

# **SOL PLAATJE LOCAL MUNICIPALITY**

## **TARIFF POLICY**



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## GENERAL POLICY PROVISIONS

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### 1. LEGISLATIVE CONTEXT

- a. Section 74 of the Municipal Systems Act, No. 32 of 2000 ("MSA") requires that the Council adopt a Tariff Policy.
- b. Section 62 of the Municipal Finance Management Act, No. 56 of 2000 ("MFMA") requires the Accounting Officer to ensure that the municipality has and implements a tariff policy.
- c. The Constitution entitles everyone to administrative action which is lawful, reasonable and procedurally fair and to be given reasons for any such action which affects them.
- d. The Promotion of Administrative Justice Act 3 of 2000 is the legislation required by the Constitution to give effect to the right to just administrative action and in order to promote an efficient administration and good governance and to create a culture of accountability, openness and transparency in public administration or in the exercise of a public power or the performance of a public function.
- e. This policy incorporates the above principles by providing parameters and procedures to guide the municipality and its officers in implementing it, and thereby exercising a public power through a series of administrative actions. In so doing, this policy seeks to provide certainty on the part of those affected by it with regard to how the municipality will act in the circumstances covered by the policy and uniformity of action on the part of its officers.
- f. The municipality commits itself and its officers to act fairly and justly in an open and transparent manner in implementing this policy.



## 2. SCOPE OF THE POLICY

- a. Accordingly this policy document provides a framework for the annual setting (or revision) of tariffs. The policy does not set specific tariffs, nor does it make tariff proposals. Details relating to specific levels and applications of the various tariffs are published in the municipality's schedule of tariffs approved annually and published in conjunction with the budget, and are contained in the schedule hereto.
- b. The policy is applicable to all consumption tariffs for electricity, water, sanitation and solid waste services provided by the municipality as well as all fixed tariffs related thereto.
- c. Pursuant to the prescripts in paragraph a above, and notwithstanding paragraph b, in recognition of the total number of tariffs, rates, levies and other charges existent within the Municipality, the Municipal Manager must cause the establishment of an administrative Tariff, Tax and Services Committee to ensure, *inter alia*, the adherence to this and all other policies and legislation which regulate or influence tariffs in Sol Plaatje Municipality. The terms of reference for said Committee will be approved by the Municipal Manager.

## 3. DEFINITIONS

- a. **"Total Municipal Account"** means an assumed current account based on average bills for water, electricity, sanitation, solid waste services and rates.
- b. **"Indigent Fund"** means a budget provision, funded from equitable share transfers and municipal rates, used to subsidise the basic level of services provided free by the municipality in terms of its Indigent Management Policy.
- c. **"Rates and General Account"** means a budget provision used to fund municipal services excluding those funded by tariffs such as electricity, water, sanitation and solid waste.
- d. **"Fixed Tariff"** means a tariff set as a fixed Rand amount and includes miscellaneous tariffs.



- e. **"Consumption-based Tariff"** means a tariff set as a Rand amount per measurable unit of service.
- f. **"CPI"** means the consumer price index excluding mortgage costs as measured by STATSSA.
- g. **"The municipality"** means the Sol Plaatje Local Municipality acting through the Municipal Manager in terms of the delegations contained in this policy
- h. **"The Council"** means the Council of the municipality.
- i. **"MSA"** means the Municipal Systems Act 32 of 2000.

#### 4. PRINCIPLES APPLICABLE TO THIS POLICY

- a. The tariffs approved during the Budget process by the Council to fund services must be consistent with this policy.
- b. The municipality is committed to equitable and sustainable provision of services achieved through the economic and effective funding of efficient services.
- c. Poor people should have access to free basic services in accordance with national government policy, taking into account affordability thereof for the municipality.
- d. The cost of a service provided primarily for the benefit of an individual user, the provision of which is able to be accurately measured, should be recovered from the individual by means of tariffs.
- e. A fixed tariff should be used when a service connection or other once-off or occasional work is undertaken by the municipality in connection with provision of a service and when a metered amount of a service is consumed;



a consumption-based tariff should be used unless paragraphs i and j below apply.

