

REPUBLIC OF SOUTH AFRICA

DIVISION OF REVENUE AMENDMENT BILL

*(As introduced in the National Assembly (proposed section 76); explanatory summary of
Bill published in Government Gazette No. 41186 of 20 October 2017)
(The English text is the official text of the Bill)*

(MINISTER OF FINANCE)

[B 24—2017]

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BILL

To amend the Division of Revenue Act, 2017, in accordance with the Money Bills Amendment Procedure and Related Matters Act, 2009; and to provide for matters connected therewith.

PREAMBLE

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

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

WHEREAS the Division of Revenue Act, 2017 (Act No. 3 of 2017), gives effect to section 214(1) of the Constitution in respect of the 2017/18 financial year;

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

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

Substitution of Column A of Schedule 1, Part A of Schedule 5 and Parts A and B of Schedule 6 to Act 3 of 2017

1. (1) Column A of Schedule 1 to this Act is hereby substituted for Column A of Schedule 1 to the Division of Revenue Act, 2017 (hereinafter referred to as the principal Act), setting out the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2017/18 financial year. 5

(2) Column A of Part A of Schedule 5 to this Act is hereby substituted for Column A of Part A of Schedule 5 to the principal Act, specifying the specific purpose allocations to provinces for the 2017/18 financial year. 10

(3) Column A of Parts A and B of Schedule 6 to this Act is hereby substituted for Column A of Parts A and B of Schedule 6 to the principal Act, specifying the allocations-in-kind to provinces and municipalities for designated special programmes for the 2017/18 financial year. 15

Substitution of Part B of Schedule 5 to Act 3 of 2017

2. Part B of Schedule 5 to this Act is hereby substituted for Part B of Schedule 5 to the principal Act, specifying the specific purpose allocations to municipalities for the 2017/18 financial year.

Short title

5

3. This Act is called the Division of Revenue Amendment Act, 2017.

SCHEDULE 1

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

Spheres of Government	Column A		
	2017/18 Main Allocation	Adjustment	2017/18 Adjusted Allocation
	R'000	R'000	R'000
National ^{1,2}	910 872 117	8 385 066	919 257 183
Provincial	441 331 122		441 331 122
Local	57 012 141		57 012 141
TOTAL	1 409 215 380	8 385 066	1 417 600 446

1. National share includes conditional allocations to provincial and local spheres, general fuel levy sharing with metropolitan municipalities, debt-service costs and the contingency reserve

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

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A						
					2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000				
Agriculture, Forestry and Fisheries (Vote 24)	(a) Comprehensive Agricultural Support Programme Grant	To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land reform, restitution and redistribution, and other black producers who have acquired land through private means and are engaged in value-adding enterprises domestically, or the export market; to address damages to infrastructure caused by floods.	Conditional allocation	Eastern Cape	248 046		248 046				
				Free State	168 592		168 592				
				Gauteng	87 136		87 136				
				KwaZulu-Natal	209 598		209 598				
				Limpopo	238 991		238 991				
				Mpumalanga	155 447		155 447				
				Northern Cape	232 772		232 772				
				North West	169 167		169 167				
				Western Cape	136 197		136 197				
				TOTAL	1 645 946		1 645 946				
					(b) Ilima/Letsema Projects Grant	To assist vulnerable black South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production.	Conditional allocation	Eastern Cape	67 356		67 356
								Free State	63 178		63 178
Gauteng	27 673		27 673								
KwaZulu-Natal	67 356		67 356								
Limpopo	67 356		67 356								
Mpumalanga	52 213		52 213								
Northern Cape	58 480		58 480								
North West	63 178		63 178								
Western Cape	55 349		55 349								
TOTAL	522 139		522 139								
	(c) Land Care Programme Grant: Poverty Relief and Infrastructure Development	To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all.	Conditional allocation					Eastern Cape	11 812		11 812
								Free State	5 865		5 865
				Gauteng	4 123		4 123				
				KwaZulu-Natal	12 012		12 012				
				Limpopo	13 672		13 672				
				Mpumalanga	6 608		6 608				
				Northern Cape	7 094		7 094				
				North West	8 038		8 038				
				Western Cape	4 380		4 380				
				TOTAL	73 604		73 604				

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000
Arts and Culture (Vote 37)	Community Library Services Grant	To transform urban and rural community library in infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.	Conditional allocation	Eastern Cape	156 105		156 105
				Free State	159 017		159 017
				Gauteng	172 428		172 428
				KwaZulu-Natal	173 093		173 093
				Limpopo	121 184		121 184
				Mpumalanga	162 777		162 777
				Northern Cape	163 000		163 000
				North West	141 092		141 092
				Western Cape	171 264		171 264
				TOTAL	1 419 960		1 419 960
Basic Education (Vote 14)	(a) HIV and AIDS (Life Skills Education) Grant	To support South Africa's HIV prevention strategy by providing comprehensive sexuality education and access to sexual and reproductive health services to learners and educators; to mitigate the impact of HIV and Tuberculosis by providing a caring, supportive and enabling environment for learners and educators; to reduce the vulnerability of children to HIV, Tuberculosis and sexually transmitted infections, with a particular focus on orphaned children and girls.	Conditional allocation	Eastern Cape	41 936		41 936
				Free State	13 980		13 980
				Gauteng	34 436		34 436
				KwaZulu-Natal	56 115		56 115
				Limpopo	35 339		35 339
				Mpumalanga	20 102		20 102
				Northern Cape	5 547		5 547
				North West	17 825		17 825
				Western Cape	20 028		20 028
				TOTAL	245 308		245 308
	(b) Learners with Profound Intellectual Disabilities Grant	To provide the necessary support, resources and equipment to identified care centres and schools for the provision of education to children with severe to profound intellectual disabilities.	Conditional allocation	Eastern Cape	3 537		3 537
				Free State	11 368		11 368
				Gauteng	12 632		12 632
				KwaZulu-Natal	5 558		5 558
				Limpopo	9 853		9 853
				Mpumalanga	12 883		12 883
				Northern Cape	2 021		2 021
				North West	2 274		2 274
				Western Cape	11 874		11 874
				TOTAL	72 000		72 000

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000
Basic Education (Vote 14)	(c) Maths, Science and Technology Grant	To provide support and resources to schools, teachers and learners in line with the Curriculum Assessment Policy Statements for the improvement of Maths, Science and Technology teaching and learning at selected public schools.	Conditional allocation	Eastern Cape	46 685		46 685
				Free State	33 741		33 741
				Gauteng	51 270		51 270
				KwaZulu-Natal	61 660		61 660
				Limpopo	42 796		42 796
				Mpumalanga	39 756		39 756
				Northern Cape	23 636		23 636
				North West	35 384		35 384
				Western Cape	30 217		30 217
				TOTAL	365 145		365 145
Health (Vote 16)	(d) National School Nutrition Programme Grant	To provide nutritious meals to targeted schools.	Conditional allocation	Eastern Cape	1 149 353		1 149 353
				Free State	358 412		358 412
				Gauteng	762 848		762 848
				KwaZulu-Natal	1 450 087		1 450 087
				Limpopo	1 161 389		1 161 389
				Mpumalanga	615 071		615 071
				Northern Cape	160 807		160 807
				North West	430 976		430 976
				Western Cape	337 370		337 370
				TOTAL	6 426 313		6 426 313
Health (Vote 16)	(a) Comprehensive HIV, AIDS and TB Grant	To enable the health sector to develop and implement an effective response to HIV and AIDS and Tuberculosis.	Conditional allocation	Eastern Cape	2 040 454		2 040 454
				Free State	1 148 408		1 148 408
				Gauteng	3 744 381		3 744 381
				KwaZulu-Natal	4 852 495		4 852 495
				Limpopo	1 354 308	11 802	1 366 110
				Mpumalanga	1 188 073	8 032	1 196 105
				Northern Cape	478 242		478 242
				North West	1 296 769		1 296 769
				Western Cape	1 454 773		1 454 773
				TOTAL	17 557 903	19 834	17 577 737

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000
Health (Vote 16)	(b) Health Facility Revitalisation Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organisational development systems and quality assurance; to enhance capacity to deliver health infrastructure.	Conditional allocation	Eastern Cape	620 757		620 757
				Free State	552 157		552 157
				Gauteng	890 665		890 665
				KwaZulu-Natal	1 149 355		1 149 355
				Limpopo	508 144		508 144
				Mpumalanga	325 617		325 617
				Northern Cape	443 753		443 753
				North West	588 261	30 000	588 261
				Western Cape	605 786		605 786
				TOTAL	5 654 495	30 000	5 684 495
Human Settlements (Vote 38)	(c) Human Papillomavirus Vaccine Grant	To address capacity constraints in the provinces and to create an alternate track to speed up infrastructure delivery.	Conditional allocation	Eastern Cape			
				Free State			
				Gauteng			
				KwaZulu-Natal			
				Limpopo			
				Mpumalanga			
				Northern Cape			
				North West			
				Western Cape			
				TOTAL			
Human Settlements (Vote 38)	Human Settlements Development Grant	To provide funding for the creation of sustainable and integrated human settlements.	Conditional allocation	Eastern Cape	2 239 316		2 239 316
				Free State	1 193 038		1 193 038
				Gauteng	5 528 050		5 528 050
				KwaZulu-Natal	3 477 567		3 477 567
				Limpopo	1 319 493		1 319 493
				Mpumalanga	1 395 774		1 395 774
				Northern Cape	402 668		402 668
				North West	2 186 679		2 186 679
				Western Cape	2 226 758		2 226 758
				TOTAL	19 969 343		19 969 343

