CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ANNEXURE 4

REVISED CONSUMPTIVE TARIFFS, RATES AND BASIC CHARGES FOR ELECTRICITY GENERATION AND DISTRIBUTION, WATER AND SANITATION AND URBAN WASTE MANAGEMENT SERVICES

June 2025

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1. ELECTRICITY GENERATION AND DISTRIBUTION

1.1 General

The proposed revisions to the tariffs have been formulated in accordance with the City of Cape Town Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act.

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

The Electricity Regulation Act requires that proposed revisions to the electricity consumption-based tariffs be submitted to the Regulator for approval prior to implementation. Approval has therefore been requested from the Regulator on 11 April 2025, in accordance with the requirements laid down by them.

The Consumptive Tariff Schedule includes a note indicating that the tariffs are applied in accordance with the terms and conditions as contained in the Electricity Tariff Policy.

The Eskom Bulk Purchase tariff increase for Local Authorities is 11.32% and includes a rationalisation of the Eskom local authorities tariffs (Megaflex will become Municflex from 1 July), with significant changes in the ratios between the energy time periods. This change has been included in our modelling for the 2025/26 financial year and going forward.

CPI was set by the City at 4.5% for the coming financial year, and, together with the above bulk purchases increase, other required expenditure items and a reduction in sales volumes (projected as -1.5% for the 2025/26 financial year) as a result of the impact of (amongst other things) the continued growth in the installation of SSEG systems by customers, means that a total average Regulated tariff increase of 10.29% is required for the coming financial year.

The Unregulated portion of the tariff changes considerably for the 2025/26 financial year, as a result of the overall Utility Services Reform Programme. This Programme is designed to ensure that each service is self-sustaining over the longer term and has resulted in a review of the entire basket of tariffs as charged by the City. Part of the impact of this is that the Contributions (R2 119m in 2024/25) drops to R1 808m, which is recovered from the Small Power User 1 and Large User customers through a charge of 32.76c/kWh, and all other customers with the exception of Lifeline through a charge of 8.68c/kWh on the relevant energy sales. The cost of street lighting rises to R790.5m or 10.35c/kWh – an increase of 9.9%. The subsidised Lifeline energy tariffs only attract the street lighting portion, while the remainder attract both the Contributions amount and the street lighting portion.

The addition of the extra 24.08c/kWh Contribution to Rates for the SPU 1 and Large User customers since the March Council meeting, holds significant impact for these customers. While it must be noted that this impact will be offset by the removal of the City-wide Cleaning Charge from their account, that offset will be to a greater or lesser extent, depending on both the municipal property valuation of the property (for the Cleaning Charge), as well as in terms of the consumption level of the individual customer. Note that it is irrelevant which electricity tariff the customer is on, as the additional electricity charge is applied uniformly across all energy components. The table below gives an indication of the kind of impact customers can expect to see on their bills when compared to what was advertised after the March meeting (this is purely the value of the additional 24.08c/kWh that has been applied to these accounts).

kWh Consumption	Rand per month Impact
2 000	R482
5 000	R1 204
10 000	R2 408
50 000	R12 040
100 000	R24 080
500 000	R120 400
1 000 000	R240 800
5 000 000	R1 204 000
10 000 000	R2 408 000

Please note that in the event that NERSA approves something other than what has been applied for, this will be reflected as the Regulated Tariff, with the Unregulated portion adjusting appropriately to ensure that the total tariff remains unchanged.

Combined, these factors result in an overall average Electricity tariff increase of 7.2%.

These increases are in line with the guidelines established in the Medium-Term Revenue and Expenditure Framework.

Present electricity tariffs were approved by Council on 31 May 2024, and were implemented with effect from 1 July 2024.

1.2 Consumptive Tariff Proposals

For the 2025/26 financial year, there are significant changes to the tariffs, and the tariff structures, being implemented. These changes are being primarily driven by a necessity to make the tariffs more cost-reflective, as part of the Utility Reform Programme to ensure the sustainability of the utility services in general. As will be seen, considerable effort has gone into the redesign of the tariffs to ensure that from an electricity perspective, as little impact as possible will be felt by the customer. It is, however, true that whenever a tariff is restructured, not everyone will see the same benefits, and for some, the change can be significant.

The tables below show the projected revenue from each of the overall proposals, as well as the change in the percentage fixed cost recovery being achieved. Note that the overall fixed cost recovery (one of the primary aims of this programme being to increase this) moves from 7.35% to 10.87% but will ultimately need to increase to approximately 30% in order to ensure financial sustainability.

