

## **A RESPONSE TO MEDIA QUERIES ON AN ADVANCE PAYMENT MADE TO MAKANA MUNICIPALITY**

In September 2012 the University discovered a discrepancy in its municipal electricity account. The Deputy Vice Chancellor (Academic & Student Affairs) and the Executive Director: Infrastructure, Operations & Finance met with the Executive Mayor of the Makana Municipality to discuss the discrepancy. The Municipality undertook to investigate the discrepancy and to revert to the University; the discrepancy, however, remains unresolved and a matter of dispute.

Early on Friday, 25 October 2013, Makana Municipality approached the University and indicated that it was experiencing a cash-flow problem due to the delay of an anticipated payment from the national Department of Public Works and would therefore not be able to meet its staff salary and wage obligations due for payment on that day.

The Municipality requested that the University consider making a payment against an amount that it claims is owed for electricity. Given that the discrepancy is still the subject of discussion and verification, the University was unwilling to make any payment to the Municipality on this basis. The University, however, agreed to make a once-off advance payment of R 3.0 million to the Municipality for municipal services. The Municipality accepted this proposal, which was recorded in a signed Memorandum of Understanding.

The University's next municipal services payment of R2.5 million was due on Monday, 28 October. In terms of the MoU, R3.0 million was paid in advance on Friday, 25 October 2013. The remaining R500 000 will be deducted from next month's municipal services invoice.

In making its decision the University management took into account various factors, including that both the end of the year University exams and Matric exams were imminent, and the inability to pay municipal staff salaries and wages on time could potentially cause considerable disruption to municipal services.

The University will continue to constructively and critically engage with the Makana Municipality in the interests of the Grahamstown community, including the University.

30 October 2013