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## PUBLIC INFORMATION STATEMENT

### NOTICE NUMBER:108/2023/24

#### **WSLM'S CONTINUED PARTICIPATION IN THE MUNICIPAL DEBT RELIEF PROGRAMME AND EXCEEDANCE OF THE NOTIFIED MAXIMUM DEMAND**

1. In August 2023, the National Treasury admitted the Walter Sisulu Local Municipality into the municipal debt relief programme (DRP). The DRP offers municipalities indebted to Eskom a lifeline to have their debts (capital, interest and penalties), as at 28 February 2023, an opportunity to have their debts written off over a period of three years, with effect from April 2023, upon each municipality meeting certain conditions. These conditions include, inter alia, the maintenance of the monthly Eskom account.
2. The WSLM's indebtedness to Eskom, as at the end of February 2023, stood at R537 million.
3. WSLM's performance against these DRP conditions has been less than stellar. The condition which has single most raised the ire of the National Treasury and Eskom, has been the municipality's inability to consistently pay the Eskom monthly bills.
4. Post the admittance of WSLM into the DRP, the 'new' arrears (for the period March 2023 to January 2024) amount to R85,1 million.
5. The failure to meet the condition to pay the monthly Eskom bills as they fall due is a function of many factors, chief among these being the level of customer payments that does not match the municipality's monthly operational requirements.
6. In light of these failures, the National Treasury has issued the municipality with a notice to terminate the participation of WSLM in the DRP. For this notice not to be executed, new additional conditions have been imposed on the municipality.
7. One such additional conditions, is that the municipal council must commit to the voluntary restriction of the notified maximum demand (NMD)
8. The NMD can be defined, in simple terms, as the highest demand that has been notified by WSLM as the upper limit of supply capacity to be provided by Eskom. The exceedance of the NMD attracts penalties which attract huge penalties for the municipality. These penalties have been defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003) as fruitless and wasteful expenditure,

which is expenditure incurred in vain ( and therefore importing no economic value to the municipality).

9. As at 31 December 2023, the penalties incurred by WSLM due to NMD exceedance amount to R3,7 million. National Treasury has rightfully frowned upon these penalties, hence the call upon WSLM to make amends.
10. These penalties are represented by the following exceedances in the various points of delivery (PoD): -

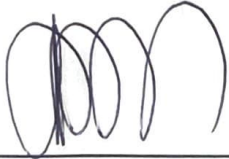
Point of Delivery (POD)	Contracted NMD (kVA) (A)	Used Capacity (kVA) (B)	Excess Usage (kVA) (B)-(A)
Maletswai	12 000	14 454.93	2454,93
Burgersdorp	3 800	4 876.73	1076,73
Steynsburg	800	795.09	(4,91)
Oviston	400	408.63	8,63
Venterstad	400	400	0

11. The WSLM has found herself between a rock and a hard place – to commit to the voluntary management of the NMD, or to be kicked out of the DRP.
12. In its special meeting held on 23<sup>rd</sup> April 2024, Council has considered all these permutations and made a determination that the sooner the WSLM is extricated from this albatross that is the Eskom debt, the sooner will be the optimality of municipal operations. Council has therefore resolved to commit the municipality to the voluntary restriction of the NMD.
13. In line with this resolution of the municipal council, the municipality's electricity unit is under strict instructions to monitor the kVA usage across all the PoDs and to implement measures to avoid the exceedance of the NMD.
14. The avoidance of these measures depend on all of us, residents, business and industry, as well as the overall users of electricity to use electricity sparingly. Some of the actions which must be urgently implemented by all include the following:-

- Minimise Non-Essential Electricity Usage: Turn off lights, appliances, and electronic devices when not in use. Opt for natural lighting whenever possible.
- Adjust Thermostat Settings: Lower heating and cooling settings to reduce energy consumption. Dress warmly in winter and use fans or open windows for ventilation in summer.
- Unplug Unused Electronics: Many devices consume standby power even when turned off. Unplug chargers, TVs, and other electronics when not in use to prevent phantom power drain.

- Coordinate Energy Usage: If feasible, stagger the use of energy-intensive equipment and appliances to distribute electricity demand more evenly throughout the day.

15. WSLM continues to strive to be a socially and economically viable municipality that provide quality services to the community.



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**Khaya Gashi**  
**Municipal Manager**