

1.5 Statement of Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. The City annually reviews its tariffs to ascertain whether they are still capable of producing the required revenue envelope, taking note of the prevailing trends. This process of tariff setting takes place within the framework of the City's tariff policy. The tariff policy is premised on principles of financial sustainability, social considerations as relates to the affordability of services, economic soundness and environmental considerations.

When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account. Tariffs were set with a view of striking a balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

National Treasury, on one hand, continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify, in their budget documentation, all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

On the other hand, NT encourages municipalities to set cost-reflective tariffs especially for trading services such as water and sanitation, electricity and refuse removal. Tariffs for the aforementioned services are informed by increase in bulk purchases rather than inflation. The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target, at 16 and 13.5 per cent respectively. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs is largely outside the control of the City.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Within this framework, the City has undertaken the tariff setting process relating to service charges as follows:

Property Rates

Property rates fund approximately 40% of the total revenue requirement of the City. Services funded from property rates include road infrastructure, parks, zoo, transportation, public safety and cross subsidizing refuse removal. Determining the effective property rate tariff is, therefore, a crucial part of the City's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R150 000 of the value of all residential property shall be exempted from rating;
- Different rebates are given to residential property owners who are registered on the City's Expanded Social Package, dependent on points rating;
- Pensioner owners with gross monthly household income of less than R5 600 are given 100% rebate, while those with gross monthly income higher than R5 600 but less than R10 300 qualify for 50%;
- A 20% rebate is given to sectional title residential; and
- 100% rebate for organisations with purpose of animal protection, 20% rebate for heritage sites, 50% for primary and secondary schools, 20% for technical colleges, universities and tertiary institution facilities, 40% for private sports clubs, 50% to vacant land, 50% to property owned by organisations in terms of the Housing Development Scheme for Retired Persons Act.

Rebates are subject to conditions as detailed in the Property Rates Policy.

The City intends increasing property rates by 6% for 2012/13. The categories of rateable properties and the rates for 2012/13 financial year based on a 6% increase from 1 July 2012 are contained below:

Comparison of rates to be levied for the 2012/13 financial year

Category	Ratio 2011/2012	Tariff 2011/2012 (Cents in the Rand)	Ratio 2012/2013	Tariff 2012/2013 (Cents in the Rand)	% increase
Agricultural holdings	1	0.005258	1	0.005573	6
Business	3.5	0.018404	3.5	0.019505	6
Business sectional title	3.5	0.018404	3.5	0.019505	6
Education	0.25	0.001314	0.25	0.001393	6
Public benefit	0.25	0.001314	0.25	0.001393	6
Farming land/property used for bona fide farming	0.25	0.001314	0.25	0.001393	6
Mining	3.5	0.018404	3.5	0.019505	6
Multiple purpose	3.5	0.018404	3.5	0.019505	6
Municipal not rateable	0	0	0	0	0
Municipal rateable	1.2	0.006310	1.2	0.006687	6
Public service infrastructure	0.25	0.001314	0.25	0.001393	6
Religious	0	0	0	0	6
Residential	1	0.005258	1	0.005573	6
Sectional title	1	0.005258	1	0.005573	6
State	1.5	0.007887	1.5	0.008359	6
Vacant	4	0.021033	4	0.022292	6
Residential property with consent use	2	0.010516	2	0.011146	6
Public service infrastructure privately owned	0.25	0.001314	0.25	0.001393	6
Private open spaces	0.25	0.001314	0.25	0.001393	6

Water and Sewerage and Sanitation Services

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, NT is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

It is expected that Rand Water will increase its bulk tariffs by 13.5% from 1 July 2012.

Taking the aforementioned factors into account, the City is proposing an average tariff increase of 14.5% from 1 July 2012 for water and sewerage and sanitation services. 6 kℓ water per 30-day period will again be granted free of charge to all residents. Registered indigents will continue to receive free water and sanitation as per the City's ESP Policy.

The proposed average increase is smoothed across the various bands of the tariff structure as follows:

0 to 6kl	Free
Greater than 6 up to 10kl	5.7%
Greater than 10 up to 15kl	8.7%
Greater than 15 up to 20kl	11.7%
Greater than 20 up to 30kl	13.7%
Greater than 30 up to 40kl	14.5%
In excess of 40kl	15.0%
Institutional and commercial	
Up to 200kl	14.5%
More than 200kl	15.0%
Others	14.5%

The tables below present the proposed water and sewerage and sanitation services for 2012/13.

