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**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 503**

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**INTERNAL QUESTION PAPER NUMBER: 2 - 2023**

**503. Ms L L van der Merwe (IFP) to ask the Minister of Social Development:**

With reference to the dire circumstances faced by the entire non-profit organisation sector which is caused by persistent problems of cash flow that is threatening the health and wellbeing of the thousands of children and other vulnerable persons that the organisations support, particularly the child protection sector and child and youth care centres in KwaZulu-Natal (details furnished), what (a) are the full, relevant reasons for allowing the situation to prevail and (b) immediate steps has she taken to prevent the persistent late payments which force staff who have not received their salaries to take drastic steps to make ends meet? NW548E

**REPLY:**

1. The reasons for the cash flow challenges emanates from the fact that the Department had huge budget cuts during the Medium-Term Expenditure Framework (MTEF) which seriously affected the payment of service providers and consequently service delivery. The Department’s budget for 2021/22 financial year was R3,897 485 billion whilst for the 2022/23 it is R3,332 172 billion. The 2022/23 budget is R565,313 million less than the previous financial year. The budget cuts implemented by the Provincial Treasury were done without due consideration of the existing long-term agreements the Department had signed with the Non- Profit Organisations (NPOs).

The Provincial Treasury on a monthly basis, makes available R277, 681 million each month for all payments including salaries but the Department’s monthly expenditure is on average R281, 786 million. This leaves the department with a short fall of about R4, 105 million monthly.

All payments due to the NPOs that were delayed in January 2023, were subsequently paid on 08 February 2023. The Department is not aware of any NPOs that had to close their doors due to payment delays but understands the ripple effects of late payments.

A written communication was sent to all affected NPOs making them aware of the situation, apologising about the delayed payments and confirming when payments will be made.

(b) The Department is continuously engaging with the Provincial Treasury for additional budget and to obtain approval to pay the NPOs in tranches on quarterly basis.