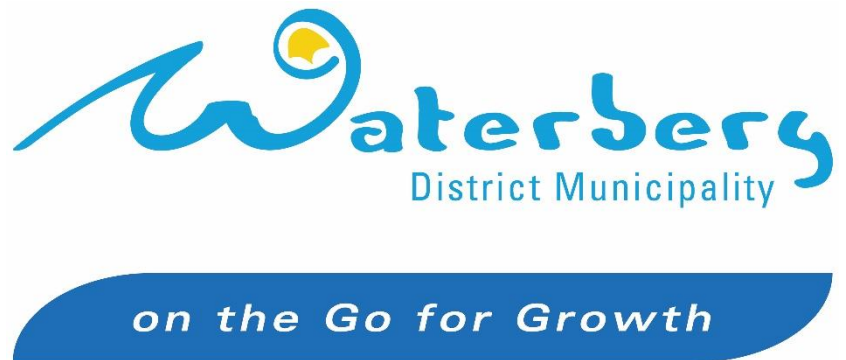
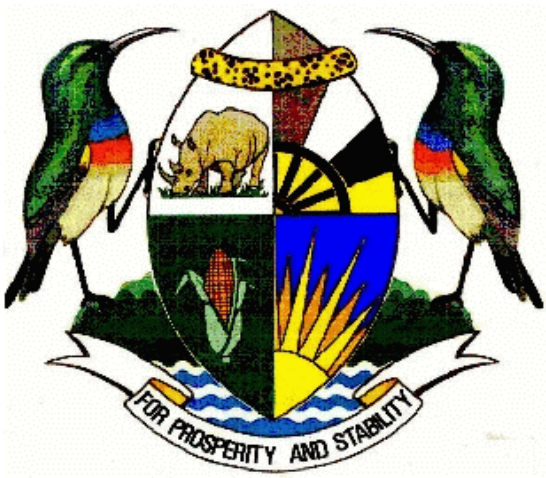


WATERBERG DISTRICT MUNICIPALITY



TARIFF POLICY

31 May 2023

1 PREAMBLE

- 1.1. The tariff policy is compiled, adopted and implemented in terms of the current legislation.
- 1.2. This Policy guides the levying of fees for services provided by the municipality or by way of service delivery agreements. In setting the annual tariffs Municipality shall at all times take due consideration to tariffs applicable elsewhere in the sector and broadly in the economic region.
- 1.3. The latter consideration seeks to address the impact which policy tariffs may have on local economic development.
- 1.4. It is imperative for Municipality to acknowledge that the tariff policy must be driven by the following constitutional provisions: revenue adequacy and certainty; sustainability; effectiveness and efficiency; accountability, transparency and good governance - equity and redress as well as imperatives for development and investment.

2. OBJECTIVES

The policy objectives are to ensure that:

- 2.1. The tariffs of the Municipality conform to acceptable policy principles.
- 2.2. Municipal services are financially sustainable.
- 2.3. There is certainty in the Municipality, of how the tariffs will be determined.
- 2.4. Tariffs of the Municipality comply with the applicable legislation

3. PRINCIPLES

Municipality's tariff policy will reflect the following principles:

- 3.1. Consumers of municipal services should be treated equitably.
- 3.2. Amounts payable for services should be in proportion to usage.
- 3.3. Tariffs must reflect the costs associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges.
- 3.4. Notwithstanding capital sources from elsewhere, tariffs must be set at levels that facilitate the financial sustainability of the service.
- 3.5. Different tariff rates will be applicable to various categories of services.
- 3.6. Recovery of costs on immeasurable services shall be equalised over the total area of jurisdiction of the municipality and the principle of flat rate payment will apply

