



**Western Cape
Government**

Provincial Treasury

Outstanding Government Debt owed to municipalities

11 March 2013



Western Cape
Government

Provincial Treasury

CITY OF CAPE TOWN GOVERNMENT DEBT

Progress to date

Stats end of January 2013	Current Accounts	Total Arrears 60 days +	Total (January 2013)	Total (December 2012)	Monthly Increase / Decrease
National Government					
Public Works	-R 12 306 238.93	-R 22 868 556.28	-R 35 174 795.21	-R 31 911 204.78	-R 3 263 590.43
Sub Total	-R 12 306 238.93	-R 22 868 556.28	-R 35 174 795.21	-R 31 911 204.78	-R 3 263 590.43
Provincial Government					
Education	R 12 166 427.60	R 25 198 845.30	R 37 365 272.90	R 33 809 803.12	R 3 555 469.78
Health	R 13 724 279.84	R 575 987.19	R 14 300 267.03	R 3 304 726.54	R 10 995 540.49
Human Settlements	R 4 398 735.67	R 11 254 139.89	R 15 652 875.56	R 12 080 126.47	R 3 572 749.09
Transport and Public works	R 10 612 212.81	-R 72 950 805.60	-R 62 338 592.79	-R 91 295 308.96	R 28 956 716.17
Social Development	R 353 603.04	R 1 522 578.32	R 1 876 181.36	R 1 794 968.62	R 81 212.74
Community safety	R 21 938.29	R 0.00	R 21 938.29	R 19 777.42	R 2 160.87
Cultural affairs and Sport	-R 155 084.02	R 0.00	-R 155 084.02	-R 179 120.52	R 24 036.50
Sub Total	R 41 122 113.23	-R 34 399 254.90	R 6 722 858.33	-R 40 465 027.31	R 47 187 885.64
Sundry*					
*Accounts disputed by NPWD and Provincial Departments requiring further investigation	R 2 479 558.61	R 25 806 022.16	R 28 285 580.77	R 27 687 624.91	R 597 955.86
Sub Total	R 2 479 558.61	R 25 806 022.16	R 28 285 580.77	R 27 687 624.91	R 597 955.86
Total	R 31 295 432.91	-R 31 461 789.02	-R 166 356.11	-R 44 688 607.18	R 44 522 251.07

Progress to date (2)

- To note : **Service Charges** – Relevant User Department
 Property Rates – Transport and Public Works
- **Education** – Paid R23.923 million on 15 February 2013 in respect of arrears.
- **Human Settlements :**
 - Paid : R6 million to date in respect of arrears
 - Arrears included also a disputed account to the amount of R2.47 million between the Department and the City relating to Erf 508 in the Airport Industry in respect of the property valuation. It should however be noted that the Department is in process to devolve the property to the City of Cape Town but the transfer is pending the finalisation of the dispute between the two parties.
 - Further detail is required to enable finalisation of payment (R2.22 million).



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Provincial Treasury

NON – METRO MUNICIPALITIES (District Debt)

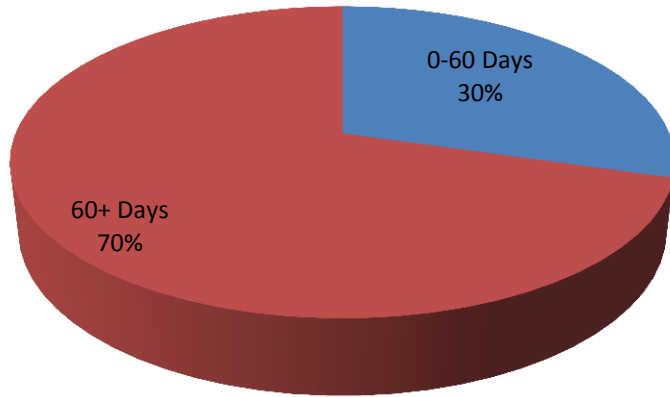
Consolidated Debt Balances (Non-Metro Municipalities)

