

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 17

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MS D ROBINSON TO ASK THE MINISTER OF FINANCE:

Whether the National Treasury will waive the requirements of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003, which prohibits a municipality from awarding a contract to build a world cup stadium when it has not yet secured the full funding for that stadium; if not, what steps have been taken to ensure that municipalities will complete these stadia by 2010; if so, what are the relevant details? **C527E**

REPLY:

No exemptions to Section 19 (which prohibits a municipality from awarding a contract to build infrastructure when it has not yet secured the full funding for that infrastructure) of the Municipal Finance Management Act (MFMA), Act 56 of 2003 will be granted. In the case of 2010 FIFA World Cup Stadiums municipalities are required to motivate to their councils the options available to address funding shortfalls.

Regulation 24 of the Supply Chain Management Regulations issued in terms of the Local Government: Municipal Finance Management Act, No 56 of 2003 permits the negotiation of the final terms of the contract with a preferred bidder in order to reduce prices and finalize terms and obligations of the contract. This avenue should be pursued so the municipality can arrive at the optimum cost for a FIFA compliant stadium.

The Stadium Development Grant and the Division of Revenue Bill, 2007 ensures that technical, engineering and project management expertise is contracted to support the construction or upgrading of the designated stadiums. It also provides for a monitoring plan to be submitted to National Treasury within 30 days of the Act being enacted. The plan must set out the key performance indicators, financial procedures, internal audit processes, and monitoring and reporting mechanisms of the national department to ensure the effective and efficient construction or upgrading of the designated stadiums.