

# **DRAFT TARIFF POLICY**



## **THABA CHWEU LOCAL MUNICIPALITY**

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## **PART 1: PREAMBLE**

- 1.1 Thaba Chweu Local Municipality in terms of section 74(1) of the Local Government: Municipal Systems Act, Act 32 of 2000, 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. This policy is regarded as budget related policy in terms of Chapter 1 (Definitions) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.
- 1.2 The Tariff Policy must be reviewed annually and be tabled with the Annual Budget to the Council of Thaba Chweu Local Municipality for consideration and approval for public scrutiny and comments annually before 1<sup>st</sup> April.
- 1.3 Comments received by the municipality on the contents and stipulations of the policy have to be considered by the Council for possible amendments/inclusion to the draft policy for a final draft to be approved by the Council of Thaba Chweu Local Municipality annually on or before 31<sup>st</sup> of May.
- 1.4 The adopted Tariff Policy applies to the Annual Budget of a related year during which the income is base on the principles contained in the Tariff policy.
- 1.5 Should any of the principles contained in the Tariff Policy by resolution of the Council be changed, an adjustment Budget must be prepared to reflect the consequent effect.

## **PART 2: OBJECTIVES OF THE POLICY**

Thaba Chweu Local Municipality wishes to achieve the following objectives by adopting a tariff policy.

To comply with the provisions of Section 74 of the Local Government: Municipal Systems Act, Act 32 of 2000.

To prescribe procedures for calculating tariffs where Thaba Chweu Local Municipality wishes to appoint service providers in terms of Section 76(b) of the Local Government: Municipal Systems Act, Act 32 of 2000.  
To give guidance to the councilor responsible for Finance and Auditing regarding tariff proposals that must be submitted to the Council of Thaba Chweu Local Municipality annually during the budget process.

### **PART 3: GENERAL PRINCIPLES**

Service tariffs imposed by Thaba Chweu Local Municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability to pay 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 indigence relief measures approved by Thaba Chweu Local Municipality from time to time). Thaba Chweu Local Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal area and where the municipality operates as a service provider, subject to the sliding scales in order to distinguish among categories of consumers as allowed by the principles embodied in the Constitution and Section 74(2) of the Local Government Municipality Systems Act, Act 32 of 2000.

Indigent households will have access to basic services through indigence relief measures approved by the Council of Thaba Chweu Local Municipality in accordance with the Integrated Development Plan and Section 74(2) (c) (i) and (ii) of the Municipal Systems Act from time to time and shall be funded from the annual Equitable Share Grant granted to the Council and is subject to the availability of funds from the Grant. Charges levied on consumers shall be proportionate to the quantity of the service which they consume, but in addition monthly availability charges, for services concerned, shall be levied on a fixed basis for each type of property as determined in accordance with detailed policies mentioned further on.

As important main source of income second to income from assessment of properties, the Council is compelled to ensure that tariffs levied for the three trade services of the Council, namely Electricity Services, Water Services and Sewerage Services, to generate operating surpluses of a minimum of 10% but not exceeding a limit where the cost of the services will become unaffordable to consumers.

Services are to be rendered cost to ensure the best possible cost of service delivery which requires that directly measurable services, namely electric and water, shall be properly metered by the municipality and meters shall be read, whenever circumstances reasonably permit, on a monthly basis. All tariffs will reflect the cost of service as per Section 72 (2) of the Municipal Systems Act.

Provision will be made in appropriate circumstances for a surcharge on tariff. This will be necessary for major breakdowns in infrastructure and period of droughts when a restriction of usage is required (Section 74 (2) (a) of the Municipal Systems Act).

Providing the penalties or measures of discouraging service demand or prohibit exorbitant use as well as to encourage efficient and effective use of resources.

Tariffs are to be set at levels that facilitate the sustainability of services (Section 74 (2) (c) of the Municipal Systems Act). Sustainability will be achieved by ensuring that:

Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.

Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.

The extent of any cross-subsidizing internally or subsidization from external sources will be disclosed in the annual setting/determination of tariffs and also clearly be disclosed in the Annual Budget, Annual Financial Statements and Annual Report. This will be achieved by publishing the true costs of the service and the level of subsidy as well as the source of the subsidy.

#### **PART 4: DEFINITIONS**

Definitions are similarly reflected in the Council's Tariff By-Law in the line with this policy and have the following meaning, unless the context otherwise indicates:

**“Bulk Electricity User”** means a bulk user of electricity, water, sewerage or refuse removal services for commercial or industrial purposes.