- f. Some services, although provided primarily for the benefit of individual users, have important community benefits. The cost of such services, particularly if the use thereof cannot be accurately measured, may be recovered by a combination of tariffs and rates (e.g. the provision of solid waste services).
- g. If a service is provided primarily for the benefit of the community and the use thereof by individuals cannot be accurately measured, the cost of providing the service should be recovered by means of rates (e.g. the provision of street lighting).
- h. Where an individual user's consumption can be metered, electricity and water will be charged for in terms of consumption-based tariffs. These tariffs must be structured to accommodate the provision of free basic electricity and water in terms of the municipality's Indigent Management Policy.
- i. Where the infrastructure enabling reading of meters like roads and street names are not yet available or determined or the cost of reading meters and the cost of debt recovery exceed the benefit, the municipality may levy a fixed consumption charge based on management best consumption estimate for metered services rendered in that area.
- j. The municipality may resolve to subsidise, up to the maximum as per the indigent policy, services billed at flat tariff based on certain terms and conditions to be determined in the customer care, credit control and debt collection policy and/or indigent management policy

## **5. APPLICATION OF PRINCIPLES IN THE MSA**

- a. Users of municipal services will be treated equitably and differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas will occur only to the extent provided for in this policy and must preclude unfair discrimination.



- b. To the extent possible, the amount individual users pay for services consumed by them, must be in proportion to their use of that service through the levying of consumption-based tariffs, dependent however upon the ability of the municipality to provide metering of the service which meets the standards contained in its Customer Care, Credit Control and Debt Collections Policy.
- c. Tariffs must be reflective of the costs reasonably associated with the rendering of the service in question as reflected in the budgeted income and expenditure of the service including any contributions to the Rates and General Account.
- d. Tariffs must be set at levels that ensure the financial sustainability of the service, taking into account any subsidies received from outside sources (such as capital grants).
- e. The Council may impose a surcharge on the tariff applicable to a service.
- f. The Council may provide for the promotion of local economic development through the imposition of special tariffs for categories of commercial and industrial users as provided in a policy adopted for this purpose.
- g. The economical, efficient and effective use of resources will be encouraged *inter alia* through the use of rising block tariffs, time of use tariffs, and tariff options linked to solid waste minimisation for certain categories of users.
- h. The extent of subsidisation of tariffs for poor households and any other category of user will be reflected on the monthly account of such users. The impact of such subsidisation will be fully disclosed in the Budget report to the Council.
- i. The amount that all consumers pay for services, as reflected in the Total Municipal Account must be affordable for different categories of users and as far as possible, annual tariff increases should be limited to the rate of inflation as measured in the CPI.



## 6. DIFFERENTIATION IN TERMS OF THE MSA

- a. The MSA entitles a municipality to differentiate on the basis described in 5(a). The municipality is not obliged to differentiate but should it resolve to do so in respect of a particular service, such differentiation must be in accordance with the framework contained in this paragraph. Any categories provided for which are not defined for a particular service, must be adequately defined in the budget resolutions imposing the tariff and in the municipality's tariff schedules and a distinct tariff must be applicable to each such category.
- b. The following categories of users may be used (subject to appropriate definition):
  - i. Residential/domestic
  - ii. Non-residential
  - iii. Commercial
  - iv. Industrial/mining
  - v. Farming
  - vi. Government
  - vii. State-owned enterprise
  - viii. Vacant land
  - ix. Informal settlements and transient camps (domestic supply see annexure)
- c. The municipality may use different categories of service, subject to definition of the basic service in its Indigent Management Policy and definition of any other categories in its Budget resolutions. The following criteria may be used in defining different categories of service:
  - i. Type of service
  - ii. Category of user
  - iii. Level of consumption
  - iv. Type of connection
  - v. Time of use





Categories of service may be restricted to certain categories of user (e.g. the basic service will be restricted to residential/domestic users).

