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## MAKANA MUNICIPALITY

### TARRIF POLICY

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POLICY NUMBER:	(F) 2
POLICY NAME	Tariff Policy
POLICY STATUS	Amended
VERSION	1
DATE OF APPROVAL	26 May 2016
DATE OF FIRST IMPLEMENTATION	1 July 2016
DATE OF LAST AMENDMEND	10 May 2016
DATE OF NEXT REVIEW	June 2016
PURPOSE	See Policy
AIMS AND OBJECTIVES	This document describes the Property Rates Policy that will be applicable to the Makana Municipality, with effect from 01 July 2016.
POLICY CUSTODIAN	Directorate: Budget And Treasury
RELATED POLICIES AND LEGISLATION	<ul style="list-style-type: none"><li>• Constitution of the Republic of South Africa 1996, Act 108 of 1996,</li><li>• Municipal Property Rates Act No.6 Of 2004;</li><li>• Municipal Systems Act No: 32 Of 2000</li><li>• Municipal Finance Management Act No: 56 Of 2003</li></ul>
APPROVING AUTHORITY	Council
APPLICABILITY	This policy applies to the rates payers of the municipality.

POLICY BENCHMARK AND REFERENCES	
STAKEHOLDERS CONSULTED	Yes

**TARRIF POLICY**

The policy was adopted by Council on 26 May 2016 and will be effective from 1 July 2016.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Municipal Manager(Accounting Officer)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Executive Mayor

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## ***1. Introduction***

In terms of section 74 of the Local Government : Municipal Systems Act, 2000, the Makana Municipality Council must adopt and implement a Tariff Policy that complies with the provisions of any applicable legislation on the levying of fees for municipal services provided by or on its behalf. The Tariff Policy may differentiate between different categories of users, debtors, service providers, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination. Section 75 of the Systems Act requires that the Council adopt by-laws to give effect to the implementation and enforcement of its Tariff Policy.

## ***2. Definitions***

In this Policy, unless inconsistent with the context-

**“Accounting Officer”** means the municipal manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 177 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000);

**“Accommodation Establishments”** in relation to a property means the supply of overnight facilities to guests and tourists.

**“Additional residential units”** additional units erected on an erf zoned as single or general residential, it can form part of the main structure or be separated. The size of the additional units must vary between 30 and 120 square meters and does not have to have separate service connections. Loose standing units may only have a ground level structure. Each unit must have direct access from ground level.

**“Availability charges”** An availability charge for electricity, water and sewerage as determined from time to time by the Council shall be levied on all properties with or without improvements, whether or not the property is connected to the electricity reticulation / water network / sewerage network systems of the Council. Such fee shall be levied only if;

1. a monthly Basic fee is not levied;
2. the property is adjacent to such a service; and
3. in the opinion of the Council, the services can reasonably be connected.

**“customer/user”** means any person to whom a service is rendered or made available by



the council;

**"households"** all matured persons older than 18 years that occupied a property within the jurisdiction of the Council regardless whether the person rents or owns the property;

**"indigent household"** a Household qualify as indigent on the following conditions:

- (i) Total monthly household income must not be more than twice (2x) the monthly State old age pension; and
- (ii) The average electricity consumption for the past four months must not exceed 400kwh per month, and
- (iii) The average water consumption for the past four months must not exceed 6kl water per month.

**"Interest"** means a charge levied, with the same legal priority as service charges, on arrear amounts calculated at an interest rate which is at the prime interest rate;

**"municipal area"** means the area in respect of which the municipality has executive and legislative authority as determined by the Constitution and national legislation and the area as demarcated by the Demarcation Act 1998 (Act 27 of 1998);

**"municipal council"** means the council of Makana Municipality; **"municipality"** means:

- (a) an organ of state within the local sphere of government exercising legislative and executive authority in an area determined under the Local Government: Municipal Demarcation Act 1998 (Act 27 of 1998);
- (b) a municipality consists of:
  - (i) the political structures and administration of the municipality;And
  - (ii) the community of the municipality;
- (c) functions in the area in keeping with the political, statutory and other relationships between its political structures, political office bearers and administration and its community; and
- (d) as a separately legal personality that excludes liability on the part of its community for the actions of the municipality.

“**occupier**” means the person who controls and resides on, or who controls and otherwise uses immovable property or a portion thereof; provided that-

(a) the husband or wife of the owner of immovable property which is at any time used by such owner and husband or wife as a dwelling, shall be deemed to be the occupier thereof;

(b) where husband and wife both reside on immovable property and one of them is an occupier thereof, the other shall also be deemed to be an occupier thereof, and

(c) a person who-

(i) resides in or occupies a room or rooms in a boarding house, lodging house, home for elderly people (other than a person, and the husband or wife of such person, who, by paying a capital amount, has acquired and exercises a lifelong right to so reside in or occupy a room or rooms in a home for elderly people), hostel, hotel, motel, boatel, club mess, barracks, nurses home or other place of a like nature;

(ii) resides in or occupies a separate room or rooms on immovable property occupied by any relative of such person;

(iii) as a boarder or lodger, resides in or occupies a room or rooms on immovable property owned or occupied by any other person; or

(iv) occupies an area of land or building or portion of a building solely for the purpose of parking, leaving or storing any vehicle or craft thereon or therein;

shall be deemed not to be an occupier of the immovable property concerned.

“**owner**” means

(a) the person in whom the legal title to the premises is vested;

(b) in a case where the person in whom the legal title is vested is insolvent or deceased, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator or other legal representative;

(c) in any case where the Municipality is unable to determine the identity of such person, a person who is entitled to the benefit of such premises or a building thereof;

(d) leased for a period of not less than 30 (thirty) years, whether the lease is registered or not, the

lessee thereof;

(e) in relation to –

- (i) a piece of land delineated on a sectional plan registered in terms of the Sectional titles Act 1986, (Act 95 of 1986), and without restricting the above provisions, the developer or the body corporate in respect of the common property, or
- (ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed, including the lawfully appointed representative of such person;

(f) any legal person including but not limited to:

- (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973) Trust *inter vivos*, Trust *mortis causa*, a closed Corporations Act, 1984 (Act 69 of 1984), and a Voluntary Association;
- (ii) any government department;
- (iii) any council or board established in terms of any legislation applicable to the Republic of South Africa;
- (iv) any embassy or other foreign entity;

(g) owned by a council and which has been disposed of, but which has not been transferred to the person it has been disposed of, from the date of the disposition concerned, such person; and

(h) owned by or under the control or management of a council while held under a lease of any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the immovable.

