



**MANGAUNG**  
METRO MUNICIPALITY  
METRO MUNISIPALITEIT  
LEKGOTLA LA MOTSE

**DIRECTORATE  
OFFICE OF THE  
CITY MANAGER**

*Acting City Manager*

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Your Ref:

Room 201, Bram Fischer Building

Our Ref:

Date: 21 June 2021

Cllr Snyman-Van Deventer  
Mangaung Metro Municipality

Dear Councilor

**RE: RULE 38 QUESTION: COLLECTION OF PROVINCIAL GOVERNMENT DEBT**

This letter is in response to the rule 38 questions by the VRYHEIDSFRONT PLUS:

**1. What is debt owed by the Free State Provincial government to the Mangaung Metro?**

Provincial Public Works R 993 714 207

- Electricity interest charge 1 July 2020 to end May 2021 is R 200 389 on a total ageing bill of R 236 749 379
- Mangaung total ageing debt of R 756 964 828 inclusive of interest of R 175 027 850

**2. As on 1 June 2021, what is the amount owed to the Metro by the Free State Government?**

Provincial Public Works R 993 714 207

- Electricity interest charge 1 July 2020 to end May 2021 is R 200 389 on a total ageing bill of R 236 749 379
- Mangaung total ageing debt of R 756 964 828 inclusive of interest of R 175 027 850

**3. Are any steps being taken to collect the outstanding debt of the Free State Provincial government?**

Mangaung Metropolitan Municipality has already started implementing full Credit Control and Debt Collection procedures to recover outstanding debts from customers to meet its financial commitments.

- A letter was sent to National Treasury dated 4 July 2018 in terms of Section 64 of the Municipal Finance Management Act to request assistance from National Treasury to recover the arrear

- debts from Provincial Public Works. No feedback has been received from National Treasury up until today.
- The municipality acknowledges payment of R19.5 million and R33 million received from your department on 15 March 2018 and 23 April 2018 respectively.
- Payment of approximately R 80.5 Million was received in July 2018.
- Several Meetings were held with Provincial Public Works throughout the course of the 2018 calendar year and several letters sent to request payment of outstanding monies.
- Final Letter of demand was sent to Public Works on 25 October 2018.
- Disconnection of Provincial Government Buildings was done on 8/9 November 2018 with a total outstanding debt adding to R 149 Million. Key buildings like OR Tambo, MMC Houses, Fidel Castro, etc. was not disconnected as per instruction from the Office of the City Manager.
- Some buildings have since been reconnected as per instruction from the Office of the City Manager.
- On 4 January 2019 payment of R 29 Million was received from Provincial Public Works.
- On 22 February 2019 payment of R 8.3 Million was received from Provincial Public Works.
- On 28 March 2019 payment of R 8.4 Million was received from Provincial Public Works.
- Payment of R 15 Million was made from 22 April 2019 from Provincial Public Works.
- Payment of R 15 Million was made from 23 May 2019 from Provincial Public Works.
- Payment of R 35 Million was made on 18 June 2019 from Provincial Public Works.

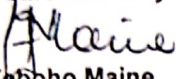
The municipality further acknowledges payments made by Provincial Public Works from July 2019 till to date.

| DATE     | AMOUNT        |
|----------|---------------|
| 20190730 | 14 507 227,61 |
| 20190905 | 15 779 283,49 |
| 20191119 | 11 303 724,24 |
| 20191119 | 16 889 404,78 |
| 20191204 | 15 480 644,05 |
| 20200122 | 13 960 178,61 |
| 20200304 | 30 721 000,00 |
| 20200306 | 20 669 413,63 |
| 20200629 | 15 313 001,43 |
| 20200629 | 21 188 404,78 |
| 20200630 | 14 607 888,19 |
| 20200630 | 21 188 404,78 |
| 20200630 | 30 693 658,44 |
| 20200721 | 30 000 000,00 |
| 20200826 | 14 275 812,92 |
| 20200914 | 25 315 596,36 |
| 20200917 | 22 002 877,29 |

|          |               |
|----------|---------------|
| 20200917 | 17 679 455,32 |
| 20201005 | 25 800 000,00 |
| 20210210 | 21 000 000,00 |
| 20210419 | 16 978 455,32 |
| 20210526 | 26 891 002,48 |

The municipality further notes that the department has paid their current accounts to the amount of R 177 928 012,00 (01<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021) as well arrears to the amount of R 149 091 747,21 from the month of April 2020 till March 2021 in terms of the arrangement as proposed by Public Works. The current billing of R 401 456 962,41 having a 44,32% payment rate on the current bill. However, there is still an outstanding balance due on the department's account to the amount of R 993 714 207 million (as at end of May 2021) and the department has failed to honour their arrangement.

Yours faithfully

  
Teboho Maine 2021.06.25  
Acting City Manager