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# BEAUFORT WEST MUNICIPALITY

## **BUDGET RELATED POLICY NO. 10**

### **TARIFF POLICY**

#### **DOCUMENT AND VERSION CONTROL**

**Version:** Revision 4

**Date:** 14 June 2022

#### **Summary:**

This document describes the funding and reserves policy that will be applicable with effect from **1 July 2022**.

*Copies of this document can be viewed at the offices of the Municipality, all the public libraries in the municipality and the municipal website.*

## MUNICIPALITY OF BEAUFORT WEST

The Council of the Municipality of Beaufort West published the sub-joined by-law relating to the tariff policy of the Municipality of Beaufort West for general notice

### TARIFF POLICY

To give effect to the implementation and enforcement of the tariff policy of the municipality, as required in terms of Section 75 of the Local Government: Municipal Systems Act, No 32 of 2000.

#### PREAMBLE

Whereas the council of the municipality has the right to finance the business of the municipality by the levying of fees for services; and to impose surcharges on fees, rates on property and to the extent authorised by national legislation, to impose other taxes, levies and duties;

**Whereas** the council of the municipality is obliged to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;

**Whereas** the municipality must adopt and implement a tariff policy in regard to the imposition of fees for municipal services;

**The council adopts** this By-law and the tariff policy contained therein and be it therefore enacted by the Municipality as follows: -

#### 1. Definitions

In this by-law, unless inconsistent with the context: -

**"Council"** means the municipal council of the municipality;

**"indigent households"** means a debtor is considered indigent if the total monthly household income is equal to the sum of two times the amount of state funded social pensions or less.

**"municipality"** means the Municipality of Beaufort West;

**"municipal services"** means services rendered, or which may be rendered, by the municipality in terms of its powers and functions, to or for the benefit of the local community;

**"policy"** means the council's tariff policy as contained in the Schedule;

**"Systems Act"** means the Local Government: Municipal Systems Act, No 32 of 2000, and

**"tariff"** means moneys, fees or charges in respect of any function or service of the municipality;

**"this By-law"** also includes the Schedule; and

“user” means the person to whom the municipality renders a basic municipal service or other services;

## 2. Legislative Framework

Section 74 of the MSA states the following:

### Tariff policy

74. (1) A municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.

- (2) A tariff policy must reflect at least the following principles, namely that—
- (a) users of municipal services should be treated equitably in the application of tariffs;
  - (b) the amount individual users pay for services should generally be in proportion to their use of that service;
  - (c) poor households must have access to at least basic services through—
    - (i) tariffs that cover only operating and maintenance costs; Z(l
    - (ii) special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
    - (iii) any other direct or indirect method of subsidisation of tariffs for poor households;
  - (d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
  - (e) 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
  - (f) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
  - (g) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
  - (h) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
  - (i) the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.
- (3) A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

### **3. Municipal Services**

The council will-

- (a) strive to ensure that municipal services are rendered to the local community in a financially and environmentally sustainable manner;
- (b) consult the local community in respect of-
  - (i) the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
  - (ii) the available options for service delivery;
- (c) give members of the local community equitable access to the municipal services to which they are entitled;

### **4. Tariffs**

4.1 The council levies, in terms of the policy, tariffs to finance municipal services.

4.2 It is the purpose of the policy to ensure that-

- (a) users of municipal services are treated equitably in the application of tariffs;
- (b) the amount individual users pay for services is generally in proportion to their use of that service;
- (c) poor households are given access to at least basic services, by-
  - (i) tariffs that cover only operating and maintenance costs;
  - (ii) special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
  - (iii) any other direct or indirect method of subsidisation of tariffs for poor households;
- (d) tariffs reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
- (e) tariffs are set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
- (f) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- (g) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;

- 7.4 (h) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives is encouraged;
- (i) the extent of subsidisation of tariffs for poor households and other categories of users are fully disclosed.
- 4.3 The Council differentiates in the policy between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters in a manner that does not amount to unfair discrimination.
- 4.4 The Council will consult the local community on strategic decisions which relates to the planning and provision of municipal services and the influence thereof on tariffs.
- 4.5 The Council has the right to impose, revise or to adjust tariffs in terms of the tariff policy.

