



**Western Cape  
Government**

Provincial Treasury

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# **Outstanding Government Debt owed to municipalities**

**11 June 2012**

# Overall debt owed to Municipalities

Amounts in R'000	TOTAL OUTSTANDING DEBTORS / ACCOUNTS RECEIVABLE - 30 APRIL 2012						
	Outstanding Total					Prev month	Prior Year
District	0-30 days	31 - 60 days	61 - 90 days	over 90 days	Total	Mar'12	April '11
City of Cape Town	1,386,958	157,188	176,690	4,331,916	6,052,752	6,142,152	5,803,554
Cape Winelands	228,613	24,791	18,009	353,449	624,862	618,272	602,323
Central Karoo	8,879	2,586	1,401	40,264	53,130	54,311	50,139
Eden	130,413	30,128	17,307	353,115	530,963	538,432	430,558
Overberg	62,721	9,610	7,055	172,100	251,486	252,078	230,081
West Coast	97,554	18,114	11,116	189,389	316,173	304,321	267,887
<b>Total</b>	<b>1,915,138</b>	<b>242,417</b>	<b>231,578</b>	<b>5,440,233</b>	<b>7,829,366</b>	<b>8,035,006</b>	<b>7,384,542</b>
<b>Change in month-on-month totals</b>						<b>-205,640</b>	<b>444,824</b>
<b>% change in month-on-month totals</b>						<b>-3%</b>	<b>6%</b>
	0-30 days	30 days+	61 - 90 days	over 90 days	Total	Mar'12	April '11
Water	593,275	142,951	118,849	2,982,459	3,837,534	3,885,778	3,424,226
Electricity	740,424	62,669	29,635	255,692	1,088,420	1,049,260	1,056,335
Property Rates	511,235	54,712	54,797	1,241,272	1,862,016	1,985,316	1,903,984
RSC Levies						4345	
Other	70,203	-17,916	28,297	960,810	1,041,393	1,110,307	999,998
<b>Total</b>	<b>1,915,137</b>	<b>242,416</b>	<b>231,578</b>	<b>5,440,233</b>	<b>7,829,363</b>	<b>8,035,006</b>	<b>7,384,542</b>
<b>Debtors per customer group</b>							
	0-30 days	30 days+	61 - 90 days	over 90 days	Total	Mar'12	April '11
Government	46,454	13,504	7,592	73,396	140,946	162,543	203,928
Business	847,431	55,773	40,316	468,386	1,411,906	1,573,041	1,440,292
Households	994,485	205,830	180,046	4,655,173	6,035,534	6,000,244	5,468,772
Other	26,768	-32,692	3,625	243,278	240,979	299,175	271,550
<b>Total</b>	<b>1,915,138</b>	<b>242,415</b>	<b>231,579</b>	<b>5,440,233</b>	<b>7,829,365</b>	<b>8,035,003</b>	<b>7,384,542</b>

# Discussion

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For the Mun 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 30 April 2012.

For the Mun 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 30 APRIL 2012 (COCT)

