

REPUBLIC OF SOUTH AFRICA

**PORTFOLIO COMMITTEE AMENDMENTS
TO**

**LOCAL GOVERNMENT:
MUNICIPAL FINANCE
MANAGEMENT BILL**

[B 1B—2002]

(As agreed to by the Portfolio Committee on Finance (National Assembly))

[B 1C—2002]

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AMENDMENTS AGREED TO

LOCAL GOVERNMENT:
MUNICIPAL FINANCE MANAGEMENT BILL
[B 1B-2002]

CLAUSE 1

1. On page 7, in line 42, to omit “including another municipality” and to substitute “including by another municipality”.
2. On page 8, after line 17, to insert:

“Budget Forum” has the meaning assigned in section 1 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
3. On page 8, in line 26, to omit “is or”.
4. On page 8, in line 34, to omit the definition of “current year” and to substitute:

“current year” means the financial year which has already commenced, but not yet ended;
5. On page 9, after line 38, to insert:

“MEC for finance” means the member of the Executive Council of a province who is responsible for finance in that province;
6. On page 10, after line 32, to insert:

“past financial year” means the financial year preceding the current year;

CLAUSE 3

1. On page 12, in line 23, to omit “financial affairs” and to substitute “fiscal and financial affairs”.

CLAUSE 5

1. On page 12, in line 32, to omit the heading and to substitute:

General functions of National Treasury and provincial treasuries
2. On page 12, from line 34, to omit “, the Public Finance Management Act”.

3. On page 13, after line 13, to insert:
 - (3) A provincial treasury must in accordance with a prescribed framework—
 - (a) fulfil its responsibilities in terms of this Act;
 - (b) promote the object of this Act as stated in section 2 within the framework of co-operative government set out in Chapter 3 of the Constitution; and
 - (c) assist the National Treasury in enforcing compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of this Act.
 - (4) To the extent necessary to comply with subsection (3), a provincial treasury—
 - (a) must monitor—
 - (i) compliance with this Act by municipalities and municipal entities in the province;
 - (ii) the preparation by municipalities in the province of their budgets;
 - (iii) the monthly outcome of those budgets; and
 - (iv) the submission of reports by municipalities in the province as required in terms of this Act;
 - (b) may assist municipalities in the province in the preparation of their budgets;
 - (c) may exercise any powers and must perform any duties delegated to it by the National Treasury in terms of this Act; and
 - (d) may take appropriate steps if a municipality or municipal entity in the province commits a breach of this Act.
4. On page 13, from line 14, to omit subsection (3) and to substitute:
 - (5) The functions assigned to the National Treasury or a provincial treasury in terms of this Act are additional to those assigned to the National Treasury or a provincial treasury in terms of the Public Finance Management Act.
5. On page 13, in line 17, to omit “(4)” and to substitute “(6)”.
6. On page 13, in line 18, to omit “Treasury” and to substitute “National Treasury”.
7. On page 13, in line 19, to omit “section 6” and to substitute “section 6(1)”.
8. On page 13, after line 19, to insert:
 - (7) The MEC for finance in a province, as the head of the provincial treasury, takes all decisions of the provincial treasury in terms of this Act, except those decisions taken as a result of a delegation in terms of section 6 (4).
 - (8) A provincial treasury must submit all information submitted to it in terms of this Act to the National Treasury on a quarterly basis, or when requested.

CLAUSE 6

1. On page 13, in line 25, to omit “Premier of the province” and to substitute “MEC”.
2. On page 13, in line 33, to omit “Treasury” and to substitute “National Treasury”.

3. On page 13, after line 38, to insert:

(4) The MEC for finance in a province may delegate any of the powers or duties assigned to a provincial treasury in terms of this Act to the head of the relevant provincial department of which the provincial treasury forms part.

(5) A delegation in terms of subsection (4)—

- (a) must be in writing;
- (b) is subject to any limitations or conditions which the MEC for finance in the province may impose;
- (c) may, subject to any such limitations or conditions, authorise the relevant head of the provincial department to sub-delegate a delegated power or duty to a staff member of that treasury; and
- (d) does not divest the provincial treasury of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.

