accounting officer responsible for a provincial department which receives a Schedule 4 or 5 allocation for the purpose of transferring it to a municipality in the relevant province.

PART I

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OBJECTS OF ACT

Promoting co-operative governance in intergovernmental budgeting

2. The objects of this Act are to—
 (a) provide for the equitable division of revenue raised nationally among the three spheres of government;
 (b) promote co-operative governance in the budget allocation and transfer process;
 (c) promote better co-ordination between policy, planning, budget preparation and execution processes;

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- (d) promote predictability and certainty in respect of all allocations to provincial and local governments to enable such governments to plan their budgets over a multi-year period;
- (e) promote transparency and equity in all allocations, including in respect of the criteria for their division; 5
- (f) promote accountability for the use of public resources by ensuring that all transfers are reflected on the budget of benefiting provincial and local governments, and are subjected to an audit;
- (g) ensure that proper financial management is applied; and
- (h) ensure that legal proceedings between organs of state of the three spheres of government are avoided. 10

PART II

EQUITABLE SHARE ALLOCATIONS

Equitable division of revenue raised nationally among spheres of government

3. (1) Anticipated revenue raised nationally in respect of the financial year is divided among the national, provincial and local spheres of government for their equitable share as set out in Column A of Schedule 1. 15

(2) A recommended division of anticipated revenue for the next financial year and the 2004/2005 financial year, and which is subject to the provisions of the annual Division of Revenue Act in respect of those financial years, is set out in Column B of Schedule 1. 20

(3) Despite subsection (2), the Minister may, in respect of the next financial year and until the commencement of that financial year's Division of Revenue Act, determine that an amount not exceeding 45 per cent of the recommended division for the next financial year, be transferred as a direct charge against the National Revenue Fund to each province and to a municipality contemplated in section 5(1). 25

Equitable division of provincial share among provinces

4. (1) Each province's equitable share of the provincial share of anticipated revenue raised nationally in respect of the financial year is set out in Column A of Schedule 2.

(2) A recommended division of anticipated revenue for each province for the next financial year and the 2004/2005 financial year and which is subject to the provisions of the annual Division of Revenue Act for those financial years, is set out in Column B of Schedule 2. 30

(3) Each province's equitable share contemplated in subsection (1) must be transferred to the province in weekly instalments in accordance with a payment schedule determined by the National Treasury after consultation with the head officials of the provincial treasuries. 35

(4) Despite subsection (3), the National Treasury may, on such conditions as it may determine, advance funds to a province in respect of its equitable share contemplated in subsection (1), which have not yet fallen due for transfer in accordance with a payment schedule referred to in subsection (3) in respect of that province. 40

(5) The advances contemplated in subsection (4) must be set-off against transfers to the province which would otherwise become due in terms of that payment schedule.

Equitable share for local government

5. (1) The national accounting officer responsible for local government must, not later than 14 days after this Act takes effect, determine the allocation for a municipality in respect of the equitable share for the local sphere of government set out in Schedule 1 and such determination must be published by the Minister in the *Gazette*. 45

(2) The criteria for determining the division contemplated in subsection (1) must be in accordance with a policy framework approved by the National Treasury after consultation with SALGA and must take into account the fiscal capacity of each 50

municipality with a view to the prioritisation of the funding of municipalities which bear primary responsibility for basic service delivery.

(3) Despite subsection (1), the national accounting officer responsible for local government may, after consultation with the relevant member of the executive council responsible for local government and in accordance with a prescribed procedure, amend, in respect of a category B or C municipality, a determination made in terms of that subsection if, as a result of information obtained after that determination, there is reason to believe that such an amendment will ensure better compliance with the criteria contemplated in subsection (2).

(4) The national accounting officer responsible for local government must, in the determination contemplated in subsection (1), also indicate the recommended division of anticipated revenue for the next financial year and the 2004/2005 financial year.

(5) The allocation to each municipality contemplated in subsection (1) must be transferred to that municipality in quarterly instalments in accordance with a payment schedule determined by the national accounting officer responsible for local government after consultation with the National Treasury: Provided that such instalments are transferred not later than the end of May, August, November and February.

(6) Despite subsection (5), the national accounting officer responsible for local government may, after consultation with the National Treasury, on such conditions as he or she may determine, advance funds to a municipality in respect of its equitable share contemplated in subsection (1), which have not yet fallen due for transfer in accordance with a payment schedule referred to in subsection (5) in respect of that municipality.

(7) The advances contemplated in subsection (6) must be set-off against transfers to the municipality which would otherwise become due in terms of that payment schedule.

Shortfalls and excess revenue

6. (1) If actual revenue raised nationally in respect of the financial year falls short of the anticipated revenue set out in Schedule 1, the national government bears the shortfall.

(2) If actual revenue raised nationally in respect of the financial year is in excess of the anticipated revenue set out in Schedule 1, the excess accrues to the national government and forms part of its equitable share.

(3) Despite subsection (2), the national government may, by means of an adjustments budget or any other appropriation legislation, and additional to the equitable share allocation and the allocations contemplated in Part III, make further allocations to the provincial and local spheres of government from its share of revenue anticipated to be raised nationally.

PART III

OTHER ALLOCATIONS TO PROVINCES AND MUNICIPALITIES

General norms and standards for all allocations

7. (1) Other allocations to provinces and municipalities from the national government's share of anticipated revenue raised nationally are set out in Column A of Schedules 3, 4, 5 and 6 as follows, and must, except in respect of Schedule 6 allocations, be transferred in terms of a payment schedule submitted to the National Treasury not later than 14 days after this Act takes effect:

- (a) Schedule 3 contains allocations to provinces for general and nationally assigned functions;
- (b) Schedule 4 contains allocations to provinces for specified purposes;
- (c) Schedule 5 contains allocations to municipalities for specified purposes; and
- (d) Schedule 6 contains allocations-in-kind to provinces and municipalities for designated special programmes.

