

Municipalities unable to honour power debt deals

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Co-operative Governance and Traditional Affairs Minister Des van Rooyen has admitted to Parliament that many municipalities that have debt-repayment plans with Eskom do not have the capacity to honour their agreements.

The minister's comments on Wednesday came soon after he met Mpumalanga Premier David Mabuza and two errant Mpumalanga councils. At the meeting, Mabuza told the minister the payment agreements were not sustainable.

Emalahleni and Msukaligwa municipalities had promised to pay their Eskom arrears in instalments, but the amounts they paid were woefully short of what was committed.

Eskom has entered into payment agreements with 54 of the top 66 defaulting councils. The utility has had to interrupt power to eight municipalities in three provinces since January to ensure the indebted councils pay their bills.

During oral replies to questions in the National Assembly, Van Rooyen acknowledged that apart from a lack of financial resources, most municipalities lacked the capital to implement other agreements they had made with Eskom. These included the installation of

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smart and prepaid meters throughout affected councils.

"We are partnering with Public Enterprise to take care of the operation of Eskom in these municipalities, which do not have the capital or the capacity to implement the terms of their payment plans," he said.

Van Rooyen said his department and the Department of Public Works were also working together to assist municipalities in recovering debt that was owed to them by national and provincial department offices, which is said to total R100bn nationally.

"We have a team led by Minister [Thulas] Nxesi, which will work around the clock to assist us in dealing with the debt owed to municipalities by government," he said.

Eskom has been negotiating

with scores of municipalities owing money for electricity connections. The continuous defaulting by some councils highlights the poor financial management mechanisms in local government, despite residents paying for services.

The matter escalated when councils among the top defaulters repeatedly reneged on commitments to pay, forcing Eskom to schedule power interruptions in their communities.

Municipalities that have faced interruptions administer services to at least 26 towns,

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Des van Rooyen

including Ventersdorp, Richmond, Witbank, Ermelo and Bloemhof. The total amount owed to Eskom by municipalities is R9.9bn.

Also on Wednesday, Eskom

interim CEO Matshele Koko told the standing committee on public accounts the utility had experienced challenges with getting two municipalities from Mpumalanga to honour the amounts stipulated in their payment agreements with Eskom.

"Msukaligwa paid a total of R28m on overdue debt, while Eskom expected R50m on the same. Emalahleni only paid R6m on overdue payment, while Eskom expected about R277m on the same," Koko said.

He said the area owing the most money was Soweto, at R12bn including interest. He said Eskom had installed 10,071 smart meters in Soweto, with 10,404 meters converted to prepaid. He said it was a mistake for the power utility to have allowed debt to escalate to these levels.

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