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**REPUBLIC OF SOUTH AFRICA**

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**DIVISION OF  
REVENUE ACT**

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**No 1, 2005**

# ACT

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

## PREAMBLE

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

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

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

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## CHAPTER 1

### INTERPRETATION AND OBJECTS OF ACT

#### Interpretation

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

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

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

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

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

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

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

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

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

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

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

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

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

“**primary bank account**”—

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

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

## **Objects of Act** 30

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

## **CHAPTER 2**

### **EQUITABLE SHARE ALLOCATIONS**

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

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

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

#### **Equitable division of provincial share among provinces**

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

(2) An envisaged division for each province of revenue anticipated to be raised nationally in respect of the next financial year and the 2007/08 financial year, and which is subject to the provisions of the annual Division of Revenue Act for those financial years, is set out in Column B of Schedule 2. 10

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

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

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

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

#### **Equitable division of local government share among municipalities**

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

(2) An envisaged division between municipalities of revenue anticipated to be raised nationally in respect of the next financial year and the 2007/08 financial year, and which is subject to the provisions of the annual Division of Revenue Act for those financial years, is set out in Column B of Schedule 3. 35

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

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

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

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

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

#### **Shortfalls and excess revenue**

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

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

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

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

## CHAPTER 3

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### OTHER ALLOCATIONS TO PROVINCES AND MUNICIPALITIES

#### *Part 1*

#### *General*

#### **Other allocations to provinces**

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

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

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

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

#### **Other allocations to municipalities**

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

- (a) Schedule 4B specifying allocations to municipalities to supplement the funding of programmes or functions funded from municipal budgets; and 35
- (b) Schedule 6 specifying specific-purpose allocations to municipalities; and
- (c) Schedule 7 specifying allocations-in-kind to municipalities for designated special programmes.

(2) An envisaged division of allocations to local government from the national government's share of revenue anticipated to be raised nationally for the next financial year and the 2007/08 financial year, which is subject to the annual Division of Revenue Act for those years, is set out in Column B of the Schedules referred to in subsection (1). 40

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

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

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

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

(8) The National Treasury must mediate any dispute between a municipality and a public entity preventing the signing of a service delivery agreement.

#### **Allocations by public entities to municipalities**

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

#### **Allocations not listed in Schedules**

- 11.** (1) An allocation not listed in the Schedules referred to in sections 7 and 8 may only be made in terms of section 6(3).
- (2) The National Treasury must publish the allocations and frameworks for such allocations in the *Gazette*, prior to the transfer of any funds to a province or municipality. 15

### *Part 2*

#### *Matters related to Schedule 4 allocations*

##### **General**

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

##### **Provincial Infrastructure allocation**

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

### **Municipal Infrastructure allocation**

**14.** (1) The Municipal Infrastructure allocation set out in Schedule 4B supplements the funding of infrastructure programmes funded from municipal budgets to enable municipalities to address backlogs in municipal infrastructure required for the provision of basic services. 5

(2) The Municipal Infrastructure allocation—

(a) must be transferred, directly to a category A, B or C municipality that has the executive authority to provide basic municipal service infrastructure, from 1 July 2005, if the municipality is classified as a high or medium capacity municipality by the transferring national officer and the National Treasury; 10  
and

(b) may be transferred via the relevant category C municipality to a category B municipality if the category B municipality is classified as a low capacity municipality by the transferring national officer and the National Treasury.

(3) Notwithstanding subsection (2), the transferring national officer, in consultation with the National Treasury, may determine that the Municipal Infrastructure allocation— 15

(a) be transferred directly to a category B municipality not classified as a high or medium capacity municipality in terms of subsection (2)(a); or

(b) be transferred to the relevant province, in accordance with section 226(3) of the Constitution, if section 40 applies. 20

(4) A municipality receiving the municipal infrastructure grant must table and approve a three-year capital budget as part of its budget for the 2005/06 financial year in accordance with the Municipal Finance Management Act, unless exempted in terms of that Act. 25

(5) The transferring national officer may, with the approval of the National Treasury and after consultation with the responsible sector departments, make direct payments to creditors against the Municipal Infrastructure allocation of a municipality for commitments incurred on previous consolidated municipal infrastructure and water capital grants as at 30 September 2003, if the receiving municipality is unable, unwilling or fails to pay for such commitments. 30

### **Part 3**

#### ***Matters related to Schedules 5 and 6 allocations***

#### **Social Assistance Transfers and Social Assistance Administration conditional allocations** 35

**15.** (1) The transferring national officer must, in addition to the duties contemplated in section 20, take appropriate steps to ensure that—

(a) social assistance transfers and administration spending in each province—  
(i) do not exceed the amounts appropriated for that purpose on provincial budgets; and 40  
(ii) are in accordance with the approved payment schedule for each month of the year, for each type of social assistance grant included in the Social Assistance Transfers allocation, and administration;

(b) subsection (4) on under and over spending is complied with;

(c) legislation, including legislation providing for social assistance, is adhered to; 45  
and

(d) reasonable technical, systems and other support necessary to ensure the sound administration of the Social Assistance Transfers and Social Assistance Administration conditional allocations are provided to provinces”.