(2) A recommended division of anticipated allocations to provinces and municipalities for the next financial year and the 2004/2005 financial year and which is subject to the provisions of the Division of Revenue Acts for those financial years is set out in Column B of the Schedules referred to in subsection (1).

(3) Despite subsection (2), the Minister may, in respect of the next financial year and until the commencement of the relevant Division of Revenue Act, determine that an amount not exceeding 45 per cent of the recommended division of the allocation for the next financial year set out in Schedule 3, 4 or 5 be transferred to a province or municipality.

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Transfers to public entities

8. Transfers to public or municipal entities in order to perform a function that is normally the responsibility of a province or municipality, must be regarded as being transfers to such province or municipality.

Transfers not listed in Schedules

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9. (1) The transfer of an allocation not listed in the Schedules contemplated in Part III of this Act may only be made with the permission of the Minister and must be published in the *Gazette*.

(2) The permission contemplated in subsection (1) may only be granted if—

- (a) the allocation is approved by Parliament in an adjustments budget or any other appropriation legislation; or 15
- (b) the allocation is for the purpose of defraying expenditure of an exceptional nature contemplated in section 16 of the Public Finance Management Act.

(3) The transferring national officer must, in respect of an allocation contemplated in subsection (1)—

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- (a) comply with the reporting and monitoring requirements determined by the National Treasury; and
- (b) submit to the National Treasury an assessment of the likelihood for the province or municipality which receives, or benefits from it, to spend it or benefit from it in the financial year. 25

Provincial infrastructure allocation

10. A provincial treasury must, in respect of an allocation for provincial infrastructure listed in Schedule 3, not later than 14 days after this Act takes effect, ensure that the province—

- (a) submits to the National Treasury a plan in the format determined by the National Treasury on proposed spending for the financial year, the 2003/2004 financial year and the 2004/2005 financial year; and 30
- (b) indicates to what extent it will match the allocations contemplated in paragraph (a).

Municipal infrastructure allocations

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11. (1) Allocations for addressing backlogs in basic municipal infrastructure and services are set out in Schedule 5.

(2) Any allocation contemplated in subsection (1) which is intended, entirely or in part, for the construction, maintenance or rehabilitation of municipal infrastructure—

- (a) may only be transferred in terms of a policy framework approved by the National Treasury; 40
- (b) must be accompanied by an indication of the recommended amounts of a similar allocation for the next financial year and the 2004/2005 financial year, unless the National Treasury grants exemption from compliance with this requirement; and 45
- (c) must be in accordance with a distribution formula approved by the National Treasury.

Transfer of assets to municipalities

12. A transferring national officer or a transferring provincial officer may not make any commitment to a municipality, of assets or any other financial resource, including an allocation-in-kind or a future asset transfer, intended, entirely or in part, for the construction, maintenance or rehabilitation of municipal infrastructure without— 50

- (a) that municipality's confirmation that it will take transfer of such asset for operating purposes;
- (b) a realistic estimate of the future value of the asset and potential liability, including a reflection of the associated operating costs; and
- (c) the approval of the municipal council and the national accounting officer responsible for local government. 5

Municipal capacity building allocations

13. (1) Any transfer of an allocation aimed at developing and improving municipal systems and the capacity of municipalities to perform functions assigned to them may only be made in terms of a framework determined by the national accounting officer responsible for local government in consultation with the Director-General. 10

(2) The framework contemplated in subsection (1) must take into account financial management, budgeting and spatial planning considerations.

PART IV

DUTIES OF ACCOUNTING OFFICERS AND TREASURIES 15

Duties of transferring national officer

14. (1) A transferring national officer must, not later than 14 days after this Act takes effect, certify to the National Treasury that—

- (a) grant frameworks, conditions and monitoring provisions are reasonable and do not impose an undue administrative burden on benefiting provincial and local governments receiving an allocation contemplated in Part III; 20
- (b) funds will only be transferred after prescribed information has been provided; and
- (c) funds will only be deposited into an accredited bank account of a province or municipality. 25

(2) A transferring national officer who has not complied with subsection (1) must, unless the National Treasury has, for exceptional reasons, directed otherwise, transfer such funds unconditionally to provinces and municipalities on the basis of the equitable share formula.

(3) Despite anything to the contrary contained in any law, a transferring national officer must, in respect of any allocation contemplated in Part III, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, within 20 days after the end of each month and in the format determined by the National Treasury, submit to the National Treasury and the relevant executive authority information on— 30

- (a) the amount transferred to a province or municipality in the month reported on and for the financial year up to the end of that month; 35
- (b) the amount of funds delayed or withheld from any province or municipality up to the end of that month and for the financial year up to the end of that month;
- (c) the actual expenditure incurred by the province or municipality in the month reported on and for the financial year up to the end of that month in respect of allocations set out in Schedules 4 and 5; and 40
- (d) such other issues as the National Treasury may determine.

