

TARIFF POLICY

PREAMBLE

Whereas section 74 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

And whereas the tariff policy at least should include the principles in section 74 (2);

And whereas the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

Now therefore the Municipal Council of the Kouga Local Municipality adopts the following tariff policy.

TARIFF POLICY: SECTION 74 OF ACT 32/2000

A. REQUIREMENTS CONTINUED IN THE POLICY

1. EQUITABLE INVESTMENT

All users of municipal services should be treated equitably.

2. PAYMENT OF INDIVIDUALS

The amount individual users pay for service should be in proportion to their use of that service.

3. POOR HOUSEHOLDS

Poor households must have access to at cost basic services through:-

- (a) tariffs that cover only maintenance and operating costs.
- (b) special tariffs or lifeline tariffs for low levels of use or consumption of services, or basic levels of services, or
- (c) any other direct or indirect method of subsidization of tariffs for poor households. The subsidization of tariffs for poor households and other categories of users should be fully disclosed.

4. REASONABLE COSTS

Tariffs must reflect the costs reasonably associated with rendering the service including capital, operating, maintenance, administration, and replacement costs including interest charges.

5. FINANCIAL SUSTAINABILITY

Tariffs must be set at levels that facilitate the financial sustainability of the service considering subsidisation from sources other than the service concerned.

6. SURCHARGE TARIFFS

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

7. LOCAL ECONOMIC DEVELOPMENT

Provision may be made for the promotion of Local Economic Development through special tariffs for categories of commercial and industrial users.

8. ENVIRONMENTAL OBJECTIVES

Appropriate environmental objectives must be encouraged such as economical, effective, and efficient use of resources such as recycling of waste.

9. CATEGORISATION

Tariffs may differentiate between different categories of users, debtors, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

10. BY-LAWS TO GIVE EFFECT TO POLICY

The Council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy, and may differentiate between different categories.

B. POLICY FOR KOUGA LOCAL MUNICIPALITY

1. RATES TARIFFS

Rates tariffs will be fixed and implemented as contemplated by the rate tariff policy in terms of the Local Government Property Rates Act.

2. ELECTRICITY TARIFFS

Electricity will be measured in two ways namely: -

- (a) Pre-paid metering system
- (b) Conventional metering systems

2.1 PRE-PAID METERING SYSTEM

One standardised tariff will be applicable throughout the Kouga Municipality and will be equal to the tariff fixed by E.S.K.O.M. This method is preferred for the poor households and the indigent and should be encouraged.

2.2 CONVENTIONAL METERING SYSTEM

This tariff will be calculated during the budget process and based on the cost associated with rendering the service and must include capital, operating, maintenance, administration, replacement costs, and interest charges.

A clear distinction or breakdown of the tariff per cost must be indicated when the tariff is calculated, to enable the user to see how his/her payment is utilized.

An availability (Basic) fee will be charged on all property in the Kouga Municipality area of jurisdiction where electricity supply is available whether it is connected or just readily available for connection.

There must be a differentiation between the following categories of users pertaining to the availability tariff based on the load factor and supply on the premises:

- (a) Single residential
- (b) Bulk supply own distribution
- (c) Commercial single-phase supply

- (d) Commercial three-phase supply
- (e) Commercial time of use supply
- (f) Industrial three- phase supply
- (g) Industrial time of use supply

2.2.1 SINGLE RESIDENTIAL

This tariff will be applicable to single residential houses, flats and chalets separately supplied and metered with a maximum installation of 60 Ampere. If, for special reasons, a residential property is supplied with a three-phase connection with a maximum installation of 60 Ampere per phase, the availability charge will be three times that of a single-phase supply.

2.2.2 BULK SUPPLY OWN DISTRIBUTION

This tariff will be applicable to closed residential premises such as retirement villages, Marinas, etc, with special metering apparatus installed by the developer and under the control of a body corporate. The tariff will be based on the E.S.K.O.M. tariff which comprise a maximum demand charge active energy charge c/KWH based on high, and low demand where the high demand will be for the period April to September and low demand January – March, October to December.

Tariff will be charged on peak, standard and off-peak rates equal to that of E.S.K.O.M. No discount will be allowed for captured-energy used as the discount will be allowed for captured-energy used as the discount is allowed for in the transmission surcharge. A distribution loss charge will be based on 7,5% of the total active energy levied a transmission surcharge of 0.25c/Kwh used. An administration charge of 10% will be levied on the total account before V.A.T. is calculated. A supply point levy can be charged as approved upon during negotiations or per written agreement. The distribution tariffs levied by the body corporate may not exceed the single residential tariffs to private households levied by the Council.

