



**MAKANA**  
MUNICIPALITY | EASTERN CAPE  
...a great place to be

# Grahamstown Residents Association

## 1 February 2017

# Introduction

**Context**

**Cash flow - including Eskom Account**

**Water issues**

**What have been addressed**

**Areas that still need attention**

# Revenue- Positives

## ► Comparatively

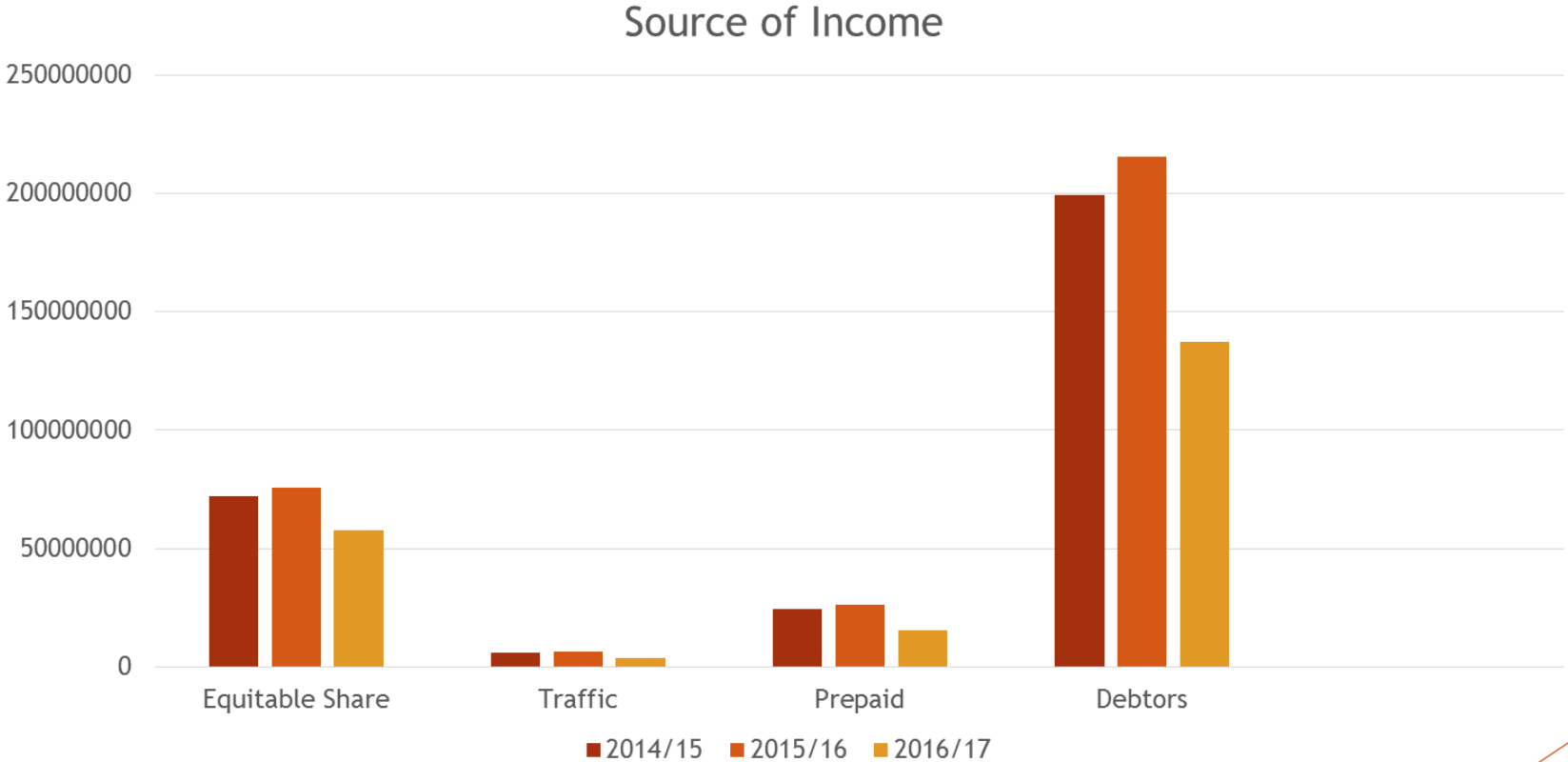
Receipts 2015/16		Cash Receipts 16/17		
1 <sup>st</sup> Quarter	R57 782 485	1 <sup>st</sup> Quarter	R85 211 624	47%
2 <sup>nd</sup> Quarter	R55 694 925	2 <sup>nd</sup> Quarter	R54 179 778	-3%
Total	R113 477 410		R139 391 402	23%

- Collection rate 2014/15 - 65% and 2015/16 - 79,5%
- R47, 80 million was collected in 2015/16 on repayment plans only - debt older than 90 days
- Striving for collection rate of 85 - 95%
- Although decrease is not reflected in total debt owed to Municipality (R306,8 million) the net increase in debt for 2015/16 was R10,5 million as opposed to the net increase of R50,6 million in the previous financial year.
- Debtors age analysis