REVENUE CALCULATIONS

	Current	Proposed
Home User	R6 595 827 240.13	R6 682 112 569.34
Domestic	R1 780 610 186.37	R1 847 244 267.41
Lifeline	R867 420 603.83	R938 830 702.09
Small Power 1	R4 641 620 949.30	R5 101 187 034.13
Small Power 2	R360 769 014.15	R415 496 353.67
Large Power LV	R1 270 531 797.69	R1 379 255 434.27
Large Power MV	R7 432 174 801.38	R7 875 389 879.57
TOTAL	**R22 948 954 592.86**	**R24 239 516 240.47**

FIXED COST RECOVERY

	Current	Proposed
Home User	R904 984 000.80	R1 253 651 635.56
Domestic	R0.00	R96 101 403.60
Lifeline	R0.00	R0.00
Small Power 1	R609 212 010.00	R842 087 772.60
Small Power 2	R29 211 953.75	R37 164 504.96
Large Power LV	R39 192 656.10	R115 536 706.61
Large Power MV	R103 867 038.48	R290 605 138.05
TOTAL	**R1 686 467 659.13**	**R2 635 147 161.38**
Percentage Fixed of TOTAL	*7.35%*	*10.87%*

Note that all changes proposed for the 2025/26 financial year constitute the first step in a multi-year process (i.e. year 1 of an at least 3-year programme).

Residential Tariffs

The proposed residential tariffs (compared to the current tariffs) are as follows:

		Current	Proposed
Home User			
Service and Wires Charge	R/month/Cust	245.03	339.89
Energy Block 1	c/kWh	298.70	293.62
Energy Block 2	c/kWh	413.38	384.23
Domestic			
Service and Wires Charge	R/month/Cust	0.00	59.90
Energy Block 1	c/kWh	339.74	339.95
Energy Block 2	c/kWh	413.38	404.13
Lifeline			
Service and Wires Charge	R/month/Cust	0.00	0.00
Energy Block 1	c/kWh	206.16	226.53
Energy Block 2	c/kWh	206.16	226.53

The regulated Lifeline tariff components are increased by 9.88% which, when coupled with the increase in the unregulated tariff as applicable, results in an approximate 9.88% overall tariff increase. There are no structural changes proposed for this tariff, and no change to the provision of Free Basic Electricity (FBE) is proposed. Customers therefore continue to receive the extra benefits as implemented over the last few years.

The Domestic tariff features a structural adjustment, gaining a monthly Service and Wires Charge of R59.90 excluding VAT. As a result of this, there are adjustments to the energy charges which, when coupled with the adjustments to the unregulated tariff, result in an overall change to the average Domestic Tariff of 5.32%. The customer impact, however, now depends quite substantially on the actual consumption of the individual customer. The table below shows some examples of actual impacts that customers at a particular consumption level will see on their electricity accounts. In many cases this overall impact is relatively neutral, leaving higher consumers paying a very similar amount (potentially even slightly less) to what they currently are in the 2024/25 financial year.

Recovery of fixed charges (e.g. Service and Wires Charges) from this customer group will be recovered via a Rand per day charge on the Vending System.

	250		500		750		1000		1500	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Service and Wires Charge	R0.00	R59.90	R0.00	R59.90	R0.00	R59.90	R0.00	R59.90	R0.00	R59.90
Energy Block 1	R849.35	R849.88	R1 698.70	R1 699.75	R2 038.44	R2 039.70	R2 038.44	R2 039.70	R2 038.44	R2 039.70
Energy Block 2	R0.00	R0.00	R0.00	R0.00	R620.07	R606.20	R1 653.52	R1 616.52	R3 720.42	R3 637.17
	R849.35	**R909.78**	**R1 698.70**	**R1 759.65**	**R2 658.51**	**R2 705.80**	**R3 691.96**	**R3 716.12**	**R5 758.86**	**R5 736.77**
Percentage Increase		*7.1%*		*3.6%*		*1.8%*		*0.7%*		*-0.4%*

Similar to the Domestic Tariff, the Home User Tariff also sees a structural change, albeit merely in the values applied. The fixed monthly Service and Wires Charge that already exists for this tariff is increased fairly significantly, and again the energy charges are adjusted accordingly to compensate. As a result of this, and again the changes to the unregulated tariff, the average tariff increase for Home User customers amounts to 2.85%. Again, however, the actual increase seen by a customer will depend on their particular consumption levels as can be seen in the table below.

	250		500		750		1000		1500	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Service and Wires Charge	R245.03	R339.89	R245.03	R339.89	R245.03	R339.89	R245.03	R339.89	R245.03	R339.89
Energy Block 1	R746.75	R734.05	R1 493.50	R1 468.10	R1 792.20	R1 761.72	R1 792.20	R1 761.72	R1 792.20	R1 761.72
Energy Block 2	R0.00	R0.00	R0.00	R0.00	R620.07	R576.35	R1 653.52	R1 536.92	R3 720.42	R3 458.07
	R991.78	**R1 073.94**	**R1 738.53**	**R1 807.99**	**R2 657.30**	**R2 677.96**	**R3 690.75**	**R3 638.53**	**R5 757.65**	**R5 559.68**
Percentage Increase		*8.3%*		*4.0%*		*0.8%*		*-1.4%*		*-3.4%*

