

■ NON-PAYMENT

Staggering debt shock revelations

Councils, Eskom, water bodies owed billions

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ESKOM board chairperson Jabu Mabuza has warned that the debt owed by municipalities to the power utility, up from R1.2 billion in 2013, was likely to increase to R36bn this time next year.

Mabuza made the comments when he addressed the standing committee on public accounts (Scopa) in Parliament yesterday.

He told MPs that in the more than 40 engagements with stakeholders in the inter-ministerial task team (IMTT) to look into Eskom and water boards' debt, the overdue amount owed to Eskom has escalated.

"Either we misdiagnosed the problem at the time or misprescribed the therapy. Since the establishment of the IMTT, the debt has become bigger," Mabuza said.

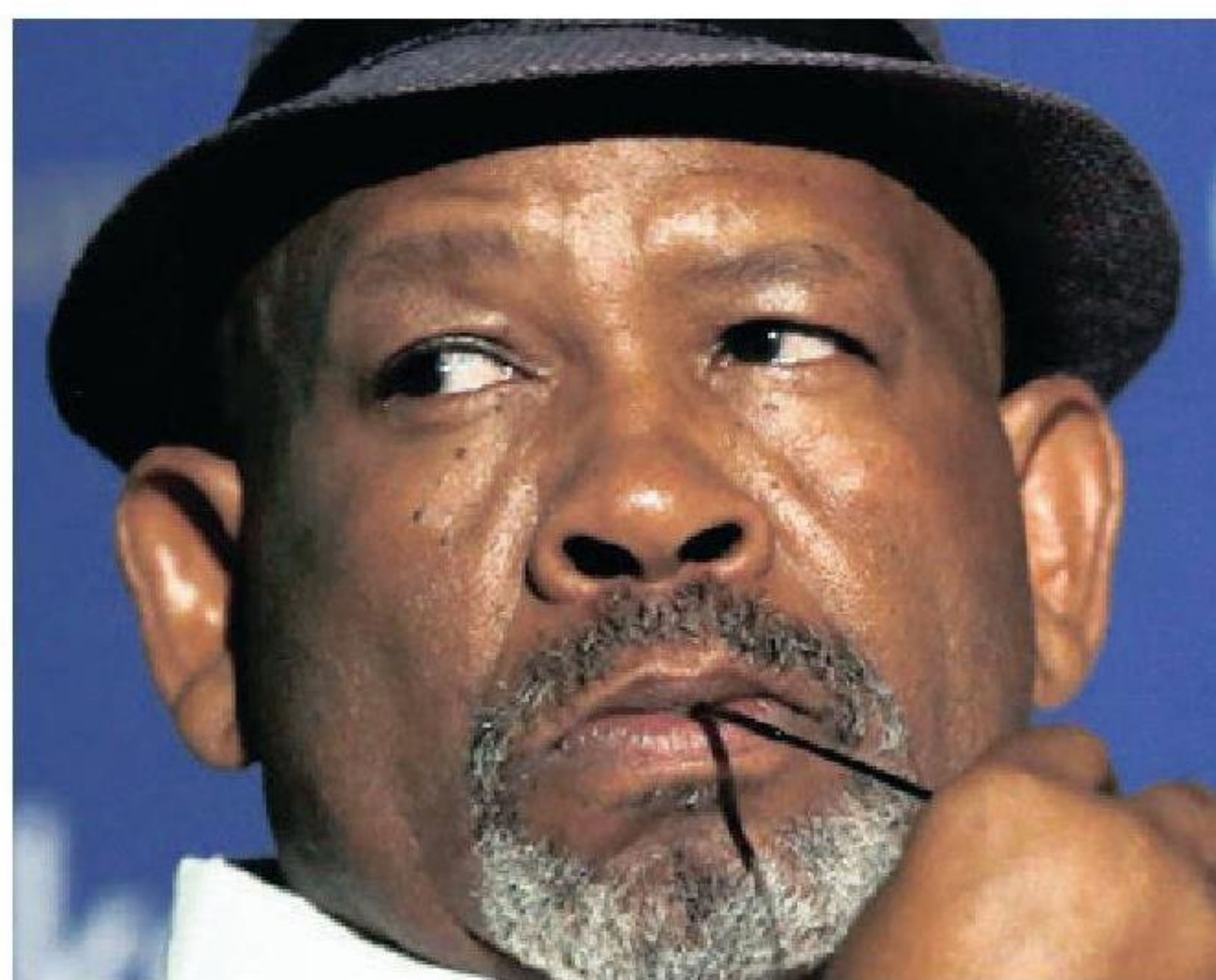
When the IMTT was established, the debt owed was R9.8bn in February 2017 but had ballooned to R26bn last October. "What is worrisome is that between March 2019 and September 2019, this debt has gone up by R6bn. If one looks at this trend, by the end of the financial year this debt would be R30bn," Mabuza said.

He added: "If you look at this trend line, this time next year it will be R36bn, which means municipalities are the second-largest debt after the interest we pay people who lend us money."

Earlier Kevin Naidoo, Cogta deputy director-general for institutional development, said debt owed to water trading entities and water boards stood at R14.9bn at the end of September.

Naidoo pointed out that the Eskom debt had increased between March 2016 and March 2019 by R7bn.

Between March and October this



ESKOM board chair Jabu Mabuza

year there was an increase of R7bn.

He also said out of the 49 valid payment arrangements, only 11 were being fully honoured.

"The top 20 payment levels dropped from a peak of 91% in March 2016 to 31.3% in October 2019, with virtually no payment towards the current accounts over the past seven months," Naidoo said.

He maintained that municipalities were owed a total of R165.5bn with the government, business and households sitting at R118bn.

According to Naidoo, the debt owed to municipalities between 2014 and 2019 increased by over R7bn, with the national Department of Public Works and Infrastructure owing R3bn and provincial Public Works departments owing R3.7bn.

SA Local Government Association (Salga) president Thembi Nkadimeng said for a municipality to be sustainable, it must raise 90% of its revenue, but despite interventions made, they raised far less.

Nkadimeng complained about the money owed to municipalities which she put at R10bn by the government and R24bn by businesses.

"It is money collected if there is a clear willingness to pay," she said.