

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1439 [NW1541E]
DATE OF PUBLICATION: 11 MAY 2018

1439. Mr K J Mileham (DA) to ask the Minister of Finance:

- (1) Whether, with reference to his reply to question 871 on 3 May 2018, any municipalities owe creditors amounts for more than 90 days; if so, (a) what is the name of each municipality, (b) what is the name of each creditor, (c) what amount is owed to each creditor and (d) have payment plans been (i) put in place and/or (ii) agreed to between the municipality and the creditor in each case;
- (2) whether the National Treasury has taken any steps to assist the specified municipalities in meeting their financial obligations to the specified creditors; if not, in each case, why not; if so, what are the relevant details in each case?

NW1541E

REPLY:

- (1) Yes, 138 municipalities owe creditors for more than 90 days. There are 114 of these municipalities that owe creditors more than R1 million; and one municipality that owes a single creditor a total amount of R3.7 billion. There are 24 municipalities that owe creditors less than R1 million which includes 9 municipalities that owe less than R100 000.

(a) The names of the municipalities are provided in the attached list.

(b) This detailed information is only available directly from the listed municipalities. The table below provides an indication of which creditor category has the highest arrears.

S71 Creditor Age Analysis per Category of Creditor Older than 90 days

No.	Detail	91 -120 Days	121 - 150 Days	151 - 180 Days	181 - 1 Year	over 1 Year
1	Bulk Electricity	1 780 604	2 032 354	2 200 282	1 143 498	3 385 369
2	Bulk Water	636 040	2 064 471	103 888	266 067	1 260 777
3	PAYE deductions	35 368	8 719	6 313	2 531	17 409
4	VAT (output less input)	5 068	3 809	4 436	8 145	109 520
5	Pensions / Retirement deductions	61 666	6 955	7 708	6 145	83 573
6	Loan repayments	130 074	4 913	41 309	378 242	1 033
7	Trade Creditors	324 756	547 280	135 330	116 856	374 789
8	Auditor General	76 402	91 796	45 773	57 680	36 890
9	Other	271 703	111 013	33 089	44 101	679 204
	Total	3 321 681	4 871 310	2 578 128	2 023 265	5 948 564

(c) The specific information for each creditor can be obtained directly from each of the listed municipalities.

(d) (i) & (ii) The National Treasury is not aware of the payment arrangements entered into between municipalities and their creditors. The National Treasury is only aware of arrangements with bulk suppliers such as Eskom and certain water boards that have pursued payment arrangements with municipalities.

- (2) The National Treasury has, as part of the annual budget benchmark engagements undertaken with municipalities, consistently emphasised the importance of disclosing the arrear amounts in municipal budgets. The common practice by municipalities is that they often understate their creditors and overstate their debtors simply because the debtor amounts contribute to the funding of their budgets.

The National Treasury analysed the budgets of municipalities that were defaulting the payments to Eskom and water boards. This analysis showed whether or not the municipality can afford the payment arrangement entered into or not. National Treasury's analysis showed that the signed payment arrangements were not factored into the municipal budgets and while municipalities were then advised of what would be affordable, the decision ultimately rests with the municipality. Unfortunately, it has become evident that many of these municipalities sign payment arrangements with the bulk suppliers merely for compliance purposes and are often not committed to honour them. The Inter Ministerial Task Team for electricity and water is continuing to work on addressing some of the challenges of non-payment of creditors by municipalities.

