

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2358 [NW2693E]
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★2358. Ms E R J Spies (DA) to ask the Minister of Finance:

- (1) Whether he will furnish Ms E R J Spies with a list of municipalities that are currently in arrears with the payment of their mandatory pension and medical contributions for staff and councillors; if not, what is the position in this regard; if so, what are the relevant details;
- (2) (a) for how long has each specified municipality not been paying the arrears, (b) what is the total amount of the specified arrears, (c) what corrective action has the National Treasury taken against the defaulting municipalities and (d) what steps have been taken to compensate councillors and municipal staff who are affected by the specified nonpayment;
- (3) whether any criminal charges have been laid against the accounting officers who are mandated by the Local Government: Municipal Finance Management Act, Act 56 of 2003, to take all reasonable steps to ensure that they, among other obligations, comply with the pension and medical aid commitments of councillors and municipal staff; if not, why not; if so, what are the relevant details?
NW2693E

REPLY

- (1) National Treasury collects outstanding creditor's information via the Local Government Database and Reporting System (LGDRS) hosted by National Treasury on monthly basis. However, although the list of outstanding creditors includes pension fund contributions, it does not provide a breakdown for outstanding medical aid contributions but this category is lumped under other payables. The National Treasury is putting measures to facilitate the collection of such information for further purposes. Another challenge is that some municipalities might choose not to disclose this information in their submissions to the National Treasury's database which makes it challenging to get an accurate picture of municipalities owing the Pension Funds.

At this stage, the only four (4) municipalities in the Free State and five (5) in the Northern Cape have disclosed the information on arrears of monthly statutory contributions to the Pension Fund. However, municipalities in Limpopo and Mpumalanga disclosed no arrears since they are up to date with their respective monthly contributions to the Pension and Medical Aid Funds. The information is listed in **Annexure A**.

- (2)(a)(c) The National Treasury has communicated the criteria for the release of the Equitable Share in its annual Budget Circulars. Included in the criteria is the requirement to

table a funded budget in terms of Section 18 of the MFMA as well as making adequate provision to repay all creditors in terms of Section 65(2)(f) of the MFMA.

Every time we received correspondence from the respective pension funds administrator on outstanding payments / accounts, the National Treasury will send a letter to the respective municipality requesting reasons as to why they have defaulted.

- (2)(b) The total amount reported for pension fund contributions are consolidated Retirement Fund R23.7 million and Municipal Workers Retirement Fund R6.3 million. More details attached as **Annexure A**.
- (2)(d) At this stage, none of the above listed municipalities compensated any municipal officials or councillors affected by the no-payment of monthly contributions to the Pension Funds and/ or Medical Aid Funds. The responsibility to ensure this is avoided at all costs is with the respective Municipal Councils.

However, at Renosterberg Municipality, the municipal employees instituted a lawsuit against the municipality by an affected municipal official but there was no follow through, and the lawsuit was dropped.

- (3) As indicated before, at Renosterberg Municipality, criminal charges were laid against the former administrative and political leadership (Municipal Manager, the Chief Financial Officer and the Mayor). At this stage, no arrest has been made and the criminal case is still under investigation by the law enforcement agencies as of May / June. The municipality had not received further communication from the law enforcement officers other than the charge sheet.

As for the remainder of the above listed municipalities, no criminal cases were reported to the police and reason cited by the Provincial Treasury was the instability at senior management in the respective municipalities that hampered the implementation of consequence management.

Kai Garib Local Municipality:**(2)(a) For how long has each specified municipality not been paying the arrears?**

The municipality reported to have defaulted on third party payments since February 2022.

(2)(b) The total amount reported for pension fund contributions.

Month	Description	Amount Due
Feb '22	Consolidated Retirement Fund	1 373 183,09
	Municipal Workers Retirement Fund	-
Mar '22	Consolidated Retirement Fund	1 373 183,09
	Municipal Workers Retirement Fund	-
April '22	Consolidated Retirement Fund	1 362 865,04
	Municipal Workers Retirement Fund	-
May '22	Consolidated Retirement Fund	1 366 309,43
	Municipal Workers Retirement Fund	-
June '22	Consolidated Retirement Fund	1 375 049,06
	Municipal Workers Retirement Fund	517 798,71
Jul '22	Consolidated Retirement Fund	1 449 865,60
	Municipal Workers Retirement Fund	551 161,17
Aug '22	Consolidated Retirement Fund	1 452 850,09
	Municipal Workers Retirement Fund	542 201,31
Sep '22	Consolidated Retirement Fund	1 549 477,60
	Municipal Workers Retirement Fund	538 070,22
Oct '22	Consolidated Retirement Fund	1 553 111,35
	Municipal Workers Retirement Fund	535 967,82
Nov '22	Consolidated Retirement Fund	1 550 908,15
	Municipal Workers Retirement Fund	535 967,82
Dec '22	Consolidated Retirement Fund	1 550 401,25
	Municipal Workers Retirement Fund	530 778,69
Jan '23	Consolidated Retirement Fund	1 547 458,16
	Municipal Workers Retirement Fund	530 778,69
Feb '23	Consolidated Retirement Fund	1 546 998,89
	Municipal Workers Retirement Fund	525 784,86
Mar '23	Consolidated Retirement Fund	1 546 998,89
	Municipal Workers Retirement Fund	527 055,66
April '23	Consolidated Retirement Fund	1 545 637,37
	Municipal Workers Retirement Fund	520 471,26
May '23	Consolidated Retirement Fund	1 545 541,97
	Municipal Workers Retirement Fund	513 358,02
Grand Total		
	Consolidated Retirement Fund	23 689 839,03
	Municipal Workers Retirement Fund	6 369 394,23

