



ABSTRACT

This policy has been drawn up in terms of Section 74 of the Local Government: Municipal Systems Act (Act 32 of 2000)

TARIFF POLICY 2020-2021

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ANNEXURE A – SCHEDULE OF RATES AND TARIFFS

ABBREVIATIONS

LLM	: Lesedi Local Municipality
AO	: Accounting Officer
CFO	: C h i e f Financial Officer
MFMA	: Municipal Finance Management Act
MPRAA	: Municipal Property Rates Amendment Act
MSA	: Municipal Systems Act
PPE	: Property, Plant and Equipment
SCM	: Supply Chain Management
VAT	: Value Added Tax
IBT	: Inclining Block Tariff
kWh	: Kilowatt per Hour (Kilowatt Hour)
KVA	: Kilowatt Ampere
KL	: Kilolitre
c/kWh	: Cent per Kilowatt Hour
R/kWh	: Rand per Kilowatt Hour

1. PURPOSE OF THIS DOCUMENT

- 1.1.** Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption policy.
- 1.2.** The purpose of this tariff policy is to prescribe the accounting and administrative policies and procedures relating to the determining and levying of tariffs by the Lesedi Local Municipality.
- 1.3.** The Municipality should perform the procedures set out in this policy to ensure the effective planning and management of tariffs. 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. OBJECTIVES OF THIS POLICY

- **To comply with guidelines received from the National Energy Regulator of South Africa on electricity matters**
- **To determine cost reflective tariffs, as far as is possible**
- **To ensure equitable pricing**
- **To ensure affordability of basic services to the community**
- **To ensure compliance with the Municipal Systems Act**
- **To comply with the provisions of the Electricity Regulation Act 4 of 2006**
- **To comply with the provisions of the Constitution of the Republic of South Africa**
- **To comply with the provisions of the Municipal Finance Management Act**
- **To comply with the provisions of Electricity Pricing Policy of the South African Electricity Supply Industry - Government Gazette No. 31741**
- **To comply with other National Policies**

3. DEFINITIONS

“Accommodation” means accommodation in an accommodation establishment, a room, dwelling/ house or second dwelling unit, self-catering room, self-catering apartment or free standing building let to transient guests consisting of three or more lettable units.

“Accommodation Establishments” – consists of one or more of the following lettable types of accommodation, consisting of three or more lettable units –

- a) “Camping” (informal temporary accommodation in a unique environment) is defined by a property used for erection of tents or other temporary structures for temporary accommodation for visitors or holiday-makers, which includes ablution, cooking and other facilities that are reasonably and ordinarily related to camping , for use of such visitors, and includes a caravan park, whether publicly or privately owned, but which excludes the alienation of land on the basis of time sharing, sectional title share blocks or individual subdivision; and excludes resort accommodation or mobile homes;
- b) “Bed and Breakfast” (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling in which the owner of the dwelling supplies lodging and meals for compensation to transient guests who have permanent residence elsewhere; provided that the primary use of the dwelling house concerned shall remain for the living accommodation of a single family and where not more than 3 guest rooms are provided;
- c) “Guest House” (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house (with a maximum of 10 rooms) or second dwelling which is used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings, training sessions and conference facilities for resident guests;
- d) “Self catering Accommodation” (accommodation for non-permanent residents and transient guests) is defined by a house, cottage, chalet, bungalow, flat, studio,

apartment, villa, or similar accommodation where facilities and equipment are provided for guests to cater for themselves. The facilities should be adequate to cater for the maximum advertised number of residents the facility can accommodate;

- e) “Self-catering Apartments” (accommodation for non-permanent residents and transient guests) is defined by a building or group of buildings consisting of separate accommodation units, each incorporating a kitchen / -ette facility, and which may include other communal facilities for the use of transient guests, together with outbuildings as are normally used therewith; which are rented for residential purposes and may include holiday flats; but does not include a hotel, dwelling-house, second dwelling or group house;
- f) “Backpackers Accommodation” (accommodation and communal facilities in a building or free standing buildings for transient guests) is defined by a building where lodging is provided, and may incorporate cooking dining and communal facilities for the use of lodgers, together with such outbuildings as are normally used therewith and includes a building in which dormitories/rooms/beds are rented for residential purposes, youth hostel, and backpackers’ lodge; but does not include a hotel, dwelling house, second dwelling or group house;
- g) “Boarding House” a dwelling–house or second dwelling which is used for the purpose of supplying lodging with or without meals or self-catering to non-permanent/permanent residents for compensation; provided that the primary use of the dwelling-house shall remain for the living accommodation of a single family;

"Account" means an account rendered specifying charges for municipal services provided by the **Municipality**, or any authorised and contracted service provider, and which account may include assessment rates levies;

"Accounting Officer" means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act;

"Annual Budget" shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget;

"Annually" means once every financial year;

"Arrangement" means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act;

"Arrears" means those rates and service charges that have not been paid by the due date and for which no arrangement has been made;

"Authorised Representative" means a person or instance legally appointed by the Municipality to act or to fulfil a duty on its behalf;

"Basic Municipal Services" shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment;

"Billing Date" means the date upon which the monthly statement is generated and debited to the customer's account;

"Business and Commercial Property" means -

- a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- b) property on which the administration of the business of private or public entities take place.

"By-law" shall mean legislation passed by the council of the Municipality, and which shall be binding on the Municipality and on the persons and institutions to which it applies;

"Calendar year" shall mean 12 consecutive months of a financial year(s);

"Casual consumers" means any consumer who apply for temporary connection such as circus, campus, churches, construction sites etc.

"Category" –

- a) in relation to a property, means a category of properties determined in terms of section 8(2) of the Municipal Property Rates Act;

- b) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Municipal Property Rates Act.

"Chief Financial Officer" means the person-designated in terms of section 80(2)(a) of the Local Government: Municipal Finance Management Act 56 of 2003

"Consumer Price Index" shall mean the CPIX as determined and gazetted from time to time by the South African Bureau of Statistics;

"Consolidated Account" means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Municipality;

"Council" means;

- (a) the Lesedi Local Municipality established in terms of as section 12 of the Local Government: Municipal Structures Act, 117 of 1998, as amended, exercising its legislative and executive authority through its municipal Council; or
- (b) its successor in title; or
- (c) a structure or person exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Systems Act,
- (d) In respect of ownership of property, ratability and liability for rates, a service provider fulfilling a responsibility assigned to it,
- (e) Through a service delivery agreement in terms of section 81(2) of the Systems Act or any other law, as the case may be;

"Councillor" shall mean a member of the Council of the Municipality;

"Credit Control" means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services;

"Customer" means the occupier of any premises to which the Municipality has agreed to supply or is actually supplying municipal services, or if no occupier can be identified or located, then the owner of the premises and includes any customer of the Municipality;

"Day/Days" means calendar days, inclusive of Saturdays, Sundays and public holidays;

"Debt Collectors" means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein;