**"poor households"** A household qualify as a poor household on the following conditions:

(a) Total monthly household income must be more than twice (2x ) the monthly State old age pension, but less than an amount determined by Council;

(b) The average electricity consumption for the past four months must not exceed 400kwh per month;

and

(c) The average water consumption for the past four months must not exceed 6kl water per month;

"**Private Open Space (POS)**" means vacant land belonging to private owners;

"**Public benefit organisation (PBO)**" means properties owned by public benefit organisations and used for any specific public benefit activities listed in Part 1 of the 'Ninth Schedule to the Income Tax Act;

"**Public Open Space Municipality (POSM)**" means vacant land owned by the Municipality;

"**Public Open Space Private (POSP)**" means small pieces of vacant land in private complexes used for playgrounds, parking, gardening, etc;

"**Public Service Infrastructure (PSI)**" means publicly controlled infrastructure such as, national, provincial or other public roads, railway lines, etc. (full definition included under MPRA above);

"**Public Service Infrastructure Private (PSIP)**" properties, mostly found in private owned complexes used for streets, right of way, pavements, etc;

"**Tariff Policy**" means a Tariff Policy on the levying of fees, rates or taxes for 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);

### ***3. General Principles***

#### **3.1 Objective**

The objective of this Tariff Policy is to ensure the following:

- (a) Tariffs must conform to acceptable policy principles;
- (b) Municipal services must be sustainable;
- (c) Tariffs must comply with the applicable legislation; and
- (d) Tariffs should take poor people and limited consumption into consideration

#### **3.2 Responsibility / accountability**

The Makana Council has the overall responsibility of laying down the Tariff Policy.

### 3.3 Tariff Policy principles

In terms of section 74(2) of the Systems Act 2000, the Municipality's Tariff Policy reflects the following principles:

- (a) Users of municipal services are treated equitably in the application of tariffs;
- (b) The amount individual users pay for services are generally in proportion to their use of that service;
- (c) Poor households have access to at least basic services through:
  - (i) Special or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
  - (ii) Any other direct or indirect method of subsidisation of tariffs for poor households;
  - (iii) Tariffs reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges;
- (d) Tariffs are set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned. A service is financially sustainable when it is provided in a manner that would ensure its financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision;
- (e) Provision is made in appropriate circumstances for a surcharge or a rebate on the tariff for a service;
- (f) Provision is made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- (g) The economical, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives are encouraged; and
- (h) The extent of subsidisation of tariffs for poor households and other categories of users are fully disclosed;

- (i) It can be further stated that tariffs, rates and the employment of resources, in general, take into account the Council's IDP principles and goals.

#### ***4. Need for a Tariff Policy***

##### **4.1 Revenue adequacy and certainty**

The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must:

- (a) Fully exploit the available sources of revenue to meet its development objectives; and
- (b) Be reasonably certain of its revenue to allow for realistic planning.

##### **4.2 Sustainability**

Financial sustainability requires a budget that balances. This means that the Municipality must ensure that:

- (a) Services are provided at affordable levels; and
- (b) It is able to recover the costs of service delivery.

It must be realised that no bailout will be provided if the budget is exceeded or if proper financial management controls are not established. Indigent members of the community have the right to have access to at least a minimum level of basic services. Therefore, there is a need to subsidise poor households, who are unable to pay for full service costs.

##### **4.3 Effective and Efficient resource use**

Resources are scarce and must be used in the best possible way to reap the maximum benefit for the community. However, there are no mechanisms available to ensure the effective allocation of resources. It is therefore important that the community provide the necessary checks and balances. They can do this by participating in the budget process. Efficiencies in spending and resource allocation will ultimately increase the access of the poor to basic services.

#### 4.4 Accountability, Transparency and Good Governance

The Municipality must be accountable to the community for the use of its resources. Councillors must be able to:

- (a) Justify their expenditure decisions; and
- (b) Explain why and how, the revenue necessary to sustain expenditure is raised.

Budgeting and the financial affairs must be open to public scrutiny. The community must have greater voice making decisions about how revenue is raised and spent. Community participation in budgeting must include those groups in the community who face particular constraints in participating. It must also include a capacity-building component to ensure that people understand the prioritisation process (why resources are allocated to one area rather than another).

#### 4.5 Equity and Redistribution

Members of the community must be treated equitably with regard to the provision of services.

#### 4.6 Development and Investment

Meeting basic needs in the context of existing services backlogs will require increased investment in municipal infrastructure.

### 5. Sources of Revenue

(a) In terms of section 229 of the Constitution of the Republic of South Africa 1996, Act 108 of 1996, the Municipality may impose:

- (i) Rates on property and surcharges on fees for service providers by or on behalf of the Municipality; and
- (ii) If authorised by national legislation, other taxes, levies and duties appropriate to local government, but it may not impose tax, value added tax, general sales tax or customs duty.

b) The power of the Municipality to impose rates on property, surcharges on fees for services provided by or on behalf of the Municipality, or other taxes, levies or duties:

- (i) May not be exercised in a way that materially and unreasonably prejudices national economic

policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and

(ii) May be regulated by national legislation.

(c) In terms of section 4(1)(a) of the Systems Act, the Council has the right, amongst other things, to finance the affairs of the Municipality by:

(i) Charging fees for services; and

(ii) Imposing surcharges on fees, rates on property and to the extent authorised by national legislation, other taxes, levies and duties.

Section 16 of the Systems Act requires the Municipality to establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its budget.

