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Cyril: Nonpayment for services is unacceptable

President Cyril Ramaphosa says R50bn owed to Eskom by municipalities and government departments must be recovered.

"We have made it clear that nonpayment for services is unacceptable and have taken a number of steps to ensure that the payment of these debts is recovered," said Ramaphosa.

He was responding to a question from DA leader John Steenhuisen, referring to Ramaphosa's weekly newsletter in September, where he conceded that load-shedding had a negative effect on citizens, business and education.

Steenhuisen said: "The government will set an example for businesses, households and other sectors of society by paying for usage of electricity to enable Eskom to undertake the critical maintenance that is needed to keep the lights on. If not, what is the position in this regard? What are the relevant details?"

Responding during a question-and-answer session in parliament on Thursday afternoon, Ramaphosa said the government had established a multidisciplinary revenue committee, of which Eskom is a part, to address this nonpayment.

"To assist municipalities across the country to pay what they owe Eskom, the department of public works pays the service charges and property rates for its properties on behalf client departments."

Ramaphosa said in September the public works department paid R575m for property rates and municipality services and processed invoices of R51m to Eskom.

"The department has made significant progress on the reconciliation, verification and settling of debts owed to municipalities," he said.

Ramaphosa said the department co-ordinates reports from various provincial public works departments on a quarterly basis to verify the public work sector pays its municipal debts. Regular engagements also take place with the relevant departments and various treasuries to resolve all outstanding debt.

On calls for the government to scrap the debt owed to Eskom by Soweto residents, Ramaphosa said South Africans must pay for the services that they use. "The user-pay principle does need to be observed by all of us, largely because the state carries a big burden. When you look at the social support of our budget, it's way over 50%."

Ramaphosa said he understood the hardships that the people, not only of Soweto but around the country, were going through.

"The prices of nearly everything have gone up and we also need to understand Eskom's position. Eskom is under a huge burden of debt, so when one looks at these considerations one needs to have a balanced conclusion."

On the unbundling of Eskom, Ramaphosa said: "The process of restructuring Eskom into the three entities is going to make the financing a lot easier because the balance sheet will be streamlined into three entities."

Ramaphosa said the unbundling would lighten Eskom's monopoly position. "Treasury will set out in the February budget how much of the debt is going to be taken up. Eskom will remain indebted."

The president said the government wanted Eskom to be stronger to enable it to embark on further expansion processes because it would remain the country's mainstay of energy generation and transmission.