

REPUBLIC OF SOUTH AFRICA

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# DIVISION OF REVENUE BILL

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*(As amended by the Select Committee on Finance (National Council of Provinces))  
(The English text is the official text of the Bill)*

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(MINISTER OF FINANCE)

[B 9D—2003]

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# 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 2003/2004 financial year and the reporting requirements for allocations pursuant to such division; to permit the withholding and the delaying of payments in certain circumstances; to provide for liability for costs incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations; to regulate the adoption of local government budgets; 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;

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

## Definitions

1. In this Act, unless the context indicates otherwise, a word to which a meaning has been assigned in the Public Finance Management Act, 1999 bears the same meaning, and—

- (i) **“accredited bank account”** means—
  - (a) in respect of a province, the primary bank account of the provincial Revenue Fund, which the head official of the provincial treasury has certified to the National Treasury as the bank account into which allocations in terms of this Act must be deposited; and
  - (b) in respect of a municipality, the primary bank account of a municipality, which the municipal manager has certified to the national accounting officer responsible for local government as the bank account into which allocations in terms of this Act must be deposited;
- (ii) **“Director-General”** means the Director-General of the National Treasury;
- (iii) **“head official of the provincial treasury”** means the head of the provincial department responsible for financial matters in the province;
- (iv) **“Intergovernmental Fiscal Relations Act”** means the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
- (v) **“municipality”** means a municipality established in terms of the Municipal Structures Act;
- (vi) **“municipal accounting officer”** means the municipal manager of a municipality;
- (vii) **“Municipal Structures Act”** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

- (viii) **“Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- (ix) **“next financial year”** means the financial year commencing on 1 April 2004 and ending on 31 March 2005;
- (x) **“payment schedule”** means an instalment schedule which sets out— 5  
 (a) the amount of each instalment of an equitable share or any other allocation to be transferred to a province or municipality for the financial year;  
 (b) the date on which each such instalment must be paid; and  
 (c) to whom, and to which accredited bank account, each such instalment must be paid; 10
- (xi) **“prescribe”** means prescribe by regulation in terms of section 33 ;
- (xii) **“Public Finance Management Act”** means the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (xiii) **“receiving officer”** means— 15  
 (a) in respect of a Schedule 4 allocation transferred to a province, the head official of a provincial treasury;  
 (b) in respect of a Schedule 5 allocation transferred to a province, the accounting officer of a provincial department which receives such allocation; or 20  
 (c) in respect of a Schedule 6 and 6A allocation transferred to a municipality, the municipal accounting officer of that municipality;
- (xiv) **“transferring national officer”** means the accounting officer responsible for a national department which transfers to a province or municipality a Schedule 5, 6 or 6A allocation, but excludes the accounting officer of the National Treasury in respect of an allocation listed in those Schedules and which is on the vote of the National Treasury; and 25
- (xv) **“transferring provincial officer”** means the accounting officer responsible for a provincial department which receives a Schedule 4, 6 or 6A allocation for the purpose of transferring it to a municipality in the relevant province. 30

## PART I

### OBJECTS OF ACT

#### Promoting co-operative governance in intergovernmental budgeting

2. The objects of this Act are to—
- (a) provide for the equitable division of revenue raised nationally among the three spheres of government; 35
- (b) promote co-operative governance and principles of intergovernmental relations on budgetary matters;
- (c) promote better co-ordination between policy, planning, budget preparation and execution processes; 40
- (d) promote predictability and certainty in respect of all allocations to provincial and local governments in order that such governments may plan their budgets over a multi-year period;
- (e) promote transparency and equity in all allocations, including in respect of the criteria for their division; 45
- (f) promote accountability for the use of public resources by ensuring that all transfers are reflected on the budgets of benefiting provincial and local governments; and
- (g) ensure that legal proceedings between organs of state of the three spheres of government are avoided. 50

## PART II

## EQUITABLE SHARE ALLOCATIONS

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

3. (1) Revenue anticipated to be raised nationally in respect of the financial year is divided among the national, provincial and local spheres of government for their equitable share as set out in Column A of Schedule 1. 5

(2) An envisaged division of revenue anticipated to be raised for the next financial year and the 2005/2006 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. 10

(3) Despite subsection (2), the Minister 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, be transferred as a direct charge against the National Revenue Fund to each province and to a municipality contemplated in section 5(1). 15

**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 financial year is set out in Column A of Schedule 2. 20

(2) An envisaged division for each province of revenue anticipated to be raised nationally in respect of the next financial year and the 2005/2006 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.

(3) Each province's equitable share contemplated in subsection (1) must be transferred to the province in instalments in accordance with a payment schedule determined by the National Treasury, after consultation with the head officials of the provincial treasuries. 25

(4) Despite subsection (3), the National Treasury may, on such conditions as it may determine, advance funds to a province in respect of its equitable share contemplated in subsection (1), which have not yet fallen due for transfer in accordance with a payment schedule referred to in subsection (3) in respect of that province. 30

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

**Equitable share for local government** 35

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

(2) An envisaged division for each municipality of revenue anticipated to be raised nationally in respect of the next financial and the 2005/2006 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. 40

(3) Each municipality's equitable share contemplated in subsection (1) must be transferred to the municipality in quarterly instalments in accordance with a payment schedule within the first three weeks of May, August, November and February. 45

(4) Despite subsection (3), the national accounting officer responsible for local government may, in consultation with the National Treasury, and on such conditions as he or she may determine, advance funds to a municipality in respect of its equitable share contemplated in subsection (1), which have not fallen due for transfer in accordance with a payment schedule referred to in subsection (3) in respect of that municipality. 50

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

(6) Despite subsection (3), the National Treasury may, after consultation with the national accounting officer responsible for local government, delay or withhold the transfer of an instalment on the grounds of a municipality's serious or persistent material breach of uniform treasury norms and standards. 55

- (7) Such uniform treasury norms and standards include a requirement that a municipality must—
- (i) submit to the Auditor-General, not later than 30 September 2003, financial statements in respect of the 2002/2003 financial year, and submit to the Auditor-General, not later than 30 April 2003, outstanding financial statements in respect of the financial years preceding the 2002/2003 financial year; 5
  - (ii) submit to the National Treasury, the relevant provincial treasury and the provincial department responsible for local government, not later than 30 June 2003, its budget for the financial year and such other budgetary information required by the National Treasury, including, but not limited to, information on the nature and extent of basic services, including free basic services, to be provided by that municipality; 10
  - (iii) submit to the National Treasury, the national accounting officer responsible for local government and the provincial department responsible for local government, not later than 10 days after the end of each quarter, information on the implementation of the budget, including, but not limited to, information on actual revenue collected, actual total spending on water, electricity, refuse removal, municipal infrastructure and free basic services; and 15
  - (iv) co-operate on financial and fiscal matters with other municipalities within the district in which it is located in order to ensure effective and efficient spending for purposes of sustainable delivery of municipal services in that municipal district. 20

#### Shortfalls and excess revenue

6. (1) If actual revenue raised nationally in respect of the financial year falls short of the anticipated revenue set out in Schedule 1, the national government bears the shortfall. 25
- (2) If actual revenue raised nationally in respect of the financial year is in excess of the anticipated revenue set out in Schedule 1, the excess accrues to the national government and forms part of its equitable share.
- (3) Despite subsection (2), the national government may, by means of an adjustments budget or any other appropriation legislation, and additional to the equitable share allocation and the allocations contemplated in Part III, make further allocations to the provincial and local spheres of government from its equitable share of nationally raised revenue. 30

### PART III

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#### OTHER ALLOCATIONS TO PROVINCES AND MUNICIPALITIES

##### Other allocations to provinces and municipalities from national government

7. (1) Other allocations to provinces from the national government's share of revenue anticipated to be raised nationally are set out in Column A of the following Schedules: 40
- (a) Schedule 4 contains allocations to provinces for general and nationally assigned functions;
  - (b) Schedule 5 contains specific-purpose allocations to provinces;
  - (c) Schedule 7 contains indirect and special allocations to provinces.
- (2) An envisaged division of anticipated allocations to provinces for the next financial year and the 2005/2006 financial year, and 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). 45
- (3) Despite subsection (2), the Minister may, in respect of the next financial year and until the commencement of the relevant Division of Revenue Act, determine that an amount not exceeding 45 per cent of the envisaged division of the allocation for the next financial year be transferred to a province as a direct charge against the National Revenue Fund. 50
- (4) Other allocations to local government from the national government's share of revenue anticipated to be raised nationally are set out in Column A of the following Schedules: 55
- (a) Schedule 6 and 6A: contain specific-purpose allocations to local government; and

(b) Schedule 7A: contains allocations-in-kind to municipalities for designated special programmes.

(5) An envisaged division of anticipated allocations to local government for the next financial year and the 2005/2006 financial year, and 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 (4). 5

(6) The Minister must, not later than 30 April 2003, publish in the *Gazette*, the share of a municipality in respect of the local government allocations referred to in subsections (4) and (5), unless such share was published on the date on which the annual budget is tabled in the National Assembly. 10

(7) Despite subsection (5), the Minister may, in respect of the next financial year and until the commencement of the relevant Division of Revenue Act, determine that an amount not exceeding 45 per cent of the envisaged division of the allocation for the next financial year be transferred to a municipality as a direct charge against the National Revenue Fund. 15

### Transfers to entities

8. (1) An organ of state in the national or provincial sphere of government may only provide funds for a municipal service to the relevant municipality directly.

(2) A public entity that provides a municipal service on behalf of a municipality, must, not later than 30 June 2003 or such other date determined by the National Treasury, certify to the National Treasury that it complies as an external mechanism as contemplated in Chapter 8 of the Municipal Systems Act. 20

(3) A public entity that provides a municipal service on behalf of a municipality must report, on a monthly basis, to that municipality and such organ of state responsible for the transfer of such funds, the amount spent on such transferred funds. 25

### Transfers not listed in Schedules

9. An allocation not listed in the Schedules referred to in section 7 may only be made in terms of section 6 (3) and must comply with such monitoring and reporting requirements as may be determined by the National Treasury.

### Provincial infrastructure allocation 30

10. A provincial treasury must, in respect of an allocation for provincial infrastructure listed in Schedule 4, submit to the National Treasury, not later than 30 April 2003, and in the format determined by the National Treasury, a plan on proposed spending for the financial year, the next financial year and the 2005/2006 financial year.

### Municipal infrastructure allocations 35

11. (1) Allocations for addressing backlogs in basic municipal infrastructure development and the carrying out of municipal services are set out in Schedule 6A.

(2) Any allocation contemplated in subsection (1) which is intended, entirely or in part, for the construction, maintenance or rehabilitation of municipal infrastructure, must— 40

(a) only be transferred in terms of a policy framework approved by the Minister;

(b) be accompanied by an indication of the recommended amounts of a similar allocation for the next financial year and the 2005/2006 financial year, unless the National Treasury grants exemption from compliance with this requirement; and 45

(c) be in accordance with a distribution formula approved by the National Treasury.

### Transfer of assets to municipalities

12. (1) A transferring national officer or a transferring provincial officer may not make any commitment to a municipality, of assets or any other financial resource, including an allocation-in-kind or the future transfer of an asset, intended, entirely or in part, for the construction, installation, maintenance or rehabilitation of municipal infrastructure without— 5

- (a) that municipality's confirmation that it will take transfer of such asset for operating purposes;
- (b) a realistic estimate of the future value of the asset and potential liability, including a reflection on the budget of the benefiting municipality of the associated operating costs; and 10
- (c) the approval of the municipal council and the national accounting officer responsible for local government.

(2) The transferring national officer or the transferring provincial officer, as the case may be, must, on such periods as may be determined by the National Treasury, report to the National Treasury on the actual transfers effected in respect of the allocations contemplated in subsection (1). 15

### Municipal capacity building allocations

13. (1) Any transfer of an allocation, other than an allocation on the vote of the National Treasury, aimed at developing and improving municipal systems and the capacity of municipalities to perform functions assigned to them, may only be made in terms of a framework determined by the national accounting officer responsible for local government, in consultation with the Director-General. 20

(2) The framework contemplated in subsection (1) must take into account intergrated planning, performance management, financial management, budgeting and spatial planning considerations, and the need to ensure that the capacity of a municipality is in fact developed. 25

(3) The transferring national or provincial officer responsible for a municipal capacity building allocation must, in the annual report of the department, indicate the extent to which the capacity of any municipality was improved by that allocation and the extent to which such allocation was spent on any other body providing assistance to a municipality. 30

## PART IV

### DUTIES OF ACCOUNTING OFFICERS AND TREASURIES

#### Duties of transferring national officer 35

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

- (a) allocation frameworks, conditions and monitoring provisions are reasonable and do not impose an undue administrative burden on benefiting provincial and local governments; 40
- (b) funds will only be transferred after information required in terms of this Act has been provided;
- (c) funds will only be deposited into an accredited bank account of a province or municipality; and
- (d) all other arrangements or requirements necessary for the transfer of an allocation have been complied with. 45

(2) A transferring national officer who has not complied with subsection (1) must, unless the National Treasury has directed otherwise, transfer such funds in terms of a mechanism determined by the National Treasury.

(3) Despite 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 and the relevant executive authority, information for the month reported on and for the financial year up to the end of that month, on— 50

- (a) the amount of funds transferred to a province or municipality; 55

- (b) the amount of funds delayed or withheld from any province or municipality and the reasons for such delay or withholding;
- (c) the actual expenditure incurred by the province or municipality; and
- (d) such other issues as the National Treasury may determine.

#### **Duties of transferring provincial officer**

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

- (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;
- (b) the amount of funds delayed 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.

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#### **Duties of receiving officer**

16. (1) The relevant receiving officer must, in respect of an allocation to be transferred to—

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- (a) a province, and as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, within 15 days after the end of each month, submit a report to the relevant provincial treasury, the relevant provincial executive authority and the transferring national officer; and
- (b) a municipality, within 10 days after the end of each month, submit a report to the relevant transferring national or provincial officer.

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(2) The reports contemplated in subsection (1) must set out for that month and for the financial year up to the end of that month—

- (a) the amount received by the province or municipality, as the case may be;
- (b) the amount of funds delayed or withheld from the province or municipality, as the case may be;
- (c) the actual expenditure by the province or municipality, as the case may be, in respect of allocations set out in the Schedules referred to in section 7 or 9;
- (d) the extent of compliance with the conditions of an allocation and with this Act;
- (e) an explanation for any material problems experienced or variations effected by the province or municipality, as the case may be, regarding an allocation which has been received and a summary of the steps taken to deal with such problems or the effect of such variations; and
- (f) such other issues and information as the National Treasury may determine.

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(3) The receiving officer of a municipality which intends to transfer to another municipality an allocation, or portion of it, transferred to it in terms of this Act must, effect such transfer in terms of a prescribed framework or with the approval of the National Treasury.

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(4) The Minister may prescribe additional duties for the receiving officer contemplated in subsection (3).

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#### **Duties of provincial accounting officers and treasuries**

17. (1) The accounting officer of a provincial department providing any allocation to local government from its vote must, not later than 14 days before the tabling of the annual budget of the province, submit to the provincial treasury information, in such format as may be determined by the provincial treasury after consultation with the National Treasury, on such allocations in order that the provincial treasury may publish, with its annual budget or in the provincial *Gazette*, not later than 30 April 2003, the share for a municipality in respect of that allocation.

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(2) The MEC responsible for financial matters in the province must, in the publication contemplated in subsection (1), also indicate the envisaged division of the allocation contemplated in that subsection in respect of a municipality, for the next financial year and the 2005/2006 financial years.

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(3) A provincial treasury must, within 22 days after the end of each month, and in the format determined by the National Treasury, and as part of its consolidated monthly report, report on—

- (a) actual transfers received by the province from national departments;
- (b) actual expenditure on such allocations, excluding the allocations set out in Schedule 4, up to the end of that month; 5
- (c) actual transfers made by the province to municipalities, and projections on 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. 10

(4) The report contemplated in subsection (3) must, in respect of the provincial infrastructure allocation, include reports for each quarter and be in such format as may be determined by the National Treasury.

(5) Despite anything to the contrary contained in any law, a provincial treasury may, with the permission of the National Treasury and subject to such conditions as may be determined by the National Treasury, make allocations to municipalities that were not published in terms of subsection (1). 15

(6) The allocations contemplated in subsection (5) must be published in the provincial *Gazette*.

#### **Annual financial statements** 20

**18.** (1) The financial statements contemplated in section 40 of the Public Finance Management Act must, for a department transferring any funds in respect of an allocation set out in Schedules 4, 5, 6, 6A, 7 and 7A, also—

- (a) indicate the total amount of that allocation transferred to a province or municipality; 25
- (b) indicate the funds, if any, that were withheld and the reasons for such withholding in respect of each province or municipality;
- (c) certify that all transfers to a province or municipality were deposited into the accredited bank account of a province or municipality;
- (d) certify that, except in respect of allocations contemplated in Schedule 7 or 7A or made in terms of section 9, no other funds were spent, directly or through a public or private entity, on a function normally performed by a province or municipality; 30
- (e) indicate to what extent a province or municipality was monitored for compliance with the conditions of an allocation and the provisions of this Act; 35
- (f) indicate to what extent the allocation achieved its purpose and outputs;
- (g) indicate the funds, if any, utilised for the administration of the allocation, and whether any portion of the allocation was retained by the transferring department for that purpose; and
- (h) indicate any non-compliance with this Act, and the steps taken to deal with such non-compliance. 40

(2) The financial statements contemplated in section 40 of the Public Finance Management Act, or in any other law, must, for a department or municipality receiving grants in respect of an allocation set out in Schedules 3, 4, 5, 6 and 6A, also—

- (a) indicate the total amount of all allocations received; 45
- (b) indicate the total amount of actual expenditure on all allocations except Schedule 3 allocations;
- (c) certify that all transfers in terms of this Act to a province or municipality were deposited into the accredited bank account of such province or municipality;
- (d) indicate to what extent a province or municipality met the conditions of such an allocation, and complied with the provisions of this Act; 50
- (e) indicate the extent to which the objectives of the allocation were achieved; and
- (f) contain such other information as the National Treasury may determine.

### **PART V** 55

#### **DUTIES OF DIRECTOR-GENERAL AND AUDITOR-GENERAL**

##### **Duties of Director-General**

**19.** The Director-General must, together with the report contemplated in section 32(2) of the Public Finance Management Act, publish a report on actual transfers of all allocations listed in the Schedules set out in section 7 or made in terms of section 9. 60

**Duties of Auditor-General**

20. (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 Part III or in a special report to be submitted to Parliament, report on—
- (a) the extent of compliance with this Act by the Director-General, transferring national officers, transferring provincial officers and receiving officers;
  - (b) whether there was compliance with the certification and reporting requirements of this Act;
  - (c) the evaluation of evidence supporting the amounts and disclosures in monthly and annual reports contemplated in this Act;
  - (d) whether a transferring national officer or transferring provincial officer made unauthorised transfers to any province or municipality or to any public or other entity;
  - (e) whether the monitoring of the receiving government's compliance with allocation conditions was undertaken in terms of the provisions of this Act;
  - (f) whether each allocation to a province or municipality was made in accordance with this Act; and
  - (g) such other intergovernmental financial management matters as may be prescribed.
- (2) The internal audit unit of a department and such department's audit committee must establish procedures, systems and mechanisms to facilitate the external audit contemplated in subsection (1).

**PART VI****GENERAL****Delaying of payments**

21. (1) Subject to subsection (2), the transferring national officer may, after consultation with the National Treasury and the relevant provincial treasury if the National Treasury so determines, for a period not exceeding 30 days, delay the payment of an allocation in terms of Part III or any portion of such allocation, if—
- (a) the municipality or province does not comply with the conditions to which the allocation is subject;
  - (b) the municipality is in breach of the measures contemplated in section 5(6); or
  - (c) expenditure on previous transfers reflects significant underspending for which no satisfactory explanation is given.
- (2) The National Treasury may, after consultation with the relevant provincial treasury, allow the transfer to be delayed for a period exceeding 30 days if such delay will ensure compliance with the conditions to which an allocation is subject or will ensure significant spending on that allocation.
- (3) The transferring national officer must, in the monthly reports contemplated in this Act, inform the National Treasury of the steps taken to deal with the causes of the payment delay.

**Withholding of payments**

22. (1) The National Treasury may, subject to section 216 of the Constitution, withhold the transfer of—
- (a) an allocation set out in Schedules 4, 5, 6 and 6A, or any portion of such allocation, if the municipality or province is in serious or persistent material breach of the conditions to which the allocation is subject; or
  - (b) an allocation in terms of section 5, if the municipality is in serious or persistent material breach of the measures contemplated in section 5(6); or
  - (c) an allocation in terms of section 9;
- if the transferring national officer has submitted to the province or municipality, as the case may be, a written report, at least 21 days before such allocation is due to be transferred, setting out facts reflecting a serious or persistent material breach of the

conditions to which the allocation is subject or the measures contemplated in section 5(6) upon receipt of audit reports which indicate serious or persistent material breach of this Act.

(2) The Minister may, by notice in the *Gazette*, approve that an allocation, or any portion of such allocation, withheld from a municipality in terms of subsection (1), be utilised to meet that municipality's outstanding statutory financial commitments. 5

(3) The money contemplated in subsection (2) shall, despite anything to the contrary contained in any law, be a direct charge against the National Revenue Fund.

#### **Reallocation of allocations between municipalities**

23. (1) The transferring national or provincial officer may, with the written consent of the National Treasury and after consultation with the affected municipalities, reallocate an allocation, or a portion thereof, from one municipality to another municipality in that district, if the reallocation will reduce the risk of underspending or where a category B and C municipality fail to agree on the use of any funds transferred to them in terms of section 7. 10 15

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

#### **Spending in terms of purpose and subject to conditions**

24. (1) Despite anything to the contrary contained in any law, an allocation set out in Schedule 4, 5, 6, 6A, 7 or 7A may only be utilised for the purpose stipulated in the Schedule concerned and in accordance with the conditions it is subject to, which conditions must, not later than 30 April 2003, be published by the Minister in the *Gazette*, unless such conditions were published on the date on which the annual budget is tabled in the National Assembly. 20

(2) The utilisation of an allocation set out in the Schedules for purposes other than those set out in the Schedules concerned, constitutes a breach of the measures established in terms of section 216(1) of the Constitution. 25

(3) Despite subsections (1) and (2), the National Treasury may authorise a province or municipality to retain and utilise such portion of the funds of an allocation set out in the Schedules listed in section 7, which remains after the fulfillment of that allocation's purpose and compliance with the conditions to which it is subject. 30

#### **Transfers made in error**

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

(2) A transfer contemplated in subsection (1) must be recovered without delay by the responsible transferring national officer. 35

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

(4) Despite anything to the contrary contained in any law, the transfer of an allocation to a municipality, in error, is regarded as not legally due to that municipality and must be recovered without delay by the responsible transferring national officer. 40

(5) The national accounting officer responsible for local government may direct that the recovery contemplated in subsection (4) be effected by set-off against transfers to the municipality concerned, which would otherwise become due in accordance with any payment schedule. 45

#### **Transfers to municipalities with weak administrative capacity**

26. (1) If the national accounting officer responsible for local government reasonably believes that a category B or C municipality is not able to effectively administer an allocation, or portion thereof, that officer may transfer such allocation, or portion thereof, to the province in which the municipality is located or, when appropriate, to another municipality, after consultation with the municipalities and province concerned. 50

(2) Any allocation, or portion thereof, contemplated in subsection (1) must be dealt with by the province or other municipality to which it has been transferred in accordance with any directions by the national accounting officer responsible for local government. 55

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

#### **Funds to follow transfer of functions or obligations**

27. (1) Despite anything to the contrary contained in any law, the transfer of functions or obligations from an organ of state in one sphere of government to an organ of state in another sphere of government or from one municipality to another municipality must take place only with the prior written approval of the National Treasury and the national accounting officer responsible for provincial and local government. 5

(2) The transfer of functions or obligations contemplated in subsection (1) must, unless the Minister directs otherwise, include the transfer of funds available to the transferring organ of state or sphere of government for the purposes of performing such transferred function or obligation. 10

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

(a) that municipality's prior written acceptance by resolution of its council; and 15

(b) the prior written approval of the National Treasury.

(4) A province must utilise its own funds for any function or obligation which is in conflict with subsection (1).

(5) Any liability arising from a determination of functions between a category B and C municipality by a province in terms of section 84 or 85 of the Municipal Structures Act, is a liability of that province and not of the national government. 20

#### **Amendment of payment schedule and transfer mechanism**

28. (1) Subject to subsection (2), a transferring national officer may, in respect of an allocation set out in Schedule 5, 6 or 6A, after consultation with the National Treasury and the relevant provincial treasury, if the National Treasury so determines, amend a payment schedule due to the underspending of the funds or for any other exceptional reason. 25

(2) The National Treasury may, in the interest of improved accountability or debt and cash-flow management, or on the grounds of substantial non-compliance with any condition to which an allocation is subject, amend any payment schedule of an allocation listed in Schedule 2, 3, 4, 5, 6 or 6A, and direct that no transfer of funds be effected through the payment schedule amended in accordance with subsection (1) or that the payment schedule be amended as directed by it. 30

#### **Exemptions by National Treasury**

29. (1) The National Treasury may, on application in writing by a transferring national or provincial officer, exempt in writing a transferring national or provincial officer from the duty to comply with reporting requirements or any other requirement regarding an allocation set out in a Schedule listed in section 7 or envisaged in section 9: Provided that such exemption may only be granted if such officer satisfies the Director-General that— 40

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

(b) the allocation programme is properly designed; and

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

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

(a) may only be granted if the accounting officer provides reasons why information was not included in respect of an allocation set out in a Schedule listed in section 7; and 45

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

#### **Non-compliance with this Act constituting financial misconduct** 50

30. Despite anything to the contrary contained in any law, any serious or persistent non-compliance with the provisions of this Act, or the conditions which an allocation in terms of this Act is subject to, constitutes financial misconduct.

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

31. (1) An organ of state involved in an intergovernmental dispute regarding any provision of this Act or any financial or fiscal matter must, before approaching a court to resolve such dispute, make every effort to settle the dispute with the other organ of state concerned, including by making use of the structures established in terms of the Intergovernmental Fiscal Relations Act. 5

(2) In the event that a dispute is referred back by a court in accordance with section 41(4) of the Constitution, due to the court not being satisfied that the organ of state approaching the court has complied with subsection (1), the expenditure incurred by that organ in approaching the court is regarded as fruitless and wasteful. 10

(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).

**Acts performed before this Act took effect** 15

32. Despite anything to the contrary contained in any law, any act performed prior to the coming into effect of this Act or in accordance with any prescribed requirements in fulfillment of the objects of this Act is regarded as having been done in terms of the relevant provisions of this Act.

**Regulations** 20

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

**Repeal and amendment of law** 25

34. (1) Schedule 6 of the Division of Revenue Act, 2002 (Act No. 5 of 2002) is, in respect of the vote of the Department of Water Affairs and Forestry (Vote 33) hereby amended by the deletion of the numbers in bold square brackets and the insertion of the underlined numbers, as set out in Schedule 8 to this Act.

(2) Anything done in terms of Schedule 6 of the Division of Revenue Act, 2002 (Act No. 5 of 2002) is deemed as having been done under that Schedule as amended by Schedule 8 to this Act. 30

(3) Subject to subsections (1), (2) and (4), the Division of Revenue Act, 2002 (Act No. 5 of 2002) is hereby repealed with effect from the date on which this Act takes effect or from 1 April 2003, whichever is the later. 35

(4) The repeal of the Division of Revenue Act, 2002 does not affect any duty or obligation set out in that Act, the execution of which is still outstanding.

**Short title**

35. This Act is called the Division of Revenue Act, 2003, and comes into operation on a date determined by the President by proclamation in the *Gazette*. 40

## SCHEDULE 1

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

Spheres of Government	Column A	Column B	
	2003/04 Allocation	Forward Estimates	
		2004/05	2005/06
	R'000	R'000	R'000
National <sup>1</sup>	185 235 905	200 954 497	220 351 687
Provincial	142 386 031	155 313 096	167 556 442
Local	6 343 478	7 077 546	7 698 179
<b>TOTAL</b>	<b>333 965 414</b>	<b>363 345 139</b>	<b>395 606 308</b>

<sup>1</sup> National share includes conditional grants to provincial and local spheres, debt service cost and the contingency reserve.

## SCHEDULE 2

DETERMINATION OF EACH PROVINCES'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	
	2003/04 Allocation	Forward Estimates	
		2004/05	2005/06
	R'000	R'000	R'000
Eastern Cape	24 227 559	26 427 150	28 510 405
Free State	9 462 691	10 321 798	11 135 467
Gauteng	21 875 885	23 861 973	25 743 013
KwaZulu-Natal	29 279 286	31 937 519	34 455 157
Limpopo	19 352 278	21 109 250	22 773 294
Mpumalanga	10 219 531	11 147 349	12 026 097
Northern Cape	3 455 244	3 768 943	4 066 049
North West	11 821 596	12 894 864	13 911 367
Western Cape	12 691 961	13 844 250	14 935 593
<b>TOTAL</b>	<b>142 386 031</b>	<b>155 313 096</b>	<b>167 556 442</b>

## SCHEDULE 3

**DETERMINATION OF EACH MUNICIPALITY'S EQUITABLE SHARE OF  
THE LOCAL SPHERE'S SHARE OF REVENUE RAISED NATIONALLY  
(As appropriated in the vote of the Department of  
Provincial and Local Government (Vote 5) for the financial year)**

Category	Number	Municipality	Column A	Column B	
			2003/04 Allocation	Forward Estimates	
			R'000	2004/05 R'000	2005/06 R'000
<b>WESTERN CAPE</b>					
A		Cape Town	159 992	172 356	178 941
B	WC011	Matzikama	5 317	6 312	6 974
B	WC012	Cederberg	4 310	5 057	5 561
B	WC013	Bergrivier	3 313	4 015	4 492
B	WC014	Saldanha Bay	2 464	2 741	2 878
B	WC015	Swartland	5 972	6 988	7 631
C	DC1	West Coast District Municipality	1 485	1 108	1 087
<b>Total: West Coast Municipalities</b>			<b>22 861</b>	<b>26 220</b>	<b>28 623</b>
B	WC022	Witzenberg	7 513	8 927	9 935
B	WC023	Drakenstein	11 856	13 337	14 214
B	WC024	Stellenbosch	6 954	8 144	8 889
B	WC025	Breede Valley	11 288	13 155	14 277
B	WC026	Breede River/Winelands	7 169	8 268	9 010
C	DC2	Boland District Municipality	2 083	1 835	1 980
<b>Total: Boland Municipalities</b>			<b>46 863</b>	<b>53 667</b>	<b>58 306</b>
B	WC031	Theewaterskloof	7 642	9 316	10 432
B	WC032	Overstrand	3 414	3 816	4 025
B	WC033	Cape Agulhas	1 982	2 337	2 530
B	WC034	Swellendam	3 449	4 040	4 414
C	DC3	Overberg District Municipality	811	432	290
<b>Total: Overberg Municipalities</b>			<b>17 297</b>	<b>19 941</b>	<b>21 691</b>
B	WC041	Kannaland	3 668	4 178	4 558
B	WC042	Langeberg	3 375	3 906	4 303
B	WC043	Mossel Bay	3 522	3 947	4 180
B	WC044	George	6 288	6 882	7 193
B	WC045	Oudtshoorn	4 390	4 849	5 117
B	WC047	Plettenberg Bay	2 981	3 360	3 572
B	WC048	Knysna	3 972	4 318	4 508
C	DC4	Garden Route Klein Karoo District Municipality	2 669	2 498	2 652
<b>Total: Garden Route Klein Karoo Municipalities</b>			<b>30 864</b>	<b>33 937</b>	<b>36 083</b>
B	WC051	Laingsburg	2 333	2 472	2 566
B	WC052	Prince Albert	2 792	3 012	3 163
B	WC053	Beaufort West	3 226	3 603	3 797
C	DC5	Central Karoo District Municipality	5 639	5 690	5 894
<b>Total: Central Karoo Municipalities</b>			<b>13 990</b>	<b>14 777</b>	<b>15 420</b>
<b>Total: Western Cape Municipalities</b>			<b>291 867</b>	<b>320 898</b>	<b>339 064</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
NORTHERN CAPE			R'000	R'000	R'000
B	NC01B1	Gamagara	4 547	5 239	5 564
B	NW1a1	Segonyana	15 429	18 212	21 131
B	CBLC1	Ga-Segonyana	11 726	14 074	15 914
C	CBDC1	Kalahari-Kgalagadi	14 811	16 739	18 292
<b>Total: Kalahari-Kgalagadi Cross Border Municipalities</b>			<b>46 514</b>	<b>54 265</b>	<b>60 901</b>
B	NC061	Richtersveld	3 023	3 330	3 541
B	NC062	Nama Khoi	6 495	7 735	8 671
B	NC064	Kamiesberg	3 829	4 166	4 413
B	NC065	Hantam	6 000	6 691	7 122
B	NC066	Karoo Hoogland	4 607	5 115	5 457
B	NC067	Khai-Ma	3 098	3 426	3 650
C	DC6	Namakwa District Municipality	2 375	2 492	2 723
<b>Total: Namakwa Municipalities</b>			<b>29 427</b>	<b>32 956</b>	<b>35 578</b>
B	NC071	Ubuntu	5 867	6 903	7 715
B	NC072	Umsobomvu	7 445	8 297	8 810
B	NC073	Emthanjeni	8 524	9 381	9 847
B	NC074	Kareeberg	4 279	4 698	4 981
B	NC075	Renosterberg	4 200	4 577	4 813
B	NC076	Thembelihle	4 221	4 563	4 778
B	NC077	Siyathemba	5 703	6 321	6 687
B	NC078	Siyancuma	8 991	10 419	11 523
C	DC7	Karoo District Municipality	3 928	3 674	4 106
<b>Total: Karoo Municipalities</b>			<b>53 158</b>	<b>58 834</b>	<b>63 261</b>
B	NC081	Mier	3 202	3 396	3 528
B	NC082	Nama Khoi	10 161	12 079	13 542
B	NC083	Khara Hais	8 810	10 073	10 838
B	NC084	! Kheis	4 267	4 780	5 165
B	NC085	Tsantsabane	6 352	7 104	7 488
B	NC086	Kgatelopele	4 569	5 003	5 249
C	DC8	Siyanda District Municipality	3 691	3 740	4 314
<b>Total: Siyanda Municipalities</b>			<b>41 052</b>	<b>46 175</b>	<b>50 125</b>
B	NC091	Sol Plaatjes	26 882	29 024	30 331
B	NC092	Thusanang	10 792	12 085	12 904
B	NC093	Magareng	7 372	8 134	8 521
B	CBLC7	Phokwane	14 946	16 762	17 823
C	DC9	Frances Baard District Municipality	1 778	1 706	1 955
<b>Total: Frances Baard Municipalities</b>			<b>61 771</b>	<b>67 711</b>	<b>71 534</b>
<b>Total: Northern Cape Municipalities</b>			<b>231 922</b>	<b>259 941</b>	<b>281 399</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
EASTERN CAPE			R'000	R'000	R'000
A		Nelson Mandela	149 300	160 599	167 011
B	EC101	Camdeboo	7 571	8 552	8 999
B	EC102	Blue Crane Route	9 592	10 701	11 352
B	EC103	Ikwezi	3 840	4 154	4 335
B	EC104	Makana	13 843	15 854	16 866
B	EC105	Ndlambe	11 821	13 407	14 279
B	EC106	Sundays River Valley	10 693	12 417	13 544
B	EC107	Baviaans	4 657	5 064	5 315
B	EC108	Kouga	9 577	11 098	11 947
B	EC109	Koukamma	6 387	7 618	8 521
C	DC10	Cacadu District Municipality	6 012	4 621	4 083
<b>Total: Cacadu Municipalities</b>			<b>83 992</b>	<b>93 485</b>	<b>99 241</b>
B	EC121	Mbhashe	41 760	48 061	56 765
B	EC122	Mnquma	46 850	53 068	61 644
B	EC123	Great Kei	8 788	9 761	10 962
B	EC124	Amahlathi	23 574	26 655	30 649
B	EC125	Buffalo City	187 156	191 925	194 282
B	EC126	Ngqushwa	17 015	19 651	22 858
B	EC127	Nkonkobe	22 295	24 243	27 102
B	EC128	Nxuba	6 005	6 117	6 357
C	DC12	Amatole District Municipality	66 970	92 485	108 387
<b>Total: Amatole Municipalities</b>			<b>420 413</b>	<b>471 967</b>	<b>519 004</b>
B	EC131	Inxuba Yethemba	7 861	8 362	8 857
B	EC132	Tsolwana	7 872	8 868	9 901
B	EC133	Inkwanca	5 119	5 477	5 763
B	EC134	Eukhanji	25 345	25 532	26 367
B	EC135	Intsika Yethu	37 313	43 556	51 419
B	EC136	Emalahleni	22 759	25 903	29 694
B	EC137	Engcobo	25 732	29 631	34 709
B	EC138	Sakhisizwe	10 270	11 105	12 148
C	DC13	Chris Hani District Municipality	78 798	98 002	110 516
<b>Total: Chris Hani Municipalities</b>			<b>221 071</b>	<b>256 436</b>	<b>289 374</b>
B	EC141	Elundini	26 108	30 182	34 809
B	EC142	Senqu	23 036	27 311	31 696
B	EC143	Maletswai	6 181	6 623	6 970
B	EC144	Gariep	6 246	6 812	7 224
C	DC14	Ukhahlamba District Municipality	43 562	51 781	57 603
<b>Total: Ukhahlamba Municipalities</b>			<b>105 132</b>	<b>122 708</b>	<b>138 302</b>
B	EC151	Mbizana	35 133	40 475	47 784
B	EC152	Ntabankulu	22 086	25 113	29 395
B	EC153	Qaukeni	37 861	43 324	51 071
B	EC154	Port St. Johns	25 647	29 328	34 371
B	EC155	Nyandeni	42 972	49 553	58 639
B	EC156	Mhlontlo	33 101	37 973	44 559
B	EC157	King Sabata Dalindyebo	60 851	68 890	79 520
C	DC15	O.R. Tambo District Municipality	147 908	192 326	221 143
<b>Total: O.R. Tambo Municipalities</b>			<b>405 560</b>	<b>486 983</b>	<b>566 482</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
B	EC05b1	Umzimkhulu	27 357	31 648	36 959
B	EC05b2	Umzimvubu	63 961	75 758	89 851
C	DC44	Afred Nzo District Municipality	60 285	75 956	87 053
<b>Total: Alfred Nzo Municipalities</b>			<b>151 603</b>	<b>183 361</b>	<b>213 863</b>
<b>Total: Eastern Cape Municipalities</b>			<b>1 537 070</b>	<b>1 775 539</b>	<b>1 993 278</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
FREE STATE			R'000	R'000	R'000
B	FS161	Letsemeng	10 733	12 330	13 352
B	FS162	Kopanong	14 754	16 878	18 122
B	FS163	Mohokare	14 625	17 016	18 582
C	DC16	Xhariep District Municipality	3 350	3 349	3 405
<b>Total: Xhariep Municipalities</b>			<b>43 462</b>	<b>49 574</b>	<b>53 461</b>
B	FS171	Naledi	10 429	11 924	12 837
B	FS172	Mangaung	199 609	203 509	202 794
B	FS173	Mantsopa	15 543	17 987	19 615
C	DC17	Motheo District Municipality	717	456	303
<b>Total: Motheo Municipalities</b>			<b>226 299</b>	<b>233 875</b>	<b>235 548</b>
B	FS181	Masilonyana	23 004	26 785	29 057
B	FS182	Tokologo	10 783	12 345	13 418
B	FS183	Tswelopele	18 512	21 525	23 476
B	FS184	Matjhabeng	106 044	121 323	130 131
B	FS185	Nala	26 789	30 387	32 640
C	DC18	Lejweleputswa District Municipality	2 535	1 613	1 071
<b>Total: Lejweleputswa Municipalities</b>			<b>187 668</b>	<b>213 980</b>	<b>229 793</b>
B	FS191	Setsoto	32 092	39 584	44 765
B	FS192	Dihlabeng	22 876	26 742	29 132
B	FS193	Nketoana	22 291	26 126	28 520
B	FS194	Maluti-a-Phofung	112 538	131 092	146 487
B	FS195	Phumelela	13 182	15 111	16 443
C	DC19	Thabo Mofutsanyana District Municipality	19 273	13 259	13 497
<b>Total: Thabo Mafutsanyana Municipalities</b>			<b>222 252</b>	<b>251 914</b>	<b>278 844</b>
B	FS201	Moqhaka	37 095	42 673	46 257
B	FS203	Ngwathe	35 056	38 981	41 459
B	FS204	Metsimaholo	19 410	21 709	23 027
B	FS205	Mafube	16 013	18 024	19 336
C	DC20	Northern Free State District Municipality	1 771	1 127	748
<b>Total: Northern Free State Municipalities</b>			<b>109 344</b>	<b>122 515</b>	<b>130 828</b>
<b>Total: Free State Municipalities</b>			<b>789 025</b>	<b>871 858</b>	<b>928 474</b>

Category	Number	Municipality	Column A	Column B	
			2003/04 Allocation	Forward Estimates	
KWAZULU-NATAL			R'000	R'000	R'000
A		eThekwini	370 461	390 382	401 122
B	KZ211	Vulamehlo	11 370	13 362	15 364
B	KZ212	Umdoni	3 970	4 794	5 430
B	KZ213	Umzumbe	15 713	18 643	21 678
B	KZ214	uMuziwabantu	9 751	11 346	12 961
B	KZ215	Izingolweni	6 408	7 387	8 337
B	KZ216	Hibiscus Coast	11 600	13 687	15 392
C	DC21	Ugu District Municipality	35 201	39 865	45 168
<b>Total: Ugu Municipalities</b>			<b>94 013</b>	<b>109 083</b>	<b>124 330</b>
B	KZ221	uMshwathi	9 815	10 877	12 608
B	KZ222	uMngeni	7 285	6 687	6 316
B	KZ223	Mpofana	3 250	3 538	3 803
B	KZ224	Impendle	4 086	4 278	4 627
B	KZ225	Msunduzi	75 050	74 624	72 574
B	KZ226	Mkhambathini	4 958	5 327	5 920
B	KZ227	Richmond	7 162	8 795	9 889
C	DC22	uMgungundlovu District Municipality	21 625	24 677	28 633
<b>Total: uMgungundlovu Municipalities</b>			<b>133 232</b>	<b>138 802</b>	<b>144 370</b>
B	KZ232	Emnambithi/Ladysmith	12 397	11 531	11 423
B	KZ233	Indaka	8 729	10 108	11 296
B	KZ234	Umtshezi	7 240	6 616	6 096
B	KZ235	Okhahlamba	8 836	10 263	11 506
B	KZ236	Imbabazane	7 895	9 300	10 519
C	DC23	Uthukela District Municipality	21 573	22 658	23 813
<b>Total: Uthukela Municipalities</b>			<b>66 670</b>	<b>70 477</b>	<b>74 654</b>
B	KZ241	Endumeni	3 077	3 278	3 468
B	KZ242	Nquthu	13 505	14 593	15 870
B	KZ244	Msinga	18 146	21 591	25 118
B	KZ245	Umvoti	12 754	15 649	18 131
C	DC24	Umzinyathi District Municipality	34 823	36 708	40 797
<b>Total: Umzinyathi Municipalities</b>			<b>82 305</b>	<b>91 820</b>	<b>103 383</b>
B	KZ252	Newcastle	28 178	27 407	26 303
B	KZ253	Utrecht	3 240	3 452	3 694
B	KZ254	Dannhauser	7 637	8 510	9 606
C	DC25	Amajuba District Municipality	5 858	4 839	5 319
<b>Total: Amajuba Municipalities</b>			<b>44 913</b>	<b>44 207</b>	<b>44 921</b>
B	KZ261	eDumbe	5 729	6 540	7 235
B	KZ262	uPhongolo	9 825	10 920	11 903
B	KZ263	Abaqulusi	10 654	11 417	12 149
B	KZ265	Nongoma	14 798	16 360	18 009
B	KZ266	Ulundi	17 167	18 004	19 009
C	DC26	Zululand District Municipality	35 540	38 098	40 909
<b>Total: Zululand Municipalities</b>			<b>93 714</b>	<b>101 340</b>	<b>109 214</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
B	KZ271	Umhlabuyalingana	12 432	14 331	16 464
B	KZ272	Jozini	14 501	16 496	18 788
B	KZ273	The Big 5 False Bay	4 004	4 327	4 677
B	KZ274	Hlabisa	11 106	12 564	14 255
B	KZ275	Inyala / Mtubatuba	5 323	5 123	5 108
C	DC27	Umkhanyakude District Municipality	32 371	37 765	42 033
<b>Total: Umkhanyakude Municipalities</b>			<b>79 737</b>	<b>90 607</b>	<b>101 325</b>
B	KZ281	Mbonambi	7 473	8 530	9 595
B	KZ282	uMhlathuze	22 242	19 476	18 180
B	KZ283	Ntambanana	5 820	6 132	6 689
B	KZ284	Umlalazi	16 273	18 290	20 465
B	KZ285	Mthonjaneni	4 443	5 441	5 886
B	KZ286	Nkandla	12 512	14 066	15 822
C	DC28	uThungulu District Municipality	21 391	24 566	27 560
<b>Total: uThungulu Municipalities</b>			<b>90 155</b>	<b>96 500</b>	<b>104 198</b>
B	KZ291	eNdodakusuka	15 248	16 312	17 611
B	KZ292	KwaDukuza	18 529	20 476	22 366
B	KZ293	Ndwedwe	14 894	17 273	19 986
B	KZ294	Maphumulo	13 243	15 185	17 537
C	DC29	King Shaka District Municipality	27 135	33 390	37 576
<b>Total: King Shaka Municipalities</b>			<b>89 049</b>	<b>102 636</b>	<b>115 076</b>
B	KZ5a1	Ingwe	11 311	13 067	15 083
B	KZ5a2	Kwa Sani	3 651	4 099	4 530
B	KZ5a3	Matatiele	2 879	3 027	3 160
B	KZ5a4	Kokstad	6 800	7 274	7 791
B	KZ5a5	Ubuhlebezwe	10 333	11 969	13 759
C	DC43	Sisonke District Municipality	16 161	20 808	23 532
<b>Total: Sisonke Municipalities</b>			<b>51 134</b>	<b>60 245</b>	<b>67 854</b>
<b>Total: KwaZulu-Natal Municipalities</b>			<b>1 195 384</b>	<b>1 296 099</b>	<b>1 390 448</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
MPUMALANGA			R'000	R'000	R'000
B	MP301	Albert Luthuli	26 926	31 351	35 199
B	MP302	Msukaligwa	15 849	17 903	19 232
B	MP303	Mkhondo	10 968	12 998	14 591
B	MP304	Seme	8 385	9 905	10 938
B	MP305	Lekwa	12 495	14 108	15 160
B	MP306	Dipaleseng	6 367	7 215	7 743
B	MP307	Govan Mbeki	31 449	34 768	36 483
C	DC30	Eastvaal District Municipality	5 148	3 276	2 176
<b>Total: Eastvaal Municipalities</b>			<b>117 589</b>	<b>131 524</b>	<b>141 522</b>
B	MP311	Delmas	5 957	6 868	7 456
B	MP312	Emalahleni	25 566	28 456	29 995
B	MP313	Middelburg	15 290	17 351	18 555
B	MP314	Highlands	6 542	7 534	8 191
B	MP315	Thembisile	17 619	20 051	21 970
B	MP316	Dr JS Moroka	17 367	18 369	19 303
C	DC31	Nkangala District Municipality	2 058	1 255	836
<b>Total: Nkangala Municipalities</b>			<b>90 398</b>	<b>99 883</b>	<b>106 306</b>
B	MP321	Thaba Chweu	15 187	18 617	20 876
B	MP322	Mbombela	51 965	59 208	64 854
B	MP323	Umjindi	9 111	10 688	11 729
B	MP324	Nkomazi	35 669	44 524	52 021
C	DC32	Ehlanzeni District Municipality	8 549	5 440	3 613
<b>Total: Ehlanzeni Municipalities</b>			<b>120 481</b>	<b>138 478</b>	<b>153 093</b>
<b>Total: Mpumalanga Municipalities</b>			<b>328 467</b>	<b>369 885</b>	<b>400 922</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
LIMPOPO			R'000	R'000	R'000
B	NP03A2	Makhuduthamaga	18 783	22 988	26 997
B	NP03A3	Fetakgomo	8 952	10 434	11 919
B	CBLC3	Greater Marble Hall	10 255	11 248	12 155
B	CBLC4	Grobiersdal	16 870	16 519	16 965
B	CBLC5	Greater Tubatse	19 658	23 010	26 425
C	CBDC3	Sekhukhune Cross Boundary	50 421	57 818	65 717
<b>Total: Sekhukhune Cross Boundary Municipalities</b>			<b>124 938</b>	<b>142 016</b>	<b>160 179</b>
B	NP04A1	Maruleng	9 309	10 968	12 767
B	CBLC6	Bushbuckridge	56 520	45 166	49 886
C	CBDC4	Bohlabela	35 494	56 908	63 162
<b>Total: Eastern Municipalities</b>			<b>101 322</b>	<b>113 041</b>	<b>125 815</b>
B	NP331	Greater Giyani	37 419	35 999	35 913
B	NP332	Greater Letaba	20 021	23 476	26 885
B	NP333	Greater Tzaneen	31 073	35 850	40 951
B	NP334	Ba-Phalaborwa	17 584	16 092	15 187
C	DC33	Mopani District Municipality	39 495	50 278	58 441
<b>Total: Mopani Municipalities</b>			<b>145 591</b>	<b>161 695</b>	<b>177 376</b>
B	NP341	Musina	6 557	7 118	7 759
B	NP342	Mutale	13 318	13 143	13 729
B	NP343	Thulameia	51 702	55 192	61 373
B	NP344	Makhado	48 388	48 908	52 119
C	DC34	Vhembe District Municipality	42 843	59 392	69 593
<b>Total: Vhembe Municipalities</b>			<b>162 807</b>	<b>183 753</b>	<b>204 573</b>
B	NP351	Blouberg	16 723	19 266	22 062
B	NP352	Aganang	9 607	11 367	13 138
B	NP353	Molemole	7 600	9 048	10 483
B	NP354	Polokwane	37 455	43 487	47 987
B	NP355	Lepelle-Nkumpi	13 031	14 974	16 732
C	DC35	Capricorn District Municipality	35 743	26 799	29 947
<b>Total: Capricorn Municipalities</b>			<b>120 161</b>	<b>124 942</b>	<b>140 348</b>
B	NP361	Thabazimbi	11 015	13 818	15 650
B	NP362	Lephalale	12 437	16 386	19 233
B	NP364	Mookgapong	3 305	4 192	4 897
B	NP365	Modimolle	7 511	9 207	10 297
B	NP366	Bela Bela	6 773	8 182	8 944
B	NP367	Mogalakwena	24 365	30 772	35 732
C	DC36	Waterberg District Municipality	8 664	5 514	3 662
<b>Total: Waterberg Municipalities</b>			<b>74 071</b>	<b>88 069</b>	<b>98 415</b>
<b>Total: Limpopo Municipalities</b>			<b>728 890</b>	<b>813 517</b>	<b>906 705</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
NORTH WEST			R'000	R'000	R'000
B	NW371	Moretele	17 024	21 696	25 672
B	NW372	Madibeng	50 929	61 914	70 952
B	NW373	Rustenburg	50 418	58 941	64 846
B	NW374	Kgetlengrivier	7 189	8 489	9 395
B	NW375	Moses Kotane	36 068	43 737	50 172
C	DC37	Bojanala Platinum District Municipality	18 357	9 015	3 009
<b>Total: Bojanala Platinum Municipalities</b>			<b>179 985</b>	<b>203 792</b>	<b>224 047</b>
B	NW381	Setla-Kgobi	15 145	17 496	20 333
B	NW382	Tswaing	12 190	13 641	15 234
B	NW383	Mafikeng	21 720	25 386	29 607
B	NW384	Ditsobotla	13 174	13 901	14 901
B	NW385	Zeerust	14 875	16 773	19 042
C	DC38	Central District Municipality	45 640	53 923	59 027
<b>Total: Central Municipalities</b>			<b>122 743</b>	<b>141 121</b>	<b>158 144</b>
B	NW391	Kagisano	15 653	18 194	21 267
B	NW392	Naledi	6 057	6 648	7 312
B	NW393	Mamusa	7 399	7 904	8 430
B	NW394	Greater Taung	26 347	29 629	34 090
B	NW395	Molopo	3 626	4 049	4 526
B	NW396	Lekwa-Teemane	5 433	5 847	6 199
C	DC39	Bophirima District Municipality	31 208	39 340	44 609
<b>Total: Bophirima Municipalities</b>			<b>95 723</b>	<b>111 611</b>	<b>126 434</b>
B	NW401	Ventersdorp	8 546	9 688	10 532
B	NW402	Potchefstroom	13 636	15 093	15 907
B	NW403	Klerksdorp	47 483	53 424	56 803
B	NW404	Maquassi Hills	11 822	13 396	14 404
C	DC40	Southern District Municipality	1 901	1 210	803
<b>Total: Southern Municipalities</b>			<b>83 388</b>	<b>92 810</b>	<b>98 449</b>
<b>Total: North West Municipalities</b>			<b>481 839</b>	<b>549 334</b>	<b>607 073</b>

