

No leave for Eskom managers till load shedding is sorted

All senior Eskom managers have been ordered to cancel their holiday leave to meet Public Enterprises Minister, Pravin Gordhan's 10-day deadline to sort out the causes of the current load shedding crisis



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The managers are to be deployed to individual power stations to get a sense of what's happening on the ground. He said that there shouldn't be any load shedding between December 15 to January 15, when industry usually takes a hiatus, and demand on the grid drops.

President Cyril Ramaphosa would soon be announcing a task team to design a five-year road map to turn the debt-ridden power utility around.

Earlier this week, Eskom asked the government to take R100bn of its debt onto its own balance sheet. While the move would give Eskom relief, it would add another two percentage points to the government's debt-to-GDP ratio and could be seen as negative by credit-ratings agencies. Gordhan said there was no decision yet on the R100bn figure.

Eskom is currently operating on a R350bn debt guarantee by the government, which has been flagged as the biggest risk to the fiscus.

Capital build programm

Eskom has massed R419bn worth of debt over the past 10 years due to its huge capital build programme. This included the construction of the two mega power stations, Medupi and Kusile, which has been plagued with delays. Gordhan said forensic investigations had already signalled that contractors had been falling short in design and quality. "There's going to be tough talking between the board and management on one hand, and with companies. Somebody is making money from the doubling of costs in Medupi," Gordhan said.

Eskom is now unable to pay interest costs from revenue earned and must borrow to service its debt. Interest costs over the next three years are projected to be R250bn. Overall debt is projected to rise to R600bn over three years if debt levels are not contained.

Gordhan dismissed suggestions that the government would take a decision to privatise Eskom, saying this came from people trying to cause political mischief.

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