

**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 272 [NW360E]**  
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**272. Ms S J Graham (DA) to ask the Minister of Finance:**

What (a) is the comparative increase in rand amount and percentage, year on year, in equitable share provision for (i) Dr Beyers Naudé, (ii) Makana, (iii) Ndlambe, (iv) Sundays River Valley and (v) Blue Crane Route Local Municipalities from 2015-16 to 2019-20 financial years and (b) are the determining factors on which the calculation in increase was made?

NW360E

**REPLY:**

**(a) The tables below show the year on year rand amount increases/decreases and growth rates for the five municipalities.**

		Local government equitable share allocations (R'000)					Rand amount increases/decreases				% Growth				
		2015/16	2016/17	2017/18	2018/19	2019/20	2016/17	2017/18	2018/19	2019/20	2015/16- 2016/17	2016/17- 2017/18	2017/18- 2018/19	2018/19- 2019/20	2015/16- 2019/20
EC101	Dr Beyers Naudé*	87 451	84 241	77 494	83 278	90 876	- 3 210	- 6 747	5 784	7 598	-3,7%	-8,0%	7,5%	9,1%	1,0%
EC102	Blue Crane Route	44 654	44 713	45 700	49 012	53 519	59	987	3 312	4 507	0,1%	2,2%	7,2%	9,2%	4,6%
EC104	Makana	75 767	77 008	79 569	85 578	93 494	1 241	2 561	6 009	7 916	1,6%	3,3%	7,6%	9,3%	5,4%
EC105	Ndlambe	73 102	76 824	82 084	88 241	96 716	3 722	5 260	6 157	8 475	5,1%	6,8%	7,5%	9,6%	7,2%
EC106	Sundays River Valley	55 182	59 318	65 367	71 971	79 777	4 136	6 049	6 604	7 806	7,5%	10,2%	10,1%	10,8%	9,7%

\*Sum of allocations to Camdeboo, Baviaans & Ikwezi local municipalities in 2015/16 and 2016/17

**(b) Factors used to determine allocations to municipalities**

**Standard determining factors**

With respect to the formula allocations, demographic and other data is used to determine each municipality's portion of the local government equitable share.

- The proportion of households below the affordability threshold in each municipality is based on 2011 Census data. Using data from the annual General Household Survey, the total number of households in each municipality is then adjusted every year.
- Bulk water costs are updated based on the average increase in bulk tariffs charged by water boards.
- Bulk electricity costs are updated based on the bulk price determination approved by the National Energy Regulator of South Africa.
- All other costs are updated based on the National Treasury's inflation projections.

A detailed explanation of the above can be found in Annexure W1 of the Division of Revenue Bill, 2019 and more details of how costs are estimated can be found in the 'discussion paper on the proposed structure of the new local government equitable share formula' (published in 2013). All of this information available on the National Treasury website. All of the data used in each year's calculation of the LGES allocations is also published in a summary spreadsheet.

### **Decline of allocations to Dr Beyers Naudé Local Municipality between 2015/16 and 2017/18**

The decline of the allocations to the Dr Beyers Naudé municipality between 2015/16 and 2017/18 is largely a result of the 2016 re-demarcations, which saw the merger of Camdeboo, Baviaans and Ikwezi local municipalities into this municipality. Some elements in the structure of the local government equitable share (LGES) formula and related allocations resulted in allocations to the newly merged municipality being less than the sum of the allocations to the preceding, separate municipalities:

- The institutional component of the LGES formula includes a fixed base allocation for all municipalities. In 2016/17, this meant the newly formed municipality received a single base allocation of R5.9 million, not 3 (R17.7 million) as they would have as separate municipalities.
- The subsidisation of the salaries of councilors (calculated outside of the LGES formula) is at a sliding scale, with the highest level of support provided to grade 1 municipalities. As these municipalities were previously grades 3, 2 and 1 respectively, the newly merged municipality, which was graded at level 3, has a smaller number of councilors than the 3 previous municipalities and therefore receives less special support for councilor remuneration and ward committees.