

# 2022 Division of Revenue Amendment Bill

Western Cape

PRESENTED BY:

National Treasury

*Division: IGR*

**Date: 17 November 2022**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



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# Structure of the presentation

- Overview of the 2022 Division of Revenue Amendment Bill
  - Changes to schedules
  - Changes to provincial allocations
  - Changes to local government allocations
  - Changes to gazetted conditional grant frameworks and allocations
  - Changes in the Bill clauses
- Annexures

# Division of Revenue Amendments Bill – Proposed amendments

Division of Revenue Bill tabled on Budget Day  
contains all of this  
(plus Explanatory Memorandum)

## Division of Revenue Act

[Act 5 of 2022]

Act passed by Parliament and signed by the President in June 2022, contains:

- Clauses of the Act set requirements for transfer of funds, reporting on funds, conditions that may be set for grants and enforcement mechanisms
- Schedules to the Act contain equitable share and grant allocations

## Government Gazette

No. 46649  
1 July 2022

224 page gazette signed by the Minister of Finance contains:

- Grant frameworks setting out conditions and responsibilities attached to each conditional grant
- Allocations per individual municipality
- Supplementary detail for allocations (e.g. split per grant component)

## Division of Revenue Amendment Bill

[B 22-2022]

Bill tabled on 26 October 2022 contains:

- Additional clause to allow for pledging of conditional allocations
- In-year adjustments to allocations, consistent with limitations in S30 of the PFMA
- Request to correct some gazetted frameworks

Section 30(2) of the PFMA says that a national adjustments budget may only provide for:

- adjustments required due to significant and **unforeseeable economic and financial events** affecting the fiscal targets set by the annual budget;
- unforeseeable and unavoidable expenditure** recommended by the national executive or any committee of Cabinet members to whom this task has been assigned;
- any expenditure in terms of section 16;
- money to be appropriated for **expenditure already announced** by the Minister during the tabling of the annual budget;
- the **shifting of funds between and within votes** or to follow the transfer of functions in terms of section 42;
- the utilisation of **savings** under a main division of a vote for the defrayment of excess expenditure under another main division of the same vote in terms of section 43; and
- the **roll-over of unspent funds** from the preceding financial year.

# Changes in the schedules

- The main purpose of the DoRAB is to amend “Column A” of the DoRA schedules which shows the allocation for the current year
- The new “Column A” created by the DoRAB shows the original allocation, the adjustment(s) and the new allocation so as to maximise transparency in the adjustment process
- “Column A” is amended for schedules 1, 2, 4 (Part A), 5(Part B), 6 (Part B) and 7 (Parts A & B)

**Schedule 1 from 2022 DoRA**

Spheres of Government	Column A	Column B	
	2022/23	Forward Estimates	
		2023/24	2024/25
	R'000	R'000	R'000
National <sup>1,2</sup>	1 327 188 238	1 354 771 376	1 433 054 261
Provincial	560 756 789	543 149 099	562 018 365
Local	87 311 493	94 086 549	101 486 470
<b>TOTAL</b>	<b>1 975 256 520</b>	<b>1 992 007 024</b>	<b>2 096 559 096</b>

**Schedule 1 from 2022 DoRAB**

Spheres of Government	Column A		
	2022/23 Main Allocation	Adjustment	2022/23 Adjusted Allocation
	R'000	R'000	R'000
National <sup>1,2</sup>	1 327 188 238	48 840 146	1 376 028 384
Provincial	560 756 789	48 500	560 805 289
Local	87 311 493	-	87 311 493
<b>TOTAL</b>	<b>1 975 256 520</b>	<b>48 888 646</b>	<b>2 024 145 166</b>

# Changes to provincial allocations in 2022/23



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# Disaster response funding

## ***Conversion of disaster response grants***

- To allow for adequate response to the April 2022 floods, funding was shifted between disaster grants in August 2022
  - R145 million was shifted from the *Provincial Disaster Response Grant* to the *Municipal Disaster Response Grant*
  - R120 million was shifted from the *Municipal Emergency Housing Grant* to the *Provincial Emergency Housing Grant*

## ***Additional funding for disaster response grants***

- To cater for disasters that may occur in the remaining months of the current financial year
  - R97 million is added to the *Provincial Disaster Response Grant*
  - R350 million is added to the *Provincial Emergency Housing Grant*

