



**Western Cape
Government**

Provincial Treasury

Outstanding Government Debt owed to municipalities

5 December 2011

Introductory Remarks



Western Cape
Government

Provincial Treasury

“Municipalities’ failure to collect money owed to them and to spend their budget means that service delivery is severely compromised. So although municipalities have money to deliver services they do not spend it nor do they ensure that they recover what is owed to them.”

Nachi Majoe (The Municipal Outreach Project)

OVERALL DEBTORS OWED TO MUNICIPALITIES

Amounts in R'000	TOTAL OUTSTANDING DEBTORS / ACCOUNTS RECEIVABLE - 31 OCTOBER 2011 - PER DISTRICT										
	Outstanding Total					Monthly Outstanding Totals					Prior Year
District	0-30 days	31 - 60 days	61 - 90 days	over 90 days	Total	Oct'11	Sept'11	Aug'11	Jul'11	Jun'11	Oct'10
City of Cape Town	1 087 496	249 598	212 327	4 342 038	5 891 459	5 891 459	5 887 551	5 842 506	5 890 935	5 761 346	5 392 064
Cape Winelands	202 669	38 963	17 996	330 269	589 897	589 897	607 219	662 398	683 228	516 119	602 593
Central Karoo	8 713	2 253	7 203	33 392	51 561	51 561	53 598	55 656	55 443	45 339	49 805
Eden	110 074	66 826	18 482	265 309	460 691	460 691	561 637	633 121	605 691	466 195	483 667
Overberg	70 573	11 029	4 362	173 577	259 541	259 540	269 056	274 601	272 202	231 475	220 489
West Coast	92 712	22 407	13 052	160 868	289 039	289 040	305 399	318 329	318 823	255 657	266 349
Total	1 572 237	391 076	273 422	5 305 453	7 542 188	7 542 188	7 684 460	7 786 611	7 826 322	7 276 131	7 014 967
Change in month-on-month totals						-142 272	-102 151	-39 711	550 191	261 164	527 221
% change in month-on-month totals						-1.9%	-1.3%	-0.5%	7.0%	3.6%	7.5%
Category	0-30 days	30 days+	61 - 90 days	over 90 days	Total	Oct'11	Sept'11	Aug'11	Jul'11	Jun'11	Oct'10
Water	475 547	157 377	118 828	2 804 270	3 556 022	3 556 022	3 569 394	3 536 578	3 460 014	3 404 875	3 180 469
Electricity	697 063	63 690	27 208	256 239	1 044 200	1 044 199	1 097 352	1 078 648	1 021 974	968 103	956 179
Property Rates	519 007	138 564	91 726	1 307 012	2 056 309	2 056 309	2 105 824	2 153 553	2 219 009	1 889 854	1 988 876
Other	-119 379	31 444	35 659	937 936	885 660	885 657	911 890	1 017 831	1 125 324	1 013 299	889 443
Total	1 572 237	391 076	273 422	5 305 453	7 542 188	7 542 187	7 684 460	7 786 610	7 826 321	7 276 131	7 014 967

Discussion

For the Municipal CFO Forum to **note** the actions in relation to the City of Cape Town:

- Progress in terms of the outstanding monies owed by Provincial Departments.
- The status of the outstanding debt owed by Provincial Departments as at 31 October 2011.

For the Municipal CFO Forum to note the actions with regards to the debt owed to non-metro municipalities:

- The actions taken by the Provincial Treasury to resolve outstanding monies owed by provincial departments to non-metro municipalities.

CITY OF CAPE TOWN



Western Cape
Government

Provincial Treasury

OUTSTANDING DEBT AS AT 31 OCTOBER 2011 (COCT)

Stats end of October 2011	Current Accounts	Total Arrears 60 days +	Total (October 2011)	Total (September 2011)
National Government				
Defence	R 4 158 281.53	R 784 020.76	R 4 942 302.29	R 6 826 198.11
Public Works	R 24 731 381.76	R 14 389 253.44	R 39 120 635.20	R 47 481 627.43
Schools	R 158.20	R 5 236.52	R 5 394.72	R 5 315.44
Police	-R 54 567.79	-R 6 015.43	-R 60 583.22	-R 7 945.12
Sea Fisheries	-R 33 217.73	-R 6 460.01	-R 39 677.74	-R 31 607.11
Sub Total	R 28 802 035.97	R 15 166 035.28	R 43 968 071.25	R 54 273 588.75
Provincial Government				
Vacant land and informal settlements	R 111 449.39	R 54 104.84	R 165 554.23	R 166 066.38
Education	R 12 047 880.30	R 52 056 250.14	R 64 104 130.44	R 60 333 305.93
Health	R 11 209 374.36	R 15 284 175.52	R 26 493 549.88	R 28 802 003.66
Housing	R 2 468 522.47	R 4 572 373.93	R 7 040 896.40	R 6 917 720.88
Public Works and Transport	-R 126 903 627.65	R 14 948 730.14	-R 111 954 897.51	-R 130 910 199.72
Community safety	R 54 070.29	R 468 578.95	R 522 649.24	R 15 981.73
Sub Total	-R 101 012 330.84	R 87 384 213.52	-R 13 628 117.32	-R 34 675 121.14
Sundry*				
*Accounts disputed by NPWD and Provincial Departments requiring further investigation	R 3 914 414.57	R 44 784 286.97	R 48 698 701.54	R 41 186 571.55
Sub Total	R 3 914 414.57	R 44 784 286.97	R 48 698 701.54	R 41 186 571.55
Total	-R 68 295 880.30	R 147 334 535.77	R 79 038 655.47	R 60 785 039.16