- d. Different categories of standard of service may be defined for different categories of users or of services, provided that the basic service may not include different standards.
- e. The Council may apply differentiation based on geographic area, provided that the service in question meets at least the standard of the basic service and at least one of the following criteria is also met:
  - i. Topography will have a significant impact on the cost of delivery of the service
  - ii. Significant capital costs will be required to develop service infrastructure
  - iii. The area in question may be identified in the IDP as having strategic developmental importance.

## **7. SUBSIDISATION OF BASIC SERVICE TARIFFS FOR RESIDENTIAL/ DOMESTIC USERS**

The Council may provide for the subsidisation of basic levels of service to qualifying users in terms of the municipality's Indigent Management Policy in tariffs levied on other categories of users.

## **8. ACCESS TO SERVICES BY POOR HOUSEHOLDS**

- a. The Council applies the standards for basic service levels described in national government policy with regard to free basic services. The free and subsidised basic services provided to poor households are as provided for in the Council's Indigent Management Policy.



## **9. MUNICIPAL MANAGER AS RESPONSIBLE AND ACCOUNTABLE OFFICER**

- a. The Municipal Manager is responsible and accountable for the implementation and enforcement of the provisions of this policy and must take the necessary steps to do so.
- b. The Municipal Manager shall from time to time report to the Executive Mayor on matters relating to this policy, the efficacy of the tariffs set by the Council in terms hereof, the administrative mechanisms, resources, processes and procedures related to its implementation and the extent to which the policy is achieving the objectives of the Council.
- c. All the necessary power and authority is hereby delegated to the Municipal Manager to enable him/her to fulfil his/her functions, responsibilities and obligations in terms hereof, with full authority to further delegate any specific responsibility.



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## WATER AND SANITATION TARIFF POLICY

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### 10. DEFINITIONS

- a. **"Average historic cost of water (AHCW)"** means the total current annual cost of the water service (including capital charges but excluding surcharges and contributions to a capital development fund) divided by the total volume of billed water sales for that year.
- b. **"Commercial water use"** means water supplied to premises predominantly of a commercial nature (e.g. shops, offices, showrooms, service stations, hospitals).
- c. **"Domestic water use"** means water that is used predominantly for domestic purposes, including garden irrigation.
- d. **"Industrial water use"** means water which is used in mining, manufacturing, generating electricity, land-based transport, construction or any related purpose.
- e. **"Other water use"** means all water used not defined as domestic, industrial and commercial.
- f. **"Future incremental marginal cost"** means the average incremental cost of system expansion, taking into account the next large scheme or schemes to be built to meet current and future increases in water demand.
- g. **"Residential unit"** means a group of rooms, used for residential purposes, contained within a block of flats, and which includes any undivided share of common property or any other portion of the property apportioned to that unit for its exclusive use, which shall include a garage or any other outbuildings.
- h. **"Average historical cost of sanitation"** means the total annual cost of the sanitation service (including capital charges but excluding contributions to a



capital development fund) divided by the total volume of sewage discharged for that year.

- i. **"Commercial wastewater"** means effluent discharged from premises predominantly of a commercial nature (e.g. shops, offices, showrooms, service stations).
- j. **"Industrial wastewater"** means wastewater arising from mining, manufacturing, electricity generation, land-based transport, construction or any related activities.
- k. **"Other wastewater"** means effluent discharge from premises not defined as domestic, commercial or industrial.

