
MALUTI-A-PHOFUNG LOCAL MUNICIPALITY



TARIFF POLICY-FINAL 2016/17



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1. DEFINITIONS AND ABBREVIATIONS

"Account" means an account rendered specifying charges for municipal services provided by the Municipality, or any authorised and contracted service provider, and which account may include assessment rates levies.

"Accounting Officer" means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act.

"Annual Budget" shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget.

"Annually" – means once every financial year;

"Arrangement" means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

"Arrears" means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

"Authorised Representative" means a person or instance legally appointed by the Municipality to act or to fulfil a duty on its behalf.

"Basic Municipal Services" shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

"Billing Date" means the date upon which the monthly statement is generated and debited to the customer's account.

"Business and Commercial Property" means -

- a) Property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which incidental to such activity; or
- b) Property on which the administration of the business of private or public entities take place.



“By-law” shall mean legislation passed by the council of the Municipality, and which shall be binding on the Municipality and on the persons and institutions to which it applies.

“Calendar year” shall mean 12 consecutive months of a financial year(s).

“Category” –

- a)) in relation to a property, means a category of properties determined in terms of section 8(2) of the Municipal Property Rates Act;
- b)) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Municipal Property Rates Act.

“Chief Financial Officer” means the person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.

“Council” means the Council of the Mangaung Municipality.

“Councillor” shall mean a member of the Council of the Municipality.

“Credit Control” means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

“Customer” means the occupier of any premises to which the Municipality has agreed to supply or is actually supplying municipal services, or if no occupier can be identified or located, then the owner of the premises and includes any customer of the Municipality

“Day/Days” - means calendar days, inclusive of Saturdays, Sundays and public holidays.

“Debt Collectors” means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein.

“Defaulter” means any person who owes arrears to the Municipality

“Electricity Charges” means service charges in respect of the provision of electricity

“Financial Year” shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

“Immovable Property” also includes –

- a) an undivided share in immovable property, and
- b) any right in immovable property.



"Implementing Authority" means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000.

"Indigent Customer" means the head of an indigent household:-

- a) who applied for and has been declared indigent in terms of Council's Indigent Policy for the provision of services from the Municipality; and
- b) who makes application for indigent support in terms of Council's Indigent Policy on behalf of all members of his or her household;

"Indigent Policy" means the Indigent Policy adopted by the Council of the Municipality

"Indigent Programme" means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Policy.

"Integrated Development Plan" shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended.

"Industrial Property" – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

"Interest" means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the Municipality's primary bank account, plus one percent or such other percentage as may be determined by Council from time to time.

"Local Community" – in relation to the Municipality –

- a)) means that body of persons comprising –
 - I. the residents of the Municipality;
 - II. the rate payers of the Municipality;
 - III. any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and



- IV. visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and
- V. includes, more specifically, the poor and other deprived sections of such body of persons;

“Market Value” – in relation to a property, means the value of the property determined in accordance with section 46 of the Municipal Property Rates Act;

“Month” means one of twelve months of a calendar year.

“Multiple Purposes” – in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Municipal Property Rates Act.

“The Municipality” means Maluti-A-Phofung Municipality.

“Municipal Manager” means the Municipal Manager of the Maluti-A-Phofung Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

“Municipal Services” means services provided either by the Municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement.

“Municipal Tariff” shall mean a tariff for services which the Municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the Municipality in respect of other services supplied including services incidental to the provision of the major services.

“Owner” in relation to immovable property means –

- A) The person in whom is vested the legal title thereto provided that:-
 - I. the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;



- II. the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;
- B) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
- C) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

“Property” – means immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;

“Rateable Property” shall mean property on which the Municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.

“Rates” means a municipal rate on property envisaged in section 229 (1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Act 56 of 2003.

“Rebate” in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property.

“Reduction” - in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount.

“Refuse Charges” means service charges in respect of the collection and disposal of refuse.



"Registered Owner" means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937.

"Residential Property" shall mean a property included in the valuation roll in terms of Section 48(2) (b) of the Municipal Property Rates Act, 2004 as residential.

"Service Charges" means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy.

