

LAND AFFAIRS GRANT

Land Redistribution: Alexandra Urban Renewal Project	
Transferring department	<ul style="list-style-type: none"> Land Affairs (Vote 29)
Purpose	<ul style="list-style-type: none"> To contribute towards the purchase of land for the relocation and settlement of Alexandra residents and other qualifying beneficiaries
Measurable outputs	<ul style="list-style-type: none"> To contribute towards the acquisition of land for human settlement purposes To build housing units for qualifying applicants To settle people who qualify for housing subsidies on the purchased land
Conditions	<ul style="list-style-type: none"> The funds to be used for the sole purpose of acquisition of land for settlement only The provincial departments will account to the national Department of Housing and lawful state organs on the expenditure of the funds The funds must be used in full before the end of the financial year The provincial department must give reports in writing when the funds are expended and continue to report until housing projects have been completed and provide a list of beneficiaries for the land bought Provincial departmental strategic plans for 2006/07 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with the national department
Allocation criteria	<ul style="list-style-type: none"> Need-Based on the total budget allocated for land reform in the Department Based on the competing land reform programmes to be implemented
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This is a special Presidential project specifically in Gauteng
Monitoring mechanisms	<ul style="list-style-type: none"> Submission of monthly reports as per the Division of Revenue Act Quarterly reports on the progress made to date and on measurable outputs of the grant Arrange site visits to the projects to actual access progress Enforcement of conditions included in the standard agreement signed the Department of Land Affairs and Provincial Department of Housing
Past performance	2004/05 audited financial outcomes <ul style="list-style-type: none"> Allocated funds was R 8 million
	2004/05 service delivery performance <ul style="list-style-type: none"> About 32000 qualified for housing subsidies on purchased land
Projected life	<ul style="list-style-type: none"> The project will be completed in the 2007/08 financial year
MTEF allocation	<ul style="list-style-type: none"> R8 million for 2006/07
Payment schedule	<ul style="list-style-type: none"> Lump sum payment on 30 May 2006
Responsibilities of the National Department	<ul style="list-style-type: none"> Evaluate Annual Reports for 2005/06 for submission to NCOP and National Treasury by 31 October 2006 Agree on outputs and targets with provincial departments in line with grant objectives for 2006/07 by 31 October 2006 Monitor implementation and provide support Submit approved business plans for 2006/07 to the National Treasury on 15 April 2006 Submit quarterly performance reports to SCOF in the NCOP and National Treasury
Process for approval of 2007/08 business plans	<ul style="list-style-type: none"> Grant not expected to be in place / will discontinue in 2007/08

NATIONAL TREASURY GRANT

Provincial Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Purpose	<ul style="list-style-type: none"> Help accelerate construction, maintenance and rehabilitation of new and existing infrastructure in education, roads, health and agriculture Focus on the application of labour intensive methods in the provision of access roads and maintenance of infrastructure in order to maximise job creation and skills development Gradually increase the labour-intensity of certain specific types of projects over the next five years Enhance capacity to deliver infrastructure
Measurable outputs	<ul style="list-style-type: none"> Construction, rehabilitation and maintenance of roads, schools, health facilities and agriculture infrastructure Number of job opportunities created and the average length of employment for labour intensive projects Number of persons participating in the training programs under the expanded public works programme
Conditions	<ul style="list-style-type: none"> Submission of detailed infrastructure plans for 2006 Budget by 14 April 2006 for departments that are targeted by the grant. These plans must comply with the prescribed format. The flow of the first instalment depends on the submission and approval of infrastructure plans and submission of fourth quarter report for the 2005/06 financial year 2006/07 allocations should take into account the conditions for additional allocations that were made for roads in the framework for the grant in 2005 MTEF, these amounted to R1 billion from 2007/08. The Roads departments are expected to prioritise rehabilitation of class 2 roads, and identified freight corridors executing the projects labour intensively in accordance with EPWP tender and design guidelines. Submission of draft infrastructure plans, which include organisational support plan and infrastructure programme implementation plan for 2007/08, in the prescribed format by 31 August 2006, or any other date as determined by National Treasury. Plans with final list of projects must be submitted to implementing agents by 31 October 2006. Final plans to be tabled together with strategic and annual performance plans. Submission of quarterly reports on physical progress with implementation of infrastructure projects in addition to in-year expenditure monitoring reports. Reported information should cover the full infrastructure budget in the province, not only the grant allocation. Reports should also indicate progress in terms of expenditure and jobs created with EPWP designated projects. The flow of the 2nd, and 3rd instalment will be conditional upon submission and approval of quarterly reports. Low volume roads and storm water projects should be implemented in compliance with the EPWP tender and design guidelines.
Allocation criteria	<ul style="list-style-type: none"> The formula to allocate the grant takes account of percentage share of equitable share allocation and the infrastructure backlogs. In the 2004 MTEF, an average percentage of equitable share and the backlog component of the equitable share formula were used to allocate the grant among the provinces. Amounts of R130 million for 2006/07 were top sliced for Northern Cape to take account of the vastness of the area and resulting length of roads The grant allocation formula has been adjusted to take account of the revised equitable share formula and roads component. The adjustment to new formula is being phased in over the 2005 MTEF and it is now being applied to 2007/08 allocations. The allocations for 2006/07 remain unchanged as published in the 2005 Division of Revenue Act The components for the new formula used to allocate infrastructure comprises the equitable share formula, a backlog (education and health) component and a roads component, each of which is assigned an equal weight of 33,3 per cent.
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant ensures that provinces give priority to infrastructure maintenance, rehabilitation and construction, and support rural development initiatives in line with Government priorities It is also used as vehicle for stimulating the use of labour intensive methods in large infrastructure programmes/projects to create jobs and develop required skills
Monitoring mechanisms	<ul style="list-style-type: none"> Provinces are required to submit detailed quarterly reports, which capture the full details of the projects including the allocation for the year, the expenditure for the period in question and on outputs achieved Specific reports will also be submitted on progress with the implementation of the EPWP projects
Past performance	<p>2004/05 audited financial outcomes</p> <ul style="list-style-type: none"> R2,534 million, which include R200 million for flood rehabilitation, was transferred to provinces. The grant aims to encourage increased allocation for infrastructure on roads, health and education and improved performance in the implementation of projects. Provinces increased spending on payments for capital assets from R7,743 million in 2002/03 to R9,565 million in 2003/04, reflecting 23,5 per cent growth. This grant only constitutes 28 per cent of total payments for capital assets in provinces, indicating that this grant has achieved its objective of increasing provincial budgets and spending capacity for infrastructure

