

## **An energy secure future for South Africa requires urgent reform of the energy sector**

By Cheryl Phillips MP – DA Shadow Deputy Minister of Mineral Resources and Energy

Honourable speaker, Minister, guests and fellow members - Insanity is often defined as doing the same thing over and over again and expecting a different result and we can clearly see this in the way that electricity production or the lack thereof has been dealt with, especially in the last 7 years.

The Director of the Department told the committee that, after 6 successive elections, the Department of Energy has disregarded the energy plans of the largest opposition parties in favour of the disastrous energy plan of the ANC. For 20 years, the ANC's energy plans have failed South Africa and the South African economy. Even financial bailout after financial bailout has not been able to prevent South Africa from being plunged into an electricity crisis that has led to load shedding on a number of occasions for extended periods of time.

We have large power stations that are being built but are more than 5 years behind schedule. In addition, these builds are hugely over budget. Adding insult to injury, Minister Pravin Gordon is on record as saying that the power stations were badly designed and poorly constructed.

In the 2018/2019 financial year, the department of energy spent most of their allocated budget but only managed to achieve 44% of their targets. The 356% increase in the price of electricity, introduced by Eskom over the last 10 years is 282% more than inflation. This has resulted in our products becoming uncompetitive on the export market and is also one of the reasons why South Africa is not seen as an attractive investment destination. Beneficiation that should be carried out in South Africa is being exported to the middle and the far east due to cheaper labour and most importantly, cheaper electricity. Both the lack of investment and the lack of beneficiation happening in South Africa are contributing to our extremely high rate of unemployment.

Over the next two years there is a net reduction in the budgeted amounts for both the INEP ESKOM and INEP municipalities grants. How can Government reduce these grants knowing that there is a demand from South Africans for more households to be electrified?

From the above, it is patently clear that the current ANC energy policy is not in the interest of South Africans and the South African economy. It is therefore inconceivable the ANC led government is still so determined to control Eskom's monopoly on energy production and distribution in South Africa.

The draft report of the portfolio committee acknowledges that corruption is a problem in both the petroleum and energy sectors. While the Democratic Alliance welcomes the Minister's undertaking to introduce training in ethics and ethical leadership among employees, it is important that action is taken against employees who are found guilty of fraud and or corruption. The law must be allowed to take its course. Officials and politicians should face the full wrath of the law in equal measure whenever they are fingered in corrupt or fraudulent activities. We need a heavy-handed approach on corruption, because, let's face

it, residents in some municipalities are paying up to 200% more for electricity than the Eskom tariff in order for municipalities to recoup costs.

Red Tape and a workforce in the offices of the energy sector, that are either not properly trained or are not committed to improving the lives of their fellow South Africans is a concern to prospective investors and business owners. We not only need honest, ethical employees but also employees that are dedicated to building a South Africa where all our people have access to electricity, cheaper fuel and jobs.

Illegal electricity connections are costing our country millions of Rands every month. In addition, they also affect the ability of paying residents to access electricity as overloaded transformers trip or burn out, leaving paying residents without power. The lack of a plan and the will to address this by the department, is a serious concern.

Let's stand together, rid our country of corruption and ensure that the future of every South African is not darkness and poverty but is prosperous and filled with light.

I thank you.