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000
Public Works (Vote 11)	(a) Expanded Public Works Programme Integrated Grant for Provinces	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; other economic and social infrastructure; tourism and cultural industries; sustainable land based livelihoods; waste management.	Conditional allocation	Eastern Cape	112 335		112 335
				Free State	28 566		28 566
				Gauteng	53 178		53 178
				KwaZulu-Natal	78 211		78 211
				Limpopo	20 195		20 195
				Mpumalanga	34 436		34 436
				Northern Cape	20 143		20 143
				North West	14 383		14 383
				Western Cape	34 132		34 132
				TOTAL	395 579		395 579
Social Development (Vote 17)	(b) Social Sector Expanded Public Works Programme Incentive Grant for Provinces	To incentivise provincial social sector departments, identified in the 2016 social sector Expanded Public Works Programme log-frame to increase job creation by focusing on the strengthening and expansion of social sector programmes that have employment potential.	Nationally assigned function to provinces	Eastern Cape	14 503		14 503
				Free State	23 167		23 167
				Gauteng	24 797		24 797
				KwaZulu-Natal	85 016		85 016
				Limpopo	41 979		41 979
				Mpumalanga	75 180		75 180
				Northern Cape	56 594		56 594
				North West	32 008		32 008
				Western Cape	32 339		32 339
				TOTAL	385 583		385 583
Social Development (Vote 17)	(a) Early Childhood Development Grant	To increase the number of poor children accessing subsidised early childhood development services through partial care facilities; to assist existing conditionally registered partial care facilities providing an early childhood development programme to meet basic requirements in order to attain full registration.	General conditional allocation to provinces	Eastern Cape	56 365		56 365
				Free State	18 398		18 398
				Gauteng	38 489		38 489
				KwaZulu-Natal	71 879		71 879
				Limpopo	41 085		41 085
				Mpumalanga	25 799		25 799
				Northern Cape	13 761		13 761
				North West	32 686		32 686
				Western Cape	19 150		19 150
				TOTAL	317 612		317 612

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000
Social Development (Vote 17)	(b) Substance Abuse Treatment Grant	To provide funding for the operationalisation (including the purchasing of equipment) of substance dependency treatment facilities in the provinces of Eastern Cape, Free State, Northern Cape and North West.	Conditional allocation	Eastern Cape	14 238		14 238
				Free State	14 237		14 237
				Gauteng			
				KwaZulu-Natal			
				Limpopo			
				Mpumalanga			
				Northern Cape	14 237		14 237
				North West	14 238		14 238
				Western Cape			
				TOTAL		56 950	
Sport and Recreation South Africa (Vote 40)	Mass Participation and Sport Development Grant	To facilitate sport and active recreation participation and empowerment in partnership with relevant stakeholders.	Conditional allocation	Eastern Cape	67 183		67 183
				Free State	95 755		95 755
				Gauteng	84 509		84 509
				KwaZulu-Natal	98 427		98 427
				Limpopo	67 850		67 850
				Mpumalanga	46 352		46 352
				Northern Cape	31 283		31 283
				North West	41 762		41 762
				Western Cape	52 707		52 707
				TOTAL		585 828	

SCHEDULE 5, PART B

SPECIFIC PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A			Column B	
			2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000	2018/19 R'000	2019/20 R'000
RECURRENT GRANTS							
Cooperative Governance and Traditional Affairs (Vote 4)	(a) Municipal Demarcation Transition Grant	To subsidise the additional institutional and administrative costs arising from major boundary changes that took effect at the time of the 2016 local government elections.	111 856	27 858	139 714		
	(b) Municipal Systems Improvement Grant	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related local government legislation.					
Energy (Vote 26)	Energy Efficiency and Demand Side Management Grant	To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.	203 236		203 236	215 024	227 065
National Treasury (Vote 7)	(a) Infrastructure Skills Development Grant	To recruit unemployed graduates into municipalities to be trained and professionally developed, as per the requirements of the relevant statutory councils within the built environment.	140 774		140 774	148 939	157 280
	(b) Local Government Financial Management Grant	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.	502 006		502 006	531 122	560 865
Public Works (Vote 11)	Expanded Public Works Programme Integrated Grant for Municipalities	To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of building, slow traffic volume roads and rural roads; basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure); other economic and social infrastructure, tourism and cultural industries; waste management, parks and beautification; sustainable land-based livelihoods, social services programmes; community safety programmes.	691 447		691 447	729 345	780 965
TOTAL			1 649 319	27 858	1 677 177	1 624 430	1 726 175

SCHEDULE 5, PART B

SPECIFIC PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A		Column B		
			2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000	Forward Estimates 2018/19 R'000	2019/20 R'000
INFRASTRUCTURE GRANTS							
Cooperative Governance and Traditional Affairs (Vote 4)	(a) Municipal Disaster Recovery Grant	To rehabilitate and reconstruct municipal infrastructure damaged by a disaster.		26 147	26 147		
	(b) Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.	15 891 252		15 891 252	16 787 685	17 733 731
Energy (Vote 26)	Integrated National Electrification Programme (Municipal) Grant	To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including upgrade of informal settlements, new, and normalisation), and the installation of relevant bulk infrastructure.	2 087 048		2 087 048	2 204 477	3 327 928
National Treasury (Vote 7)	Neighbourhood Development Partnership Grant	To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships.	663 390		663 390	701 867	741 172
Transport (Vote 35)	(a) Public Transport Network Grant	To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services.	6 159 559		6 159 559	6 582 669	6 962 248
	(b) Rural Roads Asset Management Systems Grant	To assist rural district municipalities to set up rural Roads Asset Management Systems, and collect road, bridges and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.	107 309		107 309	113 533	119 891
Water and Sanitation (Vote 36)	(a) Water Services Infrastructure Grant	Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes; provide on-site sanitation solutions; support the existing bucket eradication programme intervention in formal residential areas; support drought relief projects in affected municipalities.	3 329 464		3 329 464	3 559 056	3 757 319
	(b) Regional Bulk Infrastructure Grant	To develop new, refurbish, upgrade and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to pilot regional Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Conservation and Water Demand Management projects that will directly impact on bulk infrastructure requirements.	1 865 000		1 865 000	2 060 000	2 175 360
TOTAL			30 103 022	26 147	30 129 169	32 009 287	34 817 649

SCHEDULE 6, PART A

ALLOCATIONS-IN-KIND TO PROVINCES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A		
			2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000
Basic Education (Vote 14)	School Infrastructure Backlogs Grant	Eradication of all inappropriate school infrastructure; provision of water, sanitation and electricity to schools.	2 594 698	R'000 (415 000)	2 179 698
Health (Vote 16)	National Health Insurance Indirect Grant	To address capacity constraints in the provinces and to create an alternate track to speed up infrastructure delivery; to improve spending, performance, monitoring and evaluation on National Health Insurance pilots and infrastructure projects; to fund the introduction of the Human Papillomavirus vaccination programme in schools.	1 663 037	(30 000)	1 633 037
		TOTAL	4 257 735	(445 000)	3 812 735

SCHEDULE 6, PART B

ALLOCATIONS-IN-KIND TO MUNICIPALITIES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A		
			2017/18 Main Allocation R'000	Adjustment R'000	2017/18 Adjusted Allocation R'000
Cooperative Governance and Traditional Affairs (Vote 4)	(a) Municipal Demarcation Transition Grant	To subsidise the additional institutional and administrative costs arising from major boundary changes that took effect at the time of the 2016 local government elections.			
	(b) Municipal Systems Improvement Grant	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related local government legislation.	1 03 249		1 03 249
Energy (Vote 26)	Integrated National Electrification Programme (Eskom) Grant	To implement the Integrated National Electrification Programme by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply in Eskom licenced areas.	3 846 154		3 846 154
National Treasury (Vote 7)	Neighbourhood Development Partnership Grant	To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships.	27 744		27 744
Water and Sanitation (Vote 36)	(a) Water Services Infrastructure Grant	Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes; provide on-site sanitation solutions; support the existing bucket eradication programme intervention in formal residential areas; support drought relief projects in affected municipalities.	587 122	264 933	852 055
	(b) Regional Bulk Infrastructure Grant	To develop new, refurbish, upgrade and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to pilot regional Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Conservation and Water Demand Management projects that will directly impact on bulk infrastructure requirements.	2 773 539	200 000	2 973 539
TOTAL			7 337 808	464 933	7 802 741

MEMORANDUM ON THE OBJECTS OF THE DIVISION OF REVENUE AMENDMENT BILL, 2017

1. BACKGROUND

- 1.1 Section 214(1) of the Constitution of the Republic of South Africa, 1996 (“the Constitution”), requires that an Act of Parliament be enacted to provide for—
- (a) the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
 - (b) the determination of each province’s equitable share of the provincial share of that revenue; and
 - (c) any other allocations to provinces, local government or municipalities from the national government’s share of that revenue, and any conditions on which those allocations may be made.
- 1.2 Section 12(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), requires the Minister of Finance to table a division of revenue amendment Bill with a revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant financial year. As the adjustments budget for 2017/18 effects changes to the Division of Revenue Act, 2017 (Act No. 3 of 2017) (“the DoRA”), it is necessary for the Division of Revenue Amendment Bill (“the Bill”) to be tabled with the revised fiscal framework.
- 1.3 The Bill is thus introduced in compliance with the requirements of the Constitution and the Money Bills Amendment Procedure and Related Matters Act, 2009.

2. SUMMARY OF BILL

- 2.1 Clause 1 of the Bill proposes the replacement in the DoRA of Column A of—
- (a) Schedule 1, namely adjusting the equitable share among the three spheres of government;
 - (b) Part A of Schedule 5, namely changes to specific purpose allocations to provinces; and
 - (c) Parts A and B of Schedule 6, namely changes to allocations-in-kind to provinces and municipalities for designated special programmes.

Column A specifies the allocations for the 2017/18 financial year. Amendments to allocations are indicated in Column A by indicating the adjustment and the adjusted amount.

- 2.2 Clause 2 of the Bill proposes the replacement in the DoRA of Part B of Schedule 5 to change specific purpose allocations to municipalities for the 2017/18 financial year and to include a new grant, namely the Municipal Disaster Recovery Grant.
- 2.3 Clause 3 of the Bill contains the short title.

3. ORGANISATIONS AND INSTITUTIONS CONSULTED

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

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

4. FINANCIAL IMPLICATIONS TO THE STATE

This Bill is necessitated by the proposed national adjustment budget for the 2017/18 financial year which affects the division of revenue between the three

spheres of government. Financial implications to government are limited to the total transfers to provinces and local government as indicated in the Schedules to the Bill.