Category	Number	Municipality	Column A	Column B	
			2003/04	Forward Estimates	
			Allocation	2004/05	2005/06
GAUTENG			R'000	R'000	R'000
A		Ekurhuleni	192 485	207 704	214 828
A		Johannesburg	238 763	261 533	273 053
A		Tshwane	158 737	167 805	172 232
B	GT02b1	Nokeng tsa Taemane	6 027	7 349	8 079
B	CBLC2	Kungwini	9 229	10 571	11 115
C	CBDC2	Metsweding	3 953	2 516	1 671
<b>Total: Metsweding Municipalities</b>			<b>19 209</b>	<b>20 436</b>	<b>20 865</b>
B	GT421	Emsfuleni	53 410	58 187	60 333
B	GT422	Midvaal	9 885	11 207	12 057
B	GT423	Lesedi	7 539	8 357	8 902
C	DC42	Sedibeng District Municipality	1 169	744	494
<b>Total: Sedibeng Municipalities</b>			<b>72 003</b>	<b>78 495</b>	<b>81 787</b>
B	GT411	Mogale City	21 433	23 843	25 098
B	GT412	Randfontein	10 739	11 746	12 277
B	GT414	Westonaria	20 621	22 284	23 080
B	CBLC8	Merafong	23 054	25 002	25 957
C	CBDC8	West Rand	1 971	1 628	1 640
<b>Total: West Rand Municipalities</b>			<b>77 818</b>	<b>84 502</b>	<b>88 052</b>
<b>Total: Gauteng Municipalities</b>			<b>759 015</b>	<b>820 475</b>	<b>850 816</b>
<b>National Total</b>			<b>6 343 478</b>	<b>7 077 546</b>	<b>7 698 179</b>

GENERAL AND NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO PROVINCES

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2003/04 Allocation	2004/05	Forward Estimates	2005/06
Health (Vote 16)	(a) National Tertiary Services Grant	To fund tertiary health services.	Nationally assigned function grant to provinces	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	195 504	272 036	353 022	353 022
				Gauteng	336 501	384 165	432 116	432 116
				KwaZulu-Natal	1 679 760	1 727 736	1 760 465	1 760 465
				Limpopo	551 831	619 462	686 637	686 637
				Mpumalanga	46 297	46 878	46 973	46 973
				Northern Cape	40 265	41 427	42 224	42 224
				North West	32 892	42 105	51 747	51 747
				Western Cape	35 000	35 109	34 822	34 822
				<b>TOTAL</b>	1 076 724	1 104 087	1 121 380	1 121 380
National Treasury (Vote 8)	(b) Health Professions Training and Development Grant	To support the training and development of health professionals.	Nationally assigned function grant to provinces	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	79 873	97 464	127 566	127 566
				Gauteng	90 061	93 643	92 517	92 517
				KwaZulu-Natal	539 330	560 778	554 039	554 039
				Limpopo	167 553	180 629	192 373	192 373
				Mpumalanga	40 414	51 805	72 411	72 411
				Northern Cape	34 421	41 808	54 363	54 363
				North West	30 007	34 444	41 069	41 069
				Western Cape	37 144	46 351	62 564	62 564
				<b>TOTAL</b>	314 696	327 210	323 278	323 278
National Treasury (Vote 8)	(a) Provincial Infrastructure Grant	To fund the construction and maintenance of provincial infrastructure like roads, school buildings, health facilities and rural development.	General conditional grant to provinces	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	433 673	535 646	569 409	569 409
				Gauteng	141 950	175 327	186 379	186 379
				KwaZulu-Natal	235 802	291 248	309 606	309 606
				Limpopo	500 302	617 944	656 892	656 892
				Mpumalanga	420 632	519 538	552 286	552 286
				Northern Cape	180 066	222 407	236 426	236 426
				North West	72 394	82 362	85 663	85 663
				Western Cape	204 479	252 560	268 479	268 479
				<b>TOTAL</b>	145 190	179 330	190 633	190 633
National Treasury (Vote 8)	(b) Provincial Infrastructure Grant—Flood Rehabilitation	To fund the reconstruction of provincial infrastructure damaged by the floods in 1999 and 2000.	General conditional grant to provinces	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	23 000	—	—	—
				Limpopo	21 000	—	—	—
				Mpumalanga	120 000	—	—	—
				<b>TOTAL</b>	36 000	—	—	—
<b>TOTAL</b>					<b>2 334 488</b>	<b>2 876 362</b>	<b>3 055 773</b>	<b>3 055 773</b>

**SCHEDULE 5**  
**SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES**

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B	
					2003/04 Allocation R'000	2004/05 R'000	Forward Estimates 2005/06 R'000
<b>Agriculture (Vote 26)</b>	(a) Land Care Grant	To address the degradation of natural resources and improve the socio-economic status of rural communities.	Conditional grant	Eastern Cape	8 000	—	—
				Free State	1 800	—	—
				Gauteng	1 600	—	—
				KwaZulu-Natal	6 500	—	—
				Limpopo	8 000	—	—
				Mpumalanga	3 500	—	—
				Northern Cape	1 800	—	—
				North West	5 000	—	—
				Western Cape	1 800	—	—
				<b>TOTAL</b>	<b>38 000</b>	—	—
<b>Education (Vote 15)</b>	(a) Early Childhood Development Grant	To provide quality education to poor children eligible for the reception year.	Conditional grant	Eastern Cape	16 280	—	—
				Free State	5 544	—	—
				Gauteng	10 824	—	—
				KwaZulu-Natal	19 448	—	—
				Limpopo	13 816	—	—
				Mpumalanga	6 424	—	—
				Northern Cape	1 672	—	—
				North West	7 040	—	—
				Western Cape	6 952	—	—
				<b>TOTAL</b>	<b>88 000</b>	—	—
	(b) Financial Management and Quality Enhancement Grant	To improve financial management in the education system and improve the quality of education in schools.	Conditional grant	Eastern Cape	43 367	45 969	48 727
				Free State	14 768	15 654	16 593
				Gauteng	28 833	30 563	32 397
				KwaZulu-Natal	51 805	54 913	58 209
				Limpopo	36 803	39 011	41 352
				Mpumalanga	17 112	18 139	19 227
				Northern Cape	4 454	4 722	5 004
				North West	18 753	19 878	21 071
				Western Cape	18 519	19 630	20 808
				<b>TOTAL</b>	<b>234 414</b>	<b>248 479</b>	<b>263 388</b>

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2003/04 Allocation		Forward Estimates	
					R'000	2004/05	R'000	2005/06
	(c) HIV/Aids (Lifeskills Education) Grant	To promote HIV/Aids and life skills education in primary and secondary schools.	Conditional grant	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape <b>TOTAL</b>	22 288 7 590 14 818 26 624 18 915 8 794 2 289 9 638 9 518 <b>120 474</b>	23 787 8 100 15 816 28 416 20 187 9 386 2 443 10 286 10 158 <b>128 579</b>	25 215 8 586 16 765 30 120 21 398 9 949 2 589 10 904 10 767 <b>136 293</b>	
<b>Health (Vote 16)</b>	(a) Hospital Revitalisation Grant	To transform and modernise hospitals in line with national policy.	Conditional grant	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape <b>TOTAL</b>	90 751 50 356 87 939 129 860 96 239 65 666 54 939 59 939 81 939 <b>717 628</b>	116 354 52 370 155 126 178 054 106 463 68 292 57 135 92 845 85 217 <b>911 856</b>	121 008 54 466 232 870 190 292 110 722 71 025 59 421 98 998 88 625 <b>1 027 427</b>	
	(b) Pretoria Academic Hospital Grant	To support the construction and development of the Pretoria Academic Hospital.	Conditional grant	Gauteng <b>TOTAL</b>	92 356 <b>92 356</b>	— <b>—</b>	— <b>—</b>	
	(c) HIV/Aids Health Grant	To enable the health sector to develop an effective response to the HIV/Aids epidemic, including expanding access to voluntary HIV counselling and testing, home-based care, prevention of mother-to-child transmission programmes, post exposure prophylaxis, step down care and other HIV/Aids health-related matters.	Conditional grant	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape <b>TOTAL</b>	38 934 30 144 55 275 85 591 28 962 26 287 11 268 32 981 24 204 <b>333 556</b>	58 193 40 843 87 629 122 270 42 479 36 364 17 318 41 855 34 661 <b>481 612</b>	77 451 42 621 91 844 123 313 55 996 46 441 18 924 42 669 35 849 <b>535 108</b>	

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A	Column B					
					2003/04 Allocation	Forward Estimates	2005/06				
					R'000	R'000	R'000				
	(d) Integrated Nutrition Programme Grant	To feed children and facilitate nutritional knowledge and education.	Conditional grant	Eastern Cape	172 465	202 698	222 133				
				Free State	47 817	56 200	61 588				
				Gauteng	74 273	87 293	95 662				
				KwaZulu-Natal	176 646	207 612	227 518				
				Limpopo	146 433	172 102	188 603				
				Mpumalanga	62 789	73 796	80 872				
				Northern Cape	21 617	25 407	27 842				
				North West	71 967	84 583	92 693				
				Western Cape	34 653	40 727	44 632				
				<b>TOTAL</b>	<b>808 660</b>	<b>950 418</b>	<b>1 041 543</b>				
				<b>Housing</b> <b>(Vote 29)</b>	(e) Hospital Management and Quality Improvement Grant	To improve the management of hospitals and support the quality of care interventions.	Conditional grant	Eastern Cape	14 553	19 529	24 530
								Free State	12 730	13 055	13 393
								Gauteng	23 060	20 776	18 510
KwaZulu-Natal	16 375	20 065	23 778								
Limpopo	13 337	15 388	17 457								
Mpumalanga	13 337	12 833	12 340								
Northern Cape	10 906	10 490	10 083								
North West	12 730	12 713	12 642								
Western Cape	16 376	16 983	17 608								
<b>TOTAL</b>	<b>133 404</b>	<b>141 832</b>	<b>150 342</b>								
<b>Housing</b> <b>(Vote 29)</b>	(a) Housing Subsidy Grant	To finance subsidies under the national housing programme.	Conditional grant					Eastern Cape	641 757	598 900	635 288
								Free State	325 403	385 641	409 072
								Gauteng	923 892	1 117 463	1 185 357
				KwaZulu-Natal	796 390	748 463	793 936				
				Limpopo	426 160	369 818	392 287				
				Mpumalanga	275 408	296 457	314 470				
				Northern Cape	85 973	89 442	94 877				
				North West	347 974	421 378	446 981				
				Western Cape	423 282	446 035	473 136				
				<b>TOTAL</b>	<b>4 246 239</b>	<b>4 473 597</b>	<b>4 745 404</b>				
				<b>Housing</b> <b>(Vote 29)</b>	(b) Human Resettlement Grant	To fund projects aimed at improving the quality of the environment in urban communities.	Conditional grant	Eastern Cape	11 000	11 660	16 396
								Free State	8 500	9 010	10 558
								Gauteng	21 000	22 260	30 592
KwaZulu-Natal	26 000	27 560	20 490								
Limpopo	11 000	11 660	10 124								
Mpumalanga	7 000	7 420	8 116								
Northern Cape	3 000	3 180	2 449								
North West	8 000	8 480	11 536								
Western Cape	13 500	14 310	12 211								
<b>TOTAL</b>	<b>109 000</b>	<b>115 540</b>	<b>122 472</b>								

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B					
					2003/04 Allocation R'000	2004/05 R'000	2004/05 R'000	2005/06 R'000				
Provincial and Local Government (Vote 5)	(a) Local Government Capacity Building Grant	To assist municipalities' to built their institutional capacity and improve their systems for sustainable service delivery.	Conditional grant	Eastern Cape	46 338	44 308	—	—				
				Free State	30 409	28 204	—	—				
				Gauteng	20 399	20 266	—	—				
				KwaZulu-Natal	38 880	37 181	—	—				
				Limpopo	21 633	20 751	—	—				
				Mpumalanga	16 121	15 291	—	—				
				Northern Cape	17 473	16 044	—	—				
				North West	20 372	19 112	—	—				
				Western Cape	20 714	19 302	—	—				
				<b>TOTAL</b>	<b>232 339</b>	<b>220 459</b>	<b>—</b>	<b>—</b>				
				Social Development (Vote 19)	(b) Provincial Consolidated Municipal Infrastructure Programme (CMIP) Grant	To assist provinces to manage the CMIP effectively.	Conditional grant	Eastern Cape	8 643	9 169	9 770	—
								Free State	3 132	3 321	3 539	—
								Gauteng	5 339	5 664	6 035	—
KwaZulu-Natal	7 874	8 353	8 900					—				
Limpopo	3 957	4 198	4 472					—				
Mpumalanga	2 110	2 238	2 599					—				
Northern Cape	1 737	1 843	1 963					—				
North West	2 309	2 439	2 542					—				
Western Cape	3 307	3 508	3 738					—				
<b>TOTAL</b>	<b>38 408</b>	<b>40 733</b>	<b>43 558</b>					<b>—</b>				
Social Development (Vote 19)	(a) HIV/Aids Community-Based Care (CBC) Grant	To advance the development of CBC programmes in communities.	Conditional grant					Eastern Cape	6 658	7 089	7 514	—
								Free State	9 228	9 825	10 415	—
								Gauteng	9 690	10 315	10 934	—
				KwaZulu-Natal	11 996	12 773	13 540	—				
				Limpopo	4 353	4 634	4 912	—				
				Mpumalanga	9 821	10 456	11 084	—				
				Northern Cape	3 691	3 930	4 165	—				
				North West	7 580	8 070	8 554	—				
				Western Cape	2 900	3 088	3 273	—				
				<b>TOTAL</b>	<b>65 917</b>	<b>70 180</b>	<b>74 391</b>	<b>—</b>				

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2003/04 Allocation	R'000	2004/05	R'000
	(b) Child Support Extension Grant	To fund the phased extension of child support grants to eligible children until their 14th birthday.	Conditional grant	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape	272 130 72 497 66 449 235 143 172 969 78 360 19 671 125 426 57 355	866 885 233 242 193 815 723 700 536 542 239 836 63 540 367 979 174 461	1 669 903 457 870 359 609 1 367 785 1 000 815 442 010 121 421 652 257 328 330	
	(c) Food Relief Grant	To fund rapid food relief to vulnerable households and communities in the form of food parcels and related assistance	Conditional grant	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape	94 133 37 334 27 904 68 185 61 146 27 651 9 998 41 615 20 034	94 133 37 334 27 904 68 185 61 146 27 651 9 998 41 615 20 034	94 133 37 334 27 904 68 185 61 146 27 651 9 998 41 615 20 034	
				<b>TOTAL</b>	<b>1 100 000</b>	<b>3 400 000</b>	<b>6 400 000</b>	
				<b>TOTAL</b>	<b>388 000</b>	<b>388 000</b>	<b>388 000</b>	

**SCHEDULE 6**

**RECURRENT ALLOCATIONS TO LOCAL GOVERNMENT**

Vote	Name of Allocation	Purpose	Type of Allocation	Column A	Column B	
				2003/04 Allocation R'000	Forward Estimates 2004/05	Forward Estimates 2005/06
Provincial and Local Government (Vote 5)	(a) Municipal Systems Improvement Grant	To support municipalities in implementing new systems as provided in the Municipal Systems Act, 2000, including integrated development planning, performance management, spatial planning and local development objectives.	Conditional grant	150 418	R'000 182 243	R'000 423 484
	(b) Local Government Restructuring Grant	To modernise large municipalities to become more effective and efficient service delivery organs through assisting them to restructure their organisations, functions and fiscal positions.	Conditional grant	315 000	342 900	363 474
National Treasury (Vote 8)	(a) Local Government Financial Management Grant	To promote and support reforms to municipal financial management practices, including the modernisation of budgeting, financial management, accounting, monitoring systems in municipalities and implementation of national legislation on municipal financial management.	Conditional grant	151 000	129 000	133 740
			<b>TOTAL</b>	<b>616 418</b>	<b>654 143</b>	<b>920 698</b>

**SCHEDULE 6A**

**INFRASTRUCTURE ALLOCATIONS TO LOCAL GOVERNMENT**

Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2003/04 Allocation R'000	2004/05 R'000	Forward Estimates 2005/06 R'000	2005/06 R'000
<b>Provincial and Local Government (Vote 5)</b>	(a) Consolidated Municipal Infrastructure Programme (CMIP) Grant	To provide internal bulk, connector and internal infrastructure, community services and facilities for low income households.	Conditional grant	2 246 253	2 724 028	3 016 470	
	(b) Local Economic Development Fund and Social Plan Measures Grant	To support the planning and implementation of municipal job creation and poverty alleviation projects.	Conditional grant	117 000	—	—	
	(c) Municipal Infrastructure Grant (MIG)	To address infrastructure backlogs in an integrated and co-ordinated way and provide basic bulk, connector and internal infrastructure for municipal services, primarily to poor households.	Conditional grant	47 000	117 000	97 000	
<b>Sport and Recreation (Vote 20)</b>	(a) Building for Sport and Recreation Programme Grant	Promotion of sport and recreation in disadvantaged communities through upgrading of existing facilities or the construction of new facilities.	Conditional grant	123 095	—	—	

Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2003/04 Allocation R'000	2004/05 R'000	Forward Estimates	2005/06 R'000
Public Works (Vote 6)	(a) Community Based Public Works Programme Grant	To create community assets in disadvantaged rural communities and empower the communities to manage the facilities in co-operation with the local municipality. Employment of community during construction and promotion of long term jobs associated with the facilities.	Conditional grant	249 820			
Transport (Vote 33)	(a) Urban Transport Fund	To promote planning of intermodal land transport infrastructure and operations, and the facilitation of integrated land use and transport planning and development.	Conditional grant	9 100			
Mineral and Energy (Vote 31)	(a) National Electrification Programme Grant	To implement the National Electrification Programme through providing capital subsidies to municipalities to address the electrification backlog in permanently occupied residential dwellings.	Conditional grant	240 000	245 000	258 000	
			<b>TOTAL</b>	<b>3 032 268</b>	<b>3 086 028</b>	<b>3 371 470</b>	

**SCHEDULE 7**  
**IN-KIND/INDIRECT ALLOCATIONS TO PROVINCES**

Vote	Name of Allocation	Purpose	Province	Column A		Column B	
				2003/04 Allocation R'000	2004/05 R'000	2004/05 R'000	2005/06 R'000
Agriculture (Vote 26)	(a) Special Food Security Projects Grant	To implement special programmes for food security.	Eastern Cape	2 000	—	—	—
			Free State	—	—	—	—
			Gauteng	—	—	—	—
			KwaZulu-Natal	2 000	—	—	—
			Limpopo	6 000	—	—	—
			Mpumalanga	—	—	—	—
			Northern Cape	—	—	—	—
			North West	—	—	—	—
			Western Cape	—	—	—	—
			<b>TOTAL</b>	<b>10 000</b>	—	—	—
Education (Vote 15)	(a) Thuba- Makote: Schools as Centres for Community Development Grant	To develop and pilot a cost effective approach to the design, construction and management of school facilities which will also meet the developmental needs of rural communities.	Eastern Cape	17 455	—	—	—
			Free State	5 818	—	—	—
			Gauteng	—	—	—	—
			KwaZulu-Natal	17 455	—	—	—
			Limpopo	11 636	—	—	—
			Mpumalanga	5 818	—	—	—
			Northern Cape	—	—	—	—
			North West	5 818	—	—	—
			Western Cape	—	—	—	—
			<b>TOTAL</b>	<b>64 000</b>	—	—	—



## SCHEDULE 7A

## IN-KIND/INDIRECT ALLOCATIONS TO LOCAL GOVERNMENT

Vote	Name of Allocation	Purpose	Type of Grant	Column A		Column B	
				2003/04 Allocation R'000	2004/05 R'000	Forward Estimates 2004/05 R'000	2005/06 R'000
Public Works (Vote 6)	(a) Community Based Public Works Programme Grant	To create community assets in disadvantaged rural communities and empower the communities to manage the facilities in co-operation with the local municipality, through labour intensive methods, managed by the Independent Development Trust.	Indirect Conditional grant	10 000	---	---	---
National Treasury (Vote 8)	(a) Financial Management Grant	To promote and support reforms to municipal financial management practices, including the modernisation of budgeting, financial management, accounting, monitoring systems in municipalities and implementation of Municipal Financial Management Bill, after its enactment.	Indirect Conditional grant	60 915	70 249	74 464	
Water Affairs and Forestry (Vote 34)	(a) Water Services Operating Subsidy (via Augmentation to the Water Trading Account)	To augment the Water Trading Account (Sub-Programme 4) of Department of Water Affairs and Forestry in order to provide subsidies to users of water schemes that are owned by the department, which are either directly operated by the department or by other agencies on behalf of the department.	Indirect Conditional grant	836 436	858 334	934 434	
	(b) Implementation of Water Services Projects Grant	To fund bulk, connector and internal infrastructure for the provision of water services at a basic level of services, and to implement such projects where municipalities lack the required capacity to do so.	Indirect Conditional grant	1 101 812	947 554	1 036 607	
	<b>TOTAL</b>			<b>2 009 163</b>	<b>1 876 137</b>	<b>2 045 505</b>	

**SCHEDULE 8**

**AMENDMENT OF DIVISION OF REVENUE ACT, 2002**

**(SECTION 34)**

Vote	Name of Allocation	Purpose	Type of Allocation	Column A		Column B	
				2002/03 Allocation	2003/04	MTEF Outer Years 2003/04	2004/05
Water Affairs and Forestry (Vote 33)	(a) Water Services Operation Subsidy Grant	To augment the Water Services Trading Account (Sub-Programme 4) of the Department of Water Affairs and Forestry thus providing funding for the operation and maintenance of water schemes that are owned and/or operated by the department or by other agencies on behalf of the department.	Indirect Conditional (via Water Trading Account) Grant	1669 687 699 687	776 436	768 334	
	(b) Implementation of Water Services Projects Grant	To fund bulk, connector and internal infrastructure for water services at a basic level of service, and implement such projects where municipalities lack the required capacity to do so.	Indirect Conditional Grant	884 099	1 011 812	817 554	
	<b>TOTAL</b>			<u>11 553 786</u> 1 583 786	<b>1 788 248</b>	<b>1 585 888</b>	

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

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 be enacted to provide for the following:
  - 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 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 and 2 above.
5. The memorandum referred to in paragraph 3 above will be attached as "Annexure E" in 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 7 Schedules to the Bill, namely—
  - 6.1 Schedule 1, which sets out the respective shares of revenue anticipated to be 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 from the equitable share of the provincial sphere of government;
  - 6.3 Schedule 3, which deals with respective shares of each municipality from the equitable share of the local sphere of government;
  - 6.4 Schedule 4, which sets out allocations for general and nationally-assigned functions;
  - 6.5 Schedule 5, which sets out specific-purpose allocations to provinces only;
  - 6.6 Schedule 6 and 6A which set out specific-purpose allocations to municipalities only; and
  - 6.7 Schedule 7 and 7A, which contain indirect and special allocations to provinces and municipalities, respectively.
7. The Bill builds on the provisions of the Division of Revenue Act, 2002 (Act No. 5 of 2002) ("the Division of Revenue Act") and seeks to enhance transparency and certainty in municipal transfers and budgets. Given the improved functioning of the intergovernmental fiscal transfers system as a result of reforms introduced in the previous Acts, this year's Bill does not propose material changes to the Division of Revenue Act. It mainly amends those sections affecting the local government's allocations to take account of the early publication of municipal allocations.
  - 7.1 The Bill provides for the allocation of local government equitable share as set out in Schedule 3, which allows, for the first time, for the publication of divisions per municipality when the annual Budget is

tabled. Clause 5 has been adjusted accordingly in order to reflect the early publication of local government allocations.

- 7.2 Clause 5 of the Bill provides for the delaying of equitable shares to municipalities if they fail to provide basic budget information. This provision is aimed at ensuring that municipalities provide basic budget information indicating how they are catering for the provision of basic services.
- 7.3 The Bill also recognises the service authority role of municipalities, and requires a public entity providing services to a municipality to do so only if it complies as an “external mechanism” in terms of the Municipal Systems Act.
- 7.4 Clause 17 of the Bill also requires provinces to publish information on their own allocations to local government when they table their budgets.

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

**Clause 1** contains the relevant definitions;

**Clause 2** sets out the object of this Bill, which is essentially the promotion of co-operative governance in intergovernmental budgeting;

**Clause 3** provides for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government as set out 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 anticipated revenue for the financial year;

**Clause 7** provides for other allocations to provinces and municipalities from the national government’s equitable share, as set out in Schedules 3, 4, 5, 6, 6A, 7 and 7A to the Bill;

**Clause 8** provides for transfers to public entities;

**Clause 9** provides for the process of dealing with allocations to provinces and municipalities, which are not set out in the Schedules referred to in clause 7 of the Bill;

**Clause 10** provides for a provincial government to submit information in respect of the infrastructure allocation for construction, maintenance and rehabilitation;

**Clause 11 to 13** provide for municipal infrastructure and capacity building allocation and a process for transferring assets to municipalities;

**Clause 14 to 20** set out the responsibilities of accounting officers, provincial treasuries, the Director-General: National Treasury and the Auditor-General;

**Clause 21** provides a framework for the delay in payment of allocations in the event of non-compliance with conditions to such allocations or underspending;

**Clause 22** provides for the steps which must be taken and the factors which must be considered before an allocation may be withheld from a province or municipality;

**Clause 23** allows for reallocations between municipalities;

**Clause 24** requires that an allocation set out in Schedule 3 or 4 or 5 or 6 or 6A or 7 or 7A only be utilised for its purpose and subject to its conditions;

**Clause 25** provides for the correction of any allocation in error;

**Clause 26** provides that an allocation to a municipality with weak administrative capacity must be transferred to a stronger district municipality for its benefit;

**Clause 27** allows for funds to follow functions or obligations and requires that no financial obligation may be imposed on a municipality without its concurrence;

**Clause 28** provides for the amendment of a payment schedule and transfer mechanism by the Director-General: National Treasury;

**Clause 29** enables the Director-General: National Treasury to exempt an accounting officer from reporting requirements and other responsibilities;

**Clause 30** provides that non-compliance with this Act constitutes financial misconduct;

**Clause 31** provides for responsibility for costs incurred for litigation in violation of the principles of co-operative governance and intergovernmental relations;

**Clause 32** provides that any act performed prior to the commencement of this Act and in fulfilment of its objects will be deemed as having been done in terms of this Act’s provisions;

*Clause 33* provides that the Minister may make regulations regarding any matter which may or must be prescribed or which is necessary for the effective implementation of this Act;

*Clause 34* makes provision for the repeal of the Division of Revenue Act, 2002 and the amendment of a provision of that Act;

*Clause 35* sets out the short title of this Act.

#### **9. PARLIAMENTARY PROCEDURE**

The Bill must be dealt with in accordance with the procedure set out in section 76(1) of the Constitution as it provides for legislation required in Chapter 13 of the Constitution, and affects the financial interests of the provincial sphere as contemplated in section 76(4)(b) of the Constitution.

# EXPLANATORY ATTACHMENTS

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

## EXPLANATORY MEMORANDUM TO THE DIVISION OF REVENUE

### Background

The allocation of resources to the three spheres of government is a critical step in the budget process, required before National Government, nine provinces and 284 municipalities can determine their own budgets. The process for making this decision is at the heart of co-operative governance as envisaged in the Constitution of South Africa.

It is a Constitutional requirement (Section 214(1)) that an annual Act of Parliament must determine the equitable division of nationally raised revenue between the national, provincial and local spheres, the equitable division among the nine provinces of the provincial allocation, and any other allocation from the national sphere to provincial and local governments. Section 214(2) details criteria to be taken into account in determining the division of revenue and indicates the consultation process necessary before enactment of the Division of Revenue Bill.

The *Intergovernmental Fiscal Relations Act* (Act 97 of 1997) gives effect to section 214 of the Constitution by establishing the forums and processes for consultation. It establishes the Budget Council and Budget Forum as consultative intergovernmental forums with provincial and local governments respectively. The Act outlines various consultation processes (sections 9, 10(3) and 10(4)) that should precede the tabling of the Division of Revenue Bill, including the consideration of recommendations of the Financial and Fiscal Commission (FFC).

Section 10(5) of the *Intergovernmental Fiscal Relations Act* requires that when the Division of Revenue Bill is introduced to Parliament, an explanatory memorandum should accompany it. It must explain how the Division of Revenue Bill takes into account the considerations listed in Section 214(2)(a) to (j) of the Constitution, Government's response to the recommendations of the FFC (on the vertical division, equitable share and other allocations), and the assumptions and formulae used to effect divisions among provinces and municipalities.

This document is the explanatory memorandum to the 2003 Division of Revenue Bill. It expands on the Division of Revenue Bill and Budget as tabled on 26 February 2003.

It has five 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 2003 Division of Revenue have been taken into account.
- Part 3 outlines the fiscal framework that informs the division of revenue between the three spheres of government.
- Part 4 expands on all provincial grants, providing an explanation of the formulae and criteria for the equitable division between provinces of the provincial equitable share and conditional grants.
- Part 5 expands on all local government grants, providing an explanation of the formulae and criteria for dividing the local government equitable share and conditional grants among municipalities.

The Division of Revenue Bill and its underlying allocations are the culmination of extended consultation processes. The Budget Council, made up of the Minister of Finance and the nine provincial Members of Executive Council (MECs) responsible for Finance, deliberated on the issues discussed in this memorandum at its annual Lekgotla on 22-24 August 2002 and at meetings of 19 July, 3 and 10 October 2002. Consultations over the local government share allocation involved a Joint MinMEC with local government held on 12 August 2002, and several technical meetings that included the South African Local Government Association (SALGA) and provincial associations. All these consultations culminated in a meeting of the Budget Forum (Budget Council plus SALGA) on 3 October 2002. Representations by the FFC were made at these meetings of the Budget Council and Budget Forum. The Ministers' Committee on the Budget, composed of National Government Ministers, deliberated on the division of revenue before forwarding recommendations to Cabinet for consideration. An Extended Cabinet, involving Cabinet Ministers, provincial Premiers and the chairperson of SALGA, was held on the 16 October 2002 and agreed on the final budget priorities and the division of revenue consistent with these priorities.

The 2003 Division of Revenue Bill sets out the division of revenue as agreed through

the consultative processes explained above, while this memorandum elaborates on the policy priorities, and legal and economic criteria which inform the division.

This memorandum does not discuss the utilisation of this revenue by provincial and local government. This information will only be available after they have tabled their budgets. The *2003 Intergovernmental Fiscal Review* (published in the first week of April), will examine budget trends in the 2003 provincial budgets, as well as the 2002 municipal budgets. It will also provide sectoral information for key concurrent functions like school education, health, social development, housing, roads, water and electricity.

The *2003 Intergovernmental Fiscal Review (IGFR)* is being printed earlier to assist Parliament and provincial legislatures to conduct more comprehensive budget hearings for key concurrent sectors. Apart from the many hard copies to be printed, the IGFR will be available on the National Treasury website [www.treasury.gov.za](http://www.treasury.gov.za). Other relevant documents to this memorandum, including the *Budget Review 2003* (particularly chapters 6 and 7), the 2003 Division of Revenue Bill and all its Schedules, allocations per province and per municipality for all grants, and the frameworks for all conditional grants, will also be available on the National Treasury website.

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

Section 214 of the Constitution requires that the annual *Division of Revenue Act* be enacted only after account is taken of factors in sub-section 214(2) (a) to (j) of the Constitution. These include national interest, provision for debt, needs of National Government and emergencies, the allocation of resources to provide basic services and meet developmental needs, fiscal capacity and efficiency of the provincial and local spheres, reduction of economic disparities, and promotion of stability and predictability.

Chapters 2 to 6 of the *2003 Budget Review* set out in detail the economic and fiscal policy considerations, revenue issues, debt and financing considerations and expenditure plans of government. Aspects of provincial and local government financing are discussed in chapter 7. The constitutional principles taken into account in deciding on the division of revenue are briefly noted below.

### **National interest and the division of resources**

The national interest is encapsulated by those governance goals that benefit the nation as a whole. The policies and programmes that give effect to these goals include the development of a stable macroeconomic environment, strong economic growth, and an efficient public service. It also encompasses policy objectives such as reducing inequality, unemployment, crime, poverty and vulnerability, thus contributing to a better quality of life for all South Africans. Programmes directed towards these purposes cut across all spheres of Government and are largely coordinated by National Government.

### **Provision for debt costs**

The resources shared among the three spheres of Government include proceeds from National Government borrowing used to fund spending by all spheres. National Government provides for the resulting debt costs as a first obligation, to protect the integrity and credit reputation of the country.

### **National Government's needs and interests**

The Constitution assigns exclusive and concurrent powers and functions to each sphere of government. National Government is exclusively responsible for functions that serve the national interest and are best centralised, like national defence, foreign affairs, the criminal justice system, home affairs, higher education, national tax collections and certain economic services. For the division of revenue, national government priorities were taken into account. These include crime prevention, improved court administration, security infrastructure and increased international commitments, particularly related to the New Partnership for Africa's Development (NEPAD) and the African Union (AU), land restitution and reform, higher education, promoting infrastructure investment and industrial development, and improved services to citizens.

### **Provincial and local government basic services**

Provinces and municipalities are assigned key delivery functions such as school education, health, social development, housing, roads, provision of electricity, water and municipal infrastructure. They have significant autonomy to allocate resources to meet basic needs and respond to provincial and local priorities, whilst at the same time giving effect to nationally agreed priorities.

The division of revenue provides equitable shares to provinces and local government. This year's division of revenue takes explicit account of cost pressures relating to extending social security grants, increasing spending on professional personnel with scarce skills (for example doctors, pharmacist in the health sector) and stepping up provision of critical inputs such as textbooks, stationery and medicines in education and health. Further, the division of revenue allows for the phased extension over the next three years of the child support grant to children up to their 14th birthday. The phased extension of the Child Support grant is funded through a conditional grant administered by the national Department of Social Development. The division of revenue also reinforces government's commitment to the expansion of free basic services at the municipal level. In this regard it introduces a further supplementary free basic services component in the local government equitable share allocation, for provision of free basic electricity and water to poor households.

### **Fiscal capacity and efficiency**

The Constitution assigns the primary government revenue raising power to the national sphere. Despite the promulgation of the *Provincial Tax Regulation Process Act* (no 53 of 2001), provinces still have limited revenue raising capacity relative to the resources required to deliver provincial functions that do not lend themselves to self-funding or cost recovery. 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. To compensate for this, provinces receive the largest share of nationally raised revenue, and local government a substantial portion.

Fiscal efficiency indicators are still being developed, as budget and expenditure classifications are standardised to allow for comparisons between various governments. The implementation of the *Public Finance Management Act* has improved the fiscal efficiency of provincial governments, and the pending promulgation of the *Municipal Finance Management Bill* is expected to do the same for municipalities over the next few years. Once more accurate data on these indicators become available it will be possible to take more explicit account of these in the determination of the division of revenue.

### **Developmental needs**

Developmental needs are encapsulated in the equitable share formulae for provincial and local government and in specific conditional grants. In particular, the various infrastructure grants and growing capital budgets aim to boost the economic and social development of provinces and municipalities. Developmental needs are accounted for at two levels: firstly, in the determination of the division between the three spheres, which explains the strong growth in the provincial and local government shares of nationally raised revenue, and secondly, in the determination of the division within each sphere, through the formulae used for dividing national transfers among municipalities and provinces.

### **Economic disparities**

Both the equitable share and infrastructure grant formulae are redistributive towards poorer provinces and municipalities because of the economic and demographic disparities between and within provinces and municipalities. In particular, Government has increased allocations to invest in economic infrastructure like roads, and social infrastructure like schools, hospitals and clinics, in order to stimulate economic development and job creation, and address economic and social disparities. Further, the extension of the child support grant to children up to 14 years will greatly assist in

alleviating poverty. The prioritisation of nodal areas in the allocation of local government grants seeks to address disparities among local authorities.

### **Obligations in terms of national legislation**

While the Constitution confers autonomy on provincial governments to determine priorities and allocate budgets, National Government retains responsibility for policy development, national mandates and the monitoring of implementation for concurrent functions. New national mandates and priorities result in increased allocations to provincial and local government over the 2002 MTEF baseline allocations. In particular, the 2003 MTEF and division of revenue provides funding for statutory obligations relating to social security grants — both increases in grant values and the phased extension of the age limit for the child support grant to children until they turn fourteen.

### **Predictability and stability**

Provincial equitable share allocations are based on estimates of nationally raised revenues. These allocations are protected. In the event that nationally raised revenue falls short of the estimates, the equitable share will not be adjusted downwards. Allocations are assured (voted, legislated and guaranteed) for the first year and are transferred according to a payment schedule. In order to contribute to longer term predictability and stability, forward estimates for a further two years are published alongside the annual proposal for appropriations. For the first time, the allocations per municipality are also published with the Division of Revenue Bill. The Bill also requires provincial governments to publish all their grants to local government per municipality. This will enable municipalities to incorporate all national and provincial grants in their budgets.

### **Need for flexibility in responding to emergencies**

Government has flexibility to respond to emergencies 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(2) deals with adjustment allocations in respect of unforeseeable and unavoidable expenditure.

## **Part 2: Response to the Financial and Fiscal Commission recommendations**

Section 214 of the Constitution and Section 9 of the *Intergovernmental Fiscal Relations Act* (Act 97 of 1997) require the Financial and Fiscal Commission (FFC) to make recommendations on the division of revenue. Under the Act, the FFC submits its recommendations to the Minister of Finance, Parliament and provincial legislatures ten months ahead of the financial year, or later as may be agreed between the Minister of Finance and the FFC.

The FFC tabled proposals for the 2003 Budget in Parliament on 30 April 2002 in *Financial and Fiscal Commission Submission: Division of Revenue 2003 — 2004*. The provincial proposals were presented to the Budget Council meeting of 17 May 2002 by the FFC, and discussed at the Budget Council meetings of 19 July, 22-24 August and 3 and 10 October 2002. The local government proposals were discussed at the joint Finance and Local Government MinMEC of 12 August 2002 and the Budget Forum of 3 October 2002. The extended Cabinet meeting of 16 October 2002 considered national Government’s response.

The FFC presented its proposals on provincial government, on local government, and proposals on crosscutting equitable share issues. Most of these do not have immediate implications for the 2003 Budget, as they are either of a general nature or require more research or time to investigate or implement. Some of the proposals are summaries of, and work in progress arising from proposals made to Parliament during 2001/02.

The proposals can be divided into the following:

#### **Provincial government proposals:**

- Provincial Own Revenue Sources
- Provincial Tax Regulation Process Bill (2001)
- Early childhood development funding

- Implications of HIV/Aids for Health, Welfare and Education sectors
- Primary Health Care
- Framework for Comprehensive Social Security Reform

***Local government proposals:***

- Division of powers and functions between district and local municipalities (July 2001)
- Restructuring of the electricity distribution industry
- Municipal borrowing and municipal finance markets
- Municipal Finance Management Bill
- Remuneration of municipal councillors (July 2001)
- Measurement of Revenue Raising Capacity.

***Cross-cutting proposals:***

- Review of the Intergovernmental System
- Central Contingency Reserve
- Assessment of Disaster Management Funding.

**Summary of each proposal and Government's response**

***Provincial government proposals***

*FFC proposals on Provincial Own Revenue Sources and the Provincial Tax Regulation Process Bill*

The FFC makes two proposals on provincial own revenue. Firstly, it notes that the relative decline in provincial own revenue has, to a certain extent, been the result of management and technical-capacity problems. It identifies some of the obstacles, and notes that the possibility of improvement exists, particularly if reforms already implemented in some provinces spread to others. The reforms include better data-management systems, financial management, regular review of fees, tariffs and fines, incentives and monitoring.

Secondly, in a 2001 submission, the FFC recommended that the provincial Tax Regulation Process Bill ought to have:

- Specified criteria against which the Minister of Finance would assess provincial tax proposals
- Clarified the implications and procedures relating to capacity limitations of the South African Revenue Service (SARS) in advance
- Allowed provinces maximum flexibility in determining tax rates within tax rate bands
- Included guidelines with regard to tax room and equalisation measures, where certain taxes have implications for the equitable share revenue pool
- Specified regulations for dispute resolution, especially where a province may fail to reach an agreement with SARS on certain tax proposals
- Included a clause for dealing with the impact on local government finances of a proposed provincial tax or surcharge.

*National government's response to the FFC proposals on Provincial Own Revenue and the Provincial Tax Regulation Process Act*

National Government notes the problems identified by the FFC on the collection of revenue by provinces. Many of these problems have been raised in the 2001 *Intergovernmental Fiscal Review* and Budget Council. A revenue task team was formed, and resulted in the implementation of some of the proposals made by the FFC. All provinces now regularly review their fees and tariffs. However, National Government recognises the need for more improvements, particularly in the area of motor license fees and road traffic enforcement. This includes the better use of the National Transport Information System (Natis) and its interface with the provincial and national financial management system (BAS), and the need for proper contracts with municipalities registering motor vehicles and enforcing traffic laws. A revenue classification project has also been initiated to ensure that all revenue collected is properly classified, and reconciled, with the financial management system. A further area of improvement is in revenue projections for own revenue. Further improvements

will be effected on an on-going basis, as provinces improve their monitoring and collecting capacity.

The second proposal of the FFC on the Provincial Tax Regulation Bill relates to a 2001 submission. The Bill was passed by Parliament in that year, and proclaimed into law on 10 December 2001. Before, and during, the hearings in Parliament to adopt the Bill, proposals by the FFC were considered by National Government. Many of the recommendations were accepted, and implemented, including the proposals on the role of the Minister of Finance and SARS with regard to a provincial tax, and procedures for dealing with disputes.

Some of the recommendations could not be taken into account in the Act because the Act does not deal with specific provincial taxes, but with the *process* to approve tax proposals by provinces. These recommendations (for example to what extent a province has tax discretion to determine tax rates, the impact of a tax on local government) will be considered for specific provincial taxes, as and when they are proposed and considered, by the Minister of Finance. Further, the comments of the FFC will also be taken into account when any specific tax proposal is considered.

The Act does not stipulate which taxes provinces can or cannot impose, as provisions on this matter are contained in the Constitution. In deciding on the feasibility of a tax, the Minister of Finance will examine the anticipated impact of a specific tax on government's macroeconomic policy objectives and the implementation mechanisms contained in the proposal. Decisions on the administrative feasibility, or otherwise, of a specific tax would also be informed by an assessment of the capacity of SARS. The assessment of the anticipated macroeconomic impact and appropriateness of implementation mechanisms can only be done once a proposal is made, and cannot be stipulated in advance. Similarly, the administrative feasibility (largely a matter between SARS and the province(s) concerned) can only be determined after a tax proposal is made.

#### *FFC proposal on Early Childhood Development Funding*

The FFC proposes that the current conditional grant funding arrangements for Early Childhood Development (ECD) continue until ECD can be fully incorporated into the provincial equitable share formula. The FFC will consider ECD funding issues in its review of the provincial equitable share formula.

#### *National government's response to the FFC proposal on Early Childhood Development Funding*

As indicated in the 2002 Budget, conditional grant funding for ECD will cease at the end of 2003/04, and the programme will become part of the equitable share to provinces. Government agrees that, in future, the equitable share formula should attempt to capture funding for ECD more explicitly. The increase in the baseline provincial equitable share of the forthcoming MTEF period takes account of the phased roll out of ECD.

#### *FFC proposals on implications of HIV/Aids for Health, Welfare and Education Sectors*

The FFC reiterates its previous recommendation that conditional grants remain the most appropriate mechanism for targeting spending on HIV/Aids. It proposes that the development of a suitable data and information base for long-term projections on HIV/Aids be prioritised.

#### *National government's response to the FFC proposals on implications of HIV/Aids for Health, Welfare and Education Sectors*

Whilst agreeing with the thrust of the proposal, including the impact on provincial health budgets and the problem of hidden costs, Government, however, is of the opinion that earmarked funding for HIV/Aids is only appropriate for limited aspects of HIV/Aids related spending, such as the prevention of mother to child transmission and Home based care and awareness programmes. Other aspects of HIV/Aids expenditure such as treatment of opportunistic infections, cost of hospitalisation, which are hard to isolate, are better funded through the equitable share. The problem of poor information identified by the FFC makes the task of separating conditional grant funding from the equitable share an even harder task. While supporting the view that conditional grant funding for conditional grant-funded HIV/Aids programmes be increased, Government

is also of the view that unconditional funding to provinces should be increased to reinforce relevant HIV/Aids programmes funded from own provincial revenue. National Government also agrees that a strong information base is necessary to design and implement more effective programmes to treat, and contain, HIV/Aids.

#### *FFC proposals on Primary Health Care*

On the primary health care package the FFC lists the following issues for investigation:

- the need for reliable data on spending for primary health care
- the role of the private sector and local government
- a thorough analysis of the implications of any decentralisation to local government
- the extent to which primary health care services correspond with constitutionally mandated basic health services.

#### *National government's response to the FFC proposal on Primary Health Care*

Since there are no specific proposals on primary health care, National Government notes the area for further work identified. This will be taken into account for further investigation and consultation with key stakeholders.

#### *FFC proposals on the Framework for Comprehensive Social Security Reform*

The FFC proposes that the following guidelines be used to assist interested stakeholders in reviewing the *Comprehensive Social Security Review Report* :

- principles and criteria that may be used
- background and contextual information requirements
- range of services that might be encompassed
- financial and administrative frameworks for implementation of social security policy.

For the interim the FFC reiterates its proposals that old age and veteran pensions be budgeted and administered by National Government. In the medium- to long-term, it believes that social security should be a national responsibility administered through the establishment of a national social security agency. Among other functions, the core business of the agency would be the payment of old age and child support grants.

#### *National government's response to the FFC proposal on the Framework for Comprehensive Social Security Reform*

Building on the *Comprehensive Social Security Review*, Cabinet has in principle approved the establishment of a public entity in the national sphere to administer and pay social grants. A Transition Committee, under the leadership of the Department of Social Development, is currently working to advise Cabinet further on the implications of such a step. Final approval of such an entity may entail the complete shift of responsibility for social grants to the national sphere.

In the interim, while institutional arrangements are being finalised, the bulk of social grants will continue to be funded through the provincial equitable shares for the 2003 Budget and administered by the provincial sphere. The review of the equitable share formula next year will consider funding social grants separately, either as a conditional grant or transfer on the budget of the National Government, depending on the final decision on the role of the national public entity.

Government also recognises the significant pressure on provincial budgets due to the child support grant, and has therefore significantly increased the equitable share allocation to provinces over the MTEF. These increases also take into account the grant increases announced by the Minister of Finance in the Budget. Further, from 2003/04, a new conditional grant, the child support extension grant, has been created to fund the phased extension of the child support grant to 7-13 year old children. The funding for children less than seven years is included in the equitable share grant.

#### *Local government proposals*

Two of the FFC proposals deal with significant restructuring of local government. These relate to the division of functions between local and district municipalities (made

in 2001, but to which National Government was not in a position to respond in time for the 2002/03 Budget) and the restructuring of the electrification industry (EDI). Both these reforms will have significant fiscal implications for the local sphere. However, work on revising the fiscal framework can only commence now that the division of functions of category B (local) and C (district) municipalities have been finalised. Much of this work will require additional information on municipal budgets and actual spending for key functions in electricity, water, sanitation and municipal health, as well as for all other local government functions. National Government is therefore not in a position to respond to any proposals on the fiscal framework.

Given the impending restructuring of the electrification industry, the finalisation of the reconfigurations of functions of category B and C municipalities, and the imminent publication of Census 2001 results, National Government is proposing a comprehensive review of the local government fiscal system. This would include a review assessing whether current revenue raising powers match the functions of various categories and types of municipalities, the tax-raising powers of local government and their assignment within the local sphere, the future of the RSC levies, the feasibility of implicit or explicit municipal levies on key municipal services like electricity and water, and the division of fiscal powers between category B and C municipalities. The review will also include the formulae for the equitable share, and conditional, grants. It is anticipated that this review will be completed in time for the 2004 Budget.

The National Treasury will consult key stakeholders for the review, including national departments (Departments of Provincial and Local Government, Mineral and Energy, Water Affairs and Forestry), SALGA and the FFC. The Budget Forum and Cabinet will consider the proposals for implementation in the 2004 Budget.

The response of National Government to the 2003/04 proposals of the FFC on local government is therefore an interim measure, taking account of urgent revisions on current grants. Some major proposals are also being implemented, including the creation of a consolidated municipal infrastructure grant (MIG). National Government is finalising the governance arrangements for the MIG grant, which is expected to take effect around October 2003.

#### *FFC proposal on the Division of Municipal Powers and Functions*

The FFC proposes that the following two principles inform the division of powers and functions between district and local municipalities:

- Existing local government policy should inform the division of powers and functions. Hence local municipalities should be responsible for the delivery of municipal services, and district municipalities should be responsible for district-wide and support functions.
- Issues of redistribution should not determine the division of powers and functions between local and district municipalities, given the primary role that National Government should play in funding redistribution.

The FFC further proposes that:

- District municipalities should be the service authorities for municipal health services, except where efficiency considerations dictate otherwise
- District municipalities play no role in the distribution of electricity
- Local municipalities should be the service authorities for water and sanitation services, and district municipalities should be responsible for sanitation promotion (as part of their municipal health function)
- Both district and local municipalities be empowered to operate municipal enterprises such as abattoirs and fresh produce markets. District municipalities should bear responsibility for regulating the public health aspect of these enterprises.

#### *National government's response to the FFC proposal on the Division of Municipal Powers and Functions*

Government agrees with the FFC that local municipalities should be responsible for the delivery of municipal services and that district municipalities should be responsible for district-wide functions. Government also agrees that redistribution issues should not be a factor in determining the division of functions between category B and C

municipalities, as this is primarily the role of National Government when determining the grants framework for local government.

The proposals on the responsibilities for local municipalities for water, sanitation and electricity, and the proposal that districts should not play any role in electricity distribution, are supported by National Government. Government also supports the proposal that district municipalities be responsible for municipal health services, as these mainly comprise environmental health services and not primary health care (which is the responsibility of provincial governments).

The national executive (Cabinet) approved the division of the above four functions, after the Minister for Provincial and Local Government completed his consultations with provincial Local Government MECs and SALGA. As a result, the Minister gazetted the new division of the four "national" functions (electricity, water, sanitation, health) on 3 January 2003 Gazette number 24228. The gazetted functions differ from the general approach of the FFC, as provincial and local government comments have been taken into account. As a result, the functions that will be performed differ from region to region. An asymmetrical approach has been adopted for water and sanitation. Where there are marked district-wide service delivery backlogs and inequities, the approach is for the district to retain the service authority function. In these instances, local municipalities (category B) will be regarded as potential service providers only, and (where agreed with the district municipality) will receive funding to perform such function from the district municipality. The national Department of Provincial and Local Government (DPLG) is also holding workshops in all provinces to explain how the newly-gazetted division of functions are to be implemented.

The implications of Gazette 24228 require adjustments in 2003/04 in the equitable share allocations to category B and C municipalities to ensure appropriate alignment with the revised division of functions. The allocations in Schedule 4 of the Division of Revenue Bill have taken the new division of functions into account.

#### *FFC proposal on Restructuring of the Electricity Distribution Industry (EDI)*

The FFC makes detailed proposals on the restructuring of the electricity distribution industry. Their proposals are mainly centred on funding proposals, efficiency gains and consolidated billing systems for municipalities.

The funding issues raised by the FFC include that:

- No stakeholder should experience deterioration in its circumstances owing to the restructuring process, unless this is an explicit policy decision
- Tariff support to low-income consumers be financed primarily by a national grant to Regional Electricity Distributors (REDs) for the provision of free electricity, and to a lesser extent by a consumer cross-subsidy
- Capital electrification for low-income consumers be financed by National Government, and provision for this should be made in the MTEF estimates
- The local government levy be made available to all municipalities:
  - Municipalities be allowed to set the levy up to a maximum level
  - The possibility of allowing a higher cap for distributing municipalities should be investigated, so as to take account of the net loss experienced by some municipalities.
  - The local government levy should not be phased out unless fiscal mechanisms are in place to fully compensate for the loss of revenue.
- The cap of R2,4 billion placed on local government revenue be re-examined, and given the increasing loss in receipts to local government implied by the restructuring process, consideration should be given to regular increases to the absolute cap on local government revenue.
- Consideration be given to introducing a "local government levy" for large customers imposed by National Government and disbursed through the local government equitable share.
- The restructuring process focuses on compensation to municipalities through the local government levy and not through dividend income.
- The REDs structure ensure that accountability for efficient service delivery is promoted in a simple and effective way.
- Municipalities be compensated for all losses related to the transfer of electricity distribution to REDs.
- The advantages and disadvantages of retaining consolidated billing systems with

municipalities be carefully weighed, and measures should be implemented to retain the advantages.

- RED boundaries be co-terminus with municipal boundaries to ensure that residents of a given municipality do not fall within different REDs and hence under different tariff structures.
- Implementation of any proposal be carefully phased-in owing to the integral role played by electricity provision in the system of local government finance.

*National government's response to the FFC proposal on the Restructuring of the Electricity Distribution Industry (EDI)*

National Government agrees that restructuring of the electricity distribution industry and the creation of REDs will have a major impact on local government finances. Government has committed itself to more work in this area and put forward detailed proposals regarding both the funding requirements and financial impact of the restructuring. The financial and fiscal implications for each municipality will be considered. Government is therefore not in a position to comment in detail on the FFC proposals until negotiations between key stakeholders are completed, and more detailed proposals put forward. The allocations for the 2003 Budget do *not* take into account the impact on municipalities of electricity distribution restructuring.