City Debt Management : Progress

- On-going facilitation of data clean-up of municipal accounts i.r.o properties devolved from National Government to Provincial Departments
 - R84 million - concluded
 - R25.92 million – work in progress
- Compilation of record / database of municipal accounts – WCED and Health
 - Reconciliations on - going
- Splitting of municipal accounts eg. UCT/Grootte Schuur Account
- Installation of water management devices at 30 Schools

NON – METRO MUNICIPALITIES (District Debt)



District Debt : Progress

- One-one-One debt engagements have taken place with 21 municipalities across the districts since the inception of the project
- Notable improvement in submission of the debt template by municipalities on the due date
 - Inclusion of accounts which were not previously reported (July 2011 and prior) whereby the total accounts submitted to PT was understated
- Progress in terms of ownership by departments to acknowledge debt/liability and payment of the respective arrear accounts has improved
- Ongoing facilitation of the debt process in the bi-weekly task team meetings where progress and operational matters are discussed, investigated and resolved
- Compilation of a payment schedule to monitor the payments made by the respective departments

District Debt: Comparative Balances as at 31 October 2011

Demarcation Code	Municipality	DISTRICT DEBT MANAGEMENT - CONSOLIDATED REPORT AT OCTOBER 2011										Comparative Analysis		
		Education R'	Health R'	NPW R'	DTPW (RATES) R'	DTPW (SERVICE CHARGES) R'	Housing 'R	Other 'R	31 October 2011 R'	30 September 2011	Month on Month Incr/(decr)	31 August 2011 R'	31 July 2011 R'	30 June 2011 R'
DC1	West Coast	0	0	0	0	0	0	0	-	-	-	67,973	106,421	106,421
WC011	Matzikama	2,385	344,715	362,554	1,394,467	0	94,781	7,220	2,206,122	1,770,524	435,598	2,097,477	1,663,172	277,401
WC012	Cederberg	531,298	384,908	82,687	335,455	323,716	26,029	0	1,684,092	2,124,858	-440,767	1,028,187	1,028,187	1,028,187
WC013	Bergrivier	206,929	104,864	1,504,950	90,217	82,132	6,325	157,146	2,152,563	2,191,346	-38,784	1,981,307	2,356,725	6,506
WC014	Saldanha Bay	320,633	65,282	7,700,818	768,346	26,897	314,624	174,648	9,371,248	9,428,133	-56,885	8,808,577	8,948,259	2,942,768
WC015	Swartland	0	1,530	251,476	147,692	0	0	0	400,698	157,638	243,060	234,931	235,491	329,419
	District Total	1,061,244	901,299	9,902,485	2,736,177	432,745	441,759	339,014	15,814,723	15,672,500	142,223	14,218,450	14,338,255	4,690,701
DC2	Cape Winelands	0	0	0	0	0	0	0	-	-	-	-	-	-
WC022	Witzenberg	273,124	0	1,026,739	3,760,460	0	25,193	0	5,085,516	5,326,815	-241,299	4,837,995	1,368,888	1,520,435
WC023	Drakenstein	1,565,639	256,226	-475,969	234,259	-487,283	100,433	-5,077	1,188,228	3,374,500	-2,186,272	13,820,499	15,322,899	1,724,784
WC024	Stellenbosch	199,687	107,464	1,077,842	425,558	12,654	334,148	109,550	2,266,905	6,930,605	-4,663,701	7,067,601	8,352,100	1,715,593
WC025	Brede Valley	1,287	0	832,672	704	0	19,861	0	854,525	854,525	-	854,525	1,859,640	952,370
WC026	Langeberg	31,466	69,816	0	1,040,618	17,295	839	25,942	1,185,975	1,273,859	-87,884	1,125,596	456,654	857,812
	District Total	2,071,203	433,506	2,461,283	5,461,600	-457,333	480,474	130,416	10,581,149	17,760,304	-7,179,156	27,706,217	27,360,181	6,770,994
DC3	Overberg	0	0	0	0	0	0	0	-	-	-	-	-	-
WC031	Theewaterskloof	174,722	15,705	425,630	3,092,761	0	0	0	3,708,818	4,100,606	-391,788	3,873,740	4,756,436	1,737,535
