

Sowetan

'Culture of non-payment' is costing Gauteng billions

GAUTENG municipalities have failed to implement credit control measures in townships, which has led to a services bill amounting to billions.

The provincial government now wants residents to be taught about the impact of this "culture of non-payment".

The provincial government's concerns come as it admits that Gauteng municipalities continue to face a serious threat to their sustainability and are confronted by escalating consumer debt despite programmes instituted by the cooperative governance and traditional affairs department to reduce rising consumer debt.

"It has been observed that no credit control measures are implemented in the black townships. The municipalities need to workshop residents on the impact created by a culture of non-payment," reads the consolidated annual municipal performance report for the 2012/13 financial year gazetted on January 20 this year.

The report also points fingers at the migration of residents, inadequate revenue value chain management including data verification, meter reading and accurate billing as well as illegal connections of basic services.

It warns the level of municipal debt is growing on a monthly basis in all categories such as organs of the state, business and consumers.

The department also blames the declining economy, unemployment and poverty which elevates the municipalities' indigent register.

By the end of June last year, municipal consumer debt stood at R94-billion, which included the R4.5-billion owed by the government while households were R58-billion in arrears.

The City of Johannesburg is owed the largest amount at R17.4-billion, followed by Ekurhuleni at R10.7-billion and Tshwane (R6.6-billion).

Protest-hit Westonaria local municipality was owed R184-million by the end of June last year. The municipality said it may not recover R115-million of the debt.

According to the municipality, 80% of the debt is owed by residential consumers and 90% of this by residents of Bekkersdal and Simunye townships.

Wonder Modise of the Greater Westonaria Concerned Residents Association said it would be impossible for residents to pay when there was maladministration in the R2-billion Bekkersdal renewal project.

"They must subtract the R184-million from that R2-billion. Then we start afresh," said Modise.

Community activist turned academic Trevor Ngwane agreed that there was a low rate of payment in many townships largely because residents cannot afford to pay, the service is poor and billing chaotic.

"People in the townships, members of the working class are entitled to these services because they produce them," Ngwane said.

The Financial and Fiscal Commission has previously suggested that cutting off or disconnecting services could be used as a tool to encourage payment but this is politically contentious.

"One method of cost recovery is to apply the principle of cross-subsidisation, where wealthier households are charged higher tariffs to subsidise services to poorer households," the commission proposed.

<http://www.sowetanlive.co.za/news/2015/03/14/culture-of-non-payment-is-costing-gauteng-billions>