"Sewerage Charges" means service charges in respect of the provision of sewerage collection and treatment of infrastructure.

"Tariff" means the scale of rates, taxes, duties, levies or other fees which may be imposed by the Municipality in respect of immovable property and/ or for municipal services provided.

"Tariff Policy" means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

"User" means the owner or occupier of a property in respect of which municipal services are being rendered.

"Water Charges" means service charges in respect of the provision of water.



2. INTRODUCTION AND LEGISLATIVE REQUIREMENTS

1.1 In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003, the Accounting Officer of a Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the Municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended.

1.2 In terms of section 74 of the Municipal Systems Act the municipal council hereby adopts a tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements.

1.3 This policy has been compiled in accordance with:-The Constitution of the Republic of South Africa, Act no 108 of 1996 as amended;

- I. Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended;
- II. Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003;
- III. Local Government: Municipal Property Rates Act (MPRA), Act no 6 of 2004;
- IV. Maluti-A-Phofung Municipality Property Rates Policy as reviewed annually.



3. PURPOSE OF THE TARIFF POLICY

- 3.1 The purpose of this tariff policy is to prescribe the accounting and administrative policies and procedures relating to the determining and levying of tariffs by the Maluti-A-Phofung Municipality.
- 3.2 The Municipality should perform the procedures set out in this policy to ensure the effective planning and management of tariffs. 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.

4. SCOPE OF APPLICATION

- 4.1. This policy applies to all tariffs charged within the defined boundaries of Maluti-A-Phofung Municipality.

5. BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE

- 5.1. Service tariffs imposed by the Municipality shall be viewed as user charges and not as taxes, and therefore the ability of the relevant customer 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).
- 5.2. The Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 5.3. Tariffs for the four major services rendered by the Municipality, namely Electricity, Water, Sewerage and Refuse Removal, shall as far as possible recover the expenses associated with the rendering of each service concerned, and where feasible, generate a modest surplus as determined in each annual budget. Such surplus shall be applied in relief of property rates or for the future capital expansion of the service concerned, or both.



- 5.4. The tariff which a particular customer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 5.5. 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 customers in the municipal region.
- 5.6. 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 customers 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.
- 5.7. The Municipality's tariff policy shall be transparent, and the extent to which there is cross subsidisation between categories of customers or users shall be evident to all customers or users of the service in question.
- 5.8. The Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all customers and users affected by the tariff policy concerned.
- 5.9. The Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 5.10. In the case of conventional metering systems for electricity and water, the consumption of such services shall be properly metered by the Municipality and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on customers shall be proportionate to the quantity of the service which they consume. In addition, the Municipality shall levy a monthly fixed charge for electricity and water services.



- 5.11. In adopting what is fundamentally a two-part tariff structure for electricity and water, namely a fixed basic charge coupled with a charge based on consumption, the Municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- 5.12. In case of vacant stands, where the services are available but not connected, the Municipality shall levy a monthly availability charge which is levied because of fixed costs such as the capital and maintenance costs and insurance of infra-structure available for immediate connection.
- 5.13. The Municipality's tariffs for electricity services will be determined to ensure that those customers who are mainly responsible for peak demand, and therefore for the incurring by the Municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the Municipality shall therefore install demand meters to measure the maximum demand of such customers during certain periods. These bulk customers shall therefore pay the relevant demand charge as well as an energy charge directly related to their actual consumption of electricity during the relevant metering period.



6. FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE

6.1 Financial Factors

The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service to avoid cross subsidising of services.

6.1.1 In order to determine the tariffs which must be charged for the supply of the four major services, the Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

- 6.1.2.1 Cost of bulk purchases in the case of water and electricity.
- 6.1.2.2 Distribution costs.
- 6.1.2.3 Distribution losses in the case of electricity and water.
- 6.1.2.4 Depreciation expenses.
- 6.1.2.5 Maintenance of infrastructure and other fixed assets.
- 6.1.2.6 Cost of approved indigent relief measures and cross subsidising of low consumption.
- 6.1.2.7 Administration and service costs, including
 - a) service charges levied by other departments such as finance, human resources and legal services;
 - b) reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;
 - c) Adequate contributions to the provisions for bad debts and obsolescence of stock; and all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area.

