



NON-COMPLIANCE WITH PAYMENTS OF SUPPLIER'S INVOICES WITHIN 30 DAYS FIRST QUARTER REPORT

for 2024/25



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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1. Purpose

- 1.1 This report aims to provide an update to relevant stakeholders on the status of compliance by national and provincial departments with the legislative requirements to pay supplier's invoices within 30 days during the first quarter of the 2024/25 financial year.

2. Legislative Framework

- 2.1 In terms of section 38(1)(f) of the Public Finance Management Act (PFMA), the Accounting Officer for a department must settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period.
- 2.2 Treasury Regulation 8.2.3 states that, "Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, the date of settlement or court judgement".
- 2.3 The National Treasury Instruction no. 34 issued in November 2011 remains in force and requires Accounting Officers of departments to submit exception reports to the relevant Treasuries by the 7th day of each month and Provincial Treasuries to submit these reports to the National Treasury, by the 15th day of each month with the following information:
- a) the number and rand value of invoices paid after 30 days from the date of receiving invoices;
 - b) the number and rand value of invoices older than 30 days and which have not been paid; and
 - c) the reasons for the late and/or non-payment of the invoices referred to in (a) and (b) above.
- 2.4 On 26 March 2018, National Treasury issued a circular on the timeous payment of invoices and claims emphasising the importance of ensuring that institutions meet their obligation of paying suppliers on time, and for Accounting Officers to monitor the compliance thereof.

3. Background

- 3.1 The late or non-payment of invoices has a serious impact on the financial health of suppliers who are often forced to borrow money to stay financially afloat as well as to continue meeting their contractual obligations with state institutions. When these institutions do not pay their suppliers timeously, it often results in suppliers closing down, especially Small, Medium and Micro Enterprises (SMMEs).
- 3.2 The late and/or non-payment of supplier's invoices impacts negatively on amongst others, the socio-economic challenges that our country faces such as the high unemployment rate, inequality, poverty, the financial health of suppliers, and their ability to pay salaries and other contractual obligations.
- 3.3 On 02 December 2009, Cabinet resolved that departments must implement mechanisms to ensure that payments to creditors are effected within 30 days from the date of receiving an invoice.
- 3.4 The Forum for South African Directors-General (FOSAD) also resolved that National Treasury must provide the Forum with regular compliance reports, ensuring that departments adhere to the requirement of paying suppliers invoices within 30 days.

4. Executive Summary

- 4.1 The overall number of invoices older than 30 days and not paid by national and provincial departments at the end of quarter 4 of the 2023/24 financial year amounted to 114 908 invoices. The number of invoices older than 30 days and not paid by national and provincial departments at the end of quarter 1 of the 2024/25 financial year amounted to 49 091. **This represents an improvement of 57% or 65 817 invoices when comparing the number of invoices older than 30 days and not paid.**
- 4.2 It is noted that there is an improvement in the management of invoices older than 30 days and not paid by provincial departments as evidenced by the number of 113 481 invoices in quarter 4 of the 2023/24 financial year which were reduced to 47 440 invoices in quarter 1 of 2024/2025 financial year. **The rand value of these invoices was also reduced from R10.6 billion in quarter 4 of the previous financial year to R6.6 billion in the first quarter of the current financial year.**
- 4.3 All national departments submitted their Exception Reports on the payment of supplier's invoices to the National Treasury as required by National Treasury Instruction No. 34, during the first quarter of the 2024/25 financial year which shows an average timeous submission rate of 85%. This represents a regression of 2% when compared with the average timeous submission rate of 87% achieved in the fourth quarter of the 2023/24 financial year.
- 4.4 All provincial treasuries submitted their exception reports on the supplier's invoices to the National Treasury during the first quarter of the 2024/25 financial year with an average timeous submission rate of 89%, which represents a regression of 4% when compared with the average timeous submission rate of 93% achieved in the fourth quarter of the 2023/24 financial year.
- 4.5 Table 1 below provides the total number and rand value of legitimate¹ invoices that were not paid within 30 days by national and provincial departments during the first quarter of the 2024/25 financial year:

¹ Legitimate invoices mean invoices that are not under dispute

Table 1: Summary of the number and rand value of invoices not paid within 30 days in national and provincial departments

Summary of national and provincial departments Number and rand value of invoices not paid within 30 days				
Quarter 1 FY2024/25	Paid after 30 days		Older than 30 days and not paid as at 30 June 2024	
	Number of invoices	Rand value of invoices	Number of invoices	Rand value of invoices
National Departments	30 571	R 1 675 580 373	1 651	R 97 286 198
Provincial Departments	98 318	R 12 575 141 320	47 440	R 6 520 758 244
Total	128 889	R 14 250 721 693	49 091	R 6 618 044 442

