



TARIFF POLICY

Adopted per by Council per Resolution xxx of xx/xx/2018

1. OBJECTIVE

The objectives of this policy are to ensure that-

- * all consumers within a specific category are treated equally and reasonably;
- * to optimally safeguard the income base of the municipality only by approving exemptions, reductions and rebates that are reasonable and affordable.
- * to support the principles supporting the Councils Mission, Vision and IDP.
- * municipal tariffs are be set in a manner that promotes the provision of reliable, sustainable and affordable services to all.

2. DEFINITIONS

In this tariff policy, unless the context otherwise indicates-

"agricultural consumers", refer to owners or tenants of agricultural properties who are registered with SARS as bona fide farmers;

"availability tariff" means where properties are not connected to the municipal infrastructure but can reasonably be connected to the service;

"basic charge" also referred to as a minimum charge is the recovery of the distribution and billing-related costs, which include having and distribution system in place, plus the cost of the meter, servicing and reading the meter, mailing the bills and maintaining customer records.

"break even" means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;

"business" means the activity of buying, selling or trading in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of agriculture, farming or, inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or

TARIFF POLICY - KAI !GARIB MUNICIPALITY

consisting of the propagation and harvesting of fish or other aquatic organisms;

"commercial or industrial consumers" means industrial undertakings, factories, warehouses, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers.

"community service" means services in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

"consumer" means the owner of a premises, regardless of whether it is domestic, commercial industrial or any other type who has entered into an agreement with the Municipality for the supply of a service. A consumer must only be the owner and not a tenant or lessee;

"the council" means Kai !Garib Municipal Council, and "municipal council" shall have a corresponding meaning;

"domestic consumers" means residential properties, group housing, town houses, semi-detached houses and suchlike properties;

"due date"-

- (a) in relation to accounts payable monthly on a recurring basis, the last day of the month which follows on the month during which an account is rendered;
- (b) in relation to accounts payable annually, 31st July unless otherwise provided by any other law; and
- (c) in all other instances, as and when demand for payment is made by the Municipality;

"economic services" means services in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

"educational institutions" means schools and suchlike institutions

"fixed costs" means costs which do not vary with consumption or volume produced

" geographical area" the area of jurisdiction of Kai !Garib Municipality

TARIFF POLICY - KAI !GARIB MUNICIPALITY

"indigent households" means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;

"MFMA" means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);

"minimum charge" shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

"MSA" means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);

"owner" in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;

"public benefit organisations" means public benefit organizations as defined in section 30 of the Income Tax Act no 58 of 1962;

"resident" means a person who ordinarily resides in the municipal area;

"special agreements" means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;

"sport and recreation facilities" means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;

"total costs" means the sum of all fixed and variable costs associated with a service;

"trading services" means services referred to in paragraph 5(1)(a) and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services.

"units consumed" means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 7;

TARIFF POLICY - KAI !GARIB MUNICIPALITY

"variable costs" means costs that vary with consumption or volume produced

"VAT" means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;

3. **ABBREVIATIONS**

Kg - KILOGRAM

Kl - Kiloliter 1000 litres

kVA - Kilovolt ampere

kWh- Kilowatt Hour

m² - Cubic meter

4. **PURPOSE OF THIS POLICY**

- (1) The Kai !Garib Municipality wishes to achieve the following objectives by adopting this tariff policy;
 - (a) To comply with the provisions of section 62 (1)(f) of the MFMA
 - (b) To comply with the provisions of section 74 of the MSA
 - (c) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the MSA.
 - (d) To give guidance to the Executive Committee regarding tariff proposals that must be submitted to the council annually during the budget process.

