

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 159 [CW254E]

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159. Ms B V Mncube (ANC-Gauteng) to ask the Minister of Finance:

Whether he has put any mechanisms in place to ensure that capacity is being built to municipalities which are unable to spend the infrastructure grant; if not, why not; if so, what are the relevant details?CW254E

REPLY:

Yes. The following mechanisms have been put in place by National Treasury to build the capacity of municipalities to spend infrastructure grants:

1. **Integrated City Development Grant** – At the city level the Cities Support Programme has been introduced and provides support to the eight metropolitan municipalities to improve infrastructure planning and the management of the built environment. Through the Cities Support Programme, an infrastructure delivery management system is also being developed together with the cities so that there is a clear set of infrastructure delivery processes including capacity to do planning, building a pipeline of projects, procurement and operations and maintenance at a municipal level. The integrated city development grant has been introduced in 2013 to provide a financial incentive for metropolitan municipalities to integrate and focus their use of all available infrastructure and regulatory instruments to achieve a more compact urban spatial form. The grant has an allocation of R340 million over the 2013 Medium Term Expenditure Framework (MTEF).
2. **Infrastructure Skills Development Grant** - The grant introduced in the 2011/12 financial year aims to increase the pool of professional engineers, planners and other built environment professionals in local government. Unemployed graduates with technical qualifications are recruited by municipalities for the training period as stipulated by the relevant Statutory Body (i.e. engineering, planning etc) to gain required skills and experience which satisfy registration requirements. The grant's condition is that the graduates after completing their training are absorbed by the municipality as permanent employees and resource in the delivery of infrastructure. The ISDG also makes provision for the municipalities to partner with Water Boards to enhance training by municipalities. The fully registered candidates can be deployed to neighbouring and/or smaller municipalities to augment where there is little or no capacity. The ISDG provides an opportunity for municipalities to employ registered professionals. This grant has an allocation of R432 million over the 2013 MTEF.
3. **Strengthening the capacity of provincial treasuries in municipal budget monitoring and support** - National Treasury allocated funds to building up the capacity of the MFMA Implementation Units within provincial treasuries to improve their capacity to support municipalities to compile credible budgets and build up sound financial

management systems, which will facilitate better planning and budget implementation, including capital/infrastructure budgeting.

Strengthening the financial management capacity of municipalities - This will strengthen the ability of municipalities to spend on all programmes, including infrastructure programmes. Measures in support of this include the Municipal Financial Management Improvement Programme, through which skilled technical capacity is deployed in municipalities and the Local Government **Financial Management Grant**, which funds the salaries of interns in the Budget and Treasury units of municipalities to build in-house capacity to implement multi-year budgeting, which is key in facilitating forward planning for infrastructure projects given the long lead time prior to reaching implementation stage. In addition, other national departments also provide support to increase the capacity of municipalities, The Municipal Infrastructure Support Agency, managed by the Department of Cooperative Governance, is one such example.