## ***Additional funding for disaster reconstruction and rehabilitation***

- For the reconstruction and rehabilitation of provincial infrastructure damaged by the December 2021 and April 2022 floods
  - R117 million is added to the *Education Infrastructure Grant* for Eastern Cape and KwaZulu-Natal
  - R1 billion is added to the *Provincial Roads Maintenance Grant* for Eastern Cape, KwaZulu-Natal and North-West

## ***Protection and care of flood victims***

- R49 million is added to the *Provincial Equitable Share* to continue with the care and protection of April 2022 flood victims placed in shelters in KwaZulu-Natal

# Additions to provincial allocations

- R389 million is added to the *Provincial Roads Maintenance Grant* for the construction of modular steel bridges in Eastern Cape and Limpopo
  - Eastern Cape: R308 million
  - Limpopo: R81 million
- Construction of the bridges is part of the Welisizwe Rural Bridges Programme
- Provinces were selected on the extent of implementation readiness (assessed by the Department of Public Works and Infrastructure)

# Summary of changes to provincial allocations

R'million	2022 Main Allocation	Adjustments	2022/23 Adjusted Allocation
<b>Equitable share</b>	<b>560 757</b>	<b>49</b>	<b>560 805</b>
<b>Direct Conditional grants</b>	<b>121 782</b>	<b>1 948</b>	<b>123 730</b>
<b>Agriculture, Land Reform and Rural Development</b>	<b>2 294</b>	<b>-</b>	<b>2 294</b>
Comprehensive Agricultural Support Programme Grant	1 599	-	1 599
Ilima/Letsema Projects Grant	610	-	610
Land Care Programme Grant: Poverty Relief and Infrastructure	85	-	85
<b>Basic Education</b>	<b>23 008</b>	<b>117</b>	<b>23 124</b>
Early Childhood Development	1 193	-	1 193
Education Infrastructure Grant	12 384	117	12 501
HIV and AIDS (Life Skills Education) Grant	242	-	242
Learners With Profound Intellectual Disabilities Grant	256	-	256
Maths, Science and Technology Grant	425	-	425
National School Nutrition Programme Grant	8 508	-	8 508
<b>Cooperative Governance</b>	<b>145</b>	<b>(48)</b>	<b>97</b>
Provincial Disaster Response Grant	145	(48)	97
<b>Health</b>	<b>56 252</b>	<b>-</b>	<b>56 252</b>
District Health Programmes Grant	29 023	-	29 023
Health Facility Revitalisation Grant	6 780	-	6 780
Human Resources and Training Grant	5 449	-	5 449
National Health Insurance Grant	694	-	694
National Tertiary Services Grant	14 306	-	14 306
<b>Human Settlements</b>	<b>18 702</b>	<b>470</b>	<b>19 172</b>
Human Settlements Development Grant	14 256	-	14 256
Informal Settlements Upgrading Partnership Grant: Provinces	4 121	-	4 121
Provincial Emergency Housing Grant	326	470	796
<b>Public Works and Infrastructure</b>	<b>858</b>	<b>-</b>	<b>858</b>
Expanded Public Works Programme Integrated Grant for Provinces	433	-	433
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	425	-	425
<b>Sport, Arts and Culture</b>	<b>2 176</b>	<b>-</b>	<b>2 176</b>
Community Library Services Grant	1 573	-	1 573
Mass Participation and Sport Development Grant	604	-	604
<b>Transport</b>	<b>18 347</b>	<b>1 409</b>	<b>19 756</b>
Provincial Roads Maintenance Grant	11 256	1 409	12 665
Public Transport Operations Grant	7 090	-	7 090



