

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 84 [NW88E]
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84. Mrs M O Clarke (DA) to ask the Minister of Finance:

- (1) What (a) steps has he put in place to deal with the escalating debt owed by Soweto to the City of Johannesburg as little progress has been made in this regard and (b) are the details of a complete plan detailing how the amount will be dealt with;
- (2) what is the total debt bill currently reported to the National Treasury for defaulting municipalities as the debt bill for the past financial year was R35,5 billion;
- (3) in light of the fact that 47 municipalities owed more than 100 million each, what is the (a) name and (b) outstanding amount for each municipality reported to him currently;
- (4) what (a) is the total outstanding debt of Soweto reported to him and (b) steps have been taken by the National Treasury to assist in recovering the debt?

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REPLY

- (1)(a) Although the Minister of Finance is the custodian of the Municipal Finance Management Act, 2003, (MFMA), it is the policy adopted by the respective municipality or Metro that dictates the process or procedure to be followed for debt recovery. In this case, the policy will be the Credit Control and Debt Management Policy. National Treasury have been persistently advocating through various correspondence and budget circulars that debt owed to creditors by municipalities must be paid within 30 days as stipulated by Section 65(e) of the MFMA.

The City has informed National Treasury that majority of the debt owed by Soweto is to Eskom. National Treasury has no legal mandate to address the debt owed by consumers to Eskom, however, the Government through the Political Task Team Chaired by the Deputy President is addressing municipal debt owed to Eskom. It is the City's responsibility to intensify its credit control and debt collection strategies to ensure that the debt owed by consumers is collected. Similarly, it is the responsibility of Eskom to implement its Credit Control and Debt Management strategy to achieve a sustainable solution to the recovery of Soweto arrear debt.

The City reported that the following measures are being institutionalised to collect the outstanding debtors:

- Councilor intervention in areas with limited access.
- Applying of strict control measures on customers who acknowledges their debt, by ensuring thorough affordability checks are done against each

customer to determine the down payment and reasonable terms of payment.

- Intensify internal meter audits on accounts confirmed by entities as successfully disconnected.
- Promote support from the councilors during the City's Open Days (to assist on educating customers about City's relief programs and instant query resolutions); and
- Promote visibility of the Stakeholder Relations Officers to all the regions at all times (as the support for clear communication of the customers concerns in the entire value chain).

(1)(b) The City has informed National Treasury that it has embarked on a number of revenue enhancing initiatives to collect debt older than 90 days (this includes debt owed by Soweto residents). The City will be in a better position to provide the progress made so far in relation to revenue collection of debt older than 90 days. The City has intensified the credit control actions taken since December 2021 and January 2022 by issuing pre-termination notices and delivered it to most of the Soweto owing households. Disconnection of services have commenced after 14-days lapse of the notices delivered but with low return on investment, this is due to community disturbance to effect credit control measures. JMPD Officers have been called to provide security since the beginning of February by escorting the technicians to various areas wherein they are likely to experience backlash (trusting that their visibility will slowly show improved results).

(2) According to the Section 71 of the MFMA reports for the second quarter ending December 2021, reports submitted to National Treasury by municipalities indicates that the total debt owed by municipalities to various creditors is R73.7 billion.

(3)(a)(b) Below is the list of municipalities with debt owed over R100 million as per the Local Government Data Base - Section 71 reports of the MFMA.