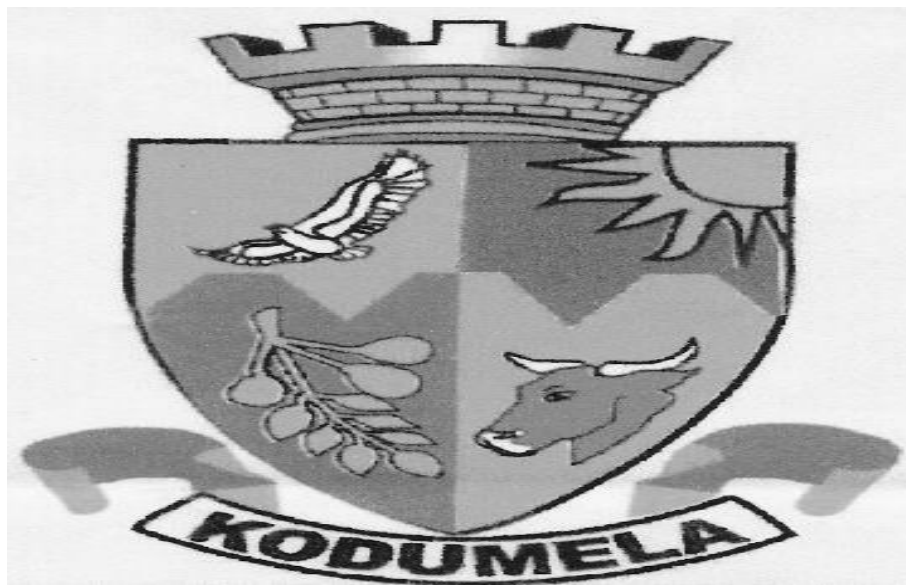


**BLOUBERG MUNICIPALIT**

**DRAFT:**  
**TARIFF POLICY**  
*2020/2021*



## **TARIFF POLICY**

### **BLOUBERG LOCAL MUNICIPALITY**

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## 1. DEFINITIONS

Definitions have the following meaning, unless the context otherwise indicates:

“*Act*” means the Local Government Municipal Systems Act, 32 of 2003 as amended by Act 44 of 2003 and any promulgated Regulations in line with the Act.

“*bulk electricity user*” means a bulk consumer metered at low voltage with an annual average meter load with a capacity higher than 10A per phase or medium voltage supplied at 11 000 V.

“*Bulk user*” means a user of electricity, water, sewerage or refuse removal services for commercial or industrial purposes.

“*Community services*” means services that the Council has classified as such that the tariffs have been compiled with the intention that costs of the services cannot be recovered from public service charges and are of a regulatory nature.

“*cost to be recovered*” means the cost reasonably associated with the rendering of a municipal service, including that the cost of purchasing or acquisition, the cost of processing, treatment or adoption of the product or service to be delivered or supplied, capital cost, operating cost, maintenance cost, replacement cost, administrative cost and support systems costs and interest.

“*Council*” means the Council of the Blouberg Local Municipality, established in terms of section 12 of the Local Government Municipal Structures Act, 117 of 1998.

“*Domestic user*” means a user of electricity, water, sewerage or refuse removal for residential purposes only.

“*Economic services*” means services that the Council has classified as such that the tariffs be compiled with the intention that the total costs of the services are recovered from customers.

“*Energy charge (active)*” means a charge for each unit of energy consumer charged at c/kWh.

“*Fixed costs*” means costs that do not vary with consumption or volume produced.

*“Flat rates”* means the unit tariffs that are calculated by dividing the total cost by volume needed.

*“lifeline”* means consumers (residential or business) who elect not to pay a fixed monthly and/or capacity charge and only an energy charge per kilowatt hour according to the volume of electricity consumed.

*Major services*” represent the four (4) consumer services instituted by the Council to fulfill the basic consumer services allocated to the Council in terms of section 84 of the Local Government Municipal Structures Act, 117 of 1998, and are those services on which monthly service charges are levied per consumer account.

*Minor services*” means those services for which the Council annually approve tariffs and shall, when deemed appropriate by the Council, be subsidized by property rates and general revenues, particularly when tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

*“Municipal Finance Management Act”* means the Local Government Municipal Finance Management Act, 56 of 2003 and promulgated Regulations in line with the Act.

*“Municipal Property Rates Act”* means the Local Government Property Rates Act, 6 of 2006 and promulgated Regulations in line with the Act.

*“Municipal service”* means a municipal service defined in section 1 of the Municipal Systems Act.

*“Municipality”* means the Blouberg Local Municipality.

