

# Relief for Ratepayers as City of Joburg freezes property rates increases this year

**#Dipheto go concept marshals unity across party lines to deliver economic progress, jobs, sustainable livelihoods**  
**this returning Johannesburg to its pole position as the economic capital and heartbeat of tourism, trade and investment and social stability on the African continent.**

every four years. The MPRA also requires that the City reviews its Rates Policy on an annual basis. The Review of the Rates Policy has a direct impact on the Rates By-Law.

The slew of 'pro-poor' interventions are based on the City's rallying call "Dipheto go", a Sesotho word that can be directly interpreted to mean real, transformational change heralded by a caring, honest, responsive and productive government. Championed by Executive Mayor Herman Mashaba this call to action aims to promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.

"The City of Johannesburg has taken a decision not to increase the property rates tariffs for 2018/2019. The impact of increases will only be based on market value for each property. This is except for the unauthorised usage to enforce compliance in the City's Town Planning by-laws. It is important to note that just over 70% of our budget is dependent on revenue raised by the City. Realising this, all efforts have been made to balance the City's tariff increases to safeguard our financial sustainability while being aware of the challenges experienced to household income," asserts Executive Mayor Mashaba.

The City continues to provide a comprehensive basket of rebates to provide relief to the most vulnerable residents. For instance, the residential property rebate, which was set at the first R200 000 being rates free, is raised to R350 000, in the raft of consumer-centric rebates to ensure that tariffs remain affordable as required in line with the City's strategic direction.

The move provides much anticipated hiatus to property owners on the eve of the implementation of the new General Valuation Roll (GV2018) that will come into effect from 1 July 2018.

The GV2018 consists of 879 005 rateable properties within its boundaries of the Johannesburg Greater Municipality and is for the period 1 July 2018 to 30 June 2022.

This is in line with the Municipal Property Rates Act 6 of 2004 (MPRA), as amended, which provides that the Municipality must set a new date and re-value all properties at least once in

Other interventions include:

- Pensioner home owners will

receive a 100% property rebate if their household income is lower than R9 245, and their property value is not more than R2.5 million. The lower pensioner income qualifying amount will increase from R8 745 to R9 244 and the upper income levels will increase from R14 991 to R15 846. This provides an average increase of about 5.7%.

- Pensioners who are 70 years and older will receive a 100% rebate irrespective of income, with a property value of not more than R2.5 million;
- The City will also provide a 100% rebate to residents who are on the Expanded Social Package programme, who are not pensioners and whose property value does not exceed R500 000; and
- The threshold for ESP will be increased from R450 000 to R500 000.

Another feather in the cap for the City's quest to ensure pro-poor development that addresses inequality and poverty and provides meaningful redress, is that Council has approved densification rebates for sectionalised properties at 5%. The rebate will be granted on application. Also, of note in the City's policy re-alignment is that to qualify for the agricultural residential category property owners should to apply for the tariff otherwise they will be charged at residential tariff.

The budget process and policy changes were steered on a comprehensive and transparent community participation programme in line with the Integrated Planning Process and Integrated Development Plan; characterised by budget legotlas and open sessions for communities to receive feedback. Affordability of the City's services came out strongly from the public submissions, with factors such as the financial pressures faced by the South African consumers (due to VAT increase, petrol increase, etc.) put forward. The public submissions also confirmed that the public is aware that to some extent the City has no control on bulk price increases for water and electricity.

During our budgeting process, a concern has arisen regarding the relative increases in the budget's proposed tariff structure for the 2018/19 financial year.

In this regard, the City has made every effort to minimize tariff increases, reduce pressure on stressed household income while safeguarding the City's ability to deliver services to our residents.

The multi-party coalition government has actively engaged both NERSA and Rand Water, contesting above-inflation based increases being passed onto municipalities.

Despite our efforts, these tariff costs have never the less been transferred to municipalities.

The Dipheto go, at its core, means real transformation change, and prioritises investment in the service delivery backlogs that plague our communities. Using our budget, we will work harder to improve access to quality water, electricity, sanitation and refuse services in our city. This is indeed the change we are bringing to our communities.

