



**MINISTRY: FINANCE  
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8911 Fax: +27 12 323 3262  
P O Box 29, Cape Town 8000 Tel +27 21 464 6100 Fax +27 21 461 2934  
Website : [www.treasury.gov.za](http://www.treasury.gov.za) , email : [minreg@treasury.gov.za](mailto:minreg@treasury.gov.za)

**Ref: M3/4/3/2(800/2026)**

Mr. Mlungisi Mvoko  
MEC for Finance  
Eastern Cape Provincial Treasury  
Private Bag X 0029  
**BHISHO**  
5605

Dear MEC Mvoko

**NOTICE TO STOP (WITHHOLD) PROVINCIAL EQUITABLE SHARE IN TERMS OF SECTION 216 OF CONSTITUTION DUE TO NON-PAYMENT OF MUNICIPAL SERVICES**

Notice is hereby given to the Eastern Cape Province that in terms of section 216(2) of the Constitution of the Republic of South Africa, 1996 (the Constitution), read with section 6(2)(f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999 – ‘PFMA’), the National Treasury intends to stop (withhold) transfers of the provincial equitable share, that may be made in terms of section 27(1) and (2) of the Division of Revenue Act, 2025 (Act No. 2 of 2025 – ‘2025 DoRA’), to your province with effect from April 2026 (2026/27 financial year) and once the Division of Revenue Bill for the 2026/27 financial year, is promulgated.

Section 38(1)(f) of the PFMA provides that the accounting officer for a department, trading entity or constitutional institution ‘must settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period’. Additionally, Treasury Regulation 8.2.3 of the Treasury Regulations, 2005 requires that all payments due to creditors be settled within 30 days from receipt of an invoice unless determined otherwise in a contract or other agreement.

The possible stopping of the equitable share is being considered due to the province’s failure to honour its commitment to settle outstanding amounts owed to municipalities for services rendered, which constitutes a serious breach of the PFMA.

According to the December 2025 section 71 report issued in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003 – ‘MFMA’), Eastern Cape provincial departments owe municipalities R1.4 billion for property rates and municipal services. Of this amount, about R452.5 million has been outstanding for more than one year.

This prolonged non-payment reflects a systemic failure to meet financial obligations and constitutes a serious or persistent material breach of the PFMA, read with section 216 of the Constitution by the relevant provincial departments. The entrenched culture of non-payment undermines

municipalities' fiscal sustainability, service delivery, and ability to pay creditors. The table below presents a detailed breakdown of the outstanding amounts owed by each department.

Eastern Cape - Debtors Age Analysis For Organs Of State - 31 December (Figures in Rand)

Department	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days- 1 Year	Over 1 Year	Total
Agriculture	1,993,421	1,215,207	1,734,527	1,471,266	6,755,129	3,272,315	9,246,674	52,806,436	78,494,975
Education	20,171,608	29,619,087	16,113,538	37,858,062	8,195,098	12,788,868	28,411,600	44,675,920	197,833,781
Health	31,198,850	21,715,369	13,232,732	14,236,952	12,643,851	14,842,951	43,152,200	17,204,753	168,227,658
Housing and Local Government	650,596	799,696	372,576	675,424	8,350,675	2,166,662	2,499,450	36,582,876	52,097,955
Other Departments	6,854,299	10,457,413	4,868,563	4,662,168	18,762,101	21,399,391	6,841,330	90,895,746	164,741,011
Public Works, Roads and Transport	30,212,678	24,497,143	46,843,779	83,402,687	42,266,433	142,883,484	136,946,095	209,819,929	716,872,228
Social Development	608,868	645,740	158,906	86,626	63,952	63,618	-58,020	232,884	1,802,574
Sport, Arts and Culture	25,496	9,415	13,053	39,756	34,951	13,402	60,702	306,929	503,704
<b>Total</b>	<b>91,715,816</b>	<b>88,959,070</b>	<b>83,337,674</b>	<b>142,432,941</b>	<b>97,072,190</b>	<b>197,430,691</b>	<b>227,100,031</b>	<b>452,525,473</b>	<b>1,380,573,886</b>

Source: MFMA - Section 71 Report 31 December 2025

The Province may submit written representations by no later than **30 May 2026** as to why the equitable share should not be stopped (withheld). Furthermore, your representations must include proof of actual payments made to municipalities, as well as a credible, time-bound payment plan that has been discussed and agreed upon with the affected municipalities. In addition, the Province is required to outline the remedial measures already implemented, or planned for implementation, to prevent a recurrence of this non-compliance.

Please forward the required proof of payment and/or payment plan, together with details of the remedial measures to Khaya Ntimbela and Mntazi Msiza @ [Khaya.Ntimbela@treasury.gov.za](mailto:Khaya.Ntimbela@treasury.gov.za) and [Mntazi.Msiza@treasury.gov.za](mailto:Mntazi.Msiza@treasury.gov.za).

The National Treasury will continue to monitor your Province's compliance and may require regular progress reports on remedial actions undertaken.

Yours sincerely



**ENOCH GODONGWANA, MP**  
**MINISTER OF FINANCE**  
**DATE: 29/04/2026**

**Cc:** Eastern Cape Premier: Oscar Mabuyane