*“Poor household”* means a domestic user who qualifies, together with his or her dependents, as an indigent person in terms of the Council's indigent policy.

*“Stepped tariffs”* means that a specific tariff is applicable for each step to all consumers.

*“Tariff policy”* means the tariff policy of the Council adopted in terms of section 74(1) of the Municipal Systems Act.

*“Temporary user”* means a user of electricity, water, sewerage or refuse removal services for a temporary period for specific project or occasion.

*“Total cost”* is the sum of all fixed and variable costs.

*“Trading services”* are services that the Council has classified as services of which the tariffs have been compiled with the intention that the Council makes a profit on the delivery of services.

*“Two-part tariffs”* comprises of a fixed costs as well as a variable cost based on units consumed.

*“Units consumed”* means the number of units consumed of a particular service and is measured in terms of the units of measurement reflected in this policy under section 9.

*“Variable costs”* are costs that vary with consumption at volume produced.

## **2. INTRODUCTION**

- 2.1. The Blouberg Local Municipality must in terms of section 74(1) of the Local Government Municipal Systems Act, 32 of 2000, adopt a tariff policy on the levying of fees for municipal services provided by the municipality.
- 2.2. The tariff policy may differentiate between different categories of users, debtors, service providers, service, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.
- 2.3. Tariffs are calculated in various different ways, dependent upon the nature of the service being provided.
- 2.4. The tariff policy applies to the multi-year annual budget of a related financial year during which the income is based on the principles contained in this policy.

## **3. OBJECTIVES OF THE POLICY**

The objectives of the tariff policy are to:

- a. Ensure the tariffs of the municipality conform to acceptable policy principles.
- b. Ensure compliance with applicable legislation.
- c. Provide guidance regarding tariff determination and proposals to be included in the annual budget.

## **4. LEGISLATIVE FRAMEWORK**

- a. Local Government Municipal Systems Act, 32 of 2000.
- b. Local Government Municipal Finance Management Act, 56 of 2003.

- c. Municipal Budget and Reporting Regulation.

## **5. GENERAL PRINCIPLES**

- 5.1. The principles of the tariff policy are set out in section 74(2) of the Act and are applied as follows:
  - a. Users of municipal services should be treated equitably in the application of tariffs. The amount individual users pay for services should generally be in proportion to their use of that service.
  - b. Poor households must have access to at least basic services through –
  - c. tariffs that cover only operating and maintenance cost;and
- 5.2. any other direct or indirect method of subsidization of tariffs for poor households.
- 5.3. Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charged.
- 5.4. Tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned.
  - (f) Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.
  - (g) Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users.
  - (h) The economical efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged. The extent of subsidization of tariffs for poor households and other categories of users should be fully disclosed.
- 5.5. The municipality must ensure that its tariffs are uniformly and fairly applied throughout the municipal area.
- 5.6. Poor households will have access to basic services through the indigency relief as defined in the free basic services and indigent support policy.
- 5.7. Tariffs must be cost reflective associated with each service rendered to ensure financial sustainability of each service, taking into account subsidization to rates services except for economic services.

5.8. Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.

This will be necessary for major breakdowns in infrastructure and periods of drought when a restriction of usage is required.

5.9. The municipality may impose a penalty on the existing tariff structure or measures of discouraging service demand to prohibit exorbitant use in appropriate circumstances to encourage efficient and effective use of resources.

## **6. CATEGORIES OF CUSTOMERS**

6.1. The tariff structure makes provision for the following categories of consumers:

6.2. residential or domestic;

6.3. non-residential

6.4. agricultural farms;

6.5. business;

6.6. commercial;

6.7. government including schools;

6.8. hostels;

6.9. hospitals;

6.10. illegal;

6.11. industrial and special industrial;

6.12. mining;

6.13. municipal;

6.14. municipal (inventory);

6.15. public benefit organizations and churches;

6.16. special agreements; and

6.17. vacant land.

- 6.18. Different categories of residential or domestic consumers as well as for services may be defined based on the municipality indigent and free basic service policies and may include: formalized informal settlements / rural villages;
- 6.19. pensioners;
- 6.20. proclaimed informal settlements / rural villages; and Certain categories of service may be restricted to certain categories of consumers.