## 11. POLICY PROVISIONS SPECIFIC TO WATER SUPPLY

- a. User categories: In setting water tariffs, the Council shall take into account at least the following four categories of user; viz:
  - i. Domestic water use
  - ii. Industrial water use
  - iii. Commercial water use
  - iv. Other water use
- b. Domestic consumer sub-categories: In setting water tariffs for domestic consumers, the Council may take into account the significantly different levels and standards of services provided by the municipality and accordingly determine at least the following four sub-categories of domestic consumer; viz
  - i. Domestic communal (which shall mean consumers with access to communal water services such as a public standpipe or a water tanker service)
  - ii. Domestic controlled (which means consumers with access to a controlled volume of water supply)



- iii. Domestic full (which means consumers with access to an uncontrolled volume of water supply that is metered)
  - iv. Domestic cluster (which means consumers in a multi-residential unit development, with an uncontrolled supply, served by one metered connection point)
- c. Metering: All connections providing an uncontrolled volume of water supply shall be metered and tariffs shall be applied in proportion to water use. The amount of water supplied to standpipes in informal settlements without title deeds should also be measured to assess the impact of this free water supply on the service as a whole, but should not be billed. The municipality is moving progressively towards the implementation of a demand metering system through the installation of water management devices.
- d. Consumption tariffs: In setting tariffs, the Council may have regard to at least the following categories of tariffs:
- i. Consumption tariffs – Domestic communal: Where a communal water supply provides water for domestic use and such usage at the communal outlet is, on average, less than 6 kl per household served, then no charge shall be levied for this water.
  - ii. Consumption tariffs – Domestic controlled: Where water use is controlled to less than 6kl a month per connection, for domestic purposes, then no charge shall be levied on domestic households for such water. Should usage exceed 6 kl per month, a fixed monthly tariff shall be applied.
  - iii. Consumption tariffs – Domestic full: Consumption tariffs for uncontrolled volume, metered domestic connections shall be based on an increasing block structure with the first block set at 6kl per connection per month and the last block set at an amount that would deter unnecessarily high water use and would reflect the incremental cost that would be incurred to increase the water supply infrastructure to meet an incremental growth in demand. The rising block tariff structure should consist of at least five steps. The consumption level at which



- the last step begins should be at an amount that would encourage water conservation and should not be greater than 60 kl per month.
- iv. Consumption tariffs – Domestic cluster: Consumption tariffs for multi-residential unit developments served by one metered connection point will be set to recover at least the AHCW.
  - v. Consumption tariffs – Industrial, Commercial and other: Other than in instances where special tariffs have been set, the consumption tariffs for all other consumers in this category should be set to at least equal to the AHCW. Data in respect of separate consumption categories such as for sporting bodies, schools and municipal consumption may be maintained to assist in water demand management measures.
  - vi. Consumption tariffs – Schools, sports fields, clubs, churches, charities: any subsidies to these categories of users should be made through the medium of grants or other transparent mechanisms but not through tariffs lower than the AHCW so as not to negate the inherent incentive to use water wisely and economically.
  - vii. Consumption tariffs – Users of non-potable water.
- e. Surcharges: The Council may impose a surcharge on any water tariff.
  - f. Fixed service charges: In setting fixed service charges for various purposes, the Council shall have regard at least to the following provisions:
    - i. Fixed service charges – Domestic: If a fixed monthly charge is applied, it should be kept at a minimum where possible as the domestic water tariff should, as much as possible, take into account the cost of maintaining the connection.
    - ii. Fixed service charges – Industrial and other: Any fixed monthly service charge for these categories shall take into account the size of the connection and the historic cost of maintaining it to ensure that it is cost-reflective.
  - g. Connection charges: Connection charges shall be set to recover the full costs of installation of a connection.



