

## News24

### Millions of households could lose out on municipal services

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Cape Town - Great concern was expressed in Parliament over millions of households which could be without services due to a decision by Treasury to freeze funds to municipalities which owe money to Eskom.

This national grant to municipalities funds - among others - basic services. Municipalities with a small income base will be affected the most.

Fears have been expressed about municipalities salaries and money budgeted for services will have to use to settle debts.

The Treasury earlier in a notice took the decision to freeze funds of 59 municipalities.

It was reported earlier that municipalities owed Eskom and water supplies approximately R12.6bn.

The ANC on Wednesday morning asked in the select committee on finance for a political solution and requested that the ministers of finance and co-operative governance intervene.

This while the South African local government agency, Salga, sought a legal opinion and on Wednesday formally informed the Treasury that it will challenge the decision.

ANC MP Consolation (Tekoetsile) Motlashuping said it was about much-needed services to the poor.

"Let us call the minister and have the decision immediately annulled. A political solution is needed now. "

Other MPs such as the DA's Elsa van Lingen were less keen and said when money is owed and nothing is done to incur debt agreements, it must be addressed.

The Financial Fiscal Commission (FFC) also provided input and strongly warned against the process to collect the debt from municipalities.

Also Muthotho Sigidi, deputy director general in the department of co-operative governance, voiced concern about the process.

He told Netwerk24 that although legislation required that the departments be consulted before such a decision was made, Minister Pravin Gordhan, was only informed after the Treasury made the announcement.

Bongani Khumalo, acting chairperson and chief executive of the FFC, strongly urged that proper processes were followed and that such a decision be the last resort so that the public was not unduly affected by this.

Dr Mkhululi Ncube, program manager for local government in the FFC, said it was about temporary interruption of services to nearly 1.3 million poor households, especially in provinces such as the Free State and North West.

The national grant contributes between 31% and 37% at certain municipalities' operating income, Ncube said.

"The dependence of the money means that the running of municipalities and service will be hampered by Treasury's decision."

Subesh Pillay, chairperson of Salga's working committee for finance, said in this case the keys of the municipalities might as well be taken away and the doors closed.

Thabo Manyoni, Salga chairman, in turn, said government departments and entities in turn owed municipalities billions and therefore must be considered holistically to blame.

According to Salga's figures national government departments debt to municipalities amounted to almost R5bn.