

**MINISTRY FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**QUESTION NUMBER 3509**

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**QUESTION**

**Mr KJ Mileham (DA) to ask the Minister of Cooperative Governance and Traditional Affairs:**

Whether he received any documentation from provincial Members of the Executive Council responsible for cooperative governance in terms of (a) section 137(1) and (2) and/or (b) section 139 (1) and (2) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, in each of the past three financial years; if so, in each case, (i) which municipalities were affected, (ii) what was the date on which he received the documentation, (iii) what was the nature of the financial problem and (iv) what steps were taken in each case?

 **NW3936E**

**REPLY**

(i) According to the records at the disposal of the Department, we only received documentation in respect of interventions in Kannaland and eDumbe local Municipalities in the Western Cape and KwaZulu-Natal, respectively.

(ii) The dates on which the documentation was received were 10 February 2017 and 23 May 2017 for Kannaland Local Municipality, and 30 August 2017 for eDumbe Local Municipality.

(iii) The nature of the financial problem at Kannaland Local Municipality was that the audit finding from the Auditor General for the financial year ending in June 2016 indicated that the municipality received an adverse finding, and that subsequent facts had confirmed that the municipality was experiencing a serious financial crisis which resulted in it being unable to meet its financial obligations. Regarding eDumbe Local Municipality, the nature of the financial problem was that the municipality’s cash flow situation had seriously deteriorated to the extent that there were insufficient funds to pay for critical operational expenditure.

(iv) From the documentation submitted by the Western Cape Minister for Local Government, Environmental Affairs and Development Planning, Honourable Mr Anton Bredell, the initial step taken was the resolution by the Provincial Executive adopted on 07 December 2016 to request the Provincial Treasury to prepare an appropriate financial recovery plan for the Kannaland Local Municipality. In addition, his Department and the Provincial Treasury were requested by the Provincial Executive to develop and implement a targeted support package to address the needs of the municipality. Several subsequent steps have since been taken by the Provincial Executive to assist the municipality to overcome its shortcomings, and these include the preparation, finalization and adoption of the municipality’s financial recovery plan which is currently being implemented, as well as the Financial Management Grant funded by the Provincial Treasury.

From the documentation submitted by the KwaZulu-Natal MEC for Cooperative Governance and Traditional Affairs, Honourable Ms Nomusa Dube-Ncube, the step taken was the resolution by the Provincial Executive adopted on 19 July 2017 to intervene at eDumbe Local Municipality in terms of section 136(2) of the MFMA, read with section 139(1) of the Constitution, and to authorize the MEC to appoint a suitably qualified Financial Administrator to draft and implement a recovery plan in the municipality. Another step taken by the Provincial Executive was to issue a directive in terms of section 139(1)(a) of the Constitution to the Municipal Council to authorize the Financial Administrator to, among others, take all decisions in relation to the finances of the municipality and to report monthly thereon to it and the MEC.