

VICTOR KHANYE LOCAL MUNICIPALITY

2015/2016 BUDGET RELATED POLICY

TARIFF POLICY



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LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

TARIFF POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

PREAMBLE

According to section 229(1) of the Constitution of South Africa 1996, A municipality may impose rates on property and surcharges on fees of services provided by or on behalf of the municipality.

Whereas the Municipal Systems Act no. 32 of 2000 Section 74(1) states that the Municipal Council must 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 complies with the provisions of this Act and with any other applicable legislation.

That in terms of Reconstruction and Development Programme, essential service must be made available to everybody in local government at the lowest possible tariffs required to sustain the necessary levels of service.

2. SCOPE OF APPLICATION

This policy will apply to tariffs charged by the Delmas Municipality for the services that are provided by the municipality.

3. PURPOSE

To have a policy which promote fairness and ensures that individuals are not discriminated against and all people are treated equally, according to section 74(1) Systems Act No.32 of 2000, .

For the purpose of administration and also for ease of understanding and acceptance by users, the tariff structures should be as simple as possible.

4. PROCEDURE

Whereas the Municipal Systems Act No.32 of 2000 Section 75(1) states that a Municipal Council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

This policy is enforceable after the by-law has been adopted by Council.

4.1 Categorization of Consumers

For the purpose of this policy and as fulfilment of a legislative requirement, the different categories of consumers, and the funding of the service provision will be discussed.

The payment for services is charged proportionally to consumption and unit cost, are indicated in the tariff structure.

Indigent consumers are charged differently as discussed in this policy, and the indigent and credit control policy.

There are different consumers of services within the Municipality.

The major categorization that has been used in this policy is:-

- a) **Domestic Consumers** – Natural Persons in residential households who pay tariffs as stipulated by Council, which includes capital, operational and maintenance, administration, replacement and interest charges.

Indigent Domestic Consumers - who receive basic services and pay life-line tariffs including operational and maintenance cost. These consumers are subsidised from the Equitable share receive from National Government.

- b) **Non-profit Community organisations** these organisations are mainly service orientated e.g. churches, hospitals, schools, police stations, sports clubs, and all other charitable organisations.

- c) **Commercial Consumers** – Businesses, Shops, Commercial houses, Hotels, Close Corporations, Companies, Statutory Bodies, Public utilities, Voluntary Associations or Trusts.
- d) **Industrial Consumers** – bulk service users

Tariffs are also differentiated according to the location of the property where the service is rendered.

	Determination of the Tariff (how)	Standard of Service
Eloff	As explained in the tariff categories in par.4.5	Same level of service
Sundra	As explained in the tariff categories in par.4.5	Same level of service
Delmas	As explained in the tariff categories in par.4.5	Same level of service
Botleng	As explained in the tariff categories in par.4.5	Same level of service

4.2 Special Tariff for Commercial/Industrial Users

New commercial/industrial consumers can negotiate from time to time special tariffs on an ad-hoc basis with council when establishing for the first time in Delmas.

4.3 Subsidisation of poor households

Council subsidise the municipal services accounts of residents (households) in terms of the Indigent Policy of Council. Differentiation between three levels of indigence is applicable:

Level of Indigence	Funding source
1. Level 1: Those with absolutely no income.	ES
2. Level 2: Those receiving an income of less than the amount stipulated by the Indigent policy and the tariff structure.	ES

3. Level 3: Those with an income of more than the amount stipulated by the Indigent policy and the Tariff structure but less than a figure determined by council in the Tariff structure.	ES
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Key: ES – Equitable share from National Government.

4.4 Cost of rendering services

The costs of rendering municipal services include the capital, operating, maintenance, administration cost.

Should there be a need for replacement it is dealt with separately according to the individual situation, but it is also reflected on individual tariffs.

Interest is charged on municipal accounts according to the Credit Control and Debt Collection Policy.

Provisions have been made for surcharges and they are discussed in this policy as per service consumed.

4.5 Individual Tariff determination

Subsidization of the standard service and the different tariffs as per service.

