

REPUBLIC OF SOUTH AFRICA

DIVISION OF REVENUE BILL

(As introduced in the National Assembly as a section 76 Bill)
(The English text is the official text of the Bill)

(MINISTER OF FINANCE)

[B 8—2005]

ISBN 0 621 35683 2

No. of copies printed 1 800

GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from existing enactments.

_____ Words underlined with a solid line indicate insertions in existing enactments.

BILL

To provide for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government for the 2005/06 financial year and the responsibilities of all three spheres pursuant to such division; 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:—

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CHAPTER 1

INTERPRETATION AND OBJECTS OF ACT

Interpretation

1. (1) In this Act, unless the context indicate otherwise, any word or expression to which a meaning has been assigned in the Public Finance Management Act or the Municipal Finance Management Act has the meaning assigned to it in the Act in question and—

“**budget year**” means the financial year commencing on 1 April 2005 and ending on 31 March 2006; 30

“**category A, B or C municipality**” has the meaning assigned to each category in terms of the Municipal Structures Act, 1998 (Act No. 117 of 1998);

“**corporation for public deposits account**” means the bank account of the Provincial Revenue Fund held with the Corporation for Public Deposits, established by the Corporation of Public Deposits Act, 1984 (Act No. 46 of 1984); 35

“**framework**” means the conditions and other information in respect of an allocation published by the National Treasury in terms of section 28;

“**Municipal Finance Management Act**” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“**municipal financial year**” means the financial year of a municipality commencing on 1 July and ending on 30 June; 40

“**next financial year**” means the financial year commencing on 1 April 2006 and ending on 31 March 2007;

“**payment schedule**” means a schedule, which sets out—

(a) the amount of each transfer of an equitable share or any other allocation in terms of this Act to be transferred to a province or municipality for the financial year; 45

(b) the date on which each transfer must be paid; and

(c) to whom, and to which bank account, each transfer must be paid;

“**prescribe**” means prescribe by regulation in terms of section 45; 50

“**primary bank account**”—

(a) in relation to a province, means a bank account of the Provincial Revenue Fund held with a commercial bank which the head of the department in the provincial treasury has certified to the National Treasury, as the bank account into which allocations, other than the equitable share allocation and Social Assistance Transfers and Social Assistance Administration allocations, in terms of this Act must be deposited; and 55

- (b) in relation to a municipality, means the bank account of the municipality as determined in terms of section 8 of the Municipal Finance Management Act; **“Public Finance Management Act”** means the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- “quarter”** means— 5
- (a) 1 April to 30 June;
- (b) 1 July to 30 September;
- (c) 1 October to 31 December; or
- (d) 1 January to 31 March;
- “receiving officer”**— 10
- (a) in relation to a Schedule 4 or 5 allocation transferred to a province, means the accounting officer of the provincial department which receives that allocation or a portion thereof for spending via an appropriation from its Provincial Revenue Fund; or
- (b) in relation to a Schedule 4 or 6 allocation transferred to a municipality, the accounting officer of the municipality, except for that portion of the Municipal Infrastructure allocation, committed before 30 September 2003 and spent by the transferring national officer directly on behalf of the municipality; 15
- “transferring national officer”** means the accounting officer of a national department that transfers a Schedule 4, 5 or 6 allocation to a province or municipality or makes a Schedule 7 allocation to a municipality; and 20
- “transferring provincial officer”** means the accounting officer of a provincial department that receives a Schedule 5 or 6 allocation for the purpose of transferring it to a municipality in the relevant province.
- (2) Any determination or instruction in terms of this Act must be in writing. 25
- (3) Section 35 of the Public Finance Management Act, section 3 of the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997) and sections 9 and 10 of the Municipal Systems Act do not apply in respect of any powers and functions assigned in terms of this Act to a province or municipality.

Objects of Act 30

2. The objects of this Act are to—
- (a) provide for the equitable division of revenue anticipated to be raised nationally among the three spheres of government;
- (b) promote co-operative governance and intergovernmental relations on budgetary matters; 35
- (c) promote better co-ordination between policy, planning, budget preparation and execution processes;
- (d) promote predictability and certainty in respect of all allocations to provinces and municipalities in order that such governments may plan their budgets over a multi-year period; 40
- (e) promote transparency and equity in the resource allocation process;
- (f) promote accountability by ensuring that all allocations are reflected on the budgets of receiving provinces and municipalities; and
- (g) ensure that legal proceedings in respect of division of revenue disputes between organs of state in the three spheres of government are avoided as far as possible. 45

CHAPTER 2

EQUITABLE SHARE ALLOCATIONS

Equitable division of revenue anticipated to be raised nationally among spheres of government 50

3. (1) Revenue anticipated to be raised nationally in respect of the budget year must be divided among the national, provincial and local spheres of government for their equitable share allocations as set out in Column A of Schedule 1.
- (2) An envisaged division of revenue anticipated to be raised in respect of the next financial year and the 2007/08 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. 55

(3) Notwithstanding subsection (2), the National Treasury may, in respect of the next financial year and until the commencement of the annual Division of Revenue Act for that financial year, determine that an amount not exceeding 45 per cent of the envisaged division for the next financial year as set out in Column B of Schedule 1, be transferred as a direct charge against the National Revenue Fund to a province or municipality. 5

Equitable division of provincial share among provinces

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

(2) An envisaged division for each province of revenue anticipated to be raised nationally in respect of the next financial year and the 2007/08 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. 10

(3) Subject to section 32, each province's equitable share allocation contemplated in subsection (1) must be transferred to the corporation for public deposits account of the province, in accordance with a payment schedule determined by the National Treasury, after consultation with the head of the department within the provincial treasury. 15

(4) In determining the payment schedule the National Treasury must take account of the monthly spending commitments of provinces, and seek to minimise risk and debt servicing costs for national and provincial government.

(5) (a) Notwithstanding subsection (3), the National Treasury may for cash management purposes relating to the corporation for public deposits account, or when an intervention in terms of section 100 of the Constitution is taking place, on such conditions as it may determine, advance funds to a province in respect of its equitable share contemplated in subsection (1) or a portion of it, which have not yet fallen due for transfer in accordance with the payment schedule referred to in subsection (3). 20 25

(b) Any advances must be set-off against transfers to the province, which would otherwise become due in terms of that payment schedule.

Equitable division of local government share among municipalities

5. (1) Each municipality's share of local government's equitable share of revenue anticipated to be raised nationally in respect of the budget year, is set out in Column A of Schedule 3. 30

(2) An envisaged division between municipalities of revenue anticipated to be raised nationally in respect of the next financial year and the 2007/08 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 3. 35

(3) Each municipality's equitable share contemplated in subsection (1) must be transferred to the primary bank account of the municipality in quarterly transfers before the end of May, August, December and March in the budget year, in accordance with a payment schedule determined by the National Treasury.

(4) Notwithstanding subsection (3), when an intervention in terms of section 139 of the Constitution is taking place in a municipality, the National Treasury may, on such conditions as it may determine, approve a request or direct that the equitable share contemplated in subsection (1), or a portion of it, be— 40

(a) advanced to a municipality in terms of a financial recovery plan prepared in terms of section 141 of the Municipal Finance Management Act, in respect of any portion which has not yet fallen due for transfer in accordance with the payment schedule referred to in subsection (3), and 45

(b) transferred to a municipality via the province in terms of section 226(3) of the Constitution, if the municipality is unable or unwilling to implement its financial recovery plan imposed in terms of section 141 of the Municipal Finance Management Act. 50

(5) Any advances in terms of subsection (4)(a) must be set-off against transfers to the municipality, which would otherwise become due in terms of subsection (3).

Shortfalls and excess revenue

6. (1) If actual revenue raised nationally in respect of the budget year falls short of the anticipated revenue set out in Schedule 1, the national government bears the shortfall. 55

(2) If actual revenue raised nationally in respect of the budget year exceeds the anticipated revenue set out in Schedule 1, the excess accrues to the national government, to be used to reduce borrowing or pay debt as part of its share of revenue raised nationally, and in addition to its share in column A of Schedule 1.

(3) The national government may appropriate a portion of its equitable share or excess revenue contemplated in subsection (2) to make further allocations in an adjustments budget to—

- (a) national departments or votes;
- (b) provinces or municipalities, as a conditional or an unconditional allocation.

CHAPTER 3

10

OTHER ALLOCATIONS TO PROVINCES AND MUNICIPALITIES

Part 1

General

Other allocations to provinces

7. (1) Other allocations to provinces in respect of the budget year from the national government's share of revenue anticipated to be raised nationally are set out in Column A of the following Schedules: 15

- (a) Schedule 4A that contains allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets; and
- (b) Schedule 5 that contains specific-purpose allocations to identified provincial programmes or departments. 20

(2) An envisaged division of other allocations to provinces from the national government's share of revenue anticipated to be raised nationally, for the next financial year and the 2007/08 financial year, which is subject to the annual Division of Revenue Act for those years, is set out in Column B of the Schedules referred to in subsection (1). 25

(3) Notwithstanding subsection (2), the National Treasury may, in respect of the next financial year and until the commencement of the Division of Revenue Act for that financial year, determine that an amount not exceeding 45 per cent of the envisaged division of an allocation for the next financial year, as set out in Column B of the Schedules, be transferred to a province as a direct charge against the National Revenue Fund. 30

Other allocations to municipalities

8. (1) Other allocations to local government in respect of the budget year from the national government's share of revenue anticipated to be raised nationally are set out in Column A of the following Schedules: 35

- (a) Schedule 4B that contains allocations to municipalities to supplement the funding of programmes or functions funded from municipal budgets; and
- (b) Schedule 6 that contains specific-purpose allocations to municipalities; and
- (c) Schedule 7 that contains allocations-in-kind to municipalities for designated special programmes. 40

(2) An envisaged division of allocations to local government from the national government's share of revenue anticipated to be raised nationally for the next financial year and the 2007/08 financial year, which is subject to the annual Division of Revenue Act for those years, is set out in Column B of the Schedules referred to in subsection (1).

(3) The National Treasury must publish in the *Gazette* required in terms of section 28, the share of each municipality in respect of the local government allocations referred to in subsections (1) and (2). 45

(4) Notwithstanding subsection (2), the National Treasury may, in respect of the next financial year and until the commencement of the Division of Revenue Act for that financial year, determine that an amount not exceeding 45 per cent of the envisaged division of the allocation for the next financial year, as set out in Column B of the Schedules, be transferred to a municipality as a direct charge against the National Revenue Fund. 50

Allocations to public entities for the provision of municipal service or function

9. (1) No public entity may receive funds for the provision of a municipal service or municipal function on behalf of a municipality, or a bulk resource necessary for the performance of a municipal service, from a national or provincial organ of state except— 5
- (a) via the municipality responsible for that service or function, unless the National Treasury approves otherwise in respect of municipalities it deems to have low capacity; or
 - (b) directly, where the public entity when this Act takes effect, provides such a service or function, and it certifies to the National Treasury by 1 May 2005 10 that it will enter into a written service delivery agreement with the relevant municipality in accordance with subsection (2).
- (2) A public entity contemplated in subsection (1)(b), and the relevant municipality must sign a written service delivery agreement no later than— 15
- (a) 30 June 2005, for all category A municipalities;
 - (b) 30 November 2005, for all category B municipalities with budgets exceeding R1 billion in the 2004/05 municipal financial year; and
 - (c) 30 June 2006, for all other municipalities.
- (3) The National Treasury, after consultation with the accounting officer of the national department responsible for local government, may determine the format of a service delivery agreement contemplated in this section. The service delivery agreement must, in addition to compliance with other legislation prescribing the contents of service delivery agreements, including section 81 of the Municipal Systems Act, provide for— 20
- (a) the service authority role of the municipality;
 - (b) the service provider role of the public entity; 25
 - (c) the principles of co-operative governance as provided for in the Constitution, including the settlement of disputes in accordance with mechanisms and procedures provided for that purpose in legislation;
 - (d) the authority of the National Treasury to issue directives on pricing and service delivery standards in the event of any dispute on these matters; and 30
 - (e) any other matter as may be determined by the National Treasury.
- (4) A municipality is exempted from compliance with Part 2 of the Municipal Systems Act to the extent that Part 2 provides for processes and procedures that a municipality must comply with prior to entering into a service delivery agreement contemplated in this section. 35
- (5) A public entity that receives funding directly or via the relevant municipality, in the circumstances contemplated in subsection (1), must within 30 days after the end of each month, report to the relevant municipality, the national or provincial organ of state and the National Treasury on the amount spent on the bulk resource or municipal service for which it has received funds, or is entitled to reimbursement from the funds 40 transferred to the municipality.
- (6) A public entity providing water, electricity or any other prescribed municipal service to residential and commercial users within the area of jurisdiction of a municipality, must inform the relevant municipality and the National Treasury—
- (a) by 31 May 2005, of the services provided on behalf of that municipality, 45 including the number of residential and commercial users to whom such services are provided, the total volume of electricity and water supplied to users per month and the free basic services provided;
 - (b) within 30 days after the end of each month, of— 50
 - (i) the revenue collected and not collected for that month;
 - (ii) any material difficulties experienced in respect of revenue collection including amounts not billed and losses; and
 - (c) by 31 August of each year, of the services provided on behalf of the municipality for the preceding municipal financial year.
- (7) The National Treasury may— 55
- (a) instruct the withholding of the transfer or reimbursement of funds to a public entity if that entity fails to comply with this section; or
 - (b) direct that any portion of the equitable share allocation of the municipality be transferred to the public entity if the municipality unreasonably delays entering into a service delivery agreement in accordance with subsection (2). 60
- (8) The National Treasury must mediate any dispute between a municipality and a public entity preventing the signing of a service delivery agreement.

Allocations by public entities to municipalities

- 10.** A public entity that provides funds to a province or a municipality as a grant, sponsorship or donation, must—
- (a) where any such transfers collectively exceed R500 000 in a financial year, inform the National Treasury of any intended transfer at least 14 days prior to effecting the transfer; and 5
 - (b) disclose in its financial statements, the purpose and amount of each transfer to a province or a municipality.

Allocations not listed in Schedules

- 11.** (1) An allocation not listed in the Schedules referred to in sections 7 and 8 may only be made in terms of section 6(3). 10
- (2) The National Treasury must publish the allocations and frameworks for such allocations in the *Gazette*, prior to the transfer of any funds to a province or municipality.

Part 2

Matters related to Schedule 4 allocations 15

General

- 12.** (1) The framework for a Schedule 4 allocation must be designed to promote comprehensive outputs for a programme or function funded or partially funded by the allocation, and may not include any condition—
- (a) for a national department or any other organ of state, other than the receiving officers, to approve specific projects or budgets; or 20
 - (b) requiring a report on spending or projects other than the reports required in terms of section 21 or as approved by the National Treasury.
- (2) The National Treasury must approve the payment schedules for all Schedule 4 allocations, submitted to it in accordance with section 19(1)(a). 25

Provincial Infrastructure allocation

- 13.** (1) The Provincial Infrastructure allocation set out in Schedule 4A supplements the funding of infrastructure programmes funded from provincial budgets to enable provinces to address backlogs in provincial infrastructure.
- (2) The province must ensure that provincial departments responsible for education, health and roads— 30
- (a) are responsible for all capital and maintenance budgets and spending for those functions;
 - (b) enter into, implement and manage service delivery agreements with provincial departments responsible for public works or public entities, where such departments and entities manage or undertake construction or maintenance on their behalf; 35
 - (c) participate, together with the provincial department responsible for public works in the Infrastructure Development Improvement Programme facilitated by the National Treasury, unless such departments are exempted from participation by the National Treasury; and 40
 - (d) take account of any recommendations on infrastructure made by the Cabinet member responsible for that function in terms of section 26.
- (3) A province, in allocating the Provincial Infrastructure allocation— 45
- (a) must consider the capacity requirements of a receiving provincial department to administer an allocation;
 - (b) must take into account the capacity of the receiving provincial department to spend and manage infrastructure, based on the extent of or projected roll-overs in the 2003/04 and 2004/05 financial years; and
 - (c) may, where a receiving provincial department lacks capacity, with National Treasury approval, designate a percentage of the allocation for acquiring such capacity. 50

Municipal Infrastructure allocation

- 14.** (1) The Municipal Infrastructure allocation set out in Schedule 4B supplements the funding of infrastructure programmes funded from municipal budgets to enable municipalities to address backlogs in municipal infrastructure required for the provision of basic services. 5
- (2) The Municipal Infrastructure allocation—
- (a) must be transferred, directly to a category A, B or C municipality that has the executive authority to provide basic municipal service infrastructure, from 1 July 2005, if the municipality is classified as a high or medium capacity municipality by the transferring national officer and National Treasury; 10
- (b) may be transferred via the relevant category C municipality to a category B municipality if the category B municipality is classified as a low capacity municipality by the transferring national officer and National Treasury.
- (3) Notwithstanding subsection (2), the transferring national officer, in consultation with the National Treasury, may determine that the Municipal Infrastructure allocation— 15
- (a) be transferred directly to a category B municipality not classified as a high or medium capacity municipality in terms of subsection (2)(a); or
- (b) be transferred to the relevant province, in accordance with section 226(3) of the Constitution, where section 40 applies. 20
- (4) A municipality receiving the municipal infrastructure grant must table and approve a three-year capital budget as part of its budget for the 2005/06 financial year in accordance with the Municipal Finance Management Act, unless exempted in terms of that Act.
- (5) The transferring national officer may, with the approval of the National Treasury 25 and after consultation with the responsible sector departments, make direct payments to creditors against the Municipal Infrastructure allocation of a municipality for commitments incurred on previous consolidated municipal infrastructure and water capital grants as at 30 September 2003, if—
- (a) the receiving municipality is unable, unwilling or fails to pay for such 30 commitments; or
- (b) it is to fulfil contractual obligations entered into before 30 September 2003.

Part 3***Matters related to Schedules 5 and 6 allocations*****Social Assistance Transfers and Social Assistance Administration conditional allocations 35**

- 15.** (1) The transferring national officer must, in addition to the duties contemplated in section 20, take appropriate steps to ensure that—
- (a) social assistance transfers and administration spending in each province— 40
- (i) do not exceed the amounts appropriated for that purpose on provincial budgets; and
- (ii) are in accordance with the approved payment schedule for each month of the year, for each type of social security grant included in the Social Assistance Transfers allocation, and administration;
- (b) subsection (6) on under and over spending is complied with; 45
- (c) legislation, including legislation providing for social assistance, is adhered to; and
- (d) reasonable technical, systems and other support necessary to ensure the sound administration of the social assistance transfers and administration allocations are provided to provinces. 50

- (2) A receiving officer must, in addition to the duties contemplated in section 22—
- (a) ensure that the amount budgeted for each type of social security grant included in the Social Assistance Transfers allocation takes into account the indicative allocations for that grant as set out in Schedule 5A;
 - (b) ensure that administrative processes and procedures comply with all requirements set by the transferring national officer; 5
 - (c) ensure that social assistance transfers and administration spending are in accordance with the approved payment schedule for each type of social security grant included in the Social Assistance Transfer allocation, and administration for each month of the year; and 10
 - (d) in addition to complying with the reporting requirements set out in section 32 of the Public Finance Management Act, provide such information and reports, within the specified timeframes, to the transferring national officer as he or she may request in the performance of the duties provided for in subsection (1). 15
- (3) (a) The transferring national officer must, after consultation with the National Treasury and receiving officers, by no later than 30 June 2005 submit a Social Assistance Transfers and Social Assistance Administration conditional allocations monitoring plan to the National Treasury.
- (b) The plan must set out the key performance indicators, financial procedures, internal audit processes, and monitoring and reporting mechanisms of the national and each provincial department to ensure effective and efficient delivery of social assistance. 20
- (4) In the event that the total amount anticipated to be spent on social assistance in a province in this financial year materially exceeds or is less than the appropriated amount or the amount set out in the approved payment schedule for a specific month, the receiving officer must, within 14 days of detecting the anticipated over or under expenditure, submit a report to the transferring national officer and relevant provincial treasury, which report must— 25
- (a) set out the extent of the anticipated over or under expenditure;
 - (b) provide reasons for the anticipated over or under expenditure, including information on approval processes and number of new beneficiaries; and 30
 - (c) outline the measures taken to ensure that the anticipated over or under expenditure is not due to fraudulent or any other irregular practices.
- (5) Over expenditure attributable to non-compliance with legislative requirements and poor management procedures must be funded from the Provincial Revenue Fund, unless the National Treasury determines otherwise. 35
- (6) (a) The National Treasury must direct the establishment of a dedicated bank account configuration for the transfer of Social Assistance Transfers and Social Assistance conditional allocations.
- (b) Each provincial treasury must ensure that the bank account configuration as directed is in place and operational by 1 April 2005. 40
- (7) The transferring national officer must transfer Social Assistance Transfers and Social Assistance Administration conditional allocations to the dedicated corporation of public deposits account of the province, in accordance with a payment schedule agreed between the transferring national officer and the provincial receiving officer, and approved by the National Treasury. 45
- (8) (a) The transferring national officer may, with the written approval of the National Treasury and after consultation with the affected provinces, reallocate the Social Assistance Transfers and Social Assistance Administration allocations, or a portion of such allocations, from one province to another province.
- (b) Any such reallocation must, together with an explanatory memorandum, be published in the *Gazette* within 30 days of such a reallocation. 50
- (9) Any reallocation by a receiving officer of the indicative allocations for the different types of social security grants included in the Social Assistance Transfers conditional allocation as set out in Schedule 5A, exceeding five per cent must be approved by the transferring national officer, in consultation with the National Treasury, prior to the reallocation. 55

Municipal capacity building allocations

- 16.** (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 National Treasury. 60
60

(2) The framework contemplated in subsection (1) must take into account the capacity requirements for implementing the Municipal Systems Act and Municipal Finance Management Act, including integrated planning, performance management, financial management, budgeting and spatial planning considerations and the need to ensure that the capacity of a municipality is developed in measurable ways. 5

(3) The annual report of the department responsible for any capacity-building allocation must indicate the extent to which the capacity of any municipality was improved in measurable ways by that allocation and the extent to which such an allocation was spent on external consultants contracted to assist a municipality.

Integrated Housing and Human Settlement Development allocations 10

17. (1) The provincial accounting officer responsible for housing must—

(a) facilitate applications for accreditation in terms of the Housing Act, 1997 (Act No. 107 of 1997) from 1 April 2005 from all category A municipalities, and all category B municipalities identified by the national transferring officer in respect of each province; and 15

(b) within six months of receiving applications from the municipalities contemplated in subsection (1)(a), complete the accreditation of those municipalities.

(2) (a) A municipality whose accreditation application was refused may lodge an objection to the refusal with the national transferring officer.

(b) The national transferring officer must on receipt of an objection take all necessary steps to facilitate accreditation as soon as possible, but no later than 60 days after the objection was received. 20

(3) Accreditation granted in terms of subsection (1) must—

(a) at least include—

(i) authority to administer housing programmes, including the administration of all housing subsidy applications; 25

(ii) authority to grant subsidies and approve projects, subject to subsection (4), to be funded from uncommitted housing funds from the 2006/07 financial year;

(iii) an obligation to maintain compliance with the capacity and system requirements prescribed by the provincial accounting officer responsible for housing; 30

(iv) an obligation to provide monthly reports on housing delivery; and

(v) an obligation to provide information on the levying and collection of rental in respect of all municipal owned houses; and 35

(b) be implemented progressively during the financial year and finalised by 30 June 2006.

(4) An accredited municipality must, in exercising its authority in terms of subsection (3)(a)(ii)—

(a) take into account any criteria for the prioritisation of projects as determined by the province; and 40

(b) participate in housing programme forums established by the transferring national department.

(5) Notwithstanding any provision in any law, section 35 of the Public Finance Management Act, section 3 of the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997), and sections 9 and 10 of the Municipal Systems Act do not apply to the accreditation of municipalities in terms of the Housing Act, 1997 (Act No. 107 of 1997). 45

Part 4

Specific matters related to Schedule 7 allocation

Water Services Operating and Transfer Subsidy allocations 50

18. (1) The transferring national officer, subsequent to the signing of a transfer agreement between the transferring national officer and the municipality for the transfer of water services assets, may with the written approval of the National Treasury adjust the Water Services Operating and Transfer Subsidy allocation to a municipality to reflect— 55

- (a) the actual personnel allocation payable to a municipality as a result of the number of staff transferred from the transferring national department to the municipality; and
 - (b) the actual operating allocation payable to a municipality as informed by the percentage or portion of assets transferred to a municipality in respect of assets shared across municipal boundaries. 5
- (2) Any adjustments contemplated in subsection (1) must, together with an explanatory memorandum, be published by the National Treasury, in the *Gazette*, within 120 days after granting approval for an adjustment.

CHAPTER 4

10

DUTIES OF ACCOUNTING OFFICERS AND TREASURIES

Duties of transferring national officer in respect of Schedule 4 allocation

- 19.** (1) The transferring national officer for a Schedule 4 allocation is responsible for—
- (a) submitting a payment schedule determined after consultation with the receiving officer to the National Treasury for approval before 1 April 2005; 15
 - (b) ensuring that transfers to all provinces and municipalities are in accordance with the payment schedule, unless allocations are withheld or stopped in terms of sections 33 or 34;
 - (c) monitoring expenditure and non-financial performance information on programmes funded by an allocation, provided that such monitoring— 20
 - (i) is approved by the National Treasury; and
 - (ii) does not impose undue administrative burdens on receiving provinces and municipalities beyond the provision of standard management information; and 25
 - (iii) includes clear performance responsibilities and targets for the transferring national officer; and
 - (d) evaluating the performance of programmes funded or partially funded by the allocation and the submission of such evaluations to the National Treasury, within four months after the end of the financial year. 30
- (2) Where more than one national department has responsibilities relating to a Schedule 4 allocation, the transferring national officer must co-ordinate the roles and responsibilities of such national departments and ensure those the roles and responsibilities—
- (a) are exercised in a manner that does not duplicate its responsibilities as set out in subsection (1); and 35
 - (b) do not impose undue administrative burdens on provinces or municipalities beyond the provision of standard management information.

Duties of transferring national officer in respect of Schedule 5, 6 and 7 allocation

- 20.** (1) A transferring national officer must, not later than 14 days after this Act takes effect, certify to the National Treasury that— 40
- (a) allocation frameworks, including conditions and monitoring provisions, are reasonable and do not impose an undue administrative burden on receiving provincial governments and municipalities beyond the provision of standard management information; 45
 - (b) any business plans requested in respect of how allocations, other than the Social Assistance Transfers and Social Assistance Administration allocations, will be utilised by a province or municipality have been approved prior to the start of the financial year;
 - (c) funds will only be transferred after information required in terms of this Act has been provided to the National Treasury; 50
 - (d) funds will only be transferred in accordance with a payment schedule determined after consultation with relevant provinces or organised local government;
 - (e) funds will only be deposited into the primary bank account of a province or municipality, or, where appropriate into the corporation for public deposits account of a province; and 55

- (f) all other arrangements or requirements necessary for the transfer of an allocation have been complied with prior to the start of the financial year.
- (2) The national transferring officer must submit all information and documentation referred to in subsections (1)(a) and (b) to the National Treasury by 30 April 2005.
- (3) A transferring national officer who has not complied with subsection (1) must transfer such allocation as instructed by the National Treasury, including as an unconditional allocation. 5
- (4) Before making the first transfer of any allocation, the transferring national officer must take note of any notice in terms of section 28(2) from the National Treasury outlining the details of the account for each province or municipality. 10
- (5) Notwithstanding anything to the contrary contained in any law, a transferring national officer must in respect of any allocation, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, not later than 20 days after the end of each month, and in the format determined by the National Treasury, submit to the National Treasury, information for the month reported on and for the financial year up to the end of that month, on— 15
- (a) the amount of funds transferred to a province or municipality;
 - (b) the amount of funds stopped or withheld from any province or municipality, the reasons for the withholding or stopping and the steps taken to deal with the causes that necessitated the withholding of the payment; 20
 - (c) the actual expenditure incurred by the province or municipality in respect of a Schedule 5 and 6 allocation; and
 - (d) such other issues as the National Treasury may determine.
- (6) The national transferring officer must annually, within four months in respect of a province and six months in respect of a municipality, after the end of the financial year, evaluate the performance of programmes funded or partially funded by an allocation and submit such evaluation to the National Treasury. 25

Duties of receiving officer in respect of Schedule 4 allocation

- 21.** (1) A receiving officer is responsible for—
- (a) complying with the framework for a Schedule 4 allocation as published in terms of section 28; and 30
 - (b) the manner in which it allocates and spends a Schedule 4 allocation.
- (2) The receiving officer of a municipality must—
- (a) ensure and certify to the National Treasury that the municipality—
 - (i) indicates, or if required, exclusively appropriates each programme funded or partially funded by this allocation in its annual budget; and 35
 - (ii) makes public, in accordance with the requirements of section 21A of the Municipal Systems Act, the conditions and other information in respect of the allocation to facilitate performance measurement and the use of required inputs and outputs. 40
 - (b) by no later than 1 April 2005, submit to the National Treasury, together with its annual budget, detailed plans for the 2005/06 financial year outlining how the municipality intends to achieve outputs for each programme funded by this allocation;
 - (c) submit monthly reports as required by the Municipal Finance Management Act to the National Treasury on spending against programmes; and 45
 - (d) submit a quarterly performance report within 30 days after the end of each quarter to the transferring national officer.
- (3) The receiving officer in a province must—
- (a) submit monthly reports as required by the Public Finance Management Act to the National Treasury on spending against programmes; and 50
 - (b) submit a quarterly performance report within 30 days after the end of each quarter to the transferring national officer.
- (4) The receiving officer of a municipality and accounting officer of a provincial department responsible for a programme funded or partially funded from a Schedule 4 allocation must report against the relevant framework in its annual financial statements and annual report. 55
- (5) The receiving officer must annually, within two months after the end of the financial year, evaluate its performance in respect of programmes funded or partially funded by an allocation and submit such evaluation to the national transferring officer. 60

Duties of receiving officer in respect of Schedule 5, 6 and 7 allocation

22. (1) The relevant receiving officer must, in respect of an allocation transferred to—
- (a) a province, as part of the report required in section 40(4)(c) of the Public Finance Management Act, submit a report to the relevant provincial treasury and the transferring national officer; and 5
 - (b) a municipality, as part of the report required in terms of section 71 of the Municipal Finance Management Act, submit a report to the relevant transferring national or provincial officer.
- (2) A report by a province in terms of subsection (1) must set out for that month and for the financial year up to the end of that month— 10
- (a) the amount received by the province;
 - (b) the amount of funds stopped or withheld from the province;
 - (c) the actual expenditure by the province in respect of a Schedule 5 allocation;
 - (d) the extent of compliance with the conditions of an allocation provided for in a framework and with this Act; 15
 - (e) an explanation for any material problems experienced or variations effected by the province regarding an allocation which has been received and a summary of the steps taken to deal with such problems or the effect of such variations; and
 - (f) such other issues and information as the National Treasury may determine. 20
- (3) A report by a municipality in terms of subsection (1) must set out for that month and for the financial year up to the end of that month the amount of funds stopped or withheld from the municipality and such other information as the National Treasury may determine.
- (4) The receiving officer must annually, within two months after the end of the financial year, evaluate its performance in respect of programmes funded or partially funded by an allocation and submit such evaluation to the national transferring officer. 25

Duties of transferring provincial officer

23. (1) A transferring provincial officer must, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, in respect of any allocation to be transferred to municipalities, and in the format determined by the National Treasury, submit, within 20 days after the end of each month, to the transferring national officer and the relevant treasury, information on— 30
- (a) the amount of funds transferred to a municipality in the month reported on and for the financial year up to the end of that month; 35
 - (b) the amount of funds stopped or withheld from any municipality in the month reported on;
 - (c) actual expenditure incurred in respect of that allocation; and
 - (d) such other issues as the National Treasury may determine.

Category C municipal budgets and allocations in terms of this Act 40

24. (1) (a) In addition to the requirements of the Municipal Finance Management Act, a category C municipality must, no later than 1 April 2005, submit to the National Treasury and all category B municipalities within its area of jurisdiction, its budget, as tabled in accordance with section 16 of the Municipal Finance Management Act, for the 2005/06 municipal financial year, and the two following municipal financial years. 45
- (b) The budget must indicate all allocations to be transferred to each category B municipality within its area of jurisdiction and disclose the criteria for allocating funds between the category B municipalities.
- (2) A category C municipality must strive to ensure that it does not duplicate a function currently performed by a category B municipality, and transfer funds for infrastructure development or the provision of services to the relevant category B municipalities, taking into account any indicative allocations for such municipalities as determined or published in the *Gazette* by the National Treasury, and may only retain and spend funds directly if— 50
- (a) the category C municipality retained a power or function in terms of the Municipal Structures Act, 1998 (Act No. 117 of 1998); and 55

(b) a category B municipality in the opinion of the category C municipality has weak capacity and the national department for local government and National Treasury concur with that opinion.

(3) A category C municipality must before implementing any capital project for water, electricity, roads or any other municipal service secure approval for the project from the category B municipality within whose area of jurisdiction the project will be implemented and agree on which municipality is responsible for its operational costs and collection of user fees. 5

(4) A municipality must ensure that any allocation made to it in terms of this Act or by a province or another municipality, that is not reflected in its budget, as tabled in accordance with section 16 of the Municipal Finance Management Act, is reflected in its budget to be approved in accordance with section 24 of the Municipal Finance Management Act. 10

(5) Where a function for which a province receives a Schedule 5 allocation is assigned to a municipality during a financial year and the province has not appropriated funds to that municipality for the performance of that function, the National Treasury may direct the province to transfer such funds to the municipality in terms of section 226(3) of the Constitution. 15

Duties of provincial accounting officers and treasuries

25. (1) The accounting officer of the provincial treasury must ensure and certify to the National Treasury that the province— 20

(a) indicates or, if required, exclusively appropriates each programme funded or partially funded through this allocation in its Appropriation Bill or a schedule to its Appropriation Bill; and

(b) publishes the conditions and other information in respect of the allocation to facilitate performance measurement and the use of required inputs and outputs in its budget documents submitted to its legislature or the *Gazette*. 25

(2) The provincial treasury must publish, with its annual budget or in the *Gazette*, not later than 1 April 2005—

(a) the allocation per municipality for every allocation made by the province to municipalities; and 30

(b) the envisaged division of the allocation contemplated in subsection (1)(a) in respect of each municipality, for the next financial year and the 2007/08 financial year.

(3) (a) Notwithstanding anything to the contrary contained in any law, a provincial treasury may, in accordance with a framework determined by the National Treasury, make allocations to municipalities that were not published in terms of subsection (2). 35

(b) These allocations must be published in the *Gazette* before any transfers can be made, unless the allocations were published with its budget submitted to the provincial legislature. 40

(4) A provincial treasury must, as part of its consolidated monthly report in terms of section 32 of the Public Finance Management Act, in the format determined by the National Treasury, report on—

(a) actual transfers received by the province from national departments;

(b) actual expenditure on such allocations, excluding Schedule 4 allocations, up to the end of that month; 45

(c) actual transfers made by the province to municipalities, and projections of actual expenditure by municipalities on such allocations; and

(d) any problems of compliance with this Act by transferring provincial officers and receiving officers and the steps taken to deal with such problems. 50

(5) The report contemplated in subsection (4) must include reports for each quarter, and be in the format and include the information as may be determined by the National Treasury.

Duties relating to co-operative governance in respect of concurrent functions

26. (1) The Cabinet member responsible for a concurrent national and provincial legislative function provided for in Schedule 4 of the Constitution, may determine a monitoring system for the performance of provinces or municipalities of that function, and make recommendations at any stage to a province or municipality on improving service delivery performance and compliance with national legislation. 55

- (2) Where a province or municipality responsible for a concurrent function performs a function in a manner that causes or is anticipated to cause service delivery problems, the relevant Cabinet member may make recommendations to that province or municipality on how to improve its performance, including recommendations on—
- (a) organisational and administrative arrangements for a department; 5
 - (b) human resource arrangements, particular where a department employs a large number of personnel;
 - (c) human resource development, training and management;
 - (d) governance arrangements to prevent or limit corruption and wastage; and
 - (e) agency arrangements for the delivering or managing any of the core responsibilities of that function. 10
- (3) The Premier of a province or mayor of a municipality must take into account any recommendations made by the Cabinet member in terms of subsection (1) or (2), in order to improve service delivery performance.

Annual financial statements and annual reports for 2005/06 15

- 27.** (1) The annual financial statements for the 2005/06 financial year of a national or provincial department transferring any funds in respect of an allocation set out in Schedules 4, 5, 6 and 7 must, in addition to any requirements in terms of any other applicable law—
- (a) indicate the total amount of that allocation transferred to a province or municipality; 20
 - (b) indicate the transfers, if any, that were withheld in respect of each province or municipality;
 - (c) certify that all transfers to a province or municipality were deposited into the primary bank account of a province or municipality, or where appropriate, into the corporation for public deposits account of a province; and 25
 - (d) 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.
- (2) The annual report for the 2005/06 financial year of a national or provincial department transferring any funds in respect of an allocation set out in Schedules 4, 5, 6 and 7 must, in addition to any requirements in terms of any other applicable law—
- (a) indicate the reasons for the withholding of any transfers to a province or municipality;
 - (b) indicate to what extent a province or municipality was monitored for compliance with the conditions of an allocation provided for in the relevant framework and the provisions of this Act; 35
 - (c) indicate to what extent the allocation achieved its purpose and outputs; and
 - (d) indicate any non-compliance with this Act, and the steps taken to deal with such non-compliance. 40
- (3) The annual financial statements of a provincial department receiving an allocation in terms of Schedules 4 and 5, must, in addition to any requirements in terms of any other applicable law—
- (a) indicate the total amount of all allocations received;
 - (b) indicate the total amount of actual expenditure on all allocations except Schedule 4 allocations; and 45
 - (c) certify that all transfers in terms of this Act to the province were deposited into the primary bank account of the province, or where appropriate, into the corporation for public deposits account of a province.
- (4) The annual report of a provincial department receiving an allocation in terms of Schedules 4 and 5, must, in addition to any requirements in terms of any other applicable law—
- (a) indicate to what extent the province met the conditions, provided for in the relevant framework of such an allocation, and complied with the provisions of this Act; 55
 - (b) indicate the extent to which the objectives and outputs of the allocation were achieved; and
 - (c) contain such other information as the National Treasury may determine.
- (5) (a) The annual financial statements and annual reports of a municipality for the 2005/06 financial year must be prepared in accordance with the Municipal Finance Management Act. 60

(b) Municipalities for whom the implementation of section 121 of the Municipal Finance Management Act was delayed by the Minister under section 178 of that Act, must notwithstanding such delay, prepare annual performance management reports in terms of section 46 of the Municipal Systems Act, by no later than 31 December 2005.

(6) The National Treasury may determine how transferring departments and receiving municipalities report on local government allocations on a quarterly basis to facilitate the audit of allocations for both the national and municipal financial years. 5

CHAPTER 5

DUTIES OF NATIONAL TREASURY, POWERS OF AUDITOR-GENERAL AND MATTERS RELATING TO INTERNAL AUDIT UNITS 10

Duties of National Treasury

28. (1) The National Treasury must within 14 days of this Act taking effect—
- (a) submit a notice to all transferring national officers, containing the details of the bank accounts of each province and municipality; and
 - (b) publish in the *Gazette*— 15
 - (i) the allocations per municipality for each Schedule 6 or 7 allocation to local government; and
 - (ii) the framework for each Schedule 4, 5, 6 and 7 allocation.
 - (c) The National Treasury must publish any revisions or amendments to the allocations or frameworks published in terms of subsection (1)(b) authorised 20
 - by an adjustment budget in the *Gazette*.
- (2) The National Treasury must, together with the monthly 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 referred to in sections 7 and 8 or made in terms of section 11. 25

Powers of Auditor-General

29. (1) Without derogating from the powers and duties of the Auditor-General in terms of the Constitution and any other law, the Auditor-General may, in the audit of financial statements on the allocations set out in Chapter 3 or in a special report to be submitted to Parliament, report on— 30
- (a) the extent of compliance with this Act and frameworks published in terms of section 28 by transferring national officers, transferring provincial officers and receiving officers; and
 - (b) such other intergovernmental financial management matters as may be prescribed. 35
- (2) The Auditor-General may, when conducting the audits of the provincial departments responsible for education, health, social grants, housing and roads, take appropriate measures to ensure consistency in the audit processes between provincial departments to promote comparability between the provincial departments and national departments responsible for the same functions. 40

Matters relating to internal audit units

30. (1) (a) The transferring national officer of a Schedule 5 or 6 allocation that exceeds R 1 billion for the budget year must, by 30 April 2005, determine a minimum set of risks that must be taken into account and mitigated by the receiving province or municipality in respect of that allocation. 45
- (b) The internal audit plan of the receiving province or municipality for the financial year must take into account the risks identified in subsection (1)(a) and any other major fiscal risks to the National Revenue Fund posed by poor enforcement of legislative requirements.
- (2) A receiving officer of an allocation contemplated in subsection (1), or if requested 50 by any other national transferring officer, must—
- (a) by 31 May 2005, submit a risk management plan that includes the internal audit plan referred to in subsection (1)(a) to the national transferring officer and the National Treasury; and

- (b) submit a quarterly report, within 30 days after the end of each quarter, to the transferring national officer, which report must address all material issues and risk that arose in respect of the spending of the allocation and the measures taken to minimise the impact thereof.
- (3) The internal audit unit of the transferring national department must co-ordinate and co-operate with the internal audit units of the provincial departments and municipalities to whom it transfers an allocation. 5
- (4) The accounting officer of the transferring national department, the receiving provincial department and receiving municipality must regularly report to its audit committee on compliance with this section. 10

CHAPTER 6

GENERAL

Spending in terms of purpose and subject to conditions

- 31.** (1) Notwithstanding anything to the contrary contained in any law, an allocation referred to in Schedules 4, 5, 6 or 7 may only be utilised for the purpose stipulated in the Schedules concerned and in accordance with the frameworks published in terms of section 28(1). 15
- (2) The utilisation of an allocation for purposes other than those set out in the Schedules concerned or in contravention of the conditions for an allocation set out in the frameworks contemplated in subsection (1), constitutes a breach of the measures established in terms of section 216(1) of the Constitution. 20
- (3) A receiving officer may not transfer any Schedule 5 or 6 allocation or a portion of such allocation to any other entity for the performance of a function envisaged in terms of the allocation, unless—
- (a) it is a transfer that is approved in the budget of the receiving province or municipality or a framework published in terms of section 28(1); 25
- (b) it is a payment for services rendered or goods received, which services or goods were procured in accordance with the supply chain management policy or procurement policy of the relevant province or municipality and for which adequate documentation for payment have been received; or 30
- (c) if it is a transfer not consistent with the budget of the receiving province or municipality, or advance payment approved by the National Treasury on certification by the receiving officer that such transfer is not an attempt to artificially inflate its spending estimates and there are good reasons for the allocation or advance payment. 35
- (4) Notwithstanding the provisions of this Act, the National Treasury may at the request of a provincial treasury approve that rollovers and unspent funds in respect of conditional allocations made by the national government to a province in previous budget years, be deemed to be unconditional allocations to the Provincial Revenue Fund. 40

Amendment of payment schedule

- 32.** (1) Subject to subsection (2), a transferring national officer may, in respect of an allocation set out in Schedule 5 or 6, after consultation with the National Treasury and the relevant provincial treasury, amend a payment schedule as a result of projected under spending, under-performance or non-compliance with the relevant framework. 45
- (2) The National Treasury may, in the interest of better debt and cash-flow management or to deal with financial mismanagement or under performance, amend any payment schedule for an allocation listed in Schedules 2, 3, 4, 5 or 6 on notification to—
- (a) the head of a provincial treasury, in the case of a provincial allocation; and
- (b) the accounting officer of the national department responsible for local government and organised local government, in the case of a local government allocation. 50
- (3) A payment schedule revised in terms of subsection (1) or (2) must take account of the monthly spending commitments of provinces or municipalities, the revenue at the disposal of provinces or municipalities and the minimisation of risk and debt servicing costs for all three spheres of government. 55

(4) An amendment of a payment schedule in terms of subsection (2) prevails over any amendment made in terms of subsection (1).

Withholding of allocation

33. (1) Subject to subsection (2), a transferring national officer may withhold the transfer of a Provincial or Municipal Infrastructure allocation or a Schedule 5, 6 or 7 allocation or any portion of such allocation for a period not exceeding 30 days, if—

- (a) the province or municipality does not comply with the provisions of this Act or conditions to which the allocation, as provided for in the relevant framework, is subject; or
- (b) expenditure on previous transfers during the financial year reflects significant under-spending, for which no satisfactory explanation is given.

(2) A transferring national officer must, seven days prior to withholding an allocation in terms of subsection (1), give the relevant receiving officer—

- (a) written notice of its intention to withhold the allocation; and
- (b) an opportunity to submit written representations to it, within those seven days as to why the allocation should not be withheld.

(3) A notice contemplated in subsection (2) must include the reasons for withholding the allocation and the intended duration of the withholding.

(4) (a) The National Treasury may instruct or approve a request from a transferring national officer to withhold an allocation for a period longer than 30 days, but not exceeding 120 days, if the withholding will—

- (i) facilitate compliance with this Act or the conditions to which the allocation is subject; or
- (ii) minimise the risk of under spending.

(b) A transferring national officer must, when requesting the withholding of an allocation in terms of this subsection, submit proof of its compliance with subsection (2) and any representations received from the receiving officer, to the National Treasury.

(c) The national transferring officer must comply with subsection (2) when the National Treasury instructs him or her in terms of subsection (4).

Stopping of allocation

34. (1) Notwithstanding section 33, the National Treasury may, subject to section 216 of the Constitution and, in respect of a municipality, also sections 38 and 39 of the Municipal Finance Management Act, stop the transfer of—

- (a) any allocation made in terms of this Act to a province or municipality on the grounds of a persistent and material non-compliance with a framework or a provision of this Act; or
- (b) a Provincial or Municipal Infrastructure allocation or a Schedule 5, 6 or 7 allocation, if the National Treasury anticipates that a province or municipality will substantially under spend on that allocation in the financial year.

(2) Section 33(2) applies to the National Treasury when it intends to act in terms of subsection (1).

(3) Any stopping of an allocation contemplated in subsection (1) must, together with an explanatory memorandum, be published by the National Treasury in the *Gazette*.

(4) (a) The Minister may, by notice in the *Gazette*, approve that an allocation or any portion of such allocation stopped in accordance with subsection (1), be utilised to meet that province's or municipality's outstanding statutory and contractual financial commitments.

(b) The utilisation of funds contemplated in this subsection is a direct charge against the National Revenue Fund.

Re-allocation after stopping of allocation

35. The National Treasury may, where it stops an allocation in terms of section 34 determine that a portion or the full allocation that will be under spent be reallocated to one or more provinces or municipalities on condition that the allocation will be spent in the financial year.

Non-committed Schedule 5 or 6 allocation

36. (1) Notwithstanding the provisions of the Public Finance Management Act relating to roll-overs, a Schedule 5 or 6 allocation that is not committed to identifiable projects at the end of a financial year, including any interest earned thereon, reverts to the National Revenue Fund. 5

(2) Notwithstanding subsection (1), the National Treasury may at the request of a provincial treasury approve—

- (a) roll-overs from a conditional allocation to the next financial year; and
- (b) spending of a portion of a conditional allocation on activities related to the purpose of that allocation where the provincial treasury projects significant unforeseen and unavoidable over spending on the budget of the receiving department. 10

Preparations for next budget year

37. (1) (a) The receiving officer of a Provincial Infrastructure allocation must, by 31 July 2005, submit detailed five-year infrastructure plans in a format determined by the National Treasury, to the provincial treasury. 15

(b) The five-year infrastructure plans must indicate the prioritised projects to be funded from the allocations for the next financial year and the 2007/08 financial year as set out in column B of Schedule 4A.

(c) The provincial treasury must co-ordinate the infrastructure plans of all receiving officers and submit the co-ordinated plans to the National Treasury by 1 September 2005. 20

(2) (a) The receiving officer of a Municipal Infrastructure allocation must, by 1 October 2005, submit to the National Treasury a detailed draft three year capital plan for the 2007/08 and 2008/09 municipal financial years in a format determined by the National Treasury. 25

(b) Where the receiving officer is a category C municipality, the municipality must, in addition to complying with subsection (2)(a) certify to the National Treasury that its capital plan is co-ordinated with all category B municipalities located within that category C municipality. 30

(3) The transferring national officer of a Schedule 4A or 4B allocation must, by 15 November 2005, submit to the National Treasury for approval the frameworks for the allocations set out in column B of Schedules 4A and 4B in the format to be determined by the National Treasury.

(4) The National Treasury may, in preparation for the next financial year, instruct departments and municipalities to submit to it such plans and information for any conditional grant, as it may determine, at specified times during the financial year. 35

Unauthorised and irregular expenditure

38. (1) The following transfers constitute unauthorised expenditure in terms of the Public Finance Management Act and the Municipal Finance Management Act, as the case may be, where relevant: 40

- (a) a transfer prohibited in terms of section 31(3) of this Act; or
- (b) a transfer by a transferring national officer to a bank account of a province or municipality that is not the primary bank account, or, in respect of provinces, a corporation for public deposits account. 45

(2) Any transfer made or spending of an allocation in contravention of this Act constitutes irregular expenditure in terms of the Public Finance Management Act and the Municipal Finance Management Act.

Financial misconduct

39. (1) Notwithstanding anything to the contrary contained in any law, any serious or persistent non-compliance with a provision of this Act or a framework constitutes financial misconduct.

(2) Section 84 of the Public Finance Management Act and section 171(4) of the Municipal Finance Management Act applies in respect of financial misconduct in terms of subsection (1). 55

- (3) A transferring national officer and a transferring provincial officer must—
- (a) investigate any serious or persistent non-compliance with a provision of this Act or a framework within 15 days of becoming aware of the non-compliance;
 - (b) keep a register of all non-compliance with a provision of this Act or a framework, actions taken in respect of each non-compliance, and, in cases where action was not taken, the reason therefore; and
 - (c) include the register in its section 40(4)(c) report to the National Treasury in terms of the Public Finance Management Act.

Transfers to low capacity municipalities

40. The national accounting officer responsible for local government, in respect of a category B municipality classified as a low capacity municipality by it and National Treasury, may with the concurrence of the National Treasury, determine that an allocation in terms of this Act or portion of such an allocation be transferred to the category C municipality, within whose area of jurisdiction the category B municipality is located, or the relevant province, for purposes of the proper administration of the allocation.

Transfers made in error

41. (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.

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

(3) The National Treasury may instruct that the recovery contemplated in subsection (2) be effected by set-off against future transfers to the province, which would otherwise become due in accordance with a payment schedule.

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

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

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

42. (1) An organ of state involved in an intergovernmental dispute regarding any provision of this Act or any division of revenue matter or allocation must, before approaching a court to resolve such dispute, make every effort to settle the dispute with the other organ of state concerned, including exhausting all mechanisms provided for the settlement of disputes in relevant legislation.

(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 of state in approaching the court must be regarded as fruitless and wasteful.

(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).

Delegations and assignments

43. (1) The Minister may, in writing, delegate any of the powers entrusted to the National Treasury in terms of this Act and assign any of the duties imposed on the National Treasury in terms of this Act, to an official of the National Treasury.

(2) A delegation or assignment in terms of subsection (1) to an official of the National Treasury—

- (a) is subject to any limitations or conditions that the Minister may impose;
 - (b) may authorise that official to sub-delegate, in writing, the delegated power or assigned duty to another National Treasury official; and
 - (c) does not divest the National Treasury of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty. 5
- (3) The Minister may confirm, vary or revoke any decision taken by an official as a result of a delegation, subject to any rights that may have vested as a consequence of the decision.

Exemptions

44. (1) The National Treasury may, on written application by a transferring national, provincial or municipal officer, exempt such officer in writing from complying with a provision of this Act, if the officer satisfies the National Treasury that— 10
- (a) the duty cannot be complied with at that stage;
 - (b) the relevant allocation and framework are properly designed; and
 - (c) the officer is taking steps to comply with the provisions of this Act. 15
- (2) Any exemption contemplated in subsection (1) must set out the period and conditions, if any, to which it is subject and must be published in the *Gazette*.

Regulations

45. 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 20
 - (b) any ancillary or incidental administrative or procedural matter that it is necessary to prescribe for the proper implementation or administration of this Act.

Acts performed before Act took effect

46. Notwithstanding anything to the contrary contained in any law, any act performed after 1 April 2005 prior to the coming into effect of this Act or in accordance with any prescribed requirements in fulfilment of the objects of this Act is regarded as having been done in terms of the relevant provisions of this Act. 25

Repeal of laws

47. (1) Subject to subsection (2), the Division of Revenue Act, 2004 (Act No. 5 of 2004), is hereby repealed. 30
- (2) The repeal of the Division of Revenue Act, 2004, does not affect any duty or obligation set out in that Act, the execution of which is still outstanding.

Short title and commencement

48. This Act is called the Division of Revenue Act, 2005, and takes effect on 1 April 2005. 35

SCHEDULE 1

EQUITABLE DIVISION OF REVENUE ANTICIPATED TO BE RAISED NATIONALLY AMONG THE THREE SPHERES OF GOVERNMENT

Spheres of Government	Column A	Column B	
	2005/06 Allocation	Forward Estimates	
		2006/07	2007/08
	R'000	R'000	R'000
National ¹	273 469 694	299 120 613	325 845 497
Provincial	134 706 191	146 757 275	157 677 779
Local	9 643 341	10 514 940	11 370 620
TOTAL	417 819 226	456 392 828	494 893 896

1) National share includes conditional grants to provincial and local spheres, debt service costs and the contingency reserve.

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	
	2005/06 Allocation	Forward Estimates	
		2006/07	2007/08
	R'000	R'000	R'000
Eastern Cape	22 202 309	23 839 059	25 238 734
Free State	8 660 286	9 261 995	9 765 081
Gauteng	20 810 204	22 864 963	24 774 603
KwaZulu-Natal	28 398 760	31 388 210	34 204 801
Limpopo	18 375 726	20 017 878	21 506 369
Mpumalanga	9 976 192	10 970 046	11 894 723
Northern Cape	3 124 184	3 326 755	3 491 843
North West	11 086 061	11 989 563	12 786 822
Western Cape	12 072 469	13 098 806	14 014 803
TOTAL	134 706 191	146 757 275	157 677 779

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
EASTERN CAPE					
A		Nelson Mandela	205 630	228 289	270 844
B	EC101	Camdeboo	9 786	10 728	12 777
B	EC102	Blue Crane Route	10 948	11 901	13 729
B	EC103	Ikwezi	4 163	4 483	5 046
B	EC104	Makana	18 321	20 159	23 970
B	EC105	Ndlambe	15 364	16 884	19 868
B	EC106	Sundays River Valley	10 022	10 741	11 049
B	EC107	Baviaans	4 399	4 713	5 248
B	EC108	Kouga	13 435	14 803	17 409
B	EC109	Koukamma	8 148	8 838	9 796
C	DC10	Cacadu District Municipality	3 374	3 275	4 019
Total: Cacadu Municipalities			97 961	106 523	122 910
B	EC121	Mbhashe	40 853	41 678	33 564
B	EC122	Mnquma	44 857	48 400	48 502
B	EC123	Great Kei	8 813	9 415	10 172
B	EC124	Amahlathi	24 214	26 145	29 284
B	EC125	Buffalo City	191 519	206 759	235 688
B	EC126	Ngqushwa	16 973	18 062	19 948
B	EC127	Nkonkobe	24 997	27 088	30 703
B	EC128	Nxuba	5 756	6 210	6 898
C	DC12	Amatole District Municipality	95 063	102 725	120 834
Total: Amatole Municipalities			453 046	486 481	535 594
B	EC131	Inxuba Yethemba	10 608	11 707	13 802
B	EC132	Tsolwana	7 101	7 282	7 907
B	EC133	Inkwanca	4 919	5 269	5 717
B	EC134	Lukhanji	28 849	31 426	36 492
B	EC135	Intsika Yethu	37 054	35 520	29 395
B	EC136	Emalahleni	21 364	20 997	21 767
B	EC137	Engcobo	24 982	25 588	20 228
B	EC138	Sakhisizwe	10 075	10 774	11 657
C	DC13	Chris Hani District Municipality	89 813	95 719	106 109
Total: Chris Hani Municipalities			234 764	244 281	253 074
B	EC141	Elundini	25 190	26 913	21 628
B	EC142	Senqu	24 685	26 275	28 237
B	EC143	Maletswai	6 374	6 869	7 361
B	EC144	Gariep	6 820	7 364	8 216
C	DC14	Ukhahlamba District Municipality	45 684	47 995	49 283
Total: Ukhahlamba Municipalities			108 753	115 415	114 725
B	EC151	Mbizana	34 371	35 200	32 257
B	EC152	Ntabankulu	21 384	22 799	17 929
B	EC153	Qaukeni	36 740	38 926	31 618
B	EC154	Port St. Johns	24 716	24 114	19 126
B	EC155	Nyandeni	42 199	43 438	37 944
B	EC156	Mhlontlo	32 060	33 480	29 274
B	EC157	King Sabata Dalindyebo	57 257	55 092	56 599
C	DC15	O.R. Tambo District Municipality	153 236	159 493	155 529
Total: O.R Tambo Municipalities			401 962	412 541	380 277
B	EC05b1	Umzimkhulu	26 632	28 089	25 451
B	EC05b2	Umzimvubu	64 870	64 636	54 776
C	DC44	Alfred Nzo District Municipality	61 825	64 528	62 612
Total: Alfred Nzo Municipalities			153 328	157 253	142 838
Total: Eastern Cape Municipalities			1 655 443	1 750 784	1 820 263

Cat = Category of Municipality

Number = Demarcation code of Municipality

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
FREE STATE					
B	FS161	Letsemeng	13 892	15 217	17 902
B	FS162	Kopanong	23 847	26 455	32 306
B	FS163	Mohokare	14 934	15 382	18 144
C	DC16	Xhariep District Municipality	3 139	3 142	1 748
Total: Xhariep Municipalities			55 813	60 196	70 099
B	FS171	Naledi	10 709	11 372	13 227
B	FS172	Mangaung	175 080	188 001	220 454
B	FS173	Mantsopa	18 434	20 107	23 892
C	DC17	Motheo District Municipality	1 072	1 287	1 603
Total: Motheo Municipalities			205 295	220 767	259 176
B	FS181	Masilonyana	23 852	25 452	29 232
B	FS182	Tokolologo	11 907	12 846	15 108
B	FS183	Tswelopele	18 125	18 423	21 604
B	FS184	Matjhabeng	124 581	135 646	162 703
B	FS185	Nala	37 224	41 037	49 864
C	DC18	Lejweleputswa District Municipality	1 784	2 053	2 728
Total: Lejweleputswa Municipalities			217 474	235 456	281 238
B	FS191	Setsoto	45 181	49 493	59 437
B	FS192	Dihlabeng	34 813	38 535	46 758
B	FS193	Nketoana	22 840	23 322	27 654
B	FS194	Maluti-a-Phofung	105 417	105 403	121 353
B	FS195	Phumelela	15 497	16 837	19 582
C	DC19	Thabo Mofutsanyana District Municipality	12 930	12 897	3 793
Total: Thabo Mofutsanyane Municipalities			236 679	246 486	278 577
B	FS201	Moqhaka	44 963	48 239	59 032
B	FS203	Ngwathe	42 120	45 460	56 044
B	FS204	Metsimaholo	27 364	30 304	36 494
B	FS205	Mafube	20 658	22 715	27 467
C	DC20	Northern Free State District Municipality	1 687	1 923	2 515
Total: Northern Free State Municipalities			136 792	148 641	181 552
Total: Free State Municipalities			852 052	911 546	1 070 642

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
GAUTENG					
A		Ekurhuleni	472 390	530 030	595 474
A		City of Johannesburg	540 664	613 393	643 272
A		City of Tshwane	269 741	300 956	264 898
B	GT02b1	Nokeng tsa Taemane	10 409	11 413	12 533
B	CBLC2	Kungwini	24 372	26 907	30 282
C	CBDC2	Metsweding District Municipality	1 601	1 099	733
Total: Metsweding Municipalities			36 382	39 419	43 548
B	GT421	Emfuleni	160 060	180 070	220 885
B	GT422	Midvaal	13 629	15 044	17 360
B	GT423	Lesedi	15 965	17 892	21 622
C	DC42	Sedibeng District Municipality	1 023	1 000	584
Total: Sedibeng Municipalities			190 677	214 006	260 452
B	GT411	Mogale City	58 667	65 623	76 585
B	GT412	Randfontein	25 422	28 441	33 444
B	GT414	Westonaria	38 523	43 106	33 672
B	CBLC8	Merafong City	61 069	68 625	62 561
C	CBDC8	West Rand District Municipality	1 894	1 849	1 030
Total: West Rand Municipalities			185 575	207 644	207 293
Total: Gauteng Municipalities			1 695 428	1 905 448	2 014 936

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
KWAZULU-NATAL					
A		eThekweni	535 540	593 898	673 805
B	KZ211	Vulamehlo	13 247	14 045	10 470
B	KZ212	Umdoni	7 314	8 020	8 954
B	KZ213	Umzumbe	26 958	29 134	25 985
B	KZ214	uMuziwabantu	14 612	15 676	13 109
B	KZ215	Ezinqolweni	9 437	10 022	7 752
B	KZ216	Hibiscus Coast	26 067	28 678	32 668
C	DC21	Ugu District Municipality	57 169	62 459	69 597
Total: Ugu Municipalities			154 805	168 032	168 535
B	KZ221	uMshwathi	17 806	19 354	12 804
B	KZ222	uMngeni	10 082	10 959	12 324
B	KZ223	Mooi Mpfana	6 513	7 082	7 115
B	KZ224	Impendle	6 995	7 404	5 460
B	KZ225	Msunduzi	104 671	114 407	133 564
B	KZ226	Mkhambathini	10 813	11 682	6 537
B	KZ227	Richmond	10 502	11 211	9 101
C	DC22	uMgungundlovu District Municipality	41 406	46 359	56 330
Total: uMgungundlovu Municipalities			208 788	228 459	243 236
B	KZ232	Emnambithi/Ladysmith	28 473	31 316	35 850
B	KZ233	Indaka	16 117	17 450	18 890
B	KZ234	Umtshezi	8 630	8 921	9 697
B	KZ235	Okhahlamba	18 974	20 346	19 010
B	KZ236	Imbabazane	16 977	18 385	20 156
C	DC23	Uthukela District Municipality	57 320	63 286	74 262
Total: Uthukela Municipalities			146 491	159 705	177 865
B	KZ241	Endumeni	7 060	7 800	8 955
B	KZ242	Nquthu	19 778	20 975	20 536
B	KZ244	Msinga	25 268	27 149	19 906
B	KZ245	Umvoti	14 779	15 818	12 856
C	DC24	Umzinyathi District Municipality	42 506	46 271	50 091
Total: Umzinyathi Municipalities			109 391	118 014	112 344
B	KZ252	Newcastle	75 432	83 900	103 122
B	KZ253	Utrecht	5 216	5 528	4 000
B	KZ254	Dannhauser	13 363	14 326	14 684
C	DC25	Amajuba District Municipality	11 263	12 509	14 597
Total: Amajuba Municipalities			105 274	116 264	136 404
B	KZ261	eDumbe	11 441	12 356	11 400
B	KZ262	uPhongolo	18 303	19 622	18 682
B	KZ263	Abaqulusi	20 684	22 402	24 429
B	KZ265	Nongoma	23 546	25 030	21 107
B	KZ266	Ulundi	26 311	27 710	24 035
C	DC26	Zululand District Municipality	60 769	66 245	73 725
Total: Zululand Municipalities			161 053	173 365	173 377
B	KZ271	Umhlabuyalingana	19 347	20 869	15 363
B	KZ272	Jozini	24 345	26 310	20 820
B	KZ273	The Big Five False Bay	6 374	6 775	4 096
B	KZ274	Hlabisa	18 764	20 211	16 406
B	KZ275	Mtubatuba	5 764	5 898	5 083
C	DC27	Umkhanyakude District Municipality	48 599	51 824	50 320
Total: Umkhanyakude Municipalities			123 193	131 887	112 088
B	KZ281	Mbonambi	13 713	14 777	12 986
B	KZ282	uMhlathuze	54 196	59 395	67 802
B	KZ283	Ntambanana	8 411	8 894	6 011
B	KZ284	Umlalazi	28 690	30 730	24 645
B	KZ285	Mthonjaneni	10 139	10 799	7 854
B	KZ286	Nkandla	19 516	20 897	14 742
C	DC28	uThungulu District Municipality	41 816	45 791	50 914
Total: uThungulu Municipalities			176 481	191 283	184 954
B	KZ291	eNdongakusuka	18 559	19 513	20 791
B	KZ292	KwaDukuza	20 154	21 957	24 381
B	KZ293	Ndwedwe	21 764	23 444	18 468
B	KZ294	Maphumulo	17 257	18 488	14 384
C	DC29	Ilembe District Municipality	46 096	50 500	58 591
Total: Ilembe Municipalities			123 830	133 902	136 616