Demarcation Code	Municipality	DISTRICT DEBT MANAGEMENT - CONSOLIDATED REPORT AT 31 JANUARY 2013											
		Education R'	Health R'	NPW (RATES) R'	NPW (SERVICES) R'	DTPW (RATES) R'	DTPW (SERVICE CHARGES) R'	Housing R'	Other (Rates) R'	Other (Services) R'	Total 31 January 2013 R'	Total 31 December 2012 R'	Month on Month Incr/(decr)
DC1	West Coast												
WC011	Matzikama	2 439	493 239	254 220	0	504 318	258 920	144 836	10 009	0	1 667 981	1 799 543	-131 562
WC012	Cederberg	278 370	514 282	-322	93 040	57 560	429 641	0	9 222	1 947	1 383 741	1 479 015	-95 274
WC013	Bergrivier	-4 820	205 109	-253 517	382 064	11 527	8 771	5 010	53 419	32 232	439 796	796 522	-356 725
WC014	Saldanha Bay	269 122	7 489	566 803	1 414 651	872 823	131 686	26 794	87 174	22 853	3 399 396	3 619 906	-220 510
WC015	Swartland	0	0	175 664	0	0	0	0	0	0	175 664	186 049	-10 385
	District Total	545 112	1 220 119	742 848	1 889 755	1 446 229	829 019	176 640	159 825	57 032	7 066 579	7 881 035	-814 456
				0									-
DC2	Cape Winelands												
WC022	Witzenberg	774 255	17 270	-132 013	55 127	317 668	45 712	9 993	1 744	0	1 089 756	1 018 122	71 634
WC023	Drakenstein	1 295 901	794 334	-408 162	-124 360	7 095	0	91 518	0	-58 336	1 597 990	1 667 911	-69 921
WC024	Stellenbosch	605 859	701	0	4 924	87 004	1 205	48 947	9	18 184	766 833	2 396 733	-1 629 900
WC025	Breedee Valley	50 016	10 997	191 863	266 464	116 658	2 144	28 392	396 079	221 236	1 283 849	1 283 453	396
WC026	Langeberg	98 148	47 843	58 390	64 660	56 151	98 777	6 346	61 294	150 383	641 991	683 283	-41 292
	District Total	2 824 179	871 144	-289 922	266 815	584 576	147 838	185 196	459 127	331 467	5 380 419	7 049 501	-1 669 082
				0									-
DC3	Overberg												
WC031	Theewaterskloof	236 312	132 211	2 863	368 474	511 890	0	0	0	0	1 251 751	730 796	520 955
WC032	Overstrand	851 496	193 313	154 896	213 549	151 561	43 264	79 093	0	364	1 687 535	1 922 610	-235 074
WC033	Cape Agulhas	54 450	565	6 851	6 851	55 994	979	135 104	392 693	18 692	672 180	688 811	-16 631
WC034	Swellendam	144 860	257 378	38 011	168 943	1 143 960	292 932	0	0	0	2 046 084	2 215 921	-169 837
	District Total	1 287 118	583 468	202 622	757 818	1 863 404	337 175	214 197	392 693	19 056	5 657 551	5 558 138	99 413
				0									-
DC4	Eden												
WC041	Kannaland	6 785	2 709	0	0	237 222	0	83 368	265 700	194 857	790 643	397 988	392 655
WC042	Hessequa	225 748	204 359	0	79 814	139 297	77 453	2 062	133	1 609	730 475	600 851	129 623
WC043	Mossel Bay	187 803	134 397	6 817	431 339	258 207	61 753	27 403	0	0	1 107 718	1 443 271	-335 553
WC044	George	0	73 019	0	806 840	783 673	799 416	26 359	10 038	24 949	2 524 295	2 502 833	21 462
WC045	Oudtshoorn	274 820	18 129	0	0	706 940	0	0	114 013	443 932	1 557 835	1 558 506	-671
WC047	Bitou	153 861	64 033	5 794	9 593	30 402	77 804	0	0	0	341 487	331 538	9 949
WC048	Knysna	24 315	558 279	1 335 708	77 045	820 113	0	0	40 509	272 091	3 128 059	2 498 135	629 923
	District Total	873 332	1 054 925	1 348 319	1 404 631	2 975 854	1 016 426	139 193	430 393	937 439	10 180 511	9 333 123	847 388
				0									-
DC5	Central Karoo												
WC051	Laingsburg	-3 528	45 034	31 292	42 578	-30 622	3 007	201 910	5 775	95 030	390 476	226 071	164 405
WC052	Prince Albert	17 739	90 842	6 426	53 615	48 287	49 278	0	0	0	266 187	235 560	30 628
WC053	Beaufort West	107 262	120 608	0	0	41 830	59 718	0	0	0	329 419	274 224	55 195
	District Total	121 473	256 485	37 718	96 193	59 495	112 003	201 910	5 775	95 030	986 082	735 855	250 228
	Grand Total	5 651 214	3 986 141	2 041 585	4 415 212	6 929 558	2 442 461	917 136	1 447 813	1 440 022	29 271 142	30 557 651	-1 286 509



