

Update on the outstanding debt owed to bulk suppliers and Settlement Incentive (s) on the outstanding debt owed to the municipality

As reported last week the municipality has rolled out a new system in line with the new regulations rolled out by National Treasury for Municipal Standard Chart of Accounts (MSCOA). Please note that this change is not unique to Gamagara municipality and all 257 municipalities were forced to comply with this regulations by 01 July 2017 otherwise this was to be regarded as financial misconduct. This migration caused serious challenges; especially with billing, as the municipality could not bill from July 2017 to September 2017. As a results the municipality could not pay the bulk suppliers; i.e. Eskom and Sedibeng Water, for the periods mentioned above as the consumers were not paying their accounts as a results of not receiving accounts.

The management of the municipality has been working around the clock to turn things around by firstly ensuring that correct bills are distributed to the customers on time and that the debt owed to the municipality is paid for by the users of our various services. The municipality started distributing accounts and letters of final demands from last week and the community has been reacting positively to our request to either pay or present their case (s) to the senior management debt collection committee, where they are disputing the account(s). Furthermore, the municipality has been interacting with various businesses, government and the mines to discuss their bills and settlement thereof. This exercise continues to bear positive results as well.

The municipality will also meet with the Inter-ministerial Task Team that is headed by the Minister of Co-operative Government; Hon Des van Rooyen, Eskom, Department of Water and Sanitation and Sedibeng Water on Friday the 08 December 2017 to further discuss the debt settlement agreements and plan of action to turn things around. The municipality already made a down-payment of R9, 7 million towards Eskom and there is a plan to make a further R15 million within this month if all works in line with our plan and negotiations/agreements with the business community are adhered to. The municipality will ensure that the current accounts of this bulk suppliers are up to date and contributions is/are made to the arrears as we collect the revenue from outstanding debts.

In its efforts to relieve the consumers and collect the outstanding debtors council has decided in May 2017 to provide the following incentives and credit control actions:

1. All customers whose services have been disconnected as a results of non payment will be treated as follows:
 - a. The amount required for reconnection has been reduced from fifty percent (50%) of the outstanding balance to twenty five percent (25%).
 - b. The customers who choose to pay fifty percent (50%) or higher will receive a ten percent (10%) discount on their total outstanding balance

- c. The customers who choose to settle their outstanding account will receive a twenty percent (20%) discount on their total outstanding balance

NB* These discounts apply to debt that relates to the previous financial year (2016/17) which ends on 30 June 2017 and backwards. The discount does not apply to your current account and credit control actions as per our policy will apply to all customers with outstanding balances without payment arrangements, and this includes, among others

- a. **Fifty percent purchases of both electricity and water will go towards the outstanding balance**
- b. **Prepaid water and electricity meter will be installed by the municipality and charged against a defaulting customer**
- c. **Disconnection and restriction of Electricity and water**
- d. **Handover to legal practitioners for collection**
- e. **Blacklisting at the credit bureau**
- f. **Attachment of the property(ies)**

The municipality's primary function is to provide basic services to its residents with minimum or no interruptions. And we do this by collecting all levies/monies for the services consumed for the month by the residents. We urge all our residents to be responsible citizens by settling all outstanding monies due to the municipality or make necessary arrangements to settle such within the policies of the municipality to avoid any of the above actions.

Please note that the municipality take this actions as the last resort as our primary function is to provide a service and therefore discontinuing any service affects our operations negatively. It is against this background that we urge all residents with outstanding debtors to take advantage of the settlement incentives availed by council and settle their debt or make settlement arrangements with the municipality's debt collection unit.

Thank you