



MINISTRY
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

**NATIONAL ASSEMBLY
QUESTIONS FOR WRITTEN REPLY
QUESTION NUMBER PQ 1104**

1104. Ms M P Kobe (ActionSA) to ask the Minister of Cooperative Governance and Traditional Affairs:

Whether, given that municipal overdue debt owed to Eskom has tripled over the past five years to R110 billion, severely crippling both Eskom and municipal finances, and noting the success of the administration of the City of Tshwane Metropolitan Municipality under the leadership of Dr Nasiphi Moya, that has reduced its inherited Eskom debt of R8 billion by R2 billion within one year and implemented a structured payment plan to settle the remaining R6 billion inherited debt, he will consider using the lessons from the specified approach to replicate similar repayment frameworks in other municipalities and metros that are struggling with mounting Eskom debts; if not, what is the position in this regard; if so, what are the relevant details? NW1226E

Reply

Yes. The Department supports the policy and implementation framework of the National Treasury for administering the Eskom Debt Relief Programme (EDRP) for qualifying municipalities. The EDRP enables municipalities to regularise their outstanding debt to Eskom through structured repayment arrangements and conditional relief mechanisms.

To provide the Honourable Member with complete and transparent information, the details below outline both the national framework and the specific debt repayment arrangement concluded between the City of Tshwane (CoT) and Eskom.

1. National Framework: Eskom Debt Relief Programme (EDRP)

The Department has endorsed the approach implemented by the National Treasury through the EDRP. The programme is designed to support municipalities that meet eligibility criteria by:

- stabilising outstanding Eskom debt through structured repayment plans;
- providing conditional interest relief; and
- improving longterm revenue and expenditure management.

In addition, the Department provides targeted technical assistance to strengthen municipal revenue management, including:

- tariff policy reviews;
- support for costreflective tariff setting through the National Treasury's tariffsetting tool; and
- initiatives aimed at enhancing financial sustainability and the effective management of bulk services.

2. Lessons from the City of Tshwane (CoT) – Application of a Structured Repayment Plan

The Department has been advised of the formal agreement concluded between Eskom and the City of Tshwane, which was submitted to the High Court in Pretoria and subsequently made enforceable by a court order.

The agreement includes the following elements:

- The historical debt owed to Eskom amounted to R6.6 billion as at 27 November 2024.
- The debt will be repaid over a fiveyear period, commencing in December 2024.
- No interest will be charged on the historical debt, subject to the municipality honouring all current monthly payments to Eskom.
- In the event of any default, the full outstanding amount (including the historical debt) becomes immediately due and payable.
- The High Court in Pretoria is designated as the court of first instance for disputes arising from the agreement.

This demonstrates a replicable model in which municipalities can stabilise and resolve longstanding bulk electricity debt through structured, court-enforceable arrangements, provided they comply with the conditions set out in the EDRP.

3. Replicability in Other Municipalities

The Department is supportive of the adoption of similar structured repayment frameworks in other municipalities and metros facing significant Eskom debt, subject to:

- meeting EDRP eligibility requirements;
- municipal commitment to maintaining payment discipline going forward;
- implementation of strengthened internal revenue management controls; and
- alignment with the MFMA, DoRA and Eskom's credit control policies.

These measures ensure that municipal financial recovery is sustainable while protecting revenue streams critical to service delivery.

Conclusion

The Eskom Debt Relief Programme provides a nationally applicable framework for municipalities to regularise and settle overdue Eskom debt. The City of Tshwane's arrangement is consistent with this policy approach and demonstrates a practical model for other municipalities, provided they meet programme conditions and commit to strict financial discipline.

End