

Getting municipalities out of the red

Introduction

More than a thousand delegates – comprising municipal political office bearers and officials, local government MECs, provincial local government heads of department, national politicians and officials and organised local government – attended a two-day Municipal Viability Indaba at the Sandton Convention Centre on 5 and 6 December 2002. The Indaba's main objective was to ensure a collective and heightened awareness of the threat to municipal viability, with a specific focus on the rising municipal services debt. The answer to this problem was proposed in the form of the Municipal Revenue Enhancement Programme (MREP).

Background

The Indaba itself forms part of the MREP, which emanated from an investigation commissioned by Minister Sidney Mufamadi in May 2002. The investigation aimed to examine and conceptualise the issue of debt owed for municipal services and to draft clear recommendations on the role of the national sphere of government in addressing this issue. It assessed the situation in the 16 largest municipalities, which included the six existing metropolitan municipalities as well as aspiring metropolitan municipalities. Further visits to 12 so-called secondary municipalities were done to ensure that the findings and circumstances in the larger municipalities were also applicable to them. The investigation was completed in July 2002 and resulted in specific initiatives to be taken by the national sphere of government. The MREP has

since been developed and the Municipal Viability Indaba was the programme's first initiative.

MREP

The MREP can be summarised as follows:

- implementation of a national-wide, two-tier communication campaign aimed at enhancing the public's understanding of municipal revenue issues;
- involvement of government in the development of appropriate technology, such as pre-payment technology, to support municipal revenue collection;
- establishment of a two-year work programme to tackle institutional responsibility initiatives relating to municipal revenue and viability, for example, the relationship between regional electricity distributors (REDs) and municipalities, as well as public-private partnerships;
- establishment of a two-year work programme to tackle sustainable delivery initiatives, such as indigence assessment and support; and
- establishment of a municipal revenue enhancement fund to support municipal initiatives taken in improving revenue collection and administration systems.

Outcome

The MREP was launched at the Indaba. The delegates were informed of the findings of the commissioned national investigation and adopted a MREP implementation plan. A strategic target was also adopted to guide municipalities in im-

key points

- The Municipal Revenue Enhancement Programme was launched in December 2002.
- A municipal revenue enhancement fund will be established to support municipal initiatives taken in improving revenue collection and administration systems.
- By the end of 2004 the local government sphere should report a 97.5% collection rate.

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proving revenue collection and administration, namely that within 24 months local government should report a 97.5% collection rate. A national advisory committee was established to take responsibility for the programme management and to act as MREP's accounting structure. The appointed chairs are:

- MEC T Lechesa (Free State): Steering committee for communication initiatives;
- MEC T Fowler (Gauteng): Steering committee for technology initiatives;
- Mayor O Mlaba (The eThekweni Metropolitan): Steering committee for institutional responsibility initiatives;
- Executive Mayor D Nkosi (Ekurhuleni Metropolitan): Steering committee for sustainable delivery initiatives, and
- MEC M Bhabha (Mpumalanga): Steering committee for revenue enhancement fund.

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