

THE NEWS EDITOR MEDIA HOUSES

TRADES UNION CONGRESS (GHANA) PRESS STATEMENT-INCREASE IN UTILITY TARIFFS

The Steering Committee of the Trades Union Congress (made up of the General Secretaries of the 18 member unions and Heads of the Specialized Departments of the TUC), met today, 30th September, 2013 in an emergency over the exorbitant increases in utility tariffs. The Committee discussed at length the very steep increases in electricity and water tariffs and made the following observations and decisions.

First, the Steering Committee acknowledged that, given the changes that have occurred in the fundamentals of the utility tariff structure, tariff adjustments could not be avoided. The Committee further observed that these changes which include the cut-off of the gas from the West African Gas Pipe Line and the massive depreciation suffered by the cedi ought to have been addressed by the PURC through regular and gradual upward adjustment of tariffs. But as has been the trend, for purposes of political expediency, the PURC acting on the promptings of government failed to apply the automatic adjustment formula agreed by all stakeholders. Now the PURC and government are calling on Ghanaians to foot the bill that has been occasioned by a political decision.

Second, the Steering Committee is outraged by the rate of increases as announced by the PURC. The Committee finds a near 80 percent increase in electricity tariffs and over 50 percent increase in water to be too high and well above the pocket of the ordinary Ghanaian. The Steering Committee took the view that increases of such magnitude could only be described as insensitive and a stab in the back of the Ghanaians.

Third, the Committee discussed the operations and the management of the utility companies and came to the conclusion that while tariff adjustment could potentially form part of measures to revamp the energy sector, the PURC, utility companies and government have strangely avoided a discussion of the many management challenges that face the utility sector in Ghana. A large part of the apparent management challenges are political. And over the past few years, Ghanaians have been made to pay for the inefficiencies of the utility companies. Even more disgusting is that, every round of tariff adjustments has been formulated on the premise, that the adjustments were needed to enable the utility companies deliver quality and efficient service. Thus far such promises have turned to be a hoax

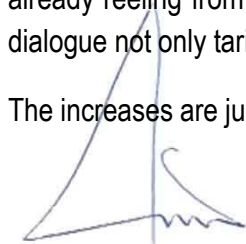
an indication that there are other more important issues affecting the provision of utilities than the supposedly low tariffs.

Fourth, the Steering Committee noted that the provision of adequate and affordable energy and water is paramount in the pursuit of national development. In this regard, government must invest in energy and water sector infrastructure and ensure that these basic necessities are available first and foremost before talking about so-called realistic tariffs. In its view, tariffs no matter how high they are pegged cannot and should not be substituted for the core investments in energy and water the government ought to be making.

Fifth, the Steering Committee discussed the impact of this middle-of-the-year sky-high increase on industry and businesses. It noted that already industry is saddled with too many constraints and that the least government could do was to compound their problems. Already, some industrial entities are being over-charged making them uncompetitive. The Committee reiterated the long-held view of the TUC that at this level of national development some level of subsidies are needed for some groups of Ghanaians who cannot afford electricity and water at the so-called realistic rate.

Finally, the Steering Committee called on government and the PURC to stay the implementation of the tariff adjustment. The Committee is of the view that, it is morally wrong for government to award 10 percent increase in salaries only to turn round and impose such high increases in utility tariffs. In addition, for the fourth time this year government has increased the price of fuel cumulatively over 30 percent. Given the noisy nature of utility tariffs and fuel prices, workers and indeed Ghanaians are already reeling from the harsh economic conditions. The Committee and the TUC is proposing proper dialogue not only tariff but equally importantly on the entire energy and water situation in the country.

The increases are just too high, workers and indeed all Ghanaians are crying – We just cannot pay!



KOFI ASAMOAH
SECRETARY GENERAL

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