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Subject: Swartland Municipality Opposes Eskom's Proposed 36% Electricity Tariff Increase -
Swartland Municipality

Press Release

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Swartland Municipality

Swartland Municipality Opposes Eskom's Proposed 36% Electricity Tariff Increase

Thys Möller, the Electrical Services Director for Swartland Municipality, has strongly opposed Eskom's application for a 36.15% electricity tariff hike for 2025. If approved this will translate into a 43.55% increase to all municipalities. Möller presented the Municipality's objections at the recent National Energy Regulator of South Africa (NERSA) public hearings in Cape Town, representing the interests of the Swartland Municipality, its Council, and all residents and businesses.

In his presentation, Director Möller highlighted the extreme financial strain that such an increase would place on the Municipality's residents and businesses, and the far-reaching economic consequences it would have for the region.

The Impact of Eskom's Price Hikes

Since 2007, Eskom has implemented significant tariff increases, far outpacing inflation. According to Power Optimal, between 2007 and 2024, Eskom's average electricity price has risen by 937%, compared to the Inflation of increases of 155%. These steep price hikes have stretched household and business budgets to their limits and have exacerbated the growing energy affordability crisis.

Eskom is effectively stuck in a death spiral. It is trying to increase its income by hiking up prices, making it more expensive for clients who cannot afford to pay, resulting in more clients defaulting which in turn forces Eskom to implement more price increases to try and make up for their lost income, worsening the situation.

Eskom's Financial Crisis: A Symptom of Broader Challenges

The escalating overdue debt that municipalities owe to Eskom is a clear indication of the utility's financial crisis. While factors such as corruption, poor management, and state capture have contributed to the strained financial position of Eskom, its relentless price hikes only serve to worsen the debt spiral.

Swartland Municipality acknowledges the challenges Eskom faces but believes that increasing electricity tariffs at the proposed rates will not resolve the underlying issues. In fact, it is pushing more customers—especially those who have been able to maintain payments—toward alternative energy sources.

The Shift to Alternative Energy: A Growing Concern for Eskom

As Eskom's tariffs continue to rise, an increasing number of households and businesses are investing in renewable energy solutions to become less reliant on the national grid. Advances in solar technology, energy storage, and off-grid solutions are enabling consumers to reduce their dependence on Eskom, often at a fraction of the cost. This trend is exacerbated by Eskom's inability to offer stable, affordable electricity and is contributing to a loss of paying customers.

Despite no loadshedding since 26 March 2024, the exodus to alternative energy continues, as many customers who left during previous periods of loadshedding are unlikely to return. As a result, Eskom is losing its most reliable clients—those who paid their bills on time—further exacerbating its financial difficulties.

The Impending Local Impact

For municipalities like Swartland, the consequences of a 43.55% increase in Eskom's tariffs are dire. If approved, the tariff hike will force local governments to pass the additional costs onto residents and businesses. For many, already struggling with the high cost of living, this could push them over the edge. Increased electricity costs will place unbearable pressure on households and businesses already facing financial hardship, potentially leading to social unrest.

Director Möller emphasized that municipalities, which are already battling to balance their own books and maintain essential services like street lighting, will bear the brunt of public anger. Local governments will find themselves on the frontline of this crisis, facing mounting dissatisfaction from citizens while Eskom, insulated by its monopoly, remains largely unaffected by the public outcry.

Call to Action

Swartland Municipality, on behalf of its residents and businesses, urgently calls on NERSA to reject Eskom's application for these excessive tariff increases. The Municipality firmly believes that Eskom's financial troubles should not be shouldered by the citizens of South Africa, many of whom are already struggling to meet basic needs. Allowing an increase of 43.55% will only exacerbate the economic crisis facing local governments and their communities.

The Municipality believes that NERSA has a responsibility to act in the best interest of residents, businesses, and sustainable governance while also considering the sustainability of electricity utilities. A rejection of Eskom's proposed increase would not only protect South Africans from further economic strain but would also force Eskom to reconsider its financial strategy and focus on meaningful reform to address the root causes of its financial woes.

Director Möller during his presentation indicated that there is a real challenge between Cost Reflectivity, Prudence and Affordability and that the current application from Eskom is just not Affordable.

END

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