5. **TARIFF PRINCIPLES**

- (1) In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.
- (2) The Municipality wishes to record that the following tariff principles will apply;
 - (a) Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the relief measures for poor households and

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- deserving categories of users approved by the municipality from time to time).
- (b) The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- (3) Tariffs for the four major services rendered by the municipality, namely;
- (a) electricity
 - (b) water
 - (c) waste water (sewerage)
 - (d) solid waste (refuse removal)
- (e) shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff, which a particularly consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
4. The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the four major services generate and operating surplus each financial year of 10% or such percentage as the council may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.
- (5) In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all time be reasonable, and shall be fully disclosed in each annual budget.
- (6) The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidation between categories of consumers or users shall be disclosed to users.
- (7) The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- (8) The municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- (9) In the case of directly measurable services, namely 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 consumers shall be proportionate to the quantity of the service which they consume.
- (10) The municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. 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; and another directly related to the consumption of the service in question.
- (11) In considering the costing of its water, electricity and sewerage services, the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of 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 order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may imply that the services may at times or for certain periods operate at less than full capacity, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.
- (12) The Municipality shall, by adopting what is fundamentally a two-part tariff structure, namely a fixed minimum charge coupled with a charge based on consumption, endeavour to address the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- (13) Part of the municipality's tariff policy for electricity services will be to 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

TARIFF POLICY - KAI !GARIB MUNICIPALITY

Eskom, will have to bear the costs associated with these charges. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

- (14) A property used for multiple purposes must, for purpose of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the Municipality cannot readily make an apportionment in relation to the services concerned and the categories of users.
- (15) In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time. The level of the deposits shall be revised annually depending on the defaults instances.

6. **CATEGORIES OF CONSUMERS**

- (1) Separate tariff structures may be imposed for the following categories of consumers (which the council may change);
 - (a) domestic consumers;
 - (b) commercial consumers;
 - (c) industrial consumers;
 - (d) agricultural consumers;
 - (e) municipalities;
 - (f) consumers with whom special agreements were made
 - (g) consumers in certain geographical areas
 - (h) sport and recreation facilities
 - (i) educational institutions, and
 - (j) public benefit organisations and suchlike institutions
- (2) Where substantially different demands are made on the infrastructure use to provide a service to a specific group of users within a category or the standard of services required by such users, the council may, after having considered a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- (3) The differentiation must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.
- (4) If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users, the municipality's Chief Finance Officer shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

7. **SERVICE AND EXPENDITURE CLASSIFICATION AND COST ELEMENTS**

Service classification

- (i) The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury and the Executive Committee of the Council, make provision for the following classification of services.

(a) **Trading services**

- (i) Water
- (ii) Electricity

(b) **Economic services**

- (i) Solid waste
- (ii) Waste water

(c) **Community services**

- (i) Air pollution
- (ii) Fire fighting services
- (iii) Local tourism
- (iv) Town planning
- (v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- (vi) Storm water management system in built-up areas
- (vii) Trading regulations

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- (viii) Fixed billboards and the display of advertisements in public places
- (ix) Cemeteries
- (x) Control of public nuisances
- (xi) Control of undertakings that sell liquor to the public
- (xii) Facilities for accommodation, care and burial of animals
- (xiii) Fencing and fences
- (xiv) Licensing and control of undertakings that sell food to the public
- (xv) Local amenities
- (xvi) Local sport facilities
- (xvii) Municipal parks and recreation
- (xix) Noise pollution
- (xx) Pounds
- (xxi) Public places
- (xxii) Street trading/street lighting
- (xxiii) Traffic and parking
- (xxiv) Building control
- (Xxv) Licensing of motor vehicles and transport permits
- (xxvi) Nature reserves

(b) **Subsidised services**

- (i) Libraries and museums
- (ii) Proclaimed roads
- (iii) Street lights

Expenditure classification

- (i) Expenditure will be classified in the following categories

(b) **Subjective classification**

- (i) Salaries, wages and allowances
- (ii) Bulk purchases
- (iii) General expenditure
- (iv) Repairs and maintenance
- (v) Capital charges (interest and redemption)/depreciation
- (vi) Contribution to fixed assets;
- (vii) Contribution to funds
 - (a) Bad debts;
 - (b) Working capital; and
 - (c) Statutory funds
- (viii) Contribution to reserves;
- (ix) Gross expenditure
- (x) Less charge-out

- (xi) Net expenditure;
- (xii) Income; and
- (xiii) Surplus/Deficit

(c) Objective classification

- (i) Cost centres will be created to which the costs associated with providing the service can be allocated:
- (ii) Department
- (iii) Section/service
- (iv) Division/service
- (v) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

Cost elements

- (a) The following cost elements will be used to calculate the tariffs of the different services.
 - (i) Fixed costs which consist of the capital costs (interest and redemption) whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
 - (ii) Variable cost: This includes all other variable costs that have reference to the service.
 - (iii) Total cost: consist of the fixed cost and variable cost.

