

The Link Between Outstanding Debt & Metering Infrastructure

22 – 23 August 2019



CENTRAL SUPPLIER
DATABASE
FOR GOVERNMENT

CSD SUPPLIER NUMBER: **MAAA0199845**
UNIQUE REGISTRATION REFERENCE NUMBER:
EB0AC379-0152-A8ED-3E9CFE7C8202

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Technology
for local government

Need to know about us....

- ▶ UMS was established in April 1996
- ▶ We have been serving the SA Municipal Sector for more than 23 years....
- ▶ In essence, we are Project Managers, operating at ground level, within communities
- ▶ Since we are a committed **local brand**, we intend to serve the municipal sector for years to come
- ▶ At the IMFO National Conference, 2016 we launched our **SMART** Technology **Vision for Local Government**
- ▶ Today, we have fulfilled over 80% of our *Vision for Local Government* ...
- ▶ As a prominent player in the municipal space, we embrace the 7 priorities set by President Ramaphosa during SONA 2019, with direct emphasis on the 4th priority, i.e.
 - ◆ ***Spatial Integration, Human Settlements and Local Government*** – through spatial interventions like economic zones, reviving local industrial parks, business centres, digital hubs and township and village enterprises, we will bring economic development to local areas. We will also focus on small medium enterprises in our cities, townships and rural areas and create places where they trade their products



Pre-Billing Services



Meter Reading & Exception Management

Spatial Data Management & Verification

Revenue & Debt Management



Interface with all Municipal Financial Systems

Post-Billing Services



Credit Control & Debt Collection

Indigent Vetting & Registrations

Infrastructure Installations & Maintenance

Your Partner in Revenue & Debt Management



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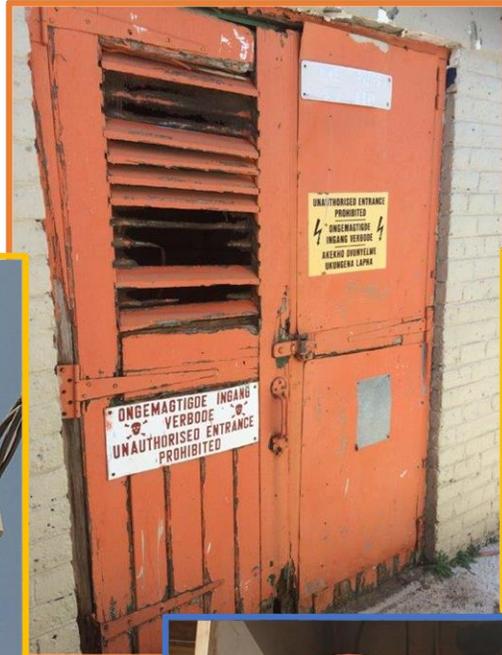
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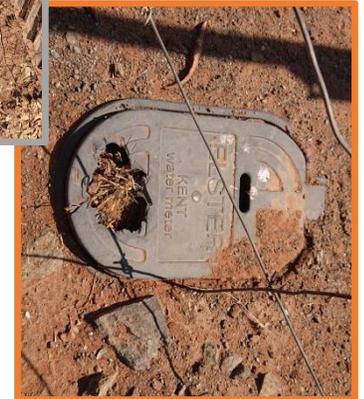
Infrastructure - electricity



DANGER
HIGH VOLTAGE



Infrastructure - water



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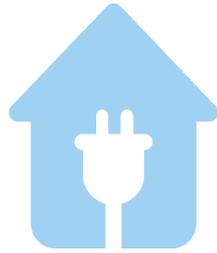
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Cause 1 - Maintenance

- ▶ Cabinet approved the National Infrastructure Maintenance Strategy (NIMS)
- ▶ The vision is that infrastructure shall be adequately maintained and operated
- ▶ The Municipal Finance Managed Act (MFMA) places an obligation on Accounting Officers to ***“for the management of the assets of the entity, including the safeguarding and maintenance of those assets” - MFMA 96(1) (a)***
- ▶ Some municipalities view “maintenance” as the maintaining of the pipes and valves and reservoirs, and not even provide for maintenance of the metering and/or metering enclosures
- ▶ Unaccounted for Water (USF) runs at over 50% of water treated or purchased
- ▶ Even NIMS do not provide for metering infrastructure and only for *“water reticulation”*
“mostly for telemetry and pumping equipment, emergency leak repairs, ongoing leak repairs due to degrading, storm damage repairs”
- ▶ The proposed annual maintenance provision for *“water reticulation” should be 4 – 8% of the replacement cost...*



Infrastructure – electricity restored



SAFETY FIRST!



