

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 206

DATE OF PUBLICATION: 25 FEBRUARY 2005

DUE FOR SUBMISSION TO PARLIAMENT: 10 MARCH 2005

MR E W TRENT (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the Nelson Mandela metropolitan municipality has submitted an application for an urban development zone to be declared in terms of the relevant legislation; if so, (a) when was the application received and (b) when is the matter expected to be finalised;
- (2) whether any other metropolitan areas have made similar applications; if so, (a) which metropolitan areas and (b) what was the outcome in each case?

N302E

REPLY:

- (1) Nelson Mandela Metropolitan submitted an application for an Urban Development Zone in terms of section 13 *quat* of the Income Tax Act, 1962 (Act No. 58 of 1962) as amended.
 - (a) This application was received on 2 December 2004, after which additional information was requested to comply with all legislative requirements. This additional information was received on 9 February 2005 and is being evaluated by the National Treasury. I am hoping to finalise the process for considering this application shortly.
- (2) (a) & (b)

All six metropolitan municipalities have made similar applications - City of Cape Town, Ekurhuleni, eThekweni, Johannesburg, Nelson Mandela and Tshwane have made applications. Johannesburg and Cape Town submitted their applications first, and hence were approved and gazetted on 14 October 2004. eThekweni and Tshwane were approved & gazetted on 10 December 2004. The National Treasury is currently considering the applications from Nelson Mandela and Ekurhuleni.

Five non-metropolitan municipalities were also approved and gazetted on 10 December 2004, namely Sol Plaatje (Kimberley), Mangaung (Bloemfontein), Mbombela (Nelspruit), Emfuleni (Vereeniging) and Buffalo City (East London). Applications from Polokwane (Pietersburg) and Msunduzi (Pietermaritzburg) are also being processed. Applications from Mafikeng and Matjhabeng (Welkom) have been received, however, information was provided and has been requested.. The last eligible municipality, Emalahleni (Witbank), has not submitted any application to date.

To summarise, 9 of the 16 eligible municipalities have been approved including 4 metros, 4 applications are being processed including two remaining metros, and 3 municipalities have yet to submit comprehensive applications.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 358

DATE OF PUBLICATION: 11 MARCH 2005

MR E W TRENT (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the Eastern Cape provincial government, any local authorities or parastatals based in the Eastern Cape have entered into negotiations with the Development Bank of Southern Africa for a loan; if so, (a) which entities and (b) what is the amount involved in each case;
- (2) whether he intends approving the applications; if not, why not; if so, what are the relevant details? **N524E**

REPLY:

- (1) No. I have no formal knowledge of loan transactions by the DBSA to the Eastern Cape provincial government, local authorities and parastatals in the Eastern Cape. There is no legal requirement for local authorities to seek my approval when entering into loan agreements. In respect of parastatals, their borrowing is a concurrent function with the MEC for Finance and the Minister of Finance, and thus far, I have not received an invocation of such concurrence.
- (2) No.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 820

27 MAY 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

Whether the National Treasury, in its assessment of the budgets and financial statements of municipalities, factor in the cost of any contracting out of basic municipal services when calculating personnel and administrative costs as a percentage of total operating costs; if not, what is the position in this regard; if so, what are the relevant details?

N1081E

REPLY:

To answer the member's question directly, the National Treasury does not assess individual municipal budgets per line items, instead it analyses the aggregate figures. Therefore any analysis such as provided, for example, in the 2003 *Trends in Intergovernmental Finances* will indicate cost calculations at an aggregated level.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 697

DATE OF PUBLICATION: 20 MAY 2005

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether any municipalities did not submit their annual financial statements timeously over the past five years; if so, (a) which municipalities and (b) what were the reasons for the late submission;
- (2) whether, as a result of such late submission, any of the said municipalities did not receive their portion of the equitable share timeously; if so, (a) which municipalities, (b) when did the said municipalities submit their Financial statements and (c) at what date did these municipalities finally receive their equitable share? **N912E**

REPLY:

Brief background

Prior to the 2004 municipal financial year (municipal financial year ends on the 30th of June each year), the National Treasury was not monitoring the submission of the financial statements by municipalities to the Auditor-General for auditing purposes, as it did not have the legislative powers to do so. It was only after the enactment of the 2004 Division of Revenue Act (No. 5 of 2004) that National Treasury had the legislative powers to do so in terms of Section 5(7)(a) of that Act. These monitoring powers were further strengthened by the enactment of the Municipal Finance Management Act (No. 56 of 2003), which took effect on 1 July 2004.

