



MEDIA STATEMENT

TO: ALL MEDIA
ATT: JOURNALISTS/ PRODUCERS
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PROVINCIAL TREASURY, COGTA MECs ENGAGE MUNICIPALITIES ON UNFUNDED BUDGETS

MEC for Finance, Economic Development and Tourism, Mr. Vusi Mkhathshwa and MEC for Cooperative Governance and Traditional Affairs, Mr. Mandla Ndlovu, met with local municipalities in a bid to ensure that Councils adopt credible budgets for the 2022/23 financial year.

The meetings were attended by Executive Mayors, Municipal Managers, and Chief Financial Officers of ten municipalities whose tabled budgets fell short of the funding compliance criteria set out in section 18 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Budget engagement follows technical meetings between Provincial Treasury officials and management of all municipalities in the Province in the last two weeks, wherein the tabled budgets were interrogated, and recommendations to improve the budgets were agreed upon.

MEC Vusi Mkhathshwa cautioned that unfunded budgets pose a significant risk to the organizational architecture and operations of municipalities.

“Municipalities that adopt unfunded budgets go against Section 18 of the MFMA – in short, it is a pure transgression of the law,” said MEC Mkhathshwa.

He warned that the consequences of non-adherence to the law would be dire to the institution and the community that expects quality and uninterrupted service delivery.

Some of the major contributors to unfunded budgets include high water and electricity distribution losses, low collection rates, tariff structures that are not cost-effective, excessive overtime, and lack of active repayment plans for major creditors.

MEC Mandla Ndlovu’s message was emphatic - the Provincial Government will not accept any unfunded budget in the Province.

“We expect all municipalities to cut frills and reduce expenditure plans in line with the revenue collection to help municipalities gravitate towards a healthier financial position”, said MEC Ndlovu.

The meeting welcomed improvements in some of the budget presentations, and municipalities that did not adequately address the issues highlighted in the preliminary Provincial Treasury assessment report were given until Saturday to resubmit improved budgets for consideration.

The affected Local Municipalities are Emalahleni, Lekwa, Dr Pixley Isaka Seme, Thaba Chweu, Mkhondo, Dipaleseng, Govan Mbeki, Msukaligwa, Chief Albert Luthuli, and Victor Khanye.

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