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
B	KZ5a1	Ingwe	16 855	18 099	15 078
B	KZ5a2	Kwa Sani	4 406	4 645	3 756
B	KZ5a3	Matatiele	4 155	4 479	4 688
B	KZ5a4	Greater Kokstad	12 881	14 261	16 061
B	KZ5a5	Ubuhlebezwe	16 527	17 876	15 123
C	DC43	Sisonke District Municipality	36 380	40 231	47 396
Total: Sisonke Municipalities			91 203	99 590	102 103
Total: KwaZulu-Natal Municipalities			1 936 049	2 114 399	2 221 326

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
LIMPOPO					
B	NP03A2	Makhuduthamaga	37 445	40 816	45 317
B	NP03A3	Fetakgomo	14 191	15 178	13 948
B	CBLC3	Greater Marble Hall	18 664	20 076	21 922
B	CBLC4	Greater Groblersdal	34 654	37 421	41 906
B	CBLC5	Greater Tubatse	36 727	39 410	40 148
C	CBDC3	Greater Sekhukhune Cross Boundary	89 361	96 360	100 385
Total: Greater Sekhukhune Cross Boundary Municipalities			231 042	249 261	263 626
B	NP04A1	Maruleng	16 000	17 188	16 440
B	CBLC6	Bushbuckridge	76 520	82 355	92 474
C	CBDC4	Bohlabela District Municipality	60 613	65 923	73 157
Total: Bohlabela Municipalities			153 134	165 466	182 070
B	NP331	Greater Giyani	40 926	40 925	41 746
B	NP332	Greater Letaba	35 746	38 760	42 311
B	NP333	Greater Tzaneen	56 410	61 393	66 774
B	NP334	Ba-Phalaborwa	18 585	18 851	19 823
C	DC33	Mopani District Municipality	92 810	103 321	120 876
Total: Mopani Municipalities			244 478	263 250	291 530
B	NP341	Musina	8 603	9 345	10 009
B	NP342	Mutale	14 946	15 332	12 614
B	NP343	Thulamela	76 298	81 421	87 502
B	NP344	Makhado	67 823	73 177	80 116
C	DC34	Vhembe District Municipality	111 122	123 459	145 657
Total: Vhembe Municipalities			278 792	302 734	335 898
B	NP351	Blouberg	24 522	26 134	25 523
B	NP352	Aganang	21 276	22 887	23 309
B	NP353	Molemole	19 828	21 583	23 964
B	NP354	Polokwane	111 076	122 255	138 284
B	NP355	Lepelle-Nkumpi	32 923	35 805	39 542
C	DC35	Capricorn District Municipality	62 120	69 817	83 169
Total: Capricorn Municipalities			271 744	298 482	333 793
B	NP361	Thabazimbi	17 155	18 944	19 544
B	NP362	Lephalale	25 780	28 308	31 649
B	NP364	Mookgapong	6 872	7 538	8 051
B	NP365	Modimolle	16 159	17 742	19 660
B	NP366	Bela Bela	12 428	13 699	15 907
B	NP367	Mogalakwena	68 591	75 585	86 793
C	DC36	Waterberg District Municipality	3 508	2 409	2 602
Total: Waterberg Municipalities			150 491	164 226	184 206
Total: Limpopo Municipalities			1 329 681	1 443 420	1 591 124

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
MPUMALANGA					
B	MP301	Albert Luthuli	43 127	47 031	52 738
B	MP302	Msukaligwa	28 526	31 643	36 753
B	MP303	Mkhondo	27 066	29 657	32 441
B	MP304	Seme	22 565	25 003	29 537
B	MP305	Lekwa	21 846	24 204	27 653
B	MP306	Dipaleseng	12 380	13 621	15 712
B	MP307	Govan Mbeki	56 859	63 198	72 589
C	DC30	Gert Sibande District Municipality	2 180	2 266	2 881
Total: Gert Sibande Municipalities			214 549	236 623	270 303
B	MP311	Delmas	14 099	15 615	18 058
B	MP312	Emalahleni	53 806	59 599	66 766
B	MP313	Steve Tshwete	26 463	29 402	34 295
B	MP314	Highlands	9 980	10 935	12 370
B	MP315	Thembisile	60 517	66 391	76 185
B	MP316	Dr JS Moroka	61 288	67 372	78 557
C	DC31	Nkangala District Municipality	1 760	2 107	2 843
Total: Nkangala Municipalities			227 912	251 421	289 074
B	MP321	Thaba Chweu	21 430	23 364	25 890
B	MP322	Mbombela	93 309	101 724	110 538
B	MP323	Umjindi	13 476	14 717	16 025
B	MP324	Nkomazi	74 330	81 310	88 576
C	DC32	Ehlanzeni District Municipality	3 564	2 684	3 092
Total: Ehlanzeni Municipalities			206 108	223 799	244 121
Total: Mpumalanga Municipalities			648 570	711 843	803 499

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
NORTHERN CAPE					
B	NC01B1	Gamagara	4 146	4 076	4 856
B	NW1a1	Moshaweng	16 425	17 566	18 617
B	CBLC1	Ga-Segonyana	17 364	18 857	21 374
C	CBDC1	Kgalagadi District Municipality	14 832	14 652	7 197
Total: Kgalagadi Cross Border Municipalities			52 766	55 150	52 044
B	NC061	Richtersveld	3 235	3 484	3 998
B	NC062	Nama Khoi	8 749	9 623	11 535
B	NC064	Kamiesberg	3 342	3 410	3 965
B	NC065	Hantam	5 613	5 843	6 773
B	NC066	Karoo Hoogland	3 869	3 864	4 278
B	NC067	Khai-Ma	3 418	3 670	4 003
C	DC6	Namakwa District Municipality	1 911	1 648	1 722
Total: Namakwa Municipalities			30 137	31 542	36 274
B	NC071	Ubuntu	5 473	5 420	6 091
B	NC072	Umsobomvu	8 183	8 880	10 387
B	NC073	Emthanjeni	9 445	10 268	12 334
B	NC074	Kareeberg	3 529	3 520	3 937
B	NC075	Renosterberg	3 930	4 186	4 817
B	NC076	Thembelihle	3 764	4 018	4 548
B	NC077	Siyathemba	5 499	5 759	6 762
B	NC078	Siyancuma	9 336	10 074	11 309
C	DC7	Karoo District Municipality	2 908	2 447	2 739
Total: Karoo Municipalities			52 068	54 571	62 923
B	NC081	Mier	2 844	2 938	2 852
B	NC082	Kai ! Garib	13 241	14 577	15 191
B	NC083	//Khara Hais	13 296	14 799	18 367
B	NC084	! Kheis	4 363	4 639	5 003
B	NC085	Tsantsabane	7 869	8 593	10 119
B	NC086	Kgatelopele	4 199	4 237	5 104
C	DC8	Siyanda District Municipality	3 868	3 929	3 960
Total: Siyanda Municipalities			49 679	53 712	60 596
B	NC091	Sol Plaatje	43 125	47 808	56 865
B	NC092	Dikgatlong	12 114	13 158	15 222
B	NC093	Magareng	7 825	8 482	9 968
B	CBLC7	Phokwane	17 413	18 916	22 041
C	DC9	Frances Baard District Municipality	2 617	2 571	3 114
Total: Frances Baard Municipalities			83 094	90 934	107 210
Total: Northern Cape Municipalities			267 743	285 909	319 047

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
NORTH WEST					
B	NW371	Moretele	40 463	44 282	49 326
B	NW372	Madibeng	78 709	85 966	96 399
B	NW373	Rustenburg	79 402	87 839	90 557
B	NW374	Kgetlengrivier	11 281	12 375	14 313
B	NW375	Moses Kotane	61 733	67 449	78 022
C	DC37	Bojanala Platinum District Municipality	2 829	1 863	2 154
Total: Bojanala Platinum Municipalities			274 416	299 774	330 772
B	NW381	Ratlou	17 343	18 643	20 734
B	NW382	Tswaing	16 753	18 163	20 265
B	NW383	Mafikeng	33 316	36 521	41 591
B	NW384	Ditsobotla	20 404	22 359	25 251
B	NW385	Zeerust	21 100	22 842	25 345
C	DC38	Central District Municipality	74 506	81 850	98 177
Total: Central Municipalities			183 422	200 378	231 365
B	NW391	Kagisano	16 423	17 636	19 413
B	NW392	Naledi	9 056	9 974	11 382
B	NW393	Mamusa	8 576	9 303	10 268
B	NW394	Greater Taung	26 479	28 189	30 507
B	NW395	Molopo	3 727	3 877	3 484
B	NW396	Lekwa-Teemane	7 577	8 265	9 132
C	DC39	Bophirima District Municipality	48 742	53 424	63 885
Total: Bophirima Municipalities			120 580	130 669	148 071
B	NW401	Ventersdorp	12 433	13 606	15 601
B	NW402	Potchefstroom	24 072	26 854	31 858
B	NW403	Klerksdorp	95 190	106 369	126 105
B	NW404	Maquassi Hills	20 176	22 277	26 165
C	DC40	Southern District Municipality	1 205	1 416	1 776
Total: Southern Municipalities			153 076	170 523	201 504
Total: North West Municipalities			731 494	801 343	911 712

SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF THE LOCAL
GOVERNMENT SPHERE'S SHARE OF REVENUE RAISED NATIONALLY
(by National Financial Year)**

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
WESTERN CAPE					
A		City of Cape Town	275 565	311 970	292 912
B	WC011	Matzikama	8 920	9 878	11 586
B	WC012	Cederberg	7 579	8 342	9 424
B	WC013	Bergrivier	6 208	6 897	7 989
B	WC014	Saldanha Bay	9 369	10 587	12 978
B	WC015	Swartland	7 596	8 343	9 489
C	DC1	West Coast District Municipality	1 787	1 791	2 151
Total: West Coast Municipalities			41 459	45 838	53 618
B	WC022	Witzenberg	12 612	13 926	15 838
B	WC023	Drakenstein	20 820	23 287	27 342
B	WC024	Stellenbosch	13 118	14 662	17 068
B	WC025	Breede Valley	18 705	20 778	24 430
B	WC026	Breede River Winelands	13 687	15 292	18 187
C	DC2	Cape Winelands District Municipality	2 208	1 807	695
Total: Boland Municipalities			81 149	89 752	103 561
B	WC031	Theewaterskloof	14 431	16 031	18 681
B	WC032	Overstrand	10 172	11 459	13 987
B	WC033	Cape Agulhas	4 456	5 008	6 237
B	WC034	Swellendam	5 428	5 960	6 913
C	DC3	Overberg District Municipality	1 064	1 187	1 386
Total: Overberg Municipalities			35 551	39 644	47 204
B	WC041	Kannaland	5 610	6 117	6 883
B	WC042	Langeberg	7 187	8 072	10 021
B	WC043	Mossel Bay	10 967	12 394	15 379
B	WC044	George	20 679	23 259	28 021
B	WC045	Oudtshoorn	11 296	12 675	15 342
B	WC047	Plettenberg Bay	6 539	7 341	8 972
B	WC048	Knysna	8 922	10 014	12 062
C	DC4	Eden District Municipality	3 437	3 460	4 091
Total: Eden Municipalities			74 637	83 332	100 771
B	WC051	Laingsburg	2 501	2 682	2 960
B	WC052	Prince Albert	2 968	3 123	3 352
B	WC053	Beaufort West	7 420	8 270	9 950
C	DC5	Central Karoo District Municipality	5 629	5 639	3 744
Total: Central Karoo Municipalities			18 518	19 712	20 007
Total: Western Cape Municipalities			526 880	590 248	618 072
National Total			9 643 341	10 514 940	11 370 620

SCHEDULE 4A

GENERAL OR NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2005/06 Allocation	2006/07	Forward Estimates	2007/08
Agriculture (Vote 25)	Comprehensive Agricultural Support Programme Grant	To expand the provision of support services to promote and facilitate agricultural development.	Conditional grant, to be phased in the provincial equitable share	Eastern Cape	R'000	R'000	R'000	R'000
					47 552	57 061	69 838	
				Free State	21 088	25 306	38 084	
				Gauteng	5 727	6 873	19 651	
				KwaZulu-Natal	46 270	55 524	68 301	
				Limpopo	41 786	50 143	62 921	
				Mpumalanga	23 629	28 355	41 133	
				Northern Cape	13 148	15 777	28 555	
				North West	33 594	40 313	53 091	
				Western Cape	17 206	20 648	33 426	
	TOTAL			250 000	300 000	415 000		
Health (Vote 16)	(a) Health Professions Training and Development Grant	To support the training and development of health professionals.	Nationally assigned function grant to provinces	Eastern Cape	127 566	127 566	133 944	
				Free State	92 517	92 517	97 143	
				Gauteng	554 039	554 039	581 741	
				KwaZulu-Natal	192 373	192 373	201 992	
				Limpopo	72 411	72 411	76 032	
				Mpumalanga	54 363	54 363	57 081	
				Northern Cape	41 069	41 069	43 122	
				North West	62 564	62 564	65 692	
				Western Cape	323 278	323 278	339 442	
					TOTAL			1 520 180
	(b) National Tertiary Services Grant	To fund provinces to plan, modernise, rationalise and transform the tertiary hospital service delivery platform in line with national policy objectives.	Nationally assigned function grant to provinces	Eastern Cape	353 022	374 203	392 913	
				Free State	432 116	458 043	480 945	
				Gauteng	1 760 465	1 866 094	1 959 399	
				KwaZulu-Natal	691 451	732 167	768 078	
				Limpopo	71 182	71 579	71 648	
				Mpumalanga	42 224	44 757	46 995	
				Northern Cape	76 353	92 286	107 975	
				North West	67 889	69 380	70 509	
				Western Cape	1 214 684	1 272 640	1 322 744	
					TOTAL			4 709 386

SCHEDULE 4A

GENERAL OR NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2005/06 Allocation	2006/07	Forward Estimates	2007/08
National Treasury (Vote 8)	Provincial Infrastructure Grant	To fund the construction, maintenance and rehabilitation of new and existing infrastructure in education, roads, health and agriculture.	General conditional grant to provinces	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	675 330	742 057	984 943	
				Gauteng	220 921	242 678	438 423	
				KwaZulu-Natal	369 777	407 745	406 127	
				Limpopo	787 803	870 486	1 120 474	
				Mpumalanga	660 898	729 464	830 980	
				Northern Cape	285 533	316 596	410 263	
				North West	180 529	201 733	279 241	
				Western Cape	321 135	354 373	496 918	
				TOTAL	228 847	252 987	356 656	
Social Development (Vote 18)	Integrated Social Development Services Grant	To support and provide appropriate social welfare services and development interventions, and for immediate and appropriate short-term relief to vulnerable individuals and households who are not eligible and not receiving any form of assistance.	Conditional grant, to be phased in the provincial equitable share	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	94 133	99 781	104 770	
				Gauteng	37 334	39 574	41 553	
				KwaZulu-Natal	27 904	29 578	31 057	
				Limpopo	68 185	72 276	75 890	
				Mpumalanga	61 146	64 815	68 056	
				Northern Cape	27 651	29 310	30 775	
				North West	9 998	10 598	11 128	
				Western Cape	41 615	44 112	46 317	
				TOTAL	20 034	21 236	22 298	
				388 000	411 280	431 844		

SCHEDULE 4B

GENERAL OR NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Column A		Column B	
			2005/06 Allocation	Forward Estimates	2006/07	2007/08
Provincial and Local Government (Vote 5)	Municipal Infrastructure Grant (MIG)	To supplement municipal capital budgets to fund backlogs in basic municipal infrastructure for the provision of basic services primarily for poor households.	R'000 5 436 161	R'000 7 453 595	R'000 8 301 274	
		TOTAL	5 436 161	7 453 595	8 301 274	

1) The allocations per municipality are listed in Appendix E4 of Annexure E.

SCHEDULE 5

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2005/06 Allocation	2006/07	Forward Estimates	2007/08
Agriculture (Vote 25)	Land Care Programme Grant: Poverty Relief and Infrastructure Development	To address the degradation problems of natural/agricultural resources and to improve the socio-economic status and food security of rural communities.	Conditional grant	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	8 000	8 500	8 748	2 747
				Gauteng	2 000	2 500	2 747	2 747
				KwaZulu-Natal	2 000	2 500	8 748	8 748
				Limpopo	8 000	8 500	5 747	5 747
				Mpumalanga	5 000	5 500	6 247	6 247
				Northern Cape	5 500	6 000	2 747	2 747
				North West	2 000	2 500	5 747	5 747
				Western Cape	5 000	5 500	3 247	3 247
				TOTAL	40 000	44 500	46 725	500 000
Education (Vote 15)	(a) Further Education and Training College Sector Recapitalisation Grant	Recapitalisation of Further Education and Training colleges.	Conditional grant	Unallocated	-	500 000	500 000	
				TOTAL	-	500 000	500 000	
				Eastern Cape	23 692	25 113	26 369	8 845
				Free State	7 947	8 424	21 013	34 644
				Gauteng	18 880	20 012	22 673	11 483
				KwaZulu-Natal	31 126	32 994	2 580	11 624
				Limpopo	20 371	21 594	11 870	12 464
				Mpumalanga	10 317	10 936	151 695	245 576
				Northern Cape	2 318	2 457	68 023	104 917
				North West	10 444	11 071	251 341	212 141
Western Cape	11 198	11 870	88 777	31 129				
TOTAL	136 293	144 471	1 152 938	50 729				
	(b) HIV and Aids (Life Skills Education) Grant	To promote HIV and Aids and life skills education in primary and secondary schools.	Conditional grant	Eastern Cape	194 288	233 882	245 576	245 576
				Free State	53 817	64 784	68 023	68 023
				Gauteng	83 006	99 921	104 917	104 917
				KwaZulu-Natal	198 849	239 372	251 341	251 341
				Limpopo	167 836	202 039	212 141	212 141
				Mpumalanga	70 235	84 549	88 777	88 777
				Northern Cape	24 628	29 647	31 129	31 129
				North West	79 357	95 529	100 305	100 305
				Western Cape	40 135	48 313	50 729	50 729
				TOTAL	912 151	1 098 036	1 152 938	1 152 938
	(c) National School Nutrition Programme Grant	To alleviate hunger and enhance active learning capacity.	Conditional grant	Eastern Cape	194 288	233 882	245 576	245 576
				Free State	53 817	64 784	68 023	68 023
				Gauteng	83 006	99 921	104 917	104 917
				KwaZulu-Natal	198 849	239 372	251 341	251 341
				Limpopo	167 836	202 039	212 141	212 141
				Mpumalanga	70 235	84 549	88 777	88 777
				Northern Cape	24 628	29 647	31 129	31 129
				North West	79 357	95 529	100 305	100 305
				Western Cape	40 135	48 313	50 729	50 729
				TOTAL	912 151	1 098 036	1 152 938	1 152 938

SCHEDULE 5
SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B			
					2005/06 Allocation		Forward Estimates			
					R'000	2006/07	R'000	2007/08		
Health (Vote 16)	(a) Comprehensive HIV and Aids Grant	To enable the health sector to develop an effective response to the HIV and Aids epidemic and other matters.	Conditional grant	Eastern Cape	159 005	218 021	228 922			
				Free State	100 874	142 265	149 378			
				Gauteng	185 048	252 695	265 330			
				KwaZulu-Natal	251 468	344 304	361 519			
				Limpopo	125 899	175 861	184 654			
				Mpumalanga	81 392	107 479	112 853			
				Northern Cape	48 050	68 603	72 033			
				North West	100 921	142 316	149 432			
				Western Cape	82 451	115 670	121 454			
				TOTAL	1 135 108	1 567 214	1 645 575			
				(b) Hospital Management and Quality Improvement Grant	To transform hospital management and improve quality of care in line with national policy.	Conditional grant	Eastern Cape	24 531	26 003	27 303
							Free State	13 393	14 197	14 907
	Gauteng	18 510	19 621				20 602			
KwaZulu-Natal	23 778	25 204	26 464							
Limpopo	17 457	18 505	19 430							
Mpumalanga	12 340	13 081	13 735							
Northern Cape	10 083	10 688	11 223							
North West	12 642	13 400	14 070							
Western Cape	17 608	18 664	19 597							
TOTAL	150 342	159 363	167 331							
(c) Hospital Revitalisation Grant	To fund provinces to plan, manage, modernise, rationalise and transform the infrastructure, health technology, management, monitoring and evaluation of hospitals in line with national policy objectives.	Conditional grant	Eastern Cape	157 732	71 666	102 552				
			Free State	113 082	128 853	104 360				
			Gauteng	17 955	148 664	133 093				
			KwaZulu-Natal	128 977	60 940	81 090				
			Limpopo	212 918	123 698	160 690				
			Mpumalanga	57 018	101 032	117 071				
			Northern Cape	69 651	217 464	234 960				
			North West	98 056	125 493	106 495				
Western Cape	172 038	202 474	198 987							
TOTAL	1 027 427	1 180 284	1 239 298							

SCHEDULE 5
SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2005/06 Allocation	2006/07	Forward Estimates	2007/08
Health (Vote 16)	(d) Integrated Nutrition Programme Grant	To implement integrated nutrition activities aimed at improving the nutritional status of South Africans.	Conditional grant	Eastern Cape	R'000	R'000	R'000	-
				Free State	26 316	-	-	-
				Gauteng	7 296	-	-	-
				KwaZulu-Natal	11 333	-	-	-
				Limpopo	26 954	-	-	-
				Mpumalanga	22 344	-	-	-
				Northern Cape	9 581	-	-	-
				North West	3 299	-	-	-
				Western Cape	10 981	-	-	-
				TOTAL	123 392	-	-	-
Housing (Vote 28)	(a) Integrated Housing and Human Settlement Development Grant	To finance the implementation of National Housing programmes, and to facilitate habitable, stable and sustainable human settlements.	Conditional grant	Eastern Cape	R'000	R'000	R'000	830 154
				Free State	581 218	679 194	465 814	569 347
				Gauteng	398 618	465 814	1 566 674	1 914 887
				KwaZulu-Natal	1 340 675	934 457	464 682	1 142 153
				Limpopo	799 659	397 650	375 255	567 963
				Mpumalanga	321 123	79 917	93 389	458 660
				Northern Cape	79 917	467 880	546 751	114 146
				North West	467 880	456 740	533 733	668 274
				Western Cape	456 740	4 843 480	5 659 949	6 917 946
				TOTAL	4 843 480	5 659 949	6 917 946	6 917 946
Land Affairs (Vote 29)	(b) Human Settlement and Redevelopment Grant	To fund projects that aim to improve the quality of the environment by identifying dysfunctionalities in human settlements.	Conditional grant	Free State	R'000	R'000	R'000	-
				Gauteng	9 475	-	-	-
				Limpopo	4 130	-	-	-
				Western Cape	1 418	-	-	-
				TOTAL	24 396	8 000	8 000	8 000
TOTAL	8 000	8 000	8 000	8 000				

SCHEDULE 5
SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B					
					2005/06 Allocation	2006/07	Forward Estimates	2007/08				
Social Development (Vote 18)	(a) HIV and Aids (Community-Based Care) Grant	To provide social welfare services to orphans and vulnerable children who are infected and affected by HIV and Aids.	Conditional grant	Eastern Cape	R'000	R'000	R'000	R'000				
				Free State	13 979	14 026	14 424	19 991				
				Gauteng	19 374	19 439	20 988	20 988				
				KwaZulu-Natal	20 341	20 409	25 990	25 990				
				Limpopo	25 187	25 272	9 429	9 429				
				Mpumalanga	9 138	9 168	21 275	21 275				
				Northern Cape	20 619	20 688	7 997	7 997				
				North West	7 750	7 776	16 420	16 420				
				Western Cape	15 914	15 967	6 283	6 283				
				TOTAL	138 391	138 854	142 797	142 797				
				(b) Social Assistance Administration Grant	To fund the administration of social assistance grants.	Eastern Cape	Conditional grant	Eastern Cape	649 890	696 113	717 079	717 079
						Free State	232 876	242 899	255 044	255 044		
						Gauteng	350 000	375 514	391 923	391 923		
						KwaZulu-Natal	784 235	819 796	840 402	840 402		
						Limpopo	500 000	516 290	542 292	542 292		
Mpumalanga	246 139	268 391	283 142			283 142						
Northern Cape	94 688	97 710	102 596			102 596						
North West	287 993	316 768	327 974			327 974						
Western Cape	236 234	250 839	273 738			273 738						
TOTAL	3 382 055	3 584 320	3 734 190			3 734 190						
(c) Social Assistance Transfers Grant	To fund social assistance transfer payments to eligible beneficiaries.	Eastern Cape	Conditional grant	Eastern Cape	9 946 979	11 049 415	11 951 314	11 951 314				
		Free State	3 725 860	4 103 041	4 447 815	4 447 815						
		Gauteng	6 454 145	7 221 414	7 838 460	7 838 460						
		KwaZulu-Natal	11 986 896	13 012 642	14 006 710	14 006 710						
		Limpopo	6 814 594	7 375 574	7 974 876	7 974 876						
		Mpumalanga	3 531 761	3 834 151	4 163 859	4 163 859						
		Northern Cape	1 232 391	1 349 015	1 461 636	1 461 636						
		North West	4 328 016	4 873 356	5 345 759	5 345 759						
		Western Cape	4 002 671	4 251 501	4 639 629	4 639 629						
		TOTAL	52 023 313	57 070 109	61 830 058	61 830 058						

SCHEDULE 5

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B	
					2005/06 Allocation	Forward Estimates	Forward Estimates
					2006/07	2007/08	
					R'000	R'000	R'000
Sport and Recreation South Africa (Vote 19)	Mass Sport and Recreation Participation Programme Grant	To fund the promotion of mass participation within disadvantaged communities in a selected number of sport activities and the empowerment of communities to manage these activities.	Conditional grant	Eastern Cape	2 670	4 340	6 491
				Free State	2 670	4 340	3 068
				Gauteng	2 670	4 340	4 690
				KwaZulu-Natal	2 670	4 340	7 596
				Limpopo	2 670	4 340	5 115
				Mpumalanga	2 670	4 340	3 087
				Northern Cape	2 640	4 280	3 115
				North West	2 670	4 340	3 460
				Western Cape	2 670	4 340	4 328
				TOTAL			

SCHEDULE 5A: SOCIAL ASSISTANCE TRANSFERS GRANT

Vote	Name of Allocation	Social Assistance Transfers Grant by Grant Type	Province	Column A		Column B		
				2005/06 Allocation	2006/07	Forward Estimates	2007/08	
Social Development (Vote 18)	Social Assistance Transfers Grant	(a) Care Dependency Grant	Eastern Cape	R'000	R'000	R'000	R'000	
			Free State	224 190	249 346	272 894	44 250	
			Gauteng	36 838	40 177	129 049	303 652	
			KwaZulu-Natal	110 983	119 463	130 874	54 988	
			Limpopo	244 560	272 876	29 369	99 547	
			Mpumalanga	105 366	117 595	81 972		
			Northern Cape	46 846	50 286			
			North West	22 425	25 868			
			Western Cape	75 146	87 681			
			TOTAL	937 309	1 039 169	1 146 595		
			(b) Child Support Grant (0 - 6 years)	Eastern Cape	1 409 533	1 518 561	1 645 377	
				Free State	489 966	512 345	549 823	
				Gauteng	1 104 682	1 171 930	1 233 611	
				KwaZulu-Natal	2 033 048	2 094 900	2 205 158	
				Limpopo	1 405 410	1 461 347	1 538 259	
Mpumalanga	676 395	696 973		733 656				
Northern Cape	149 783	154 340		162 689				
North West	703 146	755 386		811 890				
Western Cape	539 553	564 307		602 918				
TOTAL	8 511 516	8 930 089		9 483 381				
(c) Child Support Extension Grant (7 - 13 years)	Eastern Cape	1 136 141	1 560 292	1 689 304				
	Free State	404 921	537 892	593 385				
	Gauteng	759 633	1 067 721	1 178 037				
	KwaZulu-Natal	1 254 859	1 593 557	1 744 753				
	Limpopo	952 156	1 067 961	1 175 430				
	Mpumalanga	457 795	504 418	553 413				
	Northern Cape	126 964	165 366	180 044				
	North West	579 919	793 883	905 098				
	Western Cape	283 372	350 836	392 004				
	TOTAL	5 955 760	7 641 926	8 411 468				

SCHEDULE 5A: SOCIAL ASSISTANCE TRANSFERS GRANT

Vote	Name of Allocation	Social Assistance Transfers Grant by Grant Type	Province	Column A		Column B	
				2005/06 Allocation		Forward Estimates	
				R'000		2006/07	2007/08
Social Development (Vote 18)	Social Assistance Transfers Grant	(d) Disability Grant	Eastern Cape	2 749 764	2 931 524	3 182 133	
			Free State	1 305 816	1 392 130	1 507 163	
			Gauteng	1 756 393	1 900 131	2 074 495	
			KwaZulu-Natal	3 862 642	4 117 965	4 458 234	
			Limpopo	1 021 525	1 126 558	1 258 310	
			Mpumalanga	794 495	881 728	984 847	
			Northern Cape	441 030	477 571	525 171	
			North West	1 080 462	1 199 094	1 339 329	
			Western Cape	1 391 382	1 451 698	1 580 508	
			TOTAL	14 403 509	15 478 399	16 910 190	
			(e) Foster Care Grant	Eastern Cape	409 714	490 579	563 622
				Free State	244 662	283 474	323 182
				Gauteng	286 546	336 837	388 926
				KwaZulu-Natal	441 480	492 897	555 145
Limpopo	192 746	231 051		266 410			
Mpumalanga	105 470	140 905		168 556			
Northern Cape	59 519	64 293		70 909			
North West	129 840	150 984		172 340			
Western Cape	175 840	187 235		205 197			
TOTAL	2 045 817	2 378 255		2 714 287			
(f) Old Age Grant	Eastern Cape	3 995 009		4 275 986	4 574 262		
	Free State	1 235 709		1 328 802	1 421 494		
	Gauteng	2 416 756		2 606 456	2 815 608		
	KwaZulu-Natal	4 123 026		4 412 483	4 711 025		
	Limpopo	3 121 673	3 354 875	3 588 898			
	Mpumalanga	1 442 982	1 551 766	1 660 012			
	Northern Cape	426 713	455 571	487 350			
	North West	1 750 238	1 876 793	2 007 711			
	Western Cape	1 526 845	1 607 364	1 763 248			
	TOTAL	20 038 951	21 470 096	23 029 608			

SCHEDULE 5A: SOCIAL ASSISTANCE TRANSFERS GRANT

Vote	Name of Allocation	Social Assistance Transfers Grant by Grant Type	Province	Column A		Column B				
				2005/06 Allocation	Forward Estimates	2006/07	2007/08			
Social Development (Vote 18)	Social Assistance Transfers Grant	(g) Social Relief of Distress	Eastern Cape	R'000	R'000	R'000	R'000			
			Free State	18 953	19 901	20 896	7 826			
			Gauteng	7 098	7 453	13 539	13 539			
			KwaZulu-Natal	12 281	12 894	25 160	25 160			
			Limpopo	22 821	23 962	14 304	14 304			
			Mpumalanga	12 974	13 623	7 413	7 413			
			Northern Cape	6 724	7 060	5 513	5 513			
			North West	5 000	5 251	9 085	9 085			
			Western Cape	8 240	8 652	8 401	8 401			
			TOTAL	101 711	106 797	112 137				
			(h) War Veterans Grant			Eastern Cape	3 675	3 226	2 826	2 826
						Free State	850	768	692	692
						Gauteng	6 871	5 982	5 195	5 195
						KwaZulu-Natal	4 460	4 002	3 583	3 583
Limpopo	2 744	2 564				2 391	2 391			
Mpumalanga	1 054	1 015				974	974			
Northern Cape	957	755				591	591			
North West	1 025	883				759	759			
Western Cape	7 104	6 183				5 381	5 381			
TOTAL	28 740	25 378				22 392				

SCHEDULE 6

RECURRENT GRANTS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Column A		Column B	
			2005/06 Allocation	2006/07	Forward Estimates	2007/08
Provincial and Local Government (Vote 5)	Municipal Systems Improvement Grant	To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems.	R'000 200 000	R'000 200 000	R'000 200 000	R'000 200 000
National Treasury (Vote 8)	(a) Local Government: Financial Management Grant	To promote and support reforms to municipal financial management and the implementation of the Municipal Finance Management Act.	132 500	145 250	145 250	145 250
	(b) Local Government Restructuring Grant	To support municipal restructuring initiatives of large budget municipalities.	350 000	350 000	350 000	350 000
Water Affairs and Forestry (Vote 34)	Water Services Operating Subsidy (Augmentation to the Water Trading Account)	To augment the Water Trading Account to subsidise water schemes owned and/or operated by the department or by other agencies on behalf of the department.	106 296	68 494	68 494	46 351
TOTAL			788 796	763 744	763 744	741 601

1) The allocations per municipality are listed in Appendix E3 of Annexure E.

SCHEDULE 6A

INFRASTRUCTURE GRANTS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Column A	Column B	
			2005/06 Allocation	Forward Estimates	2007/08
			R'000	R'000	R'000
Minerals and Energy (Vote 30)	National Electrification Programme	To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address electrification backlogs of permanently occupied residential dwellings.	258 000	-	-
		TOTAL	258 000	-	-

1) The allocations per municipality are listed in Appendix E4 of Annexure E.

SCHEDULE 7

ALLOCATIONS-IN-KIND / INDIRECT GRANTS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Column A		Column B	
			2005/06 Allocation	2006/07	Forward Estimates	2007/08
National Treasury (Vote 8)	Local Government: Financial Management Grant	To promote and support reforms to municipal financial management and the implementation of the Municipal Finance Management Act.	R'000 66 240	R'000 53 407	R'000 53 407	
Water Affairs and Forestry (Vote 34)	(a) Water Services Operating Subsidy (Augmentation to the Water Trading Account) ¹⁾ (b) Implementation of Water Services Projects ^{b)}	To augment the Water Trading Account to subsidise water schemes owned and/or operated by the department or by other agencies on behalf of the department. To fund bulk, connector and internal infrastructure for water services at a basic level of service and to implement such projects on behalf of municipalities.	828 138	922 006	993 674	
			1 033 057	975 413	1 047 081	

1) The allocations per municipality are listed in Appendix E5 of Annexure E.

**MEMORANDUM ON THE OBJECTS OF THE
DIVISION OF REVENUE BILL, 2005**

1. Section 214(1) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) (“the Constitution”), requires that an Act of Parliament must provide for—
 - 1.1 the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
 - 1.2 the determination of each province’s equitable share of the provincial share of that revenue; and
 - 1.3 any other allocations to provinces, local government or municipalities from the national government’s share of that revenue, and for any conditions on which those allocations may be made.
2. Section 10 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997) (“the Act”), requires that, as part of the process of the enactment of the Act of Parliament referred to in paragraph 1, each year when the annual budget is introduced, the Minister of Finance (“the Minister”) must introduce in the National Assembly, a Division of Revenue Bill (“the Bill”) for the financial year to which that budget relates.
3. The Act requires that the Bill be accompanied by a memorandum explaining—
 - 3.1 how the Bill takes account of each of the matters listed in section 214(2)(a) to (j) of the Constitution;
 - 3.2 the extent to which account was taken of any recommendations of the Financial and Fiscal Commission (“the FFC”) submitted to the Minister or as a result of consultations with the FFC; and
 - 3.3 any assumptions or formulae used in arriving at the respective shares of the three spheres of government and the division of the provincial share between the nine provinces.
4. The Bill is introduced in compliance with the requirements of the Constitution and the Act as set out in paragraphs 1 to 3 above.
5. The memorandum referred to in paragraph 3 above will be attached as “Annexure E” to the Budget Review which will be made available on Budget Day.
6. The allocations contemplated in section 214(1) of the Constitution are set out in seven schedules to the Bill, namely—
 - 6.1 Schedule 1, which sets out the respective shares of anticipated revenue raised nationally in respect of the national, provincial and local spheres of government;
 - 6.2 Schedule 2, which sets out the respective shares of each province;
 - 6.3 Schedule 3, which deals with the respective shares of each municipality;
 - 6.4 Schedule 4, which sets out allocations to provinces and municipalities to supplement the funding of programmes funded from provincial and municipal budgets;
 - 6.5 Schedule 5, which sets out specific-purpose allocations to identified provincial departments;
 - 6.6 Schedule 6, which sets out specific-purpose allocations to local government; and

6.7 Schedule 7, which sets out allocations-in-kind to municipalities for designated special programmes.

7. The following is a brief summary of the Bill:

- Clause 1 contains the relevant definitions;
- Clause 2 sets out the object of this Bill;
- Clause 3 provides for the equitable division of anticipated revenue raised nationally among the national, provincial and local spheres of government in Schedule 1;
- Clause 4 provides for each province's equitable share, which is set out in Schedule 2, and for a payment schedule in terms of which such shares must be transferred;
- Clause 5 provides for local government's equitable share of revenue and the determination of each municipality's share of that revenue;
- Clause 6 determines what must happen if actual revenue raised falls short of or exceeds anticipated revenue for the financial year;
- Clause 7 provides for other allocations to provinces from the national government's equitable share, set out in Schedules 4 and 5 to the Bill;
- Clause 8 provides for other allocations to municipalities from the national government's equitable share, set out in Schedules 6 and 7 to the Bill;
- Clause 9 provides for transfers to public entities for the provision of bulk resources, municipal services or municipal functions;
- Clause 10 provides for transfers by public entities to municipalities;
- Clause 11 provides for the process of dealing with allocations to provinces and municipalities, which are not set out in the Schedules to the Bill;
- Clauses 12 to 14 provide for matters related to Schedule 4 allocations, specifically the Provincial and Municipal Infrastructure allocations;
- Clauses 15 to 17 provide for matters related to Schedule 5 and 6 allocations, specifically the Social Assistance Transfers and Social Assistance Administrative conditional allocations, the municipal capacity building allocations and the Integrated Housing and Human Settlement Development allocation;
- Clause 18 provides for matters related to Schedule 7 allocations, specifically the Water Services Operating and Transfer Subsidy;
- Clauses 19 to 27 set out the responsibilities of transferring national officers, receiving officers, transferring provincial officers, category C municipalities, provincial accounting officers and provincial treasuries and also provides for duties relating to cooperative governance in respect of concurrent functions;
- Clause 28 to 30 sets out the responsibilities of the National Treasury, the powers of the Auditor-General and matters relating to internal audit units;
- Clause 31 requires that conditional allocations may only be used for their stated purpose and subject to stated conditions;
- Clause 32 provides for the amendment of a payment schedule and transfer mechanism by a transferring national officer or the National Treasury;
- Clause 33 provides for the withholding of conditional allocations until conditions are met;

- Clause 34 provides for the stopping of allocations under certain circumstances;
- Clause 35 enables the National Treasury to reallocate allocations stopped where significant under expenditure is anticipated and to reallocate such allocations to other provinces or municipalities;
- Clause 36 provides for uncommitted Schedule 5 or 6 allocations to revert to the National Revenue Fund at the end of the financial year;
- Clause 37 enables the National Treasury to require preparatory information and plans from national and provincial departments, and municipalities in preparation for the 2006/07 financial year;
- Clause 38 provides for certain transfers to constitute unauthorised or irregular expenditure in terms of the Public Finance Management Act;
- Clause 39 provides that non-compliance with the Bill constitutes financial misconduct;
- Clause 40 provides that an allocation to a category B municipality with low capacity may be transferred to the Category C municipality, within whose area of jurisdiction it is located, or the relevant province to facilitate the proper administration of the allocation;
- Clause 41 provides for the correction of any allocation in error;
- Clause 42 allocates financial liability for costs incurred in respect of litigation in violation of the principles of co-operative governance and intergovernmental relations;
- Clause 43 enables the Minister to delegate any powers or assign any duties entrusted to the National Treasury in this Bill to an official of the National Treasury;
- Clause 44 enables the National Treasury to exempt transferring officers from reporting requirements and other responsibilities;
- Clause 45 enables the Minister to make regulations regarding any matter which may or must be prescribed or which is necessary for effective implementation of this Bill;
- Clause 46 provides that any act performed prior to the commencement of this Bill and in fulfilment of its objects will be deemed as having been done in terms of its provisions;
- Clause 47 makes provision for the repeal of the Division of Revenue Act, 2004 (Act No. 5 of 2004);
- Clause 48 sets out the short title and commencement date of this Bill.

8. PARLIAMENTARY PROCEDURE

- 8.1 The State Law Advisers and the National Treasury are of the opinion that this Bill must be dealt with in accordance with the procedure prescribed by section 76(1) of the Constitution since it provides for legislation envisaged in Chapter 13 of the Constitution and it includes provisions affecting the financial interests of the provincial sphere of government as contemplated in section 76(4)(b) of the Constitution.
- 8.2 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional Leaders in terms of section 18(1)(a) of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003), since it does not contain provisions pertaining to customary law or customs of traditional communities.

DIVISION OF REVENUE ATTACHMENTS

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**EXPLANATORY MEMORANDUM
TO THE DIVISION OF REVENUE
(“Annexure E” of Budget Review)**

E

Explanatory memorandum to the Division of Revenue

Background

Section 214(1) of the Constitution of South Africa requires that every year a *Division of Revenue Act* determine the equitable division of nationally raised revenue between the three spheres of government. The Act should also explain the formulae for dividing the equitable shares among the 9 provinces and 284 municipalities.

The *Intergovernmental Fiscal Relations Act (No. 97 of 1997)* reinforces section 214 of the Constitution by promoting co-operative governance on fiscal, budgetary and financial matters and by prescribing the process for determining the equitable sharing and allocation of revenue raised nationally. It establishes the Budget Council and Budget Forum – the consultative intergovernmental forums for the budget and fiscal management process. Sections 9 and 10(4) of the Act set out the consultation process to be followed with the Financial and Fiscal Commission (FFC), including the process of considering recommendations made with regard to the equitable division of nationally raised revenue.

This explanatory memorandum to the 2005 Division of Revenue Bill fulfils the requirement set out in Section 10(5) of the *Intergovernmental Fiscal Relations Act* which requires the Division of Revenue Bill to be accompanied by an explanatory memorandum detailing how the Bill takes account of the matters listed in section 214(2) (a) to (j) of the Constitution, Government's response to the recommendations of the Financial and Fiscal Commission and any assumptions and formulae used in arriving at the respective divisions among provinces and municipalities.

The explanatory memorandum contains six parts. Part 1 is a summary of how the Bill and the division of revenue take account of Section 214(2)(a) to (j) of the Constitution. Part 2 sets out how the FFC's recommendations on the 2004 division of revenue have been taken into account. Part 3 outlines the fiscal framework that informs the division of resources between the three spheres of government. Part 4 explains the new formula and criteria for the division of the provincial equitable share among provinces, and also for conditional grants to provinces. Part 5 sets out the new formula and criteria for the division of the local government equitable share and conditional grants between municipalities. Part 6 summarises issues that will form part of subsequent reviews of sub-national fiscal frameworks.

This explanatory memorandum must be read with the Division of Revenue Bill. The Division of Revenue Bill and its underlying allocations are the culmination of extensive consultation processes between the three spheres of government. The Budget Council deliberated on the matters discussed in this memorandum at its annual Lekgotla from 2 to 5 September 2004, and meetings of 8 June, 14 October and 6 December 2004 and 3 February 2005. The approach to local government allocations were discussed with organised local government at several technical meetings with the South African Local Government Association (SALGA), culminating in a meeting of the Budget Forum (Budget Council plus SALGA) on 14 October 2004. The Ministers' Committee on the Budget (which also consulted MECs for Finance on social sector budgets) forwarded its recommendations on the division of revenue to Cabinet for consideration. An Extended Cabinet meeting, involving Cabinet Ministers, Premiers of provinces and the chairperson of SALGA, was held on 20 October 2004 and agreed on the final budget priorities and the division of revenue over

the next three years. Subsequent revisions to the provincial and local government framework after the Medium Term Budget Policy Statement tabled on 26 October 2004 have also been discussed in the Ministers' Committee on the Budget, Budget Council, SALGA and FFC, and approved by Cabinet.

Part 1: Taking account of factors set out in the Constitution

This part shows how Government complies with section 214(2) of the Constitution, which requires that the annual *Division of Revenue Act* only be enacted after taking account of the factors in sub-section 214(2) (a) to (j) of the Constitution. Government's medium term strategic goals give effect to section 214(2) (a) to (j) of the Constitution and form the thrust of the 2005 MTEF which consolidates efforts targeted at strengthening investment and job creation, reducing poverty and supporting vulnerable groups, education and skills development, creating sustainable communities, and enhancing service delivery. Government's priorities centre on the following key focal points:

- Promoting economic growth through an increase in the rate of productive investment in the economy.
- Improving the quality of livelihoods for the marginalised by encouraging employment and enterprise development.
- Maintaining a social security net, while mobilising human resources and investing in community services.
- Improving the State's capacity by enhancing public administration and fighting crime.
- Promoting international and regional relations for growth and development.

The *2005 Budget Review* sets out in detail how the constitutional issues and Government's priorities are taken into account in the 2005 Division of Revenue. It focuses on the economic and fiscal policy considerations, revenue issues, debt and financing considerations and expenditure plans of Government, and aspects of provincial and local government financing, are discussed in chapters 6 and 7. Readers are thus advised to read this annexure with the *2005 Budget Review*. Below is a summary of the Constitutional principles that informed the division of revenue.

National interest and the division of resources

After 10 years of democracy during which Government has consistently and steadfastly pursued the objective of a stable macroeconomic environment, and reduction in income poverty, South Africa has begun to enjoy the fruits of this policy through higher growth, low and stable inflation and signs that the economy is beginning to experience the creation of jobs. Government remains committed to eradicating social exclusion, creating more employment opportunities, reducing crime, addressing HIV and Aids, developing an efficient public service and nation-building which are key contributors to a better life for all South Africans. Since programmes to meet these goals cut across all three spheres of government, and often across departments, they are most appropriately guided by policies set by national government. Broad-based programmes in the national interest introduced by Government include the prioritisation of the social sectors (education, health and social welfare), expansion of the social safety net, nutrition (including food security), housing, sustainable infrastructure development (at provincial and municipal level) and rural development. One of the key reforms introduced in the national interest includes a change in the way social grants are to be funded, by centralising its funding from the national equitable share.

Provision for debt costs

Government's debt management strategy over the past few years has contributed to the current strong macroeconomic environment. Government has succeeded in bringing down debt service costs, thus freeing up more funds for essential public expenditure, while contributing to capital market stability. Debt service costs as a percentage of GDP are set to continue to decline. Government will continue with its prudent debt management strategy over the medium term. Chapter 5 in the *2005 Budget Review* deals with financing the budget deficit and debt service costs.

In deciding the division of revenue between the three spheres of government provision is made for the proceeds of borrowing by national government. The bulk of that borrowing is in the form of savings of South African citizens and the remainder is in foreign savings. In recognition of Government's obligation to repay those citizens and to protect the capacity to borrow at the lowest rates, the costs of servicing debt are met before resources are shared. Most of this borrowing went into financing Government programmes across the three spheres of government. Chapters 3 and 5 discuss debt costs and their financing in more detail.

National government needs and interests

While taking into account the exclusive and concurrent functions assigned to provincial and local governments, the 2005 division of revenue provides for functions that transcend provincial and local boundaries and serve national interest. These include growing the economy, creating a stable macroeconomic environment, protecting its citizens, dealing with equity and fairness in society and at the same time addressing poverty and vulnerability. More directly, national government is strengthening foreign relations through, involvement in peacekeeping efforts in other parts of Africa and its representation in multilateral institutions such as the World Bank, International Monetary Fund, World Trade Organisation, SADC and the African Union, among others. Key priorities on the national budget are the strengthening of the integrated justice sector, infrastructure development and rehabilitation, employment creation and programmes aimed at alleviating poverty. The national sphere is also responsible for meeting the contractual and statutory commitments of the state and for providing transversal systems of governance, including tax administration and financial information systems. National government is responsible for policy development, regulation and monitoring of functions shared with provincial and local government.

Provincial and local government basic services

The division of revenue provides equitable share increases to provinces and local government to give effect to Government's commitment in progressively meeting basic needs. The formulae used to divide resources among the 9 provinces and among the 284 municipalities takes into account the powers and functions of these spheres. This year's division of revenue strengthens current pro-poor programmes and seeks to extend the outreach of basic services to the poor. The housing programme is allocated an additional R2 billion rand over the next three years reflecting Government's commitment to speed up housing delivery and at the same time develop sustainable communities. Government also recognises the need to invest in old townships and new housing estates aimed at creating integrated and dynamic urban livelihoods alongside the municipal infrastructure investment programme – focused on basic residential services infrastructure such as water, sanitation, roads and refuse removal. In this regard R3 billion is set aside for this community investment programme. To improve access to free basic services and deal with backlogs in basic municipal infrastructure, all funds for municipal infrastructure have been consolidated into the Municipal Infrastructure Grant (MIG). The MIG is further augmented by R1,2 billion to eradicate the bucket system and replace it with a proper waterborne sanitation system. Chapter 7 contains further details on national transfers to provinces and local government.

Fiscal capacity and efficiency

The Constitution assigns substantial revenue-raising powers to the national sphere. Despite the promulgation of the *Provincial Tax Regulation Process Act (No. 53 of 2001)*, no province has as yet introduced a new provincial tax. Consequently provinces still have limited revenue-raising capacity relative to the resources required to deliver provincial functions, which do not lend themselves to self-funding or cost recovery. To compensate for this, provinces receive the largest share of nationally raised revenue. Local governments finance most of their expenditure through property rates, user charges and fees. It is recognised, however, that rural municipalities raise significantly less revenue than the urban metro municipalities.

Developmental needs

Government's priorities and the division of revenue are aligned to the Millennium Development Goals which seek to, among other things, eradicate poverty, ensure a minimum level of schooling, reduce child mortality, combat HIV and Aids and other diseases, ensure environmental sustainability, and develop a global partnership for development. The extent of interventions needed in South Africa differs among provinces and among municipalities mainly due to the disproportionate development strategies of the apartheid era. Government's priorities over the years have sought to ensure that social and economic deficits inherited from apartheid are addressed. The 2005 Budget reinforces Government's commitment of addressing and achieving its developmental goals.

The equitable share formulae for provincial and local government and specific conditional grants are revised to deal with the disproportionate levels of development among provinces and among municipalities. Further, various infrastructure grants and growing capital budgets aim to boost economic and rural development of provinces and municipalities and at the same time address the social and economic infrastructure backlogs.

Economic disparities

Economic disparities exist between and within provinces and municipalities. The equitable share formulae are redistributive and recognise that provinces and municipalities have different demographic and economic profiles and markedly different levels of economic development. In particular, Government has increased allocations to invest in economic infrastructure like roads, and social infrastructure like schools, hospitals and clinics, in order to accelerate economic growth and job creation. Under the umbrella of programmes such as the Expanded Public Works, Government intends to spread opportunities for more South Africans to engage in income earning activities.

Obligations in terms of national legislation

While the Constitution confers significant autonomy on provincial governments to determine provincial priorities within a national policy framework and allocate provincial budgets, national government retains responsibility for policy development and for monitoring implementation within concurrent functions. Although the equitable share allocations and other transfers allow provinces and local government discretion, national policies create mandates, which define the broad framework within which provincial and municipal budgets are framed. Conditional grants also provide funding for national priorities that are implemented by provincial or local government. These include grants for housing and integrated nutrition.

The enactment of the National Health Act, Social Assistance Act and Social Security Agency Act impacts on future obligations of the provincial and local spheres of government. These sets of legislation are implemented on a phased basis in order to minimise their impact on the services delivered by provincial and local governments. For example, the primary health care function currently administered by district and local municipalities is shifting to the provincial sphere and will be phased in over the next few years. The social security grant function will be administered by national government through an agency and will, as an interim measure be funded through a conditional grant from 1 April 2005 to ensure its smooth transition to the national agency.

Predictability and stability

Government has resolved that the equitable shares for a given year will be based on estimates of nationally raised revenues, as announced in the Budget. Provincial and local government equitable share allocations are based on projections of revenue to be raised nationally. These allocations are protected. In the event that nationally raised revenue falls short of the estimates, the equitable share will not be adjusted downwards. All conditional grants to be allocated to provinces and local government are allocated on a three-year basis to enable the two spheres to undertake forward planning of programmes funded through these grants. The Bill also requires provincial governments to publish all their grants to local government per municipality. In addition, care is taken when the provincial and local government formulae are revised that their impact on the funding streams to these spheres are minimal.

Furthermore, the Division of Revenue Bill specifies that all allocations must be transferred according to a payment schedule. Thus, at the beginning of the financial year, provinces and local governments are assured of the resources they will receive and know the dates on which the allocations will be transferred. Any amendments to the payment schedule require a fair and transparent process. The Bill also enables provincial and local governments to account for all transfers from the national government. Greater certainty of revenues improves the quality of budget planning and expenditure projections in all spheres of government.

Need for flexibility in responding to emergencies

When Government introduced multi-year rolling budgets seven years ago, it also introduced the concept of a contingency reserve. Government has flexibility to respond to emergencies or other needs through a contingency reserve that provides a cushion for “unforeseeable and unavoidable” expenditure. Sections 16 and 25 of the *Public Finance Management Act* make specific provision in relation to allocation of funds to deal with emergency situations while section 30(7) deals with adjustment allocations in respect of unforeseeable and unavoidable expenditure. The *Disaster Management Act* provides the legal framework for government to respond to emergencies. In addition to the prescripts of the PFMA and the MFMA, Government is developing a framework that would allow it to respond more speedily to disasters, where these may occur.

Part 2: Response to the Financial and Fiscal Commission recommendations

Section 214 of the Constitution and Section 9 of the *Intergovernmental Fiscal Relations Act* require the Financial and Fiscal Commission (FFC) to make recommendations on or soon after April every year on the division of revenue for the coming budget. In view of the April 2004 elections, the FFC complied with this obligation by tabling its submission entitled “*Submission for the Division of Revenue 2005/06-Proposals from the FFC Review of the Intergovernmental Fiscal relation System*” in Parliament in June 2004. Subsequently, the FFC also submitted two supplementary proposals at the end of January 2005. The first one suggests a possible approach on

how to determine the amount of funds to be shifted from the provincial equitable share with the social security function. The second proposal is a further elaboration of the FFC's model for allocating capital grants to provinces.

The Constitution and section 10 of the *Intergovernmental Fiscal Relations Act* require national government to take account of the annual recommendations of the FFC when determining the division of revenue between the three spheres of government. This part of the explanatory memorandum sets out how the Government has taken into account the FFC's recommendations when determining the division of revenue for the 2005 MTEF.

The 2005 FFC proposals, although covering a broad range of issues, are divided into three main parts:

- Part 1 reviews the provincial equitable sharing system and covers the provincial equitable share formula, provincial own revenue and the use of conditional grants in the transfer system.
- Part 2 reviews the local government equitable sharing system and covers the different 'funding windows' of the local government equitable share formula, measurement of municipal revenue-raising capacity, explores any linkages between the local government equitable share and the infrastructure grant formulae, and pronounces on the ceding of the equitable share as security for municipal loans.
- Part 3 reviews the Intergovernmental Fiscal Relations system and covers poverty targeting, the budgeting systems supporting the IGFR system, and evaluates the key data sources needed to support the IGFR system.

While some of the proposals contained in the FFC's submission for the 2005 Budget are new, others represent reiteration, improvements and refinements of past proposals. Accordingly, some of Government's past responses are still relevant and where this is not the case explanation is given. For instance, the FFC calls for a review of the intergovernmental system and a change in the financing of social security grant. The two proposals were accepted last year, and as it will be evident in the later discussion, Government has also taken steps to address the two proposals.

A major part of the review of the intergovernmental system focused on the need to implement new formulae for both the provincial and local government equitable share grant. This has required careful examination and analysis of policy and implementation issues surrounding the shifting of social grant funding from the provincial equitable share to the national equitable share, and for the local government equitable share on the creation of Regional Electricity Distributors (REDs). Work on other aspects of the review is still under way and its recommendations will be considered for implementation in future budgets.

Significant progress has been made on the tax frameworks for provinces and local government. Despite the provincial taxation framework, no province has as yet formally submitted a proposal for any new provincial tax. With regard to municipalities, aspects of the new property rates system will be implemented over the 2005 MTEF.

With regard to borrowing, municipalities are now able to borrow more easily with the Local Government: *Municipal Finance Management Act (MFMA)*, which took effect from 1 July 2004. Coming regulations on municipal borrowing will give further effect to the local government borrowing framework.

In relation to provinces, Government is exploring how to give effect to provincial borrowing, beginning with loans from the Development Bank of South Africa. However, the biggest challenge facing both provinces and municipalities is that of modernising and improving capacity to spend on capital before considering borrowing, as spending capacity is still significantly lower than budgetary resources.

Part 2.1: Review of the Provincial Equitable Sharing System

FFC proposal on the weights assigned to the different components in the provincial equitable share formula

The FFC proposes that the weights assigned to the different components of the provincial equitable share formula need to be revised to take account of the changing priorities and changing composition of shares of social services in total provincial expenditure.

Government's response

Part of the divergence in the weights in the formula and shares of education, health and welfare in expenditure has been due to very rapid changes in the composition of provincial expenditure. This was largely influenced by two factors: a very sharp growth in social security expenditure and strong growth in expenditure on non-social services functions mainly attributed to substantial resources allocated towards infrastructure and other non-personnel inputs.

The weights in the new formula have been rescaled, to take into account the impact of the shifting of the payment of social security grants to national government on expenditure. The rescaled weights were then adjusted to be in line with the average share of education and health in total provincial expenditure over the last three years. The shares are based on provincial expenditure exclusive of conditional grants.

FFC proposal on the education component of the formula

The FFC proposes that 'the formula used to allocate the education component of the equitable share be revised to end the double weighting of school age children.' In this respect, the department of education should ensure that reliable school enrolment data is collected regularly.

Government's response

Government has taken this recommendation into account by proposing equal weights for the two elements - school age and enrolment - rather than a complete abolishment of the school age element. There are still good arguments for retaining the school age cohort in the education component. Firstly, unlike the enrolment data, the age cohort data are gathered independently of schools through censuses, and will therefore not have any systematic bias. They therefore attenuate the impact of any systematic inaccuracies that might exist in the enrolment data. Secondly, the measure reflects the approximate number of pupils who ought to be at school at any given time in a province.

Previously, the inclusion and double weighting of school age was a carefully considered decision, and took into account the objective of eliminating out-of-age enrolment, which reflects an inefficiency in the education system. Notwithstanding evidence of a drop in out-of-age enrolment, in view of the above considerations, Government has decided to retain this element in the formula, albeit with a reduced weight.

FFC proposal on the funding for Early Childhood Development (ECD)

The FFC proposes that, given that ECD is funded through the provincial equitable share, the education component should be augmented by at least the full amount of the current conditional grant.

Government's response

In relation to ECD the approach taken by Government is consistent with the FFC recommendation. The funds that previously flowed as a conditional grant are now part of the provincial equitable share. The adjusted weight for education has taken into account the share of education budget, including the full amount of the current ECD conditional grant. Further, the age cohort data in the formula includes the age group attending grade R.

FFC proposal on the health component of the formula

FFC proposes that 'in the case of health care services, the formula should be revised to take account of the gender and age profile of the population in order to reflect differential needs for health care services.' Furthermore, the national department of health should ensure that data on health care utilisation rates for different population groups is regularly collected.

Government's response

Government explored the possibility of using age and gender profiles, as well as taking into account health utilisation rates when the health component was reviewed. This would be a better approximation of relative demand for health care. However, the data required to make such a change in the formula are not readily available.

The proposed use of data on differential utilisation rates for different age groups and gender, while sensible, is not possible to implement immediately, as there are variations in the manner in which such data are collected across health institutions. Indeed, if such data were to be available and comparable, it would be worthwhile exploring more sophisticated measures of relative demand for health services. The FFC notes in its review of the health component that a survey would have to be undertaken "to quantify the intensity of use of public health facilities...to design the variable and weighting system."

A further constraint is that even if utilisation information were available per hospital and per clinic, cost centre information is generally not available per hospital or per clinic. This makes it impossible at this stage to "consider the possibility of economies of scale or unit cost differences among the provinces resulting from population density" in the fashion proposed by the FFC.

Government is in agreement with the FFC that steps need be taken to collect data on health utilisation rates for the different age and gender groups regularly. The health sector will need to put in place mechanisms for collecting such information, and ensuring that they are reliable and comparable. It will take several years before such information will be available.

FFC proposal on the welfare component of the formula

The FFC proposes that the welfare component (social security grants) should be removed from the formula and the function be converted into a conditional grant or any other appropriate funding mechanism while the issue of the National Social Security Agency is addressed. In addition the national Department of Social Development must ensure that adequate measures are in place to monitor the proper administration and payment of social security grants.

In its supplementary submission titled "*The financial and institutional implications of shifting the social security transfers and their administration to national government*" the FFC presents three options for dealing with the function shift. The first option is to shift an amount equal to the share of welfare in the equitable share formula, which is 18 per cent. The second option is to take an amount equal to 18 per cent plus 6,8 per cent. The last option is to separate social security expenditure from total provincial social development expenditure so that only the portion spent on social security is shifted from the provincial equitable share.

Government's response

In the main, the FFC proposal regarding social security is a reiteration of a previous recommendation, which Government is already implementing. In this regard, the South African Social Security Agency Act was enacted and amendments to the Social Assistance Act have been effected. The shifting of the financing and administration of social security grants impacts significantly on the current size and formula of the provincial equitable share. The provincial equitable share will be reduced while the national equitable share will be increased to fund social grants.

A key decision in this respect for the 2005 MTEF is the amount or percentage share of funds to be taken away from the provincial equitable share. After taking into account current trends in social security expenditure and based on projected demand for grants, taking account of future changes in grant values, the provincial equitable share has been reduced. At the same time, two conditional grants totalling R181 billion over the next three years, have been created. Overall the approach adopted by Government (and after consultations with the Budget Council and Extended Cabinet) takes account of both options 2 and 3 proposed by the FFC in its supplementary submission. The supplementary submission from FFC on social grants was submitted to Government after Government adopted its approach, and after their tabling on 26 October 2004 in the Medium-Term Budget Policy Statement.

The national Department of Social Development will administer social grants as two conditional grants to provinces until such time that the Agency is fully established and ready to take over the function. Like all conditional grant the funds will thus be appropriated on both the vote of the national Department of Social Development and provincial departments.

FFC proposal on the economic activity component of the formula

The FFC proposes that 'in the absence of significant own revenue from provinces, the economic activity component of the provincial equitable share formula should be defined to provide for the maintenance expenditure requirements of social and public infrastructure and should be redesigned accordingly'.

Government's response

Government accepts the need to support provinces in funding the maintenance of social and public expenditure, but believes that existing conditional grants like the provincial infrastructure conditional grant and hospital revitalisation grant are adequate, when taking account of capacity. Government believes that the review of provincial conditional grants must first be completed before a determination can be made on whether the provincial equitable share formula needs to be adjusted for maintenance of social infrastructure. A further point to note is since some provinces have relatively more backlogs than others, it may be more feasible at this stage to fund such backlogs through a conditional grant. Furthermore, Government supports the FFC proposal that provinces should be encouraged to raise more own revenue.

Arising from the review of the equitable share formula, Government proposes to retain the economic activity component with a weight or share of 1 per cent. This is because this component significantly reduces the redistributive thrust of the equitable share formula.

FFC proposal on equity and efficiency aspects of the formula

The FFC proposes that, to address certain equity and efficiency considerations, the ‘provincial equitable share formula should be revised to account for relevant cost disabilities of provinces’.

Government’s response

While conceptually appealing, this proposal would be hard to implement at this stage. Firstly, very few of the services that provinces are responsible for delivering lend themselves to succinctly defined standards at this stage to allow calculation of the cost differential of rendering the same standard of service across provinces. Secondly, the costs of providing certain public services are difficult to ascertain (given that provinces need to have better cost centre information) and determining them would require more information than is currently available. A further challenge would be to separate the component of the differential that is due to factors beyond each province's control from variations in efficiency levels. Lastly, it is unclear how one would control for the quality aspects of the inputs in determining the cost differentials. It would appear that this proposal has elements of a costed norms approach and some of the reasons why Government did not adopt the approach would hold against the “cost disabilities” argument.

The FFC proposal on the provincial infrastructure grant

The FFC proposes that Government should incorporate the backlog component of the provincial equitable share formula into the basic component and a separate conditional grant should be set up for financing capital infrastructure. This should be allocated to provinces using the FFC’s proposed provincial capital grants model.

The FFC further submitted a supplementary proposal in which it explains in more detail its proposed capital grant model.

Government’s response

Firstly, as the revised provincial equitable share formula shows, Government accepts the proposal that the backlog component be removed from the equitable share formula. Secondly, the proposal of using a conditional grant to fund infrastructure is also accepted hence the continued retention of the infrastructure grant for provinces.

Nevertheless, a number of practical problems make it impossible to implement the FFC’s capital grant proposal beyond the two aspects referred to above. Firstly, the model needs data that are not available, for example very little is known about the value and condition of Government’s capital stock. Secondly, given the very dynamic nature of population migration patterns in South Africa, an appropriate infrastructure model would need to take this into account to prevent building infrastructure in areas that are losing people while not attending to pressure on infrastructure in areas where people are moving. This is the real dilemma that Government is facing to which there are no easy answers. Nevertheless, the National Spatial Development Perspective that has been adopted by Government will begin to provide an overarching framework to guide future infrastructure plans. Lastly, there are other developments that need to be explored further before changing the way provincial infrastructure development is financed, going forward. Chief among these are the possible introduction of new taxes and introduction of borrowing by provinces, and the exploration of alternative approaches to the financing of large-scale capital projects that have national economic effects.

