

# Presentation to Portfolio Committee on CoGTA on debts owed to Eskom and Water Boards

Withholding of Equitable Share for serious and persistent defaulters

Local Government Budget Analysis: 12 May 2015

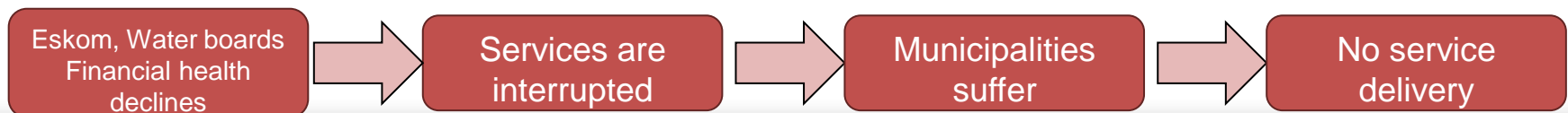


**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# What led National Treasury to take the route to withhold

- National Treasury previously raised concern around the steady increase in the level of the creditors (amounts that the municipality owe), this is through the s71 and s41 monthly reports to National Treasury
- National Treasury is more concerned over the total creditors owed by the municipality. It has been observed that the municipalities generally understate their creditor numbers and overstate the debtors numbers
- Included in the creditors total is Eskom and the water boards which were observed to be the highest single creditors that municipality owe – debt increases doubling every year since 2010 by major defaulters.
- In this context and the challenges raised around Eskom and the water boards sustainability as well as this being a finance issue is key to the decision for withholding
- On the larger scale Eskom and the water boards financial health is a growing concern especially in light of service delivery, and ability of municipalities to service accumulated debt and still pay for provision of services
- Non-payment of creditors by municipalities affects the economy and in particular the SMME viability



# Portfolio of engagements in the past to address arrears to Eskom and water boards

Attached is a list that presents the numerous occasions and forums that this matter has been discussed:

- This includes - Individual engagements with some of the municipalities in arrears with Eskom and Water Board Accounts started from 2009 (see Annexure A);

## ***Section 71 of the Municipal Finance Management Act, 2003 (MFMA, Act No. 56 of 2003)***

- Furthermore, the s71 monthly reports provides for a list of creditors as well as the age analysis of the debt, the observation is that municipalities deliberately understate their creditors, the obvious defaulters were singled out and engage with separately. The formal benchmark engagements and the mid-year visit were other platforms to raise this matter for the last four years.
- The annual publication of the ***State of Local Government Finances*** since 2009/10 has raised concern over the magnitude of debt to the extent of showing that during the respective period debt far exceeded cash and investment for certain municipalities.

## ***Section 41 of the Municipal Finance Management Act, 2003 (MFMA, Act No. 56 of 2003)***

- Since 2012 to March 2015, these matters of arrears to Eskom and Water Boards were presented at the **MFMA Quarterly Joint meetings** which constitutes NT, PT's, DCOGs and SALGA). The basis of this information is the s41 reports. Various resolutions were taken which included:
  - assistance with the conclusion of payment arrangement;
  - preparation of financial recovery plan by municipalities where appropriate;
  - municipalities to trigger financial Misconduct in terms of section 171 of MFMA where appropriate;
  - municipalities to follow MFMA Circular No. 21 to address dispute; and
  - Section 216(2) of the Constitution, read with section 5(2)(e) of MFMA, where there is persistent material breach as the result lack of implementing payment arrangements and financial recovery plan will be considered etc.

## ***Provincial CFO Forums (DLGTA, COGHSTA, COGTA, PTs etc.)***

- These issues were further raised as a follow-up in the provincial CFO forums, a forum attended by CFO's and finance officials from municipalities of the province as well SALGA and Local Government.

