

**A1 of 2018**

**ESKOM PAYMENT ARRANGEMENT (MM) (6/17/1)**

**PURPOSE**

To table in Council the proposed Eskom Payment Agreement between Matjhabeng Local Municipality and Eskom Holdings.

**BACKGROUND**

On 12 January 2018 the municipality received a notice from Eskom indicating that they will commence with the PAJA process. Subsequent to the communicate a notice was published by Eskom. The notice stated that should the municipality fail to pay the outstanding amount the following steps will be implemented:

1. Interrupt electricity supply to the Municipality and/or
2. Disconnect the supply of electricity to the Municipality and terminate the ESA.

**\*\*\* Attached find the repayment plan and signed letter on page 1 to 10 of the Annexures.**

**POLICY POSITION**

None

**LEGAL IMPLICATIONS**

Municipal Finance Management Act 56 of 2003.

**FINANCIAL IMPLICATOINS**

The Municipality shall pay to Eskom the Principal Debt plus interest compounded monthly at the Interest Rate on the outstanding balance of the Principal Debt, in full by no later than 31 July 2031; provided further that the Municipality pays in full the Monthly Instalments as set out in this Clause 6 and Clause 7 of this Agreement, respectively. The Municipality hereby undertakes to pay the Principal Debt in Monthly Instalments starting from the Due Date of the February 2018 electricity bill as follows:

Month	Payment towards arrears debt	Outstanding Arrear Balance
<b>Agreed outstanding balance:</b>		<b>R 1 835 015 281.58</b>
Mar-18	R 45 000 000.00	R 1 790 015 281.58
Jul-18	R 45 000 000.00	R 1 745 015 281.58
Dec-18	R 45 000 000.00	R 1 700 015 281.58
Mar-19	R 45 000 000.00	R 1 655 015 281.58
Jul-19	R 45 000 000.00	R 1 610 015 281.58
Dec-19	R 45 000 000.00	R 1 565 015 281.58
Mar-20	R 45 000 000.00	R 1 520 015 281.58
Jul-20	R 45 000 000.00	R 1 475 015 281.58
Dec-20	R 45 000 000.00	R 1 430 015 281.58
Mar-21	R 45 000 000.00	R 1 385 015 281.58
Jul-21	R 45 000 000.00	R 1 340 015 281.58
Dec-21	R 45 000 000.00	R 1 295 015 281.58
Mar-22	R 45 000 000.00	R 1 250 015 281.58
Jul-22	R 45 000 000.00	R 1 205 015 281.58
Dec-22	R 45 000 000.00	R 1 160 015 281.58
Mar-23	R 45 000 000.00	R 1 115 015 281.58
Jul-23	R 45 000 000.00	R 1 070 015 281.58
Dec-23	R 45 000 000.00	R 1 025 015 281.58
Mar-24	R 45 000 000.00	R 980 015 281.58
Jul-24	R 45 000 000.00	R 935 015 281.58
Dec-24	R 45 000 000.00	R 890 015 281.58
Mar-25	R 45 000 000.00	R 845 015 281.58
Jul-25	R 45 000 000.00	R 800 015 281.58
Dec-25	R 45 000 000.00	R 755 015 281.58
Mar-26	R 45 000 000.00	R 710 015 281.58
Jul-26	R 45 000 000.00	R 665 015 281.58
Dec-26	R 45 000 000.00	R 620 015 281.58
Mar-27	R 45 000 000.00	R 575 015 281.58
Jul-27	R 45 000 000.00	R 530 015 281.58
Dec-27	R 45 000 000.00	R 485 015 281.58
Mar-28	R 45 000 000.00	R 440 015 281.58
Jul-28	R 45 000 000.00	R 395 015 281.58
Dec-28	R 45 000 000.00	R 350 015 281.58
Mar-29	R 45 000 000.00	R 305 015 281.58
Jul-29	R 45 000 000.00	R 260 015 281.58
Dec-29	R 45 000 000.00	R 215 015 281.58
Mar-30	R 45 000 000.00	R 170 015 281.58
Jul-30	R 45 000 000.00	R 125 015 281.58
Dec-30	R 45 000 000.00	R 80 015 281.58
Mar-31	R 45 000 000.00	R 35 015 281.58
Jul-31	R 35 015 281.58	R -

**RECOMMENDATIONS**

1. That the current account of R 33 525 273.83 for the March 2015 current account be paid on 24 April 2015.
2. That an immediate payment of R 45 000 000 from the March 2018 Equitable Share allocation.

**A2 of 2018**

**SEDIBENG WATER PAYMENT ARRANGEMENT (EXECUTIVE MAYOR) (6/17/1)**

**PURPOSE**

To table in Council the proposed payment agreement between Matjhabeng Local Municipality and Sedibeng Water.

**BACKGROUND**

On 20 November 2017 the municipality received a notice of intention to restrict water from Sedibeng Water. The last notice was sent on 6 February 2018 requesting a payment of R65 000 000 in order to avoid the restriction. The municipality requested Sedibeng Water to not commence with the restriction based on the inability to pay the requested demand, Sedibeng Water proceeded with the disconnection of water to the municipality hence a court interdict was obtained by the municipality to ensure the reconnection of water. On 22 February 2018 a mediation meeting was arranged by SALGA as an attempt to resolve the matter.

**POLICY POSITION**

None

**LEGAL IMPLICATIONS**

Municipal Finance Management Act 56 of 2003.

**FINANCIAL IMPLICATOINS**

The total outstanding debt as at 28 February 2018 amounted to R 2 079 183 769.

**RECOMMENDATIONS**

1. That the monthly average income received from sale of water is R 10 000 000, we undertake to pay a minimum amount of R 10 000 000 on a monthly basis.
2. That the shortfall of R 5 000 000 will be paid on a weekly basis in order to cover the total monthly amount payable of R 15 000 000.
3. That a sum of R 30 000 000 will be paid from the March 2018 Equitable Share allocation and with every allocation until June 2019.
4. That Council rescind all previous agreements entered into with Sedibeng water.