

22 APRIL 2008

TO : Journalists/editors

EMBARGO : None

Sound financial management vital to effective service delivery; Modiselle

“Recent upheavals of unprecedented proportions is a clear indication that municipalities ought to intensify their efforts to ensure sound financial management with a view to effectively delivering required services in our various communities,” Finance MEC Maureen Modiselle told mayors, municipal managers, Chief Financial officers and councillors attending the two day launch of SALGA Budget week convened in Potchefstroom last week. The theme for the budget week was **“Business Unusual: improved municipal budgets.”**

The budget week is an annual policy statement that focuses on financial challenges, pressures and complexities within the local government sphere. It seeks to bring together fiscal elements of developmental local government and endeavours to deal with the provision of municipal services.

The event further provides a platform for municipalities to raise their issues, exchange views, share experiences and best practices.

“Government attaches great importance to the role that must be played by our municipalities as far as service delivery is concerned. Municipalities have become a fulcrum of developmental projects as well as developmental systems of government. The fact that municipalities are closer to the communities cannot therefore be underestimated. Government cannot fulfill its goals if municipalities fail to manage their finances. Failure to manage municipal finances or comply with the tenets of the Municipal Finance Management Act (MFMA) will impact negatively on the services required by our communities,” Modiselle cautioned delegates.

Modiselle revealed that since local government is at the coalface of service delivery, government has added an amount of R6.5 billion in equitable shares to this sphere to further extend the resources available for the provisioning of free basic services to poor communities.

Modiselle highlighted that there are municipalities whose performance are still below the standard set by government.

“In many of our municipalities, basic cooperate governance systems are not in place. Some of these municipalities are unable to provide accurate reports on their expenditure. Another area of concern remains capital expenditure. This,

despite our knowledge that infrastructure services are critical to socio-economic growth," lamented Modiselle.

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**Issued by : Communication and Media Liaison; Department of Finance
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