



Mr. Martin Hatchuel  
Chamber Administrator  
The Greater Knysna Business Chamber  
16 Green Street  
Knysna  
6571

Per email: [info@gkbc.co.za](mailto:info@gkbc.co.za)

Dear Mr. Hatchuel

**RE: COMMENTS ON THE KNYSNA MUNICIPALITY 2023/2024 DRAFT TABLED BUDGET**

Your email communication dated; 3 May 2023 to Minister Bredell and which was referred to my office on 6 June 2023, has reference.

The extensive comments from the Greater Knysna Business Chamber on the draft 2023/24 MTREF budget of Knysna Municipality are noted.

As per Section 5(4) of the Municipal Financial Management Act, No. 56 of 2003 (MFMA), the Provincial Treasury has an oversight role over the financial affairs of municipalities and to promote the objectives as encapsulated in the MFMA, including financial planning and resource allocation. This oversight role includes an assessment of municipal budgets to assist municipalities in ensuring realistic and sustainable budgets, and aligning financial resources with strategic objectives and the needs of the communities they serve.

In line with Section 23(1)(b) of the MFMA, the Provincial Treasury has assessed the Municipality's draft 2023/24 budget and provided written feedback with recommendations for the Municipality to consider when finalising the final 2023/24 budget for approval.

In addition to the assessment, the Provincial Treasury team also engaged the Municipality on 10 May 2023, through the Strategic Integrated Municipal Engagement (SIME) process, to discuss the Municipality's draft budget and provided further recommendations to be considered by the Municipality when adopting the final budget.

I have subsequently also written to the Municipality raising my concerns with regards to the Municipality's draft budget. In particular, I have raised concerns with the municipality regarding:

- Unstable governance arrangements;
- Revenue Management;
- Implementation of capital spending;
- Unsustainable proposed increases in property rates revenue;
- Employee related costs.

Provincial Treasury is assessing the Municipality's final approved budget for the 2023/24 MTREF to check whether the comments and recommendations from the assessment of the draft budget were taken into consideration during the finalisation of the approved 2023/24 MTREF budget. Should a municipality fail to table a budget that is funded from credibly expected revenues and accumulated surpluses, it runs the risk of the National Treasury stopping the transfer of the equitable share.

Provincial Treasury is aware of the challenges faced by Knysna Municipality and is monitoring the Municipality closely. It is also providing technical support to assist the Municipality to ensure that a credible, sustainable and funded budget is adopted and implemented.

I would like to thank you for your active citizenry and participating in the municipal budget processes.

Yours sincerely,

**MIREILLE WENGER**  
**MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES**  
**DATE: 22 JUNE 2023**

Copied to:

Mr A. Bredell, Minister of Local Government, Environmental Affairs and Development Planning  
[Anton.Bredell@westerncape.gov.za](mailto:Anton.Bredell@westerncape.gov.za)

Mr. G Paulse, Head of Department, Local Government  
[Graham.Paulse@westerncape.gov.za](mailto:Graham.Paulse@westerncape.gov.za)

Mr D. Savage, Head of Department, Provincial Treasury  
[David.Savage@westerncape.gov.za](mailto:David.Savage@westerncape.gov.za)