

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. 42785 of 22 October 2019)
(The English text is the official text of the Bill)*

(MINISTER OF FINANCE)

[B 15—2019]

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BILL

To amend the Division of Revenue Act, 2019, in accordance with the Money Bills 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, 2019 (Act No. 16 of 2019), gives effect to section 214(1) of the Constitution in respect of the 2019/20 financial year;

AND WHEREAS section 12(4) of the Money Bills 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,

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

Amendments to Schedules 1, 4, 5 and 6 to Act 16 of 2019

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, 2019 (Act No. 16 of 2019) (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 2019/20 financial year. 5

(2) Column A of Part A of Schedule 4 to this Act is hereby substituted for Column A of Part A of Schedule 4 to the principal Act, specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets for the 2019/20 financial year. 10

(3) Part A of Schedule 5 to this Act is hereby substituted for Part A of Schedule 5 to the principal Act, specifying the specific-purpose allocations to provinces for the 2019/20 financial year. 15

(4) Column A of Part B of Schedule 5 to this Act is hereby substituted for Column A of Part B of Schedule 5 to the principal Act, specifying the specific-purpose allocations to municipalities for the 2019/20 financial year.

(5) Part A of Schedule 6 to this Act is hereby substituted for Part A of Schedule 6 to the principal Act, specifying the allocations-in-kind to provinces for designated special programmes for the 2019/20 financial year.

(6) Column A of Part B of Schedule 6 to this Act is hereby substituted for Column A of Part B of Schedule 6 to the principal Act, specifying the allocations-in-kind to municipalities for designated special programmes for the 2019/20 financial year. 5

Amendment of preamble to Act 16 of 2019

2. The preamble to the principal Act is hereby amended by the substitution for the expression “section 7(3)” of the expression “section 7(1)”.

Short title

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3. This Act is called the Division of Revenue Amendment Act, 2019.

SCHEDULE 1

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

Spheres of Government	Column A		
	2019/20 Main Allocation	Adjustment	2019/20 Adjusted Allocation
	R'000	R'000	R'000
National ^{1,2}	1 084 180 207	24 644 884	1 108 825 091
Provincial	505 553 753		505 553 753
Local	68 973 465		68 973 465
TOTAL	1 658 707 425	24 644 884	1 683 352 309

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

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

SCHEDULE 4, PART A

ALLOCATIONS TO PROVINCES TO SUPPLEMENT THE FUNDING OF PROGRAMMES OR FUNCTIONS FUNDED FROM PROVINCIAL BUDGETS

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2019/20 Main Allocation	Adjustment	2019/20 Adjusted Allocation
					R'000	R'000	R'000
Basic Education (Vote 14)	Education Infrastructure Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation; to enhance capacity to deliver infrastructure in education; to address damages to infrastructure; to address achievement of the targets set out in the minimum norms and standards for school infrastructure.	General conditional allocation to provinces	Eastern Cape	1 585 532		1 585 532
				Free State	833 485		833 485
				Gauteng	1 474 715		1 474 715
				KwaZulu-Natal	2 187 162		2 187 162
				Limpopo	1 050 160		1 050 160
				Mpumalanga	731 792		731 792
				Northern Cape	639 817		639 817
				North West	902 484		902 484
				Western Cape	1 109 331		1 109 331
				Unallocated			
	TOTAL			10 514 478		10 514 478	
Health (Vote 16)	(a) Health Professions Training and Development Grant	Support provinces to fund service costs associated with clinical training and supervision of health science trainees on the public service platform.	General conditional allocation to provinces	Eastern Cape	253 131		253 131
				Free State	185 430		185 430
				Gauteng	1 027 240		1 027 240
				KwaZulu-Natal	370 863		370 863
				Limpopo	147 168		147 168
				Mpumalanga	120 678		120 678
				Northern Cape	97 132		97 132
				North West	132 452		132 452
				Western Cape	606 334		606 334
					TOTAL		
	(b) National Tertiary Services Grant	Ensure provision of tertiary health services in South Africa; to compensate tertiary facilities for the additional costs associated with provision of these services.	Conditional allocation	Eastern Cape	995 438		995 438
				Free State	1 137 386		1 137 386
				Gauteng	4 724 843		4 724 843
				KwaZulu-Natal	1 895 149		1 895 149
				Limpopo	409 263		409 263
				Mpumalanga	122 993		122 993
				Northern Cape	378 323		378 323
				North West	300 482		300 482
				Western Cape	3 221 651		3 221 651
					TOTAL		

SCHEDULE 4, PART A

ALLOCATIONS TO PROVINCES TO SUPPLEMENT THE FUNDING OF PROGRAMMES OR FUNCTIONS FUNDED FROM PROVINCIAL BUDGETS

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A		
					2019/20 Main Allocation	Adjustment	2019/20 Adjusted Allocation
Transport (Vote 35)	(a) Provincial Roads Maintenance Grant	To supplement provincial investments for road infrastructure maintenance (routine, periodic and special maintenance); to ensure that all roads are classified as per the Road Infrastructure Strategic Framework for South Africa and the technical recommendations for highways, and the Road Classification and Access Management guidelines; to implement and maintain Road Asset Management Systems; to supplement provincial projects for the repair of roads and bridges damaged by unforeseen incidences including natural disasters; to improve the state of the road network serving electricity generation infrastructure; to improve road safety with a special focus on pedestrian safety in rural areas.	General conditional allocation to provinces	Eastern Cape	R'000	R'000	R'000
				Free State	1 483 539	60 733	1 544 272
				Gauteng	1 340 137		1 340 137
				KwaZulu-Natal	767 506		767 506
				Limpopo	1 882 781		1 882 781
				Mpumalanga	1 158 253		1 158 253
				Northern Cape	1 572 126		1 572 126
				North West	1 146 470		1 146 470
				Western Cape	990 802		990 802
				Unallocated	1 040 051		1 040 051
				TOTAL	11 381 665	60 733	11 442 398
	(b) Public Transport Operations Grant	To provide supplementary funding towards public transport services provided by provincial departments of transport.	Nationally assigned function to provinces	Eastern Cape	252 115		252 115
				Free State	278 735		278 735
				Gauteng	2 436 074		2 436 074
				KwaZulu-Natal	1 168 099		1 168 099
				Limpopo	376 790		376 790
				Mpumalanga	634 434		634 434
				Northern Cape	56 723		56 723
				North West	116 603		116 603
				Western Cape	1 006 182		1 006 182
				TOTAL	6 325 755		6 325 755

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A			Column B				
					2019/20 Main Allocation	Adjustment	2019/20 Adjusted Allocation	Forward Estimates				
					R'000	R'000	R'000	2020/21	2021/22			
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 involved in export; to revitalise agricultural colleges into centres of excellence.	Conditional allocation	Eastern Cape	244 101		244 101	265 946	287 800			
			Free State	168 373		168 373	183 441	198 516				
			Gauteng	91 306		91 306	99 476	107 650				
			KwaZulu-Natal	199 351		199 351	217 191	235 040				
			Limpopo	246 542		246 542	268 605	290 679				
			Mpumalanga	154 076		154 076	167 864	181 659				
			Northern Cape	119 458		119 458	130 149	140 844				
			North West	164 857		164 857	179 609	194 369				
			Western Cape	150 261		150 261	163 708	177 161				
			TOTAL	1 538 325		1 538 325	1 675 989	1 813 718				
				(b) Ilima/Leisema Projects Grant	To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production within strategically identified grain, livestock, horticulture and aquaculture production areas.	Conditional allocation	Eastern Cape	75 254	(8 627)	66 627	79 393	84 236
						Free State	70 586	(3 482)	67 104	74 468	79 011	
						Gauteng	31 974	(1 651)	30 323	33 753	35 791	
KwaZulu-Natal	75 253	(3 451)				71 802	79 392	84 234				
Limpopo	75 254	(6 151)				69 103	79 393	84 235				
Mpumalanga	61 504	(5 251)				56 253	64 887	68 845				
Northern Cape	64 169	(2 777)				61 392	67 698	71 828				
North West	70 586	(4 577)				66 009	74 468	79 011				
Western Cape	58 779	(9 301)				49 478	62 012	65 795				
TOTAL	583 359	(45 268)				538 091	615 444	652 986				
	(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	11 063		11 063	11 671	12 313
						Free State	8 415		8 415	8 878	9 366	
						Gauteng	5 675		5 675	5 987	6 316	
			KwaZulu-Natal	12 418		12 418	13 101	13 822				
			Limpopo	12 863		12 863	13 570	14 316				
			Mpumalanga	9 141		9 141	9 644	10 174				
			Northern Cape	8 166		8 166	8 615	9 089				
			North West	9 238		9 238	9 746	10 282				
			Western Cape	5 255		5 255	5 545	5 851				
			TOTAL	82 234		82 234	86 757	91 529				

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A			Column B	
					2019/20 Main Allocation	Adjustment	2019/20 Adjusted Allocation	Forward Estimates 2020/21	Forward Estimates 2021/22
Arts and Culture (Vote 37)	Community Library Services Grant	To transform urban and rural community library 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	R'000	R'000	R'000	R'000	R'000
				Free State	169 824	169 824	169 824	179 156	190 114
				Gauteng	168 691	168 691	168 691	177 982	188 875
				KwaZulu-Natal	167 784	167 784	167 784	177 681	188 003
				Limpopo	184 417	184 417	184 417	194 572	206 377
				Mpumalanga	144 314	144 314	144 314	151 500	160 305
				Northern Cape	166 389	166 389	166 389	175 910	185 860
				North West	168 750	168 750	168 750	178 062	188 959
				Western Cape	144 267	144 267	144 267	152 233	161 709
					186 763	186 763	186 763	197 026	208 966
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 supporting the provision of employee health and wellness programmes for educators; to mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment for learners and educators; to reduce the vulnerability of children to HIV, TB and sexually transmitted infections, with a particular focus on orphaned children and girls.	Conditional allocation	TOTAL	R'000	R'000	R'000	R'000	R'000
				Eastern Cape	45 455	45 455	45 455	47 878	50 511
				Free State	14 148	14 148	14 148	14 853	15 670
				Gauteng	37 907	37 907	37 907	39 869	42 062
				KwaZulu-Natal	62 155	62 155	62 155	65 450	69 050
				Limpopo	29 124	29 124	29 124	31 137	32 849
				Mpumalanga	21 919	21 919	21 919	22 994	24 259
				Northern Cape	5 594	5 594	5 594	5 794	6 113
				North West	18 849	18 849	18 849	19 791	20 879
				Western Cape	21 800	21 800	21 800	22 878	24 136
	256 951	256 951	256 951	270 644	285 529				
	(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	TOTAL	R'000	R'000	R'000	R'000	R'000
				Eastern Cape	25 182	25 182	25 182	27 768	29 295
				Free State	25 369	25 369	25 369	27 670	29 192
				Gauteng	31 259	31 259	31 259	33 715	35 569
				KwaZulu-Natal	32 279	32 279	32 279	34 586	36 488
				Limpopo	26 839	26 839	26 839	28 932	30 523
				Mpumalanga	26 094	26 094	26 094	29 020	30 616
				Northern Cape	11 298	11 298	11 298	13 260	13 990
				North West	16 267	16 267	16 267	18 414	19 427
				Western Cape	26 198	26 198	26 198	29 499	31 122
	220 785	220 785	220 785	242 864	256 222				

SCHEDULE 5, PART A

SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A			Column B					
					2019/20 Main Allocation	Adjustment	2019/20 Adjusted Allocation	Forward Estimates					
					R'000	R'000	R'000	2020/21	2021/22				
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 Mathematics, Science and Technology teaching and learning at selected public schools.	Conditional allocation	Eastern Cape	49 434		49 434	51 875	54 698				
				Free State	36 277		36 277	38 714	40 879				
				Gauteng	56 042		56 042	58 483	61 638				
				KwaZulu-Natal	64 638		64 638	67 079	70 663				
				Limpopo	45 802		45 802	48 239	50 880				
				Mpumalanga	40 354		40 354	42 794	45 164				
				Northern Cape	25 948		25 948	28 388	30 038				
				North West	38 391		38 391	40 831	43 101				
				Western Cape	34 416		34 416	36 856	38 927				
				TOTAL	391 302		391 302	413 259	435 988				
				Health (Vote 16)	(d) National School Nutrition Programme Grant	To provide nutritious meals to targeted schools.	Conditional allocation	Eastern Cape	1 278 635		1 278 635	1 348 960	1 423 153
								Free State	400 727		400 727	422 767	446 019
								Gauteng	849 075		849 075	895 774	945 042
KwaZulu-Natal	1 621 291		1 621 291					1 710 462	1 804 538				
Limpopo	1 292 011		1 292 011					1 363 072	1 438 041				
Mpumalanga	687 691		687 691					725 514	765 417				
Northern Cape	189 224		189 224					199 632	210 611				
North West	481 859		481 859					508 361	536 321				
Western Cape	385 202		385 202					406 388	428 739				
Unallocated								114 971	167 470				
TOTAL	7 185 715		7 185 715					7 695 901	8 165 351				
Health (Vote 16)	(e) HIV, TB, Malaria and Community Outreach Grant	To enable the health sector to develop and implement an effective response to HIV and AIDS; to enable the health sector to develop and implement an effective response to TB; to ensure provision of quality community outreach services through Ward Based Primary Health Care Outreach Teams; to improve efficiencies of the Ward Based Primary Health Care Outreach Team programme by harmonising and standardising services and strengthening performance monitoring; prevention and protection of health workers from exposure to hazards in the work place; to enable the health sector to develop and implement an effective response to support the effective implementation of the Malaria Elimination Strategic Plan 2019-2023.	Conditional allocation					Eastern Cape	2 397 703		2 397 703	2 657 743	2 972 861
								Free State	1 331 235		1 331 235	1 474 491	1 666 204
				Gauteng	4 766 734		4 766 734	5 279 737	5 978 288				
				KwaZulu-Natal	5 840 629		5 840 629	6 470 140	7 300 479				
				Limpopo	1 947 302		1 947 302	2 167 956	2 525 491				
				Mpumalanga	1 998 197		1 998 197	2 207 510	2 532 610				
				Northern Cape	596 276		596 276	657 409	761 747				
				North West	1 475 402		1 475 402	1 629 389	1 896 374				
				Western Cape	1 685 517		1 685 517	1 864 096	2 118 533				
				TOTAL	22 038 995		22 038 995	24 408 471	27 752 587				