2.2.3 COMMERCIAL SINGLE-PHASE SUPPLY

Commercial single phase supply tariffs for business using less than 2000Kwh per month will pay the single residential tariff. Commercial single-phase connections using more than 2000Kwh per month will pay an availability charge of not more than 2,5 times that of single residential connections.

The maximum circuit break should not exceed 60 Ampere per installation.

2.2.4 COMMERCIAL THREE PHASE SUPPLY

This tariff will be applicable to the commercial premises supplied by a three-phase connection and the availability charge should not be more than three times the tariff for single phase commercial supply. The maximum circuit breaker installed should not exceed 60 Ampere per

phase. A discount of 2,5% will be allowed on the standard Kwh charge for usage above 5000Kwh per month.

2.2.5 COMMERCIAL TIME OF USE SUPPLY

This tariff will be applicable to commercial premises where the time of use metering apparatus is installed by the owner at his cost and will be based on the tariff for bulk supply own distributions except that the charges will be based on full E.S.K.O.M tariffs applicable to the Council plus a 15% administration charge on the total account before V.A.T. is calculated.

2.2.6 INDUSTRIAL THREE PHASE SUPPLY

This tariff will be applicable to industrial premises supplied with a three-phase connection. The availability tariff will be based on the maximum demand metered per month and will be equal to the maximum demand tariff of E.S.K.O.M. A discount of 5% will be allowed on the standard Kwh charge for usage above 10 000Kwh per month.

2.2.7 INDUSTRIAL TIME OF USE SUPPLY

This tariff will be applicable to industrial premises where the time of use metering operates are installed by the owner at his cost and will be based on the tariff for commercial time of use except that a discount of 5% be allowed on the total account before V.A.T is calculated to encourage industry in the municipal area for job creation.

2.2.8 MUNICIPAL USE

The tariff will be applicable to all municipal connections and should be based on the average Kwh charge per month payable to E.S.K.O.M.

2.2.9 SUNDRY CHARGES

That tariffs be calculated for the following: -

- (a) Connection fees for single and three phase (cost +10%)
- (b) Disconnection fees
- (c) Re-connection fees
- (d) Test of meters single, three phase and demand meters
- (e) Test and investigation of installations
- (f) Visits to premises i.r.o. power failures
- (g) Special meter readings

- (h) Temporary connections
- (i) Moving of streetlamp posts
- (j) Tempering with electrical meters and connections
- (k) Interest on arrears

2.2.10 GENERAL POLICY

That the tariffs be calculated in such a way that under no circumstances a profit of more than 10% be made on electricity supply services, availability charges on vacant stands must be charged annually.

3. WATER TARIFFS

Water will be measured in two ways namely: -

- (a) Pre-paid metering system
- (b) Conventional metering system

3.1 PRE-PAID METERING SYSTEM

Although this system is not used in the area of jurisdiction of the Municipality, this system must be investigated and used to save water and improve the cash flow of the Municipality. This method is preferred for the poor households and the indigent and should be encouraged to all residents in the area. This tariff will be applicable to all properties served with a pre-paid meter and should be calculated in such a way that the indigent and poor households be subsidised due to water being an essential service rendered by the Municipality. A lifeline approach should be followed to reach this goal.

3.2 CONVENTIONAL METERING SYSTEM

This tariff will be calculated during the budget process and based on the costs associated with the rendering of the service and must include capital, operating, maintenance, administration, replacement costs and interest charges. A clear distribution or break down of the tariff per cost component must be indicated when the tariff is calculated to enable the user to see how his/her payment is utilized. An availability (basic) fee will be charged on all property in the Kouga Municipality area of jurisdiction where a water supply is available whether it is connected or just readily available for connection. There must be a differentiation between the following categories or users pertaining to the availability tariff based on the supply to the premises.

- (a) Single resident
- (b) High density housing units

- (c) Schools, sport fields and amenities
- (d) Light industrial and commercial
- (e) Bulk supply own distribution
- (f) Industrial properties
- (g) Municipal use

3.2.1 SINGLE RESIDENTIAL

This tariff will be applicable to single residential properties and must have a lifeline tariff for the indigent connected and billed via a conventional metering system. The connection should not exceed 25mm.

3.2.2 HIGH DENSITY HOUSING UNITS

This tariff will be applicable to high density housing units serviced through a single connection, and payable by a body corporate. The connection should not exceed 50mm. If individual owners are responsible for their own usage a separate meter for each unit must be installed on the pavement at the developers cost.

3.2.3 SCHOOLS, SPORT FIELDS, AND AMENITIES

This tariff will be applicable to schools, sport fields and amenities where the full cost will be recovered less a 50% discount on the total account before V.A.T is calculated. The sport fields must be open to all communities and the general public. The properties must be separately metered. The connection should not exceed 50mm.