- (2) A receiving officer must, in addition to the duties contemplated in section 22—
- (a) ensure that the amount budgeted for each type of social assistance grant included in the Social Assistance Transfers allocation takes into account the indicative allocations for that grant as set out in Schedule 5A;
  - (b) ensure that administrative processes and procedures comply with all requirements set by the transferring national officer; 5
  - (c) ensure that social assistance transfers and administration spending are in accordance with the approved payment schedule for each type of social security grant included in the Social Assistance Transfer allocation, and administration for each month of the year; and 10
  - (d) in addition to complying with the reporting requirements set out in section 32 of the Public Finance Management Act, provide such information and reports, within the specified timeframes, to the transferring national officer as he or she may request in the performance of the duties provided for in subsection (1). 15
- (3) (a) The transferring national officer must, after consultation with the National Treasury and receiving officers, not later than seven days after this Act takes effect submit a Social Assistance Transfers and Social Assistance Administration conditional allocations monitoring plan to the National Treasury. 15
- (b) The plan must set out the key performance indicators, financial procedures, internal audit processes, and monitoring and reporting mechanisms of the national and each provincial department to ensure effective and efficient delivery of social assistance. 20
- (4) In the event that the total amount anticipated to be spent on social assistance in a province in this financial year materially exceeds or is less than the appropriated amount or the amount set out in the approved payment schedule for a specific month, the receiving officer must, within 14 days of detecting the anticipated over or under expenditure, submit a report to the transferring national officer and relevant provincial treasury, which report must— 25
- (a) set out the extent of the anticipated over or under expenditure;
  - (b) provide reasons for the anticipated over or under expenditure, including information on approval processes and number of new beneficiaries; and 30
  - (c) outline the measures taken to ensure that the anticipated over or under expenditure is not due to fraudulent or any other irregular practices. 30
- (5) Over expenditure attributable to non-compliance with legislative requirements and poor management procedures must be funded from the Provincial Revenue Fund, unless the National Treasury determines otherwise. 35
- (6) (a) The National Treasury must direct the establishment of a dedicated bank account configuration for the transfer of Social Assistance Transfers and Social Assistance Administration conditional allocations. 40
- (b) Each provincial treasury must ensure that the bank account configuration as directed is in place and operational by 1 April 2005. 40
- (7) The transferring national officer must transfer Social Assistance Transfers and Social Assistance Administration conditional allocations to the dedicated corporation of public deposits account of the province, in accordance with a payment schedule agreed between the transferring national officer and the provincial receiving officer, and approved by the National Treasury. 45
- (8) (a) The transferring national officer may, with the written approval of the National Treasury and after consultation with the affected provinces, reallocate the Social Assistance Transfers and Social Assistance Administration allocations, or a portion of such allocations, from one province to another province. 50
- (b) Any such reallocation must, together with an explanatory memorandum, be published in the *Gazette* within 30 days of such a reallocation. 50
- (9) Any reallocation by a receiving officer of the indicative allocations for the different types of social security grants included in the Social Assistance Transfers conditional allocation as set out in Schedule 5A, exceeding five per cent must be approved by the transferring national officer, in consultation with the National Treasury, prior to the reallocation. 55

### **Municipal capacity building allocations**

- 16.** (1) Any transfer of an allocation aimed at developing and improving municipal systems and the capacity of municipalities to perform functions assigned to them, may only be made in terms of a framework determined by the national accounting officer responsible for local government, in consultation with the National Treasury. 60

- (2) The framework contemplated in subsection (1) must take into account the capacity requirements for implementing the Municipal Systems Act and the Municipal Finance Management Act, including integrated planning, performance management, financial management, budgeting and spatial planning considerations and the need to ensure that the capacity of a municipality is developed in measurable ways. 5
- (3) The annual report of the department responsible for any capacity-building allocation must indicate the extent to which the capacity of any municipality was improved in measurable ways by that allocation and the extent to which such an allocation was spent on external consultants contracted to assist a municipality.

#### **Integrated Housing and Human Settlement Development allocations** 10

- 17.** (1) The provincial accounting officer responsible for housing must—
- (a) facilitate applications for accreditation in terms of the Housing Act, 1997 (Act No. 107 of 1997) from 1 April 2005 from all category A municipalities, and all category B municipalities identified by the transferring national officer in respect of each province; and 15
  - (b) within six months of receiving applications from the municipalities contemplated in paragraph (a), complete the accreditation of those municipalities.
- (2) (a) A municipality whose accreditation application was refused may lodge an objection to the refusal with the transferring national officer.
- (b) The transferring national officer must on receipt of an objection take all necessary steps to facilitate accreditation as soon as possible, but no later than 60 days after the objection was received. 20
- (3) Accreditation granted in terms of subsection (1) must—
- (a) at least include—
    - (i) authority to administer housing programmes, including the administration of all housing subsidy applications; 25
    - (ii) authority to grant subsidies and approve projects, subject to subsection (4), to be funded from uncommitted housing funds from the 2006/07 financial year;
    - (iii) an obligation to maintain compliance with the capacity and system requirements prescribed by the provincial accounting officer responsible for housing; 30
    - (iv) an obligation to provide monthly reports on housing delivery; and
    - (v) an obligation to provide information on the levying and collection of rental in respect of all municipal owned houses; and 35
  - (b) be implemented progressively during the financial year and finalised by 30 June 2006.
- (4) An accredited municipality must, in exercising its authority in terms of subsection (3)(a)(ii)—
- (a) take into account any criteria for the prioritisation of projects as determined by the province; and 40
  - (b) participate in housing programme forums established by the transferring national department.
- (5) Notwithstanding any provision in any law, section 35 of the Public Finance Management Act, section 3 of the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997), and sections 9 and 10 of the Municipal Systems Act do not apply to the accreditation of municipalities in terms of the Housing Act, 1997 (Act No. 107 of 1997). 45

