



CITY OF JOHANNESBURG

COUNCILLOR DADA MORERO

MEMBER OF THE MAYORAL COMMITTEE: FINANCE

MEDIA RELEASE

19 October 2023

Response to DA press release – R500m collected yet Joburg suppliers go unpaid by Cllr Belinda Kayser-Echeozonjoku – DA Johannesburg Caucus Leader

The City of Johannesburg, like any organisation, ensures that it pays its creditors as and when invoices are due; and like any other organisation, the City depends on the collection of rates, taxes, and services such as water and electricity billed monthly.

The City of Johannesburg is on a drive to ensure that we maintain a stable and sustainable City.

The reality is that collections have been under pressure for several years and targets have not been met since 2017. Key interventions have been put into place since February 2023 to address this issue. We have seen progress on various collections initiatives, that has resulted in an increase in revenue during the 4th quarter of the 2022/2023 financial year which is higher than in the previous 3 quarters which were controlled by the previous administration.

By the time there was a change in administration, the City was on the verge of total collapse hence key interventions were taken such as the rebasing of the overstated budget that was approved by the Multi-party Government in June 2022 and increasing the collection rate to 88.5% from 86%.

These interventions prevented the City from falling into overdraft without a clear plan.

Stabilising the City's finances and ensuring its sustainability is key to this administration, seen by the following strategy interventions taken:

1. Invest the City's budget in key areas such as:
 - a. **City Power allocated R4.3billion in the medium term (3 years)**. For the financial year 2022/23, R1.2 billion was allocated to reduce loadshedding via load limiting and investing in producing its own power by entering a partnership with Kelvin Power Station.
 - b. **Joburg Water allocated R3.1 billion in the medium term (3 years)** - For the financial year 2022/23, R1.06 billion was allocated to fix infrastructure and water meters.
2. Key strategies around the optimisation of service utility entities, such as City Power, Joburg Water and Pikitup to ensure short-, medium- and long-term sustainability is currently being put in place with the support of National Treasury.

3. Aggressive revenue collection efforts to ensure debt collection on municipal bills.
4. Better capacitating law enforcement units to address lawlessness (vandalism to City infrastructure, illegal connections, cable theft, etc.) that has increased, shown by the increased water and power losses.

Responding directly to the statement by the Democratic Alliance:

The payment of the City's panellist on the Attcol (Debt Collection panel) is done after stringent internal vetting processes is finalised. This is based on the portfolio of evidence provided by the services providers to the City, confirming credit control actions taken resulting to payment of commission. Without these key vetting processes, erroneous payments would potentially be made to panellists that had not actually collected overdue debt.

As a key step in stabilising the City's electronic billing system, database maintenance was carried out in February and March 2023 and as a result, internal vetting, and confirmation of actual collection on overdue accounts done by the panellists could not be carried out.

This was further delayed by year end processes after which internal vetting processes were started and finalised in September 2023.

The abovementioned was continuously communicated to the debt collection companies.

The City can confirm that payments for all vetted work done is scheduled to be paid by the 31st of October 2023. As a responsible City, we must stress that confirmation of work done is key to ensure that taxpayer's money is being safe guarded.

Afrivent was paid during the week ending 14 October 2023 and further payments are being made as and when invoices are being received, vetted, and confirmed by user departments and fleet managers in the City of Johannesburg.

Upgrade of Linbro Park Landfill site – The responsible entity is currently engaged in Supply Chain Management procurement processes to ensure that this project is continued.

The Johannesburg Roads Agency is also engaging with its service providers to ensure the resumption of work so that key deliverables can be finalised.

ENDS –

For more information on all customer service offerings, visit www.e-joburg.org.za, www.joburg.org.za or call 0860 562 874.

Issued by the MMC Finance, Cllr Dada Morero

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