

REVENUE PROTECTION STRATEGIES & INITIATIVES AT BUFFALO CITY MUNICIPALITY

Presented By:

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Revenue Protection
SARPA NATIONAL CONFERENCE
28th – 29th July 2010

Agenda



- 1. OVERVIEW OF BCM'S RP UNIT**
- 2. BCM'S NON TECHNICAL LOSS STATS**
- 3. BCM'S CUSTOMER CONSUMPTION PATTERNS**
- 4. ILLEGAL ELECTRICITY SERVICES**
- 5. NEW STRATEGY OF IMPOSING FINES TO ENFORCE ELECTRICITY BYLAWS**

GENERAL INFORMATION

1. CUSTOMER BASE OF 167000

- 15000 credit metered
- 152000 prepayment metered

2. MANDATED TO

- Reduce non technical electricity losses
- Investigate internal departmental fraud & corruption
- Investigate equipment theft and loss
- Manage the arrears account disconnection / reconnection processes

3. RP STAFF ORGANOGRAM POSTS HAVE JUST BEEN INCREASED FROM 17 TO 36 POSTS

- Previously no electricians were included on the organogram!



GENERAL INFORMATION

- **SOURCE OF ENERGY (STATS SA)**
 - Eastern Cape has the lowest % of households connected to the supply grid (69.8% in 2009)

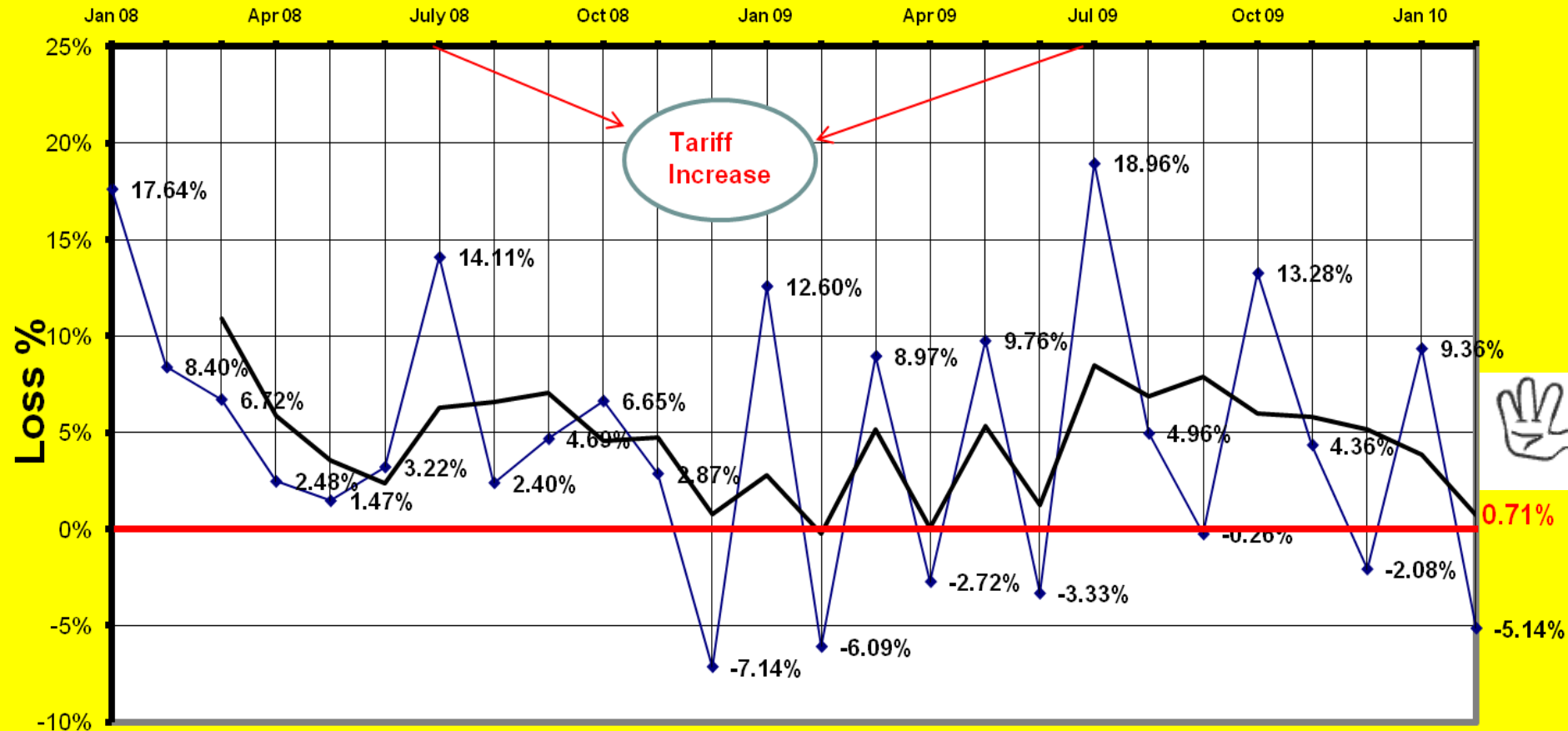
NON TECHNICAL LOSSES
Estimated Cost To BCM