- 4.6 Table 1 above illustrates that the number of invoices paid after 30 days by national and provincial departments during the first quarter of the 2024/25 financial year amounted to 128 889 invoices with a rand value of R 14.2 billion.
- 4.7 The number of invoices paid after 30 days by national and provincial departments during quarter 4 of 2023/24 financial year amounted to 77 819 invoices. The number of invoices paid after 30 days by national and provincial departments during quarter 1 of 2024/25 financial year amounted to 128 889 invoices. This represents a regression of 66% or 51 070 invoices when comparing the number of invoices paid after 30 days.
- 4.8 The rand value of invoices paid after 30 days by national and provincial departments during quarter 4 of 2023/24 financial year amounted to R8.4 billion. The rand value of invoices paid after 30 days by national and provincial departments during quarter 1 of 2024/25 financial year amounted to R14.2 billion. This represents a regression of 69% or R5.5 billion when comparing the rand value of invoices paid after 30 days.
- 4.9 The rand value of invoices older than 30 days and not paid by national and provincial departments during quarter 4 of 2023/24 financial year amounted to R10.6 billion. The rand value of invoices older than 30 days and not paid by national and provincial departments during quarter 1 of 2024/25 financial year amounted to R6.6 billion. This represents a regression of 38% or R4.0 billion when comparing the rand value of invoices older than 30 days and not paid.
- 4.10 Furthermore, the table indicates that the number of invoices paid after 30 days by national departments during the first quarter of the 2024/25 financial year amounted to 30 571 invoices with a rand value of R 1.7 billion. The number of invoices older than 30 days and not paid by national departments at the end of June 2024 amounted to 1 651 invoices with a rand value of R 97 million.

- 4.11 In addition, the number of invoices paid after 30 days by provincial departments during the first quarter of the 2024/25 financial year amounted to 98 318 invoices with a rand value of R12.6 billion. The number of invoices older than 30 days and not paid by provincial departments at the end of June 2024 amounted to 47 440 invoices with a rand value of R 6.5 billion.
- 4.12 The main departments at a national level contributing towards the late or non-payment of invoices during the first quarter of the 2024/25 financial year are the departments of Defence, Correctional Services, Public Works and Infrastructure (Trading Account), Transport, Basic Education, Agriculture, Land Reform and Rural Development Agriculture, Office of the Chief Justice, Police, Justice and Constitutional Development and Water and Sanitation (Trading Account).
- 4.13 Departments at a provincial level contributing towards the late or non-payment of invoices during the first quarter of the 2024/25 financial year are the Eastern Cape provincial departments, North-West provincial departments, Northern Cape provincial departments, Free State provincial departments, KwaZulu-Natal provincial departments, and Gauteng provincial departments.
- 4.14 The most common reasons provided by national and provincial departments for late payment of suppliers are inadequate budgets, cash blocking, financial system challenges, Central Suppliers Database (CSD) challenges, high accruals from previous financial years, disputed invoices with suppliers, unresolved Supply Chain Management (SCM) related challenges, internal control deficiencies and inadequate internal capacity.

Analysis of exception reports

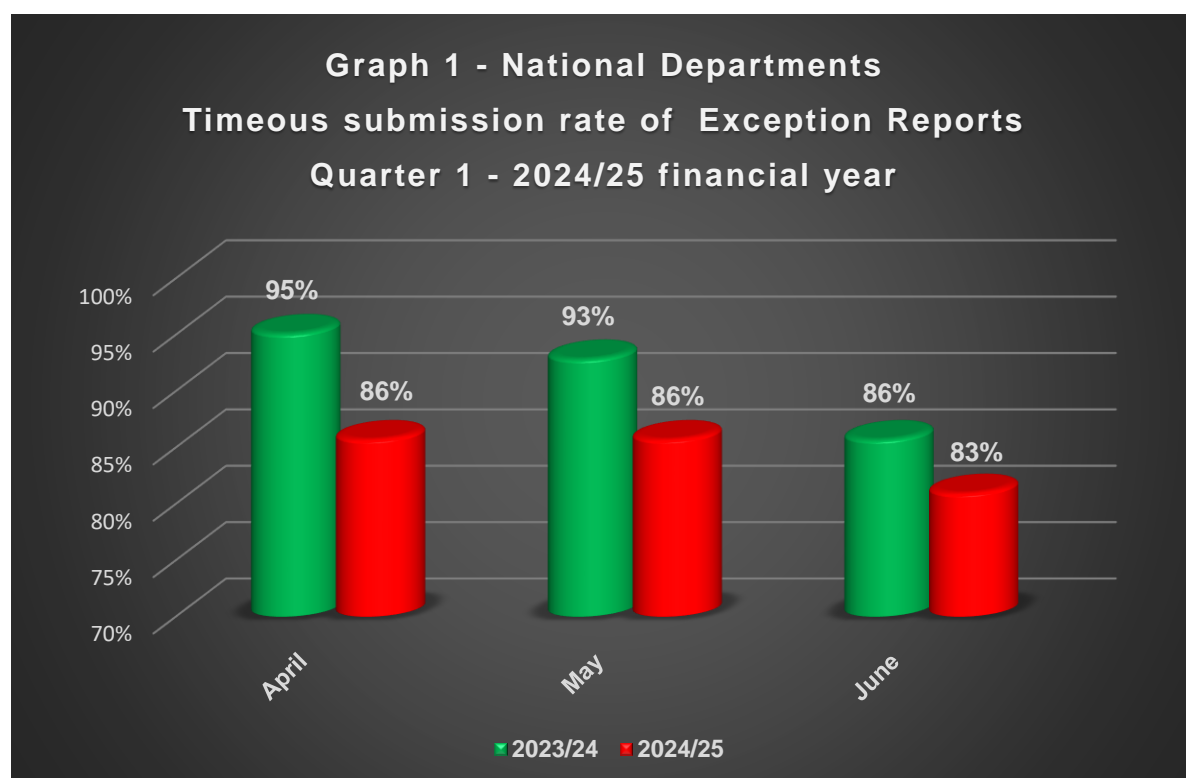
5. National Departments

5.1 Submission of the 30 days Exception Reports

All national departments submitted their 30-day Exception Reports to the National Treasury as required by Instruction No. 34, during the first quarter of the 2024/25 financial year with an average timeous submission rate of 85%.

