

MEDIA STATEMENT

MEC Mkhathswa assesses financial performance in Municipalities

09 February 2022

The MEC for Finance, Economic Development and Tourism, Mr Vusi Mkhathswa, undertook his first in a series of engagements with Local Municipalities on financial administration and governance today, Wednesday, 9 February 2022.

MEC Mkhathswa was accompanied by senior Provincial Treasury officials during his visit to Thaba Chweu Local Municipality (TCLM).

The meeting with the TCLM Executive leadership and management **assessed** the implementation of the financial recovery plan and state of readiness for the tabling of adjustments budget, amongst others.

All municipalities are expected to table credible budgets to their respective Councils before the end of February 2022.

During the meeting, MEC Mkhathswa urged the Municipalities to prioritize services and be accountable to their citizens.

"We expect all municipalities to put in place workable funding plans, ensure that all budget processes adhere to legislative prescripts and that Provincial Treasury's recommendations are sufficiently considered to improve the credibility of municipal budgets," said MEC.

The Mid-year Budget and Performance review sessions are convened to assess mid-year performance outcomes and guide municipalities in the areas where adjustments must be effected before budgets are tabled to the Councils.

The engagement also focused on the implementation of the intervention strategies since Thaba Chweu Municipality is one of the five municipalities that were placed under the mandatory Financial Recovery Plan in 2019.

MEC urged all support structures to work with urgency to translate decisions and commitments made during the engagement into pragmatic programmes to grow the local economy and build institutions, including at the local government, that are capable, developmental, ethical and accountable to the people.

The Financial Recovery Plan of the Municipality focused on the following key areas, which require regular monitoring and reporting to the Council and the Provincial Treasury:

- Service delivery and infrastructure improvement
- Financial sustainability, administration, and control
- Improving cash flow management, and
- Restructuring budget to provide for servicing of creditors, maintenance of critical service infrastructure, etc.

MEC said the Financial Recovery Plan is currently one of the best available vehicles to improve financial position of targeted municipalities.

“I am convinced that we have established a sufficient base from where we can take the financial governance on an upward trajectory, as exemplified by the improvements in the recent audit outcomes of this Municipality,” said MEC Mkhathshwa.

MEC is also scheduled to visit Msukaligwa Local Municipality on Thursday, 10 February 2022 to conduct similar engagements.

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