### **Part 4**

#### ***Specific matters related to Schedule 7 allocation***

#### **Water Services Operating and Transfer Subsidy allocation** 50

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

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

## CHAPTER 4

10

### DUTIES OF ACCOUNTING OFFICERS AND TREASURIES

#### Duties of transferring national officer in respect of Schedule 4 allocation

- 19.** (1) The transferring national officer for a Schedule 4 allocation is responsible for—
- (a) submitting a payment schedule determined after consultation with the receiving officer to the National Treasury for approval before 1 April 2005; 15
  - (b) ensuring that transfers to all provinces and municipalities are in accordance with the payment schedule, unless allocations are withheld or stopped in terms of sections 33 or 34;
  - (c) monitoring expenditure and non-financial performance information on programmes funded by an allocation, provided that such monitoring— 20
    - (i) is approved by the National Treasury; and
    - (ii) does not impose undue administrative burdens on receiving provinces and municipalities beyond the provision of standard management information; and 25
    - (iii) is in accordance with sections 12(1) and 21(3).
  - (d) evaluating the performance of programmes funded or partially funded by the allocation and the submission of such evaluations to the National Treasury, within four months in respect of a province and six months in respect of a municipality after the end of the financial year. 30
- (2) Where more than one national department have responsibilities relating to a Schedule 4 allocation, the transferring national officer must co-ordinate the roles and responsibilities of such national departments and ensure those roles and responsibilities—
- (a) are exercised in a manner that does not duplicate its responsibilities as set out in subsection (1); and 35
  - (b) do not impose undue administrative burdens on provinces or municipalities beyond the provision of standard management information.

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

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

- (f) all other arrangements or requirements necessary for the transfer of an allocation have been complied with prior to the start of the financial year.
- (2) The transferring national officer must submit all information and documentation referred to in subsections (1)(a) and (b) to the National Treasury within 14 days after this Act takes effect. 5
- (3) A transferring national officer who has not complied with subsection (1) must transfer such allocation as instructed by the National Treasury, including as an unconditional allocation.
- (4) Before making the first transfer of any allocation, the transferring national officer must take note of any notice in terms of section 28(2) from the National Treasury outlining the details of the account for each province or municipality. 10
- (5) Notwithstanding anything to the contrary contained in any law, a transferring national officer must in respect of any allocation, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, not later than 20 days after the end of each month, and in the format determined by the National Treasury, submit to the National Treasury, information for the month reported on and for the financial year up to the end of that month, on— 15
- (a) the amount of funds transferred to a province or municipality;
  - (b) the amount of funds stopped or withheld from any province or municipality, the reasons for the withholding or stopping and the steps taken to deal with the causes that necessitated the withholding or stopping of the payment; 20
  - (c) the actual expenditure incurred by the province or municipality in respect of a Schedule 5 and 6 allocation; and
  - (d) such other issues as the National Treasury may determine.
- (6) The transferring national officer must evaluate the performance of programmes funded or partially funded by the allocation and submit such evaluations to the National Treasury within four months in respect of a province and six months in respect of a municipality after the end of the financial year. 25

#### **Duties of receiving officer in respect of Schedule 4 allocation**

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

**Duties of receiving officer in respect of Schedule 5 and 6 allocation**

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

**Duties of transferring provincial officer**

- 23.** (1) A transferring provincial officer must, as part of the report contemplated in section 40(4)(c) of the Public Finance Management Act, in respect of any allocation to be transferred to municipalities, and in the format determined by the National Treasury, submit, within 15 days after the end of each month, to the transferring national officer and the relevant treasury, information on— 30
- (a) the amount of funds transferred to a municipality in the month reported on and for the financial year up to the end of that month; 35
  - (b) the amount of funds stopped or withheld from any municipality in the month reported on;
  - (c) actual expenditure incurred in respect of that allocation; and
  - (d) such other issues as the National Treasury may determine.

