



national treasury

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National Treasury
REPUBLIC OF SOUTH AFRICA

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Mr H Kgomongwe
Acting Head Official
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Dear Mr Kgomongwe

STOPPING OF INFRASTRUCTURE GRANT TO PROVINCES – 2010/11 FINANCIAL YEAR

This letter serves to inform you that the transferring national officer of the Infrastructure Grant to Provinces (IGP) has recommended that an amount of R391.2 million be stopped to Free State Province. This is due to poor spending on the infrastructure budgets of the provincial departments of Education and Health.

Subsequent to the initial withholding of these funds, the Free State Provincial Treasury was given an opportunity to justify why the funds should not be stopped. After evaluating the information provided by the province, it has been determined that the withheld amount will not be released. You are formally advised of the intention to stop the amount of R391.2 million from the current year's allocation. This will not affect the allocations for the remaining years of the current MTEF (that is, 2011/12 and 2012/13).

Please be further advised that the IGP is a supplementary (or schedule 4) grant. Therefore, the province is legally required to meet any commitments made subsequent to the stopping of these funds from the unconditional portion of its overall funds.

Kind regards.

KENNETH BROWN
DEPUTY DIRECTOR-GENERAL: INTERGOVERNMENTAL RELATIONS

Date: 17/2/2011