

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 694 [CW793E]
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694. Mr I M Sileku (Western Cape: DA) to ask the Minister of Finance:

Whether any municipalities are financially unstable; if not, what is the position in this regard; if so, (a) how many and (b) what are the further relevant details?

CW793E

REPLY

Yes, according to the 2021/22, Quarter 4 results (as at 30 June 2022) published by National Treasury, available on www.treasury.gov.za, which includes the criteria for determining serious financial problems in municipalities as per the Section 138 of the Municipal Finance Management Act (MFMA):

- (a) There are 176 municipalities that have been identified as being financially unstable i.e. unable to meet their financial obligations and 36 municipalities that are reported to have negative cash balances for two consecutive financial years confirming their inability to meet their financial obligations;
- (b) There are 176 municipalities that have failed to make payments as and when due (s138(a) of the MFMA), are owing creditors for over 90 days and the debt is greater than R1 million. In addition, there are 36 municipalities that had negative cash balances for two consecutive years which is a material condition that makes it likely for them not to be able to meet their obligations due to financial reasons (s138(h) of the MFMA).

*****NB: In response to the question, "financially unstable" is deemed to be those municipalities that are unable to meet their financial obligation i.e. payments to creditors*****