# Objective of this process

- To understand why municipalities are not able to pay creditors on time and conform to the 30 day MFMA requirement
  - Section 65(2)(e) of the Municipal Finance Management Act, 2003 (MFMA, Act No. 56 of 2003)
- To address the growing culture of non-payment by municipalities, with debt increasing annually to levels higher than the budgets of some municipalities
  - Not paying creditors → liquidity problem → budget problem → leadership problem
- Non payment of Eskom and Water boards will affect security of services to the poor and businesses, while municipalities are funded to finance provision of free services to indigent
- The approach of these meetings is to try to understand the root causes of a municipality's failure to pay its creditors and to assist them to deal with these problems so that they change their payment culture and do not find themselves in the same situation again
- It has become a common trend between certain municipalities that outstanding debt to Eskom and water boards is not prioritised for payment, indication that ES was not being used to pay for services
- To assist municipalities put in place in agreement with Eskom and water boards affordable payment plan, while taking measures to address systemic problems in the billing and collection of revenue

# Process undertaken to encourage payments by municipalities

- The equitable share allocation for 59 municipalities was withheld at the end of March
- This list was informed by the top fifty municipalities owing Eskom and the top municipalities owing the water boards and in some cases there was overlaps
- National Treasury has been engaging with municipalities on the issue of non-payment of creditors over several years through various forums and circulars and in several cases where we have been asked to try to resolve disputes. Municipalities have repeatedly agreed that they will pay amounts they owe, but in many cases this commitment has not been followed through
- On **6 March 2015** National Treasury issued a correspondence to municipalities encouraging them to:
  - settle their current accounts with Eskom and Water Boards;
  - to confirm repayment arrangements with Eskom and Water Boards; and
  - to ensure that their political leadership is aware of the municipality's circumstances by requesting a Council resolution in support of the repayment arrangement.

# Process undertaken to encourage payments by municipalities

- Subsequently, MFMA Budget Circulars 75 Section 5.5 issued by National Treasury on the 9 March 2015 included the following:

## **Non-payment of Eskom and water boards as creditors**

Section 65(2)(e) of the Municipal Finance Management Act, 2003 (MFMA, Act No. 56 of 2003) clearly states that “The accounting officer of a municipality is responsible for the management of the expenditure of the municipality” and “that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure”.

It has become a common trend between certain municipalities that outstanding debt to Eskom and the water boards is not prioritised for payment. ***Municipalities are cautioned that if they do not immediately settle the current accounts of Eskom and the water boards, the March 2015 tranche of the Equitable Share will be withheld.*** In addition, the payment arrangements to address arrear amounts must be concluded by relevant municipalities, implemented and effected in the budget.

Furthermore, going forward municipalities will be closely monitored and those found to be averting payment to Eskom and the water boards will be deemed as contravening the MFMA and consequently section 216(2) of the Constitution will be imposed.

Municipalities are also reminded of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, which the Minister of Finance promulgated on 31 May 2014. Failure by the Accounting Officer to comply with the requirements of section 65(2)(e) of the MFMA is an act of financial misconduct as defined in section 171 of the MFMA and municipalities is obliged to deal with such breach in terms of the regulations mentioned above.

- The deadline for this request was **13 March 2015**. In addition, the municipalities were required to request assistance with a financial recovery plan; and
- Once the municipality meets with National Treasury, the three requirements above plus a **full list of creditors** is requested. This list must be arranged in order of priority.

# What is the Debt owed to Eskom by municipalities

# Debt owed to Eskom by municipalities as at December 2014 by province

## Age analysis of arrear debt owed to Eskom per Province as at December 2014

Name of Municipality	Current	30 days	60 days	90 days	90 days+	Total	Arrear Debt
Eastern Cape Municipalities	341 389	28 273	22 617	19 762	94 812	506 853	165 464
Free State Municipalities	232 126	3 673	179 648	80 580	1 415 997	1 912 024	1 679 898
Gauteng Municipalities	1 767 151	10 883	59 357	26 999	72 341	1 936 731	169 580
Kwazulu Natal Municipalities	837 417	52 434	2 262	2	–	892 115	54 698
Limpopo Municipalities	121 424	8 820	22 010	3 295	102 760	258 309	136 885
Mpumalanga Municipalities	218 982	130 957	172 570	217 183	976 069	1 715 761	1 496 779
North West Municipalities	224 946	61 400	104 383	35 286	422 155	848 170	623 225
Northern Cape Municipalities	81 872	4 461	23 521	15 408	94 693	219 954	138 083
Western Cape Municipalities	734 270	2 064	6 384	5 264	8 982	756 963	22 693
<b>TOTAL</b>	<b>4 559 577</b>	<b>302 964</b>	<b>592 752</b>	<b>403 777</b>	<b>3 187 810</b>	<b>9 046 880</b>	<b>4 487 303</b>



