

## **Swellendam Municipality**



### **TARIFF POLICY: 2018-2019**

APPROVED BY COUNCIL ON 30 MAY 2018

Implementation date 1 JULY 2018

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# TARIFF POLICY - SWELLEN DAM MUNICIPALITY

## 1. OBJECTIVE

The objectives of this policy are to ensure that:-

- a. all consumers within a specific category are treated equally and reasonably;
- b. the income base of the municipality is safeguarded by approving only exemptions, reductions and rebates that are reasonable and affordable;
- c. the principles underpinning the Council's Integrated Development Plan are complied with;
- d. tariffs are set in a manner that promotes the provision of reliable, sustainable and affordable services to all.

## 2. DEFINITIONS

In this tariff policy, unless the context otherwise indicates:-

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

**"availability tariff"** means a charge levied in respect of:-

- properties which are connected, or not connected to the municipal infrastructure but can reasonably be connected; and
- services that cannot be measured or in respect of which measurement is not practical in the discretion of the municipality;

**"basic charge"** also referred to as **"minimum charge"** is:-

- the recovery of the distribution and billing-related costs, which include having a distribution system in place, plus the cost of the meter, servicing and reading of the meter, mailing the bills and maintaining customer records; and
- the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period;

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

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

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

**"community service"** means a service in respect of which the tariffs of a regulatory nature are set at such level that the costs of the service are in general not recovered in full by the tariff, or where the service cannot be measured or only measured at considerable additional cost;

**"consumer"** means the owner of premises, regardless of the type of consumer, who has entered into an agreement with the Municipality for the supply of a service. Only an owner and not a tenant or lessee may be a consumer;

**"the council"** means Swellendam Municipal Council, and "municipal council" shall have a corresponding meaning;

**"development contributions"**, the tariffs payable for new developments in respect of the water, electricity, sewerage, storm water, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;

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

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### **"due date"-**

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

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

**"educational institutions"** means schools and suchlike institutions;

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

**"geographical area"** the area of jurisdiction of Swellendam Municipality;

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

**"gardening irrigation water"**, means non-metered and non-purified water supplied for gardening purposes to users on application, where available by way of an irrigation ditch;

**"irrigation water"** means piped and/or metered water supplied for general irrigation purposes;

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

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

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

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**"municipality"** means the Municipality of Swellendam, its political structures and administration including the Executive Mayor, delegated to perform certain functions;

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

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

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

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

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

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

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

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

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

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

### 3. ABBREVIATIONS

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**Kg** - Kilogram

**Kl** - Kiloliter (1000 litres)

**kVA** – Kilovolt-ampere

**kWh**- Kilowatt-hour

**m<sup>3</sup>** - Cubic meter

### 4. PURPOSE OF THIS POLICY

By adopting this policy, the Municipality wants to achieve the following:-

- a) compliance with the provisions of section 62(1)(f) of the MFMA;
- b) compliance with the provisions of section 74 of the MSA;
- c) prescribing procedures for calculating tariffs where the municipality appoints service providers in terms of section 76(b) of the MSA; and
- d) guidance to the Executive Mayor regarding tariff proposals that must be submitted to the council annually during the budget process.

### 5. TARIFF PRINCIPLES

- (1) In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.
- (2) The municipality records that the following tariff principles will apply:-
  - a) Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion, except where relief measures for poor households and deserving categories of users are implemented from time to time.
  - b) The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- (3) Tariffs for the four major services rendered by the municipality, namely:

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- a) electricity
- b) water
- c) waste water (sewerage)
- d) solid waste
- e) refuse removal

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff, which a particular user pays, shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

- (4) The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the four major services generate an operating surplus each financial year of 10% or such percentage as the council may determine at the time the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.
- (5) In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all-time be reasonable, and shall be fully disclosed in each annual budget.
- (6) The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidising between categories of consumers or users shall be disclosed to users.
- (7) The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.
- (8) The municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

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



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

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

### 6. CATEGORIES OF CONSUMERS

- (1) Separate tariff structures may be imposed for the following categories of consumers:-
- (a) domestic consumers;
  - (b) commercial consumers;
  - (c) industrial consumers;
  - (d) agricultural consumers;
  - (e) municipalities;
  - (f) consumers with whom special agreements were made;
  - (g) consumers in certain geographical areas;
  - (h) sports and recreation facilities;
  - (i) educational institutions;
  - (j) public benefit organisations and suchlike institutions; and
  - (k) indigent consumers.
- (2) Where substantially different demands are made on the infrastructure to provide a service to a specific group of users within a category, or the standard of services required by such

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users, the council may, after having considered a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.