SCHEDULE 5, PART A
SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A			Column B	
					2019/20 Main Allocation	Adjustment	2019/20 Adjusted Allocation	Forward Estimates	
					R'000	R'000	R'000	2020/21	2021/22
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; to accelerate the fulfilment of the requirements of occupational health and safety.	Conditional allocation	Eastern Cape	784 988		784 988	610 773	658 646
				Free State	498 713		498 713	527 985	569 368
				Gauteng	859 028		859 028	909 450	980 733
				KwaZulu-Natal	1 353 497		1 353 497	1 212 653	1 307 702
				Limpopo	457 951		457 951	484 830	522 832
				Mpumalanga	344 915		344 915	365 162	393 783
				Northern Cape	386 706		386 706	409 404	441 495
				North West	508 549		508 549	538 398	580 598
				Western Cape	812 626		812 626	640 033	690 199
				Unallocated				660 869	712 668
	TOTAL			6 006 973		6 006 973	6 359 557	6 858 024	
	(c) Human Papillomavirus Vaccine Grant	To enable the health sector to prevent cervical cancer by making available Human Papillomavirus Vaccination for grade four and five school girls in all public and special schools.	Conditional allocation	Eastern Cape	35 345	(2 940)	32 405	37 289	39 340
				Free State	12 258	(3 134)	9 124	12 932	13 643
				Gauteng	28 841	(9 116)	19 725	30 427	32 100
				KwaZulu-Natal	47 495	(15 192)	32 303	50 108	52 864
				Limpopo	29 009	(7 417)	21 592	30 604	32 287
				Mpumalanga	18 654	(6 076)	12 578	19 680	20 762
				Northern Cape	4 894	(1 251)	3 643	5 164	5 449
				North West	14 007	(3 581)	10 426	14 777	15 590
				Western Cape	20 697	(5 293)	15 404	21 835	23 036
					TOTAL			211 200	(54 000)
	(d) Human Resources Capacitation Grant	To enable the health sector to address deficiencies in human resources towards phasing-in of National Health Insurance.	Conditional allocation	Eastern Cape	58 253	37 155	95 408	62 097	66 072
				Free State	28 188	14 222	42 410	30 049	31 972
				Gauteng	135 235	88 057	223 292	144 161	153 387
				KwaZulu-Natal	122 316	69 414	191 730	130 388	138 734
				Limpopo	43 258	31 289	74 547	46 113	49 064
				Mpumalanga	41 562	18 681	60 243	44 305	47 140
				Northern Cape	11 606	9 825	21 431	12 372	13 164
				North West	29 994	5 190	35 184	31 974	34 020
				Western Cape	135 284	26 167	161 451	144 213	153 442
				Unallocated				417 411	440 232
	TOTAL			605 696	300 000	905 696	1 063 083	1 127 227	

SCHEDULE 5, PART A
SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A			Column B					
					2019/20 Main Allocation R'000	Adjustment R'000	2019/20 Adjusted Allocation R'000	Forward Estimates 2020/21 R'000	Forward Estimates 2021/22 R'000				
Health (Vote 16)	(c) National Health Insurance Grant	To create an alternative track to improve spending, performance as well as monitoring and evaluation on infrastructure in preparation for National Health Insurance; to enhance capacity and capability to deliver infrastructure for National Health Insurance; to accelerate the fulfilment of the requirements of occupational health and safety; to expand the alternative models for the dispensing and distribution of chronic medication; to develop and roll out new health information systems in preparation for National Health Insurance; to enable the health sector to address the deficiencies in primary health care facilities systematically and to yield fast results through the implementation of the Ideal Clinic programme; to expand the healthcare service benefits through the strategic purchasing of services from healthcare providers.	Conditional allocation	Eastern Cape	45 333	45 333	45 333						
				Free State	21 530	21 530	21 530						
				Gauteng	53 758	53 758	53 758						
				KwaZulu-Natal	55 376	55 376	55 376						
				Limpopo	32 115	32 115	32 115						
				Mpumalanga	21 136	21 136	21 136						
				Northern Cape	19 306	19 306	19 306						
				North West	21 224	21 224	21 224						
				Western Cape	19 510	19 510	19 510						
				Unallocated									
				TOTAL	289 288	289 288	289 288						
				Human Settlements (Vote 38)	(a) Human Settlements Development Grant	To provide funding for the progressive realisation of access to adequate housing through the creation of sustainable and integrated human settlements; to provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements.	Conditional allocation	Eastern Cape	1 960 278	1 960 278	1 960 278	1 634 932	1 631 302
								Free State	1 093 166	1 093 166	1 093 166	917 011	908 030
Gauteng	5 164 409	5 164 409	5 164 409					4 319 346	4 293 873				
KwaZulu-Natal	3 485 407	3 485 407	3 485 407					3 100 921	2 694 924				
Limpopo	1 301 677	1 301 677	1 301 677					1 098 807	1 079 035				
Mpumalanga	1 296 059	1 296 059	1 296 059					1 091 658	1 075 145				
Northern Cape	470 262	470 262	470 262					403 061	387 887				
North West	1 934 947	1 934 947	1 934 947					1 641 426	1 601 428				
Western Cape	2 073 610	2 073 610	2 073 610					1 729 455	1 725 616				
TOTAL	18 779 815	18 779 815	18 779 815					15 936 617	15 397 240				
(b) Informal Settlements Upgrading Partnership Grant: Provinces	To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements.	Conditional allocation	Eastern Cape							335 216	480 476		
			Free State							176 745	253 334		
			Gauteng							859 829	1 232 421		
			KwaZulu-Natal			553 779	793 750						
			Limpopo			197 160	282 596						
			Mpumalanga			200 956	288 037						
			Northern Cape			59 464	85 232						
North West			277 541	397 808									
Western Cape			354 596	508 255									
TOTAL				3 015 286	4 321 909								

SCHEDULE 5, PART A
SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A			Column B	
					2019/20 Main Allocation R'000	2019/20 Adjusted Allocation R'000	Forward Estimates 2020/21 R'000	Forward Estimates 2021/22 R'000	
Human Settlements (Vote 38)	(c) Title Deeds Restoration Grant	To provide funding for the eradication of the pre-2014 title deeds registration backlog.	Conditional allocation	Eastern Cape	60 904	60 904	64 254		
				Free State	32 095	32 095	33 860		
				Gauteng	156 204	156 204	164 795		
				KwaZulu-Natal	100 612	100 612	106 146		
				Limpopo	35 820	35 820	37 790		
				Mpumalanga	36 477	36 477	38 483		
				Northern Cape	10 790	10 790	11 383		
				North West	50 388	50 388	53 160		
				Western Cape	64 410	64 410	67 952		
				TOTAL	547 700	547 700	577 823		
Public Works (Vote 11)	(d) 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	106 862	106 862			
				Free State	31 203	31 203			
				Gauteng	51 518	51 518			
				KwaZulu-Natal	120 173	120 173			
				Limpopo	29 428	29 428			
				Mpumalanga	27 249	27 249			
				Northern Cape	20 321	20 321			
				North West	21 944	21 944			
				Western Cape	28 690	28 690			
				TOTAL	437 388	437 388	462 376	488 789	
Public Works (Vote 11)	(e) Social Sector Expanded Public Works Programme Incentive Grant for Provinces	To incentivise provincial social sector departments, identified in the 2018 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.	Conditional allocation	Eastern Cape	50 363	50 363			
				Free State	41 821	41 821			
				Gauteng	53 346	53 346			
				KwaZulu-Natal	90 179	90 179			
				Limpopo	61 684	61 684			
				Mpumalanga	39 308	39 308			
				Northern Cape	25 196	25 196			
				North West	29 912	29 912			
				Western Cape	38 984	38 984			
				TOTAL	430 793	430 793	454 487	479 484	

SCHEDULE 5, PART A
SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES

Vote	Name of allocation	Purpose	Type of allocation	Province	Column A			Column B	
					2019/20 Main Allocation R'000	Adjustment R'000	2019/20 Adjusted Allocation R'000	Forward Estimates 2020/21 R'000	Forward Estimates 2021/22 R'000
Social Development (Vote 17)	Early Childhood Development Grant	To increase the number of poor children accessing subsidised early childhood development services through partial care facilities; to support early childhood development providers delivering an early childhood development programme to meet basic health and safety requirements for registration; to pilot the construction of new low cost early childhood development centres.	Conditional allocation	Eastern Cape	85 397		85 397	91 117	96 129
				Free State	25 477		25 477	27 186	28 681
				Gauteng	68 097		68 097	72 658	76 655
				KwaZulu-Natal	116 035		116 035	123 807	130 616
				Limpopo	68 992		68 992	73 616	77 665
				Mpumalanga	44 351		44 351	47 323	49 926
				Northern Cape	14 199		14 199	15 152	15 985
				North West	55 201		55 201	58 899	62 137
				Western Cape	40 479		40 479	43 191	45 567
				TOTAL	518 228		518 228	552 949	583 361
				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	70 037
Free State	100 839		100 839					105 883	111 232
Gauteng	92 223		92 223					98 537	104 826
KwaZulu-Natal	104 673		104 673					111 186	118 297
Limpopo	71 489		71 489					75 451	79 651
Mpumalanga	48 791		48 791					51 210	53 776
Northern Cape	32 086		32 086					32 883	33 727
North West	43 814		43 814					45 850	48 009
Western Cape	56 064		56 064					59 044	62 205
TOTAL	620 016		620 016					653 932	689 898

SCHEDULE 5, PART B

SPECIFIC-PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A	
			2019/20 Main Allocation R'000	2019/20 Adjusted R'000
RECURRENT GRANTS				
Cooperative Governance and Traditional Affairs (Vote 4)	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.		
National Treasury (Vote 7)	(a) Infrastructure Skills Development Grant (b) Local Government Financial Management Grant	To recruit unemployed graduates into municipalities to be trained and professionally registered, as per the requirements of the relevant statutory councils within the built environment. To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.	149 416 532 822	149 416 532 822
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 buildings; low 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.	730 046	730 046
	TOTAL		1 412 284	1 412 284

SCHEDULE 5, PART B
SPECIFIC-PURPOSE ALLOCATIONS TO MUNICIPALITIES

Vote	Name of allocation	Purpose	Column A		
			2019/20 Main Allocation R'000	Adjustment R'000	
			2019/20 Adjusted R'000		
INFRASTRUCTURE GRANTS					
Cooperative Governance and Traditional Affairs (Vote 4)	(a) Integrated Urban Development Grant	To provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for public investment in economic infrastructure; to ensure that public investments are spatially aligned and to promote the sound management of the assets delivered.	856 895		856 895
	(b) Municipal Disaster Recovery Grant	To reconstruct and rehabilitate municipal infrastructure damaged by a disaster.	193 953	(60 733)	133 220
	(c) Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.	14 816 103		14 816 103
Energy (Vote 26)	(a) 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.	227 065		227 065
	(b) Integrated National Electrification Programme Grant (Municipal)	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 informal settlements, new, and existing dwellings) and the installation of relevant bulk infrastructure.	1 863 328		1 863 328
Human Settlements (Vote 38)	Informal Settlements Upgrading Partnership Grant: Municipalities	To provide funding to facilitate a programmatic, inclusive and municipal-wide approach to upgrading of informal settlements.			
National Treasury (Vote 7)	Neighbourhood Development Partnership Grant (Capital)	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.	621 172	(19 500)	601 672
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.	6 468 248		6 468 248
	(b) Rural Roads Asset Management Systems Grant	To assist district municipalities to set up rural Roads Asset Management Systems, and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.	113 891		113 891
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 enhance the sustainability of services especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development, support municipalities in implementing water conservation and water demand management projects; support the closeout of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in affected municipalities.	3 669 319		3 669 319
	(b) Regional Bulk Infrastructure Grant	To develop new, refurbish, upgrade and replace ageing bulk water and sanitation 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 implement bulk infrastructure with a potential of addressing 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.	2 066 360		2 066 360
TOTAL			30 896 334	(80 233)	30 816 101

SCHEDULE 6, PART A

ALLOCATIONS-IN-KIND TO PROVINCES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A		Column B		
			2019/20 Main Allocation R'000	Adjustment R'000	2019/20 Adjusted R'000	Forward Estimates 2020/21 R'000	2021/22 R'000
Agriculture, Forestry and Fisheries (Vote 24)	Ilima/Leisema Indirect Grant	To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production within strategically identified grain, livestock, horticulture and aquaculture production areas.		45 268	45 268		
Basic Education (Vote 14)	School Infrastructure Backlogs Grant	Eradication of all inappropriate school infrastructure; provision of water, sanitation and electricity to schools.	2 027 048	(40 000)	1 987 048	1 769 036	2 338 937
Health (Vote 16)	National Health Insurance Indirect Grant	To create an alternative track to improve spending, performance as well as monitoring and evaluation on infrastructure in preparation for National Health Insurance; to enhance capacity and capability to deliver infrastructure for National Health Insurance; to accelerate the fulfilment of the requirements of occupational health and safety, to expand the alternative models for the dispensing and distribution of chronic medication; to develop and roll out new health information systems in preparation for National Health Insurance; to enable the health sector to address the deficiencies in primary health care facilities systematically and to yield first results through the implementation of the Ideal Clinic programme; to expand the healthcare service benefits through the strategic purchasing of services from healthcare providers.	2 533 699	(624 988)	1 908 711	3 210 816	3 336 014
TOTAL			4 560 747	(619 720)	3 941 027	4 979 852	5 674 951

SCHEDULE 6, PART B

ALLOCATIONS-IN-KIND TO MUNICIPALITIES FOR DESIGNATED SPECIAL PROGRAMMES

Vote	Name of allocation	Purpose	Column A		
			2019/20 Main Allocation R'000	2019/20 Adjusted R'000	
Cooperative Governance and Traditional Affairs (Vote 4)	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.	121 562	(10 500)	111 062
	Energy (Vote 26)	Integrated National Electrification Programme Grant (Eskom)	3 374 053	(250 000)	3 124 053
National Treasury (Vote 7)	Neighbourhood Development Partnership Grant (Technical Assistance)	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.	30 997	19 500	50 497
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 enhance the sustainability of services especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the closeout of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in affected municipalities.	644 085		644 085
	(b) Regional Bulk Infrastructure Grant	To develop new, refurbish, upgrade and replace ageing bulk water and sanitation 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 implement bulk infrastructure with a potential of addressing 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.	3 037 523	56 927	3 094 450
TOTAL			7 208 220	(184 073)	7 024 147

MEMORANDUM ON THE OBJECTS OF THE DIVISION OF REVENUE AMENDMENT BILL, 2019

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 and Related Matters Act, 2009 (Act No. 9 of 2009), requires the Minister of Finance (“the Minister”) 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, 2019 (Act No. 16 of 2019) (“the DoRA”), for the relevant financial year. As the adjustments budget for 2019/20 effects changes to the DoRA, it is necessary for the Division of Revenue Amendment Bill, 2019 (“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 and Related Matters Act, 2009.

