

# JOZIBILI

## Newsletter VOL7

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## JOBURG BUDGET – A BALANCING ACT BETWEEN FINANCIAL STABILITY AND SERVICE DELIVERY

Written by Nyaniso Jeku



**Member of the Mayoral Committee (MMC) for Finance, Councillor Dada Morero had a challenging task to stretch the R80.9 billion budget, to bring key services to more than six million Johannesburg residents.**

On Tuesday, the 13th of June 2023 Councillor Morero successfully presented the City's budget for the fiscal year 2023/2024. The City's R80.9 billion budget is a balancing act between financial stability and service delivery. Councillor Morero has set his eyes on key service delivery entities, namely, City Power, Johannesburg Water and Pikitup, to ensure that the City return to its former glory and stabilising the finances.

All of this is an effort to ensure the World Class African City is functional for the benefit of its citizens, something which is not realistic when finances are not in a favourable position. On 14 June 2023, Council approved the R80.9 billion budget. This means the City will have an opportunity to continue the work of delivering services to the people of Johannesburg. The approval of the budget signals stability and a positive outlook for the City. Briefly, the budget breakdown touches on various entities and departments for the sole purpose of ensuring a properly functioning City in service to its people.

The 2023/24 budget outlines how the City will spend its money in areas that require immediate, medium, and long-term attention. Maintenance of infrastructure is key for the City to be able to continue delivery of services. Ailing infrastructure slows down or hinders provision of services altogether. The approval of the budget means water and electricity infrastructure will receive much needed attention for refurbishment.

### PIKITUP



Through this entity, the City's cleaning operations will be uninterrupted. Continued efforts to protect the environment and further prevent any outbreak of diseases remain in place, strides for healthy living through clean environments in the city are made possible by this budget. An operational budget allocation of R3.9 billion will ensure that this entity succeeds in its focus on waste management and environmental protection. The capital budget of R681 million will help in the realisation of plans to address waste management challenges.

### JOHANNESBURG WATER



Johannesburg Water is responsible for the sourcing, purification, and supply of water in the City of Johannesburg. This cannot be possible without continued maintenance and refurbishment of infrastructure. Water is an integral part of the existence of all citizens. The work of this entity will be made possible through an allocation of R15.6 billion operational budget. A further R3.1 billion has been allocated to ensure funding of capital projects. Johannesburg Water will be able to keep its infrastructure in good shape for the supply of water and upgrade of sewer pipes. We often see spillages of sewer and burst water pipes in our communities, the funding allocated to this entity through the City's budget comes in handy towards addressing all issues linked to the ailing and vandalised basic systems of service delivery.

### CITY POWER



It is obvious that this entity is surely at the centre of our daily lives, without which many citizens of Johannesburg will be left in limbo. City power has been allocated R23.7 billion operational budget, and a further three-year R4.3 billion. Budget allocation for this entity will help with continuous bulk buying and supply of electricity in Johannesburg, as well as keeping a well-maintained infrastructure. This means if we are to keep the City an economic hub that it is, attention to matters

of energy must be paid. The budget allocated to City Power will help fast track servicing of various infrastructure projects such as: energy efficiency, public lighting; IT network upgrades, work, and upgrades of facilities across the city and many other key projects. City Power's network ensures distribution of electricity, its sustainability is central to keeping the City safe through provision of lighting.

### GROUP FINANCE

This department is integral in the provision of municipal services such as billing, distribution of invoices, meter reading, query resolution, etc. For serving all residents of the City, this department has about 50 customer service centres, 10 of which offer a full bouquet of services. These centres are situated across all seven regions in the City. To ensure the department does not fail when it comes to delivering municipal services to its customers, a R5.6 billion operational and R48 million capital budget has been allocated. This means service delivery is certain to all residents of Johannesburg. These budget allocations will help the department improve on its profitability and efficiency in revenue collection which will go a long way to ensure improvement in virtual customer engagement, an efficient and modern way to customer

### THE IMPORTANCE OF PAYING MUNICIPAL ACCOUNTS

Illustration of the budget allocation to various entities and departments responsible for municipal services, a key element to overall service delivery is a perfect example that it remains important that all monthly municipal bills are paid on time and in full. Paying your municipal bill means the City can deliver services efficiently and on time. Doing the responsible thing of paying your municipal account will help the City sustain service delivery and infrastructure upgrades, as well as continue attracting talented and competent work force.