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

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

#### **7.1 Service classification**

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

##### **(a) Trading services**

- (i) Water; and
- (ii) Electricity.

##### **(b) Economic services**

- (i) Solid waste; and
- (ii) Waste water.

##### **(c) Community services**

- (i) Air pollution;
- (ii) Firefighting services;
- (iii) Local tourism;

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- (iv) Town planning;
- (v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law;
- (vi) Storm water management system in built-up areas;
- (vii) Trading regulations;
- (viii) billboards and the display of advertisements in public places;
- (ix) Cemeteries;
- (x) Control of public nuisances;
- (xi) Control of undertakings that sell liquor to the public;
- (xii) Facilities for accommodation, care and burial of animals;
- (xiii) Fencing and fences;
- (xiv) Licensing and control of undertakings that sell food to the public;
- (xv) Local amenities;
- (xvi) Local sport facilities;
- (xvii) Municipal parks and recreation;;
- (xviii) Noise pollution;
- (xix) Pounds;
- (xx) Public places;
- (xxi) Street trading/street lighting;
- (xxii) Traffic and parking;
- (xxiii) Building control;
- (xxiv) Licensing of motor vehicles and transport permits;
- (xxv) Nature reserves;
- (xxvi) Gardening irrigation water: and
- (xxvii) Irrigation water.

### **(c) Subsidised services**

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

## **7.2 Expenditure classification**

Expenditure will be classified under the following categories

### **7.2.1 Subjective classification**

- (i) Employee related costs;
- (ii) Remuneration of Councillors;
- (iii) Debt Impairment;
- (iv) Depreciation and Amortisation;

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- (v) Impairments/Write-offs;
- (vi) Repairs and Maintenance;
- (vii) Actuarial losses;
- (viii) Finance Charges;
- (ix) Bulk Purchases;
- (x) Grants and Subsidies;
- (xi) Stock Adjustments;
- (xii) General Expenses; and
- (xiii) Loss on disposal of Property, Plant and Equipment.

### **7.2.2 Objective classification**

The following cost centres can be created to which the costs associated with providing the service will be allocated to:

- (i) Department;
- (ii) Section/service; and
- (iii) Division/service.

The subjective classification of expenditure, each with a unique vote number, will be applied to all cost centres.

### **7.3.2 Cost elements**

The following cost elements will be used to calculate the tariffs of the different services:

- (i) Fixed costs which consist of the capital costs (interest and redemption) whichever are applicable to the service and any other costs of a permanent nature as determined by the municipality from time to time;
- (ii) Variable cost: This includes all other variable costs that have reference to the service; and
- (iii) Total cost: consist of the fixed cost and variable cost.

## **8. TARIFF TYPES**

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

### **Single tariff**

This tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading

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services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs

### **Cost related two to three part tariff**

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

### **Inclining block tariff**

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

### **Declining block tariff**

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

### **Regulating tariff**

This tariff is of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service. This tariff will inter alia be used in respect of gardening irrigation water.

### **Time-of-use tariff**

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

### **9. TARIFF STRUCTURES AND METHODS OF CALCULATIONS**

#### **9.1 Calculation of Tariffs for Major services**

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

##### **9.1.1 Basic or minimum charge:**

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

- (i) Capital costs (interest on loans)
- (ii) Maintenance of infrastructure and other fixed assets
- (iii) Salary costs
- (iv) Depreciation expenses

##### **9.1.2 Unit charge**

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

- (i) Cost of bulk purchases and distribution costs (general expenses);
- (ii) Distribution losses in the case of electricity and water

##### **9.1.3 Administration cost**

Administration and services costs, including:

- (i) service charges levied by other departments such as finance, human resources and legal services;
- (ii) reasonable general overheads, such as the costs associated with the office of the municipal manager.
  - (iii) adequate contributions to the provisions for bad debts and obsolescence of stock;
- (iv) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost the providing street lighting in the municipal area (note: the costs of the democratic process in the municipality - that is, all expenses associated with the political structures of the

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municipality shall form part of the expenses to be financed from property rates and general revenues, and will not be included in the costing of the major services of the municipality);

(v) The intended surplus to be generated for the financial year, such surplus to be applied as follows:

- (i) as an appropriation to capital reserves; and/or
- (ii) generally in relief of rates and general services
- (iii) the cost of approved indigence relief measures

### **9.1.4 Relief programme**

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

### **9.1.5 Prepaid meters**

Tariffs for pre-paid meters shall be less than the ordinary consumption tariffs levied on the category of consumer concerned, but no minimum charge shall be levied on properties where pre-paid meters have been installed.

