

Electricity tariff hike another blow to SA agri sector

The electricity tariff hike decision made by the National Energy Regulator of South Africa (NERSA) to grant Eskom a 9.61% increase in the electricity tariff will place even more strain on an agricultural sector that is already under pressure, says a concerned Agri SA. The new tariff will take effect on 1 April 2022.



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The increase comes just one day after the Budget Speech in which Minister Godongwana announced an increase in a variety of taxes and excise such as the Health Promotion Levy that negatively affect specific commodity producers. Cumulatively, these increases can only hamper the ability of the sector to recover from the shocks of the past two years.

These announcements followed an increase of 6.9% in the national minimum wage which will take effect in March. While the increase granted by NERSA is substantially below Eskom's request, when this above-inflation increase is considered alongside the increased taxes, minimum wage, and the rapid increase in other agricultural input costs owing to global supply chain disruptions during covid-19, this decision will clearly have dire consequences for farmers who are already under tremendous strain.

Agri SA says that it will study the decision and approach government to find ways to relieve the cost burden on the sector. This is not only vital for economic growth and job creation, but also to secure the country's food security into the future.

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