

Enq: Lance Joel
Tel: (012) 369- 8000
Fax: (012) 369 8001
Cell: 0829083335
E-mail: ljoel@salga.org.za

CIRCULAR 13 / 2020

FROM : CHIEF EXECUTIVE OFFICER

TO : EXECUTIVE MAYORS / MAYORS
SALGA PROVINCIAL CHAIRPERSONS
SALGA NATIONAL EXECUTIVE COMMITTEE
CITY/MUNICIPAL MANAGERS

DATE : 16 APRIL 2020

IMPLEMENTATION OF MUNICIPAL CREDIT CONTROL POLICIES

As reported to the SALGA membership during the Provincial Members Assemblies, the SALGA National Executive Committee (NEC) has, for the better part of 2019, been seized with the matter of debts owed to and by municipalities. This included numerous SALGA appearances before the Parliamentary Standing Committee on Public Accounts (SCOPA), at times accompanied by municipalities, to provide clarity on the impasse between Eskom and some municipalities. This resulted in the NEC meeting of November 2019 focusing largely on debts owed to municipalities by government, business and households and by municipalities to Eskom and Water Boards.

It was the NEC's assessment then that it is evident that a clear link exists between the ability of a municipality to service its debt, including that to Eskom and Water Boards, and the inability of a municipality to collect from government, business and households for services delivered. With the situation becoming untenable for municipalities who are constantly threatened by disconnections from Eskom and Water Boards, the SALGA NEC in November resolved on a two phased approach to address this difficult challenge. Whilst SALGA had embarked on a media campaign to communicate the NEC decision, the intention was to sustain the message that as phase one all municipalities should on an ongoing basis enforce their respective credit control management measures. This phase should include targeting government properties and businesses, through disconnection where there is sufficient merit, and in line with their credit control policies. As phase

two, SALGA will conduct a rigorous analysis of the gross debt owed to municipalities and to ascertain realistically collectable debts and those that could be considered for write off or repeal as historical uncollectable, including using it as a basis to negotiate the installation of pre-paid meters.

Following recent developments pertaining to COVID-19 and its impact on the country as a whole, the SALGA NEC at its meeting held on **Friday, 10 April 2020**, re-considered the aforementioned decision. During the discussions, the SALGA NEC noted the following:-

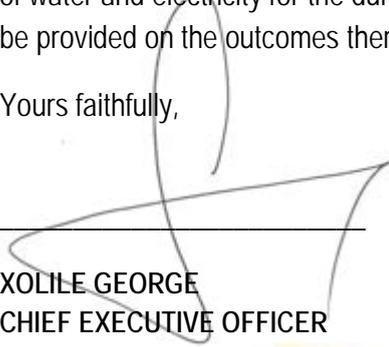
- A direct impact of the restriction on movement as part of the lockdown measures, is reduced over the counter payments of municipal accounts;
- Acknowledgement that the lockdown has and will likely continue to impact the income levels of many households;
- The disconnection of electricity and lowering the water consumption of defaulting households, will only worsen the current COVID-19 induced crisis; and
- The reduced collection levels are highly likely to negatively affect the ability of many municipalities to service their bulk accounts for water and electricity respectively, amongst others.

As such the SALGA NEC resolved that:-

1. Whereas municipalities must introduce measures to collect as much revenue as possible, the disconnection of water and electricity should be suspended for the duration of the lockdown period;
2. Eskom should be engaged to:-
 - a) Similar to municipalities, suspend all electricity disconnections for the duration of the lockdown; and
 - b) Review the interest payable on arrears caused by and linked to the national state of disaster and the lockdown.

Informed by the aforementioned resolutions, the NEC is therefore calling on Municipalities to suspend the disconnection of water and electricity for the duration of the period of the lockdown. After engagement with Eskom, a further update will be provided on the outcomes thereof.

Yours faithfully,



XOLILE GEORGE
CHIEF EXECUTIVE OFFICER