Some of the key highlights in the budget include:

- 2018/19 sees the largest share of the capital budget for roads, transport, housing, electricity and water, going up from 54% in 2016/17 to 69% in 2018/19;
- R120 million to provide 200 serviced sites onto which beneficiaries can be settled with full ownership;
- To accelerate the formalization of informal settlements, R14 million is allocated for the purpose of embarking on a consolidated planning program for informal settlements across the City;
- R50 million has been set aside for the upgrading of Inner City emergency housing and rental stock;
- R60 million for the renewal and refurbishment of the following hostels: Diepkloof, Meadowlands, Helen Joseph and Madala hostels;
- R46 million has been set aside for the acquisition of buildings in the inner city for the purpose of creating affordable

- housing for residents;
- R117 million for the electrification of informal settlements;
- R45 million for the installation of new public lighting city-wide, including our informal settlements, as well as an additional R20 million for the repairs and maintenance of existing public lighting within the City;
- Johannesburg Water is allocated a capital amount of R3.1 billion over the medium term and R10.6 billion in operating expenditure which will reduce the number of pipe bursts by 6,000 leaks;
- Pikitup is allocated a medium term budget of R771 million as well as R2.3 billion in operational expenditure. This will support additional cleaning shifts within the inner city as well as address the dilapidated conditions of Pikitup facilities. Pikitup's operating budget will also pave the way for the filling of 1400 funded vacancies in their frontline service delivery capacity;

- R30 million in operational expenditure has been allocated to the Departments of Health and Social Development to fully capacitate the City's free Community Substance Abuse Treatment Centres;
- R20 million is allocated to continue running extended operating hours within 11 of our clinics;
- Public Safety has been allocated a medium term capital budget of R260 million for both Emergency Management Services (EMS) and the Johannesburg Metropolitan Police Department (JMPD). This budget will also be utilised for the continued training of 1500 JMPD recruits who will soon join our law enforcement efforts;
- The Department of Economic Development receives an operating budget of R223 million and R30 million in capital budget over the medium term. This includes funds to complete the development of the Job Seekers' Database which will effectively replace Jozi@Work, and do away with

middle-men determining access to these opportunities;

- R25 million to construct informal trading facilities in Dobsonville and the inner city to support informal traders and provide them a space to grow their businesses;
- R627 million of the national Public Transport Network Grant to finish the Rea Vaya Phase 1C services which will run between Sandton, Alexandra, Greenstone and the CBD; and
- R250 million for road rehabilitation and reconstruction and R181 million for the rehabilitation of bridges.

Putting currency to its promise of pursuing a pro-poor and caring approach, the City of Johannesburg's property rating system is more lenient compared to other metros. This represents a major compromise by the City when considering the fact that Johannesburg has an estimated population of 4.4 million. [worldpopulationreview.com].

Meanwhile, the operating revenue budget is approximately R52.6 billion and the operating expenditure budget is totalling R51.1 billion for the 2018/19 financial year. Revenue is increasing by 10.3% and expenditure by 9% over the 2017/18 financial year. The increase of 10.3% in total revenue is made up as follows:

- 12.1% increase in property rates;
- 8.5% in electricity revenue;
- 12% increase in water;
- 12.6% increase in sewerage revenue;
- 5.2% increase in refuse collection;
- 13.1% increase in rental of facilities;
- 3.8% increase in interest earned;
- 5.6% increase agency services;
- 12.5% increase in operating grants; and
- 6.9% increase in other revenue.

The City is budgeting for a surplus (before taxation and capital grants) of R1.5 billion for 2018/19. The surplus will be applied towards the City's working capital and funding of capital investment.



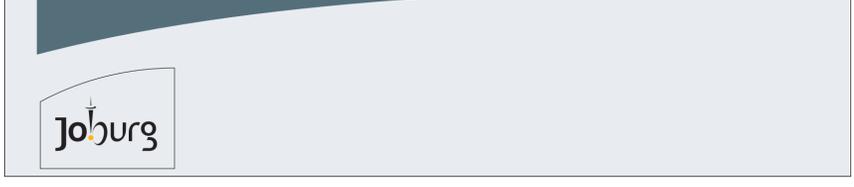
The City of Johannesburg has tabled and approved its Budget for the year 2018/19, including Rates and Tariffs. Among the changes, is relief to all ratepayers, indigent persons, and pensioners who own property in Johannesburg.