**“Community Services”** means that the Council have classified as such that the tariffs have been compiled with the intention that costs of the services cannot be recovered from public service charges and are of a regulatory nature.

**“Cost to be recovered”** means the cost reasonably associated with the rendering of a municipal service, including the cost of purchasing or acquisition, the cost of processing, treatment or adoption of the product or service to be delivered or supplied, capital cost, operating cost, maintenance cost, replacement cost, administrative cost and support systems cost and interest.

**“Council”** means the Council of Thaba Chweu Local Municipality, established in terms of Section 12 of the Local Government Municipal Structures, Act 117 of 1998.

**“Domestic user”** means a user of electricity, water, sewerage, or refuse removal for residential purpose only.

**“Economic Services”** means services that the Council has classified as such that the tariffs be compiled with the intention that the total costs of the services are recovered from customers.

**“Fixed costs”** means costs that do not vary with consumption or volume produced.

**“Flat rates”** means the unit tariffs that are calculated by dividing the total cost by volume needed.

**“Major Service”** represents the four consumer services instituted by the Council to fulfill the basic consumer services allocated to the Council in terms of Section 84 of the Local Government Municipal Structures Act, Act 117 of 1998, and are those services on the monthly service charges are levied per consumer account.

**“Minor Services”** means those services for which the Council annually approves tariffs and shall, when deemed appropriate by the Council, be subsidized by property rates and general revenues, particularly when tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the tariff is designed purely to regulate rather than Finance the use of the particular service or amenity.

**“Municipal finance Management Act”** means the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) and promulgated Regulations in line with the Act.

**“Municipal Service”** means a municipal service defined in Section 1 of the Municipal Systems Act.

**“Municipal Property Rates Act”** means the Local Government Property Rates Act (Act 6 of 2004) and promulgated Regulations in line with the Act.

**“Municipal Systems Act”** means the Local Government Municipal Systems Act, 2003 (Act 32 of 2000) as amended by Act 44 of 2003 and any promulgated Regulations in line with the Act.

**“Off-peak supply”** means an electricity supply on written request to a bulk user.

**“ Poor Household “** means a domestic user who qualifies, together with his or her dependents, as an indigent person in terms of the Council’s Indigent Policy.

**Tariff Policy’** means the Tariff Policy of the Council adopted in terms of Section 74(1) of the Municipal Systems Act.

**“Temporary User”** means a user of electricity, water, sewerage or refuse removal services for period for specific project or occasion.

**“Total cost”** is the sum of all fixed and variable costs.

**“Trading services”** are services that the Council has classified as services of which the tariffs have been compiled with the intention that the Council makes a profit on the delivery of services.

**“Two-part tariffs”** are tariffs that raised to cover the fixed and variable cost separately. The fixed cost are recovered by dividing the total fixed cost by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed.

**“Units consumed”** means the number of units consumed of a particular service and are measured in terms of the units of measurement reflected in this Policy under Section 9.

**“Variable costs”** are costs that vary with consumption at volume produced.

## **PART 5: CATEGORIES OF CUSTOMERS**

The tariff structure of the Thaba Chweu Municipality makes provision for the following categories of customers (Section 74(3):

Residential (domestic)  
Business (commercial)  
Industrial  
Agricultural  
Public service purposes  
Public Benefit Organization  
Municipal

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 that it levies.

Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each Annual Budget.

## **PART 6: PROPORTIONING OF COSTS**

The Thaba Chweu Municipality understands to render its services cost effectively in order to ensure the best possible cost of services delivery. It is further undertaken to ensure that its tariffs shall be easily explained and understood by all customers affected by the Tariff Policy concerned.

In case of directly measurable services, namely electricity and water, the municipality shall properly meter the consumption of such service and meters shall be read, whenever circumstances reasonably permit on a monthly basis.

The charges levied on consumers shall be proportionate to the quantity of the services that they consume. In addition the municipality shall levy

monthly availability charges for each type of property as determined in accordance with the principles for fixed availability charges. Generally, consumers of water and electricity shall therefore pay two charges: one relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned;

On the case of the undeveloped stand another in the case of developed stands directly related to the consumption of the service in the question.

The tariff for Electricity Service shall ensure that those consumers 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. The municipality shall therefore install demand to measure the maximum demand charge as well as a service

Charge directly related to their actual consumption of electricity during the relevant metering period.