	2004/05 service delivery performance <ul style="list-style-type: none"> • The real outcome of the higher levels of spending on infrastructure is left to each province, and relevant MinMecs for key concurrent functions like education, health and roads • With respect to roads performance the Road Coordinating Body is a vehicle for evaluating the performance in line with the strategic framework for roads
Projected life	<ul style="list-style-type: none"> • To be reviewed after five years
MTEF allocations	<ul style="list-style-type: none"> • 2006/07: R4,118 million; 2007/08: R5,324 million, 2008/09: R5,697 million
Payment schedule	<ul style="list-style-type: none"> • Quarterly instalments
Responsibilities of the National Department	<ul style="list-style-type: none"> • Provide the guidelines/format for the development of infrastructure plans for 2006/07 by 30 April 2006 • Support provinces to improve infrastructure delivery capacity and systems • Relevant sector department to report on quarterly performance in infrastructure delivery to the NCOP
Process for approval of 2007/08 business plans	<ul style="list-style-type: none"> • Infrastructure plans are drafted according to prescribed format • Draft provincial infrastructure plans for departments that are targeted by the grant are submitted to National Treasury by 31 August 2006 • National Treasury reviews plans and give feedback to provinces by 30 September 2006 • Final Plans provincial infrastructure plans tabled together with provincial Strategic and Annual Performance plans

SPORT AND RECREATION GRANT

Mass Sport and Recreation Participation Programme Grant	
Transferring department	<ul style="list-style-type: none"> • Sport and Recreation SA (SRSA) (Vote 19)
Purpose	<ul style="list-style-type: none"> • Promotion of mass participation within schools through the development of selected number of sport codes, the empowerment of educators, and volunteers to manage and implement in conjunction the with provincial departments responsible for Sport and Recreation and Education • Promotion of mass participation within disadvantaged communities through a number of selected activities, the empowerment of communities, and volunteers to manage these activities in conjunction with provincial departments of Sport and Recreation and Sports and Recreation federations
Measurable outputs	<ul style="list-style-type: none"> • COMMUNITY MASS PARTICIPATION PROGRAMME <ul style="list-style-type: none"> – 900 people trained in Sport and Recreation administration – 2520 coaches trained – 1080 referees trained – 1 000 000 people participating actively in the programme – 6 000 000 participations – 900 people trained in first aid – 900 people trained in events management including marketing – 900 people trained in life skills programme including HIV and Aids – 540 recreation clubs established • SCHOOL MASS PARTICIPATION PROGRAMME <ul style="list-style-type: none"> – 750 schools involved in the programme – 13500 educators and volunteers involved in the programme – 200000 learners involved in the programme
Conditions	<ul style="list-style-type: none"> • Provincial departments responsible for sport will be required to enter into formal agreements after approval of business plans prior to the start of the financial year • Each newly approved community mass participation project must have a sustainability plan by 31 March 2006 to ensure that it will be self-sufficient after 3 years • Provincial department strategic plan for 2006/7 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with the national department
Allocation criteria	<ul style="list-style-type: none"> • Funds distributed among provinces (except for Northern Cape) for the current year will be based on an equal base amounts per province plus an amount based on a formula using the equitable share and number of municipalities per province. All the funds allocated to the school sport share of the grant was based on the equitable share formula
Reason not incorporated in equitable shares	<ul style="list-style-type: none"> • A conditional grant is necessary to ensure: <ul style="list-style-type: none"> – National coordination, monitoring and facilitation – National coordinated and integrated campaign to get the nation active
Monitoring mechanisms	<ul style="list-style-type: none"> • Performance monitoring based on in-person meetings with provincial role players and hub inspections by national department to all provinces during the year (at least 3 hub inspections per province per quarter) • Provincial performance monitored at 12 monthly national workshops • Annual impact study conducted
Past performance	<p>2004/05 audited financial outcomes</p> <ul style="list-style-type: none"> • Total DORA allocation to provinces R9 million • Total amount transferred to provinces R9 million <p>2004/05 service delivery performance</p> <ul style="list-style-type: none"> • During 2004/05, the first year of the Mass Participation Programme, a cumulative total of 597 304 people participated in the programme with 92637 people registered as participants against a projected total of 27000 participants. In addition, 703 people were trained as sports administrators, 1133 coaches were trained and 656 referees were trained in seven activities. All targets were exceeded as a result of the enthusiasm of local communities
Projected life	<ul style="list-style-type: none"> • SRSA will provide project funding and support for the 3 years for specific areas. As exit strategy business training will be provided in 2006/07 that will develop franchises or clubs in the hubs that will continue with the programme after 2007/08. Provinces will implement and monitor the projects on an ongoing basis
MTEF allocations	<ul style="list-style-type: none"> • Community Mass Participation: 2006/7: R69 million; 2007/08: R74 million, 2008/09: R80 million • School Sport: 2006/07: R50 million; 2007/08: R80 million, 2008/09: R125 million
Payment schedule	<ul style="list-style-type: none"> • Four instalments paid in April 2006, July 2006, October 2006 and January 2007 as per approved payment schedules. Transfers to be made be the 25th of the aforementioned months
Responsibilities of the National Department	<ul style="list-style-type: none"> • Evaluate Annual Reports for the 2005/06 grants for submission to the NCOP and National Treasury by 31 October 2006 • Agree on outputs and targets with provincial departments in line with grant objective for 2007/8 by 15 August 2006 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit approved business plan for 2006/7 to the National Treasury on 28 February 2006

Mass Sport and Recreation Participation Programme Grant	
	<ul style="list-style-type: none">• Submit quarterly performance reports to SCOF in the NCOP and National Treasury• Submit the allocation criteria, 2007 MTEF allocation and the conditional grant framework that relate to 2007/08 grant to National Treasury by 15 November 2006
Process for approval of 2007/08 business plans	<ul style="list-style-type: none">• SRSA provide business plan blue prints to provinces by the 15 September 2006• Provinces provide draft business plan to SRSA by the 15 October 2006• SRSA evaluates draft business plan by the 15 November 2006• Comments sent to provinces by the 30 November 2006• Provinces submit revised business plans to SRSA by the 15 December 2006• HOD approves business plans by the 15 February 2007

