

THE PRESIDENCY

DIE PRESIDENSIE

No. 407 _____ 28 March 2002

No. 407 _____ 28 Maart 2002

It is hereby notified that the President has assented to the following Act, which is hereby published for general information:—

Hierby word bekend gemaak dat die President sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 5 of 2002: Division of Revenue Act, 2002.

No. 5 van 2002: Wet op die Verdeling van Inkomste, 2002.

Vol. 441 Cape Town, 28 March 2002 **No. 23290**
 Kaapstad, Maart

ACT

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2002/2003 financial year; to provide for reporting requirements for allocations pursuant to such division; to provide for the withholding and the delaying of payments; to provide for liability for costs incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations; and to provide for matters connected therewith.

PREAMBLE

WHEREAS section 214(1) of the Constitution requires an Act of Parliament to provide for—

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

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

Definitions

- 1.** In this Act, unless the context indicates otherwise, a word to which a meaning has been assigned in the Public Finance Management Act bears the same meaning, and—
- (i) "accredited bank account" means—
 - (a) in respect of a province, a bank account of the provincial Revenue Fund which the head official of the provincial treasury has certified to the National Treasury as the bank account into which allocations in terms of this Act must be deposited; and
 - (b) in respect of a municipality, a bank account of a municipality which the municipal manager has certified to the national accounting officer responsible for local government as the bank account into which allocations in terms of this Act must be deposited;
 - (ii) "Director-General" means the Director-General of the National Treasury;
 - (iii) "head official of the provincial treasury" means the head official of the provincial department responsible for financial matters in the province;
 - (iv) "Intergovernmental Fiscal Relations Act" means the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
 - (v) "municipality" means a municipality established in terms of the Municipal Structures Act;

- (vi) “municipal accounting officer” means the municipal manager of a municipality or such other person who has been instructed or delegated by the council to perform the functions of an accounting officer;
- (vii) “municipal public entity” means— 5
 a board, commission, company, corporation, fund, utility or other entity which is—
 (a) a juristic person under the ownership control of a municipality;
 (b) established pursuant to a resolution of the council or in terms of legislation;
 (c) fully or substantially funded either from municipal funds or by way of a tax, levy or other money imposed in terms of legislation; and 10
 (d) accountable to the municipality;
- (viii) “Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- (ix) “next financial year” means the financial year commencing on 1 April 2003 and ending on 31 March 2004; 15
- (x) “payment schedule” means an instalment schedule which sets out—
 (a) the amount of each instalment of an equitable share or other allocation to be transferred to a province or municipality for the financial year;
 (b) the date on which each such instalment must be paid; and 20
 (c) to whom, and to which accredited bank account, each such instalment must be paid;
- (xi) “prescribe” means prescribe by regulation in terms of section 33;
- (xii) “Public Finance Management Act” means the Public Finance Management Act, 1999 (Act No. 1 of 1999); 25
- (xiii) “receiving officer”—
 (a) in respect of a Schedule 3 allocation transferred to a province, means the head official of a provincial treasury acting with the concurrence of the accounting officer of the provincial department receiving the allocation;
 (b) in respect of a Schedule 4 allocation transferred to a province, means the accounting officer of a provincial department which receives such allocation; or 30
 (c) in respect of a Schedule 5 allocation transferred to a municipality, means the municipal accounting officer of that municipality;
- (xiv) “SALGA” means the national organisation recognised in terms of section 2(1)(a) of the Organised Local Government Act, 1997 (Act No. 52 of 1997); 35
- (xv) “transferring national officer” means the accounting officer responsible for a national department which transfers to a province or municipality a Schedule 3, 4 or 5 allocation, but excludes the accounting officer of the National Treasury in respect of an allocation listed in those Schedules and which is on the vote of the National Treasury; 40
- (xvi) “transferring provincial officer” means the accounting officer responsible for a provincial department which receives a Schedule 4 or 5 allocation for the purpose of transferring it to a municipality in the relevant province. 45

PART I

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OBJECTS OF ACT

Promoting co-operative governance in intergovernmental budgeting

2. The objects of this Act are to—
- (a) provide for the equitable division of revenue raised nationally among the three spheres of government; 50
- (b) promote co-operative governance in the budget allocation and transfer process;
- (c) promote better co-ordination between policy, planning, budget preparation and execution processes;

- (d) promote predictability and certainty in respect of all allocations to provincial and local governments to enable such governments to plan their budgets over a multi-year period;
- (e) promote transparency and equity in all allocations, including in respect of the criteria for their division; 5
- (f) promote accountability for the use of public resources by ensuring that all transfers are reflected on the budget of benefiting provincial and local governments, and are subjected to an audit;
- (g) ensure that proper financial management is applied; and
- (h) ensure that legal proceedings between organs of state of the three spheres of government are avoided. 10

PART II

EQUITABLE SHARE ALLOCATIONS

Equitable division of revenue raised nationally among spheres of government

3. (1) Anticipated revenue raised nationally in respect of the financial year is divided among the national, provincial and local spheres of government for their equitable share as set out in Column A of Schedule 1. 15

(2) A recommended division of anticipated revenue for the next financial year and the 2004/2005 financial year, and which is subject to the provisions of the annual Division of Revenue Act in respect of those financial years, is set out in Column B of Schedule 1. 20

(3) Despite subsection (2), the Minister may, in respect of the next financial year and until the commencement of that financial year's Division of Revenue Act, determine that an amount not exceeding 45 per cent of the recommended division for the next financial year, be transferred as a direct charge against the National Revenue Fund to each province and to a municipality contemplated in section 5(1). 25

Equitable division of provincial share among provinces

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

(2) A recommended division of anticipated revenue for each province for the next financial year and the 2004/2005 financial year and which is subject to the provisions of the annual Division of Revenue Act for those financial years, is set out in Column B of Schedule 2. 30

(3) Each province's equitable share contemplated in subsection (1) must be transferred to the province in weekly instalments in accordance with a payment schedule determined by the National Treasury after consultation with the head officials of the provincial treasuries. 35

(4) Despite subsection (3), the National Treasury may, on such conditions as it may determine, advance funds to a province in respect of its equitable share contemplated in subsection (1), which have not yet fallen due for transfer in accordance with a payment schedule referred to in subsection (3) in respect of that province. 40

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

Equitable share for local government

5. (1) The national accounting officer responsible for local government must, not later than 14 days after this Act takes effect, determine the allocation for a municipality in respect of the equitable share for the local sphere of government set out in Schedule 1 and such determination must be published by the Minister in the *Gazette*. 45

(2) The criteria for determining the division contemplated in subsection (1) must be in accordance with a policy framework approved by the National Treasury after consultation with SALGA and must take into account the fiscal capacity of each 50

municipality with a view to the prioritisation of the funding of municipalities which bear primary responsibility for basic service delivery.

(3) Despite subsection (1), the national accounting officer responsible for local government may, after consultation with the relevant member of the executive council responsible for local government and in accordance with a prescribed procedure, amend, in respect of a category B or C municipality, a determination made in terms of that subsection if, as a result of information obtained after that determination, there is reason to believe that such an amendment will ensure better compliance with the criteria contemplated in subsection (2).