## **PART 7: PRINCIPLES FOR FIXED AVAILABILITY CHARGES**

In considering the costing of its Water, Electricity and Sewerage Services, the Thaba Chweu Municipality shall take due cognizance of the high capital cost of establishing and expanding such services and the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in to ensure that both current and reasonably expected future demands are adequate catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the service operate at less than full capacity at various periods and the cost of such surplus capacity must be covered in the tariffs which are annually established to be levied monthly. Vacant stands will have to bear these costs and is subjected to such levy.

Township owner account: The municipality will charge services per each registered stand

## **PART 8: EXPENDITURE CLASSIFICATION AND COST ELEMENT**

The Chief Financial Officer shall subject to the guidelines of the National Treasury and Mayoral Committee of the Council of the Council, make provision for the following classification of services.

### **8.1. TRADING SERVICES**

- (i) Electricity
- (ii) Water
- (iii) Sewerage

### **8.2. ECONOMIC SERVICES**

- I. Refuse Removal
- II. Recreation resorts

### **8.3. COMMUNITY SERVICES**

- I. Aerodrome
- II. Air pollution
- III. Building control
- IV. Cemeteries
- V. Child care facilities
- VI. Control of public nuisances
- VII. Fire fighting and emergency assistance
- VIII. Fixed billboard and display of advertisements in public places
- IX. Licensing and control of undertaking that sell food to the public
- X. Licensing of dogs
- XI. Local amenities
- XII. Local sport facilities
- XIII. Local tourism

XIV. Municipal parks and recreation

XV. Municipal planning

XVI Municipal public works, in respect of the needs of municipalities in the discharge of their responsibilities and to administer function specially assigned to them under the constitution or any other law.

XVII. Municipal roads

XVIII. Noise pollution

XIX. Pounds

XX. Public places

XXI. Storm water management system in built –up areas

XXII. Street lighting

XXIII. Street trading

XXIV. Trading regulations traffic

#### **8.4. SUBSIDIZED SERVICES**

I. Health and Clinics

II. Libraries and museum

#### **8.5. EXPENDITURE CLASSIFICATION**

Subjective classifications into various expenditure groups are as follows:  
Salaries, Wages and allowances

I. Bulk purchases

II. General expenditure

III. Collection cost

IV. Grants and subsidies paid

V. Contracted services

VI. Repairs and maintenance

VII. Depreciation on assets and interest expense

VIII. Contribution to fixed assets

IX. Contribution to provision for bad debts

X. Contribution to reserves

Gross expenditure = total (1) to (xi) above  
Net expenditure = gross less internal charges  
Surplus/deficit = income less net expenditure

## **ELEMENT COSTS**

The following cost element will be used to calculate the tariffs of the direct services

Fixed costs that consist of the capital cost (depreciation on assets and capital redemption on external loans only) and any other costs of permanent nature as determined by the council from time to time.

Variable costs . This includes all other expenditure that has reference to the services.

Total cost is equal to the fixed costs plus variable cost.

## **PART 9: CALCULATION OF TARIFFS FOR MAJOR SERVICES**

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

- Cost of bulk purchases in the case of water and electricity.
- Distribution costs.
- Distribution losses in the case of electricity and water.
- Depreciation expenses.
- Maintenance of infrastructure and other fixed assets.
- Administration and service cost, including:  
Services charges levied by the 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 including, in the case of the electricity service, the cost of providing street lighting in the municipal area

- 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 indigence relief measures.

Because water is a scarce national resource, and this municipality is committed to the prudent conservation of such resources, the tariff levied shall escalate according to the volume of water consumed. For this purpose Council shall annually set the different progressive consumption levels and the tariff for each level that will encourage prudent water usages. An extra penalty can be charged by Council where it deems it necessary to address critical water shortages. In setting the consumption levels, tariffs and penalties consideration shall be given to the current dam levels and anticipated rainfall during the current financial year.

Tariffs for pre-paid meters shall be determined in such a way that the variable consumption tariffs are cost reflective to ensure the recovery of fixed cost is embodied by the tariffs as no availability charge shall be levied on properties where pre-paid meters have been installed. This distinction is made in recognition of the financial advantages which pre-paid metering entails for the services in question.

## **PART 10: ELECTRICITY**

The various categories of electricity consumers, as set out below, shall be charged at the applicable tariffs, and under such conditions as approved by the Regulator (NERSA).

Tariff adjustments shall be effective from 01 July each year or as soon as possible.

