

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 238[CW301E]
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Mr D A Worth (DA-FS) to ask the Minister of Finance:

Whether the Mangaung Metro Municipality has been granted (a) a Restructuring Grant or (b) any other financial assistance in view of its existing financial problems (details furnished); if not, what is the position in this regard; if so, (i) what is the total monetary value of the grant and/or assistance provided and (ii) what are the terms and conditions of the grant and/or assistance given?

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REPLY:

- (a) No,
- (b) No,

National Government does not provide financial support to municipalities to address financial problems that are caused by poor financial management and budgeting practices. Financial support of this nature would create a moral hazard and would compromise the principles of fairness within the intergovernmental system. Such support would punish municipalities that are prudent and efficient in managing their finances.

As part of National Treasury's support role to municipalities, it is providing technical advice to the Mangaung Metropolitan Municipality with respect to its 2011 Budget. Given that the municipality has become a metropolitan municipality from the 2011 municipal elections, Mangaung Metropolitan Municipality will receive a share of the general fuel levy from the 2011/12 financial year onwards. This amounts to an additional R176 million in 2011/12 (R559.6 million over the next three years). In addition the municipality receives R412 million

in 2011/12 through the newly created urban settlement development grant to accelerate service delivery. These new resources should enable the municipality to gradually address the challenges it is facing.