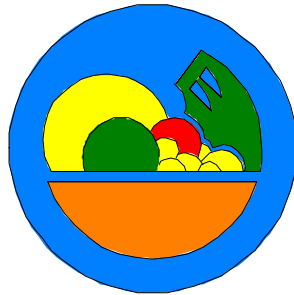




# TARIFF POLICY BY LAWS

v JUNE 2004



Greater Tzaneen  
Municipality

---

**TABLE OF CONTENTS**

CHAPTER 1 .....	2
DEFINITIONS .....	2
1. DEFINITIONS .....	2
CHAPTER 2 .....	3
COST OF SERVICES TO BE RECOVERED .....	3
CHAPTER 3 .....	4
SURPLUSES OBTAINED .....	4
CHAPTER 4 .....	5
FUNDED MUNICIPAL SERVICES .....	5
CHAPTER 5 .....	5
ADJUSTMENT OF TARIFFS .....	5
CHAPTER 6 .....	5
POOR HOUSEHOLDS .....	5
CHAPTER 7 .....	6
ELECTRICITY SERVICES .....	6
CHAPTER 8 .....	8
WATER SERVICES .....	8
CHAPTER 9 .....	9
SANITATION SERVICES .....	9
CHAPTER 10 .....	10
REFUSE REMOVAL .....	10
CHAPTER 11 .....	11
OTHER SERVICES .....	11
CHAPTER 12 .....	12
BUDGET .....	12
CHAPTER 13 .....	12
ACCUMULATION .....	12
CHAPTER 14 .....	12
PENALTY .....	12
CHAPTER 15 .....	12
TARIFF POLICY BY-LAWS .....	12

## CHAPTER 1 DEFINITIONS

### 1. Definitions

1. In these by-laws, unless the context otherwise indicates –

**“Bulk electricity user”** means a bulk user whose electricity demand exceeds or is likely to exceed 100KVA per month for an uninterrupted period of twelve months;

**“Bulk user”** means a user of electricity, water, sewerage or refuse removal services for commercial or industrial purposes;

**“Cost to be recovered”** means the cost reasonably associated with the rendering of a Municipal service, including the cost of purchasing or acquisition, the cost of processing, treatment or adoption of the product or service to be delivered or supplied, capital cost, operating cost, maintenance cost, replacement cost, administrative cost and support systems costs and interest;

**“Council”** means the Council of the Greater Tzaneen Local Municipality, established in terms of section 12 of the Local Government: Municipal Structures Act, no 117 of 1998;

**“Domestic user”** means a user of electricity, water, sewerage or refuse removal services for residential purposes only;

**“Municipal service”** means a municipal service defined in section 1 of the Act;

**“Municipal Systems Act”** means the Local Government. Municipal Systems Act, no 32 of 2000, as amended;

**“Off-peak supply”** – it is an electricity supply on written request to a bulk user during off peak hours. KVA shall be charged by the consumer during peak hours or contributed to the Council’s maximum demand whichever is the greatest;

**“Poor household”** means a domestic user who qualifies, together with his or her dependants, as an indigent person in terms of the Council’s indigent policy;

**“Subsidized tariff”** means a tariff that cover only operating and maintenance cost in relation to a municipal service;

**“Tariff policy”** means the tariff policy of the Council adopted in terms of section 74 (1) of the Municipal Systems Act;

**“Temporary user”** means a user of electricity, water, sewerage or refuse removal services for a temporary period for a specific project or occasion;

**“User”** means a person liable to the Council for the cost to be recovered for a municipal service payable by such user;

- (2) In these by-laws a reference to the singular will include the plural and vice versa.
- (3) Any word or phrase in these by-laws, unless defined in subsection (1) above bears the same meaning of such word or phrase in the Act.

## CHAPTER 2

### COST OF SERVICES TO BE RECOVERED

2. (1) The Council must annually adopt a budget which will provide for the cost to be recovered for a municipal service rendered to a user;

- (2) The cost to be recovered meant in subsection (1) may include a surcharge to subsidize the provision of municipal services to poor households meant in section 6 and to give effect to development of a municipal service in terms of the Councils integrated development plan;
- (3) The Council may having regard to the reasonable cost to be recovered associated with a municipal service, allow for subsidization of one municipal service by higher tariff levied on another for the purpose of economical, efficient and effective use of resources in a sustainable manner;
- (4) The Council may levy a surcharge on a municipal service to encourage environmentally safe and sustainable use of such municipal service.