**Categories of consumption and charges shall be as follows:**

- 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.
- All domestic electricity consumers of Thaba Chweu Local Municipality who are registered as indigents with the municipality shall receive free the first 50kWh (fifty) of electricity consumer per month.
- All domestic electricity consumers other than registered indigents and consumers using prepaid meters per month shall additionally be billed a basic charge per meter installed.
- All large power users shall additionally be billed a monthly basic charge per meter installed and where applicable, a demand charge appropriate to their respective levels of consumption.
- The tariffs for consumer deposits shall be determined according to the municipality's Consumer Deposit Policy.
- Departmental electricity consumption shall be charged at cost.
- Within reason customers, Thaba Chweu Local Municipality, shall allow customers to exercise once a year, preferably at the start of a financial year a freedom of choice from a range of applicable tariffs subject to approval by the Electrical Engineering Department.
- Thaba Chweu Local Municipality shall apply the following four standard tariff structures as recommended by the National Electricity Regulator:

**a) The one-part single energy rate tariff (Category A tariff)**

This tariff is suitable for small, low consumption (not more than 400kWh per month), residential customers who mainly use electricity for lighting, various low consumption electronic devices and a limited amount of cooking and refrigeration.

All costs shall be covered through a single rate per kWh charge at the level of break-even monthly consumption.

**b) The two-part tariff (Category B tariff)**

This tariff is suitable for residential customers with consumption in excess of 400kWh per month supplied normally at 240V or 400V. These customers use electricity for a wide range of applications such as cooking, heating, refrigeration, cleaning and entertainment.

This tariff would also be suitable for small commercial and agricultural customers. This tariff operates on the basis of a fixed monthly charge based on the size of the circuit breakers and an operating charge per kWh.

**c) The three-part tariff (Category C tariff)**

This tariff is more cost-reflective since it charges separately for the specific customer, variable and capacity costs.

This tariff is appropriate for larger commercial, industrial and agricultural customers whose size would justify investment in a demand meter.

**d) The three-part time-of-use tariff (Category D tariff)**

This tariff is more cost-reflective since the rate per kWh charge varies according to the time of use.

This tariff would be appropriate for the larger commercial, industrial and agricultural customers who are able to shift load into the off-peak periods thus affecting savings mutually beneficial to the customers and the municipality.

## **PART 11: WATER**

The categories of water consumers as set out below shall be charged according to applicable two-part tariffs, namely, a fixed availability charge and a stepped tariff based on consumption, as approved by the Council in each annual budget.

Tariff adjustments shall be effective from 01 July each year.

### **Categories of consumption and charges shall be:**

- All domestic water consumers shall be charged a fixed availability charge, and 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 Part 3 of this policy.
- All business and industrial consumers shall be charged a fixed availability charge and a stepped tariff per kilolitre consumed shall apply.
- Institutional consumers which include schools, institutions of higher learning, hospitals, government buildings, places of worship, sporting clubs and non-governmental organizations. These consumers shall be charged a fixed availability charge and a stepped tariff per kilolitre consumed shall apply.
- The registered indigent shall receive free the first Ten (10) kilolitres of water consumed, a stepped tariff per kiloliters shall apply on this category of consumers.

- As water is a very scarce resource in Thaba Chweu Local Municipality, consumers can be restricted during dry seasons to use water to a certain levels and a penalty fee shall be impose if the consumers consume more than the restricted levels.
- The tariffs for consumer deposit shall be determined according to the municipality's Consumer Deposit Policy.
- Departmental water consumption shall be charged at cost.
- Where water was consumed without being metered, an average of 30 kl shall be charged on residential consumers and 65 kl on non-residential consumers.

## **PART 12: REFUSE REMOVAL**

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.

Tariff adjustments shall be effective from 01 July each year.

**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 users (once weekly removal)
- Business (twice weekly removal)
- Government Departments and Institutions and other users (thrice weekly removal)
- Industrial (bulk consumers)

## **PART 13: SEWERAGE**

The categories of sewerage users as set out below shall be charged per at the applicable two part tariff, namely, basic charge and consumption charge, as approved by the Council in each annual budget.

Tariff adjustments will be effective from 01 July each year.

**Categories of usage and charges shall be:**

- A basic (availability) charge per month shall be charged for every serviced erven.
- On full waterborne sewerage service, all consumers shall be charged on a monthly basis a basic charge based on property area (per m<sup>2</sup>) irrespective of their permitted or intended use plus consumption charge based on the consumption of water.
- For suction tank and septic tank system, consumers shall be charged a tariff based on the number of kilolitres of sewerage waste removed.
- A fixed monthly charge shall be a charge to the municipality's departments

**PART 14: SUNDRY TARIFFS**

All sundry tariffs shall be approved by the Council in each annual budget, and shall, when deemed appropriate by the Council, be subsidized to 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.

