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MEDIA RELEASE

To : News Editors
From : Kgamanyane Maphologela
Director: Communications & Stakeholder Management
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Property owners to see a spike in their July bill because of annual increases.

City of Johannesburg warns property owners to prepare for increases on their July municipal bills because of the annual tariff increases for water, electricity, property rates, refuse and sanitation.

The following new tariffs, which were approved by the City's Council in May 2024, will start to reflect on municipal account statements at the end of July 2024. Property rates will increase by 3.8%, electricity by 12.7%, refuse by 5.9%, water and sanitation by 7.7%. Prepaid customers will also pay a fixed charged of R200, which they will pay every month when purchasing electricity.

Kgamanyane Maphologela, Group Finance's Director for Communications and Stakeholder Engagement says it is important for residents and businesses to prepare for these increases.

The new tariffs come alongside relief measures – the Pensioner Rebates Programme, and the Expanded Social Package (ESP) for qualifying ratepayers who need assistance amidst the ongoing financial pressures. The new tariff increases are not only exclusive to the City, but these increases apply to all municipalities for the primary objective of sustaining basic and essential service delivery to residents.

"We urge all our residents and stakeholders to note the approved annual increases for municipal services and prepare accordingly. The significant charges in their municipal bills will be noticed in their July municipal bills following the implementation of the new tariffs," says Maphologela.

Maphologela says the City considered many factors when determining tariffs increase, which include financial sustainability of the City, economic strain property owners are facing, the total costs of services which include bulk purchases from Eskom and Rand Water.

"Residents should be mindful that the services the City renders are heavily influenced by the underlying costs. Service provision includes the bulk input purchased and the infrastructure to transport such input, including cost recovery, maintaining such infrastructure and repairs," says Maphologela.

Maphologela says tariff increases have been contained to the minimum practical increases, considering the total costs bulk purchases and to bring those services to residents and business on continuous basis.

Maphologela adds that the new prepaid fixed charge of R200, seeks to level the ground between the post-paid customers and pre-paid customers. He says this will ensure that all residents contribute towards maintaining the electricity infrastructure to ensure the City continues to deliver electricity supply.

FREQUENTLY ASKED QUESTIONS- ELECTRICITY TARIFFS 2024 – 2025

Q: What is the new tariff increase for City Power in 2024/2025?

A: The National Energy Regulator of South Africa (NERSA) has approved a tariff increase of 12.72% for City Power, effective from 1 July 2024.

Q: Why is there a tariff increase?

A: The tariff increase is necessary due to factors like inflation, rising costs of bulk electricity purchases, and operational expenses.

Q: How was the tariff increase determined?

A: The decision to implement the tariff was aligned with Eskom's tariff increase of 12.74%, effective from 1 April 2024. This adjustment followed a consultative process involving discussions and approvals by the regulatory body, NERSA, to ensure compliance with tariff regulations. Customers were engaged through the City of Joburg's Integrated Development Plan (IDP) process.

A Cost of Supply (COS) study is one of the most important considerations in establishing and designing electricity rates that are implemented to provide the service required by customers and recover costs incurred by licensees.

Q: Will all customers experience the same increase?

A: No, the increase varies. For example, indigent customers will have a lower increase of about 6.21%, while others might experience higher rates.

The average increase in energy charges for residential prepaid customers is 12.72%. However, this customer category will also incur an additional R70 per month as a service charge and R130 per month as a network capacity charge.

Q: How much more will a residential low prepaid customer pay?

A: A customer using 374kWh per month will pay an additional R49.17, increasing the total charge from R791.57 in 2023-2024 to R840.74 in 2024-2025.

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