YEAR	RAND LOSS (COST/PER MONTH)	AVG. NON TECHNICAL LOSS %
2005	R 227,426	0.82%
2005/6	R 570,564	2.03%
2006/7	R 1,748,402	5.69%
2007/8	R 2,241,405	6.92%
2008/9	R 1,539,480	3.56%
2009/10	R1,156,833	3.52%



Buffalo City Municipality Non Technical Losses (Est)

Date



◆ Non Technical Losses

— 3 per. Mov. Avg. (Non Technical Losses)

RECOVERIES TARGET

- **R60 MILLION**
(FOR THE PRESCRIPTION PERIOD)

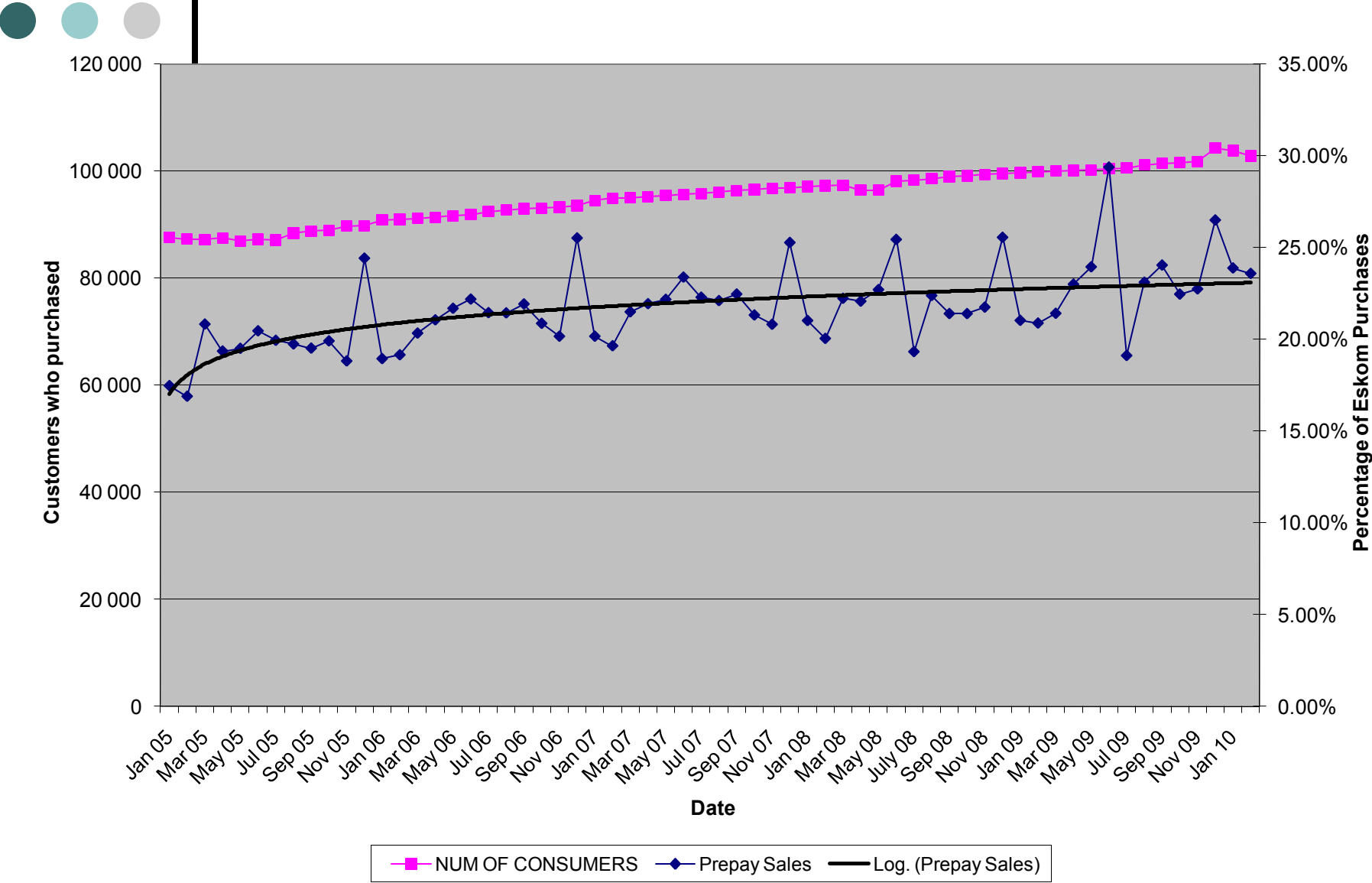


FACTORS THAT AFFECT NON TECHNICAL LOSSES