- h. Credit Control measures: The following provisions should be read with the municipality's Credit Control Policy:
  - i. Domestic consumers who fail to pay amounts due for water consumption may, after due process, have their uncontrolled water connections restricted by a flow-limiting or water management device, in the sole discretion of the municipality.
  - ii. All non-domestic consumers who fail to pay amounts due for water consumption shall, after due process, have their uncontrolled water connections disconnected.
- i. Water restriction tariffs: Special tariffs may be introduced during periods when water restrictions are in effect as an incentive to reduce water to within sustainable limits. The Council may approve a separate tariff schedule in conjunction with the normal tariff schedule approved with the budget, which will apply when water restrictions are in force.
- j. Rebates for underground leaks:
  - i. The cost of repairing leaks in a reticulation system situated on private property and the cost of water wasted as a result of such a leak are the responsibility of the owner/consumer.
  - ii. The municipality will nevertheless in implementing its Water Loss Minimisation Project address the question of underground leaks and leaks not visible to the eye, on private property, by granting a rebate in respect of the additional cost of water wasted as a result of such a leak to consumers who have made application in the prescribed manner.
  - iii. A rebate approved by the Council in terms of this policy shall apply only in respect of the additional cost of water wasted as a result of leaks that occur underground and/or are not visible, in the property's primary water reticulation system (plumbing) and shall not apply if the leak occurs in a supplementary system (such as garden irrigation systems, automatic filling systems to ponds, pools etc.).



- iv. Additional consumption occurring as a result of a qualifying leak shall be determined by establishing the difference between the "average" consumption over a corresponding consumption period and the total consumption during that period when the leak occurred. The consumer will be credited with that proportion of the additional consumption constituting the rebate approved by the Council.
- v. The rebate will be granted for a maximum of three months (being an adequate period for the consumer to be alerted to the increased consumption and arrange for the leak to be repaired). The municipality will not approve more than two claims for a rebate in respect of a property per calendar year.

## **12. POLICIES SPECIFIC TO THE SANITATION SERVICE**

- a. User categories: In setting sanitation tariffs, the Council shall take into account at least the following user categories (but may specify additional categories) which shall be precisely defined in the Council's tariff resolutions:
  - i. Domestic users
  - ii. Industrial/Commercial users
  - iii. Other users
- b. Domestic user sub-categories: the sanitation tariff structure for domestic users shall distinguish between the different levels and standards of services provided by the municipality and may recognise at least the following sub-categories for domestic users:
  - i. Domestic communal (which means users/households with access to communal sanitation facilities);
  - ii. Domestic full (which means users with waterborne sanitation and access to uncontrolled discharge to a sewer network);
  - iii. Domestic on-site waterborne (which means users with waterborne sanitation collected on site including septic and conservancy tanks);





- iv. Domestic cluster (which means users in a multi-residential unit development such as flats or townhouses served by one connection point).
- c. Universal billing: all users save those provided with a rudimentary or basic service such as communal facilities, are to be billed.
- d. It is the intention of the municipality to move to a method of formulating tariffs in the following manner:**

Categories of tariffs – Consumption based: In setting tariffs, the Council shall have regard to at least the following categories of tariff:

- i. Volumetric domestic tariffs – Domestic communal: no charge shall be rendered for the use of communal facilities.
- ii. Volumetric domestic tariffs – Domestic full: to be based on the assumed volume of wastewater discharged into the sewerage system (deemed to be 70% of the consumer's domestic water consumption), limited to a maximum billable volume of 35 kl per month.
- iii. Volumetric tariffs – Domestic on-site waterborne: to be based on the actual volume pumped into the collecting truck, reflected as an amount per kilolitre of wastewater.
- iv. Basic sanitation tariff: the Council may where appropriate levy a fixed charge for services provided in informal areas.
- v. Volumetric tariff – Domestic cluster: to be based on the assumed volume of wastewater discharged into the sewerage system (deemed to be 90% of the monthly metered water consumption of all units in the cluster) limited to a maximum billable volume of 35 kl per month per unit.
- vi. Volumetric tariffs – Industrial and Commercial: to be based on the assumed volume of wastewater discharged into the sewerage system (deemed to be 95% of the monthly metered water consumption).
- vii. Volumetric tariffs – Other (schools, hospitals, municipal users, churches etc.): to be based on the assumed volume of wastewater discharged into the sewerage system (deemed to be 95% of the monthly metered water consumption by the institution in question).



