

GHANA EMPLOYERS' ASSOCIATION



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PRESS RELEASE

MAINTAIN THE CURRENT UTILITY TARIFFS REGIME TO SUPPORT BUSINESSES AND GOVERNMENT'S ECONOMIC RECOVERY STRATEGY

In order to support businesses to recover rapidly from the vagaries of the COVID-19 pandemic and to facilitate an effective implementation of the Government's comprehensive economic recovery strategy, dubbed the Ghana CARES Programme, the Ghana Employers' Association (GEA) wishes to urge the Public Utilities Regulatory Commission (PURC) to maintain the current utility tariffs regime for electricity and water.

GEA has observed that proposals have been made to the PURC to review upwards, the current levels of electricity and water tariffs to enable the energy sector players, particularly those in the distribution value chain, to become more effective in their operations. While we acknowledge that tariffs adjustment may support the utility companies to rake in more revenue to facilitate their operations, we hold a strong view that the timing is inappropriate for such a policy direction.

An upward review of tariffs will only translate into prolonging the recovery period of businesses and render them uncompetitive with a general outcome of long unemployment spells. It is worth recounting that the outbreak of the pandemic really took a heavy toll on businesses, which requires a lot of work and sacrifices to support them to rebuild.

For instance, in a survey conducted by GEA to ascertain the impact of the pandemic on employers and employment trends, the results indicated that 62 percent of employers had their business operations completely disrupted. More than 75 percent of employers postponed their investment decisions, whilst 64 percent of employers responded that demand for their products had fallen below normal levels due to the effect of the pandemic on their customers.

Within this COVID-19 dispensation, GEA believes that the general benefits of maintaining utility tariffs at their current levels to the country, will far outweigh the revenues that will accrue to the utility companies from an upward tariff adjustment.

In relation to revenue generation, GEA is confident that if new and effective strategies are implemented by the utility companies, enough revenue can be recouped from the

financial loopholes as well as generation, transmission and distribution losses that challenge the energy sector.

Although utility tariffs have not been reviewed since October 2019, Ghana still remains comparatively high, for instance, on the price index for electricity tariffs in West Africa. Reviewing utility tariffs in this economic atmosphere will not only render the Government's economic recovery strategy ineffective, but it will also place Ghanaian employers in an uncompetitive position in the international market in general and West Africa subregion in particular.

Additionally, the need for Ghanaian businesses to have a competitive urge within the African Continental Free Trade Area (AfCFTA) also requires that critical, delicate and sensitive input prices such as utility tariffs, be handled well to enable Ghana to fully harness the benefits of this historic free trade agreement.

The GEA is aware that the ongoing incessant power outages in the country are driven by some inevitable maintenance and repair works on a number of critical Plant and Equipment. This is a welcome development.

We, however, urge the Commission to engage all stakeholders in the production, transmission, and distribution value chain as well as consumers at all times to keep Ghanaians and businesses informed in a systematic manner in all matters relating to power outages to engender smooth business planning.



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