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A SPECIAL newsflash brought to you by KLCBT

18 JANUARY 2017

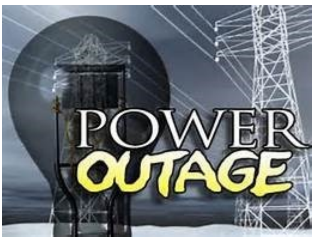
Latest information regarding the published Eskom power cuts

KLCBT attended a special council meeting of Mbombela City this morning which was called to deal specifically with the requirements set by Eskom to lift the intended suspension of the bulk supply of electricity to Mbombela and White River.

The requirements set by Eskom are:

1. A cash payment as negotiated with each municipality;
2. A written undertaking in the form of a Council Resolution that current accounts will be honoured going forward;
3. A payment plan for the arrears supported by a Council Resolution.

How is Council dealing with the requirements?



Currently Mbombela owes approximately R50 million which is in arrears. Council approved a bank loan to cover the amount, based on the fact that they are expecting a grant from Treasury at the end of March which will enable the city to settle the loan. This also makes complete financial sense as the interest rate on the loan is 10,5% as opposed to the 21% charged by Eskom. So this takes care of the first requirement of the cash payment.

The Mayor and the councilors who addressed the meeting, proposed that the city will prioritise the payment of the Eskom account and ensure that the current accounts are honoured going forward. This undertaking will comply with the second requirement; and the third requirement is not applicable to Mbombela City, because the arrears will be settled by the loan.

Should Eskom accept the submission, they will remove Mbombela City from the “cut-off” list immediately.

Why is the account in arrears and what has been done up to now?

The current management inherited a very large backlog and has been very good at reducing the amount in arrears. As recent as August 2016, the amount was standing on R180 million.

The largest debtor comprises government departments and although large sums have been collected recently which was applied to settle a portion of the Eskom debt, there is still R60 million outstanding. The Mayor ensured the meeting that a settlement plan is in place that has to be strictly adhered to.

Illegal connections and faulty electricity meters remain a concern and special teams are dealing with it. We were told that significant progress has been made in this regard.

Capital Expenditure took priority during December to ensure that funds were not returned to Treasury. Whatever amount is not spent on the grant received from National Government, has to be returned. It is understandable that they prioritized payment in that direction to meet the requirements of their budget and Integrated Development Plan.

The most important fact is that Eskom requires payment by the 15th of every month for the previous month and by then most of the ratepayers have not paid their accounts which allows them to pay in 30 days. This problem is addressed on National level, but remains a challenge for municipalities to keep their accounts up to date.

Why is only Mbombela and White River on the chopping block?

The simple answer is that it is the only those parts which are under the control of the municipality. The rest of the Municipal area is serviced directly by Eskom.

Going forward...

Provisions of the Electricity Regulation Act 4 of 2006 and supply agreements with Municipalities, empower Eskom to disconnect electricity completely. Eskom undertook to enforce strict adherence to payments of current accounts and any defaults will result in the interruption of supply without further notice.

It is therefore extremely important that large ratepayers and KLCBT keeps close tabs on the payments and most importantly, that all ratepayers should settle their bills timeously to enable Mbombela to settle theirs.

(Regular updates will be posted on www.klcbt.co.za—The Home Page)