

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 324

DATE OF PUBLICATION: 26 August 2011

**Mrs E C van Lingen (DA-EC) to ask the Minister of Finance**

1. (a) Which National Treasury grants have been made available to the (i) Nelson Mandela and (ii) Buffalo City Metropolitans in the Eastern Cape for the (aa) 2011-12 financial year and (bb) next three financial years and (b) what are the purposes of these respective grants;
2. whether these grants are (a) managed and/or (b) supervised by the National Treasury; if not, why not; if so, what processes are in place to ensure that the funds are spent as prescribed before the amount for the next financial year is transferred;
3. which grant projects have been (a) successful and (b) unsuccessful for each of the two metropolitans;
4. whether similar grants have been paid to any local municipalities in the Eastern Cape; if not, what is the position in this regard; if so, (a) to which municipalities and (b) what are the further relevant details?

CW413E

**REPLY:**

1. In terms of Section 214(1)(c) of the Constitution, National Government may allocate funds from the national share of revenue to local government to use for specified purposes. These conditional grant allocations are reflected in the annual Division of Revenue Act (DORA). Detailed conditional grant frameworks are published in the Government Gazette which set out the purposes for which these funds may be used. Please see the attached (**Annexure A**) allocation letter and Payment schedule which reflect the allocations for 2011/12 financial year and the payment dates to municipalities. Further see the attached 2011 DoRA allocations for the two outer years.

For information regarding the purpose of the conditional grant to municipalities, the Honorable Member is referred to the attached Government Gazette No. 34280 dated 10 May 2011. The gazette can also be located on our website on the following link:

<http://ntintranet/documents/national%20budget/2011/default.aspx>

2. The Division of Revenue Act requires national departments (also referred to as transferring national officers) responsible for administering the grant to monitor the use of those funds by municipalities and ensure that expenditures are in line with the purposes of the grant. The following list outlines the relevant departments responsible for each of the primary conditional grants:

- ✓ Department of Co-operative Governance – Municipal Infrastructure Grant and Municipal Systems Improvement Grant
- ✓ Department of Energy – Integrated National Electrification Programme (Schedule 6 and 7) and Electricity Demand Side Management (Schedule 6 and 7)
- ✓ Department of Water Affairs – Water Services Operating and Subsidy Grant (Schedule 6 and 7) and Regional Bulk Infrastructure
- ✓ Department of Transport – Public Transport Infrastructure and Systems Grant and Rural Transport Grant
- ✓ National Treasury – Neighborhood Development Partnership Grant (Schedule 6 and 7) and Financial Management Grant
- ✓ Department of Human Settlement – Urban Settlement Development Grant and Rural Household Grant
- ✓ Department of Public Works – Expanded Public Work Programme

Section 10 of the 2011 Division of Revenue Act and Section 71 of the MFMA requires the transferring national officer and the municipalities to report to National Treasury on a monthly basis regarding information on how much grant allocation was transferred, actual expenditure and any material differences with regard to transfers that are not in line with the payment schedule. The payment schedule is used by National Treasury to monitor spending on grants and on service delivery by checking whether the amounts scheduled were indeed transferred as per the payment schedule and whether the funds were spent within the intended period.

The Section 71 results (on conditional grants) are published on a quarterly basis (as per the municipal financial year) on National Treasury's website.

National Treasury has implemented a process to ensure that municipalities return to the National Revenue Fund any conditional grants not spent in the intended financial year and on the purpose for which the grant was allocated.

3. In terms of financial performance for all the conditional grants please refer to 4th quarter MFMA section 71 financial performance. The non-financial information per municipality can be obtained from the national department administering the grant.
4. The local municipalities can access all the conditional grants as listed in DoRA. In order to check the conditional grant allocations to all the 276 municipalities in out country (per type of grant and per province), the Honorable Member is referred to the following gazettes on our website:
  - ✓ Division of Revenue Act;
  - ✓ Government Gazette 34280 dated 10 May 2011 : 2011 MTEF Allocations to Municipalities, Incentive Allocations to Provinces and Municipalities; Provincial and Municipal Conditional Grant Frameworks - Part 1
  - ✓ Government Gazette 34280 dated 10 May 2011 : 2011 MTEF Allocations to Municipalities, Incentive Allocations to Provinces and Municipalities; Provincial and Municipal Conditional Grant Frameworks - Part 2
  - ✓ The information can be accessed on the following link:

<http://ntintranet/documents/national%20budget/2011/default.aspx>