**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2530 [NW2941E]**

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**2530. Dr M J Figg (DA) to ask the Minister of Finance:**

What are the full relevant details of the formula that was used to determine the distribution of funds to each province through the Division of Revenue Act, Act 3 of 2016? NW2944E

**REPLY:**

Funds from the fiscus are allocated to provinces through the provincial equitable share and provincial conditional grants. The provincial equitable share and a number of provincial conditional grants use formulas to determine the allocations to individual provinces.

The provincial equitable share is however the main source of revenue for meeting provincial expenditure responsibilities. To ensure that allocations are fair, the equitable share is allocated through a formula using objective data on the context and demand for services in each of the nine provinces. A full description of the calculation of the provincial equitable share formula for each financial year is contained in the Explanatory Memorandum to the Division of Revenue Bill, which is tabled in Parliament on Budget Day. The details of the provincial equitable share formula used to determine the allocations to individual provinces for the 2016 Medium Term Expenditure Framework (MTEF), as contained in the Division of Revenue Act, Act 3 of 2016, can be found in the Explanatory Memorandum of the 2016 Division of Revenue Bill, pages 74 – 81, which was released on 2016 Budget Day (24 February 2016) (attached hereto).