Government supports a broad and comprehensive approach to the funding of the restructuring of electricity distribution industry. It agrees that municipalities need to be compensated for any significant loss in their revenue stream, and that this should be done in a fair and consistent manner.

National Government notes the proposal on an imposition of a local government levy, and believes that such new funding mechanisms need to be investigated further, including the impact of a levy on large industrial customers. These proposals will be considered as part of the comprehensive review of local government fiscal framework, and the impact of such local taxes on economic activity will be assessed.

Cross subsidies also need careful consideration, and should not be the automatic first choice for funding lifeline tariffs. The national grants system will be designed to subsidise poorer households in this respect. Any cross subsidies should not place an excessive burden on those paying for the cross subsidy, and should not vary significantly across the REDs.

National Government is also mindful that the advantages and disadvantages of retaining consolidated billing systems with municipalities should be carefully weighed, and measures should be implemented to retain current advantages. It agrees that a key operational issue is the impact on municipal billing of the restructuring of electricity. The Department of Minerals and Energy has agreed this should be looked at in greater depth. Government does not, however, want to impose a uniform solution on municipalities, and it believes that a range of options may be needed to ensure that each municipality can implement a solution that suits its needs.

Lastly, the FFC proposes that the implementation of any proposals should be sequenced owing to the integral role played by electricity provision in the system of local government finance and the somewhat precarious financial state and transitional nature of the local government sphere. Government agrees that the EDI restructuring process needs to be carried out in a careful and phased manner. The timetable for the EDI will ensure that the restructuring process does not cause any significant disruption to the finances or operations of municipalities.

In the interim for the 2003 Budget, National Government has allocated funds for a minimum level of electricity into the equitable share allocation to local government.

*FFC proposals on Municipal Borrowing and Municipal Finance Markets*

The FFC:

- Reiterates its proposal of last year that there be a combination of market discipline and the rules-based approach applied to the municipal borrowing market
- Is of the view that there be a differentiated approach to the borrowing market, with classes of municipalities being treated differently according to objective criteria
- Is of the view that those municipalities that are able, should continue to issue bonds and access other forms of loan finance

- Advises that municipalities that have no capacity to access debt should be assisted through deliberate policy measures to build their creditworthiness. This objective should be supported through the capital grants system and other appropriate forms of funding and capacity building.

*National Government's response to the FFC proposal on Municipal Borrowing and Municipal Finance Markets*

Government supports the FFC's proposals on municipal borrowing. Given that the municipal borrowing market is no longer as active as it was previously, a combination of market discipline and a rules-based approach is supported. This approach is appropriate as not all municipalities are able to borrow from the private sector presently and in the foreseeable future.

There are two potential issues of concern in relation to poor municipalities and borrowing.

Firstly, poor municipalities may not be able to access credit. National government's view is that, over time, all municipalities should be able to borrow for capital infrastructure delivery. Borrowing is not appropriate for municipalities that lack the management capacity to plan and borrow wisely, neither is it appropriate for municipalities that lack stable and adequate revenues with which to repay loans. In order to help these municipalities, Government has a two-fold strategy: (1) as more creditworthy municipalities increasingly draw capital from the private sector, national grant programmes can become more targeted at municipalities that are not able to attract private finance; and (2) as intergovernmental transfers are increasingly consolidated, and made predictable over time, these flows can be leveraged for borrowing.

Secondly, poor municipalities may take on more loans than they can really sustain. Government's preference has been to rely on the discipline of the market to avoid over-borrowing by under-capacitated municipalities. The removal of explicit and implicit government guarantees means that lenders making risky or irresponsible loans to municipalities will not be compensated by national or provincial governments. This is expected to act as a powerful deterrent to irresponsible lending practices. Rules limiting borrowing could also be formulated, and such options were considered in the development of government policy. One option would be a rule limiting debt service to some measure of potential revenue.

Government would welcome specific proposals from the FFC as to how municipalities should be differentiated in a way that does not distort incentives, and clarification of the FFC's view on what should be done to make credit available to non-creditworthy municipalities, without giving guarantees.

*FFC proposal on the Municipal Finance Management Bill, 2001*

The FFC proposes that the Bill should allow for classification of municipalities according to objective criteria, with different provisions and regulations applying to different categories of municipalities. It proposes clearer lines of accountability between national, provincial and local government, and the need for a careful balance between oversight and discretion, and inter sphere co-operation for the future. It also proposes that the Bill include procedures to be followed if municipalities default on their loans.

*National Government's response to the FFC proposal on the Municipal Finance Management Bill, 2001*

The proposals of the FFC have been considered by both National Government, and the Portfolio Committee on Finance during its hearings on the Bill in Parliament. Since the Bill has already been tabled, any final decision on any recommendation resides with Parliament rather than with national Government.

National Government agrees with the FFC comments and has inserted new provisions in the Bill dealing with the strengthening of intergovernmental relations and co-operative governance between the spheres. The complex nature of the intergovernmental relations system in South Africa is acknowledged by the addition of a new chapter, and the Bill further defines the role of treasuries and local government departments in the national and provincial spheres. The revised Bill caters more strongly for monitoring, supervision, support and intervention in the event of financial emergencies, including municipal defaults. The approach to municipal defaults has also

required constitutional amendments to section 139 of the Constitution. The Minister of Finance and the Minister for Provincial and Local Government are also working closely on harmonisation of the Bill with the *Municipal Systems Act* and the *Municipal Structures Act*.

The Bill also offers a clear accountability regime and allows for phased implementation taking into account capacity differences within and between municipalities. New provisions dealing with capacity building by provincial and National Government have been added.

#### *FFC proposal on the Remuneration of Municipal Councillors*

The FFC proposes that:

- Resources for the remuneration of councillors be channeled through local government revenue which includes the municipality's own revenue as well as the existing Institutional (I) Grant of the local government equitable share
- The current Institutional Grant be reviewed in light of the most recent legislation and regulations concerning councillor remuneration

#### *National government's response to the FFC proposal on the Remuneration of Municipal Councillors*

This proposal is not new, and was addressed last year. National Government supports the recommendation that councillor remuneration be paid from own budgets, as is the case with provinces and National Government. National Government also supports the need for the institutional I-grant to support the costs of governance generally. The current I-grant includes a population component, so that higher-populated municipalities become eligible for larger institutional support, as recommended by the FFC. Nevertheless, the I-grant also has a fiscal capacity measure, so that wealthier municipalities get less support than poorer ones. The allocation to the I-grant has been revised upwards to take account of the most recent recommendations of the Goldstone Commission on the remuneration of political office-bearers.

#### *FFC proposal on Measurement of Revenue Raising Capacity*

Following its submission for 2002/03, the FFC has identified that it will conduct further research, in the coming year, on the following five methods for measuring the fiscal capacity for the local government equitable share formula:

- Revenue collected
- Per capita income
- Gross geographic product
- Total taxable resource
- Representative tax system

#### *National government's response to FFC proposal on Measurement of Revenue Raising capacity*

As noted in the response to last year's FFC proposals (tabled with the 2002 Division of Revenue Bill and published in the *2002 Budget Review*, Annexure E), National Government agrees with the FFC that it is desirable to include a fiscal capacity parameter in the local government equitable share formula. The response last year noted that the information required to do so is not available or reliable at this stage. The FFC suggestion on the five possible measures represents a step forward, and National Government welcomes the intention of the FFC to conduct further research with a view to identifying the most appropriate measure. Should it complete this research in time, it will be considered for the review of the local government equitable share formula. The desire to improve on the fiscal capacity measure is therefore supported, but cannot be taken into account for the 2003 Budget allocations to local government.

### *Cross-cutting proposals*

#### *FFC proposal for the Review of the Intergovernmental Fiscal System*

The FFC present the following recommendations when reviewing current intergovernmental fiscal mechanisms and processes:

- The possible incorporation of elements and parameters in the intergovernmental transfer formulae that will balance the need to provide Constitutionally mandated obligations with the considerations listed in Section 214(2)(a-j) of the Constitution
- The need for substantial improvement in data collection to enhance the development of intergovernmental fiscal mechanisms
- The development of specific intergovernmental fiscal capacity building programmes, both inside and outside of Government.

#### *National government's response to the FFC proposal for the Review of the Intergovernmental Fiscal System*

Government intends to undertake a comprehensive and fundamental review of the equitable share formula, and all other allocations for both provincial and local government once the results of Census 2001 become available. It is expected that the results of the review will be implemented in the 2004 Budget. This review and assessment will involve the FFC and give careful consideration to its proposals, as well as the impact of possible provincial and local government tax proposals. It will explore mechanisms that would make the formulae more forward looking and policy-based.

Government also notes the need to emphasise improved data collection by relevant agencies, and has convened a number of forums with key sectors to standardise and prioritise basic information.

National Government has initiated a 'Provincial Good Practice Programme' that focuses on intergovernmental fiscal capacity building. It aims to improve the quality of strategic departmental plans that are linked to budgets, uniform formats for budgets and strategic plans for provincial departments in the same sector, the development of non-financial performance systems, in-year financial management and sector-specific annual reports.

#### *FFC proposal on the Central Contingency Reserve*

The FFC proposes that:

- A more defined legal basis be provided for the contingency reserve. This should ensure that the reserve is for emergency purposes
- The contingency reserve for a relevant budget year be allocated for two emergency purposes, namely macroeconomic stability and response to natural or human-made disasters
- The "new spending priorities" of the outer years of the MTEF be categorised separately as the "policy reserve"
- The Municipal Finance Management Bill include a provision that empowers municipalities to make appropriations to defray expenditure of an exceptional nature (similar to the provisions of Sections 16 and 25 of the PFMA)
- Provinces and municipalities should exercise their discretion in determining how to build flexibility into their budgets.

#### *National government's response to the FFC proposal on the Central Contingency Reserve*

Government is in agreement with the broad approach of the FFC, and believes that its current approach is in line with the recommendations of the FFC

In assessing the FFC's recommendations, it is important to note that the budget framework provides for a contingency reserve for each of the three MTEF years. It is important to differentiate between the coming budget year (in year) contingency reserve, and that for the two outer years.

The contingency reserve for the budget year allows for the possibility that funds might be required to defray emergency expenditure (sections 16 and 25 of the PFMA) and unforeseeable and unavoidable expenditure (sections 30 and 31 of the PFMA). The

contingency reserve is set aside at the time of the national Budget, and then allocated through the mid-year adjustments process, where Parliament and provincial legislatures enact Adjustments Appropriation Acts. The contingency funds are therefore allocated through several legal processes, and no funds are spent outside such legal appropriations by National and provincial governments.

The contingency reserve for the two outer years includes both a policy reserve and an emergency reserve for unforeseeable and unavoidable expenditure. In the next Budget these funds are then divided between new spending priorities and an in-year emergency reserve. These funds are allocated legally in the Division of Revenue and Appropriation and Adjustments Acts in the next year. Government does not see merit in dividing the contingency reserve into two parts in advance, as there does not appear to be any objective basis for such a division. It is unclear how an *ex ante* division of the contingency reserve could be reconciled with the annual revision of the framework to take account of changes in the macro-economic forecasts and other policy considerations.

Government does not share the FFC's view that the (in-year) contingency grant be confined to cover specific emergencies related to macroeconomic stability and natural or human-made disasters. Recent experience demonstrates that such a narrow approach would prevent Government in dealing with other valid pressures that may be unforeseeable and unavoidable but do not qualify as disasters. An example of this is the faster than anticipated take-up of social grants, which have tended to squeeze out other priorities in provincial budgets.

Government agrees that the adjustment process also be extended to the local sphere. This is covered in the coming Municipal Finance Management Bill, which makes provision for expenditure of an exceptional nature (similar to section 16 and 25 in the PFMA) and in-year adjustment budgets (similar to sections 30 and 31 in the PFMA).

Government also agrees, and respects, the right of municipalities and provinces to determine their own budgets, and believes that the current approach to intergovernmental budgeting allows them to exercise their discretion to determine how they can build flexibility in their budgets.

#### *FFC proposal on Disaster Management Funding*

The FFC proposes that:

- Central funding mechanisms for disaster management be introduced, to ensure budget frameworks and the delivery of Constitutionally mandated basic services are not compromised
- Local municipalities be primarily responsible for the co-ordination and management of local disasters, unless they lack the necessary capacity
- Start-up costs for emergency preparedness for local government be funded from a national conditional grant targeted primarily at municipalities with limited capacity
- On-going institutional costs for emergency preparedness be incorporated into the equitable share
- Funding for prevention/mitigation projects be provided by National Government to provinces and municipalities on a matching-grant basis
- A portion of the contingency reserve be used to fund emergency response activities once provinces and municipalities have exceeded a specified financial threshold of disaster response expenditure
- National departments, provinces, and municipalities submit requests for reconstruction funding to National Government, a budget appropriations would be requested based upon the sum of the approved claims
- The three relief funds administered by the Department of Social Development be combined and administered centrally. Where budgeted funds are exceeded, the contingency reserve could be drawn upon.

#### *National government's response to the FFC proposal on Disaster Management Funding*

Major disasters and emergencies are, by their nature, unforeseeable and unavoidable, and hence cannot be budgeted for in advance. National Government accepts responsibility for emergencies and disasters that call for resources beyond the capacity of provinces or local authorities. This is one of the key reasons for the contingency reserve.

Government agrees that the three relief funds (Disaster Relief Fund, the Social Relief Fund and the State President's Fund) administered by the national Department of Social Development be combined and administered centrally. The Department of Social Development has initiated a process to consolidate the various components of legislation and create a central Board to administer these funds centrally. These funds also provide sources of funds available to assist relevant national departments, provinces and local governments in the event of a major disaster. Currently, these funds are administered by separate Boards and regulated by different legislation.

Infrastructure rehabilitation is funded through national grants. In-year, such grants are made through the Adjustments Budget and/or in terms of emergency funding in accordance with sections 16, 25, 30 and 31 of the PFMA. Thereafter, they are funded through the normal budget process, through a conditional grant.

For minor disasters or emergencies, and where no national funds are deemed to be necessary, provincial and local government budgets have the discretion to fund such emergencies and disasters. The *Public Finance Management Act* and Municipal Finance Management Bill contain specific provisions to provide for appropriations to accommodate emergency-related spending at national, provincial and local levels.

Nothing in the current legal framework precludes a province or municipality from allocating funds to disaster related programmes (mitigation, relief, etc) to the extent that its resources allow. The current framework does not set predetermined ratios or proportions to be contributed by each sphere in the event of a disaster. There are both advantages and disadvantages with this approach. The advantage is that it leaves room for discretion among decision makers depending on circumstances. On the other hand, it creates uncertainty for the affected organ of state as to how much financial support it would receive from other sources.

Current funding arrangements for disasters and emergencies therefore take advantage of both centralised and decentralised mechanisms. National Government does not see the need for a separate conditional grant to enable municipalities and provinces to perform their emergency or disaster responsibilities. The current equitable share mechanism allows local governments to perform this function adequately for routine emergencies or disasters.

The FFC is invited to provide more specific information on any other problems that it believes should be resolved, including the advantages of alternative funding proposals over current arrangements.

### Part 3: Fiscal Framework for 2003 MTEF

#### Fiscal framework

Table E-1 presents medium-term macroeconomic forecasts for the 2003 Budget. It sets out the growth assumptions and fiscal projections on which the fiscal framework is based.

**Table E1 Medium-term macroeconomic assumptions**

	2002/03		2003/04		2004/05		2005/06
	2002 Budget	2003 Budget	2002 Budget	2003 Budget	2002 Budget	2003 Budget	2003 Budget
R billion							
Gross domestic product	1 082.8	1 120.1	1 178.9	1 234.6	1 277.5	1 344.3	1 466.6
Real GDP growth	2,7%	3,2%	3,3%	3,4%	3,6%	3,8%	4,0%
GDP inflation	6,5%	7,7%	5,4%	6,6%	4,6%	4,9%	4,9%
<b>National Budget Framework</b>							
Revenue	265,2	275,7	288,7	304,5	313,2	331,0	361,2
Percentage of GDP	24,5%	24,6%	24,5%	24,7%	24,5%	24,6%	24,6%
Expenditure	287,9	291,8	311,2	334,0	334,6	363,3	395,6
Percentage of GDP	26,6%	26,1%	26,4%	27,1%	26,2%	27,0%	27,9%
Budget deficit	-22,7	-16,1	-22,5	-29,5	-21,4	-32,4	-34,4
Percentage of GDP	-2,1%	-1,4%	-1,9%	-2,4%	-1,7%	-2,4%	-2,3%

Cabinet determines the division of revenue between spheres of Government using the previous year's baseline division as a point of departure and taking account of ongoing commitments, and current and new policy priorities. For the 2003 Budget, the priorities are:

- Extending social assistance through enhanced income support to the poor, and improvements in the social grant payment system

- Improving the health capital infrastructure and increased spending on professional personnel with scarce skills, equipment and medicines
- Improving capacity to deal with the impact of HIV/Aids
- Enhanced spending on education programmes administered by provinces, specifically relating to the roll-out of the early childhood development programmes, supply of learner support material and reduction of classroom backlogs
- Enhancing investment in municipal household service infrastructure, including the prioritisation of basic services in support of the rural development and urban renewal strategies and labour-intensive job creation projects
- Accelerating the extension of free basic municipal services
- Accelerating the land reform and restitution programmes
- Improvements in the transport infrastructure at national, provincial and local level
- Higher education restructuring, including support for institutional mergers and investment in infrastructure
- Re-engineering services provided to citizens by the Department of Home Affairs
- Expanding capacity in the safety and security sector to prevent and combat crime, including a particular focus on the functioning of the court system
- A growing international role through increased regional representation and international commitments, in particular, support for the African Union and NEPAD.

The new priorities, and expansions of previous year's programmes, are accommodated through reprioritization and growth in the resource envelope. Growth in the resource envelope is due to robust tax collection, drawing down of the contingency reserve, unallocated infrastructure funds, and savings on debt service costs. In addition, higher inflation and revisions to the fiscal framework due to higher economic growth increases the amount of fiscal resources. Table E-2 reflects the additional resources available over last year's baseline allocations, totalling R25 billion in 2003/04 and R35 billion in 2004/05.

**Table E2 Changes over 2002 Budget baseline**

R million	2003/04	2004/05	2005/06 <sup>1</sup>
National	7 176	9 639	11 938
Provincial	16 150	23 105	30 085
Local	1 767	2 395	3 119
<b>Allocated expenditure</b>	<b>25 093</b>	<b>35 139</b>	<b>45 142</b>

<sup>1</sup> The assumed baseline for 2005/06 is the 2004/05 baseline plus 6 per cent.

The additional funds are divided between the spheres depending on which sphere is responsible for the prioritised functions. The impact of the new policy priorities and additional funds on the total division of revenue is reflected in table E-3. The total division firstly makes provision for national commitments such as debt service costs as a direct charge on the National Revenue Fund, and the contingency reserve. Debt servicing obligations of R50.9 billion, R53.1 billion and R55.1 billion are projected for the three MTEF years, and the contingency reserve amounts to R3.0 billion, R4.0 billion and R8.0 billion. Once these commitments are taken into account, the revenue pool available for sharing between national, provincial and local spheres amounts to R279.9 billion, R306.2 billion and R332.5 billion over the three MTEF years.

Table E3 Division of revenue between spheres of government

R million	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Outcome	Outcome	Outcome	Revised	Medium-term estimates		
National departments <sup>1</sup>	66 385	73 178	87 709	98 853	108 983	117 549	126 323
Provinces	99 465	108 899	121 099	136 919	158 995	175 468	191 590
Equitable share	89 094	98 398	107 460	123 457	142 368	155 313	167 556
Conditional grants	10 370	10 501	13 638	13 462	16 609	20 155	24 033
Local government	4 610	5 536	6 516	8 801	12 001	13 249	14 624
Equitable share	2 163	2 315	2 607	3 964	6 343	7 078	7 698
Conditional grants	2 447	3 221	3 909	4 837	5 658	6 171	6 926
<b>Non-interest allocations</b>	<b>170 460</b>	<b>187 613</b>	<b>215 324</b>	<b>244 573</b>	<b>279 979</b>	<b>306 266</b>	<b>322 536</b>
Percentage increase	7.4%	10.1%	14.8%	13.6%	14.5%	9.4%	8.6%
State debt cost	44 290	46 321	47 581	47 250	50 986	53 079	55 070
Contingency reserve	—	—	—	—	3 000	4 000	8 000
<b>Main budget expenditure</b>	<b>214 750</b>	<b>233 934</b>	<b>262 905</b>	<b>291 823</b>	<b>333 965</b>	<b>363 345</b>	<b>395 606</b>
Percentage increase	6.6%	8.9%	12.4%	11.0%	14.4%	8.8%	8.9%
<i>Percentage shares</i>							
National departments	38.9%	39.0%	40.7%	40.4%	38.9%	38.4%	38.0%
Provinces	58.4%	58.0%	56.2%	56.0%	56.8%	57.3%	57.6%
Local government	2.7%	3.0%	3.0%	3.6%	4.3%	4.3%	4.4%

<sup>1</sup> Includes a transfer of R855 million to the Umsobomvu Fund in 1999/00.

Both the shares for provincial and local government allocations increases significantly, with the provincial allocation increasing from 56.0 per cent to 57.6 per cent, and the local government allocation from 3.6 per cent in 2002/03 to 4.4 per cent in 2005/06. These increases are at the cost of National Government, whose share decreases from 40.5 per cent in 2002/03 to 38.0 per cent in 2005/06. Table E-3 is the *actual* division of revenue between the three spheres of government, and Table E-4 is the Schedule 1 of the Division of Revenue Bill that reflects the *legal* division of revenue between the three spheres. In this legal division, the national share includes all conditional grants to the other two spheres, and the provincial and local government allocations reflect their equitable share only. This is because section 214 of the Constitution regards all conditional grants as additional funds allocated from the national equitable share.

Table E4 Schedule 1 of the Division of Revenue Bill

Sphere of government	Column A 2003/04 Allocation	Column B Medium term forward estimates	
		2004/05	2005/06
National <sup>1, 2</sup>	185 235 905	200 954 497	220 351 687
Provincial	142 386 031	155 313 096	167 556 442
Local	6 343 478	7 077 546	7 698 179
<b>Total</b>	<b>333 965 414</b>	<b>363 345 139</b>	<b>395 606 308</b>

<sup>1</sup> National share includes conditional grants to provincial and local spheres, debt service cost and the contingency reserve.

<sup>2</sup> The direct charges for the provincial equitable share is netted out.

Nationally-raised revenue is distributed either through appropriation to main division of votes (programmes of national departments) or as a direct charges on the National Revenue Fund, in accordance with the Division of Revenue Bill and the Constitution.

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 main divisions of votes — 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 Bill and this memorandum.

## Part 4: Provincial Allocations

National transfers to provinces for 2003/04, comprise more than 96 per cent of provincial revenues, with provinces raising less than 4 per cent of their revenues from own sources. Of the funds that are transferred, 90 per cent is through the equitable share and the remaining 10 per cent flows as conditional grants.

**Table E5 Total transfers to provinces for 2003/04**

<b>R million</b>	<b>Equitable share</b>	<b>Conditional grants</b>	<b>Total transfers</b>
Eastern Cape	24 228	2 219	26 447
Free State	9 463	1 247	10 709
Gauteng	21 876	3 919	25 794
KwaZulu-Natal	29 279	2 917	32 196
Limpopo	19 352	1 691	21 043
Mpumalanga	10 220	911	11 131
Northern Cape	3 455	386	3 841
North West	11 822	1 048	12 869
Western Cape	12 692	2 272	14 964
<b>Total</b>	<b>142 386</b>	<b>16 609</b>	<b>158 995</b>

### Provincial equitable share

The Constitution entitles provinces to a share of nationally raised revenue. This share is divided between provinces on the basis of the provincial equitable share formula. The provincial equitable share allocation funds the bulk of public services rendered by provinces. The equitable share amounts to R142,4 billion in 2003/04, R155,3 billion in 2004/05, and R167,6 billion in 2005/06. The structure of the equitable share formula has been retained for the 2003 Budget. Updates of data are effected on an annual basis, depending on availability of official data.

#### *The equitable share formula*

The equitable share formula comprises seven components, or indices, of the relative demand for services between provinces and taking into account particular provincial circumstances. It considers, for example, infrastructure backlogs and poverty levels. Although the formula has components for education, health and welfare, the share "allocations" are intended as broad indications of relative need and not earmarked allocations. Provincial Executive Committees have discretion regarding the provincial allocations for each function. The provincial equitable share formula comprises of the following components:

- An education share (41 per cent) based on the size of the school-age population (ages 6-17) and the average number of learners enrolled in ordinary public schools for 1998 to 2000
- A health share (19 per cent) based on the proportion of the population with and without access to medical aid
- A welfare component (18 per cent) based on the estimated number of people entitled to social security grants — the elderly, disabled and children — weighted by using a poverty index derived from the Income and Expenditure Survey
- A basic share (7 per cent) derived from each province's share of the total population of the country
- A backlog component (3 per cent) based on the distribution of capital needs as captured in the schools register of needs, the audit of hospital facilities and the distribution of the rural population
- An economic output component (7 per cent) based on the distribution of total remuneration in the country
- An institutional component (5 per cent) divided equally among the provinces.

Table E-6 shows the current 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 components are weighted broadly in line

with expenditure patterns to provide an indication of relative need for the purpose of allocating funds.

**Table E6 Distributing the equitable share, percentages by province**

	Education	Health	Social welfare	Basic	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	18.4	17.0	19.6	15.5	6.5	11.1	20.6	17.0
Free State	6.3	6.5	7.1	6.5	5.3	11.1	5.7	6.6
Gauteng	12.6	14.7	13.9	18.1	41.6	11.1	5.1	15.4
KwaZulu-Natal	22.0	21.7	19.6	20.7	17.0	11.1	22.9	20.6
Limpopo	15.4	13.3	13.7	12.1	3.0	11.1	22.9	13.6
Mpumalanga	7.3	7.2	6.5	6.9	4.9	11.1	8.5	7.2
Northern Cape	1.9	2.0	2.2	2.1	1.7	11.1	1.3	2.4
North West	8.0	8.6	8.7	8.3	5.7	11.1	9.4	8.3
Western Cape	8.0	8.9	8.8	9.7	14.4	11.1	3.7	8.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*The phasing-in of the formula*

In 1999, two years after the formula was introduced, data for the 1996 Census was published. Given the need to ensure stability in provincial budgets, it was agreed that revisions to the formula should be phased in over five years, from 1999/00 to 2003/04. The target date of 2003/04 has been reached, and the formula is now fully implemented. Table E-7 shows the phasing. The 2001 Census are still to be published, so it has not been used in the current formula.

**Table E7 Phasing in the equitable share**

	1999/00	2000/01	2001/02	2002/03	2003/04
<b>Percentage base</b>					<b>target</b>
<i>Phasing</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
Eastern Cape	17,6	17,4	17,3	17,2	17,0
Free State	6,8	6,8	6,7	6,7	6,6
Gauteng	14,9	15,1	15,2	15,3	15,4
KwaZulu-Natal	19,8	20,0	20,2	20,4	20,6
Limpopo	13,3	13,4	13,5	13,5	13,6
Mpumalanga	6,7	6,8	6,9	7,1	7,2
Northern Cape	2,4	2,4	2,4	2,4	2,4
North West	8,6	8,5	8,4	8,4	8,3
Western Cape	9,8	9,6	9,4	9,1	8,9
<b>Total</b>	<b>100,0</b>	<b>100,</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

*Education component*

The education component targets primary and secondary schooling, which accounts for approximately 80 per cent of provincial education spending. Both the school-age population and enrolment numbers are used to reflect the demand for education services. The school-age cohort, ages 6-17, is double weighted, reflecting Government's desire to reduce out-of-age enrolment. For 2003, Government has decided to retain the weightings in the 2002 Budget.

**Table E8 Calculation of education component**

Thousands	Enrolment	School-age (6-17)	Weighted share (%)
<i>Weighting</i>	<i>1</i>	<i>2</i>	
Eastern Cape	2 253	2 010	18.4
Free State	784	680	6.3
Gauteng	1 508	1 394	12.6
KwaZulu-Natal	2 749	2 377	22.0
Limpopo	1 904	1 665	15.4
Mpumalanga	922	789	7.3
Northern Cape	202	223	1.9
North West	934	896	8.0
Western Cape	928	895	8.0
<b>Total</b>	<b>12 184</b>	<b>10 930</b>	<b>100.0</b>

*Health component*

The health component addresses the need for provinces to deliver primary and secondary health care services. As all citizens are eligible for health services, the provincial shares of the total population form the basis for the health share. The formulation of the health component recognises that people without medical aid support are more likely to use public health facilities, and are therefore weighted four times more than those with medical aid support. The proportions of the population with and without access to medical aid are taken from the 1995 October Household Survey and applied to the census figures. Although there have been October Household Surveys in subsequent years, these do not improve the quality of this information and the 1995 data have been retained.

**Table E9 Calculation of health component**

Thousands	With medical aid	Without medical aid	Weighted share (%)
<i>Weighting</i>	<i>1</i>	<i>4</i>	
Eastern Cape	510	5 793	17.0
Free State	467	2 166	6.5
Gauteng	2 958	4 390	14.7
KwaZulu-Natal	1 103	7 314	21.7
Limpopo	376	4 554	13.3
Mpumalanga	392	2 409	7.2
Northern Cape	175	665	2.0
North West	457	2 897	8.6
Western Cape	1 127	2 830	8.9
<b>Total</b>	<b>7 566</b>	<b>33 018</b>	<b>100.0</b>

*Welfare component*

The welfare component has two elements, the target population for the main social grants ("all grants" in Table E-10) and the population in the lowest two quintiles of the income distribution ("income adjustment"). The first element weights the target population groups (the elderly, disabled and children) according to historical distribution of expenditure on the different grants. The second element is based on results of the 1995 Income and Expenditure Survey (IES). The distribution of expenditure between grants has changed significantly since the introduction of the child support grant and updated information on this is available. However, it is also likely that income distribution has changed since 1995. Results of the 2000 Income and Expenditure Survey have, however, only recently become available and need to be reviewed before the formula can be updated. Changes to the welfare component based on partial information would therefore not be appropriate. The welfare component is an index of the distribution of economic dependency and poverty levels between provinces and captures the responsibility of provinces to pay social grants. The weight of this

component was increased to 18 per cent in 2002 from the initial 17 per cent to reflect the increasing expenditure on grants as a result of the child support grant. Increasing spending pressures as a result of the child support grant have also been accommodated in the vertical division of revenue, and the introduction of a new conditional grant for its extension to children up to the age of fourteen years.

**Table E10 Calculation of the welfare component**

Percentage	Old age	Disability	Child care	All grants	Income	Weighted adjustment share (%)
<i>Weighting</i>	65,0	25,0	10,0	75,0	25,0	100,0
Eastern Cape	19,1	15,5	17,4	18,0	24,3	19,6
Free State	6,2	6,5	5,7	6,2	9,6	7,1
Gauteng	15,7	18,1	14,3	16,2	7,2	13,9
KwaZulu-Natal	19,8	20,7	21,7	20,2	17,6	19,6
Limpopo	13,0	12,1	14,8	13,0	15,8	13,7
Mpumalanga	5,9	6,9	7,3	6,3	7,1	6,5
Northern Cape	2,1	2,1	2,0	2,1	2,6	2,2
North West	7,8	8,3	8,4	8,0	10,7	8,7
Western Cape	10,4	9,7	8,4	10,0	5,2	8,8
<b>Total</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

*Economic activity component*

The economic activity component is a proxy for provincial tax revenue, directing a proportion of nationally raised revenue back to its source. It also reflects costs associated with economic activity, such as maintenance of provincial roads. In 1999, the distribution of employee remuneration replaced provincial Gross Geographic Product (GGP) figures, since remuneration comprises roughly 60 per cent of provincial GGP. The new GGP estimates published by StatsSA in November 2002 came out after Cabinet had decided on the formula for 2003, and will only be considered in next year's budget.

**Table E11 Economic activity shares**

Percentage	Share of Remuneration
Eastern Cape	6,5
Free State	5,3
Gauteng	41,6
KwaZulu-Natal	17,0
Limpopo	3,0
Mpumalanga	4,9
Northern Cape	1,7
North West	5,7
Western Cape	14,4
<b>Total</b>	<b>100,0</b>

*Basic component*

In 1999, the basic component was split into a basic share distributed by population and a backlog component. The backlog component incorporates estimates of capital needs as drawn from the Schools Survey of Needs and the 1998 MTEF health sector report on hospital rehabilitation. The backlog component also incorporates a rural factor, in keeping with Government's focus on rural development. As no new information is available regarding its sub-components, the backlog component remains unchanged. However, with the imminent phasing out of the provincial infrastructure grant, it is anticipated that this component will be reviewed.

**Table E12 Calculation of backlog component**

Percentage	Health	Education	Rural	Weighted share (%)
<i>Weighting</i>	<i>18,0</i>	<i>40,0</i>	<i>42,0</i>	<i>100,0</i>
Eastern Cape	16,3	22,0	21,3	20,6
Free State	3,8	7,8	4,4	5,7
Gauteng	10,8	6,3	1,2	5,1
KwaZulu-Natal	16,0	23,5	25,5	22,9
Limpopo	27,5	20,4	23,3	22,9
Mpumalanga	9,2	7,5	9,1	8,5
Northern Cape	1,2	1,2	1,3	1,3
North West	9,1	7,5	11,6	9,4
Western Cape	6,1	3,9	2,3	3,7
<b>Total</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

*Institutional component*

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

**Conditional grants to provinces**

Schedules 4 and 5 of the Division of Revenue Bill list all conditional grants to provinces. Conditional grants are a small but significant portion of provincial revenue. These grants were introduced in 1998 to provide for national priorities and compensate provinces for cross-boundary use of services, particularly in hospital services. 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 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.

*Allocations*

Table E-13 provides a summary of conditional grants by sector and province for 2003/04. Conditional grants to provinces amount to R16,6 billion in 2003/04, increasing to R24 billion in 2005/06, an average annual increase of 20,3 per cent from 2002/03. Seven departments administer grants, with the largest being in the health sector, totalling R7,4 billion, followed by housing, R4,4 billion, and the infrastructure grant, R2,5 billion. The most significant new conditional grant introduced is in Social Development, to fund the phased extension of the child support grant to children up to fourteen years. Education and Social Development departments also administer small but important grants for the improvement of financial management and the combating of HIV/Aids.

The major health grants were reconfigured in the 2002 Budget. Gauteng, and Western Cape continue to receive the largest share of health grants, as they receive most of the tertiary services and training grants in health (which make up more than 70 per cent of all health grants) since they provide most of the tertiary and specialised referral health services for the whole country.

Apart from these health grants, and the housing subsidy grant, all other conditional grants favour poorer provinces.

**Table E13 Conditional Grants to Provinces for 2003/04**

R million	Provincial and Local							Social Development	Total
	Agriculture	Health	Government	Infra-structure	Housing	Educa-tion			
Eastern Cape	8.0	592.0	54,9	456,6	652,7	81,9	372,9	2 219,3	
Free State	1,8	567,6	33,5	162,9	333,9	27,9	119,0	1 246,7	
Gauteng	1,6	2 551,9	25,7	235,8	944,8	54,4	104,0	3 918,5	
KwaZulu-Natal	6,5	1 127,8	46,7	500,3	822,3	97,8	315,3	2 917,0	
Limpopo	8,0	371,6	25,5	540,6	437,1	69,5	238,4	1 691,0	
Mpumaianga	3,5	242,7	18,2	216,0	282,4	32,3	115,8	911,1	
Northern Cape	1,8	161,6	19,2	72,3	88,9	8,4	33,3	385,7	
North West	5,0	249,6	22,6	204,4	355,9	35,4	174,6	1 047,8	
Western Cape	1,8	1 548,5	24,0	145,1	436,7	34,9	80,2	2 271,6	
<b>Total</b>	<b>38,0</b>	<b>7 413,8</b>	<b>270,7</b>	<b>2 534,4</b>	<b>4 355,2</b>	<b>442,8</b>	<b>1 553,9</b>	<b>16 609,1</b>	

Table E-14 presents a summary of all the conditional grants listed in Schedules 4 and 5 of the Bill for the 2003 Budget.

#### *Agriculture grants*

Department of Agriculture transfers R38 million to provinces to implement land care projects. The aim of these projects is to reduce degradation of natural resources and to improve productivity of land. The allocation targets poorer provinces with the greatest problem with land degradation. Funds are also used to rehabilitate irrigations schemes in the former homeland areas (focussed on Limpopo) for resettlement of small scale farmers.

#### *Education grants*

The Department of Education manages grants for financial management and school quality enhancement, early childhood development and HIV/Aids. The financial management grant is in its fifth year, and it plays a pivotal role in the implementation of the strategic objectives of education transformation (*Tirisano* strategy). No changes are proposed to the baseline allocations of this grant.

The early childhood development grant was introduced in 2001. This grant is now in its last year and will be incorporated into the equitable share in 2004, with the allocation of R88 million. The roll out of the programme, to be phased in over 10 years, will mainly be funded from provincial equitable shares. The education sector is also responsible for the roll out of to the HIV/Aids programme life skills in schools. This grant increases from R120 million in 2003 to R136 million in 2005.

Table E14 Conditional grants per sector

R thousand	2002/03	2003/04	2004/05	2005/06
<b>Agriculture</b>	<b>24 000</b>	<b>38 000</b>	—	—
Land Care	24 000	38 000	—	—
<b>Education</b>	<b>408 778</b>	<b>442 888</b>	<b>377 058</b>	<b>399 681</b>
Financial Management and Quality Enhancement	228 320	234 414	248 479	263 388
HIV/Aids	127 458	120 474	128 579	136 293
Early Childhood Development	53 000	88 000	—	—
<b>Health</b>	<b>6 820 945</b>	<b>7 413 877</b>	<b>8 192 855</b>	<b>8 803 986</b>
National Tertiary Services	3 727 077	3 994 774	4 273 005	4 529 386
Health Professions Training and Development	1 299 248	1 333 499	1 434 132	1 520 180
Hospital Revitalisation	649 000	717 628	911 856	1 027 427
Cholera Epidemic — KwaZulu-Natal	147 000	—	—	—
Pretoria Academic Hospital	70 000	92 356	—	—
HIV/Aids	210 209	333 556	481 612	535 108
Integrated Nutrition Programme	592 411	808 660	950 418	1 041 543
Hospital Management and Quality Improvement	126 000	133 404	141 832	150 342
<b>Housing</b>	<b>3 906 674</b>	<b>4 355 239</b>	<b>4 589 137</b>	<b>4 867 876</b>
Housing Subsidy	3 800 674	4 246 239	4 473 597	4 745 404
Human Resettlement	106 000	109 000	115 540	122 472
<b>National Treasury</b>	<b>1 950 000</b>	<b>2 534 488</b>	<b>2 876 362</b>	<b>3 055 773</b>
Provincial Infrastructure	1 550 000	2 334 488	2 876 362	3 055 773
Flood Rehabilitation	400 000	200 000	—	—
<b>Provincial and Local Government</b>	<b>293 131</b>	<b>270 747</b>	<b>261 192</b>	<b>43 558</b>
Local Government Capacity Building	241 244	232 339	220 459	—
Consolidated Municipal Infrastructure Programme	51 887	38 408	40 733	43 558
<b>Social Development</b>	<b>58 300</b>	<b>1 553 917</b>	<b>3 858 180</b>	<b>6 862 391</b>
HIV/Aids	47 500	65 917	70 180	74 391
Child Support Extension	—	1 100 000	3 400 000	6 400 000
Food Relief	—	388 000	388 000	388 000
Financial Management	10 800	—	—	—
<b>Total</b>	<b>13 461 828</b>	<b>16 609 156</b>	<b>20 154 784</b>	<b>24 033 265</b>

#### Health grants

Health grants amount to about R7,4 billion in 2003/04, and increase to R8,8 billion by 2005/06, reflecting an annual average increase of about 9 per cent. Health grants constitute about 44,4 per cent of total conditional grants to provinces. Following comprehensive research, the health sector reconfigured the three tertiary services and training grants and implemented a new framework for tertiary services and training in the 2002 Budget. The two grants are: the National Tertiary Services grant (NTS) and a Health Professions Training and Development grant (HPTD).

The NTS grant amounts to nearly R4 billion in 2003/04, increasing to R4,5 billion in 2005/06. The NTS grant targets 27 hospitals spread across the provinces. Given the provisioning of tertiary services in the Western Cape and Gauteng for the benefit of the health sector countrywide, about 70 per cent of the grant still flows to these provinces. Further research to explore ways of improving inter-provincial distribution of medical specialists is under way. The outcome of the research will inform government's approach to funding tertiary services ahead of the 2004 Budget.

The HPTD grant increases from R1,3 billion in 2003/04 to R1,5 billion in the third year, and consists of several components. The largest portion is distributed to provinces according to a formula based on the number of current medical students. In the 2002 Budget, an additional component was introduced to provide for a phased increase in the number of medical specialists and registrars in under-served provinces to address

inter-provincial inequities in post-graduate training capacity. This additional component amounts to R227 million over five years.

The Hospital Revitalisation grant funds a broader range of activities aimed at improving the quality of hospital infrastructure and quality of services, including upgrading and replacement of equipment. Over the next three years the grant will fund the revitalisation of a further 18 hospitals, two in each province. The 2003 MTEF allocation for the revitalisation grant includes a new component aimed at improving systems for medical equipment and mechanisms for facilitating adoption of modern technology. The allocation for the Hospital Revitalisation grant amounts to R717 million in 2003/04, an increase of about 10.6 per cent compared to 2002/03. The allocation grows to R1 billion in the last MTEF year.

The Integrated Nutrition Programme (INP) is targeted at poor provinces with large populations of school children. The Eastern Cape, Limpopo and kwaZulu-Natal receive more than 61.2 per cent of the allocation. The 2003 MTEF provides for an average annual increase of 21 per cent for the Integration Nutrition Programme rising from R592 million in 2002/03 to R808 million in 2003/04, further increasing to R1 billion in 2005/06. This increase will provide for expansion of the programme to cover more school children, rising prices, and improved quality of feeding. The grant is at present administered by the Department of Health but will be moved to the Department of Education from 2004/05, as this programme is delivered through the schooling system.

The Hospital Management and Quality Improvement grant is allocated R133 million in 2003/04, increasing to R150 million in 2005/06. This grant facilitates financial, personnel, and procurement delegations and strengthens financial management capacity. It also supports the implementation of a range of hospital quality of care interventions specified in the national policy for quality of care and can be seen as complimentary to the aims of the hospital revitalisation programme.

The health sector share of the HIV/Aids grant increases from R210 million in 2002/03 to R334 million in 2003/04. The significant increase in the allocation of this grant to the health sector is to give effect to Cabinet decisions and to implement additional programme priorities—post exposure prophylaxis for victims of sexual abuse, rollout of mother-to-child transmission prevention and targeted interventions for commercial sex workers — whilst still maintaining other HIV/Aids prevention programmes.

#### *Housing grants*

The Department of Housing administers two grants. The Housing Subsidy Grant provides subsidies for low-income housing, and the Human Settlement grant funds urban pilot projects. The Housing Subsidy allocation increased significantly in the 2002 Budget in order to enable the department to improve the quality of houses and to take on new priorities, including the implementation of medium density housing. The 2003 budget makes an above baseline allocation of R373 million to allow for an inflation adjustment of subsidies. The housing subsidy grant increases from R4.2 billion in 2003/04 to R4.7 billion in 2005/06.

In 2001, the Department of Housing reviewed the formula for allocating funds between provinces to align it with the new policy for prioritisation of urban and medium density housing. The key elements of the new formula and weights are:

- Housing need defined by number of homeless living in shacks and informal units (50 per cent)
- Households earning less than R3 500 (30 per cent)
- Population based on the 1996 Census (20 per cent).

In order to reduce the impact of the new formula on provinces receiving reduced allocations, for the first two years the new formula is only applied to additional allocations above the 2001 baseline. Full implementation of the formula in the allocations begins in 2004/05.

#### *National Treasury grants*

The provincial infrastructure grant grows from R2,5 billion in 2003/04 to R3 billion in 2005/06. This brings the total infrastructure funds available through this grant to R8,2 billion over this period. In order to deal effectively with backlogs, the provincial division has been effected using a combination of the equitable share formula and backlog component. This 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. Provincial treasuries administer this grant and make allocations to the line departments.

The flood disaster reconstruction grant is used to assist with the reconstruction and rehabilitation of infrastructure damaged by floods in 1999 in all the provinces. This grant phases out with the final allocation of R200 million in 2003.

#### *Department of Provincial and Local Government Grants to Provinces*

The Department of Provincial and Local Governments transfers two grants to provinces — Local Government Capacity Building Grant (LGCBG) and the Consolidated Municipal Infrastructure Programme (CMIP) grants — to enable provinces to assist municipalities. The Local Government Capacity Building Fund is allocated to support efforts to restructure institutional and financial arrangements and assist municipalities facing financial difficulties in the medium term. It amounts to R232 million and R220 million in 2003/04 and 2004/05. In the 2003 allocation, the component of CMIP that focused on capacity building, is consolidated into this grant. By 2004/05, this grant will be phased out and a consolidated Municipal System Improvement Grant (inclusive of all capacity building initiatives at local government) will be created and funds will be transferred directly to municipalities.

In addition to the CMIP component that focused on capacity building (now incorporated into the LGCBG), the CMIP funding to provinces contain a component that is focused on managerial, technical and administrative support to enable municipalities to implement the infrastructure programme. This component of the grant continues, and provinces are allocated R38 million in 2003/4, increasing to R44 million in 2005/06.

#### *Social development grants*

The Department of Social Development manages grants for Child Support Grant Extension, Food Security and the HIV/Aids Integrated Plan.

The Child Support Grant Extension grant amounts to R1,1 billion in 2003 increasing to R3,4 billion in 2004 and R6,4 billion in 2005. The grant will fund the phased extension of the means-tested child support grant to children until they reach the age of 14 years. The phasing will start with 7 and 8 year old children in 2003/04, incorporate 9 and 10 year old children in 2004/05 and, in 2005/06 incorporate 11, 12 and 13 year old children. The allocations also make provision for reasonable administration and payment costs.

The aim of the Food Relief grant is to provide emergency food assistance to destitute individuals and households. This grant contributes towards mitigating the effect of higher food prices and provides a mechanism to rapidly respond to urgent needs of poor people, especially women and children in poor and rural communities where food deprivation is the greatest. The food relief grant amounts to R388 million a year.

The HIV/Aids Integrated Plan grant amounts to R66 million in 2003/04, increasing to R70 million in 2004/05 and R74 million in 2005/06. The main focus of this grant is to facilitate the implementation of an integrated HIV/Aids programme through home based and community based care.

The Financial Management Grant was phased out in 2002/03.

### **Part 5: Local government allocations**

Local government share of nationally raised revenue increases significantly from 3,6 per cent in 2002/03 to 4,4 per cent in 2005/06. It grows from R8,8 billion in 2002/03 to R12,0 billion in 2003/04, an increase of R3,2 billion or 36,4 per cent. The allocation grows to R14,6 billion at the end of the MTEF in 2005/06.

The funds are distributed through three major funding sources, the equitable share, two conditional grants for municipal infrastructure and capacity building, and a number of grants-in-kind. National allocations are an important (and growing) source of revenue

for municipalities, and are expected to comprise approximately 17 per cent<sup>1</sup> of all municipal revenue in the 2003 municipal budgets. For poorer municipalities the share is even higher, typically making up to 60 per cent of their total revenue.

The 2003 Budget will build on previous budgets and continue to support the National Government's commitment to poverty relief and job creation. Additional resources will remain focused on the provision of free basic services, infrastructure provision and institution building.

**Table E15 National transfers to local government**

R million	2002/03	2003/04	2004/05	2005/06
Equitable share	3 964	6 343	7 078	7 698
Transition grant	223	—	—	—
Water & sanitation operating	700	836	858	934
<b>Subtotal equitable share &amp; related</b>	<b>4 887</b>	<b>7 180</b>	<b>7 936</b>	<b>8 633</b>
Consolidated Municipal Infrastructure Programme	1 671	2 246	2 724	3 016
Water Services Project	758	884	1 012	818
Community Based Public Works Programme	260	260	—	—
Local Economic Development Fund	111	117	—	—
Sport & Recreation facilities	76	123	—	—
National Electrification Programme	228	240	245	258
Urban Transport Fund	40	9	—	—
Integrated Sustainable Rural Development	32	—	—	—
Municipal Infrastructure Grant	—	47	117	97
Unallocated <sup>1</sup>	—	—	555	588
<b>Subtotal capital</b>	<b>3 416</b>	<b>4 144</b>	<b>4 588</b>	<b>4 996</b>
Restructuring grant	250	315	343	363
Financial management grant	154	212	199	208
Municipal System Improvement	94	150	182	423
<b>Subtotal capacity building &amp; restructuring</b>	<b>498</b>	<b>677</b>	<b>724</b>	<b>995</b>
<b>Total transfers to local government</b>	<b>8 801</b>	<b>12 001</b>	<b>13 249</b>	<b>14 624</b>

<sup>1</sup> Poverty relief allocations in 2004/05 are subject to Cabinet review and therefore unallocated.

Table E-15 reflects all the national transfers to local government.

This year, for the first time, all grants to municipalities are published per municipality as part of this Budget as annexures to this memorandum to facilitate credible budgeting at local government sphere. Previously, these allocations were only published about two months after the national Budget. The allocations are also published for both the national and municipal financial year. The local government 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 is the legal requirement for national and provincial transferring departments, and for audit purposes. The allocations in terms of the municipal financial year facilitates municipal budgeting as these allocation are required for municipal revenue budgets. Some conditional grants allocation could not be published for the municipal financial year — these will be provided to Parliament during the Portfolio Committee hearings on the Bill.

Municipalities take responsibility for the delivery of services to residents in their jurisdiction and this means that all grants provided to public entities, like Eskom and Water Boards, for the provision of municipal services will be done through the municipality. Service delivery agreements will have to be signed between the municipality and national public entities like Eskom and Water Boards. *The Municipal Systems Act* require that such providers be accredited as external mechanisms for the delivery of municipal services.

<sup>1</sup> The National Treasury estimates that the 284 municipalities will collect around R68 billion for their 2003 budgets. This estimate is lower than budgeted figures since municipalities do not collect all revenue budgeted, and also include borrowed funds.

## The equitable share for local government

### Background

Section 227 of the Constitution requires that an equitable share of revenue raised nationally be allocated to local sphere of government to enable it to provide basic services and perform the functions allocated to it. The equitable share grant and formula were first introduced in 1998/99. It is an unconditional grant assisting municipalities in supplementing their revenue to deliver services to poor households.

The equitable share formula was developed at a time when there was little information on each municipality. Essential information on population and income demographics of every municipality, their fiscal capacity and efficiency, backlogs, budget and costing information was not available and the formula had to be designed around the limited information that was available at the time. The population, per capita expenditure, household size, urban/rural proportions, and the number of poor households in the municipality are the primary factors used in determining formulae-based allocations for individual municipalities.

Table E-15 shows that the equitable share is growing in importance and is projected to increase by R2.4 billion from the 2002/03 figure of R3.9 billion to R6.3 billion in 2003/04. This reflects government's commitment to the provision of basic municipal services to poor households. As the intergovernmental system is maturing, the equitable share grant increases in relation to other local government grants, from 45 per cent in 2002/03 to 53 per cent in 2003/04. The equitable share grant has undergone a number of changes since its inception. These include the incorporation of R293 town subsidies, the re-alignment of allocations to the newly demarcated municipalities, and allocations to the district municipalities in the 2002/03 financial year. For 2003/04, a separate window for the funding of free basic services (electricity, water, sanitation and refuse) is created. This will enable municipalities to accelerate the provision of free basic services to poor communities.

A major change implemented for 2003/04 is the alignment of the equitable share allocation to the new division of functions between local (Category B) and district (Category C) municipalities. These divisions were gazetted by the Minister for Provincial and Local Government on 3 January 2003, and take effect from 1 July 2003 for the new municipal financial year. The Local Government Transition Grant is also discontinued as a separate grant and incorporated into the main equitable share formula.

The publication of the 2001 Census data during the course of 2003 will provide the opportunity to comprehensively review the local government equitable share formula. Given the impending restructuring of the electrification industry, the review will also assess whether current revenue raising powers match the functions of various categories and types of municipalities, the tax-raising powers of local government and their assignment within the local sphere, the future of the RSC levies, the feasibility of municipal levies on key municipal services like electricity and water, and the division of fiscal powers between category B and C municipalities. The review will also include the formula for the equitable share, and conditional grants, and include the phasing in of other grants — such as the water services operating subsidy — into the equitable share. It is anticipated that this review will be completed in time for the 2004 Budget.

The adjustments to the equitable share grant formula for the 2003 Budget is an interim measure to take account of urgent considerations. The following six budget windows are used in the allocation of the equitable share grant for the 2003/04 *national* financial year:

Element	R million
Equitable share allocation	6 343
(1) Less: R293 allocations	381
Amount available for distribution through the formula	5 962
(2) S-grant (including guarantees)	4 178
(3) I-grant	450
(4) Nodal allocation	212
(5) Free basic services (water, sanitation, refuse)	822
(6) Free basic electricity	300

Each of these windows are discussed below. Additional information on R293 allocations and the demographic information used in the equitable share is provided by StatsSA and is included as annexures to the Division of Revenue Bill.

#### *R293 allocation*

This window is phased out in 2004/05. It originally had two components, one dealing with non-personnel and the other with personnel. The non-personnel component of the R293 was phased out and incorporated into the local government equitable share in 2000/01.

