

## Bill to support Eskom to be tabled soon

Government will soon table a Special Appropriation Bill aimed at allocating financial support to power utility Eskom, President Cyril Ramaphosa said delivering the first State of the Nation Address (Sona) of the sixth administration.



The president said Eskom, which is currently experiencing financial challenges, is vital to the South African economy and cannot be allowed to fail.

“We will therefore table a Special Appropriation Bill on an urgent basis to allocate a significant portion of the R230bn fiscal support that Eskom will require over the next 10 years in the early years,” he told a joint sitting of the National Assembly (NA) and the National Council of Provinces (NCOP) in Parliament.

Further details on the financial assistance will be provided by the minister of finance in due course.

“Eskom is facing serious financial, operational and structural problems. Since the load shedding earlier this year, Eskom has made much progress in implementing its nine-point plan, ensuring better maintenance of its generation fleet, reducing costs and ensuring adequate reserves of coal,” said the president.

In March, cabinet announced that it is considering further financial support for the power utility.

Meanwhile, in line with the recommendations of both the Eskom Sustainability Task Team and the Technical Review Team,

Eskom is deploying its most skilled and experienced personnel to where they are needed most.

Public Enterprises Minister Pravin Gordhan appointed the review panel on 4 March.

Ramaphosa highlighted that the utility's financial position remains "a matter of grave concern". However, he stressed that with the current committed funding from government, outlined in the 2019 Budget, Eskom has sufficient cash to meet its obligations until the end of October 2019.

Tabling the budget in February, Finance Minister Tito Mboweni said government is setting aside R23bn a year to financially support Eskom during its reconfiguration.

Mboweni had earlier said that the R69bn is a "shareholder" move to assist the utility to pay its debt.

The president said that for Eskom - which announced in March that is facing a R420bn debt burden - to default on its loans will cause a cross-default on its remaining debt and would have a huge impact on the already constrained fiscus.

## **Appointment of new CEO**

Meanwhile, government will soon announce the appointment of a new chief executive officer (CEO) following Phakamani Hadebe's resignation.

## **User pay principle**

In addition, government will soon announce the appointment of a chief restructuring officer who will be expected to reposition Eskom financially with careful attention to the mix between revenue, debt and cost structure of the company.

Eskom is working with government and other stakeholders to address its overall debt as well the debt owed by municipalities and individual users.

"As a country, we must assert the principle that those who use electricity must pay for it. Failure to pay endangers our entire electricity supply, our economy and our efforts to create jobs."

The president spoke out against a payment boycott to the utility.

"The days of boycotting payment are over. This is now the time to build, it is the time for all of us to make our own contribution."

In his previous Sona, Ramaphosa announced government's plan to split the utility into three divisions. At the time, he said the three entities will operate under a single state-owned holding company with the Eskom board currently developing a sustainable operational plan for each business.

## **Strengthening state-owned enterprises**

Turning his attention to state-owned enterprises (SOEs), Ramaphosa said it is essential to strengthen SOEs in order to ensure that the state is able to effectively enable economic and social development.

"Through the Presidential SOE Council, government intends to create alignment between all state-owned companies and to better define their respective mandates," he said.

Government will through the Presidential SOE Council work with the leadership of SOEs to develop a legal and regulatory environment that promotes innovation and agility and enhances their competitiveness.

Government will build further on addressing problems of poor governance, inefficiency and financial sustainability.

“We are committed to building an ethical state in which there is no place for corruption, patronage, rent-seeking and plundering of public money,” said the President.

## **Meeting NDP targets**

Ramaphosa further emphasised the importance of meeting the targets of the National Development Plan (NDP) which was adopted in 2012. The NDP aims to eliminate poverty and reduce inequality by 2030.

He bemoaned that with 10 years to go before 2030, South Africa has not made adequate progress in meeting NDP targets.

He said that unless extraordinary measures are taken, the country will not realise Vision 2030.

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