



BEAUFORT WEST MUNICIPALITY



TARIFF POLICY

2024/2025

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Copies of this document can be viewed at the offices of the Municipality and on the municipal website.

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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:

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1. DEFINITIONS

“**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 (MSA), 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.

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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 10 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.
 - (ii) special tariffs or lifeline 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;
- e) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- f) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- g) 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;



- h) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives are 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.

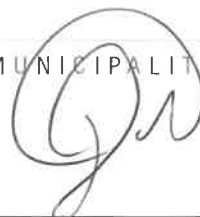
6. REVOCATION

The following by-law is hereby repealed in whole:

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

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.
- 7.4 Electricity is always measured in units (Kwh) and maximum demand (in KVA) and water in kilolitre. The Council endeavours to furnish a correct monthly account to consumers by reading meters monthly.
- 7.5 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.
- 7.6 Strict action is taken against defaulters in terms of the Council's credit control policy.
- 7.7 All domestic users, except indigent households, must remit the full amount in respect of services rendered.
- 7.8 The economic, efficient and effective use of resources, the recycling of waste, and other apposite environmental aims, are encouraged by the Council.
- 7.9 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.
- 7.10 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 five (5) years.
- 8.2 Tax rebates are granted in the following cases:

Registered owners of residential properties who are **Pensioners** qualify for a rebate (to as per council resolution to be published with the tariffs) on the residential tariff. To qualify for the rebate a property owner must be the registered owner of a property which satisfies the requirements of the definition of Residential Property. This property owner must:



- i) occupy the property as his/her Primary Residence, and
- ii) be at least 60 years of age, or
- iii) has been declared medically unfit,
- iv) not receive any other rebates,
- v) Market value of their property not to exceed R1 100 000; and
- vi) Household income of not more than R12 000/ month.

The rebates for the year under review will be as follow:

- | | |
|---------------------|-----|
| ▪ R2 205 and under | 30% |
| ▪ R2 206 to R6 000 | 20% |
| ▪ R6 001 to R12 000 | 10% |

An owner must annually provide credible proof of his or her economic/financial position to the CFO. All applications for Pension Rebates will be effective for the same period as the General Valuation Roll and won't be applicable to vacant plots and agricultural properties rated by use.

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



- b) Commercial and Industrial 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 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 is levied as follows:
 - Streetlights and pylon lights: a monthly levy as well as an energy rate tariff as set out in the tariff structure.
 - Water pumps, drinking water- municipality: a basic levy as well as a tariff per 5 Amps or part thereof, with a minimum of 60 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 changed 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 Prepaid = 20 Amp (1 & 3 Phase)
- Tariff 2.2B: Small Commercial Prepaid = 20 Amp (Maximum 20 Amp) Including Sport Organisations
- Tariff 4.1: All Public Lights (Municipal & Private)
- Tariff 6: Availability Fees
- Tariff 7: Domestic 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:

- a) operating costs.
- b) 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-phase or must be changed to a single-phase 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) kilolitres 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 metres 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 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.

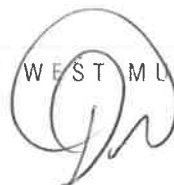
10.3 Sundry and other levies are indicated in the tariff structure.

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



- a) The leakage was underground or under the foundation of the building and not easily detectable;
- b) Meter leakage; and
- c) 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:
 - i) the date of the invoice and repair work as well as the receipt; and confirmation that surface leakage was not visible; or
 - ii) 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:
 - The date of the invoice and repair work as well as the receipt and/or date stamped.
 - Photos proving that the leak was underground and repaired by themselves; and
 - That the reading has normalized; and
 - Confirmation that surface leakage was not visible.
- d) Water lost due to the meter being stolen, detective irrigation, broken geyser, leaking toilet or leaking tap cannot be considered for reduction.
- e) 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.
- 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 is 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 has 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. POLICY REVIEW


This policy will be reviewed annually or earlier if so required by legislation. Any changes to the policy must be adopted by council and be consistent with the Act and any National Treasury regulations.

The effective date of this policy will be 1 July and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation. The contents of the policy will be reviewed on an annual basis as part of the budget related policies.

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DOCUMENT CONTROL



VERSION AND DOCUMENT CONTROL			
POLICY NAME:	Tariff Policy		
POLICY OWNER:	Financial Department / BTO		
RELATED POLICIES:	Budget Policies – MBRR Regulation 7		
REVIEW:	Annually	Budget Policy	Yes
POLICY EFFECTIVE DATE:	01 July 2024	Budget Policy Nr	01
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1	January 2009	1 st Adoption	
2	6 June 2023		5 th Revision
3	21 May 2024		6 th Revision
4			7 th Revision
			
Municipal Manager D. Welgemoed			
Date: 21.05.2024			