The FFCs observations in the use of conditional grants in the transfer system

The FFC makes a number of conclusions on the conditional grant system. Firstly, that the mobilisation of resources within the conditional grant system may require a review of the policy on the shifting of funds from provinces that are not spending their conditional grants to provinces that are spending. Secondly, that there is a need for formal agreements between the national sphere and the recipient province in the conditional grant system. Thirdly, that there is a case for relaxing some of the stringent conditions for different conditional grants, especially those that seek to ensure adherence to norms and standards.

Government's response

Government agrees with the FFC on the need to review provincial conditional grants, and deal more systematically with how underspending on conditional grants can be taken into account when determining how to divide such grants between provinces. The dilemma facing Government is that in many instances it is poor provinces with relatively large backlogs in infrastructure that have poor capacity, and hence will be further discriminated against if spending capacity is taken into account. Notwithstanding this dilemma, for the first time, the Division of Revenue Bill proposes reallocation of conditional grant funds within the financial year precisely to deal with the problem of underspending.

Cabinet has also agreed that a review of all hospital grants be prioritised for the 2006 MTEF, and should be completed by the Department of Health and National Treasury by September 2005. This is an area that Government hopes the FFC will make further recommendations in its 2006 submission.

Part 2.2: Review of the Local Government Equitable Sharing System

FFC proposal on the use of funding windows in the local government equitable share formula

The FFC proposes that Government should avoid the use of funding windows in the equitable share formula. The following concerns are raised with respect to the use of funding windows in the equitable share:

- a) There is no indication from Government that these windows are temporary.
- b) There is no information on the basis for determining the global allocation to each funding window, or for that matter the S and I components.
- c) There is duplication between the S component and the Free Basic Electricity and Free Basic Services windows.

Government's response

Government has previously indicated that the current equitable share formula for local government has shortcomings, and requires a fundamental review. However, replacing this formula has not been an easy task due to lack of data on each municipality. Government is in agreement with the FFC that the windows approach in the equitable share formula should be avoided where possible, hence the new formula abolishes the windows approach, replacing it with a component-based approach.

FFC proposal on the structure of the local government equitable share formula

The FFC reiterates its previous proposal that the long-term equitable share formula should be based upon the constitutional requirements, which suggests the following formula:

$$LES = S + B + I + T + m$$

Where:

LES = Local government equitable share allocation

S = Component to support the delivery of basic municipal services

B = Component to fulfil other constitutional and legislative requirements

I = Component to finance core administrative functions

T = Component for tax capacity equalisation

m = Spillover grant to provide finance for services with intermunicipal spillover effects

Government's response

Government is in agreement with the broad approach proposed by the FFC on the structure of a new formula. This is particularly important for the I and S components. Government has also taken a revenue-raising component into account in the new formula. However, Government does not believe that it is practical to consider a spillover grant and a component to fulfil other constitutional and legislative requirements.

FFC's proposal on assessment of municipal service cost

The FFC proposes that the assessment of municipal service costs should be informed by the following principle:

- a) Residents in a given jurisdiction have the right to a basic level of service provision.
- b) That there will be different types of service delivery within the basic level owing to the nature of the technology required.

Government's response

Government is in agreement with the FFC that residents have a right to basic level of service provision, and that municipalities need to be funded for this taking account of their fiscal capacity. However, this approach also has potential weaknesses, particularly where a municipality is unable to provide or fails to prioritise provision of basic services to all its residents. The fact that many municipalities have weak management and data systems makes the monitoring of services very difficult at this stage. Census information only allows a form of measurement once every five or ten years, rather than annually. Government is considering what forms of annual surveys may be undertaken to produce information on progressive improvements in service delivery per municipality.

The new formula also makes provision for municipalities that offer higher levels of service, for example, water-borne sanitation as opposed to more basic sanitation systems. However, this approach is in an early stage of development, with Government using indicative costs based on its own research. Government is mindful that the formula is not a costed norm for services, but an indicative guide for the budget of the municipality – this is even more relevant where a

municipality has significant revenue raising capacity. More research will be necessary to further develop the approach of catering for different levels of service, but a basic form is adopted for the new formula.

FFC's proposal on the review of the local government equitable share formula

The FFC proposes that the following principles should inform the development of the methodology for assessing municipal service costs:

- a) In developing a measure of expenditure needs, municipalities should not be able to influence the magnitude of their expenditure needs through fiscal decisions;
- b) The methodology should not be too data intensive;
- c) A strategy that combines statistical analysis of data with expert opinion provides a realistic approach for South Africa;
- d) Calculations of the costs of providing basic services should be built up separately for each local government function; and
- e) It is important that the grant formula should be as simple as possible.

Government's response

Government is in agreement with the FFC that the formula should be as simple as possible, and not too data intensive. Indeed, Government does not have much choice in this respect given data limitations. The new formula adheres to this approach.

Government also agrees that more information and data are required on each basic service, for purposes of research, modelling and analysis, rather than for allocations. In this respect, Government concurs with the FFC that a more accurate measure of expenditure needs of municipalities should be developed, but for the purpose of better modelling and analysis only. Lastly, Government is of the view that consideration should also be given to exploring alternative data sources in the absence of a Census. However, an approach should be developed similar to the one proposed by the FFC to ensure that credibility of data is not compromised.

Government also believes that the impact of the establishment of regional electricity distributors will have a significant impact on municipal finances. Government has adopted a set of working principles to guide such restructuring of electricity distribution (outlined in Part 6), and it is hoped that the FFC will make recommendations on the impact of this restructuring in its 2006 submission.

FFC proposal on a revenue-raising capacity measure

The FFC proposes that consideration should be given to applying a revenue raising-capacity measure to the local government equitable share formula as a whole, rather than only on the I-component.

Government's response

Government accepts the FFC proposal that a revenue-raising component should be applied to the whole formula rather than only the I-component. This is given effect in the new formula by removing it from the I grant, and incorporating a new component specifically for in the new formula.

FFC proposal on the disbursement of capacity-building funds

The FFC suggests that it is currently inappropriate to develop a formula for the disbursement of capacity-building funds directly to municipalities, as most capacity building initiatives are not supported by direct grants to municipalities. However, it is advisable to develop appropriate administrative or institutional instruments that ensure that capacity needs are identified and adequately targeted.

Government's response

Government agrees that building the capacity of municipalities is one of the biggest challenges it is facing. It is also aware that current capacity-building programmes are not as successful as they should be, irrespective of whether capacity-building grants are paid directly to a municipality or paid to a province. One of the key challenges facing such grants is to ensure that they build capacity in municipalities, and do not inadvertently build greater dependence on consultants. The funding mechanism is therefore not necessarily the critical factor as to the success or failure of such grants. Government has accepted that current funding levels of all capacity building grants is relatively high, and that capacity-building grants should be phased out over the medium-term and incorporated into the equitable share formula. For this reason, Government intends to review the performance of current grants, rather than developing an extensive formula for their disbursement. In the short-term, the allocation criteria for distributing capacity-building funds should be transparent and should be published with the Budget.

FFC proposal on the collection of municipal-level data

The FFC proposes that Government should ensure that the following municipal-level data is collected:

- a) Regional levies: skills development levy data disaggregated to district municipal level (if the payroll is retained);
- b) Property tax: municipal valuation roll data and specific rates data (that is, rates charged for each category of property); and
- c) Electricity; consumption data (disaggregated into consumer categories)

Government's response

Government agrees that comprehensive information and data are required on each basic service and tax source for purposes of research, modelling and analysis. Government will explore how such a database can be established, and be accessible to key stakeholders. Such a system will target key revenue and expenditure information, which is crucial for policy-making purposes. Given that the RSC levy will be phased out, there is little point in collecting more information on these levies. Data on property taxes and municipal valuation will be highly welcome, but depend on the systems for recording in each municipality, and even if available, will not necessarily be comparable – in spite of these difficulties, Government agrees that it is necessary to collect such information.

FFC proposal on the subsidisation of tariff charges of low-income households

The FFC proposes that funds required to subsidise tariff charges of low-income households should be carefully assessed in order to ensure that poor residents in all jurisdictions have access to a minimum levels of basic service provision.

Government's response

While Government accepts the need for ensuring municipalities use their equitable share grants to provide subsidised services to low-income households, it is not constitutionally possible to do so by imposing conditions on the equitable share grant. The focus will rather be to ensure that all municipalities report against their budget on spending programmes to support poor households, and to put in place support systems to assist municipalities to better identify and target poor households, and to provide basic services to such households. Government will also consider issuing guidelines and norms and standards on how the equitable share should be utilised, to target poor households for the provision of basic services.

FFC proposal on linking the Municipal Infrastructure Grant and the equitable share formula

The FFC proposes that consideration should be given to linking the MIG and the equitable share formula. In doing so, the following should be taken into account:

- a) The need to provide municipalities with appropriate incentives to extend municipal infrastructure;
- b) The need to achieve equity in addressing the expenditure needs of local government;
- c) The need to take account of the differing capacities of municipalities; and
- d) The need to ensure that LES allocations keep pace with the installation of household infrastructure.

Government's response

The MIG and the current equitable share formula are already linked in various ways and the above issues have already been taken into account in the design of the grant. The objectives outlined by the FFC are general in nature, and already taken into account in the design of the MIG grant. Furthermore, the MIG formula has an M component to provide a negative or positive allocation related to the past performance for each municipality relative to grant conditions. This element will be introduced once the MIG programme has been given sufficient time to mature.

It should also be noted that at this stage the MIG has a projected lifespan of 10 years and, though subject to a review, will ultimately be incorporated into the equitable share formula.

FFC proposal on ceding of equitable share revenue

The FFC proposes that Government should consider two broad options with respect to the ceding of equitable share revenue as security to obtain loan finance:

- a) The Municipal Finance Management Act could be amended to ensure safeguards proposed in section 48(3) and (4) apply also to ceding of equitable share revenue.
- b) In light of the overall safeguard provided by the Constitution and national legislation, Government could issue guidelines to municipalities with respect to the ceding of equitable share revenue. This could propose safeguards and recommend that the pledging of equitable share revenue only occur when the loan is intended to finance infrastructure for basic service delivery.

Government's response

Government believes that it is too soon to consider amending the MFMA at this stage. While Government approves the need for a guide on borrowing for municipalities to ensure that they do not recklessly cede part of their equitable share, the FFC proposal does not take into account the comprehensive process requirements and consultations required before a municipality is allowed to cede its future equitable share grants. The proposal made by the FFC was also considered by Parliament during the process to approve the MFMA, but was not accepted by Parliament.

Part 2.3: Review of the Intergovernmental Fiscal Relations System

The FFC proposals on the data requirement for the Intergovernmental Relations System

The FFC proposals on the intergovernmental fiscal relations (IGR) system covers poverty targeting, the budgeting systems supporting the IGFR system, and evaluates the key data sources needed to support the IGFR system.

Government's response

Government notes the proposals on the Intergovernmental Fiscal System. The proposals on the intergovernmental system (Part 3 of the proposals) are a welcome contribution on the system of government in South Africa. It encourages broader discussion, by going beyond financial and fiscal matters, on how best to co-ordinate the policy-making, planning and budgeting processes between sectors and spheres of government.

The issue of performance accountability and co-ordination is a major priority for all governments in all spheres. These objectives are given effect in legislation like the *Public Finance Management Act (PFMA)*, the *Municipal Systems Act* and the *Municipal Finance Management Act (MFMA)*, which focus on outputs, outcomes and performance. Government has also taken a number of steps in this regard, such as designing performance measures and targets, and implementing performance agreements to improve the system of accountability. However, further steps need to be taken by departments that use management information and data to improve management systems needed for the collection of credible data that could be used to inform division of revenue decisions.

Part 3: Fiscal Framework for 2005 MTEF

Table E.1 Medium-term macroeconomic assumptions, 2004/05 – 2007/08

	2004/05		2005/06		2006/07		2007/08
	2004 Budget	2005 Budget	2004 Budget	2005 Budget	2004 Budget	2005 Budget	2005 Budget
R billion							
Gross domestic product	1 331.8	1 403.9	1 455.6	1 528.6	1 592.6	1 674.0	1 847.3
<i>Real GDP growth</i>	3.3%	4.2%	3.6%	4.1%	4.0%	3.9%	4.4%
<i>GDP inflation</i>	5.4%	5.4%	5.5%	5.7%	5.2%	5.2%	5.3%
National Budget Framework							
Revenue	327.0	338.0	360.3	369.9	394.0	405.4	444.6
<i>Percentage of GDP</i>	24.6%	24.1%	24.7%	24.2%	24.7%	24.2%	24.1%
Expenditure	368.9	370.1	404.7	417.8	439.1	456.4	494.9
<i>Percentage of GDP</i>	27.7%	26.4%	27.8%	27.3%	27.6%	27.3%	26.8%
Budget deficit	-41.9	-32.2	-44.4	-47.9	-45.1	-51.0	-50.3
<i>Percentage of GDP</i>	-3.1%	-2.3%	-3.0%	-3.1%	-2.8%	-3.0%	-2.7%

Fiscal framework

Table E1 presents medium-term macroeconomic forecasts for the 2005 Budget. It sets out the growth assumptions and fiscal policy targets on which the fiscal framework is based.

Table E2 sets out the impact of these policy decisions on the division of revenue. Before resources can be divided, provision is made for national commitments such as debt service costs and a contingency reserve. Debt service obligations of R53,1 billion, R56,6 billion and R59,4 billion are projected for the three MTEF years, and a contingency reserve amount of R2 billion, R4 billion and R8 billion is set aside. Once these allocations are deducted, the total to be shared between the three spheres amounts to R362,7 billion, R395,8 billion and R427,5 billion over the three MTEF years.

Table E.2 Division of revenue between spheres of government, 2001/02 – 2007/08

R million	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
		Outcome		Revised	Medium-term estimates		
National departments	87 705	99 091	108 459	121 101	136 262	146 800	157 817
Provinces	121 099	136 873	161 494	185 354	209 273	229 282	248 236
<i>Equitable share</i>	81 670	93 827	110 004	122 426	134 706	146 757	157 678
<i>Conditional grants</i>	39 429	43 046	51 490	62 928	74 567	82 525	90 558
Local government	6 520	8 759	12 396	14 757	17 159	19 708	21 461
<i>Equitable share</i>	3 184	4 187	6 350	7 678	9 643	10 515	11 371
<i>Conditional grants</i>	3 336	4 572	6 045	7 080	7 516	9 193	10 090
Non-interest allocations	215 324	244 722	282 349	321 212	362 694	395 789	427 513
<i>Percentage increase</i>	14,8%	13,7%	15,4%	13,8%	12,9%	9,1%	8,0%
State debt cost	47 581	46 808	46 313	48 901	53 125	56 603	59 381
Contingency reserve	–	–	–	–	2 000	4 000	8 000
Main budget expenditure	262 904	291 530	328 662	370 113	417 819	456 392	494 894
<i>Percentage increase</i>	22,4%	10,9%	12,7%	12,6%	12,9%	9,2%	8,4%
Percentage shares							
<i>National departments</i>	40,7%	40,5%	38,4%	37,7%	37,6%	37,1%	36,9%
<i>Provinces</i>	56,2%	55,9%	57,2%	57,7%	57,7%	57,9%	58,1%
<i>Local government</i>	3,0%	3,6%	4,4%	4,6%	4,7%	5,0%	5,0%

The revised fiscal framework aims at further strengthening social service delivery and is prepared within Government's medium term strategic goals which focus on key developmental goals with specific targets in key service delivery areas. The revisions to the fiscal framework put Government in a stronger position to:

- Step up spending on education, including making provision for pay progression for educators and investment in further education and training colleges, key curriculum support material and improved maintenance of infrastructure and other inputs needed to further strengthen the quality of school education especially in poor communities
- Raising spending on health, including improved remuneration of professional staff, and comprehensive HIV and Aids prevention and treatment programmes
- Extending social assistance through enhanced income support to the poor, including completion of the take up of 11, 12 and 13 year old children, protecting the real value of social security grants and improvements in the social grant payment system
- Supporting provincial economic development programmes with high potential for creating employment opportunities, such as the Expanded Public Works Programme and Comprehensive Agricultural Support Programme

- Increasing allocations for road infrastructure to improve national and provincial road networks in line with the National Roads Strategy
- Accelerating the rollout of free basic electricity, water, refuse removal and sanitation to poor households and investment in municipal infrastructure to create sustainable local communities
- Consolidating local government financial management and budget reforms as envisaged in the *Municipal Finance Management Act (No. 56 of 2003)*
- Stepping up resources for land restitution to complete this process
- Supporting the implementation of the new housing delivery strategy premised on the creation of sustainable human settlements
- Expanding capacity in the safety and security sector in support of the sector policing strategy and the establishment of a new Protection and Security Services Division
- Taking core administrative services to citizens, particularly in rural areas where access is limited
- Supporting South Africa's ongoing commitment to actively promote peace in Africa and support regional trade and development.

Government determines the division of revenue between national, provincial and local government spheres using the previous year's baseline division as a point of departure and taking account of ongoing commitments, current and new policy priorities, and the FFC recommendations. The new priorities, and expansions of previous year's programmes, are accommodated through reprioritisation and growth in the resource envelope.

Both the shares for provincial and local government allocations increase significantly, with the provincial share increasing from 57,5 per cent to 58,1 per cent, and the local government allocation from 4,6 per cent in 2004/05 to 5,0 per cent in 2007/08. The share of national government decreases from 37,9 per cent in 2004/05 to 36,9 per cent in 2007/08. Over half of the additional resources are allocated to provinces in recognition of the challenges they face in delivering social services, building and maintaining economic infrastructure, employment creation, promoting rural development and coping with HIV and Aids.

Table E3 reflects the additional resources available over last year's baseline allocations, totalling R16,0 billion in 2005/06, R22,7 billion in 2006/07 and R35,7 billion over the new baseline for 2007/08. The additional funds are divided between the spheres depending on which sphere is responsible for the prioritised functions and taking account of each sphere's revenue raising capacity.

Table E.3 Changes over baseline, 2005/06 – 2007/08

	2005/06	2006/07	2007/08 ¹
National	5 287	8 111	12 282
Provincial	9 540	12 916	20 963
Local	1 200	1 650	2 500
Allocated expenditure	16 027	22 677	35 745

1. The assumed baseline for 2007/08 is the 2006/07 baseline plus 5 per cent.

Table E4 sets out Schedule 1 of the Division of Revenue Bill that reflects the legal division of revenue between the three spheres. In this division, the national share includes all conditional grants to the other two spheres in line with section 214(1) of the Constitution, and the provincial and local government allocations reflect their equitable shares only.

Table E.4 Schedule 1 of the Division of Revenue Bill, 2005/06 – 2007/08

Sphere of government	Column A	Column B	
	Allocation	Medium-term forward estimates	
R million	2005/06	2006/07	2007/08
National ^{1,2}	273 470	299 120	325 846
Provincial	134 706	146 757	157 678
Local	9 643	10 515	11 371
Total	417 819	456 392	494 894

1. National share includes conditional grants to provinces and local spheres, debt service cost and the contingency reserve.

2. The direct charges for the provincial equitable share are netted out.

Nationally raised revenue is distributed between spheres in accordance with the Division of Revenue Act and the Constitution. The national equitable share is divided between national departments through an Appropriation Act. Provincial equitable shares are direct charges on the National Revenue Fund and flow directly into Provincial Revenue Funds, where provincial legislatures appropriate the funds to votes and their main divisions – in this instance, votes and programmes of provincial departments. Various local government allocations are appropriated on national votes, as the Constitution does not make them a direct charge on the National Revenue Fund. The local government equitable share is appropriated on the vote of the Department of Provincial and Local Government. The actual division of all grants (whether appropriated or a direct charge) between provinces or municipalities is in accordance with the Division of Revenue Act and this memorandum.

Part 4: Provincial Allocations

Sections 214 and 227 of the Constitution require that an equitable share of nationally raised revenue be allocated to the provincial sphere of government to enable it to provide basic services and perform the functions allocated to it. The size of the equitable share and conditional grant allocations to the provincial sphere of government takes account of the fiscal capacity, fiscal efficiency, developmental needs, extent of poverty and backlogs, to the extent that such information is available for all provinces.

Table E.5 Total transfers to provinces, 2005/06

R million	Equitable share	Conditional grants	Total transfers
Eastern Cape	22 202	13 086	35 288
Free State	8 660	5 491	14 152
Gauteng	20 810	11 235	32 045
KwaZulu-Natal	28 399	16 054	44 453
Limpopo	18 376	9 205	27 580
Mpumalanga	9 976	4 802	14 778
Northern Cape	3 124	1 899	5 023
North West	11 086	5 947	17 033
Western Cape	12 072	6 849	18 922
Total	134 706	74 567	209 273

National transfers to provinces for 2005/06 comprise more than 97 per cent of provincial revenues, with provinces raising less than 3 per cent of their revenues from own sources. The size of transfers also takes into account the basic services and functions allocated to provinces, including concurrent functions like the provision of school education, further education (but not higher education), tertiary and primary health care, social grants and welfare services, housing and exclusive functions like provincial roads. Some concurrent functions like housing (and now social

grants and their administration) are funded through conditional grants from the national equitable share. National transfers in 2005 comprise of 64,4 per cent equitable share and 35,6 per cent conditional grants. Table E5 shows all transfers to provinces for 2005/06.

Changes to Provincial Fiscal Framework

A major change in the provincial fiscal framework for the 2005 MTEF is the shift of the social security grant function from the provincial to the national sphere of government which impacts directly on the composition of provincial allocations, and the size of the provincial equitable share relative to conditional grants. The social security grant function will be administered as a conditional grant from 1 April 2005.

Another change to the provincial fiscal framework relates to the delivery of primary health care by municipalities. Though provinces currently provide most primary health services, the Health Act (Act No. 61 of 2003) also shifts the basic primary health care currently provided by some municipalities, excluding environmental health, from municipalities to provincial governments from 2005. Annual expenditure by municipalities on this function is approximately R1 billion. Government has decided to adopt a phased approach in shifting this function. As a first step, provinces will in 2005/06 fund the components of primary health that are performed by non-metropolitan municipalities. During the transition, non-metropolitan municipalities will continue to render the function on behalf of provinces on an agency basis. Government adjusted the provincial budget framework upwards by R200 million in 2005/06, R300 million 2006/07 and R400 million in 2007/08 to augment funds in non-metropolitan municipalities budgets for this function.

With the impending accreditation of metropolitan municipalities to take more responsibility for housing planning and delivery, it is expected that most metropolitan and large urban municipalities will have received accreditation by the end of this financial year. Where this occurs, the housing grant will be allocated to municipalities via the province.

No changes on provincial taxes will take effect in 2005/06, as no province has as yet submitted to the Minister of Finance any formal application for a new provincial tax in accordance with the Provincial Tax Regulation Process Act (Act No. 53 of 2001). However, provinces are expected to apply for some new taxes to be approved during the course of the 2005 MTEF.

Although provinces have the power to borrow for capital, the Budget Council has in the past few years agreed not to exercise this power. However, going forward, the Budget Council is exploring whether provinces should not consider borrowing over the next few years, as they improve their capital planning and spending capacity. If provincial borrowing were to be re-introduced, it may take the form of project-linked borrowing through Development Bank of Southern Africa (DBSA) in the initial stages. Nevertheless, no borrowing is expected to take place in 2005/06.

Provincial equitable share

The provincial equitable share allocation is the main source of revenue for funding provincial expenditure on the bulk of public services. It is divided between provinces on the basis of the provincial equitable share formula. The provincial equitable share is R134,7 billion in 2005/06, R146,8 billion in 2006/07 and R157,7 billion in 2007/08.

The shifting of the social security grant function from the provincial to the national sphere of government results in the equitable share component of national transfers to provinces decreasing from 88,4 per cent in 2004/05 to 64,4 per cent in 2005/06, while the share of conditional grants increase from 12,6 per cent to 35,6 per cent. In deciding the portion of the equitable share to be shifted, Government sought to balance the full liability related to the function (the administration, grant beneficiary numbers and the grant values) with the need to leave sufficient resources in

provinces to further augment funding for key provincial programmes and priorities. In this regard Government agreed to reduce the provincial equitable share by an amount that was less than what provinces had budgeted for social security grants in 2004/05.

The equitable share formula

The division of the equitable share allocation among provinces is done through an objective redistributive formula. The formula is reviewed and updated every year for new data, taking account the recommendations of the Financial and Fiscal Commission (FFC). For the 2005 MTEF, a broad-ranging review of the formula has been undertaken to deal with the shift of the funding of social security grants. The review covered the structure of the formula, weights of components and other economic development and poverty related policy considerations. It also took into account the change in the financing and administrative arrangements relating to the delivery of social security grants.

Table E.6 Distributing the equitable share, percentages by province

	Education	Health	Social welfare	Basic share	Economic activity	Institutional	Backlog	Target shares
<i>Weighting</i>	41,0	19,0	18,0	7,0	7,0	5,0	3,0	100,0
Eastern Cape	17,3	17,0	19,6	14,4	8,1	11,1	20,7	16,6
Free State	6,0	6,5	7,1	6,0	5,4	11,1	5,6	6,5
Gauteng	13,6	14,7	13,9	19,7	33,4	11,1	5,0	15,3
KwaZulu-Natal	22,8	21,7	19,6	21,0	16,5	11,1	23,0	20,9
Limpopo	15,0	13,3	13,7	11,8	6,6	11,1	22,9	13,7
Mpumalanga	7,6	7,2	6,5	7,0	6,9	11,1	8,5	7,4
Northern Cape	1,7	2,0	2,2	1,8	2,0	11,1	1,3	2,3
North West	7,8	8,6	8,7	8,2	6,7	11,1	9,5	8,3
Western Cape	8,2	8,9	8,8	10,1	14,2	11,1	3,6	9,0
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Table E.6 shows the old formula, its structure, components, component weights and the target shares it generates. The formula has seven components of which the social services components (health, education and welfare) made up 78 per cent of the formula. Details relating to this formula are contained in *Annexure E* of the *2004 Budget Review*.

The new formula (Table E.7) consists of four main components and two smaller elements, which capture the relative demand for services between provinces and take into account particular provincial circumstances:

- An *education share (51 per cent)* based on the size of the school-age population (ages 5-17) and the average number of learners (Grade R to 12) enrolled in public ordinary schools for the past three years
- A *health share (26 per cent)* based on the proportion of the population with and without access to medical aid
- A *basic share (14 per cent)* derived from each province's share of the total population of the country
- An *institutional component (5 per cent)* divided equally between the provinces
- A *poverty component (3 per cent)* reinforcing the redistributive bias of the formula
- An *economic output component (1 per cent)* based on Gross Domestic Product by Region (GDP-R) data

Table E7 shows the new structure and distribution of shares by component. The elements of the formula are neither indicative budgets nor guidelines as to how much should be spent on those functions. Rather, the education and health components are weighted broadly in line with expenditure patterns to provide an indication of relative need for the purpose of allocating funds. Provincial Executive Committees have discretion regarding the determination of departmental allocations for each function.

Table E.7 Distributing the equitable share, percentages by province

	Education	Health	Basic	Poverty	Economic activity	Institutional	Target shares
<i>Weighting</i>	51,0	26,0	14,0	3,0	1,0	5,0	100,0
Eastern Cape	17,4	15,1	14,2	20,7	8,1	11,1	16,0
Free State	5,8	6,0	6,0	7,1	5,5	11,1	6,2
Gauteng	13,9	17,9	20,0	11,3	33,0	11,1	15,7
KwaZulu-Natal	22,8	21,8	21,0	23,3	16,5	11,1	21,7
Limpopo	14,9	12,6	11,7	17,0	6,5	11,1	13,7
Mpumalanga	7,6	7,2	7,0	6,7	7,0	11,1	7,5
Northern Cape	1,7	1,8	1,8	2,0	2,4	11,1	2,2
North West	7,7	8,4	8,2	8,0	6,5	11,1	8,1
Western Cape	8,2	9,4	10,2	3,8	14,5	11,1	8,9
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0

The phasing-in of the formula

The revised formula results in shifts in individual provincial equitable shares. To avoid disruptive adjustments in provincial allocations and to ensure stability in provincial budgets, Government agreed to phase in the impact of the new formula over the next three years, from 2005/06 to 2007/08. Table E8 shows the phasing.

Table E.8 Phasing in the equitable share, 2004/05 – 2007/08

Percentage	2004/05	2005/06	2006/07	2007/08
	Base shares	3-year phasing		
<i>Phasing</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>
Eastern Cape	16,7	16,5	16,3	16,0
Free State	6,5	6,4	6,3	6,2
Gauteng	15,3	15,5	15,6	15,7
KwaZulu-Natal	20,8	21,1	21,4	21,7
Limpopo	13,6	13,7	13,7	13,7
Mpumalanga	7,3	7,4	7,5	7,5
Northern Cape	2,4	2,3	2,3	2,2
North West	8,3	8,2	8,2	8,1
Western Cape	9,0	8,9	8,9	8,9
Total	100,0	100,0	100,0	100,0

Education component

The education component is weighted 51 per cent of the equitable share formula. Like in the previous formula, the weight is derived from average provincial spending on education in total provincial spending for the past three years excluding conditional grants.

The education component is intended to enable provinces to fund school education, which accounts for roughly 80 per cent of provincial education spending. For the 2005 MTEF, Government decided that the new formula should use the school-age population (5 to 17 years) and enrolment elements to reflect the relative demand for education with each element assigned a weight of 50 per cent.

Table E9 shows the weighted target shares for the 2005 MTEF after updating the education component for new data.

Table E.9 Calculation of education component

Thousands	2004/05	2005 Medium-term estimates		
	Weighted share (%)	Enrolment	School-age (5-17)	Weighted target (%)
<i>Weighting</i>		<i>1</i>	<i>1</i>	
Eastern Cape	17,3	2 114	2 219	17,4
Free State	6,0	694	760	5,8
Gauteng	13,6	1 669	1 786	13,9
KwaZulu-Natal	22,8	2 750	2 946	22,8
Limpopo	15,0	1 812	1 915	14,9
Mpumalanga	7,6	918	969	7,6
Northern Cape	1,7	203	222	1,7
North West	7,8	892	1 021	7,7
Western Cape	8,2	957	1 095	8,2
Total	100,0	12 009	12 933	100,0

Health component

The health component is weighted 26 per cent of the equitable share formula. Its weight is derived from average provincial spending on health in total provincial spending for the past three years excluding conditional grants.

The health component (table E10) addresses the need for provinces to deliver health care. As all citizens are eligible for health services, the provincial shares of the total population form the basis for the health share. Within the health component, people without medical aid are assigned a weight four times the weight assigned to people with medical aid on the grounds that the former group is likely to use public health care more. The proportions of the population with and without medical aid are taken from the 2002 and 2003 General Household Surveys (GHS) and applied to average total population derived from the 2001 Census and the 2002 and 2003 GHS figures.

Table E.10 Calculation of health component

Thousands	With medical aid	Without medical aid	Weighted share (%)
<i>Weighting</i>	<i>1</i>	<i>4</i>	
Eastern Cape	607	23 603	15,1
Free State	405	9 187	6,0
Gauteng	2 281	26 448	17,9
KwaZulu-Natal	1 077	33 954	21,8
Limpopo	381	19 820	12,6
Mpumalanga	392	11 170	7,2
Northern Cape	133	2 693	1,8
North West	460	13 084	8,4
Western Cape	1 183	13 867	9,4
Total	6 917	153 826	100,0

It should be noted that the health component would be greatly enhanced if better data on utilisation rates by different population and gender groups were available at the level of hospitals and clinics. Given the difficulties of collecting such information, it will appear that it may take several years before such information is available in the level of detail required to implement more sophisticated proxies of demand for health care.

Poverty component

Arising from the review of the equitable share formula the welfare and backlog components were removed from the equitable share formula thus reducing the redistributive nature of the formula. A poverty component with a weight of 3 per cent is introduced in order to retain some degree redistribution within the formula. The poor population is defined as those people whose incomes fall in quintiles 1 and 2 based on the 2000 Income and Expenditure Survey. Each province's share is then expressed as the percentage of the "poor" population residing in that province, where the population figure is the average population from the census 2001 and the 2002 and 2003 General Household Surveys. Table E11 shows the new shares of the poverty component.

Table E.11 Calculation of poverty component

Thousands	IES Survey 2000 (Q1+Q2)	Basic component value	Poverty index	Weighted share
Eastern Cape	56,4%	6 475	3 654	20,7%
Free State	45,7%	2 722	1 245	7,1%
Gauteng	21,9%	9 119	1 997	11,3%
KwaZulu-Natal	43,0%	9 574	4 113	23,3%
Limpopo	56,3%	5 334	3 003	17,0%
Mpumalanga	36,9%	3 184	1 174	6,7%
Northern Cape	44,0%	820	361	2,0%
North West	37,9%	3 730	1 415	8,0%
Western Cape	14,6%	4 631	674	3,8%
Total	100,0%	45 589	17 635	100,0%

Economic activity component

The economic activity component is a proxy for provincial tax capacity. Table E12 shows the new target shares for the economic activity component based on the 2001 GDP-R data.

Table E.12 Economic activity shares

Percentage	2004/05 GDP-R, 2001	2005 Medium-term estimates GDP-R, 2003
Eastern Cape	8,1	8,1
Free State	5,4	5,5
Gauteng	33,4	33,0
KwaZulu-Natal	16,5	16,5
Limpopo	6,6	6,5
Mpumalanga	6,9	7,0
Northern Cape	2,0	2,4
North West	6,7	6,5
Western Cape	14,2	14,5
Total	100,0	100,0

Arising from the review of the equitable share formula, the weight of this component is reduced to 1 per cent as this component reduces the redistributive thrust of the formula. Furthermore, now that the Provincial Tax Regulation Process Act (Act No. 53 of 2001) is in place and provinces,

particularly those with relatively high economic activity, can impose new taxes in order to raise more revenues. This is consistent with the FFC proposal that provinces should be encouraged to raise more own revenue.

Basic component

The basic component is derived from each province's share of the total population of the country and is weighted 14 per cent. The average population of the 2001 Census and the 2002 and 2003 General Household Surveys determines this component. The inclusion of GHS population estimates ensures that population data used in the formula is not very outdated. Table E13 shows the new weighted target share.

Table E.13 Basic component shares

Thousands	Population:	General household survey		Average ¹	Weighted share
	2001 Census	July 2002	July 2003		
Eastern Cape	6 437	6 483	6 505	6 475	14,2
Free State	2 707	2 719	2 741	2 722	6,0
Gauteng	8 837	9 077	9 442	9 119	20,0
KwaZulu-Natal	9 426	9 531	9 766	9 574	21,0
Limpopo	5 274	5 313	5 415	5 334	11,7
Mpumalanga	3 123	3 178	3 252	3 184	7,0
Northern Cape	823	819	818	820	1,8
North West	3 669	3 721	3 799	3 730	8,2
Western Cape	4 524	4 612	4 757	4 631	10,2
Total	44 820	45 453	46 495	45 589	100,0

1. Average of 2001 Census Population and Population of General Household Surveys of 2002 & 2003.

Institutional component

The institutional component recognises that some costs associated with running a provincial government, and providing services, are not directly related to the size of a province's population. It is therefore distributed equally between provinces, as was the case in the previous formula. It constitutes 5 per cent of the total equitable share, of which each province gets 11,1 per cent.

Conditional grants to provinces

Conditional grants were introduced in 1998 to provide for national priorities and compensate provinces for cross-boundary use of services, particularly for specialised or tertiary services provided by central or academic hospitals. The current conditional grant system has been shaped by reforms introduced through successive Division of Revenue Acts since 2000. These reforms have contributed to clarifying accountability for conditional grant funds between spheres. They have also helped sharpen description of policy objectives and grant outputs, thus resulting in improved use of grants in speeding delivery, and the strengthening of Parliamentary oversight.

There are two types of provincial conditional grants, classified as Schedule 4 and 5 grants. Governance arrangements for the two types differs, as Schedule 4 grants are more general grants that supplement various programmes also funded by the province, like infrastructure and central hospitals. Transfer and spending accountability arrangements differ, as more than one national or provincial department may be responsible for different outputs expected from the grant, so accountability is broader and more comprehensive and related to entire programmes rather than specific projects. On the other hand, Schedule 5 grants are specific conditional grants, with specific responsibilities for both the transferring and receiving provincial accounting officers.

In this year's budget framework three new grants are introduced. The Social Assistance Transfers and the Social Assistance Administration which together add up to over R181,0 billion over the MTEF represent the most significant changes to conditional grants. The third new grant is the Further Education and Recapitalisation Grant to be administered by Education from 2006/07. Another change in the framework is the phasing out of the Local Government Capacity Building Fund and the Consolidated Municipal Infrastructure Programme (for capacity building) administered by the Department of Provincial and Local Government. These grants will now flow directly to municipalities. Table E14 provides a summary of conditional grants by sector and province for 2005/06.

Table E.14 Conditional grants to provinces, 2005/06

	Agriculture	Health	Land Affairs	Provincial Infrastructure Grant	Housing	Education	Social Development	Sport & Recreation SA	Total
R million									
Eastern Cape	56	848	–	675	581	218	10 705	3	13 086
Free State	23	759	–	221	408	62	4 015	3	5 491
Gauteng	8	2 547	8	370	1 345	102	6 852	3	11 235
KwaZulu-Natal	54	1 315	–	788	800	230	12 865	3	16 054
Limpopo	47	522	–	661	399	188	7 385	3	9 205
Mpumalanga	29	257	–	286	321	81	3 826	3	4 802
Northern Cape	15	249	–	181	80	27	1 345	3	1 899
North West	39	353	–	321	468	90	4 674	3	5 947
Western Cape	20	1 815	–	229	466	51	4 265	3	6 849
Total	290	8 666	8	3 731	4 868	1 048	55 932	24	74 567

More detailed information, including the framework and formula for each grant, is provided in Appendix E1 of the Division of Revenue Bill. The frameworks provide the conditions for each grant, the outputs expected, the allocation criteria used for the dividing the grant between provinces, the audit outcome in 2003/04 and any other material issues to be addressed. Table E15 presents a summary of all the conditional grants listed in Schedules 4 and 5 of the Bill for the 2005 MTEF. Conditional grants to provinces grow considerably from R62,9 billion in 2004/05 to R74,6 billion in 2005/06 mainly due to the two Social Development grants. Conditional grants to provinces increase to R90,6 billion by 2007/08.

Agriculture grants

The Department of Agriculture administers two programmes: the *Land Care Programme* and the *Comprehensive Agriculture Support Programme*.

The *Land Care Programme* is allocated R131 million over the next three years. The goal of the *Land Care Programme* is to promote sustainable use and management of natural resources by encouraging and empowering communities to take responsibility for the management of resources in order to support food security and job creation through increased productivity. Other objectives of this grant relate to taking care of resources such as water, soil, and veldt and land.

The second programme administered by the Department is the *Comprehensive Agriculture Support Programme (CASP)*, which is allocated R250 million, R300 million and R415 million over the MTEF years to promote and facilitate agricultural development to farmers benefiting from the land reform programme. The programme seeks to provide management, capacity building and business development support to emerging farmers. In addition, the programme aims to further expand farm infrastructure for dipping, fencing, and the rehabilitation of irrigation schemes.

Table E.15 Conditional grants to provinces, 2004/05 – 2007/08

R million	2004/05	2005/06	2006/07	2007/08
Agriculture	344	290	345	462
Comprehensive Agricultural Support Programme Grant	200	250	300	415
Land Care Programme Grant: Poverty Relief and Infrastructure Development	44	40	45	47
Agricultural Disaster Management Grant	100	–	–	–
Education	991	1 048	1 743	1 805
Further Education and Training College Sector Recapitalisation Grant	–	–	500	500
HIV and Aids (Life Skills Education) Grant	134	136	144	152
National School Nutrition Programme Grant	832	912	1 098	1 153
Early Childhood Development Grant	2	–	–	–
Financial Management and Quality Enhancement Grant	22	–	–	–
Health	7 655	8 666	9 408	9 870
Comprehensive HIV and Aids Grant	782	1 135	1 567	1 646
Health Professions Training and Development Grant	1 434	1 520	1 520	1 596
Hospital Management and Quality Improvement Grant	142	150	159	167
Hospital Revitalisation Grant	912	1 027	1 180	1 239
Integrated Nutrition Programme Grant	112	123	–	–
National Tertiary Services Grant	4 273	4 709	4 981	5 221
Housing	4 589	4 868	5 660	6 918
Integrated Housing and Human Settlement Development Grant	4 474	4 843	5 660	6 918
Human Settlement and Redevelopment Grant	116	24	–	–
Land Affairs	6	8	8	–
Land Distribution: Alexandra Urban Renewal Project Grant	6	8	8	–
National Treasury	3 348	3 731	4 118	5 324
Provincial Infrastructure Grant	3 348	3 731	4 118	5 324
Provincial and Local Government	220	–	–	–
Local Government Capacity Building Fund Grant	220	–	–	–
Social Development	45 766	55 932	61 205	66 139
Integrated Social Development Services Grant	388	388	411	432
HIV and Aids (Community-Based Care) Grant	70	138	139	143
Social Assistance Administration Grant	–	3 382	3 584	3 734
Social Assistance Transfers Grant	45 308	52 023	57 070	61 830
Sport and Recreation South Africa	9	24	39	41
Mass Sport and Recreation Participation Programme Grant	9	24	39	41
Total	62 928	74 567	82 525	90 558

Education grants

The Department of Education administers three conditional grants: the *National School Nutrition Programme*, *Recapitalisation of FET Colleges*, and the *HIV and Aids (Life Skills Education) Grants*.

The *National School Nutrition Programme* seeks to improve nutrition of poor school children and to enhance active learning capacity and improve attendance in schools. The programme targets about 15 000 schools in poor communities at which about 5 million learners will be fed for approximately 156 school days. The programme is allocated R912 million in 2005/06, R1,1 billion in 2006/07 and R1,2 billion in 2007/08.

The *FET Recapitalisation Grant* is introduced in 2006/07 to fund the recapitalisation of further education and training institutions in order to equip them to provide more appropriate courses that

facilitate the modernisation of skills critical to the needs of the economy. The recapitalisation targets the rehabilitation of infrastructure (modernisation of equipment and facilities), improved governance and administration, and greater curriculum flexibility. The grant is allocated R500 million in each of the outer years of the MTEF.

The national Department of Education also manages the *HIV and Aids (Life Skills) Programme Grant*, which provides care and support to children infected and affected by HIV and Aids. In addition, the grant is spent on provision of life skills training, sexuality and HIV and Aids education in primary and secondary schools. The *HIV and Aids Grant* is allocated R136 million in 2005/06, R144 million in 2006/07 and R152 million in 2007/08. The programme is now fully integrated into the schooling system with learner and teacher support material provided for grades 1 to 9 learners. Since the inception of the programme in 1999/00 provinces trained 12 989 learners as peer educators and 34 470 educators in life skills. In addition, over 300 district officials were trained as master trainers to train educators in life skills.

Health grants

The national Department of Health administers the most number of conditional grants, and second largest in size, with its 6 conditional grants that comprise 11,6 per cent of total conditional grants and 4,1 per cent of national transfers to provinces. Health grants are R8,7 billion in 2005/06, and are budgeted to increase to R9,9 billion by 2007/08.

Four of the grants are linked to tertiary and central hospital services and training. These are the *National Tertiary Services Grant*, the *Health Professions Training and Development Grant*, the *Hospital Revitalisation Grant*, the *Hospital Management and Quality Improvement Grant*. The other two grants are the *Comprehensive HIV and Aids Grant* and the *Integrated Nutrition Grant* that will be phased into the provincial equitable share from 1 April 2006. The *National Tertiary Services* and *Health Professions Training and Development Grant* are both Schedule 4 grants.

The *National Tertiary Services Grant* is allocated R4,7 billion in 2005/06, increasing to R5,2 billion in 2007/08 to fund national tertiary services delivered in 27 hospitals across the nine provinces and ensure the equitable access to basic tertiary services in the country. Given the specialised nature of tertiary and other hospital services, these services tend to be concentrated in larger cities such as Johannesburg, Pretoria, Cape Town, Durban and Bloemfontein. Consequently, Western Cape and Gauteng receive 63,6 per cent of the grant as they provide the largest proportion of these sophisticated services for the benefit of the health sector countrywide. However, the grant has declined in real terms for Gauteng and Western Cape, as national health policy has attempted to better redistribute such services to other provinces, and also due to the scaling down of the number of hospitals offering tertiary services in favour of lower levels of care to community and district hospitals. However, such restructuring requires a broad strategy to shift staff, resources, assets, and a realistic phasing-in period. Government is currently in the process of reviewing its long-term vision for such hospitals and for tertiary services, their distribution between provinces, the restructuring required to effect such transformation, and the link between financing of academic hospitals and university medical faculties. Such vision will be finalised through the Modernisation of Tertiary Services Project, which is examining a ten-year framework for future provision of highly specialised services. The review is still in progress, and will be concluded ahead of the finalisation of the 2006 Budget. In line with a Cabinet decision, the review will focus on all current hospital grants.

It also appears that the current four hospital grants may be not properly aligned to provincial hospital and training programmes and provincial budgets. There is also a lack of available information on the outputs achieved by the hospital grants. A review of these grants will seek to determine whether there might be a case for rationalising them.

The *Health Professions Training and Development Grant (HPTD)* compensates provinces for their role in supporting teaching and training of health science students. It enables the shifting of teaching activities from central to regional and district hospitals. It increases from R1,4 billion in 2004/05 to R1,5 billion in 2005/06 and to R1,6 billion in 2007/08. The largest portion is distributed to provinces according to a formula based on the number of current medical students. A further component (developmental component) provides for a phased increase in the number of medical specialists and registrars in historically under-served provinces to address inter-provincial inequities in post-graduate training capacity. The grant is kept constant in nominal terms pending completion of the review of this grant and its improved alignment with higher educational funding streams.

The *Hospital Revitalisation Grant* plays a key role in transforming and modernising infrastructure and equipment in hospitals. It funds the upgrading and replacement of hospital infrastructure and focuses primarily on projects in which an entire hospital is upgraded. The grant also includes a component aimed at improving systems for medical equipment. Since the start of the grant in 1999/00, 210 hospitals have been fully revamped. In 2002/03 the grant focused on large upgrading and replacement projects. The first 27 of these are under way of which 10 will be completed in 2005/06. The largest hospitals funded and completed through this grant is Inkosi Albert Luthuli Hospital (with 846 beds) in KwaZulu-Natal, Nelson Mandela Hospital (with 460 beds) in Eastern Cape and Pretoria Academic (with 777 beds) in Gauteng. The grant is allocated R3,4 billion to rehabilitate and upgrade 59 hospitals over the next three years.

The *Hospital Management and Quality Improvement Grant* is allocated R150 million in 2005/06, increasing to R167 million in 2007/08. This grant facilitates a range of management development initiatives, including personnel, and procurement delegations and financial management capacity. It also supports the implementation of a range of hospital quality of care interventions specified in the national policy and can be seen as complimentary to the aims of the hospital revitalisation programme.

The *Comprehensive HIV and Aids Grant* enables the health sector to develop a specific response to the HIV and Aids epidemic. The grant supports, in addition to maintaining other HIV and Aids prevention programmes, specific interventions, which include voluntary counselling and testing, prevention of mother to child transmission, post exposure prophylaxis and home based care. So far 650 sites provide comprehensive prevention of mother to child transmission interventions to more than 80 000 women. KwaZulu-Natal, Western Cape and Gauteng achieved full coverage in the implementation of post-exposure prophylaxis. By 2002/03 about 1 625 sites were providing voluntary counselling and testing for HIV and Aids. The grant is allocated R1,1 million in 2005/06 growing to R1,6 million in 2007/08 to, in addition to other HIV and Aids interventions, implement Government's Comprehensive HIV and Aids Treatment and Care plan.

The *Integrated Nutrition Programme (INP)* is being phased-out as most of this grant was transferred to the National School Nutrition Programme under the Department of Education from 1 April 2004. It currently is aimed at assisting malnourished pre-school children under the age of five through feeding schemes. The grant is allocated R123 million in 2005/06 and phased into the equitable share formula from 1 April 2006 with the programme continuing and funded directly by provinces.

Housing grants

Government approved a comprehensive housing strategy to speed up housing delivery and at the same time develop sustainable human settlements. To streamline the funding for housing development, the *Housing Subsidy Grant*, which provides subsidies for low-income housing, and the *Human Settlement Redevelopment Grant*, which funds projects that aim to address dysfunctions in human settlements, have been subsumed into a single grant (the *Integrated Housing and Human Settlements Grant*). The new grant takes effect from 1 April 2005. However,

part of the *Human Settlement Grant* is retained for 2005/06 to fund outstanding commitments on some of the projects not finalised in 2004/05.

To implement the comprehensive housing strategy, R2 billion is added to the new *Integrated Housing and Human Settlement Grant* over the next three years. The *Integrated Housing and Human Settlement Grant* increases from R4,5 billion in 2004/05 to R6,9 billion in 2007/08. Part of the *Human Settlement Grant*, which is retained to fund outstanding commitments in 2005/06, is allocated R24 million.

A major change expected over the 2005 MTEF relates to the accreditation of municipalities in terms of the Housing Act (Act No. 107 of 1997 as amended). Municipalities, particularly the ones with sufficient capacity, will be encouraged to apply for accreditation.

Land Affairs grants

The *Land Redistribution: Alexandra Urban Renewal Project Grant* contributes towards the purchase of land for the relocation and settlement of Alexandra residents and other qualifying beneficiaries. The grant is allocated R8 million in 2005/06 and 2006/07 upon which it is phased out.

National Treasury grants

In line with Government's commitment to sustain social and economic infrastructure investment in provinces and at the same time stimulating rural and provincial economic development and addressing unemployment through an Expanded Public Works Programme, R1,0 billion is added to the *Provincial Infrastructure Grant* bringing its allocation over the next three years to R13,6 billion. The grant grows from R3,3 billion in 2004/05 to R3,7 billion in 2005/06 and is budgeted to grow to R5,3 billion by 2007/08. The growth in this grant enables Government to direct funds towards provinces with large backlogs, without neglecting provinces that have inherited higher levels of infrastructure. Provinces are expected to use these funds mainly for rehabilitation and construction of roads, schools, and health facilities and to address infrastructure needs for rural development focusing on agriculture. Since this is a Schedule 4 grant, provincial treasuries administer the grant and allocations are made to the line departments. In order to deal effectively with backlogs, the provincial division has been effected using a combination of the equitable share formula, roads element, and backlog component.

Provincial and Local Government grants to provinces

The two grants administered by the Department of Provincial and Local Government and transferred to provinces – *Local Government Capacity Building Fund* and the *Municipal Infrastructure Grant* – to enable provinces to assist municipalities have been discontinued. These grants will now flow directly to municipalities. Provinces are expected to fund their own capacity-building programmes for municipalities from their own revenue.

Social development grants

The shift in funding of social grants from 1 April 2005 means that the Department of Social Development manages the largest share (75 per cent) of conditional grant allocations to provinces constituting 26,7 per cent of total national transfers to provinces. Total conditional grants administered by the Department of Social Development are R55,4 billion in 2005/06 growing to R65,6 billion by 2007/08. The Department will administer 4 grants from 1 April 2006, two of which are for social security transfers and their administration, and the other two are for integrated social development services and HIV and Aids (Community-Based Care).

The shift of funding social security transfers and their administration is a transitional measure until such time that the social security agency is fully established at a national and regional level. The social security grant function will be administered through two conditional grants: the *Social Assistance Transfer Payment Grant*, which will fund the actual transfers to beneficiaries, and the *Social Assistance Administration Grant*, which will fund the overall administration of the function.

The *Social Assistance Transfers Grant* is allocated R52,0 billion in 2005/06, R57,1 billion in 2006/07 and R61,8 billion in 2007/08 and will fund grant payments in terms of the Social Assistance Act (Act No. 13 of 2004). These allocations now incorporate the *Child Support Extension Grant* conditional grant that was funding the phased extension of the means-tested child support grant. The phasing started with 7 and 8 year old children in 2003/04, was extended to 9 and 10 year old children in 2004/05 and is expected to cover 11, 12 and 13 year-old children in 2005/06.

The *Social Assistance Administration Grant* is allocated R3,4 billion in 2005/06, R3,6 billion in 2006/07 and R3,7 billion in 2007/08. This grant will fund the overall administration of the function, which includes employees, cost of payment contractors and other administrative aspects that are involved in the processes of paying grants to beneficiaries. The administrative function will discharge its responsibilities such as the processing of grant applications.

The introduction of the two social grant programmes has necessitated revisions to the 2005 Division of Revenue Bill, to deal with the risk of moral hazard (where provinces spend national government funds), and ensure that national and provincial accounting officers and treasuries exercise their responsibilities in a way that reduces such risk.

The *Integrated Social Development Services Grant* (formerly called Emergency Food Relief Grant) has been reconfigured into a general-purpose grant (Schedule 4 grant) to enable provinces to support and provide appropriate social welfare services, development interventions, and immediate and appropriate short-term relief to vulnerable individuals and households who are not receiving any form of assistance in terms of the Social Assistance Act. Allocations for this grant are R388 million in 2005/06, R411 million in 2006/07 and R432 million in 2007/08.

The *HIV and Aids (Community-Based Care) Grant* amounts to R138 million in 2005/06 and increases to R143 million in 2007/08. The grant provides social welfare services to orphans and vulnerable children who are infected and affected by HIV and Aids, within family and community context, in partnership with non-profit organizations (NGOs, CBOs and other community organisations). It further seeks to develop and support institutional structures, professionals, community workers, and child and youth care workers through targeted training programmes in order to ensure effective support to people affected by HIV and Aids.

Sports and Recreation grants

The Department of Sport and Recreation has been allocated R24 million in 2005/06, R39 million in 2006/07 and R41 million in 2007/08 to promote mass participation within historically disadvantaged communities in a selected number of development sporting activities.

Part 5: Local government fiscal framework and allocations

The local government fiscal framework

During 2004, the local government fiscal framework was subjected to a two-part review. The first part focused on the local government equitable share formula, while the second part covered matters pertaining to local government taxes, among other things. Although the reform of the local

government equitable share formula is now completed, further work on the local government fiscal framework will continue in a number of areas.

In exercising their revenue powers, it is important that municipalities do so in a manner that does not impact materially on national macroeconomic policy imperatives, such as inflation targeting. A local government taxation bill may need to be prepared by national government to deal with the future of the Regional Services Council (RSC) levy, and to regulate the exercise of all other taxation powers of municipalities.

An assessment of the impact of the new property rates legislation on public infrastructure and state-owned properties, particularly those offering local services like schools and clinics will be undertaken. The review will investigate the possibility of an intergovernmental agreement on low or no rates to be charged on such categories of infrastructure, including the possibility that the I component be reviewed in 2006 to compensate for public infrastructure and per local service.

National legislation in terms of sections 155 and 229 of the Constitution may regulate how fiscal powers and functions are to be divided or shared between B and C municipalities. At present, property taxes are allocated to category A and B municipalities on the basis that category B municipalities are responsible for functions such as water, sanitation, electricity, refuse removal. Due to an asymmetric division of powers and functions between category B and C municipalities, certain category C municipalities are assigned the water function by the Minister for Provincial and Local Government, even though it is category B municipalities that collect (and retain) property taxes. Similarly, although certain category C municipalities have no major functions to perform, they receive RSC levy income.

In preparation for the local government elections at the end of this year or early next year, the Demarcation Board is in the process of delimiting municipal wards and reviewing provincial boundaries to do away with cross-boundary municipalities. Changes may be required to the framework due to new demarcations and other changes for the newly-elected municipalities, including potential adjustments to the I component and other components of Equitable Share and MIG formula.

While the equitable share provides support for operational expenditure on providing basic services for poor households, MIG supports the rollout of infrastructure for poor households to have access to these basic services. Therefore as MIG reduces backlogs in infrastructure delivery, the equitable share needs to account for the fact that a greater percentage of the population is serviced. Reliable and regular data at a municipal level are difficult to obtain. Data used for determining the current equitable share and MIG allocations were obtained from the 2001 Census. The next census will only take place in 2011 and the Census Replacement Survey will only provide data up to district municipal level. As agreed to by the Budget Forum, an annual data survey will be put in place, possibly with the assistance of STATS SA, in an attempt to update the data used in the equitable share and MIG formulas on an annual basis.

The National Treasury has conducted a survey among all municipalities, and classified them into three categories of high, medium or low capacity municipalities as published in Gazette No. 26511. National government is increasingly dealing with municipalities depending on this classification to phase in sections of MFMA, as well as to phase in specific powers and functions, as well as whether grants like MIG are to be given directly to the municipality or not.

National transfers to local government

The local government share increases over the next three years by R5,4 billion to R58,3 billion over the 2004 budget baseline of R52,9 billion. National allocations to local government (Table E16) grow from a revised allocation of R14, 8 billion in 2004/05 to R17, 2 billion in 2005/06, R19,7 billion in 2006/07 and R21,5 billion by the end of the MTEF in 2007/08.

Table E16 indicates that the share of nationally raised revenue for local government rises from 4,6 per cent in 2004/05 to 5,0 per cent in 2007/08. National allocations are an important source of revenue for municipalities, comprising around 14,7 per cent of total local government budgets of over R100 billion in 2004/05, varying between 3 to 6,7 per cent for metros, and as high as 87,3 per cent in some districts. Major sources of own revenue for municipalities include property taxes, regional service levies, user charges on electricity, water, refuse removal and other municipal services.

Table E.16 National transfers to local government, 2004/05 – 2007/08

R million	2004/05	2005/06	2006/07	2007/08
Equitable share and related	8 626	10 578	11 505	12 411
Equitable share	7 678	9 643	10 515	11 371
Water and sanitation operating	949	934	991	1 040
Infrastructure	5 363	5 833	7 454	8 301
Programme	–	–	–	–
Water Services Project	217	139	–	–
Community Based Public Works Programme	–	–	–	–
Local Economic Development Fund	–	–	–	–
Sport and Recreation Facilities	134	–	–	–
National Electrification Programme	251	258	–	–
Urban Transport Fund	–	–	–	–
Municipal Infrastructure Grant	4 481	5 436	7 454	8 301
Disaster relief	280	–	–	–
Current transfers	768	749	749	749
Restructuring grant	388	350	350	350
Financial management grant	198	199	199	199
Municipal Systems Improvement	182	200	200	200
Total	14 757	17 159	19 708	21 461

National transfers to local government are divided into three major categories, namely:

- the equitable share grant (together with the water operating grant);
- infrastructure conditional grants; and
- capacity-building and restructuring conditional grants.

The unconditional equitable share allocation is the largest and most significant national allocation, in accordance with section 214 of the Constitution, and grows in significance relative to all other grants, rising from 52 per cent in 2004/05 to 56,2 per cent in 2005/06. This amount rises to 61,7 per cent when the water operating grant is included in total national grants. The second largest allocation to local government is the *municipal infrastructure conditional grant (MIG)*, which is 32 per cent in 2005/06, and the third and smallest category of grants are the capacity and restructuring grants, whose share amounts to 4,4 per cent in 2005/06.

The biggest reform to the local government grants system in 2005/06 is the adoption of a new local government equitable share formula, which is phased in over the MTEF. By introducing a revenue raising component, the new formula addresses concern about the varying fiscal capacities of municipalities.

Government has also announced further supplementary allocations to be allocated between all three spheres of government, but from which many municipalities will benefit, including:

- R1,2 billion for sanitation to eradicate the bucket sanitation system, which is fully incorporated into the *Municipal Infrastructure Grant*;

- R3 billion for community infrastructure, which is not allocated, but a significant portion is expected to be allocated to municipalities through the MIG; and
- R3 billion for public transport infrastructure, which is not allocated, but a significant portion will be allocated to those municipalities, which have stadiums that will be used for the 2010 World Cup.

All grants to municipalities are published per municipality to enable municipalities to plan fully for their coming 2005/06 budgets, and to promote better accountability by ensuring that all national allocations are included in municipal budgets. The allocations are published for both the national and municipal financial years. The municipal financial year commences three months later than the national and provincial financial year, on 1 July. The allocation in terms of the national financial year serves as the legal appropriation requirement for national and provincial transferring departments. The allocations in terms of the municipal financial year facilitate proper reconciliation for audit purposes.

These allocations include the sanitation allocation of R1,2 billion, but exclude the R3 billion for community infrastructure and R3 billion for public transport infrastructure to be allocated within six months for publication in a gazette.

The local government equitable share formula: Its evolution since 1998

Sections 214 and 227 of the Constitution require that an equitable share of nationally raised revenue be allocated to the local sphere of government to enable it to provide basic services and perform the functions allocated to it. The size of the equitable share allocation to the local sphere of government takes account of the fiscal capacity, fiscal efficiency, developmental needs, extent of poverty and backlogs in municipalities, to the extent that such information is available for all municipalities.

The equitable share grant is an unconditional grant assisting municipalities to supplement their revenue to deliver services to poor households. Table E16 shows that the equitable share increase by R3,7 billion from the 2004/05 allocation of R7,7 billion to R11,4 billion in 2007/08.

The equitable share grant and formula were first introduced in 1998/99. It has undergone a number of changes since its inception, to take account of costs of transformation, data updates and new priorities. These changes are listed below as follows:

- 2000/01 – incorporation of the former R293 town subsidies (excluding R293 personnel),
- 2001/02 – incorporation of the R293 personnel subsidies, adjustments to the method of measuring poverty, and increasing the poverty threshold from R800 to R1 100,
- 2002/03 – the re-alignment of functions to the newly demarcated municipalities, the funding of district municipalities and the introduction of a nodal component to support the operational costs,
- 2003/04 – the introduction of free basic services to support poor communities and the alignment of the equitable share to the division of powers and functions between local and districts,
- 2004/05 – update data from the 2001 census, and adjusting the guarantee mechanism to phase in the impact of the new census results, and
- 2005/06 – will see the introduction of the new formula, which is more redistributive with a revenue raising and development component.

In 2002 Government recognised the need to review the formula, given the major restructuring that the local government sphere has undergone since 1998, and announced a comprehensive review. This review has, however, taken much longer than initially expected largely because of difficulties in obtaining consistent data across all municipalities. Notwithstanding the challenges of data and the uncertainty on some of the broad policy issues that will impact on the local government framework such as the establishment of Regional Electricity Distributors and the Municipal Property Rates Act, a new formula is introduced in this Budget. The new formula will be phased in over the 2005 MTEF with full implementation in 2007/08.

Structure of previous local government equitable share formula

$$\text{Grant} = S + I + FBS + FBE + R293 + \text{Nodal Allocation} + \text{Top up}$$

where

S is the basic services component

I is the institutional support component

FBS and FBE are for free basic services and electricity

R293, Nodal Allocations are transitional or specific windows

The previous formula is explained in detail in previous Budget documentation (refer to *Annexure E* of the *Budget Review 2004*), and is not dealt with here. A detailed explanation of the new formula follows below.

New equitable share formula

Guiding principles

The point of departure for the equitable share formula is the constitutional requirement that the local government equitable share must take into account, among other things:

- the ability of municipalities to provide basic services
- the fiscal capacity and efficiency of municipalities
- developmental and other needs of local government
- the desirability of stable and predictable revenue shares.

The guiding principles for the new formula remain the same as those for the previous formula, and include:

- a) *Equity*: Intergovernmental transfers should promote the constitutional goal of ensuring that all South Africans have access to basic services.
- b) *Efficiency*: The new transfer system should promote allocative efficiency by ensuring that interjurisdictional competition is an effective check on fiscal performance. This would imply a certain amount of fiscal equalisation, but such flows should not be of such a magnitude as to deter investment or cripple particular areas.
- c) *Spillover effects*: The transfer system should find ways of ensuring that projects with strong spillover effects are appropriately funded.
- d) *Facilitating democracy*: The transfer system should help build the capacity of local authorities as one of the cornerstones of a democratic society.

e) *Additional considerations*: Several additional principles were listed to enable the system to meet these objectives:

- Rationality – the system should be based on clearly articulated arguments about how the transfers would promote the goals of equity, economic growth and efficiency
- Unintended consequences should be limited. In particular perverse incentives should be avoided
- Predictability – the transfers should facilitate proper budgeting
- Accountability – since without accountability valuable national resources could be wasted
- Political acceptability and institutional capacity building – the transfer system should be seen to be as broadly based as possible and should facilitate the consolidation of South Africa’s new democracy
- Simplicity and transparency – to keep the systems and mechanisms simple.

Using the above principles, and recommendations of the Financial and Fiscal Commission, the National Treasury, working closely with the Department of Provincial and Local Government, South African Local Government Association, Statistics South Africa and the FFC, developed the following formula for discussion at the Budget Forum of 14 October 2004, and thereafter for adoption by Cabinet on 20 October 2004 and 16 February 2005.

The structure of the new formula

The new formula for the local government equitable share grant consists of four main components, for basic services, development needs, institutional needs and fiscal capacity.

Structure of new local government equitable share formula

$$\text{Grant} = BS + D + I - R \pm C$$

where

BS is the basic services component

D is the development component

I is the institutional support component

R is the Revenue Raising Capacity Correction and

C is a correction and stabilisation factor.