Small Power User Tariffs

Proposed Small Power User tariffs are as follows:

		Current	Proposed
Small Power User 1			
Service and Wires Charge	R/month/Cust	2797.12	3872.95
Energy	c/kWh	260.99	279.86
Small Power User 2			
Service and Wires Charge	R/month/Cust	220.52	282.68
Energy	c/kWh	459.19	531.95
Small Power User 3			
Service and Wires Charge	R/month/Cust	0.00	0.00
Energy	c/kWh	547.48	645.02

Note that the existing daily Service and Wired Charges are converted to monthly values (multiplied by 365 and then divided by 12) in the table above. Customers supplied via the Vending System will continue to be billed at a daily rate (as calculated from the monthly rate), with credit metered (or post-paid) customers being charged the monthly rate.

The Small Power User tariffs are an area of particular concern in terms of the financial sustainability of the Utility, as these tariffs over time have become materially subsidised (especially SPU 2 – although designed to be subsidised, the extent has become unsustainable) and this needs to be corrected as a matter of urgency. As a result of this, this category sees particular focus, and lower end customers unfortunately will bear the brunt of this. They have, however, been experiencing a windfall gain for a number of years, and remain subsidised, albeit not to the same extent as previously. This process will also take a number of years to rectify, as to do so in a single year would be catastrophic to the small business sector.

As a result of the differential in the Contribution to Rates recovery between SPU 1 and SPU 2, the cross over point between the tariffs increases to approximation 1450 kWh per month, from the current 1300kWh per month. The crossover between SPU 2 and SPU 3 remains at 250kWh per month on average.

For SPU 1, the Service and Wires Charge increases from R91.96 per day (equivalent to R2 797.12 per month), to R3 872.95 per month. The energy charge is consequently not increased by as much as would have been the case had an average increase been applied.

Impacts to customers at specific consumption levels are provided below for SPU 1.

	2500		5000		7500		10000		15000	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Service and Wires Charge	R2 797.12	R3 872.95	R2 797.12	R3 872.95	R2 797.12	R3 872.95	R2 797.12	R3 872.95	R2 797.12	R3 872.95
Energy	R6 524.75	R6 996.50	R13 049.50	R13 993.00	R19 574.25	R20 989.50	R26 099.00	R27 986.00	R39 148.50	R41 979.00
	R9 321.87	R10 869.45	R15 846.62	R17 865.95	R22 371.37	R24 862.45	R28 896.12	R31 858.95	R41 945.62	R45 851.95
Percentage Increase		16.6%		12.7%		11.1%		10.3%		9.3%

This lower end impact in particular is true for SPU 2 and 3 customers, where overall increases between 16.3% and 17.8% (all SPU 3 customers) will be experienced, even though SPU 2 customers also see an increase in the Service and Wires Charge from R7.25 per day (equivalent to R220.52 per month) to R282.68 per month.

Impacts to customers at specific consumption levels are provided below for SPU 2.

	250		500		750		1000		1300	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Service and Wires Charge	R220.52	R282.68	R220.52	R282.68	R220.52	R282.68	R220.52	R282.68	R220.52	R282.68
Energy	R1 147.98	R1 329.88	R2 295.95	R2 659.75	R3 443.93	R3 989.63	R4 591.90	R5 319.50	R5 969.47	R6 915.35
	R1 368.50	R1 612.56	R2 516.47	R2 942.43	R3 664.45	R4 272.31	R4 812.42	R5 602.18	R6 189.99	R7 198.03
Percentage Increase		17.8%		16.9%		16.6%		16.4%		16.3%

Large User Tariffs

The tables below show the proposed Large User Low Voltage (LV), Medium Voltage (MV) and High Voltage (HV) tariff proposals. Note that the LV energy tariffs are 3.5% higher than MV, and HV energy charges are set at 3.8% lower than MV. These percentages are derived from the official table of loss factors for technical losses as published by NERSA in the Cost of Supply Framework in 2023. HV Demand charges (both capacity and energy) are similarly determined from the MV tariff using the same percentage reduction.

Large Users as a category are the primary beneficiaries of the increases experienced by the Small Power Users, as these are the customers that have primarily been providing the subsidy to the SPU customers.

		Low Voltage		Medium Voltage		High Voltage	
		Current	Proposed	Current	Proposed	Current	Proposed
Service Charge	R/month/cust	5 345.43	2 321.35	5 240.79	2 404.57	5 240.79	2 404.57
Energy Low Off Peak	c/kWh	137.11	180.04	137.11	175.63	133.40	170.59
Energy Low Standard	c/kWh	188.75	222.87	188.75	217.08	183.06	210.47
Energy Low Peak	c/kWh	252.64	343.66	252.64	333.96	244.49	322.91
Energy High Off Peak	c/kWh	151.00	180.04	151.00	175.63	146.76	170.59
Energy High Standard	c/kWh	238.01	234.96	238.01	228.78	230.42	221.72
Energy High Peak	c/kWh	676.29	729.04	676.29	706.91	651.85	681.69
Demand Charge	R/kVA	289.11	234.69	172.60	75.89	164.38	73.01
Network Capacity Charge	R/kVA	0.00	35.81	3.32	17.47	3.16	16.81

For all these tariffs, a swing is made from a too-high Service Charge in favour of a specific fixed Network Capacity Charge per kVA of Notified Maximum Demand (or NMD, as a proxy for Authorised Capacity (AC) – a change to this is probable in the next year or two).

