

**MINISTRY**

**PUBLIC WORKS**

**REPUBLIC OF SOUTH AFRICA**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 3908 [ NW4455E]**

**INTERNAL QUESTION PAPER NO.: No. 46 of 2017**

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**DATE OF REPLY: NOVEMBER 2017**

**3908. Dr M J Figg (DA) asked the Minister of Public Works:**

(1) Does his department have a bank overdraft; if so, what is the (a) reason for the overdraft and (b) amount of the overdraft;

(2) has the overdraft increased in the 2016-17 financial year; if so, what are the reasons for the increase? **NW4455E**

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**The Minister of Public Works:**

**REPLY:**

1. The Property Management Trading Entity (PMTE) had a bank overdraft, whereas the Main Account had a favourable bank balance at end of October 2017.

(1)(a) The reason for the PMTE overdraft is mainly due to its operating model. The entity spends on leasehold, construction projects and municipal services and subsequently recovers amounts from client departments. On average, the entity spends R800 million per month which is then recovered over 90 days. This time lag in recovering the amounts due has an impact of approximately R2.4 billion which is slightly off-set by the augmentation received; that is received quarterly in advance.

Outstanding debtors’ balances at the end of October amounted to R4.4 billion of which R1.4 billion relates to the previous financial year which is 99% of the bank overdraft.

(1)(b) The amount of the PMTE overdraft was R1.4 billion, whereas, the Main Account had a favorable balance of R 105 million at the end of October 2017;

1. The PMTE’s overdraft increased in the 2016/17 financial year to R1.9 billion from the previous year (R1.4 billion - 31 March 2016), *as well as* the Main Account which increased to R753 million from the previous year (R649 million - 31 March 2016). However, as at 31 October 2017, the PMTE’s overdraft has decreased to R1.4 billion and the main account had a favourable bank balance of R105 million.

The main reason for the increase in the bank overdraft of the PMTE for the 2016/17 financial year was payment of backlog rates to municipalities that had not been recovered from client departments. The reason for the decrease as at 31 October 2017 was as a result of the transfer of funds (augmentation) received for the third quarter.

The main reason for the increase in the bank overdraft for the main account was due to an outstanding payment from the PMTE to the DPW which was not cleared at 31 March 2017. The reason for the favourable balance as at 31 October 2017 was due to the voted funds received for the third quarter.