4. On page 13, in line 39, to omit “The Minister may confirm” and to substitute:

The Minister or MEC for finance in a province, as may be appropriate, may confirm

CLAUSE 8

1. On page 14, in line 21, to omit “money” and to substitute “an allocation of money”.
2. On page 14, in line 26, to omit “National Treasury” and to substitute “National Treasury, the relevant provincial treasury”.

CLAUSE 9

1. On page 14, in line 32, to omit the heading and to substitute:
- Bank account details to be submitted to provincial treasuries and Auditor-General**
2. On page 14, from line 33, to omit “National Treasury” and to substitute “relevant provincial treasury”.

CLAUSE 11

1. On page 15, from line 27, to omit paragraph (b) and to substitute:
- (b) submit a copy of the report to the relevant provincial treasury and the Auditor-General.

CLAUSE 12

1. On page 15, from line 30, to omit subsection (1) and to substitute:
- (1) No political structure or office bearer of a municipality may set up a relief, charitable, trust or other fund of whatever description except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

CLAUSE 14

1. On page 16, from line 32, to omit subsection (6) and to substitute:

(6) This section does not apply to the transfer of a capital asset to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework.

CLAUSE 17

1. On page 17, in line 25, to omit “each vote” and to substitute “revenue from each source and for each vote”.
2. On page 17, from line 50, to omit subparagraph (iii) and to substitute:

(iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;

CLAUSE 21

1. On page 19, from line 23, to omit paragraph (c) and to substitute:

(c) take into account the national budget, the relevant provincial budget, the national government’s fiscal and macro-economic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum;

2. On page 19, in line 32, to omit subparagraph (iii) and to substitute:

(iii) the relevant provincial treasury, and when requested, the National Treasury; and

CLAUSE 22

1. On page 19, in line 51, to omit subparagraph (i) and to substitute:

(i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and

CLAUSE 23

1. On page 20, from line 1, to omit paragraph (b) and to substitute:

(b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.

CLAUSE 24

1. On page 20, in line 24, to omit “each vote” and to substitute “revenue from each source and for each vote”.

2. On page 20, after line 28, to insert:

(3) The accounting officer of the municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

CLAUSE 26

1. On page 21, in line 2, to omit “MEC for local government” and to substitute “MEC for finance”.
2. On page 21, from line 4, to omit “MEC for local government” and to substitute “MEC for finance”.

CLAUSE 27

1. On page 21, in line 26, to omit “MEC for local government” and to substitute “MEC for finance”.
2. On page 21, in line 29, to omit “MEC for local government” and to substitute “MEC for finance”.
3. On page 21, from line 31, to omit “MEC for local government” and to substitute “MEC for finance”.
4. On page 21, in line 40, to omit “MEC for local government” and to substitute “MEC for finance”.

CLAUSE 28

1. On page 21, in line 55, to omit “budget year” and to substitute “current year”.
2. On page 22, from line 5, to omit paragraph (e) and to substitute:
 - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
3. On page 22, in line 23, to omit “Sections 22(b) and 23(3)” and to substitute “Sections 22(b), 23(3) and 24(3)”.

CLAUSE 31

1. On page 23, in line 2, to omit “Auditor-General” and to substitute “relevant provincial treasury and the Auditor-General”.

CLAUSE 33

1. On page 24, in line 2, to omit the part of subsection (1) which precedes paragraph (a) and to substitute:

A municipality may enter into a contract which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, it may do so only if—

2. On page 24, in line 16, to omit item (aa) and to substitute:

(aa) the National Treasury and the relevant provincial treasury;
3. On page 24, from line 29, to omit “National Treasury” and to substitute

National Treasury, the relevant provincial treasury,

CLAUSE 37

1. On page 25, in line 54, to omit “Constitution” and to substitute “Constitution and the Intergovernmental Fiscal Relations Act.”.

