

## MEDIA RELEASE: PAYMENT ARRANGEMENTS FOR MUNICIPAL ACCOUNTS

EMBARGO: None

At a special Municipal Council meeting today, 13 August, the municipal councillors unanimously agreed to further relief measures regarding payment arrangements and auxiliary recovery charges. The Council also approved the recommendation to have the municipality start implementing the debt collection processes aimed at all consumers who default on their municipal accounts.

During the National State of Disaster Lockdown and the promulgated period of Risk-Adjusted Strategy Levels in terms of the National State of Disaster, there has been a considerable increase in outstanding debt and a decrease in the 12-month payment percentage, as the following table illustrates:

### OUTSTANDING DEBTS

	JULY'19	AUG'19	SEPT'19	OKT'19	NOV'19	DEC'19
<b>Outstanding Debt</b>	32,326,265.39	33,893,530.41	33,975,433.86	35,033,211.40	35,573,080.61	40,534,871.66
	JAN'20	FEB'20	MARCH'20	APRIL'20	MAY'20	JUNE'20
<b>Outstanding Debt</b>	42,874,081.37	43,761,287.61	46,774,507.18	59,064,201.27	65,360,828.10	70,019,593.27

The Speaker, Alderman Petru Terblanche expressed his concern at the virtual doubling of outstanding debt during the past year. The Councillors agreed that the COVID-19 pandemic did not only impact on people's lives, but also wreaked havoc with household income. The Councillors supported the Executive Mayor, Alderman Harry Levendal's insistence that councillors unanimously and irrespective of party political differences work together to ensure that residents are aware of the various relief measures available to mitigate the effect of financial hardship on families. "If there are families who continue to suffer water supply on a drip in this municipality it is because the administration is unaware of them. I urge the councillors to assist in efforts to identify the applicable addresses and to motivate the residents to approach the municipality for assistance," the Municipal Manager, Adv Thys Giliomee insisted.

### Timelines

The Municipal Manager said the municipality's financial performance as the best-rated local authority in the country is influenced by the long-term financial plan that intends to ensure that the town's administration does not run into financial difficulties. Implementing the debt collection processes, he said, is an attempt to improve the payment ratios.

"We hope and implore the community to approach the municipality to make arrangements to either apply for indigent benefits, or for the discounted services available to pensioners or to enter into payment settlement plans."

Even with the considerable increase in outstanding debt, we have not yet seen the impact on the number of payment arrangements, indigent, and pensioners application as expected.

Currently, as of 30 July 2020, there are more than 8 500 accounts with an outstanding debt of more than R1 000 older than 30 days.

There are only 168 active payment arrangements in place, of which about 90 are new.

It is imperative that the Municipality, therefore, proceeds now with the implementation of its debt collection policy to mitigate the risk of further increases in debt to prevent necessitated write-offs of uncollectable debt in the future.

Council's debt collection policy will be implemented from 19 August 2020, and debt will be handed over for collection purposes from 25 August 2020.

A soft approach will initially be followed to inform account holders who are in arrears of the options available to either make payment arrangements or to apply for subsidies. This approach will be intensified in the coming months.

**Business/ Industrial Consumers Deadline (not residential consumers)**

Businesses and industrial consumers may apply to pay back arrears built up until 17 August 2020 in equal instalments, interest-free, for no longer than six months - with no deposit, and without auxiliaries being deducted from prepaid electricity purchases. To qualify, business and industrial consumers must apply for this payment arrangement before the deadline of 15 September 2020. Should the business owners not adhere to the payment arrangement, interest will be charged, the normal credit control measures will be applied, and auxiliaries will be deducted from the prepaid electricity purchases.

These consumers will have to prove that they were financially affected by the COVID-19 Lockdown. They will also have to provide the municipality with details regarding their employees and whether they were paid in full or not.

Application for payment arrangements per Council's Debt Collection Policy can be made for a period of up to 12 months with interest and deposits by all account holders. No auxiliaries will be deducted from prepaid electricity purchases when the account holder entered into a payment arrangement with the municipality. However, should an account holder not adhere to the payment arrangement, the normal credit control measures will be applied, and auxiliaries will be deducted from prepaid electricity purchases.

The following timeline indicates the current month's process before the handover date for collection purposes:

1. July 2020 Billing date – 24 July 2020
2. Payment date – 17 August 2020
3. Estimated Interest billing date – 19 August 2020
4. Estimated handover date for collection purposes – 25 August 2020.

"We have to acknowledge the economic impact on every individual in the town," the Municipal Manager said, and he asked that the community should interact with their municipal councillors, where necessary.

