

**NATIONAL COUNCIL OF PROVINCES**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 735 [CW952E]**  
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**735. Ms H S Boshoff (Mpumalanga: DA) to ask the Minister of Finance:**

- (1) With reference to the reply of the Minister of Cooperative Governance and Traditional Affairs to Question 651 on 28 September 2023, (a) how many of the 17 municipalities in Mpumalanga have written-off monies as a result of fruitless and wasteful expenditure in the (i) 2019/20, (ii) 2020/21 and (iii) 2021/22 financial years, (b) what amount was written-off in each municipality, (c) what were the reasons for such expenditures and (d) what steps have been instituted by the transgressing municipalities to ensure that such expenditures will not reoccur in the future;
- (2) whether the Member of the Executive Council for Cooperative Governance and Traditional Affairs has instituted any investigations into such write-offs; if not, why not; if so, (a) what were the outcomes and (b) what are the further relevant details?

CW952E

**REPLY**

- (1) (a) and (b) According to the information provided, question 651 refers to the payment of creditors within 30 days, which differs from the question, above. In response to the above question, the tables below provide details of the fruitless and wasteful expenditure written-off as reflected in the Annual Financial Statements of municipalities in Mpumalanga.

*2019/20 FY – Fruitless and Wasteful Expenditure written off:*

<b>Name of Municipality</b>	<b>Fruitless and Wasteful Expenditure written off 2019/20 FY</b>
1. Bushbuckridge Local	R65,360,820
2. City of Mbombela Local	R130,109,353
3. Dr Pixley Ka Isaka Seme Local	R1,227
4. Ehlanzeni District	R29,296
5. Emakhazeni Local	R3,520,454
6. Emalahleni Local	R403,377,979
7. Msukaligwa Local	R110,477,949
8. Thaba Chweu Local	R104,823,756
9. Victor Khanye Local	R8,976,780

*2020/21 FY – Fruitless and Wasteful Expenditure written off:*

<b>Name of Municipality</b>	<b>Fruitless and Wasteful Expenditure written off 2020/21 FY</b>
1. Bushbuckridge Local	R10,700
2. Chief Albert Luthuli Local	R24,544,830
3. Ehlanzeni District	R29,164
4. Emakhazeni Local	R2,361,451
5. Emalahleni Local	R323,922,406
6. Govan Mbeki Local	R548,080,766
7. Nkangala District	R34,500
8. Thaba Chweu Local	R47,103,888
9. Thembisile Hani Local	R820,989

*2021/22 FY – Fruitless and Wasteful Expenditure written off*

<b>Name of Municipality</b>	<b>Fruitless and Wasteful Expenditure written off 2021/22 FY</b>
1. Bushbuckridge Local	R976,779
2. Chief Albert Luthuli Local	R122,284
3. Ehlanzeni District	R13
4. Emakhazeni Local	R1,752,282
5. Nkomazi Local	R639,204
6. Steve Tshwete Local	R39,773
7. Thembisile Hani Local	R6,900,293

- (c) The underlying reasons for the fruitless and wasteful expenditure was the accrual of interest and penalties on outstanding water and electricity bulk purchase accounts. Financial constraints have contributed to the inability of municipalities to meet their financial obligations on time.
- (d) The following 10 municipalities with outstanding Eskom debt have applied for the Municipal Debt Relief communicated through MFM Circular 124:
- City of Mbombela Municipality
  - Mkhondo Municipality
  - Govan Mbeki Municipality
  - Msukaligwa Municipality
  - Victor Khanye Municipality
  - Emakhazeni Municipality
  - Emalahleni Municipality
  - Thaba Chweu Municipality

- Lekwa Municipality
- Dipaliseng Municipality

These municipalities are currently adhering to the conditions of the debt relief, which has been designed to assist them to honour the Eskom current accounts. This measure will limit the risk of incurring fruitless and wasteful expenditure. The City of Mbombela Municipality is implementing a financial recovery plan, which includes measures to enhance revenue collections. The municipality is also implementing a creditors reduction plan aimed at minimising the number of outstanding creditors.

- (2) The honourable member to note that in terms of Section 32 (2) (b) of the Municipal Finance Management Act, No. 56 of 2003, a municipality must recover fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure was certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council. The municipality would have followed such processes, which is also subjected to audit by the Auditor-General. We are unaware whether the Member of the Executive Council for Cooperative Governance and Traditional Affairs (MEC) has instituted any investigations into such write-offs. Such questions should therefore be directed to the relevant MEC in the Province.