Duties of transferring provincial officer

15. (1) A transferring provincial officer must, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, and in respect of any allocation to be transferred to municipalities, within 15 days after the end of each month and in the format determined by the National Treasury, submit to the transferring national officer, the relevant treasury and executive authority responsible for that department, information on— 45

- (a) the amount transferred to a municipality in the month reported on and for the financial year up to the end of that month; 50

- (b) the amount of funds delayed or withheld from any municipality in the month reported on and for the financial year up to the end of that month;
- (c) actual expenditure in respect of that allocation and for the financial year up to the end of that month; and
- (d) such other issues as the National Treasury may determine. 5

(2) A provincial accounting officer intending to make an allocation in the financial year, other than an allocation listed in any Schedule to this Act, to a municipality from the Provincial Revenue Fund must, not later than 14 days after this Act takes effect or such other date determined by the National Treasury, provide the provincial treasury with the prescribed information and the provincial treasury must, not later than the date determined by National Treasury, publish such information in the *Provincial Gazette*. 10

Duties of receiving officer

16. (1) The relevant receiving officer must, in respect of an allocation transferred to—
- (a) a province, and as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, within 15 days after the end of each month, submit a report to the relevant provincial treasury, the relevant provincial executive authority and the transferring national officer; and 15
 - (b) a municipality, within 10 days after the end of each month, submit a report to the relevant transferring national or provincial officer.
- (2) The reports contemplated in subsection (1) must set out— 20
- (a) the amount received by the province or municipality, as the case may be, in the month reported on and for the financial year up to the end of that month;
 - (b) the amount of funds delayed or withheld from the province or municipality, as the case may be, in the month reported on and for the financial year up to the end of that month; 25
 - (c) the actual expenditure by the province or municipality, as the case may be, for the month reported on and for the financial year up to the end of that month in respect of allocations set out in Schedules 4 and 5;
 - (d) the extent of compliance with the conditions of an allocation and with this Act;
 - (e) an explanation for any material problems or variations experienced by the province or municipality, as the case may be, regarding an allocation which has been received and a summary of the steps taken to deal with such problems or variations; and 30
 - (f) such other issues and information as the National Treasury may determine.
- (3) The receiving officer of a municipality which intends to transfer to another municipality an allocation or portion of it transferred to it in terms of this Act must, prior to such transfer, obtain the approval of the National Treasury. 35
- (4) The Minister may prescribe additional duties for the relevant officers of the municipalities contemplated in subsection (3).

Duties of provincial treasury 40

17. (1) A provincial treasury must, within 22 days after the end of each month and in the format determined by the National Treasury and as part of its consolidated monthly report, report on—
- (a) actual transfers received by the province from national departments;
 - (b) the actual expenditure on such allocations, excluding the allocations set out in Schedule 3, up to the end of that month; and 45
 - (c) any problems of compliance with the provisions of this Act by transferring provincial officers and receiving officers, and the steps taken to deal with such problems.
- (2) The report contemplated in subsection (1) must, in respect of the provincial infrastructure allocation, include reports for each quarter and be in such format determined by the National Treasury. 50

Annual report and financial statements

- 18.** (1) The annual report and financial statements contemplated in section 40 of the Public Finance Management Act must, in respect of a department transferring funds for an allocation set out in Schedules 3, 4, 5 and 6, also—
- (a) indicate the total amount of that allocation transferred to a province or municipality; 5
 - (b) indicate the funds, if any, which were withheld and the reasons for such withholding;
 - (c) certify that all transfers to a province or a municipality were deposited into the accredited bank account of that province or municipality; 10
 - (d) certify that, except in respect of allocations contemplated in Schedule 6, no other funds were spent, directly or through a public or private entity, on a function normally performed by a province or municipality;
 - (e) indicate to what extent a province or municipality was monitored for compliance with the conditions of an allocation and the provisions of this Act; 15
 - (f) indicate to what extent the allocation achieved its purpose and outputs;
 - (g) indicate the funds, if any, utilised for the administration of the allocation, and whether any portion of the allocation was retained by the transferring department for that purpose; and
 - (h) indicate any non-compliance with this Act, and the steps taken to deal with such non-compliance. 20
- (2) The annual report and financial statements contemplated in section 40 of the Public Finance Management Act or in any other national legislation or prescribed must, for a department or municipality receiving grants in respect of an allocation set out in Schedules 3, 4 and 5, also— 25
- (a) indicate the total amount of that allocation received and actual expenditure on that allocation;
 - (b) certify that all transfers in terms of this Act to a province or municipality were deposited into the accredited bank account;
 - (c) indicate to what extent a province or municipality met the conditions of such an allocation, and complied with the provisions of this Act; 30
 - (d) indicate the extent to which its objectives were achieved; and
 - (e) contain such other information as the National Treasury may determine.

PART V**DUTIES OF DIRECTOR-GENERAL AND AUDITOR-GENERAL 35****Duties of Director-General**

19. The Director-General must, for the purposes of the report contemplated in section 32(2) of the Public Finance Management Act, publish a report on actual transfers of all allocations listed in the Schedules or made in terms of section 9.

Duties of Auditor-General 40

20. Without derogating from the powers and duties of the Auditor-General in terms of the Constitution and any other law, the Auditor-General must, in the audit report on the financial statements of a department or municipality on the allocations set out in Part III, report on—

- (a) the extent of compliance with this Act by the Director-General, transferring national officers, transferring provincial officers and receiving officers; 45
- (b) whether there was compliance with the certification and reporting requirements of this Act;
- (c) the evaluation of evidence supporting the amounts and disclosures in monthly and annual reports contemplated in this Act; 50

- (d) whether a transferring national officer or transferring provincial officer made unauthorised transfers to any province or municipality or to any entity under the control of a province or municipality; and
- (e) whether the monitoring of the receiving government's compliance with allocation conditions was undertaken in terms of the provisions contemplated in this Act. 5

PART VI

GENERAL

Delaying of payments

21. (1) Subject to subsection (2), the transferring national officer may, after consultation with the National Treasury and, if the National Treasury deems it appropriate, with the relevant provincial treasury and for a period not exceeding 30 days, delay the payment of an allocation in terms of Part III, if—

- (a) the province or municipality which receives such allocation, or benefits from it, does not comply with the conditions to which the allocation is subject; or 15
- (b) expenditure on previous transfers reflects significant underspending for which no satisfactory explanation is given.