# 2022 adjusted Western Cape provincial allocations (1/2)

	Main appropriation: 2022/23	Total adjustments: Equitable share	Adjustments: Conditional grants		Total: 2022/23 Adjustments	National adjusted appropriation: 2022/23
			Additions	Total adjustments: Conditional grants		
Western Cape						
R thousand						
<b>Transfers from National</b>	<b>72 383 121</b>	-	-	-	<b>954 737</b>	<b>73 337 858</b>
<i>of which</i>						
<b>Equitable share</b>	<b>58 367 447</b>	<b>954 737</b>	-	-	<b>954 737</b>	<b>59 322 184</b>
<b>Conditional grants</b>	<b>14 015 674</b>	-	-	-	-	<b>14 015 674</b>
<i>of which</i>						
<b>Agriculture, Land Reform and Rural Development</b>	<b>186 612</b>	-	-	-	-	<b>186 612</b>
Comprehensive Agricultural Support Programme Grant	122 087	-	-	-	-	122 087
Ilima/Letsema Projects Grant	58 993	-	-	-	-	58 993
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 532	-	-	-	-	5 532
<b>Basic Education</b>	<b>1 871 689</b>	-	-	-	-	<b>1 871 689</b>
Early Childhood Development	95 866	-	-	-	-	95 866
Maintenance Component	13 330	-	-	-	-	13 330
Subsidy Component	82 536	-	-	-	-	82 536
Education Infrastructure Grant	1 236 077	-	-	-	-	1 236 077
HIV and AIDS (Life Skills Education) Grant	17 822	-	-	-	-	17 822
Learners With Profound Intellectual Disabilities Grant	33 451	-	-	-	-	33 451
Maths, Science and Technology Grant	37 184	-	-	-	-	37 184
National School Nutrition Programme Grant	451 289	-	-	-	-	451 289
<b>Cooperative Governance</b>	<b>-</b>					
Provincial Disaster Relief Grant						

# 2022 adjusted Western Cape provincial allocations (2/2)

Western Cape	Main appropriation: 2022/23	Total adjustments: Equitable share	Adjustments: Conditional grants		Total: 2022/23 Adjustments	National adjusted appropriation: 2022/23
			Additions	Total adjustments: Conditional grants		
R thousand						
<b>Health</b>	<b>7 408 988</b>	-	-	-	-	<b>7 408 988</b>
District Health Programmes Grant	2 268 294	-	-	-	-	2 268 294
Comprehensive HIV/AIDS Component	1 852 863	-	-	-	-	1 852 863
District Health Component	415 431	-	-	-	-	415 431
Health Facility Revitalisation Grant	796 590	-	-	-	-	796 590
Human Resources and Training Grant	899 442	-	-	-	-	899 442
Statutory Human Resources Component	356 963	-	-	-	-	356 963
Training Component	542 479	-	-	-	-	542 479
National Health Insurance Grant	43 605	-	-	-	-	43 605
National Tertiary Services Grant	3 401 057	-	-	-	-	3 401 057
<b>Human Settlements</b>	<b>2 113 056</b>	-	-	-	-	<b>2 113 056</b>
Human Settlements Development Grant	1 628 418	-	-	-	-	1 628 418
Informal Settlements Upgrading Partnership Grant: Provinces	484 638	-	-	-	-	484 638
Provincial Emergency Housing Grant						
<b>Public Works and Infrastructure</b>	<b>65 884</b>	-	-	-	-	<b>65 884</b>
Expanded Public Works Programme Integrated Grant for Provinces	30 139	-	-	-	-	30 139
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	35 745	-	-	-	-	35 745
<b>Sport, Arts and Culture</b>	<b>281 323</b>	-	-	-	-	<b>281 323</b>
Community Library Services Grant	190 102	-	-	-	-	190 102
Mass Participation and Sport Development Grant	91 221	-	-	-	-	91 221
<b>Transport</b>	<b>2 088 122</b>	-	-	-	-	<b>2 088 122</b>
Provincial Roads Maintenance Grant	960 309	-	-	-	-	960 309
Public Transport Operations Grant	1 127 813	-	-	-	-	1 127 813

# Changes to local government allocations in 2022/23



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# Disaster response funding

## ***Conversion of disaster response grants***

- To allow for adequate response to the April 2022 floods, funding was shifted between disaster grants in August 2022
  - R145 million was shifted from the *Provincial Disaster Response Grant* to the *Municipal Disaster Response Grant*
  - R120 million was shifted from the *Municipal Emergency Housing Grant* to the *Provincial Emergency Housing Grant*

## ***Additional funding for disaster response grants***

- To cater for disasters that may occur in the remaining months of the current financial year
  - R248 million is added to the *Municipal Disaster Response Grant*