The following summary applies:

Residential Consumers	Business and industrial Consumers
<p><b>Indigent Consumers:</b> All debt is written off for <b>newly approved applicants</b>. The key is that the resident must apply, or at least find out whether he/she qualifies.</p> <p>Any existing indigent customers (as per previous Council resolution and listed below) can make arrangements for any debt accumulated since they became indigent, but they will be charged interest on the accumulated debt that is capitalised. The period of the arrangement can be up to 12 months.</p>	N/A
<p><b>Pensioners:</b> Pensioners qualify for the undermentioned discounts of property rates and sewerage fees if they comply with the following conditions:</p>	N/A

<p>Rebates can only be allocated if the property is categorized as RES – Residential; No rebates will be allowed on vacant plots or farms. The applicant must:</p> <p>occupy the property as his/her Primary Residence, and be at least 60 years of age, or has been declared medically unfit even if not yet 60 years of age, and be in receipt of a gross monthly household income not exceeding the amount determined by Council during the Municipality's budget process. the applicant must be the registered owner of the property; or have a registered usufruct on the property.</p> <p><u>Discount to pensioners on PROPERTY RATES &amp; SEWERAGE CHARGES are calculated as follows:</u></p> <p>Total household income &gt; R16 600 p.m. &lt;R22 100 p.m. (from R199 200 per annum to R265 200 per annum) - qualify for 30% discount</p> <p>Total household income &lt;= R16 600 p.m. (R199 200 per annum and less) - qualify for 50% discount</p>	
<p><b>Auxiliary Charges:</b> The auxiliary percentage was decreased from 55% to 30% during the lockdown period and until 30 June 2020.</p> <p>It will now work and based on any outstanding debt still on the account and the following table will be considered:</p> <p>40% from 14 August 2020 45% from 15 September 2020 50% from 15 October 2020 55% from 13 November 2020.</p> <p><i>This will only apply when electricity is bought and the electricity units that is bought will be reduced by the percentage.</i></p>	<p><b>Auxiliary Charges:</b> The auxiliary percentage was decreased from 55% to 30% during the lockdown period and until 30 June 2020.</p> <p>It will now work and based on any outstanding debt still on the account and the following table will be considered:</p> <p>40% from 14 August 2020 45% from 15 September 2020 50% from 15 October 2020 55% from 13 November 2020.</p> <p><i>This will only apply when electricity is bought and the electricity units that is bought will be reduced by the percentage.</i></p>
<p><b><u>PAYMENT ARRANGEMENTS:</u></b> Residential payment arrangement option available: Period from 1-12 months: Deposit of 10% Normal Interest No auxiliaries</p>	<p><b><u>PAYMENT ARRANGEMENTS:</u></b> 2 different business payment arrangement options are available: Period of up to 6 months (Only open for application until 15 September 2020): No deposit No Interest No auxiliaries Period from 7-12 months: Deposit of 10% Normal Interest No auxiliaries</p>
<p><b>Handed over for collection:</b> Without any arrangement for paying off and still outstanding balance</p>	<p><b>Handed over for collection:</b> Without any arrangement for paying off and still outstanding balance</p>

The municipality is calling on residents who are within the income brackets as stated below, to **contact Debtpack (044 620 4480) or visit any of the Debtpack offices** to ensure that those who qualify based on household income receive rebates on their municipal account as per approved policy.

There are 3 categories of Indigent Rebates, explained as follows:

Indigent	LEVEL ONE: INCOME		LEVEL TWO: INCOME		INDIGENT: HOUSEHOLD HOUSING A PERSON WITH A DISABILITY	
	<b>INCOME R0 – R3 720</b>		<b>INCOME R3 721 – R7 440</b>		<b>INCOME R0 – R7 440</b>	
<b>Criteria</b>	1	The verified gross monthly income of all occupants of the dwelling over 18 years of age may not exceed the sum of <b>two</b> times the amount of state funded social pension	1	The verified gross monthly income of all occupants of the dwelling over 18 years of age may not exceed the sum of <b>four</b> times the amount of state funded social pension	1	The verified gross monthly income of all occupants of the dwelling over 18 years of age may not exceed the sum of <b>four</b> times the amount of state funded social pension
	2	Must be full-time occupants of the property	2	Must be full-time occupants of the property	2	Must be full-time occupants of the property
	3	May only own one property	3	May only own one property	3	The person with a disability must be registered as a person with a disability, diagnosed by a medical practitioner and must be a full-time occupant of the property concerned.
<b>Benefits</b>	1	Water: 6Kl & basic charges per month	1	Water: 6Kl & 50% of basic charges per month	1	Water: 6Kl & basic charges per month
	2	Electricity: 50 kWh & basic charges per month	2	Electricity: 25 kWh & 50% of basic charges per month	2	Electricity: 50 kWh & basic charges per month
	3	Refuse removal: basic charges per month	3	Refuse removal: 50% of basic charges per month	3	Refuse removal: basic charges per month
	4	Sanitation: basic charges per month	4	Sanitation: 50% of basic per month	4	Sanitation: basic charges per month
	5	Property rates: rated on the valuation up to amount set by Council (Currently R81 000)			5	Property rates: rated on the valuation up to the amount set by Council (Currently R81 000)
<b>APPLICATION PROCESS</b>						
The account holder must apply in person on the prescribed application. In the case of a deceased, the applicant must be authorised with an Authorisation letter from the court and apply in person or authorise another occupant as proxy by means of a sworn statement. In the case of a disabled person, the medical certificate to confirm the client's health condition must be obtained and provided at regular intervals to qualify for this support.						

**SUPPORTING DOCUMENTS NEEDED**

Applications must include the latest municipal account number, proof of the account holder's identity document, proof of income of the total household – either payslips and/or bank statements, or an affidavit for all unemployed occupants. In the case of a disabled person, the medical certificate to confirm the client's health condition must be obtained from a medical doctor and provided at regular intervals to qualify for this support. Applicant must be the permanent occupant.

[ENDS]

ISSUED BY THE MOSSEL BAY MUNICIPALITY COMMUNICATIONS 13 AUGUST