

**NATIONAL ASSEMBLY  
QUESTION FOR WRITTEN REPLY  
QUESTION NUMBER: 812 [NW897E]  
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**812. Mr K J Mileham (DA) to ask the Minister of Finance:**

- (1) (a) Which municipalities currently have accounts with the Venda Building Society Mutual Bank and (b) what amount is held in each of the accounts;
- (2) whether any municipality closed any accounts with the specified bank; if so, which municipalities;
- (3) whether any action has been taken against any municipality for illegally opening accounts with the specified bank; if not, why not; if so, what are the relevant details in each case?

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**REPLY:**

- (1)
  - (a) According to National Treasury's records, 14 municipalities currently have funds invested with the Venda Building Society (VBS) Mutual Bank
  - (b) Please see below list of municipalities and investment amounts currently held by VBS Mutual Bank.

Name of municipality	Amount
Merafong City Local Municipality	R50 000 000
West Rand District Municipality	R81 676 155
Makhado Local Municipality	R61 694 081
Greater Giyani Local Municipality	R159 262 692
Collins Chabane Local Municipality	R121 824 657
Elias Motsoaledi Local Municipality	R54 973
Vhembe District Municipality	R300 000 000
Ephraim Mogale Local Municipality	R83 428 490
Tubatse Fetakgomo Local Municipality	R240 649 836
Lepelle-Nkumpi Local Municipality	R153 321 224
Madibeng Local Municipality	R31 035 191
Mafikeng Local Municipality	R82 191 000
Moretele Local Municipality	R50 000 000
Dr Ruth Segomotsi Mompati District Municipality	R150 000 000

- (2) According to National Treasury records, there were no municipalities that closed their accounts with VBS Mutual Bank, however the following 4 municipalities' investments matured and there was no re-investments of the funds.
  - a) Polokwane Local Municipality
  - b) Capricorn District Municipality
  - c) Makhuduthamaga Local Municipality
  - d) Dr JS Moroka Local Municipality

- (3) National Treasury had communicated with 7 municipalities that were identified through the in-year reporting system that had invested funds with VBS Mutual Bank in August 2017. The communication drew municipalities' attention to section 7(3)(b) of the MFMA, which states that a municipality may not open a bank account with an institution not registered as a bank in terms of the Banks Act 94 of 1990; read with the Municipal Investment Regulations, which regulate the instruments within which municipalities are allowed to invest municipal funds. The National Treasury also held a meeting with the municipalities listed above on 22 March 2018 with the aim of establishing the extent of their investments and confirming the amounts still invested with VBS Mutual Bank at the time when the SARB intervened.

It should be noted that in terms of the MFMA, read together with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, council must, through the disciplinary board, investigate all acts of non-compliance with the MFMA and its Regulations, to establish whether an act of financial misconduct was committed by any of the municipal officials. It is therefore the municipal council that must ensure that the conduct of the Accounting Officer, the Chief Financial Officer and any other relevant officials of the effected municipalities is investigated to ascertain whether financial misconduct was committed and based on that, institute further action, including disciplinary action. National Treasury will continue to monitor the corrective action implemented in this regard.