(2) The National Treasury may allow the transfer to be delayed for a period exceeding 30 days in order to ensure compliance with the conditions to which an allocation is subject or to ensure significant spending on that allocation. 20

(3) The transferring national officer must, in the monthly reports contemplated in this Act, inform the National Treasury of the reasons for the decision to delay the payment of an allocation and of the steps taken to deal with the causes of the payment delay.

Withholding of payments

22. (1) The National Treasury may withhold the transfer of— 25

(a) an allocation, or any portion of it, referred to in Schedule 3, 4 or 5; or

(b) an allocation in terms of section 9,

if the transferring national officer has submitted to the province or municipality in question, a written report at least 21 days before such allocation is due to be transferred, setting out facts reflecting serious or persistent material breach of the conditions attached to an allocation in terms of section 9 or set out in Part III. 30

(2) The Minister may, by notice in the *Gazette*, approve that an allocation or a portion of it withheld in terms of subsection (1), be utilised to meet a municipality's outstanding statutory financial commitments.

Reallocation of allocations between municipalities 35

23. (1) The transferring national or provincial officer may, with the consent of the National Treasury and after consulting with affected municipalities, reallocate an allocation or portion of it from one municipality to another municipality, if the reallocation will reduce the risk of underspending.

(2) The National Treasury must publish such a reallocation in the *Gazette*. 40

Spending in terms of purpose and subject to conditions

24. (1) Despite anything to the contrary contained in any law, an allocation set out in Schedule 3, 4, 5 or 6 may only be utilised for the purpose stipulated in the relevant Schedule and subject to the prescribed conditions.

(2) The utilisation of an allocation set out in Part III for purposes other than those set out in the Schedules in question, constitutes a breach of the measures established in terms of section 216(1) of the Constitution. 45

(3) Despite subsections (1) and (2), the National Treasury may authorise a province or municipality to retain and utilise such portion of an allocation contemplated in Part III

which remains after the fulfillment of its purpose and compliance with the conditions to which it is subject.

Transfers made in error

25. (1) Despite anything to the contrary contained in any law, the transfer of an allocation to a province in error is regarded as not legally due to the province for the purpose of its Revenue Fund. 5

(2) A transfer contemplated in subsection (1) must be recovered without delay by the responsible transferring national officer.

(3) The Director-General may direct that the recovery contemplated in subsection (1) be effected by set-off against future transfers to the province, which would otherwise become due in accordance with a payment schedule or any other transfer. 10

(4) Despite anything to the contrary contained in any law, the transfer of an allocation to a municipality in error is regarded as not legally due to that municipality and must be recovered without delay by the responsible transferring officer.

(5) The national accounting officer responsible for local government may direct that the recovery contemplated in subsection (4) be effected by set-off against transfers to the municipality in question, which would otherwise become due in accordance with any payment schedule. 15

Transfers to municipalities with weak administrative capacity

26. (1) If the national accounting officer responsible for local government reasonably believes that a Category B municipality is not able effectively to administer an allocation or a portion of it, that officer may transfer such allocation or portion of it to the province in which the municipality is located or, where appropriate, to the relevant Category C municipality, after consultation with the municipalities and province concerned. 20

(2) Any allocation or portion of it contemplated in subsection (1) must be dealt with by the province or Category C municipality to which it has been transferred in accordance with any directions by the national accounting officer responsible for local government. 25

(3) The national accounting officer responsible for local government must publish in the *Gazette* information on the transfer of an allocation contemplated in subsection (1). 30

Funds to follow transfer of functions

27. (1) The transfer of functions from one organ of state to another or from one sphere of government to another and which has financial or planning implications must take place only with the prior written approval of the National Treasury and the national accounting officer responsible for provincial and local government. 35

(2) The transfer of functions contemplated in subsection (1) must, unless the Minister has directed otherwise, include the transfer of funds available to the transferring organ of state or sphere of government for performing such functions.

(3) Despite anything to the contrary contained in this Act or any other law, the National Treasury may, in accordance with a prescribed procedure and for the purpose of facilitating the transfer of funds contemplated in subsection (2), stop the transfer of funds to the transferring organ of state or sphere of government. 40

(4) No financial obligation or liability of a national or provincial department may be imposed on a municipality without—

- (a) that municipality's prior written acceptance by resolution of its council; and 45
- (b) the prior written approval of the National Treasury and the relevant provincial treasury.

(5) A province must utilise its own funds for any transfer of functions which is in conflict with subsection (1).

(6) Any liability arising from a determination of functions between a category C and B municipality by a province in terms of section 84 or 85 of the Municipal Structures Act, is a liability of that province and not of the national government.

Amendment of payment schedule and transfer mechanism

28. (1) Subject to subsections (2) and (3), a transferring national officer may, in respect of an allocation set out in Part III, amend a payment schedule due to the underspending of the funds or for any other exceptional reason. 5

(2) The transferring national officer must, not later than seven days before the amendment contemplated in subsection (1), inform the National Treasury and, if the National Treasury deems it appropriate, the relevant provincial treasury of the proposed amendment and the reasons for it and must submit the proposed payment schedule to the National Treasury. 10

(3) The National Treasury may, in the interest of improved accountability or debt and cash-flow management, or on the grounds of substantial non-compliance with any condition to which an allocation is subject, amend any payment schedule of an allocation listed in Schedule 3, 4 or 5, and direct that no transfer of funds be effected through the payment schedule amended in accordance with subsection (1) or that the payment schedule be amended as directed by it. 15

Exemptions by National Treasury

29. (1) The National Treasury may, on application in writing by a transferring national or provincial officer, exempt in writing a transferring national or provincial officer from the duty to comply with reporting requirements or any other duty regarding an allocation contemplated in Part III or envisaged in section 9: Provided that such exemption may only be granted if such officer satisfies the Director-General that— 20

(a) the duty cannot be complied with at that stage; 25

(b) the allocation programme is properly designed; and

(c) the accounting officer is taking steps to comply with this Act.