# Debt owed to Eskom by municipalities as at December 2014

## Age analysis of arrear debt owed to Eskom by the top twenty municipalities as at December 2014

Name of Municipality	Current	30 days	60 days	90 days	90 days+	Total	Arrear Debt
MALUTI A PHOFUNG MUNICIPALITY	36 098	110	42 143	41 364	479 365	599 080	562 982
EMALAHLENI LOCAL MUNICIPALITY	59 495	4 240	58 887	53 906	439 299	615 827	556 332
MATJHABENG MUNICIPALITY	33 958	–	66 792	1 195	441 144	543 088	509 131
NGWATHE LOCAL MUNICIPALITY	13 129	–	14 001	14 591	270 848	312 569	299 440
THABA CHWEU LOCAL MUNICIPALITY	13 077	11 198	11 807	–	210 437	246 520	233 443
LEKWA LOCAL MUNICIPALITY	48	18 659	18 002	17 452	160 368	214 529	214 481
CITY OF MATLOSANA LOCAL MUNICIPALITY	37 568	37 725	39 213	5 000	119 812	239 318	201 749
GOVAN MBEKI MUNICIPALITY	32 561	44 100	3 472	126 158	547	206 838	174 278
NALEDI LOCAL MUNICIPALITY	7 369	213	7 916	10 811	104 589	130 898	123 529
MBOMBELA LOCAL MUNICIPALITY	37 830	38 501	38 956	365	37 219	152 872	115 042
THABAZIMBI LOCAL MUNICIPALITY	5 180	4 518	4 850	–	83 143	97 690	92 511
RANDFONTEIN LOCAL MUNICIPALITY	22 876	–	30 316	26 397	25 398	104 988	82 111
DITSOBOTLA LOCAL MUNICIPALITY (including Lichtenburg)	7 223	7 496	8 482	534	62 604	86 339	79 117
NALA LOCAL MUNICIPALITY	5 497	–	16 027	2	58 348	79 874	74 377
MSUKALIGWA LOCAL MUNICIPALITY	13 452	395	12 616	11 418	48 041	85 922	72 470
WESTONARIA LOCAL MUNICIPALITY	6 159	6 335	6 620	–	46 911	66 025	59 867
MAKANA LOCAL MUNICIPALITY	7 275	–	8 474	8 261	40 724	64 734	57 459
ULUNDI LOCAL MUNICIPALITY	2 625	51 929	–	–	–	54 554	51 929
DIHLABENG MUNICIPALITY	9 908	0	10 844	10 391	27 369	58 512	48 604
MKHONDO LOCAL MUNICIPALITY	6 350	–	13 440	772	31 881	52 443	46 093
Other Municipalities	4 191 285	77 545	179 891	75 160	499 763	5 023 644	832 359
<b>TOTAL</b>	<b>4 559 577</b>	<b>302 964</b>	<b>592 752</b>	<b>403 777</b>	<b>3 187 810</b>	<b>9 046 880</b>	<b>4 487 303</b>

