



## **ESKOM'S 5.23% INCREASE IS UNJUSTIFIED**

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Although we feel somewhat vindicated with the fact that Eskom was granted 5.23% versus the 19.9% initially requested, we feel that any increase still sends the wrong message to Eskom. There should have been no increase granted.

Industry, and the consumer, can ill afford any increase in tariffs with an ailing economy growing at less than 1%.

Also Eskom should not be spared the luxury of avoiding the essential elements of an effective organization, such as prudent control of expenses. There can be little doubt that spending on consultants goes far beyond reasonable limits. I need only mention the names McKinsey and Trillian.

A pension that was paid of R30 million after 18 months of work defies any reasonable explanation. We have bad management decisions and overspending on diesel when purchased for emergency power which bizarrely involved a dentist and a hairdresser.

Also the often-cited utility death spiral, where any increase in the cost of power will only encourage users to move towards alternatives. The barriers to alternative sources of energy are falling away virtually on a daily basis, and the disadvantage of intermittent supply by renewables is being offset by rapid developments in energy storage driven by, amongst other things, electric vehicles. Roof-top solar is already viable and will become more so as solar costs continue to go down.

The Chamber objects to an increase in tariffs that now have to cover the cost of irregular spending, corruption and mismanagement which have been endemic to Eskom. This year Eskom received a qualified audit highlighting irregular expenditure of R3 billion. An increase in tariffs are not in the interests of Eskom or private enterprise, and the only hope of escaping the utility death spiral is drastic transformation of Eskom's operating model.

Janine Myburgh

President of the Cape Chamber



**CAPE CHAMBER**  
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