Renosterberg Local Municipality:**2 (a) For how long has each specified municipality not been paying the arrears?**

The municipality reported to have defaulted on third party payments since May 2017.

2 (b) What is the total amount of the specified arrears?

The total amount reported for pension fund contributions and medical aid amounts to R19 million.

YEAR	DESCRIPTION	AMOUNT
<u>Pension Funds</u>		
May 2017- December 2018	Cape Joint Pension Fund	123 114
	Cape Joint Retirement Fund	2 507 583
	SAMWU Provident Fund	901 558
January 2019-June 2020	Cape Joint Pension Fund	128 579
	Cape Joint Retirement Fund	2 951 032
	SAMWU Provident Fund	2 708 122
July 2020- June 2021	Cape Joint Pension Fund	91 555
	Cape Joint Retirement Fund	2 011 737
	SAMWU Provident Fund	1 844 937
July 2021- June 2022	Cape Joint Pension Fund	58 262
	Cape Joint Retirement Fund	1 852 011
	SAMWU Provident Fund	1 852 539
July 2022- May 2023	Cape Joint Pension Fund	-
	Cape Joint Retirement Fund	899 415
	SAMWU Provident Fund	888 972
Sub total		18 819 418
<u>Medical Aid</u>		
October 2021-May 2022	SAMWUMED	106 632
	BONITAS	14 224
	LA HEALTH	172 161
Sub total		293 017
Total		19 112 435

Ubuntu Local Municipality:

2 (a) For how long has each specified municipality not been paying the arrears?

The municipality reported to have defaulted on third party payments since March 2023.

2 (b) What is the total amount of the specified arrears?

The total amount reported for third parties amounts to R3.4 million.

DATE	PROCESS	DESCRIPTION	AMOUNT
31-03-2023	3RD PARTIES		
	ELE	CONSOLIDATED RETIREMENT FUND	R 234 252,99
	ELE	SALA PENSION FUND	R 303 263,85
30-04-2023	ELE	PENSIONS	
	ELE	CONSOLIDATED RETIREMENT FUND	R 234 252,99
	ELE	SALA PENSION FUND	R 303 263,85
		PENSIONS	
31-05-2023	ELE	CONSOLIDATED RETIREMENT FUND	R 234 653,37
	ELE	SALA PENSION FUND	R 298 693,14
	ELE	SARS	R 400 474,68
		INTEREST	R 1 419 570,83
TOTAL			R 3 428 425,70

Thembelihle Local Municipality:**2 (a) For how long has each specified municipality not been paying the arrears?**

Defaulted from December 2021.

2 (b) What is the total amount of the specified arrears?

The total amount reported for pension fund contributions (cape joint retirement fund and amounting to R5.1 million.

Month	Amount
Dec-21	370 935,59
Jan-22	371 653,55
Feb-22	380 590,65
Mar-22	386 395,51
Apr-22	379 386,74
May-22	380 166,63
Jun-22	372 489,79
Jul-22	373 954,41
Dec-22	417 385,85
Jan-23	413 999,80
Feb-23	410 391,12
Mar-23	410 391,12
Apr-23	417 521,52
May-23	420 872,78
T otal	5 506 135,06
Payments	- 402 827,41
Balance	5 103 307,65

Kheis Local Municipality:**2 (a) For how long has each specified municipality not been paying the arrears?**

The municipality reported to have defaulted on third party payments since July 2021.

2 (b) What is the total amount of the specified arrears?

The total amount reported for pension fund contributions and medical aid amounts to R19.9 million.