Annexure

The amounts presented in this table are in Rand Thousand

Creditor Age Analysis for period ending 31st March 2018 as per S71 of the MFMA

Locat Code	Location Description	91 -120 Days	121 - 150 Days	151 - 180 Days	181 - 1 Year	over 1 Year	Total
FS184	Matjhabeng	56 881	1 931 959	1 740 020	0	0	3 728 860
FS194	Maluti-a-Phofung	116 819	140 714	49 340	579 132	1 908 605	2 794 610
MP312	Emalahleni (Mp)	39 286	1 418 447	0	149 153	0	1 606 886
FS203	Ngwathe	959 592	0	0	0	0	959 592
MP305	Lekwa	38 043	56 122	116 382	132 556	507 366	850 469
ETH	eThekwini	132 266	76 023	41 302	374 578	0	624 169
MP307	Govan Mbeki	583	437	76 802	359 769	114 598	552 189
MP302	Msukaligwa	1 032	0	0	0	547 904	548 936
MP321	Thaba Chweu	12 087	0	8 926	4 396	406 534	431 943
FS205	Mafube	416 679	0	0	0	0	416 679
NW392	Naledi (Nw)	15 436	12 405	9 342	11 277	329 845	378 305
LIM361	Thabazimbi	242 159	0	0	80 278	53 249	375 686
NW384	Ditsobotla	13 025	23 190	15 938	13 952	238 353	304 458
FS162	Kopanong	8 169	9 441	8 905	8 829	250 334	285 678
NW383	Mafikeng	241 110	511	0	0	0	241 621
MP326	City of Mbombela	16 457	7 259	18 191	12 381	181 768	236 056
FS192	Dihlabeng	229 645	0	0	0	0	229 645
NW396	Lekwa-Teemane	8 176	7 256	2 915	10 505	200 204	229 056
FS201	Moghaka	96 361	47	73 604	0	14 826	184 838
NC062	Nama Khoi	4 869	176 584	0	0	0	181 453
GT484	Merafong City	58 110	53 763	37 519	19 890	5 365	174 647
FS193	Nketoana	8 162	163 472	0	0	0	171 634
NC082	!Kai! Garib	3 643	5 547	4 535	1 942	138 619	154 286
EC145	Walter Sisulu	10 073	17 183	26 626	22 828	72 735	149 445
NW404	Maquassi Hills	8 989	10 647	4 604	105 855	4 784	134 879
DC42	Sedibeng	0	0	0	18 935	112 181	131 116
DC33	Mopani	130 096	0	0	0	0	130 096
EC104	Makana	7 612	119 439	0	0	0	127 051
NC085	Tsantsabane	10 005	7 832	81 596	25 044	0	124 477
GT485	Rand West City	12 293	49 289	0	0	51 294	112 876
NC093	Magareng	3 187	3 324	37 558	2 049	66 339	112 457
FS196	Mantsopa	1 201	12 919	1 307	3 718	90 760	109 905
FS181	Masilonyana	22 864	2 458	18 760	56 169	0	100 251
NC452	Ga-Segonyana	100 056	0	0	0	0	100 056
NW372	Madibeng	19 870	5 362	70 950	0	0	96 182
NC078	Siyancuma	670	5 067	6 522	4 440	73 169	89 868
NC092	Dikgatlong	6 963	80 965	0	0	0	87 928
NW373	Rustenburg	7 021	17 579	17 159	35 978	6	77 743
KZN266	Ulundi	-116	30 959	0	23 544	19 043	73 430
NC075	Renosterberg	3 453	64 309	0	0	0	67 762
FS163	Mohokare	4 484	5 820	8 981	4 067	44 400	67 752
NW393	Mamusa	5 548	5 458	5 564	34 492	16 637	67 699
FS204	Metsimaholo	2 162	1 838	0	23 634	37 262	64 896
KZN223	Mpofana	6 375	52 629	0	0	0	59 004
MP315	Thembisile Hani	1 426	1 425	1 368	1 319	53 155	58 693
DC34	Vhembe	6 334	50 665	0	0	0	56 999
NC076	Thembelihle	841	1 752	1 754	1 996	47 600	53 943
DC38	Ngaka Modiri Molema	0	-64	-1 485	8 813	45 708	52 972
DC15	O .R. Tambo	468	0	0	0	52 400	52 868
EC108	Kouga	41	0	15	1 598	50 774	52 428
DC27	Umkhanyakude	-1 230	-8 259	60 866	0	0	51 377
LIM341	Musina	5 118	44 867	0	0	0	49 985
KZN237	Inkosi Langalibalele	14 249	12 108	20 932	0	0	47 289
EC157	King Sabata Dalindyebo	22 497	4 575	4 143	12 207	1 370	44 792
LIM368	Modimolle-Mookgopong	1 118	33 106	1 161	9 055	0	44 440
MP314	Emakhazeni	1 775	41 279	0	0	0	43 054
JHB	City Of Johannesburg	1 937	12 355	4 156	3 467	21 014	42 929
FS182	Tokolologo	5 733	271	0	17 452	17 864	41 320
DC24	Umzinyathi	0	20 673	0	0	16 555	37 228
NC077	Siyathemba	2 617	1 483	0	32 839	0	36 939
FS191	Setsoto	1 352	1 211	1 526	2 033	29 739	35 861

