



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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## **MEDIA STATEMENT SPECIAL BUDGET FORUM MEETING**

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Today the Minister of Finance, Mr Tito Mboweni, convened a meeting with members of the Budget Forum, comprising of MECs of Finance and the South African Local Government Association (SALGA), to discuss municipal sustainability amid the growing crisis in the local government sector. Also in attendance was the Minister of Cooperative Governance and Traditional Affairs, Dr Nkosazana Dlamini Zuma, MECs of Corporative Governance, Deputy Minister of Finance, Dr David Masondo, Heads of Departments and the Financial and Fiscal Commission.

Key to the discussions were issues of governance and leadership failures including the deteriorating state of municipal finances.

Some of the key resolutions emanating from the meeting include:

- A re-affirmation of the 2019 update of the Strategy to Address Municipal Performance Failures presented to and endorsed by the Budget Forum in September 2019;
- Stronger focus must be placed on the adoption of funded municipal budgets, improved revenue management practices and improved audit outcomes with less reliance on service providers;
- That the revised approach to strengthen the financial recovery plans and implementation must be supported and executed in collaboration;
- A clear distinction must be made between the roles of politicians and that of the administration to resolve governance challenges in municipalities as well as between different stakeholders that are responsible for monitoring and oversight;
- Political intervention is required to deal with political challenges that fall beyond the realm of administrative solutions;
- Collaboration and a spirit of cooperative governance must be embraced in addressing issues where various stakeholders are involved;
- The enforcement of legislative measures to address consequence management and instil accountability, particularly in the case of poor service delivery, wastage of public funds and corruption, requires collective action to be effective;
- Implementing and operationalising the Memorandum of Understanding (MOU) between National Treasury (NT) and the Department of Cooperative Governance and Traditional Affairs (CoGTA) signed in 2017 is important for

role clarification. It was agreed that NT will lead on local government financial management matters and CoGTA will lead on governance and co-ordinate service delivery efforts. SALGA will continue with its efforts to empower municipal councillors.

The Ministers agreed that an operational plan to implement the Memorandum of Understanding must be drafted immediately by the two departments for endorsement by the September 2020 Budget Forum.

**Issued by the Ministry of Finance**

**Enquiries: Ms Mashudu Masutha Rammutle**

**Email: [Mashudu.Masutha@treasury.gov.za](mailto:Mashudu.Masutha@treasury.gov.za)**

**Date: 21 August 2020**