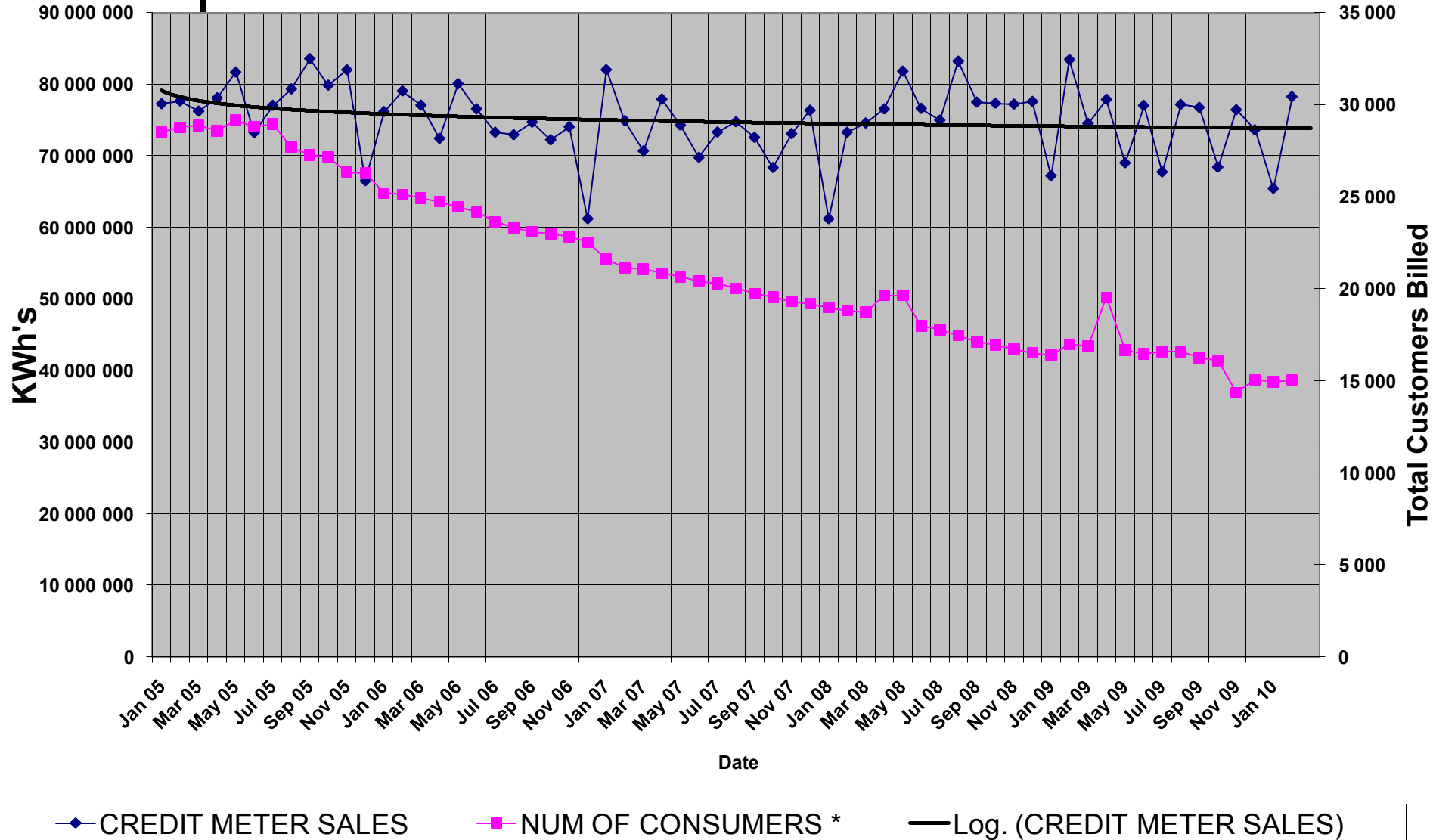
1. **Lacking in accurate monthly meter readings**
 - **Readings are averaged**
2. **Monthly adjustments not being reflected on Finance Department's monthly loss figures**
3. **Illegal connections on the increase**
4. **Revenue Protection's organogram post skill levels are lacking for business sector investigations**
5. **Lack of operating budget**
6. **Meter tampering is on the increase**
7. **Faulty equipment and installations**
8. **Data base errors**