TRANSPORT GRANT

Gautrain Rapid Rail Link Grant	
Transferring department	<ul style="list-style-type: none"> Transport (NdoT) (Vote 33)
Receiving department	<ul style="list-style-type: none"> Gauteng Provincial Department of Public Transport, Roads and Works for implementation by the Gautrain Management Agency
Purpose	<ul style="list-style-type: none"> National government contribution to the Gauteng Provincial Government for the construction of the Gautrain Rapid Rail network
Measurable outputs	<ul style="list-style-type: none"> The completion of the civil works and operational systems of the Gautrain Rapid Rail Link according to specifications and milestones agreed between the Gauteng Provincial Government and the Concessionaire in the Public-Private Partnership (PPP) concession agreement
Conditions	<ul style="list-style-type: none"> The conditional grant is to be used towards the payment of the provincial contribution for the completion of the Gautrain, as specified in the concession agreement Interim payments and the final payment made by the province to the concessionaire in terms of the concession agreement throughout the development period (payable according to the agreed general and key milestone completion schedules), will be made by the Province, drawing pro-rata: fifty per cent from the conditional grant payments received from national Department of Transport and fifty per cent from the provincial budget The Gauteng provincial government is obligated, in terms of the concession agreement, to make provincial contribution payments to the concessionaire within 10 business days of receiving each interim payment certificate and the final payment certificate from the independent certifier. Failure by the Province to make these payments within the stipulated 10 business days results in the Province incurring interest on each overdue sum The receiving Department's rights and obligations in relation to this grant will be managed by the Gautrain Management Agency, to be established through provincial legislation as a schedule 3C public entity in terms of the Public Finance Management Act The receiving officer will provide to the national transferring officer, an annual projection of payments due to the concessionaire in terms of the milestone completion schedule, indicating the projected dates on which each general milestone and each key milestone payment will be due to the concessionaire, and the quantum thereof payable from the conditional grant In the first year of the concession agreement, the first annual forecast will be done by the receiving officer on the effective date of the concession agreement, forecasting the remainder of the first annual cash flow forecast
Allocation criteria	<ul style="list-style-type: none"> The Gautrain conditional grant may be used only for the purposes set out in this framework
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The conditional grant is made for a specific, large public transport infrastructure project being undertaken by the Gauteng Provincial Government, as endorsed by Cabinet Construction will take place over a five year period The total cost of the project is unaffordable to the Province within the limits of its equitable share. It has therefore been agreed that fifty percent of the capital costs of the project will be borne by the Province (through a combination of funds from its equitable share and a borrowing agreement with National Treasury), and fifty per cent will be borne by national government and made available to the Province through a conditional grant Cabinet has endorsed the project as a key strategic PPP project of national significance, with potential to stimulate investment in infrastructure and the economy, and to provide opportunities for public transport restructuring and transformation
Monitoring mechanisms	<ul style="list-style-type: none"> The receiving officer will submit reports to the national transferring officer by the end of each quarter, detailing the interim payments and the final payment made to the concessionaire according to the general and key milestone payment schedules in that quarter These reports will be supported by copies of the interim certificates and (when applicable) the final certificate issued by the independent certifier, which effected each payment made in the previous quarter in terms of the concession agreement For the avoidance of doubt, these reports will be submitted by the receiving officer to the national transferring officer in the first week of January, April, July and October of each year of the development period
Past performance	<ul style="list-style-type: none"> New grant
Projected life	<ul style="list-style-type: none"> Five years: 2006/07 to 2010/11 inclusive
MTEF allocations	<ul style="list-style-type: none"> 2006/07: R3 241 million; 2007/08: R2 151 million; 2008/09: R1 736 million
Payment schedule	<ul style="list-style-type: none"> Payments made timeously to meet the Gauteng Provincial Government's contractual obligations in the concession agreement, based on a transfer schedule prepared according to annual cash flow forecasts established by the Gautrain Management Agency which transfer schedule may be amended from time to time where the Gautrain Management Agency's cash flow forecasts are amended
Capacity and preparedness of the transferring department	<ul style="list-style-type: none"> The national transferring officer will assign, task and delegate a dedicated official in the national transferring department to be responsible for administering the conditional grant and monitoring the transfer payment

Schedule 3: Frameworks for Conditional Grants to Municipalities

Detailed frameworks on schedules 4, 6, and 7 grants to municipalities

Introduction

This schedule provides a brief description for each grant in Schedules 4, 6 and 7 of the 2006 Division of Revenue Act. The following are key areas considered for each grant:

- Purpose and measurable objectives of the grant
- Conditions of the grant (additional to what is required in the Act)
- Criteria for allocation between municipalities
- Rationale for funding through a conditional grant
- Monitoring mechanisms
- Past performance
- The projected life of the grant
- 2006 MTEF allocation
- The payment schedule
- Responsibility of national transferring department
- Process for approval of 2007/08 MTEF allocations

The attached frameworks are not part of the Division of Revenue Act, 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. The 2006 Division of Revenue Act requires that the frameworks be gazetted within 14 days from the date that the Act takes effect.

The financial statements and annual reports for 2006/07 will report against the Division of Revenue Act and its 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. The Auditor-General is expected to audit compliance to the 2006 Division of Revenue Act and gazetted grant framework by both transferring national departments and receiving provincial departments or municipalities.