3.2.4 HIGH INDUSTRIAL AND COMMERCIAL

This tariff will be applicable to light industrial and commercial properties serviced by a single supply notwithstanding the fact that the property may also be used for residential. The connection should not exceed 100mm.

3.2.5 BULK SUPPLY OWN DISTRIBUTION

This tariff will be applicable to close residential premises such as a retirement villages and marinas and under the control of a body corporate. The redistribution tariff levied by the body corporate may not exceed the single residential tariff to private households levied by the Council. The connection should not exceed 150mm.

3.2.6 INDUSTRIAL PROPERTIES

This tariff will be applicable to industrial properties and should be calculated in such a way to encourage industry in the municipal area for job creation. A 5% discount should be allowed on the total account before V.A.T. is calculated.

3.2.7 MUNICIPAL AREA

This tariff will be applicable to all municipal properties and metered and should be calculated at cost.

3.2.8 SUNDRY CHARGES

That tariffs be calculated for the following: -

- (a) Irrigational water
- (b) Connection fees
- (c) Disconnection fees (Wal-payment)
- (d) Re-connection fees (Wal-payment)
- (e) Testing of meters
- (f) Special meter readings
- (g) Tampering with meters and connections
- (h) Interest on arrears: -

Interest on arrears will be charged on all monthly and annual accounts not paid by the due date at the standard rate the same as for electricity.

- (i) Availability charges

3.2.9 GENERAL POLICY

That the tariffs be calculated in such a way that under no circumstances a profit of more than 10% be made under water supply services. Availability charges on vacant stands must be charged annually. The municipal Manager is authorised to have delegated authority to impose water restrictions in any area within the municipality after consultation and advised by the Town Engineer responsible for water to do so. There may be different tariffs calculated for different areas within the municipality.

4. REFUSE REMOVAL TARIFFS

There must be differentiation between the following categories of users namely: -

- (a) Single residential users.
- (b) Soft businesses, offices, guest houses, single residential holiday units and bed & breakfasts;
- (c) Commercial, time share units, restaurants, hotels and supermarkets;
- (d) Grass cutting and plot clearing contractors;
- (e) Industrial
- (f) Bulk removal own collection;
- (g) Garden refuse;
- (h) Medical and surgical disposal.

4.1 SINGLE RESIDENTIAL

This tariff will be applicable to single residential premises and levied annually. The tariff is payable by all households whether occupied regularly or not. The tariff calculated will be for one removal per week and the Council is not obligated to supply refuse bags to all residents. A life line tariff should be calculated for the indigent and poor household.

4.2 SOFT BUSINESSES, OFFICES, GUEST HOUSES, SINGLE RESIDENTIAL HOLIDAY UNITS AND BED & BREAKFAST

This tariff is applicable to soft businesses, offices, guest houses, single residential holiday units and Bed & Breakfast premises are levied annually. The tariff is payable by all institutions whether occupies regularly or not. The tariff calculated will be for one removal per week and the Council is not obligated to supply refuse bags to all premises.

4.3 COMMERCIAL, TIME SHARE UNITS, RESTAURANTS, HOTELS & SUPERMARKETS

This tariff will be applicable to commercial, time share units, restaurants, hotels and supermarkets and levied annually. The tariff is payable by all institutions whether occupied regularly or not. The tariff will be per container per month for a maximum of three removals per week.

4.4 GRASS CUTTING AND PLOT CLEARING CONTRACTORS

This tariff will be applicable to grass cutting and plot clearing contractors operating from residential premises, and will be levied annually and include residential refuse.

The tariff calculated will be for one removal per week and the Council is not obligated to supply refuse bags to all premises.

4.5 INDUSTRIAL

This tariff will be applicable to industrial sites and will be levied annually. The tariff calculated will be per container per month for three removals per week.

4.6 BULK REMOVAL OWN COLLECTION

This tariff will be applicable to closed residential properties such as retirement villages and marinas.

The tariff will be levied annually and will be for one removal per container per week.

4.7 GARDEN REFUSE

This tariff will be payable in advance on request and will be per load of part thereof.

4.8 MEDICAL AND SURGICAL DISPOSAL

This tariff will be applicable to doctors, dentists, veterinary surgeons, clinics and hospitals, and will be levied annually. The tariff will be per container plus a 15% handling and administration fee.

The removal will be once a week.

Sundry charge: Special removals:

Special holder tariffs.

4.9 GENERAL POLICY

That the tariff be calculated in such a way that the service pay for itself or not being subsidized by rates by more than 5% per annum. There may be different tariff calculated for different areas within the municipality.