"Defaulter" means any person who owes arrears to the Municipality;

"Delivery Date" shall mean the date on which the periodic account is delivered to the customer or 3 days after **the** date the account was posted, whichever is the first;

"Director Income" Means the Senior Official in a division of the Municipality's Finance Department, overall responsible for the collection of monies owed to the Municipality and/or any other official to whom he/she has delegated duties and responsibilities in terms of this policy;

"Domestic Customer or User" of municipal services shall mean the person or household which municipal services are rendered in respect of "residential property" as defined below;

"Due Date" means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates (10th of the month);

"Dwelling" means; **one or more rooms including kitchen/s designed as a unit for occupancy for purpose of cooking, living and sleeping which includes nearby outbuildings, sheds and granny flats within the curtilage of the property excluding multi dwellings and flats;**

"Electricity Charges" means service charges in respect of the provision of electricity;

"Exclusion" in relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act;

"Exclusive use area" means part or parts of the common property for the exclusive use by the owner or owners of one or more owners referred to Sectional Titles Act;

“Exemption” in relation to the payment of a rate, means an exemption granted by the Municipality in terms of Section 15 of the Act;

“Farm Property to property that is used productively for agricultural and farming purposes, either on a full-time or a part time basis, regardless of whether or not agriculture forms the principal source of income;

“Financial Year” any period commencing on July of a calendar year and ending on 30 June of the next succeeding calendar year;

"Immovable Property" also includes –

- a) an undivided share in immovable property, and
- b) any right in immovable property.

"Implementing Authority" means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000;

"Indigent Customer" means the head of an indigent household:-

- a) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the Municipality; and
- b) who makes application for indigent support in terms of Council's Indigent Support Policy on behalf of all members of his or her household;

"Indigent Support Policy" means the Indigent Support Policy adopted by the Council of the Municipality;

"Indigent Support Programme" means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Support Policy;

“Integrated Development Plan” shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended;

“Industrial use” – means

the use of land or a building designed or used as a factory within the meaning of the Factories, Machinery and Building Works Act, 1941 (Act 22 of 1941) and any amendments thereof and includes any office or other building on the same site, the use of which is incidental to, or reasonably necessary in connection with the use of such factory but shall not include noxious industrial uses, a single dwelling unit, dwelling units and public garages;

"Interest" means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the Municipality's primary bank account, plus one percent or such other percentage as may be determined by Council from time to time;

“Local Community” – in relation to the Municipality –

a) means that body of persons comprising –

- the residents of the Municipality;
- the rate payers of the Municipality;
- any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
- visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and

b) includes, more specifically, the poor and other deprived sections of such body of persons;

“Market Value” – in relation to a property, means the value of the property determined in accordance with section 46 of the Municipal Property Rates Act;

“Month” means one of twelve months of a calendar year;

"Monthly Average Consumption" means the monthly average consumption in respect of a property calculated on the basis of the average consumption over the preceding twelve months on the respective property or should it be a newly developed property a projected average consumption per month for a property in the Municipality having a similar sized development thereon;

“Multi-dwelling” means any arrangement of premises that comprises more than one dwelling unit, including semi-detached houses, simplex units, townhouses and any other arrangement of residential premises.

“Multiple use property” – in relation to a property, means the use of a property for more than one purpose subject to section 9;(Amended by s1 of Act 29 of 2014)

“Municipality” or **“Municipal Area”** shall, where appropriate, mean 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;

“the Municipality” means Lesedi Local Municipality;

“Municipal Council” or **“Council”** shall mean the municipal council of Lesedi Local Municipality as referred to in Section 157(1) of the Constitution; or a municipal council referred to in section 18 of the Municipal Structures Act;

"Municipal Pay Point" means any municipal office in the area of jurisdiction of the Municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate;

"Municipal Manager" means a person appointed in terms of section 82 of the Municipal Structures Act;

"municipal property" means property owned, vested or under the control and management of the Council or its service provider in terms of any applicable legislation;

"Municipal Services" means services provided either by the Municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement;

"Municipal Tariff" shall mean a tariff for services which the Municipality may set for the provision of a service to the local community, and may include a surcharge on such service. *Tariffs for major services* shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the Municipality in respect of other services supplied including services incidental to the provision of the major services;

"Occupier" in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

"Open Space" - means land that is used as a park, garden, for passive leisure or maintained in its natural state and that is zoned as open space;

"Owner" means;

- a) In relation to a property referred to in paragraph (a) of the definition of 'property', a person in whose name ownership of the property is registered;
- b) in relation to a right referred to in paragraph (b) of the definition of 'property', a person in whose name the right is registered;
- (bA) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of

the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984; (Added by s1 of Act 29 of 2014)

- (bB) in relation to a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980); (Added by s1 of Act 29 of 2014)
- (bC) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit; and (Added by s1 of Act 29 of 2014)
- c) in relation to a land tenure right referred to in paragraph (c) of the definition of 'property', a person in whose name the right is registered or to whom it was granted in terms of legislation; and
- d) in relation to public service infrastructure referred to in paragraph (d) of the definition of 'property', the organ of state that owns or controls that public service infrastructure; provided that a person mentioned below may for the purpose of the Act be regarded by a municipality as the owner of a property in the mentioned circumstances:
 - (i) a trustee in the case of a property registered in the name of the trustee in a trust, excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or an estate in liquidation;
 - (iv) a judicial manager, in the case of a property in the estate of a legal person under judicial management;
 - (v) a curator, in the case of a property in the estate of a person under curatorship;
 - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it to the lessee;

- (viiA) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or (Added by s1 of Act 29 of 2014)
- (viii) a buyer, in the case of a property that has been sold by the Municipality and of which possession has been given to the buyer pending registration of ownership in the name of the buyer; or an occupier of a property that is registered in the name of the Municipality.

"Person" means a natural and juristic person, including any department of state, statutory bodies or foreign embassies;

"Premises" includes any piece of land, the external surface boundaries of which are delineated on:

- a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or
- b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the Municipality.

"Prescribed" means prescribe by regulation in terms of section 83;

"Prescribed debt" means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969;

"Private Open Space" means land that is privately owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area and which is joined as Private Open Space;

"Privately Owned Townships Serviced by the Owner" – means single properties (group housing or single residential erven), situated in an area not ordinarily being serviced by the Municipality, divided through subdivision or township establishment in (ten or more) full-title stands and/or sectional title units and where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting,

storm water drainage facilities, parks and recreation facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, Home owners association or management companies/ bodies of such estate;

“Property” – means;

- a) immovable property situated within the boundaries of the municipality registered in the name of a person including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) public service infrastructure;

“Rateable Property” shall mean property on which the Municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act;

“Ratepayer” any owner of rateable property as well as any owner of a rateable property held under sectional title, situate within the area of jurisdiction of the Council;

“Rates” means a municipal rate on property envisaged in section 229 (1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Act 56 of 2003;

“Rebate” in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property;

“Reduction” - in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Municipal Property Rates Act, of the amount for which the property was valued and the rating of that property at that lower amount;

“Refuse Charges” means service charges in respect of the collection and disposal of refuse;

"Registered Owner" means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937;

"Responsible Person" means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges;

"Residential Property" shall mean a property included in the valuation roll in terms of Section 48(2)(b) of the Municipal Property Rates Act, in respect of which the primary use or permitted use is for residential purposes without derogating from section 9;(Amended by s1 of Act 29 of 2014)

"Service Charges" means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy;

"Service Delivery Agreement" means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000;

"Sewerage Charges" means service charges in respect of the provision of sewerage collection and treatment of infrastructure;

"Small Holding" refers to property, whether improved by the construction of a dwelling or not, not large enough to support a commercially viable farming operation, but able to provide a subsistence level of output to the owner of the property.

