

# Bill to fix Eskom is being drafted

Public Enterprises Minister Pravin Gordhan says a special bill on Eskom -- aimed at finding a roadmap of the power utility's recovery -- is currently being drafted.



Public Enterprises Minister, Pravin Gordhan

Finance Minister Tito Mboweni, Gordhan said, will soon introduce a Special Appropriation Bill aimed at bolstering Eskom's cash position soon.

"We have begun the work on the paper itself and we have brought all the role players together. We should have a draft very soon for government to look at," the minister said.

This comes after President Cyril Ramaphosa directed the department to formulate a special paper on the future of Eskom. The main focus of this paper will be: outlining the future energy environment; financial arrangements for Eskom; address the indebtedness of Eskom; restructuring of Eskom; identifying cost saving including coal costs, staffing costs and the introduction of capital efficiency, and operationally sustaining high energy availability.

Gordhan said Eskom faces operational, financial and structural challenges driven by massive cost and time overruns on the new build programme; a collapse in governance; unsustainable debt levels; underinvestment and poor maintenance of plants, which has led to increased diesel usage, eroding Eskom's cash position.

“In seeking to stabilise the financial situation at Eskom in the short-term, the minister of finance will introduce a Special Appropriations Bill in Parliament in the near future,” he said.

## **Additional funding for Eskom through contingency reserve**

Leading the debate on the National Treasury, Mboweni said in addition to the support announced during the February budget, he was considering introducing the Special Appropriation Bill in the National Assembly on 23 July 2019 after consultation with Parliament.

During his State of the Nation Address last month, President Cyril Ramaphosa said government would 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.

Mboweni said the tabling of the Appropriation Bill was aimed at making available additional funding for Eskom for the current and next financial year.

“As indicated in the February budget, National Treasury, in consultation with the Department of Public Enterprises, has developed the terms of reference and scope of work for the chief restructuring officer and the appointment will be made soon.

“Once the annual Appropriation Bill, currently before Parliament, is law, additional financial support will be provided to State-owned entities - namely SAA, SABC and Denel from the contingency reserve.”

Mboweni said, however, that the additional government support cannot be a blank cheque to the SOEs.

“We really and truly cannot go on like this. A broad strategic framework in the form of a Green Paper, which will culminate in a White Paper, will be published.

“This will deal with the future that government expects SOEs to play in a fast-changing micro and macro-economic environment.

“In some cases, such as aviation and broadcasting, various companies are making profits and providing good quality service. Yet SOEs in the same sectors, operating under the same economic conditions, are relying on government bailouts. We cannot allow this to continue.”

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