Graph 1 below provides a month-to-month comparative analysis of the **timeous submission rate of Exception Reports** by national departments in the first quarter of the 2024/25 financial year compared to the same period in the 2023/24 financial year.

Graph 1: National departments – Timeous submission rate of 30 days Exception Reports



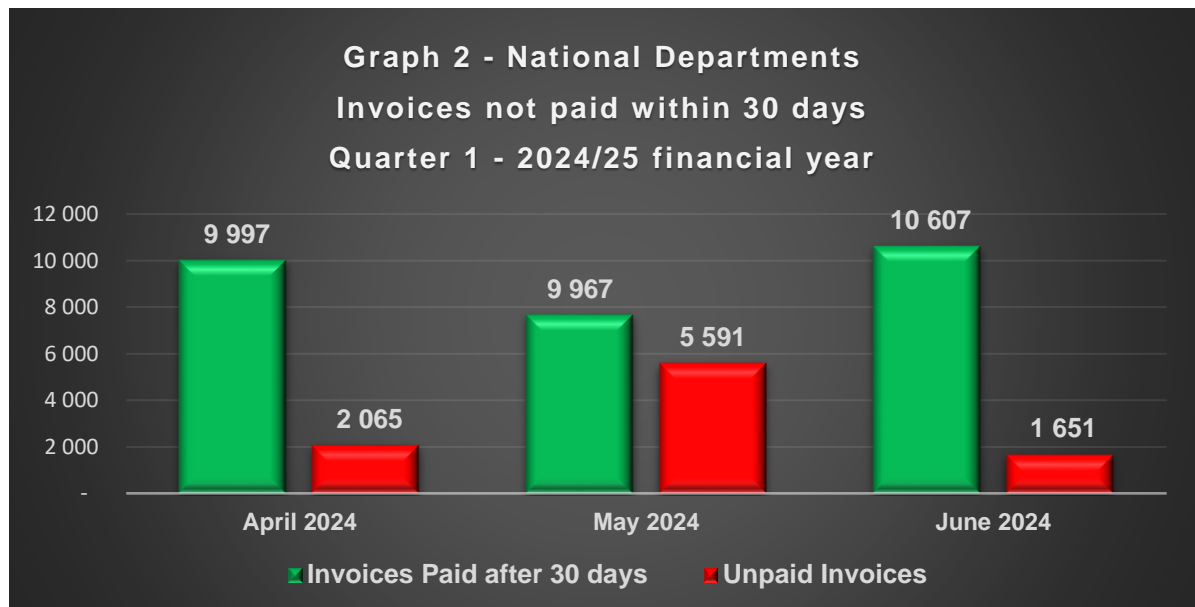
Graph 1 above illustrates month-to-month timeous submission rates of Exception Reports achieved by national departments in the first quarter of the 2024/25 financial year.

National departments achieved an annual average timeous submission rate of 85% in the first quarter of the 2024/25 financial year. This represents a **regression** of 6% when compared with the average timeous submission rate of 91% achieved in the first quarter of the 2023/24 financial year.

5.2 Invoices not paid within 30 days

Graph 2 below illustrates the **number of invoices not paid within 30 days** by national departments during the first quarter of the 2024/25 financial year.

Graph 2: National departments – Number of invoices not paid within 30 Days



Graph 2 above illustrates a monthly comparison of the number of invoices not paid within 30 days by national departments during the first quarter of the 2024/25 financial year. The number of invoices paid after 30 days during the first quarter of the 2024/25 financial year amounted to 30 571 invoices; **a regression of 16% or 4 120 invoices** when compared to the number of invoices paid after 30 days during the last quarter of the 2023/24 financial year which amounted to 26 451 invoices.

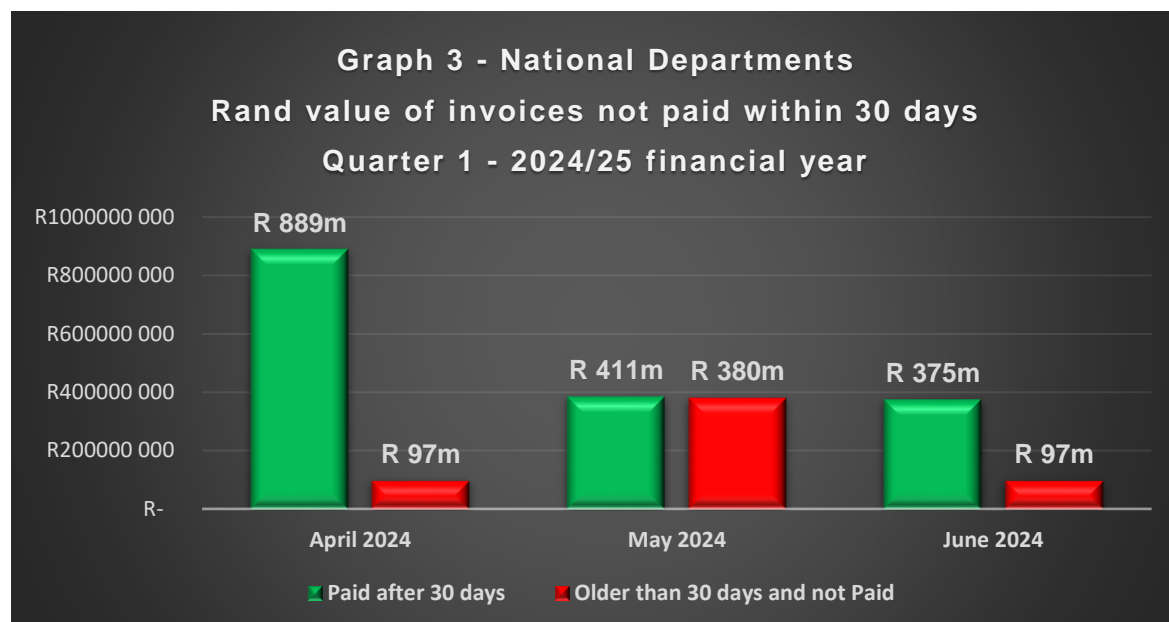
The number of invoices older than 30 days and not paid by national departments at the end of June 2024 amounted to 1 651 invoices, which indicates a **regression of 16% or 224 invoices** when compared to the number of invoices older than 30 days and not paid at the end March 2024 which amounted to 1 427 invoices.