(4) The national accounting officer responsible for local government must, in the determination contemplated in subsection (1), also indicate the recommended division of anticipated revenue for the next financial year and the 2004/2005 financial year.

(5) The allocation to each municipality contemplated in subsection (1) must be transferred to that municipality in quarterly instalments in accordance with a payment schedule determined by the national accounting officer responsible for local government after consultation with the National Treasury: Provided that such instalments are transferred not later than the end of May, August, November and February.

(6) Despite subsection (5), the national accounting officer responsible for local government may, after consultation with the National Treasury, on such conditions as he or she may determine, advance funds to a municipality in respect of its equitable share contemplated in subsection (1), which have not yet fallen due for transfer in accordance with a payment schedule referred to in subsection (5) in respect of that municipality.

(7) The advances contemplated in subsection (6) must be set-off against transfers to the municipality which would otherwise become due in terms of that payment schedule.

Shortfalls and excess revenue

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

(2) If actual revenue raised nationally in respect of the financial year is in excess of the anticipated revenue set out in Schedule 1, the excess accrues to the national government and forms part of its equitable share.

(3) Despite subsection (2), the national government may, by means of an adjustments budget or any other appropriation legislation, and additional to the equitable share allocation and the allocations contemplated in Part III, make further allocations to the provincial and local spheres of government from its share of revenue anticipated to be raised nationally.

PART III

OTHER ALLOCATIONS TO PROVINCES AND MUNICIPALITIES

General norms and standards for all allocations

7. (1) Other allocations to provinces and municipalities from the national government's share of anticipated revenue raised nationally are set out in Column A of Schedules 3, 4, 5 and 6 as follows, and must, except in respect of Schedule 6 allocations, be transferred in terms of a payment schedule submitted to the National Treasury not later than 14 days after this Act takes effect:

- (a) Schedule 3 contains allocations to provinces for general and nationally assigned functions;
- (b) Schedule 4 contains allocations to provinces for specified purposes;
- (c) Schedule 5 contains allocations to municipalities for specified purposes; and
- (d) Schedule 6 contains allocations-in-kind to provinces and municipalities for designated special programmes.

(2) A recommended division of anticipated allocations to provinces and municipalities for the next financial year and the 2004/2005 financial year and which is subject to the provisions of the Division of Revenue Acts for those financial years is set out in Column B of the Schedules referred to in subsection (1).

(3) Despite subsection (2), the Minister may, in respect of the next financial year and until the commencement of the relevant Division of Revenue Act, determine that an amount not exceeding 45 per cent of the recommended division of the allocation for the next financial year set out in Schedule 3, 4 or 5 be transferred to a province or municipality.

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Transfers to public entities

8. Transfers to public or municipal entities in order to perform a function that is normally the responsibility of a province or municipality, must be regarded as being transfers to such province or municipality.

Transfers not listed in Schedules

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9. (1) The transfer of an allocation not listed in the Schedules contemplated in Part III of this Act may only be made with the permission of the Minister and must be published in the *Gazette*.

(2) The permission contemplated in subsection (1) may only be granted if—

(a) the allocation is approved by Parliament in an adjustments budget or any other appropriation legislation; or

(b) the allocation is for the purpose of defraying expenditure of an exceptional nature contemplated in section 16 of the Public Finance Management Act.

(3) The transferring national officer must, in respect of an allocation contemplated in subsection (1)—

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(a) comply with the reporting and monitoring requirements determined by the National Treasury; and

(b) submit to the National Treasury an assessment of the likelihood for the province or municipality which receives, or benefits from it, to spend it or benefit from it in the financial year.

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Provincial infrastructure allocation

10. A provincial treasury must, in respect of an allocation for provincial infrastructure listed in Schedule 3, not later than 14 days after this Act takes effect, ensure that the province—

(a) submits to the National Treasury a plan in the format determined by the National Treasury on proposed spending for the financial year, the 2003/2004 financial year and the 2004/2005 financial year; and

(b) indicates to what extent it will match the allocations contemplated in paragraph (a).

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Municipal infrastructure allocations

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11. (1) Allocations for addressing backlogs in basic municipal infrastructure and services are set out in Schedule 5.

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

(a) may only be transferred in terms of a policy framework approved by the National Treasury;

(b) must be accompanied by an indication of the recommended amounts of a similar allocation for the next financial year and the 2004/2005 financial year, unless the National Treasury grants exemption from compliance with this requirement; and

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

Transfer of assets to municipalities

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

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- (a) that municipality's confirmation that it will take transfer of such asset for operating purposes;
- (b) a realistic estimate of the future value of the asset and potential liability, including a reflection of the associated operating costs; and
- (c) the approval of the municipal council and the national accounting officer responsible for local government. 5

Municipal capacity building allocations

13. (1) Any transfer of an allocation aimed at developing and improving municipal systems and the capacity of municipalities to perform functions assigned to them may only be made in terms of a framework determined by the national accounting officer responsible for local government in consultation with the Director-General. 10

(2) The framework contemplated in subsection (1) must take into account financial management, budgeting and spatial planning considerations.

PART IV

DUTIES OF ACCOUNTING OFFICERS AND TREASURIES 15

Duties of transferring national officer

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

- (a) grant frameworks, conditions and monitoring provisions are reasonable and do not impose an undue administrative burden on benefiting provincial and local governments receiving an allocation contemplated in Part III; 20
- (b) funds will only be transferred after prescribed information has been provided; and
- (c) funds will only be deposited into an accredited bank account of a province or municipality. 25

(2) A transferring national officer who has not complied with subsection (1) must, unless the National Treasury has, for exceptional reasons, directed otherwise, transfer such funds unconditionally to provinces and municipalities on the basis of the equitable share formula.

(3) Despite anything to the contrary contained in any law, a transferring national officer must, in respect of any allocation contemplated in Part III, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, within 20 days after the end of each month and in the format determined by the National Treasury, submit to the National Treasury and the relevant executive authority information on— 30

- (a) the amount transferred to a province or municipality in the month reported on and for the financial year up to the end of that month; 35
- (b) the amount of funds delayed or withheld from any province or municipality up to the end of that month and for the financial year up to the end of that month;
- (c) the actual expenditure incurred by the province or municipality in the month reported on and for the financial year up to the end of that month in respect of allocations set out in Schedules 4 and 5; and 40
- (d) such other issues as the National Treasury may determine. 45

Duties of transferring provincial officer

15. (1) A transferring provincial officer must, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, and in respect of any allocation to be transferred to municipalities, within 15 days after the end of each month and in the format determined by the National Treasury, submit to the transferring national officer, the relevant treasury and executive authority responsible for that department, information on— 45

- (a) the amount transferred to a municipality in the month reported on and for the financial year up to the end of that month; 50

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- (b) the amount of funds delayed or withheld from any municipality in the month reported on and for the financial year up to the end of that month;
- (c) actual expenditure in respect of that allocation and for the financial year up to the end of that month; and
- (d) such other issues as the National Treasury may determine. 5