4. DEFINITIONS

- 4.1. **“Municipal area”**: Means the area in respect of which the municipality has executive and legislative authority as determined by the constitution and the National legislation and the area as demarcated by the Demarcation Act (Act 27 1998).
- 4.2. **“Municipal Council”**: Means a municipal Council referred to in section 157 of the Constitution.
- 4.3. **“Tariff Policy”**: Means a policy on the levying of fees, rates or taxes for the municipal services provided by the municipality itself and that complies with the Municipal Systems Act 2000 (Act 32 of 2000); The Act Means the Municipal Systems Act 2000, (Act 32 of 2000) (MSA).
- 4.4. **“Recovery Cost”**: Resource management expenditure refers to those activities that are required to regulate, manage and maintain the service.
- 4.5. **“Capital Costs (Depreciation)”**: Capital cost expenditure is the Council’s obligation to meet the repayments on loans negotiated to finance the provision of the service.
- 4.6. **“Maintenance Costs”**: These are normal running costs to maintain the service at the established level of service provision.
- 4.7. **“Consumption / Usage”**: In the case of measurable services, the actual cost of usage of the services is easily determined. Where measurable services are provided without measuring devices being installed, the cost will be calculated by using the sectoral charge multiplied by the bulk registered consumption or estimated volume of consumption divided by the number of households/properties.
- 4.8. **“Trading Service”**: Water and sewerage is a trading service. Typically, the consumption of a trading service is measurable and can be apportioned to an individual consumer.
- 4.9. **“Economical Services”**: Sewage and domestic household removal are economic services.
- 4.10. **“Subsidised Services”**: These services include fire-fighting, approving building plans and the construction of buildings, leasing of municipal facilities, and certain town planning functions.
- 4.11. **“Community Services”**: Community Services are those services the consumption of which cannot be determined nor apportioned to individual consumers.
- 4.12. Level of services refers to Industries, Domestic and others.
- 4.13. **“Essential service”**: As defined in Municipal Systems Act., Fire Service is deemed as an essential service if can be shown that an interruption of that service would: “endanger the life, personal safety or health of the whole or any part of the population”.

- 4.14. **“Basic Municipal Services”**: As defined in Municipal Systems Act., means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment.

5. APPLICABLE LEGISLATION

- 5.1. In terms of Section 62 (1) of the Municipal Finance Management Act (MFMA) the Accounting Officer of a Municipality is responsible for managing the fiscal administration of the municipality and in terms of Section (1)(f), must for this purpose take all reasonable steps to ensure that the municipality has and implements a tariff policy referred to in Section 74 of the Municipal Systems Act (MSA).
- 5.2. In terms of S74 (3) of the MSA a tariff policy may differentiate distinct categories of users, debtors, service providers, services and geographical areas subject to ensuring no unfair discrimination.
- 5.3. In terms of Section 10(1) of Fire Brigade Services Act, 99 of 1987, a controlling authority may, subject to any condition contemplated in section 11 (2) (a), determine the fees payable by a person on whose behalf the service of the controlling authority is applied: (a) for the attendance of the service; (b) for the use of the service and equipment; or (c) for any material consumed.
- 5.4. For the purposes of this Policy, the Regional Services Councils Act No. 109 of 1998, the Municipal Finance Management Act No. 53 of 2003, the Water Services Act of 1997 and the Local Government Municipal Systems Amendment Act No. 44 of 2003 has been used as a reference.

6. POLICY PROVISIONS

- 6.1. Essential services refer to:
- 6.1.1. Municipal Health services.
 - 6.1.2. Fire-fighting services.
 - 6.1.3. 6 Air Quality.
- 6.2. Affordable Tariffs - WDM undertakes to keep tariffs at affordable levels and will ensure that:
- 6.2.1. Services are delivered at an appropriate level.
 - 6.2.2. Efficiencies are built into all Municipal operations.

- 6.2.3. A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used.
- 6.2.4. Any service that is provided for which there is little demand, which is priced under the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where the Municipality is by law required to provide such as service.
- 6.3. Payment for Services Rendered.
 - 6.3.1. Consumers of services must pay for the number of services that they use.
- 6.4. Service Delivery Sustainability.
 - 6.4.1. The Municipality must ensure that the services that it provides must be sustainable. Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that its financing is sufficient.
 - 6.4.2. The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical **assets** used in its provision.
 - 6.4.3. Sustainability does not only mean that the price of the services must include all relevant costs element, but it also means that the charges to be levied must be collected.
 - 6.4.4. The Council shall therefore adopt and apply a Credit Control and Debt Collection policy to ensure that service charges are recovered.
- 6.5. Tariff Determination.
 - 6.5.1. Tariffs represent charges levied by Council on consumers for the utilization of services provided by the Municipality. Tariffs shall be calculated in various different ways, dependent upon the nature of the service being provided.
 - 6.5.2. Tariffs shall be set in such a manner so as to recover the cost of the service being provided or recover a portion of those costs.
 - 6.5.3. In exceptional circumstances, such as significant increases in the cost price of goods and services, the Council will review its tariffs during the preparation of the annual budget.
 - 6.5.4. Proposed tariffs shall be presented to the community during the Council's consultations about the budget. Immediately after the Council has determined or amended a tariff, the Accounting Officer must clearly display it at all offices of the Municipality as well as at such other places within the municipal area as he/she may determine. The notice must state:
 - 6.5.4.1. The general purpose of the resolution.
 - 6.5.4.2. The date on which the determination or amendment comes into operation.
 - 6.5.4.3. The date on which the notice is displayed.