The equitable share allocations for the 2001/02 to 2003/04 financial years included funding for R293 staff transferred to municipalities. Municipalities were guaranteed to receive a R293 town allocation for staff (100 per cent as at transfer) over a three-year period ending 30 June 2004. The normal formula allocations will apply thereafter and the guarantee mechanism (discussed below) will also apply.

#### *S-grant*

The S-grant is the biggest component within the equitable share grant, and is designed to meet the operating costs of a municipality when providing a package of basic services to low income households. Poor households are classified as those spending less than R1 100 per month. The formula for the S-grant is:

$$S = \alpha\beta L H_i$$

- Where:
- $\alpha$  = a phase-in parameter with  $0 > \alpha \geq 1$ ;
  - $\beta$  = a budget-adjustment parameter, set to adjust the size of the grants to the available budget;
  - $L$  = an estimate of the annual cost of providing basic public services; and
  - $H_i$  = the number of poor households.

The following parameters will be used for the 2003 MTEF:

	Parameter	2003/04	2004/05	2005/06
$\alpha$	Rural alpha	0.7	0.85	1
	Urban alpha	1	1	1
$\beta$	Budget adjustment parameter	1.3582		
L	Annual cost of basket of basic services	R1 032		

The alpha parameters were introduced in recognition of the differences in the financial and administrative capacities of rural and urban municipalities. The alpha values for urban and metropolitan municipalities will reach 1 in the 2003/04 financial year, whilst the alpha values for the rural municipalities will reach 1 in the 2005/06 financial year. This will take account of capacity to spend efficiently and effectively.

The threshold poverty level is set at R1 100 household expenditure per month. According to the 1996 Census, 3,2 million households are living in poverty. In the 2003/04 financial year corrections have been made for the powers and functions carried out by different municipalities. The S-grant is divided between category B and C municipalities in line with functions performed. The overall S-grant is split up as follows: 23,3 per cent is for water supply, 41,9 per cent is for electricity supply, 11,6 per cent for sanitation services and 23,3 per cent for refuse removal.

#### *I-grant*

The purpose of the I-grant is to provide resources to municipalities to assist in institutional and governance requirements. The grant is designed to target municipalities with little capacity to fund their own administrative infrastructure. Currently the I-grant formula is applied to metropolitan, local and district municipalities. However, metropolitan municipalities have relatively high fiscal capacity and, do not qualify for the grant. Unlike last year, the grant allocations for district municipalities are determined by the same formula. The first part of this formula captures how the administrative costs of a municipality increase with population size. It assumes that these costs increase more

slowly than population does, i.e. a larger municipality has more costs, but not proportionately more than a smaller one. The second part of the formula is a correction for the inability of the municipality to fund its own administrative overheads. The formula for the I-grant is:

$$I_i = I_0 P_i^\gamma - 0.075 (Y_i - 250) P_i$$

- Where:  $I_0$  = a per capita I-grant parameter that serves to determine the total amount of money allocated through the I-grant;
- $P_i$  = is the population in the municipality  $i$ ;
- $\gamma$  = a scale parameter that could take any value  $> 0$  and  $\leq 1$ ; and
- $Y_i$  = is the average monthly per capita expenditure in municipality  $i$ . for values of  $y_i$  below the stated monthly per capita floor of R250, the term  $(Y_i - \text{per capita floor})$  is set equal to zero.

The following values are allocated to the I-grant for Category A and B municipalities for the 2003 MTEF:

	Parameter	Value
$I_0$	per capita parameter for category B municipalities	R195 397
	per capita parameter for category C municipalities	R329 818
$\gamma$	Scale parameter	0.25
$Y_i$	Average per monthly per capita expenditure threshold	250
	Population cut-off	5 000
	Per capita floor	250

#### *Nodal Allocations*

The President announced 21 development nodes in his 2001 State of the Nation Address. Departments were subsequently requested to prioritise funding to these under-developed areas. In line with this objective, additional equitable share allocations are made available to these nodes for non-infrastructure developmental programmes, beginning in 2002/03. The funding of the nodes are linked to the life-span of projects. Similar to last year, 65 per cent of the nodal equitable share allocation will be allocated to the rural nodes and 35 per cent to the urban nodes.

#### *Free Basic Services*

This is a new supplementary component to accelerate the pace for the provision of free basic electricity/energy and free basic services (water, sanitation, refuse) to poor households. The division between municipalities has been determined by the S-grant formula and 1996 Census data on municipal infrastructure for water, sanitation, refuse and electricity infrastructure for poor households.

#### *"Guaranteed" Amount*

To create stability and prevent the disruption of services, municipalities are guaranteed 70 per cent of their previous year's allocation. However, given the new functions for the 2003/04 financial year for category B and C municipalities, the equitable share allocations have been adjusted to provide funds to the municipality legally entitled to perform that function. The guarantee mechanism does not apply to that portion where a municipality no longer carries out a specific function.

### **Conditional grants to local government**

Schedule 6 and 7 of the Division of Revenue Bill presents the conditional grants to municipalities. Conditional grants are 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.

Allocations for conditional grants will rise over the medium term, reflecting the priority attached to the extension of municipal infrastructure. Significant changes are introduced in the policy framework underlying some grants, particularly in infrastructure and capacity building. Below is a summary of all the conditional grants listed in Schedule 6, 6A and 7A of the Division of Revenue Bill, 2003.

#### *Capacity-building and restructuring grants*

Over the past years, national and provincial government have committed significant resources to assist in building capacity at the local level of government. The range of programmes administered by different national departments is fragmented and in the process has delayed or does not appear to have delivered substantial improvements in municipal capacity. Government is concerned that the lack of coordination among capacity-building initiatives reduces their impact in improving the capacity of municipalities. Government intends to create one consolidated local government capacity-building programme, overseen by a multi-departmental team.

The Department of Provincial and Local Government (DPLG) is spearheading the shift towards a comprehensive capacity-building strategy. An interim framework for municipal capacity building allocations regulates the alignment of allocations into a consolidated grant by 2005/06. The framework provides for multi-departmental teams in the national and provincial spheres to oversee and manage the capacity-building programme, initially prioritising integrated development planning, strategic management and service delivery skills, and financial management and budget reforms. In line with this approach, the Local Government Capacity Building Grant, which is currently distributed via provinces to municipalities, will be incorporated into the Municipal Systems Improvement Grant and will be transferred directly to municipalities. The financial management grant under the National Treasury vote is committed to the international technical assistance programme. The demands of the coming *Municipal Finance Management Act* will require significant capacity building in municipalities. The National Treasury is working closely with DPLG to ensure co-ordination between the various capacity building programmes.

Capacity building and restructuring grants doubles from R498 million in the 2002/03 financial year to R995 million in the 2005/06 financial year. This translates to a nominal average annual increase of 26 per cent (19, 4 per cent in real terms) over the next three years. Capacity building grants to municipalities that flow through provinces will be incorporated into the municipal systems improvement grant in 2005/06. This translates to an additional R233 million to the local sphere and hence the sharp increase in the municipal systems improvement grant in 2005/06.

The bulk of capacity building grants are targeted at smaller and medium size municipalities whereas the restructuring grant is targeted at larger municipalities with budgets exceeding R300 million.

#### *Capital transfers to local government*

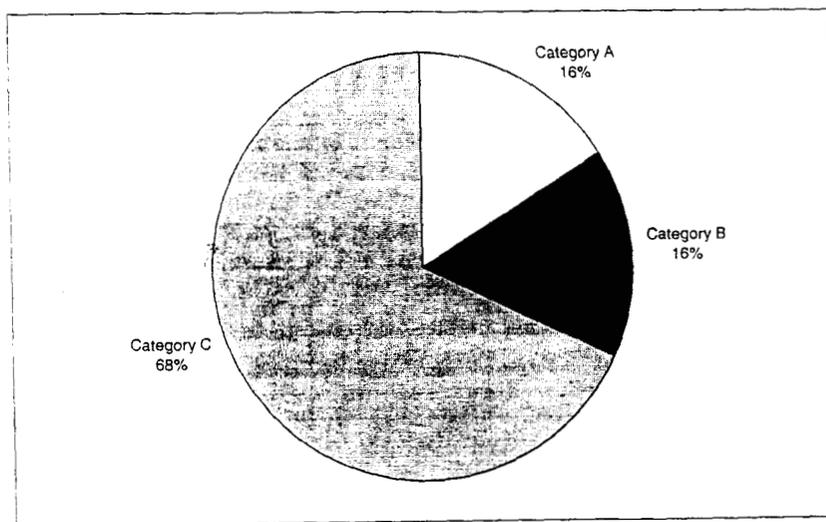
Infrastructure grants are a critical component of the national government's objective to expand the delivery of basic services to poor households and to alleviate poverty. They complement the equitable share allocations to give effect to government's commitment for delivery of free basic services. A further objective of the infrastructure grants is to stimulate job creation, and ensure skills transfer and gainful employment creation over the medium term. An additional R1 billion over the next three years is allocated for the purpose of labour-based infrastructure investments. These funds will be distributed through the existing municipal infrastructure grants framework.

Infrastructure grants increase to R4.1 billion in 2003/04 from R3.4 billion in 2002/03. For the outer years, total infrastructure transfers rise to R4,6 billion and R4,9 billion. The largest rise is in the Consolidated Municipal Infrastructure Programme (CMIP) grant, which experience an average annual increase of 21,8 per cent between 2002/03 and 2005/06. Of the total infrastructure transfers allocated in the period 2003/04, about 49 per cent goes to nodes identified as part of the Urban Renewal and the Integrated

Sustainable Rural Development programmes. Metropolitan areas receive 16.3 per cent of the total, of which 84 per cent goes into urban development nodes. District municipalities and district management areas receive 67.8 per cent of which about 51 per cent are for rural development nodes.

National Government is in the process of finalising the rationalisation of the many infrastructure grants to municipalities, and create the new Municipal Infrastructure Grant (MIG). The MIG gives effect to earlier Cabinet and Budget Forum decisions and policy positions on the establishment of a single consolidated fund for municipal infrastructure provisioning. The MIG gives municipalities a central role in coordinating development activity within their jurisdictions and the delivery of municipal infrastructure. The conditionalities of the MIG is focused on achieving a number of output conditions, including the achievement of service coverage targets and employment creation and link directly with Municipal Integrated Development Plans (IDP). The IDPs will be the primary strategic management tools for determining the scope, scale and mix of local service delivery activities through assessing local needs and priorities. The role of National Government would be to support, monitor policy outcomes and regulate 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 towards improving the capacity, efficiency, effectiveness, sustainability and accountability of the local sphere.

**Figure E.1 Infrastructure transfers to local government — 2003/04**



Implementation of the MIG is expected to commence in October this year, and to be fully in place by 2005/06. Phased in over a three-year period, the new MIG will be created through the merger of the Consolidated Municipal Infrastructure Programme, the Water Service Grant (managed by the Department of Water Affairs and Forestry), and the National Electrification Programme (managed by the Department of Minerals and Energy). Current electrification funding will be incorporated once the framework for restructuring of the electricity distribution industry has been finalised. Consideration will also be given to including the existing poverty-relief programmes like the Local Economic Development Fund, the Community Based Public Works Programme and the Building for Sports and Recreation in the consolidated grant. These programmes will be incorporated after National Government has reviewed the poverty-alleviation programmes.

The Division of Revenue Bill, attendant documentation (schedules indicating revenue division and grant frameworks), and background material such as the 2002 *Intergovernmental Fiscal Review* are available on the National Treasury website ([www.treasury.gov.za](http://www.treasury.gov.za)).

**APPENDIX E1:  
FRAMEWORKS FOR  
CONDITIONAL GRANTS  
TO PROVINCES**

## Appendix E1: Frameworks for Conditional Grants to Provinces

### Detailed Frameworks on Schedules 4, 5 and 7 Grants to Provinces

#### Introduction

This appendix provides a framework for each grant in Schedules 4, 5, 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
- Criteria for allocation between provinces or municipalities
- Rationale for funding through a conditional grant
- Monitoring mechanisms
- Past performance
- The projected life of the grant
- The payment schedule
- Capacity and preparedness of the transferring department

### AGRICULTURE GRANTS

Land Care Programme Grant	
Transferring Department	Agriculture (Vote 26)
Purpose	<ul style="list-style-type: none"> <li>• To address the degradation problems of natural resources and improve the socio-economic status of rural communities</li> </ul>
Measurable objectives/outputs	<ul style="list-style-type: none"> <li>• Rehabilitation of irrigation schemes to benefit small scale farmers</li> <li>• Rehabilitation and improvement in veldt management</li> <li>• Improvement in production systems for small scale farmers</li> <li>• Reduction in depletion of soil fertility and soil acidity</li> <li>• Training facilitation</li> </ul>
Conditions	Implementation of approved projects according to the project schedule
Allocation criteria	Based on the submission of projects by Provinces, with some bias towards the poorest provinces
Reasons not incorporated to equitable share	The funding is from the special poverty allocation made by national government
Monitoring mechanisms	<ul style="list-style-type: none"> <li>• Provinces report monthly on implementation progress</li> <li>• Impact assessment to be completed by the end of 2002/03 financial year</li> </ul>
Past performance	<p><b>2001/02</b></p> <ul style="list-style-type: none"> <li>• 100 per cent spending of allocation</li> <li>• Evaluation of completed and ongoing projects completed</li> </ul> <p><b>2002/03</b></p> <ul style="list-style-type: none"> <li>• 50 per cent has already been spent on projects by end of December 2002</li> <li>• Expect all funds to be spent, although in some provinces they have been waiting for the rains to start in order to proceed without causing any degradation of the land and environment</li> </ul>
Projected life	12 Months
Payment schedule	Four quarterly instalments
Capacity and preparedness of the transferring department	All administration, monitoring and reporting capacity is in place

Table 1 Land Care Grant

R thousand	2002/03 Revised Allocations	2003/04 Budget
Eastern Cape	6 000	8 000
Free State	1 400	1 800
Gauteng	-	1 600
KwaZulu-Natal	4 000	6 500
Limpopo	5 000	8 000
Mpumalanga	2 000	3 500
Northern Cape	1 300	1 800
North West	3 000	5 000
Western Cape	1 300	1 800
<b>Total</b>	<b>24 000</b>	<b>38 000</b>

<b>Special Food Security Projects (Indirect Transfer)</b>	
<b>Transferring Department</b>	Agriculture (Vote 26)
<b>Purpose</b>	To implement special programme for food security
<b>Measurable Objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Rehabilitation of irrigation schemes to benefit small scale farmers</li> <li>• Training facilitation</li> <li>• Improvement of community vegetable garden</li> <li>• Reduce household food insecurity</li> </ul>
<b>Conditions</b>	Funds used specifically for special programme for food security
<b>Allocation criteria</b>	<p>Based on the implementation report prepared by the Food Agricultural Organisation of the United Nation which has identified three poorest provinces to be included in the pilot programme</p> <p><b>Total allocations of R10 million are made to:</b>            Eastern Cape—R2 million            Limpopo—R6 million            Kwazulu-Natal— R2 million</p>
<b>Reasons not incorporated to equitable share</b>	The funding is from the special poverty allocation made by the national government
<b>Monitoring mechanisms</b>	Province to report monthly on implementation progress
<b>Past performance</b>	The preparatory phase completed
<b>Projected life</b>	12 Months
<b>Payment schedule</b>	Not applicable (indirect transfer) – Accounting responsibility rests with the accounting officer of the transferring national department

## EDUCATION GRANTS

<b>Financial Management and Quality Enhancement</b>	
<b>Transferring department</b>	Education (Vote 15)
<b>Purpose</b>	To improve financial management in the education system and improve the quality of education in schools
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Training of school management teams governing bodies and district officials in leadership, management, financial planning, asset management and school development planning</li> <li>• Training of educators on curriculum and classroom management, and teaching of scarce subjects such as mathematics and science</li> <li>• Training of education officials on systemic evaluation and whole school evaluation</li> <li>• Increase in the number of girl learners from disadvantaged communities, focusing on the nodal areas that study gateway subjects such as Maths, Science, Technology and Art</li> <li>• Schools that obtained 0-30 per cent in 2002 matriculation to improve the pass rate by 45 per cent</li> <li>• Improved school safety, targeting crime such as drugs, vandalism, and racism through advocacy campaigns</li> <li>• Development and distribution of handbooks on financial management including, systems on finances, education management information and learner support management systems</li> <li>• Establishment of food gardens in schools in the nodal areas to supplement the Integrated Nutrition Programme and to improve the physical environment</li> <li>• Rationalisation of 152 Technical colleges into 50 further education and training institutions</li> <li>• Schools in the nodal areas participate in music competitions and learners to take part in extra curricula activities including art, sport, culture and indigenous games</li> <li>• Schools in the nodal areas are supplied with Science, Technology, and Art kits and educators would be trained in the use of the kits</li> <li>• Conversion of some schools in nodal areas into full-service schools that can deal with all types of learners, and training of district support teams on strategies to deal with learners with disabilities</li> <li>• Audits of leave records in all provincial education departments completed by 31 March 2004</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Provincial business plans with the focus on the above outputs must be approved by the Accounting Officer of the national department before the flow of the first instalment</li> <li>• The outputs as outlined in the approved business plans must be achieved</li> <li>• The conditional grant should not be used to cover recurrent costs such as rates and taxes, salaries and construction of buildings and procuring equipment such as computers</li> <li>• The Director-General must approve deviation from the approved business plans</li> </ul>
<b>Allocation criteria</b>	Education component of the provincial equitable share formula
<b>Reasons for funding through conditional grants</b>	Enables the national Department of Education to play an oversight role over the implementation of national education priorities for improvement in management and outputs of the education system and ensures that the priority areas are given prominence in the provinces
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• The Department of Education has scheduled inter-provincial meetings to be held once every three months to discuss progress on projects under this programme</li> <li>• Financial reports to be submitted to the national Department of Education by the 15th of every month; and narrative reports to be submitted a week before the inter-provincial meeting</li> <li>• On-site visits by the national department to ensure compliance with the approved business plans are conducted twice a year</li> <li>• The national department will conduct performance monitoring and evaluation</li> </ul>
<b>Performance</b>	<p><b>2001/02</b></p> <ul style="list-style-type: none"> <li>• All funds were transferred to provinces. Although there was an under-expenditure of about 14 per cent, this was an improvement compared to previous years of the existence of this conditional grant</li> <li>• A number of workshops, training and advocacy activities were undertaken targeting school governing bodies, school management, regional and district education management and educators. These are expected to contribute to improved school effectiveness through improved school management and governance, improved assessment of learners, reduced crime, and improved learner enrolment for mathematics and science</li> </ul> <p><b>Projections for 2002/03</b></p> <p>The planning for this year has significantly improved compared to the past years. By April 2002 business plans of all the provinces were approved and the first transfer was affected in April 2002. Expenditure as of December 2002 amounts to R69 million or 52,6 per cent of total allocation</p>
<b>Projected life</b>	The allocation of this grant is envisaged to continue for at least the current MTEF years (2003/04 until 2005/06)
<b>Payment schedule</b>	Four instalments (15 April 2003, 15 July 2003, 15 October 2003 and 15 January 2004)
<b>Capacity and preparedness of the transferring department</b>	<ul style="list-style-type: none"> <li>• The overall co-ordination of the programme is the responsibility of the Development Support Directorate in the Department of Education. The Budget Review and Advisory Committee of the Department of Education, chaired by the Chief Financial Officer is overseeing the management of the grant. The Deputy Director-General responsible for Planning and Monitoring chairs the inter-provincial meetings</li> <li>• Coordination with the provincial education departments is realised through the inter-provincial meetings that happen every eight weeks. The individual project managers at national have also developed their own system of coordinating with the provinces</li> </ul>

Table 2 Financial Management and Quality Enhancement Grant

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	42 240	43 367	45 969	48 727
Free State	14 384	14 768	15 654	16 593
Gauteng	28 083	28 833	30 563	32 397
KwaZulu-Natal	50 459	51 805	54 913	58 209
Limpopo	35 846	36 803	39 011	41 352
Mpumalanga	16 667	17 112	18 139	19 227
Northern Cape	4 338	4 454	4 722	5 004
North West	18 266	18 753	19 878	21 071
Western Cape	18 037	18 519	19 630	20 808
<b>Total</b>	<b>228 320</b>	<b>234 414</b>	<b>248 479</b>	<b>263 388</b>

Early Childhood Development Grant (ECD)	
<b>Transferring department</b>	Education (Vote 15)
<b>Purpose</b>	To provide children eligible for the Reception Year (Grade R) with access to a quality education and care programme, particularly in poor communities.
<b>Measurable objectives/outputs</b>	<ul style="list-style-type: none"> <li>• 4 500 Licensed Grade R practitioners</li> <li>• 4 500 Registered community based ECD sites</li> <li>• 135 000 learners able to continue their learning in the Foundation Phase</li> <li>• Accreditation of 25 training providers</li> <li>• 4 500 basic educational kit of learning materials for each learning site</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Provincial business plans with the focus on the above outputs must be approved by the Accounting Officer of the national Department before the flow of the first instalment</li> <li>• The outcomes as outlined in the approved business plans must be achieved</li> </ul>
<b>Allocation criteria</b>	Education component of the equitable share formula is used to allocate amongst provinces.
<b>Reason not incorporated in equitable share</b>	Enables the Department of Education to provide overall direction to ensure congruency, coherence, and alignment with the agreed upon National ECD Strategy and the National Framework Plan for ECD. It also enables the Department of Education to play an oversight role over the implementation of the pilot ECD programme in primary schools and selected community based sites in the provinces
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• <b>Quarterly review</b> <ul style="list-style-type: none"> <li>— The Department of Education in collaboration with the responsible provincial officials will conduct these reviews. The reviews will be targeted at projects in which expenditure levels are lower or significantly higher than the projected figures in the business plans following an analysis of monthly cash flow statements on the projects. This exercise is intended to deal with difficulties in the implementation of projects by providing the necessary support in good time</li> </ul> </li> <li>• <b>Mid-year review</b> <ul style="list-style-type: none"> <li>— This is a substantive review exercise intended for all national and provincial projects under this programme. It will focus on the financial and programmatic issues on all projects with the view to assess the impact and identify key systemic problems that need to be confronted in the education system. There will be broad consultations between the national and provincial officials to finalise details on this matter</li> </ul> </li> </ul>
<b>Performance</b>	<p><b>2001/02</b></p> <ul style="list-style-type: none"> <li>• All provinces participated in development of business plans and activated delivery</li> <li>• Achievements to date include the following: <ul style="list-style-type: none"> <li>— Financial and administrative systems are in place in the provinces to administer the programme</li> <li>— National and provincial co-ordinators contracted to support implementation of the project</li> <li>— 2 668 selected sites are receiving subsidies as planned</li> <li>— Tenders have been awarded for the procurement and delivery of basic educational kit to 3 000 sites</li> </ul> </li> </ul> <p><b>Projected for 2002/03</b></p> <ul style="list-style-type: none"> <li>• 2668 practitioners to be trained during 2002/3 to acquire accredited Level 4 qualifications</li> <li>• Basic educational kits delivered to 3 000 sites</li> <li>• 150 management structures to be trained to offer support to the selected sites</li> <li>• Promotion of the programme through the advocacy and information campaign</li> </ul>
<b>Projected life</b>	The pilot programme is planned to run until 2003/04, thereafter the programme will be funded from provincial budgets
<b>Payment schedule</b>	Quarterly instalments (April, July, October and January)
<b>Capacity and preparedness of the transferring department</b>	The overall co-ordination of the programme is the responsibility of the Chief Directorate: Curriculum and Assessment Development and Learner Achievement in the Department of Education

Table 3 Early Childhood Development

R thousand	2002/03	2003/04	2004/05
	Revised Allocations	Medium Term Estimates	
Eastern Cape	9 805	16 280	
Free State	3 339	5 544	
Gauteng	6 519	10 824	
KwaZulu-Natal	11 713	19 448	
Limpopo	8 321	13 816	
Mpumalanga	3 869	6 424	
Northern Cape	1 007	1 672	
North West	4 240	7 040	
Western Cape	4 187	6 952	
<b>Total</b>	<b>53 000</b>	<b>88 000</b>	

HIV/Aids Grant—Education	
<b>Transferring Department</b>	Education (Vote 15)
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To deliver life skills and HIV/Aids education in primary and secondary schools</li> </ul>
<b>Measurable/objectives outputs</b>	<ul style="list-style-type: none"> <li>An additional 200 trained master trainers</li> <li>An additional 15 000 trained primary and secondary school teachers</li> <li>Verified implementation of the life skills programmes in an additional 35 per cent primary and secondary schools</li> <li>Peer education framework conceptualised and piloted in 6 secondary schools per province</li> <li>Course for life skills programme for teachers designed and related support material developed</li> <li>Ongoing training of life orientation educators, and other educators in sexuality education and care, support of infected and affected learners and educators, which they have to teach to learners as part of a compulsory curriculum in schools</li> <li>Training of all educators in the system in life skills to deal with their own sexuality and risks to HIV/Aids infection</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>Provincial business plans with the focus on the above outputs must be approved by the Accounting Officer of the national department before the flow of the first instalment</li> <li>The outcomes as outlined in the approved business plans must be achieved</li> </ul>
<b>Allocation criteria</b>	Education component of the equitable share formula is used to allocate amongst provinces
<b>Reason not incorporated in equitable share</b>	Enables the Department of Education to provide overall direction to ensure congruency, coherence, and alignment with the National Strategy for HIV/Aids and the National Integrated Plan for Children Infected and Affected by HIV/Aids is ensured. It also enables the Department of Education to play an oversight role over the implementation of life skills programmes in primary and secondary schools
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>Departments of Education, Health and Social Development will schedule inter-departmental and inter-provincial meetings</li> <li>Monitoring and evaluation will be conducted by the national Department of Education</li> </ul>
<b>Performance</b>	<p><b>2001/02</b> An HIV/Aids provincial co-ordinator was appointed for each province, and booklets on HIV/Aids were printed and distributed in all provinces</p> <p><b>Projections for 2002/03</b></p> <ul style="list-style-type: none"> <li>46.5 per cent of the allocation was spent up to the end of December 2002</li> <li>HIV/Aids provincial co-ordinators have been re-appointed and vacancies filled as they arise. National co-ordinator has been appointed and this has enhanced project management capacity, effectiveness and efficiency</li> </ul>
<b>Projected life</b>	It is envisaged that, given the nature of the epidemic, the need for such a grant will persist for another 6 to 9 years at least
<b>Payment schedule</b>	Four instalments (15 April 2003, 15 July 2003, 15 October 2003 and 15 January 2004)
<b>Capacity and preparedness of the transferring department</b>	The overall co-ordination of the programme is the responsibility of the Chief Directorate: Curriculum and Assessment Development and Learner Achievement in the Department of Education. The Budget Review and Advisory Committee of the Department of Education, chaired by the Chief Financial Officer is overseeing the management of the grant

Table 4 Education—HIV/Aids Grant

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	27 238	22 288	23 787	25 215
Free State	9 072	7 590	8 100	8 586
Gauteng	17 712	14 818	15 816	16 765
KwaZulu-Natal	31 824	26 624	28 416	30 120
Limpopo	22 613	18 915	20 187	21 398
Mpumalanga	10 512	8 794	9 386	9 949
Northern Cape	2 738	2 289	2 443	2 589
North West	11 520	9 638	10 286	10 904
Western Cape	11 376	9 518	10 158	10 767
<b>Total</b>	<b>144 605</b>	<b>120 474</b>	<b>128 579</b>	<b>136 293</b>

<b>Thuba-Makote: Schools as Centres for Community Development (Indirect transfer)</b>	
<b>Transferring department</b>	Education (Vote: 15)
<b>Purpose</b>	To develop and pilot a cost effective approach to the design, construction and management of school facilities which will also meet the developmental needs of rural communities
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>• Construction of 20 multi-functional schools facilities</li> <li>• 9 projects (schools) to be completed in 2002/03 financial year</li> <li>• Construction of 11 schools to be started in 2003/04 financial year</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Construction and utilisation of facilities must adhere to the requirements of Poverty Relief, Infrastructure Investment and Job Summit Fund for creation of job opportunities for local people, focusing on women, youth, and disabled</li> <li>• Skills training and transfer to the local people must be a major focus in the conceptualisation of the programme</li> <li>• Capacity building in the school community for the effective maintenance and management of the facilities must also be included in the programme</li> </ul>
<b>Allocation criteria</b>	For 2001/02 the amount was divided equally amongst the provinces and for 2002/03 and 2003/04 the backlog in infrastructure in provinces was taken into account
<b>Reason not incorporated in equitable share</b>	The programme aims to develop and pilot models, which will provide a new approach to the design, construction and management of school facilities. The programme provides innovations in these areas and needs to be managed from a national level
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• The implementation of the projects will be monitored and supported through a steering committee comprising representatives from provincial education departments and other appropriate organizations</li> <li>• Each pilot project site will be visited regularly to monitor progress</li> <li>• Monthly progress reports for approved pilot projects</li> <li>• Quarterly progress reports in line with the reporting requirements set by National Treasury for the special allocations for poverty relief, infrastructure and job summit projects</li> </ul>
<b>Past performance</b>	<p><b>2001/02</b> The allocation for the financial year 2001/2 totalled R48 million:</p> <ul style="list-style-type: none"> <li>• Expenditure amounted to R35 million, resulting in roll over of R13 million</li> <li>• 9 projects were started</li> </ul> <p><b>Projection for 2002/03</b> The rollovers and the R47 million allocated this year are used to honour contractual obligations for 9 projects (<i>schools</i>) started in the 2001/02 financial year, which will be completed by the end of this year.</p>
<b>Projected life</b>	This grant phases out in 2003/04
<b>Payment schedule</b>	Not applicable (indirect transfer) — Accounting responsibility rests with the accounting officer of the transferring national department
<b>Capacity and preparedness of the transferring department</b>	<ul style="list-style-type: none"> <li>• An implementing agency has been appointed</li> <li>• The Department of Education has established a Directorate: Physical Planning and has appointed the Director: Physical Planning as the Programme Manager of the project</li> </ul>

Table 5 Education — Thuba-Makote: Schools as Centres for Community Development

<b>R thousand</b>	<b>2002/03</b>	<b>2003/04</b>
	<b>Allocation</b>	<b>Budget</b>
Eastern Cape	5 232	17 455
Free State	5 232	5 818
Gauteng	5 232	
KwaZulu-Natal	5 232	17 455
Limpopo	5 232	11 636
Mpumalanga	5 232	5 818
Northern Cape	5 232	
North West	5 232	5 818
Western Cape	5 232	
<b>Total</b>	<b>47 086</b>	<b>64 000</b>

Poverty Relief Allocation for National Ikhwelo Project (Indirect Transfer — grant in kind)	
Transferring department	Education (Vote 15)
Purpose	The overall goal of the project is to provide access to skills development in General Education and Training for adult learners to enhance their social and economic capacity
Measurable objectives outputs	<ul style="list-style-type: none"> <li>• 450 Educators trained and employed to deliver agriculture and SMME learning programmes</li> <li>• 16 000 Adults engaged in lifelong learning</li> <li>• 480 Governing bodies and center managers capacitated to govern and manage</li> </ul>
Conditions	<ul style="list-style-type: none"> <li>• The programme must adhere to the requirements of Poverty Relief, Infrastructure Investment and Job Summit Fund for creation of job opportunities for local people, focusing on women, youth, and disabled</li> </ul>
Allocation criteria	The illiteracy rates in provinces as well as the socio-economic conditions of the provinces were taken into account
Reasons not incorporated in equitable share	Special allocation from the national Poverty Relief Fund
Monitoring mechanisms	<ul style="list-style-type: none"> <li>• Quarterly progress reports in line with the reporting requirements set by National Treasury for the special allocations for poverty relief, infrastructure and job summit projects</li> <li>• National Committee of provincial Adult Basic Education and Training (ABET) heads together with the Directorate Adult Education and Training monitor and provide progress reports to the Director-General</li> </ul>
Past performance	<ul style="list-style-type: none"> <li>• Learner Support Materials in agriculture have been procured through SMMEs and sent to provinces</li> <li>• 240 educators have been appointed to work in the 60 centers</li> <li>• Placement tests are being conducted in the centers</li> <li>• 10 co-coordinators have been appointed to coordinate the project</li> <li>• Information sessions about conditions of service are taking place in provinces</li> </ul>
Projected life	The allocation of this grant is envisaged to continue until 2003/04
Payment schedule	Not applicable (indirect transfers to provinces) — accounting responsibility rests with the accounting officer of the transferring national department
Capacity and preparedness of the transferring department	The overall co-ordination of the programme is the responsibility of the Chief Directorate: Curriculum and Assessment Development and Learner Achievement in the Department of Education

Table 6 Education — Poverty Relief Allocation for National Ikhwelo projects

R thousand	2002/03	2003/04
	Revised Allocation	Budget
Eastern Cape	2 434	9 250
Free State	829	3 150
Gauteng	1 618	6 150
KwaZulu-Natal	2 908	11 050
Limpopo	2 066	7 850
Mpumalanga	961	3 650
Northern Cape	250	950
North West	1 053	4 000
Western Cape	1 039	3 950
<b>Total</b>	<b>13 158</b>	<b>50 000</b>

## HEALTH GRANTS

National Tertiary Service Grant (NTSG)	
<b>Transferring department</b>	Health (Vote 16)
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To fund national tertiary services, as identified and costed by the Department of Health (DOH)</li> <li>To ensure equitable access by all South Africans to basic tertiary health level care</li> <li>To ensure collective planning for tertiary services</li> </ul>
<b>Measurable objectives/outputs</b>	<ul style="list-style-type: none"> <li>Improvement in management information in the benefiting hospitals</li> <li>Number of admissions, outpatients and day cases per specialised service unit</li> <li>Number of treated patients managed from outside each province</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>Maintenance of a separate cost and management centre in each benefiting hospital</li> <li>Appointment of a chief executive officer by 30 April 2003 for each benefiting hospital identified</li> <li>Delegation of management, accounting officer, procurement, hiring, disciplining and dismissal powers to chief executive officer by 30 May 2003</li> <li>Provision of designated national tertiary services</li> <li>Provision of services at activity levels as agreed between the province and the national DOH</li> <li>Provinces to include appropriate information in their strategic plans to be tabled by 31 March 2004</li> <li>Departments that receive this grant must communicate in writing to each benefiting hospital the allocations made, conditions and expected service level outputs. For monitoring purposes, this information should be supplied to the national DOH</li> </ul>
<b>Allocation Criteria</b>	<ul style="list-style-type: none"> <li>Cost of designated national tertiary services standardised between provinces to ensure "like for like" funding</li> <li>Non-personnel costs based on service delivery levels</li> </ul>
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>National tertiary services have spill-over benefits and need to be planned nationally and collectively</li> <li>These services benefit other provinces and the spill-over costs cannot be covered by the equitable share formula</li> </ul>
<b>Monitoring mechanisms</b>	Quarterly submission of NTSG monitoring data via District Hospital Information System (DHIS)
<b>Past performance</b>	<ul style="list-style-type: none"> <li>Funds have been flowing to provinces according to payment schedules as these funds form part of general recurrent funding within the health budget</li> <li>Transition from former Central Hospitals Grant has been successfully achieved, including establishment of routine monitoring system for NTSG via DHIS</li> </ul>
<b>Projected life</b>	The need to support the provision of tertiary services in provinces will continue into the foreseeable future. The planning of the service configuration and the basis for the calculation of the grant will be regularly reviewed
<b>Payment schedule</b>	Equal monthly instalments — normally on the 10th day of the month.
<b>Capacity and preparedness of the transferring department</b>	<ul style="list-style-type: none"> <li>The grant funds existing services and ongoing activities so the capacity to spend is in place.</li> <li>The national DOH has a designated unit to monitor compliance with the conditions of the grant. There is a constant need to improve information on actual service delivery and costs to facilitate monitoring and planning</li> </ul>
<b>Further work by national department</b>	<p><b>2003/04</b></p> <ul style="list-style-type: none"> <li>Adoption of a restructuring plan for gaining provinces by 30 April 2003</li> <li>Agreements to be completed and signed by 30 April 2003</li> <li>Finalise long term plan for modernisation of tertiary services</li> </ul> <p><b>2004/05-2005/06</b></p> <ul style="list-style-type: none"> <li>Develop grant framework to support modernisation process</li> </ul>

Table 7 National Tertiary Services Grant

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	125 779	195 504	272 036	353 022
Free State	292 145	336 501	384 165	432 116
Gauteng	1 629 313	1 679 760	1 727 736	1 760 465
KwaZulu-Natal	488 575	551 831	619 462	686 637
Limpopo	45 575	46 297	46 878	46 973
Mpumalanga	39 044	40 265	41 427	42 224
Northern Cape	24 458	32 892	42 105	51 747
North West	34 750	35 000	35 109	34 822
Western Cape	1 047 438	1 076 724	1 104 087	1 121 380
<b>Total</b>	<b>3 727 077</b>	<b>3 994 774</b>	<b>4 273 005</b>	<b>4 529 386</b>

<b>Health Professions Training and Development Grant</b>	
<b>Transferring department</b>	Health (Vote 16)
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• Support provinces to fund service costs associated with training of health professionals</li> <li>• Development and recruitment of medical specialists in under-served provinces</li> <li>• Enable shifting of teaching activities from central hospitals to regional and district facilities</li> </ul>
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Increase number and improve composition of health sciences students by province and institution</li> <li>• Shift in the location of practical training placements by discipline to regional and district facilities</li> <li>• Expanded specialist and teaching infrastructure in target provinces</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Each province to publish, in its strategic plan for 2004, information as required by the national DOH, on the training of all medical personnel by institution, including any subsidies and other associated costs, deployment of additional registrars and specialists by gaining provinces and institutions showing current and proposed posts and related infrastructure</li> <li>• Provinces to create and budget for additional posts related to registrars and specialists as agreed with national DOH and the deans of medical faculties in universities</li> <li>• Timely submission of monitoring information as agreed with national DOH. The annual reports should also indicate additional numbers of registrars and specialists in gaining provinces</li> </ul>
<b>Allocation criteria</b>	<ul style="list-style-type: none"> <li>• A specific increment has been allocated to provinces without medical schools to develop specialist and teaching capacity</li> <li>• The remaining funds are divided between the five provinces with medical schools on the basis of proportion of medical undergraduates; 10 per cent of the remainder is divided equally between the four provinces with no medical school</li> <li>• Target allocations per province to be phased in over a 5 year period, subject to annual review to accelerate the phase in period</li> </ul>
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>• Grant primarily targets certain provinces, which currently provide the bulk of health professionals training nationally</li> <li>• Expansion and shifting of location of teaching activities requires national coordination</li> </ul>
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Quarterly and annual reporting by provinces on number of students enrolled by discipline, level and training institution (frequency to be significantly decreased once national DOH has adequate database)</li> <li>• Quarterly and annual reporting by provinces on the number and duration of practical placements by health science students by type/level of health facility (frequency to be significantly decreased once national DOH has adequate data-base)</li> <li>• Quarterly and annual reporting by targeted provinces on achievement of planned expansion of specialist and teaching infrastructure</li> <li>• National department reports monthly on transfers</li> </ul>
<b>Past performance</b>	Funds have been flowing to provinces according to payment schedules as these funds form part of general recurrent funding within the health budget
<b>Projected life</b>	The need to compensate provinces undertaking the bulk of training is likely to continue for the foreseeable future, but ongoing review of this grant continues to improve its alignment with national human resource development policy
<b>Payment schedule</b>	Equal monthly instalments — normally on the 10th working day.
<b>Capacity and preparedness of the transferring department</b>	The department has designated an official to administer and monitor the grant. Increased emphasis is being placed on ensuring compliance with monitoring requirements
<b>Further work by national department</b>	<p><b>2003/04</b></p> <ul style="list-style-type: none"> <li>• Submission by 30 April 2003 by provinces to national DOH of plan for deployment of additional registrars and specialists by gaining provinces and institutions showing current and proposed posts and related infrastructure.</li> <li>• Ensure co-ordination of medical personnel with deans of medical faculties at university, and with provincial health departments</li> <li>• Continue research to improve and reconfigure this grant</li> <li>• Table new proposals to progressively improve this grant alongside modernisation of tertiary services proposals</li> </ul> <p><b>2004/05-2005/06</b></p> <ul style="list-style-type: none"> <li>• Progressive improvement of grant</li> </ul>

Table 8 Health Professions Training and Development Grant per province

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	72 049	79 873	97 464	127 566
Free State	90 552	90 061	93 643	92 517
Gauteng	528 137	539 330	560 778	554 039
KwaZulu-Natal	164 755	167 553	180 629	192 373
Limpopo	35 033	40 414	51 805	72 411
Mpumalanga	31 147	34 421	41 808	54 363
Northern Cape	28 313	30 007	34 444	41 069
North West	32 898	37 144	46 351	62 564
Western Cape	316 364	314 696	327 210	323 278
<b>Total</b>	<b>1 299 248</b>	<b>1 333 499</b>	<b>1 434 132</b>	<b>1 520 180</b>

HIV/Aids Grant — Health Department	
<b>Transferring department</b>	Health (Vote 16)
<b>Purpose</b>	To enable the health sector to develop an effective response to HIV/Aids epidemic including to support approved interventions including voluntary counselling and testing (VCT), mother to child transmission prevention (PMTCT) programmes, strengthening of provincial management, post exposure prophylaxis (PEP), home based care and step-down care
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Increased access to voluntary counselling and testing by 12,5 per cent of adult population aged between 15-49 years within three years, with specific targets for the youth and rural communities</li> <li>• Number of health districts which have voluntary counselling and testing facilities</li> <li>• Number of mothers receiving VCT and number of mother/baby pairs receiving PMTCT prophylaxis</li> <li>• Number of home based care teams in operation, caseload and number of patient contacts</li> <li>• Number of step-down facilities in operation, number of admissions and bed days</li> <li>• Number of adults and children receiving PEP after sexual assault</li> <li>• Number of projects targeting commercial sex workers and number of sex workers reached</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• The flow of first instalments is subject to approval of business plans</li> <li>• Quarterly monitoring returns to be submitted</li> <li>• Provinces should budget for long-term recurrent funding of home based care and step down care (i.e. once projects have matured)</li> </ul>
<b>Allocation criteria</b>	<ul style="list-style-type: none"> <li>• 2001 Antenatal HIV Prevalence Survey, estimated share of HIV+ births, share of reported rapes, estimated share of Aids cases</li> </ul>
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>• National priority</li> <li>• Distribution of epidemic differs from equitable share distribution</li> </ul>
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Quarterly reporting of output in terms of the monitoring framework established by national DOH</li> <li>• Provincial liaison and technical support visits by members of the national DOH</li> <li>• Regular meetings by the National Steering Committee</li> </ul>
<b>Past performance</b>	<p><b>2001/02</b> Underspending was a problem in some provinces, procedures were simplified for 2002/03</p> <p><b>Projections for 2002/03</b></p> <ul style="list-style-type: none"> <li>• 43,1 per cent of allocated funds spent by end of December 2002</li> <li>• Four provinces remain significantly underspent; additional funds have been targeted towards provinces with stronger spending performance</li> </ul>
<b>Projected life</b>	For duration of the allocation
<b>Payment schedule</b>	Equal quarterly instalments
<b>Capacity and preparedness of the transferring department</b>	The structures for planning, co-ordinating and monitoring the implementation of the programme are in place. The department is in the process of appointing additional staff, mainly co-ordinators at provincial and national level
<b>Further work by national department</b>	<p><b>2003/04 Budget</b></p> <ul style="list-style-type: none"> <li>• Output monitoring framework finalised by 30 April 2003</li> <li>• Interventions to address under-spending to be implemented</li> </ul> <p><b>2004/05 — 2005/06</b></p> <ul style="list-style-type: none"> <li>• Joint Treasury / Health Technical Task Team on HIV Financing will review appropriate long-term mechanisms for HIV/Aids funding</li> </ul>

Table 9 Health HIV/Aids Allocation

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocation	Medium Term Estimates		
Eastern Cape	28 253	38 934	58 193	77 451
Free State	18 657	30 144	40 843	42 621
Gauteng	31 093	55 275	87 629	91 844
KwaZulu-Natal	52 496	85 591	122 270	123 313
Limpopo	20 554	28 962	42 479	55 996
Mpumalanga	20 867	26 287	36 364	46 441
Northern Cape	7 657	11 268	17 318	18 924
North West	18 919	32 891	41 855	42 669
Western Cape	11 713	24 204	34 661	35 849
<b>Total</b>	<b>210 209</b>	<b>333 556</b>	<b>481 612</b>	<b>535 108</b>

<b>Construction Grants — Pretoria Academic</b>	
<b>Transferring department</b>	Health (Vote 16)
<b>Purpose</b>	To contribute toward the funding of construction for Pretoria Academic Hospital in Gauteng
<b>Measurable objectives/ outputs</b>	Completion of construction of hospitals
<b>Conditions</b>	The departments of health of the provinces in which the hospitals are located will accept full responsibility to fund future operational costs of the hospitals, and to reflect this in their budgets
<b>Allocation criteria</b>	Grant targeted to Pretoria Academic Hospital in Gauteng and it phases out in 2003/04 with the allocation R92,4 million
<b>Reason not incorporated in equitable share</b>	This is funding designated for central and academic hospital, which will deliver mostly tertiary and quaternary services to benefit all provinces
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Status reports are received regularly and the construction site is visited every 2-3 months for progress assessment</li> <li>• When the commissioning stage has started the frequency of reports and site visits will increase to once a month</li> </ul>
<b>Past performance</b>	Conditional grants have been allocated for the construction of the Nkosi Albert Luthuli Academic hospital in KZN (Durban Academic) and Nelson Mandela Academic (Umtata) hospital in the Eastern Cape in the past
<b>Projected life</b>	Funding for Pretoria Academic phases out in 2003/04
<b>Payment schedule</b>	Four instalments — 18 April, 18 July, and 17 October, 2003, 16 January 2004
<b>Capacity and preparedness of the transferring department</b>	The department is adequately prepared to monitor the implementation of this programme by the province

Hospital Revitalisation Grant	
<b>Transferring department</b>	Health (vote 16)
<b>Purpose</b>	To transform and modernise hospitals in line with national policy and to achieve a sustainable infrastructure from which modern, equitable and sustainable services can be delivered
<b>Measurable objectives / outputs</b>	Number of hospitals revitalised
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Compliance with Integrated Health Planning Framework (IHPF) and monitoring and reporting requirements</li> <li>• Compliance with provincial priorities for sustainable service delivery as identified in the provinces' Strategic Position Statements (SPS)</li> <li>• Allocations after 2003/2004 will depend on progressive increases in spending on maintenance up to targets set in IHPF</li> <li>• All projects must involve comprehensive revitalisation, including at least management, health technology, infrastructure and quality improvement programmes</li> <li>• Business cases in a standard format must be submitted to national Department of Health by 30th May 2003 for any additional projects to be funded in following years allocation</li> </ul>
<b>Allocation criteria</b>	<ul style="list-style-type: none"> <li>• Allocations are based on projects comprised of at least one hospital per province</li> <li>• The number of projects per province will be agreed between national DOH and National Treasury each year subject to the availability of resources and progress with current projects</li> <li>• Allocations take into consideration performance in achieving planned and national targets</li> </ul>
<b>Reasons not incorporated in the equitable share</b>	To provide the additional investment to provincial health departments to enable them to transform and modernise the hospital sector in line with nationally agreed goals and timeframes
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Prescribed format and indicators in hospital and provincial monitoring modules</li> <li>• Monthly reporting on project implementation progress and expenditure to the national department</li> </ul>
<b>Past performance</b>	<p><b>2001/2002</b></p> <ul style="list-style-type: none"> <li>• All allocated funds were transferred to provinces and all roll overs from 2000/01 were spent</li> <li>• Under expenditure of R60 million, because of poor provincial cash flow projections and transition to revitalisation project</li> </ul> <p><b>2002/2003</b></p> <ul style="list-style-type: none"> <li>• Spending amounts to 71,4 per cent of total available funds by the end of December 2002/03</li> <li>• Cash flows of currently committed projects indicate that all allocated funds will be spent</li> <li>• This is the last year that rehabilitation projects will be funded from this grant, which will in future be covered through the provincial infrastructure grant and/or equitable share allocations</li> </ul>
<b>Projected life</b>	Will largely depend on the rate of funding and pace of revitalisation of hospitals and infrastructure priorities of the health sector
<b>Payment Schedule</b>	Four installments
<b>Capacity and preparedness of transferring department</b>	The department has increased its capacity, including a project management unit for the revitalisation programme and has implemented a project implementation structure including national and provincial management teams and steering groups

Table 10 Hospital Revitalisation Grant

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	84 000	90 751	116 354	121 008
Free State	29 000	50 356	52 370	54 466
Gauteng	135 000	87 939	155 126	232 870
KwaZulu-Natal	111 000	129 860	178 054	190 292
Limpopo	119 000	96 239	106 463	110 722
Mpumalanga	48 000	65 666	68 292	71 025
Northern Cape	25 000	54 939	57 135	59 421
North West	53 000	59 939	92 845	98 998
Western Cape	45 000	81 939	85 217	88 625
<b>Total</b>	<b>649 000</b>	<b>717 628</b>	<b>911 856</b>	<b>1 027 427</b>

Integrated Nutrition Programme Grant	
<b>Transferring department</b>	Health (Vote 16)
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• Improve the nutrition status of South African children; specifically to enhance active learning capacity and improve school attendance in schools</li> <li>• Improve nutritional knowledge, perceptions, attitudes and behavior amongst school learners, their parents and teachers</li> </ul>
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Improve coverage of targeted primary school feeding from 86 per cent to 100 per cent</li> <li>• Improve coverage of planned feeding days from 85 per cent to 100 per cent</li> <li>• Improve compliance with nutritional criteria for school feeding from 0 per cent to 100 per cent</li> <li>• Decrease underweight, stunting and wasting in children from 10.3 per cent to 10 per cent, 21.6 per cent to 20 per cent and 3.7 per cent to 2 per cent respectively</li> <li>• Increase provision of Road to Health Chart from 74.6 per cent to 85 per cent</li> <li>• Eliminate micronutrient deficiencies</li> <li>• Increase exclusive breastfeeding from 5 per cent to 10 per cent and breastfeeding from 67.9 per cent to 70 per cent</li> <li>• Increase baby-friendly health facilities from 40 to 72 out of 480</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Access of funding through business plans</li> <li>• Use of funds only for approved purposes</li> <li>• Grant must be kept on separate responsibility and objective codes</li> <li>• Feeding in poor primary schools should be a priority of the grant</li> <li>• Compliance with minimum norms and standards as determined by policy and implementation guidelines</li> </ul>
<b>Allocation criteria</b>	<ul style="list-style-type: none"> <li>• The INP conditional grant is distributed in total to the provincial departments of health according to an Index comprised of three indicators:</li> <li>• Indicator 1: 1996 poverty gap (65 per cent of Index)</li> <li>• Indicator 2: 1996 population 0 to 15 years living under the poverty line (30 per cent of Index)</li> <li>• Indicator 3: 2000 anthropometric indicators (5 per cent of Index)</li> </ul>
<b>Reason not incorporated in equitable share</b>	School feeding started as a Presidential Lead Project under the Reconstruction and Development Programme (RDP). The Conditional Grant replaced the RDP allocation to ensure continued funding for nutrition and specifically for school feeding which is seen as one of Government's key responses to poverty
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Provinces must report quarterly in terms of progress indicators</li> <li>• Provinces must report monthly in terms of financial indicators</li> <li>• Monitoring visits</li> <li>• Formal assessments</li> </ul>
<b>Past performance</b>	<p><b>2001/02</b></p> <ul style="list-style-type: none"> <li>• Although funds have been flowing as scheduled, under-spending has occurred at provincial level</li> </ul> <p><b>Projected for 2002/03</b></p> <ul style="list-style-type: none"> <li>• Expenditure to up to the end of December 2002 amounts to 73.9 per cent</li> <li>• 100 per cent expenditure is projected by the end of the year</li> </ul>
<b>Projected life</b>	The portion of the grant that fund school feeding will be transferred to the Department of Education in 2004/05
<b>Payment schedule</b>	Four instalments
<b>Capacity and preparedness of transferring department</b>	The Department has a dedicated directorate for the management of the INP

Table 11 Integrated Nutrition Programme Grant

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	131 838	172 465	202 698	222 133
Free State	40 543	47 817	56 200	61 588
Gauteng	56 269	74 273	87 293	95 662
KwaZulu-Natal	136 337	176 646	207 612	227 518
Limpopo	109 127	146 433	172 102	188 603
Mpumalanga	39 728	62 789	73 796	80 872
Northern Cape	10 390	21 617	25 407	27 842
North West	39 390	71 967	84 583	92 693
Western Cape	28 789	34 653	40 727	44 632
<b>Total</b>	<b>592 411</b>	<b>808 660</b>	<b>950 418</b>	<b>1 041 543</b>