5. CONSTITUTIONAL IMPLICATIONS

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

6. PARLIAMENTARY PROCEDURE

- 6.1 The State Law Advisers and the National Treasury are of the opinion that this Bill must be dealt with in accordance with the procedure envisaged by section 76(1) of the Constitution, as it provides for legislation envisaged in Chapter 13 of the Constitution and includes provisions affecting the financial interests of the provincial sphere of government, as contemplated in section 76(4)(b) of the Constitution.
- 6.2 In terms of section 76(3) of the Constitution, a Bill must be dealt with in accordance with the procedure established by either subsection (1) or subsection (2) if it falls within a functional area listed in Schedule 4.
- 6.3 The Bill provides for legislation envisaged in Chapter 13 of the Constitution. Furthermore, the Bill includes provisions affecting the financial interests of the provincial sphere of government as contemplated in section 76(4)(b) of the Constitution. We are therefore of the opinion that the Bill must be dealt with in accordance with the procedure envisaged by section 76(1) of the Constitution.
- 6.4 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional Leaders in terms of section 18(1)(a) of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003), since it does not contain provisions pertaining to customary law or customs of traditional communities.

DIVISION OF REVENUE AMENDMENT BILL ATTACHMENTS

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ANNEXURE 1:
EXPLANATORY MEMORANDUM TO
THE DIVISION OF REVENUE
AMENDMENT BILL

Explanatory memorandum to the Division of Revenue Amendment Bill

■ Background

The allocation of resources to the three spheres of government is a critical step in the budget process, required before national government, the nine provinces and 257 municipalities can determine their own budgets. The allocation process takes into account the powers and functions assigned to the three spheres of government. The process for making this decision is at the heart of cooperative governance as envisaged in the Constitution. To foster transparency and ensure smooth intergovernmental relations, section 214(1) of the Constitution requires that every year a Division of Revenue Act determine the equitable division of nationally-raised revenue between the three spheres of government. The Intergovernmental Fiscal Relations Act, 1997, prescribes the process for determining the equitable sharing and allocation of revenue raised nationally.

This Division of Revenue Amendment Bill, 2017, (“the Bill”) fulfils the requirement set out in section 12(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act 9 of 2009), that the Minister of Finance must table a division of revenue amendment Bill with the revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant year. Section 10(5) of the Intergovernmental Fiscal Relations Act requires that the Division of Revenue Bill must be accompanied by an explanatory memorandum detailing how the Bill takes account of the matters listed in sections 214(2)(a) to (j) of the Constitution; government’s response to the recommendations of the Financial and Fiscal Commission (FFC); and any assumptions and formulae used in arriving at the respective divisions among provinces and municipalities. As the FFC’s recommendations are specific to the main budget and none of the formulae used in the Division of Revenue Act, 2017, (Act 3 of 2017) have been changed, this explanatory memorandum only contains three parts:

- Part 1 describes the factors that inform the division of resources between the three spheres of government.
- Part 2 describes the proposed amendments to the Division of Revenue Act, 2017, and their impact on the different spheres of government.
- Part 3 describes changes to the frameworks and detailed allocations per province and municipality that have been gazetted in terms of section 16(1) of the Division of Revenue Act, 2017. The changes are submitted to parliament for consideration as envisaged in section 16(2) of the Division of Revenue Act, 2017.

The Division of Revenue Amendment Bill, 2017, and its underlying allocations are the culmination of extensive consultation processes between national, provincial and local government. The Budget Council and Local Government Budget Forum deliberated on the matters discussed in this memorandum. The approach to local government allocations has been discussed with organised local government (South African Local Government Association) at technical meetings, culminating in a meeting of the Local Government Budget Forum.

■ Part 1: Constitutional considerations

Section 214 of the Constitution requires that the annual Division of Revenue Act be enacted only after taking account of factors in sub-sections (2)(a) to (j) of the Constitution. These include the national interest; provision for debt; the needs of national government and emergencies; the allocation of resources to provide basic services and meet developmental needs; fiscal capacity and efficiency of the provincial and local spheres; the reduction of economic disparities; and the promotion of stability and predictability. Annexure W1 to the 2017 Division of Revenue Bill outlined in detail how these considerations were taken

into account in the 2017 Division of Revenue. None of the adjustments in this Bill alter the constitutional considerations that informed the 2017 Division of Revenue.

■ **Part 2: Summary of changes in the Division of Revenue Amendment Bill, 2017**

An adjustments budget provides for unforeseen and unavoidable expenditure; appropriation of monies already announced during the tabling of the annual budget (but not allocated at that stage); the shifting of funds between and within votes where a function is transferred; the utilisation of savings; and the roll-over of unspent funds from the preceding financial year. If the adjustments budget effects changes to the division of revenue as contained in the Division of Revenue Act for the relevant year the Minister of Finance must table a Division of Revenue Amendment Bill with the revised framework. There are amendments to the 2017 Budget that affect the Division of Revenue Act, 2017 which will be effected through the Division of Revenue Amendment Act, 2017, once enacted. The amendments as they impact on provinces and municipalities are discussed in detail below.

Changes to provincial allocations

Addition to the comprehensive HIV, AIDS and TB grant

In order to support the national response programme and arrest the recent malaria outbreak in Limpopo and Mpumalanga, the *comprehensive HIV, AIDS and TB grant* is allocated an additional R19.8 million. Monthly malaria cases have substantially increased, and without a strong intervention programme, the major epidemic in southern Mozambique will further place South Africa at risk of even higher infection cases. The intervention will see an intensification of support for provincial prevention efforts; Limpopo and Mpumalanga are allocated R11.8 million and R8 million respectively for intervention purposes. These changes are shown in Schedule 5, Part A of the Bill.

Conversion of health facility revitalisation grant allocation from Schedule 6, Part A (indirect) to Schedule 5, Part A (direct)

R30 million of the *health facility revitalisation grant* will be converted from Schedule 6, Part A (indirect) to Schedule 5, Part A (direct) for North West. This will relieve pressure on health infrastructure projects that, though previously funded through the indirect grant, are now being implemented by the North West provincial Department of Health. These changes are shown in Schedule 5, Part A (direct) and Schedule 6, Part A (indirect) of the Bill.

Declared unspent funds from the school infrastructure backlogs grant

R415 million in unspent funds has been declared as savings on the *school infrastructure backlogs grant* due to the poor spending performance as a result of delays in appointing contractors, finalising the merger and rationalisation of schools in the Eastern Cape and in reappointing contractors where the services of non-performing contractors were terminated. These changes are shown in Schedule 6, Part A of the Bill.

Changes to local government allocations

Roll-over of funds for the municipal demarcation transition grant

An amount of R27.9 million is rolled-over for *municipal demarcation transition grant* for funds originally allocated to municipalities in KwaZulu-Natal in 2015/16. These funds were initially rolled-over in 2016/17 after the funds had been converted from a direct to an indirect grant allocation at the end of 2015/16. However, the conversion occurred very close to the end of the financial year, leaving too little time for the funds to be spent. The funds were rolled-over in 2016/17 as an indirect grant but went unspent as the modality for spending them as an indirect allocation could not be agreed on. In 2017/18 they will now be rolled-over as a direct grant and transferred to municipalities to reimburse their expenditure incurred in line with the conditions of the grant in preparation for the municipal mergers that came into effect in August

2016. These changes are shown in Schedule 5, Part B of the Bill and the detail of the allocations per municipality are shown in Annexure 4 to the Bill.

Additional allocations to support disaster relief and recovery

R26.1 million has been allocated for the repair of sinkholes and the damage to infrastructure resulting from sinkholes in the area of Merafong City Local Municipality. These funds will be allocated through the *municipal disaster recovery grant* (this grant will have to be reactivated in the 2017 Division of Revenue Amendment Bill). These changes are shown in Schedule 5, Part B of the Bill.

For 2017/18 the allocation for the indirect *regional bulk infrastructure grant* will be increased by R200 million for Butterworth's emergency water supply scheme to respond to drought pressures. These additional funds will be spent by the national Department of Water and Sanitation on behalf of the municipality in order to leverage economies of scale in purchasing. The assets will be transferred to Chris Hani District Municipality after completion. These changes are shown in Schedule 6, Part B of the Bill and in Annexure 6 to the Bill.

Additional allocation for bucket eradication programme

The allocation for the bucket eradication programme is increased by R265 million to allow the national Department of Water and Sanitation to continue bucket eradication projects that the department had identified and committed to implementing (i.e. for the eradication of bucket sanitation in formal areas). This increase is funded through the reprioritisation of funds within the department from compensation of employees (R45.1 million), payments of capital assets (R214.5 million) and goods and services to support *indirect water services infrastructure grant* (R5.4 million). The changes are reflected in Schedule 6, Part B of the Bill and more details of the allocations per municipality are in Annexure 6 to the Bill. These reprioritised funds will add to the R385.6 million allocated for the bucket eradication programme in formal settlements at the beginning of 2017/18 within the *regional bulk infrastructure grant* (R240.6 million) and *water services infrastructure grant* (R145 million). The eradication of bucket sanitation in informal settlements continues to be funded through the *urban settlements development grant* and the *municipal infrastructure grant*.

■ Part 3: Changes to gazetted frameworks and allocations

Together with the tabling of the Division of Revenue Amendment Bill, 2017, National Treasury also submits to Parliament proposed changes to gazetted conditional grant frameworks and allocations. Section 16(4) of the Division of Revenue Act, 2017, requires National Treasury to consult parliament on any proposed changes to a conditional grant framework for the purposes of correcting an error or omission, as envisaged in section 16(2) of the Division of Revenue Act, 2017.

The proposed changes to conditional grant frameworks are described below and the revised frameworks and detailed allocations are included in the annexures and appendices to the Division of Revenue Amendment Bill, 2017. While these changes do not form part of the Bill, Parliament is requested to consider them in terms of the process set out in section 16(4) of the Division of Revenue Act, 2017. Proposed changes to gazetted allocation appendixes that provide further details of grant allocations are also included here.