The main departments contributing towards the number of invoices paid after 30 days during the first quarter of the 2024/25 financial year are the departments of Defence, Correctional Services, Public Works and Infrastructure Trading Account, Transport, Basic Education, Agriculture and Land Reforms and Rural Development.

The main departments contributing towards the number of invoices older than 30 days and not paid at the end of June 2024 are the departments of Justice and Constitutional Development, Public Works and Infrastructure Trading Account, Water and Sanitation Trading Account, Home Affairs, and Agriculture, Land Reforms and Rural Development.

Graph 3 below illustrates the **rand value of invoices not paid within 30 days** by national departments during the first quarter of the 2024/25 financial year.

Graph 3: National departments – Rand value of invoices not paid within 30 Days



Graph 3 above illustrates a monthly comparison of the rand value of invoices not paid within 30 days by national departments during the first quarter of the 2024/25 financial year.

The rand value of invoices paid after 30 days by national departments in the first quarter of the 2024/25 financial year amounted to R 1.7 billion; this indicates a **regression of 78% or R 775 million** when compared to the rand value of invoices paid after 30 days in the last quarter of the 2023/24 financial year which amounted to R925 million.

The rand value of invoices older than 30 days and not paid by national departments as at the end of June 2024 amounted to R97 million. The rand value of invoices older than 30 days and not paid as at the end of March 2024 amounted to R53 million. This indicates a **regression of 83% or R 44 million**.

5.3 National departments that reported invoices paid after 30 days

Table 2 below indicates national departments that reported invoices paid after 30 days during the first quarter of the 2024/25 financial year.

Table 2: National departments that reported invoices paid after 30 days

National departments Departments that reported invoices paid after 30 days Quarter 1 – 2024/25 financial year				
No.	Department	Number of Invoices	Rand Value of Invoices	% of number of invoices
1.	Forestry, Fisheries and Environment	1	R 9 315	0%
2.	Presidency	1	R 9 969	0%
3.	Science and Innovation	3	R 142 505	0%
4.	Tourism	4	R 62 332	0%
5.	Higher Education and Training	6	R 130 898	0%
6.	Health	6	R 634 912	0%
7.	Social Development	6	R 686 616	0%
8.	Independent Police Investigative Directorate	6	R 864 877	0%
9.	Women, Youth and Persons with Disabilities	18	R 1 279 673	0%
10.	Employment and Labour	18	R 111 767 409	0%
11.	Military Veterans	27	R 308 419	0%
12.	Public Works and Infrastructure (Main Account)	44	R 1 459 330	0%
13.	Water and Sanitation (Main Account)	53	R 200 487	0%
14.	Government Communication and Information Systems	65	R 1 638 752	0%
15.	Home Affairs	97	R 83 539 204	0%
16.	Water and Sanitation (Trading Account)	167	R 861 730	1%
17.	Justice and Constitutional Development	221	R 3 534 922	1%
18.	Police	311	R 71 717 846	1%
19.	Office of the Chief Justice	332	R 11 802 081	1%
20.	Agriculture, Land Reform and Rural Development	764	R 167 447 388	2%
21.	Basic Education	880	R 269 008 748	3%
22.	Transport	917	R 6 143 962	3%
23.	Public Works and Infrastructure (Trading Account)	3 537	R 224 757 071	12%
24.	Correctional Services	4 591	R 448 712 405	15%
25.	Defence	18 496	R 268 859 519	61%
Total		30 571	R 1 675 580 373	

Table 2 above illustrates national departments that reported the number and rand value of invoices paid after 30 days during the first quarter of the 2024/25 financial year. The total

number of invoices paid after 30 days by national departments in the first quarter amounted to 30 571 to the rand value of R 1.7 billion.

The Department of Defence reported the highest number of invoices paid after 30 days during the first quarter which amounted to 18 496 invoices or 61% of the total number of invoices paid after 30 days by national departments to the rand value of R269 million. The Department of Correctional Services reported the second highest number of invoices paid after 30 days which amounted to 4 591 invoices or 15% of the total number of invoices paid after 30 days by national departments, to the rand value of R449 million.

5.4 National departments that reported unpaid invoices

Table 3 below indicates national departments that reported unpaid invoices at the end of the first quarter of the 2024/25 financial year.

Table 3: National departments that reported unpaid invoices

National departments Departments that reported unpaid invoices Quarter 1 - 2024/25 financial year				
No.	Department	Number of Invoices	Rand Value of Invoices	% of number of invoices
1.	Science and Innovation	2	R 49 925	0%
2.	Water and Sanitation (Main Account)	2	R 72 717	0%
3.	Agriculture, Land Reform and Rural Development	22	R 123 023	1%
4.	Home Affairs	24	R 94 589	1%
5.	Water and Sanitation (Trading Account)	51	R 846 518	3%
6.	Public Works and Infrastructure (Trading Account)	273	R 78 055 038	17%
7.	Justice and Constitutional Development	1 277	R 18 044 388	77%
Total		1 651	R 97 286 198	

Table 3 above illustrates national departments that reported the number and rand value of invoices older than 30 days and not paid as at the end of June 2024. The total number of invoices older than 30 days and not paid as at the end of June 2024 by national departments amounted to 1 651 invoices with a rand value of R97 million.

