



# TARIFF POLICY

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## 1. DEFINITIONS

In this policy:

**“municipal area”** means the area in respect of which the municipality has executive and legislative authority as determined by the constitution and the National legislation and the area as demarcated by the Demarcation Act (Act 27 1998);

**“municipal council”** means a municipal council referred to in section 157 of the Constitution and for this by-law includes a municipal local council and a municipal district council, as the case maybe;

**“indigent households”** means those households in the municipal area that cannot afford to pay either the entire tariff charge for the municipal services, or part of it;

**“tariff policy”** means a policy on the levying of fees, rates or taxes for the municipal services provided by the municipality itself and that complies with the Municipal Systems Act 2000 (Act 32 of 2000);

**“the Municipality”** means Amajuba District Municipality;

**“the Act”** means the Municipal Systems Act 2000, (Act 32 of 2000) (MSA).

## **2. GENERAL INTRODUCTION**

- 2.2 A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government Municipal Systems Act, 2000 (Government Gazette No. 21776, dated 20 November 2000), such policy to cover, among others, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.
- 2.3 The tariff policy for Amajuba District Municipality has been compiled taking into account, where applicable, the guidelines set out in Section 74. (see Annexure I on Legal Requirements).

## **3. GENERAL PRINCIPLES**

- 3.1 Uniform tariff structures shall apply throughout the Amajuba District municipal area for all residents and all types of services provided the municipality.
- 3.2 The policy of Amajuba District Municipality for water and sewerage shall be at least to recover all costs, and whenever appropriate to generate a 10% surplus, or such lesser percentage determined when the budget is compiled and approved by the Council.
- 3.3 Tariffs for the two services rendered by Amajuba District Municipality, namely;
- a) Water Services
  - b) Sanitation
- Shall as far as possible recover the expenses associated with the rendering of each services concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 3.4 The determination of service tariffs shall take into account provisions for bad debts.
- 3.5 Where the imposition of fees, tariffs or fines are not expressly mentioned in the tariff policy document, council resolution or where applicable, the tariff determination of the relevant by-laws shall apply.

#### **4. WATER**

- 4.1 The following categories of water consumers shall be charged at the applicable tariffs, as approved by Council, at least one month before implementation, when the budget is compiled.
- 4.2 Tariff adjustments shall be effective from 1 July each year.
- 4.3 The Council further reserves the right to introduce a quota system for water consumption, with penalty tariffs for consumers exceeding their quotas, whenever a quota system is imposed by a bulk supplier on the Council itself.
- 4.4 Categories of consumption and charges shall be:
  - 4.4.1 A stepped tariff per kl as determined by the Council from time to time shall be applicable on metered water consumption. This policy is to cater for indigent households.
  - 4.4.2 All other consumers (including business, industry, flats, hospitals, schools, sport clubs and museums) shall be charged on actual water consumption at a rate per kl.
  - 4.4.3 A basic charge shall be charged on domestic vacant stands, and other areas identified by the council and on business and industrial properties where applicable. Where a property has multiple consumers and/or dwellings the basic charge shall apply to each additional consumer/dwelling/user.
  - 4.4.4 Amajuba District Municipality's departmental water consumption shall be charged at cost price.

#### **5. SANITATION**

- 5.1 The following categories of sewerage users shall be charged per month at the applicable tariff as approved by Council at least one month before implementation, when the budget is compiled:
  - 5.1.1 Sewer shall be charged on actual water consumption at a rate per kl. for all consumers.
  - 5.1.2 A basic charge per sewer point for business/industrial users connected to the sewerage reticulation system.
  - 5.1.3 A fixed charge shall be charged for builders/contractors.

**5.2** Tariff adjustments will be effected from 1 July each year.

## **6. MINOR TARIFFS**

6.1 All minor tariffs shall be approved and implemented on an annual basis, and shall, when appropriate, be subsidised by Council, particularly when the tariffs will prove uneconomical when charged at cost or when cost cannot accurately be determined or when the tariff is designed purely to regulate rather than finance the use of a particular service or amenity.

6.2 Operating surpluses generated through the application of any tariff for any service will form part of the general operating income of the council, unless otherwise stipulated. All operating surpluses will at year-end be consolidated and shall accrue to the general operating surplus of the council.

6.3 All minor tariffs shall be standardised with the municipal region. Minor tariffs includes, but is not limited to the following:

6.3.1 Rent: Municipal Halls

6.3.2 Rent: Premises/Office Space

6.3.3 Sanitation application fees

6.3.4 Water: reconnection fees-differentiate between rural and urban

6.3.5 Water: new connection fees -differentiate between rural and urban

6.3.6 Fines for the tampering with council metering or other equipment

## **7. COMPLIANCE AND ENFORCEMENT**

a) Violation of or non-compliance with this policy may give a just cause of disciplinary steps to be taken.

b) It will be the responsibility of the Municipal Manager to enforce compliance with this policy.

## **8. EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

## ANNEXURE I: LEGAL REQUIREMENTS

### SECTION I: LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT NO. 32 OF 2000

#### SECTION 73: GENERAL DUTY

The municipality must give effect to the provisions of the Constitution, and in doing so give priority to the basic needs of the local community, promote the development of the local community, and ensure that all members of the local community have access to at least the minimum level of basic municipal services.

The services provided by the municipality must be: equitable and accessible; provided in a manner conducive to the prudent, economic, efficient and effective use of available resources, and the improvement of standards of quality over time; financially sustainable; environmentally sustainable; and regularly reviewed with a view to upgrading, extension and improvement.

#### SECTION 74: TARIFF POLICY

The council of a municipality must adopt and implement a tariff policy on the levying of fees for the services provided by the municipality itself or by way of service delivery agreements.

Such policy must comply with the provisions of the present Act and any other applicable legislation.

Such tariff policy must reflect at least the following principles:

- i. that users of municipal services must be treated equitably in the application of the municipality's tariffs;
- ii. that the amount individual users pay for services must generally be in proportion to the use of such services;
- iii. that poor households must have access to at least basic services through tariffs which cover only operating and maintenance costs, special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of

- services, or any other direct or indirect method of subsidisation of tariffs for poor households;
- iv. that tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
  - v. that tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
  - vi. that provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
  - vii. that provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
  - viii. that the economic, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
  - ix. that the extent of subsidisation of tariffs for poor households and other categories of users must be fully disclosed.

The tariff policy may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas.

If the policy entails such differentiation, the municipality must ensure that this does not amount to unfair discrimination.

#### SECTION 75: BY-LAWS TO GIVE EFFECT TO POLICY

The council of the municipality must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

Such by-laws may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas, but in a manner which does not amount to unfair discrimination



**9. POLICY ADOPTION**

This Policy has been considered and approved by the **COUNCIL OF AMAJUBA DISTRICT MUNICIPALITY** as follows:

**Resolution No:**C124:30/05/2017

**Approval Date:** 30/05/2017