

GEORGE MUNICIPALITY

TARIFF POLICY



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PREAMBLE

PART 1: PREAMBLE

- 1.1. **WHEREAS** section 4 of the Municipal Systems Act prescribes that a Municipality has the right to charge fees for services and impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties; and
- 1.2. **WHEREAS** section 4(2)(d) of the Municipal Systems Act prescribes that a Municipality has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner; and
- 1.3. **WHEREAS** section 4(2)(e) of the Municipal Systems Act prescribes that a Municipality has the duty to consult the local community about the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
- 1.4. **WHEREAS** section 75 of the Municipal Systems Act requires the Municipal Council to adopt a tariff policy; and

WHEREAS the aforementioned provides for a Tariff Policy;

Now therefore the Municipal Council of the George Municipality adopts the following tariff policy.

PART 2: DEFINITIONS

In this tariff policy, unless the context otherwise indicates –

- a) **“Agricultural purpose property”**, means property that is used primarily for commercial farming or subsistence farming including the cultivation of land for crops and other plants, including plantations, the keeping or breeding of animals, including beekeeping, and includes such activities as are reasonably connected with the main farming activities, including the housing of the farmer, farm manager and farm workers, but excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of game.
- b) **“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;
- c) **“commercial consumers”** means shops, offices, liquor stores, governmental institution (unless otherwise stated), supermarkets, public garages, gathering places (unless otherwise stated), nurseries, places of entertainment, service stations, hairdressing salons, caravan parks, game farms, eco-tourism, banks, hotels, hospitals, clinics, guesthouses, boarding houses and doctor and dentist consulting rooms and suchlike business undertakings;
- d) **“community service”** means the services referred to in paragraph 5(1)(c) **[that the Council has classified as such]** and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

e) **"consumer"** Means any occupier of any property to which the municipality has agreed to supply services or already supplies services to, or any owner/landlord of a property to which the municipality has agreed to supply services or already supplies services, and any owner of a property not receiving services but for which property services had been made available, and any person liable to the Municipality for taxes, rates or other charges.

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

f) **"councillor for financial services"** means the councillor of the municipal council responsible for financial **services**;

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

h) **"due date"** –

(1) in relation to accounts payable monthly on a recurring basis, the 15th day of the month which follows on the month during which an account is rendered;

(2) in relation to accounts payable annually, 30th September unless otherwise provided by any other law; and

(3) in all other instances, as and when demand for payment is made by the Municipality.

i) **"economic services"** means services referred to in paragraph 5(1)(b) and in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

j) **"educational institutions"** means schools (unless otherwise stated), **[crèches on municipal properties]**, colleges, universities and suchlike institutions;

k) **"flat rates"** means the unit charge.

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

m) **"fixed costs"** means costs which do not vary with consumption or volume produced and as more fully set out in paragraph 5(3)(i);

n) "GCC" means the General Conditions of Contract for Construction Works, Third Edition, 2015 (GCC 2015)

o) **"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;

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

q) **"Municipality"** means when referred thereto as–

- i) an entity, George Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of George Municipality; and
- ii) a geographical area, the area of jurisdiction of George Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998).

r) **“Owner”**,

In relation to a property means:

- (a) a person in whose name ownership of the property is registered; or
- (b) a person in whose name the right is registered;
 - (i) in relation to a time-sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;
 - (ii) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);
 - (iii) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;
- (c) in relation to a land tenure right means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled.

Provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

-

- (i) a trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or

- (vii) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right;
 - (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.
- s) **"public benefit organisations"** means public benefit organizations as defined in Section 30 of the Income Tax Act No 58 of 1962;

These are properties which are owned by public benefit organizations approved by the Commissioner in terms of Section 30(3) of the Income Tax Act, 1962 (Act No. 58 of 1962) and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care) or item 4 (education and development) of part 1 of the Ninth Schedule to that Act.

- t) **"resident"** means a person who ordinarily resides in the municipal area;
- u) **"special agreements"** means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;
- v) **"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;
- w) **"the Systems Act"** means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);
- x) **"tariff"** means a tariff for services which a municipality may set for the provision of a service to the local community and includes a surcharge on such tariff."
- y) **"total cost"** means the sum of all fixed and variable costs associated with a service;
- z) **"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;
- aa) **"two-part tariffs"** means tariffs that are raised to recover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed. Applicable to all household consumers which use an average of **less than 400kWh per month**, based on an average usage of the past 4 months, and classified as non-permanent residents.i.e. reside less than 9 months in dwelling.
- bb) **"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;
- cc) **"variable costs"** means costs that vary with consumption or volume produced and as more fully set out in paragraph 5(3)(ii);
- dd) **"VAT"** means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;

- ee) any reference in this tariff policy to '**an availability charge**' in relation to a particular service (albeit water, electricity, sanitation and refuse removal) shall mean an amount payable by the consumer in respect of the service as the consumer may reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced. In contrast hereto a '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.
- ff) For subdivisions or group housing developments, where the developer provides the internal civil services, availability charges for all erven approved and subdivided within the development for water, electricity, refuse removal and sanitation (where applicable) become payable 12 months after the issue of the Completion Certificate in terms of GCC 2015.
- If an individual erf within the development is transferred before the 12-month period has expired, availability charges for that specific erf will become payable for water and sewer as on the date of transfer, the submission of a building plan or the request for a Certificate of Registered Title. The date of the completion certificate must be confirmed by the director responsible for the specific service and which certificate a copy must be submitted immediately on receipt to the financial department.
- gg) In this tariff policy, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.
- hh) This tariff policy must be read with all other Acts, Ordinances and Regulations pertaining to the supply of services by the Municipality and the tariffs and fees payable in respect thereof. In the event of any inconsistency between this tariff policy and any other legislation in force when this tariff policy comes into effect, this tariff policy shall prevail.