# What is the Debt owed to water boards by municipalities

# Debt owed to the water boards by municipalities as at December 2014 by water board

## Outstanding amounts owed to Water Boards as at December 2014

Water Boards	Current	30 days	60 days	90 days	120 days+	Total	Total Arrear Debt
Magalies Water	24 184	5 525	3 706	1 974	15 001	50 390	26 206
Pelladrift Water	296	296	258	253	421	1 524	1 228
Amatola	94 114	12 840	1 315	8 593	58 548	175 410	81 296
Bloem Water	38 693	3 731	3 398	2 198	74 375	122 396	83 703
Rand Water	847 487	60 863	21 046	26 545	65 105	1 021 046	173 559
Overberg Water	1 505	65	66	61	464	2 161	656
Sedibeng Water	65 394	78 425	68 936	69 543	1 361 969	1 644 267	1 578 873
uMhlathuze	19 476	7 570	8	–	–	27 054	7 578
Lepelle North Water	43 010	13 427	13 921	17 390	326 396	414 144	371 135
Umgeni Water	203 378	6 218	110	88	261	210 055	6 678
<b>Total</b>	<b>1 337 537</b>	<b>188 960</b>	<b>112 765</b>	<b>126 645</b>	<b>1 902 540</b>	<b>3 668 447</b>	<b>2 330 910</b>

# Debt owed to the water boards by municipalities as at December 2014 –Top Ten

## Arrear Debt by municipality - Top Ten Municipalities owing the Water Boards as December 2014

MUNICIPALITY	Current	30 days	60 days	90 days	120 days+	Total Debt	Total Arrear Debt
Matjhabeng LM	35 175	47 875	43 500	42 105	843 876	1 012 531	977 356
Mopani District Municipality	9 690	8 117	8 545	10 057	313 170	349 579	339 889
NMMDM ( Western Side)	875	2 009	3 542	3 812	151 136	161 374	160 499
Mafikeng Local Municipality	6 481	6 473	6 522	6 521	129 573	155 570	149 089
Bushbuckridge Local Municipality	18 684	20 464	20 077	21 686	35 605	116 517	97 833
Nala LM	3 395	4 583	4 013	3 852	62 620	78 463	75 068
Kopanong Local Municipality	3 344	3 563	3 300	2 104	64 341	76 653	73 309
Maquassi Hills LM	4 017	5 018	4 513	4 766	45 905	64 219	60 202
Nama-Khoi LM	2 920	2 821	–	–	56 587	62 328	59 408
OR Tambo District Municipality	45 854	–	82	8 198	49 107	103 241	57 388
Other Municipalities	1 207 102	88 038	18 669	23 543	150 620	1 487 972	280 870
<b>Total</b>	<b>1 337 537</b>	<b>188 960</b>	<b>112 765</b>	<b>126 645</b>	<b>1 902 540</b>	<b>3 668 447</b>	<b>2 330 910</b>

# What is the Debt owed to municipalities by government departments

# Progress to date – Government Debt

- The task team comprising NDPW, CoGTA, SALGA, DPME and NT have institutionalized a process to assist payment of government to municipalities
- The challenge though is that municipalities are still correcting their billing to departments for property rates and services provided (making sure that the correct owners of the property is billed for the correct the usage)
- the National task team is assisting with the verification – R20m of the R64.2m verified as debt (historical debt) owed by Public Works has been paid to municipalities as at April 2015
- In addition, DCoG is on a monthly basis monitoring and facilitating the payment of government debt for the 20 municipalities with the highest amounts owed
- As at December 2014 the outstanding amount owed to municipalities stood at approximately R4 bn (4%) (2<sup>nd</sup> q) – this has dropped from R5.4bn in September 2015 (1<sup>st</sup> q)
- Over and above the National process, National Treasury has called upon National and provincial department to speed up payment to municipalities and may even institute the practice applied to municipalities concerning the withholding of the equitable share across all spheres of government in order to enforce the culture of payment to creditors if required.

