



## **CITY OF JOHANNESBURG**

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### **Statement by Executive Mayor of Johannesburg, Cllr Sello Morero on the Revisions to the Tariffs and Budget Reports tabled in Council**

Over the past 72 hours, I have had to make some of the most difficult decisions regarding the City's budget since my tenure as a member of the Executive began.

This past week has been marked by successive meetings, during which we explored multiple budget permutations and fiscal adjustments. The administration presented several compelling cases for the tariff increases originally tabled in the council reports which were loaded onto the council report system.

The initial tariff proposals for the 2025/2026 Financial year included:

- Electricity: A 12.51% increase in alignment with Eskom's approved municipal tariff hike of 12.74%. Additionally, the prepaid residential availability charge would have increased to nearly R270 before VAT, whilst retaining the conventional residential availability charge at R930.
- Water and Sanitation: A 13.9% increase across water and sanitation services, Additionally the demand management levy to increase to R65,08, whilst maintaining the 6kl free to all residents
- Waste Removal: A 6.6% increase in refuse removal and waste management tariffs.
- Property Rates: A general increase of 5.6% across all property categories for the 2025/2026 financial year; and a reduction of the property threshold rebate to R200 000.

While these increases are aimed at ensuring service delivery and a balanced budget, leadership requires me to pause and reflect on the lived realities of our people.

As the Mayor of Johannesburg, this means I do not view this as a mere numbers game; it is about recognising and addressing the financial struggles of Johannesburg's residents.

Households are already under immense financial strain. I am more than alive to the fact that every rand matters, and we must do everything possible to alleviate financial pressures on our residents.

#### Limited control over regulatory and source costs

Water and electricity costs are determined by regulatory bodies such as NERSA (National Energy Regulator of South Africa) and source providers such as Rand Water. With regards to these tariffs, the City has limited control over these base costs, which are imposed before we account for operational expenses. While constrained in these areas, we must act decisively where we do have influence and where we can. Therefore tariffs proposed for water and electricity are pass through costs from bulk suppliers

After careful consideration, I have taken the following steps which has resulted in the re-tableting of the reports at yesterday's council meeting:

- Requested the withdrawal of the 2025/2026 budget report, the City Power tariff reports, and the Draft Property Rates report from the council agenda; and
- Convened an emergency late-night Mayoral Committee meeting last night to amend the proposed increases within our control and directed that:
  - The proposed 5.6% increase in property rates has been adjusted to 4.6%, in line with CPI.
  - The rebate threshold will remain at R300, 000 rejecting the initial proposal to lower it to R200,000.
  - There will be no increases to availability charges for both prepaid and conventional meters.
- we have also retained the 6kl free water for all residents. This will go a long way for our pensioners in Johannesburg.

#### Prudent Financial Management during Economic Hardship:

It must be said upfront that this administration remains committed to prudent financial management. While these amendments have resulted in the overall revenue budget losing close to R1 billion, governance is not just about balancing a budget. We must acknowledge the economic hardships our residents face daily.

Therefore, it is my deepest conviction that ignoring the rising cost of living, while merely focusing on funding the city's budget through charges for rates and service, would be a failure of leadership.

The reports tabled yesterday contain a budget of approximately R87.8 billion made up of an operating expenditure budget totalling R80.5 billion and the capital budget totalling R7.3billion for the 2025/2026 financial year.

Residents are urged to pay municipal accounts. As we continue this process with the upcoming public participation meetings towards finalising the 2025/2026 Budget, we urge

residents and businesses to be mindful of their water and electricity consumption; and to remain committed to paying municipal accounts, as these payments help us improve basic services.

At the same time, the administration must find mechanisms to improve revenue collection, contain unnecessary spending, optimise current performance and find innovative solutions to support our efforts to reimagine Johannesburg.

Furthermore, the administration must ensure that the City provides value for money. We cannot, in good conscience, expect residents to bear higher tariffs without significantly improving service delivery. Moreover, vandalism undermines the efforts of those working hard to enhance our city and protect our resources. Let's work together to promote a culture of responsibility and pride in our shared environment. Every act of vandalism not only damages property but also disheartens our residents and detracts from the value we all seek in our city.

Let's encourage positive actions in this regard.

This is our commitment to the people of Johannesburg: We will govern not only with financial prudence but also with empathy, understanding, and a resolute determination to enhance the quality of life for every resident.

As we table these reports for public participation, we open the space for dialogue and engagement.

ISSUED BY

Cllr Sello Morero. Executive Mayor, City of Johannesburg

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