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

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

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

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

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

(5) Where a function for which a province receives a Schedule 5 allocation is assigned to a municipality during a financial year and the province has not appropriated funds to that municipality for the performance of that function, the province must transfer such funds to the municipality in terms of section 226(3) of the Constitution as a direct charge against that province's Revenue Fund. 15

### **Duties of provincial treasuries**

**25.** (1) The head of the department in the provincial treasury must ensure and certify to the National Treasury that the province— 20

(a) indicates or, if required, exclusively appropriates each programme funded or partially funded through Schedule 4 allocations in its Appropriation Bill or a schedule to its Appropriation Bill; and

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

(2) The provincial treasury must in respect of allocations to municipalities other than allocations made in terms of this Act publish, with its annual budget or in the *Gazette*, not later than 1 April 2005— 30

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

(b) the envisaged division of the allocation contemplated in paragraph (a) in respect of each municipality, for the next financial year and the 2007/08 financial year. 35

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

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

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

(a) actual transfers received by the province from national departments; 45

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

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

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

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

### **Duties relating to co-operative governance in respect of concurrent functions** 55

**26.** (1) A Cabinet member responsible for a function falling within Schedule 4 to the Constitution may determine a monitoring system for the performance by provinces and, if applicable, by municipalities of that function, and make recommendations at any stage to a province or municipality on improving performance of the function and compliance with national legislation applicable to the function. 60

(2) If a province or municipality performing a function referred to in subsection (1) fails to meet any applicable national targets and standards for the performance of the function, the relevant Cabinet member may take such steps as may be necessary to assist the province or municipality in meeting those targets or standards, including recommendations to that province or municipality on— 5

- (a) how to improve its performance;
- (b) organisational and administrative arrangements for a provincial department or other provincial organ of state or a municipality;
- (c) human resource arrangements, particularly where a large number of personnel is employed; 10
- (d) human resource development, training and management;
- (e) governance arrangements to prevent or limit corruption and wastage; and
- (f) agency arrangements for delivering or managing any of the core responsibilities pertaining to that function.

(3) The Premier of a province or mayor of a municipality must take into account any recommendations made by the Cabinet member in terms of subsection (1) or (2), in order to improve performance of that function. 15

### **Annual financial statements and annual reports for 2005/06**

27. (1) The annual financial statements for the 2005/06 financial year of a national or provincial department transferring any funds in respect of an allocation set out in Schedules 4, 5, 6 and 7 must, in addition to any requirements in terms of any other applicable law— 20

- (a) indicate the total amount of that allocation transferred to a province or municipality;
- (b) indicate the transfers, if any, that were withheld in respect of each province or municipality; 25
- (c) certify that all transfers to a province or municipality were deposited into the primary bank account of a province or municipality, or where appropriate, into the corporation for public deposits account of a province; and
- (d) indicate the funds, if any, utilised for the administration of the allocation, and whether any portion of the allocation was retained by the transferring department for that purpose. 30

(2) The annual report for the 2005/06 financial year of a national or provincial department transferring any funds in respect of an allocation set out in Schedules 4, 5, 6 and 7 must, in addition to any requirements in terms of any other applicable law— 35

- (a) indicate the reasons for the withholding of any transfers to a province or municipality;
- (b) indicate to what extent a province or municipality was monitored for compliance with the conditions of an allocation provided for in the relevant framework and the provisions of this Act; 40
- (c) indicate to what extent the allocation achieved its purpose and outputs; and
- (d) indicate any non-compliance with this Act, and the steps taken to deal with such non-compliance.

(3) The annual financial statements of a provincial department receiving an allocation in terms of Schedules 4 and 5, must, in addition to any requirements in terms of any other applicable law— 45

- (a) indicate the total amount of all allocations received;
- (b) indicate the total amount of actual expenditure on all allocations except Schedule 4 allocations; and
- (c) certify that all transfers in terms of this Act to the province were deposited into the primary bank account of the province, or where appropriate, into the corporation for public deposits account of a province. 50

(4) The annual report of a provincial department receiving an allocation in terms of Schedules 4 and 5, must, in addition to any requirements in terms of any other applicable law— 55

- (a) indicate to what extent the province met the conditions, provided for in the relevant framework of such an allocation, and complied with the provisions of this Act;
- (b) indicate the extent to which the objectives and outputs of the allocation were achieved; and 60
- (c) contain such other information as the National Treasury may determine.

(5) (a) The annual financial statements and annual reports of a municipality for the 2005/06 financial year must be prepared in accordance with the Municipal Finance Management Act.

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

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

## CHAPTER 5

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

#### Duties of National Treasury

28. (1) The National Treasury must within 14 days of this Act taking effect—

- (a) submit a notice to all transferring national officers, containing the details of the bank accounts of each province and municipality; and
- (b) publish in the *Gazette*— 15
  - (i) the allocations per municipality for each Schedule 4B, 6 or 7 allocation to local government; and
  - (ii) the framework for each Schedule 4, 5, 6 and 7 allocation.

(2) The National Treasury must publish any revisions or amendments to the allocations or frameworks published in terms of subsection (1)(b) authorised by an adjustment budget in the *Gazette*. 20

(3) The National Treasury must, together with the monthly report contemplated in section 32(2) of the Public Finance Management Act, publish a report on actual transfers of all allocations listed in the Schedules referred to in sections 7 and 8 or made in terms of section 11. 25

#### Powers of Auditor-General

29. (1) Without derogating from the powers and duties of the Auditor-General in terms of the Constitution and any other law, the Auditor-General may, in the audit of financial statements on the allocations set out in Chapter 3 or in a special report to be submitted to Parliament, report on— 30

- (a) the extent of compliance with this Act and frameworks published in terms of section 28 by transferring national officers, transferring provincial officers and receiving officers; and
- (b) such other intergovernmental financial management matters as may be prescribed. 35

(2) The Auditor-General may, when conducting the audits of the provincial departments responsible for education, health, social grants, housing and roads, take appropriate measures to ensure consistency in the audit processes between provincial departments to promote comparability between the provincial departments and national departments responsible for the same functions. 40

#### Matters relating to internal audit units

30. (1) (a) The transferring national officer of a Schedule 5 or 6 allocation that exceeds R 1 billion for the budget year must, within seven days after this Act takes effect, determine a minimum set of risks that must be taken into account and mitigated by the receiving province or municipality in respect of that allocation. 45

(b) The internal audit plan of the receiving province or municipality for the financial year must take into account the risks identified in paragraph (a) and any other major fiscal risks to the National Revenue Fund posed by poor enforcement of legislative requirements.

