

SACCI Media Release
Thursday
25 June 2009



NERSA's DECISION – A 31,3% INCREASE IN THE ELECTRICITY TARIFF

In responding to NERSA's decision to grant Eskom a 31,3% increase in the electricity tariff, the CEO of the South African Chamber of Commerce and Industry (SACCI), Mr. Neren Rau, said:

QUOTE:

SACCI is concerned at the magnitude of the electricity tariff increase that NERSA has granted Eskom. The average 31,3% increase will heighten the burden currently being experienced by customers (business and domestic consumers) who face cash squeezes on a daily basis.

This increase in input costs for business will generate a "ripple" effect that will be reflected in the final price of goods and services. Consequently it will have a negative impact on inflation, and could contribute to a further slowing down or even a reversal of the current downward path of inflation.

Of further concern to SACCI and its members are the tariffs applied by local government that are in some instances substantially more than the Eskom tariff. No matter how small or large an increase is implemented by Eskom, the mark ups made at local level are inevitably higher with the cost to customers substantially greater. SACCI therefore makes a strong appeal to municipalities to minimize any additional costs passed on to consumers.

In its inputs to NERSA at the beginning of June, SACCI advocated that the increase be phased in with lower increases applied in the financial crisis and higher increases as we emerge from the crisis. This approach would demonstrate an appreciation of the economic realities facing our economy and would ensure that the burden on customers was more manageable.

UNQUOTE

Contact person:

Neren Rau

SACCI CEO