

Public Works owes eThekweni millions

Department wants interest written off because it under-budgeted for rates bill

KAILENE PILLAY

kailene.pillay@inl.co.za

THE Department of Public Works owes eThekweni Municipality R7.4 million in interest levied on outstanding rates, and has asked for the interest to be written off because the department had not budgeted for that amount.

The department said it had budgeted for a R273m rates bill for a number of properties in the city, but the bill was increased to R323m in the past financial year and it could not pay since it under-budgeted for it.

After lodging a series of objections, the department requested that the municipality reverse the interest "due to their budget processes that are complicated and lengthy".

A report on the matter brought to the city's executive council yesterday resulted in a heated debate after opposition parties and the majority of the ANC councillors agreed that writing off the interest owed by the department was unfair to other ratepayers in the city.

"This municipality is very lenient on government departments and this report proves it," said DA councillor Thabani Mthethwa. "If what they budgeted for is less than what they have to pay then tough. This is the sad reality for many South Africans."

The provincial Public Works Department is the custodian of all government properties in KwaZulu-Natal and is responsible for the payment of rates. The report highlighted that for a number of years, the departments' rates account was always up to date and paid in full by the end of October.

However, in the 2017/18 financial year, the municipality revalued all the properties within the municipality and the values of a number of the department's properties were increased.

The report revealed that the department only budgeted for a 10% increase in rates and their budget was too low for the rates charged in that financial year.

"Public Works budgeted for R273m and they had a shortfall of R50m and could not pay for all rates raised. Interest was then levied on outstanding amounts as per the legislation," the report stated.

The interest now stands at R7.4m.

The department has since requested an additional amount from National Treasury and is prepared to pay all outstanding capital amounts using this year's budget.

Mthethwa and the IFP's Mdu Nkosi objected to the write-off, claiming that it would create a precedent and that Exco would never do the same for a private individual who had under-budgeted.

Chairing the meeting, deputy mayor Fawzia Peer initially agreed that the report would not be passed, saying that the department had, at no time, objected to what it was being charged

The bottom line is if you can do that for one, then you can do it for all

Rishi Singh

CLAIRWOOD RESIDENTS & RATEPAYERS ASSOCIATION

for and that the city's credit control policy did not allow for interest on rates to be written off.

However, tensions rose when the ANC caucus had split views on the report, with chief whip Nelly Nyanisa and councillor Siphso Kaunda saying: "It was better to get most of the money in than none at all."

In a heated exchange between Nkosi and Nyanisa, Nkosi accused her of sleeping while the report was being discussed, to which she took offence and stormed out of the meeting.

Peer then did an about-turn due to the pressure from her own caucus and tried to claim that she had not rejected the report but merely made a summary of the thoughts of others.

Exco decided to defer the matter to next week until all councillors had time to scrutinise the report.

When called on for advice, the city's chief financial officer, Krish Kumar, said he had no personal opinion on the matter. However, he pointed out to councillors that other municipalities in the province had assisted Public Works by writing off interest owed.

Kumar said the report explained the write-off, if approved, was contrary to credit control and debt collection policy "but it is recommended that interest be written off in a once-off non-precedented basis".

He added that Public Works would be informed that no further write-off of interest will be considered.

Rishi Singh from the Clairwood Residents and Ratepayers Association said if the municipality decided to write off the interest, then it should do the same for residents.

"The bottom line is that if you can do that for one, then you can do for the other. If the municipality can afford to write off R7-odd million then by the same token be sympathetic towards your people, especially pensioners," Singh said.

Ivor Aylward of the Bluff Residents and Ratepayers Association, said the city would have a riot on its hands if they approved this report.

"How can the city justify this? People take money meant for food to pay their municipal bills but the municipality does not feel sorry for them."