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Worry over non-payment

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A REPORT into problems plaguing local government has found that non-payment of services poses a financial risk to municipalities.

For many of the country's municipalities, home to a high number of South Africa's poorest of the poor, the problem is likely to continue for some time.

The report says this was due to the low level of economic activity in these areas.

The report, which was compiled by the Financial and Fiscal Commission after public hearings held in October last year into the financing of municipalities, shows that the lack of service delivery was "exacerbated by the fact that services must be provided to households that cannot pay [for] such services, thus posing a financial risk to the municipality".

Quoting figures from a 2007 community survey, the report shows that 80 percent of households living in rural municipalities earned below R3200 a month.

The survey also reveals that only 13 percent of people living in rural municipalities are employed.

Rural municipalities are home to more than 12.3 million people, comprising about 2.673 million households.

The next category of municipalities comprises smaller towns, larger towns, secondary cities and metropolitan municipalities, all of which have employment figures of 22 percent, 27 percent, 29 percent and 34 percent respectively.

The number of people earning below R3200 range between 69 percent and 46 percent respectively.

Compared to their affluent counterparts, rural and district municipalities face an uphill battle.

On the one hand, the report raises concerns about rural and district municipalities being heavily dependant on grants.

The dependency ranges from 70-80 percent, suggesting that the ability to generate revenues in these areas are minimal.

<http://www.sowetanlive.co.za/news/2012/03/12/worry-over-non-payment>