



TO : HANSARD AND HOUSE BUSINESS
FROM : MEC FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
SUBJECT : RESPONSES TO QUESTIONS 447 OF IQP 17 FOR WRITTEN REPLY

447. Mr H Müller to ask the MEC responsible for Cooperative Governance and Traditional Affairs:

With reference to the alleged on-going debt crisis of Inxuba Yethemba Local Municipality to Eskom and the implications for service delivery within the municipality:

QUESTION(S)	ANSWER(S)												
1. (a) What is the current total outstanding amount owed to Eskom by the Inxuba Yethemba Local Municipality () as at the latest specified date for which information is available, (b) how has this amount changed over the past 24 months, (c) what percentage of the total provincial municipal debt to Eskom does this represent and (d) what is the breakdown between current account and historical debt;	<p>(a) Current Balance is 752 505 024</p> <p>(b) This represents a minimum increase of R300 million over roughly 22 months. The debt trajectory reflects ongoing non-compliance with payment plans, repeated defaulting, and accumulation of interest and penalties.</p> <p>(c) 96%</p> <p>(d)</p> <table border="1"> <tr> <td>Total</td><td>R754 505 023.87</td></tr> <tr> <td>Current</td><td>R18 205 73479</td></tr> <tr> <td>30 Days</td><td>R12 798 091</td></tr> <tr> <td>60 Days</td><td>R13 385 329.90</td></tr> <tr> <td>90 Days</td><td>-</td></tr> <tr> <td>120 Days</td><td>R710 115 867.99</td></tr> </table>	Total	R754 505 023.87	Current	R18 205 73479	30 Days	R12 798 091	60 Days	R13 385 329.90	90 Days	-	120 Days	R710 115 867.99
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2. whether the IYLM has made any payments toward the Eskom arrears in the past six months; if so, (a) what was the total amount paid, (b) in which specific months were these payments made and (c) what was the source of funds for these payments;	<p>(a) R 2 000 000</p> <p>(b) July</p> <p>(c) Equitable share and Electricity sales</p>												
3. whether the municipality has previously entered into payment agreements with Eskom; if so, what (a) were the specific terms and conditions of these	Cooperation agreement was signed by Eskom on the 25th of April 2025, Friday. Municipal Manager signed the agreement on the 06 May 2025. The new agreement stipulates that IYM will be paying R500												

<p>agreements, (b) were the start and end dates of such agreements and (c) monitoring mechanisms has his Department put in place towards overseeing compliance;</p>	<p>000 on a monthly basis towards the arrear debt with aspiration of paying R1 million on a monthly basis whenever the municipality has excess funds. Current accounts negotiations are also at advance stages, a letter requesting a conversation of the tariff from Nightsave to Megaflex was signed by the Municipal Manager and sent to Eskom on the 16 April 2025 and a response from Eskom was received on the 30 April 2025. ESKOM rejected the application. Tariff conversations commenced on the 01 May 2025 so that the municipality can have reduced accounts for both Cradock and Middelburg</p> <p>(b) Response is built in within the above response.</p> <p>(c) Quarterly engagements will be held with the municipality to monitor the agreement.</p>
<p>4. whether the municipality adhered to the terms of any payment agreements with Eskom; if not, what (a) were the specific instances of non-compliance, (b) were the reasons provided by the municipality for such non-compliance and (c) consequences resulted from the breach of agreement term;</p>	<p>The municipality is unable to adhere to the payment arrangement of R900 000, 00 for Cradock and about R1 500 000 for Middleburg with ESKOM due to unaffordability. The average collection of</p> <p>The municipality is about R9 000 000 for the past six months.</p> <p>(c) This can be accounted for by Eskom as this affects that entity.</p>
<p>5. (a) what is the current status of the IYLM's participation in the Eskom debt relief programme, (b) whether the municipality has met all the conditions required by National Treasury for continued inclusion in the programme, (c) what specific challenges has the municipality faced in meeting these conditions and (d) what would be the financial implications for the municipality should it be removed from the programme;</p>	<p>This is a programme that is driven by Treasury, so the department is not in a position to respond here.</p>
<p>6. (a) what specific support measures has his Department implemented with a view to assisting IYLM in addressing its financial management challenges, particularly regarding Eskom debt, (b)</p>	<p>The department has only gone as far as persuading the municipality to negotiate affordable payment agreements.</p>