## ***Additional funding for disaster reconstruction and rehabilitation***

- For the reconstruction and rehabilitation of municipal infrastructure damaged by the December 2021 and April 2022 floods R3.3 billion is added to the *Municipal Disaster Recovery Grant* for Eastern Cape and KwaZulu Natal and Western Cape
  - Eastern cape (Winnie Madikizela-Mandela Local Municipality): R34 million
  - KwaZulu Natal municipalities: R3 billion
  - Western Cape district municipalities: R290 million

## ***Purchasing of land for relocation of flood victims***

- R92 million is added to the *Informal Settlements Upgrading Partnership Grant: Municipalities* for eThekweni Metropolitan Municipality for the purchase of land identified for the relocation of displaced flood victims

# Changes to local government allocations

## ***Roll-overs***

- R1 million is rolled over in the *Integrated National Electrification Programme Grant* to fund 50 electrification connections in Sewendelaan in Dikgatlong Municipality
- R15 million is rolled over in the indirect *Regional Bulk Infrastructure Grant* to fund operational payments for the Vaal River pollution remediation project in Emfuleni Local Municipality

## ***Reprioritisations***

- R100 million of the Neighbourhood Development Partnership Grant is shifted from direct component of the grant to the indirect component of the grant
  - Reprioritised funds will be used for project preparation, planning and implementation for municipalities having challenges that are affecting project implementation
  - These funds will be used for projects they were allocated for in the direct component

# Summary of changes to local government allocations

R million	2022 Main Allocation	Adjustments	2022/23 Adjusted Allocation
<b>Direct transfers</b>	<b>47 983</b>	<b>3 559</b>	<b>51 542</b>
Integrated urban development	1 085		1 085
Municipal disaster recovery	26	3 293	3 319
Municipal disaster response	371	393	764
Municipal infrastructure	16 842		16 842
Infrastructure skills development	159		159
Local government financial management	566		566
Neighbourhood development partnership	1 393	(100)	1 293
Programme and project preparation support	361		361
Expanded public works programme integrated grant for municipalities	778		778
Informal settlements upgrading partnership	4 181	92	4 273
Municipal emergency housing	175	(120)	55
Urban settlements development	7 352		7 352
Energy efficiency and demand-side management	223		223
Integrated national electrification programme	2 119	1	2 120
Public transport network	6 013		6 013
Rural roads asset management systems	115		115
Regional bulk infrastructure	2 521		2 521
Water services infrastructure	3 701		3 701
<b>Indirect transfers</b>	<b>8 055</b>	<b>115</b>	<b>8 171</b>
Municipal systems improvement	140		140
Neighbourhood development partnership	101	100	201
Integrated national electrification programme	3 588		3 588
Regional bulk infrastructure	3 455	15	3 470
Water services infrastructure	771		771
<b>Total</b>	<b>56 039</b>	<b>3 674</b>	<b>59 713</b>



# **Adjustments to Western Cape Municipal Allocations**

# Changes to Municipal Disaster Recovery Grant

2022/23 Municipal Disaster Recovery Grant				
			<i>2022/23 Main Allocation R'000</i>	<i>2022/23 Adjusted Allocation R'000</i>
WESTERN CAPE				
C	DC2	Cape Winelands District Municipality		10 310
C	DC3	Overberg District Municipality		15 493
C	DC4	Garden Route District Municipality		264 161
<b>Total: Western Cape Municipalities</b>			<b>-</b>	<b>289 964</b>
<i>Source: Division of Revenue Amendment Bill, 2022</i>				

# Changes to gazetted frameworks and allocations



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# Annexures to the Bill

- Section 15(4) of the Division of Revenue Act, 2022, requires National Treasury to consult Parliament on any proposed changes to a conditional grant framework for the purposes of correcting an error or omission
- Parliament is requested to consider and approve the changes to the conditional grant frameworks outlined on the subsequent slide
- Once the Bill is enacted, National Treasury will gazette:
  - The amended frameworks (as shown in Annexures B and C of the Bill)
  - The amended allocations per municipality as outlined in Annexures D and E; and Appendix A of the Bill
  - The changes per province for disaster response allocations in Appendix B of the Bill

# Changes to gazetted frameworks & allocations

## *Provincial Roads Maintenance Grant*

- The grant framework is amended to allow for spending to respond to the disaster that occurred in April 2022; and for spending on rural bridges under the Welisizwe Rural Bridges Programme

