

# FISH HOEK VALLEY RATEPAYERS & RESIDENTS ASSOCIATION

*(Incorporating Fish Hoek, Clovelly and Sun Valley)*

P.O. Box 22125, Fish Hoek 7974

**Web :** <https://www.fishhoekratepayers.com/> **Facebook :** [www.facebook.com/FHVRRA/](https://www.facebook.com/FHVRRA/)  
**Heritage Western Cape: Conservation Body**

**TO: COMMITTEE SECRETARY, MR DARRIN ARENDS: [daarends@parliament.gov.za](mailto:daarends@parliament.gov.za)**

**SUBJECT: COMMENTS ON SPECIAL APPROPRIATIONS BILL [B10-2019] <sup>1</sup>**

**DUE DATE: 6 SEPTEMBER 2019, 12:00**

## 1. DISCUSSION

By Eskom Holdings SOC Limited being intimately associated with State Capture and having governance issues as highlighted in the Zondo Inquiry<sup>2</sup>, it has broken trust completely. What is needed is a full forensic audit to recapture the misspent funds. Eskom has invested unwisely in environmentally unfriendly fossil fuels (coal and diesel) generator plants / sets when there are cheaper sources of renewable energy. The amount of R59bn over the next two financial years<sup>3</sup> will truly break us and R59bn is not the last we'll see of this begging bowl. Spending anything further would be money not well spent. Many of the generating plants should be mothballed as they are not worth fixing.<sup>4</sup> Funding this Eskom monstrosity will not be efficient. Eskom is not efficient and has at least 33% more people than it needs.<sup>5</sup> Many households are resorting to generating their own electricity with Eskom's encouragement to use less of their electricity.

We support our Finance Minister, Tito Mboweni, when he said "Eskom posed the biggest risk to the government's financial fiscal framework because of its financial difficulties and their negative impact on the lives of ordinary South Africans."<sup>6</sup> This is simply not sustainable.

If Eskom is not generating sufficient income to cover its expenses, it should not be giving any electricity away for free. Everyone must pay for electricity used. Any municipality refusing and claiming that they are unable to pay Eskom, needs to be put under Administration immediately.

Parliament has oversight of the Department of Public Enterprises and the National Revenue Fund. It would be fruitless and wasteful expenditure to continue bailing out Eskom. Split the generation from the distribution and allow the distribution side to call for tenders awarding to the cheapest suppliers per hour. The solar power farms can generate electricity more cheaply than coal during the day and concentrated solar power plants can generate after sunlight hours. Wind farms can augment both. Eskom generation must submit tender responses to Eskom distribution.

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1 <https://www.parliament.gov.za/press-releases/scoa-calls-input-special-appropriations-bill-b10-2019>

2 <https://mg.co.za/article/2019-03-05-zondo-commission-eskom-fooled-the-system-to-pay-the-guptas>

3 [http://www.treasury.gov.za/legislation/bills/2019/\[B10-2019\]%20\(Special%20Appropriation%20Bill%20on%20Eskom\).pdf](http://www.treasury.gov.za/legislation/bills/2019/[B10-2019]%20(Special%20Appropriation%20Bill%20on%20Eskom).pdf)

4 <https://www.businessinsider.co.za/energy-expert-ted-blom-says-its-eskom-would-never-get-r450-billion-for-its-coal-stations-2019-8>

5 [https://www.dailymaverick.co.za/opinionista/2019-09-02-stand-aside-let-tito-mboweni-do-his-job/?tl\\_inbound=1&tl\\_groups\[0\]=80895&tl\\_period\\_type=3&utm\\_medium=email&utm\\_campaign=Business%20Maverick%20Monday%202%20September%202019%20Mercury%20FX&utm\\_content=Business%20Maverick%20Monday%202%20September%202019%20Mercury%20FX+CID\\_c92fbbf14db80180436a30c49168f4ab&utm\\_source=TouchBasePro&utm\\_term=Stand%20aside%20let%20Tito%20Mboweni%20do%20his%20job](https://www.dailymaverick.co.za/opinionista/2019-09-02-stand-aside-let-tito-mboweni-do-his-job/?tl_inbound=1&tl_groups[0]=80895&tl_period_type=3&utm_medium=email&utm_campaign=Business%20Maverick%20Monday%202%20September%202019%20Mercury%20FX&utm_content=Business%20Maverick%20Monday%202%20September%202019%20Mercury%20FX+CID_c92fbbf14db80180436a30c49168f4ab&utm_source=TouchBasePro&utm_term=Stand%20aside%20let%20Tito%20Mboweni%20do%20his%20job)

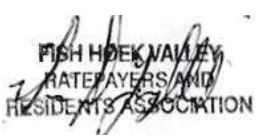
6 <https://ewn.co.za/2019/07/23/mboweni-eskom-s-financial-crisis-exposes-entire-economy-to-risk>

Treasury needs to balance its budget (expenditures = income). SARS is not meeting its collection targets.<sup>7</sup> There is a direct correlation between high and inefficient tax collection and emigration.<sup>8</sup> Inefficient tax collection includes taxing the husband and wife separately for the same interest.<sup>9</sup>

## 2. RECOMMENDATIONS

For the reasons stated above, it is recommended that:

- This Special Appropriation Bill **NOT** be passed;
- Eskom should focus on 100% collections from everybody;
- Defaulting municipalities should be placed under Administration; and
- Split off Eskom's Distribution and call for Generation tenders;

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<b>SIGNATURE</b>	
<b>DATE</b>	3 September 2019

<sup>7</sup> <https://www.enca.com/business/sars-falls-short-collection-target-again>

<sup>8</sup> <https://www.moneyweb.co.za/moneyweb-opinion/soapbox/financial-emigration-demystified/>

<sup>9</sup> <https://www.businesslive.co.za/fm/money-and-investing/2019-07-25-johann-rupert-why-sa-is-on-the-verge-of-an-imf-bailout/>