Eskom’s Recovery Road Map is well on Course, Committee Hears

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The Department of Public Enterprises appeared before the Portfolio Committee on Public Enterprises yesterday to report on, among other things, progress made in addressing challenges facing the state-owned enterprises (SOEs) and updates on the work of business rescue practitioners of the South African Airways (SAA), SA Express Airways (SAEA) and on companies that have not tabled their annual reports.

Leading the department, its Minister, Mr Pravin Gordhan, did not mince his words when he stated that the challenges that the SOEs are faced with are partly historical, and that they are reflective of where we come from as a country and this has impacted negatively on the current financial and operational status of many SOEs.

He stated that the endeavour to correct the wrongs and inefficiencies that beset the SOEs is a thankless task. “What we have embarked on is not an easy road. But we doing all we can and working hard to restore the operational and financial viability of the SOEs,” he said.

The Director-General of the Department, Mr Kgathatso Tlhakudi, gave a broad overview of the progress, challenges and mitigating intervention that the department has adopted to turn the SOEs’ fortunes around.

Of all public entities, Eskom has become a major concern because of the impact of its load shedding practice on the economy. According to Mr Tlhakudi, Eskom’s Recovery Road Map is well on course and various inroads have been registered to improve Eskom’s financial viability and to restore its ethical conduct to improve good governance.

He said the unbundling of Eskom into three entities: Generation, Transmission and Distribution as independent legal business entities is well under way and the department is pinning its hope of Eskom’s turn- around strategy on it.

Speaking on the performance of the generation unit of Eskom, he said the cause of load shedding is due to ageing plants and as a result Eskom funds have been redirected from capital programmes to maintenance.

“To offset the recurrence of load shedding, the department is committed to procure additional capacity from Independent Power Producers,” he said.

In his view, this would act as a buffer for unplanned maintenance requirements that often lead to load shedding.

The distribution of energy is also a business sector of Eskom that is faced with its own set of challenges. He blamed this on ageing networks, illegal connections, vandalism, and cable theft. He said: “Performance risks are increasing as a result.”

Regarding debt owed to Eskom by municipalities, he is content that there is progress in this regard. “More than ever before there is an up-tick of payments and improved collection in this regard.”

The Chairperson of the committee, Mr Khaya Magaxa, proclaimed that not all is doom and gloom. He cited the R1.56 billion recovered by the SIU on unlawful contracts at Eskom as a case in point. He said: “The corruption uncovered at Kusile cannot be overlooked. This is a good example of the work that is being done to uncover money from graft and corruption. But we would like this to be emulated in other SOEs.”

**By Abel Mputing**

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