

**DEPUTY PRESIDENT: REPUBLIC OF SOUTH AFRICA**

Private Bag X 1000, Pretoria, 0001

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**FRIDAY, 25 FEBRUARY 2022**

**438. Mr K P Sithole (IFP) to ask the Deputy President:**

Whether the Government has quantified the amounts that are owed as a result of the intergovernmental debt and/or amounts that are owed between (a) government departments, (b) entities and/or (c) institutions in the three spheres of government; if not, why not; if so, what are the (i) reasons for the failure in each case and (ii) full, relevant details in each case? **NW503E**

**REPLY:**

According to the National Treasury, amounts owed by Organs of State to municipalities have been quantified. The quantification is derived from the consolidated quarterly reports as provided for by section 71 of the Municipal Finance Management Act.

According to the report for the second quarter ending December 2021, Municipalities are owed R***19.5 billion*** by Organs of State. This is broken down into R***8.2 billion*** owed by National Departments, R***9.2 billion*** owed by Provincial Organs of State, and R***2.1 billion*** owed in the category “Other” which consists of State Owned Institutions, Municipalities owing other municipalities, and in some cases Traditional Councils owing Municipalities. The following are the reasons for the continued escalation of inter-governmental debt:

* Provinces are struggling to keep up to date with increases imposed by Municipalities for services and property taxes;
* Allocations to Provincial Departments of Public Works and Infrastructure are not subjected to the same increases that Municipalities impose for services and property taxes. Municipal increases weigh much higher than the increases in the budget allocations to Departments;
* There are a large number of properties that still have the incorrect naming configuration. These properties are supposed to be in the name of Department of Public Works and Infrastructure, yet they still appear on the Deeds Registry as having names such as “RSA”, and other names from the old categorisation.  As a result of this challenge, Municipalities are not billing the correct custodian of the property, due to incorrect names in their municipal books.
* Another area of concern is that the Department of Public Works and Infrastructure disputes many of the invoices issued by Municipalities, and questions the credibility thereof.
* The last area relates to properties that have no contractual arrangements in place. Most of these properties belong to the Department of Public Works and Infrastructure, yet there are other user Departments utilising the premises. In light of no contractual arrangements between the two parties, the bill remains unpaid to the Municipality, and accumulating arrears.
* **END -**