

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 677 [CW866E]
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677. Mr D R Ryder (Gauteng: DA) to ask the Minister of Finance:

What role has the National Treasury played to date in (a) mediating between the Emfuleni Local Municipality and Eskom to ensure that the municipality fulfils its constitutional obligations to residents, (b) finding a sustainable solution to the legacy debt to Eskom and (c) focusing the expenditure of the said municipality on the (i) protection of revenue collections and (ii) reduction of electricity losses? CW866E

REPLY

(a) The National Treasury has not received a request to mediate between the municipality and Eskom. Should the parties require this facility then the MFMA Circular No.21 guides them on the process involved. However, the National Treasury as announced by the Minister of Finance in his 2023 Budget Speech indicated that there will be a Municipal Debt Relief programme introduced for municipalities to participate in with the aim to write-off arrear debt owed to Eskom through an application basis. Emfuleni LM has applied to participate in the programme and the National Treasury has approved their application. For Emfuleni LM to comply with the conditions of the debt relief programme, National Treasury had to get involved in understanding the court order implementation (the attachment of the municipalities bank account by Rand Water and Eskom) and the implication on the municipality to adhere to the debt relief conditions. To ensure that the municipality fulfils its Constitutional obligations, the National Treasury will assist the municipality with writing-off the arrear debt owed to Eskom after the municipality adequately complies with the debt relief conditions over the period of 36 months. The acceptance of the municipality into the programme offers the municipality an opportunity to focus on other constitutional financial obligations as the result of not being forced to pay the arrear debt obligation.

Additionally, the municipality has written to the National Treasury requesting an intervention and support following the attachment of its bank account by Rand Water and Eskom. The National Treasury has requested further information from the municipality regarding its creditor list, this information was not received from the municipality. The Department of Cooperative Governance (DCoG) hosted subsequent meetings to prevent the conditional grants transferred to the municipality's bank from being subjected to the attachment. The proposal to the municipality was to convert the MIG allocation to an indirect grant (MIG 6B). The municipality declined the proposal and indicated that they have the capacity to implement its MIG projects.

(b) Finding a sustainable solution rests with the municipality as the first point of departure, the municipality must have the will to want to make the necessary change. With the participation of the municipality in the debt relief programme, the design of the conditions in MFMA Circular No. 124 is to restore financial stability and sustainability to deliver on their constitutional obligation.

(c)

i) The National Treasury's debt relief programme as well as the Municipal Finance Improvement Programme that deploys Technical Advisors to advise and support the municipality focus on rebuilding the revenue due to the municipality by analysing the entire revenue value chain which includes the revenue protection initiatives for greater effectiveness.

ii) The National Treasury will be issuing a transversal tender to assist municipalities with a smart solution which includes replacement of old and dysfunctional meters with the new smart technology meters. These meters will address electricity losses amongst other smart benefits. The municipality must fund this initiative within their own budget.