

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 388 [NW1360E]
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388. Mr N A Sarupen (DA) to ask the Minister of Finance:

- (1) Whether the National Treasury will provide any financial assistance to the Sedibeng District Municipality to compensate for a R25 million operational deficit in its 2019-20 budget; if not, what is the position in this regard; if so, what are the relevant details;
- (2) whether he has found that the specified district municipality's financial recovery plan will be successful; if not, what is the position in this regard?

NW1360E

REPLY

- (1) The National Treasury does not provide financial assistance to municipalities. An operational deficit indicates that the municipality's operating expenses exceeds the revenue. Failure to contain costs while not realising anticipated revenue collection levels results in operating deficits. The first approach is for the municipality to implement cost containment measures and reduce the operating expenses.

Given that Sedibeng is a delegated municipality, the Gauteng Provincial Treasury will continue to support the municipality to ensure that it adopts a funded budget going forward.

- (2) Currently the municipality does not have a financial recovery plan. However, reference should be made to chapter 13 of the Municipal Finance Management Act, (Act No. 56 of 2003) on the process to be followed for resolution of financial challenges.