(2) A provincial accounting officer intending to make an allocation in the financial year, other than an allocation listed in any Schedule to this Act, to a municipality from the Provincial Revenue Fund must, not later than 14 days after this Act takes effect or such other date determined by the National Treasury, provide the provincial treasury with the prescribed information and the provincial treasury must, not later than the date determined by National Treasury, publish such information in the *Provincial Gazette*. 10

Duties of receiving officer

- 16.** (1) The relevant receiving officer must, in respect of an allocation transferred to—
- (a) a province, and as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, within 15 days after the end of each month, submit a report to the relevant provincial treasury, the relevant provincial executive authority and the transferring national officer; and 15
 - (b) a municipality, within 10 days after the end of each month, submit a report to the relevant transferring national or provincial officer. 20

- (2) The reports contemplated in subsection (1) must set out—
- (a) the amount received by the province or municipality, as the case may be, in the month reported on and for the financial year up to the end of that month;
 - (b) the amount of funds delayed or withheld from the province or municipality, as the case may be, in the month reported on and for the financial year up to the end of that month; 25
 - (c) the actual expenditure by the province or municipality, as the case may be, for the month reported on and for the financial year up to the end of that month in respect of allocations set out in Schedules 4 and 5;
 - (d) the extent of compliance with the conditions of an allocation and with this Act;
 - (e) an explanation for any material problems or variations experienced by the province or municipality, as the case may be, regarding an allocation which has been received and a summary of the steps taken to deal with such problems or variations; and 30
 - (f) such other issues and information as the National Treasury may determine. 35

(3) The receiving officer of a municipality which intends to transfer to another municipality an allocation or portion of it transferred to it in terms of this Act must, prior to such transfer, obtain the approval of the National Treasury. 35

(4) The Minister may prescribe additional duties for the relevant officers of the municipalities contemplated in subsection (3).

Duties of provincial treasury 40

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

- (a) actual transfers received by the province from national departments;
- (b) the actual expenditure on such allocations, excluding the allocations set out in Schedule 3, up to the end of that month; and 45
- (c) any problems of compliance with the provisions of this Act by transferring provincial officers and receiving officers, and the steps taken to deal with such problems.

(2) The report contemplated in subsection (1) must, in respect of the provincial infrastructure allocation, include reports for each quarter and be in such format determined by the National Treasury. 50

Annual report and financial statements

18. (1) The annual report and financial statements contemplated in section 40 of the Public Finance Management Act must, in respect of a department transferring funds for an allocation set out in Schedules 3, 4, 5 and 6, also—

- (a) indicate the total amount of that allocation transferred to a province or municipality; 5
- (b) indicate the funds, if any, which were withheld and the reasons for such withholding;
- (c) certify that all transfers to a province or a municipality were deposited into the accredited bank account of that province or municipality; 10
- (d) certify that, except in respect of allocations contemplated in Schedule 6, no other funds were spent, directly or through a public or private entity, on a function normally performed by a province or municipality;
- (e) indicate to what extent a province or municipality was monitored for compliance with the conditions of an allocation and the provisions of this Act; 15
- (f) indicate to what extent the allocation achieved its purpose and outputs;
- (g) indicate the funds, if any, utilised for the administration of the allocation, and whether any portion of the allocation was retained by the transferring department for that purpose; and
- (h) indicate any non-compliance with this Act, and the steps taken to deal with such non-compliance. 20

(2) The annual report and financial statements contemplated in section 40 of the Public Finance Management Act or in any other national legislation or prescribed must, for a department or municipality receiving grants in respect of an allocation set out in Schedules 3, 4 and 5, also— 25

- (a) indicate the total amount of that allocation received and actual expenditure on that allocation;
- (b) certify that all transfers in terms of this Act to a province or municipality were deposited into the accredited bank account;
- (c) indicate to what extent a province or municipality met the conditions of such an allocation, and complied with the provisions of this Act; 30
- (d) indicate the extent to which its objectives were achieved; and
- (e) contain such other information as the National Treasury may determine.

PART V**DUTIES OF DIRECTOR-GENERAL AND AUDITOR-GENERAL** 35**Duties of Director-General**

19. The Director-General must, for the purposes of the report contemplated in section 32(2) of the Public Finance Management Act, publish a report on actual transfers of all allocations listed in the Schedules or made in terms of section 9.

Duties of Auditor-General 40

20. Without derogating from the powers and duties of the Auditor-General in terms of the Constitution and any other law, the Auditor-General must, in the audit report on the financial statements of a department or municipality on the allocations set out in Part III, report on—

- (a) the extent of compliance with this Act by the Director-General, transferring national officers, transferring provincial officers and receiving officers; 45
- (b) whether there was compliance with the certification and reporting requirements of this Act;
- (c) the evaluation of evidence supporting the amounts and disclosures in monthly and annual reports contemplated in this Act; 50

- (d) whether a transferring national officer or transferring provincial officer made unauthorised transfers to any province or municipality or to any entity under the control of a province or municipality; and
- (e) whether the monitoring of the receiving government's compliance with allocation conditions was undertaken in terms of the provisions contemplated in this Act. 5

PART VI

GENERAL

Delaying of payments

21. (1) Subject to subsection (2), the transferring national officer may, after consultation with the National Treasury and, if the National Treasury deems it appropriate, with the relevant provincial treasury and for a period not exceeding 30 days, delay the payment of an allocation in terms of Part III, if—

- (a) the province or municipality which receives such allocation, or benefits from it, does not comply with the conditions to which the allocation is subject; or 15
- (b) expenditure on previous transfers reflects significant underspending for which no satisfactory explanation is given.

(2) The National Treasury may allow the transfer to be delayed for a period exceeding 30 days in order to ensure compliance with the conditions to which an allocation is subject or to ensure significant spending on that allocation. 20

(3) The transferring national officer must, in the monthly reports contemplated in this Act, inform the National Treasury of the reasons for the decision to delay the payment of an allocation and of the steps taken to deal with the causes of the payment delay.

Withholding of payments

22. (1) The National Treasury may withhold the transfer of— 25
- (a) an allocation, or any portion of it, referred to in Schedule 3, 4 or 5; or
- (b) an allocation in terms of section 9,

if the transferring national officer has submitted to the province or municipality in question, a written report at least 21 days before such allocation is due to be transferred, setting out facts reflecting serious or persistent material breach of the conditions attached to an allocation in terms of section 9 or set out in Part III. 30

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

Reallocation of allocations between municipalities 35

23. (1) The transferring national or provincial officer may, with the consent of the National Treasury and after consulting with affected municipalities, reallocate an allocation or portion of it from one municipality to another municipality, if the reallocation will reduce the risk of underspending.

- (2) The National Treasury must publish such a reallocation in the *Gazette*. 40

Spending in terms of purpose and subject to conditions

24. (1) Despite anything to the contrary contained in any law, an allocation set out in Schedule 3, 4, 5 or 6 may only be utilised for the purpose stipulated in the relevant Schedule and subject to the prescribed conditions.

(2) The utilisation of an allocation set out in Part III for purposes other than those set out in the Schedules in question, constitutes a breach of the measures established in terms of section 216(1) of the Constitution. 45

(3) Despite subsections (1) and (2), the National Treasury may authorise a province or municipality to retain and utilise such portion of an allocation contemplated in Part III

which remains after the fulfillment of its purpose and compliance with the conditions to which it is subject.