After a carefully structured budget for the ensuing fiscal year, the MMC for finance, Cllr Dada Morero calls on all property owners to pay their municipal bills, a positive response which will help the World Class African City sustain service delivery through its approved budget. See below the approved tariffs for the fiscal year 2023/24. Tariffs help structure how the City levies services such as water, electricity, property rates, refuse & sanitation. These tariffs are fair, just, and equitable, they are derived from an extensive process which juggles a balanced act of caring for the poor and levying charges from those who are deemed affording to pay.



### KNOW MORE ABOUT 2023/24 TARIFFS AND UNDERSTAND WHAT YOU PAY FOR

Council tariffs are reviewed annually and then increased by a determined % in line with budget guidelines. These equitable and affordable increments contribute to the running of the City and ensure continuous service provision to all the customers of the City of Johannesburg. Understanding your tariffs helps you know what you pay for and how it is calculated. Your tariffs are a structure that is used to determine what different property categories customers will be charged, this is to help customers pay in line with their usage and lifestyle, as well as property categorisation.

### Electricity Tariffs ↑ 14.97%

#### Residential Prepaid (FY22/23)

Assumed Monthly Usage				374 kWh
	Size	Usage	Tariff (/kWh)	
Block 1	350	350	182.37	R638,30
Block 2	500	24	209,19	R50,21
Block 3	>500	0	238,37	R0,00
		374		
Total Charge for the Month				R688,50
Average Selling Price (c/kWh)				184,09

#### Residential Prepaid (FY23/24)

Assumed Monthly Usage				Increase	374 kWh
	Size	Usage	Tariff (kWh)		
Block 1	350	350	209,67	R95,55	R733,85
Block 2	500	24	240,51	R7,52	R57,72
Block 3	>500	0	274,05	R0,00	R0,00
		374			
Total Charge for the Month				R103,07	R791,57
Average Selling Price (c/kWh)				27,56	211,65

The City of Johannesburg FY23/24 budget approval included an average increase of 14.97% for electricity tariffs, as a result the City Power residential prepaid tariff will increase by 14.97% with effect from 1 July 2023.

#### Residential Prepaid (FY22/23)

Assumed Monthly Usage				524 kWh
	Size	Usage	Tariff (/kWh)	
Block 1	350	350	182.37	R638,30
Block 2	500	150	209,19	R313,79
Block 3	>500	24	238,37	R57,21
		524		
Total Charge for the Month				R1 009,29
Average Selling Price (c/kWh)				192,61

#### Residential Prepaid (FY23/24)

Assumed Monthly Usage				Increase	524 kWh
	Size	Usage	Tariff (/kWh)		
Block 1	350	350	209,67	R95,55	R733,85
Block 2	500	150	240,51	R46,98	R360,77
Block 3	>500	24	274,05	R8,56	R65,77
		524	-		
Total Charge for the Month				R151,09	R1 160,38
Average Selling Price (c/kWh)				28,83	221,45

In the instance that the customer uses 524kWh/m the overall tariff increase will be R151.09 from R1 009.29 to R1160.38 or from R1.9261/kWh to R2.2145/kWh. This is because the charge for the first 350kWh will remain the same as in the previous example. As block 2 is up to 500kWh the customer will in this case pay R46.98 more for the 150kWh of block 2 at R2.4051/kWh.

All consumption over and above 500kWh per month will be charged at R2.7405/kWh. As the customer in the above example uses 524kWh the consumption in the last block is only 24 kWh for an additional R8.56.

