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[Municipal funding formula flawed: Shiceka](#)



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PARLIAMENT - The current municipal funding formula is flawed, unsustainable, and requires immediate review if developmental imperatives are to be met, Parliament's co-operative governance and traditional affairs portfolio committee heard on Tuesday.

There is a need to review the entire fiscal support system provided to municipalities, Co-operative Governance and Traditional Affairs Minister Sicelo Shiceka told the committee.

There was also a need for Members of Parliament to engage more robustly with the Financial and Fiscal Commission (FFC), he said.

The formula currently being used to fund municipalities was limited and narrow, taking into account only population numbers, while ignoring other critical issues, such as the topography of the area.

This often impacted negatively on the development programmes within municipalities, Shiceka said.

He was speaking during a briefing on the department's latest annual report.

Shiceka said significant progress had been made by the department, in that it had been able to move from a qualified audit to an unqualified audit report from the Auditor General in the 2009/10 financial year.

“We want to assure the committee and the country at large that we will move even further during this financial year (2010/11) Što improve financial accountingÆ.”

Other progress made during the year, included effective disaster management during the 2010 Fifa World Cup.

Through implementing the local government turnaround strategy (LGTAS), service delivery had started to show improvements with regard to water, sanitation, electricity, roads and community lighting.

But, the ability of provinces to monitor the capacity of municipalities to deliver was still a major priority challenge receiving urgent attention.

One of the focal points of assisting municipalities from this year up to 2014, would be to ensure

that co-operation between national, provincial and local government was strengthened, he said.

Department director general Elroy Africa indicated that systems had been put in place to ensure matters identified as irregular by the AG were dealt with decisively, including taking disciplinary action, as well as putting in place forensic audits.

Significant improvement had been made in spending the municipal infrastructure grants (MIGs), as 89 percent of the R11 billion allocated had been spent.

Of the R36.5 billion allocated for disaster management, 98 percent was spent.

However, there was still room for improvement and more work to be done, and this was being given priority attention, Africa said.

- Sapa