

26 May 2020

## **ETHEKWINI MUNICIPALITY: RESUMPTION OF CREDIT CONTROL AND DEBT COLLECTION PROCESSES**

The City will be resuming with its credit control and debt collection processes effective from 1 July 2020 to ensure that it is in a stable financial position in order to continue to provide essential services to eThekweni residents. This follows the tabling of a report during an online Executive Committee meeting held today, 26 May.

These credit control and debt collection measures include the disconnection of services as well as the levying of interest on arrears with effect from 1 July 2020.

The Municipality will look at each case based on its own merit with the collection process focusing on customers who have not been financially affected by the Covid-19 lockdown to pay for their services. Those customers who are struggling financially and have been affected will each be reviewed on a case by case basis with processes in place to assist them.

The measures in place to assist those who are unable to pay their bills include a deferment of payment for up to six months for customers who meet the criteria as well as the Indigent Policy which assists vulnerable groups and the poorest of the poor.

The tabled report states that in terms of Section 96 of the Municipal Systems Act 32 of 2000 the Municipality is obliged to collect all monies that is due to it.

According to the Credit Control and Debt Collection Policy arrear rates and services may result in disconnection of services.

The report states that the financial position of the City has changed drastically as a result of the Covid-19 pandemic lockdown. The tabled report states that April 2020 was the worse month for the Municipality as it was the first full month where there was no business activity.

The tabled report states that according to the Credit Control and Debt Collection Policy, arrear amounts result in the disconnection of services.

Council took the decision pre-lockdown not to implement disconnection measures as a form of credit control and that no interest should be charged on accounts that fall into arrears during the lockdown period.

The report outlined support and relief schemes that have been approved for implementation. These include:

- Rates rebate for B&Bs and guesthouses who will receive a Covid-19 rebate to bring their rates payable to the same level as residential,
- An incentive to write off interest has also been submitted and under this scheme will allow customers who pay 50 percent of their debt to receive a once-off write-off of their accumulated interest. The balance of the debt is payable to a maximum period of 24 months interest free and,
- All rate renewal applications for senior citizens disability grantees, child-headed households and medically bordered persons will be renewed automatically.

The report notes that the country finds itself technically in a recession and the impact of the Covid-19 pandemic is putting further constraints on the financial resources of the City and has impacted negatively on the collection processes. The Municipality considered the fact that customers were going to struggle with payment of rates and services and assisted customers with relief including the suspension of credit control activities and the disconnection of services along with the suspension of charging of interest on arrears.

The report states that while the collection rate for the months under lockdown was going to decrease, the collection rate of 56 percent for April 2020 was never foreseen. EThekwini Municipality has taken pride in its collection rates of 95 percent on average.

Further, it has been proven that implementing credit control measures by disconnection of services increases the collection rate because some people that can afford to pay, do pay.

The report stated that the Municipality is in a precarious state and cannot continue to operate and provide much needed services to the communities without implementing credit control measures. If the collection of arrears does not improve the Municipality will be in serious financial trouble by year end, it noted.

EThekwini Mayor Councillor Mxolisi Kaunda said: “We need to run a Municipality that can sustain services. We do this by collecting revenue in order to provide service delivery in eThekwini. We will not allow eThekwini to collapse.”

EThekwini Deputy Mayor Councillor Belinda Scott said the City has to continue collecting revenue.

“If we don’t, we won’t be able to pay for essential services. Also, this directive to resume credit control and debt collection comes from national government,” she said.

Deputy City Manager of Finance Krish Kumar explained the encouragement of these measures is being done throughout the country.

He said there are measures in place to assist customers including the City being prepared to write off R1bn for customers willing to pay accrued debt.

“The City requires income to meet its obligations including providing Covid-19 relief such as food parcels and assisting the homeless. Other metros will also have to undertake these measures if they want to recover.”

He said metre readings will be expediated with water readings having already started. Electricity readings will begin next week, he said. Kumar urged customers to also send their metre readings into the City as an alternative.

