

■ DEBT

Work started to settle government debt

MAYIBONGWE MAQHINA

mayibongwe.maqhina@inl.co.za

PUBLIC Works and Infrastructure Minister Patricia de Lille says her department has started a project to settle government debt owed to municipalities.

This after municipalities disclosed to National Treasury that the overall national government debt was R3.1 billion in June.

This excludes the R2.6bn owed by the nine provincial departments of public works.

She revealed this in a written response to parliamentary questions posed by DA MP Patricia Kopane.

Kopane had enquired whether her department, any entity reporting to her or any provincial department of public works owed any unpaid rates and services to any municipality.

She also asked what amount was owed to each municipality and by what date the outstanding amount would be settled.

De Lille confirmed that municipalities were owed money by her department because some submitted inflated accounts, among other things.

“Municipal accounts must be verified and validated prior to processing

payments in order to avoid irregular, fruitless and wasteful expenditure,” she said in reference to accounts owed by her department on behalf of other user departments.

“Many government departments (are) not refunding DPWI and this creates cash flow problems for DPWI. Many municipalities submit inflated accounts,” De Lille said.

The minister said her department’s chief financial officer was spearheading the project, which started in August, to settle government debt to municipalities.

“(The CFO’s) office developed a project plan to reconcile outstanding government debt for municipal services billed, agree with municipalities for settlement or recovery of the outstanding amount and obtain sign-off, verification of accounts and provide clear recommendations to avoid repetition of issues.”

De Lille also said each of her department’s 10 regional offices would provide a weekly update to her and the CFO on progress made.

“As of June 30, municipalities reported in terms Section 71 (S. 71) of the Municipal Finance Management Act (MFMA) that the overall govern-

ment debt was R3.1bn,” she said.

“There are 135 municipalities of the 256 municipalities that reported to be owed by DPWI. The department is in the process of verifying the debt owed for all 256 municipalities,” she said.

However, De Lille said the amounts municipalities claimed to be owed had proven to be unreliable and incorrect.

She named two municipalities which had disclosed a lump sum debt which was drastically reduced upon verification and another that failed to provide supporting documents to back its claim for its purported debt.

“It is therefore essential that amounts disclosed by municipalities require verification and validation prior to processing payments in order to avoid irregular and fruitless and wasteful expenditure.”

De Lille said the department was resolute in its commitment to settle all verified debts within 30 days of receipt of the statement invoices and sign-offs.

“The DPWI has already engaged with 62 municipalities and is in the process to verify and settle outstanding debt. After that the DPWI will engage with the remaining 192 municipalities.”