July 2019	Cape Join Pension Fund Outstanding	395 664,30
August 2019	Cape Join Pension Fund Outstanding	388 358,97
September 2019	Cape Join Pension Fund Outstanding	390 797,79
October 2019	Cape Join Pension Fund Outstanding	394 632,90
November 2019	Cape Join Pension Fund Outstanding	397 345,17
December 2019	Cape Join Pension Fund Outstanding	394 478,46
January 2020	Cape Join Pension Fund Outstanding	394 478,46
February 2020	Cape Join Pension Fund Outstanding	397 062,09
March 2020	Cape Join Pension Fund Outstanding	394 478,55
April 2020	Cape Join Pension Fund Outstanding	396 917,37
May 2020	Cape Join Pension Fund Outstanding	394 478,55
June 2020	Cape Join Pension Fund Outstanding	394 478,55
July 2020	Cape Join Pension Fund Outstanding	394 858,32
August 2020	Cape Join Pension Fund Outstanding	394 478,55
September 2020	Cape Join Pension Fund Outstanding	405 092,10
October 2020	Cape Join Pension Fund Outstanding	380 119,50
November 2020	Cape Join Pension Fund Outstanding	380 119,50
December 2020	Cape Join Pension Fund Outstanding	380 119,50
January 2021	Cape Join Pension Fund Outstanding	-
February 2021	Cape Join Pension Fund Outstanding	1 816,11
March 2021	Cape Join Pension Fund Outstanding	372 757,11
April 2021	Cape Join Pension Fund Outstanding	369 731,88
May 2021	Cape Join Pension Fund Outstanding	369 731,88
June 2021	Cape Join Pension Fund Outstanding	366 837,30
July 2021	Cape Join Pension Fund Outstanding	-
August 2021	Cape Join Pension Fund Outstanding	369 271,29
September 2021	Cape Join Pension Fund Outstanding	364 088,61
October 2021	Cape Join Pension Fund Outstanding	366 679,95
November 2021	Cape Join Pension Fund Outstanding	366 354,00
December 2021	Cape Join Pension Fund Outstanding	366 354,00
January 2022	Cape Join Pension Fund Outstanding	376 054,86
February 2022	Cape Join Pension Fund Outstanding	366 202,97
March 2022	Cape Join Pension Fund Outstanding	366 202,97
April 2022	Cape Join Pension Fund Outstanding	376 202,97
May 2022	Cape Join Pension Fund Outstanding	373 183,56
June 2022	Cape Join Pension Fund Outstanding	373 183,56
July 2022	Cape Join Pension Fund Outstanding	434 591,15
August 2022	Cape Join Pension Fund Outstanding	431 776,29
September 2022	Cape Join Pension Fund Outstanding	423 529,35
October 2022	Cape Join Pension Fund Outstanding	415 830,43
November 2022	Cape Join Pension Fund Outstanding	410 692,76
December 2022	Cape Join Pension Fund Outstanding	401 478,38
January 2023	Cape Join Pension Fund Outstanding	396 065,61
February 2023	Cape Join Pension Fund Outstanding	384 717,18
March 2023	Cape Join Pension Fund Outstanding	-
April 2023	Cape Join Pension Fund Outstanding	384 717,18
May 2023	Cape Join Pension Fund Outstanding	370 828,71
	Outstanding Contribution	16 666 838,69
	Late Payment Interest	3 032 374,26
	Total Payable	19 699 212,95

Magareng Local Municipality:

2 (a) For how long has each specified municipality not been paying the arrears?

The municipality reported to have defaulted on third party payments since March 2021.

2 (b) What is the total amount of the specified arrears?

The total amount reported for third parties amounts to R4.3 million.

DATE	MONTH	PROCESS	DESCRIPTION	AMOUNT	TOTAL AMOUNTS
31-05-2023	31-05-2023	3RD PARTIES			
	31-05-2023	ELE	IMATU	R 2 480,00	
	31-05-2023	ELE	SAMWU UNION	R 7 505,82	
	31-05-2023	ELE	SALGA	R 3 654,00	
	31-05-2023	ELE	THE BEST FUNERAL	R 60 656,50	
	31-05-2023	ELE	EFF	R 3 526,74	
	31-05-2023	ELE	MAGARENG SAVINGS CLUB	R 60 300,00	
	31-05-2023	ELE	ANC	R 7 000,00	
	31-05-2023	ELE	LETSATSI FINANCE	R 38 357,17	
					R 183 480,23
28-02-2023	28-02-2023	ELE	PENSIONS		
	28-02-2023	ELE	CAPE RETIREMENT	R 323 837,84	
	28-02-2023	ELE	MUNICIPAL WORKERS RETIREMENT	R 228 179,36	
	28-02-2023	ELE	SALA PENSION	R 215 776,38	
					R 767 793,58
			PENSIONS		
31-03-2023	31-03-2023	ELE	CAPE RETIREMENT	R 323 837,84	
	31-03-2023	ELE	MUNICIPAL WORKERS RETIREMENT	R 228 179,36	
	31-03-2023	ELE	SALA PENSION	R 215 776,38	
					R 767 793,58
30-04-2023	30-04-2023	ELE	PENSIONS		
	30-04-2023	ELE	CAPE RETIREMENT	R 328 628,84	
	30-04-2023	ELE	MUNICIPAL WORKERS RETIREMENT	R 228 179,36	
	30-04-2023	ELE	SALA PENSION	R 290 117,86	
					R 846 926,06
31-05-2023	31-05-2023	ELE	PENSIONS		
	31-05-2023	ELE	CAPE RETIREMENT	R 324 822,40	
	31-05-2023	ELE	MUNICIPAL WORKERS RETIREMENT	R 228 179,36	
	31-05-2023	ELE	SALA PENSION	R 210 069,30	
					R 763 071,06
30-04-2023	31-03-2023	ELE	SARS	R 415 813,09	
					R 415 813,09
31-05-2023	31-05-2023	ELE	SARS	R 573 320,38	
					R 573 320,38
TOTAL					R 4 318 197,98