Peet Duplessis, Head of Revenue Management, said if someone approaches the City who is unable to pay, there is a policy that makes provision for them to have a six-month deferral in order for them to stabilise financially. He said the City also has the Indigent Policy to assist people who meet the requirements,

## **RATES RELIEF FOR B&B'S AND GUESTHOUSES**

A report outlining special rates relief for B&Bs and guesthouses in eThekweni was tabled at an online Executive Committee meeting held today, 26 May.

This is being done to ensure their sustainability during the lockdown.

The report states that a special adjustment is sought to the 2019/20 annual budget that was approved on 29 May 2019 to provide relief to certain category of owners which have been unable to operate during the lockdown.

The report states that upon written application and approval, qualifying owners of rateable immovable property who are engaged in Bed and Breakfasts and guesthouses and have suffered more than a 60 percent revenue loss, be afforded rates relief in an amount not exceeding 50 percent of the current rates payable on the property.

The rates relief will be effective retrospectively from 1 April 2020 until the lockdown levels is relaxed to level three or lower, with the rates relief terminating on the last day of the month immediately following the month in which a lower alert level declaration occurs in terms of the Disaster Management Act 2002.

The application window for the submissions of an application for Covid-19 rates relief for the 2019/20 financial year will be 30 June 2020.

In case of multiple use properties, rates relief will apply only to the applicable rates categories allocated to the qualifying uses in question.

Property owners will be required to apply for rates relief on a prescribed form.

## **UPDATE ON DISCIPLINARY CASES BACKLOG**

The Executive Committee noted the improvement in resolving the backlog of disciplinary cases during an online meeting held today, 26 May.

The report stated that 162 cases were resolved as at 29 February, of which 90 were formal hearings and 72 informal hearings. This is an improvement on the backlog of cases from 31 October which were sitting at 336, of which 236 were formal hearings and 100 were informal hearings. There are still 174 outstanding cases to be resolved.

The report states that cases have been categorised in terms of the Disciplinary Procedure Collective Agreement, which provides that less serious allegations, which would normally warrant a written warning can be dealt with via informal hearings. Allegations that are more serious must be dealt with via formal hearings.

Acting Deputy City Manager of Corporate and Human Resources Kim Makhathini said of the outstanding cases, work has been done but the cases have not yet been resolved.

Head of the Legal and Compliance Unit Melusi Mhlongo said a number of steps have been taken to resolve the backlog of disciplinary cases. These include rendering the Disciplinary Board more effective in order to clear the backlog of cases as well as dealing urgently with cases where employees have been on special leave or suspended for a lengthy period while receiving a salary. He said these cases would be finalised within the next month.

Mhlongo said consequence management would be reinstated with three assigned advisors handling reports from the City Integrity and Investigations Unit whose duty it will be to see each case to its conclusion.

“If the case stalls, they will personally be held liable for the delays. These are just some of the additional steps we have taken to clear the backlog,” he said.

## **DURBAN EXHIBITION CENTRE TO BE USED AS FIELD HOSPITAL**

The Durban Exhibition Centre may be used as a field hospital following the tabling of a report at an Executive Committee meeting held online today, 26 May.

The tabled report stated that there is a need to plan for the spread of the coronavirus including the corresponding need for additional hospital beds.

It states that health authorities have reviewed the current bed capacity and have concluded that the availability may become insufficient should the crisis develop on a scale as seen in Europe and the United States over the past few months.

While the health authorities have already commissioned the phased recruitment of additional public and private hospitals to deal with the Covid-19 anticipated surge, the authorities have further concluded that there is a need to have a temporary field hospital, which will serve as a solution to provide additional beds to cater for surge capacity to assist and cope with the Covid-19 crisis.

Field hospitals will serve to isolate patients with mild to moderate Covid infections from their families and communities. The field hospital will also provide ICU facilities.

The report states that the Department of Health concluded after investigating possible locations, that the Durban Exhibition Centre is best positioned to serve that purpose. This is because it will require less building work and it can accommodate a number of beds.

The report notes that the Department of Health have committed to restoring the facility to its original condition at the end of the period as well as to undertake deep cleaning including sanitising.

**For media enquiries contact Municipality's Spokesperson Msawakhe Mayisela on 060 966 4220**

**Source : Issued by the eThekweni Municipality's Communications Unit.**