

SPEAKING NOTES FOR MEC ROSHO IN A MEETING WITH MUNICIPALITIES WHO HAVE THEIR EQUITABLE SHARE TRANSFER DELAYED

- Executive Mayors, Mayors, MMCs and Chairpersons of Committees
- North West Provincial Treasury team
- The delegation from the National Treasury as well as a delegation from the COGTA
- Municipal Managers, CFOs and everyone in attendance, a very good morning

We are meeting here today at the time when our municipalities continue to transgress many of the legislative provisions that govern municipalities and this does not communicate well about our Province.

I believe that the proof is well before our eyes to notice the deliberate non-compliance including municipalities compromising the service to our people. The outcry of our communities is very loud for all to hear, critical services are not being delivered to our people and this can be attributed to the appalling state of Municipal finances led by the Council and well paid municipal officials.

This situation can no longer be tolerated and Provincial Treasury will do everything in our powers to ensure that we root out corrupt elements from our municipalities.

The state of financial management in our municipalities including deliberate non-compliance to the legislation is a result of the questionable administration (municipal staff) that we have entrusted with the responsibilities of running our Municipalities, this coupled with the inadequate level of oversight function conducted by the Political leadership.

To put perspective to the reasons that necessitated this gathering. The Provincial Treasury has identified the following critical and yet simple budget preparation compliance measures are not being adhered to by our Municipalities.

The following are, amongst others, some of the gross budget preparation non-compliance matters identified;

- Non-consultation of communities and other stakeholders during the budgeting processes;
- Non-attendance to scheduled budget engagement sessions;
- Non-establishment of Budget Steering Committees;

- Adoption of Annual Budget documents which are not consistent with Schedule A of Municipal Budget Reporting Regulations (MBRR);
- Submission of Budget Data Strings which are not aligned to the Schedule A budget which was approved by Council
- Adoption of “Unfunded” budgets
- Failure to prepare and adopt Financial Plans for “Unfunded” budgets
- Failure to address non-compliance matters communicated by Provincial Treasury

The Provincial Treasury has been proactive in promptly communicating these non-compliance matters to Municipalities through one-on-one engagements, phone calls, e-mails as well as formal letters.

It is however regrettable that Municipalities have dedicated little or no effort at all in resolving the communicated non-compliance matters, hence we find ourselves in this position where the transfer of the Equitable Share has been delayed.

Municipal Administrations are acting with such appalling arrogance and non-compliance is committed with impunity. I need to categorically state that this arrogance and gross non-compliance **WILL NOT BE TOLERATED!!!!**

As I have pointed earlier, these non-compliance matters are simply issues that could have been avoided had there been leadership in the Administration. But the lack of Administrative leadership has led us to this point.

The delayed transfer of the Equitable Share should in no way be viewed as a measure aimed at punishing and destabilizing Municipalities, this is a measure aimed at ensuring that Municipalities start doing the correct things and comply with the applicable laws and regulations.

Lack of and/or poor planning have amongst others the following adverse outcomes to our communities;

- Inconsistent or complete non-provision of water to communities;
- Inconsistent or complete non-provision of electricity to communities;
- The inconsistent or complete non-provision of water leading to non-provision of sanitation services;
- Inconsistent or a complete non-collection of refuse;
- Poor revenue generation and collection measures;
- Non-payment of key financial commitments such as non-payment of;

- ✓ Salaries,
 - ✓ Social contributions (Pension, Medical aids, SARS, etc)
 - ✓ Eskom
 - ✓ Water Boards
 - ✓ AGSA
 - ✓ Small Medium and Micro Enterprises (SMMEs)
- Utilization of Conditional Grants to fund Operational Expenses.

These service delivery challenges are real and undermine the sacrifices made by our people in attaining these hard fought Basic Rights and Services. And we cannot just stand and watch while lazy people erode our hard fought achievements.

It is therefore important that strict consequence measures be implemented and those who fail to perform their duties **MUST** face serious consequences of their inactions. If the Council is not going to act against these malpractices, government has no option but to activate the legislation that will allow us to run municipalities on your behalf.

The era of people just doing as their please with our municipal resources has passed and the delinquents must know that they will be harshly deal with.

I will, towards the conclusion of this engagement, be communicating measures that need to be implemented to address this impasse and eventual transfer of Equitable Shares. It is expected without fail that the municipality (administration and Council) must implement necessary measure to ensure that all key measures are addressed within the allocated deadlines. Failure which the Political leadership **MUST ACT**.