



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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NATIONAL ASSEMBLY:

QUESTION FOR WRITTEN REPLY:

Question Number: 1396

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Mr M S F de Freitas (DA) to ask the Minister of Tourism:

(a) How are (i) service providers and (ii) suppliers who **default in the services** that they render to her department dealt with, (b) what number of service providers and suppliers have defaulted in each month in the past three financial years and since 1 April 2021, (c) what are the reasons for the default in rendering the services, (d) what steps are taken to reduce the default incidences and (e) what financial losses have been incurred in each month in the past three financial years and since 1 April 2021?

NW1590E

REPLY:

Note: This response should be read in conjunction with the response to Question no: 1398. Breach of contract is when either of the parties did not comply with any or all the terms of conditions. Thus a notice of breach of contract is issued when the supplier defaulted on the terms and conditions. **Breach of contract is a pre -requirement for the contractor to be declared as a defaulter (Non-compliance of contract)** (PFMA Regulation 16A.9.2 and Treasury Guidelines – (Government Procurement – General conditions of Contract – Annexure A)

(a) How are (i) service providers and (ii) suppliers **who default** in the services that they render to the department dealt with.

If steps as per reply to Question No: 1398 are not successful, the following action are taken:

- Termination of contracts with penalties i.e. partial payment for services delivered
- Notice of Breach of Contract

- Black listing of defaulters on the departments database as well as the data base of National Treasury
- Case referred to SAPS for investigation and possible prosecution
- Contract with provider can be suspended

(b) What number of service providers and suppliers have **defaulted** in each month in the past three financial years and since 1 April 2021.

The Honourable member is referred to the letter and report submitted to the Chairperson of the Portfolio Committee on Tourism on 3 February 2021 by the Minister and subsequently distributed to members of the committee.

(c) What are the reasons for the **default in rendering** the services

- Non adherence to the terms and conditions of the contract by the service provider with regards to project reporting, fraudulent transactions, non compliance etc.
- Non performance
- Non reporting and refusing to comply with terms of the contract
- Collusion in obtaining the tender

(d) What steps are taken to reduce the default incidences

As per reply to Question No 1398

(e) What financial losses have been incurred in each month in the past three financial years and since 1 April 2021

Financial Year	Financial losses incurred
Since 1 April 2021	Information will only be audited in 2022/23 financial year.
2020-2021	Information in process to be audited.
2019-2020	Information can be obtained from that tabled Annual Performance Report of 2019/20 as tabled on 22 October 2020 (ATC no 151 – 2020)
2018-2019	Information can be obtained from the tabled Annual Performance Report of 2018/19 as tabled on 1 October 2019 (ATC no 72 -2019)