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Infrastructure – water restored



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Cause 2 - metering

- ▶ Majority of SA municipalities struggle to collect outstanding debt
- ▶ A very large percentage of metering infrastructure in most municipalities, are broken or bypassed
- ▶ Little to no maintenance are done on metering infrastructure
- ▶ Many municipalities are fully aware of the fact that the majority of their meters cannot be read monthly, due to –
 - ◆ *No electronic meter reading system and/or procedure in place to assist municipality*
 - ◆ *Meter reading routes are simply not updated regularly as is required*
 - ◆ *Meter visibly broken/damaged*
 - ◆ *Same readings as before (meter broken or bypassed)*
 - ◆ *No access to meter (meter inside property or underground or ...)*
 - ◆ *Meter enclosure damaged or completely broken*
 - ◆ **Municipal Solution** – *use average consumption (which could be the average of 5 years plus ago)*



Meter Reading Summary – water & electricity

DESCRIPTION		TOTAL	PERCENTAGE
Water Meters		29442	92,90
Electricity Meters		2250	7,10
TOTAL		31692	100

DESCRIPTION		TOTAL	PERCENTAGE
Meters OK	Fully functional and readable meters	22511	71,03
No Reading	Municipal inhouse readings	1181	3,73
Stopped Meters	Same reading; meter dysfunctional	2699	8,52
Unable to Read Meters	Could not gain access to meter to read (various reasons)	3883	12,25
Reversing Meters	Water only – current reading less than previous reading	1386	4,37
Clock Over Meters	Water Meter reached maximum dials	32	0,10
TOTAL		31692	100



Credit Control & Debt Collection

- ▶ When municipalities get themselves to the point of actually starting with Credit Control interventions, the metering problems is automatically exacerbated
- ▶ Electricity meters cannot be disconnected because of broken or damaged enclosures
- ▶ Water meters cannot be restricted due to various issues including, e.g. broken meters, bypassed meters or no restriction devices as some meters are simply too old and dilapidated
- ▶ Meter simply cannot be located
- ▶ Meter detail differ from data on financial system
- ▶ Meters underground or covered with debris, i.e. garden rubbish, building rubble, etc.
- ▶ Installation unsafe to work on....
- ▶ Meter in the yard – **No Access**
- ▶ Intimidation –
- ▶ Other...



Credit Control - Referrals

Referral Reason	Total	Action Amount
Bulk Meter	4	R156 770.72
Bylaw (Tamper After Rip)	17	R1 352 334.10
Empty Stand	143	R8 460 463.17
High Tension	1	R14 798.86
Incomplete Address	5	R87 992.67
Installation Damaged	15	R510 491.35
Installation Damaged \ Pipes Rusted	4	R86 752.72
Installation Damaged \ Unsafe	5	R42 414.31
Installation Leaking	30	R963 870.68
Meter Bypassed (Conventional)	3368	R92 967 930.94
Meter Underground	6	R118 183.89
No Service	19	R1 258 177.54
Straight Connection \ Meter Removed	16	R488 252.64
Can Not Identify Correct CB	17	R53 701.92
Could Not Find Meter	8	R1 417 231.50
Device Not Fitting	1	R24 532.04
Smart Meter Box	4	R18 707.81
Intimidation	9	R269 432.52
No Access To Water Flow	239	R9 004 707.45
Grand Total	3919	R123 224 161.23



Solution

- ▶ Municipalities simply do not have the resources; they don't have the internal staff to perform the work and/or they don't have the available money to fix the problem
- ▶ ***The SOLUTION lies in outsourcing.*** The entire revenue value chain or large portions of it must be outsourced to a company that can provide the means and money to fix the infrastructure to the billing and collection of the debt
- ▶ The time period for such an intervention in minimum 5 – 7 years and can include a defined transfer of skills plan to allow the municipality to continue thereafter
- ▶ Obviously, proper budgeting and the spending of money by the municipality, should also be considered and not left unattended too
- ▶ Tough decisions need to be made regarding various aspects of **REVENUE MANAGEMENT & COLLECTION of DEBT....**
- ▶ No quick-fix is available and each municipality must be approach based on it's challenges and dynamics of the communities **and nothing else**



Questions & Answers



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IPES-UTILITY MANAGEMENT SERVICES (Pty) Ltd

Your Partner in Revenue & Debt Management

Thank You

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