

11 APRIL 2020

STATEMENT BY THE CITY'S EXECUTIVE DEPUTY MAYOR AND MAYORAL COMMITTEE MEMBER FOR FINANCE, ALDERMAN IAN NEILSON

City offers additional financial help for those severely affected by COVID-19 crisis

Over the past few weeks, the City of Cape Town has been looking at how additional financial relief can be offered to property owners and businesses. This needs to be done in a sustainable manner that will allow the municipality to continue providing essential basic services, which are primarily funded from rates and services income. These measures also need to be balanced against the very substantial cost that the City is facing to carry out its health response to the virus and support for vulnerable people, which expense is likely to exceed R1 billion of additional expenditure that was not previously budgeted for.

At this stage, the City is offering the following additional relief measures, effective immediately:

- Due to the economic impact of the COVID-19 emergency, many individuals and businesses have had sudden reductions in their incomes. The City has adjusted the processes of its Indigent, Disabled and Pensioner rebate applications to enable those severely affected to qualify more quickly for these rebates. **Normal processes** require the assessment of income over **three months** to enable qualification. This is **now reduced to an assessment of one month of income** so that people can qualify more quickly for the benefits.
- The **rebate will be backdated** to 1 April 2020 or the month in which the income was lost. It will be valid for 12 months unless there is a change in the person's income or they are re-employed, in which case they need to notify the City.

Property owner (residential)	Help	Applications assessed on merit
<p>Are you a property owner who has lost your job/has no income? Is your total household income now R6 000 per month or less?</p>	<p>Apply for help via email (during lockdown): Indigent.relief@capetown.gov.za or SMS 48043</p>	<p>Please submit proof via email</p>
<p>Are you a property owner receiving a pension (60 years and older) or disability rebate? Have you experienced a reduction in investment returns or household income due to COVID-19?</p>	<p>Apply for help via email (during lockdown): Rates.rebate@capetown.gov.za or SMS to 48043</p>	<p>Please submit proof via email</p>
<p>Are you a property owner who previously didn't apply or qualify for the pensioner (60 years and older) and disability rates rebates as</p>	<p>Apply for help via email (during lockdown): Rates.rebate@capetown.gov.za or SMS to 48043</p>	<p>Please submit proof via email</p>

<p>your total household income then was above R17 500 pm per month? Has your total household income now been reduced to R17 500 pm or less?</p>		
<p>Are you a property owner who does not qualify for indigent or pensioner rebates but your account is getting into arrears?</p> <p>You can make a payment arrangement to pay off the rates over an agreed number of months. No interest will be charged, or debt management actions taken for the duration of the arrangement, provided it is honoured.</p>	<p>Apply for help via email (during lockdown): COVID19.Relief@capetown.gov.za or SMS to 48043</p>	<p>Please submit proof via email</p>

Commercial properties	Help	Applications assessed on merit
<p>Payment arrangement options are available to commercial property owners who fall into arrears. Payment arrangement plans will assist property owners to pay off rates over an agreed number of months. No interest will be charged, or debt management actions taken for the duration of the arrangement, provided it is honoured. Each application will be assessed on its own merits.</p>	<p>Apply for help via email (during lockdown): COVID19.Relief@capetown.gov.za or SMS to 48043</p>	<p>Please submit proof via email</p>

**Applications will be assessed during the lockdown for those able to submit proof via email. Once the lockdown is over applicants may submit their proof at the City's customer care offices and their applications will then be assessed and backdated where necessary.*

The additional measures are over and above the R3 billion in rates and service relief the City already offers. For instance, water at 350 litres per day is already provided free of charge to 40% of the metro's population.

Further relief steps are being considered for implementation in the 2020/21 Financial Year and will be announced at a later stage.

The City helps where it can, but can't risk a breakdown in essential basic service provision by offering blanket relief for all.

- Rates and service charges comprise an amount equal to 72% of the City's income per month. Take this away for some months and the City ceases to be able to deliver its services.
- All local governments are in this position. Even though the City is perhaps stronger for its sound financial management over the years, it cannot afford to have months of no income from rates and services.
- COVID-19 costs are set to rise over the weeks and months ahead and cash flow could reduce by between R1 billion to R3 billion per month, depending on how it is managed. A reprioritisation of budgets and programmes is under way.
- The City does not have funds sitting in bank accounts that don't have a specific purpose. We ensure that we have enough cash to cover working capital needs and the rest is used to fund budget needs. This ensures that rates and tariff increases are kept as low as possible.

I must emphasise the City is not the government of last resort in this crisis. It is the National Government which should be in the position to look at bailouts and broad based interventions, not a City government which is mandated to provide basic services, funded from rates and taxes. In addition, we must always be careful that the decisions we take today and the impact that it has on rates and tariff income does not place an unnecessarily high burden on our residents and businesses in the future.