



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

BUDGET COUNCIL HOLDS FIRST MEETING

The first Budget Council of the 6th administration met on August 21-22 and was chaired by the Minister of Finance.

During its deliberations, members of the Council were inducted on key issues that affect the intergovernmental system, including as it relates to the financial oversight over municipalities. Some of the key resolutions from the meeting included:

- A noting of the seriousness of South Africa's macro-fiscal situation and the need to achieve higher economic growth. In this regard, the Budget Council endorsed the President's package of measures for achieving higher economic growth, and considered that provinces can make a positive contribution in this regard within existing resources and mandates;
- The Budget Council will invite the Minister of Cooperative Governance and Traditional Affairs to present the new district-based development model to the Budget Council and Budget Forum;
- On late payments: the Budget Council agreed that a campaign is needed to address accruals and ensure payments are made in line with the 30-day requirement in the PFMA.
- The Budget Council noted the recent tabling of the National Health Insurance (NHI) bill before Parliament. While broadly supporting the objective of universal health-care, the Budget Council considered that due to the substantial impact on intergovernmental fiscal relations, any implementation should be done in a phased manner and that provinces should remain engaged with the processes around the bill. The Minister of Finance will also engage with the Minister of Health to discuss the implications for provinces.
- An endorsement of a new strategy to improve the financial sustainability of local government. Within this context, the Budget Council resolved, amongst other things, to strengthen the framework for intervention in municipalities that are in crisis.



- The National Treasury will engage the Department of Cooperative Governance on the working relationship between the two departments on resolving challenges in municipalities. In this regard, the Budget Council agreed that a Memorandum of Understanding should be formalized between the Ministers of the two departments.

The next Budget Council meeting will take place prior to the tabling of the Medium-Term Budget Policy Statement to consider the provisional division of revenue allocations to provinces and local government for the 2020 medium term expenditure framework.

The Budget Council is a statutory body established in terms of section 2 of the Intergovernmental Fiscal Relations Act. It is a body in which national government and the nine (9) provincial finance MECs engage on:

- Fiscal, budgetary and financial matters that affect provinces;
- Legislation or policy which affects provincial finances; and
- Any matters that affect financial management or the monitoring of finances of province.

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