### **9.1.6 Multiple step tariffs**

Multiple step tariffs are utilised to enable the consumer to exercise control over the cost to themselves.

## **9.2 Tariff structure**

The following tariff structure will, where possible, be used to determine tariffs.

### **9.2.1 Water**

#### **(a) Tariff structure:**

Fixed costs plus rising block tariffs will apply to all consumers excluding:

- (i) Industrial and commercial consumers;
- (ii) Domestic consumers;
- (iii) Schools;
- (iv) Children's Homes;
- (v) Sport Bodies;
- (vi) Old age homes;
- (vii) Municipal buildings;

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- (viii) Farms;
- (ix) The following blocks will apply:

Normal Domestic steps
0 - 6kl
7 - 15kl
16 - 50kl
Above 50KL

### **(b) Method of calculation**

- (i) Domestic consumers, who have registered as indigents in terms of the municipality`s indigent policy, using less than the applicable minimum per month will receive the appropriate 6kl free water;
- (ii) The fixed costs of the service shall consist of the costs indicated as such by the council;  
the number of users and estimated volume consumed per category will be used to determine the fixed tariff per category;
- (iii) Where properties are not connected to the water service but can reasonably be connected to the service, an availability tariff will be payable;
- (iv) The tariff will be determined annually during the budget process;
- (v) Where council decide to make a profit on the service, the profit will be added to the fixed and variable cost before tariffs are calculated.

### **9.2.2 Electricity**

#### **(a) Tariff structure**

- (i) Maximum demand (kVA) plus fixed, plus kwh consumed;  
or
- (ii) Fixed tariff plus kWh consumed; or
- (iii) Unit tariff (Kwh consumed) (pre-payment meters);



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(iv) The following blocks will apply

Normal Domestic steps
0 - 20kWh (Free units for both normal domestic and Indigent consumers)
21 - 50kWh (Free units only Indigent consumers)
51 - 350kWh
351 - 600kWh
Above 600kWh

(a) **Method of calculation**

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

Cost groupings		Underlying cost-allocation bases	
	Capacity costs: expressed as Rands/kVa/month	Variable costs: expressed as Cents/kWh	Customer specific costs: expressed as Rands/customer/month
Purchase	√	√	
Capital costs	√	√	√
Support costs	√		√

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

(iv) The one-part single energy rate tariff:

- a For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge.
- b The recommended methodology for allocating costs into this tariff is as follows;
- c The Rands/kVa/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.
- d The Rands/ customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered.

(v) The two-part tariff:

- a The Rands/kVa/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.

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- b The Rands/customer/month charge is not reallocated into other tariff elements.
  - c The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.
- (vi) The two-part time-of-use tariff
- a. The Rands/kVa/month charge must be reallocated into different time-of-use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.
  - b. The Rands/customer/month charge is not reallocated
- (vii) The three-part tariff:
- a The Rands/kVa charge recovers the capital cost elements;
  - b Some of this cost must be reallocated into different tariff elements;
  - c The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated Rands/kVa costs;
  - d The Rands/customer/month charge is not reallocated.
- (viii) The three part time of use tariff:
- a As with the standard three part tariff, a portion of the Rands/kVa/month charge is reallocated into the various time of use cents/kWh charges.
  - b The amount of the reallocation takes place with regard to the customer's load factor.
  - c The time-variation of the capacity costs is taken into account in the reallocation of the Rands/kVa charge into the various time of use cents/kWh charges.
  - d The cents/kwh charge therefore recovers the full variable costs as well as a portion of the reallocated Rands/kVa charges.
  - e The Rands/customer/month charge is not reallocated

### **(c) Profit**

Where council decides to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

### **(d) Availability charge**

Where properties are not connected to the electricity service but can reasonably be connected to the service an availability tariff will be payable. The Council will annually determine the tariff.

### **9.2.3 Solid Waste (Refuse removal)**

#### **(a) Tariff structure**

- (i) Charged by means of rate in the rand;
- (ii) Plastic bags per week (volume 85 liter per bag);
- (iii) Containers per week/ Wheelie Bin (Volume 240 liter).

#### **(b) Method of calculation**

- (i) The costs per unit of measurement will be determined by dividing the total volume of refuse disposed of during the year;
- (ii) The total cost of the service includes the removal cost plus the operating cost associated with the service;
- (iii) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, a tariff will be determined based on the estimated volume that will be removed per month;
- (iv) Costs for once-off removals will be calculated per truckload;
- (v) Private dumping at the disposal site will be allowed after a tariff based on the estimated volume of the dumping has been paid;
- (vi) Refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.

