



public works
& infrastructure

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

**Issued by Chief Directorate: Communications
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MEDIA STATEMENT BY MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE, PATRICIA DE LILLE

Update on monies owed to municipalities by the Department of Public Works and Infrastructure

The Department of Public Works and Infrastructure (DPWI) at all times strives to stay up to date with its payments to municipalities who provide services to government buildings.

Currently, in terms of payments to municipalities which provide municipal services and property rates, out of the total of 257 municipalities, the Department received age analysis reports from 210 municipalities where services are rendered.

As at 31 July 2022, DPWI had engaged municipalities which resulted in verification and confirmed amount of R 83 319 809 being owed to municipalities for municipal services rendered and property rates. The Department is waiting for municipalities to provide invoices and payments will be processed as soon as invoices are received.

An amount of R170 146 279.32 as at 31 July 2022 is under investigation as DPWI is in the process of performing reconciliation with the municipalities to ensure correct payment.

An amount of around R67.2million has been billed as an annual invoice which the Department pays programmatically on a monthly basis. The Department does not pay in advance.

An amount of just over R12million was also incorrectly billed to the Department despite numerous communication with the Municipalities.

To address the disputes as under the R12million amount, the DPWI is engaging municipalities to waive the interest linked to properties of other custodians and advising municipalities to direct the invoices to the rightful owners for future payments.

An amount of just over R324.5million is also in dispute in terms of property rates and taxes as at 31 July 2022.

To address these disputes, the DPWI is taking the following actions:

- Requesting the municipalities to waive the uncorroborated interest;
- 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.
- A process of sub-dividing or surveying these properties is being considered but more information is still required from municipalities to target those causing arrears/backlog debt.
- 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.

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.

With regard to the Entities reporting to the Department, the entities reporting to the Department of Public Works and Infrastructure currently do not have any debt that is owed to Municipalities.

ENDS.

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