Changes to gazetted frameworks

Substance abuse treatment grant

The grant framework for the *substance abuse treatment grant* will be corrected so that the due date for the submission of business plans reads 1 March 2017, instead of the current 1 February 2017.

National tertiary services grant and health professions development and training grant

The due date for submission of the list of specialists paid from both the provincial equitable share and the *health professions development and training grant* will be corrected from 28 February 2017 and 31 March 2017 to 30 November 2017. A condition that required the national Department of Health and National Treasury to discuss funding for a review was included twice in the conditions section. This duplication is

corrected. The framework is also corrected to rectify the omission of the line specifying the scheduling of the grant. The above-mentioned amendments (excluding the duplicate condition) are also mirrored in the framework for the *national tertiary services grant*.

National health insurance grant: ideal clinics component

Under the outputs section of the grant framework, the number of facilities to be peer-reviewed is amended from 1 700 to 500 clinics. The former target was erroneously captured as it is the cumulative target for the 2017 MTEF, not the single year target in line with the grant's 2017/18 business plan.

National health insurance grant: health professionals contracting component

This component of the *national health insurance grant* erroneously included a responsibility for the national Department of Health that duplicated reporting requirements that were meant to only apply to infrastructure projects in the *national health insurance grant: health facility revitalisation* component. This responsibility, which is not aligned to the objectives of the *national health insurance grant: health professionals contracting* component will therefore be removed from the framework for this component.

Comprehensive HIV, AIDS and TB grant

The *comprehensive HIV, AIDS and TB grant* framework is amended to include a window for the funding of the malaria outbreak relief intervention.

Municipal disaster recovery grant

The *municipal disaster recovery grant* framework is being gazetted for 2017/18. This grant did not form part of the Division of Revenue Act, 2017, but has now been allocated in response to the need to repair sinkholes and infrastructure damage caused by sinkholes in the Merafong Local Municipality. The conditions in this grant framework are the same as for previous years when this grant existed. They include the following requirements to govern the use of disaster funds:

- Business plans in line with post verification assessment reports must be submitted to National Disaster Management Centre
- Disaster reconstruction and rehabilitation funds may only be used for approved projects
- Quarterly reports on expenditure on disaster projects must be submitted to the National Disaster Management Centre.

Changes to gazetted allocations

Details per municipality of the changes to allocations for the *municipal disaster recovery grant*, *regional bulk infrastructure grant* and the *water services infrastructure grant* that have been described in part 2 of this memorandum will be gazetted. These changes per municipality are shown in annexures 4, 5 and 6.

Details of the changes per provincial department for allocations for the *national health insurance indirect grant* for provinces are shown in Appendix 1. These changes relate to the conversion of *health facility revitalisation grant* allocation from Schedule 6, Part A (indirect) to Schedule 5, Part A (direct) that was described in part 2 of this memorandum. Furthermore, the allocation for the *health facility revitalisation* component of the *national health insurance indirect grant* has been reduced by R200 million, these funds will be shifted to the health professionals contracting component of the same grant. This will alleviate spending pressures emanating from the payment of private general practitioners contracted to work in primary healthcare facilities as well as the increased enrolment of patients to the Centralised Chronic Medicines Dispensing and Distribution (CCMDD). The reduction of the *health facility revitalisation* component budget will be accommodated by delaying non-critical infrastructure projects and prudent project and expenditure management. Details per province of the changes to the *schools infrastructure backlogs grant* allocations described in part 2 of this memorandum are shown in Appendix 2 to the Bill. These changes relate to the anticipated underspending in this grant. These changes to provincial allocations will also be gazetted.

ANNEXURE 2:
FRAMEWORKS FOR CONDITIONAL
GRANTS TO PROVINCES

Annexure 2: Frameworks for Conditional Grants to Provinces

Detailed frameworks on Schedule 4, Part A; Schedule 5, Part A; and Schedule 6, Part A grants to provinces

Introduction

This annexure provides the revised frameworks for grants set out in Part A of Schedules 4, 5 and 6 of the 2017 Division of Revenue Amendment Bill. The following are key areas considered for each grant:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority outcome(s) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between municipalities
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2017 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving provinces
- Process for approval of business plans for 2018/19

The attached frameworks are not part of the Division of Revenue Amendment Bill, but are published in order to provide more information on the grants to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2017 Division of Revenue Amendment Bill is enacted, the frameworks will be gazetted.

The financial statements and annual reports for 2017/18 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

HEALTH GRANTS

Comprehensive HIV, AIDS and TB Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • The implementation of the National Strategic Plan on HIV, Sexually Transmitted Infections and Tuberculosis (TB) 2017 – 2022 • The implementation of National Strategic Plan on malaria elimination 2012 - 2018
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to develop and implement an effective response to HIV and AIDS and TB
Outcome statements	<ul style="list-style-type: none"> • Improved coordination and collaboration in the implementation of comprehensive HIV, AIDS and TB grant between national and provincial government • Improved quality of HIV and AIDS and TB services including access to: <ul style="list-style-type: none"> ○ HIV Counseling and Testing (HCT) ○ TB case finding, screening and diagnosis ○ Antiretroviral Treatment (ART) ○ treatment for TB, including drug-resistant TB ○ adherence monitoring and support ○ prevention of TB ○ prevention of mother-to-child-transmission (PMTCT) ○ medical male circumcision (MMC) • Improved health workers capacity at provincial and district facilities • Strengthened health system
Outputs	<ul style="list-style-type: none"> • Number of new patients started on ART • Total number of patients on ART remaining in care • Number of male condoms distributed • Number of female condoms distributed • Number of exposed infants HIV positive at 10 weeks Polymerase Chain Reaction (PCR) test • Number of clients tested for HIV (including antenatal) • Number of MMC performed • Number of patients on ART initiated on Isoniazid Preventative Therapy (IPT) • Number of clients newly initiated on Bedaquiline • Number of adherence clubs • TB new smear positive client success rate • 80 per cent of household structures covered with Indoor Residual Spraying
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities
Conditions	<ul style="list-style-type: none"> • The following priority areas must be supported through the grant: <ul style="list-style-type: none"> ○ ART related interventions ○ care and support (C&S) ○ condom distribution and high transmission area (HTA) interventions ○ post exposure prophylaxis (PEP) ○ prevention of mother to child transmission (PMTCT) ○ programme management strengthening (PMS) ○ regional training centres (RTC) ○ HIV counselling and testing (HCT) ○ medical male circumcision (MMC) ○ TB screening, prevention, treatment • Due to the malaria outbreak in April and May 2017, and the resultant increase in malaria cases and deaths, funds have been included and ring-fenced in this grant for malaria outbreak relief. Should the cost of the intervention exceed the amounts earmarked below, provinces may not fund any such shortfalls out of this conditional grant. The amounts per province are: <ul style="list-style-type: none"> ○ Limpopo: R11.8 million ○ Mpumalanga: R 8.0 million • Business plans for the allocated malaria outbreak relief funds must be in line with the business plans submitted to the national department
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on antenatal HIV prevalence, estimated share of AIDS cases, populations post-demarcation
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • HIV, AIDS and TB are key national priorities and require a coordinated response for the country as a whole and this is effectively achieved through a conditional grant

Comprehensive HIV, AIDS and TB Grant	
Past performance	<p>2015/16 audited financial performance</p> <ul style="list-style-type: none"> • R13.7 billion was allocated, R13.7 billion (99.7 per cent) was transferred to provinces of which R13.7 billion (100.2 per cent) was spent by provinces <p>2015/16 service delivery performance</p> <ul style="list-style-type: none"> • 9 936 lay counsellors providing services at service points • 11.9 million HIV test were conducted, (including antenatal) • 7.5 million beneficiaries had access to HCBC services • 3 805 health facilities offered ART services • 3.4 million patients were on ART • 1 614 high transmission intervention sites were in operation • 100 per cent of primary health care (PHC) facilities offered PMTCT services • 464 731 MMCs were performed • 839.9 million male condoms were distributed • 27 million female condoms were distributed
Projected life	<ul style="list-style-type: none"> • Ongoing in-line with National Strategic Plan on HIV and AIDS
MTEF allocations	<ul style="list-style-type: none"> • 2017/18: R17.6 billion; 2018/19: R19.9 billion; and 2019/20: R22 billion
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments based on the approved payment schedule
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of the National Department</p> <ul style="list-style-type: none"> • Visit provinces twice a year to monitor implementation and provide support • Report to the National Treasury on an additional set of indicators agreed upon between the two departments • Meet with National Treasury to review grant performance on a quarterly basis • Separate approved business plan for the malaria outbreak relief intervention to be submitted to National Treasury by 30 November 2017 <p>Responsibilities of the Provincial Departments</p> <ul style="list-style-type: none"> • Quarterly performance output reports to be submitted within 30 days following the reporting period using standard formats as determined by the national department. Submit an electronic version to be followed by a hard copy signed by the provincial grant receiving manager • Clearly indicate measurable objectives and performance targets as agreed with the national department in provincial departmental business plans for 2016/17 and over the MTEF
Process for approval of the 2018/19 business plans	<ul style="list-style-type: none"> • Submission of draft business plans by 31 October 2017 • Submission of final business plans to national Department of Health by 28 February 2018 • Submission of final business plans to National Treasury by 30 March 2018