2. SUMMARY OF BILL

- 2.1 Clause 1 of the Bill proposes amendments to Schedules 1, 4, 5 and 6 to the DoRA.
- 2.2 The Schedules to the Bill address the following:
 - (a) Adjusting the equitable share among the three spheres of government for the 2019/20 financial year;
 - (b) changes to supplementary allocations to provinces for the 2019/20 financial year;
 - (c) changes to specific-purpose allocations to provinces for the 2019/20 financial year;
 - (d) changes to specific-purpose allocations to municipalities for the 2019/20 financial year;
 - (e) introduction of a new grant for the 2019/20 financial year;
 - (f) changes to allocations-in-kind to provinces for designated special programmes for the 2019/20 financial year; and
 - (g) changes to allocations-in-kind to municipalities for designated special programmes for the 2019/20 financial year.
- 2.3 Clause 2 of the Bill proposes an amendment of the preamble to the DoRA by the substitution for the expression “section 7(3)” of the expression “section 7(1)” to accord with section 7 of the Money Bills and Related Matters Act, 2009.
- 2.4 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 departments and provincial treasuries.

4. FINANCIAL IMPLICATIONS TO THE STATE

The Bill is necessitated by the proposed national adjustment budget for the 2019/20 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

The Bill, in conjunction with the DoRA, seeks to give effect to section 214 of the Constitution.

6. PARLIAMENTARY PROCEDURE

- 6.1 The Constitution prescribes the classification of Bills. Therefore a Bill must be correctly classified otherwise it will be constitutionally out of order.
- 6.2 The State Law Advisers and the National Treasury have considered the Bill against the provisions of the Constitution relating to the tagging of Bills, and against the functional areas listed in Schedule 4 (functional areas of concurrent national and provincial legislative competence) and Schedule 5 (functional areas of exclusive provincial legislative competence) to the Constitution.
- 6.3 For the purposes of tagging, the constitutional court case of *Tongoane and Others v Minister for Agriculture and Land Affairs and Others CCT 100/09 [2010] ZACC 10*, confirmed the “substantial measure” test indicated in *Ex Parte President of the Republic of South Africa: In re Constitutionality of the Liquor Bill*. The test entailed that “any Bill whose provisions in substantial measure” fall within a specific Schedule must be classified in terms of that Schedule.
- 6.4 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 (2) if it falls within a functional area listed in Schedule 4 to the Constitution. Furthermore, in terms of section 76(4)(b) of the Constitution, a Bill must be dealt with in accordance with the procedure established by section 76(1) of the Constitution, if it provides for legislation envisaged in Chapter 13 of the Constitution and includes provisions affecting the financial interests of the provincial sphere of government.
- 6.5 The issue that needs to be determined is whether the proposed amendments as contained in the Bill, in substantial measure, fall within a functional area listed in Schedule 4 to the Constitution, or whether the proposed amendments fall under section 76(4)(b) of the Constitution.
- 6.6 The Bill seeks to amend the DoRA in accordance with section 12(4) of the Money Bills and Related Matters Act, 2009, which provides that the Minister 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.
- 6.7 The Bill contains a revised fiscal framework with an adjustments budget that effects changes to the DoRA, for the 2019/20 financial year. The Bill addresses the following matters:
 - Adjusting the equitable share among the three spheres of government for the 2019/20 financial year;
 - changes to supplementary allocations to provinces for the 2019/20 financial year;
 - changes to specific-purpose allocations to provinces for the 2019/20 financial year;

- changes to specific-purpose allocations to municipalities for the 2019/20 financial year;
- introduction of a new grant for the 2019/20 financial year;
- changes to allocations-in-kind to provinces for designated special programmes for the 2019/20 financial year; and
- changes to allocations-in-kind to municipalities for designated special programmes for the 2019/20 financial year.

- 6.8 The provisions of the Bill have been carefully examined, and in our view, they amount to 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 prescribed by section 76(1) of the Constitution.
- 6.9 The State Law Advisers and the National Treasury are of the opinion that it is not necessary to refer the 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

■ 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, 2019, (“the Bill”) fulfils the requirement set out in section 12(4) of the Money Bills 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, 2019, (Act 16 of 2019) 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, 2019, 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, 2019. The changes are submitted to parliament for consideration as envisaged in sections 16(2) and 16(4) of the Division of Revenue Act, 2019.

The Division of Revenue Amendment Bill, 2019, 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 2019 Division of Revenue Bill outlined in detail how these considerations were taken into account in the 2019 Division of Revenue. None of the adjustments in this Bill alter the constitutional considerations that informed the 2019 Division of Revenue.

Part 2: Summary of changes in the Division of Revenue Amendment Bill, 2019

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 2019 Budget that affect the Division of Revenue Act, 2019 which will be effected through the Division of Revenue Amendment Act, 2019, once enacted. The amendments as they impact on provinces and municipalities are discussed in detail below.

Changes to provincial allocations

Shifting allocations to support disaster recovery

To provide for the repair of provincial roads damaged by floods in 2017, funds that were allocated to Joe Gqabi District Municipality are shifted from the *municipal disaster recovery grant* to ring-fenced funds in the *provincial roads maintenance grant*. R60.7 million is shifted to the Eastern Cape from Joe Gqabi District Municipality. The funds will still fund the repair of roads in Joe Gqabi District Municipality. These changes are shown in Schedule 4, Part A and Schedule 5, Part B of this Bill.

Creation of new ilima/letsema indirect grant

To provide for funding of the National Food and Nutrition Survey that is aimed at setting a baseline for poverty and vulnerability that can be used for food security forecasting, R45.3 million is shifted from the direct *ilima/letsema grant* to a newly created *ilima/letsema indirect grant* (this grant is introduced in the 2019 Division of Revenue Amendment Bill). These amounts were originally ring-fenced in the direct grant for the survey to be undertaken by the Human Science Research Council (HSRC). This change will allow the funds to be transferred to the HSRC by the national department, rather than via the nine provincial departments. These changes are shown in Schedule 5, Part A and Schedule 6, Part A of this Bill.

Reprioritisations to the human resource capacitation grant and correction of grant purpose

In response to the shortage of funding for the carry-through costs of posts filled in the health sector in 2018/19, the *human resource capacitation grant* is increased by R300 million. This is funded through reprioritisations that include R115 million from the *national health insurance indirect grant: non-personal services component*, R40 million from the *national health insurance indirect grant: personal services component* and R43 million from the *human papillomavirus vaccine grant*. The reduction to the *human papillomavirus vaccine grant* is possible because the target group for vaccination will change from grade 4 to grade 5 girls, starting from the 2020 school year and most of the 2020 grade 5 cohort will have been vaccinated in 2019. There is also a declared saving of R11 million on the *human papillomavirus vaccine grant* as the grant will realise savings in the last three months of 2019/20. Funds are also reprioritised from the vote of the national Department of Health to the *human resource capacitation grant*.

The purpose of this grant included in the schedules is corrected. The purpose included in the Division of Revenue Act, 2019 was, “To expand the healthcare service benefits through the strategic purchasing of

services from healthcare providers.” This purpose did not speak to what the grant is intended to fund, which is the filling of posts on the establishment of provincial health departments. The corrected purpose in the schedules of the Division of Revenue Amendment Bill, 2019 reads, “To enable the health sector to address deficiencies in human resources towards phasing-in of National Health Insurance.” These changes are shown in Schedule 5, Part A and Schedule 6, Part A of this Bill.

Reprioritisation from the national health insurance indirect grant

R289.3 is shifted from the *national health insurance indirect grant: personal services component* to the direct *national health insurance grant* for health professionals contracting. These professionals are already contracted by provinces and this shift will allow provinces to make payments directly, rather than claiming reimbursements from the national department. These changes are shown in Schedule 5, Part A and Schedule 6, Part A of this Bill.

Roll-over of funds for the national health insurance indirect grant

R89.3 million is rolled-over for the *national health insurance indirect grant: health facility revitalisation component*. These funds will be used for settling payments to service providers for medical equipment procured for hospitals in Limpopo. These changes are shown in Schedule 6, Part A of this Bill.

Reductions to indirect grants

To stay within the expenditure ceiling, reductions are made to indirect allocations, resulting in a reduction of R40 million from the *school infrastructure backlogs grant*; a reduction of R230 million from the *national health insurance indirect grant: personal services component*; a reduction of R10 million from the *national health insurance indirect grant: non-personal services component*; and a reduction of R30 million from the *national health insurance indirect grant: health facility revitalisation component*. These changes are shown in Schedule 6, Part A of this Bill.

Changes to local government allocations

Conversion of neighbourhood development partnership grant funds from Schedule 5, Part B (direct) to Schedule 6, Part B (indirect)

R19.5 million is converted from *neighbourhood development partnership grant* direct component to the *neighbourhood development partnership grant* indirect component. This is to ensure completion of road widening and upgrades in West Rand District Municipality and road upgrades in Emfuleni Local Municipality for projects approved in 2017. R12 million is being converted for West Rand District Municipality and R7.5 million for Emfuleni Local Municipality. These changes are shown in Schedule 5, Part B (direct) and Schedule 6, Part B (indirect) of the Bill.

Roll-over of funds for the regional bulk infrastructure grant

R241.9 million is rolled over for the indirect *regional bulk infrastructure grant*. These funds will be used for the emergency Vaal River System (VRS) pollution remediation intervention in Emfuleni Local Municipality. These changes are shown in Schedule 6, Part B of this Bill.

Reductions to indirect grants

To stay within the expenditure ceiling, reductions are made to indirect allocations, resulting in a reduction of R10.5 million from *municipal systems improvement grant*; a reduction of R185 million from the indirect *regional bulk infrastructure grant*; and a reduction of R250 million from the *integrated national electrification programme (Eskom) grant*. These changes are shown in Schedule 6, Part B of this Bill.

Part 3: Changes to gazetted frameworks and allocations

Together with the tabling of the Division of Revenue Amendment Bill, 2019, National Treasury also submits to parliament proposed changes to gazetted conditional grant frameworks and allocations. Section 16(4) of the Division of Revenue Act, 2019, 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, 2019.

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, 2019. 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, 2019. Proposed changes to gazetted allocation appendixes that provide further details of grant allocations are also included here.

Additional component in the ilima/letsema grant

The grant framework for the *ilima/letsema grant* is amended to include conditions for an indirect component. This is to allow the national Department of Agriculture Forestry and Fisheries to make payments directly to the HSRC to undertake the National Food and Nutrition Survey using funds that were ring-fenced in the direct grant for the survey.

School infrastructure backlogs grant

The grant framework for the *school infrastructure backlogs grant* is amended to reflect an increase in the number of schools provided with improved sanitation (from 195 to 717 schools) and water (from 177 to 227 schools). This is the result of R700 million being added to this grant in 2019/20 from the *education infrastructure grant* to cater for the Sanitation Appropriate for Education (SAFE) infrastructure. The performance targets for the grant were not updated to account for this additional funding when the framework was tabled in February 2019.

Direct national health insurance grant

A new grant framework for the direct *national health insurance grant* will be gazetted for 2019/20. This grant framework did not form part of the Division of Revenue Act, 2019, but is introduced as a result of the shifts in funds for health professionals contracting. This will allow provinces to make direct payments for health professionals already contracted by provinces rather than claiming reimbursements from the national department.

Human papillomavirus vaccine grant

The grant framework for the *human papillomavirus vaccine grant* is amended to include vaccination of grade 5 school girls (previously only the vaccination of grade 4 girls was provided for).

Human resources capacitation grant

The grant framework for the *human resources capacitation grant* is corrected to rectify the grant purpose and outcome statement to be in line with the intended functions of the grant. Moreover, a condition for the procurement of statutory posts is corrected to allow for the grant to be used to fund non-statutory posts, if those posts were filled in 2018/19. When the grant was introduced in the 2018/19 adjustments budget, non-statutory posts were not explicitly excluded from being funded. But in the 2019/20 framework this is only allowed if requirements set out in the grant framework have been met, and National Treasury grants approval. This correction allows the grant to pay for the carry-through costs of posts already funded from the grant in the previous financial year, without requiring approval from National Treasury.

National health insurance indirect grant: health facility revitalisation component

The grant framework for the *national health insurance indirect grant: health facility revitalisation component* is amended to allow for the payment for linen and beds that were procured under the discontinued *beds and laundry services component* that was introduced in 2018/19. This allows for the completion of outstanding projects from 2018/19.

Provincial roads maintenance grant

The grant framework for the *provincial roads maintenance grant* is amended to ring-fence the R60.7 million added to the grant for the repair of flood damaged roads in the Joe Gqabi District Municipality in the Eastern Cape.

Integrated urban development grant

The grant framework for the *integrated urban development grant* is amended to rephrase a condition for the transfer of the second tranche to align the requirements of the spending on the first tranche with the payment schedule. The condition “the second transfer will only be released to municipalities that have spent at least 50 per cent of their transferred funds by the end of the second quarter” is replaced with “the second transfer will only be released to municipalities that have spent at least 50 per cent of their first tranche.” This

correction is needed as the second tranche is transferred before the end of the second quarter of the municipal financial year.

Changes to allocations

Shifts in municipal infrastructure grant sport allocations

To correct allocations for ring-fenced sport projects in the *municipal infrastructure grant*, R3.6 million is proposed to be shifted to Prince Albert Local Municipality in Western Cape made up of R1.6 million and R2 million respectively from Emthanjeni and Magareng Local Municipalities in the Northern Cape. The amounts for each project are shown correctly in the gazetted list of the *municipal infrastructure grant* ring-fenced funding for sport infrastructure. However, the allocations were not captured correctly in the *municipal infrastructure grant* allocations, necessitating this correction. This correction will ensure that sufficient funds are made available to complete planned sport infrastructure projects in all three affected municipalities.