The following services shall be considered as **subsidized services** and an applicable tariff shall be paid to their intended use.

burials and cemeteries  
rentals for the use of municipal sports facilities  
municipal swimming pool  
municipal lending library

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

municipal museum and art gallery  
disposal of garden refuse at the municipal tip site  
municipal reference library  
municipal botanical garden, and all other parks and open spaces

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 of the use of municipal halls and other premises (subject to the proviso set out below)  
building plan fees  
sales of plastic refuse bags  
sales of refuse bins  
cleaning of stands  
electricity, water, sewerage: new connection fees  
sales of livestock and plants  
photostat copies and fees  
clearance certificates

## Valuation certificates

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

finer for lost or overdue library books

advertising sign fees

pound fees

electricity, water: disconnection and reconnection fees

penalty and other charges imposed in terms of the approved policy on credit control and debt collection

penalty charges for the submission of dishonored, stale, post-dated or otherwise unacceptable cheques and unpaid debit orders

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

In the case of rentals for 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 100% of the applicable rental.

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 Thaba Chweu Local Municipality's sustaining damages as a result of the use of the facilities concerned.

## **PART 15: ANNEXURE: LEGAL REQUIREMENTS**

### **SECTION I: WATER SERVICES ACT NO. 108 OF 1997**

#### **SECTION 10: NORMS AND STANDARDS FOR TARIFFS**

A municipality, in its capacity as a water services institution, must apply a tariff for water services which is not substantially different from any norms and standards which the Minister of Water Affairs and Forestry, with the concurrence of the Minister of Finance, has prescribed in terms of the present Act.

#### **SECTION 21: BY-LAW**

A municipality, in its capacity as water services authority, must make by-laws which contain conditions for the provision of water services, and which provide for at least the following (inter-alias):

the standard of the services;

the technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided;

the determination and structure of tariffs in accordance with Section 10 of the present Act.

If the municipality, in its capacity as water services authority, has imposed conditions under which water services are provided, such conditions must be accessible to consumers and potential consumers.

If the municipality, in its capacity as water services authority, provides water for industrial use, or controls a system through which industrial effluent is disposed of, it must make by-laws providing for at least the following:

the standards of the service;  
the technical conditions of provision and disposal;  
the determination and structure of tariffs.

## **SECTION II: LOCAL GOVERNMENT: MUNICIPAL SYSTEMS**

### **ACT NO. 32 OF 2000**

#### **SECTION 74: TARIFF POLICY**

The Council of a municipality must adopt and implement a tariff policy on the levying of fees for the services provided by the municipality itself or by way of service delivery agreements.

Such policy must comply with the provisions of the present Act and any other applicable legislation.

**Such tariff policy must reflect at least the following principles:**

that users of municipal services must be treated equitably in the application of the municipality's tariffs;

that the amount individual users pay for services must generally be in proportion to the use of such services;

that poor households must have access to at least basic services through tariffs which cover only operating and maintenance costs, special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of services, or any other direct or indirect method of subsidization of tariffs for poor households;

that tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;

that tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned;

that provision may be made in appropriate circumstances for a surcharge on the tariff for a service;

that provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;

that the economic, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;

that the extent of subsidization of tariffs for poor households and other categories of users must be fully disclosed.

The services provided by the municipality must be: equitable and accessible; provided in a manner conducive to the prudent, economic, efficient and effective use of available resources, and the improvement of standards of quality over time; financially sustainable; environmentally sustainable; and regularly reviewed with a view to upgrading, extension and improvement.

### **SECTION 75: BY-LAWS TO GIVE EFFECT TO POLICY**

The Council of the municipality must adopt by-laws to give effect to the implementation and enforcement of its tariff policy

Such by-laws may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas, but in a manner which does not amount to unfair discrimination.

### **SECTION III: LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, NO. 56 OF 2003**

#### **SECTION 24: APPROVAL OF ANNUAL BUDGETS**

Subsection 2 (c): An annual budget must be approved together with the adoption of resolutions as may be necessary – setting any municipal tariffs for the budget year.

#### **SECTION 28: MUNICIPAL ADJUSTMENTS BUDGETS**

Subsection 6: Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

## **SHORT TITLE AND COMMENCEMENT**

This Policy shall be called Debt Impairment & Write Off Policy and takes effect on the 1<sup>st</sup> of July each year after council approval.