

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

 **NATIONAL ASSEMBLY**

**366. Ms N W A Mazzone (DA) to ask the Minister of Public Enterprises:**

Whether Eskom has put any measures in place to address nonpayment of electricity connections by municipalities; if not, why not; if so, what are the relevant details? NW390E

**REPLY:**

**According to the information received from Eskom**

Yes, Eskom has measures in place to address non-payment of electricity by municipalities.

Eskom has an electricity supply agreement (ESA) with each of the municipalities that it supplies electricity to in bulk. This agreement specifies the terms and conditions and obligations of the parties. On 01 July 2017 Eskom implemented a concession to the municipalities that allows them to pay their Bulk electricity account in 30 days from the date that it becomes due and no longer 15 days as per the original agreement (except for Metro’s). This was done in an attempt to allow the municipalities more time to collect their revenue from their customers before they have to pay Eskom.

Should the municipality not pay their account on time Eskom implements credit control measures that could end up in the municipality’s electricity supply been disconnected. The Eskom process also makes provision for negotiations to enter into a repayment plan over a period of time.

Should the municipalities fail to enter into such an agreement and/or fail to honour the terms of such agreement Eskom initiates an administrative process in line with the Promotion of Administrative Justice Act (PAJA) before the supply to the municipality can be terminated.

In terms of the ESA Eskom may disconnect the supply to the municipality completely however due to the impact to the customers and the economy Eskom opted to interrupt supply for limited hours of the day only.

Unfortunately, municipal customers, customer groupings, business chambers or even the municipality are getting interdicts against Eskom that prevents Eskom from interrupting the supply and thus from implementing its credit control measures. An escalation of the debt is very noticeable when this happens as the municipalities seem to take a payment holiday as soon as the interdict application is successful.

Notwithstanding the above, government continuous, through the Inter-Ministerial Task Team, Chaired by Minister Mkhize, developing and implementing plans to increase the capacity of municipalities to collect revenue.