## **5. Application**

This by-law is also applicable to the levying of tariffs for municipal services which are rendered by means of service delivery agreements, and which complies with the provisions of the Systems Act and any other applicable legislation.

## **6. Revocation**

The following by-law is hereby repealed in whole: -

- a) By-law relating to the Levying of Availability Charges, PN 1209/1977 dated 15 December 1977.

## **SCHEDULE**

### **7. Principles**

- 7.1 The Council determines tariffs in accordance with applicable legislation, during the consideration of the budget and, except where the council determines otherwise, such tariffs shall come into effect on 1 July of each year.
- 7.2 When tariffs are determined the ability of the various categories of users to pay is taken into consideration, in order to stimulate growth in the area of the municipality.
- 7.3 The Council may revise tariffs when it becomes clear that-
- (a) the budgeted income for a particular service will not be realised, or
- (b) the budgeted expenditure in respect of a particular service, owing to factors outside the control of the Council, will increase to such an extent that it will exceed the income or result in a lesser budgeted surplus.

- 7.5 Electricity is always measured in units (Kwh) and maximum demand (in KVA) and water in kiloliter. The Council endeavors to furnish a correct monthly account to consumers by reading meters monthly.
- 7.6 Users are billed for actual consumption only. In cases where, due to unforeseen circumstances, it was impossible to read the meters and an average consumption was used for billing purposes, the necessary adjustment will be made in the following month.
- 7.7 Strict action is taken against defaulters in terms of the Council's credit control policy.
- 7.8 All domestic users, except indigent households, must remit the full amount in respect of services rendered.
- 7.9 The economic, efficient and effective use of resources, the recycling of waste, and other apposite environmental aims, are encouraged by the Council.
- 7.10 The financial stability of the Council is important and the tariffs are therefore determined in a manner that, while taking into account the level of non-payment for services, will be sufficient to cover costs.
- 7.11 The Council may in appropriate circumstances, make provision for a surcharge on the tariff for a service.

## **8. Property Rates**

- 8.1 All properties in the jurisdiction of the municipality are assessed at least every four (4) years.
- 8.2 Tax rebates are granted in the following cases:
- (a) Homeowners of single residential properties or who own more than one house or semi-detached house, provided that:
    - (i) the homeowner must occupy the property;
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- (ii) a rebate will only be granted in respect of one house or that part of a semi-detached dwelling occupied by themselves;
- (iii) the homeowner is over the age of sixty (60) years;
- (iv) the rebates are based on the total income received from all sources (including the monthly income of the spouse of the owner), as set out hereunder:

R1890 and less	30%
R1 891 to R3 780	20%
R3 781 to R7 500.00	10%

- (v) the municipal valuation of the house concerned in the case of Beaufort West is less than R750 000.
- (b) Owners of National Monuments qualify for a rebate of 10%, provided that the rebate will only be granted if-
- (i) the building is in a satisfactory condition, and
  - (ii) the Director Engineering Services has during the second month of each financial year submitted a report that the buildings are in a satisfactory condition, in order that the Council may consider whether or not to grant a rebate.

8.3 The tariff in the Rand as well as the rebates are considered and approved by the Council during the consideration of the annual budget.

8.4 The tariff in the Rand is determined in respect of one financial year and takes effect on 1 July of the year in which the budget for the next financial year is approved.

8.5 Rates is calculated on the total value (land and improvements) as indicated in the valuation roll and is payable in twelve (12) equal payments or in a single amount before or on 30 September of the year in respect of which the tax was determined.

## 9. Electricity

9.1 All electricity tariffs must be approved by the National Electricity Regulator.

9.2 Tariffs shall be approved by the Council at least one (1) month before coming into effect and is applicable to the various categories of users as set out hereunder:

*(a) Domestic, Commercial, Industrial consumers*

Domestic, Commercial and Industrial consumers are assessed at an energy rate, a basic levy as well as a capacity service fee.

*(b) Commercial and Industrial consumers: Bulk consumers*

Bulk consumers are assessed at an energy rate, a basic service fee as well as a demand levy (KVA).

*(c) Commercial and Industrial consumers: Small power consumers*

Small power consumers with a low electricity consumption have a choice between the electricity tariffs as applicable to item (2)(a) or a fixed monthly levy and an energy levy.