The Basic Services Component

Municipalities are expected to provide water, sanitation, electricity, refuse removal and other municipal services. The purpose of the basic services component is to enable municipalities to provide basic services and free basic services to poor households.

The previous formula supported basic services through several “windows” like the S grant, the FBS grant and the FBE grant resulting in some duplication in funding basic services. The new Basic Services component has the following characteristics:

- Supporting only poor households earning less than R800 per month;
- Distinguishing between poor households provided with services and those provided with lesser or no services; and

- Recognising water reticulation, sanitation, refuse removal and electricity reticulation as the core services.

The Basic Services Component

$$\begin{aligned}
 BS = & [Water\ Subsidy\ 1 * Poor\ with\ Water + Water\ Subsidy\ 2 * Poor\ without\ Water] + \\
 & [Sanitation\ Subsidy\ 1 * Poor\ with\ Sanitation + Sanitation\ Subsidy\ 2 * Poor\ without\ Sanitation] + \\
 & [Refuse\ Subsidy\ 1 * Poor\ with\ Refuse + Refuse\ Subsidy\ 2 * Poor\ without\ Refuse] + \\
 & [Electricity\ Subsidy\ 1 * Poor\ with\ Electricity + Electricity\ Subsidy\ 2 * Poor\ without\ Electricity]
 \end{aligned}$$

For each of the subsidised services there are two levels of support: a full subsidy for those households that actually receive services from the municipality and a partial subsidy for unserved households, currently set at a third of the cost of the subsidy to serviced households.

The Institutional Support Component

The *Institutional component* is also retained from the previous formula, as it is a standard component required for both the local government and provincial equitable share formulae. It is particularly important for poor municipalities, who often are unable to raise sufficient revenue to fund the basic costs of administration and governance. Such funding gaps make it impossible for poor municipalities to provide basic services to all their residents, businesses and other clients or customers.

The aim of this component is to supplement the funding of a municipality for administrative and governance costs, but not to fully fund the entire administration and governance cost of a municipality – this remains the primary responsibility of each municipality.

The Institutional Component

There are two elements to the institutional component: administrative capacity and local electoral accountability – the grant therefore is as follows:

$$I = \text{Base allocation} + [\text{Admin support} * \text{Population}] + [\text{Council support} * \text{Number of Seats}]$$

Where the values used in the formula are:

$$I = R350\ 000 + [R1 * \text{population}] + [R36\ 000 * \text{councillors}]$$

The I grant in the previous formula assumed that there are strong economies of scale in the functioning of local government – that larger municipalities are able to operate more cheaply than smaller ones. The new formula maintains this assumption of decreasing average costs by incorporating a base allocation that goes to all municipalities regardless of size.

The “Base Allocation” is an amount that will go to every municipal structure (except for a district management area (DMA)). The higher this allocation is set at, the more the formula benefits smaller municipalities. The second term of this formula recognises that costs go up with population. The third term is a contribution to the cost of maintaining councillors for the legislative and oversight role. The number of “seats” that will be recognised for purposes of the formula is that determined by the Minister for Provincial and Local Government.

The I grant will be updated for the 2006 MTEF to take into account any changes that may occur when new councils take over after the local government elections to be held later this year or early next year.

The Development Component

This component seeks to give effect to the developmental objectives for local government, beyond those identified with basic municipal services, and as envisaged in terms of section 214 of the Constitution. It is also intended as a policy component for future policy as the development objective is better identified, particularly for previously deprived areas.

The previous formula gave effect to the development component through a window for nodal allocations. The FFC has questioned the appropriateness of allocating a portion of the equitable share to selected municipalities. The new formula provides for clearer and specified criteria for all municipalities.

This component will not take effect immediately, but has been included in the formula as a future variable. A series of consultations held with various stakeholders could not yield any agreement in the limited time available on the factors to be taken into account for the development component. Further research and consultations will take place during 2005, including a request to the FFC to recommend an approach to give effect to this component. In the meantime, for the 2005 MTEF, it was decided to set this component at zero.

The Revenue Raising Capacity Correction

The FFC has recommended the inclusion of a fiscal capacity or revenue raising capacity measure in the equitable share formula. Government accepted this recommendation, but the lack of data to measure fiscal capacity has made it difficult to implement this recommendation earlier. The fundamental problem is that at present there is no national property valuation roll that can be used to approximate revenue raising capacity consistently across the country. It would not be desirable or equitable to use actual revenues raised, since this would immediately create perverse incentives in the system. Furthermore some municipalities do not seem to make enough effort to raise revenues. The National Treasury has considered suitable ways of creating proxies that would deal with all of these problems. The basic approach is to use the relationship between demonstrated revenue raising capacity among municipalities that report information and objective municipal information from Statistics South Africa to proxy revenue raising capacity for all municipalities. The total revenue that should be available to a municipality then is converted to a "correction" by imposing a "tax" rate of 5 per cent. At this level, municipalities end up contributing around R1,2 billion in 2005/06 towards the cost of basic services and administrative infrastructure.

Stabilising Constraint

The local government equitable share has been characterised by many large-scale changes since its inception in 1998, including the addition of different windows. In an effort to ensure some stability in grant allocations, the previous formula provided a 70 per cent guarantee on previous year's allocation. With the publication of three-year budget allocations it is more sensible to apply the guarantee mechanism to the indicative outer-year baseline amounts rather than to current or past year allocations. In particular the aim should be to give municipalities what they were promised in the previous MTEF round of allocations, as far as this is possible.

An additional constraint is to ensure that allocations are not negative due to the revenue raising correction.

Other considerations in applying the formula

The formula as outlined above has to be modified somewhat in order to take account of some of the intricacies of the allocation process. In particular one needs to ensure that powers and functions are taken into account and that the overall budget balances.

a) Powers and Functions

The local government system has a number of asymmetries, not only between different categories of municipalities, but also between the same category of municipalities. Firstly, there is the broad division of the sphere into category A, B and C municipalities. Secondly, the division of powers and functions between category B and C municipalities differs, even between the different category B municipalities within the same category C district. For example, a category B municipality may or may not have the power or function for potable water, which may be with the category C municipality. However, the formula still provides an indicative amount for that category B municipality, as there may be another category B municipality within the same district that has the water function assigned to it. In order to deal with these differences the model has to ensure that the allocations made in terms of the “Basic Services” component have to go to the municipality that actually performs the function.

b) Balancing allocations

The “horizontal division” of allocations made between municipalities depends on the size of the overall allocation that is made to the local government sphere, normally determined through a separate consultative process to determine the equitable share of nationally raised for each of the three spheres of government (i.e. the “vertical division”). Since there is no guarantee that allocations made in terms of the vertical division add up precisely to the amount allocated to the local government equitable share, such allocations need to be adjusted to fit within the constraints outlined above.

Rescaling of the BS, D and I Components

The simplest way of making the system balance is to rescale the BS, D and I components to the available budget, hence the formula actually becomes:

$$\text{Grant} = \text{Adjustment Factor} * (\text{BS} + \text{D} + \text{I}) - \text{R} \pm \text{C}$$

This adjustment factor is calculated so as to ensure that the system balances.

In order to deal with the constraints, municipalities are divided into two groups. Those municipalities that require a “top up” in order to meet the stabilising constraints and those that do not. The total size of the top up is calculated and this is deducted from those that do not require a top up in proportion to the “surplus”.

In the previous formula this process is done in a more complicated way. The disadvantage of the previous formula is that the final allocations had to be calculated iteratively, making the model very complex (and hence difficult for many policy-makers and the public to comprehend).

Measurement Issues

In order to implement the revised formula, one has to be able to measure the variables quite accurately. The integrity of the data is as important as the set of equations in determining whether the allocations meet the constitutional requirement of equity. It should be noted that measurement is itself a dynamic issue – new data sets become available, while existing data series might be discontinued. This means that the allocation process is subject to regular changes and innovation.

a) Poverty

The baseline information for the measurement of poverty comes from Census 2001. A technical issue is whether to use the “income” or “imputed expenditure” method to estimate poverty at the municipal level. At present the “imputed expenditure” method does not allow for

a cross-tabulation of poverty against servicing levels, so the “income” method is used for the formula, as it matters whether the poor are actually receiving services or not.

b) Servicing levels

A key ingredient in the current formula is the subsidy received by poor households for various services delivered to them. Given that most municipalities are unable to provide cost information per service, alternative sources of information are required for key data on costing of services.

In the previous formula the amounts were based on a study that was conducted in the late 1990s by the Development Bank of Southern Africa (DBSA). The subsidy amounts are updated in the new formula, using a more recent study by the Department of Provincial and Local Government.

The new service costs are R130 per month for a serviced household and R45 per month for an unserviced household.

Table E.17 Service costs

Service costs per month	1998 Estimates	Serviced households	Unserviced households ¹
Electricity	36,0	40,0	15,0
Water	20,0	30,0	10,0
Refuse	20,0	30,0	10,0
Sanitation	10,0	30,0	10,0
Total	86,0	130,0	45,0

1. One third of serviced households (2004 DPLG study).

c) Revenue Raising Capacity

In order to introduce the revenue raising capacity measure one has to be able to approximate revenue capacity reasonably accurately. This has been the major impediment to introducing this component. Information on revenue collected (by source) is only available from each municipality, and even where a municipality is able to provide such information, it must be comparable between municipalities so as not to expose the formula to data manipulation. The lack of such information requires the use of alternative research. For the new formula an imputation process using municipal revenue data and census information was undertaken. This process has the advantage that:

- It leads to measures of revenue raising capacity that are highly correlated with actual revenues raised
- Municipalities cannot manipulate it in order to influence their equitable share allocations.

Phasing-in of the new formula

The new formula will be phased-in and fully introduced only in the 2007/08 financial year. The new formula is used to generate the allocations by municipality based on the new baseline allocations for 2005/06, 2006/07 and 2007/08 announced in the 2005 National Budget. The indicative allocations for 2005/06 and 2006/07, which were generated by the previous formula, are guaranteed.

The Water Service Operating Subsidy

This is a transitional operational grant closely related to the local government equitable share grant and in principle should be part of the equitable share grant. The grant is also an indirect grant, used to fund over 300 water schemes in municipalities through the Water Trading Account on the vote of the Department of Water Affairs and Forestry (DWAF). DWAF has administered a number of these schemes in poor areas prior to 1994. The operating grant amounts to R948 million in 2004/05, R934 million in 2005/06, R990 million in 2006/07 and R1 040 million in 2007/08 or a total of R2,9 billion over the MTEF.

DWAF is in the process of transferring schemes over the next three years, for which funding will be phased out from 2007/08. Like the process for the R293 staff, DWAF plans to conclude bilateral negotiations with municipalities by 31 March 2006. All funds on this programme will thereafter be transferred to municipalities directly as soon as such transfers occur. Direct grants to DWAF will be phased progressively downwards and those to municipalities upwards.

The transfer of water schemes involves the transfer of both assets and staff, and the resulting operating costs of salaries and free basic services. The 300 schemes employ 8 094 staff and affect 53 municipalities. So far 25 agreements had been signed, 495 staff transferred, 301 staff seconded and 84 schemes with a total asset value of approximately R1 billion. Over 40 per cent of the staff is to be transferred to municipalities in Limpopo. Estimated 'once off' personnel related costs over the three years amount to R393 million. Full costs for the operations of the schemes are being finalised. The medium-term plan is to transfer at least 4 000 staff in 2005/06 and the remainder of the staff in the 2006/07 and 2007/08 financial years.

All receiving municipalities will be required to conclude formal transfer agreements where the latest effective date of transfer is 31 March 2006. The operating and transfer subsidy will be treated as a grant-in-kind until the effective date of transfer, and thereafter progressively phased into the equitable share. The operating subsidy will cover staff related costs (HR component) and direct operating and maintenance costs (O component), whilst provision is also made for the refurbishment of infrastructure. The allocation per municipality will be according to the operational budget for each scheme and the funding requirements identified and agreed in the transfer agreement. Clear performance targets will be set with the assistance of the Department of Provincial and Local Government and SALGA to complete the process.

Conditional grants to local government

Schedules 4, 6, 6A and 7 of the Division of Revenue Bill provides for the conditional grants to municipalities. Despite the growing importance of the unconditional equitable share grant, conditional grants are still a significant portion of national grants to local government. In particular, conditional grants are used to:

- Incorporate national priorities in municipal budgets
- Promote national norms and standards
- Address backlogs and regional disparities in municipal infrastructure
- Effect transition by supporting capacity building and restructuring of municipalities.

Total conditional grants, including the water operating subsidy, to municipalities increase from R7,1 billion in 2004/05, to R7,5 billion in 2005/06, R9,2 billion in 2006/07 and R10,1 billion in 2007/08. There are two categories of conditional grants, infrastructure and capacity-building/restructuring grants. The most significant development for 2005/06 is the finalisation of the consolidation of the remaining infrastructure grants into the Municipal Infrastructure Grant. The capacity building and restructuring grants are capped at R749 million for the two outer years, and

are being rationalised over the medium term. Below is a summary of all the conditional grants listed in Schedules 4, 6, 6A and 7 of the 2005 Division of Revenue Bill.

Infrastructure conditional grants to local government

The *Municipal Infrastructure Grant* is a critical instrument for achieving Government's objective of expanding the delivery of basic services to poor households and alleviating poverty. This grant is listed on Schedule 4 of the Division of Revenue Bill, as it supplements municipal allocations for infrastructure expenditure. For this reason, the role of national departments in relation to this grant is limited only to enforcing compliance with the minimal conditions set out in its framework and monitoring performance by receiving municipalities.

The *Municipal Infrastructure Grant* complements the equitable share allocations to give effect to Government's commitment towards access to basic services to all households, including the delivery of free basic services to poor households and other poverty alleviation objectives.

This grant is also aimed at stimulating local economic development and job creation over the medium term. Municipalities are therefore required to dedicate a portion of their capital budgets to labour-based infrastructure methods to meet the objectives of the Expanded Public Works Programme. The total allocation for infrastructure is R5,4 billion, R7,5 billion, R8,3 billion for each of the MTEF years.

The *Municipal Infrastructure Grant (MIG)* established in 2004 simplifies and rationalises policy and funding mechanisms for municipal infrastructure. The MIG merged the following grants in a phased manner over a three-year period ending by 2005/06:

- *Consolidated Municipal Infrastructure Programme*, in support of internal bulk, connector infrastructure and community facilities to poor households
- *Water Service Capital Fund*, in support of bulk, connector and internal infrastructure for water services at a basic level
- *Community Based Public Works Programme*, in support of the creation of community assets in rural, historically disadvantage communities
- *Local Economic Development Fund*, in support of planning, and implementation of job creation and poverty alleviation
- *Building for Sport and Recreation Programme*, in support of promoting sport and recreation facilities within disadvantage communities
- *Electrification* funding in support of addressing the electrification backlog of permanently occupied residential dwellings that are situated in historically under-supplied areas.

The MIG is geared to making the system of transfers to municipalities simpler, more certain, direct and reduces the number of steps in decision-making processes. Its conditions are more flexible, designed to support the capital budgets of municipalities, and to facilitate integrated development planning. The MIG does not fund specific projects, but is designed to complement the capital budgets of municipalities (similar to the provincial infrastructure grant).

The MIG gives municipalities a central role in coordinating development activity and the delivery of municipal infrastructure within their jurisdictions. It is focused on achieving a number of outputs, including the achievement of service coverage targets, employment creation and linking Integrated Development Plans (IDPs) and budgets. The role of national and provincial government is to support, and monitor policy outcomes of municipal infrastructure investments. Crucially, the policy reform around infrastructure grants will bring the grant system in line with the general direction and path of the intergovernmental system, which is focused on improving the capacity, efficiency, effectiveness, sustainability and accountability of the local government

sphere, and making integrated development plans the primary mechanisms for intergovernmental coordination. Hence the MIG is re-classified as a Schedule 4 grant.

To ensure that commitments made by departments whose grants are subsumed in MIG before 30 September 2003 are honoured by municipalities, a specific condition is imposed. The remaining commitments by the Water Services Capital Grant and the Integrated National Electrification Programme run out by 2005/06, thereafter these programmes will be fully phased into the MIG.

The MIG policy also makes provision for various capacity levels of municipalities namely, high, medium and low capacity municipalities. As from the 2005/06 financial year, all high, medium and selected low capacity municipalities will receive allocations directly. The final allocations equal either the existing commitments for the municipality or the allocation as calculated by the MIG formula, whichever is higher. The high and medium capacity municipalities will be expected to produce medium term capital plans and budgets, reflecting all projects to be funded in each sector.

The low capacity municipalities, with the exception of a few selected municipalities will receive their grants, via the district municipality. Various levels of support are available to municipalities either by the national government, provincial government and Project Management Units to ensure that low capacity municipalities improve their capacity to the point where they can receive their grants directly.

The grant framework for the MIG reflects the output-based reporting as required in terms of the Division of Revenue Act. Municipalities will be required to report on spending on capital in accordance with the Municipal Finance Management Act through monthly reports, quarterly on performance and the annual reports, particularly for priority sectors like water and sanitation, refuse removal, roads and community facilities and on expanded public works.

MIG Formula

The 2005 MTEF introduces a ring-fenced amount for the eradication of the bucket sanitation system by 2010. The programme has been kick started with an additional allocation of R1,2 billion over the 2005 MTEF. For the 2005/06 financial year, R200 million is to be targeted to specific municipalities with a high prevalence of the bucket sanitation system that would be able to implement projects sooner. Although an upfront allocation is made for the 2006/07 and outer years, municipalities should prepare and submit plans to demonstrate their readiness in meeting this challenge over the medium term. These plans are to be submitted to the Department of Water Affairs and Forestry by no later than 1 October 2005.

There are five main components of the formula, after accounting for funds flowing to the Special Municipal Infrastructure Fund (SMIF) (R128 million of total funds in 2005/06) for innovation and region-wide programmes. The SMIF is a project-based allocation made by the Department of Provincial and Local Government to municipalities.

For the 2005/06 municipal financial year, R128 million is top-sliced from the MIG allocation and distributed on a project basis to municipalities through the SMIF. The balance of the MIG allocation is then applied through the formula to determine the allocation due to each municipality using the formula. Since no multi-year applications have been received, no allocation is set aside for the SMIF in 2006/07 and 2007/08. However, the DPLG will be allowed to commit up to R155 million in each of the outer years. These amounts will then to be top-sliced from the increase in the baseline for the MIG programme in the 2006 MTEF.

Depending on the level of existing commitments and the capacity of the municipality, a proportion will flow as MIG funds to the municipality as described above. The key condition over this initial period is the submission of three-year capital plans. The other applicable conditions and outputs are contained in the MIG framework as per the Division of Revenue Gazette.

MIG_(F) = B + P + E + N + M	
B	Basic residential infrastructure (new and rehabilitated) Proportional allocations for water supply and sanitation, electricity, roads and 'other' (Street lighting and solid waste removal)
P	Public municipal service infrastructure (new and rehabilitated)
E	Allocation for social institutions and micro-enterprises infrastructure
N	Allocation to all nodal municipalities
M	Negative or positive allocation related to past performance of each municipality relative to grant conditions

Over the 2005 MTEF, R21,2 billion is available for the MIG Programme. The Electricity Programme (both municipal and Eskom programmes) is incorporated into the MIG in 2006/07. This requires a rescaling of the weights of the B component. The rescaling and weighted shares per sector are illustrated in Table E18.

Table E.18 Municipal Infrastructure Grant (MIG) allocations per sector, 2004/05 – 2007/08

	2004/05	2005/06	2006/07	2007/08	
Weights	Original weights	Adjusted weights			
Municipal Infrastructure Grant (a)	100,0%				
Special Municipal Infrastructure Fund and Management (b)	4,0%				
Ring-fenced allocation: Eradication of Bucket Sanitation System (c)					
Municipal Infrastructure Grant (formula)	96,0%	(a)-(b)	(a)-(b)-(c)	(a)-(b)-(c)	(a)-(b)-(c)
of which Municipal Infrastructure Grant (formula)					
B Component	75,0%	75,0%	75,0%	75,0%	75,0%
<i>Water and sanitation</i>	72,0%	72,0%	72,0%	53,0%	53,0%
<i>Electricity</i>	0,0%	0,0%	0,0%	22,0%	22,0%
<i>Roads</i>	23,0%	23,0%	23,0%	20,0%	20,0%
<i>Other</i>	5,0%	5,0%	5,0%	5,0%	5,0%
P Component	15,0%	15,0%	15,0%	15,0%	15,0%
E Component	5,0%	5,0%	5,0%	5,0%	5,0%
N Component	5,0%	5,0%	5,0%	5,0%	5,0%

Table E19 shows the respective components of the MIG allocation and how they are distributed by the formula. The formula allocations have been adjusted to provide funds to the municipality assigned the function to perform the particular service, in line with Government Gazette No. 24228 of 3 January 2003 issued by the Minister of Provincial and Local Government.

Table E.19 Municipal Infrastructure Grant (MIG) allocations per sector, 2004/05 – 2007/08

	2004/05	2005/06	2006/07	2007/08	
R million	Original weights	Adjusted weights			
Municipal Infrastructure Grant (a)	4 446	4 440	5 436	7 454	8 301
Special Municipal Infrastructure Fund and Management (b)	178	33	129	–	–
Ring-fenced allocation: Eradication of Bucket Sanitation System (c)	–	–	200	400	600
Municipal Infrastructure Grant (formula)	4 268	4 407	5 107	7 054	7 701
of which Municipal Infrastructure Grant (formula)					
B Component	3 201	3 305	3 830	5 291	5 776
<i>Water and sanitation</i>	2 305	2 380	2 758	2 804	3 061
<i>Electricity</i>	–	–	–	1 164	1 271
<i>Roads</i>	736	760	881	1 058	1 155
<i>Other</i>	160	165	192	265	289
P Component	640	661	766	1 058	1 155
E Component	213	220	255	353	385
N Component	213	220	255	353	385

Capacity building and restructuring grants

The capacity building grants were set up to assist municipalities in building management, planning, technical, budgeting and financial management skills. There are two capacity building grants, the *Financial Management Grant* and the *Municipal Systems Improvement Programme*, and a *Restructuring Grant*. These grants total R749 million each for the 2005 MTEF. Government intends to phase these grants into the equitable share over the medium term.

During the past few years, national and provincial governments have committed significant resources to capacity building. The capacity building funds have been directed to a number of initiatives. The success of this programme will only be measurable during this MTEF period. Emphasis has shifted towards building in-house municipal capacity, supporting an internship programme to develop new skills in financial management, improve service delivery and value-for-money. The primary beneficiaries of these grants are municipalities.

The *Municipal Systems Improvement Grant (MSIG)* under the vote of the Provincial and Local Government Department assists municipalities to build through district and selected local municipal support and focuses on stabilising municipal and governance systems, planning and implementation management support centres (PIMS), reviewing IDP's and implementing the Municipal Systems Act. To date 47 PIMS centres have been established in all districts. Allocations over the 2005 MTEF amount to a further R600 million.

The *Financial Management Grant* under the National Treasury vote funds the modernisation of financial management, including building in-house municipal capacity to implement multi-year budgeting, link integrated development plans to budgets, produce quality and timely in-year and annual reports, and generally supports municipalities in the implementation of the Municipal Finance Management Act, Act 56 of 2003. A portion of the grant is used to leverage international technical assistance support. Currently over thirty advisors are working in selected municipalities supporting the implementation of the Act. Furthermore, to facilitate skills development in financial management, municipalities have utilised the grant to appoint over two hundred and fifty Interns, to qualify in terms of the newly registered Level 6 Financial Management Certification Qualification registered with SAQA. The programme funded budget training for over 600 municipal officials from high, medium and low capacity municipalities. Allocations over the 2005 MTEF amount to R596 million.

The *Restructuring Grant* under the National Treasury vote is a demand driven grant and is aimed at funding municipal restructuring initiatives of a financial, institutional and developmental nature that are locally designed and supported. Only large municipalities are eligible for this grant. Reviews of implementation plans have been undertaken during 2004 in all the Metropolitan municipalities and some other large municipalities. Multi-year contracts will be concluded with several new municipalities, and future efforts will focus on assessing the successful implementation in terms of agreed milestones. The grant has been capped at R350 million from 2006 and will be reviewed thereafter.

Part 6: Future work on sub-national fiscal frameworks

Crosscutting issue: data

The review of the provincial and local government fiscal frameworks has highlighted major problems of unavailability of consistent and comparable data for a number of key variables that are important in informing policy, decision-making and resource allocation within each sphere. This problem hampers a number of possible improvements that could be effected to the resource allocation formulae for equitable shares and conditional grants. In some cases it implies that components of formulae use outdated information. This problem needs urgent attention. In this regard a number of initiatives are under way or are being considered. Firstly, departments are encouraged to establish and improve systems for maintaining administration records, for example health records on utilisation of health care services by different gender groups. Relevant national departments have a central role to play insofar as ensuring consistency in approaches to record keeping, measurement and comparability. A process for verifying and accrediting information has to be part of this process. Secondly, on the issue of capital and infrastructure, there is a clear need to put in place mechanisms for defining and measuring backlogs, taking account of the dynamic nature of population migration across provinces and between rural and urban areas. This is vitally important for both the provincial and municipal government infrastructure grants. Thirdly, major users of information have to liaise with StatsSA with the view of presenting their information needs and agreeing how such requirements could be met as well as the regularity with which certain information can be gathered.

Provincial fiscal framework issue for future budgets

In reviewing the provincial fiscal framework for the 2005 Budget the following issues have been identified as requiring further work:

- The first issue relates to the major hospital grants such as the National Tertiary Services Grant and the Health Professions and Training Grant, which will be reviewed ahead of the 2006 Budget. Among other things, the review will seek to determine whether the current trends in total allocations for these grants and their distribution among provinces are consistent with their original and future policy objectives.
- The second issue relates to borrowing and financing of major infrastructure projects. About six years ago, Budget Council agreed to a moratorium on provincial borrowing in part because provinces did not have adequate capacity to utilise available resources. With evidence of improvement in capacity, the policy position on borrowing is under review. It is anticipated that during the course of the current, provinces will be allowed to borrow for specific projects. In the initial stages such borrowing may be limited to the Development Bank of Southern Africa, which will also be expected to agree terms for providing technical support to provinces that borrow from it.

Local government fiscal framework issues for future budgets

The national framework for municipal taxation powers is determined by section 229 of the Constitution, which empowers municipalities to impose a property tax and surcharge on fees for municipal services, subject to national regulation. Other taxes, levies and duties appropriate to local government or to the category of local government may also be allocated in terms of national legislation. A review of the local government fiscal framework is currently being undertaken and is aligned to and complements the work on the reform of the local government equitable share formula discussed above.

Reform of regional services council (RSC) levies

The Regional Services Council (RSC) levies (referred to as Joint Services Board levies in the KwaZulu-Natal Province) consist of two components, a regional services levy and a regional establishment levy, calculated on payroll and turnover respectively. The RSC levy is allowed in terms of section 21 in Schedule 6 of the Constitution until the national legislation required for section 229(1)(b) is enacted. The RSC levy is an important source of revenue for metropolitan and district municipalities making up 9 per cent or R5,2 billion of total local government revenue in the 2003/04 municipal fiscal year.

The RSC levy has been criticised as an inefficient, inequitable and poorly administered tax instrument. A good local tax relates the tax burden to the ability to pay. Neither component of the RSC levy complies with this criterion. Though it is possible to improve the design of the RSC levy and to reform it, there is a strong case for it to be phased out completely. A menu of alternative sources of revenue such as new taxes, levies and surcharges and grants are being explored as replacements for revenue currently collected from RSC levies. It is the intention to table legislation to this effect before the end of the year.

Transitional mechanisms will be dealt with in the 2006 MTEF, as actual impact on funds will only take effect from 1 July 2006 for the 2006/07 municipal financial year. National government will request the FFC to provide a specific report on what tax it would recommend, as well as whether a transitional or new grant should fund category A or C municipalities. The FFC will be requested to make recommendations during their 2006 submission.

Restructuring of the electricity distribution industry (EDI) and the establishment of regional electricity distributors (REDs)

The coming EDI restructuring will have a significant impact on metro and large category B municipalities, as electricity comprises about 40 per cent of their revenue budget. It is estimated that municipalities will have to shift over R21 billion of their operating budgets to REDs as part of the restructuring effort, resulting in municipal operating budgets shrinking from R73 billion to R52 billion. The value of assets to be shifted is not yet known.

In order to minimise such fiscal risk, and to ensure that municipal finances are not adversely affected, the National Treasury has convened a process involving key stakeholders (SALGA, metro municipalities, dplg, DME, EDI Holdings, Eskom) to develop a set of guiding principles to assist EDI when establishing a RED. The following four principles are proposed for the establishment of REDs:

- Restructuring must be in accordance with the Constitution
- Financial state of municipalities currently performing the electricity function must not be adversely affected
- Aggregate personnel costs must not increase

- No additional funds or taxes to fund restructuring.

It is hoped that a preliminary report by the Task Team on the impact of REDs on the local government fiscal framework will be completed by 30 April 2005. National government will request the FFC to consider the impact of REDs on municipalities and to recommend by 31 August 2005 whether any other fiscal steps necessary to protect municipalities from negative fiscal impact.

Implementation of the Local Government: Municipal Property Rates Act

An assessment of the impact of the new property rates legislation on public infrastructure and state-owned properties, particularly those offering local services like schools and clinics will be undertaken. The review will investigate the possibility of an intergovernmental agreement on low or no rates to be charged on such categories of infrastructure, including the possibility that the I grant be reviewed in 2006 to compensate for public infrastructure and per local service.

National legislation in terms of sections 155 and 229 of the Constitution may regulate how fiscal powers and functions are to be divided or shared between B and C municipalities. At present, property taxes are allocated to category (A and B) municipalities on the basis that category B municipalities are responsible for functions such as water, sanitation, electricity, refuse removal. Due to an asymmetric division of powers and functions between category B and C municipalities, certain category C municipalities will be responsible for the water function but the category B municipalities will still have all the property tax. Similarly, although certain category C municipalities have no major functions to perform, they have access to RSC levies.

The 2005 Budget Review and attendant documentation are available on the National Treasury website (www.treasury.gov.za).

APPENDIX E1:
FRAMEWORKS FOR CONDITIONAL
GRANTS TO PROVINCES

Appendix E1: Frameworks for Conditional Grants to Provinces

Detailed frameworks on Schedules 4A and 5 grants to provinces

Introduction

This appendix provides a brief description of the framework for each grant in Schedules 4A and 5 of the Division of Revenue Bill. 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 Bill)
- Criteria for allocation between provinces or municipalities
- Rationale for funding through a conditional grant
- Monitoring mechanisms
- Past performance
- The projected life of the grant
- 2005 MTEF allocation
- The payment schedule
- Responsibility of national transferring department
- Grant review process
- Review of business plans for 2006/07

The attached frameworks are not part of the Division of Revenue Bill, but are published in order to provide more information on each grant to Parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2005 Division of Revenue Bill is enacted, these frameworks will be gazetted in terms of the Act.

The financial statements and annual reports for 2004/05 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 2004 Division of Revenue Act and gazetted grant framework by both transferring national departments and receiving provincial departments or municipalities.

AGRICULTURE GRANTS

Comprehensive Agricultural Support Programme Grant	
Transferring department	<ul style="list-style-type: none"> Agriculture (Vote 25)
Purpose	<ul style="list-style-type: none"> To expand the provision of agricultural support services and to promote and facilitate agricultural development by targeting beneficiaries of the Land and Agrarian Reform programmes
Measurable outputs	<ul style="list-style-type: none"> Increased access to and improvement in the quality of agricultural support services provided to targeted beneficiaries (i.e. advisory, information and knowledge management, training and capacity building, market and business development support, financial, on and off farm infrastructure such as dipping) Improvement in the capacity of the departments to deliver agricultural support services Number of targeted beneficiaries (from Land and Agrarian Reform Programmes) getting access to public agricultural support services Increased access by resource poor farmers to timeous market and technical information Improvement of availability and farm and off farm infrastructure supporting targeted farmers(for example dipping , fencing , rehabilitation of irrigation scheme, etc.) Number of LRAD reform beneficiaries who accessed/accessing markets, market information and training on markets
Conditions	<ul style="list-style-type: none"> Funds to be used to supplement provincial budgets in order to improve and increase farmer support services within the CASP framework Confirmed capacity to implement projects and operational funding to support this capacity Quarterly reports agreed between the provinces and national department Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> The formula used to allocate funds is a weighted average of the following variables: <ul style="list-style-type: none"> The size of agricultural land, with higher weights for arable land, and the nature of agricultural activities Number of targeted farmers emerging from the land reform programme Rural population as determined by Stats SA based on 2001 Census
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> The development of support services is a national priority given that they will enhance the productive capacity and economics success of the resource limited land users, households and communal food producers, beneficiaries of the land Reform and Agrarian Reforms Programme
Monitoring mechanisms	<ul style="list-style-type: none"> Quarterly progress reports on outputs against plans Quarterly visits to Provinces by the national Department of Agriculture to monitor performance and provide support
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> Not applicable, introduced in the 2004/05 financial year <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> Not applicable, introduced in the 2004/05 financial year
Projected life	<ul style="list-style-type: none"> Approximately 5 years
MTEF allocation	<ul style="list-style-type: none"> 2005/06: R250 million; 2006/07: R300 million; 2007/08: R415 million
Payment schedule	<ul style="list-style-type: none"> 10%: 11 Apr 2005; 35%: 11 Jul 2005; 35%: 10 Oct 2005; 20% 10 Jan 2006
Responsibilities of the National Department	<ul style="list-style-type: none"> Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 Provide the guidelines and criteria for the development and approval of business plans Monitor implementation and provide support Submit quarterly performance reports to SCOF in NCOP and National Treasury Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> Provide provincial departments with business plan format guidelines, criteria and outputs by 13 May 2005 Submission of business plans by provinces on the 30th of September 2005 Engagement with provinces on business plans October/November 2005 Evaluation of business plans, last week of November 2005 Approval by Minister, December 2005 Inform provinces of approval by 2nd week of January 2006

Land Care Programme Grant: Poverty Relief and Infrastructure Development	
Transferring Department	<ul style="list-style-type: none"> • Agriculture (Vote 25)
Purpose	<ul style="list-style-type: none"> • To address the degradation problems of natural/agricultural resources and to improve the socio-economic status and food security of rural communities
Measurable outputs	<ul style="list-style-type: none"> • Number of beneficiaries and kilometres of irrigation channels • Hectares of veldt under improved management systems • Number of beneficiaries that benefiting from improved production systems • Number of farmers benefiting from farming practices in reducing the depletion of soil fertility and acidity • Number of beneficiaries benefiting from training facilitated • Number of awareness activities to show how inappropriate use of agricultural resources impact negatively on the resources base i.e. project launches, farmers' days • Number of youth benefiting from sound management practices
Conditions	<ul style="list-style-type: none"> • Confirmed capacity to implement projects and operational funding to support this capacity • Quarterly reports agreed between the provinces and national department • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • The formula used to allocate funds is a weighted average of the following variables: <ul style="list-style-type: none"> – Communal land capability (% classes 1-3 of communal cultivated land) – Areas of severe degradation (degradation index) taking into consideration national priorities for critical agricultural natural resources use through the themes of soil care, water care and veldt care – Nodal areas according to ISRDP nodes – Poor households living below minimum poverty line (% medium level to high) – Size of the land in million hectares within the Province – Subsistence farming/ agriculture in terms of cultivated land percentages
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> • The funding originated with the special poverty allocations made by national government and is not part of the equitable share
Monitoring mechanisms	<ul style="list-style-type: none"> • Quarterly progress reports on outputs against plans • Quarterly visits to Provinces by the national Department of Agriculture to monitor performance and provide support
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • A total of R38 million was transferred to the Provinces <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> • 240 kilometres of irrigation channels repaired • 32 581 hectares of veldt under improved management systems • 7 154 beneficiaries benefiting from improved production systems • 800 farmers benefiting from farming practices in reducing the depletion of soil fertility and acidity • 4 953 people benefiting from training facilitated • 380 awareness activities took place to show how inappropriate use of agricultural resources impact negatively on the resources base i.e. project launches, farmers' days • 919 youth benefiting from sound management practices
Projected Life	<ul style="list-style-type: none"> • 5 years and subject to business plans and performance of the programme
MTEF allocation	<ul style="list-style-type: none"> • 2005/06: R40 million; 2006/07: R45 million; 2007/08: R47 million
Payment schedule	<ul style="list-style-type: none"> • 10%: 11 April 2005; 35%: 11 July 2005; 35%: 10 October 2005; 20%: 10 January 2006
Responsibilities of the National Department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Provide provincial departments with business plan format guidelines, criteria and outputs by 13 May 2005 • Submission of business plans by provinces on the 30th of September 2005 • Engagement with provinces on business plans October/November 2005 • Evaluation of business plans, last week of November 2005 • Approval by Minister, December 2005 • Inform provinces of approval by 2nd week of January 2006

EDUCATION GRANTS

HIV and Aids (Life Skills Education) Grant	
Transferring department	<ul style="list-style-type: none"> Education (Vote 15)
Purpose	<ul style="list-style-type: none"> To coordinate and support the structured integration of life skills and HIV and Aids programmes across all Learning Areas in the school curriculum To ensure access to an appropriate and effective, integrated system of prevention, care and support for children infected and affected by HIV and Aids To deliver life skills, sexual and HIV and Aids education programmes in primary and secondary schools
Measurable outputs	<ul style="list-style-type: none"> 400 master trainers (in nodal areas) trained on the integration of Life skills and HIV and Aids programmes across all Learning Areas of the curriculum 10 000 educators trained to integrate the programmes across all learning areas of the curriculum Peer education, care and support programmes for learners and educators implemented in at least 200 schools
Conditions	<ul style="list-style-type: none"> Provincial business plans must be developed in accordance with the stipulated requirements as set out by the Department Each business plan should distribute the allocation to activities according to the following weightings: <ul style="list-style-type: none"> – Advocacy: 5% – Training and Development: Educator and EMGD training: 30% – Peer Education: 15% – Care and Support: 15% – Learning and Teaching Support Materials: 25% – Monitoring, Support and Evaluation: 7% – Management and administration: 3% <p>N.B The above percentages are given as a guideline and may be deviated from in line with the provincial needs with the written approval of the national accounting officer</p> <ul style="list-style-type: none"> Grant must be kept on separate responsibility and objective codes Provincial education departments to ensure that they have the necessary skills and capacity to manage the grant Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> Education component of the Equitable Share Formula as explained in Annexure E of Budget Review is used to allocate this grant amongst provinces
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> Enables the Department of Education to provide overall direction, such that congruency, coherence and alignment with the Department's national strategy for HIV and Aids and the National Integrated Plan (NIP) for children infected and affected by HIV and Aids is ensured. This also enables the Department of Education to play an oversight role in the implementation of the life skills programmes in primary and secondary schools
Monitoring mechanisms	<ul style="list-style-type: none"> Bi-annual visits to track progress against business plan National Department should visit district offices to monitor management of implementation in district level Visit schools to verify implementation progress as reported by provinces Provincial officials will monitor implementation at district and school levels as indicated in their business plans District officials would monitor implementation of the programme at school levels Evaluation of the impact of the grant to inform the exit strategy The Departments of Education, Health and Social Development will schedule bi-annual inter-departmental meetings and inter-provincial visits as part of the integrated plan Provinces should submit the monthly, quarterly and annual reports
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> Of a total allocation of R131,6 million (R120,5 million + R11,1 million national roll over), provinces spent R106,1 million (80,6 per cent) An amount of R5,6 million was withheld from the Eastern Cape because of under-expenditure by the province <p>2003/04 service delivery</p> <ul style="list-style-type: none"> Provinces trained 12 989 learners as peer educators 34 470 educators trained in life skills More than 300 district officials trained as master trainers to train educators in life skills
Projected life	<ul style="list-style-type: none"> It is envisaged that, given the nature of the pandemic in the country, the need for the grant will persist for at least another three years The life cycle of the project may be extended subject to the results of the impact study The results of the impact study will also inform new emphases that the extended project would need to address
MTEF allocation	<ul style="list-style-type: none"> 2005/06: R136 million, 2006/07: R145 million, 2007/08 R152 million
Payment schedule	<ul style="list-style-type: none"> Four instalments (15 April 2005, 15 July 2005, 31 October 2005 and 31 January 2006)

Responsibilities of the national Department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Meeting with provinces to identify targets and activities for 2006/07 (25 April 2005) • Provinces submit draft business plans to the national Department of Education for evaluation (30 June 2005) • National Department of Education evaluates provincial business plans (30 July 2005) • Comments sent to provinces for amending the plans (15 August 2005) • Provinces submit amended, signed plans to national Department of Education (31 August 2005) • Director General: national Department of Education approve national and provincial business plans (30 September 2005)

National School Nutrition Programme Grant	
Transferring department	<ul style="list-style-type: none"> • Education (Vote 15)
Purpose	<ul style="list-style-type: none"> • To alleviate hunger, enhance active learning capacity and improve school attendance
Measurable outputs	<ul style="list-style-type: none"> • Reach about 15 000 poorest schools or schools serving poorest communities • Feed about 5 million learners at the identified 15 000 schools • Feed for a minimum of 156 school days in all nine provinces
Conditions	<ul style="list-style-type: none"> • Meals should comply with approved menus, nutrition quality and quantities and food safety standards • Grant must be kept on separate responsibility and objective codes • Provincial education departments to ensure that they have the capacity to manage the grant • Measurable objectives/outputs as outlined in this framework document must be achieved • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • The distribution formula that is based on an index comprising of three indicators, namely the poverty gap (1996), poverty distribution according to population (1996) and anthropometric indicators of children (2000). The national Department of Education is currently reviewing the formula that was used by the national Department of Health and will propose a formula that will ensure that schools serving the poorest communities participate in feeding and that this formula will be phased in from 2007/08
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> • South Africa continues to have high levels of unemployment which impact negatively on household food security, school attendance, and active learning capacity and health status. In order to redress this anomaly a conditional grant is warranted to assist in providing food to children from these poor households. A conditional grant enables the national Department of Education to exercise an oversight function in the planning and implementation of the programme
Monitoring mechanisms	<ul style="list-style-type: none"> • Provinces must report monthly in terms of expenditure and risk management • Provinces must report quarterly in terms of progress indicators. These are number of schools accessed, number of learners fed, number of days feeding occurred, number of service providers contracted and number that are SMME's, expenditure on feeding and on administration, compliance with menu options, quality, health, hygiene and project efficiency • National to undertake bi-monthly monitoring visits to track progress against business plans, to monitor management and implementation at district level and to verify implementation at school level • Monitoring visits by Education and Health departments on nutrition quality, quantity and food safety
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • During this reporting period the function was administered by the national Department of Health • In terms of the national Department of Health's annual financial statements R711,6 million of the R808,7 million allocation in 2003/04 was spent <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> • The programme was successfully transferred from the Department of Health and implemented by the Department of Education in April 2004 • During monitoring visits by the Department in October 2004 across all provinces, it was evident that children in targeted schools receive food and stipulated guidelines are mostly adhered to • Infrastructure such as, water and sanitation, continue to challenge all provinces although the magnitude differs
Projected life	<ul style="list-style-type: none"> • It is envisaged that, given the economic climate in the country and the impact of various health conditions like Diabetes, HIV and AIDS and TB, the need for such a grant will persist for at least another 8 to 10 years
MTEF allocation	<ul style="list-style-type: none"> • 2005/06: R912 million, 2006/07:R1 098 million, 2007/08:R1 153 million
Payment schedule	<ul style="list-style-type: none"> • Four instalments (15 April 2005, 15 July 2005, 31 October 2005 and 31 January 2006)
Responsibilities of the national department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Undertake a literature review of international best practice and a baseline study to inform policy, identify good practice and improve implementation • Evaluate the impact of the grant during 2006/07 • Submit quarterly performance reports to SCOP in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Inter-provincial planning meeting to discuss minimum requirements (8 - 9 June 2005) • Provinces submit draft plans for evaluation by the national Department of Education (8 July 2005) • National Department of Education evaluates draft business plans (11 July 2005) • Comments sent to provinces (12 August 2005) • Provinces submit revised business plans to the national Department of Education (16 September 2005) • DG: national Department of Education approves national and provincial business plans (31 October 2005)

HEALTH GRANTS

National Tertiary Services Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 16)
Purpose	<ul style="list-style-type: none"> To compensate provinces for the supra-provincial nature of tertiary services provision and spill over effects To provide strategic funding to enable provinces to plan, modernise, rationalise and transform the tertiary hospital service delivery platform in line with national policy objectives including improving access and equity
Measurable outputs	<ul style="list-style-type: none"> Provision of designated national tertiary services levels in 27 hospitals as agreed between the province and the national Department of Health
Conditions	<ul style="list-style-type: none"> Completion of service level agreement (SLA) in the provided format signed by the Head of Department and the transferring officer prior to the first transfer Quarterly reporting of activity data by specialised units within the identified hospital within 14 days of end of each quarter Maintenance of separate budget and management centre for each identified hospital Department that receive this grant must communicate in writing to each benefiting hospital the allocation made, the relevant conditions and expected outputs. For monitoring purposes this information must be supplied to the National Department of Health Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> Cost of designated tertiary services as determined by the costing and the review of NTSG Costs are based on SLA and should a province provide less than the agreed services, funding may be adjusted downward accordingly, in consultation with National Treasury
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> Tertiary services are not limited to provincial boundaries and their specialised nature makes them a national asset requiring collective agreement and management
Monitoring mechanisms	<ul style="list-style-type: none"> Quarterly performance reports Monthly financial reports Quarterly visits to provinces
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> The allocated amount of R4,2 billion was transferred to provinces and funding flowed to institutions as planned Administrations of conditional grants was a qualification item in the 2003/04 audit of the national department of Health <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> All provinces are submitting monitoring returns National Department has analysed activity data for 2002/03 and 2003/04 to inform the resource allocation Modernisation of Tertiary services report has been developed and submitted to Cabinet
Projected life	<ul style="list-style-type: none"> Support for tertiary services will continue because of their spill over effects. The grant is likely to be reformulated to support the Modernisation of Tertiary Services strategy. The planning of the service configuration and the basis for the calculation of the grant will be constantly reviewed
MTEF allocation	<ul style="list-style-type: none"> 2005/06: R4 709 million, 2006/07: R4 981 million, 2007/08: R5 221 million
Payment schedule	<ul style="list-style-type: none"> Monthly
Responsibilities of the national department	<ul style="list-style-type: none"> Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 Provide framework for service level agreements, assess and approve SLA's prior to transfer of funds Management of SLA Undertake grant reform process Monitor implementation and provide support Submit quarterly performance reports to SCOP in NCOP and National Treasury Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
Process for approval of 2006/07 Service Level Agreement	<ul style="list-style-type: none"> Service Level Agreement will be drafted according to National Framework on Modernisation of Tertiary Services
Grant Reform Process	<ul style="list-style-type: none"> The grant to be reformed/reviewed in conjunction with the National Treasury The review process to be concluded and draft proposals for the development of tertiary services to be submitted to the National Treasury by 31st June 2005 Recommendations emanating from this review to be presented to Cabinet by 31 August 2005 for approval Provinces to develop costed hospital specific plans for Modernisation of Tertiary Services

Integrated Nutrition Programme Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Purpose	<ul style="list-style-type: none"> • To implement integrated nutrition activities aimed at improving the nutritional status of South Africans according to the following focus areas and support systems: <p>Focus Areas:</p> <ul style="list-style-type: none"> • Disease-specific nutrition support, treatment and counselling <ul style="list-style-type: none"> – Growth monitoring and promotion – Nutrition education, promotion and advocacy – Micronutrient malnutrition control – Food service management – Promotion, protection and support of breastfeeding – Contribution to household food security <p>Support Systems:</p> <ul style="list-style-type: none"> • Nutrition information system • Human resource plan • Financial and administrative system
Measurable objectives	<ul style="list-style-type: none"> • 80% of children under 5 years attending a clinic weighed • 5% of children under 5 years of age attending a clinic not gaining weight • 2% of children under 5 years of age identified with severe malnutrition, marasmus or kwashiorkor when attending a clinic • 140 of 480 Proportion of health facilities with maternity beds assessed for Baby-friendly Hospital Initiative
Conditions	<ul style="list-style-type: none"> • Access of funding through business plans • Use of funds only for approved purposes • Grant must be kept on separate responsibility and objective codes • Compliance with minimum norms and standards as determined by policy and implementation guidelines • Funding for provincial programme management functions restricted to a maximum of 10 % of the Grant • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • The methodology used to divide the Conditional Grant between the Provincial Departments of Health ensures that the funds earmarked for nutrition are targeted at the most vulnerable areas and population groups in terms of poverty and malnutrition. The INP conditional grant is distributed according to an index comprised of three indicators: <ul style="list-style-type: none"> – Indicator 1: 1996 Poverty gap (65 per cent of Index) – Indicator 2: 1996 Population 0 to 15 years living under the poverty line (30 per cent of index) – Indicator 3: 2000 Anthropometric indicators (5 per cent of Index) <ul style="list-style-type: none"> ○ Height for Age (1,2%) ○ Weight for Age (1,5%) ○ Weight for Height (0,3%)
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • Will be incorporated in equitable share from 2006/07
Monitoring mechanisms	<ul style="list-style-type: none"> • Quarterly performance reports • Monthly financial reports • Quarterly visits to provinces
Past performance 2003/04	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • 98% expenditure in 2003/04 • R112 million was allocated in 2004/05 and transferred to provinces <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> • Number of Primary schools reached: 15 500 of 16 000 targeted (97%) • Number of Primary school learners reached: 4,7 million of 5,2 million targeted (87%) • Children under 5 years weighed attending a clinic: 12,8 million of 18,7 million (68,6%) (cumulative) • Children under 5 years of age not gaining weight attending a clinic: 198 000 of 18,7 million (1,1%) (cumulative) • Children under 5 years of age identified with severe malnutrition, marasmus or kwashiorkor when attending a clinic: 63 000 of 18,7 million (0,3%) (cumulative) • Proportion of health facilities with maternity beds assessed for Baby-friendly Hospital Initiative: 104 of 480 (21,6%)
MTEF allocation	<ul style="list-style-type: none"> • R123 million for 2005/06. Phased into the provincial equitable share from 1 April 2006
Projected life	<ul style="list-style-type: none"> • The programme will be phased into equitable share in 2006/07
Payment schedule	<ul style="list-style-type: none"> • Four instalments based on approved cash flow plans: <ul style="list-style-type: none"> – On approval of Business Plan on 15 March (first instalment on 1 April 2005) – On receipt of monthly financial reports for 1st quarter (1 July 2005) – On receipt of monthly financial reports for 2nd quarter (1 October 2005) – On receipt of monthly financial reports for 3rd quarter (1 January 2006)

Responsibilities of the national department	<ul style="list-style-type: none">• Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005• Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005• Provide the guidelines and criteria for the development and approval of business plans• Monitor implementation and provide support• Submit quarterly performance reports to SCOF in NCOP and National Treasury• Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury• Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
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Comprehensive HIV and Aids Grant (Health)	
Transferring department	<ul style="list-style-type: none"> Health (Vote 16)
Purpose	<ul style="list-style-type: none"> Enable the health sector to develop an effective response to HIV and Aids Support approved interventions including high transmission area (HTA) interventions, voluntary counselling and testing (VCT), mother to child transmission prevention (PMTCT), strengthening of provincial and district management (PM), establishment of Regional Training Centres (RTC), post exposure prophylaxis (PEP) after sexual assault, home-based care (HBC), step-down care (SDC), ARV treatment component (ART) to provide a comprehensive prevention, treatment care and support package and improved management of sexually transmitted infections (STI) Support implementation of the National Operational Plan for Comprehensive HIV and AIDS Treatment and Care
Measurable outputs	<ul style="list-style-type: none"> 284 hospitals and fixed PHC facilities accredited as ART service points implementing the Comprehensive HIV and Aids management, care, and treatment plan, and number of ART patients 22 000 home-based carers receiving stipends 149 HTA intervention sites 35 million male condoms distributed per month 100 000 STIs treated and 100% of partners notified per month 4 037 PHC facilities offering PMTCT 4 037 PHC facilities offering VCT
Conditions	<ul style="list-style-type: none"> Flow of instalments will be dependent on the compliance with each condition. Non-compliance will result in the delay of transfer payments, withholding of funds or re-allocation of funds to other provinces A certified annual business plan using the standard format as determined by the National Department Monthly financial reports to be submitted latest by the 15th of the following month using standard formats as determined by the National Department. An electronic version and hard copy signed by the provincial grant receiving manager and the chief financial officer need to be submitted Quarterly performance output reports to be submitted latest by the 20th of the month following the reporting period using standard formats as determined by the National Department. An electronic version and hard copy signed by the provincial grant receiving manager need to be submitted Payment of all suppliers (including NHLS) will be effected within 30 days of receipt of invoice Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> Ante-natal HIV prevalence, estimated share of HIV positive births, estimated share of Aids cases, share of reported rapes, establishment of at least 1 treatment point per district
Reason not incorporated in equitable share	<ul style="list-style-type: none"> Due to the high national priority and the need for a coordinated response for the country as a whole Distribution of epidemic differs from equitable share distribution
Monitoring mechanisms	<ul style="list-style-type: none"> Quarterly performance reports as specified by the National Monitoring and Evaluation Framework for Comprehensive Treatment and Care Programme Monthly financial reports Quarterly provincial liaisons and visits to provinces
Past performance 2003/04	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> 96 per cent expenditure in 2003/04 <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> 2 877 counsellors trained and providing services at service points 2 582 facilities were providing Voluntarily Counselling and Testing services were provided More than 300 000 people received counselling and approximately 70% of these agreed to be tested 1 652 facilities provided Prevention of Mother to Child Transmission Access to home based care services were 893 by end of March 2004
MTEF Allocation	<ul style="list-style-type: none"> 2005/06: R1 135 million, 2006/07: R1 567 million, 2007/08: R1 646 million
Payment schedule	<ul style="list-style-type: none"> Monthly instalments based on quarterly budgets of provincial business plans
Responsibilities of the National Department	<ul style="list-style-type: none"> Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 Provide the guidelines and criteria for the development and approval of business plans Monitor implementation and provide support Submit quarterly performance reports to SCOF in NCOP and National Treasury Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> First draft of the business plans on the format determined by national Department of Health must be submitted to the National Department of Health by 30 September 2005 National Department of Health provides provincial budget allocations for provinces to Treasury by 15 November 2005 National Department of Health approves provincial business plans by 30 November 2005

Hospital Revitalisation Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 16)
Purpose	<ul style="list-style-type: none"> To provide strategic funding to enable provinces to plan, manage, modernise, rationalise and transform the infrastructure, health technology, organizational management and development and monitoring and evaluation of hospitals in line with national policy objectives
Measurable objectives	<ul style="list-style-type: none"> 11 additional hospital projects approved and added to the current programme of 30 hospitals Progress of projects as recorded quarterly through monitoring and evaluation system Number of hospitals completed on the programme Each completed hospital should have achieved modernized infrastructure, up to date equipment, improved management systems and quality assurance systems
Conditions	<ul style="list-style-type: none"> With the exception of funding for planning, all new projects commencing in 2005/06 must have business cases and project implementation plans approved before funds can be released for such projects Provincial strategic plans must include comprehensive hospital plans, which provide a framework in which business cases are subsequently developed Adhere to the process of approval of business plans for the 2006 MTEF contained in this framework Adherence to monitoring requirements National Department to strengthen grant management and capacity and business planning and reporting processes Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> Allocations based on projected cashflow figures for approved projects for MTEF period, including Health Technology Sustain at least 4 active sites per province Past expenditure performance of the provinces Project based allocation approach is aligned with equity based approach over longer term
Reason not incorporated in to equitable share	<ul style="list-style-type: none"> Strategic investment in hospital services to bring all provinces up to national target These are large projects requiring substantial capital investments. Their size, lumpiness and national strategic importance is suited to dedicated funding
Monitoring mechanisms	<ul style="list-style-type: none"> Quarterly performance reports Monthly financial reports Quarterly visits to provinces
Past performance 2003/04	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> Allocation amounted to R 717, 6 million. All funds were transferred. Provinces spent 71 per cent of transferred funds, with low spending in the Free State, Gauteng, KwaZulu-Natal, Mpumalanga, Northern Cape and North West <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> During this period 30 projects were registered in the programme. Two hospitals were completed: Calvinia and Colesberg Hospitals in Northern Cape Province
MTEF allocation	<ul style="list-style-type: none"> 2005/06: R 1 027 million, 2006/07: R 1 180 million, 2007/08: R 1 239 million
Payment schedule	<ul style="list-style-type: none"> Monthly
Responsibilities of the National Department	<ul style="list-style-type: none"> Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 Provide the guidelines and criteria for the development and approval of business plans Monitor implementation and provide support Submit quarterly performance reports to SCOF in NCOP and National Treasury Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> Business case for each new project planned to commence in 2006/07 must be submitted to the national Department of Health by 1 May 2005. These should use the standard framework, comply with national and provincial strategic objectives and demonstrate sustainability Approved business cases along with funding requirements for 2006/07 to be submitted to National Treasury by 30 June 2005. This should be accompanied by certificate of approval for each approved business case with required cash flow Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury Project Implementation Plan in required format covering all 4 components for each hospital signed by Head of Department must be submitted to National Department by 1 February 2006. This should contain a costed implementation plan as described in the Project Implementation Manual
Grant reform process	<ul style="list-style-type: none"> The grant to be reformed/reviewed in consultation with the National Treasury. The review process to be concluded by 30 June 2005 Recommendations emanating from this review to be presented to Cabinet by 31 July 2005 for approval Investigate consolidation of Hospital Management and Quality Improvement grant into this grant

Health Professions Training and Development Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Purpose	<ul style="list-style-type: none"> • Support provinces to fund costs associated with training of health professionals • Development and recruitment of medical specialists in under-served provinces • Support and strengthen undergraduate and post graduate teaching and training processes in health facilities • Enable shifting of teaching activities from central hospital to regional and district hospital
Measurable outputs	<ul style="list-style-type: none"> • Number and composition of health sciences students by province and training institution • Number of registrars and students per discipline and per institution • Expanded specialist and teaching infrastructure in target provinces (Mpumalanga, Limpopo, Eastern Cape and North West)
Conditions	<ul style="list-style-type: none"> • National Department to research and develop reform proposals for this grant and make recommendations to National Treasury on restructuring of this grant by 15 June 2005 • Adhere to the process of approval of business plans for the 2006 MTEF contained in this framework • Submission of monitoring reports as described below • Each province to publish in its strategic plan for 2005/06, information as required by the national office, on the training of all health care personnel by training institution • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • A specific increment has been allocated to previously disadvantaged provinces to develop specialist and teaching capacity • Target allocation criteria will be reviewed in year for 2006 • Allocation of the training component is based on the historical approach on the basis of training of medical students
Reason not incorporated in the equitable share	<ul style="list-style-type: none"> • Grant primarily targets certain provinces, which currently provide the bulk of health professions training nationally • Expansion and shifting of location of teaching activities requires national coordination
Monitoring mechanism	<ul style="list-style-type: none"> • Quarterly performance reports • Monthly financial reports • Bi-annual reporting by provinces on the number of students enrolled by discipline, level and training institution using the prescribed format • Bi-annual reporting by targeted province on achievement of planned expansion of specialist and teaching infrastructure and on number of specialists, registrars by institution biannually
Past performance 2003/04	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • The entire R1 299 million was transferred to provinces and funding flowed to institutions as planned • Administration of conditional grants was a qualification item in the 2003/04 Audit • A total of 19 113 students (from various occupational classes) were trained during 2003/04 • A total of students in training for 2003/04 remains as 19 113 <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> • Nurse training intake at colleges has doubled
MTEF allocation	<ul style="list-style-type: none"> • 2005/06: R 1 520 million, 2006/07: R 1 520 million, 2007/08: R 1 596 million
Payment Schedule	<ul style="list-style-type: none"> • Monthly instalments
Responsibilities of National Department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 • The grant will be reviewed through a comprehensive research project in conjunction with the national department of Education and National Treasury and the recommendations of the research will be shared with all stakeholders before the end of June 2005 • Strengthen capacity to manage this grant
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Business plans for development and training component signed by the Head of Department and approved by the National department as per developed format. The plans will be informed by the review process • First draft of the business plans must be submitted to the national department by 31 July 2005 • National Department of Health approve national and provincial business plans by 30 September 2005
Grant Reform Process	<ul style="list-style-type: none"> • The grant to be reformed/reviewed, in conjunction with the national Department of Education and National Tertiary Services grants • The review process to be concluded by 30 June 2005 • Recommendations emanating from this review to be presented to Cabinet by 31 August 2005 for approval

Hospital Management and Quality Improvement Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 16)
Purpose	<ul style="list-style-type: none"> To transform hospital management and improve quality of care in line with national policy
Measurable outputs	<ul style="list-style-type: none"> Implementation of delegations for human resources, financial management and procurement in 27 hospitals To improve functioning of 20 hospital boards Improve financial management systems including cost centre management accounting in 12 hospitals Improve hospital information systems including patient administration systems in 20 hospitals Improve organisational management and development in 27 hospitals Develop and strengthen hospital management, systems and structures in 27 hospitals Strengthen management and leadership competencies of hospital managers in 27 hospitals Improve quality assurance systems including clinical audit, mortality and morbidity reviews, and hospital accreditation in 20 hospitals Strengthen community empowerment and participation Establish functioning patient complaint systems in 27 hospitals
Conditions	<ul style="list-style-type: none"> Business plans for 2005/06 to be approved before the 1st transfer Business plans for 2006/07 in the prescribed format must be approved by 15 February 2006 Progress must be reported on a quarterly and annual basis as described below The grant must support revitalisation projects, but may additionally be used for other appropriate approved projects, provided revitalisation project needs are met At least 60 per cent of the grant must be used to support revitalisation sites Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> Number of hospitals in the revitalisation programme Population and number of beds per province
Reason not incorporated in to equitable share	<ul style="list-style-type: none"> This is a short-term grant aimed at addressing a key priority area. It is likely the grant will be phased out as a separate entity in the next budget cycle
Monitoring mechanisms	<ul style="list-style-type: none"> Quarterly performance reports Monthly financial reports Quarterly visits to provinces
Past performance 2003/04	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> Allocation amounted to R 133,4 million. All funds were transferred. Provinces spent 74 per cent of transferred funds, with low spending in the Eastern Cape, Free State, Limpopo, Mpumalanga and Northern Cape <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> All central hospitals are now headed by chief executive officers and most have fully fledged general management teams in place Policy on financial, personnel and procurement delegations developed Cost centre accounting system introduced in 46 public hospitals
MTEF allocation	<ul style="list-style-type: none"> 2005/06: R 150 million, 2006/07 R 159 million, 2007/08: R 167 million in 2007/08
Payment schedule	<ul style="list-style-type: none"> Quarterly instalments
Responsibilities of National Department	<ul style="list-style-type: none"> Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 Provide the guidelines and criteria for the development and approval of business plans Monitor implementation and provide support Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 Submit quarterly performance reports to SCOF in NCOP and National Treasury Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 Lead grant reform process
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> Business plans for Hospital Management and Quality Improvement Component signed by the Head of Department and approved by the National Department as per developed format First draft of the business plans must be submitted to the National Department of Health by 31 July 2005 National Department of Health to approve provincial business plans by 30 September 2005
Grant reform process	<ul style="list-style-type: none"> Conduct an evaluation of grant performance and develop proposals for grant reform/review together with the other hospital grants to be submitted to National treasury by 14 June 2005 Recommendations emanating from this review to be presented to Cabinet by 31 August 2005 for approval Investigate consolidation of this grant with the Hospital Revitalisation grant To strengthen grant management capacity, business planning and reporting processes