4.6 Tariff Category

This policy differentiates between different categories of tariffs.

The **Subsidised tariff** is a tariff which does not enable the municipality to recover all the costs incurred when rendering that specific service.

An **economic tariff**, the cost of rendering the service is recovered as far as it is possible.

Trading Service tariff enables the municipality to generate a small surplus.

Property Tax is a tariff, which generates an income for the municipality.

It is used to subsidize municipal services which are categorised as either economic or subsidised tariffs.

Subsidised Services	Economic Services	Trading Services	Property tax
<ul style="list-style-type: none"> • Cemetery • Library • Fire brigade • Health 	<ul style="list-style-type: none"> • Sanitation and Refuse Removal • Sewer and plumbing • Posters and banners • All rentals (halls and machinery) • Furnishing of information • Building Regulations • Removal of trees • Licence and Traffic 	<ul style="list-style-type: none"> • Electricity • Water 	Property tax

The determination of each tariff is individually discussed.

4.6.1 CEMETERY (Subsidised service)

- The cost of service is partially recovered from the tariffs
- Subsidized from property tax
- Differentiate between the following categories:
 - Residents and non-residents

- Adults and children 12 years and younger
- Levied separately for:
 - Purchasing of grave
 - Opening and closing of grave
 - Deeper and wider of grave

4.5.2 LIBRARY (Subsidised service)

- Subsidised tariff from property tax
- Tariff differentiate between residents and non-residents
- Different penalty fees for late returning are applicable as per the following categories:
 - References literature
 - Other literature

4.5.3 FIRE BRIGADE SERVICES (Subsidized service)

- Subsidized tariff from property tax
- Tariffs differentiate between:
 - Services rendered within municipal boundaries, and
 - Services rendered outside municipal boundaries
- The tariff is calculated according to the actual cost incurred with regards to:
 - Personnel cost
 - Vehicle and equipment cost
- Consumable items are levied at the cost of replacement plus the ruling consumer prize index (CPIX).
- Idle time is mainly subsidised from property tax.

4.5.4 PROPERTY TAX

- Property tax is levied as a cent in the rand per the valuation of the property.

- The basis for property tax is the valuation roll, which is compiled every four years.
- The valuation roll is available for inspection and appeals before implementation.
- Property tax differentiates according to zoning of the property as follows:
 - Residential properties
 - Business properties
 - Undeveloped properties
 - Agricultural holdings

Rebates are applicable on the following categories:

- Government properties
- Residential properties : Pensioners
- Agricultural holdings are taxed according to the property valuation. On certain categories, rebates are applicable during the first 3 years after implementation of tax on all properties for the first time. Property tax is phased in over a period of four years.
- Property tax is determined to finance the shortfall on the budget after all other tariffs are calculated.
- Budget growth is subjected to the approval of the Minister of Finance through National Treasury
- Full analysis of categories and applicable cent per rand is available in the Tariff Schedule

4.5.5 ELECTRICITY (Trading service)

- Tariffs are determined to such an effect that it generates a surplus, which is transferred to the rates account.
- Differentiate between the following tariffs:
 - Basic charge (availability charge) for all business and industrial consumers.

- Consumption charge as per actual consumption applicable on all consumers including businesses, industries, community organisations and households
Actual consumption is metered and meters are read on a monthly basis. Should it not be possible to read a meter due to reasons beyond Council's control, an average consumption is determined based on the actual consumption during the immediate past three months.
- Differentiate between the following consumers:
 - Domestic consumers, including private dwellings, boarding houses, flats, nursing homes and hospitals, educational institutions, charitable institution, churches and farms
 - The type of supply is limited to 70 Ampere single or three Phase.
 - Commercial, industrial and general consumers
 - This tariff is applicable to:
 - a) Shops
 - b) Commercial houses
 - c) Offices building
 - d) Hotels licensed in terms of the Liquor Act
 - e) Bars
 - f) Cafes, tearooms and restaurants
 - g) Combined shops and tearooms
 - h) Public halls
 - i) Clubs licensed in terms of the Liquor Act
 - j) Industrial or manufacturing concerned
 - k) Buildings or parts of buildings containing a number of the classifications under (a) to (j) and where the consumption in terms of this tariff is metered separately by Council.
 - l) All other consumers, excluding those specified under other items.

