

INXUBA YETHEMBA LOCAL MUNICIPALITY



FINAL DRAFT BY-LAW RELATING TO MUNICIPAL TARIFFS

20192020/21 FINANCIAL YEAR

**COUNCIL APPROVED:
COUNCIL RESOLUTION NO:
PROVINCIAL GAZETTE:**

Table of Contents

1. PREAMBLE	32
2. DEFINITIONS.....	43
3. OBJECTS	83
4. ADOPTION AND IMPLEMENTATION OF TARIFF POLICY.....	94
5. GENERAL POWER TO LEVY AND RECOVER FEES, CHARGES AND TARIFFS.....	194
6. CONTENTS OF TARIFF POLICY	15
7. ENFORCEMENT OF TARIFF POLICY	15
8. REPEAL OF BY-LAWS	25
9. INTERPRETATION	25
10. SHORT TITLE AND COMMENCEMENT.....	25
1. PREAMBLE.....	2
2. DEFINITIONS.....	3
3. OBJECTS	3
4. ADOPTION AND IMPLEMENTATION OF TARIFF POLICY.....	4
5. GENERAL POWER TO LEVY AND RECOVER FEES, CHARGES AND TARIFFS.....	4
6. CONTENTS OF TARIFF POLICY	5
7. ENFORCEMENT OF TARIFF POLICY	5
8. REPEAL OF BY LAWS	5
9. INTERPRETATION.....	5
10. SHORT TITLE AND COMMENCEMENT.....	5
PREAMBLE.....	3
1. DEFINITIONS.....	4
2. APPLICATION OF BY LAW.....	7
3. OBJECTIVES AND PRINCIPLES OF THE TARIFF FRAMEWORK FOR MUNICIPAL SERVICES	7
4. ADOPTION AND IMPLEMENTATION OF THE TARIFF POLICY	10
5. GENERAL POWER TO LEVY AND RECOVER FEES, CHARGES AND TARIFFS.....	11
6. DIFFERENTIATION BETWEEN CONSUMERS AND GRANTING OF EXEMPTION	11
7. CATEGORIES OF CONSUMERS	12
15. DEPOSITS.....	22

<u>16. TARIFF TYPES</u>	22
<u>17. UNITS OF MEASUREMENT AND METHOD OF CALCULATION</u>	23
<u>18. MINOR TARIFFS</u>	23
<u>18. CALCULATION OF MINOR TARIFFS</u>	23
<u>19. PHASING IN OF TARIFFS, FEES AND LEVIES</u>	26
<u>20. GENERAL MATTERS</u>	26
<u>14. ENFORCEMENT MEASURES</u>	1
<u>15. REPEAL OF BY LAWS</u>	1
<u>16. SHORT TITLE AND COMMENCEMENT</u>	1

—

—

—

~~TARIFF BY LAW 2018~~

~~To provide for the adoption and implementation of a tariff policy; for the general power to levy and recover fees, charges and tariffs and for matters incidental thereto.~~

1. PREAMBLE

- Section 229(1) of the Constitution authorises a municipality to impose:
 - a) Rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
 - b) If authorised by national legislation, other taxes, levies and duties appropriate to local government or to the category of local government into which that municipality falls.
- In terms of section 75A of the Local Government: Municipal Systems Act a municipality may:
 - a) levy and recover fees, charges or tariffs in respect of any function or service of the municipality; and
 - b) recover collection charges and interest on any outstanding amount.
- In terms of section 74(1) of the Local Government: Municipal Systems Act, a municipal council must adopt and implement a tariff policy on the levying of fees for a municipal service provided by the municipality or by way of service delivery agreements and which complies with the provisions of the Local Government: Systems Act, the Local Government: Municipal Finance Management Act, 53 of 2003 and any other applicable legislation.

Formatted: Heading 1, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 0,63 cm

Formatted: Normal

Formatted: Justified

- In terms of section 75(1) of the Local Government: Municipal Systems Act, a municipal council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.
- In terms of section 75(2) of the Local Government: Municipal Systems Act, by-laws adopted in terms of subsection 75(1) may differentiate between different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.
- In furtherance of reusable energy, Council may determine tariffs pertinent to the purchase of surplus energy from consumers, subject to regulations issued and approved by the National Electricity Regulator of South Africa (NERSA).
- The Municipal Council of the Inxuba Yethemba Local Municipality, acting in terms of section 156 of the Constitution of the Republic of South Africa, and read with section 11 of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000), hereby adopts the following By-Law:

Formatted: Indent: Left: 0,63 cm, No bullets or numbering

Formatted: Justified

12. DEFINITIONS

“agricultural consumers” means consumers engaged in agriculture as defined in the scheme regulations made in terms of section 8 of LUPD,

Formatted: Font:

Formatted: Normal, Justified, Indent: Left: 0 cm

“Constitution” means the Constitution of the Republic of South Africa, “annual budget” means the budget approved by the municipality for any particular financial year and includes any adjustments to such budget;

Formatted: Normal, Left

Formatted: Font: Not Bold

Formatted: Font:

“Council” means the Council of the Municipality.