- viii. Users making use only of the sanitation service: users who obtain a water supply from a source other than the municipal supply (such as a neighbouring water supply authority or from an unmetered borehole) but nevertheless make use of the municipality's sanitation service, remain liable to pay for that service. The volume of water usage on which the sanitation charge is to be based shall be determined and verified on an annual basis by the municipality, by measurement or estimation of the water used, as the municipality in its sole discretion deems fit. Determination of the percentage wastewater will be per the user category.
- ix. Surcharge for extraordinary treatment costs for industrial effluent: where the measured pollution loading of wastewater discharged into the sewerage system by an industrial user exceeds the pollution loading of ordinary domestic wastewater, the user will assume responsibility for the additional treatment cost recovered as an additional charge based on the Industrial Effluent Miscellaneous Tariff read with the industrial effluent formulae adopted by the Council in its tariff resolutions from time to time. The additional charge shall be billed monthly whilst the poor quality remains.

**However, until such time as the municipality is able to transform to the above methodology, the current method of applying a flat rate or fixed rate as contained in the respective budgets will be applied.**

- e. Categories of tariff—Fixed tariffs:
  - i. Surcharge – Storm-water discharges into sewer: if an unauthorised discharge connection for storm-water run-off into a sewer is found, the owner of the premises in question will be given notice to either alter the connection to provide for discharge into the storm-water/road drainage system or to apply for condonation for the existing connection. Condonation shall only be granted, if in the sole discretion of the municipality, a connection to the proper system is not practically possible. The applicable Miscellaneous Tariff will be charged on a monthly basis.



- ii. Fixed service charges: a fixed monthly service charge will apply to users who discharge wastewater into a sewer system.
  - iii. Connection charges: the Council shall set a connection charge for all consumer categories which recovers the full costs of the sewer connection installation.
- f. Adjustment to the deemed volume: in respect of any specific user in the Industrial/Commercial, Domestic (cluster) and Other tariff categories, the municipality may in its sole discretion adjust the percentage of water deemed to have been discharged into the sewerage system as wastewater, based on calculation or measurement or any other appropriate method, to more closely approximate the actual wastewater discharged.
- g. Contributions: the sewerage service may subsidise any other service.
- h. Effect of water-leak rebate on volumetric sanitation charge: the volume of any water calculated to have been lost resulting from a leak in regard to which a rebate has been approved in terms of paragraph 10(p) shall be deducted from the volume of water used to compile the volumetric sanitation charge for the period of the rebate.

### **13. GENERAL POLICIES APPLICABLE TO WATER AND SANITATION TARIFFS**

- a. Subsidisation: in setting tariffs, the Council may provide for reasonable and appropriate cross-subsidisation between consumer categories. The existence of any such subsidisation must be disclosed in the Council's budget resolutions.
- b. Full cost recovery: the calculation and setting of all tariffs will be based on the principle of full cost recovery and provision for the long-term sustainability of the service.



- c. Annual determination of tariffs: all tariffs are determined and set by the Council on an annual basis together with approval of its budget as provided for in section 24(2)(c)(i) of the MFMA.
- d. Value Added Tax: as prescribed by applicable legislation, VAT is levied on all consumptive tariffs and tariffs as approved by the Council.
- e. Availability charge: an availability charge in the form of a fixed tariff shall apply to serviced vacant or undeveloped land for both the water and sanitation services or where the accountholder/consumer has not consumed more than 6 kl of water. This may have been due to the use of alternative water sources (e.g. a borehole). This provision does not apply to indigent households.



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## ELECTRICITY TARIFF POLICY

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### 14. POLICIES SPECIFIC TO THE ELECTRICITY SERVICE

- a. User categories: in setting electricity tariffs, the Council shall take into account at least the following user categories (but may specify additional categories):
  - i. Domestic user – includes users individually or collectively, in private residential establishments including houses, blocks of flats, townhouse complexes;
  - ii. Commercial/Industrial user – means users other than domestic users and includes halls, churches, schools, sports clubs, restaurants, theatres, consulting rooms, all other commercial and industrial premises including residential premises operated commercially such as hotels, guest house/bed-and-breakfast establishments, hospitals, retirement homes and the like.
  - iii. Reseller – This is an electricity tariff to be charged to resellers by licensees. It is developed with an intention of enabling resellers to supply electricity at a desired quality of service, while also maintaining their networks at desired levels. Furthermore, this tariff is intended to ensure that a reseller can charge its customers in line with approved tariff schedules of the Municipality. A reseller tariff may be subcategorised using the definitions per paragraphs (i) supra.
  