(2) A receiving officer of an allocation contemplated in subsection (1), or if requested by any other transferring national officer, must— 50

- (a) by 30 April 2005, submit a risk management plan that includes the internal audit plan referred to in subsection (1)(a) to the transferring national officer and the National Treasury; and

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

## CHAPTER 6

### GENERAL

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

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

#### Amendment of payment schedule

- 32.** (1) Subject to subsection (2), a transferring national officer may, in respect of an allocation set out in Schedule 5 or 6, amend a payment schedule as a result of the withholding or stopping of an allocation in terms of this Act. 40
- (2) The National Treasury may, in the interest of better debt and cash-flow management or to deal with financial mismanagement or under performance, amend any payment schedule for an allocation listed in Schedules 2, 3, 4, 5 or 6 on notification to—
- (a) the head of a provincial treasury, in the case of a provincial allocation; and
  - (b) the accounting officer of the national department responsible for local government and organised local government, in the case of a local government allocation. 45
- (3) A payment schedule revised in terms of subsection (1) or (2) must take account of the monthly spending commitments of provinces or municipalities, the revenue at the disposal of provinces or municipalities and the minimisation of risk and debt servicing costs for all three spheres of government. 50

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

### **Withholding of allocation**

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

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

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

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

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

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

- (i) facilitate compliance with this Act or the conditions to which the allocation is subject; or
- (ii) minimise the risk of under spending.
- (b) A transferring national officer must, when requesting the withholding of an allocation in terms of this subsection, submit proof of its compliance with subsection (2) and any representations received from the receiving officer, to the National Treasury.

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

### **Stopping of allocation**

**34.** (1) Notwithstanding section 33, the National Treasury may stop the transfer of—

- (a) a Schedule 4, 5 or 6 allocation to a province or municipality on the grounds of a persistent and material non-compliance with the provisions of this Act, or a condition to which the allocation, as provided for in the relevant framework, is subject; or
- (b) a Provincial or Municipal Infrastructure allocation or a Schedule 5, 6 or 7 allocation, if the National Treasury anticipates that a province or municipality will substantially under spend on that allocation in the financial year.

(2) The National Treasury must comply with section 33(2), and in respect of a municipality, also sections 38 and 39 of the Municipal Finance Management Act, when it intends to Act in terms of subsection (1).

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

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

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

### **Re-allocation after stopping of allocation**

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

### Non-committed Schedule 5 or 6 allocation

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

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

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

### Preparations for next budget year

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

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

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

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

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

(3) The transferring national officer of a Schedule 4A or 4B allocation must, by 1 October 2005, submit to the National Treasury for approval the draft frameworks for the allocations set out in column B of Schedules 4A and 4B in the format to be determined by the National Treasury.

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

### Unauthorised and irregular expenditure

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

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

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

### Financial misconduct

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

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

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

#### **Transfers to low capacity municipalities**

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

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

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

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

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

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

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

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

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

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

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

#### **Delegations and assignments**

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

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

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

### Exemptions

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

### Regulations

45. The Minister may, by notice in the *Gazette*, make regulations regarding—
- (a) anything which must or may be prescribed in terms of this Act; and 20
  - (b) any ancillary or incidental administrative or procedural matter that it is necessary to prescribe for the proper implementation or administration of this Act.

### Repeal of laws

46. (1) Subject to subsection (2), the Division of Revenue Act, 2004 (Act No. 5 of 2004), is hereby repealed. 25
- (2) The repeal of the Division of Revenue Act, 2004, does not affect any duty or obligation set out in that Act, the execution of which is still outstanding.

### Short title and commencement

47. This Act is called the Division of Revenue Act, 2005, and takes effect on 1 April 2005. 30

**SCHEDULE 1**

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

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

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

**SCHEDULE 2**

**DETERMINATION OF EACH PROVINCE'S EQUITABLE SHARE OF THE  
PROVINCIAL SPHERE'S SHARE OF REVENUE RAISED NATIONALLY  
(as a direct charge against the National Revenue Fund)**