(2) Any exemption contemplated in subsection (1)—

(a) may only be granted if the accounting officer provides reasons why information was not included in respect of an allocation set out in Part III; and 30

(b) must set out any condition to which it may be subject, and must be published in the *Gazette*.

Non-compliance with this Act constituting financial misconduct

30. Despite anything to the contrary contained in any law, any serious or persistent non-compliance with this Act, or any condition which an allocation in terms of this Act is subject to, constitutes financial misconduct as envisaged in the Public Finance Management Act. 35

Liability for costs incurred in violation of principles of co-operative governance and intergovernmental relations

31. (1) An organ of state involved in an intergovernmental dispute regarding any provision of this Act must, before approaching a court to resolve such dispute, make every effort to settle the dispute with the other organ of state in question, including making use of the structures established in terms of the Intergovernmental Fiscal Relations Act. 40

(2) In the event that a dispute is referred back by a court in accordance with section 41(4) of the Constitution, due to the court not being satisfied that the organ of state approaching the court has complied with subsection (1), the expenditure incurred by that organ in approaching the court is regarded as fruitless and wasteful. 45

(3) The amount of any such fruitless and wasteful expenditure must, in terms of a prescribed procedure, be recovered without delay from the person who caused the organ of state not to comply with the requirements of subsection (1). 50

Acts performed before this Act took effect

32. Despite anything to the contrary contained in any law, any act performed before this Act took effect or in accordance with any prescribed requirements in fulfillment of the objects of this Act, must be regarded as having been done in terms of the relevant provisions of this Act. 5

Regulations

33. The Minister may, by notice in the *Gazette*, make regulations regarding—
(a) anything which must or may be prescribed in terms of this Act; and
(b) any matter which it is necessary to prescribe for the effective implementation of the provisions of this Act and the achievement of its objects. 10

Repeal of law

34. (1) Subject to subsection (2), the Division of Revenue Act, 2001 (Act No. 1 of 2001), is hereby repealed with effect from the date on which this Act takes effect or from 1 April 2002, whichever is the later.

(2) The repeal of the Act referred to in subsection (1) does not affect any act in terms of that Act which is necessary for the effective implementation of this Act or the performance of any outstanding duties or obligations under or in terms of that Act. 15

Short title

35. This Act is called the Division of Revenue Act, 2002, and takes effect on a date determined by the President by proclamation in the *Gazette*. 20

SCHEDULE 1**Equitable division of revenue raised nationally among the three spheres of government**

Sphere of Government	Column A	Column B	
	2002/03	MTEF Outer Years	
	Allocation R'000	2003/04 R'000	2004/05 R'000
National ¹	164 604 548	177 743 360	192 011 637
Provincial	119 452 086	128 466 030	137 089 096
Local	3 852 478	5 021 478	5 460 546
TOTALS	287 909 112	311 230 868	334 561 279

1. National share includes conditional grants to provincial and local spheres.

SCHEDULE 2**Determination of each province's equitable share of the provincial sphere's share of revenue raised nationally (as a direct charge against the National Revenue Fund)**

Province	Column A	Column B	
	2002/03	MTEF Outer Years	
	Allocation R'000	2003/04 R'000	2004/05 R'000
Eastern Cape	20 497 693	21 856 381	23 323 512
Free State	7 996 034	8 538 456	9 111 482
Gauteng	18 223 977	19 736 234	21 061 055
KwaZulu-Natal	24 343 129	26 416 263	28 189 838
Mpumalanga	8 428 035	9 221 126	9 839 983
Northern Cape	2 906 556	3 119 832	3 329 070
Northern Province	16 144 950	17 458 872	18 630 775
North West	9 992 807	10 666 189	11 382 062
Western Cape	10 918 905	11 452 677	12 221 319
TOTALS	119 452 086	128 466 030	137 089 096

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SCHEDULE 3

GENERAL AND NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B	
					2002/03 Allocation	2003/04	2004/05
Health (Vote 16)	(a) National Tertiary Services Grant	To fund tertiary health services in order to ensure equitable access by all citizens.	Nationally Assigned Function Grant to Provinces	Eastern Cape	R'000	R'000	R'000
				Free State	123 746	190 516	264 303
				Gauteng	287 424	327 915	373 245
				KwaZulu-Natal	1 602 981	1 636 902	1 678 625
				Mpumalanga	480 679	537 752	601 853
				Northern Cape	38 413	39 237	40 249
				Northern Province	24 062	32 052	40 908
				North West	44 838	45 116	45 545
				Western Cape	34 189	34 107	34 111
				TOTAL	1 030 510	1 049 252	1 072 703
					3 666 842	3 892 849	4 151 542
	(b) Health Professions Training and Development Grant	To support the training and development of health professionals.	Nationally Assigned Function Grant to Provinces	Eastern Cape	70 169	80 182	105 870
				Free State	88 192	87 763	87 565
				Gauteng	528 137	525 570	524 384
				KwaZulu-Natal	160 495	156 178	179 303
				Mpumalanga	30 347	34 456	45 277
				Northern Cape	27 573	29 027	35 875
				Northern Province	34 113	41 827	58 041
				North West	32 058	37 806	51 077
				Western Cape	308 164	306 666	305 974
				TOTAL	1 279 248	1 299 475	1 393 366