The Department of Justice and Constitutional Development reported the highest number of invoices older than 30 days which amounted to 1 277 or 77% of the total number of unpaid invoices by national departments, to the rand value of R18 million. The Department of Public Works and Infrastructure (Trading Account) reported 273 unpaid invoices or 17% of the total number of unpaid invoices by national departments with the highest rand value, of R 78 million.

5.5 National departments that paid all invoices

Table 4 below indicates national departments that paid all invoices within 30 days during the first quarter of the 2024/25 financial year:

Table 4: National departments that paid invoices within 30 days

National Departments Departments that paid all legitimate invoices within 30 days Quarter 1 - 2024/25 financial year	
1.	Department of Cooperative Governance
2.	Department of International Relations and Cooperation
3.	National School of Government
4.	National Treasury
5.	Planning, Monitoring and Evaluation
6.	Public Enterprises
7.	Public Service and Administration
8.	Public Service Commission
9.	Statistics South Africa
10.	Traditional Affairs
11.	Civilian Secretariat for the Police Service
12.	Communications and Digital Technologies
13.	Human Settlements
14.	Mineral Resources and Energy
15.	Small Business Development
16.	Sports, Arts and Culture
17.	Trade, Industry and Competition

Table 4 above illustrates the national departments that paid all invoices within 30 days during the first quarter; these departments had no outstanding or unpaid invoices at the end of the first quarter of the 2024/25 financial year which shows excellent results.

These national departments are encouraged to maintain this performance and continue to pay all invoices from suppliers timeously or within 30 days as required by the PFMA and its related prescripts.

Analysis of 30 days Exceptions Reports

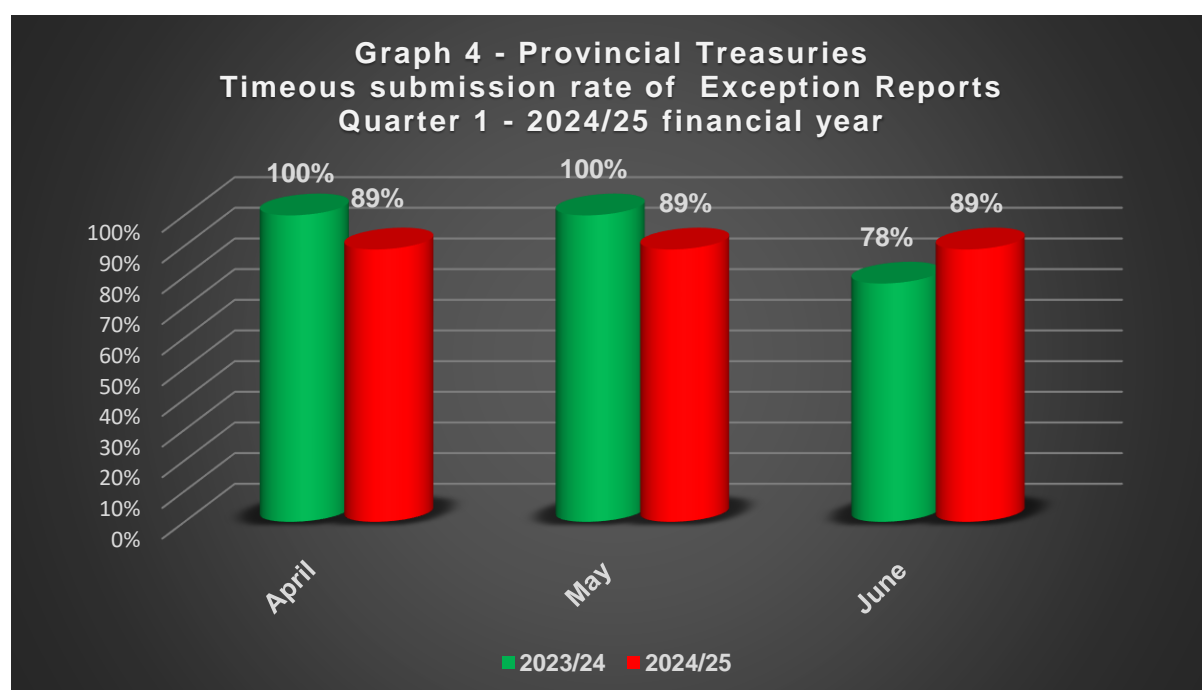
6. Provincial Treasuries

6.1 Submission of the 30 days Exception Reports

All provincial treasuries submitted their Exception Reports to the National Treasury during the first quarter of the 2024/25 financial year with an average timeous submission rate of 89%.

Graph 4 below provides a month-to-month comparative analysis of the **timeous submission rate of Exception Reports** by provincial departments in the first quarter of the 2024/25 financial year compared to the same period in the 2023/24 financial year.