PART 3: PURPOSE

- 3.1. This policy aims to ensure that:
- a) The provisions of section 74 of the Act on Municipal Systems (Act 32 of 2000) are complied with;
 - b) The tariffs are realistic and affordable;
 - c) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Systems Act (Act 32 of 2000).

PART 4: ALIGNMENT WITH THE MUNICIPALITIES' STRATEGIC GOALS AND OBJECTIVES

- 4.1. This Policy supports the following municipal strategic directions drawn from the Integrated Development Plan [IDP] and Strategic Development Business and Implementation Plan [SDBIP]:

- **IDP:** *“To facilitate economic development and integration of communities by utilising the resources of Council to increase the participation of local people in the mainstream economy and improve their livelihoods without compromising the financial viability of the municipality.”*
- **SDBIP:** *“To manage municipal resources in such a way that it improves the sustainability of the municipal assets and that financial planning and budget linkages can be optimised for improved service delivery and development”*

PART 5: CONTEXT

- 5.1 Tariff is defined as: “A tariff for services which a municipality may set for the provision of a service to the local community and includes a surcharge on such tariff.”
- 5.2. The Municipal Manager or his/her delegate must, subject to the guidelines provided by the National Treasury and Executive/Mayor of the municipality, make provision for the following classification of services: -
- (a) Trading services
 - i. Water;
 - ii. Electricity.
 - (b) Economic services
 - i. Refuse removal;
 - ii. Sewerage disposal.
 - (c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 5.2(a) and 5.2(b).

- 5.3 Trading and economic services as referred to in clauses 5.2(a) and 5.2(b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, tariffs, rates and rates related income.

PART 6: SCOPE OF APPLICATION

- 6.1 It is intended that this policy document guides the annual setting (or revision) of tariffs, hence the policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the Tariff listing and in the National Electricity Pricing Policy, which must be read in conjunction with this Policy, and is issued on annual basis together with the Municipal Budget.
- 6.2 The policy is applicable to all tariffs for electricity, water, sanitation and solid waste services including availability charges and capital contribution charges as applicable
- 6.3 This policy is also applicable to all sundry tariffs, as provided for in the Tariff listing of George Municipality.

PART 7: GOVERNANCE AND REGULATORY REQUIREMENTS

7.1 Tariff in terms of this Policy shall comply with the:

- 7.1.1. Constitution of the Republic of South Africa, 1996 as amended;
- 7.1.2. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), sections 17(3) (a)(ii), 19(2)(b), 24(2)(c)(ii), 28(6) and 62(1)(f)(ii) – [MFMA];
- 7.1.3. Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), sections 4, 74 and 75 – [MSA]; and
- 7.1.4. Any other applicable legislation, regulations and policies that may govern tariffs and that are not in contradiction with the primary legislation referred to above

7.2. Constitution:

7.2.1. Section 229:

- 1. Subject to subsections (2), (3) and (4), a municipality may impose –
 - a. Rates property and surcharges on fees for services provided by or on behalf of the municipality; and
 - b. If authorised by national legislation, other taxes, levies and duties appropriated to local government or to the category of local government into which that municipality falls, but no municipality may impose income tax, value-added tax, general sales tax or customs duty.
- 2. The power of a municipality to impose rates on property, surcharges on fees from services provided by or on behalf of the municipality, or other taxes, levies or duties –
 - a. 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
 - b. May be regulated by national legislation.
- 3. When two municipalities have the same fiscal powers and functions with regard to the same area, an appropriate division of those powers and functions may be made in terms of national legislation. The division may be made only after taking into account at least the following criteria: -
 - a. The need to comply with sound principles of taxation.
 - b. The powers and functions performed by each municipality.
 - c. The fiscal capacity of each municipality.
 - d. The effectiveness and efficiency of raising taxes, levies and duties.
 - e. Equity.
- 4. Nothing in this section precludes the sharing of revenue raised in terms of this section between municipalities that have fiscal power and functions in the same area.

5. National legislation envisaged in this section may be enacted only after organized local government and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered.

7.3. MFMA:

7.3.1. Section 17:

1. When an annual budget is tabled, it must be accompanied by the following documents:
 - a) Draft resolutions—
 - i. imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and

7.3.2. Section 19:

1. Before approving a capital project in terms of subsection (1)(b), the Council of a municipality must consider—
 - a) the future operational costs and revenue on the project, including municipal tax and tariff implications.

7.3.3. Section 24:

1. An annual budget must be approved together with the adoption of resolutions as may be necessary setting any municipal tariffs for the budget year.

7.3.4. Section 28:

1. Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

7.3.5. Section 43:

1. If a national or provincial organ of state in terms of a power contained in any national or provincial legislation determines the upper limits of a municipal tax or tariff, such determination takes effect for municipalities on date specified in the determination.

7.3.6. Section 62:

1. The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure-
 - a) The municipality has and implements a rates policy as may be required in terms of any applicable national legislation.

7.4. MSA:

7.4.1. Section 4:

1. The Council of a municipality has the right to -
 - a) governs on its own initiative the local government affairs of the local community;
 - b) exercise the municipality 's executive all legislative authority, and to do so without improper interference; and
 - c) 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.
2. The Council of a municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, has the duty to –
 - a) Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner; and
 - b) Consult the local community about-
 - i. The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
 - ii. The available options for service delivery.