Large User tariffs are also directly impacted by the change to the Eskom bulk purchase tariff, from Megaflex to the new Municflex, as the ratio between High Demand Season Peak time and Low Demand Off Peak time has reduced. This means that all the various tariff components making up the energy charges for these tariffs had to change, as they are directly related to the Eskom bulk tariff (this is the most cost reflective and therefore sustainable outcome possible). Further to this, the time of use periods (times of day when each period – peak, standard and off peak – is applicable) are also proposed to change in line with the new Eskom Low Demand times, as these make up the bulk of the year.

Determining customer impacts for these tariffs is also very difficult, as it depends on the ratio of demand to capacity and the load profile (not only how much energy is consumed, but when – in terms of time of day, day of week, and month of the year). As such, a comparison of what an “Average” LV and MV customer would see as an impact, although the likelihood of such a customer actually existing is slim. HV is excluded from these impact assessments, as the first customer has only recently migrated to this tariff, and therefore there is insufficient data to determine the impact (a full 12 months of data is needed, given the seasonal nature of the tariffs). Note that none of these impacts take into account the change in the time of use periods, as customer data does not exist for this analysis to take place.

Large User LV

	Current	Proposed
Service Charge	R5 345.43	R2 321.35
Energy Low Off Peak	R25 188.71	R32 579.32
Energy Low Standard	R27 984.53	R32 547.59
Energy Low Peak	R18 788.47	R25 174.14
Energy High Off Peak	R9 737.20	R11 435.69
Energy High Standard	R12 822.00	R12 467.82
Energy High Peak	R18 513.36	R19 658.03
Demand Charge	R54 906.14	R38 494.02
Network Capacity Charge	R0.00	R13 436.52
	R173 285.84	**R188 114.49**
Percentage Increase		*8.6%*

Large User MV

	Current	Proposed
Service Charge	R5 240.79	R2 404.57
Energy Low Off Peak	R151 004.62	R190 526.78
Energy Low Standard	R149 128.91	R168 939.40
Energy Low Peak	R98 724.93	R128 545.06
Energy High Off Peak	R57 326.69	R65 677.23
Energy High Standard	R68 756.40	R65 098.68
Energy High Peak	R93 347.43	R96 110.26
Demand Charge	R128 278.64	R57 798.66
Network Capacity Charge	R5 340.61	R27 200.68
	R757 149.02	**R802 301.33**
Percentage Increase		*6.0%*

Other tariffs

Small-scale Embedded Generation Tariffs

The Residential Feed-in tariff, as well as the Non-residential Feed-in 1 tariff increase by 9.88%, in line with the bulk purchase increase experienced by the City. This is in line with the Regulatory request to keep these prices at the offset bulk purchase costs. At this stage, the Non-residential Feed-in 2 tariff also increases by 9.88%. The Time-of-Use Feed-in rates are again determined based on the new Municflex energy rates, with the carbon tax applied (since the customer retains the green benefits). This tariff will also likely change once the carbon tax is available (also in the May submission). Note also that the Time-of-Use tariff will only be available once the back end systems have been thoroughly tested and can be relied upon.
The SSEG incentive tariff, applicable to all Feed-in tariffs, is proposed to extend by a further year (it was previously approved to end on 30 June 2025), and will in future be reviewed on an annual basis for relevance and continuation. No change to the value of 25c/kWh is proposed.

Investment Incentive Tariffs

These tariffs are all discontinued.

Wheeling Tariffs

The same principles as before have been applied in the determination of the wheeling tariffs for the 2025/26 financial year. However, with the changes to the base tariffs (the standard Large User MV and HV tariffs) these tariffs automatically adjust to remain in alignment with those.

Generator Tariff

This tariff, applicable to pure Generators connecting to the Grid at MV or higher voltages, remains in alignment with the Large User MV Service and Network Capacity Charges (although these charges are based on Maximum Export Capacity rather than Notified Maximum Demand). No energy charges are applicable to this tariff.

Street Lighting and Traffic Signals

These tariffs increase by the overall Regulated tariff increase of 10.29%.

Conclusion

Electricity costs are currently mostly bundled together in the cost per kWh and the network usage is typically subsidised by higher consuming customers. This is particularly evident in the current environment where poorer customers without home generation systems (such as Photo Voltaic, or PV, systems) actually subsidising those that can afford these systems through their energy purchases. By making these changes, artificial subsidies are eliminated, costs are more transparently displayed, and better, more realistic pricing signals are sent to all customers.