CLAUSE 38

1. On page 26, in line 45, to omit “National Treasury” and to substitute “National Treasury and the relevant provincial treasury”.

CLAUSE 41

1. On page 27, from line 22, to omit the part of subsection (2) which precedes paragraph (a) and to substitute:

(2) Each organ of state providing such bulk resources to a municipality must within 15 days after the end of each month furnish the National Treasury with a written statement setting out, for each municipality or for each municipal entity providing municipal services on behalf of such municipalities—

CLAUSE 46

1. On page 29, in line 28, to omit “the provisions of this Act” and to substitute “any applicable provisions of this Act, including section 19”.
2. On page 29, in line 41, to omit “14 days” and to substitute “21 days”.
3. On page 29, from line 46, to omit subparagraph (ii) and to substitute:

(ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and
4. On page 29, in line 49, to omit “14 days” and to substitute “21 days”.

CLAUSE 53

1. On page 32, from line 43, to omit “MEC for local government” and to substitute “MEC for finance”.

CLAUSE 54

1. On page 33, in line 18, to omit paragraph (f) and to substitute:
 - (f) in the case of a section 72 report, submit the report to the council by 31 January of each year.

CLAUSE 65

1. On page 36, from line 42, to omit subparagraph (i) and to substitute:
 - (i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
2. On page 36, in line 48, to omit “invoice” and to substitute “invoice or statement”.

CLAUSE 71

1. On page 38, from line 36, to omit the part of subsection (1) which precedes paragraph (a) and to substitute:
 - (1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality’s budget, reflecting the following particulars for that month and for the financial year up to the end of that month:
2. On page 39, from line 1, to omit subsection (2) and to substitute:
 - (2) The statement must include—
 - (a) a projection of the relevant municipality’s revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
 - (b) the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).
3. On page 39, from line 5, to omit subsection (4) and to substitute:
 - (4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.
4. On page 39, after line 11, to insert:
 - (6) The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities’ budgets per municipality and per municipal entity.

(7) The provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

CLAUSE 72

1. On page 39, in line 13, to omit "before 31 January" and to substitute "by 25 January".
2. On page 39, after line 24, to insert:
 - (iv) assess the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

CLAUSE 73

1. On page 39, from line 36, to omit the part of Clause 73 which precedes paragraph (a) and to substitute:

73. The accounting officer must inform the provincial treasury in writing, of—

CLAUSE 74

Clause rejected.

NEW CLAUSE

1. That the following be a new Clause:

General reporting obligation

74. (1) The accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department of local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

(2) If the accounting officer of a municipality is unable to comply with any of the responsibilities in terms of this Act, he or she must promptly report the inability, together with reasons, to the mayor and the provincial treasury.

CLAUSE 79

1. On page 41, after line 17, to insert:
 - (2) The accounting officer may not delegate to any political structure or political office bearer of the municipality any of the powers or duties assigned to accounting officers in terms of this Act.

CLAUSE 84

1. On page 43, in line 20, to omit item *(aa)* and to substitute:
 - (aa)* the National Treasury and the relevant provincial treasury;
2. On page 43, in line 21, to omit item *(bb)* and to substitute:
 - (bb)* the national and provincial departments responsible for local government; and
3. On page 43, from line 27, to omit subparagraph *(iii)* and to substitute:
 - (iii)* any written views and recommendations on the matter received from the National Treasury, the relevant provincial treasury, the national department responsible for local government or the MEC for local government in the province.

CLAUSE 85

1. On page 43, in line 35, to omit “ into which all money deposited by the entity must be paid” .
2. On page 43, after line 35, to insert:
 - (2) All money received by a municipal entity must be paid into its bank account or accounts, and this must be done promptly and in accordance with any requirements that may be prescribed.
3. On page 43, after line 41, to insert:
 - (4) Money may be withdrawn from a municipal entity’s bank account only in accordance with requirements that may be prescribed.
 - (5) The accounting officer of a municipal entity —
 - (a)* must administer all the entity’s bank accounts;
 - (b)* is accountable to the board of directors of the entity for the entity’s bank accounts; and
 - (c)* must enforce any requirements that may be prescribed in terms of subsection (4).