HOUSING GRANTS

Integrated Housing and Human Settlement Development Grant (IHAHSD)	
Transferring department	<ul style="list-style-type: none"> • Housing (Vote 28)
Purpose	<ul style="list-style-type: none"> • To finance the implementation of National Housing programmes (excluding recurrent costs recoverable from assets falling under the pre-1994 stock) • To facilitate the establishment and maintenance of habitable, stable and sustainable human settlements in which all citizens will have access to selected social and economic amenities • Progressive eradication of informal settlements on a phased basis in accordance with the goals set out through the target for reducing slum dwellers through formalisation of informal settlements by 2014 and eradication of such by 2020
Measurable outputs	<ul style="list-style-type: none"> • Implementation of 9 pilot projects on integrated human settlement • Completion of current business in respect housing developments • Number of hectares of state land (donated/ free of charge) as well as privately owned land purchased for housing development purposes • Number of housing chapters of IDP's funded and formulated to ensure alignment of housing planning with Integrated Development planning • Number and value of approved subsidies as well as constructed- in the category below R3500- by province/accredited local authorities • Number and value of subsidies approved to support the income categories R3501 to R7000 • Number and composition of multi- purpose facility clusters containing social facilities initiated within informal settlement upgrading projects as well as existing and new housing developments • Number of job opportunities created • Number of emerging contractors and amount of funding contributed to meet the goal of Black Economic Empowerment by the programme • Number of women contractors that were employed. Number of women headed households assisted with subsidies • Number of households assisted in the Urban and Rural Renewal Nodes
Conditions	<ul style="list-style-type: none"> • Provincial cash flows linked to projects for 2005/06 must be submitted to the National Department of Housing and business plans before the flow of the first instalment. No monthly transfer is to be made unless the province has submitted and National approved the cash flow and business plans • Business plans, which must be aligned to the new comprehensive plan as well as the provincial strategic plans for 2005/06 must be submitted to the National Department and be approved by the national department by 15 March 2005 • The development of the housing chapter must be undertaken as part of the IDP process in line with procedures for integrated development planning • Province's and accredited municipalities may, if a proven need exists and subject to approval by the Accounting Officer of the Provincial Department of housing acting in consultation with the Member of the Executive Council (MEC), utilize, to a maximum of 2% of the voted allocation to support the approved national and provincial housing programmes and priorities • Housing allocations must be in terms of National Housing Programmes and priorities, but with due consideration of: <ul style="list-style-type: none"> – Creating quality living environments – A needs orientated approach – Delivery constraints identified and addressed – Adequate capacity for effective project /financial/ monitoring management/measures for the execution of the projects, – The establishment of an integrated non-racial society • The accreditation of local authorities by the Member of the Executive Council as prescribed in the Housing Act, 1997 (as amended) • Provinces and accredited local authorities must utilize the Housing Subsidy System for budgeting, subsidy administration, financial administration and reporting purposes • Provincial Housing Departments and accredited local authorities must submit comprehensive reports on individual projects as specified in the Monitoring Guidelines by the 15th of each and every month • Provincial housing departments must set aside a allocation to finance emergency housing needs • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • A formula, which is consistent with the principles and provisions contained in Section 214 of the Constitution, has been applied in Housing for provincial allocations. Provincial allocations are currently made according to a formula determined by MINMEC and approved by Cabinet. The formula recognises the following factors: <ul style="list-style-type: none"> – The needs of each province as measured by the housing backlog. Backlog is a function of people who are homeless, staying in inadequate housing or conditions, and is assigned a weight of 50 percent – A poverty indicator as measured by the number of households earning less than R3 500 in each province and is weighted 30 percent

	<ul style="list-style-type: none"> - A population indicator, weighted at 20 percent, as measured by each province's share of total population as per the 2001 census date with effect from the 2005/06 financial year • The formula provides for weighting in order of the priority of the elements as defined below- <ul style="list-style-type: none"> - A=HN(50%) +HH(30%) +P(20%), where <ul style="list-style-type: none"> -A = Allocation -HN = Housing Need -HH = Households earning less than R3 500 per month (affordability indicator) -P = Population - Housing need used in the formula is defined on a weighted formula that takes into account the following: <ul style="list-style-type: none"> -HN = HL (1.25) + SE (1.2)+SBY ((1.0)+ TC (1.0) +FR (0.5) where <ul style="list-style-type: none"> -HN = Housing Need -HL = Homeless People -SE = Shacks Elsewhere -TC = Tents and Caravans -FR =Flat/room on shared property - No changes in respect of the 2005/06 MTEF period allocation criteria will be made, but it is envisaged that as the new comprehensive housing plan is implemented consideration could be given to adjust the allocation formula
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • The provision of housing to the poor is a national priority • The housing development is viewed as an initiative through which projects and programmes can be funded that are in support of the housing investment being made in an effort to create viable communities <u>living in sustainable integrated human settlements</u> • The conditional grant enables the national government to provide for the implementation of housing delivery in provinces and accredited local authorities, and the monitoring of provinces and accredited local authorities accordingly
Monitoring mechanisms	<ul style="list-style-type: none"> • The national Department of Housing has installed a transversal computerized subsidy management system (HSS) and the related database system in all provincial housing departments for the administration of the subsidy scheme and to allow the national department to monitor progress and expenditure • Monitoring in terms of the provisions of DORA and the Monitoring Guidelines approved by the Committee of Heads of Housing • The national Department of Housing requires that the provincial Departments of Housing focus in particular attention on the submission of comprehensive non-financial information to form part of prescribed conditional grant reporting • Quarterly visits to provinces, interaction by the housing sector Chief Financial Officers and Heads of Housing and MINMEC meetings • The establishment by the national department of an internal audit team, which will visit the provinces on a regular basis to ensure that provincial departments have adequate systems in place to provide assurance that conditional grant funds are appropriately managed and controlled
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • R4,2 billion was allocated and transferred to provinces. When including unspent funds in 2002/03, the total funds available for spending amounted to R5,2 billion, of which R538,9 million was not spent <p>2003/04 service delivery outcomes</p> <ul style="list-style-type: none"> • The number of subsidies approved in the last three years averaged 315 142 subsidies per annum, while the number of houses built during the same period averaged 180 161 houses per annum
Projected life	<ul style="list-style-type: none"> • Unless government directs otherwise and taking into account the level of backlogs in housing, it is anticipated that the need for funding will exist for at least the next 20 years
MTEF allocation	<ul style="list-style-type: none"> • 2005/06:R4 843 billion, 2006/07:R5 659 billion, 2007/08: R6 917 billion
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments (payment schedules) as determined through predetermined provincial expenditure projections inclusive of accredited local authorities
Responsibility of national department and provincial department	<p>National Department</p> <ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury <p>Provincial Department</p> <ul style="list-style-type: none"> • Submission of audited outcomes for 2004/05 in each province by 31 August 2005 to the National Department of Housing • Submission of audited outcomes from all accredited Local Governments by 31 December 2005

Processes for approval of 2006/07 business plans	<ul style="list-style-type: none">• Business plans for 2006/07 must be submitted to the National Department on or before 31 December 2005 and be approved by the national department by 15 March 2006• No monthly transfer of funds for 2006/07 will take place to provinces unless the national department is in possession of the cash flows linked to projects for 2006/07 as well as approved the business plans as indicated above. Should it become necessary after 30 November 2005 to amend the cash flows a well motivated request must be submitted to the national department within 14 days of the promulgation of the Act• Provincial Housing Department to ensure that all subsidy allocations for 2006/07 are allocated by 31 October 2005 and such allocations should be submitted to National Housing Department for evaluation by 30th November 2005• Accredited local authorities to ensure that all subsidy allocations for 2006/07 are allocated by 31 October 2005 and such allocations schedules should be submitted to the provincial housing department for evaluation and inclusion in the comprehensive provincial housing allocation document
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Human Settlement and Redevelopment Grant	
Transferring department	<ul style="list-style-type: none"> • Housing (Vote 28)
Purpose	<ul style="list-style-type: none"> • To fund projects that aim to improve the quality of the environment by identifying and addressing dysfunctionalities in human settlements
Measurable outputs	<ul style="list-style-type: none"> • The outputs of the programme depend largely on the unique content of each project funded in terms of the Programme. This will include: <ul style="list-style-type: none"> – Number of projects supporting the upgrading of infrastructure in depressed areas (multi year projects approved within previous financial years) – Number of existing depressed areas replanned and redeveloped such as inner city redevelopment initiatives and urban renewal projects -(multi year projects approved within previous financial years)
Conditions	<ul style="list-style-type: none"> • Projects are concluded in terms of the already approved project business plans and in terms of conditions captured in the letters of allocation issued • Submit comprehensive reporting on expenditure and specified non-financial indicators as specified in the approved Programme Monitoring and Reporting Framework • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • Division between provinces is based on the outstanding commitments for 2005/06
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • The Programme is viewed as an initiative through which projects and programmes can be funded that is in support of the housing investment being made in an effort to create viable communities. This programme is, however, in the process of being phased out and only existing commitments entered into through the approval of multi year project business plans during previous financial years will be funded during this financial year
Monitoring mechanisms	<ul style="list-style-type: none"> • The Directorate: Special Programmes Support monitors projects on a monthly basis through financial and implementation progress reports, as well as site visits in order to ensure compliance and correct reporting on Key Performance Indicators, in accordance with an approved monitoring framework • The National Department of Housing requires that provincial departments' of housing focus particularly on the submission of comprehensive, non-financial, performance related information that forms part of the conditional grant reports
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • R109 million was transferred to the provinces, in 2002/03 the grant was underspent by R106 million, this increased total funds available for spending by provinces to R215 million, and spending amounted to R86,7 million resulting in provincial underspending by about R128 million <p>2003/04 service delivery outcomes</p> <ul style="list-style-type: none"> • 82 project plans were approved and implementation started: <ul style="list-style-type: none"> – Twenty-one of the 82 business plans are for planning and or replanning exercises. Furthermore 12 of the 21 business plans are located within urban renewal nodes and an additional 2 are located within rural development nodes – The remaining 61 business plans will upon completion provide upgraded infrastructure in depressed areas, of which 17 will lead to upgraded infrastructure in urban renewal nodes, and an additional 4 will provide infrastructure in rural development nodes
Projected life	<ul style="list-style-type: none"> • This programme is, in the process of being phased out and only existing commitments entered into through the approval of multi year project business plans during previous financial years will be funded this financial year. No additional commitments with funding implications for future financial years will be considered
MTEF allocation	<ul style="list-style-type: none"> • R 24,4 million in 2005/06
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments as determined through predetermined provincial expenditure projections
Responsibilities of national department and provincial department	<ul style="list-style-type: none"> • Department to provide report to SCOF on audited outcomes for 2004/05 of provincial receiving departments and the national department, identifying any corrective steps to be taken on any problems identified during the audit • Submission of quarterly performance (i.e. outputs) reports with a quarter lag to SCOF in NCOP and National Treasury
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Grant not foreseen to be in place in 2006/07

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 8 000 housing units for the Alexandra people and other qualifying applicants • To settle approximately 32 000 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 Department will account to the Department 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 a report in writing when the fund are expended and continue to report until housing projected has been completed and provide a list of beneficiaries for the land bought • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with 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 why 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	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • New grant <p>2003/04 service delivery</p> <ul style="list-style-type: none"> • New grant
Projected life	<ul style="list-style-type: none"> • The project will be completed in the 2007/08 financial year dependent on the request for funding by the Provincial Department of Housing
MTEF allocation	<ul style="list-style-type: none"> • R 8 million for 2005/06 and R 8 million for 2006/07
Payment schedule	<ul style="list-style-type: none"> • Lump sum payment on 30 May 2005
Responsibilities of the national department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Provincial Business Plan to be drafted according to national framework • Submission of business plan by province on the 30th of September 2005 • Engagement of province on business plan October/November 2005 • Evaluation of business plans, last week of November 2005 • Approval by national Department of Land Affairs, December 2005 • Inform provinces of approval by 2nd week of January 2006

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 Gradually increase the labour-intensity of certain specific types of projects over the next five years Enhance capacity to deliver infrastructure
Measurable objectives/ outputs	<ul style="list-style-type: none"> Construction, rehabilitation and maintenance of roads, schools, health facilities and agriculture infrastructure 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 2005 Budget by 14 April 05 for departments that are targeted by the grant. These plans must comply with the prescribed format. The flow of the first instalment depend on the submission and approval of infrastructure plans and submission of fourth quarter report for the 2004/05 financial year Additional allocation of R500 distributed in terms of the Provincial Infrastructure Grant formula is included in 2007/08 to be added to roads sector share of the infrastructure grant Roads is expected to use 60 percent of the additional allocation to upgrade access roads into all whether roads, 40 per cent to upgrade and rehabilitate class 2 roads, prioritising identified freight corridors Submission of draft infrastructure plans, which include organisational support plan and infrastructure programme implementation plan for 2006/07 Budget in the prescribed format by 1 September 2005, or any other date as determined by National Treasury. The flow of the third instalment will in addition to reporting requirements be conditional upon the submission of these 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 Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> The formula to allocate the grant takes account of equitable share formula 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 R115million and R130 million for 2005/06 and 2006/07 were topsliced for Northern Cape to take account of the vastness of the and 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 phased in over the 2005 MTEF by applying it to 2007/08 allocations. The allocations for the 2005/06 and 2006/07 remain unchanged as published in the 2004 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 R500 million is added to the grant allocation in 2007/08 to be added to roads share. The new formula is used to distribute this amount to each province
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
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
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> Allocation of the grant amounted to 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 920 million in 2002/03 to R9 112 million in 2003/04, which amounts to 15 percent. This grant only constitutes 13 percent of total payments for capital assets budgets in provinces, indicating that this grant has achieved its objective of increasing provincial budgets and spending capacity for infrastructure <p>2003/04 service delivery performance</p> <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
Projected life	<ul style="list-style-type: none"> To be reviewed after five years
MTEF allocation	<ul style="list-style-type: none"> 2005/06:R3 731 million, 2006/07:R4 118 million, 2007/08: R5 324 million
Payment schedule	<ul style="list-style-type: none"> Quarterly instalments

Responsibilities of the national department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Provide the guidelines/format for the development of infrastructure plans for 2006/07 • Monitor implementation of infrastructure plans • Support provinces to improve infrastructure delivery capacity and systems • Relevant sector department to report on quarterly performance in infrastructure delivery to NCOP
Process for approval of 2006/07 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 National Treasury by: 1 September 2005 • National Treasury reviews plans and give feedback to provinces by: 5 December 2005 • Final approval of provincial infrastructure plans by National Treasury: 15 March 2006

SOCIAL DEVELOPMENT GRANTS

Social Assistance Administration Grant	
Transferring department	<ul style="list-style-type: none"> • Department of Social Development (Vote 18)
Purpose	<ul style="list-style-type: none"> • To fund the administration of social assistance grants which are payable in terms of the Social Assistance Act, 1992 (or the Social Assistance Act, 2004 once this new Act becomes operational)
Measurable outputs	<ul style="list-style-type: none"> • As agreed between the transferring and receiving officers and set out per province in the monitoring plan to be submitted in terms of the Division of Revenue Act, 2005 and encompassing the following performance areas: <ul style="list-style-type: none"> – Grant process integrity – Service delivery quality – Business planning and financial management – Fraud minimisation – Beneficiary payment processes and management of payment contractors
Conditions	<ul style="list-style-type: none"> • These funds may only be used to defray costs related to the administration and payment of social assistance grants • Receiving officers must: <ul style="list-style-type: none"> – Cooperate in the finalisation of the monitoring plan (in terms of the Division of Revenue Act, 2005) including agreement on appropriate performance levels for a province – Under the guidance of the transferring national officer ensure that systems and processes, including management information systems, are in place to report in terms of the monitoring plan and, where this is impossible, inform the transferring officer of the situation and requirements to put in place the required systems and processes – After reasonable notification and consultation, in cases where prior notification is appropriate, provide access and support to investigations and investigation teams (including audit and inspection teams) – Report in line with the requirements of the monitoring plan – Act promptly to rectify any deficiencies in administration identified through monitoring or audits and inform the transferring officer in reasonable time where such corrective action cannot be implemented and the reasons why they cannot be implemented • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • Projected costs related to the administration of social grants taking into account historical levels of expenditure, projected trends in beneficiary numbers and service delivery and efficiency improvement requirements
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> • The grant is an interim funding mechanism to allow for a smooth transition from provincial responsibility for administration to national responsibility while national capacity is being established • The rising trend in social grant expenditure and an increased need for monitoring in the transition to national responsibility requires dedicated funding from the national department and enhanced national monitoring
Monitoring mechanisms	<ul style="list-style-type: none"> • Reports, data analysis, inspections, process and performance audits and other relevant mechanisms as to be spelt out in the monitoring plan to be submitted in terms of the Division of Revenue Act, 2005
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • New grant <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> • New grant
Projected life	<ul style="list-style-type: none"> • This grant is envisaged to be in place only for one year as national capacity is being established to take over grant administration. Unforeseen delays in setting up this capacity may necessitate an extension of the life of the grant
MTEF allocation	<ul style="list-style-type: none"> • 2005/06: R3 382 million, 2006/07: R 3 584 million, 2007/08: R3 734 million
Payment schedule	<ul style="list-style-type: none"> • Monthly transfers to provinces in line with the payment schedule agreed between the Department of Social Development and the province
Responsibilities of the national department	<ul style="list-style-type: none"> • Transfers to provinces in terms of the payment schedule • Finalisation and agreement of monitoring plan • Monitoring of performance as per monitoring plan and measurable outputs • Ensuring that appropriate regulations and guidelines are in place with respect to grant eligibility and processes related to the social grant system
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Grant not foreseen to be in place in 2006/07

Social Assistance Transfers Grant	
Transferring department	<ul style="list-style-type: none"> Department of Social Development (Vote 18)
Purpose	<ul style="list-style-type: none"> To fund social assistance transfer payments to eligible beneficiaries in terms of the Social Assistance Act, 1992 (or the Social Assistance Act, 2004 once this new Act becomes operational)
Measurable outputs	<ul style="list-style-type: none"> The monthly number of social assistance beneficiaries in payment and the monthly amount spent per grant type for care dependency grants, child support grants, foster care grants, temporary and permanent disability grants, the grant-in-aid grants; old age grants, the war veterans grants The monthly number of people in receipt of social relief of distress and the amount spent per month on social relief of distress Beneficiaries on the system relative to estimates of eligible numbers and spending relative to allocated budgets Other indicators as agreed between the transferring and receiving officers and set out per province in the monitoring plan to be submitted in terms of the Division of Revenue Act, 2005 Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Conditions	<ul style="list-style-type: none"> The funds are exclusively for the payment of social assistance grants to eligible beneficiaries Provincial treasuries must earmark allocations per grant type per province as set out in the Annexure to this Act. Consultation and approval from the relevant provincial treasury is required where the provincial receiving officer intends to reallocate funding between grant types within a province Where it is proposed by a provincial receiving officer that an indicative/earmarked allocation to a grant type as set out in the Annexure to this Act be adjusted in-year by more than 5 per cent of the allocation for that grant type, prior approval with full motivation must be sought from the transferring national officer in consultation with the Director-General: National Treasury or his designated representative Receiving officers must: <ul style="list-style-type: none"> Cooperate in the finalisation of the monitoring plan (in terms of the Division of Revenue Act, 2005)] including agreement on appropriate performance levels for a province Under the guidance of the transferring national officer ensure that systems and processes, including management information systems, are in place to report in terms of the monitoring plan and, where this is impossible, inform the transferring officer of the situation and requirements to put in place the required systems and processes After reasonable notification and consultation, in cases where prior notification is appropriate, provide access and support to investigations and investigation teams (including audit and inspection teams) Report in line with the requirements of the monitoring plan Act promptly to rectify any deficiencies in administration identified through monitoring or audits and inform the transferring officer in reasonable time where such corrective action cannot be implemented and the reasons why it cannot be implemented
Allocation criteria	<ul style="list-style-type: none"> Projected number of beneficiaries and expenditure by grant type by provinces based on eligibility criteria, historical trends, demographic change and socio-economic conditions
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> The grant is an interim funding mechanism to allow for a smooth transition from provincial responsibility for administration to national responsibility while national capacity is being established
Monitoring mechanisms	<ul style="list-style-type: none"> Reports, data analysis and other relevant mechanisms to be spelt out in the monitoring plan to be submitted in terms of 15(3) of the Division of Revenue Act, 2005
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> New grant <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> New grant
Projected life	<ul style="list-style-type: none"> This grant is envisaged to be in place only for one year as national capacity is being established to take over grant administration. Unforeseen delays in setting up this capacity may necessitate an extension of the life of the grant
MTEF allocation	<ul style="list-style-type: none"> 2005/06: R52 023 million, 2006/07: R 57 070 million, 2007/08: R61 830 million
Payment schedule	<ul style="list-style-type: none"> Weekly transfers to provinces in line with the payment schedule agreed between the national Department of Social Development and the province
Responsibilities of the national department	<ul style="list-style-type: none"> Transfers to provinces in terms of the payment schedule Finalisation and agreement of monitoring plan Monitoring of performance as per monitoring plan and measurable outputs Notifying National Treasury in the case of threatened under and overspending by provinces, request approval for reallocating funding between provinces where appropriate, consult National Treasury prior to approving a shift between grants of more than 5 per cent of an allocation per grant type Ensuring that appropriate regulations and guidelines are in place with respect to grant eligibility and processes related to the social grant system
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> Grant not foreseen to be in place in 2006/07

Integrated Social Development Services Grant	
Transferring department	<ul style="list-style-type: none"> • Social Development (Vote 18)
Purpose	<ul style="list-style-type: none"> • To enable the provinces to support and provide appropriate social welfare services and development interventions, and for immediate and appropriate short-term relief to vulnerable individuals and households who are not eligible and not receiving any form of assistance in terms of the Social Assistance Act, 1992 or Social Assistance Act, 2004 whenever this comes into effect
Measurable outputs	<ul style="list-style-type: none"> • The number of social welfare services and development intervention projects and or programmes delivered and supported by either the department of social development in the province or non-profit and community-based organisations • The number of individuals and households provided with short-term relief by location (municipality) and composition (gender, age and recipient of social security benefit) • Number of implementation agent (whether departmental offices, non-profit and faith based organisations and the nature of associations)
Conditions	<ul style="list-style-type: none"> • The funds may only defray costs related to the implementation and administration of: <ul style="list-style-type: none"> – Social welfare services interventions – Social development initiatives – Short-term relief such as drop-in centres, food parcels, soup kitchens and in other such relief that is deemed appropriate by the province to vulnerable individuals and households • Provinces must ensure that the different interventions indicated above are implemented in partnership with the non-profit sector • Provinces must with the full participation of the national Department of Social Development design social welfare and development strategies, which includes short-term relief interventions to vulnerable individuals and communities by 31 March 2005 • Provinces must ensure that appropriate systems and processes are in place to monitor the implementation of its province-specific social welfare services • Provinces must ensure that development interventions are in place • Provinces must ensure that a register is kept of individuals and households and the type and period of short-term relief provided • Provinces must submit quarterly reports to the national accounting officer within 20 days after the end of each quarter, including such information as maybe requested by the national Department of Social Development • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • The allocation per province is based on the proportional shares of poverty and income adjustment distribution per province
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> • Expansion of social welfare services, development interventions and short-term relief is a national priority that requires further expansion in provinces. A conditional grant is required to ensure adequate monitoring and national support and to ensure that the capacity is further expanded without impacting on other provincial functions
Monitoring mechanisms	<ul style="list-style-type: none"> • Quarterly reports as set out under conditions
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • Grant was known as the Food Emergency Relief Grant • Although overall expenditure on this grant ranges between 94 per cent and 97 per cent across the provinces it has been unable to enhance the integrated nature of social development services or address concerns pertaining to sustainability of the programme • The nature of the intervention is also short-term further complicates sustainability in service delivery to provide longer term interventions to support targeted individuals and households <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> • The centralised nature of the programme impeded fast-tracking of services through provinces • Centralise process has also impeded implementation of the programme • Programme was unable to ensure as originally conceptualised that provinces would contribute to operational and service delivery efficiencies providing food relief support to vulnerable individuals and communities
Projected life	<ul style="list-style-type: none"> • This grant is envisaged to be in place for one year or as soon as the necessary capacity is established within provincial departments of social development
MTEF Allocation	<ul style="list-style-type: none"> • 2005/06:R388 million, 2006/07:R411 million, 2007/08: R432 million
Payment schedule	<ul style="list-style-type: none"> • Equal bi-annual transfers on condition that a report is provided in terms of the above conditions

Responsibilities of the national department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Provincial Business Plans to be drafted according to national framework • Draft Business Plans: 31 July 2005 • National approval of draft Business Plans: 31 September 2005 • Provincial HoD approval of final Business Plans: 31 September 2005 • Final National approval of provincial Business Plans: 31 October 2005 • Submission of Business Plans and Certificate of Compliance to National Treasury by 15 April 2006

HIV and Aids (Community-Based Care) Grant	
Transferring Department	<ul style="list-style-type: none"> Department of Social Development (Vote 18)
Purpose	<ul style="list-style-type: none"> To provide social welfare services to orphans and vulnerable children who are infected and affected by HIV and Aids, within family and community context, in partnership with non profit making organizations (NGOs, CBOs and other community organisations) To develop and support institutional structures and professionals, community workers and child and youth care workers through targeted training programmes in order to ensure effective delivery of services
Measurable objectives/outputs	<ul style="list-style-type: none"> Increased number of orphans and other children made vulnerable by HIV and AIDS receiving appropriate care and support 100 per cent of identified children and families receive essential material assistance 100 per cent of orphans and vulnerable children identified to be in need of alternative care referred 70 per cent of caregivers identified from communities, NGOs, CBOs, faith based organizations, families and volunteers to be capacitated through training and support 70 per cent of caregivers received a stipend 70 per cent of the identified children and families provided with counselling and support services Number of coordinating structures and partnerships for management and maintenance of social welfare services to children infected and affected by HIV/Aids increased
Conditions	<ul style="list-style-type: none"> Approved business plans with measurable outputs must exist for each province in line with the framework for the grant Each operational plan should be approved and signed by the Head of Department and submitted to the Director-General before 20 February of each year. The first instalment will only flow if plans are approved Legal contracts signed between provincial departments of social development and the implementing agencies by 1 April each year Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> In developing the National Integrated Plan for HIV/Aids, the HIV/Aids prevalence figure as reflected in the ante-natal survey was a guiding principle
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The National Integrated Plan for Children Infected and Affected by HIV/Aids is a programme involving three social service departments (Education, Health and Social Development) The conditional grant provides the opportunity to establish a coordinated approach across the provinces in terms of planning and implementation, and also enables more effective monitoring by the national departments
Monitoring mechanisms	<ul style="list-style-type: none"> Monthly expenditure reporting by provinces Quarterly performance evaluation and reporting by national and provincial coordinators Quarterly provincial visits to evaluate implementation of the programmes Structured site visits twice a year by a team consisting of both Social Development and Health officials on the national and provincial levels
Performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> More than 95 per cent of the allocated amount (R65,9 million) was spent by March 2004 <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> Increase in the number of identified children infected and affected by HIV/AIDS: <ul style="list-style-type: none"> 61 582 orphaned and vulnerable children were identified and received appropriate services 9 787 child headed households were identified and received appropriate services 144 703 families were provided with food parcels and 20 945 families with special protein products 6 375 children were referred for foster care placement 50 percent of caregivers identified from communities, non-governmental organisation (NGO's), community-based organisation (CBOs) and faith-based organisations (FBOs), families and volunteers to be capacitated through training and support 4215 care givers were trained on Home Community Based Care and Support programme 5988 caregivers are receiving a stipend Counselling and support services to children and families: <ul style="list-style-type: none"> 144 703 were assisted with counselling, care and support 144 support groups were established and supported 550 families received bereavement support and burials Increase in the number of co-ordinating structures and partnership for management and maintenance of social welfare to children infected and affected by HIV and Aids: <ul style="list-style-type: none"> 169 income-generating projects were linked to home community based care 212 childcare forums were established 421 NGOs, CBOs, FBOs and sites were strengthened
Projected life	<ul style="list-style-type: none"> For the duration of the allocation
MTEF Allocation	<ul style="list-style-type: none"> 2005/06: R138 million, 2006/07: R139 million, 2007/08: R143 million
Payment schedule	<ul style="list-style-type: none"> Three instalments of (16 May) 60 per cent, (16 September) 30 per cent and (16 January) 10 per cent

Responsibilities of the national department	<ul style="list-style-type: none"> • Evaluate Annual Reports for 2004/05 for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 April 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • Provincial Business Plans to be drafted according to national framework • Draft Business Plans: 31 July 2005 • National approval of draft Business Plans: 31 September 2005 • Provincial HoD approval of final Business Plans: 31 September 2005 • Final National approval of provincial Business Plans: 31 October 2005 • Submission of Business Plans and Certificate of Compliance to National Treasury by 15 April 2006

DEPARTMENT OF SPORT AND RECREATION GRANTS

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 disadvantaged communities in a selected number of sport activities and the empowerment of communities to manage these activities in conjunction with provincial departments responsible for sport
Measurable outputs	<ul style="list-style-type: none"> • 220 People trained in Sport and Recreation administration • 220 coaches trained • 220 referees trained • 500 000 people participating actively in the programme • 450 people trained in First Aid • 450 people trained in events management • 450 people trained in life skills programme • 100 recreation clubs formed
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 approved project must have a sustainability plan • Provinces identify priority areas in accordance with presidential nodes and high crime areas • Provincial departmental strategic plans for 2005/06 and over the MTEF to clearly indicate measurable objectives and performance targets as agreed with national department
Allocation criteria	<ul style="list-style-type: none"> • Funds are distributed equally among provinces (except for 1 province) in the first and second year (2005-2006 and 2006-2007). Thereafter it will be based on a formula using the equitable share and number of municipalities per province
Reason why not incorporated in equitable share	<ul style="list-style-type: none"> • A conditional grant is necessary to ensure: <ul style="list-style-type: none"> – National coordination 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 inspections by national department to 8 hubs per month • Provincial Performance monitored at 12 monthly national workshops • Annual Impact study by external agent
Past performance	<p>2003/04 audited financial outcomes</p> <ul style="list-style-type: none"> • New grant introduced in the 2004/05 financial year <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> • New grant introduced in the 2004/05 financial year
Projected life	<ul style="list-style-type: none"> • SRSA will provide project funding and support for the 3 years for specific areas. As an exit strategy business training will be provided in 2006/07 that will develop franchises in the hubs that will continue with the programme after 2007/08. Provinces will implement and monitor the projects on an ongoing basis
MTEF Allocation	<ul style="list-style-type: none"> • 2005/06: R24 million; 2006/7: R39 million; 2007/08: R41 million
Payment schedule	<ul style="list-style-type: none"> • Four instalments 44,4% (25 April 2005); 22,6% (25 July 2005); 17,1% (25 October 2005); 15,9% (25 January 2006)
Responsibilities of the National Department	<ul style="list-style-type: none"> • Evaluate Annual Reports for the 2004/05 grants for submission to NCOP and National Treasury by 31 July 2005 • Agree on output and targets with provincial departments in line with grant objectives for 2006/07 by 30 September 2005 • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation and provide support • Submit approved business plans for 2005/06 to the National Treasury on 15 April 2005 • Submit quarterly performance reports to SCOF in NCOP and National Treasury • Submit the allocation criteria, MTEF allocations and the final conditional grant framework that relate to this grant to National Treasury by 15 November 2005 or as requested by National Treasury
Process for approval of 2006/07 business plans	<ul style="list-style-type: none"> • SRSA provide business plan blue prints to provinces (15 November 2005) • Provinces provide draft business plans to SRSA. (30 November 2005) • SRSA evaluates draft business plans (15 December 2005) • Comments send to provinces (15 January 2006) • Provinces submit revised business plans to SRSA (30 January 2006) • HOD approves business plans (15 February 2006)

APPENDIX E2:
FRAMEWORKS FOR CONDITIONAL
GRANTS TO MUNICIPALITIES

Appendix E2: Frameworks for Conditional Grants to Municipalities

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

Introduction

This appendix provides a brief description for each grant in Schedules 4B, 6, 6A and 7 of the Division of Revenue Bill. 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 Bill)
- Criteria for allocation between municipalities
- Rationale for funding through a conditional grant
- Monitoring mechanisms
- Past performance
- The projected life of the grant
- 2005 MTEF allocation
- The payment schedule
- Responsibility of national transferring department

NATIONAL TREASURY GRANTS

	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 municipal 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 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 and implementation of accounting and reporting reforms The employment of an appropriately skilled chief financial officer Completion and submission of a checklist identifying critical financial management areas to be addressed Submission of a plan to implement budget and financial management reforms
Allocation criteria	<ul style="list-style-type: none"> The allocation of funds was initially targeted at pilot municipalities in all categories of municipalities (A, B and C) to implement and refine the financial reforms. With the phased implementation of the MFMA and the countrywide roll out of the reforms, the grant will be extended to cover all municipalities over the MTEF Multi-year allocations by municipality are published in this gazette
Reason not incorporated in equitable share	<ul style="list-style-type: none"> To provide for the critical need to develop municipal financial management capacity and to lend support to the implementation of the Municipal Finance Management legislation
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 and the signed agreements
Past performance	<p>2003/04 audited financial outcome</p> <ul style="list-style-type: none"> All funds have been transferred. All 284 municipalities are now part of the programme. Municipalities were required to provide certified bank account details prior to transfer of resources during September 2004 and a short delay was experienced in making transfers. The monthly reports submitted by most municipalities on actual spending show varying levels of spending No adverse audit issues were identified The department's 2003/04 annual report contains a detailed explanation of the grant outcomes. The audit process for municipalities receiving these grants has also not been concluded, as some municipalities have not submitted their financial statements, so it is not possible to assess whether the funds received were spent as stipulated <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> The MFMA became effective 1 July 2004. Municipalities have been classified into 50 high, 107 medium and 127 low capacity resulting in a phased approach to the implementation of the Act. SAQA accredited unit standards NQF level 6 certificate qualification in Municipal Finance Management were approved All 284 municipalities are currently participating in the reform programme. Over 200 finance interns have been appointed using this funding to increase finance management capacity in local government Budget training conducted with all high and medium capacity municipalities in terms of the phase in of the Act
Projected life	<ul style="list-style-type: none"> The programme is designed to support and implement the MFMA. This initiative is also linked to governments' international contractual obligations with regards the international advisor programme. The programme will continue until 2007/08. The grant forms part of government's broader capacity building initiative and focuses on building in-house municipal capacity. After this period the grant will be distributed via the local government equitable share formula to all municipalities
MTEF allocation	<ul style="list-style-type: none"> R198,7 million in each of the 2005/06, 2006/07 and 2007/08 financial years
Payment schedule	<ul style="list-style-type: none"> The grant will be disbursed during July 2005
Responsibilities by national department	<ul style="list-style-type: none"> National Treasury is responsible for 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 Municipal Finance Management Technical Assistance Programme administered by DBSA The programme will encompass implementation of the Municipal Finance Management Act

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	<p>2003/04 Audited financial outcome</p> <ul style="list-style-type: none"> Five applications have been assessed during 2004 Mangaung's payments were withheld due to non-compliance and the grant agreement will be extended until 2005/06 Further agreements undertaken with the City of Johannesburg in December 2004 No audit issues were identified The department's 2003/04 annual report contains a detailed explanation of the grant outcomes <p>2003/04 Service delivery performance</p> <ul style="list-style-type: none"> Cacadu District Municipality has commenced its role as a development facilitator to the local municipalities in the district. Quarterly assessments for Emfuleni and Buffalo City will be undertaken in 2005 to ensure compliance with the conditions of the grant
Projected life	<ul style="list-style-type: none"> The grant is anticipated to continue for a further three years and will be subject to a progress review in 2006/07. The grant will thereafter be incorporated into the Equitable Share
MTEF allocation	<ul style="list-style-type: none"> R350 million in each of the 2005/06, 2006/07 and 2007/08 financial years
Payment schedule	<ul style="list-style-type: none"> Quarterly transfers are planned in accordance with restructuring agreements and achievements of milestones
Responsibilities by national department	<ul style="list-style-type: none"> Ongoing assessment to determine progress against agreed milestones and the future of the grant to be reviewed following the achievements of restructuring plans in 2007

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT GRANTS

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"> Review IDPs and ensure alignment to the Budgets Implementation of Performance Management Systems Implementation of Section 78 of MSA - division of powers and functions Number of Ward Committee meetings to promote Public Participation Development and implementation of District wide Capacity Building framework in line with the National Capacity Building Framework Develop municipal rates policies and compile of property valuation rolls by municipalities in terms of Local Government: Municipal Property Rates Act No. 6 of 2004 Support to Planning Implementation and Management Support Centers
Conditions	<ul style="list-style-type: none"> Submission of a district wide action plan in a prescribed format including time frames on the implementation of the measurable outputs Submission of a council resolution striving to achieve the measurable outputs in the action plan Submission of an impact report on the past performance of the grant Submission of PIMS Centre annual work plan
Allocation Criteria	<ul style="list-style-type: none"> Allocations are made to district municipalities, and selected category B local municipalities Allocations to be determined according to assessed need
Reasons not incorporated in Equitable Share	<ul style="list-style-type: none"> The grant gives effect to assist municipalities implement 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 (Chief Director: Development Planning) Submission of monthly expenditure reports by municipalities as stipulated in the Division of Revenue Act Random site visits
Past Performance	<p>2003/2004 audited financial outcome</p> <ul style="list-style-type: none"> The Auditor- General reported as an emphasis of matter material contravention of the requirements of the Division of Revenue Act. The department did not have a single composite documented policy and procedure manual on how to deal with and ensure compliance with DORA, 2003 (Act No. 7 of 2003) or how to apply the remedies in terms of the act, such as delaying funds and withholding funds <p>2003/2004 service delivery performance</p> <ul style="list-style-type: none"> 54% out of the 154 Water Service Authorities has commenced with the Sec 78 assessments (Municipal Systems Act, 2000) for appropriate water service provision 47 PIMS Centres have been established in all 47-district municipalities by March 2004 234 out of 284 IDPs reviewed for 2004/05 financial year 68% of municipalities are satisfied with PIMS support and assistance 92 % of municipalities have established Performance Management Systems (PMS) frameworks 77% of municipalities participated in the Municipal Performance Excellence Awards 53% submitted their annual performance reports
Projected Life	<ul style="list-style-type: none"> The grant will be phased into the local government equitable share over the medium term
MTEF allocation	<ul style="list-style-type: none"> R200 million in each of the 2005/06, 2006/07 and 2007/08 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. The first transfer will be made on receipt of action plans. The second transfer will be made upon progress in implementation
Responsibilities by national department	<ul style="list-style-type: none"> Department to report to SCOF on audited outcomes for 2003/04, identifying any corrective steps to be taken on any problems with this grant identified during audit. Also report on outputs achieved in 2003/04 Detailed information on the allocation formula and data used, and on monitoring system, to be submitted to SCOF in NCOP Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

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 basic municipal infrastructure utilised in providing basic services for the benefit of poor households 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 households receiving new electricity connections 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, electricity, refuse removal, streets lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads, in line with any MIG or government sector policies established before the start of the municipal financial year Compliance with section 16 and 20 of 2005 Division of Revenue Act, including tabling of capital budgets. District municipalities to also comply with section 24 of the 2005 Division of Revenue Act, on transfers and project agreements with local municipalities . Municipalities must finalise the commitments made by 30 September 2003 on CMIP and DWAF capital programmes by year-end 2005/06 Municipalities must adhere to the labour-intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines Municipalities to submit reports in terms of the format prescribed by section 71 and 72 of the MFMA Municipalities that have prioritised the eradication of the bucket sanitation system for 2005/06, should submit detailed plans to DWAF by 30 June 2005 together with projects and estimated costs Identified projects for 2005/06 should demonstrate that the new sanitation system meets the necessary technical and operational requirements Municipalities that have prioritised the eradication of the bucket sanitation system for 2006/07 and beyond, should submit detailed plans to DWAF by 1 October 2005 together with projects and estimated costs
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>2003/2004 audited financial outcome</p> <ul style="list-style-type: none"> The Auditor- General reported as an emphasis of matter material contravention of the requirements of the Division of Revenue Act by the national department, noting that it 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, 2003 (Act No. 7 of 2003) 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.
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"> 2005/06: R5 436 million; 2006/07: R7 454 million; 2007/08: R8 301 million. A ring-fenced allocation of R200 million, R400 million and R600 million has been included in MIG over the 2005 MTEF to fast track the eradication of bucket sanitation system
Phasing arrangements	<ul style="list-style-type: none"> Consolidation process will be completed at the end of the 2005/06 financial year Commitments made before 30 September 2003 by national departments administering grants incorporated into MIG are prioritised and would be fully phased out by year end 2005/06
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 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 – ensure receipt of budgets of municipalities by 31 July 2005, monitor-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

DEPARTMENT OF WATER AFFAIRS AND FORESTRY GRANTS

Implementation of Water Service Projects	
Transferring department	<ul style="list-style-type: none"> Water Affairs and Forestry (Vote 34)
Purpose	<ul style="list-style-type: none"> To fund bulk, connector and internal infrastructure for water services at a basic level of service and to implement such projects on behalf of municipalities
Measurable outputs	<ul style="list-style-type: none"> Number of people to be served with water – 45 000 (targeted) Number of jobs to be created: 3 200 for all categories Number of people to be impacted through health and hygiene programme – 68 000 (targeted) Number of toilets to be constructed: 17 100
Conditions	<ul style="list-style-type: none"> Municipalities are required to meet the following outputs: <ul style="list-style-type: none"> Submit the necessary service plans (e.g. WSDP) and budget for the operation and maintenance costs of projects, including the implementation thereof Have demonstrated acceptable level of expertise in managing water services projects Have established the mechanisms and structures for reporting Enter into formal service provision agreements (including provision for payment of services rendered by the department) with the department Completed projects will be transferred to municipalities
Allocation criteria	<ul style="list-style-type: none"> The commitments for ongoing projects as well as operational, capacity and transference of completed projects will receive preference in the programme No new infrastructure projects will be implemented. Only projects previously approved by the Minister will be implemented
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific capital transfer focused programme with the national policy priority of ensuring all South Africans have access to safe water sources and acceptable sanitation systems This capital programme comes to end in this financial year. Ongoing project commitments will be completed with final year funding
Monitoring system	<ul style="list-style-type: none"> Projects are managed and monitored by DWAF through the principles of the build, operate, train and transfer mechanism
Past performance	2003/04 audited financial outcome <ul style="list-style-type: none"> There were no specific comments on the Water Services Capital Grant with regards to the 2003/04 financial year
	2003/04 service delivery performance <ul style="list-style-type: none"> Approximately 10,5 million people have been provided with access to basic water services and 123 projects have been transferred to municipalities. Approximately 317 000 toilets have been constructed in the past six years and 1,7 million people have benefited from accompanied health and hygiene programmes
Projected life	<ul style="list-style-type: none"> The programme is in its final year and will be fully incorporated into MIG in 2006/07
MTEF allocation	<ul style="list-style-type: none"> R138,7 million for the 2005/06 financial year
Payment schedule	<ul style="list-style-type: none"> Based on monthly and quarterly cash flow forecasts from implementing agents and provinces
Responsibilities by national department	<ul style="list-style-type: none"> Department to ensure that ongoing projects are completed and transferred to appropriate municipalities Department report to SCOF on audited outcomes for 2004/05, identifying any corrective steps to be taken on any problems with this grant identified during audit. Also to report on outputs achieved in 2004/05 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. Internal control documents such as the Water Services Financial Delegation and Water Services Work Plan will be used to achieve monitor outputs Submission of quarterly performance (i.e. outputs) reports with a quarter lag to SCOF in NCOP

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"> 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 IDPs All transfer agreements signed and formalised by 31 March 2006 Successful transfer of all appropriate staff, budgets and schemes to municipalities by 31 March 2006 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 2005/06 – Where transfer agreements are in place by 31 March 2006, schemes transferred during the year will be transferred with the remaining 3 year O component and remaining 3 year HR component of the budget 2006/07 – All transfer agreements concluded. Receiving institutions continue to receive the O and HR components for 2 years 2007/08 – All transfer agreements concluded. Receiving institutions continue to receive the O and HR components for 1 year 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>2003/04 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 2003/04 financial year <p>2003/04 service delivery performance</p> <ul style="list-style-type: none"> Progress can be summarised as follows: 25 agreements signed, 495 staff transferred, 301 staff seconded and 84 schemes with a total asset value of approximating R1 000 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 by 31 March 2006. DWAF role as service provide will terminate at the end of 2005/06. DWAF to continue to monitor implementation of conditional grants to the end of 2011/12
MTEF allocation	<ul style="list-style-type: none"> R934,4 million for 2005/06 and R990,5 million for 2006/07 and R1 040 million for 2007/08 financial years
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 hearings on the Division of Revenue Bill or as agreed Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

DEPARTMENT OF MINERALS AND ENERGY GRANTS

Integrated National Electrification Programme	
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
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 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
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
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	2003/04 audited financial outcome <ul style="list-style-type: none"> There were no specific comments on the INEP with regards to 2003/4 financial year
	2003/04 service delivery performance <ul style="list-style-type: none"> From 2001, 185 935 households and 11 schools were connected with a total expenditure of R1 047 million
Projected life	<ul style="list-style-type: none"> This grant will be fully incorporated into the Municipal Infrastructure Grant (MIG) in 2006/7
MTEF allocation	<ul style="list-style-type: none"> R258 million for the 2005/06 financial year
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 2003/4, identifying any corrective steps to be taken on any problems with this grant identified during audit. Also to report on outputs achieved in 2004/05 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

APPENDIX E3:
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6)
(National and Municipal Financial Year)

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant			Local Government Restructuring Grant ¹⁾		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
EASTERN CAPE							
A	Nelson Mandela	3 500	1 000	1 000	1 000	50 000	50 000
B	ECI01 Camdeboo	250	500	500	500		
B	ECI02 Blue Crane Route	250	500	500	500		
B	ECI03 Ikwezi	250	500	500	500		
B	ECI04 Makana	750	750	750	750		
B	ECI05 Ndlambe	750	750	750	750		
B	ECI06 Sundays River Valley	250	500	500	500		
B	ECI07 Baviaans	250	500	500	500		
B	ECI08 Kouga	750	750	750	750		
B	ECI09 Koukamma	250	500	500	500		
C	DC10 Cacadu District Municipality	1 000	500	500	500		
Total: Cacadu Municipalities		2 500	5 750	5 750	5 750	50 000	50 000
B	ECI121 Mbashe	250	500	500	500		
B	ECI122 Mquma	500	500	500	500		
B	ECI123 Great Kei	250	500	500	500		
B	ECI124 Amahlathi	500	500	500	500		
B	ECI125 Buffalo City	2 500	500	500	500	35 000	35 000
B	ECI126 Ngqushwa	250	500	500	500		
B	ECI127 Nkonkobe	750	750	750	750		
B	ECI128 Nxuba	250	500	500	500		
C	DC12 Amatole District Municipality	1 500	500	500	500		
Total: Amatole Municipalities		5 000	4 750	4 750	4 750	35 000	35 000
B	ECI131 Inxuba Yethemba	250	500	500	500		
B	ECI132 Tsolwana	250	500	500	500		
B	ECI133 Inkwanca	250	500	500	500		
B	ECI134 Luikhanji	750	750	750	750		
B	ECI135 Intsika Yethu	250	500	500	500		
B	ECI136 Emalahleni	250	500	500	500		
B	ECI137 Engcobo	250	500	500	500		
B	ECI138 Sakhsizwe	250	500	500	500		
C	DC13 Chris Hani District Municipality	1 000	500	500	500		
Total: Chris Hani Municipalities		2 500	4 250	4 250	4 250	35 000	35 000

1) Allocations for the Restructuring Grant to the City of Cape Town, eThekweni, Nelson Mandela and City of Tshwane are indicative only, and subject to approval by National Treasury of their grant application and negotiations on conditions. Final allocations will be gazetted by 1 May 2005.

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant				Local Government Restructuring Grant							
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year					
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)				
B	EC141 Elundini	250	500	500	250	500	500						
B	EC142 Senqu	250	500	500	250	500	500						
B	EC143 Maletswai	250	500	500	250	500	500						
B	EC144 Gariep	250	500	500	250	500	500						
C	DC14 Ukhahlamba District Municipality	1 000	500	500	1 000	500	500						
	Total: Ukhahlamba Municipalities	2 000	2 500	2 500	2 000	2 500	2 500						
B	EC151 Mbizana	250	500	500	250	500	500						
B	EC152 Ntshankulu	250	500	500	250	500	500						
B	EC153 Qaukeni	250	500	500	250	500	500						
B	EC154 Port St. Johns	250	500	500	250	500	500						
B	EC155 Nyandeni	250	500	500	250	500	500						
B	EC156 Mhlonlo	250	500	500	250	500	500						
B	EC157 King Sabata Dalindyebo	1 000	500	500	1 000	500	500						
C	DC15 O.R. Tambo District Municipality	2 500	500	500	2 500	500	500						
	Total: O.R. Tambo Municipalities	5 000	4 000	4 000	5 000	4 000	4 000						
B	EC05b1 Umzimkhulu	250	500	500	250	500	500						
B	EC05b2 Umzimvubu	250	500	500	250	500	500						
C	DC44 Alfred Nzo District Municipality	1 000	500	500	1 000	500	500						
	Total: Alfred Nzo Municipalities	1 500	1 500	1 500	1 500	1 500	1 500						
	Total: Eastern Cape Municipalities	22 000	23 750	23 750	22 000	23 750	23 750	85 000	90 000	50 000	85 000	90 000	50 000

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant				Local Government Restructuring Grant			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)
FREE STATE									
B	FS161 Letsameg	250	500	500	500				
B	FS162 Kopanong	1 000	500	1 000	500				
B	FS163 Mokokare	250	500	250	500				
C	DC16 Xhariep District Municipality	250	500	250	500				
	Total: Xhariep Municipalities	1 750	2 000	2 000	2 000				
B	FS171 Naledi	250	500	500	500				
B	FS172 Mangaung	2 000	500	2 000	500				
B	FS173 Mantsopa	250	500	250	500				
C	DC17 Mofheo District Municipality	750	750	750	750				
	Total: Mofheo Municipalities	2 500	2 250	2 250	2 250				
B	FS181 Mafikeng	500	500	500	500				
B	FS182 Tlokologo	250	500	250	500				
B	FS183 Tswelopele	250	500	250	500				
B	FS184 Matjhabeng	2 500	500	2 500	500				
B	FS185 Nala	500	500	500	500				
C	DC18 Lejweleputswa District Municipality	1 000	500	1 000	500				
	Total: Lejweleputswa Municipalities	4 000	3 000	4 000	3 000				
B	FS191 Setsoto	750	750	750	750				
B	FS192 Drihabeng	750	750	750	750				
B	FS193 Nketoana	750	750	750	750				
B	FS194 Matluf-a-Phofung	2 000	500	2 000	500				
B	FS195 Phumelela	250	500	250	500				
C	DC19 Thabo Mofutsanyane District Municipality	750	750	750	750				
	Total: Thabo Mofutsanyane Municipalities	2 250	4 000	4 000	4 000				
B	FS201 Mopqaka	750	750	750	750				
B	FS203 Ngwathe	2 000	500	2 000	500				
B	FS204 Meisimaholo	250	500	250	500				
B	FS205 Mafube	750	750	750	750				
C	DC20 Northern Free State District Municipality	2 250	2 500	2 250	2 500				
	Total: Northern Free State Municipalities	2 250	2 500	2 250	2 500				
	Total: Free State Municipalities	12 750	13 750	13 750	13 750				

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant			Local Government Restructuring Grant ¹⁾		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
GAUTENG							
A	Ekurhuleni	3 000	500	500	500	500	
A	City of Johannesburg	3 000	500	500	35 000	35 000	
A	City of Tshwane	3 000	500	500	65 000	100 000	100 000
B	GT02b1 Nokeng Isa Taemane	250	500	500			
B	CBLC2 Kungwini	500	500	500			
C	CBDC2 Metsweding District Municipality	250	500	500			
Total: Metsweding Municipalities		500	1 500	1 500	500	1 500	
B	GT421 Emfuleni	1 000	500	500	35 000	35 000	35 000
B	GT422 Midvaal	500	500	500			
B	GT423 Lessedi	500	500	500			
C	DC42 Sedibeng District Municipality	500	500	500			
Total: Sedibeng Municipalities		1 000	2 000	2 000	1 000	2 000	35 000
B	GT411 Mogale City		500	500			
B	GT412 Randfontein	1 000	500	500	1 000	500	
B	GT414 Westonaria		500	500			
B	CBLC8 Merafong City		500	500			
C	CBDC8 West Rand District Municipality		500	500			
Total: West Rand Municipalities		1 000	2 500	2 500	1 000	2 500	
Total: Gauteng Municipalities		11 500	7 500	7 500	11 500	7 500	100 000
					135 000	110 000	110 000
							100 000

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APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant			Local Government Restructuring Grant		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
KWAZULU-NATAL							
A	eThekweni	3 500	500	500	3 500	500	500
B	KZ211 Vulamehlo	250	500	500	250	500	500
B	KZ212 Umdoni	500	500	500	500	500	500
B	KZ213 Umzambe	250	500	500	250	500	500
B	KZ214 uMuziwabantu	250	500	500	250	500	500
B	KZ215 Ezinqolweni	250	500	500	250	500	500
B	KZ216 Hibiscus Coast	500	500	500	500	500	500
C	DC21 Ugu District Municipality	500	500	500	500	500	500
	Total: Ugu Municipalities	1 000	3 500	3 500	1 000	3 500	3 500
B	KZ221 uMshwathi	250	500	500	250	500	500
B	KZ222 uMngeni	500	500	500	500	500	500
B	KZ223 Mooi Mpošana	250	500	500	250	500	500
B	KZ224 Impendle	250	500	500	250	500	500
B	KZ225 Msunduzi	2 500	500	500	2 500	500	500
B	KZ226 Mkhambathini	250	500	500	250	500	500
B	KZ227 Richmond	250	500	500	250	500	500
C	DC22 uMgungundlovu District Municipality	1 000	500	500	1 000	500	500
	Total: uMgungundlovu Municipalities	4 750	4 000	4 000	4 750	4 000	4 000
B	KZ232 Emmaambithi/Ladysmith	1 000	500	500	1 000	500	500
B	KZ233 Indaka	250	500	500	250	500	500
B	KZ234 Umishezi	500	500	500	500	500	500
B	KZ235 Okhahlamba	250	500	500	250	500	500
B	KZ236 Imbabazane	250	500	500	250	500	500
C	DC23 Uthukela District Municipality	250	500	500	250	500	500
	Total: Uthukela Municipalities	2 000	3 000	3 000	2 000	3 000	3 000
B	KZ241 Endumeni						
B	KZ242 Nquthu	250	500	500	250	500	500
B	KZ244 Msinga	250	500	500	250	500	500
B	KZ245 Umvoti	250	500	500	250	500	500
C	DC24 Umzinyathi District Municipality	500	500	500	500	500	500
	Total: Umzinyathi Municipalities	750	2 000	2 000	750	2 000	2 000
B	KZ252 Newcastle	1 000	500	500	1 000	500	500
B	KZ253 Utrecht	250	500	500	250	500	500
B	KZ254 Dannhauser	250	500	500	250	500	500
C	DC25 Amathuba District Municipality	250	500	500	250	500	500
	Total: Amathuba Municipalities	1 750	2 000	2 000	1 750	2 000	2 000

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APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant						Local Government Restructuring Grant									
		National Financial Year		Municipal Financial Year		National Financial Year		National Financial Year		Municipal Financial Year		National Financial Year					
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)				
B	KZ261 eDumbe	250	500	500	250	500	500										
B	KZ262 uPhongolo	250	500	500	250	500	500										
B	KZ263 Absolutisi	250	500	500	250	500	500										
B	KZ265 Nongoma	250	500	500	250	500	500										
B	KZ266 Ulundi	250	500	500	250	500	500										
C	DC26 Zululand District Municipality	1 500	500	500	1 500	500	500										
	Total: Zululand Municipalities	2 250	3 000	3 000	2 250	3 000	3 000										
B	KZ271 Umhlabyalingana	250	500	500	250	500	500										
B	KZ272 Jozini	500	500	500	500	500	500										
B	KZ273 The Big Five False Bay	250	500	500	250	500	500										
B	KZ274 Hlabisa	250	500	500	250	500	500										
B	KZ275 Mtubatuba	250	500	500	250	500	500										
C	DC27 Umkhanyakude District Municipality	500	500	500	500	500	500										
	Total: Umkhanyakude Municipalities	1 000	3 000	3 000	1 000	3 000	3 000										
B	KZ281 Mbonambi	250	500	500	250	500	500										
B	KZ282 uMlathuze	1 000	500	500	1 000	500	500										
B	KZ283 Ntambanana	250	500	500	250	500	500										
B	KZ284 Umlalazi	500	500	500	500	500	500										
B	KZ285 Mthonjaneni	250	500	500	250	500	500										
B	KZ286 Nkandla	250	500	500	250	500	500										
C	DC28 uThungulu District Municipality	500	500	500	500	500	500										
	Total: uThungulu Municipalities	2 000	3 500	3 500	2 000	3 500	3 500										
B	KZ291 eNdongakusuka	500	500	500	500	500	500										
B	KZ292 KwaDukuza	500	500	500	500	500	500										
B	KZ293 Ndwedwe	250	500	500	250	500	500										
B	KZ294 Maphumulo	250	500	500	250	500	500										
C	DC29 Ilembe District Municipality	500	500	500	500	500	500										
	Total: Ilembe Municipalities	500	2 500	2 500	500	2 500	2 500										
B	KZ5a1 Ingwe	250	500	500	250	500	500										
B	KZ5a2 Kwa Sani	250	500	500	250	500	500										
B	KZ5a3 Matatiele	250	500	500	250	500	500										
B	KZ5a4 Greater Kokstad	500	500	500	500	500	500										
B	KZ5a5 Ubuhlebezwe	250	500	500	250	500	500										
C	DC43 Sisonke District Municipality	250	500	500	250	500	500										
	Total: Sisonke Municipalities	1 250	3 000	3 000	1 250	3 000	3 000										
	Total: KwaZulu-Natal Municipalities	20 750	30 000	30 000	20 750	30 000	30 000					65 000	75 000	100 000	65 000	75 000	100 000

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant			Local Government Restructuring Grant		
		National Financial Year 2005/06 (R'000)	Municipal Financial Year 2006/07 (R'000)	2007/08 (R'000)	National Financial Year 2005/06 (R'000)	Municipal Financial Year 2006/07 (R'000)	2007/08 (R'000)
LIMPOPO							
B	NP03A2	250	500	500			
B	NP03A3	250	500	500			
B	CBLC3	250	500	500			
B	CBLC4	250	500	500			
B	CBLC5	250	500	500			
C	CBDC3	500	500	500			
	Total: Greater Sekhukhune Cross Boundary Municipalities	1 000	3 000	3 000			
B	NP04A1	250	500	500			
B	CBLC6	500	500	500			
C	CBDC4	250	500	500			
	Total: Bohlabela Municipalities	500	1 500	1 500			
B	NP331	250	500	500			
B	NP332	250	500	500			
B	NP333	1 000	500	500			
B	NP334	500	500	500			
C	DC33	250	500	500			
	Total: Mopani Municipalities	1 750	2 500	2 500			
B	NP341	250	500	500			
B	NP342	250	500	500			
B	NP343	2 000	500	500			
B	NP344	1 000	500	500			
C	DC34	500	500	500			
	Total: Vhembe Municipalities	3 500	2 500	2 500			
B	NP351	250	500	500			
B	NP352	250	500	500			
B	NP353	250	500	500			
B	NP354	2 500	500	500			
B	NP355	250	500	500			
C	DC35	1 000	500	500			
	Total: Capricorn Municipalities	4 500	3 000	3 000			
B	NP361	500	500	500			
B	NP362	500	500	500			
B	NP364	250	500	500			
B	NP365	250	500	500			
B	NP366	500	500	500			
B	NP367	500	500	500			
C	DC36	500	500	500			
	Total: Waterberg Municipalities	1 000	3 500	3 500			
	Total: Limpopo Municipalities	12 250	16 000	16 000			

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant				Local Government Restructuring Grant			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)
MPUMALANGA									
B	MP301 Albert Luthuli	250	500	500	250	500	500		
B	MP302 Msukaligwa		500	500	500	500	500		
B	MP303 Mkhondo		500	500	500	500	500		
B	MP304 Seme		500	500	500	500	500		
B	MP305 Lekwa		500	500	500	500	500		
B	MP306 Dipaleseng	250	500	500	250	500	500		
B	MP307 Govan Mbeki	2 000	500	500	2 000	500	500		
C	DC30 Gert Sibande District Municipality	1 500	500	500	1 500	500	500		
Total: Gert Sibande Municipalities		4 000	4 000	4 000	4 000	4 000	4 000		
B	MP311 Delmas		500	500	500	500	500		
B	MP312 Emalahleni	2 000	500	500	2 000	500	500		
B	MP313 Steve Tshwete	1 000	500	500	1 000	500	500		
B	MP314 Highlands	250	500	500	250	500	500		
B	MP315 Thebessile		500	500	500	500	500		
B	MP316 Dr. JS Moroka	250	500	500	250	500	500		
C	DC31 Nkangala District Municipality		500	500	500	500	500		
Total: Nkangala Municipalities		3 500	3 500	3 500	3 500	3 500	3 500		
B	MP321 Thaba Chweu		500	500	500	500	500		
B	MP322 Mbombela	2 500	500	500	2 500	500	500		
B	MP323 Umjindi		500	500	500	500	500		
B	MP324 Nkomazi		500	500	500	500	500		
C	DC32 Ehlanzeni District Municipality	2 000	500	500	2 000	500	500		
Total: Ehlanzeni Municipalities		4 500	2 500	2 500	4 500	2 500	2 500		
Total: Mpumalanga Municipalities		12 000	10 000	10 000	12 000	10 000	10 000		

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant			Local Government Restructuring Grant		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
NORTHERN CAPE							
B	NC01B1 Gamagara	250	500	500	500	500	
B	NW1a1 Moshaweng	250	500	250	500	500	
B	CBLC1 Ga-Segonyana	500	500	500	500	500	
C	CBDC1 Kgalagadi District Municipality	1 000	500	1 000	500	500	
	Total: Kgalagadi Cross Border Municipalities	1 500	2 000	2 000	1 500	2 000	2 000
B	NC061 Richtersveld	250	500	500	250	500	
B	NC062 Nama Khoi	500	500	500	500	500	
B	NC064 Kamiesberg	250	500	250	500	500	
B	NC065 Hantam	250	500	250	500	500	
B	NC066 Karoo Hoogland	250	500	250	500	500	
B	NC067 Khai-Ma	250	500	250	500	500	
C	DC6 Namaakwa District Municipality	1 000	500	500	1 000	500	
	Total: Namaakwa Municipalities	2 250	3 500	3 500	2 250	3 500	3 500
B	NC071 Ubuntu	1 000	500	500	1 000	500	
B	NC072 Umsobomvu	250	500	250	500	500	
B	NC073 Emthanjani	500	500	500	500	500	
B	NC074 Kareeberg	250	500	250	500	500	
B	NC075 Renosterberg	250	500	250	500	500	
B	NC076 Thembelihle	250	500	250	500	500	
B	NC077 Siyathemba	250	500	250	500	500	
B	NC078 Siyanecuma	250	500	250	500	500	
C	DC7 Karoo District Municipality	1 000	500	500	1 000	500	
	Total: Karoo Municipalities	3 500	4 500	4 500	3 500	4 500	4 500
B	NC081 Mier	250	500	500	250	500	
B	NC082 Kai ! Garib	250	500	500	250	500	
B	NC083 //Khara Hais	500	500	500	500	500	
B	NC084 ! Kheis	250	500	250	500	500	
B	NC085 Tsantsabane	250	500	250	500	500	
B	NC086 Kgatelopele	250	500	250	500	500	
C	DC8 Siyanda District Municipality	1 000	500	500	1 000	500	
	Total: Siyanda Municipalities	2 250	3 500	3 500	2 250	3 500	3 500
B	NC091 Sol Plaatje	2 500	500	500	2 500	500	
B	NC092 Dikgatlong	250	500	250	500	500	
B	NC093 Magareng	250	500	250	500	500	
B	CBLC7 Phokwane	500	500	500	500	500	
C	DC9 Frances Baard District Municipality	2 000	500	500	2 000	500	
	Total: Frances Baard Municipalities	5 000	2 500	2 500	5 000	2 500	2 500
	Total: Northern Cape Municipalities	14 500	16 000	16 000	14 500	16 000	16 000

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant				Local Government Restructuring Grant				
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
NORTH WEST										
B	NW371 Moretele	250	500	500	250	500	500			
B	NW372 Madibeng		500	500		500	500			
B	NW373 Rustenburg	1 000	500	500	1 000	500	500			
B	NW374 Kgatengrivier	250	500	500	250	500	500			
B	NW375 Moses Kotane		500	500		500	500			
C	DC37 Bojanala Platinum District Municipality		500	500		500	500			
	Total: Bojanala Platinum Municipalities	1 500	3 000	3 000	1 500	3 000	3 000			
B	NW381 Ratlou	250	500	500	250	500	500			
B	NW382 Tswaing	250	500	500	250	500	500			
B	NW383 Mafikeng	1 500	500	500	1 500	500	500			
B	NW384 Ditsobotla		500	500		500	500			
B	NW385 Zeerust		500	500		500	500			
C	DC38 Central District Municipality		500	500		500	500			
	Total: Central Municipalities	2 000	3 000	3 000	2 000	3 000	3 000			
B	NW391 Kagisano	250	500	500	250	500	500			
B	NW392 Naledi		500	500		500	500			
B	NW393 Mamusa	250	500	500	250	500	500			
B	NW394 Greater Taung	250	500	500	250	500	500			
B	NW395 Molopo	250	500	500	250	500	500			
B	NW396 Lekwa-Teemane		500	500		500	500			
C	DC39 Bophirima District Municipality		500	500		500	500			
	Total: Bophirima Municipalities	1 000	3 500	3 500	1 000	3 500	3 500			
B	NW401 Ventersdorp	250	500	500	250	500	500			
B	NW402 Potchefstroom	1 000	500	500	1 000	500	500			
B	NW403 Klerksdorp	1 000	500	500	1 000	500	500			
B	NW404 Maquassi Hills		500	500		500	500			
C	DC40 Southern District Municipality	1 500	500	500	1 500	500	500			
	Total: Southern Municipalities	3 750	2 500	2 500	3 750	2 500	2 500			
	Total: North West Municipalities	8 250	12 000	12 000	8 250	12 000	12 000			

APPENDIX E3
RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 1 OF 2

Number	Municipality	Local Government Financial Management Grant			Local Government Restructuring Grant ¹⁾		
		National Financial Year 2005/06 (R'000)	Municipal Financial Year 2006/07 (R'000)	2007/08 (R'000)	National Financial Year 2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
WESTERN CAPE							
A	City of Cape Town	4 000	500	500	65 000	75 000	100 000
B	WC011 Matzikama		500	500			
B	WC012 Cederberg	250		500			
B	WC013 Bergrivier		500	500			
B	WC014 Saldanha Bay		500	500			
B	WC015 Swartland	500		500			
C	DC1 West Coast District Municipality	1 000	500	500			
	Total: West Coast Municipalities	1 750	3 000	3 000	1 750	3 000	3 000
B	WC022 Witzenberg		500	500			
B	WC023 Drakenstein	2 000	1 000	1 000			
B	WC024 Stellenbosch	1 000	500	500			
B	WC025 Breede Valley		500	500			
B	WC026 Breede River Winelands		500	500			
C	DC2 Cape Winelands District Municipality	2 000	1 000	1 000			
	Total: Boland Municipalities	5 000	4 000	4 000	5 000	4 000	4 000
B	WC031 Theewaterskloof		750	750			
B	WC032 Overstrand	1 500		1 500			
B	WC033 Cape Agulhas		500	500			
B	WC034 Swellendam	250		250			
C	DC3 Overberg District Municipality	1 500	750	750			
	Total: Overberg Municipalities	3 250	2 500	2 500	3 250	2 500	2 500
B	WC041 Kamalaland	250		250			
B	WC042 Langeberg		500	500			
B	WC043 Mossel Bay		500	500			
B	WC044 George	1 000		1 000			
B	WC045 Oudtshoorn		500	500			
B	WC047 Plettenberg Bay		500	500			
B	WC048 Knysna	1 000		1 000			
C	DC4 Eden District Municipality	1 500	750	750			
	Total: Eden Municipalities	3 750	4 250	4 250	3 750	4 250	4 250
B	WC051 Laingsburg	250		250			
B	WC052 Prince Albert	250		250			
B	WC053 Beaufort West		500	500			
C	DC5 Central Karoo District Municipality	250	500	500			
	Total: Central Karoo Municipalities	750	2 000	2 000	750	2 000	2 000
	Total: Western Cape Municipalities	18 500	16 250	16 250	18 500	16 250	16 250
	National Total	132 500	145 250	145 250	132 500	145 250	145 250

1) Allocations for the Restructuring Grant to the City of Cape Town, eThekweni, Nelson Mandela and City of Tshwane are indicative only, and subject to approval by National Treasury of their grant application and negotiations on conditions. Final allocations will be gazetted by 1 May 2005.

RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 2 OF 2

Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAf) - Signed Agreements						SUB-TOTAL: RECURRENT					
		National Financial Year		Municipal Financial Year		National Financial Year		Signed Agreements		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)		
EASTERN CAPE																			
A	Nelson Mandela	4 000	4 000	4 000	4 000	4 000	4 000							60 000	55 000	57 500	60 000	55 000	
B	EC101 Camdeboo													500	500	250	500	500	
B	EC102 Blue Crane Route													500	500	250	500	500	
B	EC103 Ikwezi	150	150	150	150	150	150							650	400	400	650	650	
B	EC104 Makana	900	900	900	900	900	900							1 650	1 650	900	1 650	1 650	
B	EC105 Ndlambe													750	750		750	750	
B	EC106 Sundays River Valley													500	500	250	500	500	
B	EC107 Baviaans													500	500	250	500	500	
B	EC108 Kouga	150	150	150	150	150	150							900	900	150	900	900	
B	EC109 Koukamma													500	500	250	500	500	
C	DC10 Cacadu District Municipality	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	2 000	1 500	1 500	
	Total: Cacadu Municipalities	2 200	2 200	2 200	2 200	2 200	2 200							7 950	7 950	4 700	7 950	7 950	
B	EC121 Mbashe	734	734	734	734	734	734							1 234	1 234	984	1 234	1 234	
B	EC122 Mquma	734	734	734	734	734	734							1 234	1 234	734	1 234	1 234	
B	EC123 Great Kei													500	500	250	500	500	
B	EC124 Amathlathi													500	500		500	500	
B	EC125 Buffalo City	4 250	4 250	4 250	4 250	4 250	4 250			1 971	3 721	1 971		42 566	6 721	45 471	41 721	7 355	
B	EC126 Ngqushwa													750	750	250	750	750	
B	EC127 Nkonkobe													2 250	2 250	3 250	2 250	2 250	
B	EC128 Nxuba	1 750	1 750	1 750	1 750	1 750	1 750							2 250	2 250	2 250	2 250	2 250	
C	DC12 Amatole District Municipality	7 468	7 468	7 468	7 468	7 468	7 468	4 023	2 816	1 971	3 721	1 971		50 034	14 189	51 189	49 189	14 823	
	Total: Amatole Municipalities	7 468	7 468	7 468	7 468	7 468	7 468	4 023	2 816	1 971	3 721	1 971		51 491	14 189	51 189	49 189	14 823	
B	EC131 Inxuba Yethemba													650	650	400	650	650	
B	EC132 Tsolwana	150	150	150	150	150	150							500	500	250	500	500	
B	EC133 Inkwanca													1 000	1 750	1 000	1 750	1 750	
B	EC134 Lukhanji	1 000	1 000	1 000	1 000	1 000	1 000							1 750	1 750	1 000	1 750	1 750	
B	EC135 Intsika Yethu	734	734	734	734	734	734							984	1 234	984	1 234	1 234	
B	EC136 Emalahleni	734	734	734	734	734	734							984	1 234	984	1 234	1 234	
B	EC137 Engcobo	734	734	734	734	734	734							984	1 234	984	1 234	1 234	
B	EC138 Sakhisizwe	734	734	734	734	734	734							984	1 234	984	1 234	1 234	
C	DC13 Chris Hani District Municipality	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	2 000	1 500	1 500	
	Total: Chris Hani Municipalities	5 086	5 086	5 086	5 086	5 086	5 086							9 336	9 336	7 586	9 336	9 336	

RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 2 OF 2

Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAF) - Signed Agreements						SUB-TOTAL: RECURRENT							
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year					
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)		
B	EC141 Elundini	734	734	734	734	734										984	1 234	1 234	1 234		
B	EC142 Senqu																250	500	500	500	
B	EC143 Maletswai																250	500	500	500	
B	EC144 Gariep																250	500	500	500	
C	DC14 Ukhahlamba District Municipality	1 000	1 000	1 000	1 000	1 000	5 137	3 640				4 921				7 137	5 140	1 500	6 921	1 500	4 614
	Total: Ukhahlamba Municipalities	1 734	1 734	1 734	1 734	1 734	5 137	3 640				4 921				8 871	7 874	4 234	8 655	4 234	7 348
B	EC151 Mbizana	734	734	734	734	734										984	1 234	1 234	1 234	1 234	
B	EC152 Ntabankulu	734	734	734	734	734										984	1 234	1 234	984	1 234	1 234
B	EC153 Oukeni	734	734	734	734	734										984	1 234	1 234	984	1 234	1 234
B	EC154 Port St. Johns	734	734	734	734	734										984	1 234	1 234	984	1 234	1 234
B	EC155 Nyandeni	734	734	734	734	734										984	1 234	1 234	984	1 234	1 234
B	EC156 Mhlonito	734	734	734	734	734										984	1 234	1 234	984	1 234	1 234
B	EC157 King Sabata Dalindyebo	884	884	884	884	884										1 884	1 384	1 384	1 884	1 384	1 384
C	DC15 O.R. Tambo District Municipality	1 000	1 000	1 000	1 000	1 000										3 500	1 500	1 500	3 500	1 500	1 500
	Total: O.R Tambo Municipalities	6 288	6 288	6 288	6 288	6 288										11 288	10 288	10 288	11 288	10 288	10 288
B	EC05b1 Umzimkhulu	734	734	734	734	734										984	1 234	1 234	984	1 234	1 234
B	EC05b2 Umzimvubu	734	734	734	734	734										984	1 234	1 234	984	1 234	1 234
C	DC44 Alfred Nzo District Municipality	1 000	1 000	1 000	1 000	1 000										2 000	1 500	1 500	2 000	1 500	1 500
	Total: Alfred Nzo Municipalities	2 468	2 468	2 468	2 468	2 468										3 968	3 968	3 968	3 968	3 968	3 968
	Total: Eastern Cape Municipalities	29 244	29 244	29 244	29 244	29 244	9 160	6 456	1 971	8 642	1 971	8 642	1 971	8 642	1 971	145 404	149 450	104 965	144 886	144 965	108 713

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RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 2 OF 2

Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAf) - Signed Agreements						SUB-TOTAL: RECURRENT					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
FREE STATE																			
B	FS161 Letsameing																		
B	FS162 Kopanong	734	734	734	734	734	734	734											
B	FS163 Mhokare	734	734	734	734	734	734	734											
C	DC16 Xhariep District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000											
	Total: Xhariep Municipalities	2 468	2 468	2 468	2 468	2 468	2 468	2 468											
B	FS171 Naledi	734	734	734	734	734	734	734											
B	FS172 Mangaung	1 250	1 250	1 250	1 250	1 250	1 250	1 250	2 323										
B	FS173 Mantsopa	750	750	750	750	750	750	750											
C	DC17 Mofheo District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000											
	Total: Mofheo Municipalities	3 734	3 734	3 734	3 734	3 734	3 734	3 734	2 323										
B	FS181 Masitonyana																		
B	FS182 Tokologo	734	734	734	734	734	734	734											
B	FS183 Tswelopele	734	734	734	734	734	734	734											
B	FS184 Matjhabeng	2 000	2 000	2 000	2 000	2 000	2 000	2 000											
B	FS185 Nala	734	734	734	734	734	734	734											
C	DC18 Lejweleputswa District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000											
	Total: Lejweleputswa Municipalities	5 202	5 202	5 202	5 202	5 202	5 202	5 202	2 323										
B	FS191 Seisoto	734	734	734	734	734	734	734											
B	FS192 Dihlabeng																		
B	FS193 Nketoana																		
B	FS194 Maluti-a-Phofung	734	734	734	734	734	734	734											
B	FS195 Phumelela	734	734	734	734	734	734	734											
C	DC19 Thabo Mofutsanyana District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000											
	Total: Thabo Mofutsanyane Municipalities	3 202	3 202	3 202	3 202	3 202	3 202	3 202											
B	FS201 Mochlaka	734	734	734	734	734	734	734											
B	FS203 Ngwathe																		
B	FS204 Metsimaholo								1 051	865	514	1 005	514	777					
B	FS205 Matibe																		
C	DC20 Northern Free State District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000											
	Total: Northern Free State Municipalities	1 734	1 734	1 734	1 734	1 734	1 734	1 734	1 051	865	514	1 005	514	777					
	Total: Free State Municipalities	16 340	16 340	16 340	16 340	16 340	16 340	16 340	3 374	865	514	2 747	514	777					
	Total: Free State Municipalities	32 464	30 955	30 604	31 837	30 604	30 604	30 604	31 837	30 604	30 604	31 837	30 604	30 867					

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RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 2 OF 2

Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAF) - Signed Agreements						SUB-TOTAL: RECURRENT					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	
KWAZULU-NATAL																			
A	eThekweni	2 000	2 000	2 000	2 000	2 000	2 000	1 393		1 045				71 545	102 500	77 500	102 500		
B	KZ211 Vulamehlo	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ212 Umdoni														500	500	500	500	
B	KZ213 Umzumbe	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ214 uMuziwabantu													250	500	500	500		
B	KZ215 Ezinqolweni													250	500	500	500		
B	KZ216 Hibiscus Coast													500	500	500	500		
C	DC21 Ugu District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	582	253	187	534	187	243	1 582	1 753	1 687	1 687		
	Total: Ugu Municipalities	2 468	2 468	2 468	2 468	2 468	2 468	582	253	187	534	187	243	4 050	6 221	6 155	6 211		
B	KZ221 uMshwathi	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ222 uMngeni	2 734	2 734	2 734	2 734	2 734	2 734							2 734	3 234	3 234	3 234		
B	KZ223 Mooi Mpotana	150	150	150	150	150	150							400	650	650	650		
B	KZ224 Impendle													250	500	500	500		
B	KZ225 Msunduzi													250	500	500	500		
B	KZ226 Mkhambathini	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ227 Richmond	734	734	734	734	734	734							984	1 234	1 234	1 234		
C	DC22 uMgungundlovu District Municipality	1 000	1 000	1 000	1 000	1 000	1 000							2 000	1 500	1 500	1 500		
	Total: uMgungundlovu Municipalities	6 086	6 086	6 086	6 086	6 086	6 086							10 836	10 086	10 836	10 086		
B	KZ232 Enmambithi/Ladysmith													1 000	500	500	500		
B	KZ233 Indaka	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ234 Umishezi													500	500	500	500		
B	KZ235 Okhahlamba	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ236 Imbabazane													250	500	500	500		
C	DC23 Uthukela District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	5 073	2 376	1 664	4 683	1 664	2 273	6 323	3 876	3 164	3 773		
	Total: Uthukela Municipalities	2 468	2 468	2 468	2 468	2 468	2 468	5 073	2 376	1 664	4 683	1 664	2 273	9 541	7 844	7 132	7 741		
B	KZ241 Endumeni																		
B	KZ242 Nquthu	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ244 Misinga	734	734	734	734	734	734							984	1 234	1 234	1 234		
B	KZ245 Umvoti													250	500	500	500		
C	DC24 Umzinyathi District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 438	1 513	1 059	1 449	1 059	1 447	2 438	3 013	2 559	2 947		
	Total: Umzinyathi Municipalities	2 468	2 468	2 468	2 468	2 468	2 468	1 438	1 513	1 059	1 449	1 059	1 447	4 656	5 981	5 527	5 915		
B	KZ252 Newcastle													3 847	500	500	500		
B	KZ253 Utrecht	734	734	734	734	734	734	2 847			2 135			984	1 234	1 234	1 234		
B	KZ254 Dannhauser													250	500	500	500		
C	DC25 Amajuba District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	777	250		698		197	2 027	1 730	1 500	1 697		
	Total: Amajuba Municipalities	1 734	1 734	1 734	1 734	1 734	1 734	3 624	230		2 833		197	7 108	3 964	3 734	3 931		

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Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAf) - Signed Agreements						SUB-TOTAL: RECURRENT					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)		
LIMPOPO																			
B	NP03A2	Makhuduthamaga	1 870	1 870	1 870	1 870	1 870	1 870							2 370	2 370	2 370	2 370	
B	NP03A3	Fetakgomo	734	734	734	734	734	734							1 234	1 234	1 234	1 234	
B	CBLC3	Greater Marble Hall	734	734	734	734	734	734							984	984	984	984	
B	CBLC4	Greater Groblersdal	734	734	734	734	734	734							734	734	734	734	
B	CBLC5	Greater Tubatse	1 484	1 484	1 484	1 484	1 484	1 484							1 734	1 734	1 734	1 734	
C	CBDC3	Greater Sekhukhune Cross Boundary	1 150	1 150	1 150	1 150	1 150	1 150							1 650	1 650	1 650	1 650	
		Total: Greater Sekhukhune Cross Boundary Municipalities	6 706	6 706	6 706	6 706	6 706	6 706							9 706	9 706	9 706	9 706	
B	NP04A1	Maruleng	734	734	734	734	734	734							1 234	1 234	1 234	1 234	
B	CBLC6	Bushbuckridge	884	884	884	884	884	884							1 384	1 384	1 384	1 384	
C	CBDC4	Bohlabela District Municipality	1 000	1 000	1 000	1 000	1 000	1 000							1 250	1 250	1 250	1 250	
		Total: Bohlabela Municipalities	2 618	2 618	2 618	2 618	2 618	2 618							4 118	4 118	4 118	4 118	
B	NP331	Greater Giyani	734	734	734	734	734	734							984	984	984	984	
B	NP332	Greater Letaba	734	734	734	734	734	734							984	984	984	984	
B	NP333	Greater Tzaneen	1 500	1 500	1 500	1 500	1 500	1 500							1 000	1 000	1 000	1 000	
B	NP334	Ba-Phalaborwa	1 900	1 900	1 900	1 900	1 900	1 900							2 400	2 400	2 400	2 400	
C	DC33	Mopani District Municipality	1 900	1 900	1 900	1 900	1 900	1 900							2 400	2 400	2 400	2 400	
		Total: Mopani Municipalities	3 518	3 518	3 518	3 518	3 518	3 518							6 018	6 018	6 018	6 018	
B	NP341	Musina	734	734	734	734	734	734							500	500	500	500	
B	NP342	Mutale	734	734	734	734	734	734							984	984	984	984	
B	NP343	Thulamela	734	734	734	734	734	734							1 234	1 234	1 234	1 234	
B	NP344	Makhado	1 644	1 644	1 644	1 644	1 644	1 644							2 144	2 144	2 144	2 144	
C	DC34	Vhembe District Municipality	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	1 500	1 500	
		Total: Vhembe Municipalities	4 112	4 112	4 112	4 112	4 112	4 112							6 612	6 612	6 612	6 612	
B	NP351	Bloubaai	772	772	772	772	772	772							1 272	1 272	1 272	1 272	
B	NP352	Aganang	734	734	734	734	734	734							984	984	984	984	
B	NP353	Molemole	734	734	734	734	734	734							500	500	500	500	
B	NP354	Polokwane	734	734	734	734	734	734							500	500	500	500	
B	NP355	Lepelle-Nkumpi	734	734	734	734	734	734							984	984	984	984	
C	DC35	Capricorn District Municipality	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	1 500	1 500	
		Total: Capricorn Municipalities	3 240	3 240	3 240	3 240	3 240	3 240							6 240	6 240	6 240	6 240	
B	NP361	Thabazimbi	734	734	734	734	734	734							1 234	1 234	1 234	1 234	
B	NP362	Lephalale	734	734	734	734	734	734							3 398	3 398	3 398	3 398	
B	NP364	Mookgopong	750	750	750	750	750	750							1 000	1 000	1 000	1 000	
B	NP365	Modimolle	750	750	750	750	750	750							1 250	1 250	1 250	1 250	
B	NP366	Bela Bela	750	750	750	750	750	750							500	500	500	500	
B	NP367	Mogalakwena	1 000	1 000	1 000	1 000	1 000	1 000							1 000	1 000	1 000	1 000	
C	DC36	Waterberg District Municipality	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	1 500	1 500	
		Total: Waterberg Municipalities	2 484	2 484	2 484	2 484	2 484	2 484							8 882	8 882	8 882	8 882	
		Total: Limpopo Municipalities	22 678	22 678	22 678	22 678	22 678	22 678							41 576	41 576	41 576	41 576	
		Total: Limpopo Municipalities	22 678	22 678	22 678	22 678	22 678	22 678							41 576	41 576	41 576	41 576	

RECURRENT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 6) 2 OF 2

Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAF) - Signed Agreements						SUB-TOTAL: RECURRENT						
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year				
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	
MPUMALANGA																				
B	MP301 Albert Luthuli	1 484	1 484	1 484	1 484	1 484	1 484									1 734	1 984	1 984	1 984	
B	MP302 Miskaligwa	734	734	734	734	734	734									734	1 234	1 234	1 234	
B	MP303 Mkhondo	734	734	734	734	734	734									734	1 234	1 234	1 234	
B	MP304 Seme	734	734	734	734	734	734									734	1 234	1 234	1 234	
B	MP305 Lekwa	750	750	750	750	750	750									750	1 250	1 250	1 250	
B	MP306 Dipaleseng															250	500	500	500	
B	MP307 Govan Mbeki	734	734	734	734	734	734									2 734	1 234	2 734	1 234	
C	DC30 Gert Sibande District Municipality	1 000	1 000	1 000	1 000	1 000	1 000									1 500	1 500	1 500	1 500	
	Total: Gert Sibande Municipalities	6 170	6 170	6 170	6 170	6 170	6 170									10 170	10 170	10 170	10 170	
B	MP311 Delmas	734	734	734	734	734	734									734	1 234	1 234	1 234	
B	MP312 Emalahleni	1 500	1 500	1 500	1 500	1 500	1 500									3 500	2 000	3 500	2 000	
B	MP313 Steve Tshwete	984	984	984	984	984	984									1 984	1 484	1 984	1 484	
B	MP314 Highlands	734	734	734	734	734	734									984	1 234	984	1 234	
B	MP315 Thembsisile	1 634	1 634	1 634	1 634	1 634	1 634									1 634	2 134	1 634	2 134	
B	MP316 Dr JS Moroka	2 484	2 484	2 484	2 484	2 484	2 484									2 734	2 984	2 734	2 984	
C	DC31 Nkangala District Municipality	1 750	1 750	1 750	1 750	1 750	1 750									1 750	2 250	1 750	2 250	
	Total: Nkangala Municipalities	9 820	9 820	9 820	9 820	9 820	9 820									13 320	13 320	13 320	13 320	
B	MP321 Thaba Chweu	734	734	734	734	734	734									734	1 234	734	1 234	
B	MP322 Mbombela	734	734	734	734	734	734									3 234	1 234	3 234	1 234	
B	MP323 Umjindi	734	734	734	734	734	734									734	1 234	734	1 234	
B	MP324 Nkomazi	1 484	1 484	1 484	1 484	1 484	1 484									31 849	25 078	21 428	21 428	
C	DC32 Ehlanzeni District Municipality	1 000	1 000	1 000	1 000	1 000	1 000									3 000	1 500	1 500	1 500	
	Total: Ehlanzeni Municipalities	4 686	4 686	4 686	4 686	4 686	4 686									39 551	30 280	26 630	26 630	
	Total: Mpumalanga Municipalities	20 676	20 676	20 676	20 676	20 676	20 676									63 041	53 770	50 120	50 120	
																				52 858

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Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAf) - Signed Agreements						SUB-TOTAL: RECURRENT					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
NORTHERN CAPE																			
B	NC01B1 Gamagara	900	900	900	900	900	10 144	6 338	4 437	9 193	4 437	5 863	1 150	1 400	1 400	1 150	1 400	1 400	
B	NW1a1 Moshaweng	734	734	734	734	734	3 800	2 904	2 033	3 576	2 033	2 696	10 394	6 838	4 937	9 443	4 937	6 363	
B	CBLC1 Ga-Segonyana	1 750	1 750	1 750	1 750	1 750							4 534	4 138	3 267	4 310	3 267	3 930	
C	CBDC1 Kgalagadi District Municipality	3 384	3 384	3 384	3 384	3 384	13 944	9 242	6 470	12 769	6 470	8 559	2 750	2 250	2 250	2 750	2 250	2 250	
Total: Kgalagadi Cross Border Municipalities		3 384	3 384	3 384	3 384	3 384	13 944	9 242	6 470	12 769	6 470	8 559	18 828	14 626	11 854	17 653	11 854	13 943	
B	NC061 Richtersveld	3 452	3 452	3 452	3 452	3 452							250	500	500	250	500	500	
B	NC062 Nama Khoi	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC064 Kamiesberg	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC065 Hanam	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC066 Karoo Hoogland	984	984	984	984	984							1 234	1 484	1 484	1 234	1 484	1 484	
B	NC067 Khai-Ma	1 000	1 000	1 000	1 000	1 000							250	500	500	250	500	500	
C	DC6 Namakwa District Municipality	3 452	3 452	3 452	3 452	3 452							2 000	1 500	1 500	2 000	1 500	1 500	
Total: Namakwa Municipalities		3 452	3 452	3 452	3 452	3 452							5 702	6 952	6 952	5 702	6 952	6 952	
B	NC071 Ubuntu	734	734	734	734	734							1 734	1 234	1 234	1 734	1 234	1 234	
B	NC072 Umsobomvu	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC073 Emthanjeni	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC074 Kareeberg	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC075 Renosterberg	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC076 Thembehlhe	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC077 Siyathamba	734	734	734	734	734							250	500	500	250	500	500	
B	NC078 Siyancuma	1 000	1 000	1 000	1 000	1 000							2 000	1 500	1 500	2 000	1 500	1 500	
C	DC7 Karoo District Municipality	5 404	5 404	5 404	5 404	5 404							8 904	9 904	9 904	8 904	9 904	9 904	
Total: Karoo Municipalities		5 404	5 404	5 404	5 404	5 404							8 904	9 904	9 904	8 904	9 904	9 904	
B	NC081 Mier	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC082 Kai ! Garib	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC083 //Khara Hais	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC084 ! Kheis	2 734	2 734	2 734	2 734	2 734							2 984	3 234	3 234	2 984	3 234	3 234	
B	NC085 Tsantsabane	1 000	1 000	1 000	1 000	1 000							250	500	500	250	500	500	
B	NC086 Kgatelopele	5 936	5 936	5 936	5 936	5 936							8 186	9 436	9 436	8 186	9 436	9 436	
C	DC8 Siyanda District Municipality	5 936	5 936	5 936	5 936	5 936							8 186	9 436	9 436	8 186	9 436	9 436	
Total: Siyanda Municipalities		5 936	5 936	5 936	5 936	5 936							8 186	9 436	9 436	8 186	9 436	9 436	
B	NC091 Sol Plaatje	734	734	734	734	734							2 500	500	500	2 500	500	500	
B	NC092 Dikgatlong	734	734	734	734	734							984	1 234	1 234	984	1 234	1 234	
B	NC093 Magareng	734	734	734	734	734							250	500	500	250	500	500	
B	CBLC7 Phokwane	1 000	1 000	1 000	1 000	1 000							5 066	3 925	3 118	4 656	3 688	3 723	
C	DC9 Frances Baard District Municipality	2 468	2 468	2 468	2 468	2 468	4 332	2 691	1 884	3 922	2 454	2 489	3 000	1 500	1 500	3 000	1 500	1 500	
Total: Frances Baard Municipalities		2 468	2 468	2 468	2 468	2 468	4 332	2 691	1 884	3 922	2 454	2 489	11 800	7 659	6 852	11 390	7 422	7 457	
Total: Northern Cape Municipalities		20 644	20 644	20 644	20 644	20 644	18 276	11 933	8 354	16 691	8 924	11 048	53 420	48 577	44 998	51 835	45 568	47 692	

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Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAF) - Signed Agreements						SUB-TOTAL: RECURRENT					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
NORTH WEST																			
B	NW371 Moretele	3 734	3 734	3 734	3 734	3 734	3 734	3 734							4 234	4 234	4 234	4 234	
B	NW372 Madibeng														500	500	500	500	
B	NW373 Rustenburg														500	500	500	500	
B	NW374 Kgetlengrivier														500	500	500	500	
B	NW375 Moses Kotane	734	734	734	734	734	734	734							1 234	1 234	1 234	1 234	
C	DC37 Bojanala Platinum District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	1 500	1 500	
	Total: Bojanala Platinum Municipalities	5 468	5 468	5 468	5 468	5 468	5 468	5 468							8 468	8 468	8 468	8 468	
B	NW381 Ratlou	734	734	734	734	734	734	734							984	984	984	984	
B	NW382 Tswaing	734	734	734	734	734	734	734							984	984	984	984	
B	NW383 Matikeng	3 734	3 734	3 734	3 734	3 734	3 734	3 734							4 234	4 234	4 234	4 234	
B	NW384 Ditsobotla	734	734	734	734	734	734	734							734	734	734	734	
B	NW385 Zeerust	734	734	734	734	734	734	734							1 234	1 234	1 234	1 234	
C	DC38 Central District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	1 500	1 500	
	Total: Central Municipalities	7 670	7 670	7 670	7 670	7 670	7 670	7 670							10 670	10 670	10 670	10 670	
B	NW391 Kagisano	734	734	734	734	734	734	734							984	984	984	984	
B	NW392 Naledi														500	500	500	500	
B	NW393 Mamsisa	734	734	734	734	734	734	734							984	984	984	984	
B	NW394 Greater Taung	734	734	734	734	734	734	734							984	984	984	984	
B	NW395 Molopo	734	734	734	734	734	734	734							984	984	984	984	
B	NW396 Lekwa-Teemane	734	734	734	734	734	734	734							734	734	734	734	
C	DC39 Bophirima District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000							1 500	1 500	1 500	1 500	
	Total: Bophirima Municipalities	4 670	4 670	4 670	4 670	4 670	4 670	4 670							8 170	8 170	8 170	8 170	
B	NW401 Ventersdorp	734	734	734	734	734	734	734							984	984	984	984	
B	NW402 Potchefstroom														500	500	500	500	
B	NW403 Klerksdorp														500	500	500	500	
B	NW404 Maquassi Hills														500	500	500	500	
C	DC40 Southern District Municipality	1 000	1 000	1 000	1 000	1 000	1 000	1 000							2 500	2 500	2 500	2 500	
	Total: Southern Municipalities	1 734	1 734	1 734	1 734	1 734	1 734	1 734							4 234	4 234	4 234	4 234	
	Total: North West Municipalities	19 542	19 542	19 542	19 542	19 542	19 542	19 542							31 542	31 542	31 542	31 542	

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Number	Municipality	Municipal Systems Improvement Programme						Water Services Operating & Transfer Subsidy (DWAF) - Signed Agreements						SUB-TOTAL: RECURRENT					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)		
WESTERN CAPE																			
A	City of Cape Town	2 000	2 000	2 000	2 000	2 000	2 000												
B	WC011 Matzikama	984	984	984	984	984	984												
B	WC012 Cederberg	1 734	1 734	1 734	1 734	1 734	1 734	1 214	1 018	222	1 165	222	819						
B	WC013 Bergrivier																		
B	WC014 Saldanha Bay	750	750	750	750	750	750												
B	WC015 Swartland	1 750	1 750	1 750	1 750	1 750	1 750	715	501	350	684	350	479						
C	DC1 West Coast District Municipality	5 218	5 218	5 218	5 218	5 218	5 218	1 929	1 519	572	1 849	572	1 298						
	Total: West Coast Municipalities																		
B	WC022 Witzenberg	734	734	734	734	734	734												
B	WC023 Drakenstein																		
B	WC024 Stellenbosch	150	150	150	150	150	150												
B	WC025 Breede Valley	1 000	1 000	1 000	1 000	1 000	1 000												
B	WC026 Breede River Winelands	1 884	1 884	1 884	1 884	1 884	1 884												
C	DC2 Cape Winelands District Municipality	1 884	1 884	1 884	1 884	1 884	1 884												
	Total: Boland Municipalities																		
B	WC031 Theewaterskloof	734	734	734	734	734	734												
B	WC032 Overstrand																		
B	WC033 Cape Agulhas																		
B	WC034 Swellendam	1 000	1 000	1 000	1 000	1 000	1 000												
C	DC3 Overberg District Municipality	1 734	1 734	1 734	1 734	1 734	1 734												
	Total: Overberg Municipalities																		
B	WC041 Kamaland	2 884	2 884	2 884	2 884	2 884	2 884												
B	WC042 Langeberg																		
B	WC043 Mossel Bay																		
B	WC044 George																		
B	WC045 Oudtshoorn	150	150	150	150	150	150	4 447	3 555	2 488	4 224	2 488	3 288						
B	WC047 Plettenberg Bay	1 000	1 000	1 000	1 000	1 000	1 000												
B	WC048 Knysna	4 034	4 034	4 034	4 034	4 034	4 034												
C	DC4 Eden District Municipality	4 034	4 034	4 034	4 034	4 034	4 034	4 447	3 555	2 488	4 224	2 488	3 288						
	Total: Eden Municipalities																		
B	WC051 Laingsburg	734	734	734	734	734	734												
B	WC052 Prince Albert	734	734	734	734	734	734												
B	WC053 Beaufort West	734	734	734	734	734	734												
C	DC5 Central Karoo District Municipality	1 000	1 000	1 000	1 000	1 000	1 000												
	Total: Central Karoo Municipalities																		
	Total: Western Cape Municipalities	18 072	18 072	18 072	18 072	18 072	18 072	6 376	5 074	3 060	6 073	3 060	4 586						
	National Total	200 000	200 000	200 000	200 000	200 000	200 000	106 296	68 494	46 351	98 432	46 921	64 200						

APPENDIX E4:

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

(National and Municipal Financial Year)

APPENDIX E4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

Number	Municipality	Municipal Infrastructure Grant (Schedule 4B) ^{1,2}						National Electrification Programme (Schedule 6A)						SUB-TOTAL: INFRASTRUCTURE					
		National Financial Year		Municipal Financial Year		National Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)
EASTERN CAPE																			
A	Nelson Mandela	71 372	199 761	253 817	81 596	202 339	253 817	7 049							199 761	253 817	88 645	202 339	253 817
B	ECI01 Camdeboo		8 535	2 986	684	8 598	2 986	1 000							8 535	2 986	1 684	8 598	2 986
B	ECI02 Blue Crane Route		8 773	11 122	1 247	8 887	11 122	1 380							8 773	11 122	2 627	8 887	11 122
B	ECI03 Ikwezi		5 227	7 840		5 227	7 840	78							5 227	7 840	78	5 227	7 840
B	ECI04 Makana	7 839	16 418	17 283	8 733	16 634	17 283	627							16 418	17 283	9 360	16 634	17 283
B	ECI05 Ndlambe	5 303	8 966	9 789	6 219	9 172	9 789								8 966	9 789	6 219	9 172	9 789
B	ECI06 Sundays River Valley	6 674	12 677	7 727	6 775	12 840	7 727								12 677	7 727	6 775	12 840	7 727
B	ECI07 Bavians		3 203	4 805		3 203	4 805								3 203	4 805		3 203	4 805
B	ECI08 Kouga	5 580	18 277	23 680	6 473	18 487	23 680	2 000							18 277	23 680	8 473	18 487	23 680
B	ECI09 Koukamma		4 876	4 483	1 027	4 971	4 483								4 876	4 483	1 027	4 971	4 483
B	DCI10 Cacadu District Municipality	25 796	3 679	4 017	21 517	3 764	4 017								3 679	4 017	21 517	3 764	4 017
	Total: Cacadu Municipalities	51 192	90 631	93 732	52 674	91 781	93 732	5 085							90 631	93 732	57 759	91 781	93 732
B	ECI21 Mbashe		14 716	16 067	3 679	15 053	16 067								14 716	16 067	3 679	15 053	16 067
B	ECI22 Mquma	14 657	19 678	21 485	15 912	20 130	21 485								19 678	21 485	15 912	20 130	21 485
B	ECI23 Great Kei		4 136	4 516	1 034	4 231	4 516								4 136	4 516	1 034	4 231	4 516
B	ECI24 Amahlathi		12 340	13 474	3 085	12 624	13 474								12 340	13 474	3 085	12 624	13 474
B	ECI25 Buffalo City	85 603	121 337	132 479	95 111	124 123	132 479	12 150							121 337	132 479	107 261	124 123	132 479
B	ECI26 Ngushwa	3 999	5 455	5 956	4 363	5 581	5 956								5 455	5 956	4 363	5 581	5 956
B	ECI27 Nkonkobe		10 436	11 394	2 609	10 675	11 394	4 000							10 436	11 394	6 609	10 675	11 394
B	ECI28 Nxuba		2 101	2 294	525	2 149	2 294								2 101	2 294	525	2 149	2 294
B	DCI12 Amatole District Municipality	148 259	157 976	183 598	150 196	161 465	183 598								157 976	183 598	150 196	161 465	183 598
	Total: Amatole Municipalities	252 517	348 175	391 262	276 515	356 031	391 262	16 150							348 175	391 262	292 665	356 031	391 262
B	ECI31 Inxuba Yethemba		3 078	3 361	770	3 149	3 361								3 078	3 361	2 182	3 149	3 361
B	ECI32 Tsolwana		2 234	2 439	558	2 285	2 439								2 234	2 439	1 158	2 285	2 439
B	ECI33 Inkwanca							2 781									2 781		
B	ECI34 Lukhanji	6 996	13 422	14 655	8 603	13 730	14 655	6 800							13 422	14 655	15 403	13 730	14 655
B	ECI35 Intsika Yethu		12 066	13 174	3 017	12 343	13 174								12 066	13 174	3 017	12 343	13 174
B	ECI36 Emalahleni		11 094	12 113	2 774	11 349	12 113	680							11 094	12 113	3 454	11 349	12 113
B	ECI37 Engcobo	6 340	8 683	9 481	6 926	8 883	9 481								8 683	9 481	6 926	8 883	9 481
B	ECI38 Sakhisizwe		5 074	5 539	1 268	5 190	5 539								5 074	5 539	1 268	5 190	5 539
B	DCI13 Chris Hani District Municipality	135 003	143 330	170 054	137 749	146 451	170 054								143 330	170 054	137 749	146 451	170 054
	Total: Chris Hani Municipalities	148 339	198 981	230 816	161 664	203 380	230 816	12 273							198 981	230 816	173 937	203 380	230 816

APPENDIX E4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

Number	Municipality	Municipal Infrastructure Grant (Schedule 4B) ^{1,2}						National Electrification Programme (Schedule 6A)						SUB-TOTAL: INFRASTRUCTURE						
		National Financial Year		Municipal Financial Year		National Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	
B	ECl41 Elundini		18 898	20 633	4 724	19 332	20 633	1 700							1 700	18 898	20 633	6 424	19 332	20 633
B	ECl42 Senqu	6 565	13 208	14 421	8 226	13 512	14 421									13 208	14 421	8 226	13 512	14 421
B	ECl43 Maletswai		4 610	5 034	1 153	4 716	5 034	1 550							1 550	4 610	5 034	2 703	4 716	5 034
B	ECl44 Gantep		2 472	2 699	618	2 529	2 699	1 550							1 550	2 472	2 699	2 168	2 529	2 699
C	DC14 Ukhahlamba District Municipality	91 670	65 712	87 037	85 532	67 023	87 037									65 712	87 037	85 532	67 023	87 037
	Total: Ukhahlamba Municipalities	98 235	104 901	129 824	100 253	107 111	129 824	4 800							4 800	104 901	129 824	105 053	107 111	129 824
B	ECl51 Mbizana	8 787	23 625	25 795	12 497	24 168	25 795									23 625	25 795	12 497	24 168	25 795
B	ECl52 Ntbankulu		7 414	8 095	1 854	7 585	8 095									7 414	8 095	1 854	7 585	8 095
B	ECl53 Qaukeni		13 822	15 091	3 455	14 139	15 091									13 822	15 091	3 455	14 139	15 091
B	ECl54 Port St. Johns	5 815	8 001	8 735	6 362	8 184	8 735									8 001	8 735	6 362	8 184	8 735
B	ECl55 Nyandeni		15 068	16 451	3 767	15 413	16 451									15 068	16 451	3 767	15 413	16 451
B	ECl56 Mhlontlo		12 016	13 120	3 004	12 292	13 120									12 016	13 120	3 004	12 292	13 120
B	ECl57 King Sabata Dalindyebo	16 011	39 217	42 818	21 812	40 117	42 818	8 000								39 217	42 818	21 812	40 117	42 818
C	DC15 O.R. Tambo District Municipality	296 751	335 265	367 583	306 480	342 901	367 583									335 265	367 583	306 480	342 901	367 583
	Total: O.R Tambo Municipalities	327 365	454 427	497 688	359 231	464 799	497 688	8 000							8 000	454 427	497 688	367 231	464 799	497 688
B	EC05b1 Umzimkhulu	6 843	9 399	10 262	7 482	9 615	10 262									9 399	10 262	7 482	9 615	10 262
B	EC05b2 Umzimvubu	7 706	23 707	25 884	11 706	24 252	25 884									23 707	25 884	11 706	24 252	25 884
C	DC44 Alfred Nzo District Municipality	100 248	132 783	145 969	107 882	135 786	145 969									132 783	145 969	107 882	135 786	145 969
	Total: Alfred Nzo Municipalities	114 797	165 890	182 116	127 070	169 652	182 116									165 890	182 116	127 070	169 652	182 116
	Total: Eastern Cape Municipalities	1 063 817	1 562 766	1 779 255	1 159 002	1 595 094	1 779 255	53 357							53 357	1 562 766	1 779 255	1 212 359	1 595 094	1 779 255

APPENDIX E4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

Number	Municipality	Municipal Infrastructure Grant (Schedule 4B) ^{1,2}				National Electrification Programme (Schedule 6A)				SUB-TOTAL: INFRASTRUCTURE			
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)
FREE STATE													
B	FS161	3 905	10 643	13 380	4 511	10 788	13 380	4 511	10 788	13 380	4 911	10 788	13 380
B	FS162		11 191	14 152	1 614	11 339	14 152	400	11 191	14 152	2 014	11 339	14 152
B	FS163	3 000	13 493	18 262	4 211	13 604	18 262	400	13 493	18 262	4 211	13 604	18 262
C	DC16	13 347			10 011				13 347		10 011		
	Total: Xhariep Municipalities	20 252	35 327	45 795	20 346	35 731	45 795	800	35 327	45 795	21 146	35 731	45 795
B	FS171	3 000	8 208	4 435	4 016	8 301	4 435		3 000	8 208	4 435	8 301	4 435
B	FS172	79 430	93 769	102 379	84 252	95 921	102 379	5 000	93 769	102 379	89 252	95 921	102 379
B	FS173	6 318	15 615	32 142	6 802	15 805	32 142		6 318	15 615	6 802	15 805	32 142
C	DC17	13 245			9 934				13 245		9 934		
	Total: Mofheo Municipalities	101 992	117 591	138 956	105 003	120 027	138 956	5 000	117 591	138 956	110 003	120 027	138 956
B	FS181	5 261	42 271	47 996	8 498	42 568	47 996		5 261	42 271	47 996	42 568	47 996
B	FS182		11 181	23 144	1 469	11 316	23 144	1 390	11 181	23 144	1 969	11 316	23 144
B	FS183	6 947	14 889	31 598	7 198	15 071	31 598	500	6 947	14 889	7 198	15 071	31 598
B	FS184	74 266	96 862	136 515	81 015	98 728	136 515		74 266	96 862	81 015	98 728	136 515
B	FS185	24 419	27 590	48 476	25 414	28 012	48 476	1 000	25 419	27 590	26 414	28 012	48 476
C	DC18	14 162	1 371	1 496	10 964	1 402	1 496		14 162	1 371	1 496	1 402	1 496
	Total: Lejweleputswa Municipalities	125 055	194 164	289 226	134 558	197 098	289 226	2 890	125 055	194 164	289 226	197 098	289 226
B	FS191	17 491	34 747	53 291	21 179	35 373	53 291		17 491	34 747	21 179	35 373	53 291
B	FS192	26 754	23 755	35 281	26 082	24 193	35 281		26 754	23 755	26 082	24 193	35 281
B	FS193	11 110	16 272	20 137	11 699	16 513	20 137		11 110	16 272	11 699	16 513	20 137
B	FS194	52 684	88 114	96 205	61 541	90 137	96 205	1 000	52 684	88 114	62 541	90 137	96 205
B	FS195	3 000	17 619	23 136	5 017	17 805	23 136	500	3 000	17 619	5 517	17 805	23 136
C	DC19	13 828	2	2	10 371	2	2		13 828	2	10 371	2	2
	Total: Thabo Mofutsanyane District Municipality	124 866	180 510	228 052	135 888	184 022	228 052	1 500	124 866	180 510	228 052	184 022	228 052
B	FS201	17 254	21 426	32 436	18 376	21 801	32 436		17 254	21 426	19 376	21 801	32 436
B	FS203	19 981	24 035	39 838	19 084	24 411	39 838	1 000	19 981	24 035	20 084	24 411	39 838
B	FS204	14 172	19 470	22 300	15 358	19 858	22 300	1 000	14 172	19 470	16 358	19 858	22 300
B	FS205	8 341	14 952	19 292	8 926	15 128	19 292	310	8 341	14 952	9 236	15 128	19 292
C	DC20	3 000			2 250				3 000		2 250		
	Total: Northern Free State Municipalities	62 748	79 882	113 867	63 994	81 199	113 867	3 310	62 748	79 882	67 304	81 199	113 867
	Total: Free State Municipalities	434 913	607 475	815 895	459 790	618 076	815 895	13 500	434 913	607 475	473 290	618 076	815 895

APPENDIX E4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

Number	Municipality	Municipal Infrastructure Grant (Schedule 4B) ^{1,2}						National Electrification Programme (Schedule 6A)						SUB-TOTAL: INFRASTRUCTURE					
		National Financial Year		Municipal Financial Year		National Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)		
KWAZULU-NATAL																			
A	eThekweni	260 311	359 724	392 755	285 164	367 982	392 755	25 000						25 000					
B	KZ211 Vulamehlo	4 289	4 683	4 683	1 072	4 388	4 683								4 289	4 683	4 683		
B	KZ212 Umdoni	3 509	3 831	3 831	4 757	3 590	3 831								3 509	3 831	3 831		
B	KZ213 Umzambe	9 829	10 731	10 731	2 457	10 055	10 731								9 829	10 731	10 731		
B	KZ214 uMuziwabantu	9 516	10 390	10 390	2 379	9 735	10 390								9 516	10 390	10 390		
B	KZ215 Ezinqolweni	2 851	3 112	3 112	713	2 916	3 112								2 851	3 112	3 112		
B	KZ216 Hibiscus Coast	17 571	10 089	11 016	15 701	10 321	11 016								17 571	10 089	11 016		
C	DC21 Ugu District Municipality	95 091	118 745	129 649	101 005	121 471	129 649								95 091	118 745	129 649		
	Total: Ugu Municipalities	117 834	158 828	173 412	128 083	162 474	173 412								117 834	158 828	173 412		
B	KZ221 uMshwathi	5 452	5 952	5 952	1 363	5 577	5 952								5 452	5 952	5 952		
B	KZ222 uMngeni	2 863	5 844	6 381	3 609	5 979	6 381	2 035							2 863	5 844	6 381		
B	KZ223 Mooi Mpošana	3 577	3 906	3 906	894	3 659	3 906								3 577	3 906	3 906		
B	KZ224 Impendle																		
B	KZ225 Misunduzi	44 246	57 031	62 267	47 442	58 340	62 267	4 009							44 246	57 031	62 267		
B	KZ226 Mkhambathini	2 141	2 940	3 210	2 341	3 007	3 210								2 141	2 940	3 210		
B	KZ227 Richmond	4 507	4 921	4 921	1 127	4 611	4 921								4 507	4 921	4 921		
C	DC22 uMgungundlovu District Municipality	46 604	45 679	49 874	47 373	46 728	49 874								46 604	45 679	49 874		
	Total: uMgungundlovu Municipalities	95 854	125 031	136 511	104 148	127 901	136 511	6 044							101 898	125 031	136 511		
B	KZ232 Emmaambithi/Ladysmit	6 805	14 722	16 073	8 784	15 059	16 073	1 002							6 805	14 722	16 073		
B	KZ233 Indaka	4 993	5 451	5 451	1 248	5 107	5 451								4 993	5 451	5 451		
B	KZ234 Umishezi	3 748	4 093	4 093	937	3 834	4 093	1 002							3 748	4 093	4 093		
B	KZ235 Okhahlamba	6 818	7 444	7 444	1 704	6 974	7 444								6 818	7 444	7 444		
B	KZ236 Imbabazane	5 335	5 824	5 824	1 334	5 457	5 824								5 335	5 824	5 824		
C	DC23 Uthukela District Municipality	64 150	67 484	73 681	65 309	69 033	73 681								64 150	67 484	73 681		
	Total: Uthukela Municipalities	70 955	103 099	112 566	79 316	105 466	112 566	2 004							72 959	103 099	112 566		
B	KZ241 Endumeni	3 323	3 628	3 628	831	3 399	3 628								3 323	3 628	3 628		
B	KZ242 Nquthu	13 568	14 814	14 814	3 392	13 879	14 814								13 568	14 814	14 814		
B	KZ244 Misinga	9 010	9 837	9 837	2 252	9 837	9 837								9 010	9 837	9 837		
B	KZ245 Umvoti	4 249	10 085	11 011	5 708	10 316	11 011								4 249	10 085	11 011		
C	DC24 Umzinyathi District Municipality	77 205	72 112	78 733	76 107	73 767	78 733								77 205	72 112	78 733		
	Total: Umzinyathi Municipalities	81 455	108 097	118 023	88 290	110 579	118 023	2 004							81 455	108 097	118 023		
B	KZ252 Newcastle	23 535	30 555	33 361	25 290	31 257	33 361								23 535	30 555	33 361		
B	KZ253 Utrecht	2 952	3 223	3 223	738	3 020	3 223								2 952	3 223	3 223		
B	KZ254 Dannhauser	4 402	4 806	4 806	1 101	4 503	4 806								4 402	4 806	4 806		
C	DC25 Amajuba District Municipality	17 525	17 145	18 720	17 430	17 539	18 720								17 525	17 145	18 720		
	Total: Amajuba Municipalities	41 060	55 055	60 110	44 559	56 319	60 110								41 060	55 055	60 110		

APPENDIX E4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

Number	Municipality	Municipal Infrastructure Grant (Schedule 4B) ^{1,2}				National Electrification Programme (Schedule 6A)				SUB-TOTAL: INFRASTRUCTURE				
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	
B	KZ261 eDumbe		7 058	7 706	7 706	7 706					7 058	7 706	7 706	7 706
B	KZ262 uPhongolo		10 276	11 219	10 511	11 219					10 276	11 219	2 569	10 511
B	KZ263 Abaqulusi		14 082	15 375	3 520	14 405	1 550				14 082	15 375	5 070	14 405
B	KZ265 Nongoma		7 974	8 706	8 157	8 706					7 974	8 706	1 993	8 157
B	KZ266 Umlundl		17 203	18 782	4 301	17 598	2 660				17 203	18 782	6 961	17 598
C	DC26 Zululand District Municipality	124 755	102 267	111 658	119 133	104 615	111 658				124 755	102 267	111 658	104 615
	Total: Zululand Municipalities	124 755	158 859	173 446	133 281	162 506	173 446	4 210			158 859	173 446	137 491	162 506
B	KZ271 Umhlabuyalingane	5 290	7 219	7 882	5 772	7 385	7 882				5 290	7 219	7 882	5 772
B	KZ272 Jozini		19 440	21 225	4 860	19 886	21 225				19 440	21 225	4 860	19 886
B	KZ273 The Big Five False Bay													
B	KZ274 Hlabisa		6 722	7 339	1 680	6 876	7 339				6 722	7 339	1 680	6 876
B	KZ275 Mtubatuba		2 226	2 430	556	2 277	2 430				2 226	2 430	556	2 277
C	DC27 Umkhanyakude District Municipality	83 545	93 734	102 341	86 092	95 886	102 341				83 545	93 734	86 092	95 886
	Total: Umkhanyakude Municipalities	88 835	129 341	141 217	98 962	132 310	141 217				129 341	141 217	98 962	132 310
B	KZ281 Mbonambi	3 675	4 999	5 458	4 006	5 114	5 458				3 675	4 999	5 458	4 006
B	KZ282 uMhlatuze	25 533	32 360	35 331	27 240	33 102	35 331				25 533	32 360	35 331	27 240
B	KZ283 Ntambanana		2 737	2 988	684	2 988	2 988				2 737	2 988	684	2 988
B	KZ284 Umlalazi		18 611	20 319	4 653	19 038	20 319				18 611	20 319	4 653	19 038
B	KZ285 Mthonjaneni		5 636	6 154	1 409	5 766	6 154				5 636	6 154	1 409	5 766
B	KZ286 Nkandla	4 909	6 727	7 345	5 364	6 882	7 345				4 909	6 727	7 345	6 882
C	DC28 uThungulu District Municipality	77 691	75 223	82 131	77 074	76 950	82 131				77 691	75 223	82 131	76 950
	Total: uThungulu Municipalities	111 808	146 294	159 727	120 429	149 652	159 727				146 294	159 727	120 429	149 652
B	KZ291 eNdongakusuka		11 387	12 433	2 847	11 649	12 433				11 387	12 433	2 847	11 649
B	KZ292 KwaDukuza	9 124	15 693	17 134	10 766	16 053	17 134	3 000			9 124	15 693	17 134	16 053
B	KZ293 Ndwedwe		8 201	8 954	2 050	8 390	8 954				8 201	8 954	2 050	8 390
B	KZ294 Maphumulo	4 274	5 874	6 414	4 674	6 009	6 414				4 274	5 874	6 414	6 009
C	DC29 Ilembe District Municipality	66 991	69 754	76 159	67 681	71 355	76 159				66 991	69 754	76 159	71 355
	Total: Ilembe Municipalities	80 389	110 910	121 094	88 019	113 456	121 094	3 000			110 910	121 094	91 019	113 456
B	KZ5a1 Ingwe	4 099	10 925	11 928	5 805	11 175	11 928				4 099	10 925	11 928	5 805
B	KZ5a2 Kwa Sani													
B	KZ5a3 Matatiele		1 863	2 034	466	1 906	2 034				1 863	2 034	466	1 906
B	KZ5a4 Greater Kokstad	3 509	8 078	8 820	4 651	8 263	8 820	2 000			3 509	8 078	8 820	8 263
B	KZ5a5 Ubuhlebezwe		6 232	6 804	1 558	6 375	6 804				6 232	6 804	1 558	6 375
C	DC43 Sisonke District Municipality	35 414	37 335	40 763	35 895	38 192	40 763				35 414	37 335	40 763	38 192
	Total: Sisonke Municipalities	43 022	64 432	70 349	48 375	65 912	70 349	2 000			64 432	70 349	50 375	65 912
	Total: KwaZulu-Natal Municipalities	1 116 278	1 519 671	1 659 211	1 218 627	1 554 556	1 659 211	42 258			1 519 671	1 659 211	1 260 885	1 554 556

APPENDIX E4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

Number	Municipality	Municipal Infrastructure Grant (Schedule 4B) ^{1,2}				National Electrification Programme (Schedule 6A)				SUB-TOTAL: INFRASTRUCTURE			
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)
LIMPOPO													
B	NP03A2	10 135	13 790	15 056	11 049	14 107	15 056	11 049	14 107	15 056	11 049	14 107	15 056
B	NP03A3		4 932	5 385	1 233	5 045	5 385	1 233	5 045	5 385	1 233	5 045	5 385
B	CBLC3		8 576	8 576	1 964	8 036	8 576	1 964	8 036	8 576	1 964	8 036	8 576
B	CBLC4	8 414	13 998	15 284	9 810	14 320	15 284	9 810	14 320	15 284	9 810	14 320	15 284
B	CBLC5		15 532	16 958	3 883	15 889	16 958	3 883	15 889	16 958	3 883	15 889	16 958
C	CBDC3	153 289	161 704	176 552	155 393	165 416	176 552	155 393	165 416	176 552	155 393	165 416	176 552
	Total: Greater Sekhukhune Cross Boundary Municipalities	171 839	217 811	237 811	183 332	222 811	237 811	183 332	222 811	237 811	183 332	222 811	237 811
B	NP04A1		5 583	6 096	1 396	5 711	6 096	1 396	5 711	6 096	1 396	5 711	6 096
B	CBLC6		24 624	26 885	6 156	25 189	26 885	6 156	25 189	26 885	6 156	25 189	26 885
C	CBDC4	94 922	93 279	101 844	94 511	95 420	101 844	94 511	95 420	101 844	94 511	95 420	101 844
	Total: Bojabela Municipalities	94 922	123 485	134 824	102 063	126 320	134 824	102 063	126 320	134 824	102 063	126 320	134 824
B	NP331		12 263	13 389	3 066	12 544	13 389	3 066	12 544	13 389	3 066	12 544	13 389
B	NP332		19 897	21 724	4 974	20 353	21 724	4 974	20 353	21 724	4 974	20 353	21 724
B	NP333	16 455	32 420	35 397	20 447	33 164	35 397	4 828	4 828	32 420	35 397	33 164	35 397
B	NP334		8 976	9 801	2 244	9 183	9 801	2 244	9 183	9 801	2 244	9 183	9 801
C	DC33	98 257	98 519	107 565	98 323	100 780	107 565	98 323	100 780	107 565	98 323	100 780	107 565
	Total: Mopani Municipalities	114 713	172 074	187 875	129 053	176 024	187 875	4 828	4 828	172 074	187 875	176 024	187 875
B	NP341		5 040	5 503	1 260	5 156	5 503	1 260	5 156	5 503	1 260	5 156	5 503
B	NP342		4 340	4 738	1 085	4 439	4 738	1 085	4 439	4 738	1 085	4 439	4 738
B	NP343	20 969	28 773	31 415	22 920	29 434	31 415	22 920	29 434	31 415	22 920	29 434	31 415
B	NP344	18 442	37 807	41 278	32 283	38 675	41 278	4 503	4 503	37 807	41 278	38 675	41 278
C	DC34	86 737	132 753	144 943	98 241	135 801	144 943	4 503	4 503	86 737	132 753	144 943	144 943
	Total: Vhembe Municipalities	126 148	208 713	227 878	146 789	213 504	227 878	4 503	4 503	208 713	227 878	213 504	227 878
B	NP351		16 840	18 386	4 210	17 227	18 386	7 005	7 005	16 840	18 386	11 215	17 227
B	NP352		7 828	8 546	1 957	8 007	8 546	1 957	8 007	7 828	8 546	1 957	8 007
B	NP353	69 081	9 156	9 997	2 289	9 367	9 997	2 289	9 367	9 156	9 997	2 289	9 367
B	NP354		92 726	101 240	74 992	94 854	101 240	74 992	94 854	92 726	101 240	74 992	94 854
B	NP355		11 434	12 484	2 859	11 697	12 484	2 859	11 697	11 434	12 484	2 859	11 697
C	DC35	78 824	77 714	84 850	78 547	79 498	84 850	7 005	7 005	78 824	77 714	84 850	84 850
	Total: Capricorn Municipalities	147 905	215 699	235 505	164 853	220 651	235 505	7 005	7 005	154 910	215 699	235 505	235 505
B	NP361		16 993	18 553	4 248	17 383	18 553	4 248	17 383	16 993	18 553	4 248	17 383
B	NP362	12 639	17 801	19 436	13 930	18 210	19 436	13 930	18 210	12 639	17 801	19 436	19 436
B	NP364	3 710	5 609	6 124	4 185	5 738	6 124	2 767	2 767	3 710	5 609	6 124	6 124
B	NP365		16 472	17 984	4 118	16 850	17 984	4 118	16 850	2 767	16 472	17 984	17 984
B	NP366	3 992	6 017	6 570	4 499	6 155	6 570	1 550	1 550	3 992	6 017	6 570	6 570
B	NP367		51 776	56 530	12 944	52 965	56 530	12 944	52 965	51 776	56 530	14 494	52 965
C	DC36	51 902		38 927	38 927		38 927		38 927	51 902		38 927	56 530
	Total: Waterberg Municipalities	72 243	114 668	125 197	82 849	117 300	125 197	4 317	4 317	76 560	114 668	125 197	125 197
	Total: Limpopo Municipalities	727 769	1 052 451	1 149 090	808 939	1 076 611	1 149 090	20 653	20 653	748 422	1 052 451	1 149 090	1 149 090

APPENDIX E4

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 4B AND 6A)

Number	Municipality	Municipal Infrastructure Grant (Schedule 4B) ^{1,2}					National Electrification Programme (Schedule 6A)					SUB-TOTAL: INFRASTRUCTURE					
		National Financial Year		Municipal Financial Year		2007/08 (R'000)	National Financial Year		Municipal Financial Year		2007/08 (R'000)	National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)		2005/06 (R'000)	2006/07 (R'000)				
WESTERN CAPE																	
A	City of Cape Town	167 802	230 325	251 474	183 433	235 612	251 474	20 000				187 802	230 325	251 474	203 433	235 612	251 474
B	WC011 Matzikama	3 078	6 833	4 476	3 334	6 927	4 476					3 078	6 833	4 476	3 334	6 927	4 476
B	WC012 Cederberg	4 031	2 904	3 171	3 750	2 971	3 171	500				4 531	2 904	3 171	4 250	2 971	3 171
B	WC013 Bergvliet		2 368	2 585	592	2 422	2 585					2 368	2 585	2 585	592	2 422	2 585
B	WC014 Saldanha Bay	2 553	3 631	3 964	2 823	3 714	3 964	300				2 853	3 631	3 964	3 123	3 714	3 964
B	WC015 Swartland	4 598	3 644	3 979	4 359	3 728	3 979	300				4 898	3 644	3 979	4 659	3 728	3 979
C	DC1 West Coast District Municipality	5 504	2 886	520	4 247	2 897	520					2 886	520	4 247	2 897	520	520
	Total: West Coast Municipalities	19 764	22 266	18 695	19 104	22 659	18 695	1 100				20 864	22 266	18 695	20 204	22 659	18 695
B	WC022 Witzenberg	5 551	5 551	6 060	1 388	5 678	6 060	500				500	5 551	6 060	1 888	5 678	6 060
B	WC023 Drakenstein	9 527	12 570	13 724	10 438	12 858	13 724	200				9 727	12 570	13 724	10 638	12 858	13 724
B	WC024 Stellenbosch	10 138	8 036	8 774	9 888	8 220	8 774	700				10 838	8 036	8 774	10 588	8 220	8 774
B	WC025 Breede Valley	6 325	8 799	9 607	6 944	9 001	9 607	400				6 725	8 799	9 607	7 344	9 001	9 607
B	WC026 Breede River Winelands	3 551	5 067	5 532	3 930	5 183	5 532	300				3 851	5 067	5 532	4 230	5 183	5 532
C	DC2 Cape Winelands District Municipality	3 955	439	479	3 076	449	479					3 955	439	479	3 076	449	479
	Total: Cape Winelands Municipalities	33 497	40 461	44 177	35 663	41 390	44 177	2 100				35 597	40 461	44 177	37 763	41 390	44 177
B	WC031 Theewaterskloof	8 134	8 798	9 606	8 800	9 000	9 606	500				8 634	8 798	9 606	9 300	9 000	9 606
B	WC032 Overstrand	3 002	5 828	5 093	3 418	5 935	5 093	400				3 402	5 828	5 093	3 818	5 935	5 093
B	WC033 Cape Agulhas							200				200			200		
B	WC034 Swellendam							300				300			300		
C	DC3 Overberg District Municipality	3 857	2 978	3 251	3 637	3 046	3 251					3 857	2 978	3 251	3 637	3 046	3 251
	Total: Overberg Municipalities	14 992	17 603	17 950	15 854	17 981	17 950	1 400				16 392	17 603	17 950	17 254	17 981	17 950
B	WC041 Kamalind		4 222	2 070	474	4 265	2 070						4 222	2 070	474	4 265	2 070
B	WC042 Langeberg	400	2 553	2 787	1 038	2 611	2 787	200				600	2 553	2 787	1 238	2 611	2 787
B	WC043 Mossel Bay	3 477	6 417	4 535	3 646	6 513	4 535	1 900				5 377	6 417	4 535	5 546	6 513	4 535
B	WC044 George	8 205	11 174	12 200	8 947	11 430	12 200	1 500				9 705	11 174	12 200	10 447	11 430	12 200
B	WC045 Oudtshoorn	6 162	4 546	4 963	6 143	4 650	4 963	400				6 562	4 546	4 963	6 543	4 650	4 963
B	WC047 Plettenberg Bay	6 271	3 255	3 554	5 652	3 330	3 554	500				6 771	3 255	3 554	6 152	3 330	3 554
B	WC048 Knysna	6 012	6 914	7 549	6 430	7 073	7 549	465				6 477	6 914	7 549	6 895	7 073	7 549
C	DC4 Eden District Municipality	4 302	4 624	4 887	3 430	4 642	4 887					4 302	4 624	4 887	3 430	4 642	4 887
	Total: Eden Municipalities	34 830	43 704	38 545	35 760	44 514	38 545	4 965				39 795	43 704	38 545	40 725	44 514	38 545
B	WC051 Laingsburg		501	548	125	513	548	330				330	501	548	455	513	548
B	WC052 Prince Albert		668	729	167	683	729	835				835	668	729	1 002	683	729
B	WC053 Beaufort West		1 567	1 711	392	1 603	1 711	1 300				1 300	1 567	1 711	1 603	1 603	1 711
C	DC5 Central Karoo District Municipality	26 141	1 429	1 560	19 963	1 462	1 560					26 141	1 429	1 560	19 963	1 462	1 560
	Total: Central Karoo Municipalities	26 141	4 165	4 548	20 647	4 261	4 548	2 465				28 606	4 165	4 548	23 112	4 261	4 548
	Total: Western Cape Municipalities	297 027	358 525	375 388	310 462	366 417	375 388	32 030				329 057	358 525	375 388	342 492	366 417	375 388
	National Total	5 436 161	7 453 595	8 301 274	5 890 520	7 615 515	8 301 274	2 588 000				5 694 161	7 453 595	8 301 274	6 148 519	7 615 515	8 301 274

1) Allocations include an earmarked amount for the eradication of bucket sanitation system. See Appendix E7 to Schedule 4B.
 2) The difference in allocations between the national and municipal financial years for 2005/06 and 2006/07 is due to the different financial years for the respective spheres of Government.

