**MEDIA STATEMENT**

**SCOA ADOPTS REPORT ON SPECIAL APPROPRIATION BILL, FOLLOWING NATIONAL TREASURY’S BRIEFING ON THE CONDITIONS ATTACHED**

**Parliament, Thursday, 10 October 2019 –**The Standing Committee on Appropriations today adopted its report on the Special Appropriation Bill [B10-2019], with amendments to reflect its findings and stern recommendations relating to the conditions to be imposed.

The committee is of the view that the proposed conditions are not stringent enough and bear no consequences should Eskom fail to meet these. Amendments to the Bill to include the specific conditions at this stage, however, would result in delays, with Eskom defaulting on its repayments. Consideration is also given to the effect on the fiscus.

Having considered the risk, the committee included as part of its recommendations that the Minister of Finance should brief the committee on the ministerial conditions by the end of November 2019, and that some of the conditions are contained in the 2020 Appropriation Bill. The committee further recommended that the Bill should authorise the Minister to make further regulations pertaining to the appropriations to Eskom, and the committee be briefed on the proposed regulations and further conditions prior to the introduction of the 2020 Appropriation Bill.

The amendments to the findings and recommendations follow a joint meeting of the Standing and Select Committees on Appropriations, which was held yesterday. The committees received a briefing from the National Treasury on the conditions linked to the R59 billion support to be provided to Eskom over the 2019/20 and 2020/21 financial years. While the committees raised their voice on the need for more stringent and measurable conditions to ensure that Eskom spends the R59 billion effectively and efficiently, it highlighted, as one of its main concerns, the absence of specifications on the consequences in the event of Eskom’s failure to comply with the conditions as set out by the National Treasury.

One of the financial conditions includes the requirement that Eskom submits a plan to manage the cash of the business within its available resources, not more than a month from the enactment of the Bill. The meeting said this does not indicate whether further investments, which will contribute to the larger debt of Eskom, will be allowed – and suggested that this should be considered.

The meeting welcomed the condition that no incentive bonus payouts will be made to the executives in the years where equity support is provided, and the instruction that the funds are strictly to be used for the repayments of debt and interest. The Co-Chairperson of the meeting, Ms Dikeledi Mahlangu, said as a means of strengthening performance and adherence to the conditions imposed, that these instructions should be included in the performance agreement of the executives.

The completion of the Kusile and Medupi power stations has been a major concern and continues to add to Eskom’s deepening debt crisis. The committee said the conditions that Eskom provided: a detailed cost, timing and benefit plan for completion of the power stations, are much welcomed. The Co-Chairperson, Mr Sfiso Buthelezi, said the “National Treasury needs to ensure that conditions are measurable, that time frames are allocated for Eskom to implement, and that the committees are constantly updated on the progress made at Eskom”.

On the condition that the Department of Public Enterprises (DPE) provides quarterly reports to Parliament’s Appropriations Committees, the meeting said that both the National Treasury and the DPE have the responsibility of ensuring that conditions are met and Parliament is briefed on the progress and developments within Eskom.

The committee was presented with four mechanisms of imposing conditions. While ministerial conditions which enable the Minister of Finance to impose conditions, were recommended by the National Treasury as the better option amongst the four, the meeting highlighted the importance of the committee’s oversight function in ensuring that all stakeholders are accountable to report on the progress made in meeting these conditions. Ms Mahlangu said any decision taken by the committee needs to be legally binding, as Eskom can no longer be allowed to continue with the current trajectory.

Mr Buthelezi said the issues raised could be included either within the ministerial conditions, the legislation, or the regulations – but the main focus should be on the implementation within the allocated time frames, to avoid a case where the Minister of Finance will be forced to invoke section 16 of the Public Finance Management Act (PFMA).

The National Council of Provinces’ (NCOP’s) Select Committee on Appropriations is yet to consider the Special Appropriation Bill.

**ISSUED BY PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSONS OF THE STANDING AND SELECT COMMITTEES ON APPROPRIATIONS, MR SFISO BUTHELEZI AND MS DIKELEDI MAHLANGU.**