Health Professions Training and Development Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> Schedule 4, Part A
Strategic goal	<ul style="list-style-type: none"> To contribute to the implementation of the national human resource plan for health through the clinical training and supervision of health science trainees in designated public health facilities in South Africa
Grant purpose	<ul style="list-style-type: none"> Support provinces to fund service costs associated with clinical training and supervision of health science trainees on the public service platform
Outcome statements	<ul style="list-style-type: none"> Progressive realisation of the national human resource plan for health Clinical training and supervision capacity established in designated developmental provinces (Northern Cape, North West, Limpopo, Mpumalanga and Eastern Cape)
Outputs	<p>The following categories of health professionals, associated with clinical training and supervision, are funded on the public health service delivery platform:</p> <ul style="list-style-type: none"> Number of specialists Number of registrars Number of medical officers Number of clinical supervisors/trainers per category in nursing, EMS and allied health and pharmacy Number of grant administration staff
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> Non-financial business plan – number of specialists, registrars, medical officers, clinical supervisors/tutors per category in nursing, EMS, allied health, pharmacy and grant administration staff funded from the grant Financial business plan – allocation by economic classification to each category of clinical trainer/supervisor
Conditions	<ul style="list-style-type: none"> Submission of an approved business plan 2017/18 in the prescribed format signed by the provincial Head of Department or receiving officer by 28 February 2017, and the national Department of Health (DoH) transferring officer by 31 March 2017 Cost of personnel for the administration of grant must not exceed 1 per cent of the total grant allocation National Treasury and DoH to negotiate funding in 2017/18 for a review of the HPTDG in 2018/19 on the categories and numbers of students trained under grant and development of the unit costs. On an annual basis, each province must discuss the nature of the clinical training platform with the relevant higher education institutions in the province DoH to work with Department of Higher Education and Training to ensure a national, coordinated process for the planning and funding of health sciences education
Allocation criteria	<ul style="list-style-type: none"> Based on historical allocations and spending patterns
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> Provinces give effect to the national human resource strategy by the clinical training and supervision of health science trainees on the public health service platform National coordination needed for health science training
Past performance	<p>2015/16 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated and transferred R2.4 billion to provinces of which R2.4 billion (100 per cent) was spent by the end of the financial year <p>2015/16 service delivery performance</p> <ul style="list-style-type: none"> Provincial achievements in training and development by discipline: <ul style="list-style-type: none"> 1 473 registrars 287 specialists 294 undergraduates 14 grant administration staff 587 postgraduates (nurses and allied health)
Projected life	<ul style="list-style-type: none"> The grant will remain as long as health science trainees are trained and supervised on the public health service platform
MTEF allocations	<ul style="list-style-type: none"> 2017/18: R2.6 billion, 2018/19: R2.8 billion, 2019/20: R2.9 billion
Payment schedule	<ul style="list-style-type: none"> Monthly instalments as per approved payment schedule
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Convene at least one annual meeting of national, provincial and facility programme managers Monitor the number of health science trainers/clinical supervisors that are responsible for health science training on the public health service delivery platform Conduct a minimum of two site visits to provinces and site visits to selected facilities on a rotational basis. Provincial visits to include facilities Report on a quarterly basis to the National Treasury on an additional set of indicators agreed upon between the two departments

Health Professions Training and Development Grant	
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Provinces must provide the allocated amounts for individual facilities to Provincial Treasuries for gazetting as per the number of agreed upon business plans per province and be facility/cluster specific, by 29 April 2017 • Provinces must maintain a separate budget for each benefiting facility/cluster • Each benefiting facility/cluster budget letter must be supplied by the receiving officer to the facility head by 29 April 2017 • Provinces to monitor the following categories of health science trainers/ clinical supervisors on the public health service delivery platform by category: <ul style="list-style-type: none"> ○ specialists ○ registrars ○ medical officers ○ clinical supervisors/trainers ○ grant management (admin staff) • Submission of updated specialist details funded by the grant at facility level by 30 November 2017 • Submission of updated specialists details funded on the equitable share by 30 November 2017 <ul style="list-style-type: none"> ○ Report quarterly (by economic classification) on financial and non-financial performance in the approved expenditure areas • Conduct a minimum of two sites visit to each budgeted facility/complex per annum and submit reports of these site visits to national Department of Health
Process for approval of the 2018/19 business plans	<ul style="list-style-type: none"> • Draft business plans for 2018/19 must be submitted in the approved format by 31 October 2017 • Completion of an approved business plans, in the prescribed format, signed by each receiving officer by 28 February 2018, and the transferring officer by 25 March 2018

National Health Insurance Indirect Grant: Health Professionals Contracting Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> • To strengthen the public healthcare systems • To assess the service delivery implications
Grant purpose	<ul style="list-style-type: none"> • To develop and implement innovative models for purchasing services from health practitioners in the 10 National Health Insurance (NHI) pilot sites • To develop and implement innovative models for the dispensing and distribution of chronic medication • A risk-based capitation model for the reimbursement of primary health care (PHC) facilities developed
Outcome statements	<ul style="list-style-type: none"> • Appropriate and innovative models for purchasing services from health practitioners identified and tested • Implement an alternative dispensing and distribution model for chronic medication • Develop a risk-adjusted capitation model for the reimbursement of primary health care (PHC) facilities
Outputs	<ul style="list-style-type: none"> • Innovative models for the purchasing of health care services, including: <ul style="list-style-type: none"> ○ number of health practitioners contracted per subcategory ○ number of pharmacy assistants contracted ○ number of patient visits attended to by the contracted health practitioners and services provided ○ number of hours worked by health practitioners • An alternative chronic medicines dispensing and distribution model implemented • Number of new and number of total patients registered in the programme, broken down by the following: <ul style="list-style-type: none"> ○ Antiretroviral (ARV) Treatment ○ ARV with co-morbidities ○ non-communicable diseases (NCDs) ○ number of pickup points (PuPs) state and non-state • A base capitation model for the reimbursement of PHC facilities developed
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Business plan for contracting health practitioners should contain roles and responsibilities of national and provincial departments • Targets, cash flow projections as well as monitoring and evaluation plans for the following programmes: <ul style="list-style-type: none"> ○ mental health specialist teams ○ chronic medicines dispensing and distribution model ○ developing a risk-adjusted capitation model • Service level agreements (SLAs) will include information on the following: <ul style="list-style-type: none"> ○ outcome indicators ○ output indicators ○ key activities and resource schedule ○ monitoring and evaluation plan ○ cash flow requirements for 2017/18
Conditions	<ul style="list-style-type: none"> • Project level administrative expenditure may not exceed three per cent of the total grant funding. No activity that is linked to the responsibility of Department of Health (DoH) but falls outside this scope may be funded through this grant • The grant must be used to achieve the objectives of the following areas: <ul style="list-style-type: none"> ○ development and testing of innovative models for purchasing health care services from health practitioners ○ an alternative chronic care medication dispensing and distribution model ○ development of a risk-adjusted capitation model for reimbursement of PHC facilities • The DoH must put in place an evaluation strategy using independent external experts to evaluate the interventions funded through this grant. An evaluation report on lessons learnt from contracting health practitioners and their implications for NHI policy development and implementation must be produced and submitted to National Treasury
Allocation criteria	<ul style="list-style-type: none"> • Health facilities with the greatest need for health practitioners and where health practitioners are willing to work in the facility will be prioritised • The alternative chronic care medication dispensing and distribution model will be implemented across the country in the ten NHI pilot districts, with priority given to previously disadvantaged areas
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • The importance of central coordination in development of models and the establishment of NHI to inform ongoing NHI designs
Past performance	<p>2015/16 audited financial outcomes</p> <ul style="list-style-type: none"> • R290 million was allocated of which R280 million (96 per cent) was spent by the end of the financial year

National Health Insurance Indirect Grant: Health Professionals Contracting Component	
	<p>2015/16 service delivery performance</p> <ul style="list-style-type: none"> • The data extraction from clinical files within the central hospitals has been undertaken at eight out of 10 central hospitals • The initial financial and clinical analysis has been undertaken and the draft case mix analysis report prepared • Phase two of the programme will continue to develop the base diagnosis related grouper has been started • Other data sources from private partners are being sourced for the purpose of triangulation and data validation • With regards to health practitioner contracting, 256 doctors were placed at various clinics in the NHI pilot districts
Projected life	<ul style="list-style-type: none"> • Subject to policy developments that will be finalised as part of the implementation of NHI
MTEF allocations	<ul style="list-style-type: none"> • 2017/18: R318 million; 2018/19: R337 million; and 2019/20: R355 million
Payment schedule	<ul style="list-style-type: none"> • Payments will be made according to verified invoices or advance payments in line with approved programme implementation plans from the service providers • Monthly instalments which may be altered at the discretion of the National Treasury based on invoices paid
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Convene and chair all meetings of the national district health services (NDHS) committee on contracting of health practitioners and related matters through implementing innovative models for the purchasing of health care services • Establish the necessary organisational structures and build capacity within the DoH to implement, oversee and monitor the execution of all approved projects using the three per cent administrative costs provision • Provide the guidance and support for innovative arrangements of engaging public and private sector providers, including methods of contracting (types of contracts and payment mechanisms) • Undertake an independent evaluation of the interventions funded through this grant using external experts • Manage, monitor and support programme implementation • Meet with the National Treasury to review grant performance on a quarterly basis
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Facilitate the achievement of grant outputs • Ensure compliance with all reporting requirements and adherence to the provisions of SLAs
Process for approval of 2018/19 business plans	<ul style="list-style-type: none"> • DoH must submit final business plans to National Treasury by 30 March 2018

National Health Insurance Indirect Grant: Ideal Clinics Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> • To improve quality of services at primary health care facilities
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to address the deficiencies in the primary health care facilities systematically to yield fast results
Outcome statements	<ul style="list-style-type: none"> • Improved quality health services in all primary health care facilities
Outputs	<ul style="list-style-type: none"> • 500 primary health care facilities peer reviewed • Achieve a cumulative target of 1000 primary healthcare facilities obtaining an overall compliance score of 70 per cent or above • Branding guidelines completed • 5 per cent of clinics in NHI pilot districts branded • Sustainability training to clinic managers of 30 per cent of clinics in NHI pilot districts
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • Input • Output indicators • Outcome indicators • Key activities • Risk management plans
Conditions	<ul style="list-style-type: none"> • Completion of a business plan by the national Department of Health (DoH) signed by the transferring officer by 24 March 2017 and submitted to the National Treasury by 31 March 2017
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the number of identified facilities and their needs in each province
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • Ideal clinic is a key national priority and requires systematic implementation in order to achieve 740 ideal clinics and have the desired impact of improving quality health care services
Past performance	<p>2015/16 audited financial outcome</p> <ul style="list-style-type: none"> • New grant <p>2015/16 service delivery performance</p> <ul style="list-style-type: none"> • New grant
Projected life	<ul style="list-style-type: none"> • The grant is projected to end in 2020/21
MTEF allocations	<ul style="list-style-type: none"> • 2017/18: R30 million; 2018/19: R50 million; and 2019/20: R53 million
Payment schedule	<ul style="list-style-type: none"> • Procurement will be done centrally by DoH based on the approved procurement plan
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Improve patients' experience of care by improving quality in primary health care facilities • Monitor and support provincial planning and implementation • Submit a quarterly performance report to the National Treasury in terms of the 2017 Division of Revenue Act • Meet with the National Treasury to review performance of the grant on a quarterly basis • Strengthen the capacity of provinces to realise and maintain ideal clinic status • Maintain the ideal clinic software <p>Responsibilities of the provincial department</p> <ul style="list-style-type: none"> • Provincial health departments must provide DoH with full and unrestricted access to all records and data related to the programme • Provinces must submit provincial needs as per prescribed format by DoH • Include the ideal clinic indicators in the provincial annual performance plans • Delegate a person responsible for managing the Ideal clinic programme • Provinces must develop draft implementation plans for taking over this function in 2020/21 • Submit quarterly performance reports to DoH
Process for completion of 2018/19 business plan	<ul style="list-style-type: none"> • Submission of business plan signed by the transferring officer by 30 March 2018 to National Treasury