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

## SCHEDULE 3

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

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

*Cat = Category of Municipality*

*Number = Demarcation code of Municipality*

## SCHEDULE 3

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

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

## SCHEDULE 3

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

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

## SCHEDULE 3

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

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

## SCHEDULE 3

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

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

## SCHEDULE 3

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

Cat	Number	Municipality	Column A	Column B	
			2005/06 Allocation	Forward Estimates	
				2006/07	2007/08
			R'000	R'000	R'000
<b>LIMPOPO</b>					
B	NP03A2	Makhuduthamaga	37 445	40 816	45 317
B	NP03A3	Fetakgomo	14 191	15 178	13 948
B	CBLC3	Greater Marble Hall	18 664	20 076	21 922
B	CBLC4	Greater Groblersdal	34 654	37 421	41 906
B	CBLC5	Greater Tubatse	36 727	39 410	40 148
C	CBDC3	Greater Sekhukhune Cross Boundary	89 361	96 360	100 385
<b>Total: Greater Sekhukhune Cross Boundary Municipalities</b>			<b>231 042</b>	<b>249 261</b>	<b>263 626</b>
B	NP04A1	Maruleng	16 000	17 188	16 440
B	CBLC6	Bushbuckridge	76 520	82 355	92 474
C	CBDC4	Bohlabela District Municipality	60 613	65 923	73 157
<b>Total: Bohlabela Municipalities</b>			<b>153 134</b>	<b>165 466</b>	<b>182 070</b>
B	NP331	Greater Giyani	40 926	40 925	41 746
B	NP332	Greater Letaba	35 746	38 760	42 311
B	NP333	Greater Tzaneen	56 410	61 393	66 774
B	NP334	Ba-Phalaborwa	18 585	18 851	19 823
C	DC33	Mopani District Municipality	92 810	103 321	120 876
<b>Total: Mopani Municipalities</b>			<b>244 478</b>	<b>263 250</b>	<b>291 530</b>
B	NP341	Musina	8 603	9 345	10 009
B	NP342	Mutale	14 946	15 332	12 614
B	NP343	Thulamela	76 298	81 421	87 502
B	NP344	Makhado	67 823	73 177	80 116
C	DC34	Vhembe District Municipality	111 122	123 459	145 657
<b>Total: Vhembe Municipalities</b>			<b>278 792</b>	<b>302 734</b>	<b>335 898</b>
B	NP351	Blouberg	24 522	26 134	25 523
B	NP352	Aganang	21 276	22 887	23 309
B	NP353	Molemole	19 828	21 583	23 964
B	NP354	Polokwane	111 076	122 255	138 284
B	NP355	Lepelle-Nkumpi	32 923	35 805	39 542
C	DC35	Capricorn District Municipality	62 120	69 817	83 169
<b>Total: Capricorn Municipalities</b>			<b>271 744</b>	<b>298 482</b>	<b>333 793</b>
B	NP361	Thabazimbi	17 155	18 944	19 544
B	NP362	Lephalale	25 780	28 308	31 649
B	NP364	Mookgaphong	6 872	7 538	8 05
B	NP365	Modimolle	16 159	17 742	19 660
B	NP366	Bela Bela	12 428	13 699	15 907
B	NP367	Mogalakwena	68 591	75 585	86 793
C	DC36	Waterberg District Municipality	3 508	2 409	2 602
<b>Total: Waterberg Municipalities</b>			<b>150 491</b>	<b>164 226</b>	<b>184 206</b>
<b>Total: Limpopo Municipalities</b>			<b>1 329 681</b>	<b>1 443 420</b>	<b>1 591 124</b>

## SCHEDULE 3

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

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

## SCHEDULE 3

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

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

## SCHEDULE 3

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

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

## SCHEDULE 3

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

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

SCHEDULE 4A

GENERAL OR NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO PROVINCES

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

**SCHEDULE 4A**

**GENERAL OR NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO PROVINCES**

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2005/06 Allocation	2006/07	Forward Estimates	2007/08
<b>National Treasury (Vote 8)</b>	Provincial Infrastructure Grant	To fund the construction, maintenance and rehabilitation of new and existing infrastructure in education, roads, health and agriculture.	General conditional grant to provinces	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	675 330	742 057	984 943	438 423
				Gauteng	220 921	242 678	406 127	406 127
				KwaZulu-Natal	369 777	407 745	1 120 474	1 120 474
				Limpopo	787 803	870 486	830 980	830 980
				Mpumalanga	660 898	729 464	410 263	410 263
				Northern Cape	285 533	316 596	279 241	279 241
				North West	180 529	201 733	496 918	496 918
				Western Cape	321 135	354 373	356 656	356 656
							<b>TOTAL</b>	<b>3 730 773</b>
<b>Social Development (Vote 18)</b>	Integrated Social Development Services Grant	To support and provide appropriate social welfare services and development interventions, and for immediate and appropriate short-term relief to vulnerable individuals and households who are not eligible and not receiving any form of assistance.	Conditional grant, to be phased in the provincial equitable share	Eastern Cape	R'000	R'000	R'000	R'000
				Free State	94 133	99 781	104 770	104 770
				Gauteng	37 334	39 574	41 553	41 553
				KwaZulu-Natal	27 904	29 578	31 057	31 057
				Limpopo	68 185	72 276	75 890	75 890
				Mpumalanga	61 146	64 815	68 056	68 056
				Northern Cape	27 651	29 310	30 775	30 775
				North West	9 998	10 598	11 128	11 128
				Western Cape	41 615	44 112	46 317	46 317
							<b>TOTAL</b>	<b>388 000</b>