Transfers made in error

25. (1) Despite anything to the contrary contained in any law, the transfer of an allocation to a province in error is regarded as not legally due to the province for the purpose of its Revenue Fund. 5

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

(3) The Director-General may direct that the recovery contemplated in subsection (1) be effected by set-off against future transfers to the province, which would otherwise become due in accordance with a payment schedule or any other transfer. 10

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

(5) The national accounting officer responsible for local government may direct that the recovery contemplated in subsection (4) be effected by set-off against transfers to the municipality in question, which would otherwise become due in accordance with any payment schedule. 15

Transfers to municipalities with weak administrative capacity

26. (1) If the national accounting officer responsible for local government reasonably believes that a Category B municipality is not able effectively to administer an allocation or a portion of it, that officer may transfer such allocation or portion of it to the province in which the municipality is located or, where appropriate, to the relevant Category C municipality, after consultation with the municipalities and province concerned. 20

(2) Any allocation or portion of it contemplated in subsection (1) must be dealt with by the province or Category C municipality to which it has been transferred in accordance with any directions by the national accounting officer responsible for local government. 25

(3) The national accounting officer responsible for local government must publish in the *Gazette* information on the transfer of an allocation contemplated in subsection (1). 30

Funds to follow transfer of functions

27. (1) The transfer of functions from one organ of state to another or from one sphere of government to another and which has financial or planning implications must take place only with the prior written approval of the National Treasury and the national accounting officer responsible for provincial and local government. 35

(2) The transfer of functions contemplated in subsection (1) must, unless the Minister has directed otherwise, include the transfer of funds available to the transferring organ of state or sphere of government for performing such functions.

(3) Despite anything to the contrary contained in this Act or any other law, the National Treasury may, in accordance with a prescribed procedure and for the purpose of facilitating the transfer of funds contemplated in subsection (2), stop the transfer of funds to the transferring organ of state or sphere of government. 40

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

- (a) that municipality's prior written acceptance by resolution of its council; and 45
- (b) the prior written approval of the National Treasury and the relevant provincial treasury.

(5) A province must utilise its own funds for any transfer of functions which is in conflict with subsection (1).

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

Amendment of payment schedule and transfer mechanism

28. (1) Subject to subsections (2) and (3), a transferring national officer may, in respect of an allocation set out in Part III, amend a payment schedule due to the underspending of the funds or for any other exceptional reason. 5

(2) The transferring national officer must, not later than seven days before the amendment contemplated in subsection (1), inform the National Treasury and, if the National Treasury deems it appropriate, the relevant provincial treasury of the proposed amendment and the reasons for it and must submit the proposed payment schedule to the National Treasury. 10

(3) The National Treasury may, in the interest of improved accountability or debt and cash-flow management, or on the grounds of substantial non-compliance with any condition to which an allocation is subject, amend any payment schedule of an allocation listed in Schedule 3, 4 or 5, and direct that no transfer of funds be effected through the payment schedule amended in accordance with subsection (1) or that the payment schedule be amended as directed by it. 15

Exemptions by National Treasury

29. (1) The National Treasury may, on application in writing by a transferring national or provincial officer, exempt in writing a transferring national or provincial officer from the duty to comply with reporting requirements or any other duty regarding an allocation contemplated in Part III or envisaged in section 9: Provided that such exemption may only be granted if such officer satisfies the Director-General that— 20

- (a) the duty cannot be complied with at that stage; 25
- (b) the allocation programme is properly designed; and
- (c) the accounting officer is taking steps to comply with this Act.

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

- (a) may only be granted if the accounting officer provides reasons why information was not included in respect of an allocation set out in Part III; and 30
- (b) must set out any condition to which it may be subject, and must be published in the *Gazette*.

Non-compliance with this Act constituting financial misconduct

30. Despite anything to the contrary contained in any law, any serious or persistent non-compliance with this Act, or any condition which an allocation in terms of this Act is subject to, constitutes financial misconduct as envisaged in the Public Finance Management Act. 35

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

31. (1) An organ of state involved in an intergovernmental dispute regarding any provision of this Act must, before approaching a court to resolve such dispute, make every effort to settle the dispute with the other organ of state in question, including making use of the structures established in terms of the Intergovernmental Fiscal Relations Act. 40

(2) In the event that a dispute is referred back by a court in accordance with section 41(4) of the Constitution, due to the court not being satisfied that the organ of state approaching the court has complied with subsection (1), the expenditure incurred by that organ in approaching the court is regarded as fruitless and wasteful. 45

(3) The amount of any such fruitless and wasteful expenditure must, in terms of a prescribed procedure, be recovered without delay from the person who caused the organ of state not to comply with the requirements of subsection (1). 50

Acts performed before this Act took effect

32. Despite anything to the contrary contained in any law, any act performed before this Act took effect or in accordance with any prescribed requirements in fulfillment of the objects of this Act, must be regarded as having been done in terms of the relevant provisions of this Act. 5

Regulations

33. The Minister may, by notice in the *Gazette*, make regulations regarding—
- (a) anything which must or may be prescribed in terms of this Act; and
 - (b) any matter which it is necessary to prescribe for the effective implementation of the provisions of this Act and the achievement of its objects. 10

Repeal of law

34. (1) Subject to subsection (2), the Division of Revenue Act, 2001 (Act No. 1 of 2001), is hereby repealed with effect from the date on which this Act takes effect or from 1 April 2002, whichever is the later.

(2) The repeal of the Act referred to in subsection (1) does not affect any act in terms of that Act which is necessary for the effective implementation of this Act or the performance of any outstanding duties or obligations under or in terms of that Act. 15

Short title

35. This Act is called the Division of Revenue Act, 2002, and takes effect on a date determined by the President by proclamation in the *Gazette*. 20

SCHEDULE 1**Equitable division of revenue raised nationally among the three spheres of government**

| Sphere of Government | Column A | Column B | |
|-----------------------|--------------------------|--------------------|--------------------|
| | 2002/03 Allocation R'000 | MTEF Outer Years | |
| | | 2003/04 R'000 | 2004/05 R'000 |
| National ¹ | 164 604 548 | 177 743 360 | 192 011 637 |
| Provincial | 119 452 086 | 128 466 030 | 137 089 096 |
| Local | 3 852 478 | 5 021 478 | 5 460 546 |
| TOTALS | 287 909 112 | 311 230 868 | 334 561 279 |

1. National share includes conditional grants to provincial and local spheres.

SCHEDULE 2**Determination of each province's equitable share of the provincial sphere's share of revenue raised nationally (as a direct charge against the National Revenue Fund)**

| Province | Column A | Column B | |
|-------------------|--------------------------|--------------------|--------------------|
| | 2002/03 Allocation R'000 | MTEF Outer Years | |
| | | 2003/04 R'000 | 2004/05 R'000 |
| Eastern Cape | 20 497 693 | 21 856 381 | 23 323 512 |
| Free State | 7 996 034 | 8 538 456 | 9 111 482 |
| Gauteng | 18 223 977 | 19 736 234 | 21 061 055 |
| KwaZulu-Natal | 24 343 129 | 26 416 263 | 28 189 838 |
| Mpumalanga | 8 428 035 | 9 221 126 | 9 839 983 |
| Northern Cape | 2 906 556 | 3 119 832 | 3 329 070 |
| Northern Province | 16 144 950 | 17 458 872 | 18 630 775 |
| North West | 9 992 807 | 10 666 189 | 11 382 062 |
| Western Cape | 10 918 905 | 11 452 677 | 12 221 319 |
| TOTALS | 119 452 086 | 128 466 030 | 137 089 096 |