8. TARIFF TYPES

In determining, the type of tariff applicable to the type of service the municipality shall make use of the following options or a combination of the same.

Single tariff

this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs

Cost related two to three part tariff

this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

Inclining block tariff

this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to subsidised free basic services and to prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

Declining block tariff

this tariff is the opposite of the inclining block tariff and consumption levels increase. The first step in the tariffs will be calculated by dividing the fixed and variable cost and profit determined by council form time to time by the volume consumed. This tariff will only be used for special agreements.

Regulating tariff

this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service

Time-of-use tariff

this tariff is based on fixed charges and seasonally and time differentiated energy and demand charges.

9. TARIFF STRUCTURES AND METHODS OF CALCULATIONS

Calculation of Tariffs for Major services

In order to determine the tariffs, which must be charged for the supply of the four major services (water, electricity, refuse removal and sewerage) the municipality, shall identify all the operational costs of the undertakings concerned, including specifically the following:

To determine the basic or minimum charge the following categories within the operating budget is used as a basis for calculation.

Capital costs (interest on loans)
Maintenance of infrastructure and other fixed assets
Salary costs
Depreciation expenses

To determine the unit charge the following categories within the operating budget will be used as a basis for calculation.

Cost of bulk purchases in the case of electricity
Distribution costs. (General Expenses)
Distribution losses in the case of electricity and water
Administration and services costs, including:

- (i) service charges levied by other departments such as finance, human resources and legal services;
- (ii) reasonable general overheads, such as the costs associated with the office of the municipal manager.
- (iii) adequate contributions to the provisions for bad debts and obsolescence of stock;
- (iv) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost the providing street lighting in the municipal area (note: the costs of the democratic process in the municipality - that is, all expenses associated with the political structures of the municipality shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality)
The intended surplus to be generated for the financial year, such surplus to be applied;
 - i) as an appropriation to capital reserves; and/or
 - ii) generally in relief of rates and general services

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- iii) The cost of approved indigency relief measures

The municipality shall provide the first 50kWh of electricity per month to prepaid consumers on a 20 amp circuit breaker to consumers who have registered as indigents in terms of the municipality's indigency relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage, water and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.

- (v) Tariffs for pre-paid meters will be determined by Council from time to time and no minimum charge shall be levied on properties where pre-paid meters have been installed.
- vi) Multiple step tariffs are utilised to enable the consumer to exercise control over the cost to themselves.
- vii) The following tariff structure will, where possible, be used to determine tariffs.

a) **Water**

Tariff structure: Conventional

- a) Fixed costs plus rising block tariffs will apply to all consumers.

1. The following blocks will apply

| |
|-----------------------|
| Normal Domestic steps |
| 0 - 6kl |
| 7 - 20kl |
| 21 - 30kl |
| 31 - 50kl |
| Above 50kl |

- (b) Method of calculation

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- i) Only registered Indigent Consumers using less than the applicable minimum per month will receive the appropriate 6kl free water.
- ii) The fixed costs of the service shall consist of the costs indicated as such by the council.
- iii) The number of users and estimated volume consumed per category will be used to determine the fixed tariff per category.
- iv) Where properties are not connected to the water service but can reasonably be connected to the service an availability tariff will be payable. The tariff will be determined by the municipal Council on an annual basis.
- v) Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

Tariff structure: Prepaid

- b) Rising block tariffs will apply to all consumers.
 - 1. The following blocks will apply

| |
|-----------------------|
| Normal Domestic steps |
| 0 - 6kl |
| 7 - 20kl |
| 21 - 30kl |
| 31 - 50kl |
| Above 50kl |

(b) Method of calculation

- i) Only registered Indigent Consumers using less than the applicable minimum per month will receive the appropriate 6kl free water.
- ii) No fixed costs of the service shall be applicable.
- iii) Fixed cost will be incorporated in the unit tariff per kiloliter.

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- iv) Where council decide to make a profit on the service the profit will be added to the variable cost before tariffs are calculated.