Graph 4: Provincial Treasuries – Timeous submission rate of exception reports



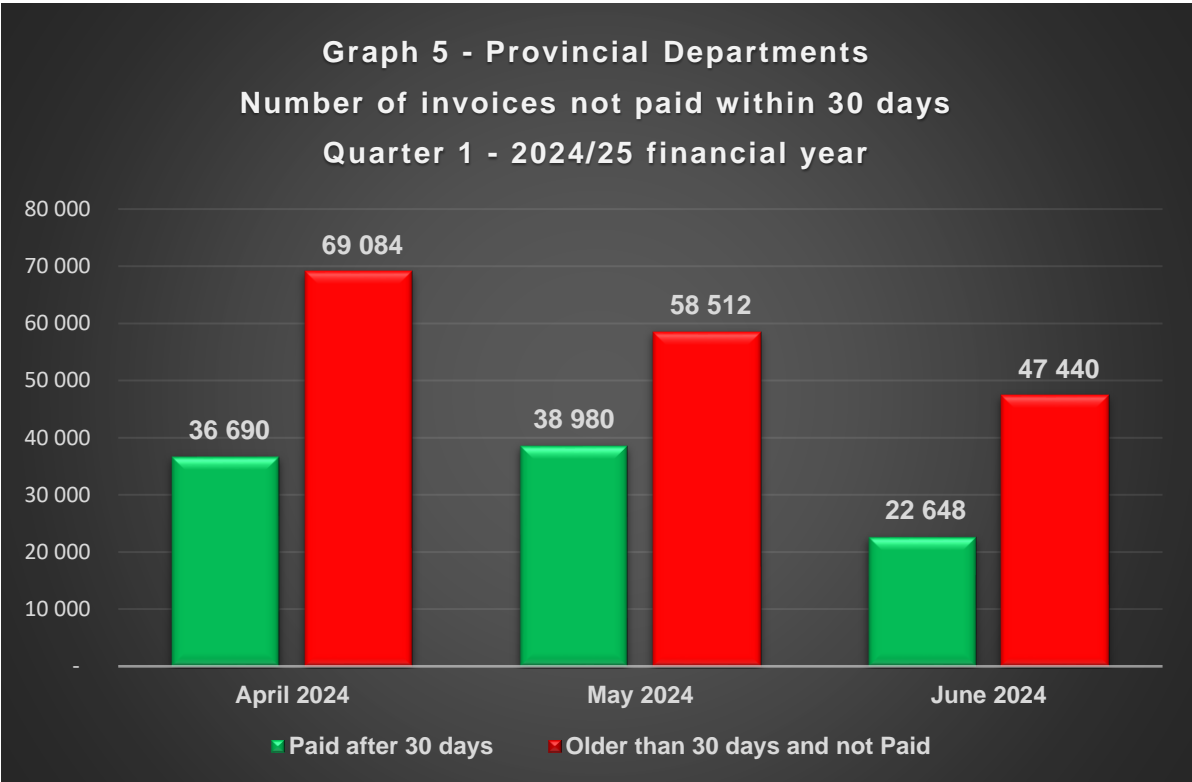
Graph 4 above illustrates the month-to-month timeous submission rate of Exception Reports achieved by provincial treasuries in the first quarter of the 2024/25 financial year.

Provincial Treasuries achieved an annual average timeous submission rate of 89% in the first quarter of the 2024/25 financial year. This represents a **regression of 4%** when compared with the average timeous submission rate of 93% achieved in the first quarter of the 2023/24 financial year.

6.2 Invoices not paid within 30 days

Graph 5 below illustrates the **number of invoices not paid within 30 days** by provincial departments during the first quarter of the 2024/25 financial year.

Graph 5: Provincial departments – Number of invoices not paid within 30 Days



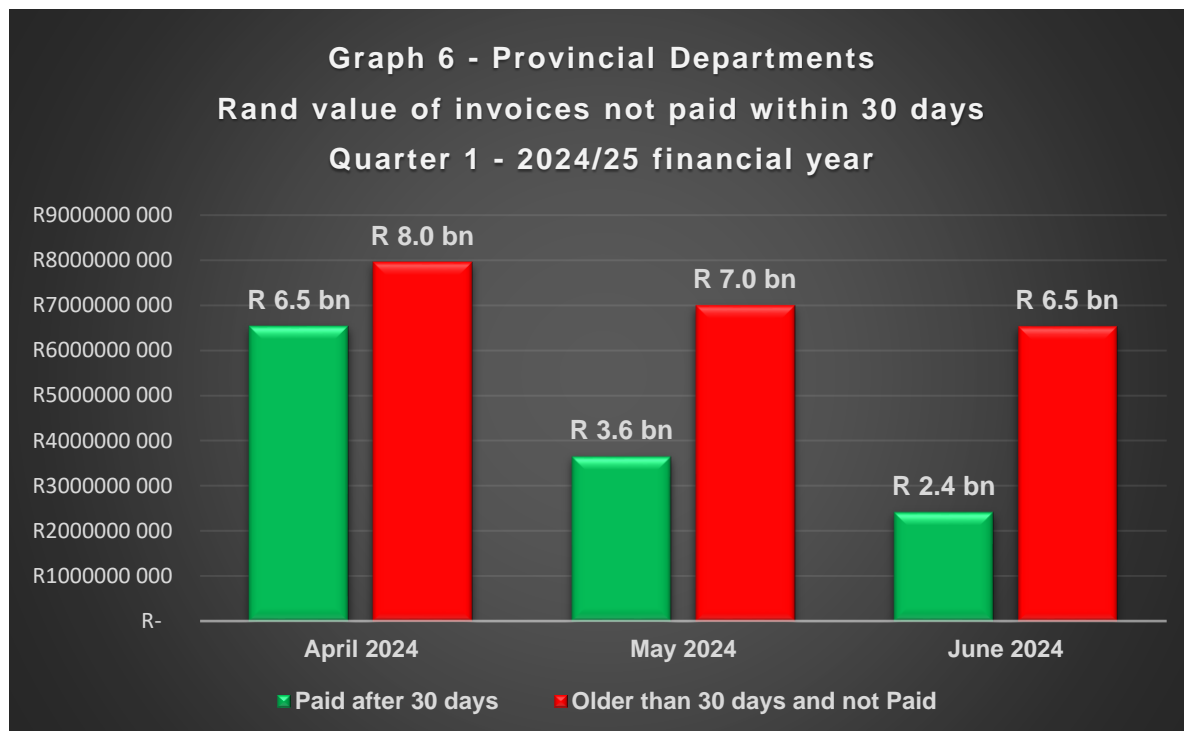
Graph 5 above illustrates a monthly comparison of the number of invoices not paid within 30 days by provincial departments during the first quarter of the 2024/25 financial year.