CLAUSE 86

1. On page 43, from line 53, to omit “Auditor-General and the National Treasury” and to substitute “Auditor-General, the National Treasury and the relevant provincial treasury”.

CLAUSE 87

1. On page 44, in line 14, to omit “financial year” and to substitute:

financial year, taking into account any hearings or recommendations of the council of the parent municipality

2. On page 44, after line 32, to insert:
 - (6) The board of directors of a municipal entity may, with the approval of the mayor, revise the budget of the municipal entity, but only for the following reasons:
 - (a) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - (b) to authorise expenditure of any additional allocations to the municipal entity from its parent municipality;
 - (c) to authorise, within a prescribed framework, any unforeseeable and unavoidable expenditure approved by the mayor of the parent municipality;
 - (d) to authorise any other expenditure within a prescribed framework.

3. On page 44, in line 37, after “budget” to insert “or an adjustments budget”.

4. On page 44, after line 37, to insert:
 - (9) The mayor must table the budget and any adjustment budget of a municipal entity as approved by its board of directors, at the next council meeting of the municipality.

5. On page 44, in line 38, to omit “approved budget” and to substitute “approved budget or adjusted budget”.

6. On page 44, after line 39, to insert:
 - (11) The accounting officer of a municipal entity must by no later than seven working days after the end of each month submit to the accounting officer of the parent municipality a statement in the prescribed format on the state of the entity’s budget reflecting the following particulars for that month and for the financial year up to the end of that month:
 - (a) Actual revenue, per revenue source;
 - (b) actual borrowings;
 - (c) actual expenditure;
 - (d) actual capital expenditure;
 - (e) the amount of any allocations received;
 - (f) actual expenditure on those allocations, excluding expenditure on allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
 - (g) when necessary, an explanation of—
 - (i) any material variances from the entity’s projected revenue by source, and from the entity’s expenditure projections;
 - (ii) any material variances from the service delivery agreement and business plan; and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the entity’s approved budget.
 - (12) The statement must include a projection of revenue and expenditure for the rest of the financial year, and any revisions from initial projections.
 - (13) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the entity’s approved budget.
 - (14) The statement to the accounting officer of the municipality must be in the format of a signed document and in electronic format.

CLAUSE 88

1. On page 44, in line 41, to omit “before 31 January” and to substitute “by 20 January”.
2. On page 44, in line 41, to omit subparagraph (i) and to substitute:
 - (i) the monthly statements referred to in section 87 for the first half of the financial year and the targets set in the service delivery, business plan or other agreement with the entity’s parent municipality; and
3. On page 44, in line 52, to omit subparagraph (iii).
4. On page 44, in line 53, to omit subparagraph (iv)

CLAUSE 89

1. On page 45, in line 1, to omit “Staff matters” and to substitute “Remuneration packages”.
2. On page 45, from line 5, to omit paragraph (b) and to substitute:
 - (b) monitor and ensure that the municipal entity reports to the council on all expenditure incurred by that municipal entity on directors and staff remuneration matters, and in a manner that discloses such expenditure per type of expenditure, namely:
 - (i) Salaries and wages;
 - (ii) contributions for pensions and medical aid;
 - (iii) travel, motor car, accommodation, subsistence and other allowances;
 - (iv) housing benefits and allowances;
 - (v) overtime payments;
 - (vi) loans and advances; and
 - (vii) any other type of benefit or allowance related to directors and staff.

CLAUSE 90

1. On page 45, from line 8, to omit subsection (1) and to substitute:
 - (1) A municipal entity may not transfer ownership as a result of a sale or other transaction or otherwise dispose of a capital asset needed to provide the minimum level of basic municipal services.
2. On page 45, in line 26, to omit “municipality or”.
3. On page 45, from line 28, to omit subsection (6) and to substitute:
 - (6) This section does not apply to the transfer of a capital asset to a municipality or another municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury provided that such transfers are in accordance with a prescribed framework.

