

**MINISTRY FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**QUESTION NUMBER 2016/781**

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**Mr K J Mileham (DA) to ask the Minister of Cooperative Governance and Traditional Affairs:**

(1) Whether any municipalities currently under threat of having their electricity cut off by Eskom for non-payment are (a) under section 139 administration and/or (b) receiving support in terms of section 154 and/or (c) utilising a financial recovery plan imposed on the affected municipality in terms of section 139(5) of the Constitution of the Republic of South Africa, 1996; if not, in each case, why not; if so, in each case, (i) what is the status of the relevant interventions, (ii) when was it implemented and (iii) has there been any progress towards resolving the relevant municipality’s debt issue with Eskom?NW900E.

**Reply**

(a). On the list of affected municipalities that are currently under threat of disconnection by Eskom due to non-payment, Ventersdrop, Tswaing and Madibeng local municipality are the only municipalities that are under Section 139 of the Constitution.

(b). The Minister of CoGTA and the MEC in North West province have agreed to strengthen the capacity of the Administrators in Tswaing and Ventersdorp by developing Section 154 support packages. A political steering committee led by the Minister will be established to monitor and oversee the implementation of the 154 support package by the technical task team. The technical task team developed the terms of reference in February 2016 and the Administrators of Tswaing and Ventersdorp will be receiving support from the technical task team on identified areas of intervention.

(c). Yes; the affected municipalities under Section 139 of the Constitution do have financial recovery plans in place that are being monitored by the provincial treasuries.

(i). The intervention relevant to the municipal bulk electricity disconnections by Eskom in the various provinces triggered an intervention by Ministers of Cogta, Finance and Public Enterprises.

A task team was formed which constituted of Departments of Cooperative Governance, Public Enterprises, Eskom, SALGA, National Treasury and their provincial counterparts to conduct an in depth analysis into the financial status of the affected Municipalities in Northern Cape, Free State, Mpumalanga, Eastern Cape, Western Cape and North West Provinces.

The task team facilitated the development of new or revised agreements between the affected municipalities and Eskom. These are more realistic payment agreements after careful consideration of the individual municipality’s financial circumstances and taking into account other key creditors. The task team also proposed recovery plans for each municipality by identifying opportunities that will assist the municipalities to improve revenue collection and reduce non-revenue electricity.

The task team will continue to monitor adherence to the payment agreements and the implementation of the recovery plans.

(ii). The engagements with the affected municipalities were held during February and March 2016 as follows:

* 15 -16 February 2016 for Northern Cape Municipalities;
* 17 – 18 February 2016 for Free State Munuciplities
* 25-26 February 2016 for Eastern Cape municipalities,
* 26 January 2016 and 10 to 11 March 2016 for North West Municipalities;
* 22 to 23 February and 29th of February 2016 to 04th March 2016 for Mpumalanga municipalities.

The monitoring will be a continuous process until the municipalities are up to date with their payments.

(iii). Yes; there has been progress because it is as a result of this intervention that the scheduled March 2016 disconnections were put on hold by Eskom on condition that the municipalities adhere to the payment agreements. Realistic payment plans have been signed between Eskom and most of the affected municipalities and the remaining are in the final stages of formalising the proposed agreements.