

High energy costs hit the poor and unemployed hardest

Dr Michael Cardo MP – DA Shadow Minister of Employment and Labour

Honourable chairperson,

The rising cost of fuel and electricity is crippling this country; and, as always, it's the poor and unemployed who bear the brunt of surging prices.

Petrol has just gone up by R1.46 per litre.

Diesel increased by between R1.44 and R1.48 per litre.

Illuminating paraffin shot up by R1.21 per litre.

Our economy is hamstrung by high energy costs.

What does this mean for the harried citizens of our nation?

Firstly, more expensive petrol means more expensive food and transport.

For those South Africans lucky enough to have a job and earn an income, they will spend more money on getting to the workplace. Their Rands and cents will drain away faster. But for the 7.6 million unemployed South Africans actively searching for a job, the price hike will hit them harder. When the price of petrol goes up, taxi fares rise. This makes it much more onerous for work-seekers to afford the taxi which takes them into town in search of a job, and which takes them back home at the end of the day. So they abandon all hope; they stop looking for work; and they join the ever-growing pool of 3.8 million discouraged individuals convinced they will never find employment.

Meanwhile, higher transport costs ultimately lead to higher food costs, which means that more and more poor and unemployed people go hungry.

Secondly, more expensive paraffin means more expensive fuel for our most vulnerable households.

Millions of poor South Africans rely on illuminated paraffin as their primary source of cooking fuel. The costlier it becomes, the more difficult it is for parents to keep themselves and their children warm and fed.

Thirdly, more expensive electricity means household budgets get stretched to breaking point. Whereas a fixed rand value of electricity used to last the whole month, now it's gobbled up within a matter of weeks or days. Bigger electricity bills mean there's less money for everything else, from bare necessities to small luxuries. Every single line item of household expenditure has to be cut to the bone. Savings are depleted faster.

In short, sky-high energy prices are placing an intolerable strain on the most vulnerable South Africans.

The government wrings its hands and comes up with excuses. 'Covid-19 has devastated the economy, and driven up inflation', says the ANC. 'We are facing global headwinds', is another well-worn line. But most of the headwinds started blowing before the pandemic struck. They were whipped up by the ANC's own economic mismanagement, policy incoherence and incompetence.

Two things are true of the ANC. One, it produces a lot of hot air. Two, its talk is cheap. If there were some way of bringing these two facts into harmony, and harnessing their combined potential, South Africa would have the largest and cheapest energy supply in the world.

In the meantime let's start with the basics.

Let's break Eskom's monopoly and the year-on-year electricity tariff increases inflicted on South Africans.

And let's review the fuel pricing model, which benefits the state but punishes the most vulnerable.

If we can do those two things, we will be helping the poor and unemployed.