Allocation of unallocated funds in the municipal disaster recovery grant

R133.2 million in the *municipal disaster recovery grant* that was unallocated at the beginning of the financial year is allocated to eThekweni Metropolitan Municipality and Ugu District Municipality in KwaZulu-Natal for the repair of roads damaged by floods in 2017. R113 million is allocated to eThekweni Metropolitan Municipality and R20.3 million is allocated to Ugu District Municipality.

Details per municipality of the changes to allocations for the *municipal infrastructure grant*, *municipal disaster recovery grant*, *municipal systems improvement grant*, *integrated national electrification programme (Eskom) grant*, *neighbourhood development partnership grant* and the *regional bulk infrastructure grant* that have been described in parts 2 and 3 of this memorandum will be gazetted. These changes per municipality are shown in annexures 4 and 5.

Details of the changes per provincial department for allocations for the *ilima/letsema indirect grant*, *school infrastructure backlog grant*, *national health insurance indirect grant* and *provincial roads maintenance grant* are shown in Appendices 1, 2, 3 and 4.

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 the grants set out in Part A of Schedules 4, 5 and 6 of the 2019 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 provinces
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2019 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving provincial departments
- Process for approval of business plans for 2020/21

The attached frameworks are not part of the Division of Revenue Amendment Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2019 Division of Revenue Amendment Bill is enacted, these frameworks will be gazetted.

The financial statements and annual reports for 2019/20 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.

AGRICULTURE, FORESTRY AND FISHERIES GRANT

Ilima/Letsema Grant	
Transferring department	<ul style="list-style-type: none"> • Agriculture, Forestry and Fisheries (Vote 24)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A and Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> • To reduce poverty through increased food production initiatives
Grant purpose	<ul style="list-style-type: none"> • To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production within strategically identified grain, livestock, horticulture and aquaculture production areas
Outcome statements	<ul style="list-style-type: none"> • Increased agricultural production of grains, livestock, horticulture and aquaculture at both household and national level • Improved household and national food security • Improved farm income • Maximised job opportunities • Reduced poverty • Rehabilitated and expanded irrigation schemes
Outputs	<ul style="list-style-type: none"> • Vulnerability Assessments surveys conducted in nine provinces • Land under agricultural production (grains, horticulture and livestock) • Yields per unit area • Superior breeding animals acquired and distributed to farmers • Jobs created • Beneficiaries/farmers supported by the grant per category • Hectares of rehabilitated and expanded irrigation schemes
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 4: Decent employment through inclusive growth • Outcome 7: Comprehensive rural development and land reform
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Outputs indicators • Inputs • Key activities • Monitoring framework • Risks and mitigation strategies
Conditions	<p>Schedule 5, Part A allocation</p> <ul style="list-style-type: none"> • Ilima/Letsema grant should be allocated to support food production (crop and livestock production) in support of the Fetsa Tlala initiatives, prioritising vulnerable households, communal areas and areas under traditional leadership, targeting subsistence and smallholder producers supported with inputs and mechanisation • Partnerships with black commodity organisations should be prioritised for joint support, joint funding and joint implementation • At most 30 per cent of Ilima/Letsema to be used for rehabilitation of irrigation schemes in Eastern Cape, Free State, Northern Cape, North West and KwaZulu-Natal provinces • Provincial departments to confirm human resources capacity to implement Ilima/Letsema business plans on or before 29 March 2019 • All receiving departments must abide by the Public Finance Management Act (PFMA), Treasury Regulations and the Division of Revenue Act (DoRA) when executing projects as well as for reporting purposes • All assisted farmers should be listed in the provincial and national farm registers • Provinces to inform the transferring officer of any changes from plans and allocations approved by the Department Agriculture, Forestry and Fisheries (DAFF), within 7 days of such change and such changes must be approved by the transferring officer before they are implemented • The provincial business plans must be signed off by the Head of Department (HoD) of the provincial agriculture department in collaboration with the Chief Financial Officer (CFO) or their representative, and co-signed by the head of provincial treasuries • The signed business plans must be submitted to the DAFF for approval <p>Schedule 6, Part A allocation</p> <ul style="list-style-type: none"> • R45.3 million should be made available for the South African Vulnerability Assessments Committee for a survey that is aimed at setting the baseline for poverty, vulnerability and food insecurity in the country • The National Food and Nutrition Survey will be conducted by the Human Science Research Council (HSRC) in a uniform manner benefitting both the provinces and DAFF
Allocation criteria	<ul style="list-style-type: none"> • The formula used to allocate funds is a weighted average of the following variables: agricultural land available, previous homeland areas, households involved in agriculture (General Household Survey 2017), food insecure areas and national priority areas targeted for increased food production; previous

Ilima/Letsema Grant	
	Ilima/Letsema performance
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The funding originated with the special poverty allocations made by national government for a specific purpose and requires tight conditionality to achieve the national goal Agriculture is identified as a game changer and investment in agriculture must be guided under strict conditions to achieve aspirations of the National Development Plan The responsibility for the programme rests with DAFF while provincial departments of agriculture are implementing departments
Past performance	<p>2017/18 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated and transferred R522 million, of which R488 million (93.4 per cent) was spent by the end of the financial year <p>2017/18 service delivery performance</p> <ul style="list-style-type: none"> 63 723 subsistence farmers supported 11 760 smallholder farmers supported 152 black commercial farmers supported 25 650 jobs were created 52 883 households were supported with starter packs and production inputs 272 schools were assisted to establish food gardens 2 438 community food gardens were established 187 740 beneficiaries were supported by the programme (50 per cent women, 26 per cent youth and 0.5 per cent people with disabilities) 80 656.7 hectares of land cultivated Between 3-7 tons per hectare of maize achieved Vaalharts and Makhathini irrigation schemes were revitalised
Projected life	<ul style="list-style-type: none"> Grant continues until 2021/2022, subject to review
MTEF allocations	<p>Direct transfers (Schedule 5, Part A):</p> <ul style="list-style-type: none"> 2019/20: R538 million; 2020/21: R615 million and 2021/22: R653 million <p>Allocations-in-kind (Schedule 6, Part A)</p> <ul style="list-style-type: none"> 2019/20: R45 million
Payment schedule	<ul style="list-style-type: none"> Transfer for Schedule 5, Part A (Four instalments): 26 April 2019, 30 August 2019, 25 October 2019 and 30 January 2020 Transfer for Schedule 6, Part A: Funds will be transferred to the HSRC
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Agree on outputs and targets with provincial departments in line with grant objectives for 2019/20 Provide the guidelines and criteria for the development and approval of business plans Provide template for project registration and reporting Monitor monthly financial expenditure by provinces and conduct sampled project site visits quarterly Submit monthly financial reports to National Treasury 20 days after the end of the month Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter Submit annual evaluation of performance report to National Treasury within four months after the end of the financial year Oversee and monitor implementation of the grant during Ministerial Technical Committee on Agriculture and Quarterly Review Meetings Make payment of Schedule 6, Part A allocations to HSRC <p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> Provinces to adhere to the conditions of this framework and DoRA Provinces to submit detailed project list as per the DAFF project list template Provinces to report monthly (financial) 15 days after the end of each month, and quarterly (non-financial) 20 days after the end of each quarter, and annually two months after the end of the financial year on the progress and achievements of the programme Provinces to implement the Ilima/Letsema business plans as approved All receiving departments must abide by the PFMA, Treasury Regulations and the DoRA when executing projects as well as for reporting purposes Provinces to inform the transferring officer of any changes from plans and allocations approved by the transferring officer, within seven days of such a change, and such changes must be approved by the transferring officer before they are implemented Assign and delegate officials to manage and monitor the implementation of the programme before April 2019 Keep records of projects supported and a farmer register Monitor project implementation on quarterly basis and evaluate the impact of projects in achieving Ilima/Letsema goals

Ilima/Letsema Grant	
Process for approval of 2020/21 business plans	<ul style="list-style-type: none"> • Provide provincial departments with business plan format, guidelines, criteria and outputs as prescribed by National Treasury by 31 May 2019 • Submission of provincial Ilima/Letsema business plans by provinces on 27 September 2019 • Engagement with provinces (pre-national assessment panel) on submitted business plans during October/November 2019 prior to final national assessment panel meeting • Evaluation and recommendation of business plans by national assessment panel between November 2019 and February 2020 • DAFF to send funding agreements to provinces by February/March 2020 to be signed by HoDs, CFOs, and Ilima/Letsema coordinators • Approval of business plans by the transferring officer before 31 March 2020 • Inform provinces of approval of the business plans in March or April 2020 • Approval by the transferring officer regarding 2020/21 business planning process compliance during April 2020, and send to National Treasury by end April 2020

BASIC EDUCATION GRANT

School Infrastructure Backlogs Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 14)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> • The eradication of inappropriate education structures and backlogs in basic services
Grant purpose	<ul style="list-style-type: none"> • Eradication of all inappropriate school infrastructure • Provision of water, sanitation and electricity to schools
Outcome statements	<ul style="list-style-type: none"> • Improved access to enabling learning and teaching environments • Build the capacity of provinces benefiting from an indirect grant allocation to carry out this function in the future
Outputs	<ul style="list-style-type: none"> • Eradication and replacement of 58 inappropriate schools and provision of related school furniture • 227 schools provided with water • 717 schools provided with sanitation
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 1: Quality basic education
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses an infrastructure programme management plan (IPMP) that includes the following: <ul style="list-style-type: none"> ○ institutional framework ○ procurement and contract management plan ○ scope management plan ○ time management plan ○ cost management plan ○ risk management plan ○ quality management plan ○ monitoring and reporting details ○ budgeting and programme accounting details ○ performance management plan ○ communication management plan
Conditions	<ul style="list-style-type: none"> • This is an in-kind grant administered by the national Department of Basic Education (DBE) that may be transferred to a province through the Education Infrastructure Grant (EIG) if the province is able to demonstrate, through a proven track record, that it has the capacity to implement the projects • DBE must submit an IPMP • Programme governance will be conducted by the following committees established to ensure that various processes are initiated within the programme: <ul style="list-style-type: none"> ○ national steering committee ○ technical committee ○ project steering committee ○ infrastructure bid specification and evaluation committee ○ infrastructure bid adjudication committee • The provincial planning and monitoring teams (PPMTs) or equivalent in each province should meet monthly to ensure: <ul style="list-style-type: none"> ○ information flows between the stakeholders ○ processes are unhindered ○ progress is monitored ○ cooperation is enhanced • DBE must submit monthly project reports with cash flow to National Treasury 15 days after the end of each month, that shows how actual payments and cash flow reconcile with the projected cash flow schedule and explain any deviations from the original projected cash flow • Assets will be transferred to custodians in the respective provinces at final completion. The provincial Departments of Education (PEDs) must report in their annual report and describe how the schools have been considered in their future maintenance plans • The DBE must agree in writing with the provinces on projects that they will administer on behalf of each province • The department and/or implementing agents must ensure skills transfer takes place as part of the implementation of projects
Allocation criteria	<ul style="list-style-type: none"> • The grant allocation is based on the distribution of inappropriate structures and schools without access to water, sanitation and electricity across provinces • Final allocations will be based on the finalised IPMP of the DBE as approved by the transferring officer
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant to eradicate the basic safety norms backlogs in schools without water, sanitation and electricity, and to replace those schools constructed from inappropriate material, including mud schools, to contribute towards improved learning and teaching. The grant will be administered by the DBE to achieve maximum impact in the shortest time possible
Past performance	<p>2017/18 audited financial performance</p> <ul style="list-style-type: none"> • Allocated and transferred R1.8 billion of which R1.8 billion (101.6 per cent) was spent by the end of the national financial year

School Infrastructure Backlogs Grant	
	<p>2017/18 service delivery performance</p> <ul style="list-style-type: none"> • 202 new schools built, 685 schools provided with water, 470 schools provided with sanitation and 372 schools provided with electricity
Projected life	<ul style="list-style-type: none"> • The grant will be reviewed on an ongoing basis to respond to the nature of the infrastructure projects and the ability of provinces to take over
MTEF allocations	<ul style="list-style-type: none"> • 2019/20: R2 billion; 2020/21: R1.8 billion and 2021/22: R2.3 billion
Payment schedule	<ul style="list-style-type: none"> • Payments will be made according to verified invoices from service providers or advance payments in line with approved memoranda of agreements, implementation plans and reviewed monthly cash flow projections from implementing agents
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Undertake planning of processes, activities, and Accelerated School Infrastructure Delivery Initiative (ASIDI) programme policies required to realise the outputs and identify required resources • Undertake the necessary procurement measures to secure the services of implementing agents, professional service providers, contractors and secondary procurement objectives to respond to the scope of work identified in the IPMP • Monitor and evaluate performance of the programme support unit, implementing agents, conduct project site inspections at selected sites to verify progress and quality of the works to secure programme outputs and deliverables • Harness the opportunities offered through the programme to contribute towards skills development • The DBE must submit a draft skills transfer and capacity building plan for Schedule 6, Part A allocations to National Treasury by 28 June 2019 and a final plan must be submitted to National Treasury by 30 August 2019. The skills transfer and capacity building plan must set out how the capacity of benefiting provinces will be developed so that they can continue to perform the function after the Schedule 6, Part A funded project ends. The plan must set measurable targets that will be achieved over the 2019 medium-term expenditure framework. The plan must set out how existing and new capacity building initiatives will be used to achieve these targets • The DBE must submit an annual assessment of progress against its skills transfer and capacity building plan to National Treasury two months after the end of the national financial year • DBE will convene and chair meetings of the national steering committee which will: <ul style="list-style-type: none"> ○ provide strategic direction to the ASIDI programme ○ provide general oversight on the programme ○ ensure that the management of the programme brings together those players responsible for different elements of project success and ensure a holistic approach in support of the programme ○ ensure that standards are in line with different prescripts e.g. norms and standards for school infrastructure are adhered to ○ facilitate the establishment of sub-programme management structures, their membership, reporting modalities and their interaction with the steering committee ○ establish the modalities linking the targeted PEDs with DBE ○ supervise the programme and ensure appropriate coordination and cooperation between different agencies and departments involved ○ facilitate the linkages between national stakeholders such as the National Treasury (infrastructure delivery improvement plan), Construction Industry Development Board, and the national Department of Human Settlements, Water and Sanitation, Energy, and Public Works ○ ensure ASIDI strategies and targets are in line with national goals and targets ○ monitor progress in terms of national goals and targets ○ assist the management of the programme in solving particular issues that may arise and that may require the intervention of the committee ○ report to the Minister of Basic Education, the Council for Education Ministers, the Heads of Education Departments Committee, and senior management • Develop a sector procurement strategy and procurement strategy for this grant in terms of the practice guide prescribed by the infrastructure delivery management toolkit • The DBE will develop a procurement strategy for this grant that will lead to the quickest possible achievement of the grant objectives which may require the clustering of projects across provincial boundaries • Submit an approved IPMP including projects list to the National Treasury • Ensure compliance with reporting requirements and adherence to projected cash flow schedules • Consolidate and submit quarterly reports to National Treasury and National Council of Provinces within 45 days after the end of each quarter • Conduct site visits to selected projects to assess performance • Create the necessary organisational structures and build capacity within the department to oversee and monitor the implementation of the grant • The DBE must ensure that the heads of education departments committee meets at least once a month and is provided with sufficiently detailed reports to assess project implementation and projected cash flow schedules reconciled at the end of the month preceding the monthly meetings • Provide an operations and maintenance manual to the PEDs