Formatted: Font: Bold

“availability charges” means a monthly charge that the municipality may levy against immovable property with or without improvements, which is not connected to any municipal service works where such property can be reasonably so connected;

Formatted: Font: Not Italic

Formatted: Justified, Indent: Left: 0 cm

~~“an availability charge” shall mean an amount payable by the consumer in respect of a service which is available but not connected to the property concerned. In contrast hereto a “charge” shall mean the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.~~

Formatted: Font: Not Italic

~~For subdivisions or group housing developments, where the developer provides the internal civil services, availability charges for all erven approved and subdivided within the development for water, electricity, refuse removal and sanitation (where applicable) become payable 12 months after the issue of the Completion Certificate in terms of GCC 2010. If an individual erf within the development is transferred before the 12 month period has expired, availability charges for that specific erf will become payable for water and sewer as on the date of transfer, the submission of a building plan or the request for a Certificate of Registered Title. The date of the completion certificate must be confirmed by the director responsible for the specific service and which certificate a copy must be submitted immediately on receipt to the financial department.~~

Formatted: Font: Not Italic

~~“Constitution” means the Constitution of the Republic of South Africa;~~

Formatted: Font: Not Italic

~~“community services” means services rendered by the municipality, which include, but are not limited to, environmental health, street cleaning, grass cutting and the operation of community halls and cemeteries;~~

Formatted: Font:

Formatted: Font: Not Italic

~~“consumer” means the occupier of any premises to which the municipality has agreed to supply or is supplying municipal services, or if there is no occupier, then any person who has entered into a service agreement with the municipality for the supply of municipal services to such premises, or, if there be no such person, then the owner of the premises;~~

Formatted: Font:

Formatted: Font: Not Italic

~~“Costs related to two to four parts tariff” means a tariff that consists of two to four parts, namely management, capital, maintenance and operating costs that are recovered by grouping certain components together (e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge) independent of consumption for all classes of consumers, whilst the variable costs may be recovered by a unit charge per unit consumed.~~

Formatted: Font: Not Italic

~~“Council” means the Council of Inxuba Yethemba local municipality;~~

Formatted: Font: Not Italic

~~“Customer Care, Credit Control and Debt collection By-Law and Policy” means the municipal Customer care, Credit Control and Debt Collection By-Law and Policy adopted by the municipal Council as required by section 96(b), 97 and 98 of the Municipal Systems Act;~~

Formatted: Font: Not Italic

~~“Municipality” means the Inxuba Yethemba Local Municipality (EC131).~~

Formatted: Justified, Indent: Left: 0 cm

~~“commercial consumers” include but are not limited to shops, offices, liquor stores, governmental institution (unless otherwise stated), supermarkets, public garages, gathering places (unless otherwise stated), nurseries, places of entertainment, service stations, hairdressing salons, caravan parks, banks, hotels, hospitals, clinics, guesthouses, boarding houses and doctor and dentist consulting rooms and suchlike business undertakings;~~

Formatted: Font: Bold

~~“community service” means the services referred to in paragraph 5(1)(c) [that the Council has classified as such] and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;~~

Formatted: Justified, Indent: Left: 0 cm

"domestic consumers" means residential properties, group housing, town houses, semi-detached houses and suchlike properties;

"due date"—

(i) — in relation to accounts payable monthly on a recurring basis, the 15th day of the month which follows on the month during which an account is rendered;

(ii) — in relation to accounts payable annually, 30th September unless otherwise provided by any other law; and

(iii) — in all other instances, as and when demand for payment is made by the Municipality;

"economic services" means services such as refuse removal and bulk disposal that the municipality renders for consumers and municipalities within the region and of which tariffs have been calculated with the intention that the total costs of the services are recovered from users;

"educational and communal institutions" include but are not limited to schools, colleges, pre primary schools not operated by a registered charity or welfare organisation, libraries, museums, churches, hospitals, clinics, correctional institutions, school hostels and community halls;

"flat rates" means the unit charge;

"the Finance Act" means the Local Government : Municipal Finance Management Act, 2003 (Act No 56 of 2003);

"fixed costs" means costs which do not vary with consumption or volume produced and as more fully set out in paragraph 6(3)(i);

"indigent households" means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;

"industrial consumers" include but are not limited to industrial undertakings, factories, warehouses, workshop, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;

"inclining block tariff" means a tariff based on consumption levels that are categorised into blocks, the tariff level being increased as consumption levels increase;

"interest" means an amount calculated at a rate determined by the municipality on a municipal account in arrears;

"local community" or **"community"** in relation to the municipality, means that body of persons comprising the residents of the municipality, the ratepayers of the municipality, any civic, non-governmental, private sector or labour organisations or bodies involved in local affairs within the municipality and visitors and other people residing outside the municipality who, because of their presence, make use of services or facilities provided by the municipality;

"LUPO" means the Land Use Planning Ordinance (Cape Ordinance 15 of 1985, as amended);

"major services" means those services contemplated in section 9;

"minor tariffs" means all tariffs, charges, fees, rentals or fines levied or imposed by the municipality in respect of services, other than major services, supplied, and includes services incidental to the provision of the major services, but does not include tariffs for major services;

"month" means one of 12 months of a calendar year;

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font:

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Normal, Indent: Left: 0 cm

Formatted: Font:

Formatted: Font: Not Italic

“Municipal Offices” refers to the main administrative office of the municipality situated at 1 J A Calata street, Cradock.

Formatted: Font:

Formatted: Font: Not Italic

Formatted: Font:

“MEC for local government” means the Member of the Executive Committee responsible for local government in the Eastern Cape Province;

“municipality” means Inxuba Yethemba Local Municipality, a category B municipality as envisaged in terms of section 155(1) of the Constitution and established according to Section 116 of the Municipal Structures Act, 1998 and the Systems Act 32 of 2000 through the merger of Cradock TLC & Middelburg in 2000 and also the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the municipality;

“municipal council” or **“council”**, means the Inxuba Yethemba local municipal council, a municipal council referred to in section 157(1) of the Constitution;

Formatted: Indent: Left: 0 cm, Space After: 8 pt, Line spacing: Multiple 1,08 li

Formatted: Font: Not Italic

Formatted: Font:

Formatted: Normal, Indent: Left: 0 cm

“municipal manager” means a person appointed in terms of section 54A of the Municipal Systems Act and Section 82 of the Municipal Structures Act, 1998 (Act No 117 of 1998) as the head of administration of the municipal council;

“municipal services” means all municipal services and charges for which payment is required by the municipality

Formatted: Font: Not Italic

Formatted: Font:

“Municipal Finance Management Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), as amended from time to time;

Formatted: Space After: 0 pt, Line spacing: single

“Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), as amended from time to time;

Formatted: Normal, Left

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended from time to time;

Formatted: Font:

Formatted: Indent: Left: 0 cm, Space After: 8 pt, Line spacing: Multiple 1,08 li

Formatted: Font: Not Italic

“Tariff” means fees and charges levied by the municipality in respect of any function or service provided by the municipality to the local community and includes a surcharge on such tariff but excludes the levying of rates by the municipality in terms of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004).

