**African Christian Democratic Party**

**23 May 2023

ACDP Parliament
Debate on Vote 10: Public Enterprises
Speech by ACDP Chief Whip, Steven Swart MP**

 **ACDP says additional funds must be made available to buy diesel for open cycle gas turbines to save the economy and jobs**

“Chairperson,

The power crisis, besides devastating households and businesses, is eroding the nation’s economic growth prospects, disrupting supply chains and stoking inflation. Public anger is understandably growing about the government’s inability to deal with this crisis. While there has been a lot of mudslinging between former Eskom CEO Andre de Ruyter and various ministers, the average citizen just wants the loadshedding to be reduced and removed totally. Loadshedding is not only devastating businesses and the economy but is having an increasing negative impact on the nation’s psyche – on its citizens’ mental health.

The National Rationalisation Specifications Association, the body responsible for drafting the loadshedding protocols, is finalising protocols dealing with stage 9 and beyond, which will be submitted to NERSA.

The Electricity Minister, Kgosientsho Ramokgopa, has warned that South Africans should brace for a cold winter that may include stage 8 power cuts. The minister said the best-case scenario puts unplanned outages at 16,000MW while the worst-case scenario puts it at 18,000MW. However, recently, Eskom experienced 19,333MW of unplanned outages, which significantly exceed the worst-case scenario.

This is unprecedented terrain, as stage 6 loadshedding means 8 to 10 hours of power cuts per day. Stage 8 would see at least 12 hours with blocks of four hours per time. Stage 9 and 10 would be even more and is too ghastly to contemplate.

Government’s attempts to solve the energy crisis have failed spectacularly. This was confirmed by a recent full bench of the North Gauteng High Court ruling that “it is clear that, whatever the President and his Cabinet ministers averred, the consequences of policy decisions resulted in the current need by Eskom to continue to implement various levels of load shedding.”

The judgment found that there had been repeated breaches by the state of its Constitutional and statutory duties and that these breaches infringe citizens’ rights to healthcare, security and education. It ruled that Minister Gordhan must “take all reasonable steps” within 60 days to ensure that public health establishments, state schools and police stations are exempted from loadshedding. The judgement has been appealed against.

One of the ways of reducing the winter loadshedding levels will be to run open cycle gas turbines. While this would come at increased cost to the fiscus it has become unavoidable. Additional funds must be made available to purchase diesel for the open cycle gas turbines to save the economy and jobs – with an estimate of 850 000 plus jobs which could be lost – this in addition to the 650 000 jobs lost last year due to loadshedding?

Businesses are affected by loadshedding with retailers alone estimated to be spending R500 billion a year to buy diesel to run generators during loadshedding. If one adds all sectors together, the amount must run into billions of rands. It is then immoral for the state to then benefit from the excessive taxes on the purchase of diesel when government itself has caused this unprecedented crisis. Businesses should be granted a rebate on tax on diesel where it is used for generating purposes?

The ACDP believes that this will go some way to save businesses, many of whom are closing as a result of loadshedding.

The terms of the emergency power tender intend to give Karpowership and other bid winners 20-year supply contracts. As far as Karpowership is concerned, while these may be seen to be seen as short-term solutions, the costs associated with operating and maintaining them, including fuel expenses and mitigation measures, will be substantial. Estimates of a twenty-year contract range from R20 billion, which, with the rise in costs and the depreciation of the rand, could even reach a staggering R500bn. The question also arises that if this is an emergency procurement option, these ships would, it is estimated, take up to a year before they started generating electricity and adding supply to the grid.

As far as Transnet is concerned, it is estimated that the country lost upwards of R50 billion in 2022 and R35 billion in 2021 because Transnet, the state-owned rail, port and pipeline company, was unable to meet targeted export volumes.

The ACDP appreciates the working together of these sectors, including the Mineral Council and Transnet to solve bottlenecks caused by Transnet’s diminished rail capacity and ports, sadly rated among the worst performing in the world.

It is crucial then that these issues are resolved.

The Minerals Council have said R151 billion could be gained in additional exports, creating an additional 40 000 jobs, if all rail and ports systems were run at design capacity. This does not count the benefit to the fiscus from additional commodity sales.

This the country can ill afford to miss out on.

I thank you.”