APPENDIX E5:

INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

(National and Municipal Financial Year)

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2007/08 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2006/07 (R'000)	2007/08 (R'000)		
EASTERN CAPE																			
A	Nelson Mandela																		
B	EC101 Camdeboo																		
B	EC102 Blue Crane Route																		
B	EC103 Ikwezi																		
B	EC104 Makana																		
B	EC105 Ndlambe																		
B	EC106 Sundays River Valley																		
B	EC107 Baviaans																		
B	EC108 Kouga																		
B	EC109 Koukamma																		
C	DC10 Cacadu District Municipality																		
	Total: Cacadu Municipalities																		
B	EC121 Mbashe																		
B	EC122 Mquma																		
B	EC123 Great Kei																		
B	EC124 Amahlathi																		
B	EC125 Buffalo City	2 039	2 447	2 452	2 141	2 448	2 452	2 232	2 232			2 232			4 373	2 448	2 452		
B	EC126 Ngqushwa																		
B	EC127 Nkonkobe																		
B	EC128 Nxuba																		
C	DC12 Amatole District Municipality	19 221	19 515	18 121	19 263	19 314	18 121	30 442	30 442			30 442			49 705	19 314	18 121		
	Total: Amatole Municipalities	21 260	21 962	20 573	21 404	21 762	20 573	32 673	32 673			32 673			54 077	21 762	20 573		
B	EC131 Inxuba Yethemba																		
B	EC132 Tsolwana																		
B	EC133 Inkwanca																		
B	EC134 Lukhanyu																		
B	EC135 Intsika Yethu																		
B	EC136 Emalahleni																		
B	EC137 Engcobo																		
B	EC138 Sakhisizwe																		
C	DC13 Chris Hani District Municipality	18 425	19 895	21 065	18 637	20 064	21 065	12 850	12 850			12 850			31 487	20 064	21 065		
	Total: Chris Hani Municipalities	18 425	19 895	21 065	18 637	20 064	21 065	12 850	12 850			12 850			31 487	20 064	21 065		

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)		
B	EC141 Elundini																		
B	EC142 Senqu																		
B	EC143 Maletswai																		
B	EC144 Gariep																		
C	DC14 Ukhahlamba District Municipality																		
Total: Ukhahlamba Municipalities																			
B	EC151 Mbizana																		
B	EC152 Ntabankulu																		
B	EC153 Qaukeni																		
B	EC154 Port St. Johns																		
B	EC155 Nyandeni																		
B	EC156 Mhlontlo																		
B	EC157 King Sabata Dalindyebo																		
C	DC15 O.R. Tambo District Municipality	23 880	24 387	26 730	23 953	24 726	26 730	1 814	1 814	1 814	1 814								
Total: O.R. Tambo Municipalities		23 880	24 387	26 730	23 953	24 726	26 730	1 814	1 814	1 814	1 814								
B	EC05b1 Umzimkhulu																		
B	EC05b2 Umzimvubu																		
C	DC44 Alfred Nzo District Municipality	14 039	15 349	17 089	14 228	15 425	17 089												
Total: Alfred Nzo Municipalities		14 039	15 349	17 089	14 228	15 425	17 089												
Total: Eastern Cape Municipalities		77 604	81 593	85 457	78 222	81 977	85 457	47 338	47 338	47 338	47 338								
Total: National Financial Year		25 694	24 387	26 730	25 767	24 726	26 730	25 767	24 726	26 730	26 730								
Total: Municipal Financial Year		14 039	15 349	17 089	14 228	15 425	17 089												
Total: Sub-TOTAL: INDIRECT GRANTS		124 942	81 593	85 457	125 560	81 977	85 457	47 338	47 338	47 338	47 338								

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
GAUTENG																			
A	Ekurhuleni																		
A	City of Johannesburg																		
A	City of Tshwane	12 028	12 426	15 201	12 086	12 827	15 201	100									100	12 086	12 827
B	GT02b1 Nokeng Isa Taemane																		
B	CBLC2 Kungwini	2 435	2 508	2 516	2 453	2 510	2 516										2 453	2 510	2 516
C	CBDC2 Metsweding District Municipality																		
Total: Metsweding Municipalities		2 435	2 508	2 516	2 453	2 510	2 516										2 453	2 510	2 516
Sedibeng																			
B	GT421 Emfuleni																		
B	GT422 Midvaal																		
B	GT423 Lesedi																		
C	DC42 Sedibeng District Municipality																		
Total: Sedibeng Municipalities																			
West Rand																			
B	GT411 Mogale City																		
B	GT412 Randfontein																		
B	GT414 Westonaria																		
B	CBLC8 Merafong City																		
C	CBDC8 West Rand District Municipality																		
Total: West Rand Municipalities																			
Total: Gauteng Municipalities		14 463	14 934	17 717	14 539	15 337	17 717	100									100	14 639	15 337
Total: West Rand Municipalities																			
Total: All Municipalities		14 463	14 934	17 717	14 539	15 337	17 717	100									100	14 639	15 337

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS						
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year				
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)		
KWAZULU-NATAL																				
A	eThekweni		1 234	916	309	1 155	916								1 234	916	309	1 155	916	
B	KZ211																			
B	KZ212																			
B	KZ213																			
B	KZ214																			
B	KZ215																			
B	KZ216																			
C	DC21																			
Total: Ugu Municipalities																				
B	KZ221																			
B	KZ222																			
B	KZ223																			
B	KZ224																			
B	KZ225																			
B	KZ226																			
B	KZ227																			
C	DC22																			
Total: uMgungundlovu Municipalities																				
B	KZ232																			
B	KZ233																			
B	KZ234																			
B	KZ235																			
B	KZ236																			
C	DC23			122		18		122								122				122
Total: Uthukela Municipalities																				
B	KZ241																			
B	KZ242																			
B	KZ244																			
B	KZ245																			
C	DC24	133	139	165	134	143	165	165							133	139	165	134	143	165
Total: Umzinyathi Municipalities																				
B	KZ252																			
B	KZ253																			
B	KZ254																			
C	DC25		459	511	66	467	511	511							459	511	66	467	511	511
Total: Amajuba Municipalities																				

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
B	KZ261 eDumbe																		
B	KZ262 uPhongolo																		
B	KZ263 Abaqulusi																		
B	KZ265 Nongoma																		
B	KZ266 Ulundi																		
C	DC26 Zululand District Municipality	5	2 246	3 525	329	2 431	3 525								329	2 431	3 525		
	Total: Zululand Municipalities	5	2 246	3 525	329	2 431	3 525								329	2 431	3 525		
B	KZ271 Umhlabyalingana																		
B	KZ272 Jozini																		
B	KZ273 The Big Five False Bay																		
B	KZ274 Hlabisa																		
B	KZ275 Mtabatuba																		
C	DC27 Umkhanyakude District Municipality		581	2 831	84	906	2 831	860			860				944	906	2 831		
	Total: Umkhanyakude Municipalities		581	2 831	84	906	2 831	860			860				944	906	2 831		
B	KZ281 Mbonambi																		
B	KZ282 uMhlathuze																		
B	KZ283 Ntambanana																		
B	KZ284 Umhlalazi																		
B	KZ285 Mthonjaneni																		
B	KZ286 Nkandla																		
C	DC28 uThungulu District Municipality																		
	Total: uThungulu Municipalities																		
B	KZ291 eNdongakusuka																		
B	KZ292 KwaDukuza																		
B	KZ293 Ndwedwe																		
B	KZ294 Maphumulo																		
C	DC29 Ilembe District Municipality																		
	Total: Ilembe Municipalities																		
B	KZ5a1 Ingwe																		
B	KZ5a2 Kwa Sani																		
B	KZ5a3 Matatiele																		
B	KZ5a4 Greater Kokstad																		
B	KZ5a5 Ubuhlebezwe																		
C	DC43 Sisonke District Municipality																		
	Total: Sisonke Municipalities																		
	Total: KwaZulu-Natal Municipalities	138	4 659	8 070	922	5 120	8 070	860			860				1 782	5 120	8 070	8 070	

APPENDIX E5

INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	
LIMPOPO																			
B	NP03A2																		
B	NP03A3																		
B	CBLC3																		
B	CBLC4																		
B	CBLC5																		
B	CBDC3	65 971	70 333	76 571	66 601	71 234	76 571	8 860											
	Total: Greater Sekhukhune Cross Boundary Municipalities	65 971	70 333	76 571	66 601	71 234	76 571	8 860											
B	NP04A1																		
B	CBLC6																		
C	CBDC4	50 344	56 230	61 441	51 195	56 983	61 441	24 120											
	Total: Bophlabela Municipalities	50 344	56 230	61 441	51 195	56 983	61 441	24 120											
B	NP331																		
B	NP332																		
B	NP333																		
B	NP334																		
C	DC33	104 007	114 000	125 041	105 451	115 585	125 041	14 500											
	Total: Mopani Municipalities	104 007	114 000	125 041	105 451	115 585	125 041	14 500											
B	NP341																		
B	NP342																		
B	NP343																		
B	NP344																		
C	DC34	163 372	178 403	194 185	165 544	180 683	194 185	30 000											
	Total: Vhembe Municipalities	163 372	178 403	194 185	165 544	180 683	194 185	30 000											
B	NP351																		
B	NP352																		
B	NP353																		
B	NP354	26 911	28 979	29 769	27 428	29 177	29 769												
B	NP355																		
C	DC35	69 841	75 873	83 690	70 713	77 003	83 690	2 700											
	Total: Capricorn Municipalities	96 752	104 852	113 459	98 141	106 180	113 459	2 700											
B	NP361																		
B	NP362	3 939	3 522	2 875	3 835	3 360	2 875												
B	NP364																		
B	NP365																		
B	NP366																		
B	NP367	23 986	25 736	28 607	24 424	26 454	28 607	4 000											
C	DC36																		
	Total: Waterberg Municipalities	27 925	29 258	31 482	28 259	29 814	31 482	4 000											
	Total: Limpopo Municipalities	508 371	553 076	602 179	515 191	560 479	602 179	84 180											

APPENDIX E5

INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
MPUMALANGA																			
B	MP301	Albert Luthuli			18 145	6 646	16 839	18 145											
B	MP302	Msakaligwa																	
B	MP303	Mkhondo																	
B	MP304	Seme																	
B	MP305	Lekwa																	
B	MP306	Dipaleseng																	
B	MP307	Govan Mbeki																	
C	DC30	Gert Sibande District Municipality																	
		Total: Gert Sibande Municipalities	3 393	16 404	18 145	6 646	16 839	18 145									6 646	16 839	18 145
B	MP311	Delmas																	
B	MP312	Emalaheni																	
B	MP313	Steve Tshwete																	
B	MP314	Highlands																	
B	MP315	Thembisile	17 748	18 888	20 648	18 033	19 328	20 648											
B	MP316	Dr JS Moroka	44 976	47 479	50 801	45 602	48 310	50 801											
C	DC31	Nkangala District Municipality																	
		Total: Nkangala Municipalities	62 724	66 367	71 449	63 635	67 638	71 449									63 635	67 638	71 449
B	MP321	Thaba Chweu																	
B	MP322	Mbombela	33 093	35 065	38 415	33 586	35 903	38 415											
B	MP323	Umjindi																	
B	MP324	Nkomazi	1 262	11 325	10 419	3 778	11 099	10 419											
C	DC32	Ehlanzeni District Municipality																	
		Total: Ehlanzeni Municipalities	34 355	46 390	48 834	37 364	47 002	48 834									37 364	47 002	48 834
		Total: Mpumalanga Municipalities	100 472	129 161	138 428	107 645	131 479	138 428									107 645	131 479	138 428

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/07 (R'000)		
NORTHERN CAPE																			
B	NC01B1																		
B	NW1a1																		
B	CBLCl																		
C	CBDCI							40							40				
	Total: Kgalagadi Cross Border Municipalities							40							40				
B	NC061	500	518		389									505	518		389		
B	NC062																		
B	NC064	600	518		389									580	518		389		
B	NC065	500	518		389									505	518		389		
B	NC066																		
B	NC067	500	310		233									453	310		233		
C	DC6							40						40					
	Total: Namakwa Municipalities	2 100	1 864		1 400			40						2 083	1 864		1 400		
B	NC071																		
B	NC072	1 000	1 022		767									1 006	1 022		767		
B	NC073																		
B	NC074	950	990		743									960	990		743		
B	NC075																		
B	NC076																		
B	NC077																		
B	NC078	569	430		323									534	430		323		
C	DC7							40						40					
	Total: Karoo Municipalities	2 519	2 442		1 833			40						2 540	2 442		1 833		
B	NC081	800	410		308									703	410		308		
B	NC082	260	310		233									273	310		233		
B	NC083																		
B	NC084	500	310		233									453	310		233		
B	NC085																		
B	NC086																		
C	DC8	70	210		158			40						145	210		158		
	Total: Siyanda Municipalities	1 630	1 240		932			40						1 574	1 240		932		
B	NC091																		
B	NC092	3 908	4 215		3 776									3 985	4 215		3 776		
B	NC093	1 227	1 147		1 129									1 207	1 147		1 129		
B	CBLC7																		
C	DC9							40						40					
	Total: Frances Baard District Municipality	5 135	5 362		4 852			40						5 232	5 362		4 852		
	Total: Northern Cape Municipalities	11 384	10 908		9 399			200						11 469	10 908		4 852		

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)						Implementation of Water Services Projects (Capital)						SUB-TOTAL: INDIRECT GRANTS					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
		2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2007/08 (R'000)		
NORTH WEST																			
B	NW371 Moretele	11 480	11 877	13 404	11 579	12 259	13 404								11 579	12 259	13 404		
B	NW372 Madibeng	13 122	15 241	11 181	13 652	14 226	11 181								13 652	14 226	11 181		
B	NW373 Rustenburg	3 954	4 004	5 658	3 967	4 418	5 658								3 967	4 418	5 658		
B	NW374 Kgetlengrivier																		
B	NW375 Moses Kotane	10 190	14 730	16 208	11 325	15 100	16 208								11 325	15 100	16 208		
C	DC37 Bojanala Platinum District Municipality				4 000										4 000				
	Total: Bojanala Platinum Municipalities	38 746	45 852	46 451	40 523	46 003	46 451	4 000	4 000						44 523	46 003	46 451		
B	NW381 Ratlou																		
B	NW382 Tswaing																		
B	NW383 Matikeng																		
B	NW384 Ditsobotla																		
B	NW385 Zeerust																		
C	DC38 Central District Municipality	31 750	35 042	44 091	32 226	36 350	44 091	2 000	2 000						34 226	36 350	44 091		
	Total: Central Municipalities	31 750	35 042	44 091	32 226	36 350	44 091	2 000	2 000						34 226	36 350	44 091		
B	NW391 Kagisano																		
B	NW392 Naledi																		
B	NW393 Mamusa																		
B	NW394 Greater Taung																		
B	NW395 Molopo																		
B	NW396 Lekwa-Teemane																		
C	DC39 Bophirima District Municipality	20 705	22 000	24 582	20 892	22 373	24 582								20 892	22 373	24 582		
	Total: Bophirima Municipalities	20 705	22 000	24 582	20 892	22 373	24 582								20 892	22 373	24 582		
B	NW401 Ventersdorp																		
B	NW402 Potchefstroom																		
B	NW403 Klerksdorp																		
B	NW404 Maquassi Hills																		
C	DC40 Southern District Municipality																		
	Total: Southern Municipalities																		
	Total: North West Municipalities	91 201	102 894	115 124	93 641	104 726	115 124	6 000	6 000						99 641	104 726	115 124		

APPENDIX E5
INDIRECT GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 7)

Number	Municipality	Water Services Operating Subsidy (via augmentation to the Water Trading Account)				Implementation of Water Services Projects (Capital)				SUB-TOTAL: INDIRECT GRANTS			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)
WESTERN CAPE													
A	City of Cape Town												
B	WC011 Matzikama												
B	WC012 Cederberg												
B	WC013 Bergivier												
B	WC014 Saldanha Bay												
B	WC015 Swartland												
C	DC1 West Coast District Municipality												
Total: West Coast Municipalities													
B	WC022 Witzenberg												
B	WC023 Drakenstein												
B	WC024 Stellenbosch												
B	WC025 Breede Valley												
B	WC026 Breede River Winelands												
C	DC2 Cape Winelands District Municipality												
Total: Cape Winelands Municipalities													
B	WC031 Theewaterskloof												
B	WC032 Overstrand												
B	WC033 Cape Agulhas												
B	WC034 Swellendam												
C	DC3 Overberg District Municipality												
Total: Overberg Municipalities													
B	WC041 Kannaland												
B	WC042 Langeberg												
B	WC043 Mossel Bay												
B	WC044 George												
B	WC045 Oudshoorn												
B	WC047 Plettenberg Bay												
B	WC048 Knysna												
C	DC4 Eden District Municipality												
Total: Eden Municipalities													
B	WC051 Laingsburg												
B	WC052 Prince Albert												
B	WC053 Beaufort West												
C	DC5 Central Karoo District Municipality												
Total: Central Karoo Municipalities													
Total: Western Cape Municipalities													
National Allocations													
Financial Management Grant - DBSA													
National Total		828 138	922 006	993 674	846 003	932 565	993 674	1 388 679	1 388 679	1 050 922	985 972	53 407	53 407

APPENDIX E6:

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL
FINANCIAL YEARS:**

**EQUITABLE SHARE (SCHEDULE 3) + RECURRENT GRANTS (SCHEDULE 6) + INFRASTRUCTURE
GRANTS (SCHEDULE 4B AND 6A) + INDIRECT GRANTS (SCHEDULE 7)**

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 4B AND 6A) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total						
		National Financial Year			Municipal Financial Year			National Financial Year			Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	
EASTERN CAPE														
A	Nelson Mandela	205 630	228 289	270 844	199 333	228 289	270 844	341 551	488 051	579 661	345 478	490 628	579 661	
B	EC101 Camdeboo	9 786	10 728	12 777	9 428	10 728	12 777	11 036	19 763	16 263	11 362	19 826	16 263	
B	EC102 Blue Crane Route	10 948	11 901	13 729	10 512	11 901	13 729	12 578	21 173	25 351	13 390	21 288	25 351	
B	EC103 Ikwezi	4 163	4 483	5 046	4 001	4 483	5 046	4 640	10 360	13 536	4 479	10 360	13 536	
B	EC104 Makana	18 321	20 159	23 970	17 651	20 159	23 970	27 687	38 227	42 903	27 912	38 443	42 903	
B	EC105 Ndlambe	15 364	16 884	19 868	14 810	16 884	19 868	20 668	26 599	30 407	21 029	26 805	30 407	
B	EC106 Sundays River Valley	10 022	10 741	11 049	9 514	10 741	11 049	16 946	23 918	19 276	16 539	24 080	19 276	
B	EC107 Baviaans	4 399	4 713	5 248	4 201	4 713	5 248	4 649	8 416	10 553	4 451	8 416	10 553	
B	EC108 Kouga	13 435	14 803	17 409	12 965	14 803	17 409	21 164	33 980	41 988	21 588	34 190	41 988	
B	EC109 Koukamma	8 148	8 838	9 796	7 833	8 838	9 796	8 398	14 214	14 780	9 110	14 309	14 780	
C	DC10 Cacadu District Municipality	3 374	3 275	4 019	3 292	3 275	4 019	31 170	8 454	9 536	26 809	8 538	9 536	
Total: Cacadu Municipalities		97 961	106 523	122 910	94 208	106 523	122 910	158 937	205 104	224 592	156 667	206 254	224 592	
B	EC121 Mbashe	40 853	41 678	33 564	39 283	41 678	33 564	41 837	57 628	50 864	43 946	57 965	50 864	
B	EC122 Mquma	44 857	48 400	48 502	43 122	48 400	48 502	60 248	69 311	71 221	59 768	69 763	71 221	
B	EC123 Great Kei	8 813	9 415	10 172	8 483	9 415	10 172	9 063	14 051	15 188	9 767	14 146	15 188	
B	EC124 Amahlathi	24 214	26 145	29 284	23 331	26 145	29 284	24 214	38 986	43 258	26 417	39 269	43 258	
B	EC125 Buffalo City	191 519	206 759	235 688	184 233	206 759	235 688	339 315	373 110	377 340	341 337	375 051	377 340	
B	EC126 Ngqushwa	16 973	18 062	19 948	16 307	18 062	19 948	21 222	24 018	26 404	20 920	24 143	26 404	
B	EC127 Nkonkobe	24 997	27 088	30 703	24 210	27 088	30 703	28 997	38 274	42 847	30 819	38 513	42 847	
B	EC128 Nxuba	5 756	6 210	6 898	5 558	6 210	6 898	6 006	8 811	9 693	6 333	8 859	9 693	
C	DC12 Amatole District Municipality	95 063	102 725	120 834	90 285	102 725	120 834	296 235	282 466	324 804	293 436	285 754	324 804	
Total: Amatole Municipalities		453 046	486 481	535 594	434 812	486 481	535 594	827 137	906 652	961 618	832 743	913 463	962 252	
B	EC131 Inxuba Yethemba	10 608	11 707	13 802	10 324	11 707	13 802	12 020	14 785	17 164	12 506	14 856	17 164	
B	EC132 Tsolwana	7 101	7 282	7 907	6 789	7 282	7 907	8 101	10 166	10 995	8 347	10 217	10 995	
B	EC133 Inkwanca	4 919	5 269	5 717	4 727	5 269	5 717	7 950	5 769	6 217	7 758	5 769	6 217	
B	EC134 Luikhani	28 849	31 426	36 492	28 030	31 426	36 492	43 645	46 598	52 897	44 433	46 906	52 897	
B	EC135 Intsika Yethu	37 054	35 520	29 395	35 573	35 520	29 395	38 038	48 820	43 803	39 574	49 097	43 803	
B	EC136 Emalahleni	21 364	20 997	21 767	20 482	20 997	21 767	23 028	33 325	35 114	24 919	33 579	35 114	
B	EC137 Engcobo	24 982	25 588	20 228	23 982	25 588	20 228	32 306	35 505	30 943	31 897	35 704	30 943	
B	EC138 Sakhisizwe	10 075	10 774	11 657	9 702	10 774	11 657	11 059	17 081	18 431	11 954	17 198	18 431	
C	DC13 Chris Hani District Municipality	89 813	95 719	106 109	85 239	95 719	106 109	258 091	260 443	298 729	256 475	263 734	298 729	
Total: Chris Hani Municipalities		234 764	244 281	253 074	224 853	244 281	253 074	434 237	472 494	514 291	437 863	477 062	514 291	

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
B	EC141	25 190	26 913	21 628	24 122	26 913	21 628	27 874	47 045	43 495	31 530	47 479	43 495
B	EC142	24 685	26 275	28 237	23 693	26 275	28 237	31 501	39 983	43 159	32 169	40 287	43 159
B	EC143	6 374	6 869	7 361	6 136	6 869	7 361	8 174	11 979	12 895	9 089	12 085	12 895
B	EC144	6 820	7 364	8 216	6 572	7 364	8 216	8 620	10 336	11 414	8 990	10 392	11 414
C	DC14	45 684	47 995	49 283	43 414	47 995	49 283	144 492	118 846	137 820	135 867	116 518	140 934
	Total: Ukhahlamba Municipalities	108 753	115 415	114 725	103 937	115 415	114 725	220 660	228 190	248 783	217 645	226 761	251 897
B	EC151	34 371	35 200	32 257	33 048	35 200	32 257	44 143	60 060	59 285	46 529	60 602	59 285
B	EC152	21 384	22 799	17 929	20 567	22 799	17 929	22 368	31 447	27 259	23 404	31 618	27 259
B	EC153	36 740	38 926	31 618	35 336	38 926	31 618	37 724	53 982	47 943	39 775	54 299	47 943
B	EC154	24 716	24 114	19 126	23 753	24 114	19 126	31 515	33 348	29 096	31 099	33 532	29 096
B	EC155	42 199	43 438	37 944	40 582	43 438	37 944	43 183	59 739	55 629	45 333	60 085	55 629
B	EC156	32 060	33 480	29 274	30 808	33 480	29 274	33 044	46 730	43 628	34 796	47 006	43 628
B	EC157	57 257	55 092	56 599	54 988	55 092	56 599	83 152	95 692	100 801	86 685	96 593	100 801
C	DC15	153 236	159 493	155 529	143 953	159 493	155 529	479 181	520 644	551 342	479 700	528 620	551 342
	Total: O.R Tambo Municipalities	401 962	412 541	380 277	383 035	412 541	380 277	774 309	901 644	914 983	787 321	912 355	914 983
B	EC05b1	26 632	28 089	25 451	25 545	28 089	25 451	34 460	38 722	36 947	34 011	38 938	36 947
B	EC05b2	64 870	64 636	54 776	62 227	64 636	54 776	73 560	89 577	81 894	74 917	90 122	81 894
C	DC44	61 825	64 528	62 612	58 346	64 528	62 612	178 112	214 161	227 170	182 455	217 239	227 170
	Total: Alfred Nzo Municipalities	153 328	157 253	142 838	146 118	157 253	142 838	286 131	342 460	346 011	291 384	346 298	346 011
	Total: Eastern Cape Municipalities	1 655 443	1 750 784	1 820 263	1 586 295	1 750 784	1 820 263	3 042 963	3 544 594	3 789 940	3 069 101	3 572 820	3 793 688

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share					Grand Total						
		National Financial Year		Municipal Financial Year		2007/08 (R'000)	National Financial Year		Municipal Financial Year		2007/08 (R'000)		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)		2006/07 (R'000)	2005/06 (R'000)	2006/07 (R'000)				
FREE STATE													
B	FS161 Letsemeng	13 892	15 217	17 902	13 395	15 217	17 902	18 446	26 360	31 782	18 556	26 506	31 782
B	FS162 Kopanong	23 847	26 455	32 306	23 160	26 455	32 306	26 236	39 216	48 236	27 182	39 416	48 236
B	FS163 Mokokare	14 934	15 382	18 144	14 240	15 382	18 144	18 918	30 108	37 640	19 434	30 219	37 640
C	DC16 Xhariep District Municipality	3 139	3 142	1 748	3 029	3 142	1 748	17 737	4 642	14 290	4 642	3 248	3 248
Total: Xhariep Municipalities		55 813	60 196	70 099	53 824	60 196	70 099	81 338	100 326	120 906	79 462	100 783	120 906
B	FS171 Naledi	10 709	11 372	13 227	10 227	11 372	13 227	14 693	20 814	18 896	15 226	20 907	18 896
B	FS172 Mangaung	175 080	188 001	220 454	167 319	188 001	220 454	265 083	283 519	324 582	261 563	285 672	324 582
B	FS173 Mantsopa	18 434	20 107	23 892	17 703	20 107	23 892	25 751	36 973	57 284	25 505	37 162	57 284
C	DC17 Motheo District Municipality	1 072	1 287	1 603	1 042	1 287	1 603	15 317	3 037	3 353	11 976	3 037	3 353
Total: Motheo Municipalities		205 295	220 767	259 176	196 291	220 767	259 176	320 844	344 342	404 116	314 270	346 778	404 116
B	FS181 Masilonyana	23 852	25 452	29 232	22 742	25 452	29 232	30 502	68 223	77 727	32 630	68 520	77 727
B	FS182 Tokologo	11 907	12 846	15 108	11 410	12 846	15 108	13 391	25 261	39 486	14 363	25 396	39 486
B	FS183 Tswelopele	18 125	18 423	21 604	17 242	18 423	21 604	26 056	34 546	54 436	25 424	34 728	54 436
B	FS184 Matjhabeng	124 581	135 646	162 703	119 573	135 646	162 703	203 347	235 008	301 718	205 088	236 873	301 718
B	FS185 Nala	37 224	41 037	49 864	35 987	41 037	49 864	63 377	69 861	99 574	63 134	70 283	99 574
C	DC18 Lejweletswa District Municipality	1 784	2 053	2 728	1 765	2 053	2 728	17 947	4 924	5 724	14 729	4 955	5 724
Total: Lejweletswa Municipalities		217 474	235 456	281 238	208 719	235 456	281 238	354 620	437 821	578 666	355 369	440 755	578 666
B	FS191 Setsoto	45 181	49 493	59 437	43 474	49 493	59 437	63 406	85 725	114 213	65 386	86 350	114 213
B	FS192 Dithabeng	34 813	38 535	46 758	33 688	38 535	46 758	61 591	63 040	82 788	59 788	63 478	82 788
B	FS193 Nketoana	22 840	23 322	27 654	21 745	23 322	27 654	33 950	40 344	48 541	33 444	40 585	48 541
B	FS194 Maluti-a-Phofung	105 417	105 403	121 353	100 044	105 403	121 353	186 061	219 196	240 095	189 601	220 434	240 095
B	FS195 Phumelela	15 497	16 837	19 582	14 880	16 837	19 582	19 981	35 690	43 952	21 381	35 875	43 952
C	DC19 Thabo Mofutsanyana District Municipality	12 930	12 897	3 793	12 754	12 897	3 793	27 757	14 648	5 544	24 125	14 648	5 544
Total: Thabo Mofutsanyane Municipalities		236 679	246 486	278 577	226 585	246 486	278 577	392 746	458 644	535 134	393 725	461 370	535 134
B	FS201 Mookhaka	44 963	48 239	59 032	43 212	48 239	59 032	63 951	70 399	92 202	63 322	70 774	92 202
B	FS203 Ngwathe	42 120	45 460	56 044	40 543	45 460	56 044	63 101	70 245	96 632	60 627	70 621	96 632
B	FS204 Metsimaholo	27 364	30 304	36 494	26 487	30 304	36 494	45 587	51 139	59 808	45 850	51 176	60 071
B	FS205 Mafube	20 658	22 715	27 467	19 931	22 715	27 467	29 559	38 166	47 259	29 418	38 343	47 259
C	DC20 Northern Free State District Municipality	1 687	1 923	2 515	1 673	1 923	2 515	5 687	3 673	4 265	4 923	3 673	4 265
Total: Northern Free State Municipalities		136 792	148 641	181 552	131 846	148 641	181 552	207 885	233 623	300 166	204 140	234 588	300 166
Total: Free State Municipalities		852 052	911 546	1 070 642	817 265	911 546	1 070 642	1 357 434	1 574 757	1 938 988	1 346 966	1 584 274	1 939 251

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total					
		National Financial Year			Municipal Financial Year			National Financial Year			Municipal Financial Year		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
GAUTENG													
A	Ekurhuleni	472 390	530 030	595 474	460 058	530 030	595 474	709 440	866 339	962 434	725 048	874 002	962 434
A	City of Johannesburg	540 664	613 393	643 272	524 760	613 393	643 272	856 535	973 280	1 035 791	867 548	981 438	1 035 791
A	City of Tshwane	269 741	300 956	264 898	261 870	300 956	264 898	544 115	639 520	653 503	552 304	645 217	653 812
B	GT02b1 Nokeng tsa Taemane	10 409	11 413	12 533	10 074	11 413	12 533	11 159	20 876	22 819	13 065	21 081	22 819
B	CBLC2 Kungwini	24 372	26 907	30 282	23 718	26 907	30 282	27 541	47 745	52 698	31 179	48 139	52 698
C	CBD2C2 Metsweding District Municipality	1 601	1 099	733	1 570	1 099	733	23 173	2 599	2 233	18 062	2 599	2 233
	Total: Metsweding Municipalities	36 382	39 419	43 548	35 362	39 419	43 548	61 874	71 220	77 750	62 306	71 820	77 750
B	GT421 Emfuleni	160 060	180 070	220 885	156 954	180 070	220 885	242 339	273 301	284 418	242 096	274 627	284 418
B	GT422 Midvaal	13 629	15 044	17 360	13 180	15 044	17 360	21 180	25 748	29 001	21 644	25 982	29 001
B	GT423 Lesedi	15 965	17 892	21 622	15 634	17 892	21 622	29 712	30 650	31 987	29 468	30 842	31 987
C	DC42 Sedibeng District Municipality	1 023	1 000	584	1 000	1 000	584	13 773	3 250	2 834	11 000	3 250	2 834
	Total: Sedibeng Municipalities	190 677	214 006	260 452	186 767	214 006	260 452	307 003	332 950	348 240	304 208	334 701	348 240
B	GT411 Mogale City	58 667	65 623	76 585	57 322	65 623	76 585	86 812	103 905	118 337	88 252	104 772	118 337
B	GT412 Randfontein	25 422	28 441	33 444	24 853	28 441	33 444	36 870	43 943	50 310	37 592	44 283	50 310
B	GT414 Westonaria	38 523	43 106	33 672	37 422	43 106	33 672	65 825	77 998	68 697	67 184	78 719	68 697
B	CBLC8 Merafong City	61 069	68 625	62 561	59 317	68 625	62 561	94 256	113 009	104 776	95 524	113 870	104 776
C	CBD2C8 West Rand District Municipality	1 894	1 849	1 030	1 852	1 849	1 030	4 923	4 025	3 268	4 543	4 040	3 268
	Total: West Rand Municipalities	185 575	207 644	207 293	180 766	207 644	207 293	288 687	342 879	345 387	293 095	345 685	345 387
	Total: Gauteng Municipalities	1 695 428	1 905 448	2 014 936	1 649 583	1 905 448	2 014 936	2 767 654	3 226 187	3 423 104	2 804 509	3 252 862	3 423 413

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
KWAZULU-NATAL													
A	eThekweni	535 540	593 898	673 805	520 958	593 898	673 805	892 744	1 032 356	1 169 976	902 977	1 040 535	1 169 976
B	KZ211 Vlamshlo	13 247	14 045	10 470	12 751	14 045	10 470	14 231	19 568	16 387	14 807	19 666	16 387
B	KZ212 Umdoni	7 314	8 020	8 954	7 125	8 020	8 954	12 487	12 029	13 285	11 881	12 109	13 285
B	KZ213 Umzambe	26 958	29 134	25 985	26 266	29 134	25 985	27 942	40 197	37 951	29 707	40 422	37 951
B	KZ214 uMuzwabantu	14 612	15 676	13 109	14 191	15 676	13 109	14 862	25 692	23 999	16 820	25 911	23 999
B	KZ215 Ezinqolweni	9 437	10 022	7 752	9 163	10 022	7 752	9 687	13 372	11 364	10 126	13 438	11 364
B	KZ216 Hibiscus Coast	26 067	28 678	32 668	25 485	28 678	32 668	43 639	39 267	44 184	41 185	39 499	44 184
C	DC21 Ugu District Municipality	57 169	62 459	69 597	55 581	62 459	69 597	153 842	182 957	200 933	158 119	185 617	200 933
	Total: Ugu Municipalities	154 805	168 032	168 535	150 561	168 032	168 535	276 689	333 081	348 103	282 646	336 661	348 159
B	KZ221 uMshwathi	17 806	19 354	12 804	17 442	19 354	12 804	18 790	26 040	19 990	19 789	26 165	19 990
B	KZ222 uMngeni	10 082	10 959	12 324	9 850	10 959	12 324	17 714	20 038	21 939	18 227	20 172	21 939
B	KZ223 Mooti/Mpofana	6 513	7 082	7 115	6 336	7 082	7 115	6 913	11 309	11 671	7 630	11 391	11 671
B	KZ224 Impendle	6 995	7 404	5 460	6 820	7 404	5 460	7 245	7 904	5 960	7 070	7 904	5 960
B	KZ225 Msunduzi	104 671	114 407	133 564	101 800	114 407	133 564	155 426	171 938	196 332	155 751	173 247	196 332
B	KZ226 Mkhambathini	10 813	11 682	6 537	10 565	11 682	6 537	13 938	15 856	15 924	13 890	15 924	10 981
B	KZ227 Richmond	10 502	11 211	9 101	10 124	11 211	9 101	11 486	16 952	15 256	12 235	17 056	15 256
C	DC22 uMgungundlovu District Municipality	41 406	46 359	56 330	40 409	46 359	56 330	90 010	93 538	107 704	89 782	94 587	107 704
	Total: uMgungundlovu Municipalities	208 788	228 459	243 236	203 346	228 459	243 236	321 522	363 575	389 833	324 375	366 445	389 833
B	KZ232 Emmaambithi/Ladysmith	28 473	31 316	35 850	27 914	31 316	35 850	37 280	46 538	52 423	38 700	46 876	52 423
B	KZ233 Indaka	16 117	17 450	18 890	15 673	17 450	18 890	17 101	23 676	25 575	17 906	23 791	25 575
B	KZ234 Umishezi	8 630	8 921	9 697	8 366	8 921	9 697	9 632	13 170	14 289	10 305	13 256	14 289
B	KZ235 Okhahlamba	18 974	20 346	19 010	18 461	20 346	19 010	19 958	28 398	27 688	21 149	28 555	27 688
B	KZ236 Imbarazane	16 977	18 385	20 156	16 520	18 385	20 156	17 227	24 219	26 480	18 104	24 342	26 480
C	DC23 Uthukela District Municipality	57 320	63 286	74 262	55 973	63 286	74 262	127 793	134 646	151 229	127 215	135 501	151 838
	Total: Uthukela Municipalities	146 491	159 705	177 865	142 908	159 705	177 865	228 991	270 648	297 685	233 378	272 320	298 294
B	KZ241 Endumeni	7 060	7 800	8 955	6 896	7 800	8 955	7 060	11 123	12 583	7 727	11 199	12 583
B	KZ242 Nquthu	19 778	20 975	20 536	19 253	20 975	20 536	20 762	35 777	36 584	23 629	36 089	36 584
B	KZ244 Msinga	25 268	27 149	19 906	24 456	27 149	19 906	26 252	37 393	30 977	27 693	37 600	30 977
B	KZ245 Umvozi	14 779	15 818	12 856	14 163	15 818	12 856	19 279	26 403	24 367	20 121	26 634	24 367
C	DC24 Umzinyathi District Municipality	42 506	46 271	50 091	41 539	46 271	50 091	122 282	121 535	131 548	120 229	122 740	131 936
	Total: Umzinyathi Municipalities	109 391	118 014	112 344	106 307	118 014	112 344	195 635	232 231	236 059	199 399	234 263	236 447
B	KZ252 Newcastle	75 432	83 900	103 122	73 900	83 900	103 122	102 814	114 955	136 983	102 325	115 656	136 983
B	KZ253 Utrecht	5 216	5 528	4 000	5 071	5 528	4 000	6 200	9 714	8 457	6 793	9 782	8 457
B	KZ254 Dannhauser	13 363	14 326	14 684	13 030	14 326	14 684	13 613	19 229	19 991	14 381	19 330	19 991
C	DC25 Amajuba District Municipality	11 263	12 509	14 597	11 019	12 509	14 597	30 815	31 844	35 328	30 463	32 015	35 525
	Total: Amajuba Municipalities	105 274	116 264	136 404	103 019	116 264	136 404	153 442	175 742	200 759	153 961	176 783	200 956

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 4B AND 6A) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total					
		National Financial Year			Municipal Financial Year			National Financial Year			Municipal Financial Year		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
B	KZ261 eDumbe	11 441	12 356	11 400	11 126	12 356	11 400	19 914	19 607	13 141	20 076	19 607	
B	KZ262 uPhongolo	18 303	19 622	18 682	17 816	19 622	18 682	30 398	30 401	20 635	30 634	30 401	
B	KZ263 Abaqutusi	20 684	22 402	24 429	20 116	22 402	24 429	37 718	41 037	25 920	38 041	41 037	
B	KZ265 Nongoma	23 546	25 030	21 107	22 927	25 030	21 107	34 238	31 047	25 904	34 421	31 047	
B	KZ266 Ulundi	26 311	27 710	24 035	25 599	27 710	24 035	46 147	44 051	33 293	46 541	44 051	
C	DC26 Zululand District Municipality	60 769	66 245	73 725	59 130	66 245	73 725	181 347	196 764	195 332	181 148	199 095	
	Total: Zululand Municipalities	161 053	173 365	173 377	156 713	173 365	173 377	349 755	362 907	314 225	350 861	365 238	
B	KZ271 Umhlabuyalingana	19 347	20 869	15 363	18 832	20 869	15 363	29 322	24 479	25 589	29 488	24 479	
B	KZ272 Jozini	24 345	26 310	20 820	23 755	26 310	20 820	46 984	43 279	29 349	47 430	43 279	
B	KZ273 The Big Five False Bay	6 374	6 775	4 096	6 200	6 775	4 096	7 358	8 009	7 184	8 009	5 330	
B	KZ274 Hlabisa	18 764	20 211	16 406	18 307	20 211	16 406	28 166	24 979	20 971	28 320	24 979	
B	KZ275 Mtubatuba	5 764	5 898	5 083	5 602	5 898	5 083	8 624	8 013	6 409	8 675	8 013	
C	DC27 Umkhanyakude District Municipality	48 599	51 824	50 320	47 034	51 824	50 320	150 992	156 992	139 370	150 116	159 860	
	Total: Umkhanyakude Municipalities	123 193	131 887	112 088	119 730	131 887	112 088	272 097	263 072	228 872	272 038	265 940	
B	KZ281 Mbonambi	13 713	14 777	12 986	13 362	14 777	12 986	21 010	19 678	18 352	21 125	19 678	
B	KZ282 uMhlatuze	54 196	59 395	67 802	52 985	59 395	67 802	92 255	103 633	81 923	92 998	103 633	
B	KZ283 Ntambana	8 411	8 894	6 011	8 209	8 894	6 011	9 395	12 865	10 233	9 877	12 928	
B	KZ284 Umlalazi	28 690	30 730	24 645	27 971	30 730	24 645	50 575	46 199	33 358	51 002	46 199	
B	KZ285 Mthonjaneni	10 139	10 799	7 854	9 802	10 799	7 854	17 670	15 242	12 196	17 799	15 242	
B	KZ286 Nkandla	19 516	20 897	14 742	19 007	20 897	14 742	28 858	23 321	25 355	29 013	23 321	
C	DC28 uThungulu District Municipality	41 816	45 791	50 914	40 661	45 791	50 914	122 514	134 544	118 735	124 241	134 544	
	Total: uThungulu Municipalities	176 481	191 283	184 954	171 999	191 283	184 954	345 747	352 851	299 797	349 105	352 851	
B	KZ291 eNdongakusuka	18 559	19 513	20 791	17 996	19 513	20 791	31 401	33 724	20 842	31 662	33 724	
B	KZ292 KwaDukuza	20 154	21 957	24 381	19 480	21 957	24 381	38 149	42 015	33 246	38 509	42 015	
B	KZ293 Ndwedwe	21 764	23 444	18 468	21 157	23 444	18 468	32 880	28 656	24 192	33 068	28 656	
B	KZ294 Maphumulo	17 257	18 488	14 384	16 730	18 488	14 384	22 515	22 032	22 389	25 731	22 032	
C	DC29 Iembe District Municipality	46 096	50 500	58 591	44 549	50 500	58 591	121 754	136 250	115 108	123 356	136 250	
	Total: Iembe Municipalities	123 830	133 902	136 616	119 913	133 902	136 616	249 781	262 678	215 777	252 327	262 678	
B	KZ5a1 Ingwe	16 855	18 099	15 078	16 393	18 099	15 078	30 257	28 240	23 182	30 508	28 240	
B	KZ5a2 Kwa Sani	4 406	4 645	3 756	4 257	4 645	3 756	5 390	4 990	5 241	5 879	4 990	
B	KZ5a3 Matatiele	4 155	4 479	4 688	4 035	4 479	4 688	6 842	7 222	4 751	6 884	7 222	
B	KZ5a4 Greater Kokstad	12 881	14 261	16 061	12 602	14 261	16 061	25 573	28 115	21 988	25 758	28 115	
B	KZ5a5 Ubuthebezwwe	16 527	17 876	15 123	16 100	17 876	15 123	25 342	23 161	18 642	25 485	23 161	
C	DC43 Sisonke District Municipality	36 380	40 231	47 396	35 356	40 231	47 396	79 067	89 659	72 501	79 924	89 659	
	Total: Sisonke Municipalities	91 203	99 590	102 103	88 743	99 590	102 103	172 959	181 388	146 304	174 438	181 388	
	Total: KwaZulu-Natal Municipalities	1 936 049	2 114 399	2 221 326	1 884 198	2 114 399	2 221 326	3 797 972	4 065 310	3 301 710	3 825 778	4 071 759	

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total					
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
LIMPOPO													
B	NP03A2	Maakhuduthamaga	37 445	40 816	45 317	40 816	45 317	49 701	56 976	62 744	49 716	57 293	62 744
B	NP03A3	Fetakgomo	14 191	15 178	13 948	13 802	13 948	15 175	21 344	20 567	16 019	21 457	20 567
B	CBLC3	Greater Marble Hall	18 664	20 076	21 922	18 140	20 076	19 648	29 165	31 732	21 087	29 345	31 732
B	CBLC4	Greater Groblersdal	34 654	37 421	41 906	33 813	37 421	43 802	52 653	58 424	44 357	52 975	58 424
B	CBLC5	Greater Tubatse	36 727	39 410	40 148	35 786	39 410	38 461	56 926	59 090	41 403	57 282	59 090
C	CBCD3	Greater Sekhukhune Cross Boundary	89 361	96 360	100 385	86 739	96 360	318 631	330 047	355 158	318 743	334 660	355 158
	Total: Greater Sekhukhune Cross Boundary Municipalities		231 042	249 261	263 626	224 827	249 261	485 418	547 111	587 111	491 326	553 012	587 111
B	NP04A1	Maruleng	16 000	17 188	16 440	15 604	17 188	16 984	24 005	23 769	17 984	24 133	23 769
B	CBLC6	Bushbuckridge	76 520	82 355	92 474	74 560	82 355	77 404	108 363	120 743	81 600	108 928	120 743
C	CBCD4	Bohlabela District Municipality	60 613	65 923	73 157	58 721	65 923	231 249	216 931	237 941	229 797	219 826	237 941
	Total: Bohlabela Municipalities		153 134	165 466	182 070	148 885	165 466	325 638	349 300	382 453	329 381	352 887	382 453
B	NP331	Greater Giyani	40 926	40 925	41 746	39 730	40 925	41 910	54 421	56 368	43 780	54 703	56 368
B	NP332	Greater Letaba	35 746	38 760	42 311	34 852	38 760	36 730	59 891	65 269	40 810	60 347	65 269
B	NP333	Greater Tzaneen	56 410	61 393	66 774	55 078	61 393	78 694	94 313	102 671	81 353	95 057	102 671
B	NP334	Ba-Phalaborwa	18 585	18 851	19 823	18 076	18 851	18 735	28 477	30 273	20 470	28 683	30 273
C	DC33	Mopani District Municipality	92 810	103 321	120 876	90 480	103 321	311 725	318 240	355 882	310 904	322 087	355 882
	Total: Mopani Municipalities		244 478	263 250	291 530	238 217	263 250	487 793	555 343	610 463	497 317	560 878	610 463
B	NP341	Musina	8 603	9 345	10 009	8 364	9 345	8 853	14 885	16 012	9 874	15 001	16 012
B	NP342	Mutale	14 946	15 332	12 614	14 535	15 332	15 930	20 906	18 586	16 604	21 006	18 586
B	NP343	Thulamela	76 298	81 421	87 502	74 522	81 421	100 001	111 428	120 152	100 176	112 089	120 152
B	NP344	Makhado	67 823	73 177	80 116	66 243	73 177	93 411	113 128	123 538	96 673	113 996	123 538
C	DC34	Vhembe District Municipality	111 122	123 459	145 657	108 000	123 459	392 232	436 116	486 285	402 786	441 443	486 285
	Total: Vhembe Municipalities		278 792	302 734	335 898	271 665	302 734	610 427	696 462	764 573	626 113	703 533	764 573
B	NP351	Blouberg	24 522	26 134	25 523	23 823	26 134	32 549	44 246	45 182	36 060	44 632	45 182
B	NP352	Aganang	21 276	22 887	23 309	20 731	22 887	22 260	31 949	33 090	23 672	32 129	33 090
B	NP353	Molemole	19 828	21 583	23 964	19 336	21 583	20 078	31 240	34 462	21 875	31 450	34 462
B	NP354	Polokwane	111 076	122 255	138 284	108 322	122 255	209 567	244 460	269 794	213 242	246 786	269 794
B	NP355	Lepelle-Nkumpi	32 923	35 805	39 542	32 084	35 805	33 907	48 473	53 261	35 927	48 736	53 261
C	DC35	Capricorn District Municipality	62 120	69 817	83 169	61 006	69 817	215 485	224 905	253 209	214 966	227 819	253 209
	Total: Capricorn District Municipalities		271 744	298 482	333 793	265 303	298 482	533 846	625 273	688 997	545 742	631 552	688 997
B	NP361	Thabazimbi	17 155	18 944	19 544	16 534	18 944	18 389	37 171	39 331	22 016	37 561	39 331
B	NP362	Lephalale	25 780	28 308	31 649	25 043	28 308	44 578	53 192	57 357	45 238	53 276	57 357
B	NP364	Moqoqong	6 872	7 538	8 051	6 660	7 538	10 831	13 648	14 676	11 095	13 777	14 676
B	NP365	Modimolle	16 159	17 742	19 660	15 694	17 742	19 926	35 646	38 894	23 579	35 842	38 894
B	NP366	Bela Bela	12 428	13 699	15 907	12 058	13 699	16 420	20 217	22 977	16 557	20 355	22 977
B	NP367	Mogalakwena	68 591	75 585	86 793	66 917	75 585	94 127	153 597	172 430	105 835	155 504	172 430
C	DC36	Waterberg District Municipality	3 508	2 409	2 602	3 441	2 409	60 410	3 909	4 102	47 368	3 909	4 102
	Total: Waterberg Municipalities		150 491	164 226	184 206	146 347	164 226	264 680	317 197	349 767	271 687	320 222	349 767
	Total: Limpopo Municipalities		1 329 681	1 443 420	1 591 124	1 295 245	1 443 420	2 707 802	3 090 686	3 383 969	2 761 566	3 122 085	3 384 091

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 4B AND 6A) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total						
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	
MPUMALANGA														
B	MP301	Albert Luthuli	43 127	47 031	52 738	41 867	47 031	52 738	68 403	96 864	107 200	73 403	98 021	107 200
B	MP302	Msakaligwa	28 526	31 643	36 753	27 795	31 643	36 753	29 260	49 711	56 367	32 737	50 097	56 367
B	MP303	Mkhonto	27 066	29 657	32 441	26 340	29 657	32 441	29 800	55 485	60 527	35 222	56 050	60 527
B	MP304	Seme	22 565	25 003	29 537	22 032	25 003	30 865	36 712	42 208	31 059	36 952	42 208	
B	MP305	Lekwa	21 846	24 204	27 653	21 272	24 204	38 441	42 485	47 497	42 124	42 876	47 497	
B	MP306	Dipaleseng	12 380	13 621	15 712	12 056	13 621	13 680	20 340	23 002	14 911	20 483	23 002	
B	MP307	Govan Mбеки	56 859	63 198	72 589	55 436	63 198	98 750	103 199	116 150	100 175	104 089	116 150	
C	DC30	Gert Sibande District Municipality	2 180	2 266	2 881	2 140	2 266	54 888	3 766	4 381	42 296	3 766	4 381	
Total: Gert Sibande Municipalities			214 549	236 623	270 303	208 938	236 623	270 303	364 087	408 562	457 331	371 928	412 334	457 331
B	MP311	Delmas	14 099	15 615	18 058	13 750	15 615	18 058	20 443	25 063	28 259	20 745	25 251	28 259
B	MP312	Emalahleni	53 806	59 599	66 766	52 398	59 599	66 766	92 699	103 547	114 566	93 663	104 510	114 566
B	MP313	Steve Tshwete	26 463	29 402	34 295	25 753	29 402	34 295	41 435	45 626	51 873	41 875	45 965	51 873
B	MP314	Highlands	9 980	10 935	12 370	9 671	10 935	12 370	12 506	16 766	18 623	13 346	16 871	18 623
B	MP315	Thembisile	60 517	66 391	76 185	59 029	66 391	76 185	79 899	123 355	138 209	87 681	124 620	138 209
B	MP316	Dr-JS Moroka	61 288	67 372	78 557	59 887	67 372	78 557	140 395	152 994	170 730	140 560	154 632	170 730
C	DC31	Nkangala District Municipality	1 760	2 107	2 843	1 754	2 107	2 843	38 127	8 109	9 189	30 405	8 195	9 189
Total: Nkangala Municipalities			227 912	251 421	289 074	222 242	251 421	289 074	425 504	475 460	531 450	428 276	480 044	531 450
B	MP321	Thaba Chweu	21 430	23 364	25 890	20 620	23 364	25 890	22 164	37 472	41 180	24 572	37 767	41 180
B	MP322	Mbombela	93 309	101 724	110 538	90 706	101 724	110 538	190 180	217 106	236 532	193 158	219 759	236 532
B	MP323	Umjindi	13 476	14 717	16 025	13 024	14 717	16 025	25 252	26 096	28 326	25 326	26 329	28 326
B	MP324	Nkomazi	74 330	81 310	88 576	72 336	81 310	88 576	124 901	176 674	184 798	133 978	174 151	187 536
C	DC32	Ehlanzeni District Municipality	3 564	2 684	3 092	3 497	2 684	3 092	43 795	4 424	4 853	34 481	4 429	4 853
Total: Ehlanzeni Municipalities			206 108	223 799	244 121	200 182	223 799	244 121	406 292	461 771	495 699	411 515	462 436	498 437
Total: Mpumalanga Municipalities			648 570	711 843	803 499	631 362	711 843	803 499	1 195 883	1 345 793	1 484 480	1 211 719	1 354 814	1 487 218

**EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share				Grand Total							
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year					
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)			
NORTHERN CAPE													
B	NC01B1 Gamagara	4 146	4 076	4 856	3 924	4 076	4 856	5 996	6 535	7 412	6 039	6 559	7 412
B	NW1a1 Moshaweng	16 425	17 566	18 617	15 739	17 566	18 617	26 819	37 659	38 025	28 496	36 062	39 451
B	CBLC1 Ga-Segonyana	17 364	18 857	21 374	16 781	18 857	21 374	38 648	34 664	37 382	36 570	34 060	38 045
C	CBDCl Kgalagadi District Municipality	14 832	14 652	7 197	14 164	14 652	7 197	54 984	28 832	22 473	47 958	29 105	22 473
	Total: Kgalagadi Cross Border Municipalities	52 766	55 150	52 044	50 608	55 150	52 044	126 445	107 689	105 292	119 063	105 787	107 381
B	NC061 Richtersveld	3 235	3 484	3 998	3 106	3 484	3 998	4 435	5 015	5 059	4 439	4 898	5 059
B	NC062 Nama Khoi	8 749	9 623	11 535	8 430	9 623	11 535	17 476	19 030	15 441	16 805	19 102	15 441
B	NC064 Kamiesberg	3 342	3 410	3 965	3 184	3 410	3 965	4 926	5 571	5 199	4 748	5 442	5 199
B	NC065 Hantam	5 613	5 843	6 773	5 348	5 843	6 773	7 097	10 722	10 068	6 837	11 109	10 068
B	NC066 Karoo Hoogland	3 869	3 864	4 278	3 669	3 864	4 278	5 398	6 658	7 192	5 526	6 688	7 192
B	NC067 Khai-Ma	3 418	3 670	4 003	3 286	3 670	4 003	4 920	4 480	4 480	4 403	4 403	4 503
C	DC6 Namakwa District Municipality	1 911	1 648	1 722	1 832	1 648	1 722	9 530	7 794	6 233	9 218	7 385	6 233
	Total: Namakwa Municipalities	30 137	31 542	36 274	28 855	31 542	36 274	53 783	59 271	53 695	52 314	59 027	53 695
B	NC071 Ubuntu	5 473	5 420	6 091	5 196	5 420	6 091	7 307	9 946	9 342	7 492	9 988	9 342
B	NC072 Umsobomvu	8 183	8 880	10 387	7 854	8 880	10 387	10 167	18 997	14 682	10 545	18 807	14 682
B	NC073 Erntjaneni	9 445	10 268	12 334	9 070	10 268	12 334	9 645	13 530	15 850	9 961	13 594	15 850
B	NC074 Kareeberg	3 529	3 520	3 937	3 348	3 520	3 937	5 463	10 216	6 267	5 542	9 992	6 267
B	NC075 Renosterberg	3 930	4 186	4 817	3 753	4 186	4 817	4 914	11 259	7 272	5 017	11 284	7 272
B	NC076 Thembihlile	3 764	4 018	4 548	3 590	4 018	4 548	4 748	6 336	7 804	4 574	6 842	7 804
B	NC077 Siyathemba	5 499	5 759	6 762	5 251	5 759	6 762	5 749	10 813	8 603	5 809	10 841	8 603
B	NC078 Siyancuma	9 336	10 074	11 309	8 921	10 074	11 309	17 421	16 831	18 103	17 362	16 841	18 103
C	DC7 Karoo District Municipality	2 908	2 447	2 739	2 830	2 447	2 739	27 568	6 372	4 864	22 441	5 922	4 864
	Total: Karoo Municipalities	52 068	54 571	62 923	49 813	54 571	62 923	92 983	104 301	92 787	88 742	104 112	92 787
B	NC081 Mier	2 844	2 938	2 852	2 717	2 938	2 852	4 965	4 582	4 086	4 741	4 480	4 086
B	NC082 Kai ! Garib	13 241	14 577	15 191	12 747	14 577	15 191	16 083	23 274	24 234	17 391	23 361	24 234
B	NC083 //Khara Hais	13 296	14 799	18 367	12 883	14 799	18 367	17 083	22 511	25 741	18 244	22 655	25 741
B	NC084 ! Kheis	4 363	4 639	5 003	4 176	4 639	5 003	5 847	7 850	8 058	6 030	7 811	8 058
B	NC085 Tsantsabane	7 869	8 593	10 119	7 582	8 593	10 119	18 326	14 386	16 146	16 811	14 444	16 146
B	NC086 Kgatelopele	4 199	4 237	5 104	4 001	4 237	5 104	4 651	4 737	5 604	4 454	4 737	5 604
C	DC8 Siyanda District Municipality	3 868	3 929	3 960	3 744	3 929	3 960	22 851	10 085	10 314	19 656	10 135	10 314
	Total: Siyanda Municipalities	49 679	53 712	60 596	47 856	53 712	60 596	89 807	87 424	94 183	87 326	87 624	94 183
B	NC091 Sol Plaatje	43 125	47 808	56 865	42 001	47 808	56 865	70 577	68 515	77 551	68 568	68 940	77 551
B	NC092 Dikgatlong	12 114	13 158	15 222	11 636	13 158	15 222	20 206	24 633	26 812	21 312	24 662	26 812
B	NC093 Magareng	7 825	8 482	9 968	7 504	8 482	9 968	9 302	12 482	14 113	9 549	12 518	14 113
B	CBLC7 Phokwane	17 413	18 916	22 041	16 741	18 916	22 041	29 408	30 988	34 054	28 929	30 938	34 659
C	DC9 Frances Baard District Municipality	2 617	2 571	3 114	2 552	2 571	3 114	17 357	4 837	5 451	14 559	4 855	5 451
	Total: Frances Baard Municipalities	83 094	90 934	107 210	80 435	90 934	107 210	146 851	141 455	157 980	142 917	141 911	158 585
	Total: Northern Cape Municipalities	267 743	285 909	319 047	257 562	285 909	319 047	509 868	500 140	503 938	490 361	498 461	506 632

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Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)**

Number	Municipality	Equitable Share						Grand Total						
		National Financial Year			Municipal Financial Year			National Financial Year			Municipal Financial Year			
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	
NORTH WEST														
B	NW371	Moretele	40 463	44 282	49 326	39 425	44 282	49 326	85 324	93 237	102 824	85 246	94 373	102 824
B	NW372	Madibeng	78 709	85 966	96 399	76 129	85 966	96 399	157 648	178 038	191 420	158 639	178 775	191 420
B	NW373	Rustenburg	79 402	87 839	90 557	76 937	87 839	90 557	146 554	181 492	194 051	151 915	183 953	194 051
B	NW374	Kgetlengrivier	11 281	12 375	14 313	10 927	12 375	14 313	11 531	20 675	21 228	12 645	20 810	21 228
B	NW375	Mosses Kotane	61 733	67 449	78 022	59 896	67 449	78 022	107 502	123 976	139 752	108 229	125 277	139 752
C	DC37	Bojanala Platinum District Municipality	2 829	1 863	2 154	2 682	1 863	2 154	22 768	9 346	10 187	20 383	9 484	10 187
		Total: Bojanala Platinum Municipalities	274 416	299 774	330 772	265 995	299 774	330 772	531 326	606 765	659 462	537 057	612 672	659 462
B	NW381	Ratlou	17 343	18 643	20 734	16 733	18 643	20 734	18 327	25 604	28 222	19 149	25 736	28 222
B	NW382	Tswaing	16 753	18 163	20 265	16 273	18 163	20 265	17 737	29 011	31 996	19 661	29 232	31 996
B	NW383	Marikeng	33 316	36 521	41 591	32 435	36 521	41 591	49 973	55 335	61 744	49 881	55 670	61 744
B	NW384	Ditsobotla	20 404	22 359	25 251	19 941	22 359	25 251	21 138	36 856	40 966	23 991	37 160	40 966
B	NW385	Zeerust	21 100	22 842	25 345	20 514	22 842	25 345	21 834	35 285	38 817	24 050	35 542	38 817
C	DC38	Central District Municipality	74 506	81 850	98 177	71 991	81 850	98 177	180 886	188 330	220 128	179 074	191 243	220 128
		Total: Central Municipalities	183 422	200 378	231 365	177 886	200 378	231 365	309 894	370 421	421 873	315 805	374 583	421 873
B	NW391	Kagisano	16 423	17 636	19 413	15 795	17 636	19 413	21 625	24 639	26 945	21 385	24 772	26 945
B	NW392	Naledi	9 056	9 974	11 382	8 832	9 974	11 382	9 056	15 025	16 851	9 969	15 129	16 851
B	NW393	Mamusa	8 576	9 303	10 268	8 308	9 303	10 268	12 404	15 207	16 600	12 592	15 314	16 600
B	NW394	Greater Taung	26 479	28 189	30 507	25 482	28 189	30 507	35 057	46 779	50 691	36 500	47 177	50 691
B	NW395	Molopo	3 727	3 877	3 484	3 584	3 877	3 484	4 711	5 111	4 718	4 568	5 111	4 718
B	NW396	Lekwa-Teemane	7 577	8 265	9 132	7 371	8 265	9 132	8 311	13 964	15 241	9 222	14 067	15 241
C	DC39	Bophirima District Municipality	48 742	53 424	63 885	46 842	53 424	63 885	111 255	114 784	131 303	109 606	116 026	131 303
		Total: Bophirima Municipalities	120 580	130 669	148 071	116 214	130 669	148 071	202 420	235 509	262 350	203 842	237 597	262 350
B	NW401	Ventersdorp	12 433	13 606	15 601	12 045	13 606	15 601	22 198	22 357	25 042	22 387	22 530	25 042
B	NW402	Potchefstroom	24 072	26 854	31 858	23 469	26 854	31 858	38 712	42 434	48 823	39 185	42 780	48 823
B	NW403	Klerksdorp	95 190	106 369	126 105	93 001	106 369	126 105	151 326	178 472	226 556	153 561	179 593	226 556
B	NW404	Maquassi Hills	20 176	22 277	26 165	19 634	22 277	26 165	29 369	52 114	39 217	29 657	52 378	39 217
C	DC40	Southern District Municipality	1 205	1 416	1 776	1 190	1 416	1 776	8 805	2 916	3 276	7 515	2 916	3 276
		Total: Southern Municipalities	153 076	170 523	201 504	149 339	170 523	201 504	250 410	298 294	342 913	252 306	300 197	342 913
		Total: North West Municipalities	731 494	801 343	911 712	709 435	801 343	911 712	1 294 051	1 510 989	1 686 598	1 309 010	1 525 049	1 686 598

EQUITABLE SHARE AND TOTAL ALLOCATIONS TO MUNICIPALITIES BY NATIONAL AND MUNICIPAL FINANCIAL YEARS:
Equitable Share (SCHEDULE 3) + Recurrent (SCHEDULE 6) + Infrastructure (SCHEDULE 6) + Indirect Grants (SCHEDULE 7)