These moves are not without consequence. However, as evidenced by the above discussion, while efforts have been made in an attempt to minimise these impacts to customers (especially where such impact is significantly negative), it is impossible to implement these necessary changes without this outcome occurring. The nature of increasing fixed charges (necessary to ensure financial sustainability, along with the regulatory and national directives to do so) is that smaller consuming customers pay a higher price, and higher consuming customers see a benefit. This is unavoidable. To do nothing would lead to continuously increasing prices at a higher rate (continued reductions in sales volumes leads to increased upwards pressure on variable prices if fixed costs are recovered from these), which would lead to a significant decrease in the ability of the customers to afford the services being provided.

This risk to revenue is significant, and steps must be taken to counter this. Put differently, before any energy is sold to a customer, a network service needs to be provided and maintained. This comes at a cost which is typically fixed in nature and similarly needs to be recovered from the customer on a fixed basis.

It is therefore imperative that this process is undertaken, if the financial sustainability of the Electrical Utility is to be maintained, and improved, in a changing environment.

In order to respond to changing customer needs and market participation it is vital to have cost reflective tariffs in place so that there are no unintended consequences with cross subsidies and loss of revenue.

1.3 Miscellaneous Tariff Proposals

The Miscellaneous Electricity Tariffs are levied to recover the costs of services provided directly to individual customers.

In terms of the Miscellaneous Tariff Schedule, each tariff was revisited in terms of its relevance and revenue generating potential.

There are no new tariffs for 2025/26, nor are any tariffs removed.

The following items on the Schedule are dependent on the Consumption Based tariffs, and are adjusted in accordance with the current Regulated consumption tariff increase of 10.29%:

- Item 2.4.2 – CT Metering Second tamper offence
- Item 13.1, Bulk Residential and Small Power User deposits
- Item 13.2, Deposits for Time of Use agreements
- Item 14.1, Unmetered consumption tariffs (these are adjusted according to the total tariff including the Unregulated portion, as these form part of the normal consumption sales basket, and therefore see an increase in line with their consumption levels, as detailed in the Small Power User discussion above)
- Item 3.1.2 (Table Mountain Lighting) on the Street Lighting Schedule will increase by the average Regulated consumption tariff increase.

All other tariffs are either increased by CPI (4.5%), or else were determined from a zero base, which can result in a variety of different increases, depending on the make-up of the actual tariff. In most instances these prices are dependent upon external pricing, and may result in a significant increase, a zero change, or a decrease in the price. The Shared Network Charges, as well as the Engineering Study fees, are particular examples where a recalculation from the zero base to determine the actual cost of the services provided has resulted in a significant increase in price.

Note that in some instances the rounding for VAT purposes may result in a slightly above or below increase for some items.

1.4 Proposed Electricity Tariff Policy Changes

The following changes are proposed to the Electricity Tariff Policy:

- Definitions in each of the sections are alphabetized (no additional changes)
- The provision in clause 4.1.6 that provided the end date for the SSEG incentive has been removed and replace with “to be reviewed on an annual basis”.
- Clause 4.1.7 added to allow for the fixed monthly charges to be recovered through the Vending System as a fixed charge per day, where appropriate.
- Clause 4.2.14 relating to the implementation of the now-discontinued Investment Incentive tariffs is deleted.

No further changes are required to the Policy at this stage.

2. WATER AND SANITATION

The Water and Sanitation Consumptive Tariffs are levied to recover the costs of providing the services.

Reform to structural tariffs, to treat users fairly and equitably, are recommended for the 2025/26 financial years. Changes to the tariff structure include the refinement of the fixed basic charge for water, the implementation of a fixed basic charge for sanitation, increase to the proportion of the fixed basic charge as part of overall revenue, upward alignment of non-domestic fixed basic portion to that of domestic users, adjustment to the variable (volumetric) tariff to allow for the inclusion of the fixed basic charge as well as the differentiation of mechanisms to be used for fixed basic calculations between Domestic and Non-Domestic customers. In addition, step 3 and 4 tariffs has been adjusted upwards to further promote water conservation and water efficient practices.

Level Water wise (no restriction) water and sanitation tariffs are recommended for implementation from 1 July 2025. The change in the tariff structure means that individual customer will experience variable impacts to their water and sanitation accounts. The main factors determining the impact includes current meter size, level of consumption and the value of the mechanism used for fixed basic calculations. Similar trends will be experienced on the level 1, level 2, and level 3 restriction tariffs. The level emergency restriction tariffs will however be higher as upward adjustments were required to ensure a revenue-neutral position can be achieved under this volumetric set.

