

# Concern over Sol's 'financial constraints'

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NEWS EDITOR

NO EVIDENCE has been found by the Section 106 task team that the Sol Plaatje Municipality has not paid its creditors – although concern has been expressed that the local authority may be experiencing financial constraints.

Among the investigations in the Section 106 report is whether the income and expenditure patterns of the municipality meet its obligations in terms of statutory payments and creditors.

The investigation found that there was no evidence which indicates that the municipality is in violation of its obligation for payment to its statutory creditors.

“However, there is a concern that the municipality may be experiencing financial constraints (due to the shortfall in the budget) which in future may affect its obligation to make its necessary payments to its statutory creditors.”

The report recommends that the “political as well as the administrative leadership at the municipality should be stabilised as soon as possible as the instability has a negative impact upon the finances and staff morale of the municipality”.

The report points out that in

terms of the Annual Financial Statements for the year ended June 30 2018, the total revenue of the municipality amounted to R2 088 029 057, whereas the total expenditure amounted to R 1 868 440 103. There was a net surplus of R219 588 954 due to savings in expenditure.

It pointed out further that the incentive grant on Expanded Public Works Programme was assisting in various programmes but mostly the city cleaning programme, which has employed 451 project workers. “According to the year-to-date reports, an equivalent of 255 full-time equivalent jobs had been created for the period.”

The total grants gazetted to the municipality amounts to R332 845 000, all inclusive of conditional and unconditional grants.

“In terms of borrowing, the municipality has approved a borrowing of R50 million to augment the budget shortfall anticipated to complete the service delivery commitments as per the Integrated Development Plan and may be utilised during the 18/19 MT REF.”

The major projects identified for funding against the loan relate to the upgrading and surfacing of roads, water and sanitation bulk augmentation, revenue enhancement initiatives, water distribution and reticulation network.