National Tertiary Services Grant											
Transferring department	<ul style="list-style-type: none"> • Health (Vote 16) 										
Grant schedule	<ul style="list-style-type: none"> • Schedule 4, Part A 										
Strategic goal	<ul style="list-style-type: none"> • To enable provinces to plan, modernise, rationalise and transform the tertiary hospital service delivery platform 										
Grant purpose	<ul style="list-style-type: none"> • Ensure provision of tertiary health services for all South African citizens (including documented foreign nationals) • To compensate tertiary facilities for the additional costs associated with provision of these services 										
Outcome statements	<ul style="list-style-type: none"> • Modernised and transformed tertiary services that allows for improved access and equity to address the burden of disease 										
Outputs	<ul style="list-style-type: none"> • Number of inpatient separations • Number of day patient separations • Number of outpatients first attendances • Number of outpatients follow-up attendances • Number of inpatient days 										
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans 										
Details contained in the service level agreement	<ul style="list-style-type: none"> • This grant uses national service level agreements (SLAs) which are signed between national Department of Health and each province and contains the following: <ul style="list-style-type: none"> ○ provincial and institutional allocations ○ tertiary services specifications (approved YES list) funded by the grant, by facility by province ○ annual targets for inpatient separations, inpatient days, day patient separations, outpatient first visits, outpatient follow up visits per facility per province per year ○ monitoring and reporting responsibilities ○ validation and revision of data ○ deviations or changes to tertiary services ○ referral responsibilities ○ approved business plan ○ approved specialists funded from the grant (approved specialist detail list) ○ national guidelines on definitions of tertiary services that may be funded by the grant 										
Conditions	<ul style="list-style-type: none"> • Completion of a national SLA in the prescribed format, signed by the provincial Head of Department or receiving officer by 28 February 2017, and the transferring officer by 31 March 2017 • The grant allocation to each central/provincial tertiary facility must not exceed a maximum of 65 per cent of the total facility budget • The following amounts in the allocation to Gauteng are earmarked to fund the operations of the Nelson Mandela Children's Hospital (NMCH): <ul style="list-style-type: none"> ○ R150 million in 2017/18 ○ R200 million in 2018/19 ○ R300 million in 2019/20 ○ All staff for this hospital must be procured at rates no higher than Department of Public Service and Administration approved remuneration rates ○ The services offered by Nelson Mandela Children's hospital should be integrated into the service delivery platform in collaboration with relevant provinces, particularly Gauteng 										
Allocation criteria	<ul style="list-style-type: none"> • Based on historical allocations and spending patterns 										
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • There are significant cross boundary flows associated with tertiary services that are not affected by provincial boundaries due to their specialised nature 										
Past performance	<p>2015/16 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated and transferred R10.4 billion to provinces, of which R10.4 billion (100 per cent) was spent by the end of the national financial year <p>2015/16 service delivery performance</p> <ul style="list-style-type: none"> • Provincial tertiary services performance was measured against the SLAs and the total patient activity rendered is as follows: <table style="margin-left: 20px;"> <tr> <td>○ Inpatient separations</td> <td style="text-align: right;">670 415</td> </tr> <tr> <td>○ Inpatient days</td> <td style="text-align: right;">3 932 950</td> </tr> <tr> <td>○ Day patient separation</td> <td style="text-align: right;">298 855</td> </tr> <tr> <td>○ Outpatient first visits</td> <td style="text-align: right;">1 117 783</td> </tr> <tr> <td>○ Outpatient follow up visits</td> <td style="text-align: right;">2 666 335</td> </tr> </table> 	○ Inpatient separations	670 415	○ Inpatient days	3 932 950	○ Day patient separation	298 855	○ Outpatient first visits	1 117 783	○ Outpatient follow up visits	2 666 335
○ Inpatient separations	670 415										
○ Inpatient days	3 932 950										
○ Day patient separation	298 855										
○ Outpatient first visits	1 117 783										
○ Outpatient follow up visits	2 666 335										
Projected life	<ul style="list-style-type: none"> • Support for tertiary services will continue because of the need to sustain and modernise tertiary services 										
MTEF allocations	<ul style="list-style-type: none"> • 2017/18: R11.6 billion; 2018/19: R12.4 billion; 2019/20: R13.2 billion 										
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments as per payment schedule approved by National Treasury with the exception of Nelson Mandela Children's Hospital where the first payment of R100 million will be made in April 2017. Payments of R25 million each will be made in July and October 2017 based on satisfactory performance 										

National Tertiary Services Grant	
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Convene at least one annual meeting of national, provincial and facility programme managers • Monitor expenditure by economic classification, and patient activity and provide on-site support to facilities/complexes and provinces • Conduct a minimum of two site visits to provinces and a minimum of one site visit to facilities/complexes. Provincial visits to include facilities • Report on a quarterly basis to the National Treasury on an additional set of indicators agreed upon between the NDoH and National Treasury <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Completion of a provincial SLA/memorandum of understanding signed by the receiving officer and the benefitting institution by 31 March 2017, and submission to NDoH by 28 April 2017 (due date for NMCH is 31 March 2017) • Provinces must provide the allocated amounts for individual funded facilities/clusters to Provincial Treasury for gazetting as per the number of agreed upon business plans per province and be facility/cluster specific, by 28 April 2017 • Provinces must maintain a separate budget for each benefitting facilities • The receiving officer must supply the head of each benefitting facility/complex with a budget letter which includes the equitable share allocation by 29 April 2017 • Conduct a minimum of two sites visit to each budgeted facility/complex per annum and submit reports of these site visits to NDoH • Submission of updated specialists details funded by the equitable share by 30 November 2017 • Submission of updated specialist details funded by the grant at facility level by 30 November 2017 • Submission of service specifications funded at each facility by 30 November 2017 • Submission of quarterly reports in the approved expenditure areas in the prescribed format • Provide patient utilisation data (inpatient separations, inpatient days, day case separations, outpatient first visits, outpatient follow up visits and patient-day equivalents) as per the prescribed format • Provide the number of inpatient separations for intensive care units (ICU) and neonatal ICU (NICU) quarterly • Provide the number of inpatient days for ICU and NICU quarterly • Provide the average length of stay at facility level quarterly
Process for approval of 2018/19 service level agreements	<ul style="list-style-type: none"> • Submission of draft business plans (provincial and facility) by 31 October 2017 • Completion of SLA, in the prescribed format, signed by each receiving officer by 28 February 2018 and the transferring officer by 25 March 2018

SOCIAL DEVELOPMENT GRANT

Substance Abuse Treatment Grant	
Transferring department	<ul style="list-style-type: none"> • Social Development (Vote 17)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To strengthen the harm reduction programme by providing treatment for substance abuse • To improve access to public substance dependency treatment facilities
Grant purpose	<ul style="list-style-type: none"> • To provide funding for the operationalisation (including the purchasing of equipment) of substance dependency treatment facilities in the provinces of Eastern Cape, Free State, Northern Cape and North West
Outcome statements	<ul style="list-style-type: none"> • Reduction in recurrence of substance abuse • Affordable public treatment programmes
Outputs	<ul style="list-style-type: none"> • Four operational substance dependency treatment facilities
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 2: A long and healthy life for all South Africans
Details contained in the business plan	<ul style="list-style-type: none"> • The business plan will include the following: <ul style="list-style-type: none"> ○ project background ○ project objectives ○ scope of the work ○ deliverables and outputs to be achieved ○ quarterly reporting requirements ○ risk assessment with mitigation plan
Conditions	<ul style="list-style-type: none"> • The substance dependency treatment facilities are to be operationalised in compliance with the Prevention of and Treatment for Substance Abuse Act, 2008 (Act No. 70 of 2008), its regulations and norms and standards • All centres to be registered as a treatment centre before operationalisation • Centres must comply with occupational health and safety standards • All the facilities should adhere to the National Health Act (Act No. 61 of 2003) • All required reports must be signed-off by the relevant delegated official within the provincial department • Business plans must be signed off by the Head of Department (HoD) of the provincial Department of Social Development and submitted to the national Department of Social Development (DSD) by 1 March 2017 • The flow of the first instalment of the grant depends upon receipt by DSD of: <ul style="list-style-type: none"> ○ monthly progress reports via the infrastructure reporting model (IRM) including a narrative progress report on projects ○ status report on the provinces readiness to commence with operationalisation of the facility ○ business plan signed by the HoD of the provincial DSD ○ spending plan for operationalisation expenditure for the 2017/18 financial year • The flows of the subsequent tranches are dependent upon DSD and National Treasury receiving: <ul style="list-style-type: none"> ○ monthly financial reports ○ monthly IRM reports ○ quarterly statistics measuring the intake profile of service users and staff from facilities that are operational • Provincial DSDs to provide sustainability plans to DSD by 31 August 2017
Allocation criteria	<ul style="list-style-type: none"> • Provinces were allocated funds according to the cost calculations for a standard design guideline of a substance dependency treatment facility
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This grant enables the DSD to ensure the delivery of substance abuse treatment facilities in the four provinces that do not have these public facilities
Past performance	<p>2015/16 audited financial outcome</p> <ul style="list-style-type: none"> • R51 million was allocated to provinces, R48 million (94 per cent) was transferred to provinces, of which R23 million (46.3 per cent) was spent by the end of the financial year <p>2015/16 service delivery performance</p> <ul style="list-style-type: none"> • Eastern Cape: The building was completed and certificate of completion handed to DSD on 17 September 2015. The registration of the treatment facility in terms of the Prevention of and Treatment for Substance Abuse Act was finalised in January 2016. A 12 month conditional registration status was approved • Free State: A site for the construction of the building was previously identified and the design of the facility was finalised. The contractor was appointed in February 2016 • Northern Cape: Groundwork was completed by the end of the financial year. The contractor appointed for top structure started with foundation. The process for procurement of external fence has commenced • North West: The site was handed over on 23 January 2015. Project progress is currently at a 96 per cent completion
Projected life	<ul style="list-style-type: none"> • The allocation for temporary operationalisation of the centres will commence in 2017/18 until 2019/20 and will be subject to review thereafter
MTEF allocations	<ul style="list-style-type: none"> • 2017/18: R57 million; 2018/19: R71 million; and 2019/20: R75 million
Payment schedule	<ul style="list-style-type: none"> • Quarterly instalments on 25 April 2017; 28 July 2017; 23 October 2017; and 26 January 2018