7.4.2. Section 74:

1. A Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.
2. A tariff policy must reflect at least the following principles, namely that—
 - a) users of municipal services should be treated equitably in the 'application of tariffs;
 - b) the amount individual users pay for services should generally be in proportion to their use of that service;
 - c) poor households must have access to at least basic services through-
 - i. tariffs that cover only operating and maintenance costs;
 - ii. special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of service; or
 - iii. any other direct or indirect method of subsidisation of tariffs for poor households;

- d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
 - e) tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
 - f) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
 - g) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
 - h) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
 - i. the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.
3. A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

7.4.3. Section 75:

- 1. A Municipal Council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.
- 2. By-laws in terms of subsection (1) may differentiate between different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

7.5 WATER SERVICES ACT NO. 108 OF 1997

i) SECTION 10: NORMS AND STANDARDS FOR TARIFFS

A municipality, in its capacity as a water services institution, must apply a tariff for water services which is not substantially different from any norms and standards which the Minister of Water Affairs and Forestry, with the concurrence of the Minister of Finance, has prescribed in terms of the present Act.

ii) SECTION 21: BYLAWS

A municipality, in its capacity as water services authority, must make bylaws which contain conditions for the provision of water services, and which provide for at least the following (inter-alia):

- (1) the standard of the services;
- (2) the technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and

procedures for the arbitration of disputes relating to the measurement of water services provided;

- (3) the determination and structure of tariffs in accordance with Section 10 of the present Act.

If the municipality, in its capacity as water services authority, has imposed conditions under which water services are provided, such conditions must be accessible to consumers and potential consumers.

If the municipality, in its capacity as water services authority, provides water for industrial use, or controls a system through which industrial effluent is disposed of, it must make bylaws providing for amongst others at least the following:

- i) the standards of the service;
- ii) the technical conditions of provision and disposal;

PART 8: TARIFF PRINCIPLES

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.

The Municipality wishes to record that the following tariff principles will apply:

- i) Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the relief measures for poor households and deserving categories of users approved by the municipality from time to time).
- ii) The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- iii) Tariffs for the four major services rendered by the municipality, namely:
 - (1) electricity
 - (2) water
 - (3) sewerage (wastewater)
 - (4) refuse removal (solid waste),
- iv) shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- v) The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the four major services further generate an operating surplus each financial year as the council may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both.

The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

- vi) The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- vii) 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 times be reasonable, and shall be fully disclosed in each annual budget.
- viii) The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be disclosed to users.
- ix) The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.
- x) The municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- xi) 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.
- xii) In addition, 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. The other is directly related to the consumption of the service in question.
- xiii) In considering the costing of its water, electricity, sewerage services, and refuse removal 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.
- xiv) Multi-component tariffs mean tariffs split into components that best reflect the cost of providing the service. Electricity tariffs, for example, could have up to 4 components such as a fixed component that reflects the fixed costs related to that tariff, an access component to reflect the network costs related to the tariff, a maximum demand cost that reflects the cost of increasing the capacity of the network and an energy component that reflects the units consumed.

- xv) Part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall install demand meters to measure the maximum demand of such consumers during certain periods. 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.

8.2 The following principles will also apply:

- i) Free services will only be possible if the National Government pay to the municipality an equitable share subsidy which covers the full costs of the free services.
- ii) All users of municipal services will be treated equitably. Save for poor households and deserving categories of users, the various categories of customers will pay the same charges based on the same cost structure.
- iii) The amount payable by consumers will be in proportion to usage of the service.
- iv) Indigent households must at least have access to basic services through lifeline tariffs or direct subsidisation.
- v) Tariffs must reflect the total cost of services.
- vi) Within limits, customers should be free to choose from a range of applicable tariffs.
- vii) Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that all cost are recovered through the tariffs.
- viii) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
- ix) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.
- x) Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be required during a national disaster and periods of drought when a restriction of usage is required.
- xi) Efficient and effective use of resources will be encouraged by providing for penalties to prohibit exorbitant use.
- xii) The extent of subsidisation of tariffs will be disclosed.
- xiii) VAT is excluded from all tariffs and will be additional to these tariffs when applicable.

8.3 A property used for multiple purposes must, for purposes 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.

8.4 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 and the Municipality may introduce transitional arrangements in respect of existing users.

8.5 PUBLIC TRANSPORT:

The George Municipality together with the Provincial Department Transport and Public Works is operating a public transport service in George with the intention of providing affordable public transport giving access to the majority of the George community. The tariffs have been set using a moving 5km stage distance increment with a 15km base distance as well as a 15-20km and 20-25km structure for implementation in the later phases.

Method of calculation

The base tariff is a function of the Department of Labour and revised annually and based on the area category A of an urban Domestic Worker, working more than 27 hours per week, in accordance with the formula below:

$$\text{Tariff} = ((\% \text{ Minimum wage for commuting} * \text{ Department of Labour Minimum Monthly Wage for urban domestic workers in Category A municipalities}) * \text{Shape Factor}^{\text{Stages}}) / 40 \text{ (commute trips per month)}$$

Where the indices are defined as:

Parameter	Value	Units
Policy Percentage	17.6%	
Minimum Wage*	R2,545.00	per month
Working day trips	40	per month
Base Distance	15.0	Km
Base Fare	R0.70	/km
Stage Length	5	km
Shape Factor	1.25	

**Assumption: CPI of 6% for 2018/19 – Exact value to be adjusted in line with Gazetted minimum wage.*

Tariff structure:

Basic Tariffs are set for trips within and across George Municipality and the cost relates to the distance travelled. This is calculated based on the stage of boarding and the number of stages travelled across to reach the destination.