# Debts owed by NATIONAL DEPARTMENTS to municipalities per province as at 31 December 2014

<b>PROVINCE (R'000)</b>	<b>0- 30 Days</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>91 Days +</b>	<b>Total</b>	<b>Total arrears</b>
Eastern Cape	11 889	14 098	5 629	62 057	93 673	81 784
Free State	9 071	6 677	6 213	61 170	83 131	74 060
Gauteng	74 823	(8 958)	23 568	507 899	597 332	522 509
KwaZulu-Natal	39 001	12 968	9 589	210 796	272 354	233 353
Limpopo	5 287	6 446	4 667	151 805	168 205	162 918
Mpumalanga	51 952	6 102	8 640	80 462	147 156	95 204
Northern Cape	4 296	1 369	1 621	31 634	38 920	34 624
North West	18 057	5 500	4 296	69 570	97 423	79 366
Western Cape	5 057	1 616	1 405	13 428	21 506	16 449
<b>Total Provinces</b>	<b>219 433</b>	<b>45 818</b>	<b>65 628</b>	<b>1 189</b>	<b>1 519 700</b>	<b>1 300 267</b>

# Debts owed by PROVINCIAL DEPARTMENTS to municipalities per province as at 31 December 20

PROVINCE (R'000)	0- 30 Days	31 - 60 Days	61 - 90 Days	91 Days +	Total	Total arrears
Eastern Cape	36 390	32 298	12 291	184 551	265 530	229 140
Free State	39 130	41 513	36 894	437 175	554 712	515 582
Gauteng	44 607	33 246	28 317	256 410	362 580	317 973
KwaZulu-Natal	28 708	15 028	(4 502)	333 043	372 277	343 569
Limpopo	3 538	3 377	2 833	51 449	61 197	57 659
Mpumalanga	(3 444)	1 802	1 046	8 105	7 509	10 953
Northern Cape	7 949	5 962	4 994	322 261	341 166	333 217
North West	2 113	2 549	2 306	21 612	28 580	26 467
Western Cape	8 758	1 439	2 554	11 472	24 223	15 465
<b>Total Provinces</b>	<b>167 749</b>	<b>137 214</b>	<b>86 733</b>	<b>1 626 078</b>	<b>2 017 774</b>	<b>1 850 025</b>



# Progress to date

- By 28 April 2015, **20 of the 59** municipalities complied with the requirements and received their equitable share payments and National Treasury met with **29 municipalities**;
- National Treasury is currently in the process of meeting with each of the affected municipalities to gain a better understanding of the circumstances in each municipality that led to them not paying their creditors and to agree on what steps must be taken for the equitable share funds to be released; and
- Stakeholders that attend the meetings and contribute support include the Department of Cooperative Governance (DCoG), SALGA and provincial treasuries (PTs); and National Treasury (NT)

# General observations from the engagements

The following general observations relate to the municipalities' failure to pay their creditors which have emerged from the engagements between these municipalities and National Treasury:

## ***Institutional and governance***

- Poor leadership and weak financial management led to mismanagement of finances which in turn allowed the debt to escalate;
- Weak institutional arrangements between DMs and LMs relating to powers and functions which resulted in a multitude of fragmented and ineffective institutional arrangements between Water Services Authorities and Water Services Providers (including water boards).
- A further concern/pattern is the non-transfer of the (water component) of the LGES by some DMs to LMs appointed/acting as water services providers.
- The ownership of assets in some instances is unclear and often results in disputes between bulk service providers and municipalities. This is especially the case with water infrastructure whose transfer from the old-DWAF appears to not have been completed or clarified. As a result, some water boards operate infrastructure whose ownership is unclear and which results in disputes over who is responsible for the management of those assets.

# General observations from the engagements

## *Management*

- Weak tariff setting ability in municipalities contributed to tariffs being set that are not fully cost reflective;
- Poor revenue management has meant that payments due creditors far exceed revenue collected;
- Absence of Service Level Agreements between municipalities and their bulk services providers (Eskom and Water boards);
- Past repayment arrangements were not affordable and realistic (not cash backed) and in many cases were signed merely for compliance;
- High levels of water and electricity losses which have reduced municipalities revenues dramatically – many of the municipal debtors have water and electricity losses of up to 60% each/respectively. This is driven both by physical/technical losses as well as billing and metering inaccuracies, non-collection and theft. The levels of electricity theft are extremely high in some municipalities and there is a need to move to smart metering. Several municipalities simply do not meter water supplied to households.
- High operating costs and in particular, above normal staff costs;
- Tariffing – both water and electricity tariff setting are not cost reflective. The increases set by municipalities are not in line with their rising costs and bulk cost increases. Several municipalities are also not making use of sliding block tariffs which would assist in demand management.
- Municipalities are found to be overstating the debtors figures and understating their creditors figures. This exercise also revealed that the creditors amounts far exceed the equitable tranche due