**To qualify for a pensioner's rebate:**

- Property owners must be 60 years of age and older and in the case of dual ownership, at least one of the owners must be 60 years or older.
- Pensioners must own the property and personally occupy the property
- The property value as stated in the General Valuation Roll must not exceed R2 500 000

**The proposes rebates are:**

- Overall property rates for 2018/2019 financial year remain unchanged.
- Residential property rebate threshold increased from R200 000 to R350 000. This means the first 350 000 of the value of all residential property is exempted from rating
- Pensioner property rebate threshold increased from R2 000 000 to R2 500 000.
- 100% rebate for pensioner owners whose gross monthly household income is lower than R14 991 and who reside in a property value not more than R2 500 000.
- 50% rebate for pensioner owners whose gross monthly income is higher than R14 991 but lower than R15 846.00, who reside in a property value not more than R2 500 000.
- Pensioners aged 70, irrespective of income who own and who reside in a property not more than R2, 5 million will qualify for a 100% rebate.
- Pensioners on a National Security Grant qualify for a 100% rebate.
- The property rebate threshold for persons who qualify for the City's Expanded Social Package will increase from R450 000 to R500 000.
- The highest allocation of free basic water will be provided to households earning no formal income, receiving up to 15 kilo litres of water per month and 150 kilowatt hours of electricity through the City's Extended Social Package programme.
- Lower levels of allocations will range between 10 kilolitres of free water per month and 12 kilolitres of water provided without charge to the most vulnerable in our City. Our water scarcity challenges require that free basic water must be the preserve of those who need it most.



## Comprehensive basket of rebates for vulnerable – MMC Ngobeni

MMC Fuzela Ngobeni has reiterated the City of Johannesburg's promise to be caring and responsive by lessening pressure on residents. A major intervention is that in the 2018/19 financial year property rates tariffs are set to remain unchanged.

He added that the residential property rebate, which was set at the first R200 000 being rates free, is proposed to be raised to R350 000.

The Executive Mayor has also declared that ratepayers who objected to their property values

will be allowed to continue paying what they have been paying historically until the objection process is completed," MMC Ngobeni said.

He explained that the implementation of the General Valuation was a legislated and independent process, taking place every four years, with prescribed steps which need to be followed.

"The reality is that it should be a process conducted with greater frequency to prevent the impact of 5 years' worth of property increases coming to bear on our residents," he said.

MMC Ngobeni added that for the first time, an online objection process was provided and the objection process resulted in 50 000 objections having been received. This is less than half of the objections received in the 2013 General Valuations Roll and constitutes only 4% of properties in the City.

He explained that the City continues to provide a comprehensive basket of rebates to provide relief to most vulnerable residents; in that:

- Pensioner home owners will receive a 100% property rebate if their household income is lower than R9 245, and their property value is not more than R2.5 million.
- Pensioners who are 70 years and older will receive a 100% rebate irrespective of income, with a property value of not more than R2.5 million.
- The City will also provide a 100% rebate to residents who are on the Expanded Social Package programme, who are not pensioners and whose property value does not exceed R500 000.

# Financial Prudence Key to Balancing Prosperity, Pro-Poor Budget

The City of Johannesburg continues to be the exponent of attracting investors and entrepreneurs as powerful tools to ensure sustainable job creation, economic freedom and social stability. Finance MMC Councillor Fuzela Ngobeni said progress in this regard is underpinned by prudent fiscal management and financial discipline which is non-negotiable if the City is to continue to generate the reserves required to realise Dipheto go. He said this was in the backdrop of the fact that 76% of the budget is dependent on revenue raised by the City through tariffs in an atmosphere of tough economic times. MMC Ngobeni said while substantial progress has been made, there was no room for complacency as more needed to be done to increase capacity to deliver impeccable services. He added that all efforts have been made to balance the City's tariff increases so as to safeguard financial sustainability while being aware of the challenges experienced to household income.

