

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**“128. Dr L A Schreiber (DA) to ask the Minister of Small Business Development:**

**With reference to the reply of the former Minister of Small Business Development to question 3767 on 21 December 2018, what (a) is the current total Rand value of each government department’s backlog for paying service providers within 30 days in compliance with the provisions of the Public Finance Management Act, Act 1 of 1999, and (b) steps will her department take to address the specified backlogs?”**

**NW1089E**

**REPLY:**

1. The National Treasury does not differentiate between large and SMME in its report of non-compliance with payment of suppliers.

According to the National Treasury 2018/19 Annual Report - the total Rand value of invoices older than 30 days and not paid by national Departments at the end of the 2018/2019 financial year amounted to R 634 million with the following Departments leading:

* The Department of Water and Sanitation = R492 million or 78% of the total Rand value;
* The Department of Agriculture, Forestry and Fisheries = R99 million or 16% of the total Rand value; and
* The South African Police Services = R24 million or 4% of the total Rand value.

The total Rand value of invoice older than 30 days that are not paid by Provincial Departments for the 2018/19 financial year amounted to R 6.5 billion with the following Departments leading:

* Gauteng Provincial Treasury = R2.6 billion or 40% of the total Rand value; and
* Eastern Cape Provincial Treasury = R2.1 billion or 32% of the total Rand value.

(b) Steps the Department will implement to address the gap:

(i) The Department is working on a database for SMMEs that will be linked to the Central Supplier Database (CSD) of the National Treasury. When the systems are integrated, the Department will be able to know the amount owed to SMMEs.

(ii) **sefa** is the largest funder of SMMEs who are not paid and this in turn impacts on the **sefa** impairment ratio. The Department has requested the National Treasury to authorise cession agreement for **sefa** and when the cessions for **sefa** and other Development Finance Institutions (DFIs) are implemented, the DFIs will support SMMEs to collect invoices owed to them.

(iii) In addition, in instances where Departments owing a lot of money to SMMEs, the Department will be engaging with the National Treasury to top-slice from their budgets and enable the National Treasury and various Departments to pay the SMMEs directly.

(iv) The Department is also introducing an application for SMMEs to lodge disputes on their outstanding unpaid invoices.

**RESPONSE TO QUESTION 128**

**“128. Dr L A Schreiber (DA) to ask the Minister of Small Business Development:**

**With reference to the reply of the former Minister of Small Business Development to question 3767 on 21 December 2018, what (a) is the current total Rand value of each government department’s backlog for paying service providers within 30 days in compliance with the provisions of the Public Finance Management Act, Act 1 of 1999, and (b) steps will her department take to address the specified backlogs?”**

**NW1089E**