**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **489 [NW534E]**

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**489. Mr E M Buthelezi (IFP) to ask the Minister of Finance:**

Considering that the lack of proper financial management practices, insufficient financial reporting and widespread corruption are some of the biggest ills burdening our local government, and considering that the specified issues affect the development of the Republic and compromises the fiscal resources, what actions will the National Treasury take to address the abuse of public expenditure and consequent lack of service delivery to promote the appropriate use of public and private financial resources for social and economic development and infrastructure investment in line with its mandate? NW534E

**REPLY**

Generally, the causes of South Africa’s poor economic growth and development are complex and multi-faceted. It includes the impact of state capture, as outlined by the Zondo Commission findings published in 2022. The National Treasury provides a bi-annual update on the performance of the economy and the policy proposals to improve it in the annual Budget Review and in the Medium Term Budget Policy Statement.

From a local government perspective, interventions in terms of section 139 of the Constitution are being more actively pursued as a measure to address the lack of service delivery and poor financial management in municipalities. Where necessary, such interventions in terms of Section 139(5) are mandatory, and require a financial recovery plan to be imposed on the municipality. Monthly reporting on the recovery plan is a legislative requirement and creates the mechanism to monitor the performance of the municipality, including how funding is being utilised by the municipality, prioritization of service delivery and inclusion of programmes to enhance social and economic development. However, interventions are led by the relevant Provincial Executive Committee and the role of the National Treasury is limited in terms of the Constitution to the preparation of the financial recovery plan and overseeing the monthly reporting on progress.

For more details on some of the policy work done by the NT to enhance transparency of local government spending, please refer to Parliamentary Question 293.