# General observations from the engagements

## Policy and regulatory

- Municipalities not holding municipal licenses in their service areas which has negative consequences for revenue collection;
- There is no independent economic regulator for the water sector, thus where there are disputes over tariffs (including the raw water tariff which the DWS sets itself), there is no independent review/arbitration mechanism.
- National Treasury is also concerned about some of the practices Eskom is using in its billing of municipalities and these will be discussed with Eskom after this process is concluded. These include:
  - Eskom's requirement for a 15 day payment period for the current account which contradicts the 30 days payment rule as per the MFMA;
  - The escalating interest charged on arrear debt as a result of Eskom's policy to impose an **interest rate of prime plus five per cent** on defaulting customers;
  - Penalties charged as a result of municipalities exceeding their notified maximum demand;
  - Municipalities are finding it challenging to implement their credit control policy for other services in areas supplied by Eskom; and
  - The fact that Eskom charges a particular rate to their customers and on the other hand municipalities adopt a different rate for municipal paying customers creates a problem.
  - Eskom's reluctance to negotiate a more practical repayment period (for arrears) with municipalities. In reality, some arrear debt cannot be repaid in under 12 months as Eskom seems to expect.

# Conclusion

- The National Treasury has embarked on a number of initiatives to support municipalities in improving financial management and ensuring that credible, sustainable and funded budgets are developed, these include the differentiated approach on strategy to address municipal financial performance failures with the provincial treasuries and municipal financial improvement programme (MFIP) to provide financial support to municipalities
- Municipalities will be closely monitored and those found to be averting payment to service delivery creditors will be deemed as contravening the MFMA and consequently section 216(2) of the Constitution will be imposed
- The National Treasury may institute the practice applied to municipalities concerning the withholding of the equitable share across all spheres of government in order to enforce the culture of payment to creditors.
- The National Treasury in collaboration with provincial treasuries will:
  - ensure that sector departments settle their municipal debts
  - closely monitor these municipalities to ensure that agreements are not breached as well as to ensure that municipalities comply with MFMA requirements and other treasury regulations

# Thank you

# Annexure A

# Portfolio of engagements to address arrears to Eskom and water boards

In addition, this schedule presents the dates and stakeholders involved in various engagements which occurred in relation to Eskom and the water boards.

Dates of meetings	Purpose	Composition	Convener
<b>18 March 2013</b>	Debt owed by municipalities to water boards	DWS, NT, SALGA, SAWU	DWS Ministerial Task Team
<b>04 December 2013</b>	Discuss debt owed to disestablished Botshelo Water by North-West municipalities	All North-West municipalities	National Treasury
<b>23 January 2015</b>	To discuss the viability of NMMDM and debt owed to Sedibeng Water	NT, NMMDM	National Treasury
<b>27 May 2014</b>	Debt owed to Eskom by municipalities (inception meeting)	NT, ESKOM, DPE	National Treasury
20 June 2014	Debt owed to Eskom by Gauteng municipalities	NT, ESKOM, Gauteng Treasury	National Treasury
20 June 2014	Debt owed to Eskom by North-West municipalities	NT, North-West PT, Provincial Local government and traditional affairs department, ESKOM	National Treasury
<b>04 July 2014</b>	Debt owed by Limpopo municipalities to Lepelle Northern Water (LNW)	NT, LNW	LNW
<b>22 July 2014</b>	Discuss debt owed to ESKOM by municipalities	NT, ESKOM, Provincial Treasuries	National Treasury
<b>12 September 2014</b>	Debt owed by Mopani DM to LNW	DWS, NT, LNW, PT, DCOG, CoGHSTA	National Treasury
<b>07 October 2014</b>	Meeting to discuss water service provision options with NMMDM and debt owed to Botshelo Water (IRR process)	NT, DWS, NMMDM	DWS



