

## Media release

### For immediate release

#### How the lack of enforcement impacts the National Budget

*"A law is not a law without a sanction, and a sanction is not a sanction unless it is enforced."*

With this long-standing legal maxim in mind, Lesedi Seforo, SAICA's Lead for Tax Advocacy and Tax Law, explores how weak enforcement mechanisms continue to undermine South Africa's National Budget. Although the South African speed limit ranges from 60 km/h to 120 km/h, many motorists are likely to ignore it, unless the area is known to be monitored by cameras or traffic cops and the law-breakers are actually fined or jailed. This illustrates the words of one Ron Brackin, who once quipped: "Laws without enforced consequences are merely suggestions."

South Africa certainly does not look the way it currently does because we have a shortage of adequate laws. Municipalities have been in a dire state for many years despite the local government system being regulated by over 200 different pieces of legislation<sup>1</sup>, many of which contain prison time or fines as sanctions for financial misconduct. Yet it is uncommon to hear of accounting officers or municipal managers serving prison sentences or paying large fines for violating these laws.

Both the Public Finance Management Act and Municipal Finance Management Act require accounting officers within government to pay invoices within 30 days of their receipt. However, data released by National Treasury in April 2025 showed that municipalities reached this target only 10% of the time. 81% of invoices were only paid after 3 months. National and provincial governments are not exempt from this poor performance, which is why the finance minister noted a "culture of non-payment, not only by municipalities but by all organs of state..." in his 2023 Budget Speech. Despite this, we hardly ever hear of government officials being charged and prosecuted for financial misconduct for the persistent failure to pay creditors on time.

When South Africa was put on the grey-list by the Financial Action Task Force (FATF) in 2023, we were able to very quickly enact and amend legislation to adequately address money-laundering and terrorist financing. But legislating is the easy part – enforcement is where we struggle.

However, when the FATF assessment team would regularly visit South Africa between 2023 and 2025 to check on progress made, one consistent critique it had was the lack of investigations and successful prosecutions for money-laundering cases, particularly those linked to the Zondo Commission and State Capture. Although we are now off the grey-list, only time will tell what will happen with respect to these prosecutions.

When the annual National Budget is presented every year, we tend to focus on the insufficiency of amounts allocated for education, water and electricity infrastructure, social grants, salaries for new doctors and teachers, etc. And so, we should. But one wonders whether the public's requests for more money are not, to some extent, undermined by the failure to enforce laws calling for the prosecution of government officials for financial misconduct.

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<sup>1</sup> <https://static.pmg.org.za/250410Review of the White Paper on Local Government-4-4.pdf>



One question we should ask ourselves is: Does it really matter arguing over giving someone R100 vs R120 if that person will only spend R80 because of financial mismanagement?

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