



ESKOM IS TRYING TO USE WAGE TALKS AS A SCAPEGOAT FOR IMPLEMENTING MORE LOADSHEDDING

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For immediate release

The National Union of Metalworkers of South Africa (NUMSA) will be presenting its wage demands to Eskom and Rotek management this week in the first round of wage talks, taking place from the 4th-7th of May at the Central Bargaining Forum. The current wage agreement is lapsing on the 30th of June and all recognized unions will be meeting to negotiate the terms of a new agreement.

We have not even had the first round of talks yet, but already the dirty tricks have started. We reject the desperate attempt by Eskom in its latest statement, to link power cuts to wage talks. It is an objective fact that the current management of Eskom under the leadership of Andre De Ruyter is failing to keep the lights on, and that under his watch, the country has experienced the worst case of loadshedding in history. The poor and the working class who live in our townships are subjected to nearly five hours of rolling blackouts every day, through “load reduction”. Eskom management is trying to cover up for its glaring failure to guarantee electricity supply, and it is using the upcoming wage talks as a convenient scapegoat to implement more loadshedding.

Eskom management is going to attempt to present the wage bill and related benefits of employees as the primary cause for the SOE’s financial troubles, which is simply not true. Eskom’s wage bill is not its biggest cost driver. Furthermore, in the statement, the management of Eskom is hypocritical. It must not preach to workers about “putting the country first” and call on them to make sacrifices, when it is refusing to apply that principle in the running of the organization. For example, Eskom has refused to renegotiate expensive contracts for primary coal with the mining oligarchy and it has refused to re-negotiate the exorbitant costs of Renewable Energy Independent Power Producers (REIPP’s). The cabinet decision that was taken early in 2018 to re-renegotiate REIPP round 1 to 3 has not been implemented. Eskom still buys from Solar PV IPPs (round 1) at more than R4.20/kWh while their average selling price is R1.40/kWh. They are prepared to give them perpetual increases in spite of the dire financial situation that the SOE is said to be in. If Eskom can continuously increase the price of coal contracts for mining bosses, then workers at Eskom can also demand an increase.

The narrative driven by media about Eskom being in a perilous financial position and therefore workers deserve 0% increase lacks foundational understanding of this industry that is regulated by NERSA. Workers’ salaries are budgeted for by both Eskom and NERSA through the tariff increase just like Coal, IPPs etc. Workers cannot be expected to tighten their belts, when management is going out of its way to fatten the coffers of corrupt capitalists, who have ties to the leadership of the governing party, particularly because workers and their families’ have been hardest hit by the impact of the covid-19 pandemic.

One of the burning issues which must be resolved in this round of wage talks is the issue of the racist wage gap. Black people are appointed at the minimum notch while Whites are appointed at the maximum scale leading to a massive wage gap for the same task grade, that can range between R5000 per month up to R11000 per month depending on your task grade. We are demanding that in this round of wage talks, we must end this practice, and at the very least, a concrete process must be agreed to ensuring that the principle of “equal pay for work of equal value is applied”. As a starting point workers should not earn below the midpoint of the salary scale for any job.

CORE DEMANDS:

We will be tabling our demands in full to Eskom, and below we have highlighted only the following core demands because these are burning issues for our members. We demand the following:

- A 1-year agreement
- 15 per cent wage increase
- Ending salary disparities. The principle of equal pay for work of equal value must be applied. We need to make sure that the pay gap between these groups must not exceed fifty per cent. It must be above the mid-point.

Eskom’s biggest cost drivers are Coal, IPP’s and the cost of diesel in Open Cycle Gas Turbines. It is our view that under the current conditions, Eskom cannot allow primary energy costs to increase up to 20% per year. The prices in the tonne of coal purchased per annum are increasing at a minimum of 14% and this shows poor leadership on the side of the SOE. If Eskom is prepared to give coal suppliers an increase of 14%, then our members are entitled to the same or even better.

Ever since President Cyril Ramaphosa and Minister Pravin Gordhan took over, primary energy costs increased precipitously from R85bn to R112bn driven mainly by coal contracts that were suddenly revised to charge Eskom more for tonnage of coal and also the IPP’s. In 2017, the wage bill was R33billion per annum and also in the 2020 financial year, the Eskom wage bill was R32.9billion. ***But most major media outlets want to focus on the wage bill that has remained flat over the past four years, ignoring the real cost drivers that are killing Eskom such as bloated coal contracts and IPP’s.***

We have consistently called for Eskom management to execute quality maintenance of power stations using Eskom engineers. To date, they have failed to do so which accounts for the current utilisation of excessive, expensive diesel to keep the lights on. Using diesel to keep the lights on is a sign of poor operational leadership. They are failing to lead and our members are bearing the brunt. It will cost Eskom approximately R7 billion for diesel in the 2021 financial year as opposed to the R220 million in 2017 during the so-called years of state capture, when quality maintenance was still being provided.

A corrupt and nonsensical deal involving power supply with Turkish power ships will lock South Africa into a 20-year contract and cost between R218 billion over a 20-year period or R10.9 billion per year. Karpowership will provide three floating power stations which will generate and provide electricity to be consumed by the public. We should not have to depend on these power ships, but the deliberate decision taken by Eskom management not to execute quality maintenance has provided the perfect opportunity for capital to loot state coffers through this process.

The REIPP's have costed Eskom R28 billion for the 2020 last financial year, or R2,35 per kilowatt hour for 11 958GWh of energy. This amount will continue to increase further owing to outstanding REIPP projects from Round 4 and 4.5 that will reflect when Eskom reports for the 2021 financial year. Eskom's operating costs are around R164 billion per annum, out of that R164 billion, the coal costs *plus* the REIPP costs make up approximately 55% of these operating costs, which is equal to around R90 billion. Clearly, the GCEO of Eskom, the board and the DPE as shareholder have sold us out to greedy owners of REIPP's and greedy white monopoly capital who own and control coal.

It is our firm view that these bloated costs are driven by the corrupt relationship that Eskom continues to have with White Monopoly Capital. In other words, the phenomenon known as state capture is alive and well, even under this current administration. We have always said that state capture is an ANC problem and we have refused to be swayed by the media propaganda which attempts to paint one side as holier than the other. This is why we are not surprised that the same issues we raised when President Jacob Zuma was in power, continue unabated at Eskom today.

Board members of SOE's are currently appointed by the minister and as a result, they end up serving the interests of whichever ANC faction that minister represents, instead of serving the interests of the public as a whole. One of the ways to mitigate against this would be for trade unions and civil society to be represented on boards of SOE's to guarantee transparency, good governance and to root out corruption. These are just some of the solutions we will be proposing to turn Eskom around for the long run.

Aluta continua!
The struggle continues!
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