School Infrastructure Backlogs Grant	
	<p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Provide the list of schools to be included in the ASIDI programme • Ensure that the list of schools identified includes all the schools that were not constructed of appropriate materials in their entirety • Ensure that the list of schools identified includes all the schools that never had basic sanitation, water and electricity • Ensure that, where schools are identified for rationalisation and mergers, DBE is made aware on time, in writing, and that all necessary supporting documents are provided • Establish PPMTs that will provide support to the DBE when implementing projects funded by this grant • Convene the PPMTs and report to the national steering committee • Generate a maintenance plan from the operations and maintenance manual provided
Process for approval of 2020/21 business plans	<ul style="list-style-type: none"> • Submission to National Treasury by DBE of the IPMP for 2020/21 projects by 14 February 2020

HEALTH GRANTS

Human Papillomavirus Vaccine 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"> • To reduce the incidence of cancer of the cervix through the provision of the Human Papillomavirus (HPV) vaccination to grade four and five school girls in all public schools and special schools
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to prevent cervical cancer by making available HPV vaccination for grade four and five school girls in all public and special schools
Outcome statements	<ul style="list-style-type: none"> • Increased access to HPV vaccines by grade four and five school girls in all public and special schools
Outputs	<ul style="list-style-type: none"> • 80 per cent of grade four and five school girls aged 9 and above vaccinated for HPV • 80 per cent of schools with grade four and five girls reached by the HPV vaccination team
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 grant uses a business plan and should contain the following: <ul style="list-style-type: none"> ○ agreed upon services ○ output indicators ○ inputs ○ key activities and allocation ○ risk management plans ○ cash flow management
Conditions	<ul style="list-style-type: none"> • Completion of the business plan in the prescribed format determined by the national Department of Health (DoH), signed and submitted by each receiving officer to the transferring officer by 28 February 2019 and submitted to National Treasury by 29 March 2019 • Ensure provinces include HPV vaccination indicators in provincial annual performance plans • Grant funding must also be used to strengthen capacity in provinces to manage the programme • Social mobilisation to promote the uptake of HPV vaccination to prevent cervical cancer should be done as part of this programme • In the 2020/21 financial year, the target group for vaccination will be grade five girls
Allocation criteria	<ul style="list-style-type: none"> • Allocations based on the number of grade four and five girls and schools with grade four and five from the education management information system in each province
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Cervical cancer is a high national priority and requires uniform implementation in order to achieve the minimum coverage of 80 per cent and have the desired impact of significantly reducing incidences of cervical cancer • To develop provincial capacity in order for provinces to assume responsibility of the programme from 2019/20
Past performance	<p>2017/18 audited financial outcome</p> <ul style="list-style-type: none"> • Allocated and transferred R200 million of which R200 million (100 per cent) was spent by the end of the national financial year <p>2017/18 service delivery performance</p> <ul style="list-style-type: none"> • 71.5 per cent of eligible grade four school girls received the HPV vaccination • 61.4 per cent of schools with grade four girls reached by the HPV vaccination team
Projected life	<ul style="list-style-type: none"> • Grant will continue until 2021/22, thereafter subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2019/20: R157 million; 2020/21: R223 million and 2021/22: R235 million
Payment schedule	<ul style="list-style-type: none"> • Payments will be made according to the approved payment schedule
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Manage the contracts for vaccine and supporting information systems • Monitor and support provincial planning and implementation and meet the province twice a year to review performance • Meet with National Treasury to review the performance of the grant on a quarterly basis • Strengthen the capacity of provinces to deliver the HPV vaccination programme <p>Responsibilities of 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 • Assign a dedicated official the responsibility of managing the HPV vaccination programme • Where possible, utilise existing human resource and transport capacity at all relevant levels and augment capacity where needed on a contractual basis
Process for approval of 2020/21 business plans	<ul style="list-style-type: none"> • Draft business plans for 2020/21 must be submitted in an approved format by 31 October 2019 • Final business plans signed by each receiving officer must be submitted to the transferring officer by 31 January 2020 and submitted to the National Treasury by 30 March 2020

Human Resources Capacitation 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"> • Effective implementation of human resources for health strategy, health workforce capacity development for sustainable service delivery
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to address deficiencies in human resources towards phasing-in of National Health Insurance
Outcome statements	<ul style="list-style-type: none"> • Enhanced access to healthcare services, by addressing critical skills shortages in underserved communities
Outputs	<ul style="list-style-type: none"> • Number of health professionals appointed (total, by district, category and by discipline) • Percentage reduction in vacancy rate on categories of funded and non-funded posts
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	<p>This grant uses an implementation framework approved by the National Health Council, which contains the following:</p> <ul style="list-style-type: none"> • Inputs • Number of health professional currently in the system, according to their staff category • Description of the process for prioritising the critical posts to be filled through the grant • Number of health professionals to be hired, including: <ul style="list-style-type: none"> ○ performance monitoring requirements; and ○ processes for the management and reimbursement of health professionals • Output indicators, including: <ul style="list-style-type: none"> ○ target population ○ number of patients to access care ○ elimination of backlogs ○ key milestones with projected dates when this will be achieved • Key activities and resource schedule • Monitoring and evaluation plan • Risk management plans • Cash flow projections • The project will be managed by the national Department of Health (DoH) and will report to the National Health Council, via the National Health Council Technical Advisory Committee
Conditions	<ul style="list-style-type: none"> • A completed and signed-off business plan must be submitted by the receiving officer to the national DoH by 28 February 2019 and submitted by the national transferring officer to National Treasury by 29 March 2019 • Number of critical health professionals on the establishment of provincial DoH may not fall below the baselines established as at November 2018 • Funds may only be used for the payment of compensation of new critical health professionals and not those already funded either through the equitable share or other conditional grants • With the exception of posts filled in 2018/19, funding from this grant may only be used for the filling of statutory posts (i.e. intern and community service posts) until the following have been provided to the National Treasury and approval has been given by National Treasury: <ul style="list-style-type: none"> ○ demonstration that the carry-through costs of all posts to be filled under this grant have been funded throughout the medium term expenditure framework (MTEF) period ○ information requested by the National Treasury is satisfactorily provided, including: <ul style="list-style-type: none"> ○ the number of posts filled already during 2018/19, broken down by type of post, province and the estimated cost of these posts over the 2019 MTEF ○ a detailed list of the posts to be filled, broken down by type of post, province, and the estimated cost of these posts over the 2019 MTEF ○ a detailed description of the methodology used to determine which posts have been and are planned to be filled
Allocation criteria	<ul style="list-style-type: none"> • As identified in the business plan, allocations will be based on the following criteria <ul style="list-style-type: none"> ○ provinces with greatest needs will be prioritised ○ number of health professionals ○ defined reduction in specified backlogs ○ future projections on professional production versus need
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • To ensure that the additional human resources funded through this component address unmet health need as opposed to perpetuating historical allocation patterns
Past performance	<p>2017/18 audited financial outcomes</p> <ul style="list-style-type: none"> • Not applicable – new grant <p>2017/18 service delivery performance</p> <ul style="list-style-type: none"> • Not applicable – new grant

Human Resources Capacitation Grant	
Projected life	<ul style="list-style-type: none"> Remain in place over the 2019 MTEF period and subject to the phased implementation of National Health Insurance
MTEF allocations	<ul style="list-style-type: none"> 2019/20: R906 million; 2020/21: R1.1 billion and 2021/22: R1.1 billion
Payment schedule	<ul style="list-style-type: none"> Payments will be made according to the approved payment schedule
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Monitor the number of critical health professionals on the establishment of provincial Departments of Health to ensure that it does not fall below established November 2018 baselines Ensure that contractual commitments with implications for the MTEF period do not exceed the MTEF allocations Ensure that provincial departments are consulted in the prioritisation of posts to be filled and included in the recruitment process of health professionals Submit quarterly financial and non-financial performance reports to the National Health Council and the National Treasury Meet with National Treasury to review the performance of the grant
	<p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> Support the achievement of grant outputs Ensure that the provision and funding of existing programmes and services continues and is not substituted by the implementation of this grant Provinces must report their current compensation of employees both under equitable share and other conditional grants On a quarterly basis, provinces must report on the number of critical health professionals in the establishment funded from equitable share, other conditional grants, and this grant Provincial health departments must provide DoH with full and unrestricted access to all records and data related to the programme and to facilities to implement systems
Process for approval of 2020/21 business plans	<ul style="list-style-type: none"> Draft business plans for 2020/21 must be submitted in the approved format by 31 October 2019 Final business plans signed by each receiving officer must be submitted to the transferring officer by 31 January 2020 and submitted to the National Treasury by 30 March 2020

National Health Insurance 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"> • To achieve universal health access through the phased implementation of National Health Insurance (NHI) and to improve access to quality healthcare services
Grant purpose	<ul style="list-style-type: none"> • To create an alternative track to improve spending, performance as well as monitoring and evaluation on infrastructure in preparation for National Health Insurance; to enhance capacity and capability to deliver infrastructure for National Health Insurance; to accelerate the fulfilment of the requirements of occupational health and safety; to expand the alternative models for the dispensing and distribution of chronic medication; to develop and roll out new health information systems in preparation for National Health Insurance; to enable the health sector to address the deficiencies in primary health care facilities systematically and to yield fast results through the implementation of the Ideal Clinic programme; to expand the healthcare service benefits through the strategic purchasing of services from healthcare providers
Outcome statements	<ul style="list-style-type: none"> • Improved services through contracting private health professionals to serve public sector patients
Outputs	<ul style="list-style-type: none"> • Number of health professionals contracted (total and by discipline) • Number of health professionals contracted through capitation arrangements • Number of patients served by the contracted health professionals
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"> • Number of health professionals to be contracted, including: <ul style="list-style-type: none"> ○ process of accreditation of providers ○ performance monitoring requirements ○ processes for the management and reimbursement of health professionals • Output indicators, include: <ul style="list-style-type: none"> ○ target population ○ number of patients to access care ○ key milestones with projected dates when these will be achieved • Key activities and resource schedule • Monitoring and evaluation plan • Risk management plans • Cash flow projections • The project will be managed by the national department and will report to the National Health Council, via the National Health Council's technical advisory committee
Conditions	<ul style="list-style-type: none"> • Submission of business plans in the prescribed format signed by the provincial Head of Department and national Director-General by 30 November 2019 • Provinces to start preparations for reporting on the following: <ul style="list-style-type: none"> ○ number of patients seen and for what conditions ○ services provided
Allocation criteria	<ul style="list-style-type: none"> • As identified in the business plan, allocations are based on the following criteria: <ul style="list-style-type: none"> ○ provinces with greatest needs will be prioritised ○ number of health professionals already contracted
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Dedicated funding is required to ensure that the contracting of private health professionals continues and further developed as part of the phased implementation of National Health Insurance
Past performance	<p>2017/18 audited financial outcomes</p> <ul style="list-style-type: none"> • New grant <p>2017/18 service delivery performance</p> <ul style="list-style-type: none"> • New grant
Projected life	<ul style="list-style-type: none"> • Subject to policy developments and the phased implementation of National Health Insurance
MTEF allocations	<ul style="list-style-type: none"> • 2019/20: R289 million
Payment schedule	<ul style="list-style-type: none"> • Payments will be made according to approved payment schedule
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Assist the provincial departments with different contracting models • Monitor and support provincial planning and implementation and meet province twice a year to review performance • Meet with National Treasury to review performance of the grant on a quarterly basis. <p>Responsibilities for the provincial departments</p> <ul style="list-style-type: none"> • Provide DoH with full and unrestricted access to all records and data related to the programme • Submit quarterly financial and non-financial performance reports to the national Department of Health in the prescribed format • Facilitate the achievement of the grant outputs

National Health Insurance Grant	
Process for approval of 2020/21 business plans	<ul style="list-style-type: none">• The process for provinces to submit plans to the national Department of Health will be communicated by the transferring officer• Submission of consolidated and signed-off business plan by the transferring officer to the National Treasury on 28 February 2020