Formatted: Justified, Indent: Left: 0 cm

“Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), as amended from time to time;

Formatted: Font: Not Italic

“occupier” means any person who occupies any premises or part thereof without regard to the title under which the person occupies, and includes:

Formatted: Font: Not Italic

a) Any person in actual occupation of those premises

"VAT" means Value Added Tax in terms of the Value Added Tax Act, 1991, as amended;

In this tariff by law a word or expression derived from a word or expression defined in section 1 has a corresponding meaning unless the context indicates that another meaning is intended.

If there is a conflict of interpretation between the English version of this By-law and a translated version, the English version prevails.

32. APPLICATION OF BY-LAW OBJECTS

The object of this By-law is to give effect to the implementation of the Tariff Policy as contemplated in Section 74(1) of the Systems Act, and of the Tariff Schedule for a given financial year as approved by Council during the Municipality's annual budget process.

Formatted: Justified

Formatted: Font: 14 pt

Formatted: Font: 11 pt

Formatted: Normal, Justified

4. ADOPTION AND IMPLEMENTATION OF TARIFF POLICY

Formatted: Font: 14 pt

~~This by-law shall only apply in respect of municipal services rendered by the municipality itself, or by an external mechanism in terms of a service delivery agreement, within the municipal area.~~

Formatted: Font:

Formatted: Heading 1, Indent: Left: 0 cm

3. OBJECTIVES AND PRINCIPLES OF THE TARIFF FRAMEWORK FOR MUNICIPAL SERVICES

Formatted: Font: 14 pt

Formatted: Indent: Left: 0 cm, First line: 0 cm

~~16. The tariff principles set out in Section 74(2) of the Act as well as the principles adopted by the municipality in its annual tariff policy shall apply.~~

Formatted: Font:

Formatted: Heading 1, No bullets or numbering

~~1. With the exception of the indigent relief measures approved by the municipality, service tariffs should be viewed as user charges and not as taxes. The ability of the relevant consumers or users of the services to which such tariffs relate to pay for such services, should not be considered as relevant criteria.~~

~~1. Tariffs must reflect reasonable costs associated with the rendering of the service, in order to facilitate the financial sustainability of the service. Sustainability will be achieved by ensuring that:~~

~~(a) cash inflows cover cash outflows which means that sufficient provision for the asset replacement reserve and bad debts will be made~~

~~(a) access to the capital market is maintained which will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits in order to subsidise property rates and general services~~

~~(a) — service providers retain a fair rate of return on their investments~~

~~13. — Services must be rendered in a manner that is economical, efficient and indicative of an effective use for resources.~~

~~14. — Tariffs should be applied consistently and in an equitable manner to all consumers within the municipal area.~~

~~15. — Tariffs for the following services must as far as possible recover the expenses associated with the rendering of each service concerned and, where feasible, generate a modest surplus as determined in each annual budget:~~

~~(a) Supply of electricity~~

Formatted: Heading 1, Indent: Left: 0 cm, First line: 0 cm, Tab stops: Not at 1,85 cm

~~(b) Refuse (solid waste) removal services~~

~~18. — Tariffs may differentiate between different categories of consumers, municipal services and service standards as long as such differentiation does not amount to unfair discrimination.~~

Formatted: Heading 1, No bullets or numbering

~~7. — Poor households must have access to at least basic services through~~

~~— Tariffs that cover only operating and maintenance costs;~~

~~— Special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service;~~

~~a) — Any other direct or indirect method of subsidisation of tariffs to poor households;~~

16. —

Formatted: Font: Not Hidden

~~a) —~~

~~a) —~~

~~a) —~~

~~a) —~~

~~(1) —~~

~~(a) —~~

~~(i) —~~

~~31. — Tariffs may make special provisions for certain categories of commercial and industrial consumers in order to promote local economic development.~~

Formatted: Font:

~~8. — Provision must be made for surcharges on tariffs in appropriate circumstances.~~

~~8. — Efficient and effective use of resources must be encouraged by providing for penalties to prohibit or restrict exorbitant use.~~

8.—The extent of subsidisation of tariffs must be disclosed and will include the extent of subsidisation of the indigent and incentives for local development.

8.—In the case of directly measurable services, namely electricity, the consumption of such services must be properly metered and meters must be read, wherever possible, on a monthly basis, and the charges levied must be proportionate to the quantity of the service consumed.

8.—The municipality may differentiate between types of property in order to determine availability charges, which will be contained in the tariffs, as approved in each annual budget.

8.—In considering the costing of electricity and refuse services, the municipality must take due cognisance of the high capital cost of establishing and expanding such services and of the resultant high fixed costs, as opposed to variable costs of operating these services.

8.—The municipality's tariffs for electricity services are determined to ensure:

(-) That those consumers who are mainly responsible for peak demand and therefore for the incurring by the municipality of the associated demand charges from Eskom, have to bear the costs associated with these charges.

(-) that for the purposes of paragraph (a) demand meters are installed to measure the maximum demand of such consumers during certain periods; and

(-) that such consumers pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

8. — The tariff policy must include any further enforcement mechanisms or incentive schemes that the municipality may wish to impose in addition to those contained in the Customer care, Credit Control and Debt Collection By Law and Policy.

9. — Vat is excluded from all tariffs and will be added to these tariffs when applicable.