Substance Abuse Treatment Grant	
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Monitoring compliance to conditional grant framework • Monitor implementation through project site visits and provide appropriate support • Provide the guidelines and criteria for the development and approval of the business plan • Submit an annual evaluation report after the end of the 2016/17 financial year, four months after the financial year end • Provide National Treasury with a quarterly report against the project plan 45 days after the end of each quarter • Initiate a process to guide the allocation criteria of funds for operation budgets starting 2017/18 • Submit monthly financial reports to National Treasury 20 days after the end of the month • Facilitate approval of the payment schedule and approval of in-year adjustments to the payment schedule • To monitor the utilisation of the grant against the set outcomes and to take appropriate action in cases of non-compliance with the framework <p>Responsibilities of the provincial department</p> <ul style="list-style-type: none"> • Submit a business plan to national DSD in the template provided • Provinces to implement the business plan as approved by DSD • Submit monthly financial reports to DSD 15 days after the end of the month • Approve monthly IRM reports within 15 days after the end of the reporting month • Submit signed copies of approved IRM reports within 22 days after the end of each month • Submit quarterly performance reports to DSD within 20 days after the end of each quarter • Provinces to submit evaluation reports to DSD two months after the end of the financial year • Ensure that claims are submitted to national DSD to allow for transfer of funds by national DSD in line with the payment schedule approved by the NT • Provinces must provide a sustainability plan on the continued operation of the centres subsequent to the conditional grant period
Process for approval of the 2018/19 business plans	<ul style="list-style-type: none"> • Engagement with provincial departments on submission of business plan from August 2017 to January 2018 • Provinces submit revised business plan to the national DSD by 14 November 2017 • Submit final provincial business plan, including cash flow projections and compliance certificates signed-off by HoD's for 2018/19 financial year to the national DSD by 1 February 2018 • The transferring officer approves provincial business plans by 15 February 2018

ANNEXURE 3:
**FRAMEWORK FOR CONDITIONAL GRANT
TO MUNICIPALITIES**

Annexure 3: Framework for Conditional Grant to Municipalities

Detailed framework on Schedule 5, Part B grant to municipalities

Introduction

This annexure provides the framework for a grant set out in Part B of Schedule 5 of the 2017 Division of Revenue Amendment Bill. The following are key areas considered for each grant:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority outcome(s) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between municipalities
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2017 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving municipalities
- Process for approval of business plans for 2018/19

The attached framework is not part of the Division of Revenue Amendment Bill, but is published in order to provide more information on the grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2017 Division of Revenue Amendment Bill is enacted, the framework will be gazetted.

The financial statements and annual reports for 2017/18 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS GRANT

Municipal Disaster Recovery Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance and Traditional Affairs (Vote 4)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> To restore functionality of municipal infrastructure following a disaster
Grant purpose	<ul style="list-style-type: none"> To rehabilitate and reconstruct municipal infrastructure damaged by a disaster
Outcome statements	<ul style="list-style-type: none"> Municipal infrastructure damaged by a disaster rehabilitated and reconstructed
Outputs	<ul style="list-style-type: none"> Municipal infrastructure damaged by a disaster reconstructed and rehabilitated
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses the template/framework developed by the National Disaster Management Centre (NDMC) which must include a project implementation plan, highlighting: <ul style="list-style-type: none"> list of projects to be implemented in order of priority timeframes within which the projects will be implemented estimated costs of projects disaster risk reduction measures for the proposed reoccurrence of disaster related damage in the future number of households to benefit from the projects and estimated jobs to be created
Conditions	<ul style="list-style-type: none"> A business plan and project implementation plan signed by the Accounting Officer aligned to the post disaster verification assessment report must be submitted to the NDMC Disaster reconstruction and rehabilitation funds must only be utilised for approved projects as listed in the post disaster verification assessment reports and approved business plans Monthly and quarterly financial and non-financial performance reports on disaster allocations must be submitted to the NDMC through the relevant Provincial Disaster Management Centre (PDMC) Annual performance evaluation report on financial and non-financial performance to be submitted to the NDMC through the relevant PDMC Municipalities must liaise and align the disaster recovery projects with the Municipal Infrastructure Grant projects to ensure proper monitoring and reporting on the progress for implementation of the projects Transfers will only be made if municipalities have submitted financial and non-financial reports required in terms of the 2017 Division of Revenue Act for this financial year and the previous financial year (if funds for disaster recovery were allocated in that year) Funds will be transferred in tranches, the transfer of funds will depend on the past and current performance of the municipalities in relation to the conditions of the grant in case funds for disaster recovery were allocated in the previous year
Allocation criteria	<ul style="list-style-type: none"> The grant is allocated based on approved post-disaster reconstruction and rehabilitation assessment reports Only post-disaster reconstruction and rehabilitation projects that have been submitted for verification assessments within a six month time frame following a disaster will be considered
Reason not incorporated in equitable share	<ul style="list-style-type: none"> This grant caters for recovery after unforeseen disasters
Past performance	<p>2016/17 audited financial outcomes</p> <ul style="list-style-type: none"> R140 million was allocated, and the R140 million (100 per cent of the allocation) was transferred to municipalities <p>2016/17 service delivery performance</p> <ul style="list-style-type: none"> Following disasters, the grant was provided for the repair and replacement of infrastructure in the following municipalities: <ul style="list-style-type: none"> Umzumbe Local Municipality: Repair roads and bridges eThekweni Metro: repair roads and bridges Alfred Duma Local Municipality: Repair storm water, roads, bridges and streetlights Umdoni Local Municipality: Repair of roads and storm water drainage Nkomazi Local Municipality: Repair of culverts Hessequa Local Municipality: Repair of storm water infrastructure, municipal infrastructure and roads
Projected life	<ul style="list-style-type: none"> The 2017 adjustment budget only allocated funds for the 2017/18 financial year. Allocations for future years will be considered through the budget process
MTEF allocations	<ul style="list-style-type: none"> 2017/18: R26 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of National Disaster Management Centre</p> <ul style="list-style-type: none"> Advise municipalities about the existence of the grant and its conditions Provide municipalities with a final post-disaster verification assessment report that includes a project list and projected costs for all infrastructure to be reconstructed or rehabilitated. This report must be provided through the relevant PDMC Monitor the implementation of projects together with the affected municipalities and provinces Make payments to municipalities in accordance with the approved payment schedule Transfer funds only when evidence on project performance and expenditure reports are submitted <p>Responsibilities of Provincial Disaster Management Centres</p> <ul style="list-style-type: none"> Advise municipalities about the existence of the grant and its conditions Assist municipalities with the rapid assessment reports to be submitted to the NDMC

Municipal Disaster Recovery Grant	
	<ul style="list-style-type: none"> • Provide support to municipalities with regard to the final post-disaster verification report • Ensure that the final post-disaster verification report is signed-off by both the accounting officer in the municipality and the provincial department • Provide a copy of the final post-disaster verification report to municipalities • Assist municipalities with business plans incorporating the implementation plan and disaster risk reduction measures for the proposed projects to prevent reoccurrence of disaster related damages in future • Conduct on-site visits to monitor and report on the implementation of projects and provide reports of progress to the NDMC • Provide financial and non-financial reports to the NDMC within 10 days after the end of each month. Photographs depicting the projects progress should be included as an annexure • Provide expenditure and project performance reports including evidence to the NDMC within 35 days after the end of the quarter in which funds are spent
	<p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Develop and submit business plans incorporating implementation plans and disaster risk reduction measures for the proposed projects to prevent reoccurrence of disaster related damages in future • Conduct on-site visits to monitor and evaluate the impact of projects and provide reports which include evidence to the NDMC through the relevant PDMC • Utilise the funds in line with the approved post-disaster verification assessment report • Provide financial and non-financial reports to the PDMC within five days of the end of each month. Photographs depicting the project progress should be included as an annexure • Provide financial and non-financial performance reports signed-off by the Municipal Manager to the PDMC within 30 days after the end of the quarter in which funds are spent
Process for approval of 2018/19 MTEF allocations	<ul style="list-style-type: none"> • Not applicable

ANNEXURE 4

SPECIFIC PURPOSE ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B): CURRENT GRANTS

(National and Municipal Financial Years)

