**Memorandum from the Parliamentary Office**

**Minister**

**NAPQ question for Written Reply: 2509**

**Recommended / Not Recommended**

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**Mr P Netshipale**

**DDG: Community Development**

**Date:**

**Recommended / Not Recommended**

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**Mr M Toni**

**Acting Director-General: Department of Social Development**

**Date:**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2509**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 31 AUGUST 2018**

**INTERNAL QUESTION PAPER NUMBER: 28 - 2018**

**2509. Ms A T Khanyile (DA) to ask the Minister of Social Development:**

Why (a) is her department failing to pay non-profit organisations on time and (b) has her department’s funding to non-profit organisations been reduced while her department underspent on its budget in the first quarter of the current financial year? NW2796E

**REPLY:**

1. In the 2018/19 financial year National Department has introduced a new approach for funding NPOs over a period of three (3) years. A call for proposals for multi-year funding (2018/19, 2019/20 and 2020/21) was issued by the National Department of Social Development in order to solicit services of suitable NPOs to assist the Department in the implementation of various programmes in line with the core mandate of the Department.

This new approach resulted in delays as funding templates and internal processes had to be amended to accommodate the three year funding approach. This approach is expected to result in improved timing in the 2019/20 and 2020/21 financial years and payments will be made on existing contracts and the processes for call for proposals, shortlisting, contracting will not be repeated.

In addition, delays in transfers to NPOs was due to the National Treasury Circular 21 on classification of expenditure as either transfer payments, goods and services or capital assets, the Department has to review its transfer payments budget as some of the planned transactions with NPOs should be classified as goods and services rather than transfer payments. This may result in shifting of funds from Transfer Payments to Goods and services. The Department is still in discussions with National Treasury for the way forward to resolve these challenges.

However, the delays in the transfers for HIV/AIDS organisations amounting to R62, 560 million has been proposed to be shifted to goods and services. The process is underway for National Treasury to effect such changes.

1. The Department’s transfer payment budget has not been reduced. The budget has increased from R132, 614 million in the 2017/18 financial year to R154,191 million in the 2018/19 financial year.

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**Approved by the Minister on**

**Date……………………….**