- (1) Due to the previous municipal demarcation processes, the last of which ended in 2000, municipalities as configured today do not have annual financial statements prior to December 2000. National Treasury began monitoring the submission process in November 2004, and thus the Honourable member's questions will therefore be in relation to the past three years' municipal financial statements. These are FY2001/02, FY2002/03 and FY2003/04. The information at our disposal as at 30 May 2005 indicates as follows:

(a) For the past 3 years, the following 19 municipalities did not timeously submit all their outstanding financial statements to the Auditor-General for auditing purposes, these are:

- Nkonkobe, Nxuba, Tsolwana, Emalahleni, Maletswai (Eastern Cape);
- Okhahlamba, Dannhauser, Ulundi (KwaZulu-Natal);
- Bushbuckridge, Bohlabela District, Greater Giyani, Greater Sekhukhune (Limpopo);
- Lekwa, Thaba Chweu, Nkomazi and Emakhazeni (Mpumalanga); and
- Ventersdorp and Moshaweng (North West); and
- Kannaland (Western Cape).

(b) There are a combination of reasons for late submission across municipalities, and may include:

- Lack of capacity and skills,
- Incomplete amalgamation processes,
- Asset registers not up to date,
- Archaic systems,
- Staff movement, and
- Delays in the appointment of service providers.

(2) Since November 2004, the National Treasury advised the Department of Provincial and Local Government to delay the transfer of the quarterly installment of the equitable share to ensure that municipalities do submit their financial statements on time, and also submit any outstanding financial statements for the past three years.

(a) About 73 municipalities had their November 2004 installment of the equitable share delayed for between 1-6 weeks due to late submission of financial statements (see Annexure A). The next tranche of equitable share which was due in February 2005 was delayed for 46 municipalities for between one to three weeks (see Annexure B).

(b) and (c)

Payments were made in a staggered manner during the period February to May 2005. The last tranche of transfers was made on 27 May 2005 to municipalities who had their installments delayed, as they had provided work plans, timeframes and measures to have all outstanding annual financial statements finalized and submitted to the Auditor-General.

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR ORAL REPLY

QUESTION NUMBER 3

7 JUNE 2005

MR RALANE TO ASK THE MINISTER OF FINANCE:

Whether all municipalities have submitted their mid-year budget and performance assessments as required by section 72 of the Local Government; Municipal Finance Management Act, Act 56 of 2003; if not, why not; if so, what are the relevant details? **C110E**

REPLY:

No. Most municipalities have not submitted their budgets and assessments due to deferment of this section 72 obligation, as published in the Government Gazette No. 26511 dated 1 July 2004, for medium and low capacity municipalities until 30 June 2005 and 30 June 2006 respectively. It also applies only partially to high-capacity municipalities, as sub-section (1)(a)(ii) is delayed for these municipalities until 30 June 2005.

The current 2004/05 municipal budgets were tabled and approved before the Municipal Finance Management Act came into effect on 1 July 2004. The high-capacity municipalities, therefore, were not expected to provide non-financial or service delivery information such as performance assessment, service delivery targets, performance indicators and budget implementation plans. However, there is not much difference between section 72 reports and the monthly budget reports required in section 71. At this stage, because of capacity and systems constraints, not all high-capacity municipalities fully complied with either section 71 or 72.

The following municipalities complied with section 72(1)(a)(i) to the extent possible: Cape Town, eThekweni, Ekurhuleni, Tshwane, local municipalities of Rustenburg, Knysna, Sol Plaatjie, Randfontein, Mogale City, district municipalities of Cacadu, OR Tambo, Frances Baard and Greater Sekhuheni. Once the quality of such reports improve, the National Treasury will publish a consolidated budget implementation report for the largest budget municipalities on a quarterly basis.