

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR ORAL REPLY

QUESTION NUMBER 7

16 NOVEMBER 2004

MR T RALANE TO ASK THE MINISTER OF FINANCE:

Whether the National Treasury has implemented section 8(3) of the Division of Revenue Act, Act 5 of 2004, which permits the National Treasury to withhold payments to public entities, in the current financial year ending March 2005; if not, why not; if so, what are the relevant details? **C166E**

REPLY:

The National Treasury has not (as at 11 November 2004) withheld any grants to public entities in terms of section 8(3) of the Division of Revenue Act, Act 5 of 2004. This is because the process to finalise arrangements with national entities (e.g. Eskom, Water Boards) and municipalities is taking longer than anticipated, and the National Treasury acts in a way so as to minimize the risk of disruptions in service delivery when withholding any grant.

Whilst significant progress has been made in the signing or finalisation of service level agreements between Eskom and some metropolitan municipalities, no service level agreement has yet been finalized and signed. The National Treasury is monitoring progress more closely, and hopes that the first set of service level agreements with some of the metropolitan municipalities can be completed before the end of the 2004/05 financial year.

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR ORAL REPLY
QUESTION NUMBER 6
16 NOVEMBER 2004**

MR Z S KOLWENI TO ASK THE MINISTER OF FINANCE:

Whether all municipalities in South Africa approved their budgets before the start of the new budget year, which commenced on 1 July 2004; if not, what is the position in this regard; if so, what are the details? **C165E**

REPLY:

Full information on whether 2004/05 municipal budgets were tabled before 1 July 2004 is not available to National Treasury, but will be monitored for future budgets as the Municipal Finance Management Act is implemented. I can, however, say that 277 municipal budgets (out of 284) for 2004/05 have been received by the National Treasury. As the table below depicts, 155 of those budgets were received on or before 15 July 2004:

Province	<u>No. of Municipal Budgets Received on or Before 15 July 2004</u>			
	Category A	Category B	Category C	Total
Eastern Cape	1	10	4	15
Free State	N/A	10	2	12
Gauteng	3	5	1	09
KwaZulu-Natal	1	19	7	27
Mpumalanga	N/A	9	1	10
Northern Cape	N/A	13	4	17
Limpopo	N/A	21	4	25
North West	N/A	14	4	18
Western Cape	1	17	4	22
TOTAL	6	118	31	155

The other 122 municipal budgets for 2004/05 reached the National Treasury after 15 July 2004. The breakdown by province and municipal category of those budgets is as follows:

Province	<u>No. of Municipal Budgets Received After 15 July 2004</u>			
	Category A	Category B	Category C	Total
Eastern Cape	0	28	2	30
Free State	N/A	10	3	13
Gauteng	N/A	5	1	6
KwaZulu-Natal	0	27	3	30
Mpumalanga	N/A	8	2	10
Northern Cape	N/A	13	0	13
Limpopo	N/A	5	1	6
North West	N/A	6	0	6
Western Cape	0	7	1	8
TOTAL	0	109	13	122

As at 1 November 2004, seven municipalities had still not submitted their 2004/05 budgets to the National Treasury. These are Kungwini (Gauteng), Indaka (KZN), Impendle (KZN), Mkhambathini (KZN), Nongoma (KZN), Bohlabela (Limpopo) and Tswaing (NW). Follow up emails, faxes and letters have been sent to the above municipalities to ascertain the status of their budgets.

We are generally not able to provide reasons for any late delays, but can say that at Mbashe Local Municipality there was a delay apparently due to the lack of a financial officer to support the Municipal Manager with the budget process. We are also aware of delays at King Sabata Dalindyebo, probably due to political instability, and at Mafikeng, where there is a provincial intervention in place.