The proposed tariff increases are predominantly due to the impact from water augmentation plans to ensure security of water supply, upgrades and extensions to the wastewater treatment plants, expansion of water and wastewater infrastructure to align with urbanization and densification trends, ensuring basic services to the informal settlements and poor households, adhering to compliance conditions and pollution control, water demand management initiatives, ensuring the management of assets at appropriate levels (including a specific focus on the sewer network and sewer pump stations) , increases to operational cost, sustain and enhance the maintenance programs as well as supplying water and sanitation services at appropriate compliance, capacity, skills, service delivery and responsiveness levels. Allowance is also required to smooth the tariff increases once the additional operating cost for major new resource projects comes on line.

The Bulk Water tariff, which is predominantly used for internal sales and sales to other municipalities, has been increased from R6.42 to R7.74 (excluding VAT) per kilolitre.

The miscellaneous tariffs are levied by Water and Sanitation for the provision of various services by the Directorate. Examples of these services are the installation of water connections and the testing of meters. The aim of these tariffs is to recover the cost of the provision of a particular service to each customer.

An average increase of 4.5% was applied to the 2024/25 tariffs to determine the applicable tariffs for the 2025/26 financial year. The revenue trends for the past 3 years are as follows:

GL and Account description	2021/22		2022/23		2023/24	
	Planned	Actual	Planned	Actual	Planned	Actual
810100 _ Administration Fees	2 100 000	2 050 977	1 300 000	1 269 560	1 363 700	1 420 636
811210 _ Connection Fees - Water	30 000 000	29 313 945	36 350 000	32 429 191	38 131 150	44 261 915
812740 _ Service Charges - Infrastructure and other	3 093 000	4 141 359	5 000 000	4 933 054	10 000 000	8 601 476
860940 _ Laboratory Services	182 110	25 011	50 000		52 450	108 293
	35 375 110	**35 531 292**	**42 700 000**	**38 631 805**	**49 547 300**	**54 392 320**

The proposed consumption tariffs as well as miscellaneous tariffs are shown in the attached Tariffs and Charges Book as Annexure 6.

Notable changes and additions in the tariff policy and tariff schedules for the 2025/26 financial year include:

Consumptive Tariffs:
- Implementation of a fixed basic charge for Sanitation;
- Refinement of the fixed basic charge for Water;
- Differentiation of mechanisms to be used for fixed basic charge calculations between Domestic and Non-Domestic customers;
- Increase to the proportion of the fixed charge as part of overall revenue;
- Adjustment to the variable (volumetric) tariff to allow for the inclusion of the fixed basic charges;
- Upward adjustment of non-domestic fixed basic charge to align with the proportion of domestic users;
- Upward adjustment of step 3 and 4 variable (volumetric) tariffs to further promote water conservation and water efficient practices;
- Higher increases implemented for Level Emergency restrictions tariffs to ensure a revenue-neutral position can be achieved under this volumetric set.

Miscellaneous Tariffs:
- Full cost recovery applied for tariff to shut-off supply at stopcock;
- Specific tariffs recommended for new connections (50mm and above) to eliminate delays experienced due to quotation methodology;
- Penalty of R5 000 will be charged where tampering / interference are identified which allows for unauthorized discharge of stormwater into the sewer system.

Other:
- Inclusion of Advanced Metering Infrastructure definition and impacts in the Tariff Policy;
- Change in meter sizes to be assessed based on loading factors on case by case basis;
- For combination meters, only the larger meter will be used for fixed basic calculation purposes.

3. URBAN WASTE MANAGEMENT

The Urban Waste Tariffs are levied to recover costs of services provided directly to customers and include refuse collection fees, disposal fees, compost sales, weighbridge fees and other ad hoc services. An average increase has been applied on the Consumptive Tariffs for Refuse collection of 7.36% & Disposal of 5.28%. An average increase has been applied on the Miscellaneous Tariffs for Cleaning of 4.60%. A new City–wide Cleaning Sundry tariff will also be introduced in the 2025/26 financial year.

The following amendments to the Tariff Policy are proposed:

1. Tariff Policy Changes

a) Chapter 1: General Tariff Policy: Item 7.4:

i. Under the heading “Service” – *Waste Services / City–wide Cleaning*;
ii. Under the heading “Basic Level” - *Fixed charge for all properties with a total site and improvements valuation from R1 of up to R1,250,000*.

b) Chapter 4: Urban Waste management Tariff Policy:

i. **New Definition** - ***“City – Wide Cleaning Tariff”*** *means a fixed basic charge/ fee recurring on a monthly basis on Residential properties (including Sectional Title Units) and Vacant land;*
ii. **Change in Definition** - **“Non-domestic/business waste”** means waste that emanates from premises that are used wholly or mainly for commercial, retail, wholesale, entertainment or government administration purposes and includes waste generated by informal traders and Residential Properties where commercial activities are being conducted. *Frequency as determined by Internal Inspectors;*
iii. **New items under 4.2** –

4.2 City-wide Cleaning

4.2.1 Cleansing

4.2.1.1 Removal of any solid waste (litter, dumping etc.) on City owned open public property in preparation for or after any events held in the Metro;

4.2.1.2 The supply, servicing and removal of 660L / 770L containers utilised for events or traders waste;

4.2.1.3 The supply, servicing and removal of street litter bins for events on City owned public properties.

4.2.1.4 Other services include: Street sweeping, Litter picking, Area Cleaning, Beach Cleaning, Illegal Dumping removal, Litter bins, Animal carcass removal, Informal Settlements, Fire Debris removal etc.