Outstanding Government Debt Statistics	(April 2012)			(March 2012)			% change March to April 2012		
	Current Accounts	Total Arrears	Total	Current Accounts	Total Arrears	Total	Current Accounts	Total Arrears	Total
		60 days +			60 days +			60 days +	
<b>National Government</b>									
Defence	R 4,205,892.11	R-406,611.30	R 3,799,280.81	R 2,989,488.61	-R 545,842.30	<b>R 2,443,646.31</b>	40.7%	-25.5%	55.5%
Public Works	R 17,021,001.68	R 15,977,535.74	R 32,998,537.42	R 15,346,221.19	-R 1,281,134.12	<b>R 14,065,087.07</b>	10.9%	-1347.1%	134.6%
Police	R 3,341.93	R-30,488.11	R-27,146.18	-R 49,211.58	-R 41,797.01	<b>-R 91,008.59</b>	-106.8%	-27.1%	-70.2%
Sea Fisheries	-R 51,233.80	R 0.00	-R 51,233.80	-R 9,206.24	R 0.00	<b>-R 9,206.24</b>	456.5%		456.5%
<b>Sub-total</b>	<b>R 21,179,001.92</b>	<b>R 15,540,436.33</b>	<b>R 36,719,438.25</b>	<b>R 18,277,291.98</b>	<b>-R 1,868,773.43</b>	<b>R 16,408,518.55</b>	15.9%	-931.6%	123.8%
<b>Provincial Government</b>									
Vacant land and informal settlements	R 35,889.89	R 140,049.72	R 175,939.61	R 42,802.43	R 139,452.21	<b>R 182,254.64</b>	-16.1%	0.4%	-3.5%
Education	R 3,997,455.87	R 22,827,182.71	R 26,824,638.58	R 7,558,949.25	R 32,260,460.27	<b>R 39,819,409.52</b>	-47.1%	-29.2%	-32.6%
Health	R 8,720,359.29	R 6,534,698.34	R 15,255,057.63	R 7,191,946.49	R 16,677,210.08	<b>R 23,869,156.57</b>	21.3%	-60.8%	-36.1%
Housing	R-1,146,934.65	R 6,237,173.99	R 5,090,239.34	R 1,420,057.90	R 7,751,437.33	<b>R 9,171,495.23</b>	-180.8%	-19.5%	-44.5%
Public Works and Transport	R 1,298,717.47	R-18,268,436.83	R-16,969,719.36	R 9,634,616.19	-R 18,657,517.21	<b>-R 9,022,901.02</b>	-86.5%	-2.1%	88.1%
Social Development	R 45,390.62	R 910,153.30	R 955,543.92	R 50,543.92	R 1,545,287.55	<b>R 1,595,831.47</b>	-10.2%	-41.1%	-40.1%
Community safety	R 26,971.51	R 0.00	R 26,971.51	R 18,825.35	R 0.00	<b>R 18,825.35</b>	43.3%	0.0%	43.3%
<b>Sub-total</b>	<b>R 12,977,850.00</b>	<b>R 18,380,821.23</b>	<b>R 31,358,671.23</b>	<b>R 25,917,741.53</b>	<b>R 39,716,330.23</b>	<b>R 65,634,071.76</b>	-49.9%	-53.7%	-52.2%
<b>Sundry*</b>									
*Accounts disputed by NPWD and Provincial Departments requiring further investigation	R 2,335,270.94	R 36,525,553.01	R 38,860,823.95	R 2,459,014.42	R 34,691,270.69	R 37,150,285.11	-5.0%	5.3%	4.6%
<b>Sub-total</b>	<b>R 2,335,270.94</b>	<b>R 36,525,553.01</b>	<b>R 38,860,823.95</b>	<b>R 2,459,014.42</b>	<b>R 34,691,270.69</b>	<b>R 37,150,285.11</b>	-5.0%	5.3%	4.6%
<b>TOTAL</b>	<b>R 36,492,122.86</b>	<b>R 70,446,810.57</b>	<b>R 106,938,933.43</b>	<b>R 46,654,047.93</b>	<b>R 72,538,827.49</b>	<b>R 119,192,875.42</b>	-21.8%	-2.9%	-10.3%

# City Debt Management : Progress

Department	Status
Community Safety	Low Risk – No arrears
Social Development	Low Risk - Relative low outstanding balance
Human Settlements	<p>Database of municipal accounts in place which allows for timeous payments and reconciliation of accounts.</p> <p>Reconciliations in respect of the properties which were transferred to private owners and the off-setting of credit balances against debit balances were concluded.</p> <p>Identified accounts which were not listed in the asset register of the Department in respect of property erf number, street address as well as new accounts which appeared on the listing for the Department.</p>



# City Debt Management : Progress

Department	Status
<b>Transport and Public Works</b>	<p>Credit balance – Property Rates payments in advance. Debit raisings accrued monthly</p> <p>UCT / Groote Schuur Account resolved – payment of outstanding sewer charges and property rates.</p> <p>Services accounts are settled timeously by the Departments upon receipt thereof from the City of Cape Town.</p> <p>Engage in finalising municipal accounts for rates in respect of properties which were devolved from National Government to the Provincial Government.</p>
<b>Health</b>	<p>The task team concluded the 45 new split accounts for the first assignment.</p> <p>Complete details of payments made, off-setting of credit balances with debit balances and accounts which was not the responsibility were provided to the City on 4 April 2012.</p> <p>The next process includes the finalisation of the database compiled by the Department.</p>

# City Debt Management : Progress

Department	Status
<b>Education</b>	<p>Database of municipal accounts in place which allows for monitoring of timeous payments and reconciliation of accounts.</p> <p>Awaits information from the City regarding:</p> <ul style="list-style-type: none"><li>• Accounts previously settled in full with outstanding debit balances/raisings.</li><li>• Split accounts with no debit raisings.</li><li>• Accounts identified as not the responsibility of the Department.</li></ul> <p>Installation of pre-paid water meters – Included part of maintenance programmes at schools.</p>





# City Debt Management: Way forward

- A number of challenges existed which hampered the resolution of accounts and payment of arrear balances and included the following which was addressed by the technical task team and partly through Ministerial debt meetings:
  - Accounts addressed to the incorrect department.
  - Invoices not posted to departments for timeous payment.
  - Incomplete Asset Register (s).
  - Some information still outstanding/unknown ( e.g. property name, dept. occupying property, period for which debt is outstanding, etc).
  - Rates and services billed on one account for provincial properties.
  - Outstanding property rates and sewer charges : Properties not registered in the name of Government.
  