CLAUSE 95

1. On page 46, in line 9, to omit the heading and to substitute:

General financial management functions of accounting officers
2. On page 46, in line 10, to omit “An” and to substitute “The”.

CLAUSE 96

1. On page 46, in line 27, to omit the heading and to substitute:

Asset and liability management
2. On page 46, in line 33, to omit subsection (2) and to substitute:

(2) The accounting officer must, for the purposes of subsection (1), take all reasonable steps to ensure that the entity has and maintains—

 - (a) a management, accounting and information system that accounts for proper assets and liabilities of the management systems of the municipal entity; and
 - (b) a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

CLAUSE 97

1. On page 46, after line 45, to insert:
 - (d) that the municipal entity has effective revenue collection systems consistent with those of the parent municipality;
 - (e) that revenue due to the entity is calculated on a monthly basis;
 - (f) that accounts for service charges are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
 - (g) that all money received is promptly deposited in accordance with this Act into the municipal entity’s bank accounts;
 - (h) that the municipal entity has and maintains a management, accounting and information system which—
 - (i) recognises revenue when it is earned;
 - (ii) accounts for debtors; and
 - (iii) accounts for receipts of revenue;
 - (i) that the municipal entity has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed; and
 - (j) that all revenue received by the municipal entity, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

(3) The accounting officer must immediately inform the parent municipality of any payments due by an organ of state to the entity in respect of service charges, if such payments are regularly in arrears for periods of more than 30 days.

CLAUSE 99

1. On page 47, from line 6, to omit paragraphs (a) to (e) and to substitute:
 - (a) that the entity has and maintains an effective system of expenditure control including procedures for the approval, authorisation, withdrawal and payment of funds;

- (b) that all money owing by the entity is paid within 30 days of receiving the relevant invoice or statement unless prescribed otherwise for certain categories of expenditure;
- (c) that the entity has and maintains a management, accounting and information system which—
 - (i) recognises expenditure when it is incurred;
 - (ii) accounts for creditors of the entity; and
 - (iii) accounts for payments made by the entity;
- (d) that the entity has and maintains a system of internal control in respect of creditors and payments;
- (e) that payments by the entity are made—
 - (i) directly to the person to whom it is due unless agreed otherwise only for reasons as may be prescribed; and
 - (ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

2. On page 47, after line 15, to insert:

that the entity has and implements a supply chain management policy in accordance with section 111 in a way that is fair, equitable, transparent and cost-effective.

CLAUSE 101

1. On page 47, from line 26, to omit the part of Clause 101 which precedes paragraph (a) and to substitute:

(1) The accounting officer of a municipal entity must report, in writing, to the board of directors of the entity, at its next meeting, and to the accounting officer of the entity's parent municipality any financial problems of the entity, including—

2. On page 47, after line 36, to insert:

(2) The accounting officer of the municipality must table a report referred to in subsection (1) in the municipal council at its next meeting.

CLAUSE 104

1. On page 48, from line 12, to omit paragraph (b) and to substitute:

(b) must submit to the accounting officer of the entity's parent municipality, the National Treasury, the relevant provincial treasury, the department of local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

CLAUSE 107

1. On page 49, in line 8, after "officer" to insert:

, senior managers, any chief financial officer

CLAUSE 112

1. On page 50, in line 22, to omit paragraph *(e)* and to substitute:
 - (e)* open and transparent pre-qualification processes for tenders or other bids;
2. On page 50, from line 32, to omit paragraphs *(i)* and *(j)* and to substitute:
 - (i)* screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;
 - (j)* compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids;
3. On page 50, in line 39, to omit “supply chain management” and to substitute “tendering or other bidding”.

CLAUSE 113

1. On page 51, in line 14, to omit “it may only do so” and to substitute “it may do so only”.
2. On page 51, from line 17, to omit “normal bidding processes” and to substitute “normal tendering or other bidding processes”.

