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Friday, 08 August 2025

KZN FINANCE MEC STATEMENT ON THE STATE OF MUNICIPALITIES IN THE PROVINCE

KwaZulu-Natal (KZN) Finance MEC, Mr. Francois Rodgers, is strongly considering recommending to national Finance Minister, Mr. Enoch Godongwana, that section 216(2) of the Constitution should be invoked against some municipalities in the province for persistent failure to comply with financial management prescripts. This follows a letter that the Minister recently penned to the MEC on the state of municipalities in KZN.

This process may result in the stoppage of financial transfers to identified municipalities pending the resolution of financial mismanagement matters.

This is against the backdrop of the recently finalised fourth quarter review of the *2024/2025 Consolidated Municipal Budgets Performance Report*.

MEC Rodgers said:

“Municipalities are the closest sphere of government to citizens. They are key to service delivery. Failure to comply with financial management prescripts does not bode well for the agenda of developing an ethical and capable state”.

In the third quarter, debt owed to municipalities in KZN stood at R64.3 billion. This increased to R67,1 bn in the fourth quarter, a R 2.8 billion increase which is unsustainable.

“It is alarming that R 56.6 billion rand in the total figure owed to municipalities is debt exceeding 90 days,” highlighted MEC Rodgers.

Over the same period, money owed by municipalities increased from R7.4 billion to R9,3 bn – an increase of 25.5%, which is worrisome.

MEC Rodgers also noted with concern that R6 billion or 64.3 percent of the debt owed by municipalities was outstanding for longer than 30 days, in contravention of Section 65(2)(e) of the Municipal Finance Management Act (MFMA).

Furthermore, the number of municipalities with one or more serious financial management challenges increased from 17 in quarter three to 20 in quarter four as listed below:



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

No.	Name of Municipality	Intervention /Support	No.	Name of Municipality	Intervention /Support
1	Ugu DM	N/A	11	Dannahuser	N/A
2	Mpofana	N/A	12	Amajuba DM	N/A
3	iMpendle	N/A	13	AbaQulusi	N/A
4	Msunduzi	Section 154	14	Nongoma	Section 154
5	uThukela DM	Section 139(1)(b)	15	Ulundi	N/A
6	Okhahlamba	N/A	16	Zululand DM	N/A
7	eNdumeni	N/A	17	Jozini	N/A
8	uMzinyathi DM	Section 139(1)(b)	18	Inkosi uMtubatuba	Section 154
9	Newcastle	N/A	19	uMkhanyakude DM	Section 139(1)(b)
10	eMadlangeni	N/A	20	Mthonjaneni	N/A

Source: KZN Treasury, 2025.

Serious financial problems in terms of Sections 138 and 140 of the MFMA include failure to comply with Supply Chain Management (SCM), debt collection and credit management prescripts.

KZN Treasury provides technical guidance and support to municipalities in the implementation of their SCM policies as well as standard operating procedures. We also induct and train critical units like disciplinary boards.

Unfortunately, in one municipality, it was difficult to secure cooperation from officials and we have had to reallocate resources elsewhere.

Consequence Management and Accountability (CMA) is intended to support corrective action in respect of transgressions of the laws or rules applicable to municipalities and municipal entities.

Municipal Councils must display strong leadership in implementing CMA. We urge municipalities to demonstrate a keenness to deal with errant officials as part of efforts to improve service delivery.

In a recent letter to MEC Rodgers, Minister Godongwana indicated his willingness to invoke section 216 (2) of the Constitution and stop all financial transfers to municipalities who have failed to implement unauthorised, irregular, fruitless and wasteful expenditure prevention and reduction strategies by 31 August 2025.

The minister noted that persistent non-compliance with the MFMA prescripts cannot continue unabated.

MEC Rodgers agrees with this view, especially in light of the assistance that remains on offer by National and Provincial Treasury.

ENDS.

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