## *Education Infrastructure Grant and Municipal Disaster Response Grant*

- The grant frameworks are amended to allow for spending to respond to the disasters that occurred in December 2021 and April 2022

## *Informal Settlements Upgrading Partnership Grant: Municipalities*

- The grant framework is amended to ring-fence funds for the purchase of identified land for the relocation of flood victims who previously resided in informal settlements that were washed by the floods

## *Municipal annexures*

- Changes to previously gazetted municipal allocations include a change of the name of a municipality
  - The name of Engcobo Local Municipality in the Eastern Cape is updated to Dr. A.B. Xuma Local Municipality as per the Gazette published in terms of section 12 of the Local Government: Municipal Structures Act, on 30 May 2022

# Correction of errors in the MDRG grant framework and allocations to municipalities

- The National Disaster Management Centre (NDMC) has requested changes to the in-year allocations for the *Municipal Disaster Recovery Grant (MDRG)* in the DoRAB tabled
  - Part of the funding allocated to uThukela and iLembe district municipalities in KwaZulu Natal (KZN) should have been allocated to Alfred Duma and KwaDukuza local municipalities, respectively (page 36 of the DoRAB)
  - Allocations made to the Cape Winelands, Overberg and Garden Route district municipalities in the Western Cape (WC) should have been made to Breede Valley; Theewaterskloof and Swellendam; and Oudtshoorn and George local municipalities, respectively (page 39 of the DoRAB)
  - The KZN errors are an oversight by the KZN Disaster Management Centre which submitted applications for roads; storm water; and water and sanitation infrastructure recovery projects to the NDMC as requests made by the district municipalities, which in turn, submitted the incorrect requests to the National Treasury
  - The WC errors are an oversight by the NDMC as the WC Disaster Management Centre submitted the applications as requests by the local municipalities, but the NDMC recommended to the National Treasury, approval of these as allocations to the district municipalities
  - The NDMC is checking the assignment of the respective functions to confirm what amounts need to be allocated to the respective local and district municipalities and is expected to write to the National Treasury to request that these allocations be corrected before the allocations per municipality are gazetted
- These corrections also affect the ring-fencing in the MDRG framework (page 28 of the DoRAB)
- **Parliament is requested to approve that National Treasury corrects the allocations and effect the required changes to the MDRG framework (and corrected as part of s15(1) process) to ensure that MDRG allocations are correctly allocated to the municipalities assigned for the functions**



# Changes in the Bill clauses



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# Changes in the Bill clauses

- Section 7 of 2022 Division of Revenue Act is amended to allow for the pledging of provincial conditional grants
  - This follows announcement made by the Minister of Finance in the 2022 Budget Speech
  - The clause specifies the process that provinces are required to follow if they intend to pledge their conditional grants, including the relevant consultation processes and the conditions that must be complied with

# Thank You

The Division of Revenue Amendment Bill, 2021, which includes details of changes to allocations to each province and municipality is available at:

<http://www.treasury.gov.za/documents/mtbps/2021/default.aspx>

# Annexures



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# 2023 Division of Revenue in the MTBPS



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# 2023 Division of Revenue in the MTBPS

- Over the 2023 MTEF, national government resources remain stagnant with little to no growth, provincial resources increase by an annual average rate of 2.8 per cent and local government resources increase by 6 per cent
- No spending reductions are proposed in the 2022 MTBPS
- Over the medium-term:
  - The *provincial equitable share* increases by an average annual rate of 2.4 per cent and provincial conditional grants increase by 4.3 per cent
  - The *local government equitable share* increases at an annual average rate of 7.8 per cent and municipal conditional grants increase by 3.6 per cent

