

Government employees face big salary cuts to fund Eskom

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Government employees face big salary cuts to fund Eskom Jamie McKane 28 July 2019 National Treasury director-general Dondo Mogajane has said that the best way to fund the bailout of failing state-owned enterprises could be to cut the salaries of all government employees by 10%, according to a report in the City Press. The government has to find a way to close a R120-billion hole in its budget, which is the result of acceding to a R59-billion bailout for Eskom as well as a shortfall in tax revenue for the fiscal year ended March 2020. "National Treasury's box is empty," Mogajane said to the City Press. "Growth is not coming through and tax revenues are not there. We are in trouble. The government needs to reduce spending." "If we are going to be serious – without people losing their jobs – let us reduce the salaries and stop the bonuses," Mogajane said. In response to this plan, unions said that they would not accept the revocation of bonuses and salary cuts for their workers. "Any talk of cutting salaries and benefits will be met with hellfire," said Public Servants' Association deputy general manager Tahir Maepa. "What we should be doing is to arrest and recover lost revenue and hold those responsible for this accountable." Eskom bailout The government recently announced it would allocate R59 billion to Eskom over the next two years to help bail out the floundering state-owned electricity provider. This move could have hazardous effects on the South African economy, with the rand government bonds falling after the announcement of the bailout plan. Finance minister Tito Mboweni said the country's economy faces an extremely serious financial situation, which could mainly be attributed to the burden of funding Eskom. Eskom remains the biggest threat to the nation's finances, Mboweni said. South Africa also faces a downgrade by Moody's Investors Service if it does not provide a sound plan to revive Eskom along with the substantial bailout it has already granted. bailout Eskom government Headline.