

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 4066 [NW4937E]
DATE OF PUBLICATION: 20 NOVEMBER 2015**

Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether he or the National Treasury has written to national and provincial departments in the course of 2015 to settle their respective outstanding accounts with municipalities immediately so that their cash flow could be facilitated; if not, why not; if so, (a) which defaulting departments were written to, (b) what was the outstanding amount in each case, (c) for what duration was the account outstanding, (d) which of the defaulting departments had fully settled with the municipalities as at 31 October 2015 and (e) which of the defaulting departments is he taking action against for not complying with his instruction?

NW4937E

REPLY:

Yes, the National Treasury has formally written to all national and provincial departments who have outstanding debts with municipalities. Please note that the notification was done through a letter by the Director-General: National Treasury who wrote to all Directors-General on 21 July 2015 conveying the message and I reiterated the matter with correspondence on 13 August 2015 to all the executive authorities alerting them of the arrears owed to municipalities.

It is important to understand that the process of addressing these unsettled accounts is being co-ordinated through the President's Co-ordinating Council (PCC), where Premiers of provinces, Cabinet Ministers, and Accounting Officers of departments have committed to directly address the issue and give regular feedback to the PCC. The written communication from the National Treasury to departments and provinces is part of this high-level process.

The Section 71 of Municipal Finance Management Act (Act No. 56 of 2003) report for June 2015 shows that various departments owed municipalities as per the table below.

Table 1: Age analysis of debt owed to municipalities by National Departments

	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
National R'000									
National: Agriculture, Forestry and Fisheries	82	21	5	37	4	6	33	164	352
National: Arts and Culture	49	50	4	-	-	-	-	-	103
National: Basic Education	3 709	2 157	1 600	2 844	1 346	2 871	15 040	21 174	50 741
National: Communications	867	42	25	79	9	9	34	153	1 218
National: Cooperative Governance and Traditional Affairs	181	198	1 242	1	924	1	100	1 610	4 257
National: Correctional Services	2 522	596	56	72	51	52	259	134	3 742
National: Defence and Military Veterans	1 613	482	458	427	391	88	526	3 364	7 349
National: Economic Development	51	27	8	1	19	-	-	-	106
National: Energy	2	1	1	1	1	48	-	-	54
National: Environmental Affairs	51	39	37	2	1	1	4	1	136
National: Government Communication and Information System	-42	1	1	1	1	1	8	-	-29
National: Health	1 303	372	314	361	342	347	583	28	3 650
National: Higher Education and Training	145	75	117	20	19	20	195	854	1 445
National: Home Affairs	25	29	25	10	6	6	33	57	191
National: Human Settlements	2 292	1 704	1 204	1 172	227	248	190	16 392	23 429
National: Independent Police Investigative Directorate	-	-	-	-	-	-	-	-	-
National: Justice and Constitutional Development	234	110	61	62	63	65	183	583	1 361
National: Labour	9	4	4	3	4	3	3	31	61
National: Mineral Resources	-	-	-	-	-	-	1	3	4
National: National Treasury	15 457	495	-	-	1 115	-	-	-	17 067
National: Parliament	9	2	-	-	-	-	12	-	23
National: Performance Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
National: Police	327	740	644	629	614	236	1 005	1 121	5 316
National: Public Enterprises	1 312	93	-	-	-	-	-	-2	1 403
National: Public Service and Administration	33	373	136	50	44	826	630	-	2 092
National: Public Works	190 703	34 038	80 378	195 624	136 018	135 191	239 173	581 396	1 592 521
National: Rural Development and Land Reform	63	59	59	25	266	396	396	1 723	2 987
National: Social Development	51	20	1	1	1	1	68	56	199
National: Sport and Recreation South Africa	1	-	-	-	43	-	-	-	44
National: Statistics South Africa	2	-	-	-	-	-	-	-	2
National: Tourism	23	28	12	9	115	13	65	1 440	1 705
National: Transport	2 900	1 784	1 015	843	1 531	671	3 000	21 834	33 578
National: Water Affairs	2 533	3 005	48	43	94	4 316	167	237	10 443
Total	226 507	46 545	87 455	202 317	143 249	145 416	261 708	652 353	1 765 550

Section 71 of Municipal Finance Management Act (Act No. 56 of 2003) for June 2015

	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
National R'000									
Provincial: Agriculture	424	277	301	334	12 416	270	134	901	15 057
Provincial: Education	147 413	17 805	3 250	52 537	12 986	10 660	46 885	94 256	385 792
Provincial: Health	46 964	15 043	10 728	7 199	7 668	5 354	20 364	116 372	229 692
Provincial: Housing and Local Government	3 911	2 499	2 702	2 801	1 290	2 210	6 739	84 254	106 406
Provincial: Office of the Premier	456	361	309	-620	5	6	8 779	59 142	68 438
Provincial: Other Departments	58 931	21 501	18 959	133 982	10 304	9 544	43 925	114 922	412 068
Provincial: Public Works, Roads and Transport	83 705	37 119	40 143	338 473	91 599	80 524	137 482	458 740	1 267 785
Provincial: Social Development	1 810	954	633	526	1 249	112	1 273	1 386	7 943
Provincial: Sport, Arts and Culture	2 416	1 164	19	2 440	722	2	8	88	6 859
Total	346 030	96 723	77 044	537 672	138 239	108 682	265 589	930 061	2 500 040

Section 71 of Municipal Finance Management Act (Act No. 56 of 2003) for June 2015

- All departments listed above were written to by the Minister of Finance on 13 August 2015.
- At the time of writing, the following debts were owed to municipalities by national departments amounted to R1.7 billion and provinces owed R2.5 billion.

- c) In addition, the report shows that a majority of the debt has been outstanding for more than 90 days.
- d) The Department of Public Works has initiated a process to verify the outstanding amounts owed by government in order to resolve problems with contested bills. This process is being undertaken to ensure that all outstanding amounts reported by municipalities are legitimately due by the named departments and to correct any undue errors. This process of verification is a work-in-progress and the outcome is not yet available. The report will also indicate a more accurate picture of progress made with payments of outstanding amounts by departments and province.
- e) Once the outcome of the work done by Public Works is made available, this will inform the actions to be taken.

