

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 619

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Mr N Singh (IFP) to ask the Minister of Finance:

- (1) Whether he and his department will be providing additional administrative support to municipalities that find themselves in distress in light of the Auditor-General's adverse findings; if not, why not; if so, what kind of support;
- (2) whether he will make a statement on the matter?

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REPLY:

- (1) National Treasury, as part of national government, has a constitutional responsibility to provide support to local government and currently provides support to municipalities in a variety of ways, including:
 - (a) Setting norms and standards for financial management through regulations;
 - (b) Providing guidance to municipalities in the form of circulars, guidelines and other training materials;
 - (c) Providing specific training to municipalities related to various aspects of financial management, including training on budgeting, supply chain management, asset management, accounting, reporting and a range of other relevant topics;
 - (d) Supporting municipalities through the MFMA Helpline and via direct enquiries with advise on specific issues and questions as well as hosting regional workshops to address practical challenges;
 - (e) Providing funding directly to municipalities in the form of the Financial Management Grant which is utilised to fund the employment of graduate

interns, who have tertiary knowledge in economics, accounting and auditing, within the municipal Budget and Treasury Office. The aim to strengthen their financial management capacity, currently there are over 700 graduates appointed in this programme.

- (f) Funding the Siyenza Manje Programme run by the DBSA which deploys financial management experts to municipalities that require specific assistance.
- (g) Drawing up Financial Recovery Plans where municipalities find themselves in financial distress. This is by request of a province or municipality.

While these various forms of support are made available/ offered to municipalities, they are frequently not utilised effectively by the poorly performing municipalities.

- (2) The above comments highlight some of the initiatives currently underway. We are also working closely with our Provincial counterparts to assist in implementing the financial reforms in municipalities. Further information is available on the National Treasury website and contained in Strategic Plans and Budget documentation of the various departments.

During the current fiscal year, further efforts will be made to coordinate NT efforts and programmes with those of COGTA and provincial treasuries.