6.1.2.8 The intended surplus to be generated for the financial year. Surplus to be applied:-

- a) as an appropriation to capital reserves; and/or



- b) Generally in relief of rates.

6.2 Socio-economic factors

6.2.1 Although the determination of tariffs is in many instances politically orientated, it ought to be based on sound, transparent and objective principles at all times. In order to fully understand the influence of the socio-economic factors the various user categories and forms of subsidisation needs to be considered. Tariffs should also support business initiatives aimed at creating jobs or contribute to the economy of the area.

6.2.2 Users can be divided into the following categories:-

- a) Users who are incapable to make any contribution towards the consumption of services and who are fully subsidised;
- b) Users who are able to afford a partial contribution and who are partially subsidised only; and
- c) Users who can afford the cost of the services in total.

6.2.3 It is important to identify these categories and to plan the tariff structures accordingly.

Subsidies currently derived from two sources namely:-

6.2.3.1 Contributions from National Government: National Government makes an annual contribution according to a formula, which is primarily based on information obtained from Statistics South Africa by means of census surveys. If this contribution is judiciously utilised it will subsidise all indigent households who qualify in terms of the Council policy.

6.2.3.2 Contributions from own funds: The Council can, if the contribution of National Government is insufficient, provide in its own operational budget for such support. Such action will in all probability result in increased tariffs for the larger users. Any subsidy must be made known publicly.



6.2.4 To make provision for subsidisation the tariff structure can be compiled as follow:-

- 6.2.4.1 Totally free services (within limits and guide lines);
- 6.2.4.2 Lower tariffs for users who qualify in terms of particular guide lines, for example to recover the operational costs of the service only; and
- 6.2.4.3 Full tariff payable with a subsidy that is transferable from sources as mentioned above.

6.3 Minimum service levels

It is important that minimum service levels be determined in order to make affordable tariff package available to all potential users.

6.4 Credit Control

- a) It is not possible to successfully compile a tariff structure without consideration of the stipulations of an effective credit control system. Income is provided for in the budget as if a 100% payment level will be maintained. It is therefore important to continuously ensure that users indeed pay punctually. Non-payment has a direct effect in that provision for bad debt, in accordance with current payment levels, must be provided as expenditure in the budget.
- b) However, it is also a fact that there are users who are unable to pay. Tariffs must therefore provide access to a minimum level of basic services for all users. It should furthermore be supplemented with a practical policy for indigents. This will ensure the sustainable delivery of services. In addition, adequate provision should be made on an annual basis for bad debt/ working capital in accordance with current payment levels.

6.5 Package of services



- a) The accounts for rates and services must not be seen in isolation. It must be considered jointly to determine the most affordable amount that the different users can pay as a total account.
- b) The basic costs of a service must first of all be recovered and then only can surpluses be manipulated to determine the most economic package for the user with due allowance for future events in regard to a particular service.

6.6 Historical and future user patterns

It is important to keep accurate consumption statistics for the purpose of determining tariffs.

Consumption determines tendencies, which ultimately have an influence on tariffs within structure. Provision should be made in the process for growth and seasonal use, as well as for unforeseen events that may have an impact on tariffs.

6.7 User groups

6.7.1 Users are traditionally divided into user groups as set out below:-

6.7.1.1 Domestic (Residential);

6.7.1.2 Businesses/ Commercial;

6.7.1.3 Industries/Bulk customers;

6.7.1.4 Farm properties (agricultural);

6.7.1.5 Accommodation establishments (including guest houses);

6.7.1.6 Municipal consumption (departmental charges);

6.7.1.7 Institutions that may be directly subsidised for example retirement homes etc...



7. FREE BASIC SERVICES

7.1 Free basic municipal services refers to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.

7.2 In terms of the South African Constitution all customers should have access to basic services. Currently, the free basic services provided to the domestic customers within the Maluti-A-Phofung Municipality are as follows: -

7.2.1 The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

7.2.2 The general threshold for indigent support is restricted to qualifying households with a combined income amount determined by Council at the beginning of every financial year and will be applied for the duration of that particular financial year.