- b. Tariff categories: in setting electricity tariffs, the Council may establish tariffs in the following categories:
  - i. Consumption based (cost reflective) tariffs including:
    - single tier tariff
    - multi-tier block tariff
    - time of use and demand charges
  
  - ii. Consumption based (subsidised) tariffs (as determined in terms of the municipality's Indigent Management Policy)



- iii. Fixed tariffs including:
    - Connection charge (being a fee payable as a contribution towards the cost of providing a supply)
    - Development levy (being a charge calculated to contribute to the costs incurred in increasing the capacity of existing networks resulting from the additional demand imposed by new users)
    - Service charge (being a charge calculated to contribute to fixed costs such as capital redemption, meter reading, billing, vending, maintenance etc. which is payable whilst a premises is connected irrespective of whether electricity is supplied)
    - Miscellaneous tariffs (being specific charges for occasional services rendered such as disconnection, re-connection, meter testing etc.)
  - iv. Special tariffs (any tariff introduced from time to time in terms of section 74(2)(g) MSA) or a tariff relating to the consumption of "green energy", being energy generated from a renewable or efficient source)
  - v. Wheeling tariff (a tariff for the transport of electrical energy over the municipality's network infrastructure).
- c. Categories of service: the Council, in setting tariffs may have regard to the following categories of service (which may constitute sub categories of user categories) including:
- i. nature of service (including wheeling, the supply of green energy etc.)
  - ii. the level of service consumption
  - iii. type of connection
  - iv. time of use
- d. Surcharge/contributions: the Council in setting tariffs, may impose a surcharge on electricity tariffs (over and above the recovery of the average cost of supply) for the purpose of funding a contribution to the municipality's Rate and General Fund



- e. Subsidisation: in setting tariffs, the Council may provide for reasonable and appropriate cross-subsidisation between categories of user, provided however that the existence of any such subsidy must be clearly disclosed in resolutions adopting tariffs and in the resulting Schedule of Tariffs.
- f. Annual determination of tariffs: electricity tariffs shall be set on an annual basis as prescribed by section 24(2)(c)(i) MFMA after consideration by the Council of a comprehensive report and recommendations from the Municipal Manager taking into account at least the principles in (g) hereunder, anticipated increase in the block cost of electricity, expected increased/decreased demand, the potential effect of any substantial development, patterns of use, availability of supply and sustainability of the service, especially the need for expansion, replacement and/or maintenance of infrastructure as well as any policies, guidelines and comments from the National Energy Regulator of South Africa and such determination shall be subject to approval by it.
- g. Principles: in setting tariffs, the Council shall ensure the full recovery of the cost of operation of the service on a year to year basis, having regard to the issues reported upon in terms of (f) above, and take into account the affordability of electricity and shall consistently and equitably apply this policy.
- h. Availability charge: an availability charge in the form of a fixed tariff shall apply to vacant or undeveloped land where services are available or where the accountholder/consumer has not consumed more than 50 kWh of electricity. This may have been due to the use of alternative energy sources. This provision does not apply to indigent households.