3) TARIFF PRINCIPLES

1. — In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

2. — The following tariff principles will apply:

Formatted: Heading 1

Formatted: Font: 14 pt, Not Bold, Not Highlight

Formatted: Font: Not Highlight

Formatted: Heading 1, Indent: Left: 0 cm, First line: 0 cm

~~a) — Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the relief measures for poor households and deserving categories of users approved by the municipality from time to time).~~

~~b) — The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.~~

~~c) — Tariffs for the four major services rendered by the municipality, namely:~~

~~(i) — electricity~~

~~(ii) — water~~

~~(iii) — sewerage (waste water)~~

~~(iv) — refuse removal (solid waste),~~

~~shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.~~

d) — The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the four major services further generate an operating surplus each financial year as the council may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

e) — The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.

f) — In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

g) — The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be disclosed to users.

h) — The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.

i) — The municipality shall ensure that it renders its services cost-effectively in order to ensure the best possible cost of service delivery.

~~j) — In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.~~

~~k) — In addition, the municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.~~

~~l) — In considering the costing of its water, electricity and sewerage services, and the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality shall plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may imply that the services may at times or for certain periods operate at less than full capacity, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.~~

m) — ~~The Municipality shall, by adopting what is fundamentally a two-part tariff structure, namely a fixed minimum charge coupled with a charge based on consumption, address the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.~~

n) — ~~Part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.~~

3. — ~~The following considerations shall also apply:~~

a) — ~~Free services will only be possible if the National Government pay to the municipality an equitable share subsidy which covers the full costs of the free services.~~

b) — All users of municipal services will be treated equitably. Save for poor households and deserving categories of users, the various categories of customers will pay the same charges based on the same cost structure.

c) — The amount payable by consumers will be in proportion to usage of the service.

d) — Indigent households must at least have access to basic services through life-line tariffs or direct subsidisation.

e) — Tariffs must reflect the total cost of services.

f) — Within limits, customers should be free to choose from a range of applicable tariffs.

g) — Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:

(i) — Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.

(ii) — Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.

~~h) — Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be required during a national disaster and periods of drought when a restriction of usage is required.~~

~~i) — Efficient and effective use of resources will be encouraged by providing for penalties to prohibit exorbitant use.~~

~~j) — The extent of subsidisation of tariffs will be disclosed.~~

~~k) — VAT is excluded from all tariffs and will be additional to these tariffs when applicable.~~

~~4. — A property used for multiple purposes must, for purposes of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the Municipality cannot readily make an apportionment in relation to the services concerned and the categories of users.~~

5. — In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing users.

6. — Public Transport

A 5km stage distance with 15 km base distance will be used. The Fare will be calculated as follows:

Formatted: Heading 1, Indent: Left: 0 cm

Total transport Fare = Policy Percentage x (Minimum wage /40) x Base Fare x Base Rate x Shape FactorStages

Fares will be linked to the Minimum Wage of Urban Domestic Workers employed more than 27 hours per month,

Formatted: Font:

106. ADOPTION AND IMPLEMENTATION OF THE TARIFF POLICY 107.

Formatted: Font: 14 pt

Formatted: No bullets or numbering

a) The municipality shall adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements and which

Formatted: Font:

complies with the provisions of the Municipal Systems Act, the Municipal Finance Management Act and any other applicable legislation.

- ~~b)~~
- ~~e)b) The tariff policy adopted in terms of subsection 4(a) must be reviewed annually by the municipality.~~
- c) The municipality shall not be entitled to impose tariffs other than in terms of a valid tariff policy.
- d) The tariff policy adopted in terms of subsection 4(a) must be reviewed annually by the municipality.
- ~~e)~~

- Formatted: Font:
- Formatted: Justified, Indent: Left: 1,27 cm, No bullets or numbering
- Formatted: Justified
- Formatted: Justified, Indent: Left: 1,27 cm, No bullets or numbering
- Formatted: Justified
- Formatted: Indent: Left: 2 cm, No bullets or numbering

5. GENERAL POWER TO LEVY AND RECOVER FEES, CHARGES AND TARIFFS

1. The municipality has the power to:

- ~~1-~~
- a) ~~Levy and recover fees, charges or tariffs in respect of any function or service of the municipality; and~~
- ~~)- Recover collection charges and interest on any outstanding amount.~~
- ~~b)~~
- ~~1-c) Fees, charges and tariffs referred to in subsection 1(a) are levied by resolution passed by the municipal council with a supporting vote of the majority of its members.~~
- e) After a resolution contemplated in terms of subsection 1(c) has been passed, the Municipal manager must, with no delay-
- ~~2-~~
- 2. Conspicuously display a copy of the resolution for a period of at least 30 days at the Municipal Offices and at such other places within the municipality to which the public has access as the Municipal manager may determine;
- ~~2-~~
- 3. Publish in a newspaper of general circulation in the municipality a notice stating-
 - a) That a resolution as contemplated in subsection 1(c) -has been passed by Council;
 - b) That a copy of the resolution is available for public inspection during office hours at the Municipal Offices and at the other places specified in the notice; and
 - c) The date on which the determination will come into operation; and
 - ~~e)~~
- 4. Seek to convey the information referred to in paragraph 3 to the local community by means of radio broadcasts covering the area of the municipality.
- ~~4-~~
- 5. The municipal manager must forthwith send a copy of the notice referred to in paragraph 3 to the MEC for local government concerned.

