

Businesses losing confidence

Linda Grimbeek, chief operating officer of the Kruger Lowveld Chamber of Business and Tourism (KLCBT), says her biggest worry is people losing the confidence that they will be able to conduct business.

"The last bit of trust in Eskom and government's ability to deal with the situation has disappeared. This has led to business confidence plummeting. They will not invest a single cent in projects, marketing campaigns, increased employment and expansion until they are 100 per cent sure of a turnaround.

"How can we be expected to build or rebuild an economy when we have no security of basic services such as electricity - and water in some cases? No number of promises will sway people to invest in their local economy at this stage."

She added that the unpredictability of load-shedding was the biggest factor. "If you cannot plan for something, the effect is worse than if you are warned in advance."

She added that municipal clients were not informed of load-shedding by the power utility, but by the KLCBT, and on top of that, they have to fight to be provided with the information.

"Yet, there are more dangerous impacts which we need to talk about.

The tariff increase of more than 13 per cent which comes into effect in April will definitely cause a lot of business closures and reduction in staff, particularly in the Lowveld where businesses are lucky if they are running on a break-even scenario.

"This is the worst thing that could happen in this weak economy, along with the massive fuel increases."

The chamber warned the National Energy Regulator of South Africa (Nersa)

earlier this year, before it granted Eskom a 9,41 per cent increase (on top of a 4,4 per cent increase

granted in October), that their members had indicated they could afford an increase of between four and six per cent.

"Anything above that will have consequences. The only options available to businesses to ameliorate the adverse impact of electricity price increases are reduction of other operational costs, such as training, retrenchments and finally, business closure," Grimbeek concluded.

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