



**NUMSA SUBMISSIONS TO THE ELECTRICITY SUBCOMMITTEE OF
NERSA
MBOMBELA CIVIC CENTRE
27 November 2024**

**Pholo Spuy Sebotsa
Regional Secretary (Mpumalang)**

INTRODUCTION

- Greetings to the Chairperson of the session;
- Revolutionary greetings to office bearers, Shopstewards and ordinary members & activists of NUMSA
- The leadership of Eskom led by Mme Hasha Tlhotlhemaje
- The management from Renew Consulting and their constituency,
- The leadership from Agri Mpumalanga and
- Kruger Lowveld Chamber of Business and Tourism
- The general audience in attendance



BRIEF BACKGROUND

- Chairperson as the largest trade union in the country and the continent we can report that the union has been hit hard by plant closures and retrenchments.
- I am more than certain that colleagues from Mpuma Agri and Kruger Lowveld Chamber of Commerce and Tourism will come and talk more on the cost of this high electricity prices on business.
- As a militant trade union we have always believed that not only do we represent our members (the workers), we also represent the unemployed who are dependant on the salaries of our members.
- We know on average, one salary provides for between 5 to 10 immediate and extended family members
- So the impact is not only on the number of employees affected, but those who depend on them.



IMPACT IN MPUMALANGA

Ehlanzeni

- **Delta EMD (Pty) Ltd:** Closure resulted in the loss of approximately 400 jobs.
- **Assmang Chrome Machadodorp Works:** Closure resulted in the retrenchment of 600 workers.

Emalahleni Local

- **Evrax Highveld (Pty) Ltd:** Closure led to the retrenchment of about 1,800 workers.
- **Vencham Vanadium (Pty) Ltd:** Closure resulted in 250 job losses.

Burgersfort Satellite (part of our region in Limpopo)

- **Glencore Xstrata CMI:** Closure resulted in 500 workers losing employment.
- **ASA Metal Chrome (Pty) Ltd:** Closure led to approximately 400 job losses.
- **Mapoch Mine (Pty) Ltd:** Closure resulted in 200 job losses.



SUBMISSIONS

“Dispelling the myth about the need for cost reflective tariffs agenda”

Eskom is seeking **R446bn** for 2026, **R495bn** for 2027 and a whopping **R537bn** for 2028:

For the **Eskom customers** this is result in tariff increases of **36%** for 2026, **12%** for 2027 and **9%** for 2028

For Municipal customers this will be an electricity increase of **44%** for year 2026, **3%** for year 2027 and **11%** for year 2028

- As the largest trade union in the country, and a recognised trade union at Eskom we totally reject this application by Eskom Chairperson.
- We are already experiencing high job losses, company closures as a result of companies unable to do business in this country, worsened by load shedding and the recently the so-called load reduction
- The working class and the poor can barely survive with the current rates as it is. Any more increases will drive our people deep below the poverty line and increase the number of the “working poor” (workers who work but remain so poor that they might as well not wake up and go to work because they whole salary goes to the electricity, transport and food)



SUBMISSIONS (cont..)

- These uncompetitive tariffs are used as ammunition by employers to attack the workers through the cancer of retrenchments OR refusal to give any increases.
- As a result workers are either laid off or remain employed but cannot keep up with the cost of living.
- We are currently undergoing Section 189(A) at the following companies:
 - Glencore
 - Mercedes South Africa (MBSA)
 - Arcelo Mittal South Africa (AMSA)
 - Ford Struandale (Qherberha)

Foundry Owners have also raised a serious concern to the union that the current unsustainable operations will undoubtedly lead to foundry closures whereat thousands of employees will be affected.

The municipal arrear debt was **R2.6bn** on the 31st of March 2024, a little over a decade after that, as of the 31st of October 2024, it's a whopping **R90bn**.

It is now clear that Eskom has no regard of the catastrophic implications of the tariff increases they are seeking. Should NERSA grant these increases, we will literally become a ghost province and a ghost country where literally everybody is unemployed and crime is the order of the day. There shall never be any real economic stimulation in the country that will see meaningful job creation.



SUBMISSIONS (cont..)

- As a trade union our position has always been known on the Independent Power Producers, we believe they are not assisting Eskom at all in fact they are milking it further at the expense of the poor.
- We have already given a number of examples above of companies which had to close due to suffocation from Eskom uncompetitive tariffs.
- We are sitting with a number of companies already which have given less or close to no increases.
- In the Engineering Sector, in the recent years employers are no longer offering ATB (across the board) wages but are giving employees increases on minimum rates of pay instead of actual rates – this is scandalous and employers are always complaining about high rates of electricity.



CARBON TAX

- Chairperson you will be aware that as NUMSA we have been making (and will be making) submissions in all public hearings of NERSA across the country and as Mpumalanga we will be focusing on Carbon Tax:

We have seen Carbon Tax Options being considered by Treasury consultation paper and we support **Option 2**:

- That the Electricity Generation Levy be removed completely going forwards and;
- The rationale for Option 2 is to effectively replace the Electricity Generation Levy which is around R8bn per year.
- In principle, this should not lead to any potential increase in the price of electricity as the tax burden for electricity generators should remain relatively similar as the tax shifts fro electricity levy to carbon tax.
- Electricity Generators can deduct a portion of the renewable premium.
- However, the incentives of electricity generators should change significantly.
- In the current design, carbon tax liability is ZERO for Eskom as it is outweighed by the deduction of the electricity levy and the renewable energy premium.
- In this portion, carbon tax will start to apply and managers of electricity generators will start to factor in the level of carbon emissions in their business decisions.
- There will now be an incentive to lower carbon emissions to reduce their carbon tax liability.



CONCLUDING REMARKS

Chairperson we hope and pray that these public hearings are not a tick-box exercise on the part of NERSA

The working class are living casualties of these high prices and as a result we request will all the humility that you take our views into account and that you eventually reject this application by Eskom.





Thank you!

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