Waste management services (refuse charges): For domestic			Waste management services (city cleaning levy): For businesses		
Property categories		Proposed Tariff	Property categories		Proposed Tariff
From	To		From	To	
0	R350 000	Exempt	0	R350 000	Exempt
R350 001	R500 000	R125	R350 001	R500 000	R171
R500 001	R750 000	R165	R500 001	R1 500 000	R173
R750 001	R1 000 000	R208	R1 500 001	R2 500 000	R248
R1 000 001	R1 500 000	R220	R2 500 001	R5 000 000	R255
R1 500 001	R2 500 000	R307	R5 000 001	R7 500 000	R395
R2 500 001	R5 000 000	R320	R7 500 001	R10 000 000	R412
R5 000 000>		R327	R10 000 001	R30 000 000	R553
			R30 000 000>>>		R703

implies that the more electricity and water consumers use, the more they will pay, with a view to reducing electricity and water consumption and benefiting lower consumption users.

A tariff means a service charge that the City charges for the use of services. The prices of these services should be affordable, to the people who use the services, and to the City itself.

The City has introduced a step tariff pricing structure for electricity and water services, which

Africa (NERSA) Municipal Tariff Guidelines applied on the Eskom increase of 6.84% and includes service and distribution costs." MMC Ngobeni said.

A cost of supply study, which was conducted by City Power during the previous financial year, indicates the allocation of specific cost items to the following:

- Customer services (to warrant the recovery of service charges);
- Network related costs (to warrant the recovery of capacity and demand charges); and

Energy costs (to warrant recovery of energy charges).

The cost of supplying electricity to households is influenced by three factors – network costs, the cost of actual electricity and retail costs. Network costs include the costs of moving the energy from power generators to households. This covers transmission (power lines and pipelines) and distribution costs (charges for the networks supplying homes or businesses). Electricity costs are the actual wholesale cost of purchasing the energy from

Eskom and Kelvin Power. The City purchases energy from both the wholesale market and through longer-term energy contracts with suppliers. These charges are regulated by the NERSA. Retail costs cover the cost of supplying energy services to households. This includes billing and revenue collection, administration and customer service, and regulatory compliance and systems.

"The City continues to apply a step tariff to electricity, meaning that high consuming customers will pay higher tariffs. This is required to ensure that City Power

can refurbish its aging infrastructure and bring services to places which have never had services before," MMC Ngobeni explained.

City Power tariffs on average are increased by 7.17% before consideration of the effect of the introduction of fixed services charges for all prepaid customers. The following changes have been made:

- All Large Power Users and Business customers who would be willing to invest in embedded generation with the purpose of supplementing their electricity supply from City Power will have to be on a conventional tariff structure. If they are currently on a prepaid structure, they will be required to migrate to a conventional tariff structure.
- All residential customers who would be willing to invest in embedded generation with the purpose of supplementing their electricity supply from City Power, will have to be on a time-of-use conventional tariff structure. If they are currently on a prepaid structure, they will be required to migrate to a conventional tariff structure.
- Embedded generators that are at any time capable of feeding energy back into the grid will require meters with bidirectional metering capability.
- All parties that would invest in

generating electricity capacity and who would elect to only feed into the grid (and never draw from the grid) will be treated as an additional supplier under a negotiated power purchase agreement.

Embedded generation tariff is only applicable to maximum generation capacity of 1MW.

- All electricity consumed used to attract a Demand Side Management Levy of 2 c/kWh. This levy will now be replaced by a Network Levy at 6 c/kWh. Only residential consumption of below 500kWh will be exempted from this charge, meaning that residential consumption beyond 500kWh per month will be subject to this levy.

**Water, Sewerage and Sanitation Services**

MMC Ngobeni said the average tariff increase for Water, Sewerage and Sanitation Services for the 2018/19 financial year is 13.2% based on a pass-through Rand Water tariff increase cost of 12.2% and includes a 1% retail margin aimed at improving and maintaining the distribution network.

Water demand management levy: This fixed charge will cover the additional water tariffs that will be imposed by the Department of Water and Sanitation in case the City exceeds their water demand allocation. For domestic

properties, a monthly water demand management levy of R22.84 per month will be charged. It will be applicable to the following:

- Residential consumers per dwelling
- Residential prepaid dwelling
- Residential indigent dwelling when using more than free water (e.g. 15kl)
- Multi dwelling per dwelling
- Multi dwelling prepaid per dwelling
- Mixed use per dwelling

He said the highest allocation of free basic water will be provided to households earning no formal income, receiving up to 15kilolitre of water per month and 150kilowatt hours of electricity via the City's Extended Social Package programme. Lower levels of allocations will range between 10 kilolitres of free water per month and 12 kilolitres of water provided without charge to the most vulnerable in our City. Our water scarcity challenges require that free basic water must be the preserve of those who need it most."

