

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 480 [CW638E]
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480. Mr D R Ryder (Gauteng: DA) to ask the Minister of Finance:

Whether he will reconsider the Eskom Debt Relief Programme (details furnished), taking into account the need to address systemic causes, including the lack of skills at local government level to achieve sustainable repayment solutions that do not eclipse service delivery; if not, why not; if so, what are the relevant details?

CW638E

REPLY

No, the debt relief programme will not be reconsidered. Municipal (Eskom) Debt Relief is an extraordinary support that aims to alleviate the financial crisis in participants owing Eskom by way of ring-fencing the municipal relief debt in conjunction with the permanent suppression of interest thereon. This unlocks some fiscal space in participating municipalities. If a municipality restores the minimum financial management best practices already embodied in the MFMA and Municipal Systems Act as required in terms of their debt relief approval, it should assist the monthly payment of Eskom and Water Boards and other creditors.

The National Treasury facilitated several engagements to date across provinces and with the Department of Cooperative Governance and SALGA to engage on a wider national solution and an integrated government approach to the crisis since water delivery face a similar crisis. To date, there has been no consensus on the integrated stakeholder approach or decisions needed. The recently established Inter-Ministerial Committee for Local Government could play a critical role in facilitating the integrated approach. Importantly, in terms of the Constitution, it is the municipal council that ultimately remains responsible for resolving the municipality's financial problems. Failing and subject to meeting the criteria, the Provincial Executive must institute the appropriate mode of intervention. The Minister of Finance previously and again recently requested the relevant Provincial Executive to institute the appropriate mode of intervention, but the provincial uptake has been slow. Constitutionally, only if the provincial intervention fails is it appropriate for National to step in.

Additionally, many of the debt relief participants are failing to enforce credit control and therefore simply do not collect enough to pay Eskom and other creditors or where they collect enough, diverge funds to other priorities instead of paying Eskom. Ultimately, if the council persistently fails to embrace the opportunity offered through debt relief, their participation could lead to termination from the programme and Eskom can institute strict credit control through the legal route to collect what is due.