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Cape Town - By international standards South African cities are inefficient, Parliament's financial and fiscal commission acting chairperson, [Bongani Khumalo](#) said on Monday.

This was due to low-density development, high travel costs, long distances to and from places of work and high carbon footprints, he told reporters in Parliament on the commission's submission for the Division of Revenue for 2012.

The commission has recommended that the government pursue development of a "spatially compact urban form".

"Specific fiscal instruments that can support these objectives include the wider use of development charges in financing infrastructure associated with the land development process, public transport subsidies that specifically target high density, low-income areas, and fiscal incentives for urban land development projects located within the existing urban form."

Khumalo said sustainable development was anchored in a well-functioning local government sector and vibrant urban economies in particular. But the latter could only be promoted if, amongst other things, budgets were used efficiently.

He said efforts by national and provincial treasuries to improve the credibility of municipal budgets through annual benchmarking exercises should continue, and their results made public.

National and provincial government should also develop programmes to help poorly-performing municipalities.

"Provisions set out in S74 (2) of the Municipal Systems Act should be enforced to ensure that municipalities are adequately repairing and maintaining infrastructure. Municipalities should be required to identify primary causes of poor performance in billing and revenue collection functions," Khumalo said.

Management of cities fell under local government, one of the three "focus areas" the submission is divided into. The other two are macroeconomic and fiscal outlook, and improving development outcomes of South Africa's intergovernmental fiscal relations system.

On macroeconomic and fiscal outlook, the commission said over the medium term, government should continue the gradual programme of fiscal consolidation that entailed moderately, but consistently, reducing the budget deficit.

Under the third focus area, Khumalo said the quality and efficiency of education, health and rural development needed improvement.

He said the submission showed South Africa's economic growth in real terms increased from -1.7% in 2009 to 2.8% in 2010. It was projected to be between 3.4% and 3.8% in 2011.

Despite the recovery unemployment, poverty, inequality and relatively low growth persisted. Poverty was still high, especially among black and female-headed households. Education and

health services were "skewed" against the poor. Distorted settlement patterns meant the poor often lived at the periphery of urban, and in remote rural areas.

Khumalo said in light of this, high increases in salaries for public servants were a "threat" which could see the government having to borrow money.

"Collective bargaining happens on almost an annual basis... and once agreements are reached, you have to honour it. There is a possibility that it will actually crowd out some other projects."

This was "unsustainable".

Khumalo said the commission made recommendations to Parliament, after which the finance minister would decide what he wanted to "take on board".

"It is up to Parliament to deal with the enforcement or persuasion of government to take (on the recommendations)."

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