"Organ of state"-means an organ of state as defined in section 239 of the Constitution;

"Sundry Customer Accounts" means accounts raised for miscellaneous charges for services provided by the Municipality or charges that were raised against a person as a result of an action by a person, and were raised in terms of Council's policies, bylaws and decisions;

"Supervisory Authority" means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000;

"Tariff" means the scale of rates, taxes, duties, levies or other fees which may be imposed by the Municipality in respect of immovable property and/ or for municipal services provided;

"Tariff Policy" means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000;

"User" means the owner or occupier of a property in respect of which municipal services are being rendered;

"Vacant land" means any undeveloped land/ erf within a proclaimed township or a land development area and will continue to be rated as vacant until such time as a certificate of occupancy is issued by the Council;

"vacant land residential" means undeveloped land / erf for residential use;

"vacant land industrial" means undeveloped land / erf for industrial use;

"vacant land business and commercial" means undeveloped land / erf for business and commercial use;

"Water Charges" means service charges in respect of the provision of water.

"zoning" means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in an applicable town planning scheme and "zoned " has a corresponding meaning. Where a property carries multiple zoning rights, the categorisation of such property will be by apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and applying the rates applicable to the categories determined by the Municipality for properties used for those purposes to the different market value apportionments.

4. CONSTITUTIONAL AND LEGAL BACKGROUND

In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003, the Accounting Officer (AO) of a Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the Municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended. In terms of section 74 of the Municipal Systems Act the municipal council hereby adopts a tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements.

5. APPROVAL AND EFFECTIVE DATE

The policy will be effective as from 1 July **2020**.

6. POLICY AMENDMENT

In terms of section 17(1) (e) of the MFMA this policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

7. RELATIONSHIP WITH OTHER POLICIES

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- 7.1.** Delegation of Powers;
- 7.2.** Risk Management Policy;
- 7.3.** Credit Control and Debt Collection Policy;
- 7.4.** Property Rates Policy;
- 7.5.** Funding, Borrowing and Reserves Policy;
- 7.6.** Cash Management and Investment Policy

- 7.7. Long Term Financial Plan Policy;
- 7.8. Indigents Policy;
- 7.9. Budget Implementation and Monitoring Policy;

8. REFERENCES

The following references were observed in compiling this document:

- 8.1. Local Government: Municipal Finance Management Act, 2003
- 8.2. Local Government: Municipal Systems Act, 2000
- 8.3. Local Government: Municipal Property Rates Act, 2004
- 8.4. Local Government: Municipal Property Rates Policy, as reviewed annually
- 8.5. Constitution of the Republic of South Africa, 1996 as amended
- 8.6. Municipal Budget and Reporting Regulations, 2008

9. BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE

- 9.1. Service tariffs imposed by the local Municipality shall be viewed as user charges and not as taxes, and therefore the ability of the relevant customer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigent relief measures approved by the Municipality from time to time).
- 9.2. The Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 9.3. Tariffs for the four major services rendered by the Municipality, namely Electricity, Water, Sewerage and Refuse Removal, shall 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. Such surplus shall be applied in relief of property rates or for the future capital expansion of the service concerned, or both.

- 9.4.** The tariff which a particular customer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 9.5.** 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 customers in the municipal region.
- 9.6.** In line with the principles embodied in the Constitution, in other legislation pertaining to local government, and in the case of electricity approval by NERSA, the Municipality may differentiate between different categories of users and customers 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.
- 9.7.** The Municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of customers or users shall be evident to all customers or users of the service in question.
- 9.8.** The Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all customers and users affected by the tariff policy concerned.
- 9.9.** The Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 9.10.** In the case of conventional metering systems for 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 customers shall be proportionate to the quantity of the service which they consume. In addition, the Municipality shall levy a monthly fixed charge for electricity and water services.

- 9.11.** In adopting what is fundamentally a two-part tariff structure, namely a fixed basic charge coupled with a charge based on consumption, the Municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- 9.12.** In case of vacant stands, where the services are available but not connected, the Municipality shall levy a monthly availability charge which is levied because of fixed costs such as the capital and maintenance costs and insurance of infrastructure available for immediate connection. This principle also applies to vacant stands in areas serviced through conservancy or septic tanks.
- 9.13.** The Municipality's tariffs for electricity services will be determined to ensure that those customers 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 therefore install demand meters to measure the maximum demand of such customers during certain periods. These bulk customers shall therefore pay the relevant demand charge as well as an energy charge directly related to their actual consumption of electricity during the relevant metering period.

10. FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE

10.1. Financial factors

- 10.1.1.** The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service, during each of the Municipality's specific financial years, to avoid cross subsidising of services.
- 10.1.2.** In order to determine the tariffs which must be charged for the supply of the four major services, the Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

- 10.1.2.1. Cost of bulk purchases in the case of water and electricity.
- 10.1.2.2. Distribution costs.
- 10.1.2.3. Distribution losses in the case of electricity and water.
- 10.1.2.4. Depreciation expenses.
- 10.1.2.5. Maintenance of infrastructure and other fixed assets.
- 10.1.2.6. Cost of approved indigent relief measures and cross subsidising of low consumption.
- 10.1.2.7. Administration and service costs, including:-
 - service charges levied by other departments such as finance, human resources and legal services;
 - reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;
 - adequate contributions to the provisions for bad debts and obsolescence of stock;
 - provision for doubtful debts will be based on the following:
 - 10% provision will be provided for residential debt 60 to 90 day
 - 100% provision will be applicable for residential debts which is 90 days and above
 - No provision will be applicable to Government debts and commercial debts; and
 - 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 revenue, and shall not be included in the costing of the major services of the Municipality).

10.1.3. The intended surplus to be generated for the financial year. Surplus to be applied:-

- as an appropriation to capital reserves; and/or
- generally in relief of rates.

10.2. Socio-economic factors

10.2.1. Although the determination of tariffs is in many instances politically orientated, it ought to be based on sound, transparent and objective principles at all times. In order to fully understand the influence of the socio-economic factors the various user categories and forms of subsidisation needs to be considered. Tariffs should also support business initiatives aimed at creating jobs or contribute to the economy of the area.