The following different types of supply are available:

- a) 100 Ampere current limit, 3 Phase
- b) 70 Ampere current limit, single Phase

- A differentiated fix charge is applicable on the aforementioned types of supply.
- A discounted unit charge is applicable

A consumer shall apply, in writing, for the type of supply, which he/she requires in terms of the above. It remains the option of Council to classify such consumer according to his/her demand or consumption or both. The minimum period for which metering equipment for any type of supply will be installed, shall be 12 months. No change to the metering equipment in order to change to a different tariff shall be permitted within the first 12 months after taking into use any special tariff, except on payment of a charge to cover the cost of the change of the metering equipment. Such costs shall be determined by the Engineering Services.

- Bulk consumers

The Council reserves the right to connect consumers with an estimated load of more than 40 kVA as bulk consumers, either by means of low or high tension.

The tariffs differentiate between bulk consumers connected to low as well as high voltage. On both type of connections a

fix charge, a demand charge per kVA and a consumption charge per unit are applicable.

- A reconnection charge is applicable in cases where a supply was discontinued, due to non-payment.
- Inclining block tariff structure is applicable with effect from 1 July 2012. As consumption increase, the applicable tariff will also increase. The following inclining blocks are applicable:
 - 0 to 50 kWh.
 - 51 to 350 kWh.
 - 351 to 600 kWh.
 - > 600 kWh.
- Council will consider through the approval of the tariff structure a suitable tariff for the usage of the first 50 kWh per household. Council may alternatively provide the first 50 kWh free of charge to residential properties as part of a free basic services.

4.5.6 HEALTH (Subsidized service)

- Actual cost is recovered from the tariffs for only the following health service:
 - Water and milk analysis
 - Pest control
- All other health service are rendered free of charge
- A health subsidy is received from the Provincial Government.
The remaining cost is financed from the rates account

4.5.7 POSTER, ADVERTISEMENTS AND BANNERS

- Users pay for the display of posters
- The following categories are applicable
- Advertisement posters:
 - Meetings, elections, fundraising events
 - Erection of advertisement signs equal and smaller as 1m² (per 90 day or part thereof display)

- Erection of advertisement signs larger than 1m² (per 90 day or part thereof display)
- Display of "FOR SALE", "FOR RENT", "ON SHOW" SIGNS
- Banners
 - Banners across Sarel Cilliers Street is allowed after paying the applicable tariff.

4.6.8 SEWERAGE SERVICES (Economic service)

- Tariffs are determined to such an effect that the total cost of the service is recovered from the tariffs.
- The following tariffs are applicable:
 - General sewerage services (opening of drains, etc)
 - Fixed tariff per connection to the property.
 - Availability charge according to the size of the land
 - Differentiate between residential and business consumers
 - Separate outflow tariff applicable on McCain
 - Vacuum services
 - Tariffs differentiate according to the location of property where the service is rendered. The actual cost is recovered through this tariffs

4.5.9 HALLS

- The following halls are available for the renting to the public:
 - F C Dumat Hall (Delmas)
 - Eloff Hall (Eloff)
 - Botleng Hall (Botleng Proper)
 - Arts & Culture Centre
 - Botleng x3
- A deposit and rental fee, payable in advance, are applicable.

- Tariffs are determined to be market related

4.5.10 REFUSE REMOVAL

- A standard once a week refuse removal service is applicable. All rubbish must be placed in a plastic bag. The number of bags is not limited.
- Tariffs are determined to such an effect that the total cost of services are recovered
- Tariffs differentiate between:
 - Households, churches and flats
 - Businesses
- Other types of refuse removal services are also available:
 - Mass containers: emptied once per week
 - Mass containers: emptied twice per week
 - Mass containers: emptied three times per week
 - Business: 80 litres per day, emptied twice per week
 - Business: per extra removal
 - Once off: drop and remove
 - Removal of medical waste
- Cleaning of stands is done on a request basis
- Services are charged according to the size of the stand, as well as m³ rubbish removed.
- Annihilation
 - A fixed charged per animal
- Removal and disposal of carcasses
 - Tariffs differentiate between carcasses equal or smaller than 600 kg and carcasses which exceeds 600kg