National Health Insurance Indirect Grant: Health Facility Revitalisation 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 ensure appropriate health infrastructure that is in line with national and provincial policy objectives
Grant purpose	<ul style="list-style-type: none"> • To create an alternative track to improve spending, performance as well as monitoring and evaluation on infrastructure in preparation for National Health Insurance (NHI) • To enhance capacity and capability to deliver infrastructure for NHI • To accelerate the fulfilment of the requirements of occupational health and safety
Outcome statements	<ul style="list-style-type: none"> • Appropriate procurement of service providers for infrastructure delivery for NHI • Improved spending, performance, monitoring and evaluation of infrastructure projects for NHI • Improved employment and skills development in the delivery of infrastructure for NHI • Value for money and cost-effectively designed facilities in line with the Standard for Infrastructure Procurement and Delivery Management (SIPDM)
Outputs	<ul style="list-style-type: none"> • Number of new facilities completed • Number of facilities upgraded • Number of additions • Number of facilities refurbished • Number of facilities commissioned in terms of health technology
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 infrastructure programme management plan (IPMP) for the 2019 medium term expenditure framework (MTEF) aligned to the infrastructure delivery management system and SIPDM will be submitted on 28 May 2019 and will include the following: <ul style="list-style-type: none"> ○ costed project lists with annual cash flow projections per project for the full duration of the projects on the programme ○ projected milestones per project for SIPDM control framework stages indicating current stage of the project
Conditions	<ul style="list-style-type: none"> • The national Department of Health (DoH) must, in consultation with the provinces, have in place an intergovernmental protocol framework covering the 2019 MTEF and outlining how the grant will operate as well as the responsibility and functions of each sphere. Project sheets will form part of the agreement • Should there be an amendment to an existing protocol agreement, the amended agreement should be submitted to the National Treasury by 28 June 2019 • Prior to submitting the IPMP, each provincial department must have signed-off a project sheet for all projects funded from the grant which lists scope of work, current stage and anticipated target dates for achieving stages of the control framework, operational budgets (i.e. personnel, equipment, etc.) and maintenance budgets • With all new projects, DoH must comply with SIPDM processes • For projects with a total project cost exceeding R500 million, DoH must notify National Treasury when the SIPDM stage 3 is reached • The grant component must only be spent on projects included in the business plan and project lists signed by provinces. Projects can only be added to the business plan as part of the adjustment budget process, subject to National Treasury approval • Appropriately qualified built environment representatives from the national department must assist in the procurement of professional service providers and contractors by its implementing agent • DoH may utilise a portion of grant funding for the appointment of public servants on 36 month contracts to their infrastructure units. The amount that can be used for this is determined in terms of the conditions set by the 2019 Appropriation Act • All completed projects must have a close-out report with a documented maintenance plan • New facilities will only be funded from the grant if proof of operational budget that includes the approved organisational structure (staff structure) is submitted prior to the approval of the clinical brief. Endorsement of the operational budget by the provincial department must be acquired as part of the approval • The amounts earmarked for Limpopo Academic Hospital may only be used for this project and are subject to the conditions set out in Annexure B of the 2019 MTEF allocation letter of the Department of Health • Up to R170 million may be used for the procurement of linen and beds
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2019/20 are project based
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through an indirect conditional grant enables the national department to ensure the delivery and maintenance of health infrastructure in a coordinated and efficient manner that is consistent with national norms, standards and guidelines for health facilities

National Health Insurance Indirect Grant: Health Facility Revitalisation Component	
Past performance	<p>2017/18 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated R719 million of which R657 million (91.4 per cent) was spent by the end of the financial year <p>2017/18 service delivery performance</p> <ul style="list-style-type: none"> • Initial Phase and Planning Phase: 53 • Tender: 5 • Construction: 135 • Retention: 138 • Total projects: 338
Projected life	<ul style="list-style-type: none"> • NHI is a key government priority and given the need to continually maintain health infrastructure and ensure that norms and standards are maintained, the grant will continue over the 2019 MTEF, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2019/20: R1.2 billion; 2020/21: R1.6 billion and 2021/22: R1.6 billion, of which the following amounts are earmarked for the Limpopo Academic Hospital project: <ul style="list-style-type: none"> ◦ 2019/20: R247 million; 2020/21: R653 million and 2021/22: R488 million
Payment schedule	<ul style="list-style-type: none"> • Monthly payments made according to verified and approved invoices from the services providers
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Build and demonstrate the capacity necessary to manage this grant • Ensure alignment between the IPMP and the annual performance plan • Undertake the infrastructure development cycle to the extent agreed with the provinces in the implementation protocol agreements • Convene progress review committees with appropriate reporting and invite National Treasury and Provinces • DoH must maintain an up-to-date database (project management information system), infrastructure reporting model (IRM) with all contracts that are fully or partially funded by this grant and provide the IRM report on a monthly basis • Meet with National Treasury to review grant performance on a quarterly basis • Collaboration and coordination with provincial departments of health for the full development cycle of infrastructure development in respect of projects funded by this grant • In instances where the capacity of the DoH and the provincial department are deemed insufficient, DoH is entitled to engage alternative implementing agents, provided that supply chain management processes as prescribed in the Treasury Regulations for the appointment of service providers are followed. In those cases, service level agreements between DoH and the implementing agent must be in place • DoH must convene quarterly progress review committee meetings with all project managers, implementing agents and National Treasury for monitoring and oversight of the performance of all funded projects • Provide provincial departments of health with progress of the projects under this grant for inclusion in provincial annual reports • DoH must submit quarterly infrastructure reports to National Treasury, according to the agreed template between National Treasury and DoH, within 45 days after the end of each quarter <p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Provinces must ensure that the completed projects are included in the asset registers of the provincial departments of public works • Provinces should undertake life cycle maintenance as well as the full operation, staffing and management of the projects in facilities completed under this grant by the DoH • All immovable asset management and maintenance responsibilities of the completed projects under this grant as prescribed by the Government Immovable Asset Management Act of 2007 rests with the provinces • Provinces should report on progress of the projects under this grant in their annual reports and describe how these facilities have been considered in their future planning and budgeting. The projects must be included in the provincial user-asset management plans
Process for approval of 2020/21 business plans	<ul style="list-style-type: none"> • Submission of a draft IPMP to National Treasury by 30 August 2019 • Submission of the final IPMP to National Treasury by 31 March 2020 • Submission of signed implementation protocol by 26 June 2020

TRANSPORT GRANT

Provincial Roads Maintenance Grant	
Transferring department	<ul style="list-style-type: none"> • Transport (Vote 35)
Grant schedule	<ul style="list-style-type: none"> • Schedule 4, Part A
Strategic goal	<ul style="list-style-type: none"> • To ensure efficient and effective investment in provincial roads to implement the Road Infrastructure Strategic Framework for South Africa in line with the S’hamba Sonke road programme and other related road infrastructure asset management programmes
Grant purpose	<ul style="list-style-type: none"> • To supplement provincial investments for road infrastructure maintenance (routine, periodic and special maintenance) • To ensure that all roads are classified as per the Road Infrastructure Strategic Framework for South Africa and the technical recommendations for highways, and the Road Classification and Access Management guidelines • To implement and maintain Road Asset Management Systems (RAMS) • To supplement provincial projects for the repair of roads and bridges damaged by unforeseen incidents including natural disasters • To improve the state of the road network serving electricity generation infrastructure • To improve road safety with a special focus on pedestrian safety in rural areas
Outcome statements	<ul style="list-style-type: none"> • Improve the condition and lifespan of provincial roads and level of service backed by a periodic five year review of the road conditions network • Improved rates of employment and community participation through labour-intensive construction methodologies and skills development through the delivery of roads infrastructure projects
Outputs	<ul style="list-style-type: none"> • Final Road Asset Management Plan (RAMP) and tabled project list for the 2019 medium term expenditure framework (MTEF) in a Table B5 format by 29 March 2019 • Network condition assessment and determination of projects priority list from the RAMS • The following actual delivery related measures against 2019/20 targets defined in the final RAMP and annual performance plan (APP) for each province: <ul style="list-style-type: none"> ○ number of m² of surfaced roads rehabilitated (quarterly) ○ number of m² of surfaced roads resurfaced (overlay or reseal) ○ number of m² of blacktop patching (including pothole repairs) ○ number of kilometres of gravel roads re-gravelled ○ number of kilometres of gravel roads bladed ○ number of kilometres of gravel roads upgraded (funded from provincial equitable share) • The following performance based on national job creation indicators <ul style="list-style-type: none"> ○ number of jobs created ○ number of full time equivalents created ○ number of youths employed (18 – 35) ○ number of women employed ○ number of people living with disabilities employed • Reporting on the provinces’ contractor development programme <ul style="list-style-type: none"> ○ number of small medium micro enterprises contracted • Updated road condition data (paved and unpaved) including instrumental/ automated road survey data, traffic data, safety audit report and bridge conditions
Priority outcome(s) of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Outcome 6: An efficient, competitive and responsive economic infrastructure network
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses a road asset management plan (RAMP), which contains the following details: <ul style="list-style-type: none"> ○ network hierarchy ○ performance management framework ○ gap analysis ○ information and systems, lifecycle planning ○ current and future demand ○ financial plan ○ monitoring, reviewing and continual improvements
Conditions	<ul style="list-style-type: none"> • This grant funds routine, periodic and special maintenance • Provinces must show commitment by budgeting from the provincial equitable share to match or exceed grant allocations • Improvements, upgrading from gravel to surface roads and new facilities must be funded from the provincial equitable share • Provinces may use a maximum of 25 per cent of the allocation for rehabilitation activities • The framework must be read in conjunction with the practice note as agreed with National Treasury • The payment of the first instalment is dependent upon submission to the national Department of Transport (DoT) and the relevant provincial treasury of the following: <ul style="list-style-type: none"> ○ planning for the infrastructure reporting model (IRM) for 2019 MTEF by 23 April 2019 ○ final RAMP and tabled project list for the 2019 MTEF in a Table B5 format by 29 March 2019 ○ submission to DoT of the third quarter performance report for the 2018/19 financial year • Payment of subsequent instalments is dependant upon the submission of monthly IRM and quarterly performance reports

Provincial Roads Maintenance Grant	
	<ul style="list-style-type: none"> • For RISFSA Class R1, R2 and R3 data collection requirements are: <ul style="list-style-type: none"> ○ visual condition data according to TMH 9 for pavements no older than two years, and TMH 19 for bridges no older than five years ○ instrumental pavement data for roughness, rut depth and macro texture according to TMH 13 no older than two years ○ instrumental pavement data for deflections according to TMH 13 no older than five year ○ Traffic data according to TMH 3, TMH 8 and TMH 14 no older than three years • Provinces must submit into a central repository, updated road condition data, for (paved and unpaved) including instrumental/ automated road survey data, traffic data, safety audit report and bridge conditions by 30 September 2019 <p>The PRMG allocation can be allocated to following projects as identified and prioritised through the provincial RAMS:</p> <ul style="list-style-type: none"> • Routine maintenance (Opex): includes day to day routine activities such as cleaning drains and culverts, vegetation control, line marking, guard rail repair, road sign repair, crack sealing, patching, edge repair, spot regravelling, blading • Periodic maintenance (Opex): includes periodically scheduled activities such as fog sprays/diluted emulsions/rejuvenators, surface seals and functional asphalt overlays < 50 mm in thickness. For gravel roads it includes re-gravelling up to 100 mm thick • Special maintenance (Opex): includes the repair of selected pavement areas up to maximum of 25 per cent of project length followed by application of surface seal or functional asphalt overlay < 50mm. Also includes reinstatement of slope stability, repairs to existing structures and the repair of damage caused by floods or accidents • Rehabilitation (Capex): includes increasing the structural capacity of an existing pavement through the recycling of existing layers and/or addition of new granular layers or structural asphalt overlays > 80mm thick. For gravel roads it is gravel layer > 100mm thick. These rehabilitation activities are however limited to maximum of 25 per cent of the PRMG allocation <p>The PRMG allocation cannot be allocated to the following projects:</p> <ul style="list-style-type: none"> • Improvements (Capex): this comprises works that aim to improve the quality of service on roads with an unacceptable quality of service. These include measures of improving quality of service on existing roads such as increases the width in selected areas (i.e. addition of climbing/passing lanes), increases in the width over the total length of the project i.e. addition of paved shoulder and localised geometric and intersection improvements. These activities could in some instances include complete rehabilitation of the existing pavement structure • The upgrading of gravel roads to surface roads, the construction of new roads and new interchanges do not qualify for funding under this grant • New Facilities (Capex): this comprises works that aim to improve network capacity and includes the upgrading of earth (dirt) road to an engineered gravel road, the upgrading of a gravel road to a surfaced road and upgrading of single carriageway road to 4-lane or dual carriageway road. The construction of new gravel or surfaced road where previously no road existed (brown/green fields construction). The construction of new bridge to replace existing bridge or new interchange to replace intersection. <p>Disaster repairs</p> <ul style="list-style-type: none"> • The following amounts per province must be used in 2019/20 for the repair of infrastructure damaged by floods declared in respective provincial gazettes, and as verified by the National Disaster Management Centre (NDMC): <ul style="list-style-type: none"> ○ Eastern Cape: R126.9 million ○ KwaZulu-Natal: R38.7 million ○ Limpopo: R140 million • Should the cost of repairing the disaster affected infrastructure exceed the amounts earmarked above provinces must fund that shortfall from their provincial equitable share • Business plans for the allocated disaster funds must be in line with the post disaster verification assessment reports and must be submitted to the NDMC and DoT prior to the transfer of the allocation • All new provincial roads new infrastructure projects funded through the grant must be branded on the contract sign boards with the S'hamba Sonke logo • Provinces may participate in the S'hamba Sonke programme technical support services of the DoT through the Pulic Finance Management Act and Treasury Regulations
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the Provincial Roads Maintenance Grant formula, which takes into account the extent of the provincial road network (gravel/paved), the traffic volumes, the visual condition indices on the network and geo-climatic and topographic factors • The funding for road networks supporting electricity generation infrastructure are subject to separate allocation criteria based on the programme schedule <ul style="list-style-type: none"> ○ Mpumalanga must allocate R526.2 million in 2019/20 to coal haulage road projects • The funding for rehabilitation and repair of roads and bridges that were assessed by the NDMC is subject to separate allocation criteria • Unallocated amounts in 2020/21 and 2021/22 will be allocated as an incentive based on the level of service efficiency achieved in road project investments undertaken
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This grant is intended to ensure that provinces give priority to road infrastructure and promote efficiency in road investment

Provincial Roads Maintenance Grant	
Past performance	2017/18 audited financial outcomes <ul style="list-style-type: none"> • Of the R10.8 billion allocated, R10.8 billion, (100 per cent) was spent by provinces by the end of the national financial year
	2017/18 service delivery performance <ul style="list-style-type: none"> • 8 723 692.91 m² of roads re-sealed • 4 165 km of roads re-gravelled • 2 031 045 m² of roads patched • 437 169.7 km bladed • 4 388 843.9 km rehabilitated
Projected life	<ul style="list-style-type: none"> • The grant is ongoing, but will be subject to periodic review
MTEF allocations	<ul style="list-style-type: none"> • 2019/20: R11.4 billion; 2020/21: R12.1 billion and 2021/22: R13 billion
Payment schedule	<ul style="list-style-type: none"> • Payment will be made in accordance with a payment schedule agreed to with provinces and approved by National Treasury
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Submit quarterly performance reports to National Treasury 45 days after the end of each quarter • Submit a grant evaluation report to National Treasury four months after the end of the financial year • Review the performance based allocation mechanism for use in determining future allocations • Confirm the correctness of submitted data by provinces by assessing a representative sample • Ensure that RAMP, project list and, IRM are aligned • Upload submitted road condition data into a central repository
	Responsibilities of provincial departments <ul style="list-style-type: none"> • Provincial departments must submit monthly infrastructure reports that comply with the IRM to DoT and the relevant provincial treasury • Provinces must align the RAMP, project list and IRM • Submit completed quarterly performance report templates 30 days after the end of each quarter • Provincial departments must implement their projects in line with the S'hamba Sonke and the Expanded Public Works Programme guidelines • Ensure that approved grant funded projects are published as part of the Estimates of Provincial Revenue and Expenditure through the provincial legislative processes • Ensure projects are selected using RAMS as the primary source of information • Design and implement projects in compliance with the S'hamba Sonke Principles and Expanded Public Works Programme guidelines • Submit updated road condition data (paved and unpaved) including instrumental/ automated road survey data, traffic data, safety audit report and bridge conditions by 30 September 2019
Process for approval of 2020/21 business plans	<ul style="list-style-type: none"> • Provinces must submit a draft 2020/21 RAMP with a minimum of five years of planned projects selected using RAMS as the primary source, by 27 September 2019 • RAMPs, including 2020 MTEF prioritised project lists, must be reviewed by DoT and feedback provided by 30 January 2020 • Provinces to submit final 2020/21 RAMP to DoT, relevant provincial treasury and National Treasury by 29 March 2020

Annexure 3: Frameworks for Conditional Grants to Municipalities

Detailed frameworks on Schedule 5, Part B grants to municipalities

Introduction

This annexure provides the revised frameworks for the grants set out in Part B of Schedule 5 of the 2019 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 provinces
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2019 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving provincial departments
- Process for approval of business plans for 2020/21

The attached frameworks are not part of the Division of Revenue Amendment Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the 2019 Division of Revenue Amendment Bill is enacted, these frameworks will be gazetted.