5. SEWERAGE TARIFFS

There must be a differentiation between the following categories of users namely;-

- (a) Single residential users

- (b) Poor households and indigent
- (c) General residential, commercial and industrial
- (d) Churches, welfare organizations and schools
- (e) All other premises
- (f) Municipal use
- (g) Bulk services and distributions

5.1 SINGLE RESIDENTIAL AREA

This tariff will be applicable to single residential properties and must be a fixed amount and levied annually. The tariff will be calculated on the cost component of the service and no difference between a connected and tanker service, but a differentiated tariff may be levied in different areas, as long as the differentiation does not amount to unfair discrimination.

5.2 POOR HOUSEHOLD AND INDIGENT

This tariff will be applicable to poor households and the indigent and should be a life line Tariff based on maintenance and operating costs, and will be levied annually.

5.3 GENERAL RESIDENTIAL, COMMERCIAL AND INDUSTRIAL

The tariff will be applicable for residential, commercial and industrial properties and will be calculated per surcharge units as fully described in the National Building regulations and determined in the National Building regulations and determined by the Town Engineers Department, and will be levied annually.

5.4 CHURCHES, WELFARE ORGANISAATIONS AND SCHOOLS

This tariff will be applicable to churches, welfare organisations and schools and will be calculated per units as described in the National Building Regulations and determined by the Town Engineers Department. There will be a discount of 20% applicable before V.A.T and will be levied annually.

5.5 ALL OTHER PROPERTIES

This tariff will be applicable to all other properties not defined above and will be calculated per surcharge units as described in the National Building regulations and determined by the Town Engineers Department and will be levied annually.

5.6 MUNICIPALITY USE

The single residential tariff will be applicable where a municipal property is connected to the service, and will be levied monthly, and payable by the relevant department.

5.7 SUNDRY CHARGES

That tariffs be calculated for the following;-

- (a) Availability charges
- (b) Connection fees
- (c) Removal of blockages
- (d) Interest on arrears

Interest will be charged on all monthly and annual accounts not paid by the due date at the Standard rate the same as for other services.

- (e) Sewerage levy

5.8 BULK SERVICES AND DISTRIBUTION

This tariff will be applicable to retirement villages and marinas and will be calculated per residential unit with a fixed charge plus a charge per occupied unite or property sold. The tariff charged by the body corporate must not exceed the single residential tariff charged by the Council.

5.9 GENERAL POLICY

That the tariffs be calculated in such a way that the service pay for itself and are not subsidized by rate income. There may be a different tariff calculated for different areas within the municipality.

6 GENERAL TARIFFS

6.1 TOWN PLANNING DEPARTMENT

That tariffs be calculated by the Town Planning Department for the following:-

- (a) Building storage fees
- (b) Building plan fees
- (c) Re-inspection fees
- (d) Search fees
- (e) Town maps fees
- (f) Photo copy fees
- (g) Building deposits
- (h) Building without approval penalty fees
- (l) Erf and town planning information
- (j) Building line relaxation fees
- (k) Land use application fees
- (l) Guest houses signs
- (m) Advertising board

6.2 TOWN ENGINEERS DEPARTMENT

That tariff be calculated by the Town Engineers Department for the following:-

- (a) Burial fees
- (b) Bulk services fees
- (c) Vehicle access fees
- (d) Curbing fees
- (e) Workshops costs

6.3 COMMUNITY SERVICES DEPARTMENT

That tariffs be calculated for the following:-

- (a) Plot clearing
- (b) Animal carcass removal
- (c) Tow away fees abandoned vehicles
- (d) Storage of abandoned vehicles

- (e) Enquiries water incidents
- (f) Hanger fees and rents
- (g) Pound fees
- (h) Traditional slaughtering
- (l) Hawker fees
- (j) Poster deposits
- (k) Library deposits
- (l) Library fees
- (m) Photocopies
- (n) Engraving hire
- (o) Visitors administration and subscription fees(library)
- (p) Duplicate subscription tickets
- (q) Rent activity hall library
- (r) Caravan Parks rental
- (s) Rent for halls and amenities
- (t) Rent of chalets
- (u) Deposits
- (v) Sale of wood
- (w) Shell kiosk rent

6.4 ADMINISTRATION DEPARTMENT

That tariffs be calculated for the following:-

- (a) Voters roll
- (b) Rent boathouses
- (c) Beach and boat permits
- (d) Riparian levies

6.5 TOWN TREASURY DEPARTMENT

That tariffs be calculated for the following:-

- (a) Discount on rates
- (b) Services deposits
- (c) Property list print outs
- (d) Valuation certificate
- (e) Search fees
- (f) Dog tax
- (g) Cheques refer to drawer