



# MOPANI DISTRICT MUNICIPALITY

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OFFICE OF THE EXECUTIVE MAYOR

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## **MEDIA STATEMENT**

### **For Immediate Release**

**TO: All Media/ Journalist/ Editors**

**DATE: 19 October 2017**

**SUBJECT: COUNCIL RESOLVES TO APPLY FOR AN OVERDRAFT IN ORDER TO MEET SERVICE DELIVERY OBLIGATIONS**

The Mopani District Municipality has resolved to apply for a R60 Million overdraft from its current banker in order to meet its current service delivery obligations. The resolution was taken during a special council sitting held in Giyani on 19 October 2017. The overdraft is necessitated by cash flow challenges currently experienced by the municipality. The cash flow challenges are as a result of among other things the complexities around receiving water and sanitation revenues from local municipalities, the need to reimburse employee related costs in the form of historic benefit due to them.

According to section of the Municipal Finance Management Act, a municipality is allowed to incur a short term debt as long as the application is done within the confines of the law. The Mopani District Municipality has invoked the relevant section of the MFMA to get an overdraft in order to ensure that the municipality's obligation of delivering services such as water, sanitation, fire services and disaster management to communities are not disadvantaged by the cash flow challenges currently experienced by the municipality. Council has resolved to settle the overdraft in December when it receives its equitable shares on the first of December 2017.

Council has also taken contingency measures to ensure that it does not sit with the same problem in the future. As a result, it has also resolved to revoke the water and sanitation revenue function from local municipalities in order to improve its revenue liquidity. Council wishes to assure community members that the municipality is not facing financial crisis. The municipality is continuing to be on an upward trajectory on financial viability during the past three years.

END

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