

**MINISTRY FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**QUESTION NUMBER 2016/550**

**DATE OF PUBLICATON: 4 MARCH 2016**

**Question:**

**550. Mr M Waters (DA) to ask the Minister of Cooperative Governance and Traditional Affairs:**

Whether, with reference to his reply to question 3110 on 8 September 2015, the information requested from the provinces has been received by his department; if not, why not; if so, by when will the information be communicated? NW656E

 “***3110:****Whether all municipal managers implemented section 81 of the National Credit Act, Act 34 of 2005, regarding loan deductions from salaries of municipal employees; if not, which municipalities did not comply?*”

**Reply:**

1. In terms of section 81 of the National Credit Act, 2005 (Act 34 of 2005) when applying for a credit agreement, and while that application is being considered by the credit provider, the prospective consumer must fully and truthfully answer any requests for information made by the credit provider as part of the assessment required by this section.

A credit provider must not enter into credit agreement without first taking reasonable steps to assess:

1. the proposed consumer’s –
2. general understanding and appreciation of the risks and costs of the proposed credit, and of the rights and obligations of a consumer under a credit agreement;
3. debt re-payment history as a consumer under credit agreements;
4. existing financial means, prospects and obligations; and
5. whether there is reasonable basis to conclude that any commercial purpose may prove to be successful, if the consumer has such a purpose for applying for that credit agreement.

 Based on the above information, credit agreement can be entered between the consumer and credit provider and therefore municipal managers do not have a role to play on the loan agreement entered into by municipal officials.