# NATIONAL ASSEMBLY QUESTIONS FOR WRITTEN REPLY

**QUESTION NUMBER: 2638**

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**QUESTION:**

**2638. Mr K Ceza (EFF) to ask the Minister of Cooperative Governance and Traditional Affairs:**

Whether her department has taken any concrete action to resolve maladministration that resulted in the R32 billion fruitless and wasteful expenditure that municipalities placed under administration incurred in the 2019-20 financial year, as reflected in the Auditor-General’s Report, coupled with the regression of her department and its entities permeating across municipalities and metros; if not, why not; if so, what are the relevant details? NW3120E

# REPLY:

Municipalities that were placed under administrations were required to develop financial recovery plans, which is aligned to four key pillars used to assess municipal sustainability namely: governance, institutional stability, financial management and service delivery. The aim is to address the financial distress of the municipalities by improving short and long-term financial sustainability.

The Department, SALGA, National Treasury and provincial counterparts assist municipalities with development and implementation of financial recovery plans in line with section 136 of the Municipal Finance Management Act (MFMA), section 139 of the Constitution of RSA and related prescripts, which places obligations on the national and provincial government to assist in resolving financial problems in municipalities.

Recently, National Treasury and CoGTA have concluded roadshows in all nine provinces on the correct interpretation and implementation of S139 interventions. Provinces were alerted to the hierarchy of interventions provided for in the Constitution and the conditions that must exist for each type of intervention to be invoked.

Neither the Department of COGTA nor any of its entities have regressed in it’s audit findings. The department improved from a disclaimer in 18/19 was, which improved to qualified audit outcome in 19/20, and again in 20/21 although the AG noted a reduction in the areas of qualification, specifically related to the CWP program. This is an indication that the department is on target towards achieving an unqualified audit outcome.