*(d) Departmental electricity consumption*

Departmental electricity consumption is levied as follows:

- (i) Street lights and pylon lights: a monthly levy as well as an energy rate tariff as set out in the tariff structure.
- (ii) Water pumps, drinking water- municipality: a basic levy as well as a tariff per 5 Amps or part thereof, with a minimum of 25 Amps at an energy rate as set out in the tariff structure.

*(e) Smallholdings*

The tariff for small holdings is based on the tariff for domestic consumers plus interest provided that if the demand and consumption of a small holding is equal to that of a bulk consumer such tariffs applicable to bulk consumers shall apply to such small holding.

9.2.1 The categories of electricity consumers as set out below shall be charged at the applicable tariffs, as approved by the council with each annual budget. Tariff adjustments shall be effective from 1 July each year.

Categories of consumption and charges shall be:

- Tariff 1.1: Domestic Credit & Prepaid => 20 Amp  
(1 & 3 Phase)
- Tariff 1.2: Domestic Indigent Prepaid
- Tariff 1.2A: Domestic Prepaid <= 20 Amp
- Tariff 2.1: Maximum Demand User LV



- Tariff 2.1A: Maximum Demand User MV
- Tariff 2.2: Small Commercial & Ind. Credit & Prepaid => 20 Amp (1 & 3 Phase)
- Tariff 2.2B: Small Commercial Prepaid = 20 Amp (Maximum 20 Amp) Including Sport Organizations
- Tariff 4.1: All Public Lights (Municipal & Private)
- Tariff 6: Availability Fees
- Tariff 7: Domestic Time of Use (1 & 3 Phase)
- Tariff 7.1: Commercial Time of Use (1 & 3 Phase)
- Tariff 8: Unmetered Usage (Telkom Towers)
- Tariff 9: Green Energy (Solar or Wind)
- Tariff 10.1: Large MV (11-22 kV) Time of Use
- Tariff 10.2: Large LV (400 Volt) Time of Use

- 9.3 Tariffs for indigent households are subsidised on the basis of the income of the permanent occupant of the property concerned who receives a monthly services account from the municipality.
- 9.4 Only persons/households who comply with the provisions as set out in the credit policy of the Council, will qualify for the subsidy of fifty (50) units of electricity.
- 9.5 Interest as approved by the Council is added to each account which remains unpaid on the payment date as determined by the Council and indicated on the account, or the first day on which the Council's offices are open if the payment date falls on a Saturday, Sunday or a public holiday; provided that for the purposes of this provision, a part of a month is considered to be a month.

- 9.6 A deposit is payable in terms of the Council's by-laws relating to electricity supply.
- 9.7 Service connections and other tariffs relating to electricity services are addressed in the tariff structures.
- 9.8 Availability fees are levied on vacant erven with an area of 200 square meters or more, in cases where services are available. Availability fees are also levied in cases where services have been discontinued for six (6) months and longer.

In calculation of the availability fees the following are taken into account: -

- (i) operating costs;
- (ii) Amp strength of circuit-breaker(s).

- 9.9 The installation of pre-paid electricity meters rests within the exclusive discretion of the Council.

Pre-paid electricity meters shall, subject to availability of such meters, also be provided to consumers (household and business) on request, provided that all connections must be single fase or must be changed to a single fase connection at the costs of the consumer and that businesses will be limited to a maximum demand of 20 Ampere.

Businesses that need a higher demand than 20 Ampere shall not qualify for the installation of a pre-paid electricity meter.

## **10. Water**

- 10.1 The water consumption of indigent households is subsidised to the level of six (6) kiloliters of water per household. The subsidy is applicable to households where the total monthly household income is equal to the sum of two times the amount of state funded social pensions or less.
- 10.2 The determination of tariffs shall be approved by the Council at least one (1) month before coming into effect and is applicable to the various categories of users as set out hereunder:
- (a) A minimum monthly levy is applicable to all domestic and industrial consumers.
  - (b) Availability fees are levied on vacant erven with an area of 200 square meters or more, in cases where services are available. Availability fees are also levied in cases where services have been discontinued for six (6) months and longer. In the calculation of the availability fees the following is taken into account: -

- (i) Operational costs.
- (c) A levy per consumer is also applicable in the case of pillar taps.
- (d) Additional basic levies are applicable to flats where the individual units are not metered.
- (e) A sliding scale in respect of actual kilolitres consumed, is applicable to all domestic consumers.
- (f) The consumption in respect of businesses and Transnet is levied in terms of the tariff per kilolitre of tariff 3 of the sliding scale.
- (g) A sliding scale is also applicable in cases where consumers are using pre-paid water meters.

