

**REMARKS BY MEC OF FINANCE HON NOMUSA DUBE-NCUBE AT A MEETING
WITH UMKHANYAKUDE DISTRICT MUNICIPALITY ON THE NON-COMPLIANCE
WITH SECTION 24 (1) OF THE MFMA**

UMKHANYAKUDE DISTRICT MUNICIPAL COUNCIL CHAMBER, MKHUZE

10 JUNE 2022

MEC for KZN Co-operative Governance and Traditional Affairs; Hon S Hlomuka

Head of Provincial Treasury, Ms Carol Coetzee

KZN Co-Operative Governance and Traditional Affairs Head; Mr Thando Tubane

Your Worship, the Mayor, Cllr S Mdaka

Her Worship Deputy Mayor;

Speaker; Cllr S Mkhombo

Exco members

The Municipal Manager;

Officials of Provincial Treasury and KZN CoGTA

I greet you all,

It is unfortunate that we have to meet in this fashion again following an almost similar meeting we convened last year. The tumultuous times that the District Municipality has had to go through in the past few months following the local government elections have been very unfortunate

It has always been my contention that the sphere of local government is the state's backbone of service delivery. As such it is incumbent upon all of us to put all hands on deck in ensuring that this sphere operates at its optimum level with effectiveness and efficiencies.

We have not lost sight of the fact that Umkhanyakude District Municipality has limited financial resources to satisfy the unlimited needs of the people in its area of jurisdiction.

Mayor, Speaker and councillors, I have had sight of a number of documents emanating from the council including the report of the Administrator and I must state emphatically that I am not pleased with how things have panned out leading to this current state of affairs. MEC Hlomuka can attest to this.

We view the non-compliance of having not passed the budget in a serious light for this is the very same problem that has seen several municipalities passing unfunded budgets, thus leading to a plethora of problems that eventually collapse municipalities.

As the provincial government, through local government, we have placed at the apex of our agenda the inclusive growth, transformation and job creation as the ultimate goal to achieve our people's aspirations. This cannot be overemphasised. Ours is a challenging task as people who have been thrust right at the centre of delivering this pledge.

One can never stress enough the urgent need we are facing as a government of today in ensuring that our people receive the best out of the public purse. More task is placed on local government to play this pivotal role hence the government – from provincial to national sphere – is playing its role to support local government. These come in the form of grant funding, skills and resources, including human resources in the past 22 years since the advent of this sphere of local government.

UMkhanyakude is one of the most rural districts in our province. This presents us with two possible scenarios, first there is an urgent need to double our efforts in uplifting the lives of the rural communities and mitigation of the ever increasing poverty lines. Secondly, the municipality's area of jurisdiction comprises plenty of economic opportunities in tourism, mining and agriculture which remain untapped. These are the very catalysts and enablers of our LEDs.

However, all of these require just the simple task of the council passing its budget within the timelines and framework of the Municipal Finance Management Act. We shall never realise these economic opportunities if we do not have a budget that talks directly to the people's socio-economic needs.

Gleaning through your own Integrated Development Planning, I cannot help but notice your well-intentioned plans to turn things around for the betterment of our people. However, all this is fruitless if you do not have a functioning council, with a passed budget that is ready to tap into this municipality's enormous potential.

As I stated in my opening remarks, we have travelled this road before and one would think more efforts to improve the political climate have been undertaken, but here we are unable to make things happen as it were. There have been protracted efforts by KZN Treasury and the Department of COGTA which had been working with both municipalities to resolve their financial and administrative challenges in line with the prescripts of the Municipal Finance Management Act (MFMA).

The urgent task that brought us here is to hear first-hand about your challenges, your own efforts to mitigate the situation and what your plan is before July 1. You have already violated and breached Section 24(1) of the Municipal Finance Management Act which states that a municipal council must consider passing or approving its budget within 30 days prior to the commencement of the financial year. This is a serious breach and as I said previously, we view this in a serious light.

Last year, on the Cabinet advice, we were forced to intervene. We were also compelled by law to act. This has huge implications on your budget and legality to utilise and transact with your bank accounts.

Due to a number of municipalities facing a similar situation as you, I have since instructed my department to get closer to these councils. It is essential for us that we do not cease to render support as guided by the resolutions of last year's Municipal Finance Roadshows led by National Treasury and National COGTA. However, we also need the municipalities themselves to play their pivotal roles.

I will now allow the MEC for COGTA to also make brief remarks before my officials make their presentation.

I thank you