Stage lengths are shown in the table below. Transfers are free within 1-hour of boarding, allowing for a return journey if done within the 1-hour timeframe. Tariffs are calculated based on the formula above and the distance travelled.

STAGE	DISTANCE	STAGE	DISTANCE
0	15	6	45
1	20	7	50
2	25	8	55
3	30	9	60
4	35	10	65
5	40		

Fare Media:

Go George bus service is currently operating a paper ticket system with a multi-journey option. This will continue to operate until the Automated Fare Collection (AFC) system is operational. The fare structure for both the paper ticket and the AFC system are described below.

Automated Fare collection (AFC) Tariff Structure

On introduction of an AFC system, public transport users will be able to purchase a reloadable smartcard for use on the Go George buses as an alternative to a paper ticket.

With the introduction of the smart card the following changes will apply:

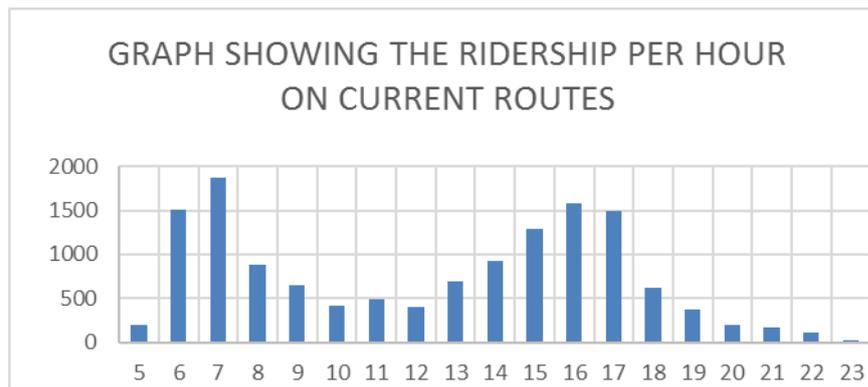
- The smart card will be sold at a price as determined by Council
- No refund will be applicable to lost or damaged cards
- The EMV card will replace the MJT on introduction

The EMV smart card system will offer the following products:

	0-15km		15-20km		20-25km	
	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak
Stored value	These tariffs will be determined by Council					
10 trips	These tariffs will be determined by Council					

	0-15km		15-20km		20-25km	
	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak
44 trips	These tariffs will be determined by Council					
Day pass (excluding card)	These tariffs will be determined by Council					

- Further transit products may be offered, in line with the tariff structure, and will be published on introduction of the AFC system.
- Peak and off-peak journey times are based on the current ridership data available, which indicates:
 - Peak product can be used at any time (including off peak), while the off peak can only be used in the stipulated off-peak times.



The purpose of introducing off-peak travel is to allow for spreading the ridership from the peak across to off-peak, providing passengers the opportunity to travel on a cheaper fare and also reducing the number of buses required and their associated running costs.

Weekday Peak:

06:00 – 08:00 PEAK
15:00 – 18:00 PEAK

Saturday:

08:00 – 14:00 PEAK

Sundays and Public Holidays:

All day off peak.

8.8 **Parking tariff**

George Municipality intends to introduce a public parking tariff.

Tariffs will be adjusted annually based on the minimum wage. The Council may, at its sole discretion, also consider to amend the percentage of the minimum wage to be applied and what, if any, concessionary tariffs are to be offered. It means a tariff as approved by the Municipality from time to time or a tariff determined by a Service Provider in terms of a contract with the Municipality;

8.9 **Availability Charges**

It means that an amount will be payable by the consumer in respect of a service when the consumer can reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced.

The availability charges will be levied for the following services, Water, Electricity, Sanitation, and Refuse. In contrast hereto a '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.

PART 9: CATEGORIES OF CONSUMERS

9.1 Separate tariff structures may be imposed for the following categories of consumers (which the council may change):

- i) Domestic consumers;
- ii) Indigent consumers;
- iii) Commercial consumers;
- iv) Industrial consumers;
- v) Agricultural consumers; where applicable;
- vi) Municipal Creches
- vii) Consumers with whom special agreements were made;
- viii) Consumers in certain geographical areas;
- ix) Sport and recreation facilities;
- x) Educational institutions; and
- xi) Public benefit organisations and such like institutions;
- xii) State departments
- xiii) Places of worship
- xiv) Retirement centres and old age homes

xv) Institutions / Centres of Disabled Persons

- 9.2 Where substantially different demands are made on the infrastructure used to provide a service to a specific group of users within a category or the standard of services required by such users, the council may, after having considered a report by the Municipal Manager or the relevant Head of Department, determine differentiated tariffs for the different consumers within the specific category.
- 9.3 Services 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.

PART 10: REBATES, REDUCTIONS AND EXEMPTIONS

The Municipal Council shall grant different rebates/exemptions in respect of the following categories of properties which will be determined during the annual budget process:

10.1 PLACES OF WORSHIP IN INDIGENT AREAS

A rebate will be provided for Churches that are categorised in the Valuation Roll as a "Place of worship" in terms of the Municipal Properties Rates Act, in previous disadvantaged areas.

This rebate will include all basic services example water, sewerage and refuse and will be listed in our annual tariff book. The total rebate may not exceed the total monthly municipal account.

The onus will be on the Clergy of the Church to submit an official application form. This must be done through submission of their register and church constitution.

