

Eskom defaulter power cuts will hurt economy: Cosatu and Sacci

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Eskom's decision to interrupt power to about a dozen municipalities would hurt business and cost jobs, the South African Chamber of Commerce (Sacci) and Cosatu warned on Tuesday, 17 January.



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Thirteen municipalities have defaulted on their payments for power from Eskom and are facing scheduled interruptions.

Combined, about 60 municipalities in the country owe more than R12bn to Eskom. Their financial control weaknesses have placed consumers, most of whom pay their bills, in a precarious position.

Eskom said 21 of the 34 municipalities due to undergo scheduled supply interruptions during January had submitted some payment and accompanying payment plans. The affected municipalities are in the North West, Free State, Mpumalanga and Northern Cape.

After continuing discussions with Eskom since 2015, some of the indebted municipalities entered into payment agreements with the power utility. However, others continued to default on payments as well as new debt, forcing Eskom to implement the "last resort" measure of scheduled interruptions.

In a statement on Tuesday evening, Eskom said it had received a proposed payment plan from Madibeng Local Municipality in the North West.

The utility said it would suspend scheduled interruptions to the municipality while it considered the council's proposal.

Madibeng is home to Brits and Hartebeespoort.

"It is important for municipalities across the country to always service their bulk accounts so they do not prejudice those community members ... who pay for their services," said Co-operative Governance and Traditional Affairs Minister Des van Rooyen.

Sacci CEO Alan Mukoki said the interruptions would be devastating for businesses in the agriculture, tourism, mining and manufacturing sectors.

"In all businesses that fully rely on Eskom in these areas, power will be affected. Many of these businesses are cutting down production line. We are very concerned as this will have an impact on the economy."

Mukoki urged Eskom to reconsider the interruptions, as they inconvenienced businesses that paid for electricity. He said productivity and, possibly, jobs would be negatively affected.

"Certain places have been protected from load shedding. You can spread the risk around the times when you are not going to have power. The government needs to move speedily. Cutting off power is not a fair measure to impose on paying consumers," he said.

Interim Eskom CEO Matshela Koko said: "We are immensely encouraged by the kind of response we are witnessing and would like to thank all the municipalities that have made an effort to pay their accounts, and committed to their payment agreements."

Cosatu urged the government to intervene on the matter, and called on Eskom to "explore genuine and sensitive approaches" to recovering the money it is owed.

"This decision will have a negative effect on our already struggling economy and contribute to more retrenchments," Cosatu said.

"Cutting electricity may result in businesses like farms and mines retrenching workers, when we cannot afford to lose a single job," it said.

Source: Business Day