JULY	AUGUST	SEPTEMBER	OCTOBER
R339 664 095	R339 706 876	R327 174 990	R330 597 067

# Revenue/cont

## Income comparatives



# Revenue - measures implemented to increase income

- ▶ Understanding the problem
- ▶ Meter Readers
- ▶ Cleansing of data - 20 000 accounts are manually reconciled and corrected
- ▶ New accounting system
- ▶ Indigents - only pre-paid meters and 40kw power supply
- ▶ Business plan submitted for check meters
- ▶ Windfarm are now being charged retrospectively for wheeling power through municipal network
- ▶ Revenue protection officer
- ▶ Time of use charges
- ▶ Drive to raise R110 million, including disposal of properties
- ▶ Indigent drive

# Expenditure Positives

- ▶ Stringent controls
- ▶ Budget Steering Committee in November reported R110 million owed by Municipality
- ▶ Budget Steering Committee in January - R85 million owed by Municipality, this includes R78 million in long outstanding debts

July	August	September	October
R68 534 803	R 74 035 613	R117 040 740	R 118 855 679

# Equitable share

- ▶ Equitable Share is an unconditional grant that is allocated in local government to enable it to provide basic services and perform the functions allocated to it. The equitable division of revenue takes into account the functions assigned to each sphere and the capacity of each government to pay for these functions through own receipts and revenues.
- ▶ Equitable share received from July to December 2016 - **R57, 8 million**
- ▶ **Equitable share was used as follows:**
  - ▶ Eskom Payments - R44 500 million
  - ▶ Indigent Subsidy - R10 544 million
  - ▶ Long Outstanding Debts - R2 711 million
- ▶ **Subsidies to indigents**
  - ▶ Rates - R152,200 per month
  - ▶ Water Connections - R663,100 per month
  - ▶ Water - R187,600 per month
  - ▶ Makana Electricity - R94,700 per month
  - ▶ Electricity Eskom - 303,000 per month
  - ▶ Refuse Removal - 356,000 per month
  - ▶ Sewer Connections - 446,900 per month

**R2 million per month**

# ESKOM Payment Plan

Month	Payment	Balance
November 2016	Current	R 58 053 726.78
December 2016	Current + R4 053 726.78	R 54 000 000
January 2017	Current	R 54 000 000
February 2017	Current + R1 000 000	R 53 000 000
March 2017	Current + R18 000 000	R 35 000 000
April 2017	Current	R 35 000 000
May 2017	Current	R 35 000 000
June 2017	Current	R 35 000 000
July 2017	Current	R 35 000 000
August 2017	Current + R5 000 000	R 30 000 000
September 2017	Current	R 30 000 000
October 2017	Current	R 30 000 000
November 2017	Current	R 30 000 000
December 2017	Current + R2 000 000	R 28 000 000
January 2018	Current	R 28 000 000
February 2018	Current	R 28 000 000
March 2018	Current + R4 000 000	R 24 000 000
April 2018	Current	R 24 000 000
May 2018	Current	R 24 000 000
June 2018	Current	R 24 000 000
July 2018	Current	R 24 000 000
August 2018	Current + R10 000 000	R 14 000 000
September 2018	Current	R 14 000 000
October 2018	Current	R 14 000 000
November 2018	Current	R 14 000 000
December 2018	Current + R 1 000 000	R 13 000 000



# ESKOM Payment Plan

January 2019	Current	R 13 000 000
February 2019	Current	R 13 000 000
March 2019	Current + R 1 000 000	R 12 000 000
April 2019	Current	R 12 000 000
May 2019	Current	R 12 000 000
June 2019	Current	R 12 000 000
July 2019	Current	R 12 000 000
August 2019	Current + R10 000 000	R 2 000 000
September 2019	Current	R 2 000 000
October 2019	Current	R 2 000 000
November 2019	Current	R 2 000 000
December 2019	Current + R 2 000 000	R nil

# Challenges

- ▶ Reduce staff costs
- ▶ Improve collection rate per category

## BILLING VS RECEIPTS REPORT NOVEMBER 2016

CATEGORY	RECEIPTS NOVEMBER	BILLING OCTOBER	Percentage
RATES	R 4 068 932,77	R 4 358 371,87	93,36
WATER CONN	R 756 417,12	R 1 393 230,99	54,29
REFUSE REMOVAL	R 358 341,57	R 774 751,00	46,25
SEWER CONN	R 1 046 815,59	R 1 396 620,22	74,95
WATER	R 1 528 085,40	R 6 003 915,33	25,45
ELECTRICITY	R 11 259 417,96	R 11 788 401,15	95,51
S LEVY	0,00	0,00	
SITE SALES		0,00	
RENT HOUSING	R 11 422,13	R 20 568,84	55,53
L FEES	R 12 498,41	R -	
LEASES	R 34 058,30	R 96 125,28	35,43
SUNDRY DEBTORS	R 43 846,77	8421,23	
M AID	3112,98	0,00	
	R 19 122 949,01	R 25 840 405,91	74,00

# Water

- ▶ Infrastructure and Technical Committee established to expedite all infrastructure projects, e.g WWTW and James Kleynhans
- ▶ Redundancy issue relating to pumps are being addressed, as well as maintenance of James Kleynhans Pump Station
- ▶ Recent major pipe breaks:
  - ▶ Milner Street - Intermediate reservoir drained, once it was filled sediment caused brown water and pipelines had to be flushed
  - ▶ Hillside/Sunnyside - series of events. Latest pipe blockage. If pipe blockage cannot be fixed, new pipeline of a 100m. Investigation to determine negligence or not.
  - ▶ Communication was addressed

**Thank you**