4.2.2 Waste Minimisation

Any activity to prevent or reduce the volume and/or environmental impact of waste that is generated, treated, stored or disposed of through mechanisms such as re-using, recycling and processing waste for re-use; and

4.2.3 Drop-offs

The Service at the drop-off facilities is free provided Users adhere to conditions for Usage including that waste must be transported by car, trailer or LDV with total carrying capacity not exceeding 1.5 tons in accordance with the service levels contained in Schedule 1: Urban Waste Management Tariffs (Consumptive and Miscellaneous).

iv **Change to items 7.1.2.2** - *Refuse removal:* Formal Households (excluding Sectional Title Schemes) – receive a rebated waste collection service based on property value as follows:

v **New Items linked to the New City – Wide Cleaning tariff rebates** –

7.1.2.3 – City-wide Cleaning: Formal Households (including Sectional Title Schemes) – receive a rebated charge as follows:

a. 7.1.2.3.1 Value from R1 and up to R500 000 receive a 100% rebate – this excludes Housing properties valued at R0, which will continue to receive 100% rebate. As per items 2.2.1 on the Urban Waste Management Miscellaneous Tariff Schedule;

b. 7.1.2.3.2 Value from R500 001 to R1m receive a fixed rebate as per items 2.2.2 to 2.2.4 on the Urban Waste Management Miscellaneous Tariff Schedule;

c. 7.1.2.3.3 Value from R1 000 001 to R1,250,000m receive a fixed rebate as per item 2.2.5 on the Urban Waste Management Miscellaneous Tariff Schedule.

vi ***New Item*** - *7.1.5* A Pensioners rebate is available to Residents being billed the City-wide Cleaning Tariff as per the criteria set out in Section 8.2 of the Rates policy.

vii. **Change to item 10.5** - In light of established airspace challenges, Council may on receipt of a properly motivated request from any entity consider waiving the current surcharge, partly or wholly, for the disposal of waste originating from outside of the municipal boundary of the City. Waste to be disposed directly at a designated City landfill site for a period not exceeding a year is subject to a written contract that adequately mitigates all known risks for the City, including the diversion of waste from landfill in accordance with the current legislation. In these cases, the tariffs in *paragraphs 2.2.2.1 to 2.2.2.3 of the Urban Waste Management Consumptive Tariff Schedule will apply.*

viii. **New items to the City - Wide Cleaning Tariff**

1. *11 – City–wide Cleaning* **-** *The proposed City–wide Cleaning tariff is embedded in the “polluter pays” principle, which is the cornerstone of the National Environmental Management Act, Act 107 of 1998, which amply specifies that all generators of waste (including businesses and households) are responsible for the costs of managing the waste generated. The range of services covered by the City–wide Cleaning tariff cannot be measured using a standard unit e.g. consumption or usage, as the specific benefit to each property or user category is difficult to determine. The City–wide Cleaning tariff is therefore not based on individual consumption but instead designed to provide a collective benefit, ensuring a reasonably clean and hygienic environment for all Residential customers.*

2. ***11.1 - Service categories***

11.1.1 - City–wide Cleaning tariff for Residential properties (including Sectional Title Units) and Vacant land based on a fixed charge per property value band.

3. ***11.2 - Billing categories;***

11.2.1 - In all instances the property owner will be billed and not the tenant;

11.2.2 - All property owners will automatically be billed for a City–wide Cleaning Fixed charge within the property bands below (see item 3 on the “Urban Waste Management Miscellaneous Tariff Schedule” for the tariffs per property band):

RESIDENTIAL PROPERTIES	VACANT LAND
Property bands	**Property bands**
R1 to R500k	R1 to R450k
R500,001 to R600k	R450,001 to R750k
R600,001 to R750k	R750,001 to R1m
R750,001 to R1m	R1,000,001 to R1,25m
R1,000,001 to R1,25m	R1,250,001 to R1,5m
R1,250,001 to R1,5m	R1,500,001m to R1,75m
R1,500,001m to R1,75m	R1,750,001 to R2m
R1,750,001 to R2m	R2,000,001 to R2,25m
R2,000,001 to R2,25m	R2,250,001 to R2,5m
R2,250,001 to R2,5m	R2,500,001 to R2,75m
R2,500,001 to R2,75m	R2,750,001 to R3m
R2,750,001 to R3m	R3,000,001 to R3,25m
R3,000,001 to R3,25m	R3,250,001 to R3,5m
R3,250,001 to R3,5m	R3,500,001 to R4m
R3,500,001 to R4m	R4,000,001 to R4,5m
R4,000,001 to R4,5m	R4,500,001 to R5m
R4,500,001 to R5m	R5,000,001 to R5,5m
R5,000,001 to R5,5m	R5,500,001 to R7,5m
R5,500,001 to R6m	R7,500,001 to R10m
R6,000,001 to R6,5m	R10,000,001 to R15m
R6,500,001 to R7m	R15,000,001 to R25m
R7,000,001 to R7,5m	R25,000,001 to R50m
R7,500,001 to R8m	R50,000,001 to R100m
R8,000,001 to R8,5m	R100,000,001 Plus
R8,500,001 to R9m	
R9,000,001 to R9,5m	
R9,500,001 to R10m	
R10,000,001 to R12m	
R12,000,001 to R14m	
R14,000,001 to R16m	
R16,000,001 to R18m	
R18,000,001 to R20m	
R20,000,001 to R25m	
R25,000,001 to R35m	
R35,000,001 to R50m	
R50,000,001 to R65m	
R65,000,001 to R80m	
R80,000,001 to R100m	
Above R100m	

