

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 311 [NW320E]**  
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**311. Ms T Stander (DA) to ask the Minister of Finance:**

- (1) What was the value of current (a) assets, (b) liabilities and (c) liquidity ratio in each metropolitan municipality in the (i) 2013-14 and (ii) 2014-15 financial years;
- (2) what were the reasons of each specified municipality's inability to recover short-term debt for the specified financial years, if the ratio was lower than 1:00?

NW320E

**REPLY:**

(1)(a)(i) and (ii) and (b)(i) and (ii). The current assets and liabilities for the metropolitan municipalities for 2013/14 and 2014/15 is contained and presented in the table below:

Name of Municipality	2014/15 Annual Financial Statements					
	Total Current Assets at 30 June 2014 R' 000	Total Current Liabilities at 30 June 2014 R' 000	Current Ratio at 30 June 2014	Total Current Assets at 30 June 2015 R' 000	Total Current Liabilities at 30 June 2015 R' 000	Current Ratio at 30 June 2015
BUF Buffalo City	2 860 143	1 099 052	2.6	3 025 833	1 020 600	3.0
NMA Nelson Mandela Bay	3 189 100	2 295 477	1.4	3 236 700	2 166 135	1.5
MAN Mangaung	1 875 619	1 399 310	1.3	2 127 409	1 642 251	1.3
EKU Ekurhuleni Metro	11 333 159	6 641 355	1.7	13 486 785	7 425 813	1.8
JHB City Of Johannesburg	14 922 513	13 853 612	1.1	16 130 082	14 907 045	1.1
TSH City Of Tshwane	5 217 109	6 606 962	0.8	5 039 323	6 970 949	0.7
ETH eThekweni	13 198 063	10 730 321	1.2	12 818 086	10 594 766	1.2
CPT Cape Town	10 298 049	8 218 660	1.3	11 167 435	8 729 040	1.3

Source: 2014/15 AFS

(2) The liquidity position is measured using current ratio which assesses the municipality's ability to pay back its short-term liabilities with its short-term assets. From the table above, it can be seen that all the metropolitan municipalities with the exception of City of Tshwane have current assets that exceed the current liabilities (current ratio larger than 1:1). This indicates that they are able to meet their current obligations.

The case with the City of Tshwane is that the cash and cash equivalents at year end were R600 million and was not sufficient to pay current commitments. The reasons for this are: The realised consumer collection rate of 94 per cent is not sufficient to pay for all commitments. The outstanding debtors has increased year-on-year showing that the city is not collecting long outstanding debtors at an increasing rate. The possible solutions are: The municipality must

decrease commitments to the maximum income realised and /or must recover more than 94 per cent in order to meet its commitments.