

Business Day

## Departments must pay councils, says MPs

by [Khulekani Magubane](#), 30 July 2015

PARLIAMENT's standing committee on appropriations on Wednesday demanded that the Treasury put pressure on national and provincial departments that have failed to pay municipalities for services.

This was despite the fact that municipalities were themselves not much better at settling their bills. Earlier this year the Treasury said it would withhold defaulting councils' equitable share of the budget, largely because of their failure to pay Eskom.

Municipalities owed Eskom R4.4bn when the Treasury forced them into entering payment agreements or lose out on their equitable share grant and face power cuts.

The standing committee on appropriations on Wednesday agreed that in cases where a defaulting municipality was under administration, the provincial government was responsible for settling the council's account.

Committee chairman Paul Mashatile was not impressed with what he viewed as the Treasury's preferential treatment of national and provincial departments over councils. "What do you do when national and provincial departments are not complying? We are hard on municipalities, but we are not hard on national and provincial government. We are asking departments politely to pay but when it came to councils we kept the money," Mr Mashatile said.

Treasury chief director of local government budget analysis Jan Hattingh said the fiscus would put pressure on national and provincial government to pay councils.

The Treasury had met 38 of the targeted 59 municipalities and had facilitated an agreement with most of them over the equitable share. "Of the 59, about 47 had the equitable share released on condition of a payment agreement; nine got partial equitable share on condition of providing evidence of creditors; and three have not entered agreement or paid," said Mr Hattingh.

Democratic Alliance MP Malcolm Figg said it appeared that withholding the equitable share was done to bail out Eskom and not to enforce better financial controls among councils.

Chairman of the Financial and Fiscal Commission Bongani Khumalo said: "There is a need to improve inter-government fiscal relations. It is no use to tell local government to pay when national and provincial government offices owe municipalities.

"With that said, we welcome the fact that (the) Treasury is taking steps in enforcing payment obligations consistently."