SCHEDULE 3

GENERAL AND NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO PROVINCES

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|-----------------------------|---|---|---|-------------------|------------------|------------------|------------------|
| | | | | | 2002/03 | MTEF Outer Years | |
| | | | | | Allocation | 2003/04 | 2004/05 |
| Health (Vote 16) | (a) National Tertiary Services Grant | To fund tertiary health services in order to ensure equitable access by all citizens. | Nationally Assigned Function Grant to Provinces | Eastern Cape | R'000 123 746 | R'000 190 516 | R'000 264 303 |
| | | | | Free State | 287 424 | 327 915 | 373 245 |
| | | | | Gauteng | 1 602 981 | 1 636 902 | 1 678 625 |
| | | | | KwaZulu-Natal | 480 679 | 537 752 | 601 853 |
| | | | | Mpumalanga | 38 413 | 39 237 | 40 249 |
| | | | | Northern Cape | 24 062 | 32 052 | 40 908 |
| | | | | Northern Province | 44 838 | 45 116 | 45 545 |
| | | | | North West | 34 189 | 34 107 | 34 111 |
| | | | | Western Cape | 1 030 510 | 1 049 252 | 1 072 703 |
| | | TOTAL | 3 666 842 | 3 892 849 | 4 151 542 | | |
| | (b) Health Professions Training and Development Grant | To support the training and development of health professionals. | Nationally Assigned Function Grant to Provinces | Eastern Cape | 70 169 | 80 182 | 105 870 |
| | | | | Free State | 88 192 | 87 763 | 87 565 |
| | | | | Gauteng | 528 137 | 525 570 | 524 384 |
| | | | | KwaZulu-Natal | 160 495 | 156 178 | 179 303 |
| | | | | Mpumalanga | 30 347 | 34 456 | 45 277 |
| | | | | Northern Cape | 27 573 | 29 027 | 35 875 |
| | | | | Northern Province | 34 113 | 41 827 | 58 041 |
| North West | | | | 32 058 | 37 806 | 51 077 | |
| Western Cape | | | | 308 164 | 306 666 | 305 974 | |
| | TOTAL | 1 279 248 | 1 299 475 | 1 393 366 | | | |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|---------------------------------------|--|--|--|-------------------|-----------------------|------------------|------------------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| National Treasury (Vote 8) | (a) Provincial Infrastructure Grant | To fund provincial infrastructure like roads, school buildings, health facilities and rural development. | General Conditional Grant to Provinces | Eastern Cape | 286 107 | 428 504 | 531 220 |
| | | | | Free State | 93 913 | 140 653 | 173 878 |
| | | | | Gauteng | 157 084 | 235 266 | 288 841 |
| | | | | KwaZulu-Natal | 331 123 | 495 925 | 612 837 |
| | | | | Mpumalanga | 118 961 | 178 168 | 220 569 |
| | | | | Northern Cape | 52 997 | 71 931 | 81 930 |
| | | | | Northern Province | 278 519 | 417 139 | 515 245 |
| | | | | North West | 135 086 | 202 320 | 250 472 |
| | | | | Western Cape | 96 210 | 144 094 | 177 848 |
| | | | | TOTAL | 1 550 000 | 2 314 000 | 2 852 840 |
| | (b) Provincial Infrastructure Grant— Flood Rehabilitation | To fund the reconstruction of flood damaged provincial infrastructure. | General Conditional Grant to Provinces | Eastern Cape | 70 000 | 23 000 | — |
| | | | | Free State | 58 000 | 21 000 | — |
| | | | | Mpumalanga | 90 000 | 36 000 | — |
| Northern Province | | | | 182 000 | 120 000 | — | |
| TOTAL | 400 000 | 200 000 | — | | | | |