10.2 RETIREMENT CENTRES AND OLD AGE HOMES

In the cases of Care Centres where elderly and or frail care is provided, a rebate will be provided in respect of their monthly water usage and will be listed in our annual tariff book. The total rebate may not exceed the total monthly municipal account.

Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of the Indigent Policy.

10.3 MUNICIPAL CRECHES

A rebate will be provided to all crèches registered with the Municipality and Social Development in the previous disadvantaged areas.

This rebate will include all basic services example water, sewerage and refuse and will be listed in our annual tariff book. The total rebate may not exceed the total monthly municipal account.

The onus will be on the Principal of the Crèche to submit an official application form. This must be done through submission of the register and constitution of the creche.

10.4 INSTITUTIONS / CENTRES FOR DISABLED PERSONS

A rebate will be provided to care centres / Institutions where disabled and or physically challenged persons are cared for providing more than 50% of the membership (disabled person) is Indigent.

This rebate will include all basic services example water, sewerage and refuse and will be listed in our annual tariff book. The total rebate may not exceed the total monthly municipal account.

The onus will be on the Board of Trustees and or Managing Agent to apply to the Municipality and submit a motivation for subsidised support to be granted in respect of municipal services.

PART 11: COST ELEMENTS

- 11.1 The following cost elements will be used to calculate the tariffs of the different services:
- 11.2 *Fixed costs* which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
- 11.3 *Variable cost*: This includes all other variable costs that have reference to the service.
- 11.4 *Total cost*: consist of all the different components costs.
- 11.5 Access component to reflect the network cost related to the tariff.
- 11.6 Maximum Demand cost that reflect the cost to increase the capacity of the network.
- 11.7 Energy component that reflects the units concerned

PART 12: TARIFF TYPES

- 12.1 In determining the type of tariff applicable to the type of service the municipality shall make use of the following six options or a combination of the same.
- 12.2 *Single tariff*: this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

- 12.3 *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.
- 12.4 *Inclining block tariff:* this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. 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.
- 12.5 *Declining block tariff:* this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step 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.
- 12.6 *Regulating tariff:* this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.
- 12.7 *Time-of-use tariff:* this tariff is based on access and demand charges and seasonally and time differentiated energy and demand charges.
- 12.8 Stage based public transport tariff based on a 5km stage distance with 15km as the base distance.

PART 13: TARIFF STRUCTURES AND METHODS OF CALCULATIONS

13.1 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:

- a) Cost of bulk purchases in the case of water and electricity.
 - b) Purification costs (water and sewer)
 - c) Distribution costs.
 - d) Distribution losses in the case of electricity and water.
 - e) Depreciation expenses.
 - f) Maintenance of infrastructure and other fixed assets.
- (1) Administration and service costs, including service charges levied by other departments such as finance, human resources and legal services;
 - (2) reasonable general overheads, such as the costs associated with the office of the municipal manager;
 - (3) adequate contributions to the provisions for bad debts and obsolescence of stock;
 - (4) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost

of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).

- g) The intended surplus to be generated for the financial year, such surplus to be applied:
 - a) as an appropriation to capital reserves; and/or
 - b) generally, in relief of rates and general services.

13.2 The cost of approved indigent relief measures.

13.3 The municipality shall provide the first 50kWh of electricity per month as a standard plus any additional units as decided upon from time to time and the first 6 kl of water per month free of charge to consumers who have registered as indigents in terms of the municipality's indigent relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.

12.4 Tariffs for pre-paid meters shall be less than the ordinary consumption tariffs levied on the category of consumer concerned.

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

PART 14: WATER

14.1 Tariff structure

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

- (1) Schools, Colleges and Technicon's.
- (2) Children's Homes.
- (3) Sports Bodies.
- (4) Old Age Homes.
- (5) Municipal Buildings.
- (6) Farms.
- (7) Industries/ Businesses with a consumption of more than 100kl per day.

ii) The rising block tariffs will apply:

- 0 - 6 kl
- >6 - 15 kl
- >15 - 20 kl
- >20 - 30 kl
- >30 - 50 kl
- >50kl- 100kl
- >100kl

iii) the implementation of the emergency tariffs will depend on the level of the Garden Route Dam and as determined in the Drought Management Policy.

14.2 Method of calculation

- i) All domestic and Indigent households receive their first 6 kl per month free.
- ii) The fixed costs of the service shall consist of the costs indicated as such by the council.
- iii) The number of users and estimated volume consumed per category will be used to determine the fixed tariff per category.
- iv) Where properties are not connected to the water service but can reasonably be connected to the service an availability tariff will be payable. See page 7 (ee) for private developments.
- 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.
- vi) Industries/Businesses with a consumption of more than 100kl per day will have a basic minimum charge per month and their consumption will be charged at a flat rate as determined by Council.

PART 15: ELECTRICITY

15.1 Tariff structure

- i) Maximum demand (kVA) plus fixed tariff plus kWh consumed.
- ii) Fixed tariff plus kWh consumed.
- iii) Unit tariff (kWh consumed) (Pre-payment meters).
- iv) Maximum demand (Kva) plus access (Kva) plus fixed tariff plus kWh consumed.

15.2 Method of calculation

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

Cost groupings	Underlying cost-allocation bases		
	Capacity costs: expressed as Rands / kVA / month	Variable costs: expressed as Cents / kWh	Customer specific costs: expressed as rands / customer/ month
Purchase cost		X	
Network Costs			
Capital costs	X		
Operating & Maintenance	X		
Customer Services			X

Tariff types	Tariff components				Maximum demand (RkVA)
	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)		X			
Two-part tariff	X	X			
Three-part tariff	X	X		X	
Four-part tariff	X	X		X	X
Four-part time-of-use tariff	X		X	X	X

15.3 The one-part single energy rate tariff:

For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:

- i) 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.

