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PUBLIC INFORMATION STATEMENT

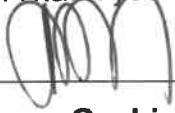
MUNICIPAL ESKOM DEBT RELIEF PROGRAMME

1. This serves to inform the public that the Walter Sisulu Local has, in terms of MFMA circular 124 applied to, and been accepted by the National Treasury to participate in the Eskom debt relief programme.
2. As the public may be aware, the National Treasury has extended a life line to all South African municipalities indebted to Eskom, to participate in a scheme that seeks to have those debts (as at 31 March 2023, inclusive of penalties and interest), written off over a period of three (3) years, effective from the 2023/2024 financial year, and upon meeting certain prescribed conditions.
3. The set conditions can be described as daunting and include, inter alia,
 - (i) ***Maintaining the Eskom bulk current account, which entails that the municipality must monthly pay and maintain the Eskom bulk current account within 30 days of receiving the relevant invoice.***
 - (ii) ***A funded MTREF. The municipality must table and adopt a funded budget with effect from the 2023/2024 MTREF. Where the MTREF is not funded, as is the case with WSLM, the municipality must table and adopt a credible budget funding plan as part of the MTREF budget.***
 - (iii) ***Cost reflective tariffs, which WSLM currently does not have.***
 - (iv) ***Electricity as a collection tool. The municipality must monthly issue all consumers/property owners with a consolidated municipal bill in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to refuse removal, other applicable services and lastly to electricity. Furthermore, the municipality must cut electricity service and/or block the purchasing of prepaid electricity of any defaulting consumer/property owner unless the defaulter is registered as an indigent with the municipality.***
 - (v) ***Maintain a minimum average quarterly collection of property rates and services charges, with the minimum threshold set at 80% for the 2023/2024 financial year.***

4. It is common cause that the WSLM has, since her establishment, experienced a myriad financial, institutional and service delivery challenges, hence the reality that the conditions are laborious.
5. The spiral of the Eskom debt by more than 300% since the establishment of the municipality in 2016 is a function of a number of elements, viz: -
 - (i) *The poor credibility of the municipality's billing system, exacerbated by non-responsiveness to customer queries, erosion of trust by consumers and /or property owners and consequent reluctance to pay monthly to the municipality.*
 - (ii) *Negative cash flow that have typified the municipality's operations over the years, resulting, inter alia, in the adoption of unfunded budgets and failure to meet the monthly payment obligations to Eskom, and the spiraling of the Eskom debt.*
6. A proper diagnosis of the financial, institutional and service delivery challenges of WSLM has revealed that if we sort out the "revenue value chain", the WSLM, the municipality stands a great chance of becoming a model institution as envisaged in the Constitution of the Republic of South Africa.
7. A number of initiatives have been taken to put the WSLM on the correct path. These include, inter alia: -
 - (i) *A concerted effort to improve the Audit outcomes of WSLM, which is an essential ingredient for the restoration of public trust.*
 - (ii) *A scrutiny of the enterprise management system, which incorporates the financial and billing system, and to ensure that by the 1st of July 2024, a properly functioning billing system is operated by the municipality.*
 - (iii) *A scrutiny of the revenue management system and processes designed to plug operational leaks, the efficacy of the organogram of the revenue management unit, the interface between revenue unit and electricity unit, etc.*
 - (iv) *A meter audit unit, to establish if all meters are represented accurately in the billing and prepared systems.*
 - (v) *A robust debt collection process, through the appointment of a professional debt collector.*
 - (vi) *etc.*
8. We have also experienced a high volume of electricity meter tampering, on the one hand, and archaic metering systems, on the other hand, both of which have had a debilitating effect on the revenue generation and maximization potential of the municipality.



9. The turnaround of the municipality's imperfect systems and processes will not take place overnight, and have the potential to stymie the municipality's ability to meet the set National Treasury conditions for the write of the Eskom debt.
10. In order to solidify the municipality's capability to meet the set conditions and improve operations, the municipality seeks to explore technologies that invite lesser human interface and intervention in the measurement and billing of electricity consumption.
11. Thus, it has been determined that the implementation of electricity SMART meters will go a long way in addressing some of the chronic challenges which continue to confront WSLM. This intervention must be viewed as further stimulus to the municipality's drive to achieve a properly functioning municipality and does not seek to replace anyone of the other initiatives.
12. Members of the public and interested parties who are invested in the attainment of a properly functioning Walter Sisulu Local Municipality may throw in their views and recommendations through providing feedback on the municipality's social media platforms, as well as emailing such views and recommendations to babalwa.malgas@wslm.gov.za and/or imeldah.motlatsi@wslm.gov.za
13. Thank you


Khaya Gashi
Municipal Manager
Date: 26 September 2023