## ***6. Pricing Strategy***

The strategy must be to recover the full financial cost of rendering the services required by and delivered to the community from the community, including the cost of capital. The points of departure pertaining to a pricing strategy are:

(a) The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;

(b) The second point will be to ensure a sustainable service delivery based on the set service level; and

(c) The third point will be the upgrading of services to higher levels in accordance with the level of affordability by the community and the ability to render the upgraded services in a sustainable manner.

The following must be considered in the pricing strategy in order to accurately determine and recover the cost pertaining to a service:

### ***6.1 Management cost***

Resource management expenditure is those activities that are required to deliver, regulate, manage and maintain the service.



### **6.2 Capital costs**

Capital cost expenditure is the obligation to meet the repayments on loans negotiated to finance the provision of the service.

### **6.3 Maintenance costs**

These are normal running costs to maintain the service at the established level of service provision.

### **6.4 Consumption / Usage**

In the case of a measurable service, the actual cost of usage of the service is easily determined. Where measurable services are provided (usually to informal areas) without measuring devices being installed, the cost will be calculated by using the appropriate charge multiplied by the bulk registered consumption or estimated volume of consumption divided by the number of households / properties.

### **6.5 Cost of immeasurable services**

These services are normally community based and subsidised services and the cost will be recoverable through a rating policy as determined from time to time. Recovery of costs will therefore be equalised over the total area of jurisdiction and the principle of collective payment will apply.

## **7. Categories of Tariff Charges**

### **7.1 Services charges**

An important source of local own revenue is charges that are directly related to the provision of municipal services. The majority of these are utility charges, such as electricity and water, which have contributed significantly to the growth of revenue of municipalities. Cost recovery is an essential part of sustainable service delivery. The system of revenue sharing within a service is aimed at subsidising the operating costs of basic services to indigent and low-income households.

### **7.2 Collection of levies**

The municipality may in future be required to impose and collect levies for other authorities, such as a District Municipality, or community based organisations. Such levies are imposed as the result of provisions contained in acts or bylaws and individual service delivery agreements. The municipality acts as an agent for such an organisation and may recover its cost by means of commissions or administration fees.

## ***8. Legislation***

Section 160 of the Constitution determines that the Municipality may not delegate the power to impose taxes, tariffs and other charges. Such tariffs must be approved by means of a decision of the majority of the Councillors in a Council, after taking all the required factors into consideration.

### **8.1 Water & Sanitation**

In respect of the provision of water and sanitation services, the Water Services Act of 1997 determines that a Municipality or another water services provider must supply water and sanitation services in terms of conditions set by the Municipality. The condition that must be set, amongst other things, is to provide for the determination and structure of tariffs. These powers must be read with section 21 of the Act in terms of which the Municipality must pass bylaws that provide, amongst other things, for the determination and structure of tariffs and the payment and collection of money due for water and sanitation.

### **8.2 Electricity**

In terms of section 9 of the Electricity Act 1987 the holder of an electricity license may not charge any consumer with other tariffs than those specified in the schedule of approved tariffs in its license. Further, a Municipality that holds an electricity license is obliged to supply electricity within the area of supply mentioned in its license, to every applicant who is in a position to make satisfactory arrangements for payment thereof.

### **8.3 Other Services**

In terms of section 74 of the Systems Act, the Council must adopt and implement a Tariff Policy that complies with the provisions of any applicable legislation on the levying for municipal services provided by or on its behalf. The Tariff Policy may differ between different categories of users, debtors, service providers, service standards geographical areas and other matters as long as the differentiation does not promote discrimination. Section 75 of the Systems Act requires that the Council adopt a bylaw effecting to the implementation and enforcement of its Tariff Policy. Such bylaws may differentiate between categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount in discrimination.

## ***9. Classification of Services***

Traditionally, municipal services have been classified into five groups:

### **9.1 Trading services**

Water and electricity provisions are trading services. Typically the consumption of a trading service is measurable and can be apportioned to an individual consumer. These services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus is realised. The trading surplus is used to subsidise the tariffs of non-trading services, in other words, to

relieve property rates.

### 9.2 Economical services

Sewerage and refuse removal are economic services. Whilst they are also managed like businesses, the tariffs for services are determined in such a way that user charges cover the cost of providing the service. It is, however, common practice to set tariffs at a profit margin if possible subsidise tariffs on non-trading services.

### 9.3 Subsidised services

Subsidised services include fire fighting, approving building plans and the construction of buildings, leasing of municipal facilities, selling of burial sites and certain town planning functions. The consumption of subsidised services can be determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs for using this service were based on its real cost, nobody would be able to afford it. In most cases not only would the consumer benefit from using the service, but also other people. A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service.

### 9.4 Community services

Community services are those services where the consumption cannot be determined nor apportioned to individual consumers. These services are typically financed through rates. Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, the establishment management and maintenance of cemeteries and traffic regulation.

### 9.5 Support services

The Municipality also provides services in support of the above- mentioned services. These are staff functions and include secretarial and committee services, records and archives, financial-, technical- and corporate management, accounting and stores, Information Technology, occupational health and safety and human resources management. These services are financed through property rates.

## ***10. Policy Proposal***

### **10.1 A minimum amount of basic services must be subsidised to the poor.**

- (a) The Municipality subscribes to a policy that entitles poor households which includes indigent consumers to a minimum amount of subsidised basic services. A basic service is a service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety of the environment. This goal is achieved by providing a minimum amount of subsidised basic services to such consumers through its policy on indigence.

The specific services are:

- (i) Potable water;
- (ii) Domestic sewerage removal;
- (iii) Domestic refuse removal; and
- (iv) Electricity

- (b) The determination of minimum levels of these services is influenced by national guidelines as well as local social and economic conditions.
- (c) The subsidies are financed from the Equitable Share allocations by National Treasury in terms of which the Division of Revenue Act must be determined in such a way that the sustainability of the special fund, created for this purpose, be guaranteed. Council will strive to minimise the burden of shortfalls in subsidies in poor households. Any shortfalls can be subsidised by Rates and Service charges.

