

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 1506 [NW1877E]**

**1506. Mr C Brink (DA) to ask the Minister of Finance:**

- (1) With reference to the information that has to be reported to him in terms of Chapter 13 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, (a) for which of the municipalities in the Free State did the Municipal Financial Recovery Service prepare mandatory financial recovery plans (MFRS) since 1 July 2016 and (b) on what date (i) was each financial recovery plan adopted and (ii) did he last receive a progress report from the Member of the Executive Council (MEC) of finance and/or the MEC for local government in the Free State in respect of the municipality terms of section 147(1)(b)(ii);
- (2) Whether he has found that each specified municipality is currently implementing its financial recovery plan as required and/or expected by him and/or the MFRS; if not, what is the nature and extent of each municipality's breach of its financial recovery plan;
- (3) Whether each municipality has successfully completed any financial recovery plan prepared for it as contemplated by section 148(2); if not, why not; if so, what are the relevant details.
- (4) Whether he and/or the MFRS have had any discussions with the Minister of Cooperative Governance and Traditional Affairs regarding each municipality; if not, why not; if so, what were the outcomes of such discussions?

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**REPLY:**

- (1) To date, only one mandatory financial recovery plan has been prepared for a municipality in the Free State Province. This plan was prepared for the Mangaung Metropolitan Municipality in terms of mandatory intervention invoked in December 2019 in terms of S139 (5)(a) and (c) of the Constitution. The draft financial recovery plan has been approved by the Minister of Finance on the 6<sup>th</sup> of July 2020 and is in the process of consultation and approval as per the requirements of the Municipal Finance Management Act, 2003.

All other interventions initiated in the Free State Province have been initiated as discretionary interventions by the Provincial Executive. Details pertaining to these interventions are outlined in the table below:

| Municipality | Date of FRP Adoption / Indicated on front page of FRP | Last FRP Report Date from Municipality |
|--------------|---|--|
|--------------|---|--|

|                                |               |   |
|--------------------------------|---------------|---|
| Masilonyane Local Municipality | December 2017 | June 2020                                   |
| Mafube Local Municipality      | October 2017  | No report                                   |
| Nketoana Local Municipality    | November 2016 | June 2020                                   |
| Phumelela Local Municipality   | July 2017     | June 2020                                   |
| Maluti A Phofong               | August 2018   | Intervention has been withdrawn by Province |

(2) No, municipalities are not implementing financial recovery plans as required.

The nature and extent of breaches are generally consistent amongst municipalities. The most common issues identified by the Municipal Finance Recovery Service Team include:

- Poor quality and consistency of reporting;
- Non-compliance with reporting timeframes requiring consistent follow-ups before reports are submitted;
- Regression in reporting content and implementation of activities;
- Repetition of comments on the FRP status progress update;
- No progress reporting at all on some strategies;
- Key activities are not finalized even though the due dates have long passed;
- Slow implementation of activities;
- Poor accountability for the financial recovery plan by municipal officials;
- National Treasury inputs on the implementation and progress reports are generally ignored.

(3) No municipality is currently under an approved mandatory financial recovery plan and therefore this is not applicable.

(4) No, discussions were not held with the Minister for Cooperative Governance regarding each of the municipalities under intervention in the Free State Province. In terms of the Constitution, the Department of Cooperative Governance oversees discretionary interventions in terms of S139 (1) of the Constitution. The MFRS unit does oversee the process in terms of monitoring the financial recovery plans in place in the Province and in this way maintains oversight of the financial aspects relating to the intervention process in the Free State Province. However, in the case of the Mangaung Metro, the intervention was jointly launched by the Deputy Ministers for Cooperative Governance and Finance. A War Room jointly chaired by the National Treasury, the Provincial Department of Cooperative Governance and the Provincial Treasury oversees the process on behalf of

the Provincial Executive who monitors progress on a quarterly basis and reports to the two Deputy Ministers.