

'Local government debts to be written off'

Municipal Reporter

TRANSITIONAL city and town councils will not inherit current local government debts, said Andrew Boraine, a member of the Transitional Executive Council subcommittee on regional and local government.

Mr Boraine was speaking at a seminar on metropolitan government.

But sorting out the pile of debts is expected to take some time.

Mr Boraine said different types of debts were owed to different bodies. Some creditors were government departments facing extinction under a new dispensation.

And in a move likely to send shock waves in local government circles, Mr Boraine said he doubted ratepayers associations could count themselves among non-statutory results.

In metropolitan areas countywide ratepayers associations have demanded to be an equal partner with the council in established local government.

Historical and PWV forums there have succeeded, but in Cape Town the Good Hope Alliance is numbered among statutory ranks.

Mr Boraine said the purpose of local government forums was to broaden representation in the debate of the civic future.

"The Local Government Transition Act is there to create inclusive and representative bodies, but is not there for parties to get double representation."

Rates which had taken part in municipal elections in the past would be seen as statutory, he said.

It was crucial to get past constitutional issues about loans to financial issues.

These included levels of services, tariffs, ensuring payments for services, grants, loans and whether electricity should be used as argument.

Mr Boraine said he asked whether trade unions should be allowed to be members of forums, Mr Boraine said this could create an awkward situation.

Metropolitan govt in position by May

■ Cape Town is getting up to a gallop in the race for nonracial metropolitan government.

CLIVE SAWYER
Municipal Reporter

CAPE Town could be ready to appoint its first nonracial metropolitan council before the May deadline.

Potential pitfalls still facing the Cape Metropolitan Negotiating Forum included potential deadlocks on controversial issues such as membership, said steering committee co-ordinator David Schmidt.

He admitted progress to this point had been slow.

Unresolved issues included the non-participation of Hertzberg and Boland "fringe towns".

But come 1994 the speed of progress have started to move fast.

There was a spirit of co-operation among forum members, and public interest and debate was growing.

"In every community people are drawing maps," Mr Schmidt said, referring to the tussle over future municipal borders.

Recognition for the forum in terms of the act was 'priority one'.

This meant some amendments to the founding document, to which the steering committee had agreed already.

Talks were in progress with greater Cape Town's 35 "coloured" strategic management committees, which wanted direct representation on the forum for all members.

The Cape metropole had a services crisis.

The provincial administration had a strategic management plan to tackle this crisis, but this had to become part of the forum process, Mr Schmidt said.

A working group on personnel issues was to do an audit of local government staff.

This working group would debate procedure to reorganise local government administration, and interim staffing arrangements for the Transitional Metropolitan Council.

A seminar on metropolitan government was given updates on progress in other metropolitan areas.

■ In Pretoria, a 72-member forum had been set up.

Half were city councillors and half "non-statutory" representatives of civic associations, ratepayers' forums and the ANP-SACP-Umkhonto alliance.

There had been agreement on a "brown" — but it included Afrikaans municipality, a stronghold of volunteers who had surrounded their offices with sandbags and razor wire.

It had been agreed the Greater Pretoria Metropolitan Council would have an executive committee and six sub-committees, which would do most of the work.

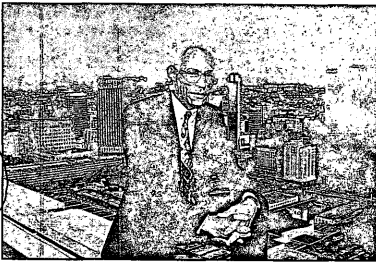
■ In the Pretoria-Witwatersrand-Vereeniging triangle, borders for the forum had been agreed on.

Ratepayers associations were on the non-statutory side of the forum, along with the National Party and Inkatha Freedom Party.

The 50-member forum would debate metropolitan boundaries at its next meeting.

■ Durban, which began trying to set up a forum in 1991, had got far.

But there was a willingness to make progress. African National Congress member and city councillor Margaret Windeke said the seminar (News by C Sawyer, 122 St George's Mall, Cape Town)



Picture LEON MÜLLER, Weekend Argus.

PLANNING FOR THE FUTURE: New city planner David Daniels will move into Neville Riley's office on April 1... if he survives the Cape Town Marathon today. He should do, as Mr Daniels is a veteran of several Comrades and Two Oceans marathons. His dream — that the Cape Town Marathon will be the official Olympic Marathon in 1994.

Economic recovery needs viable cities

Municipal Reporter

A WORLD Bank report on metropolitan finance said national economic recovery would be impossible without properly functioning cities.

Rates increases and new local taxes could be introduced to combat shoddy standards of services in poor black areas and local authorities could be given access to capital markets to help them fund the split of black areas.

The legacy of apartheid was that white areas had strong fiscal bases and were well-managed, while black areas had little infrastructure, the report said.

In black communities there were backlogs in terms of water supply, electricity, sanitation, drainage, roads and solid waste disposal. Financing the backlog would mean "significant fiscal shock" on revenue and spending of cities.

"The size of the shock is too large for the local fiscal base to sustain in a short period and will need to be phased in over several years."

Using Regional Services Council levies at present rates could spare ratepayers from

property rates increases, the report said.

It warned that any direct borrowing by cities would have to be regulated.

Poverty, poorly defined property rights and problems of enforcement would make it difficult to collect property rates and user charges, the bank said.

"Second-best fiscal instruments could be used to generate revenues from black communities. These included a cut of value-added tax and payroll taxes.

Cities might not be able to absorb a rapid increase in large

Governments set to do battle in two-tiered fight for public funds

Municipal Reporter

THE map tilted to be next Minister of Local Government foresees a struggle over money between metropolitan and regional governments.

It is a struggle which will worsen if different political parties control different levels of government, Institute for Local Government head Thuzumle Botha said.

If there is hostility, provincial government could try to reduce the tax bases of the metropolitan council.

And Mr Botha — who also heads the African National Congress local government department — challenged a National Economic Forum proposal to take away electricity income from local authorities.

Slashing away electricity, a significant contributor to municipal coffers, could create "untold misery and conflict", Mr Botha said.

Options for future metropolitan government included a politicised legislative and executive authority, or a service delivery agency.

Metropolitan government was essential where local councils were delivering services of different standards, and there was an uneven distribution of income.

At present, spending at local government level accounted for more than 43 per cent of spending in the country.

"There is a high level of local government expenditure but if it has a low level of autonomy," he said.

Money was not used in a cost-effective way because of the fragmentation of service provision.

Mr Botha warned against future metropolitan and local government wasting money by creating unnecessary bureaucracies.

An example of split service provision was the supply of electricity in Cape Town townships.

Some were supplied by Eskom and the rest by Cape Town City Council.

This caused a huge disparity in tariffs, while white areas had credit electricity meters and black areas had prepayment meters, leading to political tension.

Mr Botha said the final constitution would settle the relationship between second and third-tier government.

The interim constitution put local government under the power of provincial parliaments.

"Given provincial government's financial services backlogs, if fiscal decentralisation were to occur, the best options for local government would be: ■ A system of surcharges on personal income tax; ■ An assortment of excise and motor vehicle taxes.

The report said care should be taken to ensure metropolitan areas remained economic growth centres and urged a strong investment in education.

"Without this, the possibility of a permanent underclass in South African cities looms large."

It was not necessary that all services should be provided by the same authority.

"There may be different arrangements which do not correspond with political borders."

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