### 10.2 Keeping tariffs affordable

The Council is keenly aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at affordable levels as far as possible. In order to ensure that tariffs remain affordable, the Council will ensure that:

- (a) Services are delivered at an appropriate level;
- (b) Efficiency improvements are actively pursued across all its operations;
- (c) 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 the appropriate service delivery mechanisms are used;
- (d) Any service that is provided for which there is little demand, that is priced under the actual cost of providing it, and which requires the maintenance of significant infrastructure and other facilities, will be phased out, except where the Council is by law required to provide such a service.

### 10.3 Fully exploiting sources of revenue

- (a) Property rates are an important source of discretionary revenue for the Municipality. It is used to finance services that cannot be apportioned to individual consumers and to balance the budget after service charges have been determined. It is therefore imperative that property rates must be imposed on, and is payable in respect of, all rateable properties within the municipal area. All rateable properties will be subject to and liable for paying rates.

(b) Consequently it is the policy of the Council:

- (i) That tariffs for service and property rates will be reviewed annually;
- (ii) That tariff increases must be in line with increases in the price of goods, material and other resources acquired and used by the Municipality to perform its function, as well as any specific costs relating to the supply of a service during a financial year; and
- (iii) The tariff for a particular service must be calculated in such a way that all relevant costs are covered. This means that a tariff for a service must include at least the capital expenditure required and interest thereon, the cost of managing and operating the service and the cost of maintaining, repairing and replacing the physical assets used in its provision – this is only applicable for Economic and Trading Services.

#### **10.4 Introducing the "Consumer Must Pay Principle"**

Having regard for the above-mentioned policy on a minimum amount of subsidised basic services for the indigent, the Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption of services, the Council will develop a program to install meters in appropriate cases. Also it is the Council's policy that the tariffs for such services must include all relevant cost factors.

#### **10.5 Redistribution / Cross-subsidisation**

Those that pay higher property rates based on the value of their properties, in fact subsidise those who pay less tax. The Council will ensure that the cross-subsidisation occurs between and within services to further contribute to its redistribution objectives.

#### **10.6 Promoting local economic competitiveness and development**

The size of the property rates and service charges accounts presented to local business is a significant business overhead for any business enterprise in the municipal area. The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival. The Council will take care that the municipal account presented to local business is fair. To ensure fairness toward local business the Council will, when it determines tariffs, take into account the desire:

- (a) To promote local economic competitiveness; and
- (b) To promote local economic development and growth.

### 10.7 Ensuring financial sustainability of service delivery

- (a) The Constitution, Systems Act and Water Services Act require that 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. 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. However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that the charges to be levied must be collected.
- (b) The Council therefore adopted and applies a Credit Control policy to ensure that property rates and service charges are recovered. Where a trading and economic service is available to a property, an availability levy is imposed if the occupier of the property does not use the service concerned or if the property is vacant. The availability levy must be adequate to cover the pro rata cost of the initial capital expenditure and the maintenance of the infrastructure associated with service delivery.

### 10.8 Tariff determination process

- (a) Except in special circumstances, such as significant increases in the wholesale price of goods and services that the Council purchases during a year to provide services, the Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above. Proposed tariffs will be presented to the community during the Council's consultations on the budget.
- (b) Immediately after the Council has determined or amended a tariff, the Accounting Officer must cause a notice in this regard to be displayed at a place installed for this purpose at all the offices of the Municipality as well as at such other places within the municipal area as she/he may determine. The notice must state:
  - (i) The general purpose of the resolution;
  - (ii) The date on which the notice is displayed;
  - (iii) That any person who desires to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed; and
  - (iv) 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 her/his objection.
- (c) 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 Council. Where an objection is lodged, every

objection must be considered. The Council may, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another tariff and the date on which the determination or amendment will come into operation.

- (d) After the Council has determined another tariff, it will again give notice of the determination, amendment or date as determined above and will also publish it as prescribed.
- (e) All tariff adjustments shall be effective from the first account levied in July of each year.

#### **10.9 Limiting of the financial risk of service delivery**

(a) Due to the fact that accounts for most services are payable between three and six weeks after the services were rendered, it is necessary to hold guarantees, in the form of deposits, for such consumers:

- (i) to cover the cost of services not yet billed; and
- (ii) as a guarantee against non-payment of accounts, as stipulated in the policy on credit control.

(b) As a part of the assessment of risks involved in the supply of services to consumers, the Council must decide whether the risks are sufficiently covered or whether deposits should be held in respect of a service by a consumer as well as the amount of such a deposit.

(c) The risk of the provision of a service to each consumer must be assessed and a deposit should be calculated, taking into account, the consumption patterns of a specific consumer or property. Although this effectively reduces risk, the administration of such individual assessments in a high customer turnover environment may not be a practical and economically viable option. It must be further noted that, although the risk of service delivery is minimised if deposits are held, it soon becomes insufficient as the cost of service delivery increases and the deposit remains at the same level. It is very unpopular to increase deposits regularly and deposits of current consumers are only adjusted on default.

(d) As an alternative deposits may be standardised for different services, consumers or locations. Although this method simplifies the administration of deposits, it does not cater for individual needs and may not necessarily provide sufficient coverage of the risks involved.

In practice it is found that a combination of the two methods provides a suitable solution to the problem.

- (i) Standardised deposits are applied in respect of services for which the risks can be

calculated, especially if such risks are not influenced by personal consumption variances.

(ii) Minimum levels of deposit are calculated in respect of the average exposure per group of consumers within a service, i.e. domestic. Should it be necessary to adjust such a deposit to a higher level due to higher consumption patterns or other risks, it is done at the discretion of the official, following clear guidelines in this respect.

(iii) Adjustment of deposits resulting from non-payment of account is described in the policy on credit control.

Due to the tendency of liquidators to immediately seize any bank guarantees issued by insolvent estates or business entities, the Council decided not to accept bank guarantees as a guarantee for service delivery.

(e) When a tenant defaults on payment of a deposit or for services, the owner stays liable.