# Portfolio of engagements to address arrears to Eskom and water boards

## Presentation to the relevant Parliamentary Portfolio Committee

- **Portfolio Committee on Water and Sanitation (Environmental Affairs) held 03 May 2010**  
*“Mr G Morgan (DA) said that the theme of the water boards’ presentations was the amounts of money owed to water boards by municipalities.... He wanted National Treasury to explain to the Committee how it engaged with the boards..”*
- **Portfolio Committee on Water and Sanitation (Environmental Affairs) held 25 May 2011**  
*“Mr Leballo explained that the Board had not received a commitment from the Mopane Municipality...however, a meeting was planned, at which the Mopane Municipality was expected to table its repayment terms. The intervention of the MEC and the Premier would help the Board to recover the money speedily.”*
- **Eskom on its Annual Report 2010/11. Presentation to Committee: [Public Enterprises](#) 10 Oct 2011**  
*“Members asked questions about outstanding debt owed to Eskom by provinces and municipalities and what measures had been put in place to solve the outstanding municipal debt.” “Mr Mokoena stated that 54 municipalities in the Free State were struggling to pay Eskom and that Eskom had threatened to cut electricity supply to these municipalities. Had this debt been collected?”*
- **22 Nov 2011 - also extensive discussions at NCOP municipal hearings including North West struggling municipalities: [hearings](#). Eskom [briefing](#) on Infrastructure Programme to Portfolio Committee on Public Enterprises: on 22 May 2012.**  
*“Mr O’Flaherty further replied to the question concerning whether Eskom had made efforts to engage with municipalities. He stated that Eskom, through the Minister of Public Enterprises had conducted significant engagements across the country with municipalities. “*
- **Portfolio Committee on Water and Sanitation (Environmental Affairs) held 2013**  
*“Members were not prepared to deal with this situation for much longer, they would address the water boards’ ability to deliver”. The Chairperson “urged the National Treasury to change policies”. The Chairperson “urged the Treasury to intervene using executive and political means.”*
- **Portfolio Committee on Water and Sanitation (Environmental Affairs) held 18 April 2013**  
*“Ms Manganye said this was the challenge being faced together with DWA. The smaller municipalities faced challenges. Municipalities like Maquassi and Dr Ruth Mompati were too poor to provide services.....Treasury had to assist.”*

# Portfolio of engagements to address arrears to Eskom and water boards

- “Eskom Annual Report [presentation](#) to **Portfolio Committee on Public Enterprises**: on 05 Nov 2013
- “Municipal debt was also a challenge, as was copper theft.
- Letters sent to **HOD’s of provincial treasuries** on 3 June 2014 requesting assistance to resolve the issue of arrear debt.
- Salga [presentation](#). **Portfolio Committee on Energy** Briefing. Integrated National Electrification Programme. (INEP) 26 August 2014
- Eskom Annual Report [presentation](#) to **Portfolio Committee on Public Enterprises**: 03 Sept 2014
- In **Free State Province**, CoGTA using B2B as a platform initiated a task team to address debt of four municipalities: Maluti-A-Phofung, Dihlabeng, Ngwathe and Matjhabeng LM. The task team met on the following dates:
  - 6 October 2014
  - 14/15 October 2014
- “A Member asked about municipal debt due to Eskom.....However in terms of managing municipal debt, what measures was Eskom taking to sort this out? In addition, Eskom’s downgrading would also impact negatively on the ordinary man on the street. ....What were the timelines for getting this money back from municipalities and how would municipal debt be managed in the future? Municipalities were not serving the people as they should”
- **Portfolio Committee on Water and Sanitation (Environmental Affairs)** held 25 Feb 2015
  - “The Deputy Minister thanked Mr Basson for suggesting that National Treasury should be called to help with cost recovery, as this was vital.”