

26 April 2023

MEC: Free State Provincial Treasury
Fidel Castro Building
Private Bag X20537
Bloemfontein
9300

Attention: Me. G. Brown

RE: DEFERMENT OF COMPLIANCE WITH SECTION 16 OF THE MUNICIPAL FINANCE MANAGEMENT ACT: MANGAUNG METROPOLITAN MUNICIPALITY – 2023/26 MTREF ANNUAL BUDGET – CHANGE OF EXPECTED FINALISATION DATE

The letter dated 14 April 2023 refers.

From this correspondence we requested the honourable MEC for Finance to condone the non-compliance of the timeframes for the tabling of the annual budget. At that time, it was expected that the Executive Mayor would have been appointed by then and therefore condonation was only requested until Friday, 28 April 2023 for the tabling of the annual budget.

The expected finalisation date for the tabling is no longer possible due to the following reasons:

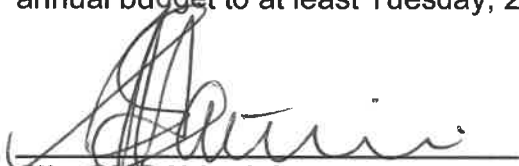
- Despite council meetings originally scheduled for Thursday, 6 April 2023 as well as Wednesday, 12 April 2023 to appoint the Executive Mayor, they were unable to materialise due to the following reasons:
 - o Allegations of threats and intimidation from and against councillors.
 - o Unrest from workers regarding issues of overtime and not allowing councillors to attend the council meeting.
- Current political instability in the municipality.

A council meeting had been scheduled for Tuesday, 25 April 2023 whereby the Acting Executive Mayor was successfully appointed. That did however, not allow sufficient time for the Acting Executive Mayor to properly ventilate and assess the budget which would

not be possible by 28 April 2023. The rules of Council also requires at least 48 hours notice period.

The municipality does not expect a material impact on the remaining legislated processes and/or other MFMA timelines, however there might need to be a request to condone non-compliance of the timelines with regard to the submission of the annual budget for approval by council in terms of section 24 of the MFMA (“a municipal council must at least 30 days before the start of the budget year consider approval of the annual budget”). That would however be managed and would only be applicable if no other measures are available.

It is for these reasons that the municipality requests a further condonation to table the annual budget to at least Tuesday, 2 May 2023.



Cllr. GMS Nthatisi
Acting Executive Mayor

Date: 26/04/2023

CC : National Cabinet Representative
Acting Chief Executive Officer – Free State Provincial Treasury
National Treasury

SCHEDULE G

EXTENSIONS AND NON-COMPLIANCE WITH TIME PROVISIONS

APPLICATION FOR EXTENSION TO THE BUDGET PROCESS			
<i>Note: The application must be submitted to the MEC for finance by no later than 15 March</i>			
Name of Municipality:	MANGAUNG METROPOLITAN MUNICIPALITY		
1. State the relevant section of the Act and regulation for which extension is being applied.			
Section 16 of the Municipal Finance Management Act No. 56 of 2003			
2. State the revised completion date the extension is required.			
Processes	Legislated date	Number of days	Proposed Extension Date
Tabling of the annual MTREF Budget for 2023/26 in line with Legislation and National Treasury Guidelines	31 March 2023	32	2 May 2023
3. State how the proposed extension will affect the remaining legislated process and how compliance will be achieved with other MFMA timelines			
<p>The municipality does not expect a material impact on the remaining legislated processes and/or other MFMA timelines, however there might be a need to request to condone non-compliance of the timelines by up to 14 days for the submission of the annual budget for approval by council in terms of section 24 of the MFMA (“a municipal council must at least 30 days before the start of the budget year consider approval of the annual budget”). There would also be a delay by about 32 days in terms of the Public participation process. That would however be managed and would only be applicable if no other measures are available.</p>			

4. State the underlying reasons why an extension to a legislated timeframe is being requested. If the extension is requested for budget timeline extension, attach the municipalities approved time schedule including the dates that earlier processes have been undertaken.

