



GAUTENG PROVINCE

PROVINCIAL TREASURY
REPUBLIC OF SOUTH AFRICA

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Mr. N Nawa
Office of the Head Administrator
City of Tshwane Municipality
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By email: Mpho.Nawa@gauteng.gov.za

Dear Mr. N Nawa

APPLICATION FOR EXTENSION OF TIME: BUDGET APPROVAL BY 30 JUNE 2020

Your communication dated 29 May 2020, regarding the above matter has reference. Whilst the official signed letter is dated 29 May 2020, I have however noted that the annexed 'Schedule - G Application' was only signed on 1 June 2020, which is after 31 May 2020.

As you may know, section 16(1) of the MFMA states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 24(1) of the MFMA further states that the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

Section 27(1) of the MFMA further states that the mayor of a municipality must, upon becoming aware of any impending non-compliance by the municipality of any provisions of the MFMA or any other legislation, pertaining to the tabling or approval of an annual budget or compulsory consultation process, inform the MEC for Finance in the province, in writing, of such impending non-compliance.

Section 27(2) of the MFMA further states that if the impending non-compliance pertains to a time provision, except section 16(1), the MEC for Finance may, on application by the mayor and on good cause shown, extend any time limit or deadline contained in that provision, provided that no such extension may compromise compliance with section 16(1).

As the MEC for Finance in Gauteng, I have considered the application of the municipality against this background as follows:

- a) The municipality submitted a formal application as required by the Municipal Budgeting and Reporting Regulations and the reasons for the extension of time application provided by the municipality appears to be legitimate;
- b) Although the municipality did not contravene section 16(1) of the MFMA as yet, the request of the municipality is in contravention of section 24 of the MFMA and also against the request from the Minister of Finance at the recent National Budget Council meeting, that all municipalities in South Africa adopt the annual budget by 31 May 2020 as guided by the National Treasury in the Annexure to MFMA Circular No. 99;

- c) As the MEC for Finance, I have consulted the National Treasury; and
- d) This consideration by me as the MEC for Finance is in line with section 27(2) of the MFMA as well as Municipal Budgeting and Reporting Regulations 60 and 61.

Further to this, I consequently hereby grant the extension of time to the municipality, until 30 June 2020 to approve the annual budget. This approval is however subject to the following:

- a) The extension is granted based on the reasons provided by the municipality as per the 'Schedule- G' application of the municipality;
- b) The municipality must ensure the relevant required legislative budget processes are followed, specifically as it relates to the public consultations and the publication of the rates and tariffs as per the MSA;
- c) As per Municipal Budgeting and Reporting Regulation 60(2), the mayor must table a copy of the Schedule-G application at the first municipal council meeting following the submission of the application; and
- d) The municipality or municipal council MUST approve the annual budget by no later than 30 June 2020.

You are further reminded of section 25 of the MFMA which outlines the process to be followed in the case a municipal council failed to approve an annual budget before the start of a budget year, whilst section 26 of the MFMA outlines the consequences for a municipality in such a case.

Section 25(3) of the MFMA more specifically states that if a municipality has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by the first day of the budget year, the mayor must immediately comply with section 55 of the MFMA.

Section 26(1) of the MFMA on the other hand states that if by the start of the budget year, a municipal council has not approved an annual budget or any revenue-raising measures necessary to give effect to the budget, the provincial executive of the relevant province must intervene in the municipality in terms of section 139(4) of the Constitution.

Your understanding and co-operation in this regard will be appreciated.

Kind regards,



MS NOMANTU NKOMO-RALEHOKO
MEMBER OF THE EXECUTIVE COUNCIL
GAUTENG PROVINCIAL TREASURY
DATE: 2020/06/17

Cc: Director-General: National Treasury
Office of the Auditor General of South Africa