

UMUZIWABANTU MUNICIPALITY



TARRIF POLICY

CONTENTS

PAGE

1.	Definitions	3
2.	Introduction	3
3.	Objective	4
4.	Responsibility/Accountability	5
5.	Credit Control Measures	6
6.	Accounts	7
7.	Billing and Invoices	8
8.	Overdue Accounts	9
9.	Handed over accounts	9

1. INTRODUCTION AND OBJECTIVE

- 1.1 A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.
- 1.2 The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 (see part 9 of this policy).
- 1.3 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. **GENERAL PRINCIPLES**

- 2.1 Service tariffs imposed by the umuziwabantu municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer 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).
- 2.2 The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 2.3 Tariffs for the major service rendered by the municipality, namely: refuse removal (solid waste), shall as far as possible recover the expenses associated with the rendering of such service. 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 service used or consumed.
- 2.4 The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year of 10% or such lesser percentage as the council of the municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the

partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

2.5 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 consumers in the municipal region.

2.6 In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers 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.

2.7 The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question.

2.8 The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.

2.9 The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

3. CALCULATION OF TARIFFS FOR MAJOR SERVICES

3.1 In order to determine the tariffs which must be charged for the supply of refuse removal services, the municipality shall identify all the costs of operation of the undertaking, including specifically the following:

- * Depreciation expenses.
- * Maintenance of infrastructure and other fixed assets.
- * 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;
 - all other ordinary operating expenses associated with the service concerned (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 revenues, and shall not be included in the costing of the major services of the municipality).
- * The intended surplus to be generated for the financial year, such surplus to be applied:
 - as an appropriation to capital reserves; and/or
 - generally in relief of rates and general services.
- * The cost of approved indigent relief measures.

3.2 The municipality shall further consider relief in respect of the tariffs for refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.

4. ELECTRICITY

Inasmuch as the municipality is not responsible for the provision of electricity, no policy is provided for electricity tariffs.

5. REFUSE REMOVAL

5.1 The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

5.2 Tariff adjustments shall be effective from 1 July 2012

5.3 A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:

- * Domestic and other users (once weekly removal)
- * Business and other users (twice weekly removal)
- * Business and other (bulk consumers).

5.4 Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed as a refuse removal charge.

6. MINOR TARIFFS

6.1 All minor tariffs shall be standardised within the municipal area.

6.2 All minor tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

6.3 All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

6.4 The following services shall be considered as subsidised services, and the tariffs levied shall cover 50% or as near as possible to 50% of the annual operating expenses budgeted for the service concerned:

- burials and cemeteries
- rentals for the use of municipal sports facilities

6.5 The following services shall be considered as community services, and no tariffs shall be levied for their use:

- municipal swimming pool
- disposal of garden refuse at the municipal tip site
- municipal reference library
- municipal lending library (except for fines set out below)
- municipal garden, and all other parks and open spaces.

6.6 The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

- maintenance of graves and garden of remembrance (cremations)
- housing rentals
- rentals for the use of municipal halls and other premises (subject to the proviso set out below)
- building plan fees
- sales of plastic refuse bags
- cleaning of stands
- sales of livestock and plants
- photostat copies and fees
- Clearance certificates.

6.7 The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- fines for lost or overdue library books
- advertising sign fees
- pound fees
- penalty and other charges imposed in terms of the approved policy on credit control and debt collection
- penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

6.8 Market-related rentals shall be levied for the lease of municipal properties.

6.9 *In the case of rentals for the use of municipal halls and premises,*

- *the council may by resolution determine categories of users of such halls and premises which are entitled to discounts on the grounds that they are required for non-profit purposes and for the provision of a service to the community.*
- *If the municipal manager is satisfied that a prospective user falls within such a category and a hall or premises are required by such user for non-profit making purposes and for the provision of a service to the community, the municipal manager may waive up to 50% of the applicable rental.*

6.10 The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality’s sustaining damages as a result of the use of the facilities concerned.

POLICY ADOPTION

This policy has been considered and approved by the **COUNCIL OF THE UMUZIWABANTU LOCAL MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:...30 May 2017...