



**GAUTENG PROVINCE**

PROVINCIAL TREASURY  
REPUBLIC OF SOUTH AFRICA

## **MEDIA STATEMENT**

**FOR IMMEDIATE RELEASE**

**TO ALL MEDIA HOUSES**

**08 MAY 2018**

**Gauteng Treasury to investigate investments made with VBS Mutual Bank by the West Rand District Municipality and Merafong Local Municipality**

The Gauteng Provincial Treasury will implement a forensic investigation into the circumstances surrounding investments made by the West Rand District Municipality and the Merafong Local Municipality with VBS Mutual Bank.

The aim is to determine whether these investments breached the Municipal Finance Management Act and whether any official should be charged with misconduct as a result of these investments.

This decision follows confirmation from the Municipalities involved that they do not have the capacity to comply with an instruction from National Treasury made at a meeting on 22 March this year, to investigate and report on the circumstances surrounding their investments.

The terms of reference of the investigation include the amounts invested in the bank since 2014, how such decisions were reached, which officials signed off on the decisions, whether any official received any commission or other incentive for facilitating the investment, what reports if any were submitted to other levels of government detailing these investments, and what remedial action was taken after National Treasury informed municipalities in August last year that Mutual Banks did not meet investment requirements.

Currently the West Rand District Municipality has R81 million invested with VBS Mutual Bank and the Merafong Local Municipality has R50 million invested with the bank.

VBS Mutual Bank was placed under curatorship by the Minister of Finance on 11 March this year. As a result, these municipalities cannot access invested funds for their intended purpose.

Section 7(3) of the Municipal Finance Management Act allows municipalities to open accounts with commercial banks. Treasury regulations promulgated in 2005 set out the statutory perimeters and vehicles which can be used for investments by municipalities.

These regulations do not specifically forbid investments in Mutual Banks, however National Treasury did indicate to municipalities in August last year that Mutual Banks do not meet investment requirements.

Ends

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