R billion	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Outcome			Revised	Medium-term estimates		
<b>Division of available funds</b>							
<b>National departments</b>	<b>749,8</b>	<b>790,5</b>	<b>823,0</b>	<b>857,9</b>	<b>817,7</b>	<b>822,2</b>	<b>859,1</b>
<i>of which:</i>							
<i>Provincial indirect grants</i>	2,9	2,9	3,7	4,6	4,2	4,4	4,8
<i>Local indirect grants</i>	5,6	4,1	5,7	8,2	9,9	10,7	14,0
<b>Provinces</b>	<b>613,4</b>	<b>628,8</b>	<b>660,8</b>	<b>684,5</b>	<b>684,3</b>	<b>709,5</b>	<b>743,3</b>
Equitable share	505,6	520,7	544,8	560,8	556,4	576,5	602,9
Conditional grants	107,9	108,1	116,0	123,7	128,0	133,0	140,4
<b>Local government</b>	<b>123,0</b>	<b>137,1</b>	<b>135,6</b>	<b>154,2</b>	<b>164,9</b>	<b>174,6</b>	<b>183,5</b>
Equitable share	65,6	83,1	76,2	87,3	95,1	102,4	109,4
General fuel levy sharing with metropolitan municipalities	13,2	14,0	14,6	15,3	15,4	16,1	16,8
Conditional grants	44,2	40,0	44,8	51,5	54,4	56,1	57,3
Provisional allocations not assigned to votes <sup>1</sup>	–	–	–	14,8	36,5	38,0	39,3
Unallocated reserve	–	–	–	–	–	41,3	47,3
Projected underspending	–	–	–	-5,9	–	–	–
<b>Non-interest allocations</b>	<b>1 486,2</b>	<b>1 556,4</b>	<b>1 619,4</b>	<b>1 705,5</b>	<b>1 703,4</b>	<b>1 785,6</b>	<b>1 872,5</b>
Debt-service costs	204,8	232,6	268,1	307,7	332,2	352,9	380,7
Contingency reserve	–	–	–	5,0	6,0	6,0	10,0
<b>Main budget expenditure</b>	<b>1 691,0</b>	<b>1 789,0</b>	<b>1 887,5</b>	<b>2 018,2</b>	<b>2 041,6</b>	<b>2 144,5</b>	<b>2 263,2</b>
<i>Percentage shares</i>							
National departments	50,4%	50,8%	50,8%	50,6%	49,1%	48,2%	48,1%
Provinces	41,3%	40,4%	40,8%	40,3%	41,1%	41,6%	41,6%
Local government	8,3%	8,8%	8,4%	9,1%	9,9%	10,2%	10,3%

1. Includes support to Eskom, amounts for projects approved through Budget Facility for Infrastructure and other provisional allocations



# 2023 MTEF changes to provincial allocations



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# Changes to provincial allocations - 2023 MTEF (1 of 3)

## Provincial equitable share

- Amounts of R5.7 billion in 2023/24, R6.7 billion in 2024/15 and R7.6 billion in 2025/26 R20 billion over the MTEF are added for CoE pressures within the education sector
- Amounts of R7.5 billion in 2023/24, R7.8 billion in 2024/25 and R8.1 billion in 2025/26 are added for the health sector to cover pressures in compensation of employees, service backlogs, including for anti-retroviral and tuberculosis treatment, laboratory services and other goods and services including medicines and medical supplies

# Changes to provincial allocations - 2023 MTEF (2 of 3)

## Provincial conditional grants

- R1.6 billion is added to the *Early Childhood Development Grant* to build DBE's oversight and monitoring capacity, and to improve and expand early childhood development services in provinces
- R1.5 billion is added to the *National School Nutrition Programme Grant* to continue providing nutritious meals to 9 million learners each school day
- R300 million in 2023/24 is added to the *Education Infrastructure Grant* for the carry through costs for disasters that happened in April 2022
- R7.1 billion is added to the *Provincial Roads Maintenance Grant* for the backlog in refurbishment of provincial roads

# Changes to provincial allocations - 2023 MTEF (3 of 3)

## Budget Facility for Infrastructure (BFI) funding

- Funding has been added to several conditional grants through the BFI
  - R144 million is added to the *Comprehensive Agricultural Support Programme Grant* for KwaZulu-Natal agri-hub
  - R1.5 billion is added to the *Education Infrastructure Grant* for Gauteng Schools Programme
  - R3.7 billion is added to the *Provincial Roads Maintenance Grant* for the building of modular steel bridges (rural bridges)
- R1.8 billion is allocated to the Coega Development Corporation for a water security programme that will construct and upgrade bulk infrastructure
  - Implementation of the project will allow for an indirect benefit to the Eastern Cape province
- The BFI allocation for Limpopo Central Hospital has been rescheduled
  - The rescheduling is done within the *National Health Insurance Indirect Grant* to align the allocations with the cash flow requirements of the project
  - The current baselines are rescheduled with the following amounts: -R372 million, R432 million and R569 million