### **CHAPTER 3 SURPLUSES OBTAINED**

3. (1) The Council may budget for surpluses on the following services:
  - (a) On electricity a surplus of not more than 10%.
  - (b) On water supply a surplus of not more than 10%.
  - (c) On sanitation/sewerage a surplus of not more than 5%.
  - (d) On refuse removal a surplus of not more than 5%.
- (2) A surplus obtained meant in subsection (1) will be used to defray the cost of subsidized tariffs or free basic services.

## **CHAPTER 4**

### **FUNDED MUNICIPAL SERVICES**

4. (1) The Council must, when determining the tariff for a municipal service, take into consideration any intergovernmental grant or subsidy allocated or to be allocated in relation to such municipal service;
- (2) The Council may, when determining the tariff for a municipal service open for use by the general public, subsidize such tariff from other income derived by the Council.

## **CHAPTER 5**

### **ADJUSTMENT OF TARIFFS**

5. The Council may at any time during its financial year, subject to compliance with any legislation applicable thereto, adjust any tariff to give effect to its tariff policy and these by-laws.

## **CHAPTER 6**

### **POOR HOUSEHOLDS**

6. (1) The Council will annually together with its annual budget, adopt an indigent policy to determine criteria for the determination of poor households.
- (2) The criteria referred to in subsection (1) will take into account:
  - (a) the total income of consumers of municipal services residing on the property to which municipal services is rendered;

- (b) the total expenditure of consumers of municipal services residing on the property; and
  - (c) a minimum income less expenditure to qualify as a poor household.
- (3) The Council may include in its indigent policy a sliding scale according to which the quantity of basic municipal services provided free of charge or at a subsidized tariff to a poor household is limited in relation to the income less expenditures of a poor household.
- (4) A user will qualify for the benefits of a poor household with Council in terms of its indigent policy only if such user has applied to be registered as a poor household and has provided such information as the Council may require from such user.
- (5) Any person who knowingly supplies false information to the Council required in terms of subsection (4) will be guilty of an offence.

## **CHAPTER 7**

### **ELECTRICITY SERVICES**

- 7. (1) The Council may provide not more than 50 kw/h electricity units free per month or at a determined subsidized tariff to poor households in terms of the indigent policy of Council, subject thereto that any free electricity units not used during such month will not accumulate month-to-month.
- (2) The Council may determine electricity tariffs in regard to the following:
  - (a) a basic monthly electricity charge to be levied on a property where such property is connected to the Council's electricity network;
  - (b) an electricity availability charge to be levied on a property not connected to the Council's electricity network, but which property

- can be so connected to the Council's electrical reticulation network at a point on the property or less than 50 meters from any boundary of such property;
- (c) the consumption of electricity;
  - (d) the testing of electrical supply meters;
  - (e) taking of an electrical meter reading at the special request of a user, and
  - (f) the connecting of a property to the Council's electrical reticulation network.
- (3) The Council may, when determining its electricity tariffs, differentiate between:
- (a) Users in the following categories:
    - (i) Domestic worker
    - (ii) Bulk users;
    - (iii) Bulk electricity users;
    - (iv) Bulk electricity users of off peak supply, and
    - (v) Temporary users.
  - (b) The standard of the electricity supply network available to a user.
  - (c) The geographical area and terrain in which an electrical supply is made available.
  - (d) The Council may, when determining its electricity tariffs take into consideration any business or industrial incentive scheme adopted by the Council.
  - (e) A user of off-peak supply will be charged at the normal bulk electricity user tariff according to KVA consumption or the Council's maximum demand for peak hours, whichever is the higher tariff.



## CHAPTER 8

### WATER SERVICES

8. (1) The Council will provide 6 kiloliters of potable water per month free of charge to domestic users per household, subject thereto that such quantity thereof not used will not accumulate month-to-month.
- (2) The Council may determine water services tariffs in regard to the following:
- (a) a basic monthly water service charge to be levied on a property where such property is connected to the Council's water reticulation network.
  - (b) a water service availability charge to be levied on a property not connected to the Council's water reticulation network, but which property can be so connected to the Council's water reticulation network at a point on the property or less than 50 meters from any boundary of such property.
  - (c) the consumption of potable or raw water;
  - (d) the testing of water supply meters;
  - (e) the taking of a water meter reading at the special request of a user, and
  - (f) the connection of a property to the Council's water reticulation network.
- (3) The Council may, when determining its water services tariffs, differentiate between:
- (a) Domestic users;
  - (b) Bulk users of potable water;
  - (c) Bulk users of raw water;
  - (d) Other users of raw water, and
  - (e) Temporary users.

