

# Eskom gets credit ratings boost

*S&P Global Ratings upgraded the power utility's long-term global scale foreign and local currency ratings from stable to positive*

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AS THE country marked 247 load shedding free days, power utility, Eskom, received more good news yesterday as S&P Global Ratings upgraded the state-owned entity's credit ratings, moving Eskom's long-term global scale foreign and local currency ratings from stable to positive.

Eskom's national scale issuer credit rating also improved from "zaBBB" to "zaBBB+", while its short-term national scale rating of "zaA-2" was reaffirmed. S&P said: "The stable outlook reflects our view that the group's creditworthiness will continue to benefit from explicit and timely support from the South African government, facilitating a strengthening of Eskom's liquidity position and less risk of default as the debt relief agreement is implemented as stipulated."

However, the ratings agency warned: "Eskom's operating performance and cash flow will remain under pressure, even though the expected injections will reduce Eskom's liquidity risk. We, therefore, revised our assessment of Eskom's stand-alone credit profile to 'ccc' from 'ccc-', capturing our view of a lower risk of a short-term liquidity crisis and that a default-like scenario is less likely to occur over the next six months."

Cosatu welcomed S&P's upgrading of Eskom's credit rating.

The trade union federation said: "This is an affirmation of the positive work and excellent turn-around that the government led by the ANC and Eskom has been able to achieve. This is a confirmation of Cosatu's initiated Eskom Social Compact which put in place the R254 billion Eskom debt relief package and the ramped-up focus on maintenance."

"The nation owes a debt of gratitude to the workers of Eskom and municipalities, whose hard work has seen the devastating chapter of load shedding come to an end. This has brought relief to millions and enabled the economy to begin to recover and unemployment starting to fall," it said.

"While appreciating this achievement and the improved rating outlook which will help make Eskom's debt repayments and borrowing more affordable, we dare not be complacent as Eskom remains fragile, in particular with regards to rising levels of municipal debt owed to it as well as the crises of cabal theft, crime, and corruption," Cosatu further said.

It has been a long road to recovery from Eskom as the country has seemingly recovered from an energy crisis that shook the economy due to rolling power cuts that South Africans had to contend with daily over the past couple of years.

In a statement yesterday, Eskom welcomed the news, attributing the upgrade

to progress in financial stability bolstered by the R254bn Eskom Debt Relief Act signed into law in July 2023.

This support package ensures that Eskom can meet its debt servicing and repayment obligations through 2026, significantly reducing liquidity risks.

"This upgrade is a clear indicator of the progress we are making in strengthening Eskom's financial and operational foundation. It sends a positive message to investors and stakeholders, reinforcing trust in our ability to deliver energy security while driving long-term sustainability," said Eskom's Group CEO, Dan Marokane.

Minister of Electricity, Kgosisi Ramokgopa, said in a tweet, "Kudos to Eskom on the well-deserved credit rating upgrade by S&P Global Ratings. This positive outlook reflects the collective efforts in strengthening Eskom's financial stability and operational efficiency, sustainable and secure energy future for all South Africans."

Nolan Wapenaar, the head of Fixed Income at Anchor, said: "The upgrade is more of a technical nature where it just follows what S&P did with the sovereign rating a while back. It is not a reflection of what is happening at Eskom itself."

Economist Dawie Roodt said S&P upgrading Eskom's credit ratings was good news.

"I think there are a couple of reasons why this happened, Eskom does seem like it is better managed and they will be getting a huge bailout from the state. We have noticed that S&P have made positive comments about the state itself, so this is expected and it's good news for us."

North West University Business School economist, Professor Raymond Parsons said the upgrading of Eskom's trajectory rating from stable to positive was welcome.

"S&P recently also changed South Africa's credit rating outlook from stable to positive. The cumulative impact of these better credit ratings confirms that South Africa and Eskom are doing some things right. While there is still a long journey ahead to return credit ratings to where they were several years ago," Parsons added that the decision emphasised why Eskom must expedite its restructuring to regain further ground.

Professor Irshad Kaseeram, from the University of Zululand's economics department, said Eskom needed to focus on getting municipalities to pay their debt.

"The rating improved solely because they were bailed out by the South African government who absorbed R254bn debt over a three year period. The biggest challenge for Eskom is getting the municipalities to pay their debt of R58bn. To make matters worse this debt increased by 31% since last year. If municipalities do not become efficient, Eskom will continue to be a risky entity."



THEKWINI mayor Cyril Xaba pushes a child on a swing in the revamped kids' zone at the People's Park at Moses Mabida Stadium, ahead of the launch of the City's festive season campaign in Durban yesterday. | DOCTOR NGCOBO Independent Newspapers See Page 3

## INVESTIGATION

### Sassa's system at risk to cyber threats

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THE South African Social Security Agency (Sassa) is vulnerable to unauthorised access, data breaches, service disruptions, or reputational damage if its vulnerabilities are exploited.

These were among the findings from a preliminary investigation report focusing on Vulnerability Assessment (VA) and Penetration Test (PT) of the Social Relief of Distress (SRD) online system.

The findings were presented to the portfolio committee by the Department of Social Development (DSD) and Sassa yesterday.

The investigation came after two first-year Stellenbosch University students did their own investigation and found that Sassa's system was vulnerable.

The students discovered several alleged vulnerabilities using a combination of randomly generated South African ID numbers and public access to Sassa's Application Programming Interface (API). They found that the API allowed an unlimited number of requests, which the students exploited to check the application status of thousands of ID numbers without restriction. The students also claimed that the API exposed sensitive details, such as whether a person had applied for an SRD grant or not.

DSD noted that the students iden-

tified unusually high application rates for individuals born in certain years, February 2005 and from 2003 to 2006, suggesting possible fraud or identity misuse. Grants appeared to be linked to applications with their own ID numbers, despite them never having applied.

On the department's own preliminary investigation findings, it stated: "The results from the web assessment tool (Acunetix) indicate that the overall threat level for the system is classified as Threat Level 2 (Medium). Our assessment of the Sassa SRD web application revealed vulnerabilities that could compromise the security and functionality of the system. These issues include weaknesses in protecting user information, securing system components and ensuring compliance with modern security standards."

"Misconfigurations in the server allow unauthorised access to internal systems. This could expose critical data and make the system a target for malicious activities. The system does not properly restrict untrusted scripts from running, making it susceptible to harmful code execution. Additionally, errors in the security settings weaken protection against certain attacks," DSD stated.

DSD added that certain directories on the server were also accessible to the public which increased the risk of exposing sensitive files, such as system configurations or database credentials. "Important security controls that

protect users' information during web browsing are not implemented, increasing the likelihood of data leakage and misuse."

EFF MP Paulnita Marais said the threat sounded high risk, not medium.

"There's a lot of red flags. Is the service provider of SRD grant taking any accountability for the lack of security because they introduced this system in 2020?" she asked.

ANC MP, Altia Sthembile Hlongo said the department must focus on resolving the gaps.

"The department must present a detailed action plan to the committee, the plan must outline how Sassa and DSD will strengthen collaboration with other government agencies and key stakeholders in assessing cyber threats."

Addressing the media on the matter yesterday Social Development Minister Sisi Tolashé assured clients that the integrity of the system remains intact, with various control measures and enhanced security in place to ensure efficient service delivery.

"Sassa will continue to invest in its systems to enhance support and positively impact the lives of our clients. We strive to balance security and improvement with client interaction, accessibility. We will meet with the auditors to discuss the report and provide a comprehensive response. Sassa will continue to support the auditors in completing their work."