10.2.2. Users can be divided into the following categories:-

- 10.2.2.1. Users who are incapable to make any contribution towards the consumption of services and who are fully subsidised;
- 10.2.2.2. Users who are able to afford a partial contribution and who are partially subsidised only; and
- 10.2.2.3. Users who can afford the cost of the services in total.

10.2.3. 9.2.3 It is important to identify these categories and to plan the tariff structures accordingly. Subsidies currently derived from two sources namely:-

- 10.2.3.1. Contributions from National Government: National Government makes an annual contribution according to a formula, which is primarily based on information obtained from Statistics South Africa by means of census surveys. If this contribution is

judiciously utilised it will subsidise all indigent households who qualify in terms of the Council policy.

- 10.2.3.2. Contributions from own funds: The Council can, if the contribution of National Government is insufficient, provide in its own operational budget for such support. Such action will in all probability result in increased tariffs for the larger users. Any subsidy must be made known publicly.

10.2.4. To make provision for subsidisation the tariff structure can be compiled as follow:-

- 10.2.4.1. Totally free services (within limits and guide lines);
- 10.2.4.2. Lower tariffs for users who qualify in terms of particular guide lines, for example to recover the operational costs of the service only; and
- 10.2.4.3. Full tariff payable with a subsidy that is transferable from sources as mentioned above.

10.3. Minimum service levels

It is important that minimum service levels be determined in order to calculate and develop an affordable tariff package available to all potential users.

10.4. Credit control

- 10.4.1. It is not possible to successfully compile a tariff structure without consideration of the stipulations of an effective credit control system. Income is provided for in the budget as if a 100% payment level will be maintained. It is therefore important to continuously ensure that users indeed pay punctually. Non-payment has a direct effect in that provision for

bad debt, in accordance with current payment levels, must be provided as expenditure in the budget.

- 10.4.2. However, it is also a fact that there are users who are unable to pay. Tariffs must therefore provide access to a minimum level of basic services for all users. It should furthermore be supplemented with a practical policy for indigents. This will ensure the sustainable delivery of services. In addition, adequate provision should be made on an annual basis for bad debt/ working capital in accordance with current payment levels.

10.5. Package of services

The accounts for rates and services must not be seen in isolation. It must be considered jointly to determine the most affordable amount that the different users can pay as a total account. The basic costs of a service must first of all be recovered and then only can surpluses be manipulated to determine the most economic package for the user with due allowance for future events in regard to a particular service.

10.6. Historical and future user patterns

- 10.6.1. It is important to keep accurate consumption statistics for the purpose of determining tariffs. Consumption determines tendencies, which ultimately have an influence on tariffs within a structure. Provision should be made in the process for growth and seasonal use, as well as for unforeseen events that may have an impact on tariffs.

10.7. User groups

- 10.7.1. Users are traditionally divided into user groups as set out below:-

- 10.7.1.1. Domestic (Residential);
- 10.7.1.2. Businesses/ Commercial;

- 10.7.1.3. Industries/Bulk customers;
- 10.7.1.4. Farm properties (agricultural);
- 10.7.1.5. Accommodation establishments (including guest houses);
- 10.7.1.6. Municipal consumption (departmental charges);
- 10.7.1.7. Institutions that may be directly subsidised for example retirement homes, schools and hostels, sport organisations, etcetera; and
- 10.7.1.8. Special arrangements for specific developments as may be determined by Council from time to time.
- 10.7.1.9. A continuous effort should be made to group together those users who have more or less the same access to a specific service.

11. FREE BASIC SERVICES

11.1. Underlying principle

- 11.1.1. Free basic municipal services refers to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.
- 11.1.2. In terms of the South African Constitution all customers should have access to basic services. Typically, the following parameters could be applied: -
- 11.1.3. The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.
- 11.1.4. The general threshold for indigent support is restricted to qualifying households with a combined income amount determined by Council at the beginning of every financial year and will be applied for the duration of that particular financial year (as per section 4 of Indigent Policy)

11.2. Level of support

11.2.1. The Municipality recognises the following five levels of indigent support:-

- 11.2.1.1. Category A – Support to qualifying households where the combined total gross income of the registered owner/ tenant and his/her spouse or life companion is equal or less to the minimum amount as determined by Council from time to time.
- 11.2.1.2. Category B – Support to qualifying households where the combined total gross income of the registered owner/ tenant and his/her spouse or life companion is within the extended amount as determined by Council from time to time.
- 11.2.1.3. Category C – Care centres where elderly care is provided. The subsidy will be restricted to a fixed amount per month determined by Council at the beginning of every financial year per resident with an income equal or lower than the income amount determined by Council at the beginning of every financial year. The indigent assistance is rendered in the form of credit on the monthly electricity levy payable by the management of the particular institution. The total subsidy should not exceed the total monthly municipal account.
- 11.2.1.4. Category D – Indigent household tenants not receiving municipal accounts. Support to qualifying households where the combined total gross income of the registered tenant and his/her spouse or life companion is equal or less to the minimum amount or within the extended amount as determined by Council from time to time. The indigent assistance is rendered in the form of credit on the monthly municipal account payable by the owner of the property. The total subsidy should not exceed the total monthly municipal account.

12. TARIFF STRUCTURES FOR VARIOUS SERVICES

It is essential that a compromise be reached between the following needs with the determination of a tariff structure:-

- The need to reflect costs as accurately as possible in order to achieve cost effectiveness;
- The need to ensure equality and fairness between user groups;
- The need for a practically implementable tariff;
- The need to use appropriate metering and provisioning technology;
- The need for an understandable tariff; and
- The user's ability to pay.

Taking into consideration the abovementioned points the tariff structure of the following services are discussed:-

- Electricity.
- Water.
- Refuse Removal.
- Sewerage.
- Property Rates.

12.1. Electricity

12.1.1. To calculate the tariff for electricity, the actual cost incurred in the supply of electricity to the community has to be taken into consideration. The principle of basic levies as well as per unit tariff for electricity is determined by the cost structure. This cost structure consists of the following components:-

12.1.1.1. Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any electricity

has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of electricity, costs of capital, maintenance cost and insurance that is payable in respect of the infrastructure. These costs must be recovered whether any electricity is used or not. The costs are therefore recovered by means of a fixed levy per period (normally levied as a monthly basic charge) in order to ensure that these costs are covered.

