

AllAfrica

South Africa: Report Highlights Cost of Basic Services

22 Sep 2016

Pretoria — The Department of Cooperative Governance and Traditional Affairs (Cogta) has welcomed the release of a report by Salga, which outlines the cost of basic services in municipalities.

The Cost of Municipal Basic Services Report was launched on Wednesday by the South African Local Government Association (Salga) and Financial and Fiscal Commission (FFC) in Cape Town. Cogta Deputy Minister Andries Nel attended the launch.

The report is a culmination of a study undertaken by the FFC and Salga to understand the many variables that affect the costs of providing municipal basic services and to establish a standard costing model for the local government sector.

Cogta, in partnership with National Treasury, introduced a new differentiated municipal equitable share model in 2013 to help municipalities meet the costs of providing basic services to households.

"The new municipal services costing model highlights that funding required per poor household is sensitive to local conditions and varies from municipality to municipality, and from project to project.

"It has also established that the need to provide funding for capital renewal of ageing infrastructure is becoming more dominant. An estimated R45.2 billion annual capital funding will be required by 2018," said Cogta in a statement.

Speaking at the launch of the report, Deputy Minister Nel said the costing model feeds into government's broader efforts to consolidate the local government system. He said the model complements Treasury and Cogta's work on municipal equitable share funds, which must be reflective of municipalities' realistic needs to fund their operations and capital projects.

Municipalities require an estimated R39 billion per year for operational costs to deliver services to the poor and an additional R41 billion for administrative costs for providing the same services.

The cost of basic municipal services costing model looks at capital costs, administrative costs and the operational costs of providing basic municipal services to households by taking into consideration that cost drivers are unique from municipality to municipality.

Cogta said the costs of providing basic municipal services are largely influenced by the municipalities' settlement typology; level of urbanisation, travel time from the main economic centre to homes, location (coastal or inland, topography (mountainous or flat terrain), population and household profile, and poverty and unemployment status.

<http://allafrica.com/stories/201609220454.html>