- ii) 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 at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.
- iii) The qualification criteria to be placed on one-part tariff -where the average of consumption is less than 400kWh per month, is as follows;
 - (a) All Households that are defined as indigent household consumers as per the credit control policy of Council.
 - (b) All consumers which have been identified as permanently inhabited households and meet the following criteria;
 - Reside for a minimum period of 9 months per year in the dwelling.
 - A consumer must submit a sworn affidavit form before any Commissioner of Oath to this effect.
 - A new affidavit must be handed in annually before 1 July of each financial year in order to remain on the one-part tariff.
- iv) If the monthly consumption of the Indigent Household exceeds 400 kWh per month, the electricity tariff will be changed to the higher tariff for normal households.
- v) Backyard-dwellers also qualify for the free basic electricity units, as determined by Council, if they are deemed to be indigent. The safety of the electrical network on the property is the responsibility of the owner of the property. A valid certificate of compliance (COC) must be made available to the Municipality on request.

15.4 The two-part tariff:

- iii) 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.
- iv) The rands/customer/month charge is not reallocated into other tariff elements.
- v) The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.
- vi) This is applicable to all conventional household credit meters where households have an average consumption of less than 400kWh per month and where households are categorised as non-permanent household and don't meet the criteria as given in paragraph c) (iii) above.

15.5 The four-part time-of-use tariff:

- vii) The four components of this tariff are cost reflective.

15.6 The three-part tariff:

- viii) The rands/kVA charge recovers the network cost elements. Some of this cost must be reallocated into different tariff elements.

ix) The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA costs.

x) The rands/customer/month charge is not reallocated.

15.7 The four-part tariff:

i) The four components of this tariff are cost reflective.

15.8 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.

15.9 Where properties are not connected to the electricity service but can reasonably be connected to the service an availability tariff will be payable. The tariff will be calculated by adding a surcharge of 50% to the fixed costs applicable to connected consumers per category.

15.10 When bulk consumers with electronic type meters close during December/January (one metering period), and use maximum demand for less than 5 days during the metering period and the city demand does not coincide with the customers demand reading, then the minimum demand charge will apply for that month if arrangements are made with the Electro-Technical services at least one week before the period.

15.11 The Pre-Paid System

No refund for ppm tokens will be given to clients that move to another address with a different prepaid meter.

15.12 Theft and fraud

The responsibility for outstanding costs for meter tampering and penalties will be the responsibility of the owner of the property in cases where the tenants tampered with the prepaid meter.

PART 16: REFUSE REMOVAL

16.1 Tariff structure

- i) Plastic bags per week (volume).
- ii) Containers per week (volume) (240 litre)
- iii) Bulk Refuse Containers
- iv) Availability

16.2 Method of calculation

- i) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal transport cost plus the operating cost associated with the service. The unit charge per cubic meter will be converted to a cost per black bag. A cost per month will be calculated for domestic consumers based on the average number of bags removed per week.

- (1) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.
- ii) A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans.
- 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, tariffs will be determined based on the estimated volume that will be removed per month.
- iv) Opportunity costs for once-off removals will be calculated by recovering the costs of the volume removed plus a percentage surcharge as determine by council.
- v) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
- vi) No refuse removal tariffs will be raised where council has not introduced a refuse removal service.

PART 17: SEWERAGE/EMPTYING OF CONSERVANCY TANKS

17.1 Tariff structure

- i) Number of cisterns or urinals.
- ii) Volume of suction tanker truck. (Maximum 7 000 L)
- iii) Formula driven waterborne tariff.

17.2 Method of calculation

- i) Where properties are not connected to the sewerage system but can reasonably be connected to the service an availability tariff will be payable. The tariff will be equal to the unit tariff applicable to domestic households. See page (8) (ee) for private developments.
- ii) A unit charge per consumer will be charged. The tariff will be calculated by dividing the total cost by the total number of basic erven. A basic vacant erf will be deemed to be 1 200m².
- iii) An additional charge per 100m² will be charged according to the following table:

1 – 1 200	Basic charge plus % increase as approved by Council.
1 201 – 3 400	Basic charge plus % increase as approved by Council.
3 401 –10 000	Basic charge plus % increase as approved by Council.

10 001 – 20 000	Basic charge plus % increase as approved by Council.
over 20 000	Maximum charge as approved by Council

- iv) The cost of emptying conservancy tanks will be based on the volume removed and the cost associated therewith.
- v) Industries classified as WET industries shall pay a tariff based on the formula outlined in Provincial Gazette No 6687 dated 15 January 2010, set out in Annexure A.

PART 18: CALCULATION OF MINOR TARIFFS

- 18.1 All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3(4) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.
- 18.2 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 affected.
- i) The following services shall be considered as subsidised services: Burials and cemeteries.
 - ii) Rentals for the use of municipal sports facilities.
 - iii) Municipal swimming pool.
 - iv) Municipal public transport.
- 18.3 The following services shall be considered as community services, and no tariffs shall be levied for their use:
- i) Municipal museum and art gallery.
 - ii) Disposal of garden refuse at the municipal tip site.
 - iii) Municipal reference library.
 - iv) Municipal lending library (except for fines set out below).
 - v) Municipal botanical garden, and all other parks and open spaces.
- 18.4 The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:
- i) Maintenance of graves and garden of remembrance (cremations).
 - ii) Housing rentals.
 - iii) Rentals for the use of municipal halls and other premises (subject to the proviso set out below).
 - iv) Building plan fees.
 - v) Sales of plastic refuse bags.
 - vi) Sales of refuse bins.

