City power tariffs could be cut by 28% – study

Patsy Beangstrom
News Editor

WHILE the city's electricity increase, which comes into effect on July 1, has been cut from the proposed 3.42 percent to 1.88 percent, a study has shown that electricity tariffs in Kimberley could be reduced by a whopping 28 percent.

Sol Plaatje executive mayor, Mangaliso Matika, during the adoption of the city's budget yesterday, pointed out that following claims that the municipality's electricity tariffs were the highest in the country, ways needed to be found to slow down the annual increase in electricity costs.

"This can be done by reducing the high incidence of non-payment of electricity bills and bad debt; reducing non-technical losses through the reduction in theft of electricity, reporting incidences of theft of electricity, and more stringent revenue management; domestic load management; and restructuring the current electricity tariffs to be more cost reflective in each category.

"An exercise was conducted by an expert whose opinion is that by implementing these strategies more vigorously, there could be a reduction in electricity tariffs (on average) by as much as 28 percent.

"In the coming financial year, the administration has been tasked with extracting maximum value with a view to arrest, or at the very least slow, the growth in electricity tariffs and to make these more cost reflective within the categories of users."

As a start, Matika pointed out that the municipality has kept the electricity tariff increases to 1.88 percent in line with the Nersa guidelines - a reduction from the proposed 3.42 percent when the draft budget was tabled.

Other tariff increases that come into effect on July 1, will see property rates increase by 5.5 percent, as well as all other service charges (refuse, sanitation and water) which also go up by 5.5 percent.

The total operating revenue of the 2017/18 budget is R2.1 billion, while the operational expenditure (including employee costs, bulk costs, materials and municipal running costs) for the period amounts to R1.936 billion, resulting in a surplus of R167 million.

The capital budget is R232 million funded from conditional grants in the amount of approximately R160 million, while the municipality's own funding is R72 million.

In presenting the budget, Matika also announced that R500 000 would be set aside to reach out and show the families of the 52 Sol Plaatje staff members who died at the then Saulspoort Dam, that the municipality still cared and had not forgotten them 14 years later.

"Ourselves and Dihlabeng Municipality jointly commemorated the lives and the passing of the 51 staff members. We further agreed on various matters including joint commemoration through sports, arts and culture, as a strategy towards social cohesion."

He stated further that "this allocation must also be extended to the families of the workers of the municipality who perished on duty at the Homevale waste treatment plant".

Matika further pointed out that one of the most important catalysts for investment was the municipality's ability to create an environment for investors to rely on.

Mayor of Sol Plaatje Municipality, Mangaliso Matika

"It is therefore imperative that we ensure that the city is kept clean and attractive at all times, as the impressions about the city first come from its cleanliness.

"We need to gear up the level of cleanliness of the city. We will put together a comprehensive cleaning programme, ensuring proper co-ordination of all cleaning initiatives from Public Works, CWP and the mayoral cleaning project. This initiative will synergise the work done by the various projects to improve the impact. Critical to this is the enforcement of municipal by-laws."

In the coming financial year, the municipality will spend R176 million on providing free basic services to households, which will grow to R205 million in the outer two years. Indigents and qualifying households will receive six kilolitres of water, 50 kilowatts of electricity and their refuse removal and sanitation charges will be fully subsidised, while a rebate of 60 percent on property rates is also allowed for qualifying pensioners.

Matika pointed out that there were more than 23 000 households living with a household income of less than R3 750, who qualified for an indigent subsidy. "However, there are currently only 13 800 households who have registered."

He stated further that the needs of the community and municipal infrastructure requirements and other services amounted to R10.7 billion for the next five years.

"Of this, only R1 billion can be funded, at a ratio of 70 percent grants and 30 percent own funding. The ideal norm is more contribution to capital financing should be coming from own funding and a portion be funded from grants.

"We acknowledge the tougher economic conditions and the plight of our people. However, the National Credit Act, Debt Collection Act, the Municipal Finance Management Act, all make it our obligation as council to collect from our customers. The policies detail out the process for arrangements, payment postponement, discount for early payment, all meant to assist the customers.

"Municipal services come at a cost. With the increasing community needs, we need funding, not for banking and reporting on investments we hold, but to put back money to fund roads, stormwater, informal settlements upgrade, bulk infrastructure, fleet, to mention but a few."

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