

Eskom opts for passive headcount reduction. Will be enough?

Eskom plans to shed more than 4,000 jobs by 2030, but given the precarious state of the power utility, is that going to be enough? It has opted for the passive route of natural attrition, retirements and voluntary severance packages, rather than retrenchments.



Deputy president, David Mabuza

“Our understanding is that Eskom’s headcount reduction, as well as the cost reduction strategy that the utility started implementing in 2016, are amongst efforts aimed at improving the utility’s financial sustainability. It is envisaged that this would increase efficiencies in capital and operational expenditure, including employee benefits,” Deputy president, David Mabuza said in response to question in the National Council of Provinces.

He said that the restructuring process of Eskom into an efficient and financially sustainable entity, means that its turnaround and organisational transformation must be focused on achieving significant cost reductions and savings, while improving overall efficiencies across key cost drivers, such as expenditures on coal contracts and compensation of employees.

10-year plan

The deputy president said Eskom’s headcount reduction is part of the power utility’s 10-year Strategic Workforce Plan, which seeks to analyse and forecast the workforce that is required to execute the business strategy by enabling Eskom to identify, develop and sustain its workforce in support of its organisational objectives.

However, since this headcount reduction does not include retrenchments, most likely to appease the unions, and relies solely on natural attrition, retirements, limited replacement of attrition and voluntary separation packages, it will take nine years.

“Essentially, Eskom’s workforce will reduce from 44,929 to 40,691 by 2030. This is informed by a range of factors within business categories but most importantly, it prioritises replacement of critical skills, that is, engineers, artisans, technical officials, technicians and operators, through learner intake to offset the impact of attrition.

“The bulk of the reduction will still be achieved through attrition with 11% from voluntary separation packages. Simply put, Eskom’s historical attrition is projected to remain the same over the next three years, taking into account replacement of critical skills in operations,” Mabuza said.

EFF MP from Limpopo Tirhani Mathevula asked the deputy president in his capacity as the chairperson of the Eskom Task Team, he was informed of the recent revelations by the Eskom CEO that over the past year alone, they have reduced the Eskom workforce by about 2,000 and that a further 6,000 employees would still need to be released?

Net attrition

Mabuza said Eskom has provided government with an overview of net attrition since the 2019 financial year, factoring in voluntary service packages, appointments for the year 2021, and projections up to year 2024 with a total of 6,074 employees to be released through voluntary severance packages and attrition.

“That being said, government advocates for Eskom’s headcount review to be in a manner that balances and matches business delivery outcomes, core skills and improved organisational performance.

“As government we will ensure that Eskom continues to invest in critical skills, as well as a long term pipeline of engineering and technical expertise.

“Supporting Eskom is essential towards ensuring security of energy for our country. With energy security we will restore economic growth, increase employment, and improve the quality of life for all. Therefore, let us continue to work in unison towards these aspirations,” Mabuza replied.

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