

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 158 [NO1634E]
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★158. **Mr A R McLoughlin (DA) to ask the Minister of Finance:**

Have any (a) metro, (b) district or (c) local municipalities been given specific instructions relating to the collection of outstanding amounts due to these municipalities by their residents by means of legal action; if not, why not; if so (i) what specific instructions have been given, (ii) to which specific municipalities and (iii) what steps have been taken by the National Treasury to monitor compliance with such instructions?

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REPLY:

No specific instruction has been given to any municipality relating to the collection of outstanding debt owed to it or the pursuance of the legal route for outstanding debt. According to Section 64(2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA) and in compliance with Section 96(a) of the Local Government Municipal Systems Act and Regulations, 2000 (Act No. 32 of 2000)(MSA), municipalities are enabled to collect outstanding revenue due to them. To this end, the municipality must have credit control and debt collection policies by law which must be approved every year with the adopted budget and this provides the basis for collecting outstanding debt. Policy approval is the responsibility of the council whilst the actual implementation of the policy is the responsibility of the officials of the municipality. Certain municipalities have well-crafted policies that yield favorable results, however, on the other hand there are those that have good policies but are generally very weak at implementation thereby leaving these municipalities vulnerable. National Treasury has an oversight role in terms of the Constitution and is required and will ensure that the council of any municipality has an approved debt collection policy. This process applies to all municipalities regardless of the categorization.

The National Treasury through the special project 'Revenue Management' engages with municipalities around the revenue value chain and in particular on the outstanding debt owed to them. Particular emphasis is made on the benefit and need of collecting this debt as it can translate to improved services or providing basic services to a broader customer base. This project has been initiated with a few municipalities and the intention is to roll it out to all municipalities. Debt collection is a basic business principle which enables any business to survive financially and sustain service delivery with available operating cash.

The National Treasury publishes the quarterly report as per Section 71 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA) which provides an overview of the municipalities finances, and in addition, it illustrates debt owed to municipalities and specifically, debt owed by residence in an age analysis form.