<b>Hospital Management and Quality Improvement Grant</b>	
<b>Transferring department</b>	Health (Vote 16)
<b>Purpose</b>	To strengthen management in hospitals including the development of management systems and structures, especially in the following areas: <ul style="list-style-type: none"> <li>• Financial management including cost centre accounting</li> <li>• Hospital management information systems and patient administration systems</li> <li>• Support improvement of monitoring and evaluation capacity of hospital services at provincial level</li> <li>• Support quality of care interventions to substantially improve quality of hospital services</li> </ul>
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Demonstrable progress with the delegation of personnel, financial and procurement functions to identified hospitals inclusive of the associated capacity development</li> <li>• Demonstrable progress with the implementation of standardised service delivery packages in identified hospitals</li> <li>• Mechanisms for quality improvements in all hospitals receiving funding in place – including complaints procedures, patient satisfaction surveys, medical audit, morbidity and mortality reviews and other structured systems of quality assessment</li> <li>• Implementation of standardised diagnostic and treatment protocols</li> <li>• Demonstrable progress towards the establishment of key management structures in terms of suitability and functionality in identified hospitals</li> <li>• Demonstrable progress with the implementation of strong financial systems including Cost Centre Accounting in hospitals</li> <li>• Demonstrable progress towards functional hospital management information systems</li> <li>• Systems for monitoring and evaluation of hospital services developed at provincial level</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Business plans approved by HOD's to be submitted before the first payment. These business plans will outline the projects/programmes in support of the purpose of the grant</li> <li>• Significant progress must be reported on spending and measurable outputs before the second and third payments are transferred</li> <li>• This grant is mainly to support revitalisation projects, it may also, to a certain extent, be used for other hospitals</li> </ul>
<b>Allocation Criteria</b>	<ul style="list-style-type: none"> <li>• The grant will need to accommodate funding, on a limited scale, of the existing activities/projects started in the 2001/2 financial year</li> <li>• Allocations are based on the number of revitalisation projects and the costs of these projects per province</li> </ul>
<b>Reason not incorporated in equitable share</b>	The main aim of the grant is to fund organisational development and quality improvement component of the Revitalisation Programme
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Monthly and quarterly financial reports to be submitted in the prescribed Treasury format.</li> <li>• Quarterly reports on progress against approved business plans</li> </ul>
<b>Past performance</b>	This programme was funded as part of the financial management grant administered by National Treasury (2000/01). It has since been redefined to support the organisational development and quality components of the Hospital Revitalisation Programme and is now managed by the National Department of Health. The redefinition of focus is designed to strengthen internal efficiencies in the operational management of hospitals
<b>Projected life</b>	The grant is linked to the projected lifespan of the Revitalisation Programme, and will be revised after 4 years
<b>Payment schedule</b>	Three instalments — 30 April, 15 August and 16 January
<b>Capacity and preparedness of the transferring department</b>	The National Department of Health already has monitoring systems in place to manage the hospital Revitalisation Programme and the hospital management development program

Table 12 Hospital Management and Quality Improvement

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	9 333	14 553	19 529	24 530
Free State	11 333	12 730	13 055	13 393
Gauteng	34 000	23 060	20 776	18 510
KwaZulu-Natal	19 000	16 375	20 065	23 778
Limpopo	9 333	13 337	15 388	17 457
Mpumalanga	8 333	13 337	12 833	12 340
Northern Cape	7 334	10 906	10 490	10 083
North West	8 334	12 730	12 713	12 642
Western Cape	19 000	16 376	16 983	17 608
<b>Total</b>	<b>126 000</b>	<b>133 404</b>	<b>141 832</b>	<b>150 342</b>

## HOUSING GRANTS

<b>Housing Subsidy Grant</b>	
<b>Transferring department</b>	Housing (Vote 29)
<b>Purpose</b>	To finance subsidies under the national housing programme
<b>Measurable objectives/outputs</b>	<ul style="list-style-type: none"> <li>• Number of subsidies financed per annum averages 190 000 houses</li> <li>• Number of housing units completed per province</li> <li>• Number of households benefiting</li> <li>• Number of jobs (direct and indirect) created/maintained per annum through construction</li> <li>• Improvement in quality of life for beneficiaries (change from shack to proper houses impacting on health etc.)</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Provincial spending plans must be approved by national Department of Housing before the flow of the first instalment</li> <li>• Provincial housing departments, to ensure that all subsidies for 2003/04 are allocated by 30 April 2003, through consultation with municipalities. Provincial departments must ensure a coordinated developmental approach with other line function departments, which will provide funds for infrastructure including social facilities and services</li> <li>• Provincial housing departments to ensure that all subsidy allocations for 2004/05 are allocated by 31 October 2003, in consultation with every municipalities, and in line with the Integrated Development Plans</li> <li>• Provinces must utilise the transversal system for budgeting, subsidy administration, financial administration and reporting purposes</li> <li>• Comprehensive reporting on expenditure on any transfers to municipalities or public entities</li> <li>• Provincial Governments have to set aside 0,5 to 0,75 per cent per year to finance emergency housing needs. This will provide for the people who have been affected by disasters; and need to be assisted as a matter of urgency access</li> <li>• Housing allocations must be in terms of national housing programmes and priorities</li> <li>• Provinces to modernise and reform accounting and classification systems in line with a framework approved by the national Department of Housing and the National Treasury</li> </ul>
<b>Allocation criteria</b>	<p>Two formulae are used to allocate the funds for the 2003 MTEF. This is intended to phase out the old allocation formula by the end of the 2003/04 financial year as follows:</p> <ul style="list-style-type: none"> <li>• The baseline allocations for 2003/04 remain unchanged, and they are allocated using an old formula that is based on the number of households earning less than R3500 per month</li> <li>• A new formula which introduces an urban bias is used to determine allocations for 2004/05 and 2005/06. This formula is based on the following: <ul style="list-style-type: none"> <li>— 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 per cent;</li> <li>— A poverty indicator as measured by the number of households earning less than R3500 in each province and is weighted 30 per cent; and</li> <li>— A population indicator as measured by each province's share of total population using statistics from 1996 census and is weighted 20 per cent</li> </ul> </li> </ul>
<b>Reason not incorporated in equitable share</b>	The provision of housing to the poor is a national priority. The conditional grant enables the national government to provide for the implementation of housing delivery in provincial budgets, and the monitoring of provinces accordingly
<b>Monitoring mechanisms</b>	The national Department of Housing has installed a transversal computerised subsidy management system (HSS) in all provincial housing departments for the administration of the subsidy scheme and to allow the national department to monitor progress and expenditure continuously through monthly reporting, quarterly visits to provinces, interaction by the housing sector Chief Financial Officers and Heads of Housing and MINMec meetings
<b>Past performance</b>	<p><b>2001/02</b></p> <ul style="list-style-type: none"> <li>• The number of subsidies approved in the last three years averaged 168 519 subsidies per annum, while the number of houses built during the same period averaged 197 520 per annum, benefiting 2,3 million people.</li> <li>• Currently funds that remained unspent at provinces and in the Housing Fund collectively amounted to R604 million or 15 per cent of funds available for spending. These amounts include R240 million (R80 million in Gauteng, Mpumalanga and KwaZulu-Natal) earmarked for the implementation of the Presidential Job Summit projects for new rental housing subsidies. Implementation has been delayed due to delays in the finalisation of the funding model and institutional arrangements for channeling of the funds for the rental housing projects</li> </ul> <p><b>Projections for 2002/03</b></p> <ul style="list-style-type: none"> <li>• Expenditure up to the end of December 2002 amounts to 47 per cent of total allocation</li> <li>• All allocated funds will be transferred, of which approximately 80 per cent is expected to be spent by the end of the financial year</li> </ul>
<b>Projected life</b>	Unless government directs otherwise and taking into account the level of backlogs in housing, it is anticipated that the need for funding will exist until these backlogs are eradicated
<b>Payment schedule</b>	Monthly instalments (payment schedules) as determined through predetermined provincial expenditure projections
<b>Capacity and preparedness of the transferring department</b>	The national department has the capacity to manage and administer the transfer of housing funds to Provincial Governments and to monitor their performance in this regard continuously

<b>Housing Subsidy Grant</b>	
<b>Commitment of the national department</b>	<b>2003/04</b> <ul style="list-style-type: none"> <li>• Adjusted national planning framework taking into account medium-density housing to be presented in the strategic plan of the department as part of the 2004 Budget</li> <li>• The department to ensure that all provincial housing departments deal with all the housing related audit queries raised in the 2003 annual reports of provincial housing departments</li> </ul>

**Table 13 Housing Subsidy Grant**

<b>R thousand</b>	<b>2002/03 Revised Allocations</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>
		<b>Medium Term Estimates</b>		
Eastern Cape	580 806	641 757	598 900	635 288
Free State	287 715	325 403	385 641	409 072
Gauteng	815 018	923 892	1 117 463	1 185 357
KwaZulu-Natal	720 318	796 390	748 463	793 936
Limpopo	387 995	426 160	369 818	392 287
Mpumalanga	245 942	275 408	296 457	314 470
Northern Cape	77 090	85 973	89 442	94 877
North West	306 930	347 974	421 378	446 981
Western Cape	378 860	423 282	446 035	473 136
<b>Total</b>	<b>3 800 674</b>	<b>4 246 239</b>	<b>4 473 597</b>	<b>4 745 404</b>

<b>Human Resettlement Grant</b>	
<b>Transferring department</b>	Housing (Vote 29)
<b>Purpose</b>	To fund projects that aim to improve the quality of the environment by identifying dysfunctionalities in human settlements
<b>Measurable outputs</b>	The improvement of the quality of human settlements by funding projects, which will address dysfunctionalities in such settlements. The outputs of the programme depend largely on the unique content of each project funded in terms of the pilot programme. This will include: <ul style="list-style-type: none"> <li>• Upgraded infrastructure in depressed areas</li> <li>• The number of existing depressed areas re-planned and redeveloped, such as inner city redevelopment, urban renewal and informal settlement upgrading; and</li> <li>• Completed plans of areas which could promote integration (new developments)</li> </ul>
<b>Conditions</b>	To form part of the contract between the provincial government and the national Department of Housing on specific projects based on approved business plans.
<b>Allocation criteria</b>	Division between provinces is made on the basis of the housing subsidy grant formula
<b>Reason not incorporated in equitable share</b>	As a pilot programme, the Department of Housing needs to be involved in approving, monitoring and evaluating the projects in line with expected outputs. The outputs of the pilot programme will inform the formulation of a more comprehensive permanent programme
<b>Monitoring mechanisms</b>	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
<b>Past performance</b>	<p><b>2001/02</b></p> <p>R96 million was transferred to provinces, to finance 49 approved projects:</p> <ul style="list-style-type: none"> <li>• Twenty-one of 49 business plans are for planning and/ or replanning exercises. Furthermore, 11 of the 21 business plans are located within the urban renewal nodes and a further 6 are located within the rural development nodes. The planning initiatives funded vary from the formulation of strategic urban renewal plans to the compilation of rural strategic development plans</li> <li>• The remaining 28 business plans will upon completion provide upgraded infrastructure in depressed areas, of which 9 will lead to upgraded infrastructure in urban renewal nodes, and an additional 2 will provide infrastructure in rural development nodes. The infrastructure upgrading projects vary from the installation of sewer and water connections to the repair of damaged roads</li> </ul> <p><b>Projections for 2002/03</b></p> <ul style="list-style-type: none"> <li>• Expenditure up to the end of December 2002 amounts to 25 per cent of total allocation</li> <li>• It is expected that all funds will be transferred to provinces by the end of the financial year, and that all funds will have been committed to projects through approved business plans</li> </ul>
<b>Projected life</b>	The programme is an important tool in achieving functional human settlements. It is expected to continue until all settlement areas that need improvements are covered
<b>Payment schedule</b>	Monthly instalments (payment schedules) as determined through predetermined provincial expenditure projections
<b>Capacity and preparedness of the transferring department</b>	The Directorate: Special Programme Support is dedicated to manage this Programme and the necessary capacity and expertise exists to undertake this task

Table 14 Human Resettlement Grant

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	10 198	11 000	11 660	16 396
Free State	7 614	8 500	9 010	10 558
Gauteng	23 448	21 000	22 260	30 592
KwaZulu-Natal	25 486	26 000	27 560	20 490
Limpopo	11 217	11 000	11 660	10 124
Mpumalanga	6 120	7 000	7 420	8 116
Northern Cape	2 547	3 000	3 180	2 449
North West	6 120	8 000	8 480	11 536
Western Cape	13 250	13 500	14 310	12 211
<b>Total</b>	<b>106 000</b>	<b>109 000</b>	<b>115 540</b>	<b>122 472</b>

**DEPARTMENT OF PROVINCIAL AND  
LOCAL GOVERNMENT GRANTS**

<b>Local Government Capacity Building Grant (Provincial Component)</b>	
<b>Transferring department</b>	Provincial and Local Government (Vote 5)
<b>Purpose</b>	To support municipalities' institutional capacity and ensure sustainable service delivery through supporting the finalisation of amalgamation processes, strengthening financial management and reporting systems, and building technical capabilities around service delivery
<b>Measurable objectives/ outputs</b>	Although outputs will vary between municipalities, the following issues, inter alia, should be addressed: <ul style="list-style-type: none"> <li>• Finalisation of amalgamation processes</li> <li>• Mechanisms and processes for sustainable service delivery, including service delivery agreements, outsourcing and partnerships in place</li> <li>• Improved financial management and reporting processes</li> <li>• Provision of training, technical support and equipment for infrastructure development</li> <li>• Technical skills located at municipalities</li> </ul>
<b>Conditions</b>	Provincial business plans submitted to the national transferring officer and approved by 11 April 2003
<b>Allocation criteria</b>	Allocations are made to provinces according to prioritised municipal needs
<b>Reason not incorporated in Equitable Share</b>	According to section 154 (1) of the Constitution, the national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions
<b>Monitoring mechanisms</b>	The Department will require quarterly reports on the progress made with the restructuring of municipalities, and monthly reports as required by the Division of Revenue Act, 2003
<b>Past performance</b>	<p><b>2001/02</b></p> <ul style="list-style-type: none"> <li>• Over one hundred municipalities have been assisted to stabilise their financial situation through financial restructuring exercises</li> <li>• Over 1 600 infrastructure projects have been implemented since the inception of the CMIP grant.</li> <li>• Municipalities in need have been assisted with technical expertise, equipment and training to ensure the sustainability of the developments</li> </ul> <p><b>2002/03</b></p> <p>Provincial expenditure by the end of December 2002 amounts to 41 per cent of total allocation</p>
<b>Projected life</b>	This grant will be incorporated into a single grant in terms of the National Capacity Building Framework, for transfer directly to municipalities, by 2004/05
<b>Payment schedule</b>	Monthly instalments
<b>Capacity and preparedness of transferring department</b>	The Department has an established grant and project management framework and the Department has introduced extra capacity

**Table 15 Local Government Capacity Building Grant**

<b>R thousand</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
	<b>Revised Allocations</b>	<b>Medium Term Estimates</b>	
Eastern Cape	31 200	46 338	44 308
Free State	26 450	30 409	28 204
Gauteng	9 450	20 399	20 266
KwaZulu-Natal	26 450	38 880	37 181
Limpopo	15 100	21 633	20 751
Mpumalanga	12 750	16 121	15 291
Northern Cape	17 050	17 473	16 044
North West	18 050	20 372	19 112
Western Cape	16 500	20 714	19 302
<b>Total</b>	<b>173 000</b>	<b>232 339</b>	<b>220 459</b>

<b>Consolidated Municipal Infrastructure Programme (CMIP) (Provincial Management)</b>	
<b>Transferring Department</b>	Provincial and Local Government (Vote 5)
<b>Purpose</b>	To provide support to provinces to manage CMIP effectively and efficiently in their respective provinces on behalf of the Department to ensure sustainability of CMIP projects.
<b>Measurable objectives/ outputs</b>	The key outputs of the programme are: <ul style="list-style-type: none"> <li>• Proper co-ordination between all municipal infrastructure programmes in their respective provinces</li> <li>• To ensure that CMIP projects are aligned to provincial development plans and integrated development plans of municipalities.</li> <li>• To encourage and promote municipal service partnerships through the CMIP programme.</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Business plan setting out clear objectives and outputs in respect of programme management for CMIP in their respective provinces must be submitted to the national transferring officer and approved by 11 April 2003</li> <li>• The submission of monthly and quarterly reports in respect of targets, key performance indicators and measurable outputs as required by the Department.</li> </ul>
<b>Allocation criteria</b>	Programme management costs ranging between 1,5 per cent and 2,2 per cent depending on the size of the provincial allocation
<b>Reasons for funding through conditional grants</b>	According to Section 154(1) of the Constitution, the national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. Provinces monitor and report to the Department on a monthly basis on progress made with the implementation of CMIP projects on the ground
<b>Monitoring mechanisms</b>	Through monthly and quarterly reports and monthly meetings in the provinces
<b>Past Performance</b>	Provinces assisted the Department successfully in managing the programme through improved monitoring and expenditure and putting capacity in place in municipalities
<b>Projected life</b>	The management of the Municipal Infrastructure Grant Programme will be done by programme management units established at district level
<b>Payment schedule</b>	Monthly payments to provinces
<b>Capacity and Preparedness of Transferring Department</b>	The Department has dedicated capacity

**Table 16 Consolidated Municipal Infrastructure Programme — Provincial Management**

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	27 266	8 643	9 169	9 770
Free State	8 609	3 132	3 321	3 539
Gauteng	19 294	5 339	5 664	6 035
KwaZulu-Natal	28 489	7 874	8 353	8 900
Limpopo	10 901	3 957	4 198	4 472
Mpumalanga	5 999	2 110	2 238	2 599
Northern Cape	3 509	1 737	1 843	1 963
North West	7 221	2 309	2 439	2 542
Western Cape	8 843	3 307	3 508	3 738
<b>Total</b>	<b>120 131</b>	<b>38 408</b>	<b>40 733</b>	<b>43 558</b>

### SOCIAL DEVELOPMENT GRANTS

HIV/Aids for Community-Based Care Grant	
<b>Transferring Department</b>	Department of Social Development (Vote 19)
<b>Purpose</b>	The Department of Social Development is responsible for the provision of social welfare services to orphans and vulnerable children who are infected and affected by HIV/Aids
<b>Measurable objectives/outputs</b>	<ul style="list-style-type: none"> <li>• An increase in the number of orphans receiving appropriate care</li> <li>• Increase in the number of identified children infected and affected by HIV/Aids</li> <li>• Provision of essential material assistance to identified children and families</li> <li>• Provision of alternative care to vulnerable children</li> <li>• 50 per cent of care givers identified from communities, NGOs, CBOs, faith based organizations, families and volunteers to be capacitated through training and support</li> <li>• Provision of counseling and support services to children and families</li> <li>• Increase in the number of coordinating structures and partnerships for management and maintenance of social welfare services to children infected and affected by HIV/Aids</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Approved business plans with measurable outputs must exist for each province in line with the framework for the grant</li> <li>• Legal contracts signed between provincial departments of social development and the implementing agencies.</li> </ul>
<b>Allocation criteria</b>	<p>In developing the National Integrated Plan for HIV/Aids, the following were guiding principles:</p> <ul style="list-style-type: none"> <li>• HIV/Aids prevalence</li> <li>• Resources available in the provinces and linkages with the following programmes and strategies:               <ul style="list-style-type: none"> <li>— Urban renewal and rural development strategy</li> <li>— Poverty alleviation programme</li> <li>— Integrated nutrition programme</li> </ul> </li> </ul>
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• 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</li> </ul>
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Monthly and quarterly reporting by provinces and evaluation by national/provincial coordinators.</li> <li>• Provincial visits to evaluate implementation of the programmes.</li> <li>• Structured site visits twice a year by a team consisting of both Social Development and Health officials on the national and provincial levels.</li> </ul>
<b>Performance</b>	<p><b>2001/02</b></p> <p>90 per cent of the allocated amount of R12.5 million was spent by provinces</p> <ul style="list-style-type: none"> <li>• 49 sites were established, bringing the total number of sites to 55. The total number of sites including those funded through the Poverty Relief Programme is 185</li> <li>• Approximately 50 000 children have been reached through the programme</li> <li>• The Rapid Appraisal of home/community based care identified 466 projects of which 136 were receiving government funding</li> <li>• Practice guidelines were developed and made available to NGO's, CBO's and government officials to assist them in providing services to children within the basic parameters of children's rights and childcare legislation.</li> </ul> <p><b>2002/03</b></p> <p>It is envisaged that more than 95 per cent of the allocated amount (R47.5 million) will be spent</p>
<b>Projected life</b>	For the duration of the allocation
<b>Payment schedule</b>	Three installments
<b>Capacity and preparedness of the transferring department.</b>	The Department is in the process of upgrading the capacity for the management of the HIV/Aids programme, and the Provincial Departments of Social Development have appointed dedicated programme coordinators at provincial and district levels.

**Table 17 Social Development — HIV/Aids for Community Based Care Grant**

R thousand	2002/03	2003/04	2004/05	2005/06
	Revised Allocations	Medium Term Estimates		
Eastern Cape	4 798	6 658	7 089	7 514
Free State	6 650	9 228	9 825	10 415
Gauteng	6 983	9 690	10 315	10 934
KwaZulu-Natal	8 644	11 996	12 773	13 540
Limpopo	3 135	4 353	4 634	4 912
Mpumalanga	7 077	9 821	10 456	11 084
Northern Cape	2 660	3 691	3 930	4 165
North West	5 463	7 580	8 070	8 554
Western Cape	2 090	2 900	3 088	3 273
<b>Total</b>	<b>47 500</b>	<b>65 917</b>	<b>70 180</b>	<b>74 391</b>

<b>Child Support Extension Grant</b>	
<b>Transferring department</b>	Social Development (Vote 19)
<b>Purpose</b>	To fund extension of child support grant to eligible children up to the date when they turn 14 years old. This grant will be phased in over three years, and will also cover associated administrative and payment costs
<b>Measurable objectives/ outputs</b>	Number of children who access the grant according to the proposed annual phasing in as follows: <ul style="list-style-type: none"> <li>• 7 and 8 year old in 2003/04</li> <li>• 9 and 10 year old in 2004/05</li> <li>• 11, 12 and 13 year old in 2005/06</li> </ul>
<b>Conditions</b>	<ol style="list-style-type: none"> <li>1. The funds may only be utilised for the payment of child support grants to eligible children as determined in the Social Assistance Act, 1992 and regulations, and to cover reasonable administrative and payment cost associated with this</li> <li>2. Provincial implementation plans must be submitted to the DG: national Social Development (DoSD) and approved by 15 April 2003. Provincial plans must consider capacity to implement and reasonable processes to build capacity.</li> <li>3. A consolidated implementation plan as per (2) above to be submitted to the DG of National Treasury by 22 April 2003</li> <li>4. Provinces must submit to the DG: national DoSD, within 15 days after the end of each month, a report detailing: <p><i>Beneficiary Numbers</i></p> <ul style="list-style-type: none"> <li>• The total number of CSG beneficiaries (children) registered and eligible</li> <li>• Age distribution (by year-group) of registered beneficiaries</li> <li>• Number of new beneficiaries registered for payment in the relevant month and the age distribution of these beneficiaries</li> <li>• Number of beneficiaries deregistered during the relevant month and reason and age (by year-group)</li> <li>• Number of applications still being processed and projected beneficiaries numbers for the year</li> </ul> <p><i>Expenditure</i></p> <ul style="list-style-type: none"> <li>• Final (reconciled) grant expenditure for the month and composition of expenditure by grant type</li> <li>• Final administrative and payment expenditure related to the child support extension grant</li> <li>• Reconciliation of expenditure on the child support grant with Socpen data from the National Department</li> <li>• Progress with extension of the child support grant relative to the provincial implementation plan</li> <li>• Projected expenditure based on trends in beneficiary numbers</li> </ul> </li> <li>5. A consolidated monthly report as per (4) above to be submitted to the DG: National Treasury by the DG: Social Development within 20 days after the end of each month</li> <li>6. Bi-annual audits (September and March) of grant application and approval processes to ensure compliance with legislative requirements and norms and standards for grant payment.</li> </ol>
<b>Allocation criteria</b>	Based on number of eligible beneficiaries (as per application of the means-test) by province, determined through the most reliable demographic and socio-economic data available and in line with the purpose of the Child Support Extension Grant
<b>Reason not incorporated in equitable share</b>	A conditional grant is used for the following reasons: <ul style="list-style-type: none"> <li>• Distribution between provinces may need to be different from proportions in the equitable share formula</li> <li>• To ensure that undue pressure is not placed on provincial budgets. A need to have transparent and adequate budgeting for the extension. Provinces must be fully funded for this national mandate</li> <li>• There is uncertainty around population numbers, numbers of children that would qualify, their provincial distribution and the likely rates of uptake. A conditional grant will ensure that there is more flexibility to make adjustments in line with changing information and data</li> <li>• A function shift to national is contemplated regarding the administration of social grants. Transparent funding through a conditional grant will allow for greater ease in eventually transferring the function</li> </ul>
<b>Monitoring mechanisms</b>	Monthly reports as set out under conditions
<b>Past performance</b>	New Grant
<b>Projected life</b>	Maximum of three years while establishment of a national public entity for grant administration is investigated
<b>Payment schedule</b>	Quarterly transfers in advance to provinces in line with cash flow projections agreed to between the national and provincial DoSD
<b>Capacity and preparedness of the transferring department</b>	A National Implementation Team chaired by the Director-General of the national DoSD and with representation from the National Treasury and provinces will be convened to: <ul style="list-style-type: none"> <li>• Identify detailed options for phasing in of the extension over the three year period of Child Support Extension Grant</li> <li>• Assess provincial readiness for further implementing the extension</li> <li>• Advise the Heads of Social Development on areas and locations where capacity has to be strengthened</li> <li>• Ensure the establishment of a teams within the national and each provincial DoSD to monitor and evaluate progress made with the implementation of provincial business plans and advise on actions to be taken to achieve set outputs</li> </ul>

Table 18 Child Support Extension Grant

	2003/04	2004/05	2005/06
<b>R thousand</b>	<b>Medium Term Estimates</b>		
Eastern Cape	272 130	866 885	1 669 903
Free State	72 497	233 242	457 870
Gauteng	66 449	193 815	359 609
KwaZulu-Natal	235 143	723 700	1 367 785
Limpopo	172 969	536 542	1 000 815
Mpumalanga	78 360	239 836	442 010
Northern Cape	19 671	63 540	121 421
North West	125 426	367 979	652 257
Western Cape	57 355	174 461	328 330
<b>Total</b>	<b>1 100 000</b>	<b>3 400 000</b>	<b>6 400 000</b>

Food Relief Grant	
Transferring department	Social Development (Vote 19)
Purpose	To provide food relief to vulnerable individuals and households
Measurable objectives/outputs	Number of beneficiaries (households and individuals) receiving food relief
Conditions	<ol style="list-style-type: none"> <li>The funds may only be utilised to provide food relief to vulnerable individuals and households</li> <li>Provincial implementation plans must be submitted to the DG: Social Development and approved by 30 April 2003. Provincial plans must consider capacity to implement and necessary processes to build capacity</li> <li>Provinces to submit to the DG: National Department of Social Development (DoSD), within 15 days of the end of each quarter, a report detailing: <ul style="list-style-type: none"> <li><i>Services</i> <ul style="list-style-type: none"> <li>Number of beneficiaries reached per month by location (municipality) and composition (gender and age)</li> <li>Nature of food relief interventions</li> <li>Implementing agents (whether departmental offices, NGOs, etc.) and nature of association</li> <li>Number of beneficiaries who have exited the programme and whether alternative support has been arranged</li> </ul> </li> <li><i>Expenditure</i> <ul style="list-style-type: none"> <li>Expenditure on food relief for the month and the composition of expenditure</li> <li>Projections regarding new beneficiaries for the remainder of the financial year and the spending implications of these trends relative to budget allocations</li> </ul> </li> </ul> </li> <li>The DG: National DoSD to submit to a consolidated monthly report as per (3) above to the DG: National Treasury, 20 days after the end of each quarter</li> <li>A national and 9 provincial annual evaluation reports</li> </ol>
Allocation criteria	The allocation per province is based on the proportional shares of poverty and income adjustment distribution per province
Reason not incorporated in equitable share	This is a high priority, national Government intervention for which capacity in provinces is limited. A conditional grant is therefore required to ensure adequate monitoring and national support and to ensure that the capacity is established without impacting on other provincial functions
Monitoring mechanisms	Monthly reports as set out under conditions
Past performance	New Grant
Projected life	Maximum of three years as approaches and mechanisms for food relief are developed
Payment schedule	Quarterly transfers to provinces in line with cash flow projections and based on monthly/quarterly reports capturing expenditure and beneficiary
Capacity and preparedness of the transferring department	<p>The national DoSD will strengthen the management and administration of poverty relief programme in order to ensure effective monitoring of this grant, and would:</p> <ul style="list-style-type: none"> <li>Identify more detailed options for expanding the social relief programme interventions and programmes</li> <li>Assess the possibility of integrating rapid emergency food relief with social welfare services</li> </ul>

Table 19 Food Relief Grant

	2003/04	2004/05	2005/06
<b>R thousand</b>	<b>Medium Term Estimates</b>		
Eastern Cape	94 133	94 133	94 133
Free State	37 334	37 334	37 334
Gauteng	27 904	27 904	27 904
KwaZulu-Natal	68 185	68 185	68 185
Limpopo	61 146	61 146	61 146
Mpumalanga	27 651	27 651	27 651
Northern Cape	9 998	9 998	9 998
North West	41 615	41 615	41 615
Western Cape	20 034	20 034	20 034
<b>Total</b>	<b>388 000</b>	<b>388 000</b>	<b>388 000</b>

Poverty Relief (Indirect transfer—Grant in Kind)	
<b>Transferring department</b>	Social Development (vote 19)
<b>Purpose</b>	To increase the self-reliance and improve social cohesion of specific demographic groups such as women, youth, children, disabled and the aged who are particularly vulnerable to the conditions associated with poverty
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>• 94 HIV/Aids community based structures will be established</li> <li>• Establishment of 102 Food Production Clusters</li> <li>• Establishment of 12 Urban Regeneration skills projects for youth and employment</li> <li>• 104 income generation initiatives for rural women will be established and existing ones integrated over the next three years</li> <li>• Integration of at least 2 per cent social finance for disabled in all poverty relief projects</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Legal contracts signed between national programme manager at the National Department of Social Development/Heads of Provincial Departments of Social Development and the implementing agencies</li> <li>• Before any disbursement of funding, projects must submit to the National Department of Social Development via the provincial departments of social development where applicable the Compliance Certificate in terms of section 38 (1) (j) of the PFMA (Act no. 1 of 1999)</li> <li>• Training funded by the allocation should be aimed at increasing the skills base in communities requiring accreditation</li> </ul>
<b>Allocation criteria</b>	<ul style="list-style-type: none"> <li>• Focuses on specific target groups and spatial pockets of poverty</li> <li>• Poverty levels per province (based on household expenditure)</li> <li>• About 30 per cent of the total budget was also allocated to the 13 poverty nodal points, identified by the Integrated Sustainable Rural Development Strategy (ISRDS)</li> </ul>
<b>Reason not incorporated in equitable share</b>	Special allocation to the Department from the Poverty Relief fund
<b>Monitoring mechanisms</b>	<ul style="list-style-type: none"> <li>• Monthly/quarterly reporting to the provincial departments of social development by implementing agencies, and consolidated reports submitted to the National Department of Social Development</li> <li>• Provincial visits to evaluate progress with the implementation of the projects</li> <li>• Structured sited visits twice a year by a team consisting of both national and provincial officials.</li> </ul>
<b>Past performance</b>	Poverty Relief Funds for disbursement to projects were transferred since 1999/2000 to the IDT in terms of a legal contract—disbursement agency for the Department
<b>Projected life</b>	The project period covered by the grant is the current MTEF (2001/02-2003/04) period
<b>Payment schedule</b>	Three instalments—21 May 2003, 17 September 2003 and 22 January 2004—Accounting responsibility lies with the accounting officer of the transferring national department
<b>Capacity and preparedness of the transferring department</b>	A national manager for the Poverty Relief Programme of the Department has been appointed at Deputy Director-General level to head the National Project Office. Additional support staff has also been appointed to assist with the management and administration of these funds

Table 20 Social Development—Poverty Relief

R thousands	2002/03	2003/04
	Revised Allocations	Budget
Eastern Cape	16 179	10 449
Free State	8 690	5 774
Gauteng	4 386	3 190
KwaZulu-Natal	17 429	11 274
Limpopo	15 633	10 229
Mpumalanga	10 447	6 874
Northern Cape	4 315	2 887
North West	8 646	5 827
Western Cape	3 811	2 942
<b>Total</b>	<b>89 536</b>	<b>59 446</b>

## THE NATIONAL TREASURY

<b>Provincial Infrastructure Grant</b>	
<b>Transferring department</b>	National Treasury (Vote 8)
<b>Purpose</b>	To help accelerate construction, maintenance and rehabilitation of new and existing infrastructure, and to fund the reconstruction and rehabilitation of infrastructure damaged during the 1999/00 floods
<b>Measurable objectives/ outputs</b>	<ul style="list-style-type: none"> <li>• Rehabilitation and maintenance of roads, schools, health facilities, and rural development</li> <li>• Rehabilitation of flood-damaged infrastructure</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Provinces to submit to the National Treasury by 11 April 2003 a detailed plan on proposed spending for the 2003 MTEF allocation for approval. The plans must disaggregate the information by project or cluster of projects, and should demonstrate how its implementation fits into an overall infrastructure strategy in that province. These plans should form part of the treasury's strategic plan to be tabled 15 days after the Budget, as well as that of each of the line function departments receiving funds</li> <li>• 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</li> <li>• In addition to the above conditions, the following conditions apply specifically to the Flood Reconstruction and Rehabilitation portion of the grant: Funds allocated must be used exclusively for rehabilitation and reconstruction of flood damaged infrastructure as verified by the national government</li> </ul>
<b>Allocation criteria</b>	<ul style="list-style-type: none"> <li>• The Infrastructure Grant component: An average of the per centage equitable shares and backlog component of equitable share formula has been used to allocate among funds provinces. The aim is to introduce a bias in favour of provinces with substantial backlogs while at the same time supporting those that inherited substantial infrastructure.</li> <li>• The flood damage component: The allocations were informed by the recommendations of the Command Centre and took account of: <ul style="list-style-type: none"> <li>— The overall verified infrastructure damage suffered in each province;</li> <li>— Recommendations made by the Command Centre;</li> <li>— Expenditure trends in the current financial year, reflecting the rate of expenditure in the province; and</li> <li>— Available funds</li> </ul> </li> <li>• The flood damage component phases out in the 2003/04 financial year</li> </ul>
<b>Reason not incorporated in equitable share</b>	This grant ensures that provinces give priority to infrastructure maintenance, rehabilitation and construction in line with Government priorities
<b>Monitoring mechanisms</b>	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.
<b>Past performance</b>	<p><b>2001/02 Spending</b></p> <ul style="list-style-type: none"> <li>• Allocation of this grant amounted to R1 400 million, including R600 million for flood rehabilitation. Provinces increased spending on capex from R7.6 billion in 2000/01 to R10.7 billion in 2001/02, which amounts to 33 per cent. This has increased the share of capital spending from 6 per cent in 1998/99 to about 10 per cent. A large share of growth in capital spending is in social services and roads.</li> <li>• Infrastructure grant constitute less than 10 per cent of total capex. Spending trend reflects that provinces have used all their infrastructure grant allocation, and improved their spending capacity.</li> </ul> <p><b>Projections for 2002/03</b></p> <ul style="list-style-type: none"> <li>• Provinces have spent R8.3 billion or 51 per cent capital budget by end of December 2002. This amounts to about 50 per cent more than expenditure level in December 2001.</li> <li>• Notable improvements are in Eastern Cape, Free State, KZN and North West. This indicates that provinces are set to spend a substantial proportion of the R14.7 billion allocated to capex, of which infrastructure grant amounts to R1.6 billion</li> </ul>
<b>Projected life</b>	To be reviewed after 3 years.
<b>Payment schedule</b>	Quarterly instalments
<b>Capacity and preparedness of the transferring department</b>	The National Treasury has a dedicated chief directorate responsible for administering the grant.

Table 21 Provincial Infrastructure: Infrastructure Grant

	2002/03	2003/04	2004/05	2005/06
<b>R thousands</b>	<b>Allocations</b>	<b>Medium Term Estimates</b>		
Eastern Cape	286 107	433 673	535 646	569 409
Free State	93 913	141 950	175 327	186 379
Gauteng	157 084	235 802	291 248	309 606
KwaZulu-Natal	331 123	500 302	617 944	656 892
Limpopo	278 519	420 632	519 538	552 286
Mpumalanga	118 961	180 066	222 407	236 426
Northern Cape	52 997	72 394	82 362	85 663
North West	135 086	204 479	252 560	268 479
Western Cape	96 210	145 190	179 330	190 633
<b>Total</b>	<b>1 550 000</b>	<b>2 334 488</b>	<b>2 876 362</b>	<b>3 055 773</b>

Table 22 Provincial Infrastructure: Flood Damage

	2002/03	2003/04
<b>R thousands</b>	<b>Allocations</b>	<b>Budget</b>
Eastern Cape	70 000	23 000
Free State	58 000	21 000
Gauteng	—	—
KwaZulu-Natal	—	—
Limpopo	182 000	120 000
Mpumalanga	90 000	36 000
Northern Cape	—	—
North West	—	—
Western Cape	—	—
<b>Total</b>	<b>400 000</b>	<b>200 000</b>

Table 23 Provincial Infrastructure Grant: Total

	2002/03	2003/04	2004/05	2005/06
<b>R thousands</b>	<b>Allocations</b>	<b>Medium Term Estimates</b>		
Eastern Cape	356 107	456 673	535 646	569 409
Free State	151 913	162 950	175 327	186 379
Gauteng	157 084	235 802	291 248	309 606
KwaZulu-Natal	331 123	500 302	617 944	656 893
Limpopo	460 519	540 632	519 538	552 286
Mpumalanga	208 961	216 066	222 407	236 426
Northern Cape	52 997	72 394	82 362	85 663
North West	135 086	204 479	252 560	268 479
Western Cape	96 210	145 190	179 330	190 633
<b>Total</b>	<b>1 950 000</b>	<b>2 534 488</b>	<b>2 876 362</b>	<b>3 055 773</b>

**APPENDIX E2**  
**FRAMEWORKS FOR**  
**CONDITIONAL GRANTS**  
**TO LOCAL GOVERNMENT**

## Appendix E2: Frameworks for Conditional Grants to Local Government

### Detailed Frameworks on Schedules 6, 6A and 7A Grants to Local Government

#### Introduction

This appendix provides a brief description of the framework for each grant in Schedules 6, 6A and 7A of the Division of Revenue Bill. The following are key areas considered for each grant:

- Purpose and measurable outputs 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
- The payment schedule
- Capacity and preparedness of the transferring department

<b>Building for Sport and Recreation Programme</b>	
<b>Transferring department</b>	Sport and Recreation SA (Vote 20)
<b>Purpose</b>	Promotion of sport and recreation in disadvantaged communities through upgrading or new facilities. Employment of community during construction and promotion of long term jobs associated with the facilities.
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Programme Management System/policy to be complied with.</li> <li>• Employment targets to be met.</li> <li>• Municipalities are required to place the Building for Sport and Recreation Programme allocation on their budget.</li> <li>• Municipalities are required to operate and maintain the facilities.</li> <li>• Sustainability planning for all projects is required.</li> </ul>
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>• Jobs created within the short and long term (maximum local community employment);</li> <li>• Number of existing facilities upgraded and new facilities constructed;</li> <li>• Value assessment of facilities constructed; and</li> <li>• 30 per cent of projects located within the Nodes.</li> </ul>
<b>Past performance</b>	<ul style="list-style-type: none"> <li>• Objectives achieved in the 2001/02 year and programme is on track within the 2002/03 financial year programme;</li> <li>• 112 communities empowered to promote sport and manage facilities; and</li> <li>• 64 municipalities empowered to build appropriate sport facilities and promote sport within disadvantaged communities.</li> </ul>
<b>Allocation criteria</b>	<p>The allocations are made within provinces in accordance with a Poverty Targeting Formula based upon the 1996 census and 1997 Household survey data.</p> <ul style="list-style-type: none"> <li>• Allocations between District and Local municipalities are made on the basis of the intended regional scope of the facility and in line with powers and function and the constitution.</li> <li>• At least 30 per cent of projects are to be situated in Nodes. The allocations are to provide a balance between rural and urban/peri-urban disadvantaged communities. Municipalities identify their proposed projects in terms of their IDP's, which are then prioritised by the provincial departments of sport and recreation in line with provincial development priorities.</li> </ul>
<b>Monitoring system</b>	The Department of Sports and Recreation has introduced a Management Monitoring Information System in terms of which monthly performance monitoring is carried out by the provinces, on the basis of monthly inspections and reporting provided by the municipalities, and then consolidated at National Level and then reported.
<b>Budget on which transfer is shown</b>	The grant must be reflected on the receiving municipality's budget.
<b>Projected life</b>	The grant will be consolidated into the new Municipal Infrastructure Grant from 2004/05 onwards, subject to a Cabinet decision following the review of the special poverty relief allocations.
<b>Reason not incorporated in equitable share</b>	<p>A conditional grant is necessary in order to ensure that:</p> <ul style="list-style-type: none"> <li>• appropriate facilities are created within target communities</li> <li>• proper sustainability planning takes place;</li> <li>• municipalities and communities are empowered to promote sport</li> <li>• employment targets are met</li> </ul>
<b>Capacity and preparedness of transferring department</b>	A directorate has been dedicated to manage the programme with out-sourced programme management support.
<b>2003/04 allocation</b>	R 123,095 million
<b>Payment schedule</b>	The first payment will be made once the implementing agent agreement has been signed between provincial SRSA and the municipality. Thereafter, payments will occur monthly on the basis of actual expenditure.
<b>Further work by national department</b>	Commitments will be reviewed in September 2003 by the Municipal Infrastructure Task Team (MITT) and uncommitted funds for MTEF outer years will be transferred to Municipal Infrastructure Grant, subject to a Cabinet decision following the review of the special poverty relief allocation.

<b>Community Based Public Works Programme</b>	
<b>Transferring department</b>	Department of Public Works (Vote 06)
<b>Purpose</b>	Creation of community assets in disadvantaged rural communities and empowerment of the communities to manage the facilities in co-operation with the local municipality. Employment of community during construction and promotion of long term jobs associated with the facilities
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Programme Management System/policy to be complied with</li> <li>• Employment targets to be met</li> <li>• Municipalities are required to place the CBPWP allocation on their budget</li> <li>• Municipalities are required to operate and maintain the facilities and</li> <li>• Sustainability planning for all projects is required</li> </ul>
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>• Amount spent on community labour</li> <li>• Number of local labourers employed</li> <li>• Number of women employed</li> <li>• Number of youth employed</li> <li>• Number of disabled people employed</li> <li>• Number and type of assets created</li> <li>• Environmental target achieved and</li> <li>• Number of programmes and assets transferred and implemented by municipalities</li> </ul>
<b>Past performance</b>	<ul style="list-style-type: none"> <li>• In 1998/99 No of projects = 338; Asset value = R267 million; People employed = 29 360.</li> <li>• In 1999/00 No of projects = 291; Asset value = R320 million; People employed = 18 027.</li> <li>• In 2000/01 No of projects = 950; Asset value = R244 million; People employed = 31 472.</li> <li>• In 2001/02 No of projects = 680; Asset value = R228 Million;</li> <li>• Amount spent on community labour; R62.6 million</li> <li>• Number of local labourers employed; 34 021</li> <li>• Number of women employed; 15 605</li> <li>• Number of youth employed; 15 414</li> <li>• Number of disabled people employed; 751</li> <li>• Environmental target achieved; Trees planted after completion of every project</li> <li>• Number of projects and assets transferred and implemented by municipalities 680</li> </ul>
<b>Allocation criteria</b>	The allocations are made within provinces in accordance with a Poverty Targeting Formula based upon the 1996 census and 1997 Household survey data. At least 30 per cent of projects are to be situated within the Nodes. Municipalities identify their proposed projects in terms of their IDP's, which are then prioritised and submitted to the Provincial Coordination Committee for approval to enter the planning phase.
<b>Monitoring system</b>	A Management Monitoring Information System has been introduced in terms of which monthly performance monitoring is carried out by the provinces, on the basis of monthly inspections and reporting provided by the municipalities.
<b>Budget on which transfer is shown</b>	The grant must be reflected on the receiving municipality's budget as reflected on Schedule 6A and indirect (Schedule 7A) transfers must be noted as asset transfers in the asset registers of the municipalities
<b>Projected life</b>	The grant will be consolidated into the new Municipal Infrastructure Grant from 2004/05 onwards, subject to a Cabinet decision following the review of the special poverty relief allocation
<b>Reason not incorporated in equitable share</b>	A conditional grant is necessary in order to ensure that appropriate facilities are created within target communities, that proper sustainability planning takes place and that employment targets are met.
<b>Capacity and preparedness of transferring department</b>	A chief directorate, with policy/implementation/monitoring and evaluation components, has been dedicated to manage the programme. A technical support agreement with the European Union supplements the chief directorate
<b>2003/04 allocation</b>	R 259,820 million of which: <ul style="list-style-type: none"> <li>• R 249,820 million is cash transfers directly to municipalities as per Schedule 6 to be submitted later.</li> <li>• R 10 million is asset transfers to municipalities by IDT as per Schedule 7</li> </ul>
<b>Payment schedule</b>	<ul style="list-style-type: none"> <li>• Payments to municipalities are made on monthly basis</li> <li>• First payment made once implementing agent agreement signed between CBPWP and municipality, thereafter, monthly on the basis of actual or anticipated expenditure.</li> <li>• In some instances allocations are made as indirect transfers, via the Independent Development Trust and assets are transferred to municipalities once they are completed. These transfers are made as Schedule 7 transfers</li> </ul>
<b>Further work by national department</b>	Commitments will be reviewed in September 2003 by the Municipal Infrastructure Task Team (MITT) and uncommitted funds for MTEF outer years will be transferred to Municipal Infrastructure Grant, subject to a cabinet decision following the review of the special poverty relief allocation

<b>Consolidated Municipal Infrastructure Programme (CMIP)</b>	
<b>Transferring department</b>	Provincial and Local Government (Vote 5)
<b>Purpose</b>	To fund municipalities to provide internal bulk, connector infrastructure and community facilities to poor households
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Funds may only be used for the specific municipal infrastructure investment intended</li> <li>• A labour-based approach to construction must be prioritised</li> <li>• The municipality must submit an operational plan for the infrastructure provided</li> <li>• Submission to the province of a business plan and municipal council resolution approving each project through the IDP process</li> <li>• The investment must become an asset of the municipality and be maintained by that municipality</li> </ul>
<b>Funding windows</b>	The programme will provide for new, rehabilitation and upgrading of existing infrastructure.
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>• Number of households serviced per annum;</li> <li>• Priority given to project implementation in ISRDP and URP (20 per cent of allocation)</li> <li>• Employment opportunities created and accredited training provided, number of woman and youth employed and trained (target 30 per cent of each category)</li> <li>• A minimum of 20 per cent of total allocation must be spent on labour intensive projects and</li> <li>• Number of SMMEs per annum utilised — target 400 SMMEs</li> </ul>
<b>Past performance</b>	<p>A total of 2.5 million households have benefited from municipal services provided since inception of the programme.</p> <p>During the 2001/02 financial year the following were achieved:</p> <ul style="list-style-type: none"> <li>• 395 projects were completed</li> <li>• 647 000 households have been serviced</li> <li>• 7 152 042 person days employment were created</li> <li>• 548 460 training days were provided; and</li> <li>• 448 SMME's were utilised</li> </ul>
<b>Allocation criteria</b>	Allocated on a poverty-weighted formula including the number of poor households, unemployed and the number of households without access to basic services based upon the 1996 Census and the latest October Household Survey data. Priority given to project implementation in Integrated Sustainable Rural Development Programme and Urban Renewal Programme (20 per cent of allocation). The allocations to the districts are further distributed between the local municipalities within the districts, aligned to policy and new powers and functions that takes effect from 1 July 2003.
<b>Monitoring system</b>	Monthly and quarterly monitoring and reporting on specific key performance indicators and targets
<b>Budget on which transfer is shown</b>	The grant must be shown as a conditional grant on municipal budgets
<b>Projected life</b>	The CMIP programme will be phased into the Municipal Infrastructure Grant as from 2004/05
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>• This is a specific capital transfer focussed on the national policy of ensuring that all South Africans have access to at least a basic level of municipal services.</li> <li>• Through CMIP, Government directly supports the Integrated and Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP) as well as the Housing Programme</li> </ul>
<b>Capacity and preparedness of transferring department</b>	The department has dedicated capacity
<b>2003/04 allocation</b>	R 2,246,253 million
<b>Payment schedule</b>	Monthly payments to municipalities according to progress with project implementation.
<b>Further work by national department</b>	Commitments will be reviewed in September 2003 by the Municipal Infrastructure Task Team (MITT) and uncommitted funds for 2004/05 will be transferred to the Municipal Infrastructure Grant.

