



NUMSA Submission

19 November 2024

Competitive electricity tariff to power the economy

- NUMSA:
 - Largest trade union in South Africa
 - Recognised in Eskom
- **We reject Eskom's revenue application and the resultant tariff increases of 36 %, 12 % and 9 % for the next 3 financial years.**
- Disastrous impact on working class communities:
 - Unaffordable electricity to power homes
 - Retrenchments, lay-offs, short time, worsening unemployment and de-industrialisation

Unaffordable electricity

- Municipal arrear debt shows that electricity is unaffordable
 - R2.6 bn in March 2014
 - R90 bn in October 2024
- Expensive electricity tariffs are linked to food poverty
 - Electricity among the biggest costs in household budgets
 - The Pietermaritzburg Economic Justice and Dignity Institute calculated that in October 2024, after spending on electricity and transport, workers with a family of 4 will only have R547,94 to spend per person per month on food. This is well below the food poverty line of R796.

Impact on NUMSA membership

- National crisis of unemployment and de-industrialisation
- Retrenchments across the country:
 - Glencore
 - Mercedes Benz-South Africa
 - Arcelor Mittal South Africa
 - Ford Motor Company South Africa
- Western Cape job losses for NUMSA members:
 - Gabriel Shock Absorbers: 150 – 200 employees
 - Pax Foundries: 50 employees
 - Get Casting: 35 employees
 - Engineering sector exemption applications from MEIBC

Primary Energy Cost

- We reject the R35 bn increase in primary energy cost from R93 bn to 128 bn as it is designed to allow suppliers to continue profiting from lucrative contracts with Eskom while the working class is forced to carry the costs with expensive tariff hikes.
- Coal costs are exorbitant and are Eskom's largest cost item:
 - 2019 Equity Injection conditions: Bring coal costs under control
 - Yearly average price increase in coal cost has been above inflation
 - **Annual coal costs increased by billions while coal burn volumes has decreased by 12 million tonnes between 2014 and 2023**
 - **Prices increased by staggering R25bn from R38bn FY2014-2015 to R63bn in FY2022-2023**
- **Given the above, the demand to increase coal costs again by R21 bn is a staggering 30 % increase in a single year is outrageous and unjustified.**

Institutional resistance to reduce coal costs

- Duvha Seriti/South32 Coal contract:
 - 104 % increase in coal price per tonne which translates to a cost of R8.4 billion over four years
- 35 coal supply agreements have been negotiated or renegotiated and awarded lucrative contracts (which the working class and poor are expected to pay for with tariff increases)
- **NUMSA calls on NERSA to reject the exorbitant and unreasonable coal cost increase of R21bn which will see the cost increasing from R72bn to R93bn. NUMSA is of firm view that NERSA must allow only prudent and efficient cost which cannot exceed R75bn, which translates to an increase of R3bn for 2025-2026.**

National Government Energy Policy

- Eskom's refusal to manage primary energy costs efficiently and prudently, together with the broader neoliberal policy environment, is behind this application for expensive tariff hikes.
- NUMSA continues to reject the neoliberal 'full cost recovery' model for electricity provision as it completely undermines the goal to achieve universal access to electricity.
- We are calling for a competitive electricity tariff to power the economy and power our communities.