

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 867 [CW1033E]
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867. Ms H S Boshoff (Mpumalanga: DA) to ask the Minister of Finance:

- (1) With reference to his reply to Question 515 on 26 September 2022, what support has the National Treasury provided to the municipalities of (a) Msukaligwa, (b) Mkhondo, (c) Lekwa, (d) Govan Mbeki, (e) Victor Kanye, (f) Emalahleni, (g) Steve Tshwete and (h) Thaba Chweu which have passed unfunded budgets for the past five consecutive years;
- (2) whether any of such municipalities have had any cases that were lodged against them as a result of passing unfunded budgets; if not, what is the position in this regard; if so, what are the relevant details;
- (3) whether he has indicated such transgressions to the Provincial Executives; if not, why not; if so;
- (4) whether such provinces have put in place any appropriate measures to ensure the fulfilment of section 139(4) and (5) of the Constitution; if not, why not; if so, what measures;
- (5) whether the said municipalities that failed to fund budgets as a result of various reasons have tabled their budget funding plans with clear targets of when they anticipate being in a funded position before the councils; if not, what are the next steps the National Treasury will embark upon to ensure that not only such municipalities adhere to the necessary acts that govern them, but the Mpumalanga Provincial Treasury for its failure of obligations in this regard; if so, what are the relevant details in each case?

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REPLY

- (1) These are delegated municipalities to the Mpumalanga Provincial Treasury. National Treasury (and Provincial Treasuries) has institutionalized the Municipal Budget and Benchmark engagement and the Mid-year Budget and Performance assessment during which the budget of a municipality is analysed and assessed. The municipalities are provided with formal communication on the assessment of their budget which is tabled in council for noting and possible correction. Apart from these processes Mpumalanga Provincial Treasury has since met with each of these municipalities to discuss the unfunded position and they emphasized the need for the development of a funding plan to support the unfunded position. The plan is intended to show gradual improvement towards a funded position and as such, the Mpumalanga Provincial Treasury reviews each plan for its credibility and provides comments to the municipality for consideration. Failure for these municipalities to provide such a plan will result in National Treasury invoking punitive measures to rectify the situation. This is done in

order to instill discipline among municipalities and for them to avoid adopting unfunded budgets going forward. Furthermore, National Treasury issues letters of non-compliance in terms of section 18 of the MFMA to municipalities that adopt unfunded budgets.

- (2) No cases were lodged against these municipalities to our knowledge.
- (3) Through various Budget Council Lekgotlas where MECs for Finance are present, the issue of the unfunded budgets was raised and endorsed by the MECs as it is not legal to pass on unfunded budgets and provinces will take harsher actions in future including invoking measures within the legislative framework to correct the situation.
- (4) Five of the municipalities in Mpumalanga are under mandatory intervention (section 139(5)(a) of the Constitution) from November 2019, these are Govan Mbeki LM, Emalahleni LM, Msukaligwa LM, Thaba Chweu LM and Lekwa LM where their intervention was escalated to Section 139(7) of the Constitution, which is a national intervention.
- (5) From the assessments undertaken on the funding plans by the Provincial Treasury, it is clear that the funding plans have clear targets. The next steps will be for Mpumalanga Provincial Treasury to monitor the performance against the funding plan to determine improvement or not and to institute corrective measures should the need arise.