CLAUSE 116

1. On page 51, in line 37, to omit “contract” and to substitute “contract or agreement”.
2. On page 51, in line 40, to omit “contract” and to substitute “contract or agreement”.
3. On page 51, in line 42, to omit “contract” and to substitute “contract or agreement”.
4. On page 51, in line 44, to omit “contract” and to substitute “contract or agreement”.
5. On page 51, in line 45, to omit “contract” and to substitute “contract or agreement”.
6. On page 51, in line 48, to omit “contract” and to substitute “contract or agreement”.
7. On page 51, in line 52, to omit “contract” and to substitute “contract or agreement”.
8. On page 52, in line 3, to omit “contract” and to substitute “contract or agreement”.
9. On page 52, in line 5, to omit “contract” and to substitute “contract or agreement”.
10. On page 52, in line 7, to omit “contract” and to substitute “contract or agreement”.

11. On page 52, in line 13, to omit “contract” and to substitute “contract or agreement”.

CLAUSE 117

Clause rejected.

NEW CLAUSE

1. That the following be a new Clause:

Councillors barred from serving on municipal tender committees

117. No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

CLAUSE 118

1. On page 52, in line 25, to omit paragraph (b) and to substitute:
 - (e) amend or tamper with any tenders, quotations, contracts or bids after their submission.

CLAUSE 120

1. On page 52, in line 50, to omit “strategic”.

CLAUSE 121

1. On page 54, after line 6, to insert:
 - (e) an assessment by the municipality’s accounting officer of any arrears on municipal taxes and service charges.
2. On page 54, from line 7, to omit paragraph (e) and to substitute:
 - (f) an assessment by the municipality’s accounting officer of the municipality’s performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality’s approved budget for the relevant financial year;
3. On page 54, after line 22, to insert:
 - (c) an assessment by the entity’s accounting officer of any arrears on municipal taxes and service charges;

CLAUSE 122

1. On page 54, from line 41, to omit subsection (2) and to substitute:
 - (2) A municipality which has sole control of a municipal entity, or which has effective control within the meaning of the Municipal Systems Act of a municipal entity which is a private company, must

in addition to complying with subsection (1), prepare consolidated annual financial statements incorporating the annual financial statements of the municipality and of such entity. Such consolidated annual financial statements must comply with any requirements as may be prescribed.

CLAUSE 123

1. On page 55, from line 1, to omit paragraph (c) and to substitute:
 - (c) how any allocations referred to in paragraph (a) were spent, per vote, excluding allocations received by the municipality as its portion of the equitable share or where prescribed otherwise because of the nature of the allocation;

CLAUSE 124

1. On page 55, from line 32, to omit paragraph (c) and to substitute:
 - (c) the salaries, allowances and benefits of the municipal manager, the chief financial officer, every senior manager and such categories of other officials as may be prescribed.

CLAUSE 125

1. On page 55, from line 41, to omit paragraph (a) and to substitute:
 - (a) a list of all municipal entities under the sole or shared control of the municipality during the financial year and as at the last day of the financial year.
2. On page 56, after line 10, to insert:
 - (e) particulars of non-compliance with this Act; and

CLAUSE 127

1. On page 57, from line 1, to omit paragraph (a) and to substitute:
 - (a) of a municipality directly to the municipal council, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province and any prescribed organ of state, if the mayor fails to comply with subsection (2) or (3);
or
2. On page 57, from line 5, to omit paragraph (b) and to substitute:
 - (b) of a municipal entity directly to the parent municipality, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province or any prescribed organ of state, if the accounting officer of the entity fails to comply with subsection (1).
3. On page 57, from line 15, to omit paragraph (b) and to substitute:
 - (b) submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

CLAUSE 128

1. On page 57, from line 26, to omit paragraph (c) and to substitute:
 - (c) promptly report any non-compliance, together with the reasons for such non-compliance, to the council of the parent municipality, the relevant provincial treasury and the Auditor-General.