	Local Government Financial Management Grant
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Purpose	<ul style="list-style-type: none"> To promote and support reforms to financial management and the implementation of the Municipal Finance Management Act (MFMA)
Measurable outputs	<ul style="list-style-type: none"> The preparation and implementation of multi-year budgets meeting uniform norms and standards The implementation of accounting reforms Improvements in internal and external reporting on budgets, finances, in-year and annual reports Implement the Municipal Finance Management Act
Conditions	<ul style="list-style-type: none"> The submission of a Council resolution striving to achieve multi-year budgets, accounting and reporting reforms The employment of an appropriately skilled chief financial officer and promotion of the internship programme in financial management, and Ongoing review, revision, and submission of implementation plans to address weaknesses in financial management
Allocation criteria	<ul style="list-style-type: none"> The allocation of funds spread to as many municipalities as possible in all categories of municipalities (A, B and C) to implement the financial reforms. With the phased implementation of the MFMA and the countrywide roll out of the reforms, the grant has been extended to cover all municipalities over the MTEF
Reason not incorporated in equitable share	<ul style="list-style-type: none"> To provide for support to develop municipal financial management capacity and to lend assistance to the implementation of the Municipal Finance Management Act and regulations
Monitoring system	<ul style="list-style-type: none"> Monthly monitoring is undertaken by the National Treasury per the requirements contained in Division of Revenue Act
Past performance	<p>2004/05 audited financial outcome</p> <ul style="list-style-type: none"> All funds have been transferred. Municipalities were required to confirm their primary bank account details by submitting certified bank account information prior to transfer of resources. Some delays were experienced due to delays in providing required information all funds were transferred in year with the balance transferred before year-end. The monthly reports submitted by municipalities on actual spending show varying levels of spending largely due to municipal planned priorities No adverse audit issues were identified The department's 2004/05 annual report contains a detailed explanation of the grant outcomes. The audit process for municipalities receiving these grants has also not been concluded <p>2004/05 service delivery performance</p> <ul style="list-style-type: none"> The MFMA was effective 1 July 2004. Municipalities have been classified into 50 high, 107 mediums and 127 low capacity resulting in a phased approach to the implementation of the Act Guidelines and training initiatives continue, as new regulations are issued. To date Investment, PPP and Supply Chain Regulations were issued All 284 municipalities are now participating in the programme. Over 480 finance interns have been appointed using these funds to increase finance management capacity in municipalities. A fair number of interns are also being offered permanent positions in municipalities Budget training conducted at all municipalities based on the phased-in of the Act. SCM training for officials in high and medium capacity municipalities completed with that for low capacity commencing in January 2006. Supporting circulars and guides issued to all municipalities
Projected life	<ul style="list-style-type: none"> The programme is designed to support and implement the MFMA. This initiative is also linked to government's international contractual obligations with regard to the Municipal Finance Management Technical Assistance Programme (MFMTAP). The grant forms part of government's broader capacity building initiative and focuses on building in-house municipal capacity
MTEF allocation	<ul style="list-style-type: none"> R198,7 million in each of the 2006/07, 2007/08 and R200 million for 2008/09 financial years
Payment schedule	<ul style="list-style-type: none"> The grant will be disbursed during July/August 2006
Responsibilities by national department	<ul style="list-style-type: none"> National Treasury is responsible for the monitoring and management of the programme. Funds will continue to be transferred to municipalities as well as leveraging a portion of the grant to secure international expertise through the MFMTAP The programme will encompass implementation of the Municipal Finance Management Act and its supporting regulations
Process for approval of 2007 MTEF allocations	<ul style="list-style-type: none"> Ongoing review, revision and submission of implementation plans to address weaknesses in financial management The distribution mechanism/ criteria to be finalised by 31 October 2006 Final allocations to be submitted to the National Treasury by 15 January 2007

Local Government Restructuring Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Purpose	<ul style="list-style-type: none"> To support municipal restructuring initiatives of large municipalities
Measurable outputs	<ul style="list-style-type: none"> Outputs of individual grants are specified by municipality in their restructuring plans, and are subject to negotiation and agreement with the National Treasury
Conditions	<ul style="list-style-type: none"> Funds will be made available on the basis of a municipality's commitment to a locally owned restructuring plan that addresses challenges in a sustainable manner The municipal council must pass a resolution agreeing to the plan Quarterly reports measuring progress towards achieving agreed milestones Transfers will depend upon the progressive implementation and achievement of agreed milestones
Allocation criteria	<ul style="list-style-type: none"> Municipalities with total annual budgets exceeding R300 million qualify for this grant, on the grounds of the macroeconomic risk should they not restructure or modernise. This allocation is demand-driven, with applications subjected to an intensive assessment, evaluation and review prior to negotiation of milestones, and credible plans to achieve such restructuring or modernisation
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The grant supports implementation of municipal restructuring or modernisation plans necessary to avoid financial distress and possible risks to the national fiscus
Monitoring system	<ul style="list-style-type: none"> National Treasury conducts a technical evaluation of applications and reviews regular reports in terms of the grant agreements
Past performance	2004/05 Audited financial outcome <ul style="list-style-type: none"> Five applications were assessed and grants approved for eThekweni, Cape Town, Tshwane and Nelson Mandela metropolitan municipalities during 2005 Mangaung's allocations were withheld due to non-compliance and the grant agreement was extended until 2005/06 No audit issues were identified The department's 2004/05 annual report contains a detailed explanation of the grant outcomes
	2004/05 Service delivery performance <ul style="list-style-type: none"> Quarterly assessments were undertaken for City of Johannesburg, eThekweni, Cape Town, Tshwane and Nelson Mandela metropolitan municipalities. The medium term agreement continues for the municipalities of Emfuleni and Buffalo City
Projected life	<ul style="list-style-type: none"> Generally, the grant agreements continue until 2008 or until the current agreements expire. No new applications are being reviewed. The grant has been incorporated into the Equitable Share for local government in the outer year of the 2006 MTEF
MTEF allocation	<ul style="list-style-type: none"> R350 million in each of 2006/07 and 2007/08 financial years
Payment schedule	<ul style="list-style-type: none"> Transfers are planned in accordance with the Restructuring Grant agreements and achievements of milestones
Responsibilities by national department	<ul style="list-style-type: none"> Ongoing assessment to determine progress against agreed milestones is conducted by the National Treasury through reports and site visits
Process for approval of 2007/08 business plans	<ul style="list-style-type: none"> Signed grant agreements are in place with municipalities