## **WASTE MANAGEMENT TARIFF POLICY**

### **15. POLICIES SPECIFIC TO WASTE MANAGEMENT**

- a. User categories: The municipality will enter into a supply agreement for waste management services only with the owner of a property. Accordingly, in setting tariffs for the Waste Management Service, the Council shall take into account at least the following categories of users who have entered into supply agreements for:
  - i. Residential property: (being a property that is used predominantly for residential purposes, including multi-dwelling properties such as Sectional Title schemes and share block schemes, blocks of flats, retirement homes and villages). Owners in this category may obtain a waste management service from the municipality only. The Council may determine sub-categories provided that these are disclosed in its tariff-setting resolutions and adequately defined.
  - ii. Non-residential property: (being an improved property that is predominantly used for purposes other than residential, including land used for commercial, industrial or agricultural purposes and also hotels, hospitals and guesthouses). An owner in this category may elect to obtain waste management services from a supplier other than the municipality. The Council may define sub-categories in its tariff setting resolutions.
  - iii. Vacant land: (unimproved land not being used for any purpose).
- b. Categories of tariffs: in setting tariffs, the Council may have regard to at least the following categories of tariffs:
  - i. Cost reflective tariffs
  - ii. Subsidised tariffs
  - iii. Fixed tariffs
  - iv. Special tariffs





- c. Categories of service: in setting tariffs, the Council shall distinguish between the following levels and standards of service:
  - i. Door to door removal- black bag (once weekly)
  - ii. Door to door removal-skip (once weekly)
  - iii. Door to door removal-skip (multiple removals per week)
  - iv. Bulk removals
  - v. Garden refuse removal
  
- d. Principles applicable to Waste Management tariff setting: the following principles shall inform the determination of appropriate tariffs:
  - i. National Waste Minimisation Strategy: the municipality adheres to the principles and objectives set in this strategy.
  - ii. In achieving a "pro-poor" orientation, residential Waste Management tariffs should be structured to achieve a minimum basic level of service affordable for all households while at the same time delivering a viable and sustainable service.
  - iii. The setting and implementation of tariffs must treat users of the service equitably but may however differentiate between different categories of user.
  - iv. The overall package of tariffs must recover the costs reasonably associated with the rendering of the service including such costs which cannot be allocated to a specific user.
  - v. The overall package of tariffs must facilitate the current and long-term sustainability of the service with adequate provision for operating costs, maintenance, rehabilitation and replacement of infrastructure.
  - vi. In setting tariffs, the Council may provide for an appropriate level of cross-subsidisation between categories of user and tariffs, provided however that the extent thereof must be fully disclosed in tariff setting resolutions and the Schedule of Tariffs.
  
- e. Surcharge and contributions: As far as possible, the Council shall avoid setting a surcharge on tariffs in the Waste Management Service and the Service shall not make contributions to any other service.



- f. Annual setting of tariffs: a package of tariffs shall be developed in conjunction with the budget process and adopted annually by resolution in terms of section 24(2)(c)(ii) MFMA.
- g. Availability charge: an availability charge in the form of a fixed tariff shall apply to vacant or undeveloped land where services are available.



## ANNEXURE PER PARAGRAPH 6 OF THE POLICY

### INFORMAL SETTLEMENT

1. KIMBERLEY NORTH
2. BOIKHUTSONG & KUTLWANONG
3. COLVILLE 83 & 64
4. CHRIS HANI
5. GALESHEWE
6. RITCHIE WELTER VREDE & MOTSWEDIMOSA
7. ARENA 65
8. ROODEPAN
9. HOMEVALLEY
10. KAGISHO
11. SOLLY LEGODI
12. TSHWARAGANO
13. PHUTANANG
14. REDIRILE
15. JOHN MAMPE
16. TSWELELANG
17. CHINA SQUARE
18. WIT DAM
19. UBUNTU
20. THAMBO SQUARE
21. NXUMALO
22. PLATFONTEIN
23. GREEN POINT
24. RABAJI
25. LORATO PARK
26. JACKSONVILLE
27. DONKERHOEK
28. KATIMA
29. BLOEMANDA
30. SOUL CITY
31. PROMISE LAND
32. RIEMVASKAK
33. TRANSIT CAMP
34. RESERVE ROAD SHACKS
35. PHOMOLONG
36. ZONE 2

And any other area as identified by the Municipality as necessary to receive a basic level of service but which has not been formally established or is impractical to recover exact readings.