



SUBMISSION ON LOCAL
GOVERNMENT LAWS
AMENDMENT BILL

2007



FINANCIAL
AND FISCAL
COMMISSION

For an Equitable Sharing of National Revenue

Comments on the

General

The Financial and Fiscal Commission, (hereafter referred to as the Commission) welcomes the opportunity to provide comments on the Local Government Laws Amendment Bill (hereafter referred to as the Bill) as required by section 229(5) of the constitution. The Bill addresses a number of deficiencies and bottlenecks within the current legislative framework of local government.

The Commission welcomes in particular the fact that the amendments address in a very direct way some of the problems that resulted from the lack of alignment between the municipal financial year and changes in boundaries resulting from other pieces of legislation such as the Local Government: Municipal Demarcation Act, Local Government: Municipal Structures Act, etc. The Commission has in the past made recommendations for the need to align local legislation governing local government to the overall fiscal framework of the local government sphere. This Bill is a step in the direction of addressing these concerns.

The Commission would further like to note that the local government sphere has undergone (and still is undergoing) a serious amount of transformation and that the significant amount of legislation that should be implemented presents a lot of demands on municipalities. Therefore proper alignment of the various pieces of legislation should go a long way towards easing the burden and the costs of compliance and improve service delivery,

Specific comments

Amendment of Section 23 of the Demarcation Act (1998)

1. The Commission agrees with and welcomes the amendment as the implementation of changes will take into account the commencement of a municipal financial year and therefore allow for adequate planning.

2. However, the Commission proposes that this amendment be more specific by, for example, stipulate the determination of municipal boundaries and authorisation of powers and functions takes effect on the date of the municipal financial year following **9 months** of the publication of notice effecting such changes. The 9 month period would allow for sufficient planning and ensure alignment of policy shifts with the budget process i.e. MTBPS of both municipalities and national government. This would prevent a situation where publication of notices is made in January when the budget process is nearly over and municipalities are 2 months away from tabling of their budgets. The notice given to the minister of finance must also be extended to 9 months in order to concur with the publication of notices

3. Furthermore, it may also be necessary for the Commission to be informed (as is the Minister) of the notice to change the boundaries in order to allow it to perform its duties in terms of the FFC Act as Amended in 2003. The relevant section in this respect of the Amended Act is Chapter 3 (2). Changes in boundaries may in fact result in movement of staff, assets and liabilities and may have negative or positive effects on fiscal capacity.

Amendment to the Local Government: Municipal Structures Act (1998)

- Section 84 (4) should be amended along the same lines with 2 above.
- Section 85 (9A) Same as 84

Amendments to the Local Government: Municipal Systems Act 200

- Commission agrees with amendments

Amendment to the MFMA

- Commission agrees

Amendments to the Property Rates Act

- Commission agrees



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