Municipal Systems Improvement Grant (MSIG)	
Transferring Department	<ul style="list-style-type: none"> Provincial and Local Government (Vote 5)
Purpose	<ul style="list-style-type: none"> To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act of 2000
Measurable Outputs	<ul style="list-style-type: none"> Local Economic Development and Spatial Development <ul style="list-style-type: none"> Number of municipalities that developed holistic customer care (billing) systems and specific revenue enhancement initiatives Number of municipalities that submitted Spatial Development Frameworks, LED strategies, procedures and policies Financial Viability <ul style="list-style-type: none"> Number of municipalities that developed municipal rates policies and compiled valuation rolls Institutional Transformation and development <ul style="list-style-type: none"> Support to PIMS Centres/Municipal Shared Services Centres Implementation of Section 78 of MSA - division of powers and functions Implementation of Performance Management Systems Review of IDP's and alignment with Budgets and Provincial Growth & Development Strategies Skills development Good Governance <ul style="list-style-type: none"> Ensure functionality of Ward Committee Systems and promotion of Public Participation
Conditions	<ul style="list-style-type: none"> Submission of an activity plan in a prescribed format with detailed budgets and time frames on the implementation of prioritised measurable outputs by 28 February 2006 Submission of monthly expenditure reports in accordance with the Division of Revenue Act Submission of a council resolution striving to achieve the measurable outputs in the action plan Submission of PIMS Centre annual work plan (Districts only) The next two financial years allocations (2007/08 and 2008/09) will be reviewed and be based on performance of the municipality and development of project consolidate
Allocation Criteria	<ul style="list-style-type: none"> Allocations are made to Districts, selected category A and B municipalities based on capacity constraints and priority needs
Reasons not incorporated in Equitable Share	<ul style="list-style-type: none"> The grant gives effect to assist municipalities in implementing Local Government Legislation
Monitoring system	<ul style="list-style-type: none"> Submission of quarterly reports on support provided to municipalities and the progress made with the implementation of the plan according to the outputs identified Submission of PIMS Centre quarterly reports on progress with PIMS Centre annual work plan to dplg Submission of monthly expenditure reports by municipalities as stipulated in the Division of Revenue Bill/ Act
Past Performance	<p>2004/2005 Audited financial outcome:</p> <ul style="list-style-type: none"> The Auditor-General reported as an emphasis of matter that the department did not have a single composite documented policy and procedure manual on how to deal with and ensure compliance with the Division of Revenue Act, 2004 (Act No. 5 of 2004) or how to apply the remedies in terms of the act, such as delaying funds and withholding funds <p>Service delivery performance (2004/05):</p> <ul style="list-style-type: none"> 72% out of the 154 Water Service Authorities has commenced with the Sec 78 assessments (Municipal Systems Act, 2000) for appropriate water service provision, 22% taken Sec 78(2) decisions, 13% commenced with Sec 78(3) PIMS Centres have coordinated the IDP reviews of 234 from 284 municipalities for 2004/05 financial year 95% of municipalities have established Performance Management Systems (PMS) frameworks which signifies 3% increase compared to 92% of past financial year 62% of municipalities submitted their annual performance reports which signifies a 9% improvement compared to 53% of the past financial year
Projected Life	<ul style="list-style-type: none"> The grant will be on-going to assist municipalities to implement systems required by local government legislation, with a review in 2006/27 financial year
2006 MTEF allocation	<ul style="list-style-type: none"> R200 million in each of the 2006/07, 2007/08 and 2008/09 financial years
Payment Schedule	<ul style="list-style-type: none"> Transfers will be made in accordance with the requirements of the Division of Revenue Act in two tranches (July and November). The first transfer will be made on submission of activity plans by July. The second transfer in November in accordance with the payment schedule
Responsibilities by national department	<ul style="list-style-type: none"> Department to report to SCOF on audited outcomes for 2005/06, identifying any corrective steps to be taken on any problems with this grant identified during audit Submission of annual performance (i.e. outputs) reports to SCOF in NCOP
Process for approval of 2007 MTEF allocations	<p>The dplg to align its business planning process as follows:</p> <ul style="list-style-type: none"> Business plan format guidelines, criteria and outputs to municipalities by 31 August 2006 Submission of activity plans by municipalities on the 31 October 2006 Engagements with municipalities on activity plans during September/ October 2006 Evaluation of business plans during 30 November 2006 Final approval of business plans by 30 November 2006 Final allocations to be submitted to the National Treasury by 15 January 2007

Municipal Infrastructure Grant (MIG)	
Transferring department	<ul style="list-style-type: none"> Provincial and Local Government (Vote 5)
Purpose	<ul style="list-style-type: none"> To supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households To provide for municipal infrastructure rehabilitation and renewal To eradicate the bucket sanitation system mainly in urban townships
Measurable outputs	<ul style="list-style-type: none"> Number of new households receiving water and sanitation services per annum Number of additional kilometres' roads developed Number of additional sports facilities developed Number of jobs created using expanded public works guidelines for above outputs Number of households where the bucket sanitation system has been replaced with an alternative system
Conditions	<ul style="list-style-type: none"> Prioritise residential infrastructure for water, sanitation, refuse removal, streets lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads, in line with the MIG policy framework and/or other government sector policies established before the start of the municipal financial year. Compliance with Chapter 5 of the Municipal Systems Act (2000). Infrastructure investment and delivery must be based on an Integrated Development Plan that provides a medium to long-term framework for sustainable human settlements and is in accordance with the principles of the National Spatial Development Perspective Municipalities must adhere to the labour-intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines Municipalities have to prioritise the eradication of the bucket sanitation system to facilitate the eradication thereof by 2007. In addition, municipalities have to submit detailed plans to DWAF together with projects and estimated costs for each of the remaining financial years of the programme by: <ul style="list-style-type: none"> 30 June 2006 for 2006/07, and 1 October 2006 for 2007/08 Compliance with the Division of Revenue Act, including additional reporting requirements on spending and projects as approved by National Treasury
Allocation criteria	<ul style="list-style-type: none"> Part 5 of Annexure E spells out the MIG formula in detail. The formula incorporates backlog and poverty-weighted data Indicative allocations of portion earmarked for eradication of the bucket sanitation system may change subject to readiness of projects, municipality plans for future years and changes in the cost thereof.
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific purpose grant with objectives and distribution criteria (e.g. backlogs on infrastructure) different from that of the equitable share
Monitoring system	<ul style="list-style-type: none"> This grant requires monitoring of the overall capital budget of municipalities. Each sector national or provincial department will be expected to fulfil sectoral monitoring role National and provincial treasuries will monitor municipal capital budgets, and the reporting on spending information
Past performance	<p>2004/2005 audited financial outcome</p> <ul style="list-style-type: none"> The Auditor-General reported as an emphasis that the department did not have a single composite documented policy and procedure manual on how to deal with and ensure compliance with the Division of Revenue Act, 2004 (Act No. 5 of 2004) or how to apply the remedies in terms of the Act. The 2005 Division of Revenue Act clarifies responsibilities of the national transferring department, now that the MIG is classified as a Schedule 4 grant. <p>Service delivery</p> <ul style="list-style-type: none"> The cumulative households benefited from MIG by end September 2005: Water (410 358), Sanitation (174 811), Roads (322 950), Storm Water (135 404), Solid Waste, 24 607. 897 SMMEs utilised in the implementation of MIG projects and 11 957 625 person days of employment have been created through the labour intensive up to September 2005
Projected life	<ul style="list-style-type: none"> The programme will continue up to 2013 subject to availability of funding
MTEF allocation	<ul style="list-style-type: none"> 2006/07: R6 265,3 million; 2007/08: R7 148,6 million, 2008/09: R8 053,1 million. A ring-fenced allocation of R400 million and R600 million has been included in MIG over the 2006 MTEF to fast track the eradication of bucket sanitation system. SMIF allocations of R72 million and R38 million is included in the total MIG allocations to deal with commitments for the next two years.
Payment schedule	<ul style="list-style-type: none"> Transfers are made in terms of the Division of Revenue Act
Responsibilities of national departments	<ul style="list-style-type: none"> dplg – Administer the municipal infrastructure grant and co-ordinating Municipal Infrastructure Task Team meetings