1. **New Items** *under 11.3 Exemptions:*
   1. *11.3.1 - Agricultural Properties;*
   2. *11.3.2 - Properties owned by Public Benefit Organisations (PBOs) and used for specified public benefit activities;*
   3. *11.3.3 - Properties owned by an organisation – not for profit:*
      a. *11.3.3.1 - used for animal welfare/shelters;*
      b. *11.3.3.2 - used as an early childhood development facility;*
      c. *11.3.3.3 - used for youth development;*
      d. *11.3.3.4 - used as accommodation for the vulnerable;*
      e. *11.3.3.5 - used as a local community museum;*
      f. *11.3.3.6 - used for an old age home;*
      g. *11.3.3.7 - used exclusively for amateur sport;*
   4. *11.3.4 - Properties owned by a SHRA-accredited Social Housing Institutions or accredited Other Delivery Agents (ODA) and used for social housing;*
   5. *11.3.5 - Properties owned by war veterans' associations and used for the welfare of war veterans;*
   6. *11.3.6 - Public Service Infrastructure (PSI);*
   7. *11.3.7 - Cemeteries and Crematoria*
   8. *11.3.8 - Nature conservation land*

2. **Consumptive tariff schedules**
   a. Note the change in the numbering of the entire tariff schedule:
      i. Main Item 1 - Waste Collections
      ii. Main Item 2 – Waste Disposal

Failure to implement the proposed Tariff increases on 1 July 2025 will result in under recovery of Revenue required to meet anticipated expenditure for the 2025/2026 financial year.

CONSUMPTIVE URBAN WASTE TARIFFS 2025 / 2026

All Tariffs reflected below are exclusive of VAT

Urban Waste Management		2024/25 (excl. VAT)	2025/26 (excl. VAT)	2025/26 (incl. VAT)	Average Increase %
RESIDENTIAL REFUSE COLLECTION					
Formal					
240l Container including Lockable Container	Rand per month	R166.26	R 178.52	R 205.30	7.36%
INDIGENT REBATE - 240l Container including Lockable Container					
Block 1 (100% rebate) – property value from R1 up to R450 000	Rebate Rand per month	-R166.26	-R178.52	-R205.30	7.36%
Block 2 (50% rebate) – property value from R450 001 up to R500 000	Rebate Rand per month	-R83.13	-R89.22	-R102.60	7.36%
Block 3 (25% rebate) – property value from R500 001 up to R650 000	Rebate Rand per month	-R41.57	-R44.61	-R51.30	7.36%
ENHANCED SERVICE LEVEL INCLUDING LOCKABLE CONTAINER					
240l - Additional Container	Rand per container per month	R166.26	R 178.52	R 205.30	7.36%
240l - 3x per week for cluster	Rand per container per month for Sectional Title Units	R 498.78	R 535.48	R 615.80	7.36%
240l - 5x per week for cluster	Rand per container per month for Sectional Title Units	R 831.57	R 892.78	R 1 026.70	7.36%
Informal					
Basic Bagged service	Rand per month	Free	Free	Free	-
NON-RESIDENTIAL REFUSE COLLECTION					
240 LITRE CONTAINER INCLUDING LOCKABLE CONTAINER					
1 removal per week	Rand per container per month	R 198.70	R 213.30	R 245.30	7.36%
3 removal per week	Rand per container per month	R 595.65	R 639.48	R 735.40	7.36%
5 removal per week	Rand per container per month	R 993.04	R 1 066.17	R 1 226.10	7.36%
REFUSE AVAILABILITY					
All vacant Erven	Rand per month	R 98.52	R 105.74	R 121.60	7.36%
DISPOSAL SERVICES					
General Waste	Rand per ton	R 691.48	R 728.00	R 837.20	5.28%
Special Waste	Rand per ton or part thereof	R 916.35	R 964.70	R 1 088.00	5.28%
Builders Rubble	Rand per ton	R 28.61	R 30.09	R 34.60	5.28%