**SCHEDULE 4B**

**GENERAL OR NATIONALLY ASSIGNED FUNCTION ALLOCATIONS TO LOCAL GOVERNMENT**

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

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

**SCHEDULE 5**

**SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES**

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

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

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

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

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B	
					2005/06 Allocation	2006/07	Forward Estimates	2007/08
<b>Health (Vote 16)</b>	(d) Integrated Nutrition Programme Grant	To implement integrated nutrition activities aimed at improving the nutritional status of South Africans.	Conditional grant	Eastern Cape	R'000	R'000	R'000	-
				Free State	26 316	-	-	-
				Gauteng	7 296	-	-	-
				KwaZulu-Natal	11 333	-	-	-
				Limpopo	26 954	-	-	-
				Mpumalanga	22 344	-	-	-
				Northern Cape	9 581	-	-	-
				North West	3 299	-	-	-
				Western Cape	10 981	-	-	-
				<b>TOTAL</b>	<b>123 392</b>	-	-	-
<b>Housing (Vote 28)</b>	(a) Integrated Housing and Human Settlement Development Grant	To finance the implementation of National Housing programmes, and to facilitate habitable, stable and sustainable human settlements.	Conditional grant	Eastern Cape	R'000	R'000	R'000	830 154
				Free State	581 218	679 194	465 814	569 347
				Gauteng	398 618	465 814	1 566 674	1 914 887
				KwaZulu-Natal	1 340 675	934 457	464 682	567 963
				Limpopo	799 659	397 650	375 255	458 660
				Mpumalanga	321 123	79 917	93 389	114 146
				Northern Cape	79 917	467 880	546 751	668 274
				North West	467 880	456 740	533 733	652 362
				Western Cape	456 740	<b>4 843 480</b>	<b>5 659 949</b>	<b>6 917 946</b>
				<b>TOTAL</b>	<b>4 843 480</b>	<b>5 659 949</b>	<b>6 917 946</b>	<b>6 917 946</b>
<b>Land Affairs (Vote 29)</b>	(b) Human Settlement and Redevelopment Grant	To fund projects that aim to improve the quality of the environment by identifying dysfunctionalities in human settlements.	Conditional grant	Free State	R'000	R'000	R'000	-
				Gauteng	9 475	-	-	-
				Limpopo	4 130	-	-	-
				Western Cape	1 418	-	-	-
				<b>TOTAL</b>	<b>24 396</b>	<b>8 000</b>	<b>8 000</b>	<b>8 000</b>
<b>Land Affairs (Vote 29)</b>	Land Distribution: Alexandra Urban Renewal Project Grant	To contribute towards the purchase of land for the relocation and settlement of Alexandra residents and other qualifying beneficiaries.	Conditional grant	Gauteng	R'000	R'000	R'000	-
				<b>TOTAL</b>	<b>8 000</b>	<b>8 000</b>	<b>8 000</b>	<b>8 000</b>

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

Vote	Name of Allocation	Purpose	Type of Allocation	Province	Column A		Column B			
					2005/06 Allocation		Forward Estimates			
					R'000	R'000	2006/07	2007/08		
Social Development (Vote 18)	(a) HIV and Aids (Community-Based Care) Grant	To provide social welfare services to orphans and vulnerable children who are infected and affected by HIV and Aids.	Conditional grant	Eastern Cape	13 979	14 026	14 424			
				Free State	19 374	19 439	19 991			
				Gauteng	20 341	20 409	20 988			
				KwaZulu-Natal	25 187	25 272	25 990			
				Limpopo	9 138	9 168	9 429			
				Mpumalanga	20 619	20 688	21 275			
				Northern Cape	7 750	7 776	7 997			
				North West	15 914	15 967	16 420			
				Western Cape	6 089	6 109	6 283			
				<b>TOTAL</b>	<b>138 391</b>	<b>138 854</b>	<b>142 797</b>			
				(b) Social Assistance Administration Grant	To fund the administration of social assistance grants.	Conditional grant	Eastern Cape	649 890	696 113	717 079
							Free State	232 876	242 899	255 044
	Gauteng	350 000	375 514				391 923			
KwaZulu-Natal	784 235	819 796	840 402							
Limpopo	500 000	516 290	542 292							
Mpumalanga	246 139	268 391	283 142							
Northern Cape	94 688	97 710	102 596							
North West	287 993	316 768	327 974							
Western Cape	236 234	250 839	273 738							
<b>TOTAL</b>	<b>3 382 055</b>	<b>3 584 320</b>	<b>3 734 190</b>							
(c) Social Assistance Transfers Grant	To fund social assistance transfer payments to eligible beneficiaries.	Conditional grant	Eastern Cape	9 946 979	11 049 415	11 951 314				
			Free State	3 725 860	4 103 041	4 447 815				
			Gauteng	6 454 145	7 221 414	7 838 460				
			KwaZulu-Natal	11 986 896	13 012 642	14 006 710				
			Limpopo	6 814 594	7 375 574	7 974 876				
			Mpumalanga	3 531 761	3 834 151	4 163 859				
			Northern Cape	1 232 391	1 349 015	1 461 636				
			North West	4 328 016	4 873 356	5 345 759				
Western Cape	4 002 671	4 251 501	4 639 629							
<b>TOTAL</b>	<b>52 023 313</b>	<b>57 070 109</b>	<b>61 830 058</b>							