Proposed water tariffs

Category	Current tariffs 2011/12 Rand per kℓ	Proposed tariffs 2012/13 Rand per kℓ
RESIDENTIAL (METERED AREAS)		
0 to 6kl	Free	Free
Greater than 6 up to 10kl	5.26	5.56
Greater than 10 up to 15kl	7.95	8.64
Greater than 15 up to 20 kl	10.62	11.86
Greater than 20 up to 30kl	13.50	15.35
Greater than 30 up to 40kl	14.09	16.13
In excess of 40kl	17.11	19.68
RESIDENTIAL (PREVIOUSLY DEEMED CONSUMPTION AREAS FITTED WITH PREPAYMENT METERS)		
0 to 6kl	Free	Free
Greater than 6 up to 10kl	4.07	4.30
Greater than 10 up to 15kl	5.07	5.51
Greater than 15 up to 20kl	8.80	9.83
Greater than 20 up to 30kl	12.93	14.70
Greater than 30 up to 40kl	13.50	15.46
In excess of 40kl	16.97	19.52
NON-RESIDENTIAL		
Institutional		
Consumption up to 200kl	12.06	13.81
Consumption exceeding 200kl	12.33	14.18
Industrial/ Commercial		
Consumption up to 200kl	16.67	19.09
Consumption exceeding 200kl	17.04	19.60

In line with the City's ESP policy, registered indigents will receive Free basic water as follows:

Proposed water tariffs for indigents as part of the ESP

Indigent category	Score on prevailing CoJ Poverty Index	Allocation of additional free water per person per day (litres)	Monthly allocation cap of free water per household in which at least 50% of registered social package recipients qualify for the band in question (Kilo-litre)
Band 1	1-34	25l.	10kl.
Band 2	35-70	35l.	12kl.
Band 3	70-100	50l.	15kl.

Note:

Band 3 refers to individuals/ households with no formal income from either grants or employment, or incomes below the individual survival level of R645 per month

Band 2 refers to individuals/ households with some formal income that nonetheless falls below the survival range threshold set by the approved index.

Band 1 refers to individuals / households within the vulnerability range defined by the approved index

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Comparison between current water charges and increases (Domestic- metered)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
15	60.75	65.44	4.69	7.7
20	113.89	124.74	10.85	9.5
25	181.39	201.49	20.10	11.1
30	248.89	278.24	29.35	11.8
40	389.79	439.54	49.75	12.8
50	560.89	636.34	75.45	13.5

Proposed private dwelling domestic sanitation tariffs

ERF Size (m ²)	2011/12 Tariff (R/erf/month)	2012/13 Tariff (R/erf/month)
Up to and including 300m ²	R86.20	R98.70
Larger than 300m ² to 1000m ²	R167.80	R192.13
Larger than 1000m ² to 2000m ²	R253.86	R290.67
Larger than 2000m ²	R365.77	R418.81

Proposed domestic sanitation tariffs in previously deemed consumption areas fitted with prepaid meter connections

Kilolitres per connection per month	2011/12 Tariff Subsidised measured (R/kl)	2012/13 Tariff Subsidised measured (R/kl)
0-6	Free	Free
>6-10	R2.27	R2.40
>10-15	R2.78	R3.02
>15-20	R4.97	R5.55
>20-30	R7.45	R8.47
>30-40	R7.77	R8.90
>40-50	R9.62	R11.06
>50	R12.73	R14.64

Proposed sanitation tariffs for indigents as part of the ESP

Indigent Category	Score on Prevailing COJ Poverty Index	Reduction in sewerage tariff charge for applicable indigent band
Band 1	1-34	70%
Band 2	35-70	100%
Band 3	70-100	100%

Note:

Band 3 refers to individuals/ households with no formal income from either grants or employment, or incomes below the individual survival level of R645 per month.

Band 2 refers to individuals/ households with some formal income that nonetheless falls below the survival range threshold set by the approved index.

Band 1 refers to individuals / households within the vulnerability range defined by the approved index.

Electricity Services

The City applies a stepped tariff structure for electricity services. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to reduce electricity usage and to subsidise the lower consumption users (mostly the poor). The City has entered into discussions with NERSA regarding the suitability of NERSA's proposed stepped tariff compared to that already being implemented by the City. Until the discussions are concluded, the City will maintain the current stepped structure of its electricity tariffs.

