

**NATIONAL COUNCIL OF PROVINCES**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 61 [CW109E]**  
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**61. Mr A B Cloete (Free State: FF Plus) to ask the Minister of Finance:**

- (1) Whether the National Treasury has provided any assistance to the Mangaung Metropolitan Municipality regarding Moody's plans in May 2019 to downgrade the municipality to junk status; if not, why not; if so, what are the relevant details;
- (2) whether the National Treasury will provide support to the said municipality to improve the graded junk status; if not, why not; if so, what are the relevant details?

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**REPLY**

- (1) The National Treasury was not aware of Moody's plans to downgrade the Mangaung Metropolitan Municipality. However, Moody's consulted the National Treasury on the state of finances at Mangaung.

The National Treasury through the Cities Support Programme and the Municipal Financial Recovery Service assisted Mangaung with the Strategic Development Review and development of the Financial Recovery Plan (FRP) that encompasses the institutional, governance, financial and service delivery.

- (2) The National Treasury has provided the following support:

National Treasury had advised the municipality on the FRP in terms of Section 135(1) of the MFMA, in order to improve the municipality's financial health and service delivery performance. The FRP was approved by the municipal council in July 2018. The implementation progress report is a standing item in both management and Council meetings. Progress will also be reported by the Mayor as part of the report that will be tabled in Council in terms of section 52 of the MFMA.

The municipality's service charges and property rates revenue budget implementation indicator has stayed within reasonable levels for the past two financial years, (2016/17: 97%) and (2017/18: 95%), an indication that the municipality has reviewed its budget technique to assist realistically anticipated revenue targets.

Furthermore, the National Treasury mediated over the dispute on its debt between Mangaung and Bloem Water Board in terms of section 44 of the MFMA. It was recommended that the Department of Water and Sanitation will clarify the drought tariff and communicate the outcomes to Mangaung and Bloem Water Board. This will result in a reduction of the outstanding debt and interest charges. This arrangement will result in improvement in the financial status of the municipality.

Free State Provincial Treasury is also assisting with the reduction of outstanding amounts owed by the Provincial Department which will improve the liquidity position of the municipality.

National Treasury is assisting the municipality with improving audit outcomes.