

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2860 [NW3410E]
DATE OF PUBLICATION: 15 NOVEMBER 2013**

2860. Mr J H Steenhuisen (DA) to ask the Minister of Finance:

Whether each municipal council tabled its annual report in accordance with section 127 of the Local Government: Municipal Finance Management Act, Act 56 of 2003; if not, (a) which councils have failed to comply with section 127, (b) in each specified case, what (i) are the reasons for non-compliance and (ii) steps does his department intend to take against the councils that have failed to comply and (c) how many of these councils remain in breach of section 127 as at 1 October 2013?

NW3410E

REPLY:

- (a) Section 127 (2) of the Municipal Finance Management Act, Act 56 of 2003 (the MFMA) requires that the Mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

The National Treasury monitors compliance with the MFMA on a continuous basis. According to our records, 23 municipalities in 7 provinces countrywide did not table their 2011/12 annual reports by 31 January 2013, as required per section 127 (b) of the MFMA, as follows:

Eastern Cape	Western Cape	Limpopo	Free State	Mpumalanga	North West	Northern Cape
Ntabankulu	Swellendam	Bela Bela	Masilonyana	Thaba Chweu	Madibeng	Kamiesberg
	Kannaland		Nala	Msukaligwa	Kgetlengrivier	Karoo Hoogland
			Setsoto	Emalaheni LM	Tswaing	Khai-Ma
			Ngwathe	Thembisile LM	Ditsobotla	Kheis
			Moqhaka LM		Mamusa LM	Khara heis

- (b) (i) The respective provincial treasuries retain the specific records of why municipalities did not table their annual reports. National Treasury hereby reports that at an aggregate level the most prevalent reasons provided by municipalities for not tabling their 2011/12 annual reports were:

- Political instability in municipalities, resulting in councils' inability to sit
- Failures by municipalities to prepare Annual Financial Statements in the preceding financial year(s), leading to late conclusion of the audit process

- Lack of competent staff or vacancies in key senior posts such as the CFO and / or Municipal Manager
- (b)(ii) The National Treasury provides technical support to the relevant Provincial Treasuries; bearing in mind the delegations of authority per section 6 of the MFMA wherein the Minister of Finance delegated some of his powers to the MEC's for Finance in the provinces. Through the National Treasury/Provincial Treasury engagements with the municipalities concerned, 14 municipalities that did not table their annual reports by 31 January 2013 ultimately did so during the course of the year.
- (c) As at 1 October 2013, a total of 9 municipalities in 4 provinces countrywide still did not table their annual reports before their respective councils and remain in breach of the requirements of section 127 (b) of the MFMA as follows:

Free State	North West	Northern Cape	Western Cape
Masilonyana	Mamusa LM	Karoo Hoogland	Swellendam
Nala	Kgetlengrivier		Kannaland
Setsoto			
Moqhaka LM			

The National Treasury, respective Provincial Treasuries and Department of Cooperative Governance are working together to put pressure on these municipalities to finalise and table their annual reports, and are also providing capacity where needed to assist the municipalities.