# 2023 MTEF changes to local government transfers



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# Changes to local government allocations – 2023 MTEF (1 of 4)

## Additional allocations

- R5.3 billion has been added to the *Local Government Equitable Share* over the MTEF to increase coverage of the provision of free basic services
- Additional R2.8 billion to the *Municipal Disaster Recovery Grant* to fund the repair and reconstruction of municipal infrastructure damaged by the April 2022 floods

R'million	2023/24	2024/25	2025/26
Local government equitable share	1 049	875	3 335
Municipal disaster recovery grant	1 410	1 410	-
<b>Total adjustments</b>	<b>2 460</b>	<b>2 286</b>	<b>3 335</b>

## Reprioritisation

- R8 million in 2024/25 and R13 million in 2025/26 are reprioritised out of the *Public Transport Network Grant* to fund the roll out of the Single Integrated Ticketing System



# Changes to local government allocations – 2023 MTEF (2 of 4)

## BFI: Rescheduling

- Additions of R105 million in 2023/24, R40 million in 2024/25 and R316 million in 2025/26 in the *Public Transport Network Grant* to align to the revised implementation plan and cashflow projections for the City of Cape Town's MyCiTi public transport network
- A reduction of R136 million in 2023/24 and an addition of R1 million in 2024/25 to the *Regional Bulk Infrastructure Grant* to align to the revised implementation plan and cashflow projections for George Municipality's Potable Water Security and Remedial Works project

# Changes to local government allocations – 2023 MTEF (3 of 4)

## BFI: New allocations through direct conditional grants

- R6.5 billion over the MTEF is allocated to several municipalities to fund municipal infrastructure projects approved through the 6th window of the BFI

Grant	Project	Municipality	Project description	2023/24	2024/25	2025/26
				R'million		
Urban Settlements Development Grant	Avoca Node	eThekweni Metropolitan Municipality	Electricity, water, sanitation, roads, and stormwater) to enable private sector development	88	118	-
	Lufhereng Mixed Use Development	City of Johannesburg	Bulk electrical, water, sanitation, and road and stormwater infrastructure that will enable the housing development	385	654	963
Regional Bulk Infrastructure Grant	Drakenstein Local Municipality Sanitation Infrastructure Project	Drakenstein Local Municipality	Upgrade of the Paarl wastewater treatment works- upgrade of the liquid stream & sludge treatment facility, pump stations, sewers, and bulk sewers	300	600	490
	Sol Plaatjie Local Municipality Integrated Bulk Supply System Intervention	Sol Plaatjie Local Municipality	Urgent refurbishment and renewal of old water supply infrastructure that is in poor state of repair to prevent system collapses	860	492	574
	Nelson Mandela Bay Metropolitan Municipality Water Security Programme Part A	Nelson Mandela Bay Metropolitan Municipality	Avert a water supply crisis in the NMBMM	348	250	390
<b>Total</b>				<b>1 981</b>	<b>2 114</b>	<b>2 417</b>

# Changes to local government allocations – 2023 MTEF (4 of 4)

## BFI: New allocations through the indirect Regional Bulk Infrastructure Grant

- R8.1 billion over the MTEF is allocated to three municipalities through the indirect *Regional Bulk Infrastructure Grant*

Grant	Project	Benefitting municipalities	Project description	2023/24	2024/25	2025/26
				R'million		
Regional Bulk Infrastructure Grant	Moretele North Klipvoor Bulk Water Supply	Moretele, Bela-Bela, Modimolle, Mookgophong and Mokopane local municipalities	Regional bulk water scheme aiming to supply reliable and sustainable bulk potable water to several municipalities in the North-West and Limpopo	692	673	557
	Pilanesberg Bulk Water Supply Scheme: Phase 2	Rustenburg, Moses Kotane, Thabazimbi, Madibeng, Moses Kotane, Moretele and Dr JS Moroka local municipalities	Bulk potable water supply augmentation scheme	608	608	608
	uMkhomazi Water Project - Raw Water Component (uMWP-1)	eThekweni Metropolitan Municipality; Umgugundlovu, iLembe, Ugu and Harry Gwala district municipalities; and Msunduzi Local Municipality	Bulk potable water supply augmentation scheme	150	600	3 600
	<b>Total</b>			<b>1 450</b>	<b>1 881</b>	<b>4 765</b>