

Eskom Guilty Of Price Discrimination: Economist

Written by Rudi Prinsloo

Sunday, 21 June 2009 09:22 - Last Updated Sunday, 21 June 2009 09:39



Electricity parastatal Eskom was guilty of price discrimination, economist Mike Schussler said on Friday.

He was addressing a conference hosted by the National Consumer Forum in Midrand.

Schussler said the residential sector always bore the brunt of tariff increases, therefore subsidising industry.

"It's wrong to say we have the lowest electricity rates in the world," he said.

"Our industries might have, but not the residential sector -- especially if Eskom gets its 34 percent tariff hike."

"In fact, if Eskom does get the hike it wants, the prices for the ordinary consumer would have quadrupled between 1996 and 2009."

Many people did not pay for electricity, he said, "so that's why the middle class is paying extra -- so it's not just industry we're subsidising".

Schussler said coal prices had fallen, yet Eskom claimed they were high.

He also claimed that the National Energy Regulator was "asleep".

"They don't look after consumers but rather their own jobs," he said.

Municipalities, which were arms of government, could not be let off the hook either.

"Some have been making over 100 percent profit from the sale of electricity," Schussler said.

Turning to SA's troubled economy, Schussler said that he thought the country had "come through the worst".

"April-May was my turnaround period. Some recovery will be seen towards the end of 2009, and 2010 will be better -- but not brilliant."

Schussler said he expected that in 2011, SA's economy would be "much closer to normal".

Source : Sapa /jr/dbm

Date : 19 Jun 2009 14:24