The number of invoices paid after 30 days during the first quarter of the 2024/25 financial year amounted to 98 318 invoices, which indicates a **regression of 91% or 46 950 invoices** when compared to the number of invoices paid after 30 days by provincial departments during the last quarter of the 2023/24 financial year, amounting to 51 368 invoices.

The number of invoices older than 30 days and not paid by provincial departments at the end of June 2024 amounted to 47 440 invoices; indicating an **improvement of 58% or 66 041 invoices** when compared to the number of invoices older than 30 days and not paid by provincial departments at the end of June 2024, which amounted to 113 481 invoices.

Graph 6 below illustrates the **rand values of invoices not paid within 30 days** by provincial departments during the first quarter of the 2024/25 financial year.

Graph 6: Provincial departments – Rand value of invoices not paid within 30 days



Graph 6 above provides a monthly comparison of the rand value of invoices not paid within 30 days by provincial departments during the first quarter of the 2024/25 financial year.

The rand value of invoices paid after 30 days during the first quarter of the 2024/25 financial year amounted to R12.6 billion, which indicates a **regression of 66% or R5.0 billion** compared to the rand value of invoices paid after 30 days by provincial departments in the last quarter of the 2023/24 financial year, which amounted to R7.6 billion.

The rand value of invoices older than 30 days and not paid by provincial departments at the end of June 2024 amounted to R6.5 billion, representing an **improvement of 39% or R4.1 billion** when compared to the rand value of invoices older than 30 days and not paid as at the end of quarter 4 of the 2023/24 financial year, amounting to R10.6 billion.

6.3 Invoices paid after 30 days by provincial departments

Table 5 below indicates the number and rand value of **invoices paid after 30 days** by provincial departments during the first quarter of the 2024/25 financial year:

Table 5: Provincial departments – Invoices paid after 30 days

Provincial Departments Number and rand value of invoices paid after 30 days Quarter 1 – 2024/25 financial year				
No.	Provincial Government	Number of invoices	Rand value of invoices	%
1	Limpopo	184	R 58 325 660	0%
2	Mpumalanga	197	R 377 050 055	0%
3	Western Cape	509	R 63 721 330	1%
4	Northern Cape	2 091	R 285 339 562	2%
5	Free State	4 503	R 898 695 117	5%
6	Kwa-Zulu Natal	10 896	R 3 082 637 171	11%
7	Eastern Cape	16 718	R 2 398 078 527	17%
8	North-West	25 824	R 1 602 401 383	26%
9	Gauteng	37 396	R 3 808 892 515	38%
Total		98 318	R 12 575 141 320	

Table 5 above illustrates the performance of provincial governments in terms of the number and rand value of invoices paid after 30 days during the first quarter of the 2024/25 financial year. The total number of invoices paid after 30 days by provincial departments amounted to 98 318 invoices with a rand value of R 12.6 billion.

Gauteng provincial departments reported 37 396 invoices or 38% of the total number of invoices paid after 30 days which is the highest reported by provincial departments, for the first quarter of the 2024/25 financial year. North-West provincial departments reported 25 824 invoices or 26% of the total number of invoices paid after 30 days. Eastern Cape provincial departments reported 16 718 invoices or 17% of the total number of invoices paid after 30 days. Kwa-Zulu Natal provincial departments reported 10 896 invoices or 26% of the total number of invoices paid after 30 days.

Gauteng provincial departments reported the highest rand value of invoices paid after 30 days, and the second highest province in terms of rand value is the Kwa-Zulu Natal provincial departments, followed by the Eastern Cape and North-West provincial departments.

6.4 Invoices older than 30 days and not paid by provincial departments

Table 6 below indicates the number and rand value of invoices older than 30 days and not paid by provincial departments as at the end of the first quarter of the 2024/25 financial year:

Table 6: Provincial departments – Invoices older than 30 days and not paid

Provincial Departments Number and rand value of invoices older than 30 days and not paid Quarter 1 – 2024/25 financial year				
No.	Provincial Government	Number of invoices	Rand Value of invoices	% of number of invoices
1	Limpopo	4	R 95 958	0%
2	Western Cape	6	R 168 262	0%
3	Mpumalanga	23	R 601 634	0%
4	Gauteng	1 674	R 1 238 517 612	4%
5	Kwa-Zulu Natal	1 916	R 445 969 640	4%
6	Free State	2 660	R 812 152 102	6%
7	Northern Cape	2 922	R 660 391 169	6%
8	North-West	3 338	R 292 887 871	7%
9	Eastern Cape	34 897	R 3 069 973 995	74%
Total		47 440	R 6 520 758 244	

Table 6 above illustrates the performance of provincial departments in terms of the number and rand value of invoices older than 30 days and not paid as at the end of June 2024. The total number of invoices older than 30 days and not paid by provincial departments as at the end of June 2024 amounted to 47 440 invoices with a rand value of R6.5 billion.

