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**GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS**

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**NATIONAL TREASURY****NO. 1276****14 OCTOBER 2016**

I, Pravin Gordhan, Minister of Finance, acting in terms of section 16(2) and 26(2) of the Division of Revenue Act, 2016 (Act No. 3 of 2016), hereby publish in the attached Explanatory Memorandum and Schedules:

- (a) The re-allocation of stopped conditional allocations between municipalities in terms of section 19 and 20 of the Division of Revenue Act, 2015, as amended; and
- (b) The conversion of schedule 5B grant to schedule 6B in terms to section 21 of the Division of Revenue Act, 2016 (Act No. 3 of 2016).

For ease of reference only and where applicable, the attached Schedules reflect the main allocations, roll-overs, adjustments and total adjusted allocations.



**PRAVIN GORDHAN, MP**  
**MINISTER OF FINANCE**

## **Explanatory Memorandum to the Allocations set out in the attached schedule**

This *Gazette* is published in terms of the Division of Revenue Act, 2016 (Act No. 3 of 2016) and provides information on conversion of allocations, stopping and re-allocation of funds in terms of Section 19, 20 and 21 of the Division of Revenue Act, 2016.

### ***Stopping and re-allocation of funds between municipalities***

1. Section 19 of DoRA stipulates that National Treasury may in its discretion or at the request of a transferring officer stop a transfers listed in Schedules 4 and 5 pertaining to anticipated under-spending on programmes or allocations in the financial year by municipalities.
2. Following the engagements between the Department of Cooperative Governance (DCoG) and National Treasury, a decision was taken to stop and re-allocate the 2016/17 Municipal Infrastructure Grant allocation (MIG) of Thabazimbi Local Municipality and Makana Local Municipality in terms of section 19 and 20 of the 2016 DoRA.
3. The decision to stop 2016/17 MIG for Thabazimbi Local Municipality is informed by consistent under-spending of the municipality against the programme. The allocation will be re-allocated to Waterberg District Municipality to implement the infrastructure projects on behalf of the municipality.
4. Makana Local Municipality's 2016/17 MIG allocation is being stopped and re-allocated to Sarah Baartman District Municipality. The re-allocation is done in order to support the municipality with the implementation of infrastructure projects because the municipality had institutional and cash flow challenges that delayed the implementation of infrastructure projects.

### ***Conversion of the MIG allocations***

5. Section 21 subsection (1) (a), (b) and (i) of the Division of Revenue Act, 2016 (Act No. 3 of 2016), which states: if satisfied that the conversion will prevent under-expenditure or improve the level of service delivery in respect of the allocation in question National Treasury may convert any portion of an allocation listed in Part B of Schedule 5 to one listed in Part B of Schedule 6.
6. By converting MIG allocation from schedule 5B to schedule 6B, the municipality would not run the risk of potentially losing some of their allocated funds through the stopping and re-allocation process should they perform poorly during the financial year.
7. The 2016/17 MIG allocation for the following municipalities will be converted from schedule 5B to schedule 6B namely; Mopani District Municipality, Mafube Local Municipality and Ngaka Modiri Molema District Municipality. The conversion is informed by amongst others consistent under-spending against the MIG allocation, governance issues that are still not yet resolved, cash flow challenges, backlogs against projects and various interventions measures which have been implemented but proved not to be successful.
8. National Treasury in consultation with DCoG made a decision that the 2016/17 MIG allocation must be converted from a schedule 5B to schedule 6B in order to allow the municipalities an opportunity resolve their challenges with the assistance of both the National and provincial departments.