	<ul style="list-style-type: none">• DWAF –support and monitor municipalities to prepare and implement Water Services Development Plans (WSDP's) and monitor progress on water and sanitation budgets• Department of Public Works to monitor compliance with the EPWP• National Treasury and Provincial Treasuries – ensure receipt of budgets of municipalities and monitoring of spending trends in terms of MFMA• Sports and Recreation SA to play an advocacy role and assist the municipalities with planning of sports and recreation facilities and monitor implementation• None of the responsibilities listed herein should be construed to imply approval of projects by any national or provincial department
Process for approval of 2007 MTEF allocations	<ul style="list-style-type: none">• No business plans are required for the formula based allocations, in cases where business plans are required for the special municipal infrastructure fund (SMIF) and the eradication of the bucket sanitation systems such business plans must be approved by 30 November 2006 for implementation in 2007/08• The distribution mechanism/ criteria to be finalised by 31 October 2006• Final allocations to be submitted to the National Treasury by 15 January 2007

National Electrification Programme (Municipal)	
Transferring department	<ul style="list-style-type: none"> Minerals and Energy (Vote 30)
Purpose	<ul style="list-style-type: none"> To implement the Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure
Measurable outputs	<ul style="list-style-type: none"> The number of connections to households, schools and clinics per annum, Progress on reduction of electrification backlog Implementation of labour intensive methods on electrification projects and the number of jobs created
Conditions	<ul style="list-style-type: none"> Municipalities must contractually undertake to: <ul style="list-style-type: none"> Account for the allocated funds on a monthly basis by the 10th of every month Pass all benefits to end-customers Not utilise the fund for any purpose other than electrification Adhere to the approved electrification programme and agreed cash flow budgets Ring-fence electricity function Reflect all assets created under the Integrated National Electrification Program (INEP) on the municipal asset register; this is to assist the process for the formation of the REDS. Safely operate and maintain the infrastructure <ul style="list-style-type: none"> Adhere to the labour intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching, planting of poles Register the Master Plans for bulk infrastructure in terms of the INEP framework and to abide by the directives of the Department regarding the central planning and co-ordination for such bulk infrastructure. This is to maximize the economies of scale in the creation of bulk infrastructure affecting more than one municipality. Use INEP funds for the refurbishment of critical infrastructure, only upon submission of a project plan which must be approved under a framework to be regulated by the Department
Allocation criteria	<ul style="list-style-type: none"> Applications from licensed municipal distributors based on: <ul style="list-style-type: none"> High backlog Rural bias Integration with other programmes such as URP, ISRD, other infrastructure programmes like RDP housing etc Ability to provide top-up or seed capital for project finance The requirements to furnish appropriate documentation, approved tariffs, ring-fenced functions The financial, technical and staff capabilities to distribute electricity, to expand and maintain the networks Effective credit control policies Consultation with communities in terms of IDP process Ensuring that universal access objectives are fast tracked Infrastructure which is in a state of disrepair, unsafe and which adversely affects the quality of supply (blackouts and brownouts) Objectives related to Project Consolidate (revenue enhancement, asset protection, local economic development and contribution to job creation)
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific conditional capital transfer in support of the Integrated National Electrification Programme
Monitoring system	<ul style="list-style-type: none"> Monthly reports in accordance with PFMA and Division of Revenue Act together with a technical audit process
Past performance	2004/05 audited financial outcome <ul style="list-style-type: none"> There were no specific comments on the INEP with regards to 2004/5 financial year
	2004/05 service delivery performance <ul style="list-style-type: none"> For 2004/5, 60 476 households and 23 schools were connected with a total expenditure of R202 million
Projected life	<ul style="list-style-type: none"> Until the inception of the Regional Electricity Distributors
MTEF allocation	<ul style="list-style-type: none"> Direct transfers to municipalities <ul style="list-style-type: none"> R391,1 million for the 2006/07, R406,6 million for the 2007/08, R457,6 million for the 2008/09 financial years
Payment schedule	<ul style="list-style-type: none"> Transfers are made monthly based on pre-agreed plans and cash flows
Responsibilities by national department	<ul style="list-style-type: none"> Department report to SCOF on audited outcomes for 2005/06, identifying any corrective steps to be taken on any problems with this grant identified during audit. Also to report on outputs achieved in 2005/06 Detailed information on the allocation formula and data used and on monitoring system, to be submitted to SCOF in NCOP during the hearings on the Division of Revenue Bill or as agreed Submission of quarterly performance (outputs) reports with a quarterly lag to SCOF in NCOP
Process for approval of 2007 MTEF allocations	<ul style="list-style-type: none"> The distribution mechanism/ criteria to be finalised by 31 October 2006 Final allocations to be submitted to the National Treasury by 15 January 2007