- 12.1.1.2. Variable costs: It relates to the physical provision of electricity according to consumption/ demand and must be financed by means of a unit tariff which is payable per kWh/KVA electricity consumed.
- 12.1.1.3. Surplus: The tariffs for these services are determined in such a way that a NETT trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

12.1.2. The following tariff structures were basically used for the determination of tariffs:-

- 12.1.2.1. Inclining block tariff (IBT) tariff structure where customer's consumption is divided into blocks and each subsequent block has a higher energy rate (c/kWh). The tariff structure has been set by NERSA in order to protect/ cross-subsidise low income domestic customers and to promote energy efficiency.
- 12.1.2.2. Single rate energy tariff (all costs expressed in a single cent/kWh charge).
- 12.1.2.3. Two part tariff for Domestic, Commercial, Business Customers (consist of a basic (fixed cost) monthly charge and a variable charge related to metered kWh consumption):-

– Energy rate (c/kWh); and

- Basic monthly charge (R/month).

12.1.2.4. Three part tariff for Industrial and Bulk Customers (consist of a basic monthly charge, demand charge and a variable charge related to metered kWh consumption):-

- Energy rate (c/kWh);
- Basic monthly charge (R/month); and
- Demand charge (R/KVA month – recovers capital costs elements).

12.1.2.5. Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

12.1.3. An availability charge is payable on all properties (irrespective of the category), where a connection to the electricity network is possible at the cost of the Municipality, but not in use. This fee aims to recoup capital and maintenance costs in respect of such properties. If the owner connects the service with the intention to improve the property the debit will be adjusted pro-rata from the date of the connection.

12.1.3.1. The availability charge will be levied based on the use of the property.

12.1.3.2. Where the fractional ownership of a property occurs, the owner will be levied an availability charge for electricity based on their fractional share in that property.

12.1.3.3. Should the levy of the availability charge of electricity fall into arrears due to non-payment by the fractional owner, credit control procedures as stipulated in the credit control policy will follow.

12.2. Water

- 12.2.1. Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. In order to restrict consumption, an inclining block rate tariff structure with a basic fee is applied.
- 12.2.2. In principle, the amount that users pay for water services should generally be in proportion to their use of water services. Tariffs must be set at levels that facilitate the sustainability of the service, will include sliding scale tariff structure.
- 12.2.3. To calculate the tariff for water, the actual cost incurred in the supply of water to the community, has to be taken into consideration. The principle of basic levies as well as a kilolitre tariff for water is determined by the cost structure.
- 12.2.4. Similar to electricity, this cost structure consists of the following components:-
 - 12.2.4.1. Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any water has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of water, costs of capital and insurance that is payable in respect of the infrastructure. These costs must be recovered whether any water is used or not. The costs are therefore recovered by means of a fixed levy per period (normally on a monthly basis) in order to ensure that these costs are covered.
 - 12.2.4.2. Variable costs: It relates to the physical provision of water according to demand and must be financed by means of a unit tariff which is payable per kilolitre water consumed.

12.2.4.3. Surplus: The tariffs for these services are determined in such a way that a NETT trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

12.2.5. The following tariff structures were basically used for the determination of tariffs:-

12.2.5.1. Two-leg tariff consisting of a basic charge based on the size of the water connection and consumption for users with conventional meters.

12.2.5.2. An availability charge is payable on all properties (irrespective of the category), where a connection to the water network is possible at the cost of the Municipality, but not in use. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects and improve the property the debit will be adjusted pro-rata from the date of the connection.

12.2.5.3. The availability charge will be levied based on the use of the property.

12.2.5.4. Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

12.2.5.5. Where the fractional ownership of a property occurs, the owner will be levied an availability charge for water based on their fractional share in that property.

12.2.5.6. Should the levy of the availability charge of water fall into arrears due to non-payment by the fractional owner, credit control procedures as stipulated in the credit control policy will follow. .

12.3. Refuse Removal

- 12.3.1. Refuse removal is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.
- 12.3.2. A customer who chooses to do his/her own refuse removal in areas where the municipality renders such service, will still be liable for paying the applicable refuse tariff.
- 12.3.3. The tariff levied by Lesedi Local Municipality is based on the category of property as determined in the valuation roll.
- 12.3.4. The following tariff structures were basically used for the determination of tariffs:-
 - 12.3.4.1. Residential (domestic customers) – maximum of one removal per week (black bag system).
 - 12.3.4.2. Business/ Commercial/ Industrial (Non – Bulk) – maximum of two removals per week.
 - 12.3.4.3. Business/ Commercial/ Industrial (Bulk) - maximum of three removals per week.
 - 12.3.4.4. Business/Commercial/Industrial (Bulk) - four or more, with a maximum of seven removals per week.
 - 12.3.4.5. Additional removals – More than the maximum removals as per 11.3.4.1 – 11.3.4.5.
 - 12.3.4.6. Refuse will be levied based on the use of the property.
 - 12.3.4.7. Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.
 - 12.3.4.8. Where fractional ownership of a property occurs, the owner will be levied refuse based on their fractional share in that property.
 - 12.3.4.9. Should the levy for refuse fall into arrears due to non-payment by the fractional owner, credit control procedures as stipulated in the credit control policy will follow.

12.4. Sewerage

12.4.1. Sewer service is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.

12.4.2. The following tariff structures were basically used for the determination of tariffs:-

12.4.2.1. Tariff arrangements determined and approved by Council from time to time for specific developments.

12.4.2.2. An availability charge is payable on all properties (irrespective of the category), where a connection to the sewer network is possible at the cost of the Municipality, but not in use. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects and improve the property the debit will be adjusted pro-rata from the date of the connection.

12.4.2.3. The availability charge will be levied based on the use of the property.

12.4.2.4. However, owners of vacant stands in an area serviced through conservancy tanks, septic tanks or French drains only will not pay the availability tariff.

12.4.2.5. Special or informal settlements.

12.4.2.6. Where the fractional ownership of a property occurs, the owner will be levied an availability charge for sewerage based on their fractional share in that property.

12.4.2.7. Should the levy of the availability charge for sewerage fall into arrears due to non-payment by the fractional owner, credit control procedures as stipulated in the credit control policy will follow.

12.4.2.8. The Industrial Effluent discharge charges will be levied in accordance with, the waste water quality discharged into the

sewer collection system, as well as the percentage of the monthly water consumption.

12.5. Property Rates

- 12.5.1. The rate levied by the Municipality will be a cent amount in the Rand based on the market value of the property.
- 12.5.2. In terms of the Municipal Property Rates Act, 2004 the Municipality may levy different rates for different categories of rateable property. Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category and by way of reductions and rebates as provided for in the Municipality's property rates policy.
- 12.5.3. In terms of section 17 (1) (e) of the MFMA the Municipality's property rates policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

13. ELECTRICITY TARIFF POLICY

Electricity is supplied under a distribution license, granted by NERSA for a specific area of jurisdiction, which regulates inter alia the following aspects:-

- Classification of customer categories.
- Permissible tariff structure options are determined at a national level and distributors are obliged to apply these structures to obtain uniformity.
- All tariff structures and tariffs must be approved by NERSA prior to application thereof by a distributor.

13.1. Domestic (IBT) Approved Indigents

This tariff covers the supply of electricity for domestic use in private dwellings, flats and chalets with separate meters, the tariff is available for single-phase 230 V connections or multi-phase 400/230 V connections with a capacity up to 63 A single phase. The tariff is for approved indigent and customers receive free 50KWh basic electricity and there after applicable tariff will be implemented as per NERSA guideline.