<b>Local Economic Development (LED) and Social Plan Grant</b>	
<b>Transferring department</b>	Provincial and Local Government (Vote 5)
<b>Purpose</b>	To provide funding to support planning and implementation of job creation and poverty alleviation projects within municipalities
<b>Conditions</b>	<ul style="list-style-type: none"> <li>The projects/ business opportunity studies identified by municipalities must meet the criteria of the LED and Social Plan Measures Grant and the Poverty Alleviation Fund</li> <li>LED funds may only be committed to new projects once a formal agreement has been reached between the department and the municipality regarding the ownership of the asset and ongoing financial responsibilities for operating and maintaining the project</li> </ul>
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>Estimated number of temporary jobs</li> <li>Estimated number of long term jobs</li> <li>Number of business infrastructure developed e.g. business hives, arts and crafts centres, agro-processing centres</li> <li>Number of economic regeneration studies in selected municipalities</li> <li>Number and quantum of financial and other support measures implemented and directly impacting on SMMEs, youth, women and disabled</li> </ul>
<b>Past performance</b>	<ul style="list-style-type: none"> <li>200 projects have been funded since 1999</li> <li>4 000 permanent jobs</li> <li>9 000 temporary jobs (based on reports)</li> </ul>
<b>Allocation criteria</b>	<p>Allocations are made on the basis of approved business plans that meet the following criteria:</p> <ul style="list-style-type: none"> <li>Contribute to poverty alleviation</li> <li>Alignment with the Integrated Sustainable Rural Development and the Urban Renewal Programmes</li> <li>Contribute to and be part of the economic development framework of municipal Integrated Development Plans (IDP's)</li> <li>Meet the General LEDF objective criteria</li> <li>Social Plan funds are allocated to municipalities in the ISRD rural nodes</li> </ul>
<b>Monitoring system</b>	Monthly reports and quarterly meetings with provinces and municipalities
<b>Budget on which transfer is shown</b>	The grant will be shown as a conditional grant on municipal budgets
<b>Projected life</b>	The grant will be consolidated into the new Municipal Infrastructure Grant from 2004/05 onwards, subject to a Cabinet decision following the review of the special poverty relief allocations
<b>Reason not incorporated in equitable share</b>	The grant is a policy instrument in re-directing local government towards social and economic developmental outcomes. It is a special poverty relief allocation
<b>Capacity and preparedness of transferring department</b>	The department has an established grant and project management framework (the LEDF Project Management Guide) and a LED programme ( <i>team</i> ) that is responsible for the management of the grant
<b>2003/4 allocation</b>	R117,000 million
<b>Payment schedule</b>	Payments will be made in two tranches. The first tranche will be made up-front. The second payment will be made midway through the year and will be based on progress
<b>Further work by national department</b>	Commitments will be reviewed in September 2003 by the Municipal Infrastructure Task Team (MITT) and uncommitted funds for MTEF outer years will be transferred to Municipal Infrastructure Grant, subject to a Cabinet decision following the review of the special poverty relief allocation

Implementation of Water and Sanitation Service Projects (Capital)	
<b>Transferring department</b>	Water Affairs and Forestry (Vote 34)
<b>Purpose</b>	To fund bulk, connector and internal infrastructure for water services at a basic level of service, and implement such projects where municipalities lack the required capacity to do so. As water and sanitation services provision is a functional competence for local government, the department will be transferring completed RDP projects, with no staff or operating budgets, to receiving municipalities
<b>Measurable outputs</b>	A comprehensive reporting system has been developed for the capital works programme and the measurable outputs for 2003/04 provisionally include: <ul style="list-style-type: none"> <li>• Number of people served — 1 140 000 (<i>targeted</i>)</li> <li>• Number of RDP projects completed and transferred 75</li> <li>• Number of jobs created: 34 000 for all categories</li> <li>• Detailed monthly expenditure: R78 million/month on average</li> <li>• Number of business plans approved: 166 of all types</li> <li>• Number of people impacted through health and hygiene programme: 670 000</li> <li>• Number of toilets constructed: 105 000</li> </ul>
<b>Conditions</b>	Before any conditional grants are made, the local government arm concerned must: <ul style="list-style-type: none"> <li>• Have undertaken the necessary service planning (e.g. WSDP) and provided budgets for the ongoing operation and maintenance</li> <li>• Be in a position to undertake the implementation, operation and maintenance of the relevant water services</li> <li>• Have demonstrated acceptable level of expertise in managing water services projects</li> <li>• Have established the mechanisms and structures for reporting to DWAF as required</li> <li>• All receiving local governments will be required to enter formal service provision agreements (including provision for payment of services rendered by the department) with the department</li> </ul>
<b>Allocation criteria</b>	The contractual commitments for ongoing projects as well as operate, train and transfer of existing completed projects not yet transferred will receive preference in the project selection process. <ul style="list-style-type: none"> <li>• New projects are then selected via the relevant planning forums per region on the basis of the regional allocation, which is based on a poverty-weighted formula with a strong rural focus.</li> <li>• The DWAF Minister approves all projects earmarked for implementation, before the funding is formally delegated to the regions. All departmentally owned completed RDP projects will be subject to transfer to municipalities</li> </ul>
<b>Monitoring system</b>	Projects are managed and monitored internally by DWAF, some through contract driven Build, Operate, Train and Transfer arrangements, unless the municipality has a demonstrable capacity to do so itself. This will be done in accordance of the above conditions and to allow DWAF to fulfil its role in terms of the relevant acts
<b>Budget on which transfer is shown</b>	The allocation is shown on the Water Affairs and Forestry vote. Once funds transfer agreement is in place, the financial transfer will be shown as a conditional grant on municipality budgets in recognition of the functional responsibility of Local Government with regard to the provision of Water and Sanitation Services. Asset transfer (grant —in—kind) should be recorded in the municipal asset register on transfer with a remark in the budget document that the infrastructure will be built on behalf of the municipality
<b>Past performance</b>	<ul style="list-style-type: none"> <li>• Approximately 8,5 million people have been provided with access to basic water services to date, and 75 projects have been transferred to municipalities.</li> <li>• Approximately 105 000 toilets have been constructed in the past five years and 670 000 people have been impacted by health and hygiene programme</li> </ul>
<b>Projected life</b>	On the basis of the above conditions, the department has proposed the following programme: <b>2003/2004</b> <ul style="list-style-type: none"> <li>• Continue implementation of contractually committed projects</li> <li>• Initiate detailed planning and design for projects prioritised through local government planning process and local government management arrangements</li> <li>• Continue to initiate and implement planned and designed projects through existing DWAF management arrangements where there is an explicit agreement with local government, including acceptance of operating responsibilities</li> <li>• Support local government to start the process of consolidating and completing water service development plans as an input to their Infrastructure Investment Programmes</li> <li>• Indicate reporting of allocation of funds to municipal area down to Category B and C level as applicable</li> <li>• Develop with DPLG the system to ensure that funds allocated are used for the purposes intended in the respective line function areas.</li> <li>• Where agreed, and subject to the approval of DWAF Director-General, make conditional grant to municipalities for implementation of projects</li> <li>• DWAF to continue service provision and/ or hand over to other service providers where local authorities are unwilling or unable to take over services responsibilities of already completed projects yet not transferred</li> </ul>

<b>Implementation of Water and Sanitation Service Projects (Capital)</b>	
	<p><b>2004/2005</b></p> <ul style="list-style-type: none"> <li>• Finalise implementation of contractual committed projects</li> <li>• Continue to implement (but not to initiate and design) already planned projects through existing DWAF management arrangements where there is explicit agreement with local government, including acceptance of operation responsibilities</li> <li>• Support local government to undertake detailed planning and design for projects prioritised through local government planning process</li> <li>• Definitive allocation of funds to municipal area down to Category B and C level as applicable.</li> <li>• Implement and manage with DPLG systems to ensure that funds allocated are used for the purpose intended in the respective ministries.</li> <li>• DWAF to continue service provision and/ or hand over to other service provider where local authorities are unwilling or unable to take over services responsibilities of already completed projects not yet transferred</li> </ul> <p><b>2005/2006</b></p> <ul style="list-style-type: none"> <li>• DWAF role in project implementation terminated (ongoing projects handed over to local management)</li> <li>• Ongoing DWAF support to focus on planning and technical assistance</li> <li>• All funds allocated to local government level, except where retained by DWAF for indicated purpose</li> <li>• DWAF's ongoing role in oversight of capital spending programmes to be agreed by the respective ministries.</li> <li>• DWAF to continue service provision and/ or hand over to other service provider where local authorities are unwilling or unable to take over services responsibilities of already completed projects not yet transferred</li> </ul> <p><b>2006/2007</b></p> <ul style="list-style-type: none"> <li>• DWAF roles as service provider terminated. Projects not accepted by local government to be handed over and managed by services providers contracted by DWAF but funded and supervised by other appropriate institutions</li> </ul>
<b>Reason not incorporated in equitable share</b>	This is a specific capital transfer focused on the national policy priority of ensuring all South Africans have access to safe water sources and acceptable sanitation systems
<b>Capacity and preparedness of receiving department</b>	Varies significantly. Assessment will be carried out to rank all recipients as to their preparedness to accept transfer. The transfer to those local governments ready, willing and able will be given priority. This will be done in co-operation with DPLG and SALGA
<b>Payment schedule</b>	The payment will be made on quarterly basis, in April, June, October and January of the amounts as agreed in the funds transfer agreement for each specific project/local authority
<b>2003/04 allocation</b>	R1.101.812 million

<b>Integrated National Electrification Programme</b>	
<b>Transferring department</b>	Minerals and Energy (Vote 31)
<b>Purpose</b>	To implement the Integrated National Electrification Programme (INEP) through providing capital subsidies to municipalities to address the electrification backlog in permanently occupied residential dwellings
<b>Conditions</b>	Distributors who receive funding must contractually undertake to: <ul style="list-style-type: none"> <li>• Account for the allocated funds separately from their normal business</li> <li>• Pass all benefits derived from the scheme on to end-customers</li> <li>• Not utilise the fund for any purpose other than electrification</li> <li>• Adhere to the approved electrification programme and agreed cash flow budgets;</li> <li>• Ring-fence their electricity accounts (initially supply accounts)</li> <li>• Adhere to the accounting and reporting requirements of the PFMA and Division of Revenue Act</li> </ul>
<b>Measurable outputs</b>	The number of connections made to: <ul style="list-style-type: none"> <li>• Households</li> <li>• Schools</li> <li>• Clinics</li> </ul>
<b>Past performance</b>	Statistics are for the period 1 April to 30 November 2002, as this is the first year that municipalities received this grant: <ul style="list-style-type: none"> <li>• Household connections energised: 34 101</li> <li>• Capital expended: R122 313 million</li> </ul>
<b>Allocation criteria</b>	Allocations are made on the basis of project applications from licensed municipal distributors who: <ul style="list-style-type: none"> <li>• Meet the requirements, for example in terms of documentation, approved tariffs, ring-fenced accounts</li> <li>• Have the financial, technical and staff capabilities to distribute electricity and to expand and maintain the network</li> <li>• Regularly pay their bulk supply account and are up-to-date with payments agreed to with the bulk supplier</li> <li>• Apply credit control effectively</li> <li>• Have consulted their communities in terms of the prescribed Integrated Development Planning (IDP) process</li> </ul>
<b>Monitoring system</b>	Monthly reports in accordance with PFMA and Division of Revenue Act together with a technical audit process
<b>Budget on which transfer is shown</b>	The grant will be shown as a conditional grant on budgets of licensed municipalities
<b>Projected life</b>	The Integrated National Electrification Programme (INEP) is ongoing and planned on a three-year rolling basis. It aims at providing universal access to basic electricity services. Its projected life is 10 years subject to current backlog and historic funding levels. The INEP will be incorporated into the Municipal Infrastructure Grant (MIG) once the framework for restructuring the Electricity Distribution Industry has been finalised
<b>Reason not incorporated in equitable share</b>	This is a specific capital transfer in support of the Integrated National Electrification Programme
<b>Capacity and preparedness of transferring department</b>	The DMEA takes full responsibility for the administration and control of the INEP
<b>2003/4 allocation</b>	R240,000 million
<b>Payment schedule</b>	Transfers are made monthly based on pre-agreed plans and cash flows
<b>Further work by national department</b>	Allocations to municipalities finalised and submitted to National Treasury. Disbursement of transfers is subject to benefiting municipalities entering into standard implementation agreements with DMEA

<b>Municipal Infrastructure Grant</b>	
<b>Transferring department</b>	Provincial and Local Government (Vote 5)
<b>Purpose</b>	To address backlogs in municipal infrastructure and provide basic bulk, connector and internal infrastructure for municipal services primarily to poor households.
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Funds may only be used for eligible municipal infrastructure and as identified by municipalities in their integrated development plans and budget</li> <li>• Residential infrastructure to receive 75 per cent of funds, public municipal service infrastructure 15 per cent and allocations for social institutions, SMME's and urban and rural development nodes to receive 10 per cent</li> <li>• Residential infrastructure funds to be directed towards water services and sanitation projects (50 per cent), electricity (22 per cent), roads (23 per cent) and other services (5 per cent)</li> <li>• Output conditions include achievement of specified basic service coverage targets and maximisation of economic spin-offs principally labour-intensive construction</li> </ul>
<b>Measurable outputs</b>	<p>The key outputs of the programme are:</p> <ul style="list-style-type: none"> <li>• The quantity and quality of infrastructure developed</li> <li>• Sustainable projects across all municipal categories</li> <li>• Sustainable pilot projects across all three municipal categories</li> <li>• Number of beneficiaries</li> <li>• Location of projects</li> <li>• Employment opportunities created and training provided</li> </ul>
<b>Past performance</b>	The pilot programme will build on the lessons rising from existing municipal infrastructure programmes
<b>Allocation criteria</b>	Allocated on a poverty-weighted formula including the number of households in poverty and the number of households without access to basic services, to be piloted in selected municipalities
<b>Monitoring system</b>	A comprehensive monitoring system will be developed. The Department of Provincial and Local Government (DPLG) will be responsible for financial reporting and the sector departments responsible for policy coordination and performance
<b>Budget on which transfer is shown</b>	The grant must be shown as a conditional grant on municipal budgets
<b>Projected life</b>	10 years
<b>Reason not incorporated in equitable share</b>	This is a specific capital transfer focussed on the national policy priority of ensuring all South Africans have access to at least a basic level of municipal services. This grant will directly support the Integrated and Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Strategy (URS) as well as the Housing Programme
<b>Phasing arrangements</b>	<p>2003/04 is a pilot year for the MIG</p> <p>The following grants will be phased into the Municipal Infrastructure Grant over a the next three years, subject to review of the poverty alleviation programme:</p> <ul style="list-style-type: none"> <li>• Consolidated Municipal Infrastructure Programme (CMIP), Implementation of Water Service Projects (Capital), Urban Transport Fund, Community Based Public Works Programmes, Local Economic Development Fund and Building for Sports and Recreation Programme</li> <li>• Electrification funding will be incorporated once the framework for restructuring of the electricity distribution industry has been finalised</li> </ul>
<b>Capacity and preparedness of transferring department</b>	A MIG unit will be set up within DPLG. R3 million on the vote of DPLG has been set aside for this purpose
<b>2002/04 allocation</b>	R47,000 million
<b>Payment schedule</b>	Transfers will be made in terms of the requirements of Division of Revenue Act.
<b>Further work by national department</b>	All affected national departments consulted. National Government is finalising arrangements for its establishment, consolidation and phasing-in

<b>Urban Transport Fund</b>	
<b>Transferring department</b>	Transport (Vote 33)
<b>Purpose</b>	To promote the planning of intermodal land transport infrastructure and operations, the facilitation of integrated land use and land transport planning, the development of guidelines in this regard and to initiate demonstration projects in line with the Urban Transport Act, 1977
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>• The planning requirements for the Operating Licence Strategy, Rationalisation Plan, Public Transport Plan and the Integrated Transport Plans required by the National Land Transport Transition Act (NLTTA) is developed and will be finalised by the 31 March 2003, and be brought into effect on 1 April 2003.</li> <li>In 2003/2004 assistance in the planning rollout and synchronisation with the IDP process will be addressed with the integrated transport plans in Unicity being an integral part of the IDPs.</li> <li>• The second phase of the transport planning guidelines to be reviewed by March 2004 by the Department of Transport</li> <li>• Restructuring of the Durban Municipal Bus Service will be completed by July 2003</li> <li>• <b>(DURBAN R500 000)</b></li> <li>• Infrastructure improvements <ul style="list-style-type: none"> <li>— Upgrading of local streets as included in the Business Plan for Langa in Cape Town which is due to be completed by February 2004 <b>(CAPE TOWN R5 000 000)</b></li> <li>— At the Baragwanath node in Soweto Phase 2 and 3 which are the construction of bus facility and upgrading of transport taxi facility will be completed by June 2004</li> <li>— The design and construction of an inter-modal transport facility in Alexandra will be completed by January 2004 <b>(JOHANNESBURG R3 600 000)</b></li> </ul> </li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Submission of a business plan in line with the Urban Transport Act, 1977 and national priorities; The priorities are planning, research, demonstration national strategic projects on issues like transport authorities, and infrastructure and urban renewal</li> <li>• Successful implementation of previously funded projects;</li> <li>• Preferably partly funded by provincial and local governments.</li> <li>• Priorities in terms of Government and Department's Strategies</li> </ul>
<b>Allocation criteria</b>	The grant is allocated to metropolitan and larger Category B municipalities, on the basis of priorities determined in terms of the National Land Transport Transition Act, 2000 and the Urban Transport Act, 1977.
<b>Budget on which transfer is shown</b>	The transfer must be shown as a conditional grant on municipal budgets.
<b>Past performance</b>	<p><b>Transport Planning Guidelines and Requirements</b> The phase 1 of the planning guidelines were completed in 2001 and the planning requirements for the Current Public Transport Records and Provincial Land Transport Framework were completed in July 2002. The majority of these plans will be completed by 31 March 2003.</p> <p><b>Durban Municipal Bus Service Restructuring</b> The Business Plans have been approved and a transaction advisor has been appointed</p> <p><b>Demonstration Projects</b></p> <ol style="list-style-type: none"> <li>1. TRANSPORT AUTHORITIES <ul style="list-style-type: none"> <li>• Durban: the Ethekwini Metropolitan Municipality has approved The Founding Agreement.</li> <li>• Bloemfontein: Due to the duplication in the preparation of a feasibility study, it was agreed that the Free State Province will finalise the said study and the implementation will be funded from the Urban Transport Fund. The Business Plan has been prepared.</li> </ul> </li> <li>2. DIAL-A-RIDE (Cape Town) <ul style="list-style-type: none"> <li>• New fully accessible vehicles have been procured and the routes that were operated during the pilot phase of the project have been extended. New operating standards have been developed and are being implemented.</li> </ul> </li> <li>3. MODALINK <ul style="list-style-type: none"> <li>• A guideline for the management of Public Transport Interchanges in the Cape Town area has been developed and is being implemented in 25 Public Transport Interchanges in and around Cape Town.</li> <li>• They are also running a demonstration project on low floor buses in Cape Town.</li> <li>• Modalink are also managing a public transport call centre in Cape Town</li> </ul> </li> <li>4. INFRASTRUCTURE IMPROVEMENTS <ul style="list-style-type: none"> <li>• The design for Baragwanath has been completed</li> <li>• The Business Plan for Alexandra Inter-modal facility has been finalised</li> <li>• The Business Plan for the upgrading of taxi facilities in the Inanda Ntuzuma KwaMashu node has been prepared</li> </ul> </li> </ol>
<b>Projected life</b>	No further allocation after 2003/04 financial year
<b>Reason not incorporated in equitable share</b>	National priorities are determined annually based on the National Department Business Plan.
<b>Capacity and Preparedness of Transferring Department</b>	The NDOT has the capacity to manage and monitor the business plans and contracts for the identified projects. However the successful implementation of these projects depends and is influenced by the capacity of the receiving authority.
<b>2003/04 allocation</b>	R 9,1 million
<b>Further work by national department</b>	No further allocation beyond the 2003/04 financial year

<b>Local Government Financial Management Grant</b>	
<b>Transferring department</b>	National Treasury (Vote 8)
<b>Purpose</b>	To promote and support reforms to municipal financial management practices, including the modernisation of budgeting, financial management, accounting, monitoring systems in municipalities and implementation of the Municipal Finance Management Act
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Submission of a Council resolution committing to budget reforms, to achieve multi-year budgeting, implementation of Generally Accepted Municipal Accounting Practices (GAMAP), and improvement to reporting requirements</li> <li>• The employment of an appropriately skilled chief financial officer</li> <li>• Submission of a checklist identifying critical financial management areas to be addressed</li> <li>• Submission of a plan to implement financial management reforms</li> </ul>
<b>Measurable outputs</b>	<ul style="list-style-type: none"> <li>• Preparation and implementation of multi-year budgets meeting national norms and standards</li> <li>• Implementation of (GAMAP)</li> <li>• Improvements in internal and external reporting on budgets and financial information</li> <li>• Preparation of plans and processes to implement the Municipal Finance Management Act</li> </ul>
<b>Past performance</b>	Thirty-one municipalities participated in the programme during the last year. Twenty-four of these (77 per cent) have tabled three-year budgets to council for the 2002/03 budget year and submitted to National Treasury. Six new pilot municipalities have been added to the programme in the 2002/03 financial year.
<b>Allocation criteria</b>	The allocation of funds will be targeted at pilot municipalities in all categories to implement the financial reforms
<b>Monitoring system</b>	A management team has been appointed by the Treasury to assist with the technical evaluation of applications and regular reports required in terms of the grant agreements
<b>Budget on which transfer is shown</b>	The grant will be shown as a conditional grant on the National Treasury vote and indicative allocations must be reflected in municipal budgets
<b>Projected life</b>	Programme is linked to government's international contractual obligations and will continue initially five years. A performance review to be conducted by the third year. The grant will be aligned with government's broader Capacity Building Strategy and focused towards the rollout and implementation of the Municipal Finance Management Act
<b>Reason not incorporated in equitable share</b>	Due to the critical need to develop municipal financial capacity as the foundation upon which other reforms can be built
<b>Capacity and preparedness of transferring department</b>	National Treasury is fully prepared
<b>2003/04 allocation</b>	R 211.915 million
<b>Payment schedule</b>	Payments will be made in three tranches
<b>Further work by national department</b>	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. The Development Bank of Southern Africa has been appointed to manage the programme. The programme will encompass implementation of the Municipal Finance Management Act

<b>Local Government Restructuring Grant</b>	
<b>Transferring department</b>	National Treasury (Vote 8)
<b>Purpose</b>	To assist in restructuring and modernisation of the organisations and operations of large municipalities, to make them more effective and efficient service delivery authorities, and function in a fiscally sustainable manner. National government will support municipal plans to the extent that they offer significant benefits to national economic stability and growth
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Funds will be made available on the basis of a municipality's commitment to a locally owned, credible restructuring plan that addresses challenges in a sustainable manner</li> <li>• The municipal council must pass a resolution agreeing to the plan</li> <li>• Quarterly reports submitted to the National Treasury on agreed benchmarks</li> <li>• The continuing flow of grant funds will depend upon the progressive implementation of the agreed Restructuring Plan, measured through an agreed set of locally appropriate financial indicators and institutional milestones</li> </ul>
<b>Measurable outputs</b>	Outputs of individual grants are specified by municipalities in their restructuring plans, and subject to negotiation with the National Treasury
<b>Past performance</b>	Satisfactory performance to date includes a grant to the City of Johannesburg for the implementation of iGoli 2002. R130 million allocated to Mangaung. Seed funding disbursed to 15 municipalities during 2002 has served as a mechanism to assist a number of municipalities draft restructuring plans
<b>Allocation criteria</b>	Targeted municipalities with total annual budgets of R300 million or more and special cases based on credible plans. The allocation of funding is demand-driven, with applications being subject to intensive assessments of their credibility, as outlined in the existing grant disbursement framework
<b>Allocation by province and municipality</b>	New allocations to municipalities will be published on the National Treasury website following the signing of grant agreements
<b>Monitoring system</b>	A management team has been appointed by the Treasury to assist with the technical evaluation of applications and regular reports required in terms of the grant agreements.
<b>Budget on which transfer is shown</b>	The grant will be shown as a conditional grant on the National Treasury vote, and must be reflected on the receiving municipality's budget
<b>Projected life</b>	Five years, depending on the outcome of a scheduled review of the grant programme in 2003/04 New applications from municipalities will be considered over the 2003/04 financial year
<b>Reason not incorporated in equitable share</b>	<ul style="list-style-type: none"> <li>• The grant supports implementation of municipal restructuring exercises necessary to avoid financial distress and possible risks to the national fiscus</li> </ul>
<b>Capacity and preparedness of transferring department</b>	The detailed grant framework is available on the Treasury website: <a href="http://www.treasury.gov.za">www.treasury.gov.za</a> . The National Treasury will accept credible applications, and a directorate is dedicated for this purpose
<b>2003/04 allocation</b>	R315.000 million
<b>Payment schedule</b>	Transfers will be made in accordance with restructuring agreements with municipalities
<b>Further work by national department</b>	Signing of grant agreements. Four municipalities are being evaluated for possible funding in 2003 calendar year

<b>Municipal Systems Improvement Grant (MSIG)</b>	
<b>Transferring department</b>	Provincial and Local Government (Vote 5)
<b>Purpose</b>	To assist municipalities in building in-house capacity through district and selected local municipalities to ensure that the new developmental system of local government is fully implemented
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• Capacity Development Plans to be submitted by 1 April by each district.</li> <li>• Each district to show the particular allocations for supporting local municipalities.</li> <li>• Council to provide work and sustainability plans for Project Implementation and Management Support (PIMS) centres</li> <li>• Allocations to be included in municipal budgets</li> </ul>
<b>Measurable outputs</b>	Implementation of district-specific capacity development plans focused among others on: <ul style="list-style-type: none"> <li>• Stable municipal and governance systems</li> <li>• Establishment and support to PIMS Centres</li> <li>• Reviewing integrated development plans (IDPs)</li> <li>• Aligning institutional systems to IDPs</li> <li>• Implementation of the division of powers and functions</li> <li>• Implementation of the Municipal Systems Act, Municipal Structures Act and related policy</li> </ul>
<b>Past performance</b>	PIMS Centres have been established and are fully operational in 33 districts, a further 7 are in the process of being established. IDPs have been completed and are currently being implemented. Pilot programmes on the implementation of the Performance Management System were run in 26 municipalities
<b>Allocation criteria</b>	Allocations are made predominantly to district municipalities with PIMS centres. Allocations to be determined according to assessed need
<b>Monitoring system</b>	Quarterly reports on the support provided to municipalities and the progress made with the implementation of systems in municipalities
<b>Budget on which transfer is shown</b>	The grant must be shown as a conditional grant on municipal budgets
<b>Projected life</b>	The fund will be utilised to assist municipalities to implement systems required by local government legislation. The fund will be incorporated into a single grant in terms of the National Capacity Building Framework, for transfer directly to municipalities, by 2004 budget
<b>Reason not incorporated in equitable share</b>	This is a capacity building grant, and by nature, conditional. The grant gives effect to assist municipalities implement new legislation in the form of Structures and Systems Acts
<b>Capacity and Preparedness of transferring department</b>	The Department has an established grant and project management framework and dedicated capacity
<b>2003/04 allocation</b>	R150.418 million
<b>Payment schedule</b>	Transfers will be made in accordance with the requirements of the Division of Revenue Act. The first transfer will be made on approval of submitted plans. The second transfer will take place on the provision of adequate proof of implementation
<b>Further work by national department</b>	Grant to be consolidated into the Department's capacity building grant in 2004 financial year

<b>Water Services Operating and Transfer Subsidy (via augmentation to the Water Trading Account)</b>	
<b>Transferring department</b>	Water Affairs and Forestry (Vote 34)
<b>Purpose</b>	To augment the Water Trading Account (Sub-Programme 4) of the Department of Water Affairs and Forestry to provide funding for: <ul style="list-style-type: none"> <li>the refurbishment, operation and maintenance, sustainability assessments, transfer, land and regulatory matters, including the subsidy for water schemes that are owned and/or operated by the department or by other agencies on behalf of the department. As water services provision is a functional competence of local government, schemes will be transferred, with appropriate staff and budgets, to receiving institutions</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>All receiving Water Services Authorities/Providers will be required to conclude formal transfer agreements where the latest effective date of transfer is 30 June 2005</li> <li>The operating and transfer subsidy will be treated as 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) and will facilitate the transfer of schemes thereafter it will be converted into a conditional grant in terms of the following programme: <ul style="list-style-type: none"> <li><b>2003/04</b> — Where transfer agreements are in place by 30 June 2003, schemes transferred during the year will be transferred with the remaining 3 year O component and 3 year HR Component of the budget</li> <li><b>2004/05</b> — Where transfer agreements are in place by 30 June 2004, schemes transferred during the year will be transferred with the remaining 2 year O component and 3 year HR Component of the budget</li> <li><b>2005/06</b> — All transfer agreements concluded, receiving institutions continue to receive conditional grant for 1 year O component and 3 year HR Component of the budget</li> </ul> </li> <li><b>1 July 2006</b> — Commence with the incremental consolidation of the Department of Water Affairs and Forestry operating conditional grants for water schemes transferred to municipalities into the equitable share allocation administered by the Department of Provincial and Local Government</li> <li>The transfer subsidy (grant in kind) will be structured to cover the costs of refurbishment of water services schemes, processes to facilitate transfers, sustainability assessments, land and legal costs and will be used to facilitate the transfer of schemes and will be converted into a conditional grant in terms of the negotiated transfer agreements</li> </ul>
<b>Measurable outputs</b>	<p><b>Operating outputs:</b></p> <ul style="list-style-type: none"> <li>Operation of water services schemes</li> <li>Improved revenue collection</li> <li>Support to local government to complete their WSDP's as an input to their operating plans, budgets and IDP's</li> <li>All transfer agreements signed which includes formalising Department of Water Affairs and Forestry's status as interim water services provider and where the latest effective date of transfer is 30 June 2005</li> <li>Water service provider arrangements in place by the effective date of transfer</li> <li>Successful transfer of all appropriate staff, budgets and schemes to municipalities by 30 June 2005</li> </ul> <p><b>Transfer outputs:</b></p> <ul style="list-style-type: none"> <li>Schemes refurbished to standards outlined in the Joint Water Services Transfer Policy</li> <li>Sustainability (functional, financial and human resource) assessments completed per scheme or group of schemes to be transferred</li> <li>Water Service Authority funding requirements</li> <li>legal requirements and/ or impediments relating to securing rights in property to effectively utilise schemes are identified and related support provided</li> <li>Water Services Authority/Provider has developed sufficient capacity to effectively fulfil the provision function</li> <li>Cost recovery plan in place to support the sustainability of schemes</li> </ul>
<b>Past Performance</b>	Limited progress in terms of actual transfers completed to date due to delays in the authorisation of powers and functions and time taken to develop the joint DWAF, DPLG, National Treasury and SALGA transfer policy. The refurbishment programme commenced in earnest during 2002/03. No data are yet available on effectiveness of the refurbishment programme
<b>Allocation criteria</b>	Targeted at the Department of Water Affairs and Forestry and Water Services Authorities/Providers in terms of facilitating the transfer of all water schemes that are owned and/or operated by the Department or by other agencies on behalf of the Department, including certain RDP/CWSS projects. Basic allocation per Water Services Authority will be according to the operational budget for each scheme and the funding requirements identified and agreed in the transfer agreements
<b>Allocation by province and municipality</b>	Allocations will be published on Budget Day, 2003. Funds will be spent by the Department of Water Affairs and Forestry or transferred to the Water Services Authority/Provider in terms of the transfer agreements. Allocations published in the gazette are indicative as the process of transferring schemes is in its initial stage
<b>Monitoring system</b>	The monitoring and evaluation system for transfers, which is being developed as part of the National Information System for Water Service will be used
<b>Budget on which transfer is shown</b>	The subsidy allocation is shown on the Department of Water Affairs and Forestry vote. Once water services transfer agreements are in place, the transfer will be shown as a conditional grant on municipal budgets, in recognition of the functional responsibility of local government with regard to the provision of water services. From 1 July 2006, the operating subsidy portion will be phased into the local government equitable share and administered by the Department of Provincial and Local Government. The current allocations are indicative amounts and dependant on the transfer process
<b>Projected life</b>	The basic programme is as follows: <ul style="list-style-type: none"> <li>2002/03 to 2004/05 — Implement the transfer programme and actual budgetary transfers where all preconditions have been met. The Department to support local government to undertake detailed planning for water services operations</li> <li>2005/06 — The department's role as service provider terminated</li> </ul>

<b>Water Services Operating and Transfer Subsidy (via augmentation to the Water Trading Account)</b>	
<b>Reason not incorporated in equitable share</b>	The grant will facilitate the transfer of water services schemes to Water Service Authorities/Providers, following which it will be incorporated into the equitable share. The transfer subsidy portion of the grant represents once-off costs that will be incurred by the Department of Water Affairs and Forestry and Water Services Authorities/Providers associated with giving effect to transfer and will fall away following the completion of the transfer programme
<b>Capacity and preparedness of transferring dept</b>	Implement the agreed policy and process for transfer. The Department of Water Affairs and Forestry has established a National Transfer Task Team, supported by regional task teams to drive the process
<b>Payment schedule</b>	The payments will be made on a quarterly basis, in April, June, October and January to the amounts as agreed in the transfer agreement for each specific scheme/local authority. The operating subsidy will be transferred from the effective date of transfer to receiving municipalities, where after it will be phased into the local government equitable share
<b>2003/2004 allocation</b>	R836.436 million
<b>Further work by national department</b>	Ongoing support to receiving institutions to the conclusion of the programme. Assessments will be completed by 30 June 2004 to rank all recipients as to their preparedness to accept transfer. The transfer to those municipalities ready, willing and able will be prioritised. This will be done in co-operation with the DPLG, National Treasury and the SALGA.

**APPENDIX E3:  
SCHEDULE 6 ALLOCATIONS  
(RECURRENT GRANTS) TO  
MUNICIPALITIES BY  
NATIONAL AND MUNICIPAL  
FINANCIAL YEAR**









Appendix E3: Schedule 6 Allocations (Recurrent grants) to municipalities by National and Municipal Financial Year

Category	Municipality	Local Government Financial Management Grant						Local Government Restructuring Grant						Municipal Systems Improvement Programme						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		National Financial Year		Municipal Financial Year					
		(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)			
<b>KWAZULU-NATAL</b>																									
A	eThekweni	4 000	3 500	4 000	3 500	3 500	3 500											4 000	3 500	4 000	3 500				
B	K/Z211 Valamamba		350		250		250												250	250		250			
B	K/Z212 Umkweni		500		500		500												500	500		500			
B	K/Z213 Kliphekhe		500		500		500												500	500		500			
B	K/Z214 uMantsoe/abama		500		500		500												500	500		500			
B	K/Z215 Impendweni		500		500		500												500	500		500			
B	K/Z216 Ibhaya/Geliz		500		500		500												500	500		500			
C	DK21 Ego District Municipality	1 000	200	1 000	200	1 000	200											1 000	200	1 000	200				
<b>Total: Iqum Municipality</b>																									
B	K/Z221 uMshwati		250		250		250												250	250		250			
B	K/Z222 uMgqeni		250		250		250												250	250		250			
B	K/Z223 Msoo/Mpeleni		250		250		250												250	250		250			
B	K/Z224 Impendweni		250		250		250												250	250		250			
B	K/Z225 Mankeni	1 000	2 500	1 000	2 500	1 000	2 500	10 000										11 000	2 500	11 000	2 500				
B	K/Z226 uMkhambathani		250		250		250												250	250		250			
B	K/Z227 uMhlabeni		250		250		250												250	250		250			
B	UMA	2 000	1 000	2 000	1 000	1 000	1 000											5 535	1 000	5 535	1 000				
C	DK22 uMgungundlovu District Municipality	5 000	4 000	5 000	4 000	4 000	4 000	10 000										48 535	7 675	48 535	7 675				
<b>Total: uMgungundlovu Municipality</b>																									
B	K/Z232 Emsambatha/Lady Smith	1 000	1 000	2 000	1 000	1 000	1 000											2 000	1 000	2 000	1 000				
B	K/Z233 uMkazi		250		250		250												250	250		250			
B	K/Z234 Umkhaleni		250		250		250												250	250		250			
B	K/Z235 uMshoboshi		250		250		250												250	250		250			
B	K/Z236 Imbabane		250		250		250												250	250		250			
B	UMA		250		250		250											1 325	1 325	1 325	1 325				
C	DK23 Uthukela District Municipality	2 500	2 500	2 500	2 500	2 500	2 500											5 625	4 475	5 625	4 475				
<b>Total: Uthukela Municipality</b>																									
B	K/Z241 Eshoweni		250		250		250												250	250		250			
B	K/Z242 Ngqweni		250		250		250												250	250		250			
B	K/Z243 Umanga		250		250		250												250	250		250			
B	K/Z244 Umahlali		250		250		250												250	250		250			
C	DK24 uMantsoe District Municipality	2 500	2 500	2 500	2 500	2 500	2 500											3 325	3 000	3 325	3 000				
<b>Total: Umantsoe Municipality</b>																									
B	K/Z252 Newcastle	1 500	1 000	1 500	1 000	1 000	1 000											1 500	1 000	1 500	1 000				
B	K/Z253 Urcula		250		250		250												250	250		250			
B	K/Z254 Dombashe		250		250		250												250	250		250			
C	DK25 uMantsoe District Municipality	1 500	1 250	1 500	1 250	1 250	1 250											2 725	3 125	2 725	3 125				
<b>Total: Amantsoe Municipality</b>																									











**APPENDIX E4**  
**SCHEDULE 6A ALLOCATIONS**  
**(INFRASTRUCTURE GRANTS)**  
**TO**  
**MUNICIPALITIES BY**  
**NATIONAL AND MUNICIPAL**  
**FINANCIAL YEAR**

Appendix E4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Division, Sub-Division, Municipality	Local Economic Development Programme Grant			Community Based Public Works Programme Grant			National Electrification Programme (NEP)			Urban Transport Fund Grant		
	National Financial Year	Municipal Financial Year	National Financial Year	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
	2017/18 (R'000)	2018/19 (R'000)	2019/20 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2019/20 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2019/20 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2019/20 (R'000)
<b>WESTERN CAPE</b>												
A Cape Town	1 290						6 827	1 000	16 290	17 802	17 802	5 000
B WC01 Matieland												
B WC02 Cecilia												
B WC03 Bergvliet												
B WC04 Saldanha Bay												
B WC05 Swartkops												
DMA DMA01 West Coast DMA												
C DCL West Coast District Municipality	1 290						1 290	1 000	16 290	17 802	17 802	5 000
<b>Total: West Coast Municipalities</b>												
B WC022 Wierpoort												
B WC023 Pekaap												
B WC024 Stellenbosch												
B WC025 Breck Vallys												
B WC026 Breck River/Beesfontein												
DMA DMA02 Breck River DMA												
C DCL Breck River District Municipality	290						290	1 000	2 000	2 000	2 000	
C DCL Breck River District Municipality	1 290						1 290	1 000	2 000	2 000	2 000	
<b>Total: Breck River Municipalities</b>												
B WC031 Theresewald												
B WC032 Overstrand												
B WC033 Cape Agulhas												
B WC034 Swellendam												
DMA DMA03 Overberg DMA												
C DCL Overberg District Municipality	900						900	300	3 000	3 000	3 000	
C DCL Overberg District Municipality	900						900	300	3 000	3 000	3 000	
<b>Total: Overberg Municipalities</b>												
B WC041 Kooiberg												
B WC042 Langeberg												
B WC043 Mossel Bay												
B WC044 George												
B WC045 Oudshoorn												
B WC047 Plettenberg Bay												
B WC048 Knysna												
DMA DMA04 South Cape DMA												
C DCL George/Bay of Kings/Karoo District Municipality	1 000						1 000	1 000	1 000	1 000	1 000	
C DCL George/Bay of Kings/Karoo District Municipality	1 000						1 000	1 000	1 000	1 000	1 000	
<b>Total: Garden Route / Klein Karoo District Municipality</b>												
B WC051 Elandsburg												
B WC052 Prince Albert												
B WC053 Beaufort West												
DMA DMA05 Central Karoo DMA												
C DCL Central Karoo District Municipality	500						500	500	500	500	500	
C DCL Central Karoo District Municipality	500						500	500	500	500	500	
<b>Total: Central Karoo Municipalities</b>												
<b>Total: Western Cape Municipalities</b>												
	2 410						24 801	29 095	33 804	24 991	34 303	5 100





Appendix E-4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Country Number	Municipality	Total Economic Development Programme Grant		Community Based Public Works Programme Grant		National Electrification Programme (NEP)		Urban Transport Fund Grant	
		National Financial Year	Municipal Financial Year	National Financial Year	Municipal Financial Year	National Financial Year	Municipal Financial Year	National Financial Year	Municipal Financial Year
	<b>FREE STATE</b>								
B	FS164 Etesemeng								
B	FS162 Kopongong								
B	FS163 Mokolane								
C	DC16 - Mankopj District Municipality								
	<b>Total: Mankopj Municipalities</b>								
B	FS174 Kaka								
B	FS172 Mampamp								
B	FS173 Mmopra								
C	DC17 - Mankopj District Municipality								
	<b>Total: Mankopj Municipalities</b>								
B	FS181 Madibonana								
B	FS182 Edubeni								
B	FS183 Fochephe								
B	FS184 Mafibene								
B	FS185 Nda								
C	DC18 - Lesotho District Municipality								
	<b>Total: Lesotho District Municipality</b>								
B	FS191 Sesoos								
B	FS192 Dibilbene								
B	FS193 Nkronona								
B	FS194 Mokolane Phofane								
B	FS195 Phomokoti								
DMA	DMA19 - Golden Gate Highlands NP								
C	DC19 - Ditsabeng District Municipality								
	<b>Total: Ditsabeng District Municipality</b>								
B	FS201 Mafobaka								
B	FS203 Newale								
B	FS204 Mafobaka								
B	FS205 Mafobaka								
C	DC20 - Northern Free State District Municipality								
	<b>Total: Northern Free State District Municipality</b>								
	<b>Total: Free State Municipalities</b>	8,141	921	26,308	38,126	32,219	38,442	30,426	30,426

Appendix E4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Entity Number, Municipality	Local Economic Development Programme Grant		Community Based Public Works Programme Grant		National Electrification Programme (NEP)				Urban Transport Fund Grant	
	National Financial Year (R 000)	Municipal Financial Year (R 000)	National Financial Year (R 000)	Municipal Financial Year (R 000)	National Financial Year (R 000)	Municipal Financial Year (R 000)	National Financial Year (R 000)	Municipal Financial Year (R 000)	National Financial Year (R 000)	Municipal Financial Year (R 000)
<b>KWAZULU-NATAL</b>										
A. eThekweni										
B. KZ711. Valmankanda										
B. KZ712. Umkomaas										
B. KZ713. Khephalenzi										
B. KZ714. uMhlabanyama										
B. KZ715. Impingweni										
B. KZ716. Hibiscus Coast										
B. DC 21. Ugu District Municipality										
<b>Total: Ugu Municipalities</b>	1 100	100	9 282	7 426	1 000	1 000	16 411	24 108	32 226	506
B. KZ721. uMhlabathi										
B. KZ722. uMhlabeni										
B. KZ723. Msovu-Mvoti										
B. KZ724. Ingwenyane										
B. KZ725. Mankomo										
B. KZ726. Mkhumbatho										
B. KZ727. Bikhonani										
B. DC 22. uMgungundlovu District Municipality										
<b>Total: uMgungundlovu Municipalities</b>	1 500	100	9 852	7 982	2 710	3 000	3 203	4 028	3 015	
B. KZ732. Emantsheni Eshyamba										
B. KZ733. Buthelezi										
B. KZ734. Feniweza										
B. KZ735. uMkhambatho										
B. KZ736. uMhlabane										
B. DC 23. Gqoke District Municipality										
<b>Total: Uthukela Municipalities</b>	4 000	2 500	6 579	5 264	6 662	4 900	4 200	7 400	4 138	4 060
B. KZ241. Endimeni										
B. KZ242. Nquthu										
B. KZ243. Umsinga										
B. KZ244. Umhlabeni										
B. DC 24. Umzinyathi District Municipality										
<b>Total: Umzinyathi Municipalities</b>	3 100	900	6 206	5 036	1 638	6 175	925	1 711	4 798	939
B. KZ252. Newcasttle										
B. KZ253. Umtshezi										
B. KZ254. Dumbansor										
B. DC 25. Amajuba District Municipality										
<b>Total: Amajuba Municipalities</b>	2 500	3 000	3 929	3 136	818	1 017	17	1 030	756	17





Appendix E-4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Programme Number	Municipality	Fund of Economic Development Programme Grant				Community Based Public Works Programme Grant				National Electrification Programme (NEP)				Urban Transport Fund Grant			
		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)
<b>EMPHRO</b>																	
W	NP054	155															
W	NP055	600															
W	NP056	150															
W	NP057	150															
W	NP058	150															
W	NP059	150															
W	NP060	150															
W	NP061	150															
W	NP062	150															
W	NP063	150															
W	NP064	150															
W	NP065	150															
W	NP066	150															
W	NP067	150															
W	NP068	150															
W	NP069	150															
W	NP070	150															
W	NP071	150															
W	NP072	150															
W	NP073	150															
W	NP074	150															
W	NP075	150															
W	NP076	150															
W	NP077	150															
W	NP078	150															
W	NP079	150															
W	NP080	150															
W	NP081	150															
W	NP082	150															
W	NP083	150															
W	NP084	150															
W	NP085	150															
W	NP086	150															
W	NP087	150															
W	NP088	150															
W	NP089	150															
W	NP090	150															
W	NP091	150															
W	NP092	150															
W	NP093	150															
W	NP094	150															
W	NP095	150															
W	NP096	150															
W	NP097	150															
W	NP098	150															
W	NP099	150															
W	NP100	150															
W	NP101	150															
W	NP102	150															
W	NP103	150															
W	NP104	150															
W	NP105	150															
W	NP106	150															
W	NP107	150															
W	NP108	150															
W	NP109	150															
W	NP110	150															
W	NP111	150															
W	NP112	150															
W	NP113	150															
W	NP114	150															
W	NP115	150															
W	NP116	150															
W	NP117	150															
W	NP118	150															
W	NP119	150															
W	NP120	150															
W	NP121	150															
W	NP122	150															
W	NP123	150															
W	NP124	150															
W	NP125	150															
W	NP126	150															
W	NP127	150															
W	NP128	150															
W	NP129	150															
W	NP130	150															
W	NP131	150															
W	NP132	150															
W	NP133	150															
W	NP134	150															
W	NP135	150															
W	NP136	150															
W	NP137	150															
W	NP138	150															
W	NP139	150															
W	NP140	150															
W	NP141	150															
W	NP142	150															
W	NP143	150															
W	NP144	150															
W	NP145	150															
W	NP146	150															
W	NP147	150															
W	NP148	150															
W	NP149	150															
W	NP150	150															
W	NP151	150															
W	NP152	150															
W	NP153	150															
W	NP154	150															
W	NP155	150															
W	NP156	150															
W	NP157	150															
W	NP158	150															
W	NP159	150															
W	NP160	150															
W	NP161	150															
W	NP162	150															









Appendix E-4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Category Number Municipality	Building for Sports and Recreation Programmes Grant						Municipal Infrastructure Programme Grant (MIPG)						Consolidated Municipal Infrastructure Programme Grant						M B TOTAL: INFRASTRUCTURE					
	National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)	2015/16 (R'000)	2016/17 (R'000)
<b>EASTERN CAPE</b>																								
A Nelson Mandela	1 000					800	3 642	3 642	3 642	3 642	3 642	3 642	42 814	51 128	50 116	43 714	51 845	51 608	64 216	65 520	74 900	65 322	67 040	75 535
B EC101 Camakhaso																								
B EC102 Blue Crane Route																								
B EC103 Bwezi																								
B EC104 Makana																								
B EC105 Ndlambe																								
B EC106 Sunday's River Valley																								
B EC107 Baviaans																								
B EC108 Koraga																								
B EC109 Kwa Kamana																								
B EC110 Aberdeen Plain																								
DMA DMA10 Aberdeen Plain																								
C DC10 Cascade District Municipality													15 940	20 509	23 505	16 413	20 836	23 711	14 030	20 509	23 505	18 802	20 836	23 711
<b>Total: Cederberg Municipalities</b>													15 940	20 509	23 505	16 413	20 836	23 711	14 030	20 509	23 505	18 802	20 836	23 711
B EC121 Mthatha																								
B EC122 Nqunqa																								
B EC123 Great Kei																								
B EC124 Amahlali																								
B EC125 Buffalo City																								
B EC126 Ngqushwa																								
B EC127 Nkonkhe																								
B EC128 Ntuba																								
C DC12 Amadole District Municipality	7 087					5 669							29 518	98 774	111 294	81 513	100 071	113 986	105 095	98 774	111 294	102 455	100 071	113 986
<b>Total: Amatole Municipalities</b>	7 087					5 669							29 518	98 774	111 294	81 513	100 071	113 986	105 095	98 774	111 294	102 455	100 071	113 986
B EC131 Inuthu Yelobamba																								
B EC132 Tsolwano																								
B EC133 Inxwanya																								
B EC134 Lunkulu																								
B EC135 Inosha Yethu																								
B EC136 Emahlathini																								
B EC137 Engcobo																								
B EC138 Sakhisibe																								
DMA DMA13 Mtoni Zibou NP																								
C DC13 Chris Hani District Municipality	5 506					4 400							83 704	100 024	109 505	85 595	101 012	110 246	101 099	100 024	109 505	99 311	101 012	110 246
<b>Total: Chris Hani Municipalities</b>	5 506					4 400							83 704	100 024	109 505	85 595	101 012	110 246	101 099	100 024	109 505	99 311	101 012	110 246
B EC141 Elandeni																								
B EC142 Senqo																								
B EC143 Makhwasa																								
B EC144 Gurep																								
DMA DMA14 Oviston Nature Reserve																								
C DC14 Ukwahlamba District Municipality	1 000					800							50 095	58 386	64 533	50 944	58 727	62 912	58 617	58 288	62 523	55 301	58 727	62 912
<b>Total: Ukwahlamba Municipalities</b>	1 000					800							50 095	58 386	64 533	50 944	58 727	62 912	58 617	58 288	62 523	55 301	58 727	62 912
<b>Total: Ukwahlamba Municipalities</b>													50 095	58 386	64 533	50 944	58 727	62 912	58 617	58 288	62 523	55 301	58 727	62 912



Appendix E4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Category Number Municipality	Building for Sports and Recreation Programme Grant						Municipal Infrastructure Grant (MIG)						Consolidated Municipal Infrastructure Programme Grant						SUB-TOTAL - INFRASTRUCTURE					
	National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year					
	2007/07 (R'000)	2008/08 (R'000)	2009/09 (R'000)	2010/10 (R'000)	2011/11 (R'000)	2012/12 (R'000)	2007/07 (R'000)	2008/08 (R'000)	2009/09 (R'000)	2010/10 (R'000)	2011/11 (R'000)	2012/12 (R'000)	2007/07 (R'000)	2008/08 (R'000)	2009/09 (R'000)	2010/10 (R'000)	2011/11 (R'000)	2012/12 (R'000)	2007/07 (R'000)	2008/08 (R'000)	2009/09 (R'000)	2010/10 (R'000)	2011/11 (R'000)	2012/12 (R'000)
<b>FREE STATE</b>																								
B FS161 Leribe																								
B FS162 Kopanong																								
B FS163 Mkhokotze																								
C DC16 Xhariep District Municipality																								
<b>Total: Xhariep Municipalities</b>																								
B FS171 Ntshabane																								
B FS172 Mankgolong																								
B FS173 Maseru																								
C DC17 Mafikeng District Municipality																								
<b>Total: Mafikeng Municipalities</b>																								
B FS181 Moshaleya																								
B FS182 Tsoelike																								
B FS183 Tsoelike																								
B FS184 Moplaheng																								
B FS185 Nala																								
C DC18 Legedipane District Municipality																								
<b>Total: Legedipane Municipalities</b>																								
B FS191 Secoko																								
B FS192 Dikobong																								
B FS193 Nkomo																								
B FS194 Mafeni a Phalong																								
B FS195 Phumela																								
DMA DMA19 Golden Gate Highlands NP																								
C DC19 Thabo Mafisanyane District Municipality																								
<b>Total: Thabo Mafisanyane Municipalities</b>																								
B FS201 Mqhele																								
B FS203 Ngwalibhe																								
B FS204 Mvumabala																								
B FS205 Madibe																								
C DC20 Northern Free State District Municipality																								
<b>Total: Northern Free State Municipalities</b>																								
B FS206																								
<b>Total: Free State Municipalities</b>																								









Appendix E4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Category Number Municipality	Building for Sports and Recreation Programme Grant						Municipal Infrastructure Grant (MIG)						Consolidated Municipal Infrastructure Programme Grant						SUB-TOTAL: INFRASTRUCTURE					
	National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year			
	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2005/06 (R'000)		
<b>NORTH WEST</b>																								
B NW 071 Metropole	800		640																		640			
B NW 372 Maabong	1 000		800																		21 136	25 407		
B NW 373 Rosendang	1 000		800																		19 530	20 330		
B NW 374 Kgetlengisoet	1 000		800																		1 000			
B NW 375 Moses Kotane	1 000		800																					
DMA DMA 37 Polokwane National Park																								
C DC 37 Bakara, Beethoiba District Municipality	3 800		3 040																		28 790	27 193		
<b>Total: Bakara, Beethoiba District Municipality</b>	3 800		3 040																		69 598	68 543		
<b>Total: Central Municipalities</b>	1 000		800																		1 114			
B NW 381 Sella Kg-eh	1 000		800																		202			
B NW 382 Tswaing	1 000		800																		3 066	1 000		
B NW 383 Matiking	1 000		800																		1 830	1 303		
B NW 384 Lushabeng	1 000		800																		2 000	1 200		
B NW 385 Zwerud	1 000		800																		30 313	34 991		
C DC 38 Central District Municipality	1 000		1 200																		39 029	35 330		
<b>Total: Central Municipalities</b>	1 000		1 200																		400	444		
B NW 391 Kagisano																								
B NW 392 Nkxh																								
B NW 393 Schweizer-Reneke																								
B NW 394 Greater Tzane																								
B NW 395 Molepo																								
B NW 396 Lekwa Tsemane																								
C DC 39 Bophirima District Municipality	1 300		1 040																		1 000	1 040		
<b>Total: Bophirima Municipalities</b>	1 300		1 040																		22 007	24 629		
B NW 401 Venkiesdorp	1 154		924																		20 180	25 239		
B NW 402 Potchefstroom																								
B NW 403 Klerksdorp																								
B NW 404 Marpassi Hills																								
C DC 3D Southern District Municipality	1 154		924																		3 936	11 230		
<b>Total: Southern Municipalities</b>	1 154		924																		8 178	13 418		
<b>Total: North West Municipalities</b>	10 254		8 204																		14 056	16 546		
<b>Total: South West Municipalities</b>	117 937		145 538																		26 180	25 239		
<b>Total: South West Municipalities</b>	117 937		145 538																		27 723	27 723		
<b>Total: South West Municipalities</b>	117 937		145 538																		23 327	23 327		
<b>Total: South West Municipalities</b>	117 937		145 538																		1 782	1 782		
<b>Total: South West Municipalities</b>	117 937		145 538																		9 667	11 585		
<b>Total: South West Municipalities</b>	117 937		145 538																		13 737	15 376		
<b>Total: South West Municipalities</b>	117 937		145 538																		3 723	4 833		
<b>Total: South West Municipalities</b>	117 937		145 538																		31 906	35 507		
<b>Total: South West Municipalities</b>	117 937		145 538																		28 906	31 793		
<b>Total: South West Municipalities</b>	117 937		145 538																		157 164	161 845		

Appendix E-4: Schedule 6A Allocations (Infrastructure grants) to municipalities by National and Municipal Financial Year

Category Number	Municipality	Building for Sports and Recreation Programme Grant						Municipal Infrastructure Grant (MIG)						Consolidated Municipal Infrastructure Programme Grant						SUB-TOTAL: INFRASTRUCTURE					
		National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year	
		(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
<b>GAUTENG</b>																									
A	Eckekar	1 800	1 000					77 386	94 206	104 588	79 136	95 612	105 412	86 510	101 141	111 525	88 846	103 415	112 151	176 852	176 852	90 800	90 800		
A	Eckekar	1 800	1 000					62 869	81 511	90 141	65 549	82 252	90 800	78 459	81 511	90 141	68 269	82 252	90 800	90 800	90 800				
B	G10201 Bunkeng Sea Location																								
B	G1022 Kingstun	2 200	1 600					6 271	8 905	10 428	5 922	9 012	10 486	9 122	8 905	10 428	8 215	9 012	10 486	10 486	10 486				
C	CHP22 Matassabing	2 200	1 700					6 771	8 905	10 428	6 955	9 012	10 486	9 122	8 905	10 428	8 215	9 012	10 486	10 486	10 486				
<b>Total: Matassabing Municipalities</b>								17 670	22 789	26 162	18 895	21 015	26 298	20 422	22 789	26 162	19 100	21 015	26 298	26 298	26 298				
B	G1421 Emfeleni		1 000																						
B	G1422 Mchad		1 400																						
B	G1423 Ucedi		1 750																						
<b>Total: Sediberg Municipalities</b>			4 000																						
B	G1411 Magedik City		1 200																						
B	G1412 Raditlami		640																						
B	G1414 Westmaria																								
B	CHCS Mabarung																								
DMA	DMAH Shikhoton																								
C	CBK 8 West Rand		1 680																						
<b>Total: West Rand Municipalities</b>			2 100																						
<b>Total: Gauteng Municipalities</b>		10 857	8 685					131 631	154 802	168 231	139 578	158 648	172 438	152 276	168 697	175 919	169 941	172 438	178 659	178 659	178 659				
<b>Unallocated National Reserves</b>																									
<b>National Total</b>		121 095	98 476					2 246 253	2 724 028	3 016 470	2 292 759	2 752 410	3 051 163	2 602 286	3 086 028	3 371 470	2 949 088	3 115 112	3 393 014	3 393 014	3 393 014				

**APPENDIX E5:  
SCHEDULE 7A ALLOCATIONS  
(INDIRECT GRANTS) TO  
MUNICIPALITIES BY  
NATIONAL AND MUNICIPAL  
FINANCIAL YEAR**

