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South Africa: Municipalities' Funding Systems Need Make-Over

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Pretoria — The current formula of funding for municipalities is flawed, unsustainable, and requires immediate review if the developmental imperatives of the country are to be met.

"There is a need to review the entire fiscal support system provided to municipalities and there is also a need for members of Parliament to engage more robustly with the Fiscal and Financial Commission (FFC)," Cooperative Governance and Traditional Affairs Minister, Sicelo Shiceka said on Tuesday.

The formula currently being used to fund municipalities is limited and narrow, only taking into account population numbers while ignoring other critical issues like the topography of the area, and this often impacts negatively on the development programs within municipalities, the minister said.

The minister was briefing Parliament's Portfolio Committee on Cooperative Governance and Traditional Affairs on the annual report of the department for the 2009/2010 financial period.

The Committee noted that 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 reported financial period.

"We want to assure the committee and the country at large that we will move even further during this financial year (2010/2011) to make sure that even emphasis of matter as well as irregular expenditure are removed from the departmental report," he said.

On 30 September, Shiceka was the first minister to sign the Delivery Agreement with his provincial MEC's and Mayors on Outcome 9.

Outcome 9 has seven outputs that the minister will be measured on which are:

- Implementing a differentiated approach to municipal financing, planning and support
- Improving access to basic services
- Implementation of the Community Work Programme
- Actions supportive of the human settlement outcome
- Deepen democracy through a refined ward committee model
- Administrative and financial capacity
- A single window of coordination

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