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B			
					2002/03 Allocation		MTEF Outer Years			
					2003/04	2004/05	2003/04	2004/05		
National Treasury (Vote 8)	(a) Provincial Infrastructure Grant	To fund provincial infrastructure like roads, school buildings, health facilities and rural development.	General Conditional Grant to Provinces	Eastern Cape	286 107	428 504	531 220			
				Free State	93 913	140 653	173 878			
				Gauteng	157 084	235 266	288 841			
				KwaZulu-Natal	331 123	495 925	612 837			
				Mpumalanga	118 961	178 168	220 569			
				Northern Cape	52 997	71 931	81 930			
				Northern Province	278 519	417 139	515 245			
				North West	135 086	202 320	250 472			
				Western Cape	96 210	144 094	177 848			
				TOTAL	1 550 000	2 314 000	2 852 840			
				(b) Provincial Infrastructure Grant—Flood Rehabilitation	To fund the reconstruction of flood damaged provincial infrastructure.	General Conditional Grant to Provinces	Eastern Cape	70 000	23 000	—
							Free State	58 000	21 000	—
	Mpumalanga	90 000	36 000				—			
Northern Province	182 000	120 000	—							
TOTAL	400 000	200 000	—							

SCHEDULE 4
ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B	
					2002/03 Allocation R'000	2003/04 R'000	MTEF Outer Years 2004/05 R'000
Agriculture (Vote 25)	(a) Poverty Relief and Infrastructure Development Grant	To address the degradation problems of natural resources and improve the socio-economic status of rural communities.	Conditional Grant	Eastern Cape	6 000	8 000	—
				Free State	1 400	1 800	—
				Gauteng	—	1 600	—
				KwaZulu-Natal	4 000	6 500	—
				Mpumalanga	2 000	3 500	—
				Northern Cape	1 300	1 800	—
				Northern Province	5 000	8 000	—
				North West	3 000	5 000	—
				Western Cape	1 300	1 800	—
				TOTAL	24 000	38 000	—
				Education (Vote 15)	(a) Financial Management and Quality Enhancement Grant	To support financial management and quality-enhancing initiatives in school education.	Conditional Grant
Free State	14 132	14 768	15 654				
Gauteng	27 591	28 833	30 563				
KwaZulu-Natal	49 575	51 805	54 914				
Mpumalanga	16 375	17 112	18 139				
Northern Cape	4 262	4 454	4 721				
Northern Province	35 218	36 803	39 011				
North West	17 946	18 753	19 878				
Western Cape	17 721	18 519	19 630				
TOTAL	224 320	234 414	248 479				

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Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B		
					2002/03 Allocation	2003/04	MTEF Outer Years	2004/05	
	(b) Early Childhood Development Grant	To provide quality education to poor children eligible for the reception year.	Conditional Grant	Eastern Cape Free State Gauteng KwaZulu-Natal Mpumalanga Northern Cape Northern Province North West Western Cape	9 620 3 276 6 396 11 492 3 796 988 8 164 4 160 4 108	16 280 5 544 10 824 19 448 6 424 1 672 13 816 7 040 6 952	— — — — — — — — —	— — — — — — — — —	
	TOTAL			TOTAL	52 000	88 000	88 000	—	—
	(c) HIV/Aids (Lifeskills Education) Grant	To promote HIV/Aids education in primary and secondary schools.	Conditional Grant	Eastern Cape Free State Gauteng KwaZulu-Natal Mpumalanga Northern Cape Northern Province North West Western Cape	26 270 8 946 17 466 31 382 10 366 2 698 22 294 11 360 11 218	21 719 7 396 14 440 25 945 8 570 2 231 18 432 9 392 9 275	23 111 7 870 15 366 27 608 9 119 2 374 19 613 9 994 9 869	23 111 7 870 15 366 27 608 9 119 2 374 19 613 9 994 9 869	
	TOTAL			TOTAL	142 000	117 400	117 400	124 924	124 924

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Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B	
					2002/03 Allocation	MTEF Outer Years	2003/04
Health (Vote 16)	(a) Hospital Revitalisation Grant	To transform and modernise hospitals in line with the national planning framework.	Conditional Grant	Eastern Cape	81 000	84 645	89 724
				Free State	17 000	17 765	18 831
				Gauteng	105 000	109 725	116 308
				KwaZulu-Natal	90 000	94 050	99 693
				Mpumalanga	45 000	47 025	49 847
				Northern Cape	10 000	10 450	11 077
				Northern Province	92 000	96 140	101 908
				North West	50 000	52 250	55 385
				Western Cape	30 000	31 350	33 231
				TOTAL	520 000	543 400	576 004
	(b) Pretoria Academic Hospital Grant	To fund the construction and development of the Pretoria Academic Hospital.	Conditional Grant	Gauteng	70 000	90 000	—
(c) HIV/Aids Health Grant	To expand access to voluntary HIV counselling and testing, home-based care, prevention of mother-to-child transmission programmes and other HIV/Aids health-related matters.	Conditional Grant	TOTAL	70 000	90 000	—	
			Eastern Cape	21 130	37 947	56 751	
			Free State	13 953	23 235	31 775	
			Gauteng	23 253	40 706	58 863	
			KwaZulu-Natal	39 260	63 523	88 996	
			Mpumalanga	15 606	25 621	34 852	
			Northern Cape	5 727	8 225	10 044	
			Northern Province	15 371	28 228	43 050	
			North West	14 149	24 449	34 827	
			Western Cape	8 760	14 642	21 322	
			TOTAL	157 209	266 576	380 480	

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Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B					
					2002/03 Allocation	MTEF Outer Years	2004/05				
(d) Integrated Nutrition Programme Grant		To feed primary school children, facilitate nutrition education and health promotion.	Conditional Grant	Eastern Cape	131 838	131 838	139 748				
				Free State	39 394	39 394	41 758				
				Gauteng	54 673	54 673	57 953				
				KwaZulu-Natal	132 471	132 471	140 419				
				Mpumalanga	39 728	39 728	42 112				
				Northern Cape	10 096	10 096	10 702				
				Northern Province	106 032	106 032	112 394				
				North West	39 390	39 390	41 754				
				Western Cape	28 789	28 789	30 516				
				TOTAL	582 411	582 411	617 356				
				(e) Hospital Management and Quality Improvement Grant		Improving management in hospitals and support quality of care interventions.	Conditional Grant	Eastern Cape	9 000	14 000	14 840
								Free State	11 000	11 000	11 660
								Gauteng	34 000	28 000	29 680
KwaZulu-Natal	19 000	17 000	18 020								
Mpumalanga	8 000	12 000	12 720								
Northern Cape	7 000	8 000	8 480								
Northern Province	9 000	12 000	12 720								
North West	8 000	11 000	11 660								
Western Cape	19 000	17 000	18 020								
TOTAL	124 000	130 000	137 800								

