

■ NON-PAYMENT

State departments not budgeting for services

Outstanding debt a challenge for municipalities with insufficient allocations and backlogs

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CO-OPERATIVE Governance and Traditional Affairs Minister Zweli Mkhize says government institutions are not setting aside enough money to pay municipalities for rates and services.

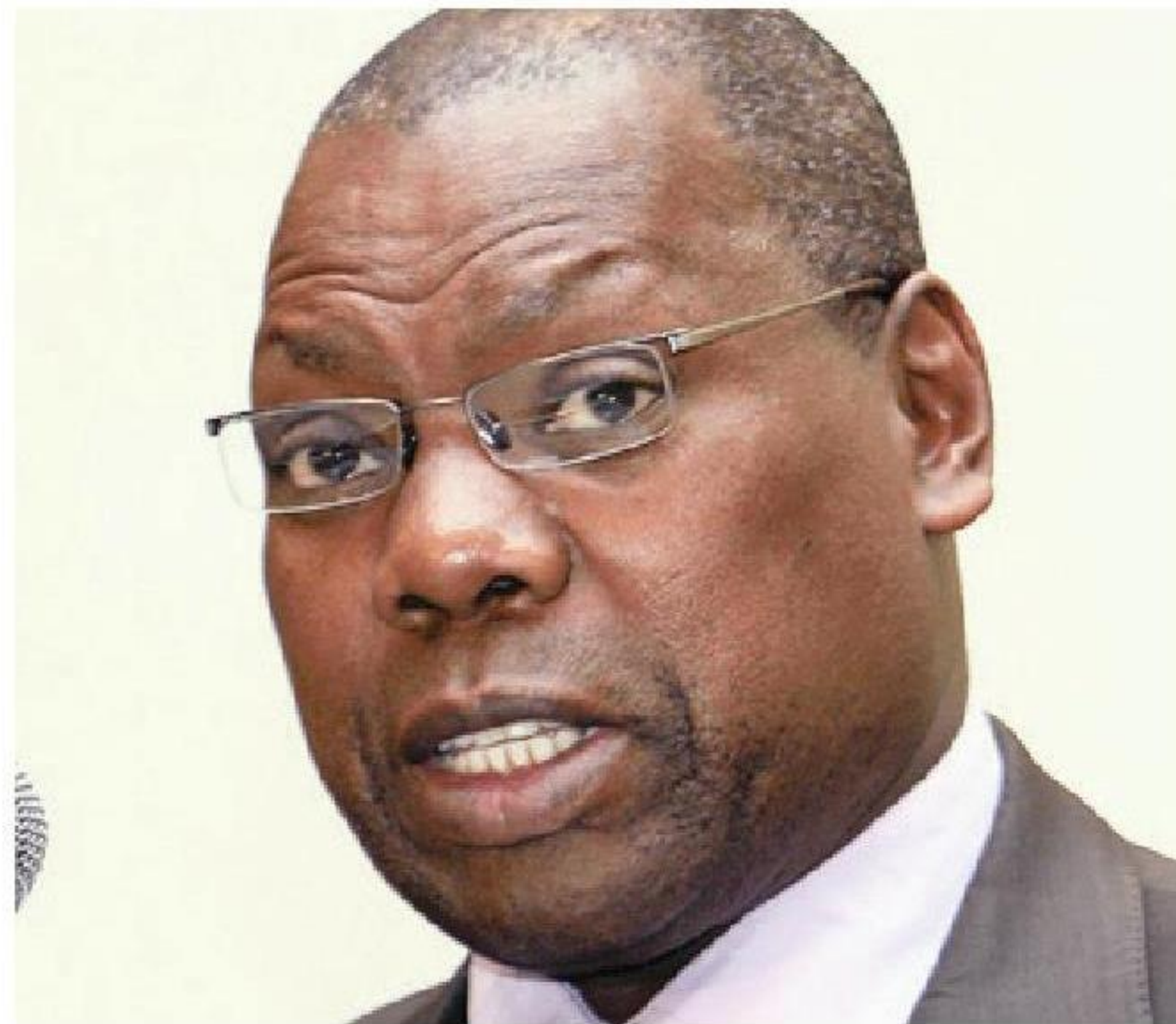
It emerged yesterday that the debt owed by national and provincial departments and state-owned entities stood at R9.7 billion as at December last year. The amount was up from the R6.3bn owed in December 2016.

Mkhize made this comment in a written response to a parliamentary question from the IFP's Xolani Ngwezi, who asked about measures put in place to recover debt owed to municipalities by departments and state-owned entities.

Mkhize said this outstanding debt remained a challenge.

"Some of the reasons include insufficient budget allocations by organs of state to service current year debt and historic debt," he said.

Mkhize said there was also inade-



Zweli Mkhize

quate budgeting for municipal services and property rates by organs of state.

The minister said other contributing factors to the culture of non-payment and internal control deficiencies on the municipal systems included lack of debt reconciliation between municipalities and organs of state.

In some instances, there was incorrect billing by municipalities.

"Billing statements are not issued timeously and/not issued to the rightful owner.

"Payments are not allocated timeously to the relevant accounts by municipalities," Mkhize said.

He said that the Municipal Systems Act made provision for municipalities to collect all monies that were due and payable, and that councils should adopt, maintain and implement a credit control and debt collection policy.

"The credit control and debt collection policies adopted by municipalities are clear... "However, the municipalities still encounter challenges of collecting money that is due and payable mainly because of a culture of non-payment and internal control deficiencies on the municipal systems."

Mkhize also said that his department, in collaboration with the National Treasury, had structures in place to assist municipalities in recovering the monies owed by organs of state and to facilitate the resolution of disputes between them and municipalities.

"These structures discuss the debt owed to the municipalities, evaluate

progress on the reconciliation of inter-governmental debt... billing challenges and progress on payments, and find an amicable solution for challenges."

The structures included the provincial intergovernmental debt forums, the national public works steering committee, the chief financial officers' forum and the inter-ministerial task team (IMTT) dealing with debts owed by municipalities to Eskom and water boards.

According to Mkhize, the IMTT has since recommended the installation of electricity and water prepaid metering infrastructure.

"This will be one of the effective tools to eliminate the municipal debt as the municipal service will be on a prepayment system nationwide."

He said organs of state were also urged to prioritise municipal services in their budgets.

"There is a process under way to request the National Treasury team responsible for monitoring provincial and national budgets to ensure that municipal services are prioritised in municipal budgets," said Mkhize.