### **9.2.4 Waste Water (Sewerage/emptying of conservancy tanks)**

#### **(a) Tariff structure**

- (i) Charged by means of rate in the rand and the remaining charged by means of a basic charge.
- (ii) Number of properties connected to the sewerage reticulation network.

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- (iii) Volume of tanker vehicle.
- (iv) Formula driven waterborne tariff included in water Tariff.

### **(b) Method of calculation**

- (i) A fixed basic charge will be payable for each property connected to the sewerage reticulation network
  - 1. Domestic
  - 2. Business
- (ii) Where properties are not connected to the sewerage network but can reasonably be connected to the service an availability tariff will be payable. The tariff will be determined annually during the budget process.
- (iii) An effluent charge will be charged to promote more efficient use of council's sewerage infrastructure.
- (iv) The cost of emptying conservancy tanks will be based on a tariff that will be determined annually during the budget process.

### **9.3 Calculation of minor tariffs**

- (i) All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraphs 9.1 to 9.2 shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the sue of the particular service or amenity.
- (ii) All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

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- (iii) The following services shall be considered as subsidised services, and the tariffs levied shall cover 50% or as near as possible to 50 % of the annual operating expenses budgeted service concerned.
- (iv) burials and cemeteries
- (v) rentals for the use of municipal sports facilities
- (vi) The following services when available shall be considered as community services, and no tariffs shall be levied for their use:
  - (a) municipal museum and art gallery
  - (b) disposal of garden refuse at the municipal tip site
  - (c) municipal reference library
  - (d) municipal lending library (except for fines)
- (vii) The following services, when available, shall be considered as economic services, and the tariffs levied shall cover over 100% of the budgeted annual operating expenses of the service concerned:
  - (a) maintenance of graves and garden of remembrance (cremations)
  - (b) housing rentals
  - (c) rentals for the use of municipal halls and other premises (subject to the proviso set out below)
  - (d) building plan fees
  - (e) sales of plastic refuse bags
  - (f) sales of refuse bins
  - (g) cleaning of stands
  - (h) electricity, water, sewerage, new connection fees
  - (i) photocopies and fees
  - (j) clearance certificates for purposes of property transfers
  - (k) town planning fees
- (viii) The following charges and tariffs shall be considered as regulatory or punitive, and will be determined at a reasonable level (with due regard to direct and indirect costs involved, need for discouraging undesirable practices and advantages enjoyed by user) in each annual budget:
  - (a) fines for lost or overdue library books
  - (b) advertising sign fees
  - (c) pound fees

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- (d) electricity, water, disconnection and reconnection fees
- (e) penalty and other charges imposed in terms of the approved policy on credit control and debt collection
- (f) penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques

(ix) Market-related rentals shall be levied for the lease of municipal properties defined as investment assets

### (x) Overdue Amounts

(a) The municipality shall be entitled to levy interest on a month to month basis on all overdue accounts at the prime rate plus 1%.

(b) The municipality may at its discretion enter into a repayment agreement with a consumer in respect of overdue accounts.

## **9.4 Tariff for gardening irrigation water**

9.4.1 The Municipality may allocate available water as gardening irrigation water from any specific water resource within the area of jurisdiction of the Municipality.

9.4.2 Such water shall only be supplied in areas where a water distribution system for that purpose is available and operational, and only owners with access to such irrigation water system may apply for this service.

9.4.3 Consumers must apply annually, on the prescribed application form for this service.

9.4.4 A register is kept at the Municipality containing the particulars of the consumers who have paid the approved availability tariff for this service for a specific year.

9.4.5 The allocation of gardening irrigation water shall be conditional, subject to availability and maintenance of the distribution system.

9.4.6 This service will be supplied in accordance with a schedule determined by the municipality.

9.4.7 As the water supplied for this service is not metered, the tariff will be set as an availability tariff of a regulatory nature.

## **9.5 Tariff for irrigation water**

The tariff for piped irrigation water will as an availability and/or charge related to the volume of consumption.

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### **10. DEVELOPMENT CONTRIBUTIONS**

The Council will determine development contributions annually as part of the budgetary process.

### **11. APPROVAL OF TARIFFS, FEES AND SERVICE CHARGES**

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

### **12. IMPLEMENTATION OF THE POLICY**

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

### **13. ADJUSTMENT OF ACCOUNTS**

Where incorrect debits were raised, the accounts under query will be rectified as necessary within a reasonable time.

### **14. SHORT TITLE**

This policy is called the Swellendam Municipality Tariff Policy 2018-2019.