(f) Where changes are made on existing installations or services the deposit must be adjusted to the required deposit at the time of change

(g) No deposit will be refunded except where the account has been finalised and the final debits were raised, and if the owner of the deposit does not have any other arrear accounts with the municipality.

(h) No interest shall be payable by the Municipality on the amount of a deposit held by it in terms of this Section.

(i) Council reserves the right to refuse services where no deposit has been paid.

(j) A special Service deposit for subsidised households, as annually determined by Council during the budget process, is applicable.

#### **10.10 Limiting of financial risk pertaining to new tariff options**

(a) In the course of the budgetary process tariffs are calculated at levels that will produce the income required to cover costs for a financial year or to reach the required surplus. Any changes in tariff structures and the level of tariffs during the course of a financial year, will impact on income. The amendment of tariff structures during a financial year should therefore take into account the effect thereof on the budget.



(b) In order to regulate such amendments and to prevent a drastic impact on the budget, the following rules must be applied:

- (i) the Council must consider and approve/not approve all requests for amendments.
- (ii) Request for amendments must be accompanied by detailed calculations and estimates of the impact thereof on the budget. Such calculations should furthermore take into account all the relevant factors and be backed by data and projections over reasonable period. Such impacts must be verified by the department of the Manager: Financial Services
- (iii) The Council may approve only amendments that can be accommodated in such a way that it will not have a detrimental effect on the operating budget.
- (iv) Any amendment to tariff structures, in respect of trading and economic services, that may impose a drastic impact on the present budget may only be considered for the next financial year and should form part of a new budgetary process.

#### 10.11 Discontinuation of services and the final account

(a) Discontinuation of services and rendering of a final account will always be between two debit raisings. Thus any request for discontinuation of services after the 16th of a month (or if on a weekend or public holiday the first working day thereafter) will only be finalised with the next debit raising of the following month and the basic for that period will be payable.

(b) The basic fee for water or electricity will only be levied on accounts with active meters. This is to ensure that the basic fee is not duplicated where one consumer vacates a property and a new consumer moves in. For example if a final account is requested during a period as mentioned in (d) above, the meter will stay active until the following debit raising when the account will be finalised and transferred to the new consumer. Although the new consumer will be liable for the water usage from date of the final reading the basic fee will only be levied from the following debit raising when the meter becomes active on the new account.

### 11 Property Rates

11.1 The usage of a property will be determined by the relevant Rates Category as per the category on the valuation roll e.g.

- if any property is used as a business, the business tariff will apply
- if an agricultural property is used or partly used for business the property or portion will be levied on the applicable tariff as accepted by Council.

11.2 The following rates tariff structure will apply as from the 2014/2015 financial year.

#### TARIFF STRUCTURE

PROPERTY TYPE	CENT IN RAND (RANDAGE/TARRIF)
1. Businesses	0.013872
2. Government Properties (e.g Public Schools, Government Buildings, etc)	0.017836
3. Schools (Private and Public)	0.004672
4. Residential Properties	0.004672
5. Tertiary Institutions (e.g University)	0.009202
6. Domestic Farmers (bona fide farmers)	0.001168
7. Public Service Infrastructure (PSI)	0.001168
8. Industrial Properties	0.006936
9. Tourism/Game	0.001168
10. RDP Houses	0.001168
11. Sectional Titles	0.004672
12. B&B Properties	0.005096
13. Museum Properties	EXEMPT
14. Sporting Bodies	EXEMPT
15. Place of Worship	EXEMPT
16. Public Benefit organisations	0.001168

Please note that the municipality does not levy property rates on places of worship (churches) as in line with the Property Rates Act and the Council's Property Rates Policy. Also note that rebates as per Council Resolution, as well as rebates as per the Municipal Property Rates Act No. 6 of 2004 for all the qualifying rateable properties are available on application, which must be completed on or before 30 September each year.

### **11.3 Categories applicable to the Municipality**

- (a) Accommodation establishments
- (b) Additional Residential Units
- (c) Businesses and Commercial Properties
- (d) Central Business District
- (e) Farm Properties used for
  - (i) Agricultural purposes
  - (ii) accommodation purposes
  - (iii) residential purposes
  - (iv) business and commercial purposes
  - (v) multipurpose
- (f) Government
- (g) Industrial
- (h) Municipal Properties
- (i) National Monuments
- (j) Place of Worship – Church
- (k) Place of Worship – Parsonages
- (l) Public Benefit Organisations
- (m) Public Open Space
- (n) Public Service Infrastructure
- (o) Residential

### **11.4 Properties exempted from paying property rates**

- (a) Municipal Properties
- (b) Churches
- (c) Parsonages
- (d) Sporting bodies
- (e) Museum properties
- (f) Public Open Space
- (g) RIP (Cemetery)

### **11.5 Requirements for Pensioners Discount**

- (a) The applicant must be the registered owner; and
- (b) The person must occupy the property permanently; and
- (c) Minimum age of the registered owner and his/her spouse must be at least 60 years or older; or

- (d) The registered owner of the property is declared medical unfit and receives a pension to this effect; and
- (e) Not be the owner of more than one property nationally;
- (f) The total income of the husband and wife may not exceed the amount determined by council during the annual budget.

#### **11.6 Public Service Infrastructure (PSI)**

- (a) For Public Service Infrastructure (as defined in the MPRA) the first 30% of its market value in terms of section 17(1)(a) of the MPRA is exempted from paying rates.

#### **11.7 Responsibility for payment of accounts**

- (a) The owner will be liable for payment of rates and all Municipal service charges.
- (b) The owner is responsible for all debits raised against the erf,
- (c) Any disputes between owners or an owner and tenant must be resolved by them, employees of the Municipality may not get involved.

#### ***12. Tariffs for trading economical and other services***

Electricity and water supply are treated as trading services, operated as separate accounts with the aim of producing a profit to be utilised as a subsidy for other services.