CLAUSE 129

1. On page 57, from line 43, to omit paragraph (b) and to substitute:
 - (b) submit copies of the minutes of those meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

CLAUSE 132

1. On page 58, in line 38, to omit “responsible”.

CLAUSE 133

1. On page 59, from line 5, to omit “MEC for local government” and to substitute “MEC for local government and the MEC for finance”.
2. On page 59, in line 18, to omit “MEC for local government in the province” and to substitute “provincial executive”.
3. On page 59, after line 21, to insert:
 - (f) the provincial treasury may take appropriate steps against the municipality in terms of section 5(4)(d).

CLAUSE 134

Clause rejected.

NEW CLAUSE

1. That the following be a new Clause:

Annual report to Parliament

134. The Cabinet member responsible for local government must, as part of the report referred to in section 48 of the Municipal Systems Act, annually report to Parliament on actions taken by MECs for local government to address issues raised by the Auditor-General in audit reports on financial statements of municipalities and municipal entities.

CLAUSE 135

1. On page 59, in line 44, to omit paragraph *(b)* and to substitute:
 - (b)* notify the MEC for local government and the MEC for finance in the province; and

CLAUSE 139

1. On page 61, in line 30, to omit “local government” and to substitute “finance”.
2. On page 61, in line 35, to omit “determined by the MEC” and to substitute “determined by the MEC for finance”.
3. On page 61, in line 39, to omit “local government” and to substitute “finance”.

CLAUSE 141

1. On page 62, in line 32, to omit subparagraph (iii) and to substitute:
 - (iii) the MEC for finance and the MEC for local government in the province; and
2. On page 62, in line 43, to omit item *(bb)* and to substitute:
 - (bb)* the MEC for finance and the MEC for local government in the province;
3. On page 62, in line 58, to omit “local government” and to substitute “finance”.

CLAUSE 143

1. On page 63, in line 51, to omit “local government” and to substitute “finance”.
2. On page 63, in line 56, to omit “The MEC must” and to substitute “The responsible MEC must”.
3. On page 64, in line 6, after “government” to insert “or the MEC for finance”.

CLAUSE 145

1. On page 64, from line 26, to omit “an MEC for local government” and to substitute “a provincial executive”.

CLAUSE 146

1. On page 64, from line 34, to omit “MEC for local government” and to substitute “MEC for finance”.
2. On page 65, from line 1, to omit “an MEC for local government” and to substitute “a provincial executive”.

CLAUSE 147

1. On page 65, in line 5, to omit “The MEC for local government in a province” and to substitute:

The MEC for local government or the MEC for finance in a province

2. On page 65, in line 12, to omit the part of paragraph (b) which precedes subparagraph (i) and to substitute:

(b) submit progress reports and a final report on the intervention to—

3. On page 65, in line 18, to omit “The MEC” and to substitute “The MEC for local government or the MEC for finance”.

CLAUSE 148

1. On page 65, in line 34, to omit “The MEC for local government” and to substitute “The MEC for local government or the MEC for finance”.

CLAUSE 150

1. On page 66, in line 7, to omit “local government” and to substitute “finance”.
2. On page 66, in line 11, to omit “local government” and to substitute “finance”.

CLAUSE 152

1. On page 66, in line 32, to omit paragraph (a) and to substitute:
 - (a) the MEC for local government and the MEC for finance in the province;

CLAUSE 153

1. On page 67, in line 9, to omit paragraph (b).
2. On page 67, in line 10, to omit paragraph (c) and to substitute:
 - (c) the MEC for finance and the MEC for local government in the province;

CLAUSE 155

1. On page 67, from line 35, to omit “MEC for local government” and to substitute “MEC for finance”.

CLAUSE 158

1. On page 68, in line 19, to omit “ an MEC for local government” and to substitute “ the MEC for finance in a province”.

2. On page 68, from line 23, to omit paragraph *(c)* and to substitute:
 - (c)* may on request by the MEC for finance in the province, monitor the implementation of any financial recovery plans that it has prepared, and may recommend such amendments and revisions as are appropriate;

CLAUSE 167

1. On page 71, in line 38, to omit “122 (1)(a)” and to substitute “124 (1)(a)”.