Number	Municipality	Equitable Share						Grand Total						
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	
WESTERN CAPE														
A	City of Cape Town	275 565	311 970	292 912	267 461	311 970	292 912	534 368	619 795	646 886	541 894	625 082	646 886	
B	WC011 Matzikama	8 920	9 878	11 586	8 655	9 878	11 586	12 982	18 195	17 546	12 973	18 289	17 546	
B	WC012 Cederberg	7 579	8 342	9 424	7 369	8 342	9 424	15 308	14 499	15 051	14 767	13 769	15 648	
B	WC013 Bergrivier	6 208	6 897	7 989	6 037	6 897	7 989	6 208	9 765	11 075	6 629	9 819	11 075	
B	WC014 Saldanha Bay	9 369	10 587	12 978	9 185	10 587	12 978	12 973	15 467	18 192	13 057	15 550	18 192	
B	WC015 Swartland	7 596	8 343	9 489	7 308	8 343	9 489	12 994	12 487	13 968	12 467	12 570	13 968	
C	DC1 West Coast District Municipality	1 787	1 791	2 151	1 757	1 791	2 151	10 756	7 428	5 271	9 438	7 288	5 399	
	Total: West Coast Municipalities	41 459	45 838	53 618	40 311	45 838	53 618	71 220	77 841	81 103	69 332	77 287	81 829	
B	WC022 Witzenberg	12 612	13 926	15 838	12 243	13 926	15 838	13 846	20 711	23 132	14 865	20 838	23 132	
B	WC023 Drakenstein	20 820	23 287	27 342	20 285	23 287	27 342	32 547	36 857	42 066	32 923	37 146	42 066	
B	WC024 Stellenbosch	13 118	14 662	17 068	12 781	14 662	17 068	24 956	23 197	26 342	24 368	23 382	26 342	
B	WC025 Breede Valley	18 705	20 778	24 430	18 165	20 778	24 430	25 580	30 227	34 688	25 658	30 429	34 688	
B	WC026 Breede River Wineands	13 687	15 292	18 187	13 353	15 292	18 187	17 538	20 859	24 219	17 583	20 975	24 219	
C	DC2 Cape Wineands District Municipality	2 208	1 807	695	2 153	1 807	695	9 163	4 246	3 174	8 229	4 256	3 174	
	Total: Cape Wineands Municipalities	81 149	89 752	103 561	78 980	89 752	103 561	123 627	136 097	153 621	123 627	137 026	153 621	
B	WC031 Theewaterskloof	14 431	16 031	18 681	14 035	16 031	18 681	23 798	25 563	29 021	24 069	25 765	29 021	
B	WC032 Overstrand	10 172	11 459	13 987	9 969	11 459	13 987	15 074	18 037	19 830	15 287	18 144	19 830	
B	WC033 Cape Agulhas	4 456	5 008	6 237	4 354	5 008	6 237	4 656	5 508	6 737	4 554	5 508	6 737	
B	WC034 Swellendam	5 428	5 960	6 913	5 259	5 960	6 913	5 978	6 460	7 413	5 809	6 460	7 413	
C	DC3 Overberg District Municipality	1 064	1 187	1 386	1 048	1 187	1 386	7 421	5 914	6 387	7 185	5 983	6 387	
	Total: Overberg Municipalities	35 551	39 644	47 204	34 665	39 644	47 204	56 927	61 481	69 388	56 903	61 859	69 388	
B	WC041 Kannaland	5 610	6 117	6 883	5 444	6 117	6 883	8 744	13 723	12 338	9 052	13 766	12 338	
B	WC042 Langeberg	7 187	8 072	10 021	7 030	8 072	10 021	7 787	11 125	13 308	8 268	11 183	13 308	
B	WC043 Mossel Bay	10 967	12 394	15 379	10 764	12 394	15 379	16 344	19 311	20 413	16 310	19 406	20 413	
B	WC044 George	20 679	23 259	28 021	20 251	23 259	28 021	31 384	34 932	40 720	31 698	35 189	40 720	
B	WC045 Oudtshoorn	11 296	12 675	15 342	11 065	12 675	15 342	22 306	21 276	23 294	21 832	20 313	24 094	
B	WC047 Plettenberg Bay	6 539	7 341	8 972	6 401	7 341	8 972	13 310	11 096	13 026	12 553	11 171	13 026	
B	WC048 Knysna	8 922	10 014	12 062	8 740	10 014	12 062	16 549	17 578	20 261	16 785	17 737	20 261	
C	DC4 Eden District Municipality	3 437	3 460	4 091	3 351	3 460	4 091	10 239	9 834	6 728	9 280	9 853	6 728	
	Total: Eden Municipalities	74 637	83 332	100 771	73 046	83 332	100 771	126 663	138 875	150 088	125 779	138 618	150 888	
B	WC051 Laingsburg	2 501	2 682	2 960	2 409	2 682	2 960	3 815	4 417	4 742	3 848	4 429	4 742	
B	WC052 Prince Albert	2 968	3 123	3 352	2 853	3 123	3 352	4 787	5 024	5 315	4 839	5 040	5 315	
B	WC053 Beaufort West	7 420	8 270	9 950	7 252	8 270	9 950	9 454	11 071	12 895	9 678	11 107	12 895	
C	DC5 Central Karoo District Municipality	5 629	5 639	3 744	5 443	5 639	3 744	33 020	8 568	6 804	26 656	8 601	6 804	
	Total: Central Karoo Municipalities	18 518	19 712	20 007	17 957	19 712	20 007	51 077	29 080	29 756	45 021	29 175	29 756	
	Total: Western Cape Municipalities	526 880	590 248	618 072	512 420	590 248	618 072	963 885	1 063 168	1 130 842	962 556	1 069 047	1 132 368	
National Allocations								66 240	53 407	53 407	66 240	53 407	53 407	
Financial Management Grant - DBSA														
National Total		9 643 341	10 514 940	11 370 620	9 343 365	10 514 940	11 370 620	17 159 354	19 707 693	21 460 577	17 323 737	19 858 598	21 478 425	

**APPENDIX E7:
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME**

(National and Municipal Financial Year)

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

Category Number Municipality		ERADICATION OF BUCKET SANITATION PROGRAMME ¹					
		National Financial Year		Municipal Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
EASTERN CAPE							
A	Nelson Mandela		87 494	131 240		87 494	131 240
B	EC101 Camdeboo		5 800			5 800	
B	EC102 Blue Crane Route		3 783	5 674		3 783	5 674
B	EC103 Ikwezi		5 227	7 840		5 227	7 840
B	EC104 Makana	2 000	7 000	7 000	2 000	7 000	7 000
B	EC105 Ndlambe						
B	EC106 Sundays River Valley		5 600			5 600	
B	EC107 Baviaans		3 203	4 805		3 203	4 805
B	EC108 Kouga		9 125	13 688		9 125	13 688
B	EC109 Kouamma		770			770	
C	DC10 Cacadu District Municipality	5 000			5 000		
Total: Cacadu Municipalities		7 000	40 508	39 007	7 000	40 508	39 007
B	EC121 Mbhashe						
B	EC122 Mquma						
B	EC123 Great Kei						
B	EC124 Amahlathi				2 300		
B	EC125 Buffalo City						
B	EC126 Ngqushwa	2 300					
B	EC127 Nkonkobe						
B	EC128 Nxuba						
C	DC12 Amatole District Municipality	4 000	5 968	17 633	4 000	5 968	17 633
Total: Amatole Municipalities		6 300	5 968	17 633	6 300	5 968	17 633
B	EC131 Inxuba Yethemba						
B	EC132 Tsolwana						
B	EC133 Inkwanca						
B	EC134 Lukhanji						
B	EC135 Intsika Yethu						
B	EC136 Emalahleni						
B	EC137 Engcobo						
B	EC138 Sakhisizwe						
C	DC13 Chris Hani District Municipality	10 000	7 343	21 581	10 000	7 343	21 581
Total: Chris Hani Municipalities		10 000	7 343	21 581	10 000	7 343	21 581

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

Category		National Financial Year		Municipal Financial Year	
		2005/06		2005/06	
		(R'000)	(R'000)	(R'000)	(R'000)
	Number	Municipality			
B	EC141	Elundini			
B	EC142	Senqu			
B	EC143	Maletswai			
B	EC144	Gariep			
C	DC14	Ukhahlamba District Municipality	10 000	8 595	24 675
	Total: Ukhahlamba Municipalities		10 000	8 595	24 675
B	EC151	Mbizana			
B	EC152	Nabankulu			
B	EC153	Qaukeni			
B	EC154	Port St. Johns			
B	EC155	Nyandeni			
B	EC156	Mhlontlo			
B	EC157	King Sabata Dalindyebo			
C	DC15	O.R. Tambo District Municipality	3 000	2 600	4 373
	Total: O.R. Tambo Municipalities		3 000	2 600	4 373
B	EC05b1	Umzimkhulu			
B	EC05b2	Umzimvubu			
C	DC44	Alfred Nzo District Municipality		2 000	3 177
	Total: Alfred Nzo Municipalities			2 000	3 177
	Total: Eastern Cape Municipalities		36 300	154 507	241 685

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

Category		National Financial Year		Municipal Financial Year		
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2006/07 (R'000)	2007/08 (R'000)
ERADICATION OF BUCKET SANITATION PROGRAMME'						
FREE STATE						
B	FS161	Letsemeng	4 312	6 468	4 312	6 468
B	FS162	Kopanong	4 737	7 106	4 737	7 106
B	FS163	Mohokare	3 000	8 650	3 000	8 650
C	DC16	Xhariep District Municipality		12 975		12 975
Total: Xhariep Municipalities			3 000	17 699	3 000	26 548
B	FS171	Naledi	3 000	4 146	3 000	4 146
B	FS172	Mangaung	4 950		4 950	
B	FS173	Mantopa		7 359		7 359
C	DC17	Motheo District Municipality		23 128		23 128
Total: Motheo Municipalities			7 950	11 505	7 950	23 128
B	FS181	Masilonyana	5 261	29 321	5 261	29 321
B	FS182	Tokologo		5 304		5 304
B	FS183	Tswelopele		16 728		16 728
B	FS184	Matjhabeng		6 937		6 937
B	FS185	Nala	20 000	22 916	20 000	22 916
B	FS185	Nala	10 000	15 602	10 000	15 602
C	DC18	Lejweleputswa District Municipality		47 793		47 793
Total: Lejweleputswa Municipalities			35 261	66 355	35 261	149 682
B	FS191	Seisoto	5 000	7 506	5 000	7 506
B	FS192	Ditlhabeng	5 000	4 690	5 000	4 690
B	FS193	Nketoana	3 000	5 807	3 000	5 807
B	FS194	Maluti-a-Phofung		8 711		8 711
B	FS195	Phumelela	3 000	9 552	3 000	9 552
C	DC19	Thabo Mofutsanyana District Municipality		14 328		14 328
Total: Thabo Mofutsanyane Municipalities			16 000	27 555	16 000	61 052
B	FS201	Moqhaka	5 400	5 083	5 400	5 083
B	FS203	Ngwathe		7 642		7 642
B	FS204	Meisimaholo	2 000	2 554	2 000	2 554
B	FS205	Matjube	3 000	7 270	3 000	7 270
C	DC20	Northern Free State District Municipality		10 905		10 905
Total: Northern Free State Municipalities			10 400	22 549	10 400	51 268
Total: Free State Municipalities			72 611	145 663	72 611	311 679

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

		ERADICATION OF BUCKET SANITATION PROGRAMME ¹						
		National Financial Year		Municipal Financial Year		Municipal Financial Year		
Category	Number	Municipality	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
GAUTENG								
A		Ekurhuleni						
A		City of Johannesburg						
A		City of Tshwane						
B	GT02b1	Nokeng Isa Taemane						
B	CBLC2	Kungwini						
C	CBDC2	Metsweding District Municipality						
Total: Metsweding Municipalities								
B	GT421	Emfuleni						
B	GT422	Midvaal						
B	GT423	Lesedi	3 000	3 160		3 000	3 160	
C	DC42	Sedibeng District Municipality						
Total: Sedibeng Municipalities								
			3 000	3 160		3 000	3 160	
B	GT411	Mogale City						
B	GT412	Randfontein						
B	GT414	Westonaria	4 000	2 750		4 000	2 750	
B	CBLC8	Merafong City	5 000	5 616		5 000	5 616	
C	CBDC8	West Rand District Municipality						
Total: West Rand Municipalities								
			9 000	8 366		9 000	8 366	
Total: Gauteng Municipalities								
			12 000	11 526		12 000	11 526	

**APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME**

Category	Number	Municipality	ERADICATION OF BUCKET SANITATION PROGRAMME ¹					
			National Financial Year 2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	Municipal Financial Year 2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
KWAZULU-NATAL								
A		eThekweni						
B	KZ211	Vulamehlo						
B	KZ212	Umdoni						
B	KZ213	Umzumbhe						
B	KZ214	uMuziwabantu						
B	KZ215	Eziqolweni						
B	KZ216	Hhiscous Coast						
C	DC21	Ugu District Municipality						
Total: Ugu Municipalities								
B	KZ221	uMshwathi						
B	KZ222	uMngeni						
B	KZ223	Mooi Mpofoana						
B	KZ224	Impendle						
B	KZ225	Msunduzi						
B	KZ226	Mkhambathini						
B	KZ227	Richmond						
C	DC22	uMgungundlovu District Municipality	4 000			4 000		
Total: uMgungundlovu Municipalities			4 000			4 000		
B	KZ232	Emmaambithi/Ladysmith						
B	KZ233	Indaka						
B	KZ234	Umtshezi						
B	KZ235	Okhahlamba						
B	KZ236	Imbabazane						
C	DC23	Uthukela District Municipality	1 300			1 300		
Total: Uthukela Municipalities			1 300			1 300		
B	KZ241	Endumeni						
B	KZ242	Nquthu						
B	KZ244	Msinga						
B	KZ245	Umvoti						
C	DC24	Umzinyathi District Municipality	700			700		
Total: Umzinyathi Municipalities			700			700		
B	KZ252	Newcastle						
B	KZ253	Utrecht						
B	KZ254	Dannhauser						
C	DC25	Amajuba District Municipality						
Total: Amajuba Municipalities								

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

		ERADICATION OF BUCKET SANITATION PROGRAMME ¹						
		National Financial Year		Municipal Financial Year		Municipal Financial Year		
Category	Number	Municipality	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
B	KZ261	eDumbe						
B	KZ262	uPhongolo						
B	KZ263	Abaqulusi						
B	KZ265	Nongoma						
B	KZ266	Ulundi						
C	DC26	Zululand District Municipality						
Total: Zululand Municipalities								
B	KZ271	Umhlabuyalingana						
B	KZ272	Jozini						
B	KZ273	The Big Five False Bay						
B	KZ274	Hlabisa						
B	KZ275	Mtubatuba						
C	DC27	Umkhanyakude District Municipality						
Total: Umkhanyakude Municipalities								
B	KZ281	Mbonambi						
B	KZ282	uMhlatuze						
B	KZ283	Ntambanana						
B	KZ284	Umlalazi						
B	KZ285	Mthonjaneni						
B	KZ286	Nkandla						
C	DC28	uThungulu District Municipality						
Total: uThungulu Municipalities								
B	KZ291	eNdongakusuka						
B	KZ292	KwaDukuza						
B	KZ293	Ndwedwe						
B	KZ294	Mapumulo						
C	DC29	Ilembe District Municipality						
Total: Ilembe Municipalities								
B	KZ5a1	Ingwe						
B	KZ5a2	Kwa Sani						
B	KZ5a3	Matatiele						
B	KZ5a4	Greater Kokstad						
B	KZ5a5	Ubuhlebezwe						
C	DC43	Sisonke District Municipality						
Total: Sisonke Municipalities								
Total: KwaZulu-Natal Municipalities			6 000					6 000

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

Category		National Financial Year		Municipal Financial Year	
		2007/08		2007/08	
		(R'000)	(R'000)	(R'000)	(R'000)
LIMPOPO					
B	NP03A2 Makhuduthamaga				
B	NP03A3 Fetakgomo				
B	CBLC3 Greater Marble Hall				
B	CBLC4 Greater Groblersdal				
B	CBLC5 Greater Tubatse				
C	CBDC3 Greater Sekhukhune Cross Boundary				
Total: Greater Sekhukhune					
B	NP04A1 Maruleng				
B	CBLC6 Bushbuckridge				
C	CBDC4 Bohlabela District Municipality				
Total: Bohlabela Municipalities					
B	NP331 Greater Giyani				
B	NP332 Greater Letaba				
B	NP333 Greater Tzaneen				
B	NP334 Ba-Phalaborwa				
C	DC33 Mopani District Municipality				
Total: Mopani Municipalities					
B	NP341 Musina				
B	NP342 Mutale				
B	NP343 Thulamela				
B	NP344 Makhado				
C	DC34 Vhembe District Municipality				
Total: Vhembe Municipalities					
B	NP351 Blouberg				
B	NP352 Aganang				
B	NP353 Molemole				
B	NP354 Polokwane				
B	NP355 Lepelle-Nkumpi				
C	DC35 Capricorn District Municipality				
Total: Capricorn Municipalities					
B	NP361 Thabazimbi				
B	NP362 Lephalale				
B	NP364 Mookgopong				
B	NP365 Modimolle				
B	NP366 Bela Bela				
B	NP367 Mogalakwena				
C	DC36 Waterberg District Municipality				
Total: Waterberg Municipalities					
Total: Limpopo Municipalities					

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

Category Number Municipality		ERADICATION OF BUCKET SANITATION PROGRAMME ¹					
		National Financial Year		Municipal Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
MPUMALANGA							
B	MP301	Albert Luthuli					
B	MP302	Msakaligwa					
B	MP303	Mkhondo					
B	MP304	Seme					
B	MP305	Lekwa	10 125			10 125	
B	MP306	Dipaleseng					
B	MP307	Govan Mbeki	10 125			10 125	
C	DC30	Gert Sibande District Municipality					
Total: Gert Sibande Municipalities			20 250			20 250	
B	MP311	Delmas					
B	MP312	Enalahleni					
B	MP313	Sieve Tshwete					
B	MP314	Highlands					
B	MP315	Thembisile					
B	MP316	Dr JS Moroka					
C	DC31	Nkangala District Municipality					
Total: Nkangala Municipalities							
B	MP321	Thaba Chweu					
B	MP322	Mbombela					
B	MP323	Umjindi					
B	MP324	Nkomazi					
C	DC32	Ehlanzeni District Municipality					
Total: Ehlanzeni Municipalities							
Total: Mpumalanga Municipalities			20 250			20 250	

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

Category Number Municipality		ERADICATION OF BUCKET SANITATION PROGRAMME ¹					
		National Financial Year		Municipal Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
NORTHERN CAPE							
B	NC01B1	Gamaqara					
B	NW1a1	Moshaweng					
B	CBLC1	Ga-Segonyana					
C	CBDC1	Kgalagadi District Municipality					
Total: Kgalagadi Cross Border							
B	NC061	Richtersveld					
B	NC062	Nama Khoi	4 000	5 788		4 000	5 788
B	NC064	Kamiesberg		410			410
B	NC065	Hantam		3 128			3 128
B	NC066	Karoo Hoogland	196			196	
B	NC067	Klai-Ma	752			752	
C	DC6	Namakwa District Municipality					
Total: Namakwa Municipalities			4 947	9 325		4 947	9 325
B	NC071	Ubuntu		1 445			1 445
B	NC072	Umsobomvu		5 058			5 058
B	NC073	Emhlangeni					
B	NC074	Kareeberg		3 470			3 470
B	NC075	Renosterberg		4 721			4 721
B	NC076	Thembelihle		1 085			1 085
B	NC077	Siyathemba		3 326			3 326
B	NC078	Siyancuma	3 000			3 000	
C	DC7	Karoo District Municipality					
Total: Karoo Municipalities			3 000	19 103		3 000	19 103
B	NC081	Mier	338			338	
B	NC082	Kai ! Garib	599			599	
B	NC083	//Kharra Hais	3 000	915		3 000	915
B	NC084	! Kheis					
B	NC085	Tsantsabane					
B	NC086	Kgatelopele	203			203	
C	DC8	Siyanda District Municipality					
Total: Siyanda Municipalities			4 139	915		4 139	915
B	NC091	Sol Plaatje	1 719	1 719		1 719	1 719
B	NC092	Dikgatlong	3 000			3 000	
B	NC093	Maqareng					
B	CBLC7	Phokwane	1 193			1 193	
C	DC9	Frances Baard District Municipality					
Total: Frances Baard Municipalities			5 912	1 719		5 912	1 719
Total: Northern Cape Municipalities			17 997	31 061		17 997	31 061

APPENDIX E7
(APPENDIX TO MUNICIPAL INFRASTRUCTURE GRANT - SCHEDULE 4B)
ERADICATION OF BUCKET SANITATION PROGRAMME

Category Number Municipality		ERADICATION OF BUCKET SANITATION PROGRAMME ¹⁾					
		National Financial Year		Municipal Financial Year		Municipal Financial Year	
		2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
WESTERN CAPE							
A	City of Cape Town						
B	WC011 Matzikama		2 734			2 734	
B	WC012 Cederberg						
B	WC013 Bergrivier						
B	WC014 Saldanha Bay						
B	WC015 Swartland		2 410			2 410	
C	DC1 West Coast District Municipality		5 144			5 144	
Total: West Coast Municipalities							
B	WC022 Witzenberg				600		
B	WC023 Drakenstein	600			1 100		
B	WC024 Stellenbosch						
B	WC025 Breede Valley						
B	WC026 Breede River Winelands						
C	DC2 Cape Winelands District Municipality				1 700		
Total: Cape Winelands Municipalities							
B	WC031 Theewaterskloof	2 000				2 000	1 163
B	WC032 Overstrand			1 163			
B	WC033 Cape Agulhas						
B	WC034 Swellendam						
C	DC3 Overberg District Municipality				1 163		1 163
Total: Overberg Municipalities							
B	WC041 Kamalaland						
B	WC042 Langeberg	400		2 325	400	2 325	
B	WC043 Mossel Bay			2 264		2 264	
B	WC044 George						
B	WC045 Oudshoorn	1 540			1 540		
B	WC047 Plettenberg Bay	539			539		
B	WC048 Krystna	770			770		
C	DC4 Eden District Municipality			3 812		3 812	
Total: Eden Municipalities							
		3 249	8 401		3 249	8 401	
B	WC051 Laingsburg						
B	WC052 Prince Albert						
B	WC053 Beaufort West						
C	DC5 Central Karoo District Municipality						
Total: Central Karoo Municipalities							
Total: Western Cape Municipalities			6 949	14 707	6 949	14 707	
National Total		200 000	400 000	600 000	200 000	400 000	600 000

¹⁾ These allocations are included in the Municipal Infrastructure Grant and are not additional allocations to the MIG allocations.

APPENDIX E8:

**DEMOGRAPHIC DATA FOR LOCAL GOVERNMENT EQUITABLE SHARE AND MUNICIPAL INFRASTRUCTURE GRANT
FORMULAE**

APPENDIX E8

DEMOGRAPHIC DATA FOR LOCAL GOVERNMENT EQUITABLE SHARE AND MUNICIPAL INFRASTRUCTURE GRANT FORMULAE

Number	Municipality	Demographic Data		Poverty Data		Backlogs Data				Powers & Functions				
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity
B	EC141 Elandini	138 081	33 882	26 324	30 118	27 096	29 154	29 948	30 322	568	0	0	0	1
B	EC142 Senqu	135 734	34 285	24 997	29 887	20 203	28 384	12 869	30 368	1 496	0	0	0	1
B	EC143 Maletswai	37 307	9 818	5 230	6 909	2 275	4 200	4 200	3 159	2 972	0	0	0	1
B	EC144 Gertop	31 303	8 282	5 196	6 547	824	5 001	2 011	2 497	902	0	0	0	1
DMA	DMA14 Oviston Nature Reserve	11	6	2	4	-	-	5	-	-	-	-	-	0
C	DC14 Ukhahlamba District Municipality	342 436	86 273	61 749	73 465	50 398	67 211	49 033	66 346	5 938	1	1	0	0
	Total: Ukhahlamba Municipalities	342 436	86 273	61 749	73 465	50 398	67 211	49 033	66 346	5 938				
B	EC151 Mbitzana	245 730	46 411	37 011	41 718	42 279	41 722	34 808	45 484	716	0	0	0	1
B	EC152 Ntshankulu	135 211	26 941	21 569	24 550	24 457	25 736	23 258	26 550	379	0	0	0	1
B	EC153 Qutheni	254 480	51 063	39 311	44 969	44 479	46 561	44 261	50 110	1 165	0	0	0	1
B	EC154 Port St. Johns	146 967	29 502	22 567	26 279	26 391	27 592	24 293	28 452	354	0	0	0	1
B	EC155 Nyandeni	274 416	55 095	41 646	49 140	51 139	52 227	38 177	55 872	872	0	0	0	1
B	EC156 Mhlontlo	203 900	44 430	32 628	38 979	34 885	37 833	30 018	41 331	1 829	0	0	0	1
B	EC157 King Sabata Dalindyebe	415 887	90 521	57 765	71 539	63 110	62 943	52 597	70 179	4 054	0	0	0	1
C	DC15 O.R. Tambo District Municipality	1 676 592	343 963	252 497	297 174	286 740	294 614	247 412	317 978	9 369	1	1	0	0
	Total: O.R. Tambo Municipalities	1 676 592	343 963	252 497	297 174	286 740	294 614	247 412	317 978	9 369				
B	EC05b1 Unzimkhulu	174 338	36 677	27 946	32 552	26 919	32 704	25 323	35 492	604	0	0	0	1
B	EC05b2 Unzimvubu	375 348	87 682	67 827	78 160	68 472	76 833	70 656	84 290	2 241	0	0	0	1
DMA	DMA44 O'Connors Camp	-	-	-	-	-	-	-	-	-	-	-	-	0
C	DC44 Alfred Nzo District Municipality	549 687	124 358	95 772	110 712	95 391	109 537	95 979	119 782	2 845	1	1	0	0
	Total: Alfred Nzo Municipalities	549 687	124 358	95 772	110 712	95 391	109 537	95 979	119 782	2 845				
	Total: Eastern Cape Municipalities	6 436 763	1 537 494	964 402	1 188 565	778 367	940 996	772 555	964 769	166 771				

1. Demographic Data: Population, no. of households (Source: STATS SA, Census 2001)

2. Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)

(Poverty data used in determining equitable share and municipal infrastructure grant allocations is based on the imputed household expenditure measure of poverty, which will be published by Stats SA)

3. Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: STATS SA, Census 2001)

(Basic level of service: Water = Piped water on community stand; distance less than 200m from dwelling. Sanitation = Pit latrine with ventilation.

Electricity = Households not using electricity for lighting. Removal = Refuse removed by local authority at least once a week. Housing = Total informal dwellings/shacks)

4. Authorised Powers and Functions for Category B and C municipalities (in terms of Government Gazette No. 24228 published 3 January 2003)

(1 = Municipality authorised to perform powers and functions, 0 = municipality not authorised to perform powers and functions)

5. In the case of District Management Areas, the powers and functions vest with the district municipalities

APPENDIX E8
DEMOGRAPHIC DATA FOR LOCAL GOVERNMENT EQUITABLE SHARE AND MUNICIPAL INFRASTRUCTURE GRANT FORMULAE

Number	Municipality	Demographic Data		Poverty Data		Backlogs Data				Powers & Functions				
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity
FREE STATE														
B	FS161	42 982	12 098	6 960	9 025	1 525	4 144	3 462	4 561	2 722	1	1	1	1
B	FS162	55 944	17 636	11 551	14 110	1 557	4 242	3 273	5 359	1 764	1	1	1	1
B	FS163	36 321	9 580	6 725	7 908	969	3 514	2 599	3 781	1 649	1	1	1	1
C	DC16	135 248	39 315	25 236	31 043	4 051	11 900	9 334	13 701	6 135	0	0	0	0
Total: Xhariep Municipalities		135 248	39 315	25 236	31 043	4 051	11 900	9 334	13 701	6 135				
B	FS171	27 479	7 686	4 800	6 066	1 008	3 082	1 701	3 326	1 579	1	1	1	1
B	FS172	645 440	188 876	92 832	123 209	31 340	71 516	28 501	75 485	43 811	1	1	1	1
B	FS173	55 342	14 082	8 852	11 024	1 763	8 759	3 527	5 401	2 647	1	1	1	1
C	DC17	728 261	210 643	106 484	140 299	34 111	83 357	33 729	84 212	48 037	0	0	0	0
Total: Mofheo Municipalities		728 261	210 643	106 484	140 299	68 222	166 714	67 458	168 424	96 074				
B	FS181	64 409	20 515	11 037	13 875	2 409	13 078	4 939	11 676	4 838	1	1	1	1
B	FS182	32 455	8 976	5 795	7 398	1 021	7 145	2 416	4 812	1 576	1	1	1	1
B	FS183	53 714	12 554	8 636	10 760	2 061	10 358	4 130	8 776	2 929	1	1	1	1
B	FS184	408 170	128 716	65 385	86 268	23 959	46 450	38 749	30 029	48 799	1	1	1	1
B	FS185	98 264	26 014	17 569	22 147	3 179	19 073	5 379	6 772	9 707	1	1	1	1
C	DC18	657 012	196 775	108 421	140 448	32 629	96 104	55 613	62 065	67 849	0	0	0	0
Total: Lejweletswa Municipalities		657 012	196 775	108 421	140 448	32 629	96 104	55 613	62 065	67 849				
B	FS191	123 194	33 623	23 257	27 830	7 430	25 009	9 480	16 324	13 357	1	1	1	1
B	FS192	128 929	33 476	18 435	24 269	4 872	14 025	11 053	12 411	8 095	1	1	1	1
B	FS193	61 951	15 039	10 003	12 586	1 758	12 738	3 579	5 447	3 894	1	1	1	1
B	FS194	360 787	92 159	60 370	74 520	20 234	58 453	39 610	71 138	11 917	1	1	1	1
B	FS195	50 906	12 043	7 519	9 800	2 369	7 908	4 268	4 697	2 435	1	1	1	1
DMA	DMA19	171	54	6	22	-	-	-	32	-				
C	DC19	725 939	186 394	119 590	149 027	36 663	118 133	67 990	110 049	39 698	0	0	0	0
Total: Thabo Mofutsanyane Municipalities		725 939	186 394	119 590	149 027	36 663	118 133	67 990	110 049	39 698				
B	FS201	167 892	43 902	21 196	29 510	3 292	13 077	7 096	14 323	6 023	1	1	1	1
B	FS203	118 810	32 540	20 290	25 565	2 455	14 261	5 246	13 673	8 486	1	1	1	1
B	FS204	115 955	33 733	14 315	19 937	2 950	9 358	7 530	13 139	11 200	1	1	1	1
B	FS205	57 659	14 811	9 516	12 131	1 131	5 529	4 148	4 237	3 758	1	1	1	1
C	DC20	460 316	124 985	65 318	87 143	9 828	42 225	24 020	45 372	29 467	0	0	0	0
Total: Northern Free State Municipalities		460 316	124 985	65 318	87 143	9 828	42 225	24 020	45 372	29 467				
Total: Free State Municipalities		2 706 775	758 112	425 048	547 960	117 282	351 719	190 686	315 399	191 186				

- Demographic Data: Population, no. of households (Source: STATS SA, Census 2001)
- Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)
(Poverty data used in determining equitable share and municipal infrastructure grant allocations is based on the imputed household expenditure measure of poverty, which will be published by Stats SA)
- Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: STATS SA, Census 2001)
(Basic level of service: Water = Piped water on community stand; distance less than 200m from dwelling, Sanitation = Pit latrine with ventilation, Electricity = Households not using electricity for lighting, Removal = Refuse removed by local authority at least once a week, Housing = Total informal dwellings/shacks)
- Authorised Powers and Functions for Category B and C municipalities (in terms of Government Gazette No. 24228 published 3 January 2003)
(1 = Municipality authorised to perform powers and functions, 0 = municipality not authorised to perform powers and functions)
- In the case of District Management Areas, the powers and functions vest with the district municipalities

APPENDIX E8

DEMOGRAPHIC DATA FOR LOCAL GOVERNMENT EQUITABLE SHARE AND MUNICIPAL INFRASTRUCTURE GRANT FORMULAE

Number	Municipality	Demographic Data			Poverty Data			Backlogs Data				Powers & Functions			
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity	
GAUTENG															
A	Ekurhuleni	2 478 127	776 281	283 840	408 230	78 313	125 376	192 410	93 677	213 091	1	1	1	1	
A	City of Johannesburg	3 225 812	1 050 418	336 762	513 579	92 278	142 674	156 980	95 750	212 407	1	1	1	1	
A	City of Tshwane	1 987 157	598 968	167 161	252 123	76 654	155 393	120 288	134 842	129 688	1	1	1	1	
B	GT0261 Nokeng tsa Taamane	52 584	16 472	5 428	7 971	2 289	5 010	5 508	9 289	4 070	1	1	1	1	
B	CBLC2 Kungwini	105 955	33 282	12 516	18 617	5 209	11 627	9 365	17 362	6 093	1	1	1	1	
C	CBDC2 Metsweding District Municipality	158 539	49 754	17 944	26 588	7 498	16 637	14 873	26 651	10 163	0	0	0	0	
Total: Metsweding Municipalities		158 539	49 754	17 944	26 588	7 498	16 637	14 873	26 651	10 163					
B	GT421 Emfuleni	658 420	190 237	87 131	117 338	9 554	24 666	19 445	101 161	30 777	1	1	1	1	
B	GT422 Midvaal	64 642	20 840	7 734	10 992	3 016	6 392	7 746	10 410	3 270	1	1	1	1	
B	GT423 Lesedi	73 692	19 709	8 329	11 825	2 560	4 980	5 036	6 806	3 198	1	1	1	1	
C	DC42 Sedibeng District Municipality	796 754	230 786	103 194	140 155	15 130	36 038	32 227	118 377	37 245	0	0	0	0	
Total: Sedibeng Municipalities		796 754	230 786	103 194	140 155	15 130	36 038	32 227	236 754	74 490					
B	GT411 Mogale City	289 724	89 617	30 335	45 448	6 774	18 828	18 312	25 220	24 220	1	1	1	1	
B	GT412 Randfontein	128 842	40 516	12 833	19 263	3 351	6 920	10 017	11 196	7 087	1	1	1	1	
B	GT414 Westonaria	109 328	51 521	15 081	20 283	6 624	16 055	17 326	16 237	16 554	1	1	1	1	
B	CBLC8 Merafong City	210 481	99 701	26 286	35 915	7 260	15 242	19 847	31 741	17 313	1	1	1	1	
DMA	DMA41 Sterkfontein	5 781	2 015	515	1 023	287	598	605	1 950	137					
C	CBDC8 West Rand District Municipality	744 156	283 371	85 051	121 932	24 296	57 643	66 107	86 344	65 311	0	0	0	0	
Total: West Rand Municipalities		744 156	283 371	85 051	121 932	24 296	57 643	66 107	86 344	65 311					
Total: Gauteng Municipalities		9 390 546	2 989 578	993 953	1 462 607	294 169	533 761	582 885	555 641	667 905					

1. Demographic Data: Population, no. of households (Source: STATS SA, Census 2001)

2. Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)

(Poverty data used in determining equitable share and municipal infrastructure grant allocations is based on the imputed household expenditure measure of poverty, which will be published by Stats SA)

3. Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: STATS SA, Census 2001)

(Basic level of service: Water = Piped water on community stand; distance less than 200m from dwelling. Sanitation = Pit latrine with ventilation.

Electricity = Households not using electricity for lighting. Removal = Refuse removed by local authority at least once a week. Housing = Total informal dwellings/shacks)

4. Authorised Powers and Functions for Category B and C municipalities (in terms of Government Gazette No. 24228 published 3 January 2003)

(1 = Municipality authorised to perform powers and functions, 0 = municipality not authorised to perform powers and functions)

5. In the case of District Management Areas, the powers and functions vest with the district municipalities

APPENDIX E8

DEMOGRAPHIC DATA FOR LOCAL GOVERNMENT EQUITABLE SHARE AND MUNICIPAL INFRASTRUCTURE GRANT FORMULAE

Number	Demographic Data		Poverty Data		Backlogs Data				Powers & Functions				
	Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity
	Municipality												
B	82 241	15 824	10 765	12 856	8 364	11 260	10 694	11 635	309	0	0	0	1
B	119 781	26 954	16 892	20 975	14 010	20 770	12 829	22 460	399	0	0	0	1
B	191 019	37 064	27 762	27 676	17 996	20 823	20 880	23 799	1 261	0	0	0	1
B	198 443	32 473	23 256	27 246	27 920	26 743	24 190	31 163	374	0	0	0	1
B	189 013	34 957	23 404	27 345	26 516	27 559	23 805	31 976	1 533	0	0	0	1
C	780 497	147 273	97 080	116 098	94 806	107 155	92 398	121 033	3 876	1	1	0	0
Total: Zululand Municipalities													
B	140 628	26 625	19 858	22 599	21 963	22 841	24 791	26 269	1 009	0	0	0	1
B	183 183	34 583	26 153	29 500	26 214	27 199	30 687	32 607	1 444	0	0	0	1
B	31 084	7 077	3 892	5 068	4 635	4 626	5 584	5 959	334	0	0	0	1
B	176 890	27 279	16 510	21 194	22 661	21 783	19 509	26 847	749	0	0	0	1
B	33 612	8 286	3 474	4 667	1 995	4 204	2 086	5 959	317	0	0	0	1
DMA	7 944	1 880	988	1 233	675	685	616	1 127	19	0	0	0	1
C	573 341	105 730	70 875	84 260	78 143	81 338	83 273	98 768	3 872	1	1	0	0
Total: Umkhanyakude District Municipality													
B	106 942	20 438	11 409	15 018	15 109	15 324	9 821	18 691	885	0	0	0	1
B	289 190	73 301	29 818	39 427	16 548	29 774	9 748	40 904	5 500	1	1	1	1
B	84 771	13 844	7 843	9 840	10 833	10 549	9 489	13 332	293	0	0	0	1
B	221 078	44 634	24 355	30 750	30 279	31 932	24 745	39 105	790	0	0	0	1
B	50 382	12 657	7 319	8 621	6 437	7 974	7 903	9 923	322	0	0	0	1
B	133 602	24 910	18 124	21 234	18 869	20 182	23 297	23 258	607	0	0	0	1
C	885 965	189 785	98 867	124 870	98 075	115 735	85 003	145 213	8 397	1	1	1	0
Total: uThungulu District Municipality													
B	128 670	31 014	17 655	22 568	14 718	17 742	11 306	21 864	3 561	0	0	0	1
B	158 582	45 928	19 769	27 675	16 308	21 171	11 591	26 180	8 738	0	0	0	1
B	152 495	30 645	20 405	24 638	22 314	23 129	22 500	29 840	1 227	0	0	0	1
B	120 643	22 429	16 953	19 911	21 343	19 500	18 515	22 161	334	0	0	0	1
C	560 389	130 015	74 782	94 791	74 683	81 542	63 912	100 045	13 860	1	1	0	0
Total: Hembie Municipalities													
B	107 558	21 954	16 797	19 389	14 259	18 241	15 921	21 362	229	0	0	0	1
B	15 309	4 660	3 072	3 682	1 457	2 619	2 957	3 418	45	0	0	0	1
B	16 226	5 722	3 324	3 887	556	1 543	2 546	2 428	255	0	0	0	1
B	56 528	20 566	13 286	15 655	2 827	7 497	10 296	8 083	2 137	0	0	0	1
B	101 959	23 107	16 239	18 959	17 595	17 764	16 505	20 621	1 239	0	0	0	1
DMA	814	335	112	159	50	86	108	313	3	0	0	0	1
C	298 394	76 345	52 829	61 730	36 744	47 750	48 333	56 225	3 908	1	1	0	0
Total: Sisonke District Municipality													
Total: KwaZulu-Natal Municipalities													
		9 436 017	2 202 544	1 137 865	1 443 775	858 382	1 067 593	833 643	1 118 119	225 823			

1. Demographic Data: Population, no. of households (Source: STATSSA, Census 2001)
 2. Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)
 (Poverty data used in determining equitable share and municipal infrastructure grant allocations is based on the imputed household expenditure measure of poverty, which will be published by Stats SA)
 3. Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: STATSSA, Census 2001)
 (Basic level of service: Water = Piped water on community stand; distance less than 200m from dwelling, Sanitation = Pit latrine with ventilation, Electricity = Households not using electricity for lighting, Removal = Refuse removed by local authority at least once a week, Housing = Total informal dwellings/shacks)
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APPENDIX E8

DEMOGRAPHIC DATA FOR LOCAL GOVERNMENT EQUITABLE SHARE AND MUNICIPAL INFRASTRUCTURE GRANT FORMULAE

Number	Municipality	Demographic Data		Poverty Data		Backlogs Data				Powers & Functions				
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity
LIMPOPO														
B	NP03A2 Makhuduhama	262 005	54 033	40 747	47 394	39 114	48 114	20 339	53 872	2 409	0	0	1	1
B	NP03A3 Ferkonomo	92 598	19 117	15 585	18 666	12 833	17 019	11 509	18 666	762	0	0	1	1
B	CBLC3 Greater Marble Hall	121 327	26 551	16 904	20 388	12 490	19 762	5 242	23 255	1 096	0	0	1	1
B	CBLC4 Greater Groblersdal	221 647	48 951	32 456	38 523	28 108	41 220	7 778	45 524	2 351	0	0	1	1
B	CBLC5 Greater Tubatse	269 608	56 139	39 385	45 522	37 166	46 532	29 798	52 264	4 802	0	0	1	1
DMA	CBDMA3 Schuinstraal Nature Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
C	CBDC3 Greater Sekhukhune Cross Boundary	967 185	204 791	143 078	167 815	129 711	172 647	74 666	193 581	11 520	1	1	0	0
Total: Greater Sekhukhune Cross Boundary Municipality		967 185	204 791	143 078	167 815	129 711	172 647	74 666	193 581	11 520				
B	NP04A1 Mmuthi	94 383	23 050	14 716	17 113	7 256	17 710	9 517	21 282	582	0	0	1	1
B	CBLC6 Bushbuckridge	497 958	109 322	79 527	92 484	60 019	90 087	23 036	102 844	3 067	0	0	1	1
DMA	CBDMA4 Kruger Park	3 655	2 306	286	945	301	1 35	304	1 401	61				
C	CBDC4 Bohlabela	595 996	134 679	94 529	110 542	67 576	107 932	32 857	125 527	3 710	1	1	0	0
Total: Bohlabela Municipalities		595 996	134 679	94 529	110 542	67 576	107 932	32 857	125 527	3 710				
B	NP331 Greater Givani	237 620	52 941	36 199	43 264	22 574	42 549	17 313	47 466	1 134	0	0	1	1
B	NP332 Greater Letaba	219 940	53 712	37 433	43 762	21 064	44 641	18 361	50 004	3 240	0	0	1	1
B	NP333 Greater Tzaneen	375 586	97 425	59 163	71 850	45 106	70 316	30 114	82 795	3 472	0	0	1	1
B	NP334 Ba-Phalaborwa	131 091	33 571	15 353	20 060	6 647	18 543	7 854	19 630	1 469	0	0	1	1
C	DC33 Mopani District Municipality	964 237	237 650	148 148	178 937	96 391	176 049	73 642	199 895	9 315	1	1	0	0
Total: Mopani Municipalities		964 237	237 650	148 148	178 937	96 391	176 049	73 642	199 895	9 315				
B	NP341 Musina	39 310	13 978	7 983	9 393	2 672	6 877	5 708	8 072	1 226	0	0	1	1
B	NP342 Mutale	82 656	18 447	12 190	15 044	9 607	15 270	11 037	17 184	220	0	0	1	1
B	NP343 Thulamela	580 829	128 447	84 289	102 176	55 303	105 932	51 943	117 068	2 167	0	0	1	1
B	NP344 Makhado	497 089	113 608	73 259	88 928	44 190	90 970	38 031	102 813	3 281	0	0	1	1
C	DC34 Vhembe District Municipality	1 199 883	274 481	177 722	215 541	111 772	219 049	106 719	245 137	6 894	1	1	0	0
Total: Vhembe Municipalities		1 199 883	274 481	177 722	215 541	111 772	219 049	106 719	245 137	6 894				
B	NP351 Blouberg	161 323	35 176	25 869	30 334	17 220	28 522	20 998	34 730	2 775	0	0	1	1
B	NP352 Aganang	147 682	32 533	23 456	28 431	13 793	28 081	19 388	32 452	864	0	0	1	1
B	NP353 Molemole	109 441	28 944	18 881	24 262	12 101	20 780	7 329	26 906	1 120	0	0	1	1
B	NP354 Polokwane	508 277	135 638	70 199	90 044	45 607	78 674	47 972	90 271	19 477	1	1	1	1
B	NP355 Lepelle-Nkumpi	227 970	52 928	34 684	41 961	28 046	38 481	20 602	44 168	1 201	0	0	1	1
C	DC35 Capricorn District Municipality	1 154 692	285 220	174 089	215 032	116 767	194 538	116 289	228 527	25 437	1	1	0	0
Total: Capricorn Municipalities		1 154 692	285 220	174 089	215 032	116 767	194 538	116 289	228 527	25 437				
B	NP361 Thabazimbi	63 921	25 037	9 360	12 656	6 338	9 725	10 617	14 216	6 655	1	1	1	1
B	NP362 Lephalale	96 102	28 359	14 994	18 105	5 577	17 698	9 840	22 316	2 588	1	1	1	1
B	NP364 Mookgongong	30 759	9 569	3 195	4 659	1 916	3 726	4 007	5 482	1 843	1	1	1	1
B	NP365 Modimolle	72 809	20 964	9 364	12 583	5 294	11 974	9 680	13 151	7 379	1	1	1	1
B	NP366 Bela Bela	52 124	14 170	5 818	8 327	4 428	4 013	3 968	5 324	2 036	1	1	1	1
B	NP367 Mogalakwena	298 439	70 134	44 155	54 159	32 600	49 088	20 758	58 290	4 699	1	1	1	1
C	DC36 Waterberg District Municipality	614 155	168 233	86 886	110 490	53 153	96 224	58 870	118 779	25 200	0	0	0	0
Total: Waterberg Municipalities		614 155	168 233	86 886	110 490	53 153	96 224	58 870	118 779	25 200				
Total: Limpopo Municipalities		5 496 148	1 305 053	824 450	998 357	575 370	966 439	463 043	1 111 446	82 076				

1. Demographic Data: Population, no. of households (Source: STATS SA, Census 2001)
 2. Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)
 3. Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: STATS SA, Census 2001)
 (Basic level of service: Water = Piped water on community stand; distance less than 200m from dwelling, Sanitation = Pit latrine with ventilation, Electricity = Households not using electricity for lighting, Removal = Refuse removed by local authority at least once a week, Housing = Total informal dwellings/shacks)
 4. Authorised Powers and Functions for Category B and C municipalities (in terms of Government Gazette No. 24228 published 3 January 2003)
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APPENDIX E8

DEMOGRAPHIC DATA FOR LOCAL GOVERNMENT EQUITABLE SHARE AND MUNICIPAL INFRASTRUCTURE GRANT FORMULAE

Number	Municipality	Demographic Data		Poverty Data		Backlogs Data				Powers & Functions			
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Water	Sanitation	Refuse	Electricity
MPUMALANGA													
B	MP301	187 936	41 234	27 778	33 539	16 002	25 872	20 258	36 052	1	1	1	1
B	MP302	124 812	30 302	15 289	20 901	6 545	21 461	14 246	19 946	1	1	1	1
B	MP303	142 892	28 918	17 387	22 228	14 593	17 561	18 735	19 647	1	1	1	1
B	MP304	80 737	18 412	12 234	14 778	5 278	6 653	6 007	8 773	1	1	1	1
B	MP305	103 265	26 198	11 487	16 680	4 021	10 569	10 317	10 737	1	1	1	1
B	MP306	38 618	9 581	5 655	7 538	1 396	4 018	3 108	3 296	1	1	1	1
B	MP307	221 747	67 629	28 014	38 605	9 376	19 170	19 428	11 550	1	1	1	1
C	DC30	900 007	222 274	117 845	154 269	57 211	92 284	92 099	102 001	0	0	0	0
Total: Gert Sibande Municipalities		900 007	222 274	117 845	154 269	57 211	92 284	92 099	102 001	46 129	0	0	0
B	MP311	56 208	13 954	6 699	9 512	2 389	4 360	4 898	5 236	1	1	1	1
B	MP312	276 413	82 298	28 980	41 313	13 511	21 461	24 479	29 494	1	1	1	1
B	MP313	142 772	37 115	12 518	18 749	4 822	7 275	9 354	6 466	1	1	1	1
B	MP314	43 007	10 937	4 397	6 605	1 605	2 897	3 236	4 710	1	1	1	1
B	MP315	260 223	59 122	35 220	46 596	11 608	50 210	6 855	56 612	1	1	1	1
B	MP316	243 313	54 339	35 839	43 765	20 149	44 594	4 450	47 638	1	1	1	1
DMA	DMAA31	-	-	-	-	-	-	-	-	-	-	-	-
C	DC31	1 021 935	257 765	123 653	166 539	54 084	130 797	53 272	150 156	0	0	0	0
Total: Nkangala Municipalities		1 021 935	257 765	123 653	166 539	54 084	130 797	53 272	150 156	43 798	0	0	0
B	MP321	81 236	26 609	10 148	14 604	3 496	8 263	6 458	11 060	1	1	1	1
B	MP322	476 545	122 461	56 507	78 757	39 490	77 614	35 089	91 527	1	1	1	1
B	MP323	53 744	15 910	6 893	9 829	4 189	5 960	6 760	5 441	1	1	1	1
B	MP324	334 415	75 579	49 681	60 737	29 716	46 821	39 693	67 404	1	1	1	1
DMA	DMAA32	498	257	126	183	111	167	172	235	1	1	1	1
C	DC32	946 438	240 817	123 355	164 109	77 002	138 825	88 172	175 667	0	0	0	0
Total: Ehlanzeni Municipalities		946 438	240 817	123 355	164 109	77 002	138 825	88 172	175 667	21 645	0	0	0
Total: Mpumalanga Municipalities		2 868 380	720 856	364 853	484 917	188 297	361 906	233 543	427 824	111 572			

1. Demographic Data: Population, no. of households (Source: STATS SA, Census 2001)

2. Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)

3. Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: STATS SA, Census 2001)
(Poverty data used in determining equitable share and municipal infrastructure grant allocations is based on the imputed household expenditure measure of poverty, which will be published by Stats SA)

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Electricity = Households not using electricity for lighting. Removal = Refuse removed by local authority at least once a week. Housing = Total informal dwellings/shacks)

4. Authorised Powers and Functions for Category B and C municipalities (in terms of Government Gazette No. 24228 published 3 January 2003)

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APPENDIX E8

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Number	Municipality	Demographic Data		Poverty Data		Backlogs Data					Powers & Functions			
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity
NORTHERN CAPE														
B	NC01BI Gamagara	16 176	5 145	1 374	1 786	178	327	301	532	610	1	1	1	1
B	NW1a1 Moshaweng	84 104	18 380	10 547	16 140	11 544	15 306	12 731	18 345	581	1	1	1	1
B	CBLC1 Gae-Segonyana	70 392	17 799	12 836	8 253	8 681	4 469	14 144	1 468	1	1	1	1	1
DMA	CBDC1 Kalahari CBD	6 237	2 497	904	1 156	163	385	564	1 215	101	0	0	0	0
C	CBDC1 Kgalagadi District Municipality	176 908	43 821	26 318	31 917	20 138	24 699	18 065	34 236	2 760	0	0	0	0
	Total: Kgalagadi Cross Border Municipalities	176 908	43 821	26 318	31 917	20 138	24 699	18 065	34 236	2 760				
B	NC061 Richtersveld	10 125	2 874	977	1 374	71	389	157	729	155	1	1	1	1
B	NC062 Nama Khoi	44 750	12 094	3 638	5 716	673	3 595	1 682	1 585	457	1	1	1	1
B	NC064 Kamiesberg	10 754	3 239	1 238	1 826	662	1 128	1 480	846	76	1	1	1	1
B	NC065 Hanam	19 813	5 521	2 111	3 492	325	1 950	1 424	2 068	127	1	1	1	1
B	NC066 Karoo Hoogland	10 512	3 168	1 260	2 016	143	1 492	1 055	1 284	76	1	1	1	1
B	NC067 Khai-Ma	11 344	3 363	1 146	1 696	309	716	802	1 313	41	1	1	1	1
DMA	DMA06 Namaqualand	813	342	146	233	57	159	274	336	6	0	0	0	0
C	DC6 Namaqua District Municipality	108 111	30 601	10 517	16 352	2 240	9 429	6 874	8 161	938	0	0	0	0
	Total: Namaqua Municipalities	108 111	30 601	10 517	16 352	2 240	9 429	6 874	8 161	938				
B	NC071 Ubuntu	16 375	4 267	1 910	2 942	519	2 134	1 039	1 547	134	1	1	1	1
B	NC072 Unsoobomvu	23 641	5 909	3 340	5 099	653	2 714	1 144	1 384	934	1	1	1	1
B	NC073 Embhajeni	35 549	8 835	3 842	5 588	529	2 911	1 427	1 210	569	1	1	1	1
B	NC074 Kareeberg	9 488	2 430	1 078	1 710	138	1 351	633	669	82	1	1	1	1
B	NC075 Renosiereberg	9 070	2 473	1 391	1 814	201	1 249	688	671	185	1	1	1	1
B	NC076 Thembehlik	13 987	3 490	1 487	2 399	546	4 427	1 129	1 385	644	1	1	1	1
B	NC077 Siyathamba	17 512	4 182	1 944	2 863	174	1 099	620	741	327	1	1	1	1
B	NC078 Sijancuma	35 810	9 229	4 332	6 474	1 289	4 455	3 007	4 395	1 422	1	1	1	1
DMA	DMA07 Karoo DMA	3 175	1 102	566	810	222	631	639	1 099	47	0	0	0	0
C	DC7 Karoo District Municipality	164 607	41 916	19 879	29 109	4 271	17 971	10 326	13 101	4 344	0	0	0	0
	Total: Karoo Municipalities	164 607	41 916	19 879	29 109	4 271	17 971	10 326	13 101	4 344				
B	NC081 Mier	6 844	1 596	832	1 192	243	824	729	1 363	202	1	1	1	1
B	NC082 Kai ! Garib	55 702	18 050	6 021	8 884	1 920	5 651	4 211	10 851	919	1	1	1	1
B	NC083 //Khaara Hais	75 671	17 651	6 497	9 735	2 182	3 029	4 223	2 952	2 719	1	1	1	1
B	NC084 ! Kheis	16 123	3 997	1 816	2 855	635	1 508	1 552	2 190	617	1	1	1	1
B	NC085 Tsantsabane	31 013	7 378	3 264	4 597	702	1 575	1 130	1 357	1 148	1	1	1	1
B	NC086 Kgatelopele	15 447	4 115	1 485	2 131	202	584	744	1 041	343	1	1	1	1
DMA	DMA08 Siyanda DMA	9 090	3 253	1 283	2 151	412	1 087	2 036	3 138	57	0	0	0	0
C	DC8 Siyanda District Municipality	209 890	56 040	21 198	31 545	6 296	14 258	14 625	22 892	6 005	0	0	0	0
	Total: Siyanda Municipalities	209 890	56 040	21 198	31 545	6 296	14 258	14 625	22 892	6 005				
B	NC091 Sol Plaatje	201 465	51 104	19 755	28 289	3 725	7 258	8 930	4 469	8 447	1	1	1	1
B	NC092 Dilgatloug	35 765	9 735	5 667	7 403	1 611	4 893	3 591	3 917	2 081	1	1	1	1
B	NC093 Magareng	21 733	5 811	3 537	4 525	794	1 039	1 173	3 815	820	1	1	1	1
B	CBLC7 Phokwane	61 321	17 092	9 207	12 130	2 845	5 633	4 329	10 262	2 147	1	1	1	1
DMA	DMA09 Frances Baard DMA	4 514	1 613	687	1 113	202	977	741	1 537	129	0	0	0	0
C	DC9 Frances Baard District Municipality	324 799	85 354	38 853	53 459	9 177	19 800	18 764	24 000	13 624	0	0	0	0
	Total: Frances Baard Municipalities	324 799	85 354	38 853	53 459	9 177	19 800	18 764	24 000	13 624				
	Total: Northern Cape Municipalities	984 314	497 176	402 712	433 722	42 122	86 157	68 654	102 390	27 671				

1. Demographic Data: Population, no. of households (Source: S.A.S.S.A. Census 2001)
 2. Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)
 (Poverty data used in determining equitable share and municipal infrastructure grant allocations is based on the imputed household expenditure measure of poverty, which will be published by Stats SA)
 3. Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: S.A.S.S.A. Census 2001)
 (Basic level of service: Water = Piped water on community stand; distance less than 200m from dwelling. Sanitation = Pit latrine with ventilation. Electricity = Households not using electricity for lighting. Removal = Refuse removed by local authority at least once a week. Housing = Total informal dwellings/shacks)
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Number	Municipality	Demographic Data		Poverty Data		Backlogs Data				Powers & Functions				
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity
NORTH WEST														
B	NW371	177 905	43 181	25 893	33 817	20 902	37 718	12 480	43 047	6 838	1	1	1	1
B	NW372	345 501	100 127	47 245	65 168	29 297	31 031	27 773	31 614	1	1	1	1	1
B	NW373	387 096	116 665	43 070	63 869	33 426	55 776	35 904	68 896	48 210	1	1	1	1
B	NW374	36 477	10 497	5 777	7 682	2 043	3 578	3 867	5 898	1 780	1	1	1	1
B	NW375	237 017	62 868	36 892	46 518	22 089	44 428	5 535	57 719	10 430	1	1	1	1
DMA	DMA37	158	72	5	7			3	18	-				
C	DC37	1 184 155	333 409	158 881	217 062	107 764	208 613	85 562	247 192	98 289	0	0	0	0
Total: Bojanala Platinum Municipalities		1 184 155	333 409	158 881	217 062	107 764	208 613	85 562	247 192	98 289	0	0	0	0
B	NW381	104 324	22 719	17 137	20 341	15 264	19 023	5 345	22 667	1 163	0	0	1	1
B	NW382	114 155	25 641	16 457	20 757	7 114	15 916	7 887	19 611	3 963	0	0	1	1
B	NW383	259 478	67 579	35 724	45 236	28 757	35 659	18 836	49 596	5 667	0	0	1	1
B	NW384	147 599	36 431	20 153	26 970	10 281	17 556	12 031	21 562	5 913	0	0	1	1
B	NW385	137 443	32 401	20 961	26 098	9 787	18 824	9 779	26 700	2 944	0	0	1	1
C	DC38	762 999	184 772	110 432	139 402	71 203	106 978	53 878	140 226	19 650	1	1	1	0
Total: Central Municipalities		762 999	184 772	110 432	139 402	71 203	106 978	53 878	140 226	19 650	1	1	1	0
B	NW391	96 385	23 397	16 900	19 930	13 376	15 469	7 685	23 085	652	0	0	1	1
B	NW392	58 104	15 254	8 167	10 879	1 060	3 680	5 322	5 617	1 163	0	0	1	1
B	NW393	48 366	10 751	6 781	8 644	1 960	7 534	3 084	3 746	3 263	0	0	1	1
B	NW394	182 164	42 018	29 607	35 877	21 755	22 503	21 241	39 530	2 088	0	0	1	1
B	NW395	11 688	3 799	2 640	3 010	817	2 149	1 986	3 703	463	0	0	1	1
B	NW396	42 967	11 578	6 000	8 117	1 539	3 691	3 331	2 966	3 160	0	0	1	1
C	DC39	439 674	106 796	70 094	86 457	40 507	55 026	42 649	78 647	10 789	1	1	1	0
Total: Bophirima Municipalities		439 674	106 796	70 094	86 457	40 507	55 026	42 649	78 647	10 789	1	1	1	0
B	NW401	43 078	11 426	6 832	8 939	2 267	5 132	4 402	7 379	2 918	1	1	1	1
B	NW402	128 353	34 028	12 280	17 801	4 121	8 174	7 288	8 677	8 539	1	1	1	1
B	NW403	359 202	112 119	46 131	62 616	10 159	29 565	18 015	13 606	29 582	1	1	1	1
B	NW404	69 037	17 302	10 582	13 878	3 785	9 505	6 387	7 546	3 910	1	1	1	1
C	DC40	599 670	174 875	75 824	103 234	20 332	52 376	36 092	37 208	44 949	0	0	0	0
Total: Southern Municipalities		599 670	174 875	75 824	103 234	20 332	52 376	36 092	37 208	44 949	0	0	0	0
Total: North West Municipalities		2 986 498	799 852	415 232	546 156	239 806	422 993	218 181	503 273	173 677				

1. Demographic Data: Population, no. of households (Source: STATSSA, Census 2001)
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Number	Municipality	Demographic Data		Poverty Data		Backlogs Data				Powers & Functions				
		Population	Number of households	Number of households earning less than R800 per month	Number of households earning less than R1600 per month	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Refuse	Electricity
WESTERN CAPE														
A	City of Cape Town	2 892 243	778 237	183 997	292 306	68 641	96 310	86 977	44 643	142 983	1	1	1	1
B	WC011 Matzikama	50 208	14 497	4 176	7 735	1 107	2 886	2 411	5 700	772	1	1	1	1
B	WC012 Cederberg	39 326	11 220	3 123	5 780	422	2 029	1 859	5 519	414	1	1	1	1
B	WC013 Bergvliet	46 325	13 362	2 557	5 152	796	1 195	1 138	5 686	242	1	1	1	1
B	WC014 Saldanha Bay	70 440	18 923	4 120	7 279	841	650	1 595	761	2 614	1	1	1	1
B	WC015 Swartland	72 115	18 758	3 171	6 599	1 272	2 369	1 671	5 474	631	1	1	1	1
DMA	DMA01 West Coast DMA	4 258	1 188	461	749	171	573	581	696	15	1	1	1	1
C	DC1 West Coast District Municipality	282 672	77 947	17 608	33 293	4 609	9 702	9 255	23 836	4 688	0	0	0	0
Total: West Coast Municipalities														
B	WC022 Witzenberg	83 567	20 459	5 475	10 391	1 088	2 842	3 042	8 372	1 763	1	1	1	1
B	WC023 Drakenstein	194 417	46 266	9 909	17 868	3 944	4 900	5 957	10 109	7 089	1	1	1	1
B	WC024 Stellenbosch	118 709	35 124	5 910	10 251	3 186	3 204	2 773	6 101	4 555	1	1	1	1
B	WC025 Breede Valley	146 028	35 096	8 746	16 548	2 348	4 120	3 599	11 479	3 905	1	1	1	1
B	WC026 Breede River Wineands	81 271	21 215	6 123	11 840	1 514	3 241	2 460	7 621	949	1	1	1	1
DMA	DMA02 Breede River DMA	6 500	1 939	336	820	72	414	568	1 791	17	1	1	1	1
C	DC2 Cape Wineands District Municipality	630 493	160 100	36 488	67 718	12 152	18 721	18 399	45 473	18 278	0	0	0	0
Total: Cape Wineands Municipalities														
B	WC031 Theewaterskloof	93 276	24 363	6 978	11 771	2 569	4 492	4 692	6 826	4 218	1	1	1	1
B	WC032 Overstrand	54 824	18 808	4 781	7 925	1 658	3 193	3 193	2 263	2 554	1	1	1	1
B	WC033 Cape Agulhas	27 096	7 865	1 836	3 328	165	888	650	1 219	434	1	1	1	1
B	WC034 Swellendam	28 076	7 619	2 088	3 952	505	906	2 128	493	1	1	1	1	1
DMA	DMA03 Overberg DMA	248	83	-	9	3	10	40	-	-	1	1	1	1
C	DC3 Overberg District Municipality	203 519	58 738	15 683	26 978	4 199	8 051	9 451	12 476	7 699	0	0	0	0
Total: Overberg Municipalities														
B	WC041 Kamalald	23 971	6 156	2 190	3 902	602	1 788	1 147	2 510	83	1	1	1	1
B	WC042 Langeberg	44 114	12 664	3 192	6 028	621	1 658	1 739	3 597	524	1	1	1	1
B	WC043 Mossel Bay	71 494	20 258	4 913	8 473	1 116	1 576	1 862	2 021	2 437	1	1	1	1
B	WC044 George	135 409	36 191	10 347	16 645	4 148	5 786	4 809	4 774	5 874	1	1	1	1
B	WC045 Outshoorn	84 692	18 413	5 039	9 180	1 329	2 917	2 752	3 430	1 497	1	1	1	1
B	WC047 Plettenberg Bay	29 182	8 944	2 881	4 680	1 376	1 505	1 722	1 230	1 478	1	1	1	1
B	WC048 Knysna	51 468	14 972	4 316	7 167	3 188	4 554	2 886	1 246	3 630	1	1	1	1
DMA	DMA04 South Cape DMA	14 594	3 558	1 312	2 417	291	1 247	528	2 418	52	1	1	1	1
C	DC4 Eden District Municipality	454 924	121 156	34 191	58 491	12 671	21 031	17 445	21 226	15 575	0	0	0	0
Total: Eden Municipalities														
B	WC051 Langesburg	6 680	1 945	707	1 228	72	292	512	719	17	1	1	1	1
B	WC052 Prince Albert	10 512	2 614	824	1 620	101	505	517	735	73	1	1	1	1
B	WC053 Beaufort West	37 106	9 103	2 978	5 344	318	731	1 180	1 322	162	1	1	1	1
DMA	DMA05 Central Karoo DMA	6 184	1 574	739	1 186	55	236	246	558	70	1	1	1	1
C	DC5 Central Karoo District Municipality	60 483	15 236	5 247	9 379	546	1 784	2 455	3 334	322	0	0	0	0
Total: Central Karoo Municipalities														
Total: Western Cape Municipalities		4 524 335	1 211 414	293 214	488 165	102 818	155 599	143 982	150 988	189 545				
National Total		44 819 778	12 022 079	5 821 728	7 594 223	3 196 613	4 887 163	3 507 172	5 249 849	1 836 226				

1. Demographic Data: Population, no. of households (Source: STATS SA, Census 2001)
 2. Poverty Data: No. of households earning less than R800 and R1600 a month (Source: Stats SA, Census 2001)
 (Poverty data used in determining equitable share and municipal infrastructure grant allocations is based on the imputed household expenditure measure of poverty, which will be published by Stats SA)
 3. Backlogs Data: No. of households without a basic level of access to water, sanitation, informal housing and refuse removal (Source: STATS SA, Census 2001)
 (Basic level of service: Water = Piped water on community stand; distance less than 300m from dwelling, Sanitation = Pit latrine with ventilation, Electricity = Households not using electricity for lighting, Removal = Refuse removed by local authority at least once a week, Housing = Total informal dwellings/shacks)
 4. Authorised Powers and Functions for Category B and C municipalities (in terms of Government Gazette No. 24228 published 3 January 2003)
 (1 = Municipality authorised to perform powers and functions, 0 = municipality not authorised to perform powers and functions)
 5. In the case of District Management Areas, the powers and functions vest with the district municipalities