



Publication: Citizen, The (Daily) - Main
Title: Govt owes billions
Publish date: 24 Mar 2023
Page: 4

Reach: 24455
AVE: R 51697.40
Author: Staff Reporter

Govt owes billions

PAYMENT BACKLOGS: SUPPLIERS UNPAID FOR SERVICES – REPORT

» Department of health leads pack with outstanding bill of R56 million.

Getrude Makhafola

At least 10 government departments owe service providers almost R100 million, while provinces owe billions, despite measures implemented to cut red tape and make payments within 30 days.

The Public Service Commission (PSC), which is tasked with championing good governance across the state, yesterday released its quarterly report, covering the period between October and December 2022.

Leading the pack with outstanding payments at national government is the department of health, which owes service providers R56 million.

These are the businesses that ensure clinics and hospitals have medicines, manufacturing of personal protection equipment and many other essential services.

The public works department is yet to pay out R23 million, while Statistics South Africa owes R9.3 million.

South Africa has more than 20 national departments after they were reconstituted and reduced by President Cyril Ramaphosa in 2019.

According to the report, departments that are not on the list, including basic education, the Presidency and police, have no outstanding invoices.

“Of concern is the department of health with 1997 invoices to the value of R56 million as of the end of quarter three of 2022-23,” read the report.

The PSC further expressed “disconcert” after the department of defence and military veterans failed to submit its report to National Treasury by November 2022 as required, while some made late submissions.

“The late and non-submission of the exception reports by departments shows disregard for

their legal obligations and the late or non-payment by departments demonstrates little care for the plight of small businesses and their struggles.

“Although the number of unpaid invoices reduced slightly, it is encouraging that the number of national departments that reported unpaid invoices older than 30 days, reduced from 16 during quarter 2, to 11 during quarter three of 2022-23.”

Small businesses constitute most of the service providers doing business with government, and many closed shop because payments were either stopped or paid out very late.

The worst offenders are the provinces, which owe businesses more than R5 billion combined.

The Eastern Cape owes R2 billion, followed by Gauteng at R1.6 billion. The third is Kwa-Zulu-Natal with an outstanding R652 million.

The non-payment of invoices by provinces worsened as at the end of December 2022,

said the PSC.

The overall number of unpaid invoices that are older than 30 days increased from 27 068 at the end of September 2022, to 35 632 at the end of December 2022 – a regression of 31.6%.

The PSC said following its recommendation, the portfolio committee on public service and administration in parliament held a meeting with defaulting departments and officials from the nine premiers’ offices in November last year.

“Some of the issues raised by the departments were challenges pertaining to financial management. The department of public works and infrastructure indicated that a turnaround and financial recovery plan has been developed and was currently being implemented,” said the PSC.

“The said department has also established a high-drive initiative called ‘Operation Re Ya Patala’ (Operation We Pay) aimed at clearing all the payment backlogs. Furthermore, a dedicated hotline has been set up at the dedicated call centre to facilitate.”

Limpopo failed to submit its report to National Treasury. – getrudem@citizen.co.za

Non-payments demonstrate little care for the plight of small businesses