The customers are charged for the following,

Energy rate (c/kWh).

- The energy rate is charged on an inclining block tariff per unit based on the number of kWh consumed which is determined as follows:-
 - Block 1: 0 to 50 kWh
 - Block 2: 51 to 350 kWh
 - Block 3: 351 to 600 kWh
 - Block 4: > 600 kWh

Fixed Charge (Rand/month)

- A fixed charge, whether electricity is consumed or not, per month, per point of supply is a monthly charge to recover the costs of the administration of the account, such as meter reading, billing and meter capital, applicable whether electricity is consumed or not.
- Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of

purchases. Registered Indigents receive a number 50kWh units fully subsidised every month.

13.2. Domestic (IBT)

This tariff covers the supply of electricity for domestic use in private dwellings, flats and chalets with separate meters, the tariff is available for single-phase 230 V connections or multi-phase 400/230 V connections with a capacity up to 63 A single phase. The customers are charged for the following

Energy rate (c/kWh).

- The energy rate is charged on an inclining block tariff per unit based on the number of kWh consumed which is determined as follows:-
 - Block 1: 0 to 50 kWh
 - Block 2: 51 to 350 kWh
 - Block 3: 351 to 600 kWh
 - Block 4: > 600 kWh

Fixed Charge (Rand/month)

- A fixed charge, whether electricity is consumed or not, per month, per point of supply is a monthly charge to recover the costs of the administration of the account, such as meter reading, billing and meter capital, applicable whether electricity is consumed or not.

13.3. Bulk Residential - (Residential resellers)

This tariff is available for all residential customers single-phase 230 V or multi-phase 400/230 V connections for bulk residential complexes, body corporate, blocks of flats, etc

that are used and zoned exclusively for residential purposes. This tariff will replace the Kloof private township tariff and will include all other residential townships which receives electricity through a single bulk meter and resell/ distribute internally to various households on their own. The customers are charged for the following

Fixed Charge (Rand/month)

- A fixed charge, whether electricity is consumed or not, per month, per point of supply is a monthly charge to recover the costs of the administration of the account, such as meter reading, billing and meter capital, applicable whether electricity is consumed or not.

Energy rate (c/kWh).

- The energy rate is charged on a flat rate.

13.4 Low commercial tariff

This tariff is available for all commercial customers single-phase 230 V or multi-phase 400/230 V connections with a capacity of up to 150 A per phase or 100 kVA. This tariff will include all businesses, industrials, churches, schools, hospitals, farms and casual consumers. The charges below are applicable;

- A fixed charge, whether electricity is consumed or not, per month, per point of supply is a monthly charge to recover the costs of the administration of the account, such as meter reading, billing and meter capital, applicable whether electricity is consumed or not. Energy Charge (R/kWh)
- An energy charge, per kWh consumed on High Demand Season (June, July and August) and on Low Demand Season (September to May).

13.5 Medium commercial tariff (400V)

This tariff is available for all commercial customers at a voltage supplied at 230/400V and up to 11kV with a capacity of above 100 kVA **not exceeding 1MVA**. This tariff will include all businesses, industrials, churches, schools, hospitals, farms and casual consumers. The charges below are applicable

Fixed Charge (Rand/month)

A fixed charge, whether electricity is consumed or not, per month, per point of supply is a monthly charge to recover the costs of the administration of the account, such as meter reading, billing and meter capital, applicable whether electricity is consumed or not.

Demand Charge

Seasonally differentiated charge based on the highest demand registered during a billing month for all time periods, or only those specified, measured in kVA.

Energy Charge (R/kWh)

An energy charge, per kWh consumed on High Demand Season (June, July and August) and on Low Demand Season (September to May).

13.6 Medium Commercial Tariff (11kV)

This tariff is available for all commercial customers at a voltage supplied at 11kV and above; with a capacity above 100 kVA and not exceeding 1MVA. This tariff will include all businesses, industrials, churches, schools, hospitals, farms and casual consumers. The charges below are applicable

Fixed Charge (Rand/month)

- **A fixed charge, whether electricity is consumed or not, per month, per point of supply is a monthly charge to recover the costs of the administration of the account, such as meter reading, billing and meter capital, applicable whether electricity is consumed or not.**

Demand Charge

- **Seasonally differentiated charge based on the highest demand registered during a billing month for all time periods, or only those specified, measured in kVA.**

Energy Charge (R/kWh)

- **An energy charge, per kWh consumed on High Demand Season (June, July and August) and on Low Demand Season (September to May).**

13.7 HIGH COMMERCIAL TARIFF

This tariff is available for bulk supplies at **11kV and above** and with a capacity of at least 1 MVA and a network access charge of at least 1 MVA over the previous 12 months. This tariff will suit large business and industrial customers. The charges below are applicable;

Fixed Charge (Rand/month)

A fixed charge, whether electricity is consumed or not, per month, per point of supply is a monthly charge to recover the costs of the administration of the account, such as meter reading, billing and meter capital, applicable whether electricity is consumed or not.

Demand Charge

Seasonally differentiated charge based on the highest demand registered during a billing month for all time periods, or only those specified, measured in kVA.

Energy Charge (R/kWh)

An energy charge, per kWh consumed on High Demand Season (June, July and August) and on Low Demand Season (September to May) and the energy charge on both seasons is measured during peak, standard and off-peak hours.

13.8 Streetlights

An energy rate (c/kWh) will be applied per streetlight metering point.

13.9 Special Arrangements

Other tariffs may be applicable which has been determined by the Town Electrical Engineer or Council by special agreement with specific Clients. This will only be considered when special circumstances prevail.

13.10 Departmental

The respective Commercial and Bulk Supply tariffs, for consumption only, will be determined by Council on an annual basis. Tariff to be determined by the specific department applicable, only on the energy.

13.11 Electricity sundry tariffs

All other electricity related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

Note :

1 For the purposes of this tariff during winter months – June; July and August

Peak Hours will be from 06:00 to 09:00 and 17:00 to 19:00 on weekdays.

Standard Hours will be from 09:00 to 17:00 and 19:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays.

Off-peak Hours will be from 22:00 to 06:00 on weekdays, 12:00 to 18:00 and 20:00 to 07:00 on Saturdays and all of Sundays.

A public holiday falling on a weekday will be treated as a Saturday. An unexpectedly announced public holiday will be treated as the day of the week on which it falls.