**ANNEXURE 1**

**INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES**

**(National and Municipal Financial Years)**

**Schedule 5B**  
**INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES**

Department Cooperative Governance and Traditional Affairs (Vote 4)			Municipal Infrastructure Grant			
			Column A	Column B		Column C
			2016/17 Main allocation	Roll-overs	Adjustments	2016/17 Adjusted allocation
			R'000	R'000	R'000	R'000
EASTERN CAPE						
B	EC101	EC101	37 623			37 623
B	EC102	Blue Crane Route	13 666			13 666
B	EC104	Makana	36 288		(36 288)	
B	EC105	Ndlambe	26 054			26 054
B	EC106	Sundays River Valley	24 446			24 446
B	EC108	Kouga	30 326			30 326
B	EC109	Kou-Kamma	14 694			14 694
B	DC10	Sarah Baartman District Municipality			36 288	36 288
Total: Cacadu Municipalities			183 097			183 097
Total: Eastern Cape Municipalities			2 956 279			2 956 279
FREE STATE						
B	FS201	Moghaka	38 349			38 349
B	FS203	Ngwathe	40 070			40 070
B	FS204	Metsimaholo	42 623			42 623
B	FS205	Mafube	21 422		(21 422)	
C	DC20	Fezile Dabi District Municipality				
Total: Fezile Dabi Municipalities			142 464		(21 422)	121 042
Total: Free State Municipalities			713 423		(21 422)	692 001
LIMPOPO						
B	LIM331	Greater Giyani	57 902			57 902
B	LIM332	Greater Letaba	54 976			54 976
B	LIM333	Greater Tzaneen	89 797			89 797
B	LIM334	Ba-Phalaborwa	30 568			30 568
B	LIM335	Maruleng	25 418			25 418
C	DC33	Mopani District Municipality	438 907		(150 000)	288 907
Total: Mopani Municipalities			697 568		(150 000)	547 568
B	LIM361	Thabazimbi	28 714		(28 714)	
B	LIM362	Lephalale	36 355			36 355
B	LIM366	Bela-Bela	22 571			22 571
B	LIM367	Mogalakwena	139 486			139 486
B	LIM368	LIM368	36 255			36 255
B	DC36	Waterberg District Municipality			28 714	28 714
Total: Waterberg Municipalities			263 381			263 381
Total: Limpopo Municipalities			3 126 953		(150 000)	2 976 953
NORTH WEST						
B	NW381	Ratlou	43 059			43 059
B	NW382	Tswaing	27 939			27 939
B	NW383	Mafikeng	70 417			70 417
B	NW384	Ditsobotla	34 875			34 875
B	NW385	Ramotshere Moiloa	35 460			35 460
C	DC38	Ngaka Modiri Molema District Municipality	290 197		(290 197)	
Total: Ngaka Modiri Molema Municipalities			501 947		(290 197)	211 750
Total: North West Municipalities			1 654 349		(290 197)	1 364 152
National Total			14 914 028		(461 619)	14 452 409

**ANNEXURE 2**  
**ALLOCATIONS-IN-KIND TO MUNICIPALITIES**  
**(National and Municipal Financial Years)**

**Schedule 6B**  
**ALLOCATIONS-IN-KIND TO MUNICIPALITIES**

Department Cooperative Governance and Traditional Affairs (Vote 4)			Municipal Infrastructure Grant			
			Column A	Column B		Column C
			2016/17 Main allocation	Roll-overs	Adjustments	2016/17 Adjusted allocation
			R'000	R'000	R'000	R'000
FREE STATE						
B	FS201	Moqhaka				
B	FS203	Ngwathe				
B	FS204	Metsimaholo				
B	FS205	Mafube			21 422	21 422
C	DC20	Fezile Dabi District Municipality				
Total: Fezile Dabi Municipalities					21 422	21 422
Total: Free State Municipalities					21 422	21 422
LIMPOPO						
B	LIM331	Greater Giyani				
B	LIM332	Greater Letaba				
B	LIM333	Greater Tzaneen				
B	LIM334	Ba-Phalaborwa				
B	LIM335	Maruleng				
C	DC33	Mopani District Municipality			150 000	150 000
Total: Mopani Municipalities					150 000	150 000
Total: Limpopo Municipalities					150 000	150 000
NORTH WEST						
B	NW381	Ratlou				
B	NW382	Tswaing				
B	NW383	Mafikeng				
B	NW384	Ditsobotla				
B	NW385	Ramotshere Moiloa				
C	DC38	Ngaka Modiri Molema District Municipality			290 197	290 197
Total: Ngaka Modiri Molema Municipalities					290 197	290 197
Total: North West Municipalities					290 197	290 197
National Total					461 619	461 619