## **7. REFUSE REMOVAL SERVICES**

- 7.1. The refuse removal is an economic service, which means that the total costs of the service must be recovered from the consumers. The following categories of refuse users will pay a fixed charge per month as approved by Council in the annual budget
  - a) Domestic
  - b) Business/Industrial
  - c) Blouberg Local Municipality's departments
  - d) Builders/Contractors
- 7.2. Tariff adjustments will be effected from 1 July each year,
- 7.3. The council further reserves the right to levy, at a tariff determined charge, casual consumers for the removal of bulk refuse per M3.
- 7.4. Refuse removal intervals may be changed from time to time but are limited to the following:
  - 7.5. domestic and other users – once weekly removal
  - 7.6. business and bulk consumers – twice weekly removal
- 7.7. The approved refuse removal tariffs will be implemented on the first of July of every financial year with the months billing cycle, i.e. an increased tariff will be applicable for a twelve (12) month period.



## **8. ELECTRICITY SERVICES**

All electricity tariffs must be approved by the National Energy Regulator of South Africa. The broad principles used in the determination of the electricity tariffs are:

- 8.1. All domestic consumers who are registered, as indigents will receive the first 50 kWh of electricity consumed per month free limited to a 20 amp circuit breaker.
- 8.2. All domestic consumers with a single or three phase and an ampere capacity up to 80A per phase will be charged according to the kilowatt hour units consumed per metering point according to a block rising tariff. The same applies to prepaid users with the difference that the consumer will pay for the consumptions before it is used.
- 8.3. All domestic electricity consumers with a single or three phase with an ampere capacity up to 80A per phase other than registered indigents will be billed a fixed monthly charge or part thereof per meter installed per type of connection whether electricity is consumed or not except for indigent.
- 8.4. A fixed available charge will be levied to all underdeveloped erven with access to the reticulation network per month or part thereof where no meter is installed yet.
- 8.5. The electricity tariff may include a surcharge subject to Council approval. The electricity connection charge for all consumer categories will be the full cost of the electricity installation as determined from time to time.
- 8.6. Approved electricity tariffs will be implemented on the first of July of every financial year with the months billing cycle regardless the actual meter read period or average consumption as may be determined, i.e. an increased tariff will be applicable for a twelve (12) month period.

## **9. Property Rates.**

- 10.1. All rateable properties in Blouberg Local Municipality are to be valued at least once every four years.
- 10.2. The rate in the rand is to be uniform throughout the municipal area unless otherwise determined by the council.
- 10.3. Varying rebates in line with the rates policy will be applied to the following categories:
  - a) Farms used for agricultural purposes
  - b) All professional Pensioners, who earn more than a determined amount, are at least 60 years of age, are registered owners of the said property and have submitted proof of income to the municipality under oath.

c) Property located in a rural area used for residential purposes newly ratable property as determined by section 21 of the Municipal Property Rating Act

D) The rate in the rand, as well as the rebates, will be determined and approved by Council when the budget and tariffs are annually submitted for consideration.

E) The Council's Rating Policy shall determine properties or categories of property which shall be exempt from rates. Council shall review the Rates Policy at least once annually.

## **10. WATER TARIFFS**

- 11.1. Water tariffs will be determined as approved by the council of Capricorn District Municipality, in terms of the Water Services Act
- 11.2. Adjusted tariffs will be effected from 1 July 2019

## **11. WATER LEAK ADJUSTMENT**

A water leak is where water is wasted through a crack or flow in water pipes that permits water to escape.

### **The responsibilities of the consumer:**

- 12.1.1. The customer / homeowner is responsible for any consumption that occurred from the meter to his property as a result of any water leak.
- 12.1.2. The customer/home owner must repair the water leak at his cost on his/her property.
- 12.1.3. On discovery of any water leak the municipality must be informed.
- 12.1.4. The customer/home owner should take immediate steps to stop the water supply and repair the leakage.
- 12.1.5. Should the water leak be before the meter point, residents must report the pipe burst to the relevant complaint centre.

### **The responsibility of the municipality:**

- 12.1.6. Water leaks on the street or Council property before the meter point.
- 12.1.7. The municipality must immediately stop the water flow to limit the water loss and will be responsible to repair the pipe burst.
- 12.1.8. The residents will be informed of the pipe bursts and estimate restoration time. Subject to proof of a water leak the municipality will apply a water leak tariff as promulgated in the water tariffs over the period the water leak occurred or until the consumption on the property has normalized to a maximum period of three (3) months.
- 12.1.9. The adjustments to the account will be made once sufficient proof exists of the water leak.

12.1.10. Any request for water leak adjustment must be made within sixty (60) days of discovery or the leak is repaired whichever is the earliest.

12.1.11. Only one (1) water leak adjustment per annum per property will be allowed.

12.1.12. The adjustment to the account for water leaks will be adjusted for the portion more than the average usage per month over a six (6) month period.

