



## provincial treasury

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### OFFICE OF THE MEC

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**For immediate release.**

#### **Treasury response to JB Marks budget matters**

North West Provincial Treasury engaged JB Marks Local Municipality on 29 April 2020, the purpose of the engagement was to assess the impact that the COVID-19 pandemic has had on the budget of the Municipality as well how JB Marks Local Municipality had re-allocated the budget in order to adequately respond to the pandemic.

JB Marks Local Municipality provided the Provincial Treasury with a response on the above matters. The response addressed amongst others, the budget that the Municipality had re-allocated towards addressing the urgent needs of COVID-19 procurement, as well as the actual procurement processes that the Municipality had already concluded.

According to the Municipality, an amount of R5.7 million was re-allocated towards addressing urgent COVID-19 procurement needs, while an amount of R47 million was already spent through purchase orders issued to suppliers for procurement of COVID-19 related goods and materials.

Provincial Treasury submitted that the above expenditure of R47 million exceeds the R5.7 million budget re-allocation with the implication that the budget would have been overspent by R41.3 million. The response from the Municipality was that a special adjustment budget will be passed to address the identified overspending.

## **JB MARKS BUDGET RELATED MATTERS**

JB Marks Local Municipality had failed to approve the 2020-2021 Medium Term Revenue and Expenditure Framework (MTREF) budget on 30 June 2020, as required by Section 16(1) of the Municipal Finance Management Act (MFMA). Failure to approve an annual budget before beginning of the financial year constitutes a serious and material breach of the MFMA and as a result the North West Provincial Treasury requested the National Treasury to invoke the provisions of Section 5(2)(e) of the MFMA read together with Section 216(2) of the Constitution and withhold the Equitable Shares and other grants until the contravention has been remedied.

JB Marks Local Municipality attempted to remedy the above non-compliance by convening a Council Meeting on Friday, 03 July 2020, in order to adopt the 2020-2021 Medium Term Revenue and Expenditure Framework (MTREF) budget. Provincial Treasury has however noted and communicated to the Municipality that the budget resolutions of the Municipality are not consistent with Regulation 4 of the Municipal Budget and Reporting Regulations.

Provincial Treasury has therefore deemed the “provisional” adoption of the budget as non-compliant with Municipal Budgeting and Reporting Regulations. We have further written a letter to the municipality to make a final council resolution in 14 days, on condition that there are no further transactions made until then. PT continues to offer the required support to the municipality in dealing with the identified areas of concern.

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**Issued by North West Provincial Treasury**

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