Eastern Cape provincial departments reported 34 897 invoices or 74% of the total number of unpaid invoices which is the highest reported by provincial departments for the first quarter of the 2024/25 financial year. North-West provincial departments reported 3 338 invoices or 7% of the total number of unpaid invoices. Northern Cape provincial departments reported 2 922 invoices or 6% of the total number of unpaid invoices. Free State provincial departments reported 2 660 invoices or 6% of the total number of invoices paid after 30 days.

Eastern Cape provincial departments reported the highest rand value of the unpaid invoices, the second highest province in terms of rand value is the Gauteng provincial departments, followed by the Free State and Northern Cape provincial departments.

7. Common reasons provided for the late or non-payment of invoices

The following are the common reasons provided by national and provincial departments for late or non-payment of invoices during the first quarter of the 2024/25 financial year:

- a) Inadequate budgets and cash blocking;
- b) Financial System challenges (BAS and LOGIS);
- c) CSD challenges;
- d) High Accruals from previous financial years;
- e) Disputed invoices with suppliers;
- f) Unresolved SCM-related challenges;
- g) Internal control deficiencies;
- h) Inadequate internal capacity;
- i) Late authorisation of invoices; and
- j) Misfiled, misplaced or unrecorded invoices.

8. Queries on non-payment of invoice

National Treasury continued to assist suppliers with queries on non-payment of invoices through a dedicated central email address (30daysqueries@treasury.gov.za) by following up with transgressing institutions and providing feedback to suppliers with reasons for the late or non-payment of invoices, and possible date for the payment or any other resolution.

Table 7 below illustrates the number and rand value of queries on non-payment of invoices received from suppliers in the first quarter of the 2024/25 financial year:

Table 7: Queries on non-payment of invoices received

Government institutions Number of queries received on non-payment of invoices Quarter 1 – 2024/25 financial year			
Institution	Number of queries	Rand value	%
National institutions	29	R 3 750 737	37%
Provincial institutions	36	R 43 173 791	46%
Municipalities	13	8 464 363	17%
Total	78	R 55 388 891	
Resolved queries			
National institutions	10	R 638 318	34%
Provincial institution	6	R1 695 282	17%
Total	16	R 2 333 600	

Table 7 above illustrates the number and rand value of queries on non-payment of invoices received from suppliers in the first quarter of the 2024/25 financial year. The total number of queries received from suppliers during the first quarter of the 2024/25 financial year amounted to 78 queries to the rand value of R55 million. Through the intervention of the Office of Accountant-General, 16 (21%) queries to the value of R 2 million were resolved and payments were made to suppliers in the first quarter of the 2024/25 financial year.

Queries related to provincial institutions were escalated to the relevant provincial treasuries within the office of the Provincial Accountants-General (PAG) for intervention and elevation to the relevant Chief Financial Officer. It should further be noted that 90% of queries for provincial institutions were related to provincial departments of Health.

The total number of queries received from suppliers for municipalities amounted to 13 queries (17%) to the rand value of R8.5 million.

9. Conclusion

The analysis of the information received from national and provincial departments during the first quarter of the 2024/25 financial year indicates that provincial departments accounted for 76% of invoices paid after 30 days and 97% of invoices older than 30 days, not paid as at the end of June 2024.

The analysis further indicates that the provincial departments contributing towards the late or non-payment of invoices during the first quarter of the 2024/25 financial year are the Eastern Cape provincial departments, North-West provincial departments, Northern Cape provincial departments, Free State provincial departments, KwaZulu-Natal and Gauteng provincial departments.

The departments in Gauteng province reported the highest number and rand value of invoices paid after 30 days during the period under review. Eastern Cape provincial departments reported the highest number and rand value of invoices older than 30 days and not paid.

In addition, national departments are responsible for 24% of invoices paid after 30 days during the first quarter of the 2024/25 financial year, and they are also responsible for 3% of invoices older than 30 days and not paid as at the end of June 2024.

National departments that contributed towards the late or non-payment of invoices for the first quarter of the 2024/25 financial year are the departments of Defence, Correctional Services, Public Works and Infrastructure (Trading Account), Transport, Basic Education, Agriculture, Land Reform and Rural Development Agriculture, Office of the Chief Justice, Police, Justice and Constitutional Development and Water and Sanitation (Trading Account).

The total number of queries received from suppliers during the 2023/24 financial year amounted to 245 queries to the rand value of R198 million, and through the intervention of the Office of Accountant-General, 54 (46%) of queries to the value of R58 million were resolved.

The total number of queries received from suppliers during the first quarter of the 2024/25 financial year amounted to 78 queries to the rand value of R55 million, and through the intervention of the Office of Accountant-General, 16 (21%) of queries to the value of R 2 million were resolved.

The following analysis should be noted:

- a) provincial departments are responsible for the majority of late and unpaid invoices;
- b) the health sector is the main contributor towards the late and/or non-payment of invoices at provincial level;
- c) late and/or non-payment of invoices within 30 days continues to severely impact the

sustainability of SMMEs;

- d) budget constraints are reported to be the top reasons for late and/or non-payment of invoices in this current reporting period; and
- e) most reasons provided for late and/or non-payment of invoices relate to internal control deficiencies in departments that appear to be recurring without being addressed.

**NON-COMPLIANCE
WITH PAYMENTS OF SUPPLIER'S
INVOICES WITHIN 30 DAYS
FIRST QUARTER REPORT**

for 2024/25

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