- New Administrative arrangement to ensure continuity (Ministerial Debt meetings discontinue by 31 July 2012):
  - Establish Protocols.
  - Resources required from various role-players eg, Complete Asset register, Property portfolio incl . Lease agreements.
  - Monitoring mechanisms and resources assigned within user departments and Provincial Treasury

# NON – METRO MUNICIPALITIES (District Debt)



# Non-metro municipalities: Outstanding debt at 30 April 2012

Municipality	DISTRICT DEBT MANAGEMENT - CONSOLIDATED REPORT AT 30 APRIL 2012									
	Education R'	Health R'	NPW R'	DTPW (RATES) R'	DTPW (SERVICE CHARGES) R'	Housing 'R	Other 'R	Total 30 April 2012 R'	Total 31 March 2012 R'	Month on Month Incr/(decr)
<b>West Coast District</b>										
Matzikama	5,898	385,381	327,456	416,531	0	97,794	15,070	1,248,130	1,118,813	129,318
Cederberg	264	371,855	166,736	177,765	191,225	89,978	44,374	1,042,197	1,050,505	-8,308
Bergivier	24,130	96,824	758,700	406,929	64,501		169,790	1,520,875	1,394,859	126,016
Saldanha Bay	363,886	29,445	1,682,391	963,864	0	41,676	99,301	3,180,562	3,235,250	-54,688
Swartland	227	31,673	4,950	2,276	2,276		0	41,401	14,035	27,365
<b>District Total</b>	<b>394,406</b>	<b>915,178</b>	<b>2,940,232</b>	<b>1,967,366</b>	<b>258,002</b>	<b>229,447</b>	<b>328,535</b>	<b>7,033,165</b>	<b>6,813,462</b>	<b>219,703</b>
<b>Cape Winelands District</b>										
Witzenberg	262,844	0	-87,364	437,144	-45,555	26,860	0	593,929	758,775	-164,846
Drakenstein	238,514	54,451	83,976	804,835	989,602	111,717	20,241	2,303,337	2,273,512	29,825
Stellenbosch	652,337	128,099	775,386	689,570	0	215,115	938,996	3,399,504	2,678,531	720,972
Breede Valley	46,594	9,972	607,369	4,035	0		4,575	672,545	388,466	284,079
Langeberg	94,987	52,708	308,851	132,912	20,434	1,234	0	611,126	654,451	-43,325
<b>District Total</b>	<b>1,295,276</b>	<b>245,230</b>	<b>1,688,218</b>	<b>2,068,497</b>	<b>964,481</b>	<b>354,926</b>	<b>963,812</b>	<b>7,580,440</b>	<b>6,753,735</b>	<b>826,705</b>
<b>Overberg District</b>										
Theewaterskloof	122,261	18,544	379,590	780,424	0		0	1,300,820	2,210,484	-909,664
Overstrand	825,623	162,779	797,752	401,424	0	131,618	292,818	2,612,014	2,574,762	37,252
Cape Agulhas	0	0	47,307	100,273	229	122,820	132,871	403,500	377,703	25,797
Swellendam	119,147	299,849	115,313	1,181,810	-156,845		0	1,559,274	1,602,116	-42,841
<b>District Total</b>	<b>1,067,031</b>	<b>481,172</b>	<b>1,339,963</b>	<b>2,463,931</b>	<b>-156,616</b>	<b>254,438</b>	<b>425,689</b>	<b>5,875,608</b>	<b>6,765,065</b>	<b>-889,457</b>
<b>Eden District</b>										
Kannaland	84,142	3,295	-19,813	50,939	9,310	10,494	0	138,368	-101,365	239,733
Hessequa	246,547	121,565	65,775	123,555	19,237	106,914	25,049	708,641	708,641	-
Mossel Bay	253,327	119,209	-43,980	400,532	9,310	58,583	-5,653	791,329	445,155	346,174
George	0	0	489,514	1,631,809	43,090	0	0	2,164,413	4,246,301	-2,081,887
Oudtshoorn	448,952	0	13,613	904,316	0		325,430	1,692,312	3,948,646	-2,256,334
Bitou	115,629	112,124	12,549	18,637	21,155	26,576	0	306,669	263,594	43,076
Knysna	234,304	0	376,027	0	0		82,851	693,182	755,913	-62,732
<b>District Total</b>	<b>1,382,902</b>	<b>356,192</b>	<b>893,686</b>	<b>3,129,789</b>	<b>102,102</b>	<b>202,567</b>	<b>427,676</b>	<b>6,494,915</b>	<b>10,266,885</b>	<b>-3,771,971</b>
<b>Central Karoo District</b>										
Laingsburg	0	0	1,745	89,192	0	75,315	4,396	170,648	169,330	1,318
Prince Albert	83,510	67,944	80,416	30,978	0		0	262,848	145,801	117,048
Beaufort West	276,930	0	21,855	487,958	149,346	402	0	936,490	1,106,878	-170,388
<b>District Total</b>	<b>360,440</b>	<b>67,944</b>	<b>104,017</b>	<b>608,128</b>	<b>149,346</b>	<b>75,716</b>	<b>4,396</b>	<b>1,369,986</b>	<b>1,422,009</b>	<b>-52,022</b>
<b>Grand Total</b>	<b>4,500,054</b>	<b>2,065,715</b>	<b>6,966,115</b>	<b>10,237,712</b>	<b>1,317,314</b>	<b>1,117,095</b>	<b>2,150,108</b>	<b>28,354,114</b>	<b>32,021,156</b>	<b>-3,667,042</b>