NERSA has approved Eskom tariff increase of 13.5%. The City's other supplier of electricity is Kelvin Power. Kelvin Power supplies about 7% of the City's electricity demand. Kelvin is expected to increase its bulk electricity tariff by 29%, driven mainly by primary (coal) energy cost. The total percentage increase to the City is therefore 14.9%. The cost of bulk purchases is the main driver of the City's electricity services- direct costs contribute about 67% of City Power's operating budget. The City is proposing an average tariff increase of 14% for electricity effective from 1 July 2012.

Registered indigents will continue to receive free electricity as per the City's ESP Policy. In addition, the lifeline tariff continues to be heavily subsidized by other consumer categories, significantly businesses. This is to ensure access to the service by all, including the poor.

The proposed tariff increases vary across the tariff bands of the tariff structure as follows:

Life line tariff

The proposed increase on this tariff is 11%. Customers on this tariff may not be as poor as those who are on the Siyasizana programme (ESP).

Single and three phase tariff

The proposed energy increase is 13%, and the service charge by 5%

Prepaid

Prepaid tariff will increase by 13%.

Agriculture

An increase of 15% for both energy and service charge is proposed for agriculture tariff.

Business and Industrial

An increase of 13% and 12% respectively is proposed. This tariff category subsidises the life line and portion of single phase and three phase residential customers.

Free Basic Electricity (FBE)

In line with the City’s Expanded Social Package, FBE will be provided as follows:

FBE as per the ESP

Indigent category	Score on prevailing CoJ Poverty Index	Allocation of additional free electricity per person per day (kWh)	Monthly allocation cap of free electricity per household in which at least 50% of registered social package recipients qualify for the band in question (kWh)
Band 1	1-34	10	50
Band 2	35-70	20	100
Band 3	70-100	30	150

The following presents the proposed tariffs for electricity services for the 2012/13 financial year:

Domestic lifeline

Description		2011/12	2012/13	% increase
Domestic Life-line 1 - Energy (c/kWh)	0 < 300 kWh	70.52	78.28	11%
Domestic Life-line 2 - Energy (c/kWh)	301 < 500 kWh	70.52	78.28	11%
Domestic Life-line 1 - Conventional (c/kWh)	0 < 300 kWh	74.28	82.45	11%
Domestic Life-line 2- Conventional (c/kWh)	301 < 500 kWh	74.28	82.45	11%

Domestic single and three phase

Description		2011/12	2012/13	% increase
Domestic single phase - Service Charge (R/m)	60 A	307,04	322.39	5%
Domestic single phase - Service Charge (R/m)	80 A	321,24	337.30	5%
Domestic single phase - Energy (c/kWh)	0 < 500 kWh	79,31	89.62	13%
	501 < 1 000 kWh	80,65	91.13	13%
	1001 < 2000 kWh	81,99	92.65	13%
	2001 < 3000 kWh	83,98	94.90	13%
	> 3001 kWh	84,99	96.04	13%
Domestic three phase - Service Charge (R/m)	60 A	353,34	371.01	5%
Domestic three phase - Service Charge (R/m)	80 A	377,13	395.99	5%
Domestic three phase - Energy (c/kWh)	0 < 500 kWh	79,31	89.62	13%
	501 < 1 000 kWh	80,65	91.13	13%
	1001 < 2000 kWh	81,99	92.65	13%
	2001 < 3000 kWh	83,98	94.90	13%
	> 3001 kWh	84,99	96.04	13%
Domestic single phase- (Seasonal) -Service charge(R/m)	60 A	307,04	322.39	5%
Domestic single phase- (Seasonal) -Service charge(R/m)	80 A	321,24	337.30	5%
Domestic single phase- (Seasonal) -Energy(c/kWh)	summer			
	0 < 500 kWh	83,19	94.00	13%
	501 < 1 000 kWh	84,47	95.45	13%
	1001 < 2000 kWh	85,77	96.92	13%
	2001 < 3000 kWh	87,05	98.37	13%
	>3001 kWh	88,33	99.81	13%
	winter			
	0 < 500 kWh	125,19	141.46	13%
	501 < 1 000 kWh	127,13	143.66	13%
	1001 < 2000 kWh	129,06	145.84	13%
	2001 < 3000 kWh	131,00	148.03	13%
	> 3001 kWh	132,95	150.23	13%