Public Transport Infrastructure and Systems (PTIF) Grant	
Transferring department	<ul style="list-style-type: none"> • Transport (Vote 33)
Purpose	<ul style="list-style-type: none"> • To provide for accelerated planning, establishment, construction and improvement of new and existing public transport and non-motorized transport infrastructure and systems
Measurable outputs	<ul style="list-style-type: none"> • Improved public transport facilities, construction of access roads, airport- city links, public transport priority lanes, bus stops, taxi ranks, rail systems transport plans, bicycle lanes, pedestrian lanes, signage, shelters, coaches IT solution throughout the country. • There are 233 projects from 33 authorities including at least the following: <ul style="list-style-type: none"> ○ 7 Transport plans ○ 6 Public transport interchanges ○ 2 Inner city distribution systems ○ 4 SPTN's ○ 11 Non-motorized facilities ○ 3 Airport-city links ○ 18 Intermodal facilities ○ 16 Rail facilities and systems ○ 1 BRT lanes ○ 4 Stadium access
Conditions	<ul style="list-style-type: none"> • Authorities had to submit Priority Statements by end of July 2005. • Projects related to new or improved infrastructure have to conform to EPWP directives and guidelines. • There should be service level agreement between the transferor and the recipient. • Only qualified professionals should be used to execute the projects. • BEE guidelines and directives of government should be applied where applicable. • Progress reports should be submitted to the Department of Transport on a quarterly basis
Allocation criteria	<p>Projects shall be evaluated on the extent to which they:</p> <ul style="list-style-type: none"> • Meet the dual objective of long term mobility and support for 2010 FIFA World Cup • Prioritise public over private transport. • Able to improve public transport infrastructure, systems, operations and non- motorized transport. • Reinforce public transport policies
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant with objectives and distribution criteria different from that of the equitable share
Monitoring mechanisms	<ul style="list-style-type: none"> • Detailed quarterly reports must be submitted by recipients
Past performance	<ul style="list-style-type: none"> • R242,7 million was transferred during the 2005/06 financial year
Projected life	<ul style="list-style-type: none"> • The fund is to be sustained for four years.
2006/07 allocation	<ul style="list-style-type: none"> • R519 million for 2006/07, R624 million for 2007/08 and R1 790 million for 2008/09 financial years
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments
Process for approval of 2007 MTEF allocations	<ul style="list-style-type: none"> • A 2010 Soccer World Cup Office is being setup in the Department of Transport • The distribution mechanism/ criteria to be finalised by 31 October 2006 • Final allocations to be submitted to the National Treasury by 15 January 2007

Neighbourhood Development Partnership Grant (NDPG)	
Transferring Department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Purpose	<ul style="list-style-type: none"> To provide municipalities with technical assistance and capital subsidies to develop appropriate project proposals for property developments in townships and new residential neighbourhoods that include the construction or upgrading of community facilities, and where appropriate attract private sector funding and input
Measurable Outputs	<p>These outputs include, but are not limited to:</p> <ul style="list-style-type: none"> The identification of potential sites for node development Assessment of the need for community facilities Feasibility studies and project design and costing Procurement of private partners through competitive tenders Funding approvals from co-funding sources Required planning, environmental and building plan approvals Technical assistance for projects that are at the procurement stage Technical assistance for projects that are stalled in their implementation, and Documentation of best practice information
Conditions	<p>The receiving officer must:</p> <ul style="list-style-type: none"> Submit an activity plan in a prescribed format with detailed budgets and time frames on the implementation of projects Submit monthly expenditure reports in accordance with the Division of Revenue Act Obtain a council resolution striving to achieve the measurable outputs in the action plan
Allocation Criteria	<p>Allocations are made to category A, B and C municipalities based on capacity constraints and priority needs to implement community facility and infrastructure projects that include:</p> <ul style="list-style-type: none"> Community facilities The design, planning and implementation of township restructuring and development projects that facilitate commercial and social upliftment, through well-considered nodal concentration of investment and community activities Support for well-structured partnerships between municipalities, government service delivery departments and private investors in township property development
Reasons not incorporated in Equitable Share	<ul style="list-style-type: none"> The grant assists municipalities in implementing community facility projects that are not presently funded either through the equitable share or other grants. The technical assistance portion of the grant will be managed through the Project Development Fund under the National Treasury vote.
Monitoring system	<ul style="list-style-type: none"> Submission of quarterly reports on support provided to municipalities and the progress made with the implementation of the plan according to the outputs identified Submission of monthly expenditure reports by municipalities as stipulated in the Division of Revenue Act
Past Performance	<ul style="list-style-type: none"> New grant introduced in the 2006/07 financial year
Projected Life	<ul style="list-style-type: none"> The grant will be ongoing to assist municipalities in implementing projects identified above, with a review in 2007/2008. The allocation is earmarked for technical and capital subsidy assistance to municipalities, with the allocations for 2007/08 and 2008/09 having the same focus
2006 MTEF allocation	<ul style="list-style-type: none"> R50 million for 2006/07, R950 million for 2007/08 and R1 500 million for 2008/09 financial years
Payment Schedule	<ul style="list-style-type: none"> Transfers for the capital subsidy portion will be made in accordance with the requirements of the Division of Revenue Act and transfers for the technical assistance portion through the milestone payment dates as determined by the Project Development Facility in tranches. The first transfer will be made on submission of activity plans. The second transfer in accordance with the payment schedule
Responsibilities by national department	<p>The National Transferring Officer must:</p> <ul style="list-style-type: none"> Determine the criteria for evaluating requests for technical assistance for municipalities via a grant toolkit Allocate technical assistance as appropriate and report in terms of the Division of Revenue Act Request applications for capital funding for neighbourhood development partnership projects Ensure that projects submitted for capital funding must demonstrate the inclusion of private sector funding and involvement in the project structure Determine the capital allocations for the 2007 MTEF period (2007/08- 2009/10)
Process for approval of 2007 MTEF allocations	<ul style="list-style-type: none"> The process and criteria for application, evaluation and awarding of technical assistance and capital subsidy grants to be finalised by 30 September 2006 Final allocations to be submitted to the National Treasury by 15 January 2007

