

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 1108 [NW1343E]**

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**1108. Mr A D Beesley (ActionSA) to ask the Minister of Finance *[Interdepartmentally transferred from Cooperative Governance and Traditional Affairs with effect from Wednesday, 16 October 2024]*:**

Whether, in light of municipalities spending R1,3 billion on consultants, he intends reducing such costs by (a) establishing stricter guidelines on consultant fees, (b) enhancing transparency in procurement, (c) increasing capacity-building for municipal staff and/or (d) conducting audits to assess the necessity of consultant engagements; if not, what is the position in this regard; if so, how will the specified measures be effectively enforced? NW1343E

**REPLY**

- (a) There is a regulatory framework for consultants which is contained in the Municipal Cost Containment Regulations that was promulgated in 2019. Regulation 5 requires municipalities to appoint consultants only after conducting a needs assessment which confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full-time employ to perform the function. These regulations further require municipalities to implement consultancy reduction plans. Regulation 5(2) requires Accounting Officers to develop a reasonable remuneration framework to determine the fee structure for consultants, considering the rates that have been determined by different bodies.
- (b) Chapter 11 of the Municipal Finance Management Act (MFMA), read together with regulation 35 of the Municipal Supply Chain Management Regulations already outlines processes which must be followed with respect to appointing consultants. These processes are aligned to the public sector procurement principles in section 217 of the Constitution which is inclusive of the principle of transparency. These provisions must be read together with Regulation 5 of the Municipal Cost Containment Regulations which further outlines additional terms and conditions for the appointment of consultants.
- (c) The National Treasury has been supporting municipalities through the Financial Management Grant which has been used by municipalities to capacitate their officials by undertaking the relevant training to ensure that they are competent to perform their financial management and supply chain management related responsibilities, as outlined in section 81 of the MFMA read together with the

Municipal Regulations on Minimum Competency Levels. Over and above the support provided through the Financial Management Grant, the National Treasury has undertaken several capacity building initiatives aimed at supporting and building capacity within municipalities, which includes the Municipal Finance Improvement Programme where technical advisors are deployed in municipalities to provide support on a number of disciplines such as asset management, accounting, budgeting etc. The National Treasury also undertakes numerous capacity building workshops for municipal officials including on the generally recognised accounting practices (GRAP) standards.

- (d) The Auditor-General of South Africa already undertakes audits on the use of consultants. This has assisted the National Treasury to customise its support initiatives to be responsive to the areas where consultants are used excessively.