

Into the darkness

 By [James Siddall](#)

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Counting the hidden cost of power failures - or "load-shedding" as Eskom hilariously terms it...

That "load-shedding" - Eskom's vaguely Orwellian euphemism for mass power failures - is a national disaster is inarguable and indisputable. As is the fact that it's a highly emotive issue, with any number of individuals seemingly happy to avenge themselves on Eskom, its very well-paid CEO Jacob Maroga, and various government officials, right up to President Thabo Mbeki.

However "load-shedding" - and for the sake of consistency and clarity we'll stick with that awful euphemism - is of course also a grossly expensive and complex phenomenon.

Indeed, it's easier to slip an oyster into a parking meter than it is to, first, nail down exactly who is to blame for these chronic power shortages, and second, to calculate just how much it's going to cost the economy.

"In 1994 South Africa produced about 65% of Africa's electricity," writes Matthew Lester, apropos the first point, in his Tax Talk column in *The Sunday Times*. "And it was cheap because the infrastructure was paid for by the taxpayer and not the consumer. So from 1994 to 2004 electricity supply was not a problem. In fact, SA had so much that the Cabinet took the decision to cut the funding of Eskom in 2001/02..."

However, leaving aside the pointing of fingers for a minute, trying to calculate the cost of load shedding to the economy is even more difficult.

Leading economist Dawie Roodt, for instance, estimates that the crisis will cost the country in the region of R1-billion to R2-billion per day - until new power supplies become available in a minimum of five years. Nevertheless, astronomical as that figure is, I still think it's optimistic.

Consider for instance that economic growth - previously forecast at 5% - is now expected to average around 2.5% in a best-case scenario. Moreover, consider that the mines - one of South Africa's biggest employers - will more than likely have to start laying off employees as a result of slashed productivity, in turn a result of a shortage of electricity. Then consider that SA already has an unemployment rate of 40.9% - equating to about 7.9-million people - and the maths becomes not only complex but frightening.

Consider too that foreign investment is very possibly going to dwindle to a trickle, either as a result of an increasing perception of SA as a Third World nation - or simply because the powers that be are going to have to tell investors that,

sorry, there simply is not the power available to run, for instance, multi-billion-rand smelters. And the only people who'll be pleased are the environmentalists.

Further, consider that businesses and households are increasingly going to be forced to splash out on generators - which in turn could lead to fuel shortages. Big-ticket generators are not cheap either. A generator for a major shopping centre - says Sandton City - could run to R80-million or more, and on the premise that there is no free lunch; the consumer will ultimately be left to pick up the cost.

However, these are all relatively well-publicised, high-profile cases. The hidden, or low profile, cost of the Eskom debacle is potentially equally ruinous.

Take for instance the injection-moulding industry.

"We do injection-moulding and every time we're hit by load-shedding we lose a further two hours starting up the machines," says Zaid Shaik, Nampak's Operations Manager.

"So we end up losing four hours of production every day. It's difficult to put a price on it but it's an enormous amount. You're losing staff and labour time, machine time, and customer service too..."

Consider too that the milk industry is losing in the region of R100-million a month.

Further compounding matters is the erratic nature of load-shedding - which very frequently fails to follow a fixed schedule, making it well nigh impossible for businesses to plan accordingly.

"Many if not most of our clients are suffering huge losses in productivity, down time and staff time. At the moment it's simply too early to quantify them, but they're massive," confirms Greville Howard, CEO of the Durban-based company IRS (Industrial Relations Specialists).

"In any functioning and robust democracy this sort of debacle would probably bring the government crashing down," he adds, reflecting the outrage of millions of South Africans. "But as it is, no-one has been dismissed or censured, and certainly none of the guilty parties have had the grace to resign out of sheer shame, which of course they should."

ABOUT JAMES SIDDALL

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