### Water Tariffs ↑ 9.3%

#### Deemed Consumption areas

Deemed Consumption	2022/23	2023/24
5 KL of water	Free	Free
10 KL of water	89.04	97.32
20 KL of water	368.04	402.27

#### Domestic Water Tariffs – Conventional Water Meters

Bands (kilolitres) per month	2022/23	2023/24	% Increase
0-6	-	-	
>6-10	22.26	24.33	9.30%
>10-15	23.23	25.39	9.30%
>15-20	32.57	35.60	9.30%
>20-30	45.01	49.20	9.30%
>30-40	49.23	53.81	9.30%
>40-50	62.11	67.89	9.30%
>50	66.56	72.75	9.30%

#### Domestic Water Tariffs – Prepayment Meters

Bands (kilolitres) per month	2022/23	2023/24	% Increase
0-6	-	-	
>6-10	19.17	20.95	9.30%
>10-15	19.78	21.62	9.30%
>15-20	23.63	25.83	9.30%
>20-30	42.78	46.76	9.30%
>30-40	46.05	50.33	9.30%
>40-50	57.55	62.90	9.30%
0-50	62.93	68.78	9.30%

#### Institutions

Kilolitres per connection per month	2022/23 Tariff (R/kl)	2023/24 Tariff (R/kl)	% Increase
Consumption up to 200kl	41.74	45.62	9.30%
Consumption exceeding 200kl	48.88	53.43	9.30%

#### Commercial / Industrial

Kilolitres per connection per month	2022/23 Tariff (R/kl)	2023/24 Tariff (R/kl)	% Increase
Consumption up to 200kl	52.71	57.61	9.30%
Consumption exceeding 200kl	55.61	60.78	9.30%

#### Sanitation Tariffs: Private Dwelling Domestic

ERF Size (m²)	2022/23 Tariff (R/erf/ month)	2023/24 Tariff (R/erf/ month)	% Increase
Up to and including 300m²	267.32	292.18	9.30%
Larger than 300m² to 1000m²	520.38	568.78	9.30%
Larger than 1000m² to 2000m²	787.24	860.45	9.30%
Larger than 2000m²	1 134.28	1 239.77	9.30%

#### Sanitation Tariffs: Other Classes

Descriptions	2022/23 (R/kl)	2023/24 (R/kl)	% Increase
Institutional Buildings per KL	31.34	34.25	9.30%
Industrial / Commercial per KL	39.41	43.08	9.30%
Other classes of property per KL	39.41	43.08	9.30%

### Residential Indigent Consumers

Indigent Category	Score on Prevailing C&I Poverty Index	Monthly allocation cap of free water per household limited to the actual consumption if less than the allocated cap.	Reduction in Sewerage tariff
Band 1	1-15	Not applicable	Not applicable
Band 2	15-30	10kl	100%
Band 3	30-70	12kl	100%
Band 4	70 and above	15kl	100%

### Waste Tariffs ↑ 7%

#### Residential Refuse Charges

Property Categories	Tariff (increased by 7%)
From To	
0	R350 000 Exempt
R350 001	R500 000 R165
R500 001	R750 000 R218
R750 001	R1 000 000 R275
R1 000 001	R1 500 000 R290
R1 500 001	R2 500 000 R404
R2 500 001	R5 000 000 R422
R5 000 000>	R431

#### Business Refuse Charges

Property Categories	Tariff (increased by 7%)
From To	
0	R350 000 Exempt
R350 001	R500 000 R226
R500 001	R1 500 000 R228
R1 500 001	R2 500 000 R327
R2 500 001	R5 000 000 R336
R5 000 001	R7 500 000 R521
R7 500 001	R10 000 000 R544
R10 000 001	R30 000 000 R731
R30 000 000>	R927

### Property Rates ↑ 2%

#### Property Rates tariffs 2023/2024

No	Category	Ratio 2023/2024	Ratio 2023/2024
1	Agricultural	1:0.25	0.002198
2	Business and Commercial	1:2.5	0.021978
3	Industrial	1:2.5	0.021978
4	Mining land	1:2.5	0.021978
5	Multipurpose*1		
6	Municipal Property	0	0
7	Private Open Space	1:0.25	0.002198
8	Public Benefit Organisation	1:0.25	0.002198
9	Public Open Space	1:0.25	0.002198
10	Public Service Infrastructure	0	0
11	Public service Infrastructure - Private	1:0.25	0.002198
12	Public Service Purpose	1:1.5	0.013186
13	Religious	0	0
14	Residential	1:1	0.008791
15	Residential Consent Use	1:1.2	0.017582
16	Township Development	1:2.5	0.021978
17	Vacant Land	1:4	0.035164

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