The process of finalising the annual (MTREF) budget was impacted and delayed by the following reasons:

- The current political instability in the institution due to the vacancies of the Speaker and Executive Mayor. (The Speaker was only elected at the council meeting of 29 March 2023 and the Acting Executive Mayor was appointed on 25 April 2023 which have left insufficient time to convene a meeting for the tabling of the annual budget).

See attached updated process plan.

5. Detail the action plan that has been instituted to address the reasons for the legislated timeframe not being met.

<i>Reasons for delay</i>	<i>Action Plans to resolve</i>
See 4 above	<ul style="list-style-type: none"> - The Speaker have already been elected on 29 March 2023. - The Acting Executive Mayor was only appointed on 25 April 2023. - The council meeting to table the Annual Budget will only be scheduled for 2 May 2023.

6. Detail what corrective action has been or will be put in place to prevent a recurrence in future years.

<i>Reasons for delay</i>	<i>Action Plans to resolve</i>
See 4 above	The city has been placed under National Intervention and management will ensure that processes are complied with by the legislated dates.

7. Has an application for an extension to a timeframe been made previously?

<i>Date of application</i>	<i>State whether application approved or not approved</i>
March 2021, February 2022, June 2022 and March 2023	The applications were approved

Declaration:

I, **GMS Nthatsi**, hereby declare that:

1. The information submitted above is, to the best of my knowledge, accurate.
2. A copy of this application will be tabled at the next meeting of the Municipal Council subsequent to the submission of this application.

SIGNED:



Acting Executive Mayor

DATE:



CONTACT DETAILS:

Mayor's Office Contact Details		
Name of contact person:		Cllr. GMS Nthatsi
Telephone:	Code (051)	405 8494
Fax:	Code (051)	405 8787
Municipal Manager Contact Details		
Name:		Ms N Dumalisile
Telephone:	Code (051)	405 8621
Fax:	Code (051)	405 8108
Municipality's Postal Address		
P.O. BOX 3704		
Bloemfontein		
Postal Code		9300

Period	Legislation	Integrated Development Planning	Budget Process	Performance Management	Responsibility	Progress to date
March 2023	MFMA 16 (2)	Tabling of the 2023/2024 Draft IDP, Sectoral Plans including proposed revisions	Tabling of 2023/2024 Draft MTREF Budget and budget related policies – MMM and Centlec.	Adopt an oversight report providing comments on the 2021/2022 Annual Report	Executive Mayor City Manager MPAC Council	Not yet tabled to council, expected to be tabled on or before 2 May 2023.
April 2023	MFMA 52(d)		Submission of 3 rd quarter section 52 Financial report to Council for approval	Submission of 3 rd quarter SDBIP section 52 report to Council for approval	CFO City Manager HODs Centlec Management	Expected to be tabled on 2 May 2023.
April 2023	MFMA 22(a)(ii)	Commence process of consultation on the tabled draft IDP with: 1. Communities 2. Councillors 3. SOEs 4. National and Provincial Departments	Commence process of consultation on the draft tabled Budget and Budget related policies including session with councillors	Commence process of consultation on the draft Performance Management Framework	Speaker City Manager HODs Centlec Management	Expected to start on 3 May 2023.

Period	Legislation	Integrated Development Planning	Budget Process	Performance Management	Responsibility	Progress to date
April 2023	MFMA Guidance	5. Business Sector and other Forums NB: Various possible methods of communication and participation will be used in meeting this milestone	IDP and Budget Steering Committee			To be done during May 2023
May 2023	MFMA 24(1)	Approve the 2023/2024 IDP and related sectoral plans	Approve the 2023/2024 Budget and related budget policies		Council	Expected to be done by 9 June 2023.
June 2023	MFMA 53 (1) (c) (ii)			Approval of SDBIP 2023/2024	Ex. Mayor	Expected to be done during June 2023.