

**NATIONAL COUNCIL OF PROVINCES**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 151 [CW178E]**

**151. Mr A B Cloete (Free State: FF Plus) to ask the Minister of Finance:**

Whether the National Treasury has implemented any measures to improve spending in the metropolitan municipalities that have underspent on allocated grants from the national Government; if not, why not; if so, (a) what measures and (b) what are the further relevant details?

CW178E

**REPLY:**

In dealing with underperformance in metros, the national departments that administer conditional grants to municipalities and National Treasury have mechanisms at their disposal to deal with underperformance in terms of the Division of Revenue Act. These measures start with the non-transfer or withholding of funds to the recipient municipality for a period not exceeding 30 days, whereby the funds are not released until the challenges hampering spending by the municipality are addressed within the 30 days. National departments also engage with the affected municipality to try and unlock the challenges hampering the spending of the grant(s).

In the event the situation does not improve in terms of poor spending, National Treasury, may further withhold transfers to underspending municipalities for a period more than 30 days, but not exceeding 120 days. This is ample opportunity for the municipalities to address the issue impeding spending on their allocated funds.

The Division of Revenue Act, albeit as a last resort, further empowers the national department administering a conditional grant to stop the transfer of funds to municipalities that are performing badly against their allocated funds, and re-allocate the funds to municipalities that are performing good against their allocated funds, especially municipalities that have accelerated the spending of their conditional grants and have the capacity to absorb additional funds.

However, National Treasury has in its disposal other measures that contribute to the wellbeing of metropolitan municipalities and to ensure that their budgets are credible including effective spending of the conditional grants.

National Treasury is directly responsible for overlooking the budgets of metros through the regular **Assessments on tabled budgets** on an annual basis to ensure that metros adopt budgets that are credible. Recommendations and analysis on the tabled budgets are provided to all the metros for considerations by metros before budget adoptions by councils.

Further and during the course of the financial year, National Treasury undertakes a process of assessing the performance of the metros through the **Mid-year Budget and Performance Assessment** process. This process looks into the progress made on the metros on spending against their adopted budgets during the course of the year and to avoid any potential underspending and to address possible failures or underspending.

The National Treasury continues to expand the tools available for municipalities to improve spending. Weaknesses in preparing and authorizing projects and programmes are one of the main causes of poor performance on infrastructure transfers. To this cause, National Treasury through the **Infrastructure Delivery Management System** has helped to build infrastructure units with qualified staff and institutionalize best practices. In the 2021 Budget, cities will receive grant funding through the **Integrated City Development grant** to institutionalize an effective system for preparing projects and programmes. The National Treasury's **Cities Support Programme** helps metropolitan municipalities coordinate public investment in infrastructure, housing and transport to build more inclusive, productive and sustainable cities.

In addition to supporting capacity building in sub-national government, the National Treasury publishes extensive municipal financial data that can assist residents to engage with their local council. Recent efforts have focused on making this data more user-friendly to members of the public and the information is published on the portal:

[www.municipalmoney.gov.za](http://www.municipalmoney.gov.za).