

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 398 [NW577E]
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398. Ms B M van Minnen (DA) to ask the Minister of Finance:

What action does he intend to take in accordance with section 154(1) of the Constitution of the Republic of South Africa, 1996, to support and strengthen the capacity of the Madibeng Local Municipality's financial management in view of the fact that its current liabilities exceed its assets (details furnished)?

NW577E

REPLY:

The Provincial Executive Council (EXCO) in the North West province has resolved to intervene in Madibeng by invoking Section 139 of the MFMA to impose a financial recovery plan in the municipality due to persistent material breach of its obligations and failure to provide basic services or to meet its financial commitments. As a result, National Treasury in collaboration with the North-West Provincial Treasury will be assisting the municipality to prepare a financial recovery plan aimed at improving financial management in Madibeng. Critical to this process is to also impose appropriate changes to the municipality's budget and revenue raising measures, budget parameters, set spending limits and revenue targets that will give effect to this recovery plan.

In addition, National Treasury assessed the Madibeng's 2019/20 MTREF budget and it was found to be unfunded and unsustainable. Consequently, National Treasury advised the municipality to revise the budget to ensure that its expenditure is within the realistic revenue to be collected and to develop a financial plan outlining how it will improve its unfunded position to a funded budget. To this effect, National Treasury will support the Provincial Treasury to closely monitor the implementation of the financial recovery plan and the budget plan of Madibeng in order to improve financial management in this municipality.

Capacity building and training programmes conducted by both national and provincial treasuries

Following the invocation of section 100 (1)(a) of the Constitution in the North West Province, a directive was issued by the Minister of Finance to improve Supply Chain Management (SCM) in the North West province and National Treasury developed a SCM learnership programme to improve and turn around SCM processes in municipalities. This programme is aimed at rebuilding and renewing trust in municipal services through training of SCM officials. As a result, five SCM practitioners of Madibeng LM have been enrolled in this programme. Madibeng is also a recipient of the finance management grant, administered by the National Treasury, which is intended to strengthen capacity in the financial management of a municipality. The municipality has appointed

eight interns in the Budget and Treasury Office (BTO) to support the implementation of the financial management reforms.

The North West Provincial Treasury in partnership with the National Treasury, provided numerous training on financial management reforms and budgeting to municipal officials. Recently, an intensive five-day workshop was conducted to provide further training on budget, financial reporting and revenue management to municipal officials.