- 6.5.4.4. That any person who desires to object to such determination or amendment must do so in writing within 21 days after the date on which the notice was displayed: and
- 6.5.4.5. That any person who cannot write may come during office hours to a place where a staff member of the Municipality named in the notice will assist that person to transcribe his/her objection.
- 6.5.5. If no objection is lodged within the period stated in the notice the determination or amendment will come into operation on the date determined by the municipality. Where an objection is lodged, the Municipality will consider every objection.
- 6.5.6. The municipality shall, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another, on the date on which the determination or amendment will come into operation.
- 6.5.7. After the Council has considered the objections, it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.

6.6. Revenue Sources.

The Council shall finance the affairs of the Municipality by:

- 6.6.1. Charging fees for services; use of equipment and material consumed and,
- 6.6.2. Imposing surcharges on fees, and to the extent authorised by national legislation, other taxes, levies and duties.
- 6.6.3. The Municipality shall establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its budget.
- 6.6.4. The following provisions shall be applicable:
 - 6.6.4.1. Interest shall be charged at a prime rate per annum/per month; must be paid to the Municipality on accounts that have not been paid within thirty days from the date on which such accounts became due.
 - 6.6.4.2. Accounts outstanding for more than six months should incur a prime rate collection charge (Local Authorities Ordinance, Section 171).
 - 6.6.4.3. Any fine imposed or money treated as bail in respect of any offence under the ordinance or a bylaw made by the Council, must be paid to the Municipality.

6.7. Classification of Services, Categories & Levels of Consumers

Traditionally, municipal services have been classified as trading, rates & general services (economic, subsidised and community services) and housing services based on how they are financed. The categorization is as follows:

6.7.1. Trading Services

The tariffs for trading services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidise the tariffs of non-trading services.

6.7.2. Economical Services

The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. The tariffs shall be determined in such a way that the costs for providing a service are recovered.

6.7.3. Subsidised Services

A user charge is payable for using the service, but the tariff is much lower than the actual cost of providing the service.

6.7.4. Tariff Charges.**6.7.4.1. Air Quality fees.**

The atmospheric emission licence processing fees is regulated by the Minister of Environmental Affairs. The fees shall be charged at applicable rate upon application. The processing fees are as follows:

6.7.4.1.1. Application for new atmospheric emission license per listed activity as well as the review of the licences under listed activity.

6.7.4.1.2. Application for atmospheric emission license renewal per listed activity.

6.7.4.1.3. Application for atmospheric emission licence transfer.

6.7.4.2. Municipal Health Services.

The categories of services as set out below shall be charged upon application at the applicable tariff as approved by council in each annual budget. Tariff adjustments will be effective from 1 July each year.

6.7.4.2.1. Certificate of acceptability issued to caterer, food premises and big outlets

6.7.4.2.2. Certificate of fitness of premises (Small business)

6.7.4.2.3. Certificate of competency for funeral undertakers

6.7.4.2.4. Issuing of Heath Report

6.7.4.2.5. Site inspection for circumcision school

6.7.4.3. Fire-fighting services.

The categories of services shall be charged upon application at the applicable tariff as approved by council in each annual budget. Tariff adjustments will be effective from 1 July each year. Amongst others are:

6.7.4.3.1. Callout fees.

6.7.4.3.2. Flammable gases registration.

6.7.4.3.3. Flammable liquids registration.

6.7.4.3.4. Transport Permits.

6.7.4.3.5. Site Inspections.

6.7.4.3.6. Use of Equipment.

6.7.4.3.7. Material consumed.

6.7.4.4. Abattoir Services.

The categories of services as set out below shall be charged upon application at the applicable tariff as approved by council in each annual budget. Tariff adjustments will be effective from 1 July each year.

6.7.4.4.1. Slaughtering fees

6.7.4.4.2. Freezing fees

6.7.4.4.3. Cooling fees

7. IMPLEMENTATION AND MONITORING

7.1. All Managers are responsible for the implementation of this Policy.

7.2. Breaching this Policy may result in a disciplinary action.

8. ANNEXURES

8.1. Annexure 3- Fire fighting Tariffs.