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PREMIER'S COORDINATING FORUM (PCF) ASSESS THE FINANCIAL STATE OF MUNICIPALITIES FOR EFFECTIVE SERVICE DELIVERY

Municipalities are a vital cog of service delivery in the country and the first point of contact for local communities. Each municipality is allocated a budget to cover operational and capital costs in its area of jurisdiction, in every financial year.

Mpumalanga province is rurally based, and as such, most of the 17 local municipalities have a low budget allocation and revenue base. To boost the performance of municipalities despite unfavourable financial conditions, the Premier, Mr Mandla Ndlovu, convened the sitting of the Premier's Coordinating Forum (PCF) at the Ehlanzeni District Municipality Council Chamber, in Mbombela, to analyse the financial state of municipalities.

Members of the Executive Council (MECs), Executive Mayors, the Director-General, Heads of Departments and Municipal Managers attended the session.

An assessment report of the financial state of municipalities presented indicated contributory factors to the financial state municipalities find themselves in, especially as some are operating with inadequate budgets. These factors include, but are not limited to, the following, namely:

- Loss of revenue due to water losses.
- High employee costs.
- Revenue collection challenges.
- Reliance on contract services.
- Reliance on government grants for payment of services.

Premier Ndlovu says a decision has been taken not to allow municipalities to commit to implementing projects without funded budgets. "Any commitment that we are making for the implementation of projects must be realistic. Any pronouncement with no budget allocation is akin to making false hope to the communities. We discourage such at all costs," the Premier elaborated.

The PCF resolved that affected municipalities must consider the following:

- Reduce high employee costs.
- Reduce reliance on contractors and adhere to the norm of 5 percent.
- Conduct 'value add audit' on contracts.
- Provide adequate provision for debt impairment in line with collection rate.

The PCF assigned the Provincial Treasury and the Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) to monitor the affected municipalities for the implementation of the resolutions. A progress report will be tabled in every sitting of the PCF as part of the monitoring process and to support the municipalities.

The Premier has directed that Executive Mayors must submit their commitments in writing by the 30th of May 2025 and that they should go on a drive to engage communities to pay for their services.

Ends...

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