National Electrification Programme (allocation in-kind)	
Transferring department	<ul style="list-style-type: none"> Minerals and Energy (Vote 30)
Purpose	<ul style="list-style-type: none"> To implement the Programme (INEP) by providing capital subsidies to Eskom to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure
Measurable outputs	<ul style="list-style-type: none"> The number of connections to households, schools and clinics per annum, Progress on reduction of electrification backlog Implementation of labour intensive methods on electrification projects and the number of jobs created
Conditions	<ul style="list-style-type: none"> Eskom must contractually undertake to: <ul style="list-style-type: none"> Account for the allocated funds on a monthly basis by the 10th of every month Pass all benefits to end-customers Not utilise the fund for any purpose other than electrification Adhere to the approved electrification programme and agreed cash flow budgets Ring-fence electricity function Reflect all assets created under the Integrated National Electrification Program (INEP) separately from the Eskom asset register; this is to assist the process for the formation of the REDS. Safely operate and maintain the infrastructure Adhere to the labour intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching, planting of poles etc Register the Master Plans for bulk infrastructure in terms of the INEP framework and to abide by the directives of the Department regarding the central planning and co-ordination for such bulk infrastructure. This is to maximize the economies of scale in the creation of bulk infrastructure affecting more than one municipality
Allocation criteria	<ul style="list-style-type: none"> Applications from Eskom based on: <ul style="list-style-type: none"> High backlog Rural bias Integration with other programmes such as URP, ISRD, other infrastructure programmes like RDP housing etc Ability to provide top-up or seed capital for project finance The requirements to furnish appropriate documentation, approved tariffs, ring-fenced functions The financial, technical and staff capabilities to distribute electricity, to expand and maintain the networks Effective credit control policies Consultation with communities in terms of IDP process Ensuring that universal access objectives are fast tracked Objectives related to Project Consolidate (revenue enhancement, asset protection, local economic development and contribution to job creation)
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific conditional capital transfer in support of the Integrated National Electrification Programme
Monitoring system	<ul style="list-style-type: none"> Monthly reports in accordance with PFMA and Division of Revenue Act together with a technical audit process
Past performance	2004/05 audited financial outcome <ul style="list-style-type: none"> There were no specific comments on the INEP with regards to 2004/05 financial year
	2004/05 service delivery performance <ul style="list-style-type: none"> For 2004/05, 60 476 households and 23 schools were connected with a total expenditure of R202 million
Projected life	<ul style="list-style-type: none"> Until the inception of the Regional Electricity Distributors
MTEF allocation	<ul style="list-style-type: none"> Indirect transfers: <ul style="list-style-type: none"> R977,2 million for 2006/07, R1 016,1 million for the 2007/08 and R1 142,8 million for the 2008/09 financial years
Payment schedule	<ul style="list-style-type: none"> Transfers are made monthly based on pre-agreed plans and cash flows
Responsibilities by national department	<ul style="list-style-type: none"> Department report to SCOF on audited outcomes for 2005/06, identifying any corrective steps to be taken on any problems with this grant identified during audit. Also to report on outputs achieved in the 2005/06 financial year Submission of quarterly performance (outputs) reports with a quarterly lag to SCOF in NCOP
Process for approval of 2007 MTEF allocations	<ul style="list-style-type: none"> The distribution mechanism/criteria to be finalised by 31 October 2006 Final allocations to be submitted to the National Treasury by 15 January 2007

Water Services Operating and Transfer Subsidy (via augmentation to the Water Trading Account)	
Transferring department	<ul style="list-style-type: none"> Water Affairs and Forestry (Vote 34)
Purpose	<ul style="list-style-type: none"> To augment the Water Trading Account of the Department of Water Affairs and Forestry (DWAF) to subsidise water schemes owned and/or operated by the department or by other agencies on behalf of the department
Measurable outputs	<ul style="list-style-type: none"> This grant is used to fund over 300 water schemes involving 8094 staff. Both the schemes and their staff are to be transferred to 53 municipalities. The key measurable output is on the speed and success of effecting such transfers to municipalities. Operating outputs: <ul style="list-style-type: none"> Operation of water services schemes and improved revenue collection Support to complete Water Services Development Plans linked to municipal operating budgets and IDP's All transfer agreements signed and formalised by 31 March 2006 Successful transfer of all appropriate staff, budgets and schemes to municipalities by 31 March 2007 Transfer outputs: <ul style="list-style-type: none"> Schemes refurbished to standards outlined in terms of the agreed policy framework Sustainability assessments completed per scheme or group of schemes to be transferred Water Services Authority/Provider has developed sufficient capacity in line with funding requirements Cost recovery plan in place to support the sustainability of schemes
Conditions	<ul style="list-style-type: none"> The operating and transfer subsidy is a grant in kind until the effective date of transfer. The operating subsidy (grant in kind) will cover staff related costs (HR component), the direct operating and maintenance costs (O component), the refurbishment costs and will facilitate the transfer of schemes All receiving municipalities and providers will be required to conclude formal transfer agreements where the latest effective date of transfer is 31 March 2006. The necessary capacity must be in place in the receiving institution for the implementation of the conditional grant (see letter from NT dated 23/11/2004). 2005/06 – Where transfer agreements are in place by 31 March 2006, schemes transferred during the year will be transferred with the remaining 2 year O component and 3 year HR Component of the budget 2005/06 and 2006/07 – All transfer agreements concluded. Receiving institutions continue to receive the O component for 1 year and HR Component for 2 years 2007/08 – All transfer agreements concluded. Receiving institutions receive 70% of the O component and 100% of the HR component. 2008/09 – Onwards, incorporation into the local government equitable share
Allocation criteria	<ul style="list-style-type: none"> Basic allocation per Water Services Authority in accordance with the operational requirements identified and agreed to in transfer agreements
Reason not incorporated in equitable share	<ul style="list-style-type: none"> To facilitate the transfer of schemes to Water Service Authorities/Providers, following which funds will be incorporated into the local government equitable share
Monitoring system	<ul style="list-style-type: none"> A comprehensive Information and monitoring and evaluation system has been developed and is being implemented.
Past Performance	<p>2004/05 audited financial outcome</p> <ul style="list-style-type: none"> There were no specific comments on the Water Services Operating and transfer Subsidy with regards to the 2004/05 financial year. <p>2004/05 service delivery performance</p> <ul style="list-style-type: none"> Progress can be summarised as follows: 39 agreements signed, 659 staff transferred, and 92 schemes with a total asset value of approximating R2115 million transferred. The department has conducted a joint study with dplg outlining the process of transferring over 300 water schemes with their staff to 53 municipalities
Projected life	<ul style="list-style-type: none"> The transfer of assets and staff to be completed in 2006. DWAF to continue to monitor implementation of conditional grants to the end of 2011/12
MTEF allocation	<ul style="list-style-type: none"> Direct transfer to municipalities: <ul style="list-style-type: none"> R500 million for 2006/07, R550 million for 2007/08 and R600 million for 2008/09 financial years Indirect transfers: <ul style="list-style-type: none"> R491 million for 2006/07, R490 million for 2007/08 and R531 million for 2008/09 financial years Allocations to be reclassified in the Adjustment Budget upon conclusion of transfer agreements
Payment schedule	<ul style="list-style-type: none"> The payments will be made on a quarterly basis as agreed to in the transfer agreement for each specific scheme/municipality
Responsibilities by national department	<ul style="list-style-type: none"> Detailed information on the allocation formula and data used, and on monitoring system, to be submitted with SCOF in NCOP during the Division of Revenue hearings or as agreed Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP
Process for approval of 2007 MTEF allocations	<ul style="list-style-type: none"> All transfer agreements signed and formalised by 31 March 2006 The distribution mechanism/ criteria to be finalised by 31 October 2006 Final allocations to be submitted to the National Treasury by 15 January 2007

Printed by and obtainable from the Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001
Publications: Tel: (012) 334-4508, 334-4509, 334-4510
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