Description		2011/12	2012/13	% increase
Domestic three phase-(Seasonal) -Service charge(R/m)	60 A	315.48	331.25	5%
Domestic three phase-(Seasonal) -Service charge(R/m)	80 A	336.72	353.56	5%
Domestic three phase- (Seasonal) -Energy(c/kWh)	summer			
	0 < 500 kWh	83,18	93.99	13%
	501 < 1 000 kWh	84,47	95.45	13%
	1001 < 2000 kWh	85,76	96.91	13%
	2001 < 3000 kWh	87,05	98.37	13%
	>3001 kWh	88,34	99.82	13%
	winter			
	0 < 500 kWh	125,18	141.45	13%
	501 < 1 000 kWh	127,12	143.65	13%
	1001 < 2000 kWh	129,07	145.85	13%
	2001 < 3000 kWh	131,01	148.04	13%
	> 3001 kWh	132,95	150.23	13%

Prepaid

Description		2011/2012	2012/2013	% increase
Domestic 2 - prepaid	500 < 1 000 kWh	94,82	107.15	13%
Domestic 3 - prepaid	1001 < 2000 kWh	96,75	109.33	13%
Domestic 4 - prepaid	2001 < 3000 kWh	99,09	111.97	13%
Domestic 5 - prepaid	> 3001 kWh	100,33	113.37	13%

Agriculture

Description		2010/2011	2011/2012	% increase
Agricultural - Service Charge (R/m)	<50 kVA	461,10	530.27	15%
	>50 kVA	539.00	619.85	15%
Agricultural - Energy (c/kWh)	summer	75,10	86.37	15%
	winter	113,10	130.07	15%

Business and Industrial

Description		2011/12	2012/13	% increase
Robot Intersections - Energy (c/kWh)		133,97	152.73	14%
Streetlight and Billboard per luminaire		150,19	171.22	14%
Business - prepaid 1 (<50 kVA) Flat		122,00	137.86	13%
Business - prepaid 2 (<100 KVA) Flat		122,00	137.86	13%
Business - Service Charge (R/m)	<50 kVA	426,90	482.40	13%
Business - Service Charge (R/m)	<100 kVA	516,50	583.65	13%
Business - Service Charge (R/m)	<500 kVA	693,80	783.99	13%
Business - Service Charge (R/m)	>500 kVA	1025,60	1158.93	13%
Business - Energy (c/kWh)	summer			
	0 < 500 kWh	106,40	120.23	13%
	501 < 1 000 kWh	111,36	125.84	13%
	1001 < 2000 kWh	114,02	128.84	13%
	2001 < 3000 kWh	115,58	130.61	13%
	> 3001 kWh	116,38	131.51	13%
	winter			
	0 < 500 kWh	168.88	190.83	13%
	501 < 1 000 kWh	170.22	192.35	13%
	1001 < 2000 kWh	174.00	196.62	13%
	2001 < 3000 kWh	176.70	199.67	13%
	> 3001 kWh	177.8	200.91	13%
Reactive energy for LPU (c/kVArh)		11.56	12.95	12%
kVA LPU Low Voltage - Service Charge (R/m)		1241,50	1390.48	12%
kVA LPU Low Voltage - Energy (c/kWh)	summer	57,56	64.47	12%
	winter	85,15	95.37	12%
kVA LPU Low Voltage - Demand Charge (R/kVA)	summer	168,67	188.91	12%
kVA LPU Low Voltage - Demand Charge (R/kVA)	winter	177,12	198.37	12%
kVA LPU Medium Voltage - Service Charge (R/m)		2484,10	2782.19	12%
kVA LPU Medium Voltage - Energy (c/kWh)	summer	53,00	59.36	12%

Business and Industrial

Description		2011/12	2012/13	% increase
	winter	78,39	87.80	12%
kVA LPU Medium Voltage - Demand Charge (R/kVA)	summer	168,67	188.91	12%
kVA LPU Medium Voltage - Demand Charge (R/kVA)	winter	177,12	198.37	12%
Time Of Use				
kVA LPU Low Voltage - Service Charge (R/m)		9095,20	10186.62	12%
kVA LPU Low Voltage - Energy (c/kWh)	summer			
	peak	84,94	95.98	13%
	standard	62,69	70.84	13%
	off peak	51,94	57.13	10%
	winter			
	peak	184,43	208.41	13%
	standard	87,49	98.86	13%
	off peak	54,84	60.32	10%
kVA LPU Low Voltage - Demand charge (R/m)	summer	145,24	162.67	12%
kVA LPU Low Voltage - Demand charge (R/m)	winter	153,51	171.93	12%
kVA LPU Medium Voltage - Service Charge (R/m)		11185,3	12527.54	12%
kVA LPU Medium Voltage - Energy (c/kWh)	summer			
	peak	75,39	85.19	13%
	standard	56,42	63.75	13%
	off peak	46,72	51.39	10%
	winter			
	peak	177,15	200.18	13%
	standard	68,52	77.43	13%
	off peak	49,32	54.25	10%
kVA LPU Medium voltage - Demand charge	summer	130,66	146.34	12%