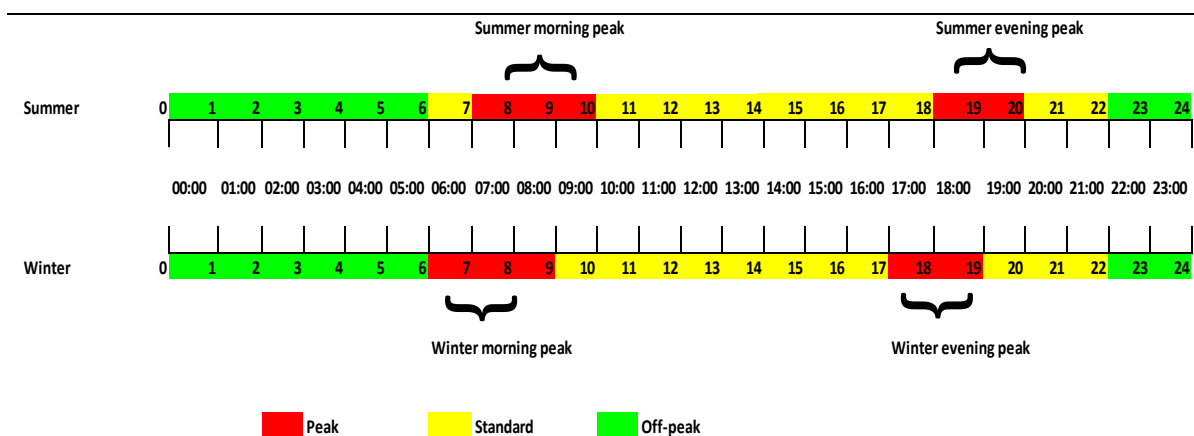
2 For the purposes of this tariff during summer months – September till May

Peak Hours will be from 07:00 to 10:00 and 18:00 to 20:00 on weekdays.

Standard Hours will be from 06:00 to 07:00, 10:00 to 18:00 and 20:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays.

Off-peak Hours will be from 22:00 to 06:00 on weekdays, 12:00 to 18:00 and 20:00 to 07:00 on Saturdays and all of Sundays.

A public holiday falling on a weekday will be treated as a Saturday. An unexpectedly announced public holiday will be treated as the day of the week on which it falls.



14 WATER TARIFF POLICY

13.1 Domestic / Commercial / Business / Accommodation Establishments

13.1.1 Customers are billed as follows:-

- 13.1.1.1 An availability charge is payable on all properties (irrespective of the category), where a connection to the water network is possible at the cost of the Municipality, but not in use.
- 13.1.1.2 A basic charge is payable on all properties that are connected to the water network based on the size of the water connection, regardless of whether any water is used.
- 13.1.1.3 Registered Indigents receive their basic levy for water fully subsidised every month, as determined by Council on an annual basis.
- 13.1.1.4 Domestic customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage in the following blocks:-

- 0 to 6 kl – Registered Indigent (free) and Domestic Customers

- 7 to 20 kl – All Registered Indigent and Domestic Customers
- 21 to 50 kl – All Indigent Registered Customers and Domestic Customers
- >50 kl – Indigent Registered Customers and Domestic Customers

13.2 Old Age Homes / Schools / Sports Clubs / Charitable institutions

13.2.1 Customers are billed as follows:-

- 13.2.1.1 An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.
- 13.2.1.2 A basic charge is payable on all properties that are connected to the water network based on the size of the water connection, regardless of whether any water is used.
- 13.2.1.3 Customers are billed for consumption based on the amount of water used by way of fixed tariff per kilolitre usage.

13.3 All other Customers

All other customers are billed as follows:-

- 13.3.1 An availability charge is payable on all properties (irrespective of the category), where a connection to the water reticulation network is possible, but not in use.
- 13.3.2 A basic charge is payable on all connections, based on the size of the water connection.
- 13.3.3 Customers are billed for consumption at a fixed tariff per kilolitre based on the number of kilolitres consumed.

13.4 Special Arrangements

13.4.1 Where two or more dwellings/ flats/ offices/ accommodation establishment units are feeding from one main water connection to a property, the customers are billed as follow:-

13.4.1.1 A basic charge is payable on all dwellings that are connected to the water network.

13.4.2 Customers in 13.4.1.1 are billed for consumption based on the amount of water used by way of a fix tariff per kilolitre usage.

13.5 Water Delivery in Rural Areas

13.5.1 Customers are billed as follows:-

- A fixed predetermined amount will be charged per kilometre to cover the transport.
- The actual man hour cost to cover the total cost of employment.
- The actual cost of the water based on the applicable tariff for purified or raw water as charged for all other customers (see 13.2.3).
- A surcharge of 20% on the total cost of the transaction.

13.6 Water Restrictions

13.6.1 The availability of bulk water resources will be monitored throughout the year by Council.

13.6.2 When so required, Council will take a resolution to implement water restrictions.

- 13.6.3 Any penalties payable on water consumption as a result of water restrictions will be implemented in the month following the Council resolution; regardless of the meter reading dates (water consumed prior to the resolution date may therefore also be subject to penalties).

13.7 Departmental

The respective Commercial and Bulk Supply tariffs, for consumption only, will be determined by Council on an annual basis. Tariff to be determined by the specific department applicable only to the water consumption.

13.8 Water Sundry Tariffs

All other water related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

14 REFUSE TARIFF POLICY

14.1 Refuse Removal Tariffs

- 14.1.1 The Council has determined the following categories for refuse removal:-
- 14.1.2 Residential (domestic customers) – maximum of one removal per week.
- 14.1.3 Flats / Townhouses – levy for each unit – remove once a week (domestic)
- 14.1.3.1 Business/ Commercial/ Industrial (Non – Bulk) – maximum of two removals per week. Businesses situated in residential areas will only be serviced once a week.
- 14.1.3.2 Business/ Commercial/ Industrial (Bulk) - maximum of three removals per week.
- 14.1.3.3 Business/Commercial/Industrial (Bulk) - four or more, with a maximum of seven removals per week.

- 14.1.3.4 Additional removals – More than the maximum removals as per 14.1.1.1 – 14.1.1.5
- 14.1.3.5 Registered Indigents receive their refuse removal service fully subsidised every month, as determined by Council on an annual basis.

14.2 Special Arrangements

14.2.1 Where two or more customers on a premises make use of the compulsory solid waste disposal service the customers are billed as per the category in par 14.1.1.1 above.

- 14.2.1.1 Special tariff arrangements determined and approved by Council from time to time for specific developments. In terms of the current arrangements, all developments with ten or more units that have created a central collection point for refuse as agreed with Council may qualify for a reduced tariff as determined by Council on an annual basis. The Body Corporate or individual owners may apply in writing for a rebate. If approved, a rebate of 20% will be applied. If no application is received the full charges will be levied.

14.3 Departmental

Tariffs will be determined by Council on an annual basis. Tariff to be determined by the specific department applicable.

14.4 Refuse Removal Sundry Tariffs

All other refuse removal related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

15 SEWERAGE TARIFF POLICY

15.1 Sewerage Systems

- 15.1.1 An availability charge is payable on all properties (irrespective of the category), where a connection to the sewer network is possible at the cost of the Municipality, but not in use.
- 15.1.2 The Council charges a basic monthly fee per property based on the size (mm) of the water connection(s) for a specific property.
- 15.1.3 Registered Indigents receive their basic levy for sewerage service fully subsidised every month, as determined by Council on an annual basis.

