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**CONTENTS • INHOUD**

<i>No.</i>	<i>Page No.</i>	<i>Gazette No.</i>
<b>PROVINCIAL NOTICE</b>		
26 Division of Revenue Act (1/2007): Allocation to municipalities not listed in the Schedule of the Act.....	3	1763

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**PROVINCIAL NOTICE**

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No. 26

**PROVINCE OF THE EASTERN CAPE****AMENDMENT****EASTERN CAPE PROVINCIAL TREASURY****ALLOCATION TO MUNICIPALITIES NOT LISTED IN THE SCHEDULE OF  
DIVISION OF REVENUE ACT, 2007 (ACT No. 1 of 2007)**

The notice issued in the Government Gazette No. 1710 dated 2 May 2007 on Schedule 3 under Disaster Management, Fire and Emergency Services, Municipal Development Finance and Free Basic Services is hereby amended by the attached schedules.

Information relating to allocations made by the Eastern Cape Provincial Accounting Officer of the Department of Housing, Local Government and Traditional Affairs is, in terms of section 31(2)(a) and (c) of the Division of Revenue Act, 2007 (Act 1 of 2007), published for general information as set out in the Schedule herein.

**W.H. NEL****MEC FOR FINANCE**

## SCHEDULE A

Name of Allocation	Disaster Management
Purpose	<ul style="list-style-type: none"> <li>• Promotion of Effective Disaster Management Systems.</li> </ul>
Measurable Outputs	<p>Although outputs will vary between municipalities, the following issues, <i>inter alia</i>, should be addressed</p> <ul style="list-style-type: none"> <li>• Integrated institutional capacity for disaster risk management</li> <li>• Risk reduction through training, education and research conducted.</li> <li>• Response and recovery programmes in place.</li> </ul>
Conditions	<ul style="list-style-type: none"> <li>• Transfers done where applicable and subject to proper utilization of funds</li> <li>• Submission of business plans prior to transfers</li> <li>• Regular monitoring by DHLG&amp;TA</li> <li>• Any amendments to the municipal business plans can only be effected after prior approval of the provincial transferring officer has been obtained</li> <li>• Reporting requirements in terms of applicable legislation to be strictly adhered to</li> <li>• Transfers to be effected on fulfilment of Section 38(i)(j) of the PFMA Act 1 of 1999, put in place to ensure compliance with the conditions of the funds</li> </ul>
Allocation Criteria	Allocation are be made to municipalities according to assessed needs within the context of the IPD in order to assist them in meeting their constitutional obligations.
Reasons for not incorporating in the equitable share	According to section 154(1) of the Constitution national and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions
Monitoring System	The department requires quarterly reports on the progress made and monthly expenditure reports as required by the Division of Revenue Act
Past Performance	Funds for projects were all transferred to municipalities in line with the submitted business plans progress reports were received from municipalities and payment effected to service providers in line with contracts made with the municipalities
Projected Life	Project funds to be transferred to a municipality to administer on behalf of DHLG&TA within set conditions and in terms of signed agreement.

**Disaster Management**

Name of Municipality	2007/08 Allocation (R'000)	2008/09 Allocation (R'000)	2009/10 Allocation (R'000)
Cacadu District	1500	1500	1500

The allocation to Koukamma is erroneous.

Name of Municipality	2007/08 Allocation (R'000)	2008/09 Allocation (R'000)	2009/10 Allocation (R'000)
Chris Hani			1500

The allocation to Sakhisizwe is erroneous.

## SCHEDULE A 1

Name of Allocation	Fire and Emergency Services
Purpose	<ul style="list-style-type: none"> <li>• Fire and Emergency Services.</li> </ul>
Measurable Outputs	<p>Although outputs will vary between municipalities, the following issues, <i>inter alia</i>, should be addressed</p> <ul style="list-style-type: none"> <li>• Promoted fire and emergency services.</li> </ul>
Conditions	<ul style="list-style-type: none"> <li>• Transfers done where applicable and subject to proper utilization of funds               <ul style="list-style-type: none"> <li>• Submission of business plans prior to transfers</li> <li>• Regular monitoring by DHLG&amp;TA</li> <li>• Any amendments to the municipal business plans can only be effected after prior approval of the provincial transferring officer has been obtained</li> </ul> </li> <li>• Reporting requirements in terms of applicable legislation to be strictly adhered to</li> <li>• Transfers to be effected on fulfilment of Section 38(i)(j) of the PFMA Act 1 of 1999, put in place to ensure compliance with the conditions of the funds</li> </ul>
Allocation Criteria	Allocation are be made to municipalities according to assessed needs within the context of the IPD in order to assist them in meeting their constitutional obligations.
Reasons for not incorporating in the equitable share	According to section 154(1) of the Constitution national and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions
Monitoring System	The department requires quarterly reports on the progress made and monthly expenditure reports as required by the Division of Revenue Act
Past Performance	Funds for projects were all transferred to municipalities in line with the submitted business plans progress reports were received from municipalities and payment effected to service providers in line with contracts made with the municipalities
Projected Life	Project funds to be transferred to a municipality to administer on behalf of DHLG&TA within set conditions and in terms of signed agreement.

**Fire and Emergency services**

Name of Municipality	2007/08 Allocation (R'000)	2008/09 Allocation (R'000)	2009/10 Allocation (R'000)
Chris Hani			2500

The allocation to Sakhisizwe is erroneously reflected.

Name of Municipality	2007/08 Allocation (R'000)	2008/09 Allocation (R'000)	2009/10 Allocation (R'000)
Cacadu District	1500	1700	2500

The allocation to Koukamma is erroneously reflected.