SCHEDULE 4
ALLOCATIONS TO PROVINCES

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|----------------------------------|---|--|--------------------|-------------------|----------------|------------------|----------------|
| | | | | | 2002/03 | MTEF Outer Years | |
| | | | | | Allocation | 2003/04 | 2004/05 |
| | | | | | R'000 | R'000 | R'000 |
| Agriculture (Vote 25) | (a) Poverty Relief and Infrastructure Development Grant | To address the degradation problems of natural resources and improve the socio-economic status of rural communities. | Conditional Grant | Eastern Cape | 6 000 | 8 000 | — |
| | | | | Free State | 1 400 | 1 800 | — |
| | | | | Gauteng | — | 1 600 | — |
| | | | | KwaZulu-Natal | 4 000 | 6 500 | — |
| | | | | Mpumalanga | 2 000 | 3 500 | — |
| | | | | Northern Cape | 1 300 | 1 800 | — |
| | | | | Northern Province | 5 000 | 8 000 | — |
| | | | | North West | 3 000 | 5 000 | — |
| | | | | Western Cape | 1 300 | 1 800 | — |
| | | | | TOTAL | 24 000 | 38 000 | — |
| Education (Vote 15) | (a) Financial Management and Quality Enhancement Grant | To support financial management and quality-enhancing initiatives in school education. | Conditional Grant | Eastern Cape | 41 500 | 43 367 | 45 969 |
| | | | | Free State | 14 132 | 14 768 | 15 654 |
| | | | | Gauteng | 27 591 | 28 833 | 30 563 |
| | | | | KwaZulu-Natal | 49 575 | 51 805 | 54 914 |
| | | | | Mpumalanga | 16 375 | 17 112 | 18 139 |
| | | | | Northern Cape | 4 262 | 4 454 | 4 721 |
| | | | | Northern Province | 35 218 | 36 803 | 39 011 |
| | | | | North West | 17 946 | 18 753 | 19 878 |
| | | | | Western Cape | 17 721 | 18 519 | 19 630 |
| | | | | TOTAL | 224 320 | 234 414 | 248 479 |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|-------------------|---|--|--------------------|-------------------|-----------------------|------------------|----------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| | (b) Early Childhood Development Grant | To provide quality education to poor children eligible for the reception year. | Conditional Grant | Eastern Cape | 9 620 | 16 280 | — |
| | | | | Free State | 3 276 | 5 544 | — |
| | | | | Gauteng | 6 396 | 10 824 | — |
| | | | | KwaZulu-Natal | 11 492 | 19 448 | — |
| | | | | Mpumalanga | 3 796 | 6 424 | — |
| | | | | Northern Cape | 988 | 1 672 | — |
| | | | | Northern Province | 8 164 | 13 816 | — |
| | | | | North West | 4 160 | 7 040 | — |
| | | | | Western Cape | 4 108 | 6 952 | — |
| | | | | TOTAL | 52 000 | 88 000 | — |
| | (c) HIV/Aids (Lifeskills Education) Grant | To promote HIV/Aids education in primary and secondary schools. | Conditional Grant | Eastern Cape | 26 270 | 21 719 | 23 111 |
| | | | | Free State | 8 946 | 7 396 | 7 870 |
| | | | | Gauteng | 17 466 | 14 440 | 15 366 |
| KwaZulu-Natal | | | | 31 382 | 25 945 | 27 608 | |
| Mpumalanga | | | | 10 366 | 8 570 | 9 119 | |
| Northern Cape | | | | 2 698 | 2 231 | 2 374 | |
| Northern Province | | | | 22 294 | 18 432 | 19 613 | |
| North West | | | | 11 360 | 9 392 | 9 994 | |
| Western Cape | | | | 11 218 | 9 275 | 9 869 | |
| TOTAL | | | | 142 000 | 117 400 | 124 924 | |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|-----------------------------|-----------------------------------|--|---|-------------------|-----------------------|------------------|----------------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| Health (Vote 16) | (a) Hospital Revitalisation Grant | To transform and modernise hospitals in line with the national planning framework. | Conditional Grant | Eastern Cape | 81 000 | 84 645 | 89 724 |
| | | | | Free State | 17 000 | 17 765 | 18 831 |
| | | | | Gauteng | 105 000 | 109 725 | 116 308 |
| | | | | KwaZulu-Natal | 90 000 | 94 050 | 99 693 |
| | | | | Mpumalanga | 45 000 | 47 025 | 49 847 |
| | | | | Northern Cape | 10 000 | 10 450 | 11 077 |
| | | | | Northern Province | 92 000 | 96 140 | 101 908 |
| | | | | North West | 50 000 | 52 250 | 55 385 |
| | | | | Western Cape | 30 000 | 31 350 | 33 231 |
| | | | | TOTAL | 520 000 | 543 400 | 576 004 |
| | | (b) Pretoria Academic Hospital Grant | To fund the construction and development of the Pretoria Academic Hospital. | Conditional Grant | Gauteng | 70 000 | 90 000 |
| | | | | TOTAL | 70 000 | 90 000 | — |
| | (c) HIV/Aids Health Grant | To expand access to voluntary HIV counselling and testing, home-based care, prevention of mother-to-child transmission programmes and other HIV/Aids health-related matters. | Conditional Grant | Eastern Cape | 21 130 | 37 947 | 56 751 |
| | | | | Free State | 13 953 | 23 235 | 31 775 |
| | | | | Gauteng | 23 253 | 40 706 | 58 863 |
| | | | | KwaZulu-Natal | 39 260 | 63 523 | 88 996 |
| | | | | Mpumalanga | 15 606 | 25 621 | 34 852 |
| | | | | Northern Cape | 5 727 | 8 225 | 10 044 |
| | | | | Northern Province | 15 371 | 28 228 | 43 050 |
| | | | | North West | 14 149 | 24 449 | 34 827 |
| | | | | Western Cape | 8 760 | 14 642 | 21 322 |
| | | | | TOTAL | 157 209 | 266 576 | 380 480 |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|-------------------|---|---|--------------------|-------------------|-----------------------|------------------|----------------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| | (d) Integrated Nutrition Programme Grant | To feed primary school children, facilitate nutrition education and health promotion. | Conditional Grant | Eastern Cape | 131 838 | 131 838 | 139 748 |
| | | | | Free State | 39 394 | 39 394 | 41 758 |
| | | | | Gauteng | 54 673 | 54 673 | 57 953 |
| | | | | KwaZulu-Natal | 132 471 | 132 471 | 140 419 |
| | | | | Mpumalanga | 39 728 | 39 728 | 42 112 |
| | | | | Northern Cape | 10 096 | 10 096 | 10 702 |
| | | | | Northern Province | 106 032 | 106 032 | 112 394 |
| | | | | North West | 39 390 | 39 390 | 41 754 |
| | | | | Western Cape | 28 789 | 28 789 | 30 516 |
| | | | | TOTAL | 582 411 | 582 411 | 617 356 |
| | (e) Hospital Management and Quality Improvement Grant | Improving management in hospitals and support quality of care interventions. | Conditional Grant | Eastern Cape | 9 000 | 14 000 | 14 840 |
| | | | | Free State | 11 000 | 11 000 | 11 660 |
| | | | | Gauteng | 34 000 | 28 000 | 29 680 |
| | | | | KwaZulu-Natal | 19 000 | 17 000 | 18 020 |
| | | | | Mpumalanga | 8 000 | 12 000 | 12 720 |
| Northern Cape | | | | 7 000 | 8 000 | 8 480 | |
| Northern Province | | | | 9 000 | 12 000 | 12 720 | |
| North West | | | | 8 000 | 11 000 | 11 660 | |
| Western Cape | 19 000 | 17 000 | 18 020 | | | | |
| TOTAL | 124 000 | 130 000 | 137 800 | | | | |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|------------------------------|--|--|--------------------|-------------------|-----------------------|------------------|------------------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| Housing (Vote 17) | (a) Housing Subsidy Grant | To finance subsidies under the national housing programme. | Conditional Grant | Eastern Cape | 571 485 | 627 253 | 581 876 |
| | | | | Free State | 283 097 | 316 064 | 374 679 |
| | | | | Gauteng | 801 940 | 896 830 | 1 085 699 |
| | | | | KwaZulu-Natal | 708 759 | 778 263 | 727 186 |
| | | | | Mpumalanga | 242 038 | 268 228 | 288 030 |
| | | | | Northern Cape | 75 809 | 83 807 | 86 900 |
| | | | | Northern Province | 381 767 | 417 204 | 359 305 |
| | | | | North West | 302 001 | 337 769 | 409 400 |
| | | | | Western Cape | 372 778 | 412 480 | 433 357 |
| | | | | TOTAL | 3 739 674 | 4 137 898 | 4 346 432 |
| | (b) Human Resettlement and Redevelopment Pilot Programme Grant | To fund projects aimed at improving the quality of the environment in urban communities. | Conditional Grant | Eastern Cape | 10 000 | 11 000 | 11 660 |
| | | | | Free State | 7 500 | 8 500 | 9 010 |
| | | | | Gauteng | 23 000 | 21 000 | 22 260 |
| | | | | KwaZulu-Natal | 25 000 | 26 000 | 27 560 |
| | | | | Mpumalanga | 6 000 | 7 000 | 7 420 |
| Northern Cape | | | | 2 500 | 3 000 | 3 180 | |
| Northern Province | | | | 11 000 | 11 000 | 11 660 | |
| North West | | | | 6 000 | 8 000 | 8 480 | |
| Western Cape | 13 000 | 13 500 | 14 310 | | | | |
| TOTAL | 104 000 | 109 000 | 115 540 | | | | |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|---|---|--|--------------------|-------------------|-----------------------|------------------|----------------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| Provincial and Local Government (Vote 5) | (a) Local Government Support Grant | To assist municipalities experiencing severe financial problems to restructure their financial positions and organisations. | Conditional Grant | Eastern Cape | 31 200 | 29 350 | 26 300 |
| | | | | Free State | 26 450 | 24 650 | 22 100 |
| | | | | Gauteng | 9 450 | 8 450 | 7 600 |
| | | | | KwaZulu-Natal | 26 450 | 24 700 | 22 150 |
| | | | | Mpumalanga | 12 750 | 12 450 | 11 400 |
| | | | | Northern Cape | 15 550 | 15 100 | 13 550 |
| | | | | Northern Province | 15 100 | 14 650 | 13 350 |
| | | | | North West | 16 550 | 15 550 | 14 000 |
| | | | | Western Cape | 16 500 | 15 100 | 13 350 |
| | | | | TOTAL | 170 000 | 160 000 | 143 800 |
| | (b) Provincial Consolidated Municipal Infrastructure Programme (CMIP) Grant | To provide support to manage the CMIP effectively and to build the capacity of municipalities to ensure the sustainability of CMIP projects. | Conditional Grant | Eastern Cape | 27 266 | 28 902 | 30 637 |
| | | | | Free State | 8 609 | 9 126 | 9 673 |
| | | | | Gauteng | 19 294 | 20 452 | 21 679 |
| | | | | KwaZulu-Natal | 14 322 | 15 181 | 16 092 |
| Mpumalanga | | | | 5 999 | 6 358 | 6 740 | |
| Northern Cape | | | | 2 509 | 2 660 | 2 820 | |
| Northern Province | | | | 10 901 | 11 555 | 12 248 | |
| North West | | | | 7 221 | 7 654 | 8 113 | |
| Western Cape | 8 357 | 8 858 | 9 390 | | | | |
| TOTAL | 104 478 | 110 747 | 117 392 | | | | |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province | Column A | Column B | |
|---|--|--|--------------------|-------------------|-----------------------|------------------|---------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| Social Development (Vote 18) | (a) Financial Management and Improvement of Social Security System Grant | To improve the financial management, administration and functioning of social security system. | Conditional Grant | Eastern Cape | 1 200 | — | — |
| | | | | Free State | 1 200 | — | — |
| | | | | Gauteng | 1 200 | — | — |
| | | | | KwaZulu-Natal | 1 200 | — | — |
| | | | | Mpumalanga | 1 200 | — | — |
| | | | | Northern Cape | 1 200 | — | — |
| | | | | Northern Province | 1 200 | — | — |
| | | | | North West | 1 200 | — | — |
| | | | | Western Cape | 1 200 | — | — |
| | | | | TOTAL | 10 800 | — | — |
| | (b) HIV/Aids (Community-based care) Grant | To advance the development of Community-based care (CBC) programmes in communities. | Conditional Grant | Eastern Cape | 4 697 | 6 488 | 6 887 |
| | | | | Free State | 6 510 | 8 993 | 9 546 |
| | | | | Gauteng | 6 836 | 9 443 | 10 023 |
| | | | | KwaZulu-Natal | 8 462 | 11 690 | 12 410 |
| | | | | Mpumalanga | 6 928 | 9 571 | 10 160 |
| Northern Cape | | | | 2 604 | 3 597 | 3 818 | |
| Northern Province | | | | 3 069 | 4 240 | 4 500 | |
| North West | | | | 5 348 | 7 387 | 7 841 | |
| Western Cape | | | | 2 046 | 2 826 | 3 000 | |
| TOTAL | 46 500 | 64 235 | 68 185 | | | | |

