

# Route Form

TO: THE MINISTER

**NCOP: QUESTION NO. 650 (Written Reply Mr T J Brauteseth (KwaZulu-Natal: DA)  
ASKED THE MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE :**

RANK	INITIALS AND SURNAME	SIGNATURE	DATE REFERRED	DATE RETURNED
Chief Financial Officer	Mr. M Sithole			
DDG: REIS	Ms. S Subba			
DDG: IGR	Mr. A Mthombeni			
Acting-Director-General	Dr. A Moemi			
Deputy Minister	Ms. N Kiviet, MP			
Minister	Ms. P De Lille, MP			



public works  
& infrastructure

Department:  
Public Works and Infrastructure  
REPUBLIC OF SOUTH AFRICA

## INTERNAL MEMORANDUM

To:	MINISTER OF PUBLIC WORKS & INFRASTRUCTURE	Ref:	NCOP PQ No. 650 (Written Reply)
From:	ACTING DIRECTOR-GENERAL	Office:	DIRECTOR-GENERAL
Tel:	(012) 406 2028	Fax:	(086) 699 3998

**NCOP: QUESTION NO. 650 (WRITTEN REPLY) Mr T J Brauteseth (KwaZulu-Natal: DA) ASKED THE MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE :**

***Monies owed to municipalities***

(1) Whether she will provide a list of municipalities that are owed money by (a) her department and (b) entities that report to her department; if not, why not; if so, (i) what is the breakdown of the rates and services in each case and (ii) what are the further relevant details;

(2) (a) what is the age analysis of the money that is owed by (i) her department and (ii) its entities to municipalities and (b) what steps her department is taking to mitigate late payments to the municipalities? **CW747E**

**REPLY:**

<b>NCOP: QUESTION NO. 650 (Written Reply) Mr T J Brauteseth (KwaZulu-Natal: DA) ASKED THE MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE :</b>
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The draft reply to Parliamentary Question No. 650 (Written Reply) is submitted for your consideration.

The input has been provided by the Finance, REIS and IGR Business Units.

I hereby attest that the information provided in response to NA PQ 650 is true and correct to the best of my knowledge.

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**MR. M SITHOLE**  
**CHIEF FINANCIAL OFFICER**  
**DATE:**

Draft reply supported / not supported/ comments

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**MS. S SUBBAN**  
**DDG: REIS**  
**DATE:**

Draft reply supported / not supported/ comments

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**MR. A MTHOMBENI**  
**DDG: IGR**  
**DATE:**

Draft reply supported / not supported/ comments

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**DR. A MOEMI**  
**ACTING-DIRECTOR GENERAL**  
**DATE:**

Draft reply approved / not approved/ comments

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**MS. N KIVIET, MP**  
**DEPUTY MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE**  
**DATE:**

Draft reply approved / not approved/ comments

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**MS. P DE LILLE, MP**  
**MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE**  
**DATE:**



**MINISTRY  
PUBLIC WORKS AND INFRASTRUCTURE  
REPUBLIC OF SOUTH AFRICA**

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**NATIONAL COUNCIL OF PROVINCES**

**WRITTEN REPLY**

<b>QUESTION NUMBER:</b>	<b>650 [CW747E]</b>
<b>INTERNAL QUESTION PAPER NO.:</b>	<b>31 of 2022</b>
<b>DATE OF PUBLICATION:</b>	<b>02 SEPTEMBER 2022</b>
<b>DATE OF REPLY:</b>	<b>SEPTEMBER 2022</b>

**650. Mr T J Brauteseth (KwaZulu-Natal: DA) asked the Minister of Public Works and Infrastructure:**

***Monies owed to municipalities***

- (1) Whether she will provide a list of municipalities that are owed money by (a) her department and (b) entities that report to her department; if not, why not; if so, (i) what is the breakdown of the rates and services in each case and (ii) what are the further relevant details;
- (2) (a) what is the age analysis of the money that is owed by (i) her department and (ii) its entities to municipalities and (b) what steps her department is taking to mitigate late payments to the municipalities?