- (a) The supply of and tariff structures for these services are influenced by local conditions as well as national guidelines and prescriptions by the National Electricity Regulator (NER) and the Water Services Act.
- (b) Sewerage and refuse removal are treated as economical services.  
Tariffs structures are only influenced by local conditions, but the cost of these services are influenced by regional and national regulations as well as minimum standards that must be conformed to.
- (c) Cost related to the provision of services can be grouped into two basic elements, i.e.
  - (i) Fixed costs can be regarded as basic cost and is used as a basis to calculate availability fees in respect of such a service, if applicable. These cost elements are not directly influenced by variances in demand for a service.
  - (ii) Variable production costs, which consists of the direct production cost elements. Increases or decreases in production costs can directly be attributed to variances in demand for a

service. These costs are treated as consumption costs of such services.

### **13 Deposits**

#### **13.1 Electricity deposits**

- (a) Credit meters for domestic use, and all other users except businesses and accommodation establishments, but including churches, schools, crèches, general lighting, swimming pools, lifts;
- (b) Business: Single Phase credit meters on the two-part tariff;
- (c) Domestic Three-Phase tariff for credit meters including churches, schools, crèches, general lighting, swimming pools, lifts;
- (d) Domestic Three-Phase tariff for credit meters including churches, schools, crèches, general lighting, swimming pools, lifts;
- (e) Business: Three Phase credit meter two-part tariff;
- (f) Light Industrial meters;
- (g) Bulk meters;
- (h) Time-of-use meters.
- (i) Commercial, Business and Industrial;
  - Deposits on businesses will be levied according to twice the highest bill during the previous 12 months.
  - New connections at new extensions of businesses will be as specified in the tariff list for the current year.

#### **13.2 Water and other service deposits**

- (i) Subsidised
- (ii) Economic
- (iii) Additional household or business units
- (iv) Medium consumers
- (v) Bulk consumers

#### **13.3 Builders deposits**

#### 13.4 Breakage deposits - Sport facilities, Halls and Club houses.

#### 13.5 General

- (i) Tariffs as well as the minimum levels of deposits will be revised annually during the budgetary process.
- (ii) The minimum levels for deposits may be increased for individual consumers at the discretion of Chief Financial Officer, should consumption levels or other risks necessitate it.
- (iii) No new account will be opened or deposits accepted if there is an arrear amount outstanding on the current account of a consumer except where the only arrear services are on the consolidated account of the owner and the owner is deceased or untraceable (as per the Credit Control Policy of the municipality)

### *14 Electricity Tariffs*

#### 14.1 General

(a) In addition to general cost factors, the following will be considered in the determination of a tariff structure for electricity:

- (i) Bulk electricity is supplied by a sole supplier, Eskom, and distributed by the Municipality via an electricity reticulation system consisting of substations, mini substations, underground and overhead distribution lines and metered connections to consumers.
- (ii) Minimum standards for distribution are determined nationally and must be adhered to in order to conform to both safety and continuity of supply norms.
- (iii) Due to the fact that a large part of the operating expenditure consists of bulk electricity purchases, tariff structures and levels are very sensitive to any change in the cost of supply by Eskom.

(b) Electricity is supplied under a distribution license, granted by the National Electricity Regulator (NER) for a specific area of jurisdiction, which also regulates the following aspects:

- (i) classification of consumer categories;
- (ii) permissible tariff structure options are determined at a national level and distributors are obliged to apply these structures to obtain uniformity;
- (iii) all tariff structures and tariffs must be approved by the NER prior to application thereof by a distributor;

(c) The following tariff structure options are available: **(subject to reviewal)**

**(i) one-part tariff**

This tariff consists of a tariff expressed as a cent per kWh charge only and does not contain a fixed monthly charge (basic or minimum charge)

**(ii) two-part tariff**

This tariff is also applicable to residential and business application and contains a fixed or basic fee, combined with an energy fee.

**(iii) Two-part demand tariff**

a demand meter is installed to determine the demand factor. It is applicable for larger commercial, industrial and agricultural customers.

**(iv) three-part tariff**

a demand meter is installed to determine the demand factor It is applicable for larger commercial, industrial and agricultural customers.

**(v) three-part time-of-use tariff (TOU tariff)**

This tariff is applicable for larger commercial, industrial and agricultural customers who are able to shift load into off-peak periods, thus effecting savings both to themselves and the distributor.

(d) The three-part TOU tariff structure closely resembles the tariff structure utilised by Eskom to supply bulk electricity to the Municipality and is therefore the most cost reflective structure. Due to the capital outlay required it can, however, only be utilised in the case of large power users. To gain maximum benefits from this relatively complex tariff structure the end-user must have a certain level of expertise and it requires a substantial capital investment.

(e) Any block tariff structure is sensitive to consumption over a specified period. It is therefore essential that meters be read regularly at intervals as near as possible to 30 days as longer or shorter consumption periods may affect the monthly consumption volumes in specific tariff blocks.

## 14.2 Domestic Supply

(a) A two part tariff structure for single phase meters with up to 60 ampere is applied in respect of credit meters. This tariff is also applicable to schools, churches, crèches, general lighting, swimming pool pumps and lifts, but without any free units when applicable for households.

(b) A one-part tariff – all household consumers with single phase pre-paid meters irrespective of amount

of kwph of electricity used and who permanently occupies the property for at least nine month of a year.

- (c) A certain amount of electricity could be distributed free of charge for Indigent Subsidy holders every month. This is decided on by council during the budgetary process.
- (d) A two-part domestic tariff structure for three phase meters, are applied in respect of credit meters is also applicable to churches, crèches, general lighting, swimming pool pumps and lifts, but without any free units when applicable for households.

### 14.3 Commercial Supply

- (a) A two-part tariff structure is applied in respect of single phase credit meters.
- (b) A one part tariff structure is applied in respect of single phase prepaid meters.
- (c) A two-part tariff structure is applied in respect of three phase credit.
- (d) A one part tariff structure is applied in respect of three phase prepaid meters.

Pre-paid electricity tokens must be inserted into the meter within three months after the purchase date as the tokens can expire after three months and no refund or replacement of the tokens are allowed.

