

## FFC speaks out against municipal legislation

### Commission says provisions of new act may harm poor municipalities

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THE Financial and Fiscal Commission (FFC) has raised concerns about the division of powers and functions between district and local authorities, saying government made the division without consulting it.

The Municipal Structures Act of 1998 assigned district-wide functions to district councils and most day-to-day service delivery functions to local councils.

But the act was amended last year and functions such as municipal health, potable water supply, sewage disposal systems and distribution of electricity were transferred from local to district municipalities.

The constitution says national legislation dealing with municipal fiscal powers and functions may be enacted only after consultation with organised local government and the FFC, and after the recommendations of the commission have been considered.

The FFC, in a document given to Parliament, government and provincial legislatures, says the transfer of major municipal services has significant financial implications for nonmetropolitan municipalities.

The commission says there is "confusion and controversy" regarding the amendments, and that the failure to address this is stifling efforts to stabilise councils in nonmetropolitan areas.

The commission says the local government white paper did not propose that district councils should exercise authority over the delivery of local services, except in areas where there was no local capacity.

The FFC says the transfer of electricity distribution powers from local to district councils — as proposed by the amended act — will weaken the revenue streams of local municipalities.

The commission says it does

not support the transfer because district councils are not in a position to play a meaningful service delivery or regulatory role in the distribution of electricity.

The FFC says the clause in the amended act which assigns electricity distribution to district councils should be scrapped.

It supports the transfer of "municipal health" from local to district municipalities because this is consistent with the policy of the health department.

On water and sanitation, the FFC says these services should be delivered by the same authority and that a distinction should be made between sanitation services and sanitation promotion.

It says sanitation promotion should be the responsibility of district municipalities, given their responsibility for municipal health services.

The FFC says where possible, the assignment of water and sanitation services to district councils should be avoided, except where local municipalities lack the necessary capacity.

The commission says the sections of the amended act which transfer service authority for water and sanitation services to district municipalities should also be scrapped.

Brent Simons, a spokesman for the provincial and local government department, said the department noted "with interest" the FFC's submission. He said the

document would be referred to a cabinet subcommittee dealing with municipal finance.

FFC chairman Murphy Morobe said the matter should be resolved soon to end uncertainty. However, Morobe said that the democratic process had to take its course.

"There are different views on the issue, but we are taking a view that we think is in the best interest of this sector of government," Morobe said.