**CW747E**

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**REPLY:**

**The Minister of Public Works and Infrastructure**

1.
  - a) The Department of Public Works and Infrastructure (DPWI) requested age analysis from municipalities which provide municipal services and property rates. Out of the total of 257 municipalities, the department received age analysis from 210 municipalities where services are rendered. **See attached list of municipalities (Annexure A)**

As at 31 July 2022, DPWI had verified and confirmed an amount of R 83 319 809 owed to municipalities for municipal services rendered and property rates.

An amount of R170 million is under investigation as DPWI is in progress of performing reconciliation with the municipalities. See **Table A** for the details.

**Table A:** Breakdown for rates and taxes and municipal services accounts as at 31 July 2022:

Breakdown on Amount Owed Into Categories As Per Age Analysis from Municipalities	Amount Owed: Rates and Taxes	Amount Owed: Municipal Services	TOTAL
Invoices requested but not submitted by Municipality.	R 76 020 824.46	R7 298 984.70	R 83 319 809.16
Reconciliations in progress with municipalities.	R 76 668 421.56	R 93 477 857.76	R170 146 279.32

However, it is noted that some municipalities continue to bill DPWI for properties whose ownership is being disputed. See table below:

**Table B:** Breakdown of disputed municipal services accounts as at 31 July 2022:

Breakdown on Amount Owed Into Categories As Per Age Analysis from Municipalities	Sum of Amount Owed: Municipal Services
Disputes over interest charged	R 230 080.27
Disputes over custodianship utilization	R 11 864 596.61
<b>Grand Total</b>	<b>R 12 094 676.88</b>

To address the disputes as mentioned on **Table B** above DPWI is taking the following actions:

- i) Engaging municipalities to waive the interest;
- ii) Advising municipalities to direct the invoices to the rightful owners for future payments.

**Table C:** Breakdown of disputed property rates and taxes as at 31 July 2022:

<b>Breakdown on Amount Owed Into Categories As Per Age Analysis from Municipalities</b>	<b>Sum of Amount Owed: Property Rates</b>
Confirmed Annual Billed Amount but not yet due. Payment to be made monthly.	R 67 290 384.68
Disputes over interest charged.	R 4 221 299.00
Disputes over ownership/custodianship.	R 264 130 661.31
Disputes over transfer of ownership.	R 16 679 026.00
State Domestic Facilities.	R 39 492 901.78
<b>Grand Total</b>	<b>R 391 814 272.77</b>

DPWI does not pay annual property rates in advance but pays them programmatically on a monthly basis. Therefore, an amount of R 67 290 384.68 paid on a monthly basis in instalments. To address the disputes mentioned in Table C above DPWI is taking the following actions:

- i) Requesting the municipalities to waive the uncorroborated interest;
- ii) Verifying ownership/custodianship of the properties submitted (in some of these cases, the land on which DPWI properties are situated does not belong to the DPWI and therefore poses a challenge when invoices are received since billing is not based on the footprint of the DPWI property but the entire extent of the land parcel.
- iii) A process of sub-dividing or surveying these properties is being considered but more information is still required from municipalities to target those causing arrear/backlog debt.
- iv) Undertaking a pilot surveying project in Limpopo to ensure that ownership of state properties is corrected. Lessons learned from the process will be implemented in other provinces when funds are identified.

2.

- b) DPWI processes all valid and verified invoices received within the stipulated timeframe indicated by municipalities since their invoices are due and payable within the regulated 30 days of receipt of invoice.

Notwithstanding the above mentioned, DPWI has made payments across all 257 municipalities for municipal services and property rates to the value of R1.26 billion from April 2022 to July 2022. The total amount paid for municipal services and property rates to all municipalities during the month of July 2022 amounts to R228 million.

The rate of invoices paid within 30 days increased from 96% in June 2022 to 98% in July 2022. This is a clear demonstration and continuous endeavours by DPWI to ensure that all valid invoices from municipalities – as it is with other creditors – are settled timeously.

**(1) (b) and (2) (a) (ii)**

The entities reporting to the Minister of Public Works and Infrastructure currently do not have any debt that is owed to municipalities.

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**MS. P DE LILLE, MP**  
**MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE**  
**DATE:**