The financial statements and annual reports for 2019/20 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

Integrated Urban Development 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 support spatially aligned public infrastructure investment that will lead to functional and efficient urban spaces and ultimately unlock growth
Grant purpose	<ul style="list-style-type: none"> To provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for public investment in economic infrastructure To ensure that public investments are spatially aligned and to promote the sound management of the assets delivered
Outcome statements	<ul style="list-style-type: none"> Improved access to municipal infrastructure Improved quality of municipal services through infrastructure that is in better condition Improved spatial integration
Outputs	<ul style="list-style-type: none"> Number of new water connections meeting minimum standards Number of new sewer connections meeting minimum standards Number of dwellings provided with connections to the main electricity supply by the municipality Percentage of known informal settlements receiving integrated waste handling services during the financial year Additional square meters of parks provided during the financial year Additional square meters of outdoor sports facilities provided during the financial year Additional square meters of public open space provided during the financial year Number of additional community halls provided during the financial year Number of additional libraries provided during the financial year Percentage of unsurfaced roads graded within the financial year Percentage of surfaced municipal road lanes which has been resurfaced and resealed Length of non-motorised transport paths built over the financial year Number of work opportunities and Full-Time Equivalents (FTEs) created using the Expanded Public Works Programme (EPWP) guidelines for the above outputs
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 a three year capital programme that is aligned with a 10 year Capital Expenditure Framework The three year capital programme must demonstrate alignment with the Capital Expenditure Framework The three year capital programme must provide the following detail for each sub-programme that is partially or fully funded by the Integrated Urban Development Grant (IUDG): <ul style="list-style-type: none"> classification of sub-programme as informal settlement upgrading, other new infrastructure or renewal anticipated outputs indication of the proportion of outputs that will be delivered in priority areas as identified in the Spatial Development Framework indication of the proportion of outputs that will benefit low income households, high income households or non-residential customers The three year capital programme must demonstrate appropriate co-funding for the portion of the programme that does not benefit low income households This grant uses the Municipal Infrastructure Grant Management Information System (MIG-MIS) registration requirements
Conditions	<ul style="list-style-type: none"> IUDG funds may only be spent on: <ul style="list-style-type: none"> basic residential infrastructure for the poor for water, sanitation, roads, waste management, street lighting, community facilities as well as associated municipal bulk and connector infrastructure expenditure may be on new infrastructure, upgrading existing infrastructure or renewing existing infrastructure maintenance of roads infrastructure mainly serving the poor To receive the first tranche a three year capital programme and a 10 year Capital Expenditure Framework must have been approved through processes led by the Department of Cooperative Governance (DCoG) The second transfer will only be released to municipalities that have spent at least 50 per cent of their first tranche A maximum of 5 per cent of a municipality's IUDG allocations may be used for programme management costs related to grant funded projects and only if a business plan for their Programme Management Unit is approved by the transferring officer before the start of the municipal financial year. If these funds (5 per cent) are not planned or spent for this purpose they must revert back to capital projects in the IUDG

Integrated Urban Development Grant	
	<ul style="list-style-type: none"> • Local municipalities investing in roads infrastructure must utilise data from the Rural Roads Asset Management System (RRAMS), where available, to identify and prioritise their investment on roads projects • IUDG funds can be used for road maintenance only if projects are planned and prioritised using RRAMS data • Ring-fenced sport infrastructure allocation: <ul style="list-style-type: none"> ○ municipalities that have allocations gazetted as part of the ring-fenced allocation for specific sport infrastructure projects may only spend these allocations on the projects identified by Sport and Recreation South Africa (SRSA) ○ municipalities must make use of transversal contracts approved by SRSA when implementing projects funded from this allocation unless an exemption from this requirement is approved by SRSA ○ initial transfers of funds from the ring-fenced funds will be subject to signing of a memorandum of understanding between SRSA and the beneficiary municipalities ○ subsequent transfers funded through the ring-fenced amount will also be subject to approval by SRSA • Municipalities must report monthly on expenditure of transferred funds, signed-off by the municipal Accounting Officer or delegated official • Municipalities must submit quarterly reports in the prescribed format, signed-off by the municipal Accounting Officer or delegated official • Municipalities that are already part of the IUDG but do not continue to meet all of the qualification criteria for the grant must adopt and implement a Performance Improvement Plan (PIP) and meet the qualification criteria in the next financial year if they are to remain part of this grant. In 2019/20 Polokwane Local Municipality must adopt a PIP, which must: <ul style="list-style-type: none"> ○ be agreed with DCoG ○ set out measurable indicators to improve performance on the gaps in the municipality's performance on IUDG qualification criteria ○ address how the audit action plan will be implemented ○ be adopted by the municipal council • Municipalities implementing a PIP must submit monthly reports on its progress to DCoG
Allocation criteria	<ul style="list-style-type: none"> • Allocations are focused on municipalities whose circumstances align with the IUDG's criteria, these include higher urban population densities and high economic activity • The IUDG includes a base component, a performance-based component and a once-off planning component • 92 per cent of the total IUDG allocation is the base allocation derived from the Municipal Infrastructure Grant formula explained in part five of annexure W1 of the 2019 Division of Revenue Bill. The formula incorporates household backlogs in basic services and access to socio-economic services and poverty-weighted data • 5 per cent of the total IUDG allocation is allocated as a performance incentive. The performance-based component is also weighted according to the allocations in 2018/19 of the Municipal Infrastructure Grant. This allocation is then adjusted based on performance against the following weighted indicators: <ul style="list-style-type: none"> ○ non-grant capital as a percentage of total capital expenditure (40 per cent) ○ repairs and maintenance expenditure (30 per cent) ○ asset management plan (30 per cent) ○ land use applications in priority areas (0 per cent - this factor is dormant in 2019/20) ○ building plan applications in priority areas (0 per cent - this factor is dormant in 2019/20) • 3 per cent of the total IUDG allocation is allocated to participating municipalities as a once-off allocation in 2019/20 to undertake specified planning activities, provided that these conform to the list of eligible activities identified by the transferring officer, including: <ul style="list-style-type: none"> ○ a detailed three year capital programme and a 10 year Capital Expenditure Framework ○ property market empirical and diagnostic studies ○ integrated infrastructure and spatial planning for identified integration zones ○ investment pipeline development ○ asset management plan ○ priority areas ○ development of infrastructure financing strategies and instruments ○ implementation of an agreed performance improvement plan
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant with conditions, objectives and distribution criteria different from that of the equitable share
Past performance	<ul style="list-style-type: none"> • New grant introduced in 2019/20
Projected life	<ul style="list-style-type: none"> • The programme will continue up to 2021/22, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2019/20: R857 million; 2020/21: R939 million and 2021/22: R1 billion
Payment schedule	<ul style="list-style-type: none"> • Three instalments: July 2019, December 2019 and March 2020
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national departments</p> <ul style="list-style-type: none"> • DCoG administers the IUDG and co-ordinates its activities with all stakeholders, through appropriate structures. DCoG must:

Integrated Urban Development Grant	
	<ul style="list-style-type: none"> ○ monitor expenditure and non-financial performance in collaboration with provincial departments of cooperative governance ○ coordinate overall programme implementation ● The Municipal Infrastructure Support Agent must support municipalities that have been identified collaboratively by DCoG and its provincial counterparts as needing assistance ● In addition to the sector-specific support and advice, the Department of Water and Sanitation, Department of Environmental Affairs, Department of Transport, Department of Energy and Sport and Recreation South Africa will be expected to: <ul style="list-style-type: none"> ○ provide sector policies and plans to municipalities as informants to the preparation of Capital Expenditure Frameworks ○ participate in processes to approve the 10 year Capital Expenditure Framework and three year capital programme ○ fulfil a sectoral monitoring and guidance role on relevant sectoral outputs. National sector departments will be invited to participate in IUDG in-year monitoring meetings in order to facilitate this role
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> ● Provincial departments responsible for local government must: <ul style="list-style-type: none"> ○ coordinate technical support to municipalities ○ provide assistance to municipalities in managing municipal infrastructure projects ○ participate in processes to approve the 10 year Capital Expenditure Framework and three year capital programme ○ participate in in-year monitoring meetings ○ verify outputs and outcomes reported by municipalities on a sample of projects annually ● Provincial treasuries must: <ul style="list-style-type: none"> ○ participate in processes to approve the 10 year Capital Expenditure Framework and three year capital programme ○ participate in in-year monitoring meetings
	<p>Responsibilities of the municipalities</p> <ul style="list-style-type: none"> ● Municipalities must ensure appropriate programme and project planning and implementation readiness prior to the year of implementation and this must be informed by their Integrated Development Plan, three year capital programme and the 10 year Capital Expenditure Framework ● Municipalities must monitor projects during the year and use this monitoring to inform reporting to DCoG ● Municipalities must report monthly, quarterly and at the end of the financial year in the prescribed format(s) and timelines ● Monthly, quarterly and annual reports must be signed-off by the Accounting Officer or the delegated official and submitted directly to provincial coordinators of DCoG
Process for approval of 2020/21 business plans	<ul style="list-style-type: none"> ● Eligibility for the IUDG and minimum conditions for qualification are outlined in Annexure W1 to the 2019 Division of Revenue Bill ● If a Category B municipality wishes to apply for the IUDG for 2020/21 and is not already classified as an intermediate city municipality, it must submit an application to be classified as an intermediate city municipality by the end of April 2019. The municipality will receive notification of the outcome of its application by the end of June 2019 ● Category B municipalities that have been classified as intermediate city municipalities and who wish to be considered for qualification for the IUDG must submit an application form indicating compliance with minimum conditions by 31 July 2019 ● Municipalities must submit a first draft of the three year capital programme and 10 year Capital Expenditure Framework to the transferring officer by 31 January 2020 and the final versions of the three year capital programme and 10-year Capital Expenditure Framework must be approved through processes led by DCoG by 30 April 2020

ANNEXURE 4

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

(National and Municipal Financial Years)

ANNEXURE 4

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

Category	Municipality	Municipal Infrastructure Grant			Neighbourhood Development Partnership Grant (Capital)			Municipal Disaster Recovery Grant		
		National and Municipal Financial Year			National and Municipal Financial Year			National and Municipal Financial Year		
		2019/20 Main Allocation (R'000)	Adjustment (R'000)	2019/20 Adjusted Allocation (R'000)	2019/20 Main Allocation (R'000)	Adjustment (R'000)	2019/20 Adjusted Allocation (R'000)	2019/20 Main Allocation (R'000)	Adjustment (R'000)	2019/20 Adjusted Allocation (R'000)
EASTERN CAPE										
B	EC141 Elundini	38 948		38 948						
B	EC142 Senqu	38 485		38 485						
B	EC145 Walter Sisulu	18 872		18 872						
C	DC14 Joe Gqabi District Municipality	156 868		156 868			60 733	(60 733)		
Total: Joe Gqabi Municipalities		253 173		253 173			60 733	(60 733)		
Total: Eastern Cape Municipalities		3 045 340		3 045 340	37 500		37 500	60 733	(60 733)	
GAUTENG										
B	GT421 Emfuleni	168 967		168 967	7 500	(7 500)				
B	GT422 Midvaal	41 786		41 786						
B	GT423 Lesedi	26 404		26 404						
C	DC42 Sedibeng District Municipality									
Total: Sedibeng Municipalities		237 157		237 157	7 500	(7 500)				
B	GT481 Mogale City				28 000		28 000			
B	GT484 Merafong City	66 275		66 275						
B	GT485 Rand West City	91 155		91 155						
C	DC48 West Rand District Municipality				12 000	(12 000)				
Total: West Rand Municipalities		157 430		157 430	40 000	(12 000)	28 000			
Total: Gauteng Municipalities		394 587		394 587	182 000	(19 500)	162 500			
KWAZULU-NATAL										
A	ETH eThekweni				48 000		48 000		112 983	112 983
B	KZN212 uMdoni	30 678		30 678						
B	KZN213 uMzumbane	34 077		34 077						
B	KZN214 uMuziwabantu	23 340		23 340						
B	KZN216 Ray Nkonyeni				10 000		10 000			
C	DC21 Ugu District Municipality	241 038		241 038				20 237	20 237	
Total: Ugu Municipalities		329 133		329 133	10 000		10 000		20 237	20 237
Total: KwaZulu-Natal Municipalities		3 208 816		3 208 816	138 059		138 059		133 220	133 220
NORTHERN CAPE										
B	NC071 Ubuntu	9 970		9 970						
B	NC072 Umsobomvu	11 490		11 490						
B	NC073 Emthanjeni	25 657	(1 600)	24 057						
B	NC074 Kareeberg	8 038		8 038						
B	NC075 Renosterberg	7 480		7 480						
B	NC076 Thembelihle	9 449		9 449						
B	NC077 Siyathemba	9 829		9 829						
B	NC078 Siyanquma	16 608		16 608						
C	DC7 Pixley Ka Seme District Municipality									
Total: Pixley Ka Seme Municipalities		98 521	(1 600)	96 921						
B	NC091 Sol Plaatje				40 000		40 000			
B	NC092 Dikgatlong	19 527		19 527						
B	NC093 Magareng	28 163	(2 000)	26 163						
B	NC094 Phokwane	26 265		26 265						
C	DC9 Frances Baard District Municipality									
Total: Frances Baard Municipalities		73 955	(2 000)	71 955	40 000		40 000			
Total: Northern Cape Municipalities		443 541	(3 600)	439 941	40 000		40 000			
WESTERN CAPE										
B	WC051 Laingsburg	6 692		6 692						
B	WC052 Prince Albert	15 502	3 600	19 102						
B	WC053 Beaufort West	13 972		13 972						
C	DC5 Central Karoo District Municipality									
Total: Central Karoo Municipalities		36 166	3 600	39 766						
Total: Western Cape Municipalities		443 713	3 600	447 313	50 000		50 000			
Unallocated								133 220	(133 220)	
National Total		14 816 103		14 816 103	621 172	(19 500)	601 672	193 953	(60 733)	133 220