SCHEDULE 5

RECURRENT ALLOCATIONS TO LOCAL GOVERNMENT

| Vote | Name of Allocation | Purpose | Type of Allocation | | Column A | Column B | |
|-------------------------------|--------------------------------------|--|--------------------|--------------|------------------|------------------|-----------------|
| | | | | | 2002/03 | MTEF Outer Years | |
| | | | | | Allocation | 2003/04 | 2004/05 |
| National Treasury (Vote 8) | Financial Management Grant | To promote and support reforms to municipal budgeting and financial management practices and implementation of the Municipal Finance Management Act. | Conditional Grant | | R'000 111 000 | R'000 101 000 | R'000 79 000 |
| | Local Government Restructuring Grant | To modernise large budget municipalities and to make them more effective and efficient service delivery authorities. | Conditional Grant | | 300 000 | 315 000 | 342 900 |
| | | | | TOTAL | 411 000 | 416 000 | 421 900 |

| Vote | Name of Allocation | Purpose | Type of Allocation | | Column A | Column B | |
|--|-------------------------------------|---|--------------------|--|----------------|------------------|----------------|
| | | | | | 2002/03 | MTEF Outer Years | |
| | | | | | Allocation | 2003/04 | 2004/05 |
| Provincial and Local Government (Vote 5) | Municipal Systems Improvement Grant | To support municipalities in implementing new systems as provided in the Municipal Systems Act, 2000, and LDO/ Spatial planning activities. | Conditional Grant | | 93 290 | 100 418 | 132 243 |
| | Local Government Transition Grant | To assist municipalities with once-off costs of amalgamating and establishing new structures following the demarcation process. | Conditional Grant | | 200 000 | | |
| | TOTAL | | | | 293 290 | 100 418 | 132 243 |

SCHEDULE 5

INFRASTRUCTURE ALLOCATIONS TO LOCAL GOVERNMENT

| Vote | Name of Allocation | Purpose | Type of Allocation | | Column A | Column B | |
|--|---|---|--------------------|--|--------------------|--------------------|--------------------|
| | | | | | 2002/03 | MTEF Outer Years | |
| | | | | | Allocation | 2003/04 | 2004/05 |
| Provincial and Local Government (Vote 5) | Consolidated Municipal Infrastructure Programme Grant | To provide internal bulk, connector, internal infrastructure and community services and facilities to low income households. | Conditional Grant | | R'000 1 654 522 | R'000 2 096 253 | R'000 2 374 028 |
| | Local Economic Development Fund Grant | To support planning and implementation of job creation and poverty relief alleviation projects. | Conditional Grant | | 98 500 | 117 000 | — |
| | Integrated Sustainable Rural Development Strategy Grant | To support Integrated Sustainable Rural Development Strategy (ISRDS) nodal municipalities to establish institutional systems and nodal delivery teams for planning, project initiation and implementation of the ISRDS. | Conditional Grant | | 31 980 | — | — |
| | TOTAL | | | | 1 785 002 | 2 213 253 | 2 374 028 |

| Vote | Name of Allocation | Purpose | Type of Allocation | | Column A | Column B | |
|---|--|--|--------------------|--------------|-----------------------|------------------|----------------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| Public Works (Vote 6) | Community Based Public Works Programme Grant | Creation of community assets in disadvantaged rural communities and to manage the facilities in co-operation with the local municipality. | Conditional Grant | | 228 320 | 228 320 | — |
| | | | | TOTAL | 228 320 | 228 320 | — |
| Mineral and Energy Affairs (Vote 30) | National Electrification Programme Grant | To implement the National Electrification Programme through providing capital subsidies to licensed municipalities to address the electrification backlog in permanently occupied residential dwellings. | Conditional Grant | | 228 013 | 210 000 | 210 000 |
| | | | | TOTAL | 228 013 | 210 000 | 210 000 |
| Transport (Vote 32) | Urban Transport Fund Grant | To promote planning of intermodal land transport infrastructure and operations, facilitation of integrated land use and land transport planning, the development of guidelines in this regard and to initiate demonstration projects in line with the Urban Transport Act, 1977. | Conditional Grant | | 28 600 | — | — |
| | | | | TOTAL | 28 600 | — | — |

| Vote | Name of Allocation | Purpose | Type of Allocation | | Column A | Column B | |
|--|--|---|--------------------|--------------|---------------|------------------|---------|
| | | | | | 2002/03 | MTEF Outer Years | |
| | | | | | Allocation | 2003/04 | 2004/05 |
| Sports and Recreation (Vote 19) | Building for Sports and Recreation Programme Grant | Promotion of sport and recreation within disadvantaged communities by development of new and upgrading of existing sports facilities and empowerment of communities to manage the facilities in co-operation with the local municipality. | Conditional Grant | | 84 117 | 123 095 | |
| | | | | TOTAL | 84 117 | 123 095 | — |