Electricity

- (a) Tariff structure
 - i) Maximum demand (kVA) plus fixed plus kwh consumed.
 - ii) Fixed tariff plus kWh consumed
 - iii) Unit tariff (Kwh consumed) (pre-payment meters)

- 1. The following blocks will apply

| |
|--|
| Normal Domestic steps |
| 0 - 350kWh (Free units for Indigent consumers) |
| Above 350kWh |

- (b) Method of calculation
 - i) Guidelines issued by the National Electricity Regulator (NERSA) from time to time form the basis of calculating tariffs.
 - ii) To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users. Cross subsidisation between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

| | | | |
|----------------|--|----------------------------|--|
| Cost groupings | | Underlying cost-allocation | |
|----------------|--|----------------------------|--|

TARIFF POLICY - KAI !GARIB MUNICIPALITY

| | Capacity costs: expressed as Rands/kVa/month | bases Variable costs: expressed as Cents/kWh | Customer specific costs: expressed as rands / customer/month |
|---------------|--|--|--|
| Purchase | √ | √ | |
| Capital costs | √ | √ | √ |
| Support costs | √ | | √ |

| | Tariff components | | | |
|---|---|---------------------------------|---|--|
| Tariff types | Fixed charge (rands/ customer/ month) | Energy charge (cents/kWh) | Time-of-use energy charge expressed as (cents/kWh) | Capacity charge expressed as (rands/kVa/ month) |
| One part single energy rate tariff (Lifeline tariff) | | √ | | |
| Two-part tariff | √ | √ | | |
| Two-part time-of use tariff | √ | | √ | |
| Three part tariff | √ | √ | | √ |
| Three part time of use | √ | | √ | √ |

iii) The one-part single energy rate tariff:

1. For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. the recommend methodology for allocating costs into this tariff is as follows;
2. The rands/kVa/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.

TARIFF POLICY - KAI !GARIB MUNICIPALITY

3. The rands/ customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.
- iv) The two-part tariff:
1. The rands/kVa/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.
 2. The rands/customer/month charge is not reallocated into other tariff elements.
 3. The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.
- v) The two-part time-of-use tariff
1. The rands/kVa/month charge must be reallocated into different time-of-use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.
 2. The rands/customer/month charge is not reallocated
- vi) The three-part tariff:
1. The rands/kVa charge recovers the capital cost elements. Some of this cost must be reallocated into different tariff elements.
 2. The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa costs.
 3. the rands/customer/month charge is not reallocated
- vi) the three part time of use tariff:

TARIFF POLICY - KAI !GARIB MUNICIPALITY

1. As with the standard three part tariff, a portion of the rands/kVa/month charge is reallocated into the various time of use cents/kWh charges. The amount of the reallocation takes place with regard to the customer's load factor. The time-variation of the capacity costs is taken into account in the reallocation of the rands/kVa charge into the various time of use cents/kWh charges.
 2. The cents/kwh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa charges.
 3. The rands/customer/month charge is not reallocated
- ii) Where council decides to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- iii) Where properties are not connected to the electricity service but can reasonably be connected to the service an availability tariff will be payable. The Town Electrical Engineer will annually determine the tariff.

Solid Waste (Refuse removal)

- (a) Tariff structure
- (i) Charged by means of rate in the rand
 - (ii) Plastic bags per week (volume 85 liter per bag)
 - (iii) Containers per week/ Wheelie Bin (Volume 240 liter)
- (a) Method of calculation
- (i) the costs per unit will be determined by the actual average cost for refuse removal once a week, including direct and indirect cost.
 - (iv) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariff will be determined based on the estimated volume that will be removed per month.

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- (v) Costs for once-off removals will be calculated per truckload.
 - (vi) Private dumping at the disposal site will be allowed after a tariff based on the estimated volume of the dumping has been paid.
 - (vii) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
- (b) Reallocation of consumers due to excessive consumption
 - (i) Where a consumer is found exceeding the allowed tariff applicable to their allowed category for a period exceeding three months.
 1. They will be moved to the appropriate corresponding tariff from the beginning of the current financial year.
 2. They may approach Council for reinstatement to the original tariff after a period of 12 months.