- vii) Cleaning of stands.
- viii) Electricity, water, sewerage: new connection fees.
- ix) Sale of livestock and plants.
- x) Photostat copies and fees.
- xi) Clearance certificates for purposes of property transfers.
- xii) Town planning fees.
- xiii) Parking Fees.
- xiv) Tourism tariffs
- xv) Camping fees

18.5 The following charges and tariffs shall be considered as regulatory or punitive:

- 18.5.1 Fines for lost or overdue library books.
- 18.5.2 Advertising sign fees.
- 18.5.3 Pound fees.
- 18.5.4 Electricity, water: disconnection and reconnection fees.
- 18.5.5 Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- 18.5.6 Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.
- 18.5.7 Industrial Effluent.
- 18.5.8 All tariffs as approve in terms of the drought relief program.
- 18.5.9 Fines- All relevant fines to be implemented by Council.

18.6 Market-related rentals shall be levied for the lease of municipal properties.

- 18.6.1 In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community and for arts and culture groups, the municipal manager may allow a discount of 50% on the rental that would otherwise have applied. The abovementioned will not apply to political parties and political parties may not use the halls for free.
- 18.6.2 The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality sustaining damages as a result of the use of the facilities concerned.

18.7 Tariff structure:

The unit of measurement as reflected in the separate list of tariffs approved annually will be used to determine regulatory community and subsidised services. Halls can be rented at an hourly rate for a maximum of up to (3) hours.

18.8 Method of calculation

These tariffs will be adjusted annually by increasing the tariff that applied during the previous financial year by a percentage increase as determined by the majority councillors present at the meeting where the budget is approved.

18.9 Overdue Amounts

- 18.9.1 The Municipality shall be entitled to levy an administration fee on a month to month basis on all overdue accounts subject to such maximum amount per month as the Council may determine.
- 18.9.2 The Municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the Municipality and signed by the consumer. Upon signature of such an acknowledgment of debt, the consumer will become liable for payment of an administration fee in such amount as the Council may determine for attending on the debtor and entering into the acknowledgment of debt with the consumer.

PART 19: CAPITAL CONTRIBUTIONS

- 19.1 For purposes of these tariffs the under mentioned words and expressions shall have the following meanings assigned to them unless the context otherwise requires:
- i) "**capital contributions**", the tariffs payable in respect of the development charge for the provision of water, electricity, sewerage, storm water, roads, open space and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
 - ii) "**development charge**" means a development charge contemplated in Section 83 of the Planning Bylaw as levied by the Municipality;
 - iii) "**equivalent erf**", in relation to –
 1. **water and sewerage services**, a property of which the hypothetic average daily water usage as determined by George Municipality's Director: Civil Engineering Services in accordance with his standard formula does not exceed 1000l/day;
 2. **electricity**, a property with a hypothetic design capacity of 10kVA before diversity as determined by George Municipality's Director: Electro-Technical Services in accordance with his standard formula, subject thereto that (a) a 3 phase domestic supply shall be equal to 2 equivalent erven (i.e. 20kVA); (b) a 3 phase business supply shall be equal to 3 equivalent erven (i.e. 30 kVA); and (c) any other cases shall be determined by George Municipality's Director: Electro-technical Services on a basis of what is fair and reasonable; and
 - iv) "**Planning Bylaw**", means the Land Use Planning Bylaw for George Municipality, 2015
 - v) **solid waste removal**, a property of which the hypothetic solid waste generation is equal to that of a three-bedroom residential unit calculated in accordance with the standard formula as determined by the Director: Community Services.

- vi) **"transfer"**, transfer of the relevant property in terms of the Deeds Registries Act 47 of 1937 or any similar transfer of ownership.
- 19.2 Capital contributions are payable in addition to any service charges, charges for consumption, availability charges and connection fees.
- 19.3 The capital contributions provided for in these tariffs may be imposed in terms of Section 75A of the Local Government : Municipal Systems Act 32 of 2000 or may be imposed by any person or authority when granting any authorization, exemption or application contemplated in terms of Section 66 of the Planning Bylaw as read with Sections 85 to 84 thereof. Provided that these tariffs shall not limit or restrict the conditions that may be imposed by such person or authority and such person or authority shall be free to impose such other capital contributions as it may deem necessary or expedient under the circumstances.
- 19.4 All capital contributions are adjusted annually and will be charged and be payable at the revised tariffs which are applicable at the time of transfer of the erf or property concerned or the approval of building plans in respect of such erf or property, whichever takes place first : Provided that should the number of erven, residential units, equivalent erven or other basis on which capital contributions may previously have been based, increase, additional capital contributions shall be payable calculated in accordance with the then existing tariffs when such changes take place or building plans are approved, as the case may be, whichever shall be the earlier.
- 19.5 Should the floor area of an existing building be increased or should approved building plans be changed or should an existing or authorised use of any building be changed or should new buildings be erected, or the electricity supply be increased, as the case may be, the owner shall be liable for payment of capital contributions in respect of such extensions, additions or changes, as the case may be, in accordance with the tariffs applicable from time to time, which capital contributions shall become payable upon approval of the building plans in respect of such extensions or additions or the occurrence of such change, as the case may be.
- 19.6 Should any capital contributions have been paid upon approval of building plans or at any time before transfer of a property and any changes as contemplated in paragraphs (c) and (d) subsequently occur, the provisions of paragraphs (c) and (d) shall apply mutatis mutandis in determining the additional capital contributions payable.
- 19.7 The capital contributions for roads and solid waste removal shall be calculated in accordance with the applicable standard formula of George Municipality's Director: Civil Engineering Services and Director: Community Services.
- 19.8 To the extent that storm water drainage is not provided for in the standard formula referred to in paragraph (g) above in respect of roads or if, in the opinion of George Municipality's Director: Civil Engineering Services, it would be more appropriate, the capital contribution in respect of storm water drainage shall be equal to the direct costs of the storm water drainage infrastructure provided or to be provided.