Business and Industrial

Description		2011/12	2012/13	% increase
kVA LPU Medium voltage - Demand charge	winter	138,08	154.65	12%
kVA LPU High Voltage - Service Charge (R/m)		11278	12631.36	12%
kVA LPU High Voltage - Energy (c/kWh)	summer			
	peak	60,39	68.24	13%
	standard	44,55	50.34	13%
	off peak	36,93	40.62	10%
	winter			
	peak	137,15	154.98	13%
	standard	54,38	61.45	13%
	off peak	38,98	42.88	10%
kVA LPU High Voltage - Demand charge (R/m)	summer	108,01	120.97	12%
kVA LPU High Voltage - Demand charge (R/m)	winter	113,4	127.01	12%

The following shows the impact of the proposed increases on electricity bills of domestic customers.

Comparison between current electricity charges and increases (domestic)

Monthly consumption Kwh	Current amount payable	Proposed amount payable	Difference
300	211.56	234.84	23.28
500	703.59	770.49	66.90
700	871.59	960.30	88.71
1000	1113.54	1233.69	120.15
2000	1946.84	2175.39	228.55

Waste Removal Services

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. A comprehensive investigation into the cost structure of solid waste function will be undertaken, and this will include investigating alternative service delivery models.

A 6.7% increase in the tariffs for waste removal services is proposed from 1 July 2012. Properties valued at less than R150 000.00 and households registered for the City's ESP will continue to receive free refuse removal services.

The City intends to continue levying commercial or business customers across the City, irrespective of the service provider, a City cleaning levy which contributes towards the cost of rendering non-billable services.

The proposed tariffs and budgetary requirements seek to maintain and improve service levels by:

- Maintaining level 4 cleanliness in the Inner-City;
- Maintaining level 3 cleanliness in the outer central business districts (CBD's) ;
- Maintaining the current level of cleanliness in the informal settlements to levels 2- 3;
- Funding the cost of non-billable services (street and lane cleaning, area cleaning, clearing of illegal dumping spots, garden sites and clearing of carcasses of stray animals);
- Extending services for round collected refuse to upgraded and new housing developments; and
- Rolling out the "Separation at Source" project in phases over years – City-wide programme for reducing, re-using and recycling waste generated in domestic and business premises, as well as during events.

The following tables present the proposed tariffs for refuse removal services for 2012/13.

Domestic customers

Domestic RCR

Property Category	2011/12	2012/13
Property Value less than R150,000	R 0.00	R 0.00
Property Value R150,001 - R300,000	R 77.89	R 83.11
Property Value R300,001 - R500,000	R 90.70	R 96.78
Property Value R500,001 - R700,000	R 103.50	R 110.43
Property Value R701,000 - R1,500,000	R 136.58	R 145.73
Property Value Greater than R1,500,000	R 189.93	R 202.66

Non-billable services

	2012/13 R'000
Domestic RCR	450 431
Domestic Informal	83 520
Street Sweeping	433 772
Illegal Dumping	98 693
Garden Sites	103 729
Total	1 170 144

Non- Domestic Customers

Business City cleaning levy

Property Category	2011/12	2012/13
Less Than R 2 Mil	R 104.57	R 112.73
R 2 Mil to R 5 Mil	R 151.51	R 163.33
R 5 Mil to R 10 Mil	R 240.08	R 258.81
R 10 Mil to R 30 Mil	R 320.10	R 345.07
Above R 30 Mil	R 405.46	R 437.09

Business RCR

Type of Bin	2011/12	2012/13
85 L Bin Tariff per Lift	R 90.66	R 97.73
240L Bin Tariff per Lift	R 208.92	R 225.22
1 100 L Bin Tariff per Lift	R 279.34	R 301.13

Institutions RCR

Description	2011/12	2012/13
Refuse removed once per week (per bin)	R 64.02	R 68.31

Business Dailies

Type of Bin	2011/12	2012/13
85 L Bin Tariff per Lift	R 489.43	R 527.61
120L Bin Tariff per Lift	R 666.66	R 718.66
240 L Bin Tariff per Lift	R 1 325.11	R 1 428.47