12.1.13. No adjustments on water bills for water leaks will be made in the following instances:

More than one occurrence per annum.

The meter was tampered with in any way.

## **12. MINOR TARIFFS (SUNDRY)**

**13.1.1.** All minor tariffs shall be standardized within the municipal region.

**13.1.2.** All minor tariffs shall be approved by the Council in each annual budget, and shall, when deemed appropriate by the Council, be subsidized 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.

**13.1.3.** All minor tariffs over which the municipality has full control shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustments should not be effected.

**13.1.4.** The under mentioned minor tariffs shall be determined by either of the following methods:  
actual cost plus a admin fee subsidizing from other services income servicing as penalty/discouraging measure.

**13.1.5.** The minor tariffs will be determined for the following services but not limited to:

- advertisement sign fees
- building plan fees
- cemetery fees
- cleaning of overgrown stands
- cleansing of sewerage blockages
- clearance certificate memoranda
- connection fees for major municipal services
- dumping site

- electricity or water disconnection and reconnection fees
- fees in terms of standard electricity by-laws
- fire brigade fees
- garden refuse removal
- housing rental
- lease of municipal property
- library fees, being

12.1.1. membership fees

12.1.2. fines

12.1.3. lost books

12.1.4. lost membership cards

13.1.6. penalty and other charges as per credit control and debt collection policy

13.1.7. photostat copies and faxes

13.1.8. pound fees

13.1.9. refuse bin sales

13.1.10. rental for utilizing municipal premises and municipal sports grounds

13.1.11. rental for utilizing municipal property

13.1.12. the provision of information from the Council's records

13.1.13. town planning fees

### **13. CORRECTION OF TARIFFS (ACCOUNTS)**

14.1.1 The municipality has an obligation to ensure that all revenue due is calculated and billed on a monthly basis whilst members of the community have the duty to pay promptly service fees, rates on properties, any other levies and duties imposed by the municipality.

14.1.2 Section 75A of the Municipal System Act allows a municipality to levy and recover fees, charges or tariffs in respect of any function or service of the municipality.

14.1.3 From time to time it becomes necessary to make corrections to individual consumer accounts where a tariff was erroneously levied or not levied in terms of this policy.

14.1.4 These corrections have a budgetary and an accounting treatment implication. To ensure that these corrections are fair and transparent to both the municipality and the customer within the principles of this policy, corrections of tariffs, levies and any other charges erroneously

levied may be corrected for a maximum period of three (3) years from the date of discovery except where otherwise prescribed by any other regulation or applicable law.

#### **14. FREQUENCY OF TARIFF SETTING**

All tariffs are determined on an annual basis and approved by Council before the start of the financial year to which they are applicable.

#### **15. INTEREST**

Interest will be charged on all amounts outstanding for periods longer than thirty (30) days at a rate equal to the prime bank overdraft rate. Where acceptable arrangements were made in terms of the Council's credit control and debt collection policy and such amounts are transferred to a holding account no interest will be charged on the holding account as long as the repayment amount has been honored, failing which the holding amount be transferred back to the current account and be subjected to an interest charge. No interest will be levied on outstanding accounts in the previously predetermined areas to maintain and adhere to previous practices.

#### **16. VAT**

VAT is charged as per the existing national legislation on all tariffs and all minor (sundry) tariffs as indicated in the approved resolution.

#### **17. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES**

**17.1.1.** With the tabling of the annual budget in terms of the MFMA, Act 56 of 2003, the local communities are invited to submit representations for Council's consideration. Such invitations include the draft resolutions on taxes and tariffs proposed.

**17.1.2.** After approval of the budget, the Council will give notice of all tariffs approved at least thirty (30) days prior to the date that the tariffs become effective.

**17.1.3.** A notice stating the Council resolution, and date on which the tariffs shall become operational will be advertised by the municipality.

**17.1.4** All tariffs approved must have been considered at the annual budget meeting.

## **18. NEW TARIFFS**

18.1.1 Municipal tariffs may not be increased during a financial year except in the case of a financial recovery plan as per the MFMA.

18.1.2 In the case a municipality needs to provide a new service for which no tariff was determined during a financial year the following process must be followed:

- A report to Council to consider the proposed new tariff.
- Public participation process to invite the local community to make representations.
- Final approval by Council of the tariff.
- Council give notice of the tariff at least thirty (30) days prior the date that the tariff will become effective.

## **19. REVIEW**

The tariff policy will be revised annually to be in line with the tariff setting and applicable legislation.

## **20. SHORT TITLE**

This policy shall be called the Tariff Policy of the Blouberg Local Municipality.