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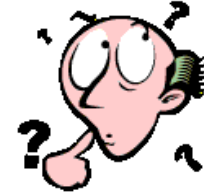
BCM - Prepay Sales



BCM - Credit Sales



ILLEGAL SERVICES WHY DO WE HAVE THIS PROBLEM?



To quote Mr Ian Davies from Campbell Davies Consulting in his recent article in the Energize magazine (dd March 2010) and relating to the problem of non-payment in the TED (Transitional Electricity Distributor)

- *“ People who did not pay (for electricity) were not suffering any consequences”*

ILLEGAL SERVICES



1. **ELECTRICAL BYLAWS ONLY PROMULGATED IN DEC 2009**
 1. **NO LEGISLATION IN PLACE PRIOR TO THIS (WITH THE REPEALING OF THE ELECTRICITY ACT)**
2. **22000 SHACKS IN DUNCAN VILLAGE (HOUSING DEPT SURVEY)**
 - ❖ **Can accommodate 5000 of these if the area is formalised**
 - ❖ **17000 shack dwellers have to re-locate**
 - ❖ **Elected Politicians under severe pressure to deliver services**
 - ❖ **This “pressure” is being filtered down the management chain**
3. **23 KNOWN DEATHS DUE TO ELECTROCUTION IN DUNCAN VILLAGE**
 - ❖ **Member of Law Enforcement counted the number in local mortuary death registers**
4. **DAILY OVERLOAD AND EQUIPMENT RELATED FAILURE OUTAGES**
5. **IMPACTS ON SERVICE DELIVERY STANDARDS**
 - ❖ **Area is unstable and is volatile to direct action**

REVENUE PROTECTIO

ATIVES AT BUFFALO CITY MUNICIPALITY





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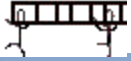
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**THE LUCKY ONE!
HANDS BURNT AT CAMBRIDGE PUMP STATION**





ILLEGAL SERVICES – SOLUTIONS

1. FINES LIST TO BE INTRODUCED
2. ARRESTING – USE OF TECHNOLOGY
 - ❖ New CCTV camera technology being looked at as a possible solution
 - ❖ High Definition and large area coverage (with remote surveillance and monitoring)
 - ❖ Pole mounted with low spec camera equipment (with remote surveillance and monitoring)
3. NIGHT EXERCISES TO BE PLANNED WITH SAPS/ DoHA
 - ❖ To now target high demand times. IE Fri / Sat / Sun
4. SECURITY OF TENURE TO BE GIVEN TO EXISTING SHACK DWELLERS AND/OR AUTHORITY TO PROVIDE A LEGAL CONNECTION TO BE GRANTED
5. CO-ORDINAL SEARCH WARRANTS TO BE OBTAINED AND INTERNAL HARD WIRING IN SHACK DWELLINGS REMOVED

FINES LIST



1. **Section 56 notices to be served on transgressors**
 - **Similar to a speeding fine**
2. **Electricity staff to be trained as Peace Officers**
3. **Illegal users**
 - **Fines to be “reachable” but must teach the person a lesson**



FINES LIST (CONT.)

- **Where no fine is paid and on the third occurrence offender to be arrested and taken to court**
- **GPS co-ordinates to be taken at house where illegal service is taking place**

4 To cover entire content of the Electricity Bylaws



FINES LIST (CONT.)

- 5 Magisterial districts to accept the fines list
 - Four in Buffalo City Municipality's case
- 6 Buffalo City Municipality to include the fines list as part of the tariff structures
- 7 Extensive marketing of the process to be undertaken



Summary

- It is envisaged that with the introduction of a fines list strategy and by enforcing the local Bylaws with imposing fines which are “reachable”, that this approach will reduce illegal electricity connections until a long term solution can be brought to finality.
- This short term strategy will hopefully assist BCM in its service delivery campaign
- Other service units can also adopt this approach

The END

Thank you!

