

## NATIONAL ASSEMBLY

## QUESTION 1112

## QUESTION FOR WRITTEN REPLY

1112. Mr. P F Smith (IFP) to ask the Minister of Energy:

Why Eskom's electricity capital expenditure only amounted to R228 280 124 in the Eastern Cape and R83 192 413 in KwaZulu-Natal in the 2008-09 financial years, despite electricity connectivity backlogs for the Eastern Cape and KwaZulu-Natal? **NW1264E**

*Reply*

My response is based on the actual figures as per the 2008/9 annual report. The capital expenditure for Eastern Cape and KwaZulu Natal are R311, 2million and R122, 5million respectively against the budgets of R374, 7million and R234, 9million respectively. The reasons for the under-expenditures are discussed separately per province as follows:

1. EASTERN CAPE

Amount allocated – R374, 727 ml

Amount spent – R311, 204 ml

Under expenditure – R60, 523 ml

The allocation was distributed as follows:

Table 1: Eastern Cape allocation 2008/9

Project type	Planned Amount (R ml)
Schools (Roshcon)	R60, 910, 059
Households (Incl. Farm Worker Houses, Infrastructure)	R270, 257, 830.87
Eskom Schools	R43, 559,523.30
<b>Total</b>	<b>R374, 727, 413</b>

All the funds for household connections and infrastructure were spent. The under-expenditure for the Eastern Cape was on the schools programme. The challenge was due to the project plan that could not be submitted in time and data submitted by Department of Education was not accurate for them to implement the programme, hence the contract was signed late between Roshcon (Eskom Subsidiary) and Department of Energy.

2. KWAZULU NATAL PROVINCE

Amount allocated – R234, 887 ml

Amount spent – R122, 522 ml

Under expenditure – R112, 365 ml

Table 2: KwaZulu Natal allocation 2008/9

Project type	Planned Amount	Actual Expenditure at end of 2008/9
Roshcon Schools	R55,658,225.38	R0
Households (Incl Farm Worker Houses, Infrastructure)	R145,142,466.03	R104,223,933.29
Eskom Schools	R34,086,703.11	R16,063,946
<b>Total</b>	<b>R234,887,394</b>	<b>R120,287,879.29</b>

The under expenditure of R114, 599 ml is due to the following project type:

- Roshcon schools – R55, 658 ml (same as Eastern Cape)
- Eskom schools – R18, 022 ml
- Households (Incl Farm Worker Houses, infrastructure) – R40, 918 ml

In 2008/9 an amount of R40, 918 ml allocated for the infrastructure projects was not spent. Infrastructure is the biggest obstacle in acceleration of electrification projects.

**Eskom challenges in KZN province were as follows:**

- The existing networks in KZN have no capacity to connect more households; Eskom has to build more substations.
- The EIA's approvals took longer than anticipated, hence the Eskom spending in KwaZulu Natal is less than in the Eastern Cape. We have engaged the Department of Water Affairs and Environmental affairs to facilitate the EIA processes for optimal outcome.