

# State departments to be reined in over debt

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## **City Press**

National and provincial departments are to face the same fate as the municipalities that were taken to task over billions they owed Eskom and the Water Boards.

Treasury earlier this year withheld billions of rands in government grants called equitable share from 59 municipalities because of this debt. These grants were used for delivery of basic services and withholding them would have had a disastrous effect on service delivery.

MPs in Parliament's appropriations committee yesterday demanded for national and provincial departments to also be taken to task for their debt to municipalities.

Jan Hattingh, head of intergovernmental affairs at the national treasury, ensured MPs that steps were under way to hold national and provincial departments and government entities accountable for their debt.

There were still some legal loopholes and numbers that needed to be checked, he said.

At the end of last year, state departments owed municipalities about R4 billion. Businesses owed municipalities nearly R22 billion.

Committee chairperson Paul Mashatile warned that it wasn't enough to send state departments letters reminding them to pay up.

"We can't be soft on them. What happened to municipalities must also happen to government departments. We can't have departments that spend their budgets year after year but don't pay their debt."

It was reported yesterday that government departments owed eThekweni metro nearly R208 million for basic services. The basic education department alone owed the metro R43 million.

In other municipalities, such as Matjhabeng in the Free State – which is one of the 59 municipalities that owes Eskom money – power was cut to 72 schools. The schools owed the municipality nearly R11 million.

Earlier this year, Minister of Cooperative Governance and Traditional Affairs, Pravin Gordhan, said that state departments should be setting an example and pay for services.

The financial and fiscal commission yesterday made a submission to the committee on how treasury handled the issue, saying that 49 of the 59 municipalities had as of June this year received their outstanding equitable share totalling about R1.8 billion.

This happened after the municipalities negotiated payment agreements with Eskom and the Water boards.

The head of the commission, Bongani Khumalo, who criticised the treasury's intervention earlier, made an about-turn and said this action was yielding positive results. He warned, however, that such interventions must still follow prescripts of the Constitution and other applicable laws.