# Non-metro municipalities: The Way Forward

- The debt management in respect of the non-metro municipalities have been excluded from the Ministerial meetings since April 2012
- A proposal has been drafted in terms of managing and facilitating the process internally by the Provincial Treasury in order to resolve the ostensible debt balances as reported by municipalities. The following has been noted:
  - Monthly reporting and consolidation of the debt balances
  - Detailed analysis of municipalities with the highest balances
  - The formulation of task teams for the respective departments (excl WCED)
  - Revision of the district teams
  - Monthly debt steering committee meetings
- The task teams will form part of a structured work flow which will address the following:
  - Assignment of Split accounts
  - Assignment of updating and finalising Asset Registers
  - Assignment of pre-devolution debt
  - Assignment of properties that should be devolved to the Province

# Non-metro municipalities: The Way Forward

## Co-ordination of the District Debt teams and visits to municipalities:

- Visits to municipalities will continue as has been undertaken previously in order to work through the debt accounts as submitted to municipalities in order to identify ownership and resolve the ostensible debt balances, especially in the arrear category.
- The one-on-one engagements will continue on a district by district basis in order to minimise the debt balances for the municipalities in a district which record the highest balances. This data will be sourced from the consolidation of the monthly debt balances and the analysis of municipalities as investigated by the various task teams.
- The Provincial Treasury will continue to co-ordinate these engagements where representation from all the respective departments should be included.

# Non-metro municipalities: The Way Forward

## Potential Challenges that could affect the debt process:

- In order to ensure that the debt process for the non-metro municipalities continue with enhanced efficiency, the following factors should be considered which affects all the respective stakeholders:
  - Monthly reporting and consolidation of the debt balances
  - Detailed analysis of municipalities with the highest balances
  - Integrity and accuracy of municipal accounts as submitted monthly
  - Monthly timeous submission of invoices for payment by municipalities
  - Incomplete asset registers by departments/municipalities
  - Limited co-operation by departments
  - Insufficient budgets by departments/institutions to pay for municipal accounts
  - Limited in-house resources available in terms of Human Capital

# CONCLUSION



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# CONCLUSION

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- ❑ The Provincial Treasury have been working on the Government debt management initiative for quite some time and with a reasonable modicum of success, given the state of account and billing management and accuracy on both the municipal and departmental (national and provincial) side, as well as the state of asset and systems management and capabilities.
- ❑ A major part of the government related debt problem relates/related to all of these elements, eventually reflected as either incorrect billing or inappropriate payments or both (in majority of cases).
- ❑ 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 and non-metro municipalities.



# CONCLUSION

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- ❑ Attend to further engagements with non-metro municipalities.
  
- ❑ A status of the debt templates will be done in terms of:
  - ❑ accuracy of the data (no manual amendments by PT)
  - ❑ Alignment of government debt data to the Appendix B Input form
  - ❑ Act 9 Towns and the implications for government departments
  - ❑ Splitting of accounts

The above-mentioned criteria will form the basis for future engagements with municipalities

- ❑ Municipalities are encouraged to maintain the communication with national/provincial departments and to advise the PT of any further assistance as may be required

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**THANK YOU**