- Formatted: Font: 11 pt
- Formatted: Normal
- Formatted: Indent: Left: 1 cm, No bullets or numbering
- Formatted: Font:
- Formatted: Indent: Left: 0,62 cm, Outline numbered + Level: 3 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 1,9 cm
- Formatted: Indent: Left: 0,62 cm
- Formatted: Font:
- Formatted: Indent: Left: 0,62 cm, Outline numbered + Level: 3 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 1,9 cm
- Formatted: Font:
- Formatted: Indent: Left: 1,27 cm, No bullets or numbering
- Formatted: Indent: Left: 1,27 cm, No bullets or numbering
- Formatted: Indent: Left: 2,54 cm, No bullets or numbering
- Formatted: Indent: Left: 1,27 cm, No bullets or numbering

6. DIFFERENTIATION BETWEEN CONSUMERS AND GRANTING OF EXEMPTION

1. In accordance with the principles embodied in the Constitution and the provisions of sections 74(3) and 75 of the Local Government – Municipal Systems Act, 2000, the municipality may differentiate between different categories of users, debtors, service providers, services, service standards and geographical areas, however, such differentiation must at all times be reasonable and must be fully disclosed in each annual budget.
2. The municipality may, in writing exempt a consumer, category of consumers, or other persons from complying with a provision of this by law, subject to any conditions it may impose;
3. The municipality may not grant exemption from any section of this by law that may result in:
 - (a) the wastage or excessive consumption of electricity;
 - (b) the evasion or avoidance of electricity restrictions;
 - (c) significant negative effects on public health, safety or the environment;
 - (d) the non-payment of services;
 - (e) the installation of pipes and fittings which are not acceptable in terms of the municipality's prescribed standard; or
 - (f) Any Act, or any regulation made under it, not being complied with.
4. The municipality may at any time after giving written notice of at least 30 days, withdraw any exemption given under subsection (2).

7. CATEGORIES OF CONSUMERS

1. The tariff structure of the municipality may make provision for the following categories of consumers:
 - a) Residential
 - b) Industrial
 - c) Business
 - d) Agricultural
 - e) Mining
 - f) Organ of State used for Public Services
 - g) Municipal services
 - h) Public Service Infrastructure
 - i) Multipurpose properties
 - j) Public Benefit Organisations
 - k) Consumers who do not fall under any of abovementioned categories and with whom special agreements were entered into
 - l) sport and recreation facilities
 - m) educational institutions;
2. Where there is a substantial difference between the infrastructure used to provide a service to a specific group of users within a category or standard of services provided, the Council may,

after considering a report by the Municipal Manager or the relevant Head of Department, determine differentiated tariffs within a specific category.

3. The differentiation must be based on one or more of the following elements:

- a) Infrastructure costs
- b) Volume usage
- c) Availability and service standards.

4. If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users, the municipality's Director: Civil Engineering Services shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

8. SERVICE AND EXPENDITURE CLASSIFICATIONS AND COST ELEMENTS

1) Service classification

The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury of the Department of Finance and Mayoral Committee of the council, make provision for the following classification of services.

(a) Trading services

- (i) Water.
- (ii) Electricity.
- (iii) Camping facilities.

(b) Economic services

- (i) Refuse removal.
- (ii) Sewerage disposal.

(c) Community services

- (i) Air pollution.
- (ii) Fire fighting services.
- (iii) Local tourism.
- (iv) Town planning.
- (v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- (vi) Storm water management system in built up areas.
- (vii) Trading regulations.

- (viii) — Fixed billboards and the display of advertisements in public places.
- (ix) — Cemeteries.
- (x) — Control of public nuisances.
- (xi) — Control of undertakings that sell liquor to the public.
- (xii) — Facilities for accommodation, care and burial of animals.
- (xiii) — Fencing and fences.
- (xiv) — Licensing of dogs.
- (xv) — Licensing and control of undertakings that sell food to the public.
- (xvi) — Local amenities.
- (xvii) — Local sport facilities.
- (xviii) — Municipal parks and recreation.
- (xix) — Municipal roads.
- (xx) — Noise pollution.
- (xxi) — Pounds.
- (xxii) — Public places.
- (xxiii) — Street trading/street lighting.
- (xxiv) — Traffic and parking.
- (xxv) — Building control.
- (xxvi) — Licensing of motor vehicles and transport permits.
- (xxvii) — Nature reserves.

(d) Subsidised services

- (i) — Libraries and museums.
- (ii) — Proclaimed roads
- (iii) — Municipal Public Transport

2) — Expenditure classification

Expenditure will be classified in the following categories.

(a) Subjective classification:

- (i) — Salaries, wages and allowances;
- (ii) — Bulk purchases;
- (iii) — General expenditure;

- (iv) — Repairs and maintenance;
- (v) — Capital charges (interest and redemption)/depreciation;
- (vi) — Contribution to fixed assets;
- (vii) — Contribution to funds:
- (viii) — Bad debts;
- (ix) — Working capital; and
- (x) — Statutory funds.
- (xi) — Contribution to reserves;
- (xii) — Gross expenditure;
- (xiii) — Less charge out;
- (xiv) — Net expenditure;
- (xv) — Income; and
- (xvi) — Surplus/Deficit.

(b) Objective classification:

(i) — Cost centres will be created to which the costs associated with providing the service can be allocated:

(aa) — Department. (bb) Section/service. (cc) — Division/service.

(ii) — The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

3) — Cost elements

The following cost elements will be used to calculate the tariffs of the different services:

- (a) Fixed costs which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
- (b) Variable cost: This includes all other variable costs that have reference to the service.
- (c) Total cost: consist of the fixed cost and variable cost.

9. ~~TARIFF TYPES~~

~~In determining the type of tariff applicable to the type of service the municipality shall make use of the following seven options or a combination of the same.~~

~~(1) Single tariff: this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.~~

~~(2) Cost related two to three part tariff: this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.~~

~~(3) Inclining block tariff: this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. The first step in the tariffs will be calculated at break even point.~~

~~Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.~~

~~(4) Declining block tariff: this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit determined by council from time to time by the volume consumed. This tariff will only be used for special agreements.~~

(5) Regulating tariff: this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.

(6) Time of use tariff: this tariff is based on fixed charges and seasonally and time differentiated energy and demand charges.

(7) Stage based public transport tariff based on a 5km stage distance with 15km as the base distance.

