

Tshwane to abolish garnishees

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INDEBTED City of Tshwane employees will be shielded against crippling garnishee orders that often leave them with little money at the end of the month.

The municipality will introduce a new in-house payroll system that will prevent garnishee orders from being effected on employees' salaries by outsiders.

Tshwane currently uses Net1 Fihrst Holdings to manage the salaries of councillors and staff.

A report by the council this week suggests Tshwane entered into the deal despite advice from the SA Local Government Association not to defy government regulations against any other deductions against employees' salaries than "legislative deductions on payroll".

Tshwane agreed to a proposal by Fihrst to introduce "off-payroll" deductions at R1.50 a transaction, which the municipality noted "was much less than bank

charges levied

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at the time".

"Although this was implemented with all good intentions to assist employees, National Treasury discussions were recently held towards a new National Credit Act regula-

tion to curb garnishee [orders] and other deductions. This is due to the fact that some employees have fallen victim to severe debt problems [because they] take home very little after deductions."

Tshwane will, as of March or July 2014, stop garnishee orders by bringing payroll administration in-house. This, the municipality argued, was "supported in view of the negative and possibly illegal practices of the micro-lenders who gain access to the City of Tshwane payroll through the current service provider".

The Gauteng finance department said in August that high debt levels from lavish lifestyles put many civil servants under pressure.

A study by the University of Pretoria Law Clinic showed 12.9% of the mining sector's 511 106 employees had garnishee orders.

About 9.2% of the manufacturing sector's 1 142 979 employees, 12.2% of public-sector employees and 6.74% of private-sector members have garnishee orders. It was estimated that 240 034 civil servants have garnishee orders.

This week, former AngloGold Ashanti CEO Bobby Godsell spoke out against garnishee orders, blaming them for high levels of indebtedness which led to the strike at Lonmin's Marikana mine in August last year.