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Kofi Asonnah
- Secretary-General of the TUC

'Increases unacceptable'

Story: Michael Donkor

INDUSTRY players and organised labour have described the increase in water and electricity tariffs by the Public Utilities Regulatory Commission (PURC) as outrageous and unacceptable.

They are of the view that considering the already ailing economic situation and wage levels in the country, the increases, if allowed to stay, will deal a severe blow to the economic recovery effort.

In separate interviews with the Daily Graphic in Accra yesterday, the industry players, including the Executive Secretary of the Chamber of Mines, Mr Joyce Aryee; an industrialist, Bernard Ocraney, and the Secretary-General of the Trades Union Congress (TUC), Mr Kofi Asonnah, were

unimpressed in their assertions that the increases should be repealed for the government to take a second look at them.

Mr Asonnah was angry that the input of organised labour during the consultation period had been rejected and blamed the rejection by workers to give the action reversed should not be ruled out.

He wondered how, in the face of "such poor services being rendered by the utility services, anybody can justify such outrageous increases" and indicated that the leadership of workers would need to decide on an appropriate action.

He said the TUC would debate the increases with the government because interests in the country were generally low.

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Mr Joyce Aryee - Executive Secretary, Ghana Chamber of Mines

Govt to absorb GH¢48m as subsidy

THE government has decided to absorb more than GH¢48 million as subsidy on behalf of the domestic consumer class who usually consume between 5 and 38 units of electricity and water in order to bridge the gap between residential tariffs and the full and actual cost of consumption.

This followed the increases in the tariffs of utility services announced by the Public Utilities Regulatory Commission (PURC) yesterday.

"The subsidy we are providing already overburdened domestic consumers is intended to relieve them of any further hardship, while we continue to work towards creating a better Ghana," a statement signed by the Deputy Minister of Information, Mr James Aggrey-Bontang, and issued in Accra yesterday said.

It said the government welcomed the decision of the PURC to monitor and ensure that utility companies improved significantly in their quality of service.

It said the government was decisive of a service engine that delivered nothing but quality standards and a high-level customer service to consumers, adding, "We have not been happy over the period with the fluctuation and inconsistencies in the irregular supply of electricity and water have caused many of our people."

It said the government would continue to invest heavily in social infrastructure with a view to ensuring that water supply improved across the country and also support the deployment of equipment for power generation and supply.

"While we expect that the new tariffs approved by the PURC will improve the revenue base of the

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UTILITY BILLS UP

• **Electricity by 89%,
Water by 36%**

Story: Michael Donkor

CONSUMERS will now pay a total of 125 per cent increase in utility bills following an upward adjustment of 89 per cent in electricity and 36 per cent in water tariffs announced yesterday by the Public Utilities Regulatory Commission (PURC).

Speaking at a press conference, the Chairman of the PURC, Dr Emmanuel K. Annan, explained that the increases were arrived at after a wide range of individual and institutional stakeholders consultation

to solicit views.

He said the electricity, consumers within the threshold of 0-50 would continue to pay the old tariff of 9,500¢, while those within the range of 51-300 would now pay 17¢p as against the existing 12¢p.

He said those within the range of 301-600 would pay 23¢p, as against the existing 16¢p, with those within the range of 601 and above paying 23¢p, as against the existing 19¢p.

Dr Annan said in adjusting the tariffs for electricity, the commission did not lose sight of the social impact on and fairness to consumers, hence the lifetime tariff for

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Dr Emmanuel K. Annan
- Chairman of the PURC

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'Increases unacceptable'

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and any increase in tariffs should take that into consideration.

Ms Aryee said the increases "are killing" and stressed the need for something to be done about them.

Mr Ocansey, for his part, said industry and commerce would suffer, pointing out that business people would react by laying off workers to worsen the unemployment situation in the country.

Earlier, the Chief Executive Officer of the Consumer Protection Agency, Mr Kofi Kapito, had threatened to sue the PURC should it go ahead to increase utility tariffs.

He said considering the inadequacies in the supply of water and electricity, it would be unjustifiable to increase utility tariffs.

The PURC yesterday announced a total of 125 per cent increase in utility bills.

That followed an upward adjustment of 89 per cent in electricity and 36 per cent in water tariffs.

The Chairman of the PURC, Mr Emmanuel K. Annan, who made the announcement at a news conference in Accra, explained that the increases were arrived at after a wide range of individual and institutional stakeholders consultation to solicit for views.

Govt to absorb GH¢48m

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companies, the government will continue to provide the required financial support to provide the necessary infrastructure for the utilities to operate efficiently," it said.

The statement also urged the Ghana Water Company Limited and the Electricity Company of Ghana to reduce their operational and financial wastage, adding that the government would be strictly monitoring the management of their operations to ensure that they provided the best of service for customers.

Utility bills up

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electricity consumers.

He said, however, that consumers in the residential category of between 51-300 units had an increase of 42 per cent per kilowatt-hour, which translated into 17Gp per kilowatt-hour, up from the existing 12Gp kilowatt-hour.

Dr Annan said the increase was partly to restore the value of the tariff in dollar terms, which dropped from 13 cents per kilowatt-hour in November 2007 to eight cents per kilowatt-hour in November 2009 as a result of exchange rate depreciation.

He explained that it was also to ensure that consumers of electricity got value for money through an improvement in the quality of service being delivered by the utility service providers.

Dr Annan said that the increase was based on a projected hydro/thermal generation mix of 60/40 and it was envisaged that the delivery of natural gas from Nigeria and its use in the generation of thermal energy later in the year would have an impact on generation tariffs.

He said the increase in tariffs fell substantially below the level requested by the utility companies and left a financial gap of approximately GH¢49 million.

On water, Dr Annan said the current

adjustment was meant to assist the GWCL/AVRL meet key operational costs, such as the cost of chemicals for the treatment of water, replacement of obsolete equipment, maintenance of the system, among others.

He gave the assurance that the commission would closely monitor the GWCL's performance and would not hesitate to impose the necessary sanctions where laid-down benchmarks were not adhered to.

He reiterated that tariffs alone could not raise all the required funds for investments, maintenance, replacement and refurbishment of utility equipment and, accordingly, advised the government to continue sourcing investment funds to supplement the tariff income.

He said that would enable the utilities to achieve the desired level of investments for continuous improvement in service delivery.

He said the PURC would ensure that stringent but realistic quality of service benchmarks under relevant regulations were adhered to by the utility service providers.

Dr Annan said failure to comply with these benchmarks would result in the application of penalties and sanctions under the regulations.

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