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Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B			
					2002/03 Allocation	2003/04	MTEF Outer Years	2004/05		
Housing (Vote 17)	(a) Housing Subsidy Grant	To finance subsidies under the national housing programme.	Conditional Grant	Eastern Cape	571 485	627 253	581 876			
				Free State	283 097	316 064	374 679			
				Gauteng	801 940	896 830	1 085 699			
				KwaZulu-Natal	708 759	778 263	727 186			
				Mpumalanga	242 038	268 228	288 030			
				Northern Cape	75 809	83 807	86 900			
				Northern Province	381 767	417 204	359 305			
				North West	302 001	337 769	409 400			
				Western Cape	372 778	412 480	433 357			
				TOTAL	3 739 674	4 137 898	4 346 432			
				(b) Human Resettlement and Redevelopment Pilot Programme Grant	To fund projects aimed at improving the quality of the environment in urban communities.	Conditional Grant	Eastern Cape	10 000	11 000	11 660
							Free State	7 500	8 500	9 010
	Gauteng	23 000	21 000				22 260			
KwaZulu-Natal	25 000	26 000	27 560							
Mpumalanga	6 000	7 000	7 420							
Northern Cape	2 500	3 000	3 180							
TOTAL			Northern Province	11 000	11 000	11 660				
			North West	6 000	8 000	8 480				
			Western Cape	13 000	13 500	14 310				
TOTAL	104 000	109 000	115 540							

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Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2002/03 Allocation		MTEF Outer Years	
							2003/04	2004/05
Provincial and Local Government (Vote 5)	(a) Local Government Support Grant	To assist municipalities experiencing severe financial problems to restructure their financial positions and organisations.	Conditional Grant	Eastern Cape	31 200	29 350	26 300	
				Free State	26 450	24 650	22 100	
				Gauteng	9 450	8 450	7 600	
				KwaZulu-Natal	26 450	24 700	22 150	
				Mpumalanga	12 750	12 450	11 400	
				Northern Cape	15 550	15 100	13 550	
				Northern Province	15 100	14 650	13 350	
				North West	16 550	15 550	14 000	
				Western Cape	16 500	15 100	13 350	
				TOTAL	170 000	160 000	143 800	
	(b) Provincial Consolidated Municipal Infrastructure Programme (CMIP) Grant	To provide support to manage the CMIP effectively and to build the capacity of municipalities to ensure the sustainability of CMIP projects.	Conditional Grant	Eastern Cape	27 266	28 902	30 637	
				Free State	8 609	9 126	9 673	
				Gauteng	19 294	20 452	21 679	
				KwaZulu-Natal	14 322	15 181	16 092	
Mpumalanga				5 999	6 358	6 740		
Northern Cape				2 509	2 660	2 820		
Northern Province	10 901	11 555	12 248					
North West	7 221	7 654	8 113					
Western Cape	8 357	8 858	9 390					
TOTAL	104 478	110 747	117 392					

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Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B	
					2002/03 Allocation	MTEF Outer Years 2003/04	2004/05
Social Development (Vote 18)	(a) Financial Management and Improvement of Social Security System Grant	To improve the financial management, administration and functioning of social security system.	Conditional Grant	Eastern Cape	1 200	—	—
				Free State	1 200	—	—
				Gauteng	1 200	—	—
				KwaZulu-Natal	1 200	—	—
				Mpumalanga	1 200	—	—
				Northern Cape	1 200	—	—
				Northern Province	1 200	—	—
				North West	1 200	—	—
				Western Cape	1 200	—	—
				TOTAL	10 800	—	—
	(b) HIV/Aids (Community-based care) Grant	To advance the development of Community-based care (CBC) programmes in communities.	Conditional Grant	Eastern Cape	4 697	6 488	6 887
Free State				6 510	8 993	9 546	
Gauteng				6 836	9 443	10 023	
KwaZulu-Natal				8 462	11 690	12 410	
Mpumalanga				6 928	9 571	10 160	
Northern Cape				2 604	3 597	3 818	
Northern Province				3 069	4 240	4 500	
North West				5 348	7 387	7 841	
Western Cape				2 046	2 826	3 000	
TOTAL				46 500	64 235	68 185	

SCHEDULE 5
RECURRENT ALLOCATIONS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2002/03 Allocation	2003/04	MTEF Outer Years 2003/04	2004/05
National Treasury (Vote 8)	Financial Management Grant	To promote and support reforms to municipal budgeting and financial management practices and implementation of the Municipal Finance Management Act.	Conditional Grant	R'000 111 000	R'000 101 000	R'000 101 000	R'000 79 000
	Local Government Restructuring Grant	To modernise large budget municipalities and to make them more effective and efficient service delivery authorities.	Conditional Grant	300 000	315 000	315 000	342 900
			TOTAL	411 000	416 000	416 000	421 900

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Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2002/03 Allocation	2003/04	MTEF Outer Years	2004/05
Provincial and Local Government (Vote 5)	Municipal Systems Improvement Grant	To support municipalities in implementing new systems as provided in the Municipal Systems Act, 2000, and LDC/ Spatial planning activities.	Conditional Grant	93 290	100 418		132 243
	Local Government Transition Grant	To assist municipalities with once-off costs of amalgamating and establishing new structures following the demarcation process.	Conditional Grant	200 000			
			TOTAL	293 290	100 418		132 243