**SCHEDULE B**

<b>Name of Transferring Department</b>	Housing, Local Government and Traditional Affairs
<b>Name of Allocation</b>	Development of financial systems (Municipal Development Finance)
<b>Purpose</b>	<ul style="list-style-type: none"> <li>The development of management and administrative systems in all municipalities is facilitated.</li> </ul>
<b>Measurable Outputs</b>	<ul style="list-style-type: none"> <li>Support municipalities in developing Financial Systems including Information Communication Technology (ICT), Assets Registers, Revenue management</li> <li>Support municipalities in submitting Annual Financial Statements in accordance with MFMA requirements</li> <li>Capacity building of Financial Officers through mentorship.</li> <li>Development of risk based audit plans and internal control systems</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>Transfers done in trenches where applicable and subject to proper utilization of funds.</li> <li>Submission of business plans prior to transfers</li> <li>Regular monitoring by DHLG &amp; TA</li> <li>Any amendments to the municipal business plans can only be effected after prior approval of the provincial transferring officer has been obtained</li> <li>Reporting requirements in terms of applicable legislation to be strictly adhered to</li> <li>Transfers to be effected on fulfilment of Section 38 (1) of the PMFA (Act 1 of 1999), to ensure compliance with the conditions of the funds.</li> </ul>
<b>Allocation Criteria</b>	<ul style="list-style-type: none"> <li>Allocations are made to municipalities according to assessed needs within the context of IDPs, results of diagnostic exercise conducted bi-annually before the beginning of the financial year in order to assist municipalities in meeting their constitutional obligation.</li> <li>According to Section 154 (1) of the Constitution, National and Provincial governments, by legislative and other measures must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their functions.</li> </ul>
<b>Reasons for not incorporating in the equitable share</b>	<ul style="list-style-type: none"> <li>According to Section 154 (1) of the Constitution, Provincial government, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their functions.</li> </ul>
<b>Monitoring System</b>	<ul style="list-style-type: none"> <li>The Department requires quarterly reports on the progress made and monthly expenditure reports as required by the Division of Revenue Act.</li> </ul>
<b>Past Performance</b>	<ul style="list-style-type: none"> <li>Various municipalities had the benefits of the previous support grants. This has resulted in improved financial reporting, billing through cleansed data, asset registers complaint with GAMMAP, improved financial systems through ICT.</li> <li>The support has effectively reduced administrative and financial backlogs in municipalities.</li> </ul>

**MUNICIPAL DEVELOPMENT FINANCE**

Name of Municipality	2007/08 Allocation	2008/09 Allocation	2009/10 Allocation
Ndlambe	300,000	0	339,812
Koukamma	220,000	531,600	273,991

The allocations to Makana Local and Cacadu District Municipalities respectively are erroneously reflected.



### SCHEDULE C

Name of Allocation	Free Basic Services (Local Economic Development)
Purpose	<ul style="list-style-type: none"> <li>• Support district municipal FBS strategies, systems and institutional arrangements</li> <li>• Support database for indigent households</li> </ul>
Measurable Outputs	<ul style="list-style-type: none"> <li>• Facilitate joint planning for the development and implementation of FBS strategy, policy and plans</li> <li>• Mobilization of FBS institutions in municipalities and other stakeholders</li> </ul>
Conditions	<ul style="list-style-type: none"> <li>• Submission of Business Plans prior to transfers.</li> <li>• Failure to submit Business Plans and Declaration of Assurance for accessing funds after 3 months from the date of notification, department will re-channel funding to the deserving municipality.</li> <li>• Regular monitoring by DHLGTA.</li> <li>• Reporting requirements in terms of applicable legislation to be strictly adhered to.</li> <li>• Transfers to be effected on fulfilment of section 38(1)(j) of the PFMA Act 1 of 1999, put in place to ensure compliance with the conditions of the fund.</li> </ul>
Allocation criteria	<ul style="list-style-type: none"> <li>• Allocations are made to municipalities according to assessed needs within the context of the IDP in order to assist them in meeting their constitutional obligations.</li> <li>• According to Section 154(1) of the Constitution, National and Provincial Governments, by legislative and other measures must support and strengthen the capacity of the municipalities to manage their own affairs, to exercise their powers and to perform their functions.</li> </ul>
Reasons for not incorporating in the Equitable Share	<ul style="list-style-type: none"> <li>• Funding is at the discretion of the department, monitoring and evaluation must be done by the department on a continuous basis</li> </ul>
Monitoring system	<ul style="list-style-type: none"> <li>• The department requires quarterly reports on the progress made and monthly expenditure reports as required by the Division of Revenue Act.</li> </ul>
Past performance	<ul style="list-style-type: none"> <li>• Provision of basic services has improved through consolidated Municipal Infrastructure Programmes.</li> </ul>
Projected life	<ul style="list-style-type: none"> <li>• Normally, budget allocation is for one financial year.</li> <li>• Indicative budget figures for the two outer years of the MTEF are availed.</li> </ul>
Payment schedule	<ul style="list-style-type: none"> <li>• Direct transfer to be done to Municipal Account on receipt of required Business Plan, Declaration of assurance and progress reports</li> </ul>
Capacity and preparedness of the transferring department	<ul style="list-style-type: none"> <li>• Ready, based on conditions set above</li> </ul>

**FREE BASIC SERVICES**

Name of Municipalities	2007/08 Allocation	2008/09 Allocation	2009/10 Allocation
OR Tambo	495,000	418,000	-

The allocation in the current financial year is erroneously reflected as R395,000.