### 14.4 Light Industrial/Bulk Supply

- (a) A three-part tariff structure is applied in respect of light industrial meters
- (b) A three-part tariff structure is applied in respect of bulk supply meters
- (c) A three-part time-of-use tariff structure is applied in respect of special bulk supply meters

### 14.5 Other Supply

- (a) A one-part tariff is charged for street lighting where electricity supply is metered

### 14.6 Miscellaneous

- (a) A fixed tariff as determined by council is charged for:
  - (i) temporary disconnections and re-connections on request of the consumer;



- (ii) temporary disconnections and re-connections for non-payment;
- (iii) new connections;
- (iv) other connections;
- (v) special meter readings;
- (vi) testing of meters;
- (vii) service calls;
- (viii) replacing of breakers;
- (ix) installing of pre-paid meters;
- (x) replacing of meters;
- (xi) conversion from three phase to single phase and vice versa;
- (xii) erecting of street lights;
- (xiii) damage to, or tampering with meters;
- (xiv) moving of meter;
- (xv) damaging of medium or low voltage cables by contractors;
- (xvi) Replacement of traffic- or streetlight pole;
- (xvii) Hiring of power points;
- (xviii) Hiring of equipment; (xix) old age homes.

- (b) For each additional residential unit on a single residential property (whether or not a second electricity meter is installed and even if there is only one water meter), a basic fee for water the applicable sewerage as well as refuse removal fee, will be payable for each additional unit.
- (c) The developer or registered owner is at all times responsible for payment of services on a property.
- (d) At no stage may an electricity meter be moved from one premises to another by anyone.
- (e) The owner occupier is at all times responsible for the maintenance and safekeeping of the meter.
- (f) If a meter cannot be read by the meter reader due to no access or other obstructions, the municipality has the right to install a pre-paid meter at the expense of the owner.

## ***15 Water Tariffs***

### **15.1 General**

Water is supplied to end-users by means of the following specialised infrastructure:

- (a) retaining and storage dams;
- (b) supply lines;

- (c) water purification plants;
- (d) water reticulation networks; and
- (e) metered connections to the properties of consumers.

The variable cost of supply is, however, sensitive to prices of essential materials such as chlorine, which is used in the purification processes. Apart from normal price increases, the price is also influenced by exchange rates.

The supply of water is regulated by the Water Services Act 1997, Act 108 of 1997, but without a centralised regulatory body such as the NER. Certain minimum standards as well as guidelines for tariffs are contained in the Act.

Many aspects pertaining to water supply is influenced by the same factors as that of electricity supply. Due to this, only those factors unique to water supply and the accompanying tariff structure are discussed.

Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. For this reason a declining block tariff structure is not an option.

Water is bought at a one-part tariff expressed in Rand per kilolitre. For this reason it is found that water tariff structures for end-users follow the same trend. In order to cut consumption, an inclining block rate tariff structure is applied in Makana Municipality.

Annual water connection charges levied at the size in mm of the metered supply as per the approved tariffs.

It is the consumer's responsibility to ensure that the meter is readable and accessible for meter readers. If not the meter may be moved at the expense of the owner/occupier

## 15.2 Categories of consumers and charges:

Provisions are made for the following categories of users:

### (a) Residential Properties

(i) Single residential, Flats, Other Residential as well as Indigent consumers will pay:

- Metered consumption according to the consumers tariff as per the inclining block tariff

- Only indigent consumers on this tariff will receive the number of free kl (as determined by council) on a monthly basis

(b) Business and Industrial

Business and Industrial properties will pay metered consumption according to the consumers inclining block tariff.

(c) **Special Water Tariffs**

- (i) Raw water

**Water delivery in rural areas:**

- (i) A fixed predetermined amount will be charged to cover the transport cost.
- (ii) In the case of registered indigent consumers the cost will be recovered from the applicable grant.
- (iii) Only 6kl water per household will be delivered per month.
- (iv) Delivery per area will only be made according to a fixed schedule.

**15.3 Miscellaneous**

(a) An availability fee will be charged on users and/or properties not connected to the water network, should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects the service with the intention to improve the property the debit will be adjusted pro-rata from the date of the connection.

(b) A certain quantity of water may be distributed free of charge every month. This is decided on by council during the budgetary process.

**15.4 A fixed tariff is charged for:**

- (a) water restrictions
- (b) Water restriction fine
- (c) water connections
- (d) upgrading of water meters to a larger connection
- (e) test of water meter
- (f) water meter inspection - service fee
- (g) Consumer tap to meter
- (h) shift of water meter
- (i) replacement of bulk water meter insert
- (j) uncovering of meters that cannot be read
- (k) Restrict or on restrict of water meter
- (l) Special reading of water meter

- (m) fine for tampering with installation
- (n) water drawn by contractor at the fire station
- (o) filling of pool
- (p) water flow restrictions - programmable flow restrictor
- (q) moving of meters
- (r) replacement of a meter when damaged or stolen

#### 15.5 Water tariff during a Drought

When the dam water supply drops to below a certain percentage, as determined by council during the annual budget, the water tariffs will increase. These tariffs will be included in the annual tariff list as an annexure and will be advertised with the annual budget documents.

#### 15.6 Leakages

- (a) A consumer may qualify for a percentage reduction as determined by Council on his/her account in the event of a water leakage, if:
  - (i) The leakage was underground and not easily detectable;
  - (ii) The leakage was repaired within 48 hours after detection;
  - (iii) The consumer submits a sworn affidavit by him/herself confirming that his/her insurance(s) does not cover such losses.
  - (iv) A written confirmation from the consumer's insurance is submitted together with the sworn affidavit in which they confirm that the insurance policy of the consumer indeed does not cover any losses due to leakages.
  - (v) The consumer has not applied for discount within the previous 12 months;
- (b) A authentic certificate by a registered plumber\_must reach the municipality within 10 days after completion of repairs done and must contain the following:
  - (i) The date of the invoice and repair work as well as the receipt
  - (ii) Confirmation that surface leakage was not visible
  - (iii) Certify that the leakage originated from pipes listed on the schedule of approved pipes held by the Director of Engineering and Infrastructure and
  - (iv) When the Accounting Officer declares that the dam volume has dropped to below 25% no water charges in respect of water losses because of leakages will be written off.
- (c) No water lost due to the meter being stolen, broken irrigation, broken geyser, leaking toilet, stolen pipes or leaking tap can be considered for write off.