- The service is charged according to the actual cost incurred
- Dried sludge
 - A fixed tariff per 6m³ is applicable

4.5.11 IMPOUNDING OF VEHICLES

- The actual tow-in cost per vehicle as well as a tariff per vehicle per day or part thereof is applicable

4.5.12 HIRING OUT OF MACHINERY AND EQUIPMENT

- a) Equipment is rent at the market related tariff.
- b) The list of machinery and equipment is available for inspection.

4.5.13 FURNISHING OF INFORMATION AND ISSUING OF CERTIFICATES

- a) Tariffs are determined on a cost recovering basis plus 5%
- b) See list as per tariff schedule

4.5.14 WATER

- a) Tariffs are determined to such an effect that a surplus realises from the delivery thereof
- b) Water is provided at different tariffs according to the source thereof:
 - Rand Water Board (Sundra and Eloff townships)
 - Municipal Bore Holes (Delmas and Botleng townships)

c) The following tariff structure is applicable:

- Basic charge (available charge) according to the utilization of the stand. The tariff differentiates between vacant stands, and occupied stands.
- Consumption tariff :
 - Residential
 - The first 6kl is charged at a rate as determined by council (excluding indigent households)
 - The following step tariff structure is applicable:
 - ✓ 0 – 6kl (cost recovery)
 - ✓ 7 – 26 kl (cost recovery)
 - ✓ 27kl onwards (surplus generating)
 - Business/Industrial
 - A fixed business tariff is applicable. No step tariff structure. The consumption tariff differentiated according to the source of supply. Be it either Rand Water or from a municipal bore hole.

(d) Consumption is charge as per actual consumption applicable on all consumers including businesses, industries, community organisations and households Actual consumption is metered and meters are read on a monthly basis. Should it not be possible to read a meter due to reasons beyond Council's control, an average consumption is determined based on the actual consumption during the immediate past three months.

(a) A once off connection fee as well as a termination fee is applicable.

(f) A reconnection charge is applicable in cases where a supply was discontinued, due to non-payment.

(g) A standard 6 kl water will be provided free of charge to all households as a free basic service.

4.5.15 STANDARD BUILDING REGULATIONS

Tariffs are determined according to market trends and actual cost involved.
See the tariff schedule for the descriptions and nature of tariffs applicable

4.5.16 STREET PROJECTIONS

Tariffs are determined according to market trends, actual cost involved and in accordance with the Act on National Building Regulations and Building Standards.

See the tariff schedule for the descriptions and nature of tariffs applicable.

4.5.17 REMOVAL OF TREES

- (a) A fee is payable in respect of the application to remove a tree, situated within a street reserve, public open space or other Council's property.
- (b) Trees are not removed from private property
- (c) A fine is payable in a case where a tree has been killed with a chemical remedy or any other way on Council's property without prior approval from Council.

4.5.18 ISSUING OF BUSINESS LICENCES

In terms of Regulation 8, business licences are issued to categories of businesses as listed in the attached tariff schedule

4.5.19 FLAT RATE

Replacing the monthly levied tariffs for property tax, sewerage and refuse removal as per monthly service account, a flat rate as determined from time to time by Council is applicable on certain households, which qualify in terms of Council's Indigent Policy.

4.5.20 TRAFFIC SERVICES

The following tariffs are levied:

- Traffic control during rallies or any other activity excluding funerals.
- Closing of streets on public request
- Tariffs are based on actual cost involved – Personnel, vehicle and equipment costs.
- Consumable items are charged separately at replacement cost plus consumer prize index.

ANNEXURE: TARIFF STRUCTURE

Attached to this policy is the tariff structure as determined by the council. It should be noted that the tariffs will change from time to time, thus this section does not form part of the policy, but is an annexure.