Creditor Age Analysis for period ending 31st March 2018 as per S71 of the MFMA

Locat Code	Location Description	91 -120 Days	121 - 150 Days	151 - 180 Days	181 - 1 Year	over 1 Year	Total
DC28	King Cetshwayo	612	1 987	533	0	31 666	34 798
DC30	Gert Sibande	0	0	0	0	31 658	31 658
FS183	Tswelopele	25 996	0	842	0	0	26 838
MP303	Mkhondo	26 512	0	0	0	0	26 512
DC25	Amajuba	0	3 976	0	903	21 335	26 214
NW405	J B Marks	51	26 134	0	0	0	26 185
EC101	Dr Beyers Naude	6 896	18 284	0	0	0	25 180
EC123	Great Kei	22 060	0	0	0	0	22 060
WC041	Kannaland	2 327	4 115	1 117	1 640	10 526	19 725
NC064	Kamiesberg	3 895	6 297	6 674	0	2 315	19 181
NC071	Ubuntu	4 880	13 629	0	0	0	18 509
LIM366	Bela Bela	0	0	0	0	17 395	17 395
NW385	Ramotshere Moiloa	7 108	2 332	1 738	4 903	0	16 081
NC067	Khai-Ma	1 728	1 639	4 473	5 875	1 987	15 702
KZN225	Msunduzi	780	14 838	0	0	0	15 618
MAN	Mangaung	15 467	0	0	0	0	15 467
MP324	Nkomazi	240	3 787	3	15	10 542	14 587
FS161	Letsemeng	726	11 735	0	0	0	12 461
MP306	Dipaleseng	8 412	3 917	98	0	0	12 427
KZN261	eDumbe	230	827	0	8 936	2 204	12 197
EC109	Kou-Kamma	710	1 143	936	730	7 729	11 248
DC43	Harry Gwala	10 405	0	0	0	0	10 405
KZN252	Newcastle	898	4 101	27	483	4 182	9 691
MP301	Albert Luthuli	9 684	0	0	0	0	9 684
EC131	Inxuba Yethemba	9 522	0	0	0	0	9 522
DC16	Xhariep	788	1 459	911	5 757	0	8 915
WC045	Oudtshoorn	-306	0	0	4	8 975	8 673
EC129	Raymond Mhlaba	7 243	0	0	0	0	7 243
KZN238	Alfred Duma	6 547	0	0	0	0	6 547
DC29	iLembe	3 204	3 258	0	0	0	6 462
DC23	Uthukela	0	5 000	0	0	0	5 000
NMA	Nelson Mandela Bay	4 486	0	0	0	0	4 486
NC084	IKheis	2 028	957	0	0	1 115	4 100
MP304	Pixley Ka Seme (MP)	5	3 824	0	0	0	3 829
KZN276	Hlabisa Big Five	-139	1 203	957	1 573	0	3 594
NC087	Dawid Kruiper	1 239	9	570	892	735	3 445
GT423	Lesedi	3 324	0	0	0	0	3 324
KZN285	Mthonjaneni	2 510	23	0	175	0	2 708
NC066	Karoo Hoogland	0	946	1 607	46	107	2 706
KZN212	Umdoni	835	649	286	755	0	2 525
NC061	Richtersveld	613	975	156	623	152	2 519
KZN294	Maphumulo	-1 131	1 024	267	2 244	0	2 404
NW375	Moses Kotane	1 973	0	0	0	0	1 973
EC126	Ngqushwa	1	-268	268	1 701	0	1 702
EC154	Port St Johns	0	73	0	1 074	454	1 601
WC044	George	18	1 524	0	0	0	1 542
EC106	Sundays River Valley	1	2	19	1 450	0	1 472
DC19	Thabo Mofutsanyana	0	0	0	0	1 470	1 470
KZN275	Mtubatuba	326	299	185	647	0	1 457
DC13	Chris Hani	1 048	16	60	188	0	1 312
EC122	Mnquma	-55	0	183	1 101	0	1 229
NC065	Hantam	623	592	0	0	0	1 215
KZN281	Mfolozi	748	5	0	351	0	1 104
DC44	Alfred Nzo	0	983	0	0	0	983
WC022	Witzenberg	614	325	0	0	0	939
EC102	Blue Crane Route	0	0	0	0	924	924
KZN235	Okhahlamba	0	0	0	795	0	795
DC32	Ehlanzeni	763	0	0	0	0	763
WC012	Cederberg	145	146	21	215	173	700
KZN293	Ndwedwe	412	85	63	54	0	614
WC053	Beaufort West	25	4	82	312	0	423
KZN262	uPhongolo	421	0	0	0	0	421
DC3	Overberg	0	0	0	0	394	394
DC22	uMgungundlovu	10	0	361	0	0	371
KZN272	Jozini	0	0	0	58	257	315
LIM334	Ba-Phalaborwa	0	266	0	0	0	266
KZN242	Nquthu	6	0	0	141	0	147
DC45	John Taolo Gaetsewe	0	0	25	121	0	146
DC5	Central Karoo	0	85	0	0	0	85
KZN253	Emadlangeni	0	30	0	45	0	75
LIM335	Maruleng	4	29	0	0	0	33
WC015	Swartland	13	0	0	0	18	31
GT481	Mogale City	8	22	0	0	0	30
WC011	Matzikama	1	0	3	24	0	28
EC121	Mbhashe	-3	34	0	-10	0	21
DC4	Eden	16	1	0	0	0	17
KZN292	KwaDukuza	13	2	0	0	0	15