ANNEXURE 4
SPECIFIC PURPOSE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B): CURRENT GRANTS

Category		Municipality		Municipal Demarcation Transition Grant		
				National and Municipal Financial Year		
				2017/18 Main Allocation	Adjustment	2017/18 Adjusted Allocation
		(R'000)	(R'000)	(R'000)		
KWAZULU-NATAL						
B	KZN212	uMdoni	4 566	3 714	8 280	
B	KZN213	uMzumbe				
B	KZN214	uMuziwabantu				
B	KZN216	Ray Nkonyeni	4 566	3 714	8 280	
C	DC21	Ugu District Municipality				
Total: Ugu Municipalities			9 132	7 428	16 560	
B	KZN235	Okhahlamba				
B	KZN237	iNkosi Langalibalele	4 566	3 717	8 283	
B	KZN238	Alfred Duma	4 566	3 714	8 280	
C	DC23	uThukela District Municipality				
Total: Uthukela Municipalities			9 132	7 431	16 563	
B	KZN271	uMhlabuyalingana				
B	KZN272	Jozini				
B	KZN275	Mtubatuba				
B	KZN276	Big Five Hlabisa	4 566	3 714	8 280	
C	DC27	Umkhanyakude District Municipality				
Total: Umkhanyakude Municipalities			4 566	3 714	8 280	
B	KZN281	uMfolozi				
B	KZN282	uMhlathuze	3 424	2 785	6 209	
B	KZN284	uMlalazi				
B	KZN285	Mthonjaneni	3 424	2 786	6 210	
B	KZN286	Nkandla				
C	DC28	Uthungulu District Municipality				
Total: Uthungulu Municipalities			6 848	5 571	12 419	
B	KZN433	Greater Kokstad				
B	KZN434	uBuhlebezwe				
B	KZN435	uMzimkhulu				
B	KZN436	Dr Nkosazana Dlamini Zuma	4 566	3 714	8 280	
C	DC43	Harry Gwala District Municipality				
Total: Sisonke Municipalities			4 566	3 714	8 280	
Total: KwaZulu-Natal Municipalities			34 244	27 858	62 102	
Unallocated						
National Total			111 856	27 858	139 714	

ANNEXURE 5

INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES (SCHEDULE 5, PART B)
(National and Municipal Financial Years)

ANNEXURE 5

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

Category		Municipality		Municipal Disaster Recovery Grant		
				National and Municipal Financial Year		
				2017/18 Main Allocation	Adjustment	2017/18 Adjusted Allocation
				(R'000)	(R'000)	(R'000)
GAUTENG						
B	GT481	Mogale City				
B	GT484	Merafong City		26 147		26 147
B	GT485	Rand West City				
C	DC48	West Rand District Municipality				
Total: West Rand Municipalities				26 147		26 147
Total: Gauteng Municipalities				26 147		26 147
Unallocated						
National Total				26 147		26 147

ANNEXURE 6

**ALLOCATIONS-IN-KIND TO MUNICIPALITIES (SCHEDULE 6, PART B)
(National and Municipal Financial Years)**

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

Category	Municipality	Water Services Infrastructure Grant			Regional Bulk Infrastructure Grant		
		National and Municipal Financial Year			National and Municipal Financial Year		
		2017/18 Main Allocation (R'000)	Adjustment (R'000)	2017/18 Adjusted Allocation (R'000)	2017/18 Main Allocation (R'000)	Adjustment (R'000)	2017/18 Adjusted Allocation (R'000)
EASTERN CAPE							
B	EC131	Inxuba Yethemba					
B	EC135	Intsika Yethu					
B	EC136	Emalahleni					
B	EC137	Engcobo					
B	EC138	Sakhisizwe					
B	EC139	Enoch Mgijima					
C	DC13	Chris Hani District Municipality				200 000	200 000
Total: Chris Hani Municipalities						200 000	200 000
Total: Eastern Cape Municipalities			10 000		10 000	313 368	513 368
FREE STATE							
B	FS161	Letsemeng					
B	FS162	Kopanong		944	944	3 000	3 000
B	FS163	Mohokare		2 179	2 179	1 685	1 685
C	DC16	Xhariep District Municipality					
Total: Xhariep Municipalities				3 123	3 123	4 685	4 685
B	FS181	Masilonyana		1 294	1 294	1 500	1 500
B	FS182	Tokoloko	13 500	16 489	29 989	55 240	55 240
B	FS183	Tswelopele				25 000	25 000
B	FS184	Matjhabeng		17 089	17 089	3 000	3 000
B	FS185	Nala				1 000	1 000
C	DC18	Lejweleputswa District Municipality					
Total: Lejweleputswa Municipalities			13 500	34 872	48 372	85 740	85 740
B	FS191	Setseto	31 000	43 139	74 139	167 299	167 299
B	FS192	Dihlabeng				15 000	15 000
B	FS193	Nketoana	20 000	44 333	64 333	68 006	68 006
B	FS194	Maluti-a-Phofung				30 000	30 000
B	FS195	Phumelela		3 257	3 257	43 500	43 500
B	FS196	Mantsopa				1 000	1 000
C	DC19	Thabo Mofutsanyana District Municipality					
Total: Thabo Mofutsanyana Municipalities			51 000	90 729	141 729	324 805	324 805
B	FS201	Moqhaka				20 000	20 000
B	FS203	Ngwathe		33 513	33 513	19 938	19 938
B	FS204	Metsimaholo				35 000	35 000
B	FS205	Mafube		74 547	74 547	35 069	35 069
C	DC20	Fezile Dabi District Municipality					
Total: Fezile Dabi Municipalities				108 060	108 060	110 007	110 007
Total: Free State Municipalities			64 500	236 784	301 284	618 378	618 378
NORTHERN CAPE							
B	NC061	Richtersveld					
B	NC062	Nama Khoi	3 700	749	4 449		
B	NC064	Kamiesberg					
B	NC065	Hantam					
B	NC066	Karoo Hoogland					
B	NC067	Khâi-Ma					
C	DC6	Namakwa District Municipality					
Total: Namakwa Municipalities			3 700	749	4 449		
B	NC071	Ubuntu	2 000	3 496	5 496		
B	NC072	Umsobomvu					
B	NC073	Emthanjeni	2 000	1 199	3 199		
B	NC074	Kareeberg					
B	NC075	Renosterberg	3 000	931	3 931		
B	NC076	Thembehle					
B	NC077	Siyathemba	2 000	1 294	3 294	7 621	7 621
B	NC078	Siyancuma	28 000	5 088	33 088	5 150	5 150
C	DC7	Pixley Ka Seme District Municipality					
Total: Pixley Ka Seme Municipalities			37 000	12 008	49 008	12 771	12 771
B	NC082	!Kai !Garib				800	800
B	NC084	!Kheis					
B	NC085	Tsantsabane	4 800	1 925	6 725		
B	NC086	Kgatelopele					
B	NC087	Dawid Kruiper	25 000	13 467	38 467	34 100	34 100
C	DC8	Z.F. Mgcawu District Municipality					
Total: Siyanda Municipalities			29 800	15 392	45 192	34 900	34 900
Total: Northern Cape Municipalities			70 500	28 149	98 649	72 136	72 136
National Total			587 122	264 933	852 055	2 773 539	2 973 539

APPENDIX 1

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

(National Financial Years)

APPENDIX 1

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

Health (Vote 16)	National Health Insurance Indirect Grant		
	National Financial Year		
	2017/18 Main Allocation	Adjustment	2017/18 Adjusted Allocation
Province/Components			
Total Per Province			
Eastern Cape	434 534	27 356	461 890
Free State	181 903	18 237	200 140
Gauteng	130 818	48 632	179 450
KwaZulu-Natal	115 271	34 043	149 313
Limpopo	186 260	21 884	208 144
Mpumalanga	78 253	19 453	97 706
Northern Cape	13 539	6 687	20 226
North West	41 578	13 374	54 952
Western Cape	44 968	10 334	55 302
Unallocated	435 914	(230 000)	205 914
Total	1 663 037	(30 000)	1 633 037
<i>of which:</i>			
Health Facility Revitalisation Grant Component			
Eastern Cape	346 187		346 187
Free State	132 699		132 699
Gauteng	33 157		33 157
KwaZulu-Natal			
Limpopo	132 803		132 803
Mpumalanga	34 224		34 224
Northern Cape			
North West			
Western Cape			
Unallocated	269 914	(230 000)	39 914
Total	948 984	(230 000)	718 984
Human Papillomavirus Vaccine Grant Component			
Eastern Cape	39 120		39 120
Free State	17 320		17 320
Gauteng	17 481		17 481
KwaZulu-Natal	56 002		56 002
Limpopo	13 760		13 760
Mpumalanga	10 055		10 055
Northern Cape	1 484		1 484
North West	18 731		18 731
Western Cape	26 047		26 047
Total	200 000		200 000
Health Professionals Contracting Component			
Eastern Cape	43 503	27 356	70 859
Free State	29 002	18 237	47 239
Gauteng	77 338	48 632	125 970
KwaZulu-Natal	54 137	34 043	88 180
Limpopo	34 802	21 884	56 686
Mpumalanga	30 935	19 453	50 388
Northern Cape	10 634	6 687	17 321
North West	21 268	13 374	34 642
Western Cape	16 434	10 334	26 768
Total	318 053	200 000	518 053
Information Systems Component			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Unallocated	166 000		166 000
Total	166 000		166 000
Ideal Clinics Component			
Eastern Cape	5 724		5 724
Free State	2 882		2 882
Gauteng	2 842		2 842
KwaZulu-Natal	5 132		5 132
Limpopo	4 895		4 895
Mpumalanga	3 039		3 039
Northern Cape	1 421		1 421
North West	1 579		1 579
Western Cape	2 487		2 487
Total	30 000		30 000

APPENDIX 2

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

(National Financial Years)

APPENDIX 2

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

Basic Education (Vote 14)	Schools Infrastructure Backlogs Grant		
	National Financial Year		
	2017/18 Main Allocation	Adjustment	2017/18 Adjusted Allocation
Province			
Eastern Cape	1 574 120	(415 000)	1 159 120
Free State	656 578		656 578
Gauteng			
KwaZulu-Natal	15 000		15 000
Limpopo	317 000		317 000
Mpumalanga	15 000		15 000
Northern Cape			
North West	17 000		17 000
Western Cape			
Total	2 594 698	(415 000)	2 179 698

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