10. TARIFF STRUCTURES AND METHODS OF CALCULATIONS

(1) Calculation of tariffs for major services

a) In order to determine the tariffs which must be charged for the supply of the four major services (water, electricity, refuse removal and sewerage) the municipality shall identify all the operational costs of the undertakings concerned, including specifically the following:

- i) Cost of bulk purchases in the case of water and electricity.
- ii) Purification costs (water and sewer).
- iii) Distribution costs.
- iv) Distribution losses in the case of electricity and water.
- v) Depreciation expenses.
- vi) Maintenance of infrastructure and other fixed assets.
- vii) Administration and service costs, including:

(aa) service charges levied by other departments such as finance, human resources and legal services;

(bb) reasonable general overheads, such as the costs associated with the office of the municipal manager;

(cc) adequate contributions to the provisions for bad debts and obsolescence of stock;

(dd) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal

area (note: the costs of the democratic process in the municipality — that is, all expenses associated with the political structures of the municipality — shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality);

(2) The intended surplus to be generated for the financial year, such surplus to be applied:

- (i) — as an appropriation to capital reserves; and/or
- (ii) — generally in relief of rates and general services;

(3) The cost of approved indigent relief measures;

(4) The municipality shall provide the first 50kWh of electricity per month and the first 6 kl of water per month free of charge to consumers who have registered as indigents in terms of the municipality's indigent relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget;

(5) Tariffs for pre-paid meters shall be less than the ordinary consumption tariffs levied on the category of consumer concerned.

The following tariff structure will, where possible, be used to determine tariffs:

11. WATER

1) Tariff structure

a) — Fixed costs plus rising block tariffs will apply to all consumers excluding:

- i) — Schools, Colleges and Technicons;
- ii) — Children's Homes;
- iii) — Sports Bodies;
- iv) — Old Age Homes;
- v) — Municipal Buildings;

vi) Farms.

b) The rising block tariffs will apply: 0 – 6 kl
>6 – 12 kl
>12 – 30 kl
>30 – 50 kl
>50kl

c) the implementation of the emergency tariffs will depend on the level of the Garden Route Dam and as determined in the Drought Management Policy.

2) Method of calculation

- a) Domestic consumers using less than 6 kl per month will receive free water.
- b) The fixed costs of the service shall consist of the costs indicated as such by the council.
- c) The number of users and estimated volume consumed per category will be used to determine the fixed tariff per category.
- d) Where properties are not connected to the water service but can reasonably be connected to the service an availability tariff will be payable. See (ff) for private developments
- e) Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

12. ELECTRICITY

1) Tariff structure

- a) Maximum demand (KVA) plus fixed tariff plus kWh consumed.
- b) Fixed tariff plus kWh consumed.
- c) Unit tariff (KWh consumed) (Pre-payment meters).

2) Method of calculation

- a) Guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.
- b) To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users. Cross subsidisation between

and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time of use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

e)

Cost groupings	Underlying cost-allocation bases		
	Capacity costs: expressed as Rands/kVa/month	Variable costs: expressed as Cents/kWh	Customer specific costs: expressed as rands/customer/ month
Purchase cost	X	X	
Capital costs	X	X	X
Support costs	X		X

Tariff types	Tariff components			
	Fixed charge (rands/ customer/ month)	Energy charge (cents/kWh)	Time-of-use energy charge expressed as (cents/kWh)	Capacity charge expressed as (rands/kVa/ month)
One-part single energy rate tariff (Lifeline tariff)		X		
Two-part tariff	X	X		
Two-part time-of- use tariff	X		X	
Three-part tariff	X	X		X

3. The one part single energy rate tariff;

For the one part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:

- a) The rands/kVa/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one part single energy rate tariff.
- b) The rands/customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.
- c) The qualification criteria to be placed on one part tariff where the average of consumption is less than 400kWh per month, is as follows;
 - i) All Households that are defined as indigent household consumers as per the credit control policy of Council;
 - ii) All consumers which have been identified as permanently inhabited households and meet the following criteria;
 - (aa) Reside for a minimum period of 9 months per year in the dwelling;
 - (bb) A consumer must submit a sworn affidavit form before any Commissioner of Oath to this effect;
 - (cc) A new affidavit must be handed in annually before 1 July of each financial in order to remain on the one part tariff.

4. The two part tariff;

- a) The rands/kVa/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two part tariff. This reallocated charge must then be added to the kWh purchase charge.
- b) The rands/customer/month charge is not reallocated into other tariff elements.

c) The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.

d) This is applicable to all conventional household credit meters where households have an average consumption of less than 400kWh per month and where households are categorised as non permanent household and don't meet the criteria as given in paragraph c)(iii) above.

5. The two part time of use tariff:

a) The rands/kVa/month charge must be reallocated into different time of use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.

b) The rands/customer/month charge is not reallocated.

6. The three part tariff:

a) The rands/kVa charge recovers the capital cost elements. Some of this cost must be reallocated into different tariff elements.

b) The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa costs.

c) The rands/customer/month charge is not reallocated.

7. The three part time of use tariff:

a) As with the standard three part tariff, a portion of the rands/kVa/month charge is reallocated into the various time of use cents/kWh charges. The amount of the reallocation takes place with regard to the customer's load factor. The time variation of the capacity costs is taken into account in the reallocation of the rands/kVa charge into the various time of use cents/kWh charges.

b) The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa charges.

c) The rands/customer/month charge is not reallocated.

8. Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

9. Where properties are not connected to the electricity service but can reasonably be connected to the service an availability tariff will be payable. The tariff will be calculated by adding a surcharge of 50% to the fixed costs applicable to connected consumers per category.

13. REFUSE REMOVAL

1) Tariff structure

a) Plastic bags per week (volume).

b) Containers per week (volume) (240 litre) (1,1m³).

c) Bulk Refuse Containers

d) Truck load <2000kg.

e) Truck load >2000kg.

(2) Method of calculation

a) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service. The unit charge per cubic meter will be converted to a cost per black bag. A cost per month will be calculated for domestic consumers based on the average number of bags removed per week.

b) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.

c) A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans.

- d) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariffs will be determined based on the estimated volume that will be removed per month.
- e) Opportunity costs for once-off removals will be calculated by recovering the costs of the volume removed plus a percentage surcharge as determine by council.
- f) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
- g) No refuse removal tariffs will be raised where council has not introduced a refuse removal service.