15.2 Conservancy Tanks / Septic Tanks / French Drains

- 15.2.1 An availability charge is payable on all properties, (irrespective of the category), where installation by the owner and servicing by the Municipality, of a Conservancy Tank/ Septic Tank or French Drain is possible, but not in use.
- 15.2.2 A monthly basic charge is payable on all installations. In case where Council is unable to render a withdrawal service due to the premises being not accessible no monthly basic charge will be payable.
- 15.2.3 Customers in an area serviced through a waterborne sewerage network who prefer not to connect to such a service but remain with a conservancy tank, septic tank or french drain will be charged the monthly basic tariff for a 50mm water connection and not the basic charge for septic tanks.
- 15.2.4 The Council charges a fixed fee per withdrawal.
- 15.2.5 Vacant stands in an area serviced through conservancy tanks, septic tanks or French drains will pay an availability charge which is equal to the basic tariff for septic tanks.

- 15.2.6 The subsidy for registered indigents will also be applicable to qualifying indigents with no waterborne sewerage but serviced through conservancy tanks, septic tanks or french drains. The subsidy will be restricted to the basic levy for conservancy tanks, septic tanks or french drains as well as one withdrawal per month.

15.3 Withdrawal of Conservancy Tanks / Septic Tanks / French Drains in Rural Areas

- 15.3.1 Customers are billed as follows:-

- 15.3.1.1 A fixed predetermined amount will be charged per kilometre to cover the transport.
- 15.3.1.2 The actual man hour cost to cover the total cost of employment.
- 15.3.1.3 The fixed fee per withdrawal (see 15.2.4).
- 15.3.1.4 A surcharge of 20% on the total cost of the transaction.

15.4 Special Arrangements

- 15.4.1 Where two or more dwellings/ flats/ offices/accommodation establishment units are feeding from one main sewerage connection to a property, the customers are billed as follows:-
- 15.4.2 A basic charge is payable on all dwellings that are connected to the sewerage network based on the size of the smallest water connection (20mm).
- 15.4.3 In the case of accommodation establishments, a basic charge is payable on all units/ dwellings that are connected to the sewerage network based on the size of the smallest water connection (20mm), based on the following formula:-

Flats / Townhouses – each unit pays a basic sewer charge

15.5 Departmental

Tariffs will be determined by Council on an annual basis. Tariffs to be determined by the specific department applicable.

15.6 Sewerage sundry tariffs

All other sewerage related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

16 PROPERTY TAX POLICY

16.1 Property Tax tariffs

Property rates are levied as determined by Council from time to time and is covered in the Property Rates Policy and Bylaw of the Municipality.

16.2 Property tax sundry tariffs

All other property tax related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

17 SUNDRY TARIFFS

17.1 Various sundry tariffs are applied to recoup costs of sundry services to the public. All such tariffs are based on cost of supply, but individual tariffs may be set at:-

17.1.1 Subsidised levels;

17.1.2 Levels reflecting actual cost; or

17.1.3 Levels producing surpluses.

17.2 The level at which the Council sets a sundry service tariff, takes into account factors such as:-

17.2.1 Affordability;

17.2.2 Socio-economic circumstances;

17.2.3 Utilisation of amenities and resources;

17.2.4 National and regional agreements and provisions; and

17.2.5 Any other factors influencing such decisions.

17.3 Sundry tariffs and structures will be revised at least once a year, during the annual budgeting process.

17.4 Lowering of kerbs on existing entrances will be charged in line with the expenditure incurred for the provision of such service and will be reviewed annually.

18 WATER LEAK ADJUSTMENTS

18.1 Definition of a water leak

Water leak – is crack or flaw that permits water to escape or pass through the pipes. The water will be wasted with or without noticeable.

18.2 Responsibility of water leak

Customer

- The customer remains responsible for any water leak that occurred from the meter to his property.
- The homeowner is responsible to repair the pipes in his/her property.

- Should the consumer discover any water leak, must take immediate steps to stop the loss of water by turning off the water supply tap.
- The plumber is the best person to call to mend domestic leaks and repair pipes and connections.

Lesedi Local Municipality

- The water leaks on the streets or on council property remains the responsibility of the council.
- Lesedi municipality will not charge its customers to repair pipes on the streets.
- The consumers should not allow anyone trying to claim money from them for repairing council water pipes.
- Even though the water leak is on council or municipality's side, consumers are requested to report the water leak.

18.3 Water leak adjustment tariff

- 18.3.1 If the customer has determine that the water bill has gradually been getting larger and does not decrease throughout several meter reading cycle, the customer may have a water leak.
- 18.3.2 Lesedi municipality has a water leak tariff, which is based on water tariff less 15% of rate tariff.
- 18.3.3 If the water leak is determined to be the customer's responsibility, the customer should repair the water leak and submit the documentation of repair (receipts for labour, supplies and equipment) to the municipality billing office.
- 18.3.4 Once the documentation has been reviewed and approved, the documentation will be processed immediately and adjustment made if merited.

- 18.3.5 The amount and time period to which the adjustment can be applied varies depending on the nature of water leak
- 18.3.6 Any request for water leak adjustment must be made within 30 days of the water leak repair.

18.4 The adjustment support criteria

- 18.4.1 The need to adjust a water bill maybe evident by a customer complaint of excessive billing or evidence of water leakage on the consumer side of the meter.
- 18.4.2 To qualify for water leak adjustment, the usage must be at least 100% above the average monthly usage.
- 18.4.3 Only one water leak adjustment per customer is allowed, unless otherwise waived by action of municipal council.
- 18.4.4 The water department of the municipality will first determine that the meter has been read properly.
- 18.4.5 Adjustment will only be made if the leak was detected within three (3) months.
- 18.4.6 Customer will still pay for the average consumption at the normal tariff.
- 18.4.7 The Municipality will only adjust the portion more than the average usage per month over a six (6) month period.
- 18.4.8 For all water leak claims, a consumer is required to produce a plumber certificate before any adjustments can be considered.

Adjustment on water bills will not be made on the following:

- Any type of faulty customer plumbing
- More than one occurrence per any twelve (12) month period.
- Customer did not take immediate steps after detection of the water leak to prevent further loss of water.
- The customer did not provide proof of the repair of the water leak

- Meter was tampered with in any way.

19 PENALTIES

Penalties as a result of fraud, tempering, illegal connection and other criminal activities (refer to section 13 of the credit control and debt collection policy) are calculated as follows:

- cost of estimated electricity over a period X 200% as per schedule of rates and tariffs.

20 POLICY IMPLEMENTATION

This policy shall be implemented once approved by Council. All future tariff charges must be considered in accordance with this policy.

ANNEXURE A – SCHEDULE OF RATES AND TARIFFS