Appendix E5: Schedule 7A Allocations (In-direct grants) to municipalities by National and Municipal Financial Year

Category	Number	Municipality	Community Based Public Works Programme Grant						Local Government Financial Management Grant						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		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year							
			2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2017/18 (R'000)	2018/19 (R'000)						
<b>WESTERN CAPE</b>																																
A		Large Town																														
B	WC011	Matieland																														
B	WC012	Matieland																														
B	WC013	Matieland																														
B	WC014	Matieland																														
B	WC015	Matieland																														
B	WC016	Matieland																														
B	WC017	Matieland																														
B	WC018	Matieland																														
B	WC019	Matieland																														
B	WC020	Matieland																														
B	WC021	Matieland																														
B	WC022	Matieland																														
B	WC023	Matieland																														
B	WC024	Matieland																														
B	WC025	Matieland																														
B	WC026	Matieland																														
B	WC027	Matieland																														
B	WC028	Matieland																														
B	WC029	Matieland																														
B	WC030	Matieland																														
B	WC031	Matieland																														
B	WC032	Matieland																														
B	WC033	Matieland																														
B	WC034	Matieland																														
B	WC035	Matieland																														
B	WC036	Matieland																														
B	WC037	Matieland																														
B	WC038	Matieland																														
B	WC039	Matieland																														
B	WC040	Matieland																														
B	WC041	Matieland																														
B	WC042	Matieland																														
B	WC043	Matieland																														
B	WC044	Matieland																														
B	WC045	Matieland																														
B	WC046	Matieland																														
B	WC047	Matieland																														
B	WC048	Matieland																														
B	WC049	Matieland																														
B	WC050	Matieland																														
B	WC051	Matieland																														
B	WC052	Matieland																														
B	WC053	Matieland																														
B	WC054	Matieland																														
B	WC055	Matieland																														
B	WC056	Matieland																														
B	WC057	Matieland																														
B	WC058	Matieland																														
B	WC059	Matieland																														
B	WC060	Matieland																														
B	WC061	Matieland																														
B	WC062	Matieland																														
B	WC063	Matieland																														
B	WC064	Matieland																														
B	WC065	Matieland																														
B	WC066	Matieland																														
B	WC067	Matieland																														
B	WC068	Matieland																														
B	WC069	Matieland																														
B	WC070	Matieland																														
B	WC071	Matieland																														
B	WC072	Matieland																														
B	WC073	Matieland																														
B	WC074	Matieland																														
B	WC075	Matieland																														
B	WC076	Matieland																														
B	WC077	Matieland																														
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B	WC289	Matieland																														













Appendix E5: Schedule 7A Allocations (In-direct grants) to municipalities by National and Municipal Financial Year

Category	Number	Municipality	Community Based Public Works Programme Grant			Local Government Financial Management Grant			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	Municipal Financial Year	National Financial Year	Municipal Financial Year	Municipal Financial Year	National Financial Year	Municipal Financial Year	Municipal Financial Year	National Financial Year	Municipal Financial Year	Municipal Financial Year	National Financial Year	Municipal Financial Year	Municipal Financial Year
<b>DMP040</b>																	
B	NP0A2	Makhudatanga	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP0A3	Tengamatso	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0C1	Greater Klerks Hill	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0C4	Groblersdal	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0C5	Groby Fabrics	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0M3	Schurmerweg Nature Reserve	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0K2	Schurmerweg (City Boundary)	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
<b>Total: Schurmerweg City Boundary Municipalities</b>																	
B	NP0A3	Marburg	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0C6	Hoedsbonte	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0M4	Kings Park	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	CB0K2	Redhills	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
<b>Total: Eastern Municipalities</b>																	
B	NP010	Greater Graham	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP012	Greater Loftholm	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP013	Greater Lomax	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP014	De Ploegkwaad	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	DC03	Mogam (In-direct Municipality)	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
<b>Total: Mogam Municipalities</b>																	
B	NP041	Mosses	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP042	Stellenbosch	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP043	Theerstrandse Matieland	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	DC04	Verreëde (In-direct Municipality)	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
<b>Total: Verreëde Municipalities</b>																	
B	NP051	Blitsburg	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP052	Aparburg	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP053	Mokone	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP054	Pokkwaad	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP055	Leopold-Nampos	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	DC05	Capricorn (In-direct Municipality)	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
<b>Total: Capricorn Municipalities</b>																	
B	NP061	Theerstrandse	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP062	Leopold	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP064	Mosskwaad	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP065	Monteville	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP066	De Ploegkwaad	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	NP067	Mogamkwaad	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
B	DC06	Waldburg (In-direct Municipality)	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07	2007/07
<b>Total: Waldburg Municipalities</b>																	
<b>Total: Eastern Municipalities</b>																	
<b>Total: Limpopo Municipalities</b>																	





**APPENDIX E6:  
TOTAL ALLOCATIONS BY  
NATIONAL AND MUNICIPAL  
FINANCIAL YEAR:  
EQUITABLE SHARE (SCHEDULE 3) +  
RECURRENT (SCHEDULE 6) +  
INFRASTRUCTURE (SCHEDULE 6A) +  
INDIRECT GRANTS (SCHEDULE 7A)**

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 3) + Infrastructure (Schedule 6) + Indirect grants (Schedule 7A)

Category	Equitable Share (Schedule 3)					Schedules 3, 6, 6A and 7A					
	National Financial Year		Municipal Financial Year		2015/16 (R'000)	National Financial Year		Municipal Financial Year		2015/16 (R'000)	
	2014/15 (R'000)	2015/16 (R'000)	2014/15 (R'000)	2015/16 (R'000)		2014/15 (R'000)	2015/16 (R'000)	2014/15 (R'000)	2015/16 (R'000)		
<b>WESTERN CAPE</b>											
A	150 992	167 038	169 338	151 353	162 329	299 272	326 087	345 695	291 609	317 137	339 496
B	5 317	6 110	6 586	5 181	6 328	5 317	6 360	6 586	5 181	6 016	6 328
B	4 300	4 918	5 291	4 185	5 081	4 300	5 081	5 291	4 185	4 670	5 081
B	3 313	3 892	4 254	3 251	4 089	3 313	4 089	4 254	3 251	3 799	4 089
B	2 464	2 650	2 711	2 374	2 600	2 464	2 711	2 855	2 374	2 550	2 711
B	5 972	6 755	7 188	5 777	6 903	5 972	7 122	7 688	6 777	7 407	7 903
DMA	1 485	1 082	1 033	1 166	989	1 485	1 082	1 064	1 166	989	1 064
DMA	22 861	25 406	27 064	21 812	23 923	22 861	25 406	27 064	21 812	23 923	25 406
<b>Total: West Coast Municipalities</b>											
B	7 515	8 631	9 459	7 269	8 994	7 515	8 631	9 459	7 269	8 130	8 994
B	11 856	12 879	13 863	11 346	12 821	11 856	12 879	13 863	11 346	12 821	13 863
B	6 954	7 885	8 499	7 435	8 066	6 954	7 885	8 499	7 435	8 066	8 499
B	11 288	12 732	13 481	10 902	12 944	11 288	12 732	13 481	10 902	12 944	13 481
B	7 169	7 982	8 464	6 875	7 417	7 169	7 982	8 464	6 875	7 417	8 127
DMA	2 083	1 785	1 872	1 605	1 868	2 083	1 785	1 872	1 605	1 674	1 868
DMA	46 865	51 893	54 940	44 739	52 750	46 865	51 893	54 940	44 739	48 874	52 750
<b>Total: Holland Municipalities</b>											
B	7 642	9 016	9 847	7 493	9 465	7 642	9 016	9 847	7 493	8 526	9 465
B	3 414	3 683	3 781	3 294	3 626	3 414	3 683	3 781	3 294	3 455	3 626
B	1 982	2 279	2 422	1 963	2 326	1 982	2 279	2 422	1 963	2 147	2 326
B	3 449	3 932	4 207	3 364	4 041	3 449	3 932	4 207	3 364	3 707	4 041
DMA	811	452	290	547	272	811	452	290	547	485	272
DMA	17 297	19 344	20 546	16 662	19 230	17 297	19 344	20 546	16 662	18 220	19 230
<b>Total: Overberg Municipalities</b>											
B	3 668	4 086	4 365	3 496	4 192	3 668	4 086	4 365	3 496	3 845	4 192
B	3 375	3 769	4 042	3 226	3 883	3 375	3 769	4 042	3 226	3 553	3 883
B	3 522	3 814	3 935	3 380	3 774	3 522	3 814	3 935	3 380	3 581	3 774
B	6 288	6 646	6 752	6 001	6 473	6 288	6 646	6 752	6 001	6 230	6 473
B	4 390	4 676	4 798	4 187	4 602	4 390	4 676	4 798	4 187	4 385	4 602
B	2 981	3 278	3 419	2 882	3 281	2 981	3 278	3 419	2 882	3 080	3 281
B	3 972	4 160	4 218	3 769	4 043	3 972	4 160	4 218	3 769	3 935	4 043
DMA	2 669	2 420	2 498	2 182	2 396	2 669	2 420	2 498	2 182	2 367	2 396
DMA	30 864	33 836	34 025	29 122	32 644	30 864	33 836	34 025	29 122	30 827	32 644
<b>Total: Garden Route / Klein Karoo Municipalities</b>											
B	2 333	2 442	2 509	2 174	2 406	2 333	2 442	2 509	2 174	2 292	2 406
B	2 792	2 966	3 075	2 621	2 950	2 792	2 966	3 075	2 621	2 786	2 950
B	3 236	3 518	3 641	3 116	3 493	3 236	3 518	3 641	3 116	3 304	3 493
DMA	5 619	2 654	5 827	5 040	5 590	5 619	2 654	5 827	5 040	5 105	5 590
DMA	13 990	14 581	15 052	12 951	14 439	13 990	14 581	15 052	12 951	13 686	14 439
<b>Total: Central Karoo Municipalities</b>											
B	291 867	311 097	320 965	276 660	291 909	291 867	311 097	320 965	276 660	291 909	307 881
<b>Total: Western Cape Municipalities</b>											
					576 766	617 134	642 415	554 730	600 617	629 820	

GRAND TOTAL: (EQUITABLE SHARE AND CONDITIONAL GRANTS)

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 6) + Infrastructure (Schedule 6A) + Indirect grants (Schedule 7A)

Category	Number	Municipality	Equitable Share (Schedule 3)						National Financial Year						Municipal Financial Year											
			2005/06		2006/07		2007/08		2008/09		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16			
			(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)		
<b>NORTHERN CAPE</b>																										
B	NC01B1	Gamagara	4 547	5 118	5 342	4 447	4 816	5 126	4 547	5 408	5 342	4 473	5 140	5 126	4 547	5 408	5 342	4 473	5 140	5 126	4 547	5 408	5 342	4 473	5 140	5 126
B	NW1A1	Segonyana	15 429	17 665	19 975	14 374	16 742	19 126	25 118	24 465	27 525	23 505	23 667	26 776	25 118	24 465	27 525	23 505	23 667	26 776	25 118	24 465	27 525	23 505	23 667	26 776
B	CBLC1	Koromani-Molihobstad	11 726	13 646	15 042	11 370	12 900	14 464	15 206	17 496	18 742	14 630	16 770	18 170	15 206	17 496	18 742	14 630	16 770	18 170	15 206	17 496	18 742	14 630	16 770	18 170
DMA	CBDC1	Kalahari CHDC							20 793	5 668	6 201	18 607	5 745	6 201	18 607	5 668	6 201	18 607	5 745	6 201	18 607	5 668	6 201	18 607	5 745	6 201
C	CBDC1	Kalahari-Kgalagadi	14 811	16 503	17 794	14 107	15 558	17 097	62 557	80 699	81 531	63 718	80 204	81 138	62 557	80 699	81 531	63 718	80 204	81 138	62 557	80 699	81 531	63 718	80 204	81 138
		<b>Total: Kalahari-Kgalagadi Cross Border Municipalities</b>	46 514	52 932	58 154	44 298	50 016	55 913	128 220	133 796	139 342	124 933	131 586	137 411	128 220	133 796	139 342	124 933	131 586	137 411	128 220	133 796	139 342	124 933	131 586	137 411
B	NC061	Richtersveld	3 023	3 275	3 435	2 836	3 081	3 297	3 023	3 275	3 435	2 836	3 081	3 297	3 023	3 275	3 435	2 836	3 081	3 297	3 023	3 275	3 435	2 836	3 081	3 297
B	NC062	Nama-Khoi	6 495	7 520	8 243	6 284	7 107	7 925	6 855	8 170	8 214	6 214	7 652	7 925	6 855	8 170	8 214	6 214	7 652	7 925	6 855	8 170	8 214	6 214	7 652	7 925
B	NC064	Kamiesberg	3 829	4 082	4 253	3 595	3 816	4 081	4 169	4 582	4 853	3 725	4 293	4 686	4 169	4 582	4 853	3 725	4 293	4 686	4 169	4 582	4 853	3 725	4 293	4 686
B	NC065	Hantam	6 900	6 325	6 810	5 710	6 535	7 089	7 500	6 525	7 089	6 210	6 135	6 785	7 500	6 525	7 089	6 210	6 135	6 785	7 500	6 525	7 089	6 210	6 135	6 785
B	NC066	Karoo-Hangland	4 607	4 998	5 235	4 564	4 701	5 024	4 668	5 178	5 715	4 422	4 891	5 508	4 668	5 178	5 715	4 422	4 891	5 508	4 668	5 178	5 715	4 422	4 891	5 508
B	NC067	Khoi-Khoi	3 098	3 372	3 545	2 920	3 175	3 403	3 243	3 522	4 095	1 104	3 361	3 957	3 243	3 522	4 095	1 104	3 361	3 957	3 243	3 522	4 095	1 104	3 361	3 957
DMA	DMA06	Namaqualand							15 979	17 060	15 722	15 801	17 723	15 979	17 060	15 722	15 801	17 723	15 979	17 060	15 722	15 801	17 723	15 979	17 060	15 722
C	DC6	Namaqualand District Municipality	2 375	2 466	2 609	2 082	2 228	2 365	45 417	48 913	49 473	42 846	47 137	48 087	45 417	48 913	49 473	42 846	47 137	48 087	45 417	48 913	49 473	42 846	47 137	48 087
		<b>Total: Namaqualand Municipalities</b>	29 427	32 249	34 190	27 811	30 361	32 830	6 867	7 744	8 393	6 614	7 376	8 106	6 867	7 744	8 393	6 614	7 376	8 106	6 867	7 744	8 393	6 614	7 376	8 106
B	NC071	Uitenhage	5 867	6 744	7 392	5 614	6 376	7 106	7 735	8 099	8 689	7 302	7 615	8 348	7 735	8 099	8 689	7 302	7 615	8 348	7 735	8 099	8 689	7 302	7 615	8 348
B	NC072	Unsoobomvu	7 445	8 099	8 439	7 087	7 615	8 098	8 224	8 553	8 965	7 445	7 954	8 348	8 224	8 553	8 965	7 445	7 954	8 348	8 224	8 553	8 965	7 445	7 954	8 348
B	NC073	Enlithamun	8 524	9 119	9 469	8 153	8 536	8 965	4 279	4 602	5 049	4 036	4 326	4 855	4 279	4 602	5 049	4 036	4 326	4 855	4 279	4 602	5 049	4 036	4 326	4 855
B	NC074	Kareeberg	4 279	4 602	4 799	4 036	4 326	4 605	4 206	4 486	4 891	3 962	4 214	4 704	4 206	4 486	4 891	3 962	4 214	4 704	4 206	4 486	4 891	3 962	4 214	4 704
B	NC075	Renosterberg	4 200	4 486	4 643	3 962	4 214	4 454	5 721	4 471	4 856	4 469	4 197	4 668	4 200	4 486	4 891	4 469	4 197	4 668	4 200	4 486	4 891	4 469	4 197	4 668
B	NC076	Thembelille	4 221	4 471	4 606	3 969	4 197	4 418	5 703	5 412	5 806	6 157	5 412	5 806	4 221	4 471	4 606	3 969	4 197	4 418	5 703	5 412	5 806	6 157	5 412	5 806
B	NC077	Pretamanday	5 703	6 176	6 417	5 412	5 806	6 157	8 991	10 138	11 216	8 991	10 138	11 216	5 703	6 176	6 417	5 412	5 806	6 157	8 991	10 138	11 216	8 991	10 138	11 216
B	NC078	Siyancuma	8 991	10 138	10 966	8 569	9 569	10 537	19 050	20 083	20 320	18 523	20 735	20 262	19 050	20 083	20 320	18 523	20 735	20 262	19 050	20 083	20 320	18 523	20 735	20 262
DMA	DMA07	Karoo DMA							72 770	75 069	80 031	67 631	72 934	72 770	75 069	80 031	67 631	72 934	72 770	75 069	80 031	67 631	72 934	72 770	75 069	80 031
C	DC7	Karoo District Municipality	3 928	3 613	3 978	3 156	3 398	3 826	53 158	57 449	60 649	49 956	54 055	58 187	3 928	3 613	3 978	3 156	3 398	3 826	53 158	57 449	60 649	49 956	54 055	58 187
		<b>Total: Karoo Municipalities</b>	53 158	57 449	60 649	49 956	54 055	58 187	3 302	3 340	3 422	2 991	3 132	3 282	3 302	3 340	3 422	2 991	3 132	3 282	3 302	3 340	3 422	2 991	3 132	3 282
B	NC081	Mier	3 202	3 440	3 622	2 991	3 132	3 282	10 161	11 731	12 846	9 791	11 086	12 349	10 161	11 731	12 846	9 791	11 086	12 349	10 161	11 731	12 846	9 791	11 086	12 349
B	NC082	Nama-Khoi	8 810	9 739	10 217	8 508	9 159	9 807	8 810	9 739	10 217	8 508	9 159	9 807	8 810	9 739	10 217	8 508	9 159	9 807	8 810	9 739	10 217	8 508	9 159	9 807
B	NC083	Gariep	4 267	4 683	4 973	4 036	4 411	4 716	4 267	4 683	4 973	4 036	4 411	4 716	4 267	4 683	4 973	4 036	4 411	4 716	4 267	4 683	4 973	4 036	4 411	4 716
B	NC084	Kleib	6 352	6 928	7 166	6 098	6 510	6 975	6 352	6 928	7 166	6 098	6 510	6 975	6 352	6 928	7 166	6 098	6 510	6 975	6 352	6 928	7 166	6 098	6 510	6 975
B	NC085	Re-A Jieba	4 569	4 892	5 044	4 349	4 592	4 839	4 569	4 892	5 044	4 349	4 592	4 839	4 569	4 892	5 044	4 349	4 592	4 839	4 569	4 892	5 044	4 349	4 592	4 839
B	NC086	Duo Linc																								
DMA	DMA08	Siyanda DMA																								
C	DC8	Siyanda District Municipality	3 691	3 626	4 073	3 130	3 415	3 920	41 053	44 940	47 733	38 903	42 307	45 847	3 691	3 626	4 073	3 130	3 415	3 920	41 053	44 940	47 733	38 903	42 307	45 847
		<b>Total: Siyanda Municipalities</b>	41 053	44 940	47 733	38 903	42 307	45 847	26 882	28 288	29 901	25 395	26 820	27 812	26 882	28 288	29 901	25 395	26 820	27 812	26 882	28 288	29 901	25 395	26 820	27 812
B	NC091	Sol Phadeng	60 992	11 756	12 287	10 267	11 057	11 792	60 992	11 756	12 287	10 267	11 057	11 792	60 992	11 756	12 287	10 267	11 057	11 792	60 992	11 756	12 287	10 267	11 057	11 792
B	NC092	Dhagadeng	7 372	7 939	8 166	7 011	7 457	7 832	7 372	7 939	8 166	7 011	7 457	7 832	7 372	7 939	8 166	7 011	7 457	7 832	7 372	7 939	8 166	7 011	7 457	7 832
B	CBLC7	Vaalhous-Moobong	14 946	16 285	16 921	14 304	15 305	16 235	14 946	16 285	16 921	14 304	15 305	16 235	14 946	16 285	16 921	14 304	15 305	16 235	14 946	16 285	16 921	14 304	15 305	16 235
DMA	DMA09	Diamantveld DMA																								
C	DC9	Frances Baard District Municipality	1 778	1 632	1 806	1 368	1 562	1 770	61 771	65 920	68 214	58 345	61 901	65 141	1 778	1 632	1 806	1 368	1 562	1 770	61 771	65 920	68 214	58 345	61 901	65 141

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 3) + Infrastructure (Schedule 6A) + Indirect grants (Schedule 7A)

Category	Equitable Share (Schedule 3)					Infrastructure (Schedule 6A)					Indirect Grants (Schedule 7A)				
	National Financial Year		Municipal Financial Year		2015/16 (R'000)	National Financial Year		Municipal Financial Year		2015/16 (R'000)	National Financial Year		Municipal Financial Year		2015/16 (R'000)
	2014/15 (R'000)	2015/16 (R'000)	2014/15 (R'000)	2015/16 (R'000)		2014/15 (R'000)	2015/16 (R'000)	2014/15 (R'000)	2015/16 (R'000)		2014/15 (R'000)	2015/16 (R'000)	2014/15 (R'000)	2015/16 (R'000)	
<b>EASTERN CAPE</b>	<b>149 300</b>	<b>155 746</b>	<b>158 233</b>	<b>141 799</b>	<b>145 768</b>	<b>151 702</b>	<b>217 016</b>	<b>224 707</b>	<b>246 093</b>	<b>210 621</b>	<b>216 308</b>	<b>230 737</b>	<b>230 737</b>	<b>210 621</b>	<b>216 308</b>
A Nelson Mandela															
B EC101 Camdeboo	7 571	8 321	8 578	7 383	7 811	8 228	8 328	9 571	9 578	8 365	9 051	9 243	9 243	8 365	9 051
B EC102 Blue Crane Route	9 592	10 935	10 776	9 214	9 754	10 130	11 488	12 143	12 276	10 182	10 489	11 861	11 861	10 182	10 489
B EC103 Bheja	3 840	4 077	4 192	3 641	3 826	4 021	4 140	4 077	4 442	3 851	3 826	4 271	4 271	3 851	3 826
B EC104 Makana	13 843	15 349	15 948	13 514	14 418	15 299	14 999	15 429	16 028	14 015	14 499	15 383	15 383	14 015	14 499
B EC105 Sidiyasa	11 821	13 000	13 601	10 161	12 243	12 973	11 821	12 386	13 519	11 461	12 466	12 972	12 972	11 461	12 466
B EC106 Saniy's River Valley	10 693	12 065	12 863	10 418	11 974	12 558	11 469	12 965	13 113	10 594	11 374	12 603	12 603	10 594	11 374
B EC107 Baviaans	4 657	4 928	5 116	4 449	4 631	4 902	5 124	5 116	5 405	4 405	4 693	5 287	5 287	4 405	4 693
B EC108 Kogala	9 571	10 400	10 827	9 177	10 100	10 827	12 147	12 710	13 279	11 122	12 080	12 857	12 857	11 122	12 080
B EC109 Kosi Kamma	6 387	7 415	8 113	6 085	7 099	7 999	6 387	7 415	8 113	6 185	7 189	8 049	8 049	6 185	7 189
DMA															
DC10 Alcedon District Municipality	6 017	6 430	6 945	4 883	5 107	5 479	5 100	5 429	5 876	4 940	5 276	5 783	5 783	4 940	5 276
DC11 Cascade District Municipality	8 392	9 308	9 310	80 344	85 336	91 848	15 125	13 358	13 690	130 610	127 431	133 358	133 358	130 610	127 431
<b>Total: Cascade Municipalities</b>	<b>14 409</b>	<b>15 738</b>	<b>16 255</b>	<b>85 188</b>	<b>90 672</b>	<b>97 326</b>	<b>30 250</b>	<b>26 716</b>	<b>27 380</b>	<b>341 220</b>	<b>334 861</b>	<b>347 141</b>	<b>347 141</b>	<b>341 220</b>	<b>334 861</b>
B EC121 Mthatha	41 760	46 401	51 040	41 916	46 434	51 096	41 760	46 401	51 040	41 916	46 434	51 040	51 040	41 916	46 434
B EC122 Mqanduli	46 850	51 117	57 018	41 526	46 434	51 445	42 680	47 608	51 117	41 976	48 454	55 427	55 427	41 976	48 454
B EC123 Great Kei	8 788	9 492	10 425	7 894	8 975	10 016	9 058	9 492	10 662	8 183	8 975	10 266	10 266	8 183	8 975
B EC124 Amathole	23 574	25 748	28 787	20 997	23 197	25 694	24 014	25 998	28 787	23 107	24 617	27 604	27 604	23 107	24 617
B EC125 Buffalo City	187 156	186 631	184 198	173 938	173 938	176 560	170 260	173 938	176 560	170 260	173 938	176 560	176 560	170 260	173 938
B EC126 Ngqoyiya	17 015	19 027	21 549	15 235	18 061	20 710	15 235	18 061	20 710	15 235	18 061	20 710	20 710	15 235	18 061
B EC127 Nkandakhe	22 295	23 146	25 349	19 768	22 113	24 301	23 491	25 096	27 431	21 716	23 919	26 531	26 531	21 716	23 919
B EC128 Ntabeni	6 005	5 974	6 093	5 866	5 600	5 810	6 005	5 974	6 093	5 810	5 759	6 120	6 120	5 810	5 759
DC12 Avontard District Municipality	66 920	119 980	161 418	46 118	116 265	159 112	69 588	102 128	140 128	208 272	300 158	353 914	353 914	208 272	300 158
<b>Total: Avontard Municipalities</b>	<b>120 413</b>	<b>187 226</b>	<b>248 685</b>	<b>99 417</b>	<b>161 616</b>	<b>218 928</b>	<b>120 413</b>	<b>161 616</b>	<b>218 928</b>	<b>656 632</b>	<b>710 278</b>	<b>798 381</b>	<b>798 381</b>	<b>656 632</b>	<b>710 278</b>
<b>Total: Avontard Municipalities</b>	<b>120 413</b>	<b>187 226</b>	<b>248 685</b>	<b>99 417</b>	<b>161 616</b>	<b>218 928</b>	<b>120 413</b>	<b>161 616</b>	<b>218 928</b>	<b>656 632</b>	<b>710 278</b>	<b>798 381</b>	<b>798 381</b>	<b>656 632</b>	<b>710 278</b>
B EC131 Ixopo Yiditamba	7 801	8 109	8 488	7 420	7 622	8 046	7 801	8 109	8 488	7 420	7 622	8 046	8 046	7 420	7 622
B EC132 Tsolwana	7 872	8 642	9 147	7 169	7 872	8 174	7 872	8 642	9 147	7 169	7 872	8 174	8 174	7 169	7 872
B EC133 Inkwanza	5 119	5 371	5 567	4 676	5 033	5 440	5 119	5 371	5 567	4 676	5 033	5 500	5 500	4 676	5 033
B EC134 Tarkent	25 335	24 727	24 846	22 625	23 129	23 810	23 663	24 727	24 846	23 925	23 810	23 810	23 810	23 925	23 810
B EC135 Inxuba Yethu	47 413	41 679	48 098	33 851	39 872	46 312	37 663	42 259	48 098	33 481	40 422	46 312	46 312	33 481	40 422
B EC136 Fomaleton	22 759	25 044	27 940	20 169	23 724	26 867	22 759	25 044	27 940	22 570	27 823	34 222	34 222	22 570	27 823
B EC137 Engcobo	55 732	58 999	62 540	47 100	51 400	56 311	55 732	58 999	62 540	47 100	51 400	56 311	56 311	47 100	51 400
B EC138 Sakhisvane	10 246	10 192	11 530	9 245	10 174	11 074	10 246	10 192	11 530	9 245	10 174	11 324	11 324	9 245	10 174
DMA															
DC13 Chris Hani District Municipality	26 298	113 303	139 926	80 290	108 730	135 057	248 124	268 228	302 449	237 717	264 971	298 261	298 261	237 717	264 971
<b>Total: Chris Hani Municipalities</b>	<b>21 071</b>	<b>206 466</b>	<b>208 265</b>	<b>208 014</b>	<b>253 616</b>	<b>266 908</b>	<b>387 157</b>	<b>426 821</b>	<b>479 041</b>	<b>371 565</b>	<b>417 136</b>	<b>468 407</b>	<b>468 407</b>	<b>371 565</b>	<b>417 136</b>
B EC141 Enochisi	26 108	29 131	32 640	21 811	27 596	31 403	26 805	31 631	39 890	24 752	31 025	38 758	38 758	24 752	31 025
B EC142 Senqun	23 036	26 409	29 827	21 109	25 066	28 704	24 036	26 659	29 827	21 189	25 316	28 704	28 704	21 189	25 316
B EC143 Makhelweni	6 181	6 439	6 668	5 701	6 008	6 366	6 181	6 439	6 668	5 701	6 057	6 366	6 366	5 701	6 057
B EC144 Gariep	6 246	6 635	6 932	5 738	6 203	6 631	6 246	6 635	6 932	5 778	6 511	6 651	6 651	5 778	6 511
DMA															
DC14 Ukwahlamba District Municipality	43 362	53 638	65 617	43 073	53 229	63 232	43 362	53 638	65 617	43 832	53 831	63 115	63 115	43 832	53 831
<b>Total: Ukwahlamba Municipalities</b>	<b>105 132</b>	<b>123 513</b>	<b>141 683</b>	<b>99 853</b>	<b>118 272</b>	<b>136 387</b>	<b>118 272</b>	<b>123 513</b>	<b>141 683</b>	<b>105 852</b>	<b>120 284</b>	<b>143 232</b>	<b>143 232</b>	<b>105 852</b>	<b>120 284</b>
B EC151 Nkqomo	35 133	39 031	44 738	31 064	37 076	43 077	35 133	39 281	44 738	31 064	37 326	43 077	43 077	31 064	37 326
B EC152 Nkqomo	22 086	24 253	27 582	19 517	23 012	26 552	22 086	24 253	27 582	19 517	23 012	26 802	26 802	19 517	23 012
B EC153 Ingqubo	37 861	41 749	47 756	33 991	39 698	45 981	37 861	41 999	47 756	33 391	39 888	45 981	45 981	33 391	39 888
B EC154 Port St Johns	25 647	28 409	32 238	22 127	26 867	31 024	26 647	28 409	32 238	23 027	26 867	31 274	31 274	23 027	26 867
B EC155 Ngqomana	42 972	47 739	54 813	37 963	43 351	52 782	42 972	47 989	54 813	37 963	45 601	52 782	52 782	37 963	45 601
B EC156 Mthombo	33 101	36 625	41 741	29 373	34 763	40 173	33 101	36 625	41 741	29 373	34 763	40 424	40 424	29 373	34 763
B EC157 King Sabata Dalindyebo	60 851	66 432	74 425	54 101	62 860	71 509	60 851	66 432	74 425	54 101	62 860	72 509	72 509	54 101	62 860
DC15 O.R. Tambo District Municipality	141 908	133 044	128 751	153 145	138 402	128 105	148 406	151 808	165 710	145 832	150 181	163 115	163 115	145 832	150 181
<b>Total: O.R. Tambo Municipalities</b>	<b>105 526</b>	<b>107 690</b>	<b>107 624</b>	<b>131 080</b>	<b>144 909</b>	<b>156 203</b>	<b>121 240</b>	<b>124 714</b>	<b>139 027</b>	<b>203 952</b>	<b>220 284</b>	<b>244 232</b>	<b>244 232</b>	<b>203 952</b>	<b>220 284</b>
B EC060 Umzimkulu	27 457	30 536	34 631	24 650	28 964	33 314	27 457	30 536	34 631	24 650	28 964	33 314	33 314	24 650	28 964
B EC062 Umtintaba	6 390	72 899	84 839	57 860	69 266	80 736	6 390	72 899	84 839	57 860	69 266	80 736	80 736	57 860	69 266
DMA															
DC44 Alfred Nzo District Municipality	60 283	86 962	108 596	60 941	83 989	101 829	60 283	86 962	108 596	60 941	83 989	101 829	101 829	60 941	83 989
<b>Total: Alfred Nzo Municipalities</b>	<b>151 603</b>	<b>187 927</b>	<b>227 060</b>	<b>131 117</b>	<b>161 219</b>	<b>218 929</b>	<b>151 603</b>	<b>187 927</b>	<b>227 060</b>	<b>131 218</b>	<b>161 115</b>	<b>187 927</b>	<b>187 927</b>	<b>131 218</b>	<b>161 115</b>
<b>Total: Eastern Cape Municipalities</b>	<b>1 537 030</b>	<b>1 822 907</b>	<b>2 086 169</b>	<b>1 261 383</b>	<b>1 370 631</b>	<b>1 588 632</b>	<b>1 537 030</b>	<b></b>							

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 6) + Infrastructure (Schedule 6A) + Indirect grants (Schedule 7A)

Category	Number	Equitable Share (Schedule 3)						National Financial Year						Municipal Financial Year					
		2003/04		2005/06		2007/08		2004/05		2006/07		2008/09		2003/04		2005/06		2007/08	
		(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
<b>FREE STATE</b>																			
B	FS161	10 733	11 098	12 720	10 284	11 307	12 213	10 455	12 248	12 720	10 284	11 557	12 213	10 284	11 557	12 213	10 284	11 557	12 213
B	FS162	14 753	16 391	17 214	14 209	15 428	16 523	16 234	17 394	18 214	15 709	16 428	17 523	15 709	16 428	17 523	15 709	16 428	17 523
B	FS163	14 625	16 562	17 713	14 092	15 621	17 013	14 700	16 562	17 963	14 092	15 621	17 013	14 092	15 621	17 013	14 092	15 621	17 013
C	DC16	3 150	3 349	3 405	3 093	3 141	3 265	3 132	3 495	3 706	3 132	3 495	3 706	3 132	3 495	3 706	3 132	3 495	3 706
	<b>Total: Xhariep Municipalities</b>	43 462	48 300	51 052	41 588	45 497	49 014	53 089	61 105	62 043	53 089	61 105	62 043	53 089	61 105	62 043	53 089	61 105	62 043
B	FS171	10 429	11 624	12 272	10 069	10 970	11 782	10 461	11 906	13 004	10 069	11 049	13 337	10 069	11 049	13 337	10 069	11 049	13 337
B	FS172	199 609	197 707	192 198	188 012	184 063	183 949	191 887	249 642	249 576	281 233	236 334	241 554	281 233	236 334	241 554	281 233	236 334	241 554
B	FS173	15 543	17 489	18 658	14 950	16 487	17 919	16 646	17 744	19 163	15 154	16 867	18 432	15 154	16 867	18 432	15 154	16 867	18 432
C	DC17	717	456	303	581	407	285	30 946	26 383	26 309	29 846	26 623	26 311	29 846	26 623	26 311	29 846	26 623	26 311
	<b>Total: Mother Municipalities</b>	226 290	227 276	223 431	213 552	211 907	213 935	349 940	305 675	308 822	349 940	305 675	308 822	349 940	305 675	308 822	349 940	305 675	308 822
B	FS181	23 004	26 043	27 658	22 309	24 545	26 558	23 001	26 293	27 658	22 309	24 795	26 558	22 309	24 795	26 558	22 309	24 795	26 558
B	FS182	10 785	12 013	12 778	10 332	11 317	12 270	12 032	12 013	13 028	10 781	11 317	12 520	10 781	11 317	12 520	10 781	11 317	12 520
B	FS183	18 512	20 929	22 335	17 825	19 712	21 431	18 512	20 929	22 585	17 825	19 732	21 701	17 825	19 732	21 701	17 825	19 732	21 701
B	FS184	106 044	117 493	123 018	102 708	110 485	118 008	129 822	144 259	152 788	129 822	144 259	152 788	129 822	144 259	152 788	129 822	144 259	152 788
B	FS185	26 789	29 464	30 907	25 801	27 701	29 666	28 262	30 214	31 907	25 931	28 571	30 681	25 931	28 571	30 681	25 931	28 571	30 681
C	DC18	2 535	1 613	1 071	2 055	1 438	1 007	32 536	32 594	31 685	31 762	32 669	31 678	31 762	32 669	31 678	31 762	32 669	31 678
	<b>Total: Upper-Orange Municipalities</b>	187 668	207 553	217 767	181 079	195 219	209 020	244 109	266 300	279 642	244 109	266 300	279 642	244 109	266 300	279 642	244 109	266 300	279 642
B	FS191	32 092	38 485	42 388	31 694	36 322	40 760	34 257	38 385	42 638	31 694	36 322	41 010	31 694	36 322	41 010	31 694	36 322	41 010
B	FS192	22 876	25 853	27 449	22 333	24 343	26 358	23 376	25 853	27 449	22 333	24 343	26 358	22 333	24 343	26 358	22 333	24 343	26 358
B	FS193	22 291	25 359	27 086	21 732	23 899	25 979	22 291	25 609	27 080	21 732	24 149	25 979	21 732	24 149	25 979	21 732	24 149	25 979
B	FS194	112 538	126 813	137 790	108 617	119 523	132 435	174 436	194 601	204 888	174 436	194 601	204 888	174 436	194 601	204 888	174 436	194 601	204 888
B	FS195	13 182	14 670	15 589	12 703	13 810	14 971	13 182	14 670	15 839	12 703	13 810	15 221	12 703	13 810	15 221	12 703	13 810	15 221
DMA	DMA19	19 273	13 254	13 487	15 382	11 988	12 930	95 155	88 502	94 161	89 937	88 065	93 809	89 937	88 065	93 809	89 937	88 065	93 809
C	DC19	222 252	244 333	263 752	212 362	229 886	251 423	362 626	387 679	412 025	353 307	373 686	402 240	353 307	373 686	402 240	353 307	373 686	402 240
	<b>Total: Thabo Mafisanyane District Municipality</b>	587 668	650 327	700 000	563 733	610 000	650 000	650 000	700 000	750 000	650 000	700 000	750 000	650 000	700 000	750 000	650 000	700 000	750 000
B	FS201	37 095	41 265	43 599	35 837	38 833	41 859	38 463	42 315	44 599	35 837	38 833	42 874	35 837	38 833	42 874	35 837	38 833	42 874
B	FS203	35 056	37 650	38 979	33 687	35 310	37 397	36 426	39 350	40 779	35 499	37 017	39 224	35 499	37 017	39 224	35 499	37 017	39 224
B	FS204	19 410	20 974	21 669	18 631	19 687	20 787	22 280	24 424	26 069	21 436	23 360	25 223	21 436	23 360	25 223	21 436	23 360	25 223
B	FS205	16 013	17 490	18 128	15 360	16 438	17 592	17 173	18 240	19 328	16 460	17 058	17 592	16 460	17 058	17 592	16 460	17 058	17 592
C	DC20	1 771	1 127	748	1 346	1 065	703	29 470	33 842	34 284	29 095	33 915	34 346	29 095	33 915	34 346	29 095	33 915	34 346
	<b>Total: Northern Free State District Municipality</b>	109 344	118 506	123 324	104 560	111 273	118 338	143 813	158 161	164 059	139 970	151 209	159 249	139 970	151 209	159 249	139 970	151 209	159 249
	<b>Total: Free State Municipalities</b>	780 025	845 968	879 326	753 730	793 782	841 760	1 158 508	1 178 980	1 227 182	1 119 162	1 129 251	1 192 762	1 119 162	1 129 251	1 192 762	1 119 162	1 129 251	1 192 762
	Unallocated							2 800			2 800			2 800					

**GRAND TOTAL: EQUITABLE SHARE AND CONDITIONAL GRANTS**

Category	Number	Equitable Share (Schedule 3)						National Financial Year						Municipal Financial Year					
		2003/04		2005/06		2007/08		2004/05		2006/07		2008/09		2003/04		2005/06		2007/08	
		(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
		2 800						2 800						2 800					
		1 158 508	1 178 980	1 227 182	1 119 162	1 129 251	1 192 762	1 158 508	1 178 980	1 227 182	1 119 162	1 129 251	1 192 762	1 158 508	1 178 980	1 227 182	1 119 162	1 129 251	1 192 762

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 3) + Infrastructure (Schedule 6) + Indirect grants (Schedule 7A)

Category	Equitable Share (Schedule 3)				National Financial Year				Municipal Financial Year			
	2007/08		2008/09		2007/08		2008/09		2007/08		2008/09	
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
<b>KWAZULU NATAL</b>												
A	9 024	17 622	1 091 178	138 158	453 707	163 436						
B	11 570	12 983	14 562	10 551	12 866	14 011	11 506	12 983	14 812	10 551	12 983	14 264
B	3 926	4 640	4 991	4 088	4 991	4 911	3 926	4 640	4 911	3 926	4 640	4 911
B	15 715	18 050	20 127	14 528	17 120	19 660	15 715	18 050	20 677	15 715	18 050	22 955
B	9 751	11 024	12 253	9 048	10 438	11 817	10 551	11 923	13 548	9 248	10 438	12 067
B	6 408	7 213	7 970	5 916	6 827	7 664	7 088	7 213	8 220	6 408	6 827	7 914
B	11 600	13 235	14 999	10 929	12 525	14 920	12 106	13 235	15 229	11 420	12 525	14 920
B	46 203	56 852	63 674	44 267	54 830	62 410	44 267	56 852	65 410	46 203	56 852	65 410
C	91 011	113 319	131 624	88 305	107 890	126 862	26 116	217 255	241 272	194 814	213 032	236 900
<b>Totals: Ugu Municipalities</b>												
B	9 815	10 564	11 951	8 420	10 031	11 302	9 815	10 564	12 201	8 420	10 031	11 752
B	7 285	6 524	6 010	6 004	6 004	5 719	8 098	8 274	6 010	7 446	7 393	5 739
B	3 250	3 476	3 689	2 994	3 271	3 541	4 350	3 726	3 689	3 944	3 524	3 513
B	4 086	4 216	4 497	3 611	3 974	4 319	4 066	4 216	4 747	3 874	4 066	5 584
B	25 050	22 666	20 912	21 080	22 117	20 891	137 068	98 942	98 078	133 991	94 070	95 294
B	4 958	5 223	5 701	4 437	4 938	5 489	4 958	5 223	5 951	4 447	4 938	5 730
B	7 162	8 579	9 441	7 084	8 118	9 077	7 162	8 579	9 691	7 084	8 118	9 327
BMA												
BMA22	21 625	33 800	43 577	21 610	42 250	42 134	137 410	133 433	149 831	134 557	133 767	148 619
C	153 232	144 547	153 768	125 593	136 020	147 674	313 985	273 946	291 208	303 109	266 808	285 577
<b>Totals: uMgungundlovu Municipalities</b>												
B	12 307	11 230	10 821	10 794	10 431	10 351	17 714	17 730	13 821	16 219	13 040	13 384
B	8 729	9 848	10 758	8 251	9 304	10 341	10 229	9 848	11 008	8 934	9 304	10 591
B	7 240	6 508	5 889	6 658	6 001	5 820	12 339	9 308	7 689	12 488	8 720	7 680
B	8 836	9 990	10 946	8 082	9 137	10 515	8 836	9 990	11 186	8 982	9 437	10 763
B	7 895	9 074	10 042	7 478	8 389	9 637	8 895	9 074	10 292	7 778	8 589	9 907
DMA												
DMA33	21 573	23 197	26 589	20 317	21 807	25 012	17 943	22 748	27 804	25 221	22 006	26 646
C	66 640	69 838	75 035	61 900	65 509	72 097	135 959	124 878	131 757	128 939	121 077	128 931
<b>Totals: Uthukela Municipalities</b>												
B	3 077	3 182	3 290	2 812	2 989	3 136	5 301	5 182	4 000	3 583	4 655	3 918
B	13 505	14 319	15 089	12 446	13 371	14 460	13 160	16 394	15 511	13 607	15 023	14 917
B	18 146	20 881	23 619	16 923	19 798	22 732	19 146	22 881	23 869	17 844	21 277	22 982
B	12 754	15 154	17 108	12 138	14 386	16 404	12 754	15 404	17 108	12 128	14 646	16 404
C	34 823	38 980	46 170	30 618	37 077	41 509	36 623	42 748	43 851	32 422	42 947	43 846
<b>Totals: Umgungahla District Municipality</b>												
B	82 305	92 476	105 275	74 918	87 620	101 356	79 133	187 809	198 382	168 585	182 539	194 827
B	28 178	26 774	25 124	26 962	24 817	24 011	39 541	40 146	39 635	37 417	38 227	38 636
B	3 240	3 075	3 598	2 946	3 306	3 454	4 961	4 422	3 865	3 138	3 223	3 721
B	7 637	8 200	9 147	6 809	7 841	8 198	7 637	8 200	9 197	6 809	7 841	9 045
C	5 838	6 825	7 946	5 402	6 487	7 635	29 256	26 031	26 415	27 953	26 030	26 206
<b>Totals: Amajuba Municipalities</b>												
B	44 911	45 290	45 813	41 579	42 351	43 916	81 613	77 859	79 411	75 317	75 322	77 609

(Schedules 3, 6, 6A and 7A)

(Schedules 3, 6, 6A and 7A)

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 3) + Infrastructure (Schedule 6) + Indirect grants (Schedule 7A)

Category	Municipality	Equitable Share (Schedule 3)						National Financial Year						Municipal Financial Year										
		2011/12		2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		
		(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
<b>Total: Zuluana District Municipalities</b>																								
B	KZ/261 eGande	5 129	6 303	6 939	5 084	6 011	6 679	6 453	7 305	7 706	7 000	6 507	6 912	7 440	7 000	7 305	7 706	7 000	6 507	6 912	7 440	7 000	7 305	7 706
B	KZ/262 eNkomo	9 825	10 607	11 382	9 174	10 000	10 931	9 825	11 917	11 822	11 822	9 134	11 039	10 931	11 822	11 917	11 822	11 822	9 134	11 039	10 931	11 822	11 917	11 822
B	KZ/263 eNkomo	10 651	11 070	11 452	9 912	10 328	10 992	13 224	13 706	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224	13 224
B	KZ/265 Nongoma	14 798	15 917	17 116	13 435	15 089	16 441	15 986	18 937	17 066	17 066	18 937	18 937	18 937	18 937	18 937	18 937	18 937	18 937	18 937	18 937	18 937	18 937	18 937
B	KZ/266 Umhlabo	17 167	18 091	18 091	15 997	16 438	17 351	20 856	19 863	21 341	21 341	18 781	18 617	20 649	18 781	19 863	21 341	21 341	18 781	18 617	20 649	18 781	19 863	21 341
C	DC 26 - Zuluana District Municipality	15 240	17 963	22 527	13 116	15 307	16 928	19 941	19 941	21 341	21 341	18 781	18 617	20 649	18 781	19 863	21 341	21 341	18 781	18 617	20 649	18 781	19 863	21 341
C	Total: Zuluana District Municipality	19 171	22 003	27 527	17 267	19 689	21 826	25 912	25 912	27 682	27 682	24 562	24 562	26 517	24 562	25 912	27 682	27 682	24 562	24 562	26 517	24 562	25 912	27 682
<b>Total: Umkhanyakude District Municipality</b>																								
B	KZ/271 Umkhanyakude	12 142	13 908	15 370	11 990	13 172	14 939	12 142	13 908	15 370	11 990	13 908	15 370	16 840	13 908	15 370	16 840	13 908	15 370	16 840	13 908	15 370	16 840	13 908
B	KZ/272 Jozini	14 500	16 011	17 767	13 264	15 146	17 068	15 991	16 261	17 767	17 767	15 364	15 364	17 068	15 991	16 261	17 767	17 767	15 364	15 364	17 068	15 991	16 261	17 767
B	KZ/273 Umhlanga	4 004	4 559	4 559	3 665	4 012	4 355	4 004	4 259	4 559	4 559	3 665	4 012	4 355	4 004	4 259	4 559	4 559	3 665	4 012	4 355	4 004	4 259	4 559
B	KZ/274 Hibisa	11 106	12 231	13 555	10 104	11 571	13 046	11 406	12 231	13 555	10 104	11 406	12 231	13 555	11 406	12 231	13 555	13 555	10 104	11 571	13 046	11 406	12 231	13 555
B	KZ/275 Inyanga/Mkhambane	5 323	5 911	6 492	4 741	5 094	5 466	5 323	5 911	6 492	4 741	5 094	5 466	5 911	5 911	6 492	6 492	5 911	5 911	6 492	6 492	6 492	6 492	6 492
B	DMA 27 Mt Langa Park	12 471	13 400	14 475	11 254	12 471	13 400	12 471	13 400	14 475	11 254	12 471	13 400	14 475	12 471	13 400	14 475	14 475	11 254	12 471	13 400	14 475	14 475	14 475
C	DC 27 - Umkhanyakude District Municipality	29 731	33 901	37 672	28 417	31 254	34 500	29 731	33 901	37 672	28 417	31 254	34 500	37 672	29 731	33 901	37 672	37 672	28 417	31 254	34 500	37 672	37 672	37 672
C	Total: Umkhanyakude District Municipality	39 901	45 812	50 802	37 417	40 802	44 939	39 901	45 812	50 802	37 417	40 802	44 939	50 802	39 901	45 812	50 802	50 802	37 417	40 802	44 939	50 802	50 802	50 802
<b>Total: uMgungahle District Municipality</b>																								
B	KZ/281 Mhshwathi	7 474	8 429	9 171	6 907	7 808	8 818	7 474	8 429	9 171	6 907	7 808	8 818	9 171	7 808	8 429	9 171	9 171	6 907	7 808	8 818	9 171	9 171	9 171
B	KZ/282 eNkomo	22 242	19 051	17 553	19 440	17 805	16 465	31 296	32 267	32 267	32 267	31 296	32 267	32 267	31 296	32 267	32 267	32 267	31 296	32 267	32 267	32 267	32 267	32 267
B	KZ/283 Ntshongweni	5 836	6 027	6 469	5 142	5 683	6 214	5 836	6 027	6 469	5 142	5 683	6 027	6 469	5 836	6 027	6 469	6 469	5 142	5 683	6 214	6 027	6 469	6 469
B	KZ/284 Umhlabo	16 273	17 713	19 318	15 054	16 739	18 268	16 273	17 713	19 318	15 054	16 739	18 268	19 318	16 273	17 713	19 318	19 318	15 054	16 739	18 268	19 318	19 318	19 318
B	KZ/285 Mthobeni	4 443	5 445	5 685	4 011	5 044	5 466	4 443	5 445	5 685	4 011	5 044	5 466	5 685	4 443	5 445	5 685	5 685	4 011	5 044	5 466	5 685	5 685	5 685
B	KZ/286 Nkomo	12 542	13 670	14 987	11 515	12 968	14 469	12 542	13 670	14 987	11 515	12 968	14 469	15 315	12 542	13 670	14 987	14 987	11 515	12 968	14 469	15 315	15 315	15 315
C	DC 28 - uMgungahle District Municipality	21 301	28 157	30 101	21 019	27 262	34 940	21 301	28 157	30 101	21 019	27 262	34 940	38 943	21 301	28 157	30 101	30 101	21 019	27 262	34 940	38 943	38 943	38 943
C	Total: uMgungahle District Municipality	90 155	98 651	109 111	83 058	93 078	104 924	90 155	98 651	109 111	83 058	93 078	104 924	112 378	90 155	98 651	109 111	109 111	83 058	93 078	104 924	112 378	112 378	112 378
<b>Total: King Shaka District Municipality</b>																								
B	KZ/291 Mandeni	15 248	15 850	16 679	13 862	14 964	16 011	15 248	15 850	16 679	13 862	14 964	16 011	16 679	15 248	15 850	16 679	16 679	13 862	14 964	16 011	16 679	16 679	16 679
B	KZ/292 KwaDukuza	18 529	19 785	21 042	16 813	18 064	20 206	18 529	19 785	21 042	16 813	18 064	20 206	22 798	18 529	19 785	21 042	21 042	16 813	18 064	20 206	22 798	22 798	22 798
B	KZ/293 Ndabulwazi	14 891	16 763	18 908	13 522	15 901	18 795	14 891	16 763	18 908	13 522	15 901	18 795	14 891	16 763	18 908	18 908	16 763	13 522	15 901	18 795	14 891	16 763	18 908
B	KZ/294 Mophuno	27 135	40 739	52 350	27 484	39 302	50 890	27 135	40 739	52 350	27 484	39 302	50 890	58 943	27 135	40 739	52 350	52 350	27 484	39 302	50 890	58 943	58 943	58 943
C	DC 29 - King Shaka District Municipality	89 039	107 862	125 544	83 658	102 227	120 912	89 039	107 862	125 544	83 658	102 227	120 912	138 824	89 039	107 862	125 544	125 544	83 658	102 227	120 912	138 824	138 824	138 824
<b>Total: King Shaka District Municipality</b>																								
B	KZ/301 Ingwe	11 311	12 674	14 255	10 360	12 014	13 717	11 311	12 674	14 255	10 360	12 014	13 717	14 255	11 311	12 674	14 255	14 255	10 360	12 014	13 717	14 255	14 255	14 255
B	KZ/302 Kwa-Santam	3 651	4 019	4 369	3 365	3 738	4 094	3 651	4 019	4 369	3 365	3 738	4 094	4 369	3 651	4 019	4 369	4 369	3 365	3 738	4 094	4 369	4 369	4 369
B	KZ/303 Matieland	2 879	2 978	3 067	2 699	2 796	2 941	2 879	2 978	3 067	2 699	2 796	2 941	3 067	2 879	2 978	3 067	3 067	2 699	2 796	2 941	3 067	3 067	3 067
B	KZ/304 Greater Kokstad	6 800	7 063	7 387	6 182	6 641	7 090	6 800	7 063	7 387	6 182	6 641	7 090	7 387	6 800	7 063	7 387	7 387	6 182	6 641	7 090	7 387	7 387	7 387
B	KZ/305 KZ/305	10 333	11 630	13 028	9 445	11 014	12 335	10 333	11 630	13 028	9 445	11 014	12 335	13 028	10 333	11 630	13 028	13 028	9 445	11 014	12 335	13 028	13 028	13 028
B	DMA 33 Mhloni/Wilderness Area	16 161	23 902	29 663	16 962	22 956	28 645	16 161	23 902	29 663	16 962	22 956	28 645	31 268	16 161	23 902	29 663	29 663	16 962	22 956	28 645	31 268	31 268	31 268
C	DC 33 - Swazazi District Municipality	51 133	62 357	71 763	48 893	55 219	69 111	51 133	62 357	71 763	48 893	55 219	69 111	100 178	51 133	62 357	71 763	71 763	48 893	55 219	69 111	100 178	100 178	100 178
C	Total: Swazazi District Municipality	109 581	130 214	149 111	100 178	112 378	126 924	109 581	130 214	149 111	100 178	112 378	126 924	149 951	109 581	130 214	149 111	149 111	100 178	112 378	126 924	149 951	149 951	149 951
<b>Total: KwaZulu-Natal Municipalities</b>																								
Total: KwaZulu-Natal Municipalities		2 166 124	2 227 042	2 406 409	1 806 171	2 006 923	2 227 042	2 166 124	2 227 042	2 406 409	1 806 171	2 006 923	2 227 042	2 406 409	2 166 124	2 227 042	2 406 409	2 406 409	1 806 171	2 006 923	2 227 042	2 406 409	2 406 409	2 406 409

