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STATEMENT ON MUNICIPALITIES FAILING TO PAY PENSION FUND CONTRIBUTIONS

KwaZulu-Natal Finance MEC, Mr. Francois Rodgers, wishes to issue a strong warning against municipalities who are failing to pay over pension fund contributions for and on behalf of employees to the relevant pension funds.

According to MEC Rodgers, such practice is criminal and demonstrates a total disregard of workers' rights.

MEC Rodgers has been recently alerted of the Okhahlamba Local Municipality whose outstanding contributions to a pension fund allegedly exceeded R11,4 million as at December 2024.

"Failure to pay over pension fund contributions is inconsistent with our vision of building a capable, ethical, and developmental state which cares deeply about workers' rights. In fact, this practice can be characterised as fiscal delinquency of monumental proportions," said MEC Rodgers.

MEC Rodgers wishes to remind local government leaders that the Municipal Finance Management Act (MFMA) is clear on the fiduciary duties of accounting officers within municipalities.

Section 65(2)(f) of the MFMA requires the accounting officer to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments. Section 171(1)(b) of the MFMA states that the accounting officer of a municipality commits an act of financial misconduct if he or she deliberately or negligently fails to comply with a duty imposed by a provision of the Act on the accounting officer of a municipality.

Additionally, section 173 of the MFMA provides that the accounting officer is guilty of an offence if that accounting officer, amongst others, deliberately or in a grossly negligent way contravenes or fails to comply with section 65(2)(f) of the MFMA.

Against this backdrop, Mr. Rodgers encourages the municipality to launch consequence management proceedings against implicated accounting officers for failing to pay over pension fund contributions to the relevant pension funds.

Mr. Rodgers will be monitoring the response of the municipality to his call and will not hesitate to intervene where necessary by ensuring the implementation of consequence management and accountability.

Ends.

Issued by KZN Treasury. For clarity, contact Spokesperson and Media Liaison Officer, Nkosikhona Duma on 071 383 0388.