Waste Water (Sewerage/emptying of conservancy tanks)

- (a) Tariff structure
 - (i) A basic charge will be levied to consumers that is connected to a conservancy tank. This basic charge includes the first 6 kiloliters when emptying a conservancy tank.
 - (ii) When a consumer is connected to the sewerage reticulation network, only a fixed basic charge will be applicable.
- (b) Method of calculation

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- (i) A fixed basic charge will be payable for each property connected to the sewerage reticulation network as well as consumers connected to a conservancy tank.
 - 1. Domestic
 - 2. Business
- (ii) Where properties are not connected to the sewerage network but can reasonably be connected to the service an availability tariff will be payable. The tariff will be calculated by adding a surcharge to the fixed costs applicable to connected consumers per category.
- (iii) An effluent charge will be charged to promote more efficient use of council's sewerage infrastructure.
- (iv) The cost of emptying conservancy tanks will be based on the volume disposed, including an additional charge per kilometer for areas in excess of 10 kilometers from the Treatment works.

Calculation of minor tariffs

- (i) All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3 (4) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the sue of the particular service or amenity.
- (ii) 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.

TARIFF POLICY - KAI !GARIB MUNICIPALITY

- (iii) The following services shall be considered as subsidised services, and the tariffs levied shall cover 50 % or as near as possible to 50 % of the annual operating expenses budgeted for the service concerned.
- (iv) burials and cemeteries
- (v) rentals for the use of municipal sports facilities
- (vi) The following services shall be considered as community services, and no tariffs shall be levied for their use;
 - (a) municipal museum and art gallery
 - (b) disposal of garden refuse at the municipal tip site
 - (c) municipal reference library
 - (d) municipal lending library (except for fines set out below)
- (vii) The following services shall be considered as economic services, and the tariffs levied shall cover 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 provision 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 connection fees
 - (i) Photostat copies and fees
 - (j) clearance certificates for purposes of property transfers
 - (k) town planning fees
- (viii) The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined at a reasonable level (with due regard to direct and indirect costs involved, need for

TARIFF POLICY - KAI !GARIB MUNICIPALITY

discouraging undesirable practices and advantages enjoyed by user) in each annual budget:

- (a) fines for lost or overdue library books
 - (b) advertising sign fees
 - (c) pound fees
 - (d) electricity, water, disconnection and reconnection 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, postdated or otherwise unacceptable cheques
- (ix) Market-related rentals shall be levied for the lease of municipal properties- defined as investment assets
- (x) in the case of rentals for the use of municipal halls and premises, and the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the tariff will be determined yearly by Council and will be included in the tariff structure/book of the municipality.
- (xi) A deposit will be payable for the rental of municipal halls, premises and sports fields, and such deposit will be held back in case the municipality sustaining damages as a result of the use of the facilities concerned.
- (xii) Overdue Amounts
- (a) the Municipality shall be entitled to levy an administration fee on a month to month basis on all overdue accounts subject to such maximum amount per month as the Council may determine.
 - (b) The Municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the Municipality and signed by the consumer, Upon signature of such an acknowledgment of debt, the consumer will become liable for payment of an

TARIFF POLICY - KAI !GARIB MUNICIPALITY

administration fee in such amount as the Council may determine for attending on the debtor and entering into the acknowledgment of debt with the consumer.

(xiii) Meter tempering

A penalty will be payable for the tempering with meters for electricity and water. Council will determine this penalty annually and will be included in the tariff structure/book of the municipality.

10. CAPITAL CONTRIBUTIONS

- (1) For purposes of these tariffs the under mentioned words and expressions shall have the following meanings assigned to them unless the context otherwise requires:
 - (b) "capital contributions", the tariffs payable in respect of the water, electricity, sewerage, stormwater, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;

11. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

- (1) The tariffs will be approved as part of the annual budget
- (2) The tariffs will come into effect as and when determined by the Council

12. IMPLEMENTATION OF THE POLICY

- (1) The principles contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by-laws referred to in section 75 of the Systems Act.
- (2) The council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of council.

TARIFF POLICY - KAI !GARIB MUNICIPALITY

13. **ADJUSTMENT OF ACCOUNTS**

- (1) Where incorrect debits were raised, the accounts under query will be rectified as necessary.

14. **SHORT TITLE**

- (1) This policy is called the Kai !Garib Municipality Tariff Policy.