

# Municipalities still foundering

Nov 9, 2010 11:49 PM| By

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**The project to turn around collapsing municipal management is failing because local authorities are being bogged down with bureaucracy they don't have the staff to manage, Bongani Khumalo, acting chairman of the Financial and Fiscal Commission, said yesterday.**

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Listing challenges facing town and city councils, Khumalo told parliament's portfolio committee on co-operative governance: "Expectations would probably have to be lowered a bit about how quickly we can turn things around. From a human capital point of view, we have serious challenges."

The FFC is an independent statutory commission established to devise a formula every year for the division of available funds among the various provinces according to their population.

Khumalo said more than 95% of the money allocated to provinces and councils was awarded on the basis of population, without regard to factors such as existing infrastructure, unemployment or other issues that influence relative need.

Sicelo Shiceka, the minister for co-operative governance, has said repeatedly that the formula needs to be revised to take account of unique challenges in each area, but this has not yet been done.

Khumalo told MPs that even though it was required in law, the FFC was not consulted on the restructuring of electricity distribution through a handful of regional electricity distributors (REDs), which would deprive many functioning municipalities of a key source of revenue.

This was just one example of the failure to co-ordinate the various policies and departments that influence local government delivery.

The surcharge applied by municipalities to electricity bills is a major source of revenue for some councils.

"Interventions are not co-ordinated at all, so municipalities become confused about what it is that they are supposed to do," he said.

National and provincial advisers also sent conflicting signals or offered contradictory advice.

"If I were to link this issue around the REDs, the local government turnaround strategy, the revenue enhancements programmes that government has around local government, budget

reforms that are supposed to be implemented for local government and the performance management information that is required by the Auditor General - if you put all of that in one basket for municipalities against the well-documented capacity constraints that municipalities have then you have a serious problem," Khumalo said.

"It is simply the number of issues that one has to be addressing at the same time, that is the issue."

<http://www.timeslive.co.za/business/article754414.ece/Municipalities-still-foundering>