



Enquiries : Mthobeli Kolisa
Tel : 012 369 8000/8139
Fax : 012 369 8001
E-mail : mkolisa@salga.org.za
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Ms Cecilia Khuzwayo
Chairperson of NERSA
P.O. Box 75217
Garden View
2047

Dear Ms Khuzwayo

CONCERNS REGARDING LATE APPROVAL OF MUNICIPAL ELECTRICITY TARIFFS FOR 2010/2011

SALGA would like to express its disappointment with the way in which municipal electricity tariffs approval process is handled this year. To date, not even a single municipality has received any feedback from NERSA regarding the outcome of their application. In our view this is a serious concern when considering that the municipal financial year will begin on 1 July 2010, and municipalities are required by local government legislation to finalize their budget 30 days before the beginning of the financial year.

In view of these delays, taking into considerations the local government legislation and to remedy the situation, SALGA is proposing that all municipal tariff applications be approved by NERSA as per the percentage that was applied for. In instances where NERSA would have approved a different percentage increase from what was applied for, that should be indicated on the outcome of the application and be factored in, into the next cycle of tariff application (1 July 2011). This will avoid municipalities implementing an illegal tariff from 1 July 2010 because budgets have already been approved by municipal councils and it will be very difficult to start the budgeting process all over again before the implementation of new tariffs from 1 July 2010. This is per Section 24 of the MFMA which states that municipal councils must approve municipal budgets including the setting of any municipal tariffs for the budget year.

SALGA believes that this will be of the best interest to municipalities and the country and it crucial that NERSA engages structures like organised local government in future to avoid such untimely delays. SALGA is available to further engage with NERSA on this issue and also to work together to find other solutions on this matter.

Clr Amos Masondo
CHAIRPERSON OF SALGA

cc: Ms Dipuo Peters
MINISTER OF ENERGY