ANNEXURE 5
ALLOCATIONS-IN-KIND TO MUNICIPALITIES
(SCHEDULE 6, PART B)
(National and Municipal Financial Years)

ANNEXURE 5
ALLOCATIONS-IN-KIND TO MUNICIPALITIES
(SCHEDULE 6, PART B)

Category	Integrated National Electrification Programme Grant (Eskom)			Regional Bulk Infrastructure Grant			Neighbourhood Development Partnership Grant (Technical Assistance)			Municipal Systems Improvement Grant		
	2019/20 National Allocation (R'000)	2019/20 Adjusted Allocation (R'000)	2019/20 Main Allocation (R'000)	2019/20 National and Municipal Allocation (R'000)	2019/20 Adjusted Allocation (R'000)	2019/20 Main Allocation (R'000)	2019/20 National and Municipal Allocation (R'000)	2019/20 Adjusted Allocation (R'000)	2019/20 Main Allocation (R'000)	2019/20 National and Municipal Allocation (R'000)	2019/20 Adjusted Allocation (R'000)	2019/20 Main Allocation (R'000)
FREE STATE												
A MAN Mangung	483		483	192 000		192 000			1 000		(700)	500
B FSI161 Lesemeng	423	(2)	421	1 000	3 500	4 500					(700)	1 800
B FSI162 Kopanong	66		66									2 300
B FSI163 Molekare	49		49									1 800
C DC16 Xhariep District Municipality									500		(700)	2 300
Total: Xhariep Municipalities	538	(2)	536	1 000	3 500	4 500			500		(700)	5 900
B FSI181 Moshlanyana	83		83	60 000	(22 100)	37 900						
B FSI182 Tokologo	31		31	136 500	(45 703)	90 797						
B FSI183 Tswelopele	6 378		6 378	2 000	4 000	6 000						
B FSI184 Matjhabeng	42 031		42 031						500		(700)	2 300
B FSI185 Nala	227		227									
C DC18 Lejweletsova District Municipality									500		(700)	2 300
Total: Lejweletsova Municipalities	48 750		48 750	198 500	(63 803)	134 697			500		(700)	2 300
B FSI191 Sesoto	7 483	(6 223)	6 861	111 683	31 474	143 157						
B FSI192 Dithabeng	3 037	(2 619)	418	3 000	3 000	3 000						
B FSI193 Nkomo	167		167	136 488	9 084	145 572						
B FSI194 Mankar-Pfoting	650	(118)	532	50 832	2 500	53 332					(700)	500
B FSI195 Phumela	322	(145)	179	5 000	5 000	10 000						
B FSI196 Mantsoa	1 283		1 283									
C DC19 Thabo Mofutsanyana District Municipality									500		(700)	2 300
Total: Thabo Mofutsanyana Municipalities	12 942	(3 502)	9 440	304 003	51 658	355 661			500		(700)	2 300
B FS201 Mochaka	17 029	(5 724)	11 305									
B FS203 Ngwalhe	62		62	70 000	(25 000)	45 000					(700)	500
B FS204 Msimaholo				30 000		30 000						1 750
B FS205 Mafisa	75		75									
C DC20 Ficksburg District Municipality												
Total: Ficksburg Municipalities	17 166	(5 724)	11 442	100 000	(25 000)	75 000					(700)	2 250
Total: Free State Municipalities	79 879	(9 228)	70 651	798 503	(34 245)	764 258			1 500		(3 500)	11 450
GAUTENG												
A EKV City of Ekurhuleni	108 677	(10 900)	97 777						3 300			3 300
A HBB City of Johannesburg	45 736		45 736						3 497			3 497
A TSH City of Tshwane	6 424		6 424						1 500			1 500
B GT421 Emfuleni	24 420	(10 640)	13 780	205 712	409 927	615 639			2 000	7 500	(700)	2 250
B GT422 Midvaal				136 749	(116 000)	20 749			500			500
B GT423 Lesedi												
C DC42 Sedibeng District Municipality									700	7 500	(700)	900
Total: Sedibeng Municipalities	24 420	(10 640)	13 780	342 461	293 927	636 388			8 200	7 500	(700)	3 150
B GT481 Mogale City	26 008	(11 280)	14 728						1 000		(700)	3 100
B GT484 Meritong City	7 354		7 354									1 750
B GT485 Rand West City	8 110	(743)	7 367	107 500		107 500			500			900
DC48 West Rand District Municipality									12 000			900
Total: West Rand Municipalities	41 472	(12 023)	29 449	107 500		107 500			12 000		(700)	6 650
Total: Gauteng Municipalities	226 729	(33 563)	193 166	449 961	293 927	743 888			10 497	19 500	(1 400)	9 800

ANNEXURE 5
ALLOCATIONS-IN-KIND TO MUNICIPALITIES
(SCHEDULE 6, PART B)

Category	Municipality	Integrated National Electrification Programme Grant (Eskom)				Regional Bulk Infrastructure Grant				Neighbourhood Development Partnership Grant (Technical Assistance)				Municipal Systems Improvement Grant			
		National and Municipal Financial Year		National and Municipal Financial Year		National and Municipal Financial Year		National and Municipal Financial Year		National and Municipal Financial Year		National and Municipal Financial Year		National and Municipal Financial Year			
		2019/20 Allocation (R'000)	Adjustment (R'000)	2019/20 Allocation (R'000)	Adjustment (R'000)	2019/20 Allocation (R'000)	Adjustment (R'000)	2019/20 Allocation (R'000)	Adjustment (R'000)	2019/20 Allocation (R'000)	Adjustment (R'000)	2019/20 Allocation (R'000)	Adjustment (R'000)	2019/20 Allocation (R'000)	Adjustment (R'000)		
KWAZULU-NATAL																	
B	KZN212 uMdeni	35 032	(1 595)	33 437													
B	KZN213 uMzambe	48 977	(7 025)	41 952													
B	KZN214 uMtwanobom	6 416	(5 505)	911													
B	KZN216 Ray Nkonyeni	22 504	(6 607)	15 897											1 800		
C	DC21 Ugu District Municipality																
	Total: Ugu Municipalities	112 929	(20 732)	92 197									500	500	1 800		
B	KZN235 Okhahlamba																
B	KZN237 iNkosi Langalibalele	4 470		4 470													
B	KZN238 Alfred Duma	22 559	(2 823)	19 736											1 800		
C	DC23 uThukela District Municipality																
	Total: uThukela Municipalities	27 029	(2 823)	24 206										1 800	1 800		
B	KZN261 eDumbe																
B	KZN262 uPhongolo																
B	KZN263 Abaqobisi	53 778	(1 480)	52 298											1 800		
B	KZN265 Nongoma																
B	KZN266 Ulundi	33 226	(3 188)	30 038													
C	DC26 Zululand District Municipality																
	Total: Zululand Municipalities	87 004	(4 668)	82 336										1 800	1 800		
B	KZN271 uMhlabuyalingana	213 941	(19 555)	194 386													
B	KZN272 Isizini	77 613		77 613													
B	KZN275 Mtshatsha	45 849	(7 577)	38 272													
B	KZN276 Big Five Hubisa	30 343		30 343													
C	DC27 uMkhayalade District Municipality																
	Total: uMkhayalade Municipalities	367 746	(27 132)	340 614				3 600	1 400								
B	KZN281 uMkholozi																
B	KZN282 uMhlabuze	10 897	(6 928)	3 969											600		
B	KZN284 uMhlazi	14 626	(1 500)	14 476											1 800		
B	KZN285 Mtshamoni	5 824		5 824													
B	KZN286 Nkandla	12 164		12 164													
C	DC28 King Cetshwayo District Municipality																
	Total: King Cetshwayo Municipalities	43 511	(7 078)	36 433										2 400	2 400		
B	KZN291 Mandeni																
B	KZN292 KwaDukuza	4 335		4 335													
B	KZN293 Ndwebwe	26 204		26 204													
B	KZN294 Mphahulo	39 664	(6 567)	33 097													
C	DC29 ILembe District Municipality																
	Total: ILembe Municipalities	70 203	(6 567)	63 636													
	Total: KwaZulu-Natal Municipalities	871 192	(69 000)	802 192				3 600	1 400				5 000	6 600	13 150		

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

Province /Components	National Health Insurance Indirect Grant		
	National Financial Year		
	2019/20 Main Allocation (R'000)	Adjustment (R'000)	2019/20 Adjusted Allocation (R'000)
National Health Insurance Indirect Grant			
Eastern Cape	244 190	(26 629)	217 561
Free State	299 697	(31 773)	267 924
Gauteng	102 250	(54 351)	47 899
KwaZulu-Natal	48 444	(30 444)	18 000
Limpopo	521 750	83 939	605 689
Mpumalanga	94 361	(9 723)	84 638
Northern Cape	8 861	(4 861)	4 000
North West	9 453	(9 453)	
Western Cape	9 507	(9 507)	
Unallocated	1 195 186	(532 186)	663 000
Total	2 533 699	(624 988)	1 908 711
<i>of which:</i>			
Health Facility Revitalisation Grant Component			
Eastern Cape	207 561		207 561
Free State	297 924	(30 000)	267 924
Gauteng	47 899		47 899
KwaZulu-Natal			
Limpopo	506 389	89 300	595 689
Mpumalanga	76 638		76 638
Northern Cape			
North West			
Western Cape			
Unallocated			
Total	1 136 411	59 300	1 195 711
Personal Services			
Eastern Cape	36 629	(26 629)	10 000
Free State	1 773	(1 773)	
Gauteng	54 351	(54 351)	
KwaZulu-Natal	48 444	(30 444)	18 000
Limpopo	15 361	(5 361)	10 000
Mpumalanga	17 723	(9 723)	8 000
Northern Cape	8 861	(4 861)	4 000
North West	9 453	(9 453)	
Western Cape	9 507	(9 507)	
Unallocated	437 186	(407 186)	30 000
Total	639 288	(559 288)	80 000
Non-Personal Services			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Unallocated	758 000	(125 000)	633 000
Total	758 000	(125 000)	633 000

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)	School Infrastructure Backlogs Grant		
	National Financial Year		
	<i>2019/20 Main Allocation (R'000)</i>	<i>Adjustment (R'000)</i>	<i>2019/20 Adjusted Allocation (R'000)</i>
Province			
Schools Infrastructure Backlogs Grant			
Eastern Cape	1 362 327		1 362 327
Free State	77 466		77 466
Gauteng			
KwaZulu-Natal	245 000		245 000
Limpopo	135 689		135 689
Mpumalanga	21 000	(21 000)	
Northern Cape			
North West	28 000	(19 000)	9 000
Western Cape			
Unallocated	157 566		157 566
Total	2 027 048	(40 000)	1 987 048

APPENDIX 3

APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF ILIMA/LETSEMA INDIRECT GRANT: ALLOCATIONS PER PROVINCE

(National Financial Years)

APPENDIX 3

APPENDIX TO SCHEDULE 6, PART A: BREAKDOWN OF ILIMA/LETSEMA INDIRECT GRANT:
ALLOCATIONS PER PROVINCE

Province	Ilima/Letsema Indirect Grant		
	National Financial Year		
	<i>2019/20 Main Allocation (R'000)</i>	<i>Adjustment (R'000)</i>	<i>2019/20 Adjusted Allocation (R'000)</i>
Ilima/Letsema Indirect Grant			
Eastern Cape		8 627	8 627
Free State		3 482	3 482
Gauteng		1 651	1 651
KwaZulu-Natal		3 451	3 451
Limpopo		6 151	6 151
Mpumalanga		5 251	5 251
Northern Cape		2 777	2 777
North West		4 577	4 577
Western Cape		9 301	9 301
Total		45 268	45 268

APPENDIX 4

**APPENDIX TO SCHEDULE 4, PART A AND SCHEDULE 5, PART A: BREAKDOWN OF RING-FENCED DISASTER FUNDS:
ALLOCATIONS FOR PROVINCES PER GRANT**

(National Financial Years)

APPENDIX 4

APPENDIX TO SCHEDULE 4, PART A AND SCHEDULE 5, PART A: BREAKDOWN OF RING-FENCED
DISASTER FUNDS: ALLOCATIONS FOR PROVINCES PER GRANT

Province / Grant Name	Ring-Fenced Disaster Allocations		
	National Financial Year		
	2019/20 Main Allocation (R'000)	Adjustment (R'000)	2019/20 Adjusted Allocation (R'000)
Comprehensive Agricultural Support Programme Grant			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Total			
Education Infrastructure Grant			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal	200 319		200 319
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Total	200 319		200 319
Health Facility Revitalisation Grant			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Total			
Human Settlements Development Grant			
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal	247 013		247 013
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Total	247 013		247 013
Provincial Roads Maintenance Grant			
Eastern Cape	66 188	60 733	126 921
Free State			
Gauteng			
KwaZulu-Natal	38 748		38 748
Limpopo	140 000		140 000
Mpumalanga			
Northern Cape			
North West			
Western Cape			
Total	244 936	60 733	305 669