SCHEDULE 6

GRANTS-IN-KIND/INDIRECT ALLOCATIONS TO PROVINCES

| Vote | Name of Allocation | Purpose | Type of Allocation | Province/ Municipality | Column A | Column B | |
|--|--|---|--------------------|---------------------------|-----------------------|------------------|---------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| | | | | | R'000 | R'000 | R'000 |
| Arts, Culture, Science & Technology (Vote 14) | (a) Poverty Alleviation Grant | To fund Poverty Relief projects in the areas of cultural industries, cultural tourism and heritage development. | Indirect Transfer | Eastern Cape | 2 985 | 9 297 | — |
| | | | | Free State | 1 971 | 4 803 | — |
| | | | | Gauteng | 4 597 | 2 000 | — |
| | | | | KwaZulu-Natal | 4 336 | 5 154 | — |
| | | | | Mpumalanga | 2 370 | 2 320 | — |
| | | | | Northern Cape | 2 307 | 2 548 | — |
| | | | | Northern Province | 1 770 | 2 314 | — |
| | | | | North West | 3 225 | 5 027 | — |
| | | | | Western Cape | 1 641 | 2 780 | — |
| | | | | Unallocated | 4 798 | 5 757 | — |
| | | | | TOTAL | | | |
| Education (Vote 15) | (a) Thuba Makote: Schools as Centres for Community Development Grant | To develop and pilot a cost effective approach to the design, construction and management of school facilities which will also meet the developmental needs of rural communities. | Indirect Transfer | Eastern Cape | 5 000 | 10 700 | — |
| | | | | Free State | 5 000 | 10 700 | — |
| | | | | Gauteng | 4 000 | 5 300 | — |
| | | | | KwaZulu-Natal | 5 000 | 10 700 | — |
| | | | | Mpumalanga | 5 000 | 10 600 | — |
| | | | | Northern Cape | — | — | — |
| | | | | Northern Province | 5 000 | 10 700 | — |
| | | | | North West | 5 000 | 5 300 | — |
| | | | | Western Cape | — | — | — |
| | | | | TOTAL | | | |

| Vote | Name of Allocation | Purpose | Type of Allocation | Province/ Municipality | Column A | Column B | |
|-------------------------------------|-------------------------------------|---|-------------------------|---------------------------|-----------------------|------------------|---------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | | 2003/04 | 2004/05 |
| | (b) National Ikhwelo Projects Grant | To provide access to skills development in General Education and Training for adult learners to enhance their social and economic capacity. | Indirect Transfer Grant | Eastern Cape | 7 400 | 9 250 | — |
| | | | | Free State | 2 520 | 3 150 | — |
| | | | | Gauteng | 4 920 | 6 150 | — |
| | | | | KwaZulu-Natal | 8 840 | 11 050 | — |
| | | | | Mpumalanga | 2 920 | 3 650 | — |
| | | | | Northern Cape | 760 | 950 | — |
| | | | | Northern Province | 6 280 | 7 850 | — |
| | | | | North West | 3 200 | 4 000 | — |
| | | | | Western Cape | 3 160 | 3 950 | — |
| | | | | TOTAL | 40 000 | 50 000 | — |
| Social Development (Vote 18) | (a) Poverty Relief Grant | To increase self-reliance and improve social cohesion of specific demographic groups such as women, youth, children disabled and aged who are particularly vulnerable to poverty. | Indirect Transfer Grant | Eastern Cape | 16 179 | 10 449 | — |
| | | | | Free State | 8 690 | 5 774 | — |
| | | | | Gauteng | 4 386 | 3 190 | — |
| | | | | KwaZulu-Natal | 17 429 | 11 274 | — |
| | | | | Mpumalanga | 10 446 | 6 874 | — |
| | | | | Northern Cape | 4 315 | 2 887 | — |
| | | | | Northern Province | 15 633 | 10 229 | — |
| | | | | North West | 8 646 | 5 827 | — |
| | | | | Western Cape | 3 811 | 2 942 | — |
| | | | | TOTAL | 89 535 | 59 446 | — |

SCHEDULE 6

ALLOCATIONS-IN-KIND/INDIRECT TRANSFERS TO LOCAL GOVERNMENT

| Vote | Name of Allocation | Purpose | Type of Allocation | | Column A | Column B | |
|---------------------------------------|--|--|---------------------------------------|--------------|-----------------------|------------------|---------------|
| | | | | | 2002/03 Allocation | MTEF Outer Years | |
| | | | | | R'000 | 2003/04 | 2004/05 |
| | | | | | R'000 | R'000 | R'000 |
| Public Works (Vote 6) | Community Based Public Works Programme Grant | Creation of community assets in rural disadvantaged communities and to manage the facilities in co-operation with the local municipality. | Indirect Conditional (via IDT) Grant | | 31 500 | 31 500 | — |
| | | | | TOTAL | 31 500 | 31 500 | — |
| National Treasury (Vote 8) | Financial Management Grant | To promote and support reforms to municipal financial management practices, including the modernisation of budgeting, financial management, accounting, monitoring systems in municipalities and implementation of the Municipal Finance Management Act. | Indirect Conditional (via DBSA) Grant | | 43 230 | 60 915 | 70 249 |
| | | | | TOTAL | 43 230 | 60 915 | 70 249 |

| Vote | Name of Allocation | Purpose | Type of Allocation | | Column A | Column B | |
|---|---|---|--|--|------------------|------------------|------------------|
| | | | | | 2002/03 | MTEF Outer Years | |
| | | | | | Allocation | 2003/04 | 2004/05 |
| Water Affairs and Forestry (Vote 33) | Water Services Operating Subsidy Grant | To augment the Water Services Trading Account (Sub-Programme 4) of the Department of Water Affairs and Forestry thus providing funding for the operation and maintenance of water schemes that are owned and/ or operated by the department or by other agencies on behalf of the department. | Indirect Conditional (via Water Trading Account) Grant | | 669 687 | 776 436 | 768 334 |
| | Implementation of Water Services Projects Grant | To fund bulk, connector and internal infrastructure for water services at a basic level of service, and implement such projects where municipalities lack the required capacity to do so. | Indirect Conditional Grant | | 884 099 | 1 011 812 | 817 554 |
| | TOTAL | | | | 1 553 786 | 1 788 248 | 1 585 888 |