



MINISTRY
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

**NATIONAL COUNCIL OF PROVINCES
QUESTIONS FOR WRITTEN REPLY**

**QUESTION NUMBER 406
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406. Mr M A P De Bruyn (Free State: FF Plus) to ask the Minister of Cooperative Governance and Traditional Affairs:

What are the reasons behind the Mohokare Local Municipality deducting funds from employees' salaries for tax, pension fund and medical aid without remitting them to the respective stakeholders and service providers?

CW497E

REPLY:

The reasons are:

1. During COVID, the municipality's collection rate declined, and in the fiscal year 2021–2022, it was extremely low. In addition, the municipality had to use conditional grants to keep operations running. A sum of R18.6 million had to be paid to the National Revenue Fund in accordance with the non-compliance of the fiscal framework. Municipal Water Infrastructure Grants and Municipal Infrastructure Grants were used to pay for operations.
2. Additionally, the municipality delayed in submitted its annual financial statements as required on August 31, 2022. Based on Section 71 reports, the conditional unspent was reported as R16 million, which was offset in the December 2022 Equitable share tranche. This deduction related to "unspent conditional grants" that had not been repaid as of year's end (30 June 2022) and had not been used for their intended purpose. These grant funds, which were obtained between the fiscal years 2021–2022 and 2022–2023, were intended to implement IDP projects.
3. This largely had a ripple effect on creditors that grew to unreasonable state without consistent payment and resulting in significant creditors not being paid
4. Furthermore, about 73 percent of the population earn below R3200/month, which directly confirms that the population is largely indigent.
5. The municipality is largely grant reliant and the funding model for its community needs does not yield the expected results. This is further due to high levels of

unemployment which has significantly affected the revenue collection over the years.

6. The Provincial Treasury and other Stake holder departments are assisting the municipality in compliance with the fiscal framework.

End.