

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 980 [CW1188E]
DATE OF PUBLICATION: 04 OCTOBER 2024

980. Ms C Labuschagne (DA) to ask the Minister of Finance:

- (1) What (a) total number of municipal councils approved unfunded budgets in each province in the (i) 2021-22, (ii) 2022-23 and (iii) 2023-24 financial years and (b) measures have been taken by the National Treasury to assist municipalities to prevent unfunded mandates.
- (2) whether measures have been put in place by the National Treasury to assist municipalities to prevent unfunded mandates; if not, what is the position in this regard; if so,
- (3) whether there are consequences for municipalities that do not comply with the measures; if not, what is the position in this regard; if so, what are the relevant details? CW1188E

REPLY:

- (1)(a) The Table below shows the total number of Municipal Councils in each province that adopted unfunded budgets:

Province	2021/22	2022/23	2023/24
	Adopt budget	Adopt budget	Adopt budget
EC	10	6	8
FS	19	17	15
GP	7	8	8
KZN	17	8	8
LIM	8	8	10
MP	10	8	8
NC	19	20	19
NW	16	15	15
WC	6	5	5
Total	112	95	96

- (1)(b) It is noted that the functions are underfunded and not unfunded. During the Budget and Benchmark engagements; and Mid-year Budget and Performance assessments, National Treasury cautions municipalities not to take additional underfunded/ unfunded mandates. The advice to municipalities is that they must engage with the Provincial Government to enter into Service Level Agreements that will not compromise the municipalities' financial position. Failure to reach an amicable agreement, municipalities must take those functions back to the respective departments.

- 2 No, it is up to the Municipal Council to decide on whether to absorb unfunded mandates into their budgets. However, National Treasury is in a process of undertaking an assessment of the extent of the underfunded mandates and the main contributors to the variances between the subsidies from the Provincial Government and the costs incurred by municipalities.
- 3 No, there are no consequences. As indicated, the decision to absorb unfunded mandates lies with the Council. However, it is observed that withdrawing the services will have a dire impact on communities. Therefore, it is advisable that the Provincial Government and municipalities reach an amicable agreement on how the services will be delivered to eliminate the negative impact on communities.