SCHEDULE 5
INFRASTRUCTURE ALLOCATIONS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Type of Allocation	Column A 2002/03 Allocation		Column B MTEF Outer Years	
				2003/04	2004/05	2003/04	2004/05
Provincial and Local Govern- ment (Vote 5)	Consolidated Municipal Infrastructure Programme Grant	To provide internal bulk, connector, internal infrastructure and community services and facilities to low income households.	Conditional Grant	R'000 1 654 522	R'000 2 096 253	R'000 2 374 028	
	Local Economic Development Fund Grant	To support planning and implementation of job creation and poverty relief alleviation projects.	Conditional Grant	98 500	117 000	—	
	Integrated Sustainable Rural Development Strategy Grant	To support Integrated Sustainable Rural Development Strategy (ISRDS) nodal municipalities to establish institutional systems and nodal delivery teams for planning, project initiation and implementation of the ISRDS.	Conditional Grant	31 980	—	—	
	TOTAL			1 785 002	2 213 253	2 374 028	

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Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2002/03 Allocation	2003/04	MTEF Outer Years	2004/05
Public Works (Vote 6)	Community Based Public Works Programme Grant	Creation of community assets in disadvantaged rural communities and to manage the facilities in co-operation with the local municipality.	Conditional Grant	228 320	228 320	228 320	—
				TOTAL	228 320	228 320	—
Mineral and Energy Affairs (Vote 30)	National Electrification Programme Grant	To implement the National Electrification Programme through providing capital subsidies to licensed municipalities to address the electrification backlog in permanently occupied residential dwellings.	Conditional Grant	228 013	210 000	210 000	210 000
				TOTAL	228 013	210 000	210 000
Transport (Vote 32)	Urban Transport Fund Grant	To promote planning of intermodal land transport infrastructure and operations, facilitation of integrated land use and land transport planning, the development of guidelines in this regard and to initiate demonstration projects in line with the Urban Transport Act, 1977.	Conditional Grant	28 600	—	—	—
				TOTAL	28 600	—	—

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Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2002/03 Allocation	2003/04	MTEF Outer Years	2004/05
Sports and Recreation (Vote 19)	Building for Sports and Recreation Programme Grant	Promotion of sport and recreation within disadvantaged communities by development of new and upgrading of existing sports facilities and empowerment of communities to manage the facilities in co-operation with the local municipality.	Conditional Grant	84 117	123 095		
TOTAL				84 117	123 095		—

SCHEDULE 6

GRANTS-IN-KIND/INDIRECT ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province/ Municipality	Column A	Column B	
					2002/03 Allocation	2003/04	2004/05
					R'000	R'000	R'000
Arts, Culture, Science & Technology (Vote 14)	(a) Poverty Alleviation Grant	To fund Poverty Relief projects in the areas of cultural industries, cultural tourism and heritage development.	Indirect Transfer	Eastern Cape	2 985	9 297	—
				Free State	1 971	4 803	—
				Gauteng	4 597	2 000	—
				KwaZulu-Natal	4 336	5 154	—
				Mpumalanga	2 370	2 320	—
				Northern Cape	2 307	2 548	—
				Northern Province	1 770	2 314	—
				North West	3 225	5 027	—
				Western Cape	1 641	2 780	—
				Unallocated	4 798	5 757	—
				TOTAL	30 000	42 000	—
Education (Vote 15)	(a) Thuba Makote: Schools as Centres for Community Development Grant	To develop and pilot a cost effective approach to the design, construction and management of school facilities which will also meet the developmental needs of rural communities.	Indirect Transfer	Eastern Cape	5 000	10 700	—
				Free State	5 000	10 700	—
				Gauteng	4 000	5 300	—
				KwaZulu-Natal	5 000	10 700	—
				Mpumalanga	5 000	10 600	—
				Northern Cape	—	—	—
				Northern Province	5 000	10 700	—
				North West	5 000	5 300	—
				Western Cape	—	—	—
				TOTAL	34 000	64 000	—

SCHEDULE 6
ALLOCATIONS-IN-KIND/INDIRECT TRANSFERS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2002/03 Allocation	R'000	MTEF Outer Years	R'000
Public Works (Vote 6)	Community Based Public Works Programme Grant	Creation of community assets in rural disadvantaged communities and to manage the facilities in co-operation with the local municipality.	Indirect Conditional (via IDT) Grant	R'000	R'000	2003/04	2004/05
				31 500	31 500	31 500	R'000
National Treasury (Vote 8)	Financial Management Grant	To promote and support reforms to municipal financial management practices, including the modernisation of budgeting, financial management, accounting, monitoring systems in municipalities and implementation of the Municipal Finance Management Act.	Indirect Conditional (via DBSA) Grant	TOTAL	31 500	31 500	—
				43 230	60 915	70 249	
	TOTAL			43 230	60 915	70 249	

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Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2002/03 Allocation	2003/04	MTEF Outer Years	2004/05
Water Affairs and Forestry (Vote 33)	Water Services Operating Subsidy Grant	To augment the Water Services Trading Account (Sub-Programme 4) of the Department of Water Affairs and Forestry thus providing funding for the operation and maintenance of water schemes that are owned and/or operated by the department or by other agencies on behalf of the department.	Indirect Conditional (via Water Trading Account) Grant	669 687	776 436	768 334	
	Implementation of Water Services Projects Grant	To fund bulk, connector and internal infrastructure for water services at a basic level of service, and implement such projects where municipalities lack the required capacity to do so.	Indirect Conditional Grant	884 099	1 011 812	817 554	
	TOTAL			1 553 786	1 788 248	1 585 888	