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Funding of smaller municipalities under spotlight

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THE ANC has mandated the cabinet to review the funding of municipalities, especially small and rural municipalities whose ability to generate their own revenue is limited.

Municipal government, which spent R232.6 billion in the year ended June 2010, derives on average more than 70 percent of operating revenue from user charges – electricity, water and refuse removals – and property rates.

Small and rural municipalities, however, generate a much smaller portion, making them heavily dependent on transfers from national government.

Rural municipalities, of which there are 70, generate an average 37 percent of own revenue, according to the **Financial and Fiscal Commission**.

Gwede Mantashe, the secretary-general of the ANC, said yesterday that the ruling party's national executive committee had spent a lot of time during the four-day lekgotla – which ended on Sunday – discussing local government.

He said the cabinet, which will hold its own mid-year lekgotla next week, had been given the task of revisiting "the budgeting system for local government, including the role of district municipalities".

The review of district municipalities would focus in particular on their role in providing shared services to small municipalities within their jurisdiction, Mantashe said.

Among other decisions taken at the lekgotla were that government departments should focus more on filling vacancies of frontline staff and less on administrators.

The government has also been asked to ensure funding of distribution and generation of energy, especially solar and wind farms in the Northern Cape.

The committee also endorsed the creation of the office of the land valuer general and the land management commission.