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 3) + Infrastructure (Schedule 6A) + Indirect grants (Schedule 7A)

Category	Number	Equitable Share (Schedule 3)						GRAND TOTAL: (EQUITABLE SHARE AND CONDITIONAL GRANTS)						
		National Financial Year			Municipal Financial Year			National Financial Year			Municipal Financial Year			
		2003/04 (R'000)	2005/06 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2005/06 (R'000)	
<b>Mpumalanga</b>														
B	MP301	Albert Luthuli	26 926	30 326	33 098	25 761	28 609	31 816	32 126	53 106	55 688	49 765	51 383	53 913
B	MP302	Moshalagwa	15 849	17 265	18 027	15 288	16 211	17 990	23 784	19 265	21 027	20 120	18 441	20 345
B	MP303	Mblombela	10 968	12 305	13 227	10 596	11 863	13 196	12 786	12 565	13 971	11 416	11 863	13 446
B	MP304	Senze	8 385	9 599	10 342	8 180	9 082	9 917	8 983	9 849	10 342	8 180	9 302	9 937
B	MP305	Le kwa	12 495	14 191	14 911	12 033	12 766	13 619	15 595	15 595	16 691	14 974	14 871	16 157
B	MP306	Dipaleseng	6 367	7 013	7 359	6 140	6 593	7 064	8 267	8 763	8 859	7 591	8 328	8 586
B	MP307	Higweld East	31 449	33 559	34 263	30 171	31 433	32 854	40 962	46 335	48 211	40 340	44 263	46 999
C	DC 30	Eastland District Municipality	5 138	3 276	2 176	4 173	2 921	2 045	70 080	62 792	64 919	67 980	63 013	64 943
<b>Total: Eastland Municipalities</b>			117 589	133 183	139 438	112 343	119 438	127 811	232 768	228 210	239 774	220 266	221 463	234 228
B	MP311	Uthman	5 957	6 639	7 022	5 778	6 246	6 742	6 145	6 889	7 022	5 778	6 496	6 742
B	MP312	Umatsheni	25 566	27 467	28 172	24 581	25 759	27 018	42 821	45 357	48 018	42 150	43 820	46 988
B	MP313	Makaleng	15 290	16 759	17 451	14 761	15 746	16 746	23 082	21 716	29 815	23 183	26 865	29 178
B	MP314	Highlands	6 542	7 301	7 743	6 313	6 873	7 446	8 222	8 301	7 743	7 390	7 678	7 436
B	MP315	Thembosile	17 619	19 320	20 855	16 942	18 370	20 032	38 019	40 120	43 905	37 192	39 520	42 582
B	MP316	Dr JS Moroka	17 867	17 907	18 353	16 566	16 743	17 642	43 867	47 907	50 353	43 583	47 322	49 102
B	DMA	Mafara Narose Reserve	2 058	1 254	835	1 595	1 119	785	60 434	50 066	51 877	57 781	50 426	51 922
C	DC 31	Ngakala District Municipality	90 398	96 846	100 431	86 247	90 878	96 962	227 290	226 415	228 746	217 258	222 127	233 951
<b>Total: Ngakala Municipalities</b>			151 813	161 492	168 711	148 776	157 830	167 163	348 981	352 486	360 523	337 419	344 254	360 873
B	MP321	Tlhaba Cweten	15 187	18 030	19 256	15 063	17 099	18 963	17 907	18 910	20 896	16 706	17 992	20 020
B	MP322	Mbotshela	51 965	57 263	60 932	50 121	53 840	58 526	108 185	119 003	127 293	105 901	116 170	124 553
B	MP323	Umpjok	9 111	10 345	11 063	8 919	9 743	10 626	13 635	13 225	15 863	12 227	13 116	15 498
B	MP324	Nkomaz	35 669	42 960	48 759	34 926	40 719	46 938	74 369	75 910	83 259	70 621	74 119	80 935
B	DMA	DMA32 Lowveld	8 549	5 440	3 613	6 929	4 850	3 305	98 615	79 791	81 249	93 752	80 021	81 114
C	DC 32	Ehlanzeni District Municipality	120 481	134 038	144 093	115 958	126 192	138 439	312 371	368 839	328 500	299 208	301 441	322 120
<b>Total: Ehlanzeni Municipalities</b>			204 992	235 176	256 943	196 985	215 563	236 271	519 576	534 540	557 007	492 194	506 681	539 787
<b>Total: Mpumalanga Municipalities</b>			328 467	358 083	377 210	314 738	336 518	362 631	767 669	761 534	807 070	716 751	745 011	790 290

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 6) + Infrastructure (Schedule 6A) + Indirect grants (Schedule 7A)

Category	Number	Municipality	Equitable Share (Schedule 3)						National Financial Year						Municipal Financial Year							
			2007/04		2007/05		2007/06		2007/04		2007/05		2007/06		2007/04		2007/05		2007/06			
			(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)		
<b>LIMPOPO</b>																						
B	NP03A2	Makhadlananga	18 184	22 210	25 064	17 677	21 097	24 419	19 428	22 210	25 064	25 614	17 822	21 097	24 669							
B	NP03A3	Letakomo	8 952	10 150	11 320	8 330	9 612	10 869	10 504	11 570	12 799	8 920	9 612	11 139								
B	CBLC3	Greater Madibela Hall	10 255	10 980	9 561	9 561	10 329	11 116	12 055	11 230	11 296	10 041	10 329	11 116								
B	CBLC4	Groblersdal	16 870	16 141	16 179	14 956	13 075	15 204	17 806	16 179	16 179	17 806	15 525	15 964								
B	CBLC5	Greater Tlofase	19 658	22 272	24 868	18 333	21 082	23 923	19 658	22 272	24 868	18 333	21 082	23 923								
B	CBDMA3	Schun-sdant Nature Reserve	50 421	60 721	71 850	41 110	57 828	69 269	50 421	60 721	71 850	41 110	57 828	69 269								
C	CBDC3	Schun-sdant Cross Boundary	124 938	142 473	161 188	115 958	135 024	153 140	124 938	142 473	161 188	115 958	135 024	153 140								
<b>Total: Schun-sdant Cross Boundary Municipalities</b>			124 938	142 473	161 188	115 958	135 024	153 140	124 938	142 473	161 188	115 958	135 024	153 140								
B	NP04A1	Maateng	9 309	10 628	12 048	8 530	10 086	11 596	9 309	10 628	12 048	8 530	10 086	11 596								
B	CBLC6	Biosbuckridge	56 520	56 538	59 300	50 923	53 319	56 911	56 520	56 538	59 300	50 923	53 319	56 911								
B	CBDMA4	Kroger Park	35 494	47 618	58 423	34 977	45 589	56 384	35 494	47 618	58 423	34 977	45 589	56 384								
C	CBDC4	Bullabula	101 322	115 104	129 776	94 430	108 991	124 888	101 322	115 104	129 776	94 430	108 991	124 888								
<b>Total: Eastern Municipalities</b>			101 322	115 104	129 776	94 430	108 991	124 888	101 322	115 104	129 776	94 430	108 991	124 888								
B	NP331	Greater Giyani	37 419	35 177	34 206	33 848	32 701	32 741	37 419	35 177	34 206	33 848	32 701	32 741								
B	NP332	Greater Letaba	20 021	22 662	25 900	18 534	21 571	24 424	20 021	22 662	25 900	18 534	21 571	24 424								
B	NP333	Greater Tzaneen	31 073	34 300	38 471	28 492	32 782	36 959	31 073	34 300	38 471	28 492	32 782	37 949								
B	NP334	Ba Phalaborwa	17 584	15 710	14 453	15 737	14 526	13 802	17 584	15 710	14 453	15 737	14 526	13 802								
C	DC33	Moqam District Municipality	39 495	61 919	89 910	49 083	69 910	78 213	39 495	61 919	89 910	49 083	69 910	78 213								
<b>Total: Moqam Municipalities</b>			145 591	170 108	193 381	116 715	161 520	186 118	145 591	170 108	193 381	116 715	161 520	186 118								
B	NP341	Mobina	6 557	6 924	7 381	5 893	6 530	7 091	6 557	6 924	7 381	5 893	6 530	7 091								
B	NP342	Mitade	13 318	12 817	13 044	11 785	12 013	12 565	13 318	12 817	13 044	11 785	12 013	12 565								
B	NP343	Doboyanobon Madlanakle	51 702	53 379	57 605	45 841	50 296	55 352	51 702	53 379	57 605	45 841	50 296	55 352								
B	NP344	Makhaba	48 388	47 488	49 144	42 982	44 476	47 151	48 388	47 488	49 144	42 982	44 476	47 151								
C	DC34	Vhembe District Municipality	42 843	72 959	96 058	46 915	70 665	92 893	42 843	72 959	96 058	46 915	70 665	92 893								
<b>Total: Vhembe Municipalities</b>			162 807	193 597	223 295	153 410	181 981	215 053	162 807	193 597	223 295	153 410	181 981	215 053								
B	NP351	Bloberg	16 723	18 680	20 825	15 389	17 684	20 033	16 723	18 680	20 825	15 389	17 684	20 033								
B	NP352	Agatang	9 607	11 017	12 441	8 908	10 409	11 972	9 607	11 017	12 441	8 908	10 409	11 972								
B	NP353	Molemole	7 660	8 772	9 903	6 319	7 088	8 300	7 660	8 772	9 903	6 319	7 088	8 300								
B	NP354	Potlswane	37 455	42 040	45 057	36 480	39 568	43 284	37 455	42 040	45 057	36 480	39 568	43 284								
B	NP355	Lepelle Nkompa	13 031	14 505	15 762	12 300	13 686	15 149	13 031	14 505	15 762	12 300	13 686	15 149								
C	DC35	Capricorn District Municipality	35 743	42 058	49 134	33 039	40 004	47 542	35 743	42 058	49 134	33 039	40 004	47 542								
<b>Total: Central Municipalities</b>			120 161	137 092	153 321	111 201	129 726	147 310	120 161	137 092	153 321	111 201	129 726	147 310								
B	NP361	Thabazimbi	11 015	13 355	14 729	11 101	12 628	14 163	11 015	13 355	14 729	11 101	12 628	14 163								
B	NP362	Lephalale	12 437	15 829	18 090	12 532	15 042	17 416	12 437	15 829	18 090	12 532	15 042	17 416								
B	NP364	Mookgaping	3 305	4 080	4 661	3 249	3 875	4 487	3 305	4 080	4 661	3 249	3 875	4 487								
B	NP365	Moshuolle	7 511	8 880	9 688	7 502	8 382	9 262	7 511	8 880	9 688	7 502	8 382	9 262								
B	NP366	Bela Bela	6 773	7 923	8 149	6 818	7 461	8 115	6 773	7 923	8 149	6 818	7 461	8 115								
B	NP367	Mogalakwena	24 365	29 661	33 447	24 204	28 102	32 188	24 365	29 661	33 447	24 204	28 102	32 188								
C	DC36	Waterberg District Municipality	8 664	5 514	3 602	7 023	4 916	3 441	8 664	5 514	3 602	7 023	4 916	3 441								
<b>Total: Waterberg Municipalities</b>			74 071	85 242	92 095	72 470	80 407	89 092	74 071	85 242	92 095	72 470	80 407	89 092								
<b>Total: Limpopo Municipalities</b>			728 860	843 704	953 653	686 192	799 652	917 831	728 860	843 704	953 653	686 192	799 652	917 831								
<b>Total: Limpopo Municipalities</b>			728 860	843 704	953 653	686 192	799 652	917 831	728 860	843 704	953 653	686 192	799 652	917 831								

Unallocated

GRAND TOTAL: (Schedules 3, 6, 6A and 7A)

2007/04 (R'000) 2007/05 (R'000) 2007/06 (R'000) 2007/04 (R'000) 2007/05 (R'000) 2007/06 (R'000) 2007/04 (R'000) 2007/05 (R'000) 2007/06 (R'000) 2007/04 (R'000) 2007/05 (R'000) 2007/06 (R'000) 2007/04 (R'000) 2007/05 (R'000) 2007/06 (R'000)

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 6) + Infrastructure (Schedule 6.3) + Indirect grants (Schedule 7A)

Category	Number	Equitable Share (Schedule 3)						National Financial Year						Municipal Financial Year					
		National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year					
		2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)				
<b>NORTH WEST</b>																			
B	NW 171	17 024	20 970	24 139	16 586	19 911	25 276	31 324	32 976	37 669	40 351	32 258	36 796						
B	NW 172	50 929	59 644	66 328	49 485	56 441	63 809	76 196	90 061	100 636	75 827	87 404							
B	NW 173	30 418	56 980	60 977	49 698	53 637	58 534	71 479	81 624	91 683	14 177	19 715							
B	NW 174	7 189	8 239	8 905	6 921	7 775	8 555	7 189	8 239	9 153	6 994	7 771							
B	NW 175	6 068	42 267	47 109	55 174	59 962	45 114	45 666	55 417	50 904	43 024	50 762							
C	DMAT7	18 457	29 013	3 969	28 954	7 493	2 673	29 899	56 343	72 688	22 688	58 935							
Total: Bokone, Botshabela District Municipalities		179 985	197 055	210 439	171 268	185 209	202 142	209 059	326 436	352 407	302 061	316 816							
B	NW 181	15 145	16 936	19 149	13 712	16 059	18 436	17 059	16 936	19 199	14 826	16 059							
B	NW 182	12 190	13 207	14 358	11 213	12 471	13 609	12 192	13 457	14 588	11 325	12 721							
B	NW 183	21 720	24 389	27 566	19 653	21 158	26 529	27 426	25 889	29 060	23 755	24 638							
B	NW 184	11 474	13 425	13 975	11 851	12 640	11 098	15 294	14 325	13 975	11 406	13 275							
B	NW 185	14 875	16 217	17 892	13 521	15 346	17 205	16 875	16 467	17 892	14 721	15 580							
C	DC 18 - Central District Municipality	45 640	59 921	72 861	46 408	57 016	70 305	17 529	17 912	19 429	16 429	15 580							
Total: Central Municipalities		122 743	144 095	165 799	116 270	136 684	159 677	226 559	234 086	263 817	214 461	228 806							
B	NW 191	15 653	17 601	20 016	14 112	16 707	19 267	16 655	17 601	20 206	14 512	16 707							
B	NW 192	6 057	6 418	6 873	5 459	6 054	6 602	8 289	7 018	7 123	6 044	6 498							
B	NW 193	7 399	7 694	8 034	6 889	7 239	7 709	7 399	7 694	8 034	6 889	7 489							
B	NW 194	26 147	28 616	31 964	23 617	27 080	30 751	26 147	28 666	31 962	25 617	27 330							
B	NW 195	3 626	3 962	4 313	3 303	3 745	4 175	3 626	3 962	4 293	3 303	3 745							
B	NW 196	5 433	5 701	5 929	4 971	5 362	5 689	5 433	5 953	6 011	5 612	5 689							
C	DC 19 - Bophirima District Municipality	51 208	45 998	57 982	32 362	44 212	56 602	100 012	118 172	134 680	100 512	117 481							
Total: Bophirima Municipalities		93 725	115 970	135 136	90 511	110 400	130 095	168 969	189 314	212 508	160 688	184 865							
B	NW 401	8 516	9 411	9 996	8 176	8 857	9 599	12 182	9 661	9 996	9 952	9 107							
B	NW 402	11 636	14 559	14 923	13 035	13 653	14 311	24 114	27 189	29 341	25 202	27 238							
B	NW 403	47 485	51 662	53 544	45 858	48 496	51 571	63 039	67 990	71 090	61 095	64 872							
B	NW 404	11 822	12 982	13 625	11 558	12 207	13 076	12 192	13 732	14 321	11 760	13 032							
C	DC 30 - Southern District Municipality	1 901	1 210	205	1 541	1 079	755	20 093	20 325	19 351	19 752	20 422							
Total: Southern Municipalities		83 388	89 825	92 889	79 962	84 292	89 112	132 120	139 499	144 203	127 761	134 671							
Undistributed								1 108			1 108								
Total: North West Municipalities		481 839	546 995	604 208	460 011	516 385	581 125	877 807	890 318	972 935	806 072	865 188							

**GRAND TOTAL: (EQUITABLE SHARE AND CONDITIONAL GRANTS)**

Category	Number	Equitable Share (Schedule 3)						National Financial Year						Municipal Financial Year					
		National Financial Year		Municipal Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year		National Financial Year		Municipal Financial Year					
		2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2003/04 (R'000)	2004/05 (R'000)				
<b>GRAND TOTAL</b>																			
Total: North West Municipalities		481 839	546 995	604 208	460 011	516 385	581 125	877 807	890 318	972 935	806 072	865 188	951 080						

Appendix E6: TOTAL ALLOCATIONS BY NATIONAL AND MUNICIPAL FINANCIAL YEAR: Equitable share (Schedule 3) + Recurrent (Schedule 3) + Infrastructure (Schedule 6A) + Indirect grants (Schedule 7A)

Category	Number	Municipality	Equitable Share (Schedule 3)						GRAND TOTAL: (EQUITABLE SHARE AND CONDITIONAL GRANTS)					
			National Financial Year			Municipal Financial Year			National Financial Year			Municipal Financial Year		
			2003/04 (R'000)	2004/05 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2005/06 (R'000)	2003/04 (R'000)	2004/05 (R'000)	2005/06 (R'000)
<b>GAUTENG</b>														
A		Ekurhuleni	192 485	200 540	201 907	182 871	187 657	193 499	282 853	306 938	310 711	275 503	294 332	308 930
A		Johannesburg	238 763	253 440	258 429	227 551	237 592	247 783	183 111	420 041	442 350	163 991	405 850	432 722
A		Tshepo	158 737	162 465	162 369	149 731	151 836	155 565	260 825	266 950	277 169	251 295	257 266	270 819
B		GHUBA Nkengiso Laemane	6 027	7 102	7 603	6 117	6 690	7 093	6 027	7 522	7 603	6 117	6 940	7 303
B		CHBC2 Kungwini	9 229	10 212	10 441	9 182	9 522	10 012	9 179	10 212	10 441	9 142	9 572	10 012
C		CHBC2 Merafong	3 953	2 516	1 671	3 204	2 243	1 570	15 169	14 313	12 927	13 908	14 162	12 319
		<b>Total: Merafong Municipalities</b>	19 209	19 830	19 715	18 504	18 505	18 886	30 636	31 877	30 411	29 487	30 679	29 634
B		G1421 Emfuleni	53 410	56 159	56 666	50 874	52 592	54 399	75 832	79 938	83 835	71 974	76 636	81 608
B		G1422 Middelburg	9 885	10 814	11 517	9 454	10 169	10 862	13 991	12 814	12 817	13 001	12 023	12 384
B		G1423 Tsech	7 539	8 053	8 134	7 182	7 553	7 993	12 429	10 553	11 833	10 123	10 279	11 543
C		DC 32 Sedibeng District Municipality	1 109	714	493	947	663	464	10 922	13 259	11 424	10 906	13 311	11 498
		<b>Total: Sedibeng Municipalities</b>	22 003	23 770	26 810	20 458	20 260	21 630	113 203	116 514	119 058	106 014	112 249	117 037
B		G1411 Magedu City	21 445	23 037	23 625	20 590	21 639	22 676	35 174	37 790	41 158	33 680	36 732	40 332
B		G1412 Randfontein	10 739	11 333	11 524	10 256	10 638	11 045	14 049	12 533	12 524	13 057	11 618	12 048
B		G1414 Westonaria	20 621	21 525	21 708	19 712	20 132	20 800	26 871	24 525	24 708	26 713	24 100	24 851
B		CBLC5 Merafong	23 054	24 135	24 386	21 988	22 587	23 374	28 371	27 635	28 186	27 230	26 176	27 434
DMA		DMA34 Steenkrom	1 971	1 593	1 566	1 520	1 482	1 508	21 809	24 989	23 029	19 906	23 510	23 069
C		CHBC8 West Rand	77 818	81 623	82 809	73 245	76 139	79 181	136 826	125 672	129 830	114 696	121 157	126 734
		<b>Total: West Rand Municipalities</b>	77 818	81 623	82 809	73 245	76 139	79 181	136 826	125 672	129 830	114 696	121 157	126 734
		<b>Total: Gauteng Municipalities</b>	759 015	793 668	802 039	721 061	713 608	705 716	1 194 475	1 268 023	1 316 410	1 141 009	1 221 533	1 285 877
<b>Allocation to DBSA - Int Technical Assistance</b>														
<b>Unallocated National Reserves</b>														
		<b>National Total</b>	6 343 476	7 077 546	7 698 179	6 902 169	6 678 900	7 399 009	60 915	70 249	74 464	60 915	70 249	74 464
		<b>Unallocated National Reserves</b>							265 946	465 309	850 632	265 946	464 656	850 632
		<b>National Total</b>	6 343 476	7 077 546	7 698 179	6 902 169	6 678 900	7 399 009	12 001 327	12 693 854	14 035 852	11 529 558	12 349 831	13 746 729

R297 own personnel allocations for the 2002/03 and 2003/04 financial years and modal equitable share allocations for the 2002/03 to 2004/05 financial years are included in these amounts. Equitable share allocations to local municipalities will be paid via the respective district municipalities in terms of section 26 of the Act. District Management Area allocations will be paid to the respective district municipalities. Allocations in terms of municipal financial year to be included in municipal budgets.

**APPENDIX E7:  
UNDERLYING STATISTICAL  
DATA FOR THE LOCAL  
GOVERNMENT EQUITABLE  
SHARE FORMULA**



Category	Municipality	Demographic Data for Local Government Equitable Share				Powers & Functions						R 2014 per person local allocations			
		Population	Urban	Non-urban	No. of poor	Monthly Capita Expenditure	Water	Sewerage	Refuse	Electricity	2013/14	2014/15	2015/16	2016/17	
<b>NORTHERN CAPE</b>															
B	NC001 Ganningsara	15 018	13 612	1 406	5 229	1 278	1	1	1						
B	NW101 Segonyana	95 467	0	95 467	62 668	2 48	1	0	1						
B	CB1 C1 Kommanan Mophobstad	61 967	13 488	48 479	28 561	552	1	1	1	55 800	55 800			55 800	
DMA	CBDC1 Kaldhari CBD	8 381	88	8 306	1 641	611	1	1	1						
C	CBDC1 Kaldhari Kgaligadi	118 964	13 977	104 987	100 192	135	0	0	0						
<b>Total: Kaldhari-Kgaligadi Cross Border Municipalities</b>															
B	NC061 Richtersveld	11 722	6 367	5 354	2 953	867	1	1	1						
B	NC062 Nama Khoi	43 816	16 006	27 810	13 361	668	1	1	1						
B	NC064 Kamiesberg	11 027	6 405	4 621	4 523	696	1	1	1						
B	NC065 Hartam	19 091	14 618	5 053	8 012	816	1	1	1						
B	NC066 Karoo Hoegland	12 105	7 730	4 376	5 719	867	1	1	1						
B	NC067 Khar Ma	9 508	4 126	4 623	2 951	771	1	1	1						
DMA	DMA06 Naniqualand	1 146	0	1 146	1 039	874	1	1	1						
C	DC 6 Naniqualand District Municipality	109 613	55 274	54 339	48 539	791	0	0	0						
<b>Total: Namakwa Municipalities</b>															
B	NC071 Uitenhage	19 705	4 492	15 213	9 634	964	1	1	1						
B	NC072 Onsebonvu	25 369	19 575	5 794	11 646	365	1	1	1						
B	NC073 Euthongeni	99 072	55 601	43 471	15 065	733	1	1	1						
B	NC074 Karesberg	11 474	7 487	4 087	5 229	673	1	1	1						
B	NC075 Renosterberg	9 132	7 074	2 059	4 854	688	1	1	1						
B	NC076 Thembellille	13 265	10 218	3 047	5 571	672	1	1	1						
B	NC077 Priesmandy	19 555	15 698	4 257	7 565	601	1	1	1						
B	NC078 Siyancuna	4 069	13 265	20 801	18 014	566	1	1	1						
DMA	DMA07 Karoo DMA	1 625	5	4 616	5 117	632	1	1	1						
C	DC 7 Karoo District Municipality	1 06 915	112 314	61 889	81 177	633	0	0	0						
<b>Total: Karoo Municipalities</b>															
B	NC081 Mier	6 275	4 342	1 932	5 366	420	1	1	1						
B	NC082 Nama Khoi	57 897	18 798	39 099	22 621	530	1	1	1						
B	NC083 Gantep	76 113	60 293	15 820	20 191	802	1	1	1						
B	NC084 Kluis	14 115	5 137	8 678	6 264	558	1	1	1						
B	NC085 Re A Ipela	30 812	27 013	3 809	10 510	729	1	1	1						
B	NC086 Dant-Lene	16 878	13 692	3 186	6 146	805	1	1	1						
DMA	DMA08 Siyanda DMA	8 684	0	8 684	5 634	705	1	1	1						
C	DC 8 Siyanda District Municipality	210 801	129 294	81 207	75 201	685	0	0	0						
<b>Total: Siyanda Municipalities</b>															
B	NC091 Sol Plaatjes	204 186	199 421	4 764	41 912	936	1	1	1						
B	NC092 Dikgatong	96 947	26 463	70 484	20 419	150	1	1	1						
B	NC093 Magereng	22 457	20 727	1 730	10 852	641	1	1	1						
B	CB1 C7 Vadharts-Morobeng	57 289	93 174	18 114	27 104	725	1	1	1						
DMA	DMA09 Diamantveld	4 557	0	4 557	3 184	449	1	1	1						
C	DC 9 Frances Baard District Municipality	425 445	285 286	59 630	105 413	51	0	0	0						
<b>Total: Diamantveld Municipalities</b>															
										1 216 366	1 216 366	1 216 366	1 216 366		

Category	Municipality	Demographic Data for Local Government Equitable Share				Powers & Functions				R294 personnel town allocations		
		Population	Urban	Non urban	No. of pass	Monthly capita expenditure	Water	Sanitation	Refuse	Electricity	90000	30000
<b>EASTERN CAPE</b>												
A	Nelson Mandela	969 518	911 985	24 533	299 287	966	1	1	1			
B	EC101 Camdeboo	45 418	41 649	3 769	116 491	759	1	1	1			
B	EC102 Blue Crane Route	54 664	25 310	9 051	17 295	610	1	1	1			
B	EC103 Bwezezi	10 518	7 963	2 557	4 498	577	1	1	1			
B	EC104 Makana	76 687	66 646	10 041	28 044	761	1	1	1			
B	EC105 Ndlambeni	47 482	46 411	11 171	21 808	662	1	1	1			
B	EC106 Sunday's River Valley	43 653	23 351	20 801	21 078	509	1	1	1			
B	EC107 Baviaans	15 101	10 683	4 418	6 436	331	1	1	1			
B	EC108 Kouga	62 534	47 910	14 625	19 865	835	1	1	1			
B	EC109 Krom Kamma	27 459	7 947	31 012	11 862	686	1	1	1			
B	DMA100 Aberdeen Plain	6 442	1 062	5 380	1 894	191	1	1	1			
C	DMA101 Cacadu District Municipality	376 159	268 275	101 884	149 131	699	0	0	0			
<b>Total: Cacadu Municipalities</b>												
B	EC121 Mhleshbe	211 596	5 257	216 340	301 119	229	0	0	0			
B	EC122 Mquma	291 552	401 589	251 931	210 066	384	0	0	0			
B	EC123 Great Kei	40 086	7 835	32 252	28 411	179	0	0	0			
B	EC124 Amahlali	117 538	2 038	114 480	95 053	321	0	0	0			
B	EC125 Buffalo City	682 476	581 119	179 257	292 266	761	1	1	1			
B	EC126 Ngqushwa	93 975	4 195	89 780	64 838	291	0	0	0			
B	EC127 Nkonkobe	143 076	17 830	105 246	82 063	342	0	0	0			
B	EC128 Nquthu	24 792	26 800	4 492	12 936	497	0	0	0			
C	DC12 Anadolie District Municipality	1 657 191	641 733	1 016 038	986 792	485	0	0	0			
<b>Total: Anadolie Municipalities</b>												
B	EC131 Inyuba Yehemba	57 225	46 804	10 921	21 711	681	0	0	0			
B	EC132 Tsolovana	35 102	8 294	26 808	22 674	980	0	0	0			
B	EC133 Inkwanza	19 426	15 776	3 650	9 615	523	0	0	0			
B	EC134 Lakaaji	178 750	123 119	55 631	77 561	214	0	0	0			
B	EC135 Intsika Yethu	207 594	3 596	203 057	169 918	216	0	0	0			
B	EC136 Emahlaleni	125 238	26 461	104 778	92 736	270	0	0	0			
B	EC137 Engcobo	149 602	4 276	145 326	122 194	205	0	0	0			
B	EC138 Sakhisizwe	300 015	20 899	29 726	32 982	335	0	0	0			
B	DMA13 Mount Zebra NP	149	0	149	15	68	1	1	1			
C	DC13 Chris Hani District Municipality	823 621	242 975	580 645	539 406	150	0	0	0			
<b>Total: Chris Hani Municipalities</b>												
B	EC141 Elandeni	135 050	18 104	116 946	107 645	264	0	0	0			
B	EC142 Sengu	140 726	14 101	116 619	94 489	801	0	0	0			
B	EC143 Maledithswai	32 242	26 088	6 154	14 842	634	0	0	0			
B	EC144 Gantep	29 616	22 808	6 802	14 114	585	0	0	0			
DMA	DMA14 Oxision Nature Reserve	0	0	0	0	0	1	1	1			
C	DC14 Ukwahlamba District Municipality	327 623	581 101	246 521	231 089	344	0	0	0			
<b>Total: Ukwahlamba Municipalities</b>												
B	EC151 Mhizana	235 518	1 845	233 673	183 071	206	0	0	0			
B	EC152 Ntabankulu	124 442	1 756	122 686	101 937	197	0	0	0			
B	EC153 Ingqizwa	245 189	5 150	240 038	195 432	206	0	0	0			
B	EC154 Port St Johns	146 235	3 646	142 579	122 906	221	0	0	0			
B	EC155 Nyandeni	267 173	5 119	262 054	217 108	210	0	0	0			
B	EC156 Mlibondo	194 402	7 884	186 518	150 499	235	0	0	0			
B	EC157 King Sabata Dalindyebo	996 051	83 131	312 920	268 589	822	0	0	0			
C	DC15 O.R Tambo District Municipality	1 669 102	106 726	1 562 377	1 241 541	240	0	0	0			
<b>Total: O.R Tambo Municipalities</b>												
B	EC05b1 Umzimkulu	165 419	8 550	156 799	131 199	218	0	0	0			
B	EC05b2 Umzimvubu	379 296	9 512	469 778	402 703	241	0	0	0			
DMA	DMA44 OCannon's Camp	0	0	0	0	0	1	1	1			
C	DC44 Alfred Nzo District Municipality	544 646	18 063	526 577	313 962	315	0	0	0			
<b>Total: Alfred Nzo Municipalities</b>												

Category	Municipality	Demographic Data for Local Government Equitable Share					Powers & Functions							R253 personnel level allocations		
		Population	Urban	Non urban	No. of prop	Monthly/quarterly Expenditure	Water	Sanitation	Refuse	PK/Grubby	2009/10	2010/11	2011/12			
<b>FREE STATE</b>																
B	FS161 Letsameeng	153,779	24,166	12,412	17,089	592	1	1	1							
B	FS162 Kopanong	49,887	38,834	11,053	24,553	677	1	1	1							
B	FS163 Mthukane	46,248	21,814	14,423	24,077	488	1	1	1							
C	DC16 Xhariep District Municipality	1,21,604	83,887	17,889	46,720	796	0	0	0							
<b>Total: Xhariep Municipalities</b>																
B	FS171 Naledi	24,912	17,504	7,406	15,511	514	1	1	1							
B	FS172 Manguang	603,528	549,216	54,312	294,914	782	1	1	1							
B	FS173 Maseru	80,081	28,811	21,239	29,225	513	1	1	1							
C	DC17 Mofhego District Municipality	678,522	595,551	82,971	349,647	753	0	0	0							
<b>Total: Mofhego Municipalities</b>																
B	FS181 Masilanyana	65,851	46,251	19,600	39,624	439	1	1	1							
B	FS182 Tokologo	26,767	15,191	11,576	18,506	489	1	1	1							
B	FS183 Tswelopele	51,648	31,621	20,027	36,616	425	1	1	1							
B	FS184 Mathabong	476,705	381,417	95,286	188,615	605	1	1	1							
B	FS185 Nala	82,141	59,914	22,209	53,299	46	1	1	1							
C	DC18 Lepellekpa District Municipality	703,106	534,311	168,795	438,077	798	0	0	0							
<b>Total: Lepellekpa Municipalities</b>																
B	FS191 Setsoto	109,768	41,641	68,167	68,726	501	1	1	1							
B	FS192 Dhlalake	107,182	72,135	35,072	49,168	687	1	1	1							
B	FS193 Nkomo	61,283	48,716	25,268	36,123	431	1	1	1							
B	FS194 Mutha Photong	354,238	300,077	274,461	280,694	403	1	1	1							
B	FS195 Phumelela	45,284	24,108	21,176	29,114	419	1	1	1							
DMA	DMA19 Golden Gate Highlands NP	616	0	616	0	0	1	1	1							
C	DC19 Thabo Mofutsanyane District Municipality	680,171	256,637	423,734	134,133	417	0	0	0							
<b>Total: Thabo Mofutsanyane Municipalities</b>																
B	FS201 Mopela	169,440	116,681	52,759	79,474	605	1	1	1							
B	FS203 Ngwathe	120,047	93,366	26,401	72,289	579	1	1	1							
B	FS204 Mestimaboko	106,912	88,716	18,176	85,623	929	1	1	1							
B	FS205 Mafube	53,179	37,211	16,167	31,455	305	1	1	1							
C	DC20 Northern Free State District Municipality	442,736	336,355	113,403	221,841	600	0	0	0							
<b>Total: Northern Free State Municipalities</b>																



Ward	Number	Municipality	Demographic Data for Local Government Equitable Share						Powers & Functions						RPA personal town allocations			
			Population	Urban	Non urban	No. of poor	Monthly/6 capita Expenditure	Water	Sanitation	Refuse	Electricity	200002	2002001	2002002	2002003	2002004	2002005	
																		200002
<b>Total: Zululand Municipalities</b>																		
B	KZ261	eDumbe	65,668	71,488	58,220	18,888	350	0	0	0	0	0	0	0	0	0	0	
B	KZ262	ePhangeni	98,274	13,938	84,316	31,513	261	0	0	0	0	0	0	0	0	0	0	
B	KZ263	Abqomatsha	107,904	57,892	110,011	43,232	523	0	0	0	0	0	0	0	0	0	0	
B	KZ265	Nongoma	188,959	2,224	186,734	66,216	242	0	0	0	0	0	0	0	0	0	0	
B	KZ266	Ulundi	193,255	16,200	176,994	65,666	295	0	0	0	0	0	0	0	0	0	0	
C	DC26	Zululand District Municipality	713,759	97,383	616,275	227,560	335	0	0	0	0	0	0	0	0	0	0	
<b>Total: Umkhanyakude Municipalities</b>																		
B	KZ271	Umhlabuyalingana	122,667	302	121,807	60,912	219	0	0	0	0	0	0	0	0	0	0	
B	KZ272	Jozini	451,646	2,715	148,911	72,239	238	0	0	0	0	0	0	0	0	0	0	
B	KZ273	Umzimene	26,290	865	10,111	287	0	0	0	0	0	0	0	0	0	0	0	
B	KZ274	Hlabisa	108,485	1,994	166,491	55,088	273	0	0	0	0	0	0	0	0	0	0	
B	KZ275	Inyala / Mthabatha	25,649	10,867	7,626	7,626	653	0	0	0	0	0	0	0	0	0	0	
DMA	DMA27	St Lucia Park	9,479	0	9,479	4,104	243	0	0	0	0	0	0	0	0	0	0	
C	DC27	Umkhanyakude District Municipality	303,757	16,642	487,113	210,691	353	0	0	0	0	0	0	0	0	0	0	
<b>Total: uThungulu Municipalities</b>																		
B	KZ281	Mbombeni	96,233	1,483	94,748	29,999	296	0	0	0	0	0	0	0	0	0	0	
B	KZ282	uMhlabuze	196,123	95,415	100,708	28,302	682	1	1	1	1	1	1	1	1	1	1	
B	KZ283	Ntshabana	72,095	0	72,705	25,461	24	0	0	0	0	0	0	0	0	0	0	
B	KZ284	Umlalazi	231,203	14,974	216,230	76,196	331	0	0	0	0	0	0	0	0	0	0	
B	KZ285	Mhujantoni	36,827	3,184	33,643	13,410	246	0	0	0	0	0	0	0	0	0	0	
B	KZ286	Nkandla	129,493	0	129,493	28,121	289	0	0	0	0	0	0	0	0	0	0	
C	DC28	uThungulu District Municipality	762,585	113,958	647,527	231,389	403	0	0	0	0	0	0	0	0	0	0	
<b>Total: uThungulu Municipalities</b>																		
B	KZ291	Mandeni	111,881	31,391	80,489	44,446	499	0	0	0	0	0	0	0	0	0	0	
B	KZ292	KwaDukuza	131,046	77,286	53,760	51,205	821	0	0	0	0	0	0	0	0	0	0	
B	KZ293	Ndwebwe	167,372	80	167,292	73,510	259	0	0	0	0	0	0	0	0	0	0	
B	KZ294	Maphumulo	124,677	0	124,677	60,512	266	0	0	0	0	0	0	0	0	0	0	
C	DC29	King Shaka District Municipality	534,977	108,764	426,213	229,692	419	0	0	0	0	0	0	0	0	0	0	
<b>Total: King Shaka Municipalities</b>																		
B	KZ5a1	Ingwe	95,135	1,018	94,117	47,707	311	0	0	0	0	0	0	0	0	0	0	
B	KZ5a2	Kwa Sam	14,568	1,694	12,874	6,996	601	0	0	0	0	0	0	0	0	0	0	
B	KZ5a3	Matatiele	101,440	6,571	3,569	3,798	905	0	0	0	0	0	0	0	0	0	0	
B	KZ5a4	Greater Kokstad	34,731	21,012	13,099	17,015	682	0	0	0	0	0	0	0	0	0	0	
B	KZ5a5	KZ5a5	78,542	3,393	75,149	39,766	343	0	0	0	0	0	0	0	0	0	0	
DMA	DMAA3	Mkhomazi Wilderness Area	1,352	0	1,352	369	536	1	1	1	1	1	1	1	1	1	1	
C	DC43	Sisonke District Municipality	234,468	33,708	200,760	115,651	425	0	0	0	0	0	0	0	0	0	0	
<b>Total: Sisonke Municipalities</b>																		

Municipality	Demographic Data for Local Government Equitable Share						Powers & Functions						R294 personal loan allocations			
	Population	Urban	Non urban	No. of post	Monthly/quarter Expenditure	Electricity	Water	Sanitation	Refuse	Electricity	Water	Sanitation	Refuse	Electricity	Water	Sanitation
<b>MPUMALANGA</b>																
B	182,295	34,574	130,721	76,285	381	1	1	1	1	1	1	1	1	2,534,048	2,534,048	2,534,048
B	105,971	71,986	33,985	30,008	839	1	1	1	1	1	1	1	1	1,010,000	1,010,000	1,010,000
B	100,208	33,780	66,428	32,030	526	1	1	1	1	1	1	1	1	1,010,000	1,010,000	1,010,000
B	70,178	34,753	35,425	20,285	656	1	1	1	1	1	1	1	1	1,010,000	1,010,000	1,010,000
B	90,080	62,141	27,939	30,040	783	1	1	1	1	1	1	1	1	1,010,000	1,010,000	1,010,000
B	99,042	25,335	13,707	11,500	723	1	1	1	1	1	1	1	1	1,010,000	1,010,000	1,010,000
B	209,626	183,028	26,598	61,775	884	1	1	1	1	1	1	1	1	1,010,000	1,010,000	1,010,000
B	797,400	442,571	354,829	220,013	677	0	0	0	0	0	0	0	0			
C																
<b>Total: Eastvaal Municipalities</b>																
B	52,586	35,859	16,727	13,376	916	1	1	1	1	1	1	1	1			
B	236,662	262,306	34,356	54,015	1,091	1	1	1	1	1	1	1	1			
B	135,335	103,668	31,467	12,555	1,223	1	1	1	1	1	1	1	1			
B	37,004	21,474	15,529	8,011	861	1	1	1	1	1	1	1	1			
B	243,144	8,793	234,351	40,252	477	1	1	1	1	1	1	1	1	3,750,000	3,750,000	3,750,000
B	359,744	41,640	218,084	96,027	476	1	1	1	1	1	1	1	1	1,609,000	1,609,000	1,609,000
B	21	0	21	12	380	1	1	1	1	1	1	1	1			
B	964,497	413,961	550,536	187,865	769	0	0	0	0	0	0	0	0			
C																
<b>Total: Ngankala Municipalities</b>																
B	65,909	30,319	35,590	25,908	851	1	1	1	1	1	1	1	1	172,500	172,500	172,500
B	425,506	117,714	307,796	127,305	652	1	1	1	1	1	1	1	1	7,917,000	7,917,000	7,917,000
B	48,547	24,870	23,677	17,936	739	1	1	1	1	1	1	1	1			
B	277,864	20,428	257,436	120,185	364	1	1	1	1	1	1	1	1	979,500	979,500	979,500
B	0	0	0	0	0	1	1	1	1	1	1	1	1			
B	817,822	193,321	624,499	291,334	575	0	0	0	0	0	0	0	0			
C																
<b>Total: Eilanzeni Municipalities</b>																

Category	Municipality	Demographic Data for Local Government Equitable Share						Powers & Functions						R291 Personnel town allocations		
		Population	Urban	Non-urban	No. of jobs	Monthly/Quota Expenditure	Water	Sanitation	Refuse	Electricity	Amount	2007/08	2008/09	2009/10		
<b>LIMPOPO</b>																
B	NP03A2 Makindlwananga	2 004 117	9 706	260 411	96 739	555	0	0	1	1						
B	NP03A3 Fetakgomo	97 088	97 088	97 088	36 836	32	0	0	1	1						
B	CBLC3 Greater Marble Hill	96 993	11 050	85 943	30 239	153	0	0	1	1			1 068 000			
B	CBLC4 Groblersdal	218 710	19 339	199 370	44 038	503	0	0	1	1			3 000 000			
B	CBLC5 Greater Tlofase	2 304 257	1 649	228 316	92 020	526	0	0	1	1			1 582 116			
B	CBDMA3 Schunndraai Nature Reserve	31	0	31	5	1 079	1	1	1	1						
C	CBDC3 Sekhukhune Cross Boundary	91 256 661	41 705	870 959	900 237	481	0	0	0	0						
<b>Total: Sekhukhune Cross Boundary Municipalities</b>																
B	NP04A1 Maruleng	87 871	457	87 871	37 571	485	0	0	1	1			23 160			
B	CBLC6 Boshuakodge	54 173	24 129	522 044	193 593	196	0	0	1	1			16 659 500			
C	CBDM4 Kruger Park	1 267	0	5 267	363	667	1	1	1	1						
C	CBDC1 Bvumba	91 118	0	90 231	231 136	116	0	0	0	0						
<b>Total: Eastern Municipalities</b>																
B	NP31 Greater Giyani	217 376	21 926	195 150	96 193	403	0	0	1	1			15 301 921			
B	NP32 Greater Tloka	201 123	11 901	189 819	19 188	186	0	0	1	1			1 801 530			
B	NP33 Greater Tzaneen	311 963	31 083	310 881	136 743	498	0	0	1	1			6 784 000			
B	NP34 Ba Phalaborwa	108 308	62 157	162 250	13 232	732	0	0	1	1			7 200 200			
C	DC 33 Mopani District Municipality	8 12 171	1 29 667	142 101	333 966	116	0	0	0	0						
<b>Total: Mopani Municipalities</b>																
B	NP31 Mutha	33 004	17 229	15 131	11 697	741	0	0	1	1			1 009 988			
B	NP32 Matala	69 276	653	68 591	46 153	301	0	0	1	1			1 351 188			
B	NP33 Thoboyandou Matamakele	5 47 415	49 177	487 370	216 156	575	0	0	1	1			8 609 100			
B	NP34 Makhado	457 982	22 990	135 013	167 214	453	0	0	1	1			1 092 230			
C	DC 34 Vhembe District Municipality	1 097 615	91 078	1 000 536	433 570	214	0	0	0	0						
<b>Total: Vhembe Municipalities</b>																
B	NP51 Blonberg	131 171	0	131 171	73 024	296	0	0	1	1			1 009 988			
B	NP52 Acanang	117 309	1 526	145 733	41 006	536	0	0	1	1			4 351 500			
B	NP53 Molemole	107 635	4 108	101 527	29 427	456	0	0	1	1			5 430 428			
B	NP54 Potokwane	424 833	106 176	318 659	101 213	679	1	1	1	1			1 430 738			
B	NP55 Lepelle-Nkumpi	234 926	29 342	205 584	53 325	437	0	0	1	1			14 113 270			
C	DC 35 Capricorn District Municipality	1 060 837	141 153	924 083	299 495	301	0	0	0	0						
<b>Total: Central Municipalities</b>																
B	NP361 Thabazimbi	58 531	21 077	17 208	21 608	904	1	1	1	1			230 000			
B	NP362 Lephalale	86 903	14 108	72 735	33 112	731	1	1	1	1						
B	NP364 Moskgapong	14 548	0	14 548	5 091	1 488	1	1	1	1						
B	NP365 Modimolle	50 015	2 125	26 808	17 711	967	1	1	1	1						
B	NP366 Beta Beta	47 502	28 914	18 678	14 238	859	1	1	1	1						
B	NP367 Mogalakwena	281 284	13 721	237 563	85 312	141	1	1	1	1						
C	DC 36 Waterberg District Municipality	538 883	131 046	407 837	177 083	653	0	0	0	0						
<b>Total: Waterberg Municipalities</b>																

Category	Number	Municipality	Demographic Data for Local Government Equitable Share					Powers & Functions					R293 personnel town allocations			
			Population	Urban	Non-urban	No. of pass	Monthly supply	Electricity	Water	Sanitation	Refuse	300/002	300/003	300/004	300/004	
																Population
<b>NORTH WEST</b>																
B	NW371	Motetole	169 983	245	169 739	56 844	396	1	1	1	1	1	1	1	1	
B	NW372	Madibeng	436 725	68 093	252 632	112 195	671	1	1	1	1	1	1	1	1	
B	NW373	Rustenburg	311 187	146 865	164 322	101 596	917	1	1	1	1	1	1	1	1	
B	NW374	Kgetlengrivier	32 778	13 999	18 779	13 853	799	1	1	1	1	1	1	1	1	
B	NW375	Moses Kotane	229 351	16 145	213 206	100 723	410	1	1	1	1	1	1	1	1	
DMA	DMA37	Pietersburg National Park	0	0	0	0	0	1	1	1	1	1	1	1	1	
C	DC37	Bokone-Bothaba District Municipality	1 064 025	245 347	818 678	405 368	652	0	0	0	0	0	0	0	0	
<b>Total: Bokone-Bothaba Municipalities</b>																
B	NW381	Sela Kgobi	97 787	0	97 787	70 266	244	0	0	0	0	0	0	0	0	
B	NW382	Tswaing	91 259	24 115	67 144	48 975	544	0	0	0	0	0	0	0	0	
B	NW383	Mafikeng	242 146	44 255	197 891	102 938	593	0	0	0	0	0	0	0	0	
B	NW384	Lichtenburg	140 309	65 606	66 762	48 981	697	0	0	0	0	0	0	0	0	
B	NW385	Zeerust	129 287	16 292	112 995	65 523	464	0	0	0	0	0	0	0	0	
C	DC38	Central District Municipality	690 847	148 268	542 579	336 683	533	0	0	0	0	0	0	0	0	
<b>Total: Central Municipalities</b>																
B	NW391	Kagisano	92 846	0	92 846	65 919	297	0	0	0	0	0	0	0	0	
B	NW392	Naledi	54 798	34 132	20 666	20 501	934	0	0	0	0	0	0	0	0	
B	NW393	Schweizer-Reneke	42 736	29 295	13 441	20 145	561	0	0	0	0	0	0	0	0	
B	NW394	Greater Taung	184 364	7 062	177 302	118 925	321	0	0	0	0	0	0	0	0	
B	NW395	Molopo	13 417	0	13 417	7 343	676	0	0	0	0	0	0	0	0	
B	NW396	Lekwa-Teemane	37 171	40 485	6 686	13 874	756	0	0	0	0	0	0	0	0	
C	DC39	Bophirima District Municipality	425 324	100 973	324 351	246 707	468	0	0	0	0	0	0	0	0	
<b>Total: Bophirima Municipalities</b>																
B	NW401	Ventersdorp	31 915	16 625	15 290	17 669	622	1	1	1	1	1	1	1	1	
B	NW402	Pocheistroom	121 046	104 687	19 359	28 608	1 330	1	1	1	1	1	1	1	1	
B	NW403	Klerksdorp	335 113	276 841	58 272	90 559	1 054	1	1	1	1	1	1	1	1	
B	NW404	Magouss Hills	61 204	41 965	19 239	26 229	622	1	1	1	1	1	1	1	1	
C	DC40	Southern District Municipality	552 278	440 138	112 140	162 465	1 043	0	0	0	0	0	0	0	0	
<b>Total: Southern Municipalities</b>																

Agency	Number	Municipality	Demographic Data for Local Government Equitable Share					Powers & Functions					R 2013 personal income allocations			
			Population	Urban	Non-urban	No. of poor	Monthly/capita Expenditure	Water	Sanitation	Refuse	Electricity	2009/10	2010/11	2011/12	2012/13	
<b>GAUTENG</b>																
A		Ekurhuleni	2 026 056	2 016 332	9 724	334 273	1 470	1	1	1						
A		Johannesburg	2 638 185	2 594 063	44 122	365 424	1 539	1	1	1	1	1	1	1	1	
A		Tsitswane	1 682 144	1 403 185	278 959	265 239	1 641	1	1	1	1	1	1	1	1	
B		GT02B1 Nokeng tsa Taemane	41 637	22 899	18 788	11 291	1 083	1	1	1	1	1	1	1	1	
B		CBI C2 Kungwini	71 075	52 170	18 904	18 438	1 038	1	1	1	1	1	1	1	1	
C		CBI C2 Metsweding	41 637	22 899	18 738	29 739	1 044	0	0	0	0	0	0	0	0	
<b>Total: Metsweding Municipalities</b>																
B		GT421 Emfuleni	597 659	583 899	13 760	103 407	1 089	1	1	1	1	1	1	1	1	
B		GT422 Midvaal	53 902	38 452	15 456	16 099	2 184	1	1	1	1	1	1	1	1	
B		GT423 Lesedi	65 573	48 683	16 886	16 474	1 156	1	1	1	1	1	1	1	1	
C		DC 12 Seelbeng District Municipality	717 134	671 886	46 127	135 980	1 301	0	0	0	0	0	0	0	0	
<b>Total: Seelbeng Municipalities</b>																
B		GT411 Mogale City	234 427	201 577	22 851	37 098	1 581	1	1	1	1	1	1	1	1	
B		GT412 Randfontein	107 711	97 625	10 086	19 737	1 357	1	1	1	1	1	1	1	1	
B		GT414 Westonaria	115 218	114 090	1 129	31 624	619	1	1	1	1	1	1	1	1	
B		CBI C8 Merafong	299 727	201 084	8 642	40 531	722	1	1	1	1	1	1	1	1	
DMA		DMA A4 Steekfontein	2 365	0	2 365	1 800	96	1	1	1	1	1	1	1	1	
C		CBI C8 West Rand	639 618	614 416	25 212	130 239	1 128	0	0	0	0	0	0	0	0	
<b>Total: West Rand Municipalities</b>																
<b>Total: KZN Development Services Board</b>																
<b>Unallocated National Reserves</b>																
<b>TOTAL</b>																
											390 384 319	376 371 043				