7.2.3 the Municipality recognises the following rates and service charges for indigent support:-

- i. Electricity;
- ii. Water;
- iii. Refuse Removal;
- iv. Sewerage;
- v. Property rates



8. TARIFF STRUCTURES FOR VARIOUS SERVICES

8.1 It is essential that a compromise be reached between the following needs with the determination of a tariff structure: -

- 8.1.1 The need to reflect costs as accurately as possible in order to achieve cost effectiveness;
- 8.1.2 The need to ensure equality and fairness between user groups;
- 8.1.3 The need for a practically implementable tariff;
- 8.1.4 The need to use appropriate metering and provisioning technology;
- 8.1.5 The need for an understandable tariff; and
- 8.1.6 The user's ability to pay.



9. ELECTRICITY TARIFFS

- 9.1. The various categories of electricity consumers, as set out below, shall be charged at the applicable tariffs, as approved by the council in each annual budget.
- 9.2. Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter. Categories of consumption and charges shall be as follows:
- a) With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
 - b) The tariff for domestic consumption of electricity shall not exceed a pre-determined limit per kWh of the tariff applicable to other categories of consumers. All other categories of consumers, including businesses, industries and government, shall pay the same tariff per kWh.
 - c) All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive free the first 50kWh (fifty) of electricity consumed per month.
 - d) All commercial, industrial and other non-domestic properties shall additionally be billed a monthly basic charge per meter installed and, where applicable, a demand charge appropriate to their respective levels of consumption.
 - e) The local municipality's departmental electricity consumption shall be charged at cost.



10. WATER TARIFFS

10.1 . The categories of water consumers as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

10.2 . Tariff adjustments shall be effective from 1 July each year. Categories of consumption and charges shall be:

- a) All domestic water consumers registered as indigents with the municipality shall receive free the first 6 (six) kl of water consumed per month. Thereafter a stepped tariff per kl as determined by the council from time to time shall be applicable on metered water consumption, as set out in the annual tariff list.
- b) All other domestic consumers shall be charged for actual water consumption at a stepped tariff per kl as determined by the council from time to time, and as set out in Part 3 of this policy.
- c) The tariff applicable to domestic consumption of water shall not exceed pre-determined limit per kl of the tariff applicable to other categories of consumers. All other categories of consumers, including businesses, industries and government, shall pay the same single tariff per kl, irrespective of the volume of water consumed. A basic (availability) charge per month shall be charged for undeveloped erf, irrespective of their permitted or intended use.

10.3 . The local municipality's departmental water consumption shall be charged at cost.



11. REFUSE REMOVAL TARIFFS

- 11.1 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.
- 11.2 Tariff adjustments shall be effective from 1 July each year.
- 11.3 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:
- a) Domestic and other users (once weekly removal)
 - b) Business and other users (twice weekly removal)
 - c) Business and other users (thrice weekly removal)
 - d) Business and other (bulk consumers).
- 11.4 Registered indigents may receive such rebate on this charge as the council deems affordable when approving each annual budget, but on the understanding that such rebate shall be in accordance with the approved Indigent Policy and at the annual tariffs of the monthly amount billed as a refuse removal charge.
- 11.5 Normal tariffs shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.



12. SEWERAGE TARIFFS

- 12.1. The categories of sewerage users as set out below shall be charged per month at the applicable tariff as approved by the council in each annual budget.
- 12.2. Tariff adjustments will be effective from 1 July each year.
- 12.3. Categories of usage and charges shall be:
- a) Registered indigents may receive such rebate on this charge as the council deems affordable when approving each annual budget, but on the understanding that such rebate shall be in accordance with the approved Indigent Policy and at the annual tariffs of the monthly amount billed for sewerage.
- 12.4. A predetermined fixed monthly charge based on the approved tariffs for this service shall be charged for domestic users..
- a) A fixed monthly charge based on the costs of the service per sewer point/connection shall be charged to all businesses, industries and **government properties.**
 - a) A fixed monthly charge per sewer point/connection shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.
 - b) An effluent fee shall further be payable by factories and other industrial users where the wastewater emanating from such users requires special purification measures by the municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of the purification