14. SEWERAGE/EMPTYING OF CONSERVANCY TANKS

- 1) Tariff structure
 - a) Number of cisterns or urinals.
 - b) Volume of suction tanker lorry.
 - c) Formula driven waterborne tariff.
- (2) Method of calculation
 - a) Where properties are not connected to the sewerage system but can reasonably be connected to the service an availability tariff will be payable. The tariff will be equal to the unit tariff applicable to domestic households. See (ff) for private developments
 - b) A unit charge per consumer will be charged. The tariff will be calculated by dividing the total cost by the total number of basic erven. A basic erf will be deemed to be 1 200m².
 - c) An additional charge per 100m² will be charged according to the following table:

1— 1 200	Basic charge plus % increase as approved by Council.
1 201— 3 400	Basic charge plus % increase as approved by Council.
3 401— 10 000	Charge for category 1201— 3 400 plus % increase as approved by Council.
10 001— 20 000	Charge for category 3 401— 10 000 plus % increase as approved by Council.
over 20 000	maximum of range between 10 0001— 20 000

d) The cost of emptying conservancy tanks will be based on the volume removed and the cost associated therewith.

e) Industries classified as WET industries shall pay a tariff based on the formula outlined in Provincial Gazette No 6687 dated 15 January 2010.

15. DEPOSITS

On approval of an application and before a service is made available, the municipality may require the applicant to pay a deposit as required in terms of the municipality's Customer Care, Credit control and Debt collection by law.

16. TARIFF TYPES

1. In determining the type of tariff applicable to the type of service, the municipality may use the following options, including, but not limited to:
 - a) Single tariff
 - b) Inclining block tariff
 - c) Cost related two to four part tariff
 - d) Availability charges, provided that once the municipality has provided a connection, normal tariffs as payable for the respective services provided, will be payable
2. The municipality may also use a combination of any of the options contemplated in subsection (1).

17. UNITS OF MEASUREMENT AND METHOD OF CALCULATION

1. The units of measurement and the method of calculation to determine tariffs must be revised annually as part of the budget process and must be reflected in the municipality's tariff policy.
2. Subject to section 2(12), directly measurable services, such as electricity, must be properly metered and meters must be read, wherever circumstances reasonably permit, on a monthly basis.

18. MINOR TARIFFS

All minor tariffs shall be approved by the Council in each annual budget and shall, when deemed appropriate, be subsidised by property rates and general revenues, particularly when:

- a) the tariffs will prove uneconomical when charged to cover the cost of the service concerned
- b) the cost cannot be determined accurately, or
- c) The tariff is designed purely to regulate.

18. CALCULATION OF MINOR TARIFFS

- 1) All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3(4)) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
- 2) All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.
 - a) The following services shall be considered as subsidised services, Burials and cemeteries

b) Rentals for the use of municipal sports facilities

c) Municipal swimming pool

d) Municipal public transport

3) The following services shall be considered as community services, and no tariffs shall be levied for their use:

a) Municipal museum and art gallery

b) Disposal of garden refuse at the municipal tip site

c) Municipal reference library

d) Municipal lending library (except for fines set out below)

e) Municipal botanical garden, and all other parks and open spaces.

4) The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

a) Maintenance of graves and garden of remembrance (cremations)

b) Housing rentals

c) Rentals for the use of municipal halls and other premises (subject to the proviso set out below)

d) Building plan fees

e) Sales of plastic refuse bags

f) Sales of refuse bins

g) Cleaning of stands

h) Electricity, water, sewerage: new connection fees

i) Sale of livestock and plants

j) Photostat copies and fees

k) Clearance certificates for purposes of property transfers

l) Town planning fees.

5) The following charges and tariffs shall be considered as regulatory or punitive,

a) Fines for lost or overdue library books

b) Advertising sign fees

c) Pound fees

d) Electricity, water: disconnection and reconnection fees

e) Penalty and other charges imposed in terms of the approved policy on credit control and debt collection

f) Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

g) Industrial Effluent

h) All tariffs as approve in terms of the drought relief program.

6) Market related rentals shall be levied for the lease of municipal properties.

a) In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the municipal manager may allow a discount of 50% on the rental that would otherwise have applied.

b) The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of

the municipality sustaining damages as a result of the use of the facilities concerned.

7) Tariff structure:

a) The unit of measurement as reflected in the separate list of tariffs approved annually will be used to determine regulatory community and subsidised services.

8) Method of calculation

a) These tariffs will be adjusted annually by increasing the tariff that applied during the previous financial year by a percentage increase as determined by the majority councillors present at the meeting where the budget is approved.

9) Overdue Amounts

a) The Municipality shall be entitled to levy an administration fee on a month to month basis on all overdue accounts subject to such maximum amount per month as the Council may determine.

b) The Municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the Municipality and signed by the consumer. Upon signature of such an acknowledgment of debt, the consumer will become liable for payment of an administration fee in such amount as the Council may determine for attending on the debtor and entering into the acknowledgment of debt with the consumer.

19. PHASING IN OF TARIFFS, FEES AND LEVIES

Where newly calculated tariffs, fees and levies differ substantially from the current tariffs, fees and levies, the Council may resolve to phase in the differences over a period of time.

20. GENERAL MATTERS

Delegations

1. Subject to the Constitution and applicable national and provincial laws, any
 - a) Power, excluding a power referred to in section 160(2) of the Constitution;
 - b) Function; or
 - c) Duty conferred, in terms of the By law, upon the Council, or on any of the municipality's other political structures, political office bearers, councillors or staff members, may be delegated or sub-delegated by such political structure, political office bearer, councillor or staff member, to an entity within, or a staff member employed by the municipality.
2. The delegation in terms of subsection 1(c) must be effected in accordance with the system of delegation adopted by the Council in accordance with section 59(1) of the Municipal Systems Act, subject to section 59(2) of said Act.
3. Any delegation contemplated in this section must be recorded in the System of Delegations, which must contain information on the
 - a) Entity or person issuing the delegation or sub-delegation;
 - b) Recipient of the delegation or sub-delegation; and
 - c) Conditions attached to the delegation or sub-delegation.

21. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

- 1) The tariffs will be approved as part of the annual budget.
- 2) The tariffs will come into effect as and when determined by the Council.

22. ADJUSTMENT OF ACCOUNTS

Where incorrect debits were raised, the accounts under query will be rectified as necessary

23. LEGAL REQUIREMENTS

1) — WATER SERVICES ACT NO. 108 OF 1997

a) — SECTION 10 : NORMS AND STANDARDS FOR TARIFFS

A municipality, in its capacity as a water services institution, must apply a tariff for water services which is not substantially different from any norms and standards which the Minister of Water Affairs and Forestry, with the concurrence of the Minister of Finance, has prescribed in terms of the present Act.

b) — SECTION 21: BYLAWS

A municipality, in its capacity as water services authority, must make bylaws which contain conditions for the provision of water services, and which provide for at least the following (inter alia):

- (a) — the standard of the services;
- (b) — the technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided;
- (c) — the determination and structure of tariffs in accordance with Section 10 of the present Act.

If the municipality, in its capacity as water services authority, has imposed conditions under which water services are provided, such conditions must be accessible to consumers and potential consumers.

If the municipality, in its capacity as water services authority, provides water for industrial use, or controls a system through which industrial effluent is disposed of, it must make bylaws providing for amongst others at least the following:

- (1) — the standards of the service;
- (2) — the technical conditions of provision and disposal;
- (3) — the determination and structure of tariffs.

Annexure A INDUSTRIAL EFFLUENT CHARGES

The charge for industrial effluent per kilolitre for the disposal of effluent that does not comply with residential effluent standards and may include effluent discharged into a stormwater system shall be determined in accordance with the following formula:

$$T_c = X + Y(\text{COD}_t/\text{COD}_w) + Z + \text{Penalty}$$

Where T_c	=	Extraordinary treatment cost to consumer per kl
X	=	Conveyance cost per kl
	=	C_c / V_A
Conveyance	=	The transport of effluent or any liquid waste in the bulk or external sewer network from the point of discharge to the inlet of the of the treatment works
C_c	=	The operation and maintenance expenditure towards the conveyance of the waste water in kl per annum
V_A	=	Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum
Y	=	Variable treatment costs per kl
	=	C_v / V_A
Variable	=	These costs are defined as expenditure that does

Treatment Costs — vary significantly with volume and COD loading

C_r — = The operation and maintenance expenditure towards the treatment of the waste water in kl per annum

V_a — = Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum

COD_r — = Average of each industria, inclusive of both biodegradable and non biodegradable portion of COD

COD_w — = Average of works (weighted for more than one works), inclusive of both biodegradable and non biodegradable portion of COD

Z — = Fixed Costs per kl
 $= C_r / V_a$

Fixed Costs — = These costs are defined as expenditure that does not vary significantly during a particular financial year and which is not affected by COD loading

C_r — = Fixed cost expenditure towards the treatment of the waste water in kl per annum

V_a — = Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum

Penalty — = Penalty per kl charged in addition to the effluent charge based on volume and COD, for prohibited effluents, for instances where COD of the effluent exceeds 3000 mg/L or where any other quality parameter exceeds the maximum value allowed according to Annexure A of the by laws, as contained in the permit for the industry

$= P \times (\text{value measured} / \text{maximum allowed})$ if value measured is lower than maximum value $P = 0$,

Collection By-law, have the right to recover any amount due for the consumption of services in terms of this By-law from the owner of the property, where a tenant or other occupier of such property fails to do so.

$\times \{ [6 + (6 \text{ value measured})] / 6 \}$ if it is below 6

P = Unit penalty charge as determined by Council

14. ENFORCEMENT MEASURES

The municipality may, subject to the provisions of the Customer Care, Credit control and Debt Collection By-law, have the right to recover any amount due for the consumption of services in terms of this By-law from the owner of the property, where a tenant or other occupier of such property fails to do so.

6. CONTENTS OF TARIFF POLICY

The Municipality's Tariff Policy shall, inter alia:

- (1) Apply to all the tariffs fees (as per the Tariff List) imposed by the Municipality pursuant to the adoption of the Municipality's annual budget.
- (2) Reflect the principles referred to in section 74(2) of the Systems Act and specify any further principles for the imposition of Tariffs which the Municipality may wish to adopt.
- (3) Specify the manner in which the principles referred to in paragraph 6(2) above are to be implemented in terms of the Tariff Policy.
- (4) Specify the basis of differentiation, if any, for tariff purposes between the different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

(5) Include such further enforcement mechanism, if any, as the Municipality may wish to impose in addition to those contained in the Credit Control and Debt Collection Policy.

(6) Provide tariffs for the export of surplus energy from approved and certified consumers, within the jurisdiction of the Municipality, into the Municipality's distribution network.

7. ENFORCEMENT OF TARIFF POLICY

The Tariff Policy shall be enforced through the Credit Control and Debt Collection Policy and any further enforcement mechanisms stipulated in the Municipality's Tariff Policy.

Formatted: Font: (Default) +Headings (Calibri Light), 12 pt,
Bold, Font color: Accent 1

8. REPEAL OF BY-LAWS

The provisions of any by-laws relating to tariffs by the municipality are hereby repealed insofar as they relate to matters provided for in this by-law.

9. INTERPRETATION

If there is a conflict of interpretation between the English version of this By-Law and a translated version, the English version prevails.

10. SHORT TITLE AND COMMENCEMENT

This By-law is called the Inxuba Yethemba Local Municipality: Tariff By-law 2019, and takes effect on the date of the publication thereof in the Provincial Gazette or as otherwise indicated in the notice thereto.

DRAFT