**MEDIA STATEMENT**

**STANDING COMMITTEE ON APPROPRIATIONS CONCERNED ABOUT RETRENCHED SAX EMPLOYEES**

**Parliament, Thursday, 28 May 2020 –**The Standing Committee on Appropriations yesterday received a briefing from the Department of Public Enterprise (DPE) on the financial challenges faced by its entities – namely; Eskom, South African Airways (SAA) and South African Express (SAX).

The committee raised concerns about SAX’s 691 employees having not been paid salaries for March and April 2020, and the fact that there are no plans to show how the entity will deal with the plight of the workers. The committee said that the entities should always prioritise their employees and consider the negative consequences of their decisions.

With regard to SAA, the committee was concerned that despite R5.5 billion having been used, there is still no indication of the Business Rescue Plan and no indication of where the airline is headed. The committee was told that the plan will be released by the Business Rescue Practitioners on Friday, 29 May 2020.

Regarding Eskom, the committee called for the finalisation of re-negotiating coal contracts and overhauling the coal procurement system as these delays harm the finances of Eskom. Furthermore, the committee wanted a detailed progress report on the recovery of the R5 billion overpayment which was made by Eskom to one supplier. The committee was told by the Chief Executive Officer of Eskom, Mr Andre de Ruyter that seven coal suppliers have been identified in renegotiating terms with these suppliers. Eskom is to submit a report on these contracts which should include the market cost of coal and the prices charged by suppliers. The Chairperson of the Eskom Board and the CEO undertook to provide a detailed written report on the contractor that was overpayed by R5 billion and details on the contract renegotiation process.

The committee questioned the efforts made by Eskom to recover the R28 billion owed by municipalities and the role played by CoGTA is assisting Eskom to recover this debt. The committee was told that the recovery of these debts has become difficult because Eskom was interdicted for cutting off the electricity supply to some municipalities which failed to pay the entity, and Eskom has committed to provide these details to the committee.

While the committee hoped that Eskom has taken advantage of the lockdown period in terms of addressing its maintenance backlog, Mr De Ruyter said Eskom has only been able to perform short-term corrective maintenance during the past two months and not the complete overhaul which is required on several units. In terms of load shedding possibilities, the committee was told that the current levels indicate that there would only be a three-day load shedding at level 1 during the winter period.

The committee has posed several questions to the entities but resolved to allow for detailed written responses to be submitted. These questions also include the project overrun at Medupi and Kusile. The committee is concerned that Eskom is still paying for the correction of defects in Medupi and Kusile and questioned what has been done to address these design defects.

The Chairperson of the committee, Mr Sfiso Buthelezi, said there appear to be no consequences with regard to companies which have been overpaid. “It appears to be the norm at Eskom, companies are overpaid and the only thing they do is to say that we will pay you back,” he said.

The committee enquired about all other companies that have been overpaid and the circumstances around these expensive mistakes.

With this said, the Deputy Minister on Public Enterprises, Mr Phumulo Masualle, committed to respond to all the questions posed by the committee, while the Deputy Minister of Finance, Mr David Masondo, indicated to the committee that the Ministry is open to all possibilities and is yet to formally engage the Congress of South African Trade Unions (Cosatu) on the proposal that a special purpose financing vehicle be used to address Eskom’s debt.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE STANDING COMMITTEE ON APPROPRIATIONS, MR SFISO BUTHELEZI.**