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PREMIER MABUZA DEMANDS SUSTAINABLE LASTING SOLUTIONS IN PAYING ESKOM DEBT BY OWING MUNICIPALITIES

Mpumalanga Premier David Mabuza has dismissed the “quick-fix” agreements entered into by the municipalities and the electricity public utility Company, but demanded sustainable long-term solutions in paying the overdue Eskom debt.

Speaking at a meeting today [Wednesday, 01 March 2017] in Mbombela, attended by Cooperative Governance and Traditional Affairs [COGTA] Minister Des Van Rooyen, COGTA MEC Refilwe Mtsweni, Eskom management as well as Msukaligwa and Emalahleni municipalities, Premier Mabuza rejected the agreements on the payment arrangements by the two municipalities, saying they were no sustainable.

The payment arrangements are subject to Eskom board’s approval of the issues the municipalities have raised such as proposing the rationalization of municipal tariffs to reduce tariff options, decreasing of the interest rates charged on overdue balances from prime plus 5 percent to prime plus 2.5 percent.

Further, Eskom is requested to change its payment period on municipal bulk accounts from 15 days to 30 days, and that Eskom will change its payment allocation policy to allocate payments to capital first then interests. Eskom is also expected to allow municipalities to pay connection charges over a 20-year period at relevant interest rate of cash up front.

“I am aware that there have been engagements and agreements between our owing municipalities and Eskom. I am not going to agree on these agreements,

and I am not going to stand surety to step in when they renege on the commitments, they have been so many of these agreements and I don’t know how many times these municipalities have defaulted.

“I don’t have trust on them with regards to settling the Eskom debt. Just before they went to the councils after the elections, I spoke to them about this, and four months down the line we are here. I don’t know why I should keep certain people in their jobs because someone didn’t do his or her job. This quick-fix thing won’t help; our municipalities do not have the capacity to sell electricity and to collect revenue,” said Premier Mabuza.

He said the municipalities should settle the debt and consider handing back to Eskom the function of selling electricity.

Some of the payment plans by the two municipalities include utilizing the equitable share, as well as selling some of their properties in an effort to raise more money to pay the Eskom debt. He said the equitable share was not meant to settle the Eskom bill only, but to deal with other services rendered by the municipalities.

“I want a sustainable solution, let us introduce a culture of paying for the services, we need to improve our billing systems as well as our revenue collection capacity. We cannot afford to sell the land, which we would probably buy it back at an expensive amount at a later stage when we need to settle our people.

“This problem is just a tip of an iceberg, if there are already available mechanism, let us go for it, we do not have the

luxury of time to be testing solutions. We need to find a realistic way, and say how much can we afford, and how much can we pay.

“We want something tangible so that when we turn our backs taking different ways, we should not hear anything from the two municipalities that would cause headache for all of us,” said Mabuza.

Minister Van Rooyen appreciated Eskom for agreeing in principle to consider the issues raised by the municipalities adding that it was unfortunate that municipalities were now only focusing on the payment arrangements whereas there were many other big problems that faced them.

The Premier has since called another meeting on Tuesday next week [07 March 2017] where municipalities are expected to explain to Eskom their source of funding and how they would honour their payment arrangements.

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