

MEDIA RELEASE: **Mounting debt SITA a serious concern**

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EMBARGO: None

ENQUIRIES: communication@psa.co.za

The Public Servants Association (PSA) representing the majority of employees at State Information Technology Agency (SITA), was shocked to learn that the Agency owes R210 million to 210 service providers, where most of the invoices were received more than four months ago. The *Public Finance Management Act (PFMA)* prescribes that all payments due to creditors must be settled within 30 days from receipt of an invoice, hence failure to comply with this *Act* can be grounds for financial misconduct.

Concerningly, most of the Agencies clients are government departments who have failed to pay for the services received resulting in the failure by the Agency to pay service providers. The Minister of Communications and Digital Technologies must urgently engage her counterparts to ensure that they settle their debts to enable the Agency to honour their financial obligations. Non-compliance with *PFMA* regarding payment of the invoices within 30 days cripples service providers mostly small and medium enterprises which are trying extremely hard to recover from the impact of the pandemic. This is contrary to the President's plea that government will make the environment conducive for the private sector to conduct business as these businesses might close shop thus adding to the already high rate of unemployment. In addition, the Agency has been embroiled in a corruption scandal for the past decade hence the need to redeem themselves by implementing proper revenue collections to ensure sustainability of the organisation.

The Agency should look at the example set by the City of Tshwane's recent campaign to switch off electricity for big business who fails to pay for the services received. The Chief Executive Officer and his team must act in the interest of the Agency and hand over the accounts of bad creditors to the debt collectors. The PSA is equally worried about the situation as the next round of salary negotiations is about to commence against this background. The PSA has subsequently requested to engage with the recently appointed Board in the interest of the sustainability, accountability, and proper governance of the Agency.

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