#### 15.7 Water restrictions in the case of a drought

Refer to the Water Demand Management Policy.

## ***16 Refuse removal tariff structures***

### **16.1 General**

**(a) The factors and principles that impact on tariff structures are:**

- (i) Operating cost of vehicles;
- (ii) The cost of labour, fuel and maintenance of vehicles. This is a labour intensive service and changes in any of these cost elements may have a drastic influence on the total cost;
- (iii) National and regional standards in respect of dump sites and transfer stations must be adhered to and may necessitate additional expenditure;

**(b) In general refuse volumes are influenced by the following factors:**

- (i) the number of occupants on a property;
- (ii) garden refuse that is produced;
- (iii) the nature and volumes of business and industrial refuse; and
- (iv) habits of consumers and facilities available to them.

(c) Each consumer pays for the privilege to have a certain volume of refuse removed from his/her premises. Should certain consumers have a need for increased volumes, they must bear the additional cost themselves. This principle has the result that a more affordable service is supplied to the average consumer, while large consumers pay for their additional volumes.

(d) A consumer who chooses to do his/her own refuse removal will still be liable for paying the refuse tariff, as the service is available to all consumers.

(e) Tariffs are based on units of refuse removal. One unit is defined as one bag of refuse removed once a week.

(f) For each additional residential unit, an additional domestic refuse unit removal will be levied.

(g) Refuse removal at accommodation establishments will be levied at an amount calculated on a minimum of three units.

(h) In caravan parks or camping areas two stands, bungalows and/or chalets will be levied as one refuse removal unit.

(i) A refuse fee will be charged for each dwelling on a property, to all occupiers. Owners of improved properties, whether or not an electricity meter has been installed. A refuse levy will also be payable by the owner where a building/house is unoccupied.

- (j) Tariffs as well as units to be removed from categories of consumers will be revised annually during the budgetary process.
- (k) Only refuse in the prescribed black plastic bags should be removed
- (l) An additional service should be available upon special request for the removal of garden refuse. Spare capacity of vehicles and teams could be utilised for this purpose. Tariffs should be at such a level that total cost is recovered. Consumers should be encouraged to do their own removals. Contractors should pay a dumping fee.
- (m) In the event of business is being conducted from a residential property the business tariff will be levied for refuse removal.
- (n) Refuse levy will be payable on properties used as storage or unoccupied properties. This however is not applicable to a garage on a residential property which is used for storage or as a workshop.

## 16.2 Categories of consumers

Provisions are made for the following categories of consumers:

- (a) Domestic consumers
- (b) Accommodation establishments
- (c) Commercial Industrial
- (d) Old age homes and retirement villages
- (e) Additional household units
- (f) Special Agreements
- (g) Resorts
- (h) Removal on Request
- (i) Sale of refuse containers
- (j) Businesses on Residential Properties
- (k) Additional Removals

## ***17 Sewerage tariff***

### **17.1 General**

- (a) Tariffs will be revised annually during the budgetary process.  
Sewerage is levied annually and divided into twelve equal monthly instalments. On written request it can be paid annually by 30 September.
  - Where rates, sewerage and availability fees (on vacant erven) are paid on a monthly or

annually basis, such payment must be made before the expiry date. Failing this, interest at the standard rate of prime, will be levied on the outstanding payment

**17.2 The following services are rendered in the Municipal area:**

- (a) An internal water borne sewerage system consisting of reticulation network and sewerage works;
- (b) A small number of properties are serviced by a septic tank service.

**17.3 A fixed rate structure is applicable, which only differentiate between groups of properties:**

- (a) Single residential
- (b) Sectional title units
- (c) Rondawels/chalets with own facilities
- (d) Rondawels (without own facilities)
- (e) Granny flats
- (f) Additional residential units
- (g) Accommodation Establishments
- (h) Business and other properties
- (i) Churches
- (j) Night soil bucket
- (k) Industrial effluent

**17.4 Miscellaneous**

- (a) An availability fee will be charged on vacant properties not connected to the sewage system should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects the service with the intention to improve the property the debit will be adjusted pro-rata from the date of the connection.
- (b) A fixed tariff is charged for:
  - (i) sewerage connections
  - (ii) larger connection
  - (iii) inspections for blockages
  - (iv) opening of sewage blockages
  - (v) emptying of septic tanks

***18 Sundry service tariff structures***

- (a) A variety of sundry tariffs are applied to recoup costs of sundry services provided to the public. All such tariffs are based on cost of supply, but individual tariffs may be set at:
  - (i) subsidised levels;

- (ii) levels reflecting actual cost; or
- (iii) levels producing profits.

(b) The level, at which the Council sets a sundry service tariff, takes into account factors such as:

- (i) affordability;
- (ii) socio-economic circumstances;
- (iii) utilisation of amenities and resources;
- (iv) national and regional agreements and provisions; and
- (v) any other factors influencing such decisions.

(c) These tariff structures and tariffs will be revised at least once a year, during the annual budgetary process.

### ***19 Conclusion***

(a) Tariffs represent the charges levied by Council on consumers for the utilisation of services provided by the Municipality and rates on properties. Tariffs may be calculated in various ways, dependent upon the nature of the service being provided. Tariffs may be set in such a manner so as to recover the full cost of the service being provided or to recover a portion of those costs.

(b) The same principles stipulated in this policy will unilaterally apply in Trading-, Economical-, Subsidised and Community Services.

### ***20 Adjustments of services***

Where incorrect debits were raised regarding service charges, the accounts under query will be rectified for the year in which the error was found or reported, and two preceding years. The Municipal Manager may extend the period of corrections in cases of incorrect debits due to administrative errors.