<p>how effective have these measures been, (c) what resources have been allocated to this support and (d) what outcomes have been achieved to date;</p>	<p>(b) Not really effective given the financial status that the municipality finds itself in which makes it to most times default from the plan.</p> <p>(c) None</p> <p>(d) The above responses are covering this.</p>
<p>7. (a) what impact has the Eskom debt had on service delivery within the IYLM, (b) how many incidents of electricity supply disruptions have occurred in the past 12 months as a result of non-payment, (c) how many households and businesses have been affected and (d) what measures has his Department taken towards mitigating the impact on residents;</p>	<p>IYLM owes approximately R710 million to Eskom currently, making it one of the top indebted municipalities in the Eastern Cape.</p> <p>This debt has severely constrained the municipality's ability to deliver essential services. For instance, ratepayers and businesses in Cradock and Middelburg pursued legal action to compel proper electricity supply, highlighting interruptions and administrative failures.</p> <p>Responses for (b – c) have not been provided by the municipality and the department is still making a follow up and will submit once the information is submitted.</p> <p>(d) Noting that less information has been submitted by the municipality, the department will make attempts of making follow up with the municipality so as to be in a better position to craft measures that would reduce the impact.</p>
<p>8. (a) what revenue enhancement strategies has his Department recommended to the IYLM towards improving its financial position, (b) which of these strategies have been implemented, (c) what has been the measurable improvement in revenue collection as a result and (d) what time-frames have been set for achieving financial sustainability;</p>	<p>A constant implementation of the credit control and debt collection policy, disconnection and blocking of prepaid meters on non-payment.</p> <ul style="list-style-type: none"> • Meter audit and meter replacement to curb losses. • Municipality is implementing Debt Incentive policy to customers • Indigent register purification as we have embarked on a new indigent registration. • Constant sending of municipal statement and billing schedule to Government Department in time for payments to be process. • Municipality received Technical Support from DBSA through the appointment of ALTAL consulting on revenue enhancement. <p>(b) All the above strategies are being implemented.</p>

	<p>(c) At this stage improvement has not yet been measured</p> <p>(d) Achieving sustainability is a process that is affected by many other contributors so at this stage no time frame can be stated</p>
<p>(e) (a) what coordination exists between his Department, Provincial Treasury and National Treasury regarding the municipality's Eskom debt, (b) how frequently do these departments engage on this specific issue, (c) what joint strategies have been developed and (d) how are these strategies being monitored and evaluated;</p>	<p>Treasury assesses the monthly submission of debt relief program annexures highlight areas on non-compliance</p> <p>(b) Quarterly and as and when Treasury see the need</p> <p>(c) Joint periodic discussions with Eskom</p> <p>(d) As these are initiatives that have just been kickstarted so there is no evaluation for now.</p>
<p>(f) (a) what steps is his Department taking towards ensuring transparent financial reporting by the IYLM regarding its Eskom debt obligations, (b) how accessible is this information to ratepayers, (c) what public participation processes exist to engage communities on these financial challenges and (d) what measures has his Department put in place with a view to preventing further deterioration of the municipality's financial position?</p>	<p>Treasury assesses the monthly submission of debt relief program annexures highlight areas on non-compliance. Proof of payments uploaded onto the National Treasury GoMuni portal, non-payments its as a result of inability to afford the bills from ESKOM.</p> <p>(b) this information can be requested from Treasury</p> <p>(c) This information has not been submitted by the municipality and a follow-up with the municipality will be made in this regard</p> <p>(d) The department will continue to monitor whether the municipality is strictly adhering to the implementation of the Credit Control Policy so that the financial position doesn't deteriorate.</p>