Disposal Fees

Waste Category	2011/12	2012/13
Disposal - Excl. Special Indus. Waste (per 500 kg)	R 65.73	R 86.37
Disposal - Special Industrial Waste (per 250 kg)	R 65.73	R 86.37
Disposal - Excl. Special Indus. Waste done after hours (per 500 kg)	R 79.81	R 104.87
Disposal - Green or Organic Waste (per 500 kg)	R 70.42	R 92.53
Disposal -Soil and Material suitable for covering Landfills (per Ton)	R 0.00	R 0.00
Disposal - Excl. Special Indus. Waste (per 500 kg)- For Customers outside the City	R 98.59	R 129.55

Safe disposal

	2011/12	2012/13
Price per ton	R 1 662.64	R 1 792.33
Price 500kg and under	R 831.32	R 896.16

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different categories of households.

Table SA14: Household bills

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent									
Monthly Account for Household - 'Middle Income Range'									
Rates and services charges:									
Property rates	183.33	201.67	225.87	240.99	240.99	6.0%	255.45	270.14	285.80
Electricity: Basic levy	146.39	226.56	274.14	307.04	307.04	5.0%	322.39	380.42	448.90
Electricity: Consumption	427.61	481.80	597.40	806.50	806.50	13.0%	911.30	1 075.33	1 268.89
Water: Basic levy									
Water: Consumption	172.15	203.14	224.02	248.89	248.89	12.0%	278.76	295.23	314.84
Sanitation	105.68	129.00	147.19	167.80	167.80	14.5%	192.13	204.62	220.58
Refuse removal	70.00	87.00	97.00	103.50	103.50	6.7%	110.43	121.48	139.70
Other									
sub-total	1 105.16	1 329.17	1 565.62	1 874.72	1 874.72	10.4%	2 070.46	2 347.22	2 678.71
VAT on Services	129.06	157.85	187.57	228.72	228.72		254.10	290.79	335.01
Total large household bill:	1 234.22	1 487.02	1 753.19	2 103.44	2 103.44	10.5%	2 324.56	2 638.01	3 013.72
% increase/decrease		20.5%	17.9%	20.0%			10.5%	13.5%	14.2%
Monthly Account for Household - 'Affordable Range'									
Rates and services charges:									
Property rates	116.67	128.33	143.73	153.36	153.36	6.0%	162.56	171.91	181.88
Electricity: Basic levy	146.39	226.56	274.14	307.04	307.04	5.0%	322.39	380.42	448.90
Electricity: Consumption	201.64	235.95	293.75	396.55	396.55	13.0%	448.10	528.76	623.94
Water: Basic levy									
Water: Consumption	128.01	149.94	164.12	181.39	181.39	11.0%	201.34	213.63	227.54
Sanitation	54.34	86.27	75.61	86.20	86.20	14.5%	98.70	105.12	113.31
Refuse removal	26.44	76.00	85.00	90.70	90.70	6.7%	96.78	106.45	122.42
Other									
sub-total	673.49	883.05	1 036.35	1 215.24	1 215.24	9.4%	1 329.87	1 506.29	1 717.99
VAT on Services	77.95	105.66	124.97	148.66	148.66		163.42	186.81	215.06
Total small household bill:	751.44	988.71	1 161.32	1 363.90	1 363.90	9.5%	1 493.29	1 693.10	1 933.05
% increase/decrease		31.6%	17.5%	17.4%			9.5%	13.4%	14.2%
			-0.45	-0.00	-1.00				
Monthly Account for Household - 'Indigent' Household receiving free basic services									
Rates and services charges:									
Property rates									
Electricity: Basic levy									
Electricity: Consumption	148.11	170.34	195.89	211.56	211.56	11.0%	234.89	277.10	326.98
Water: Basic levy									
Water: Consumption	96.90	107.17	104.22	113.89	113.89	9.5%	124.71	132.03	140.24
Sanitation									
Refuse removal									
Other									
sub-total	245.01	277.51	300.11	325.45	325.45	10.5%	359.54	409.13	467.22
VAT on Services	34.30	38.85	42.02	45.56	45.56		50.34	57.28	65.41
Total small household bill:	279.31	316.36	342.13	371.01	371.01	10.5%	409.88	466.41	532.63
% increase/decrease		13.3%	8.1%	8.4%			10.5%	13.8%	14.2%



Free Basic Services: Basic Social Services Package

The ESP assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Expanded Social Package Policy. About 120 000 households are currently registered and the number is expected to increase to 200 000 over the medium term.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.