**SCHEDULE 5**

**SPECIFIC PURPOSE ALLOCATIONS TO PROVINCES**

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

**SCHEDULE 5A: SOCIAL ASSISTANCE TRANSFERS GRANT**

Vote	Name of Allocation	Social Assistance Transfers Grant by Grant Type	Province	Column A		Column B	
				2005/06 Allocation	2006/07	Forward Estimates	2007/08
<b>Social Development (Vote 18)</b>	Social Assistance Transfers Grant	(a) Care Dependency Grant	Eastern Cape	R'000	R'000	R'000	R'000
			Free State	224 190	249 346	272 894	44 250
			Gauteng	36 838	40 177	129 049	303 652
			KwaZulu-Natal	110 983	119 463	130 874	54 988
			Limpopo	244 560	272 876	29 369	99 547
			Mpumalanga	105 366	117 595	81 972	
			Northern Cape	46 846	50 286		
			North West	22 425	25 868		
			Western Cape	75 146	87 681		
			<b>TOTAL</b>	<b>70 955</b>	<b>75 877</b>	<b>1 039 169</b>	<b>1 146 595</b>
			(b) Child Support Grant (0 - 6 years)	Eastern Cape	1 409 533	1 518 561	1 645 377
				Free State	489 966	512 345	549 823
				Gauteng	1 104 682	1 171 930	1 233 611
				KwaZulu-Natal	2 033 048	2 094 900	2 205 158
				Limpopo	1 405 410	1 461 347	1 538 259
Mpumalanga	676 395	696 973		733 656			
Northern Cape	149 783	154 340		162 689			
North West	703 146	755 386		811 890			
Western Cape	539 553	564 307		602 918			
<b>TOTAL</b>	<b>8 511 516</b>	<b>8 930 089</b>		<b>9 483 381</b>			
(c) Child Support Extension Grant (7 - 13 years)	Eastern Cape	1 136 141	1 560 292	1 689 304			
	Free State	404 921	537 892	593 385			
	Gauteng	759 633	1 067 721	1 178 037			
	KwaZulu-Natal	1 254 859	1 593 557	1 744 753			
	Limpopo	952 156	1 067 961	1 175 430			
	Mpumalanga	457 795	504 418	553 413			
	Northern Cape	126 964	165 366	180 044			
	North West	579 919	793 883	905 098			
	Western Cape	283 372	350 836	392 004			
	<b>TOTAL</b>	<b>5 955 760</b>	<b>7 641 926</b>	<b>8 411 468</b>			

**SCHEDULE 5A: SOCIAL ASSISTANCE TRANSFERS GRANT**

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

**SCHEDULE 5A: SOCIAL ASSISTANCE TRANSFERS GRANT**

Vote	Name of Allocation	Social Assistance Transfers Grant by Grant Type	Province	Column A		Column B		
				2005/06 Allocation	Forward Estimates	2006/07	2007/08	
<b>Social Development (Vote 18)</b>	Social Assistance Transfers Grant	(g) Social Relief of Distress	Eastern Cape	R'000	R'000	R'000	R'000	
			Free State	18 953	19 901	20 896	7 826	
			Gauteng	7 098	7 453	13 539	12 894	
			KwaZulu-Natal	12 281	12 894	25 160	23 962	
			Limpopo	22 821	23 962	14 304	13 623	
			Mpumalanga	12 974	13 623	7 413	7 060	
			Northern Cape	6 724	7 060	5 513	5 251	
			North West	5 000	5 251	9 085	8 652	
			Western Cape	8 240	8 652	8 401	8 001	
			<b>TOTAL</b>	<b>101 711</b>	<b>106 797</b>	<b>112 137</b>		
			(h) War Veterans Grant	Eastern Cape	3 675	3 226	2 826	768
				Free State	850	768	5 195	5 982
				Gauteng	6 871	5 982	3 583	4 002
	KwaZulu-Natal	4 460		4 002	2 391	2 564		
Limpopo	2 744	2 564		974	1 015			
Mpumalanga	1 054	1 015		591	755			
Northern Cape	957	755		759	883			
North West	1 025	883	5 381	6 183				
Western Cape	7 104	6 183						
<b>TOTAL</b>	<b>28 740</b>	<b>25 378</b>	<b>22 392</b>					

**SCHEDULE 6**

**RECURRENT GRANTS TO LOCAL GOVERNMENT**

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

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

**SCHEDULE 6**

**INFRASTRUCTURE GRANTS TO LOCAL GOVERNMENT**

Vote	Name of Allocation	Purpose	Column A	Column B	
			2005/06 Allocation	Forward Estimates 2006/07	2007/08
<b>Minerals and Energy (Vote 30)</b>	National Electrification Programme	To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address electrification backlogs of permanently occupied residential dwellings.	R'000 258 000	R'000 -	R'000 -
		<b>TOTAL</b>	<b>258 000</b>	<b>-</b>	<b>-</b>

**SCHEDULE 7**

**ALLOCATIONS-IN-KIND / INDIRECT GRANTS TO LOCAL GOVERNMENT**

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

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