10.3 Sundry and other levies are indicated in the tariff structure.

10.4 The installation of pre-paid water meters rests within the exclusive discretion of the Council. Pre-paid water meters can, subject to availability of such meters, also be provided to consumers (household and business) on request, provided that the diameter of the connection shall not exceed 20 mm.

Businesses that require a water connection in excess of 20 mm in diameter, shall therefore not qualify for the installation of a pre-paid water meter.

10.5 Underground leakage process

If the leakage is on the consumer's side of the meter, the consumer will be responsible for the payment of all water supplied to the property. The consumer has the responsibility to control and monitor his/her water consumption.

(a) A consumer may qualify for a reduction in levy as determined by Council on his/her account in the event of a water leakage, if:

- the leakage was underground or under the foundation of the building and not easily detectable;
- Meter leakage; and
- an authentic certificate issued by a registered plumber must reach the Municipality within 10 days after completion of repairs done with respect to a water leakage and must contain the following:

- the date of the invoice and repair work as well as the receipt; and

confirmation that surface leakage was not visible; or

- If repairs were done by the consumer themselves, his / her sworn affidavit must reach the municipality within 10 days after completion of repairs done with respect to a water leak and must contain the following:
  - o the date of the invoice and repair work as well as the receipt and/or date stamped
  - o photos proving that the leak was underground and repaired by themselves; and
  - o that the reading has normalised; and
  - o Confirmation that surface leakage was not visible.

(b) Water lost due to the meter being stolen, defective irrigation, broken geyser, leaking toilet or leaking tap cannot be considered for reduction;

(c) Council will only allow a reduction up to 50% of the underground leakage.

## **11 Refuse**

11.1 No basic levies or availability fees are applicable to undeveloped erven.

11.2 The Council levies monthly fees on each consumer in respect of refuse removal.

11.3 The monthly tariff in respect of residential premises is calculated in terms of the volume of refuse removed, expressed in units. One unit is the equivalent of the volume of two refuse bags.

11.4 Refuse is removed on a weekly basis.

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- 11.5 The tariff for refuse removals payable by indigent households are subsidised on a sliding scale basis in relation to the total income of the household concerned.
- 11.6 The tariff for removals at businesses and industries is calculated according to the volume of the refuse receptacles.
- 11.7 Sundry and other levies are indicated in the tariff structure.

## **12 Sewage**

12.1 Levies are applicable to each owner or occupier of premises, regardless of whether such premises are connected to the municipal sewage system or not.

12.2 The sewage charges payable by indigent households are subsidised on a sliding scale basis in relation to the total income of the household concerned.

12.3 Sundry and other levies are indicated in the tariff structure.

12.4 The Council levy annually or monthly a sewerage charge or availability fee in respect of each premises. In the calculation of the sewerage charge or availability fees the following are taken into account:

- (a) operational costs;
- (b) the number of sewerage points;

12.5 Availability fees are levied on vacant erven with an area of 200 square meters or more, in cases where the services are available. Availability fees are also levied where services have been discontinued for six (6) months and longer.

12.6 Sundry charges may include tariffs calculated on the following:

- Sewerage Connection fees;
- Removal/Inspection of blockages;
- Emptying of sewerage tanks.

## **13. Other Tariffs**

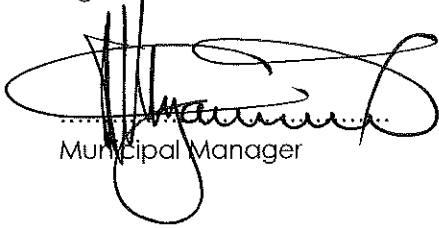
In the calculation of tariffs for other services provided by the municipality, the following cost factors are taken into account-

- (a) interest and redemption;
- (b) operating costs, and
- (c) subsidies.

**14. Date of Approval & Signature**

As approved by Council at the Council meeting which was held on 14/06/2022

Signed at BEAUFORT WEST on the 14 day of JUNE 2022

  
Municipal Manager