- 19.9 Capital contributions shall be payable by the registered owner of the property concerned at the time when the contribution is due and payable, which shall be upon transfer of the property concerned or approval of building plans, whichever shall be applicable, unless any conditions of approval or services agreement provide otherwise or if the Municipality's Director : Civil Engineering upon application in writing on good cause shown, determine otherwise : Provided that if payment of capital contributions are to take place at any time other than upon transfer or approval of building plans, such payment shall be secured by a guarantee to the satisfaction of the Municipality's Director: Civil Engineering.
- 19.10 The capital contributions provided for in these tariffs shall be payable in terms of section 75A of the Local Government: Municipal Systems Act 32 of 2000 unless the payment of such amount is replaced by a condition imposed in terms of a planning law repealed by the Western Cape: Land Use Planning Act, 2014 as contemplated by Section 78 thereof, or Section 66 of the Planning Bylaw as read with Sections 82 to 84.

The following transitional arrangements shall apply in respect of these tariffs:

- (i) Should any building plans have been submitted for approval in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977) on or before 30th June 2020 and such approval is granted after 30th June 2020, the capital contributions in force on 30th June 2020 shall apply.
- (ii) Should application for a certificate (generally referred to as a rates clearance certificate) as contemplated in Section 118 of the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000) have been made on or before 30th June 2020 and such certificate is issued after 30th June 2020, the capital contributions in force on 30th June 2020 shall apply in respect of any tariff payable before transfer of the property concerned.
- (iii) Should the approval of any building plans in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977), lapse after 30th June 2020 without being extended, the capital contributions in force at the time of any subsequent approval of building plans for the property concerned shall apply

PART 20: NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

- 20.1 The tariffs will be approved as part of the annual budget.
- 20.2 The tariffs will come into effect as and when determined by the Council.

PART 21: IMPLEMENTING AND PHASING IN OF THE POLICY

- 21.1 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.

PART 22: ADJUSTMENT OF ACCOUNTS

Where incorrect debits were raised, the accounts under query will be rectified for the current financial year and two preceding years.

Adjustments made to the customers' service account, where the adjustment is in the customers favour, will be made for the three preceding years.

Adjustments made to the consumers' service account, where the adjustment is in the municipality's' favour, will be made for the twelve preceding months. (1 Year).

Where the customer caused the adjustment, for example through the by-passing of meters or by supplying the incorrect information, the adjustment will be made for the three preceding years.

ANNEXURE A

INDUSTRIAL EFFLUENT CHARGES

The charge for industrial effluent per kilolitre for the disposal of effluent that does not comply with residential effluent standards and may include effluent discharged into a stormwater system shall be determined in accordance with the following formula:

$$T_c = X + Y(\text{COD}_i/\text{COD}_w) + Z + \text{Penalty}$$

Where T_c = Extraordinary treatment cost to consumer per kl

X = Conveyance cost per kl

$$= C_c / V_A$$

Conveyance = The transport of effluent or any liquid waste in the bulk or external sewer network from the point of discharge to the inlet of the of the treatment works

C_c = The operation and maintenance expenditure towards the conveyance of the wastewater in kl per annum

V_A = Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum

Y = Variable treatment costs per kl

$$= C_T / V_A$$

Variable = These costs are defined as expenditure that does

Treatment Costs vary significantly with volume and COD loading

C_T = The operation and maintenance expenditure towards the treatment of the wastewater in kl per annum

V_A = Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum

COD_i = Average of each industry, inclusive of both biodegradable and non-biodegradable portion of COD

COD_w = Average of works (weighted for more than one works), inclusive of both biodegradable and non-biodegradable portion of COD

Z = Fixed Costs per kl

	=	C_F / V_A
Fixed Costs	=	These costs are defined as expenditure that does not vary significantly during a particular financial year and which is not affected by COD loading
C_F	=	Fixed cost expenditure towards the treatment of the wastewater in kl per annum
V_A	=	Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum
Penalty	=	Penalty per kl charged in addition to the effluent charge based on volume and COD, for prohibited effluents, for instances where COD _i of the effluent exceeds 3000 mg/L or where any other quality parameter exceeds the maximum value allowed according to Annexure A of the by-laws, as contained in the permit for the industry
	=	$P \times (\text{value measured}/\text{maximum allowed})$ If value measured is lower than maximum value $P = 0$, except in the case of pH where $P = 0$ if pH is between 6 and 10 and the Penalty = $P \times (\text{value measured}/10)$ if the pH is above 10 and
	=	$x \{ [6 + (6 - \text{value measured})] / 6 \}$ if it is below 6
P	=	Unit penalty charge as determined by Council

NOTE: An incremental penalty (P) is payable per non-compliance and will increase by 0.5 per non-compliance.

TARIFF POLICY

This Policy is effective from the date of approval by the Council, as per the approved system of Delegations of the George Municipality.

Signed at GEORGE on the _____ **day** of **May 2023**.

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DR M GRATZ
MUNICIPAL MANAGER