



GAMAGARA LOCAL MUNICIPALITY

DATE: 28TH NOVEMBER 2017

OFFICIAL STATEMENT OF THE MUNICIPALITY ON THE POSSIBLE INTERRUPTION OF BULK ELECTRICITY AND WATER SUPPLY BY BOTH ESKOM AND SEDIBENG WATER

The municipality received a notice from both Eskom and Sedibeng Water about its intentions to interrupt the bulk electricity and water supply unless the municipality settles its outstanding debt with these entities. We currently owe Eskom an amount of **R55 million** and Sedibeng Water an amount of **R8 million**. The municipality entered into debt settlement agreements with; both, the above mentioned entities back in June 2016.

The municipality has been experiencing billing problems for the past two years and decided to terminate the services of Sebata (Our Financial System provider) and contracted a new financial system, i.e. Vesta Technical Services. The new service provider was tasked to conduct a meter audit before migration to ensure that bills are accurate. However due to time constraints the meter audit could not be completed on time and the migration to the new system was based on the old data. As a results the municipality continued experiencing problems with our billing after migration to the new system in July 2017 until October 2017.

During this period we could not generate municipal statements and as a results our customers could not pay us, including government and business. During the same period we could not meet our obligations to our bulk supply creditors; i.e. Eskom and Sedibeng Water as we were not generating enough revenue.

However the MMS statements were distributed in October 2017. We had several meetings with the above mentioned utilities however they ultimately issued us with notices to interrupt our supply as we have not paid them since July 2017. The municipality has since made a **R9, 7 million** payment to Eskom and we will continue to pay them as we collect the outstanding debt.

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. The majority of our billing problems have been resolved and we will be distributing them within this week via Post Office as well. 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 following actions:

- a. Disconnection and restriction of Electricity and water**
- b. Handover to legal practitioners for collection**
- c. Blacklisting at the credit bureau**
- d. Attachment of the property (ies)**

Please note that the municipality take these actions as the last resort, as our primary function is to provide a service and therefore discontinuing any service affects our operations negatively. We however have no choice, as unless we collect the outstanding debt and settle the above mentioned outstanding debt the whole municipality; including customers whose accounts are up to date, will be interrupted.

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.

The municipality has set-up a committee of Senior Managers; headed by the Acting Municipal Manager, that deals with both the Eskom and Sedibeng Water matter as well as the debt owed to the municipality and we will continue to engage both Eskom and Sedibeng Water to avert any interruption of services; as we believe that this is not necessary, as the municipality has enough money to settle both these utilities if the customers pay their outstanding debts.

We sincerely wish to thank you (all our customers) for your understanding, patience and trust you have on us to deliver on our constitutional mandate.

**ISSUED BY GAMAGARA LOCAL MUNICIPALITY - OFFICE OF THE MAYOR
COMMUNICATIONS UNIT**

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