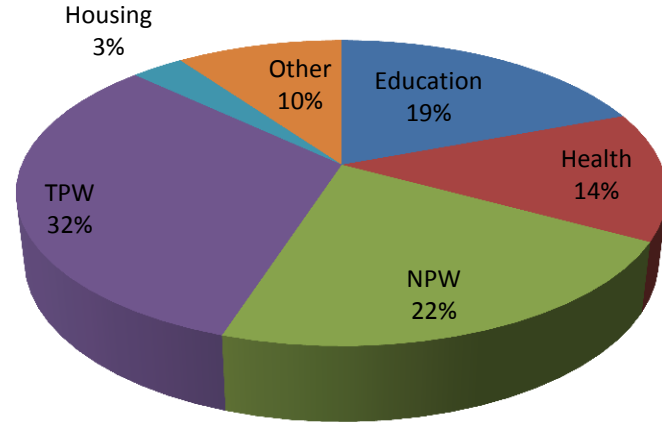
Consolidated Debt Balances (Non-Metro Municipalities)

Debt per Category



Age Analysis/ Category	0-60 Days	60+ Days
Amount	8 638 201	20 632 941

Debt per Department



Department	Amount
Education	5 651 214
Health	3 986 141
NPW	6 456 797
TPW	9 372 020
Housing	917 136
Other	2 887 835
Total	29 271 142

Debt Overview and Progress

- The overall debt at the end of January 2013 records a balance of R29.27 million which has decreased by R1.29 million when compared to December 2012, which is an improvement of 4%.
- The aging of the debt for the current debt (0 – 60 days) amounts to R8.64 (30%) and R20.63 (70%) in arrears (+60 days) categories amounts to respectively.
- The arrear category of the debt includes the annual property rates accounts that have not been paid by DTPW due to a shortfall experienced by the department.
- In December a new Debt Template was introduced to improve accuracy of the figures
- The response was great as most of the Municipalities used the new debt schedules with the January reporting
- Task Teams have been established with some of the Department where problem accounts have been discussed
- Follow ups are also being done in instances where Municipalities report problem accounts and is urged to continue.

Debt Challenges : Reporting

- There has been noted differences between the government debt portion outstanding as per the section 71 reports and the balances reflected on outstanding government debt schedules.
- Credibility of debt reports are also questioned as duplications occur in some of the schedules reported to PT which lead to additional enquiries and could be time consuming in the finalisation process.
- The Departments receives accounts late - postage is considered a problem and the municipalities should rather courier the information.
- Unallocated deposits as a result of lack of reference numbers which the BAS system does not make provision for as Bulk payments are made.
- Asset Codes used in the Municipality is not the same as departments as they do not correspond.
- Reporting date of month end outstanding debt schedules does not give a true reflection as billings are done on different dates.
- All payments have not yet been finalised by reporting date therefore huge outstanding amounts are reflected.
- Large amounts are allocated under one account resulting in credit amounts and hence the other accounts accumulate more debt.
- Pre-devolution accounts remain a challenge.

Way Forward

- On a monthly basis the Provincial Treasury Department will submit a report on the challenging accounts for Departments to note and settle.
- One-on-one engagements held with Municipalities will continue
- Provincial Treasury will meet with Departments utilising the Task Teams methodology, on a bi-monthly basis to discuss problem accounts.
- The Municipalities were notified that the Age Analysis Reported as one of the Section 71 reports should correspond with the Debt Schedules send to the Departments and Provincial Treasury. Assistance will be provided to the Municipalities to address teething challenges with regards to the new format in anticipation of improving accuracy of reports and credibility of data.
- Provincial Treasury will reconcile accounts listed under “Other” as reported by Municipalities with the help of the relevant Departments in order to ascertain who is liable for payment.
- Task Teams will assist Municipalities to reconcile their accounts to the Departments Master file in order to report more accurately per Department and ensure settlement of accounts to reduce the high debt at municipalities.
- Municipalities are encouraged to maintain communication with National and Provincial departments and to advise the Provincial Treasury if any further assistance may be required
- One-on-one engagements between municipalities, departments and Provincial Treasury will be arranged during the year where the first interactions will be where large outstanding balances occur in order to reduce the debt.
- Provincial Treasury will communicate on the dates per Municipality at a later stage.

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THANK YOU