**Waste Management Services**

He said the waste management service tariffs will increase by an average of 6.8% effective from 01 July 2018. There will be a stepped tariff to ensure affordability for lower valued properties.

Refuse charge is a monthly charge determined based on the value of the property. Properties valued below R350 000 is exempted from this charge. MMC Ngobeni emphasized that the tariffs for waste management services will increase by an average of 6.8% for domestic households and an average of 7% for City Cleaning levy which is levied to all properties zoned non-residential (businesses). "The increase will generate sufficient revenue to ensure pikitup can sustain its current service levels and extend services to new areas including housing development"

properties" he said. MMC Ngobeni added that domestic tariff increase by 6% for lowest property value and 8% for highest property value categories. He elaborated as follows:

- Refuse charge is levied to residential customers (domestic) determined based on the value of properties.
- Properties valued at and below R350 000, as well as indigent's households are exempt from this charge.

The waste management service tariff will be applicable when collecting from households, single erf, or a townhouse unit or flat. Refuse charges is levied to all residential properties and City cleaning levy is charged to all non-residential properties including all agricultural properties.

**Tariffs for the delivery of pre-termination and Final notices for 2018/2019**

A charge of pre-termination notice is not a punishment to customers for paying their bills late. It is a levy that the City passes to the customer for the administration costs that arises because lawyers having to deliver the notice of intention to terminate services on accounts that are in arrears.

The following tariffs shall be effective from 1 July 2018:

- Fees payable in respect of the delivery of the "pre" termination notice R251.54 (Excl VAT).

The delivery fee per delivery would be levied on the consumer account. This tariff is in line with the Termination Notices charged by the Sheriff of the Magistrates Court.

● Tariff for the delivery of final notices -The Final Demand Notice is a legal notice that informs the consumer that payments are in arrears and a final demand for the payment of all outstanding amounts is made, with notification that if the demand is not met or an arrangement made with the City's credit control department, normally within 14 days, the supply of that service will be disconnected. The City currently levies a fee of R 160.40 (Incl VAT) for the posting of a Final Notice to the consumer, which is billed directly to the consumers account. The delivery fee of R148.32 (Excl VAT) per delivery will now be levied on the consumers account. This tariff is in line with the same cost charged by the Sheriff of the Magistrate Court for the issuing of notices.

"It was indeed the vision of our Executive Mayor that has established the focus on the priorities of our people, and re-prioritized this budget towards achieving the delivery of Dipheto go in our City.

We want to increase the number of pensioners who are benefitting from the rebates on their homes. We also want to ensure that other categories of our residents such as child-headed households, people who are on pension because of disability and are receiving grants, and the poor who qualify in terms of the City's Poverty Index to receive rebates

## City of Joburg caters for vulnerable

The City is pushing more to ensure that the less fortunate residents, the poor and especially pensioners are shielded from the rising cost of living and weak economy.

The City will use its resources to ensure that a significant number of struggling pensioners and the vulnerable can still afford to stay in their homes.

With competing interests, the City has to play a balancing act. The financial sustainability is a key focus for the City, as the Council is required to continually meet its developmental objectives and deliver on its commitments.

As part of the City's resolve of assisting the poor, we aim to keep the tariffs as low as possible. In an environment where there is an increasing demand on limited and fast depleting resources, the City has to continue to set its tariffs so that there is sufficient revenue to meet the needs of all residents. The City recognises that there are several vulnerable households and will promote its Expanded Social Package (ESP) programme, which allows eligible ratepayers to receive allocations of free water according to their financial position.



**In order to qualify for the ESP, the following is required**

- Be a South African citizen
- Must reside within Coj Boundaries
- Monthly income (0-income or monthly income not exceeding R5 578.91)
- Proof of income, SASSA Card, AND 3 Months Latest Bank Statement or sworn affidavit confirming that you do not have a bank account and no other source of income
- Identity document
- City of Johannesburg Rates and Taxes Account
- City Power Pre-Paid Electricity

Account Number, Conventional Account Number

- Johannesburg Water Account /Pre-Paid ACCOUNT Number (ITU Number on the receipt)