

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 261 [NW282E]
DATE OF PUBLICATION: 05 AUGUST 2011

Dr P J Rabie (DA) to ask the Minister of Finance:

- (1) Whether he will take any steps to assist the 283 municipalities that owe more than R700 million to Eskom; if not, why not; if so, what (a) steps and (b) are the further relevant details;
- (2) whether any terms and/or conditions will apply to the assistance provided to these municipalities; if not, why not; if so, what are the relevant details of these terms and/or conditions?

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REPLY:

- (1) It is Eskom's responsibility to put in place adequate credit control and debt collection mechanisms to operate effectively.

Furthermore, it is the responsibility of the accounting officer of the municipality in Section 65 (2) (e) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA) to ensure that all monies owed by the municipality be paid within 30 days of receiving the relevant invoice or statement.

The National and Provincial Treasuries have engaged municipalities are in arrears on their accounts based on section 41 of the MFMA and Eskom reports. The relevant municipalities were reminded to comply with section 65(2)(e) of MFMA, encouraged to engage with Eskom, conclude payment arrangements and provide adequately for such payments in their budgets. In the case of financial disputes the municipality must follow the process laid out in section 44 of the MFMA and the detailed guidance offered in Circular 21. In addition, municipalities have been requested to review their operations to ensure a sustainable solution.

As observed from the MFMA section 41 reports by Eskom, amounts owed by municipalities (excluding current accounts) have reduced to R418 million, as at June 2011.

- (2) The approach to assisting municipalities is articulated in the above response as it relates to the requirements of the MFMA and the guidance provided in circulars and communication to municipalities.