13. PROPERTY RATES

- 13.1. The rate levied by the Municipality will be a cent amount in the Rand based on the market value of the property.
- 13.2. In terms of the Municipal Property Rates Act, 2004 the Municipality may levy different rates for different categories of rateable property. Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category and by way of reductions and rebates as provided for in the Municipality's property rates policy.
- 13.3. In terms of section 17 (1) (e) of the Municipal Finance Management Act the Municipality's property rates policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.
- 13.4. Categories of rate able property as determined in the Rates Policy include the following:-
 - 13.4.1 Residential properties;
 - 13.4.2 Business and commercial properties;
 - 13.4.3 Agricultural properties;
 - 13.4.4 Properties owned by an organ of state and used for public service purposes;
 - 13.4.5 Public service infrastructure properties;
 - 13.4.6 Properties owned by public benefit organizations and used for specified public benefit activities;
 - 13.4.7 Properties used for multiple purposes, subject to section 9;
or
 - I. Any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the Gazette.



13.4.8 The Council will not levy a rate on the first value up to R80 000 of the market value as per the Valuation Roll of Residential Properties as follows:

- a) On the first R15 000 on the basis set out in section 17(1) (h) of the MPRA; On the balance if the market value up to R65 000 in respect of residential properties, provided that the Council may from time to time during its annual budget process contemplated in section 12(2) of the Act determine, as threshold, the amount to be deducted from the market value of residential properties, as a result of which rates will only be determined on the balance of the market value of such properties after deduction of the threshold amount

13.4.9 Sectional Title: Residential

Property used, zoned residential and used solely for residential purposes held in terms of the Sectional Titles Act shall, from the date of implementation of the Act, individually be subject to the levying of rates

13.4.10 Sectional Title: Business:

Sectional Titles that are used zoned for business or have businesses operating from a property that is held in terms of the Sectional Titles Act, in which case the sectional title owner shall be liable for rates. Where a property not zoned residential as has been developed and is used exclusively as residential, the residential tariff will be applicable. The property owner must submit a declaration as to the purpose the property is being used for, so that it can be rated accordingly. The scale of residential property value reductions and rebates will be applicable to such property



14. MINOR TARIFFS

- 14.1. All minor tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidized 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.
- 14.2. 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.
- 14.3. The following services shall be considered as subsidized services, and the tariffs levied shall be in accordance with the approved annual tariffs set by council for these services:
- a) burials and cemeteries
 - b) rentals for the use of municipal sports facilities
- 14.4. The following services shall be considered as community services, and no tariffs shall be levied for their use:
- a) municipal swimming pool
 - b) municipal museum and art gallery
 - c) disposal of garden refuse at the municipal tip site
 - d) municipal reference library
 - e) municipal lending library (except for fines set out below)
 - f) Municipal botanical garden, and all other parks and open spaces.



14.5. 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:

- a) Maintenance of graves and garden of remembrance (cremations)
- b) Housing rentals
- c) Rentals for the use of municipal halls and other premises (subject to the proviso set out below)
- d) Building plan fees
- e) Sales of plastic refuse bags
- f) Sales of refuse bins
- g) Cleaning of stands
- h) Electricity, water, sewerage: new Connexion fees
- i) Sales of livestock and plants
- j) Photostat copies and fees.
- k) Clearance certificates.

14.6. Tariffs and charges for the following items shall be considered as regulatory or punitive, and shall be deemed as appropriate and shall be determined in each annual budget:

- a) fines for lost or overdue library book
- b) advertising sign fees
- c) pound fees
- d) electricity, water: disconnection and reconnexion fees
- e) penalty and other charges imposed in terms of the approved policy on credit control and debt collection
- f) Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

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



- 14.8. In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the municipal manager may waive 50% of the applicable rental charge.
- 14.9. 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.

15. REGULAR REVIEW PROCESS

The tariff Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

16. ENFORCEMENT / IMPLEMENTATION

This policy has been approved by the Municipality in terms of resolution.....

dated..... and comes into effect from 1 July 2016