WC032	Overstrand	308,353	250,589	946,127	559,871	0	168,467	448,315	2,681,722	2,846,014	-164,292	3,460,293	2,323,679	1,813,850
WC033	Cape Agulhas	0	0	272,313	47,290	13,441	0	13,985	347,030	563,830	-216,800	388,737	303,273	226,917
WC034	Swellendam	93,564	184,419	708,871	790,525	39,417	0	0	1,816,796	1,713,220	103,576	1,660,133	1,414,103	1,837,711
	District Total	576,639	450,712	2,352,940	4,490,448	52,859	168,467	462,301	8,554,365	9,223,670	-669,304	9,382,903	8,797,491	5,616,014
DC4	Eden	0	0	0	0	0	0	0	-	-1,252,192	1,252,192	-667,765	779,002	476,554
WC041	Kannaland	60,734	16,363	183,819	224,894	11,594	-51,757	0	445,648	229,596	216,052	254,922	-125,651	-98,045
WC042	Hessequa	198,331	142,770	352,527	202,834	25,246	458,891	107,933	1,488,532	1,527,110	-38,578	2,408,296	2,354,798	691,347
WC043	Mossel Bay	224,146	34,357	684,296	834,691	92,125	60,153	0	1,929,769	2,183,251	-253,482	2,644,437	3,086,145	1,440,759
WC044	George	69,994	3,683	-63,964	5,900,269	136,440	155,774	52,457	6,254,652	3,790,685	2,463,967	3,926,902	981,747	806,310
WC045	Oudtshoorn	2,178,890	36,426	2,954,523	5,183,670	599,552	0	391,487,76	11,344,549	15,966,611	-4,622,062	13,751,823	17,959,091	11,370,646
WC047	Bitou	116,515	75,080	19,944	18,038	15,059	25,557	-	270,193	537,005	-266,812	1,030,551	759,658	212,174
WC048	Knysna	22,463	219,435	633,407	877,347	0	0	119,155	1,871,807	1,925,584	-53,777	2,252,837	2,258,829	747,881
	District Total	2,871,074	528,114	4,764,552	13,241,744	880,017	648,618	671,033	23,605,150	24,907,650	-1,302,500	25,602,005	28,053,618	15,647,626
DC5	Central Karoo	0	0	0	0	0	0	0	3,124	3,124	-	47,466	47,466	47,465
WC051	Laingsburg	0	34,301	13,396	261,719	0	61,771	2,779	373,967	360,700	13,267	172,703	172,703	172,703
WC052	Prince Albert	99,032	32,951	68,098	1,193	26,508	0	0	227,782	291,078	-63,296	291,078	79,287	79,287
WC053	Beaufort West	644,540	122,616	143,675	1,112,471	139,045	0	39,440	2,201,787	1,232,458	969,329	986,105	919,561	1,121,097
	District Total	743,572	189,869	225,169	1,375,383	165,553	61,771	42,219	2,806,659	1,887,360	919,300	1,497,352	1,219,017	1,420,552
	Grand Total	7,323,732	2,503,499	19,706,429	27,305,352	1,073,840	1,801,088	1,644,982	61,362,047	69,451,484	-8,089,437	78,406,926	79,768,561	34,145,887

WAY FORWARD



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GOING FORWARD

- **DCoG and National Treasury:**

To meet with the relevant national departments on the following issues:

- i. Vesting (ownership) of properties
- ii. R293 townships
- iii. RSA properties
 - Municipalities to submit spreadsheets of RSA properties from their billing systems to National Treasury by 1 December 2011
- iv. Public Service Infrastructure; and
- v. Section 20 & 21 Schools

GOING FORWARD

- The Provincial Treasury will continue to facilitate the monthly debt steering committee meetings to monitor the progress on undertakings between the Provincial Departments and the City of Cape Town in respect of the payment of arrear accounts, splitting of municipal accounts between service charges and property rates and on outstanding debt owed to the City of Cape Town.
- Attend to further engagements with non-metro municipalities. In addition, the progress and status in terms of the debt related to the non-metro municipalities will be reported at the scheduled monthly Ministerial debt meetings.

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THANK YOU