

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 220 [CW410E]
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220. Ms E C van Lingen (DA-EC) to ask the Minister of Finance:

(a) What is the extent of intergovernmental debt, (b) what measures are in place to address the debt and (c) what are the time frames in each case?

CW410E

REPLY:

- a) It is assumed that the honourable member's question about *intergovernmental debt* is about government departments (national and provincial) that owe money to municipalities for property rates and consumption of municipal services; and that is owed by municipalities to government entities.

In terms of the National Treasury Section 71 report for the quarter ending June 2014, the total debt owed to municipalities by government is R4.5 billion. This amount constitutes five per cent of the over R 94 billion debt owed to municipalities.

In terms of the National Treasury Section 41 reports by entities, the amounts owed by municipalities in respect of entities is R5.4 billion of which R3.3 billion is for Eskom and R2.1 billion is total amount owed to all water boards country wide.

- b) The following measures are in place:

To address the question of government to municipal debt:

It is acknowledged that this matter is long outstanding and in order to overcome the challenges that are currently encountered an intergovernmental task team has been set up comprising of Department of Public Works, Cooperative Governance (DCoG), Department of Performance Monitoring and Evaluation, South African Local Government Association (SALGA) and National Treasury to facilitate payment from government departments to municipalities. Given that part of the contributing factor to the accumulation of municipal debt is the poor integrity of billing information, municipalities are also being supported to

ensure that they are able to submit reliable and credible bills in order to fast-track the payment process.

To address the question of municipal to government entity debt:

The respective municipalities are encouraged to enter into payments arrangements with Eskom and water boards through various forums and engagements.

- c) The intergovernmental task team is implementing government debt collection project in three phases:
1. Phase One – is attending to debt that occurred prior to 2008 amounting of R200 million with an envisaged completion date of 31 March 2015;
 2. Phase Two – is addressing collection of the outstanding debt of R4.5 billion with a an envisaged completion date of 30 June 2015;
 3. Phase Three – is a long term support to municipalities to improve the management of revenue, especially the billing system in order to prevent the occurrence of government falling into arrears on their obligation.

