



provincial treasury

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OFFICE OF THE MEC

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For Immediate Release

Provincial Treasury engages municipalities on Mid Term Revenue and Expenditure

Mahikeng: The MEC for Finance, Motlalepula Rosho, Head of Department Mr Ndlela Kunene and the Municipal Support Unit are currently engaging provincial municipalities through a series of virtual meetings regarding Mid Term Revenue and Expenditure Framework (MTREF).

The purpose of the ongoing meetings is to perform the monitoring and oversight function on the proposed 2020/21 MTREF budgets of the delegated municipalities required in terms of section 23 of the MFMA as well as assess progress made to address Municipal Manager on the impact of COVID 19 an lockdown on anticipated own revenue and operational and capital expenditure and its effect on the adopted budget.

MEC Rosho stated that part of the engagements was furthermore to assess alignment between planning, budgeting and reporting and to establish how municipalities are aligning their budget processes with the 2020/21 State of the Nation Address (SONA), Budget Speech and State of the Province (SOPA).

The application of the budget assessment tool provides useful information on any shortcomings of the 2020/21 MTREF. The budget assessment tests the sustainability and

credibility of the budget and whether it is funded. The findings are intended to guide the municipality with where the budget requires improvement.

“The engagements further evaluated how municipalities are using the budget as an enabler for improved service delivery performance and achievement of longer term financial sustainability,” said Rosho.

Municipalities were afforded an opportunity to make presentation on the overview and impact of COVID 19 and to articulate the overarching service delivery and financial sustainability challenges associated with governance, political priorities, institutional arrangements and environmental influences.

During the discussions, municipalities were required to also demonstrate strategic alignment across all three spheres of government.

On operational expenditure, municipalities were required to demonstrate initiatives to ensure settlement of creditors in accordance with MFMA, results of the cost containment measures and plans to reduce the use of consultants over the MTREF and cash flow.

Discussions also zoomed into financial impact of providing free basic services where the municipality has opted for a social package that exceeds the minimum free basic series support as well as progress to collect debt older than ninety (90) days.

At the end of the meeting municipalities were assessed as to whether they meet the objectives of a sound and stable municipalities in terms of a number of criteria relating to governance, institutional capability, financial viability and service delivery performance

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