- (4) the standard of the water supply network available to a user;
- (5) the geographical area, terrain and manner in which a water supply is made available;
- (6) the Council may, when determining, its water services tariffs, take into consideration any business or industrial incentive scheme adopted by Council.

## **CHAPTER 9**

### **SANITATION SERVICES**

9. (1) The Council may grant a subsidized tariff for sanitation services to poor households in terms of its indigent policy.
- (2) The Council may determine sanitation tariffs in regard to the following:
  - (a) a basic monthly sanitation charge to be levied on a property where such property is connected to the Council's sanitation reticulation network;
  - (b) a sanitation reticulation availability charge to be levied on a property not connected to the Council's sanitation reticulation network, but which property can be so connected to the Council's sanitation reticulation network at a point on the property or less than 50 meters from any boundary of such property.
  - (c) the covering or sealing or re-sealing openings in a sanitation network connected to the Council's sanitation reticulation network;
  - (d) the removal of any blockages from a sanitation reticulation network connected to the Council's sanitation reticulation network;
  - (e) the alteration of any gully in a sanitation network connected to the Council's sanitation reticulation network;
  - (f) the connection or re-connection of any reticulation network to the Council's sanitation reticulation network.

- (3) In these by-laws the word sanitation shall have the same meaning as “sewerage” and shall include where applicable a sanitation system.
- (4) The Council may, when determining its sanitation services tariffs, differentiate between:
  - (a) Domestic users;
  - (b) Bulk users;
  - (c) Temporary users;
  - (d) The standard of the reticulation supply service; and
  - (e) The geographical area or terrain in which a sanitation reticulation service is made available.

## **CHAPTER 10**

### **REFUSE REMOVAL**

10. (1) The Council may grant a subsidized tariff for refuse removal services to poor households in terms of its indigent policy.
- (2) The Council may, when determining its tariffs for refuse removal services, differentiate between the following users:
  - (a) Domestic users;
  - (b) Bulk Users;
  - (c) Hospitals;
  - (d) Churches;
  - (e) Boarding houses;
  - (f) Hotels;
  - (g) Sport Clubs;
  - (h) Charitable institutions,
  - (i) High density housing, and
  - (j) Temporary Users.

- (3) The Council may further, when determining its tariffs for refuse removal services in regard to the user categories in sub-section (2), differentiate between users on the following basis:
- (a) whether mass containers are used;
  - (b) the number of removals required per week;
  - (c) the size of mass containers in use;
  - (d) the compaction of refuse to Council standards;
  - (e) the removal of medical waste or other waste requiring special treatment;
  - (f) the removal of garden refuse;
  - (g) the removal of building rubble;
  - (h) the removal of dead animal carcasses;
  - (i) the geographical area or terrain in which a refuse removal service is rendered;
  - (j) the amount of refuse to be removed at any particular collection point; and
  - (k) the requirement for the use of special loading, transport or off-loading equipment or vehicles.

## **CHAPTER 11 OTHER SERVICES**

11. (1) Nothing in these by-laws shall prohibit the Council from determining tariffs on municipal services or part thereof or incidental thereto, not mentioned in these by-laws.
- (2) The Council must, when determining tariffs for services meant in subsection (1), have regard to the principles in section 74 (2) of the Municipal Systems Act.

## **CHAPTER 12**

### **BUDGET**

12. (1) The Council must, in its annual budget set out the value in money allocated to the rendering of free and subsidized electricity service, water service, sanitation service and refuse removal service, per such service, and
- (2) the value in money of free or subsidized services meant in subsection 12 (1), per poor household and the total predicted cost to Council thereof.

## **CHAPTER 13**

### **ACCUMULATION**

13. A free or subsidized municipal service is rendered on a month-to-month basis and no credit will be allowed to accumulate for any part of such free or subsidized service not used in any particular month.

## **CHAPTER 14**

### **PENALTY**

14. Any person who contravenes any provision in these by-laws shall be guilty of an offence and upon conviction liable to a fine or imprisonment of not more than three months or both such fine and imprisonment.

## **CHAPTER 15**

### **TARIFF POLICY BY-LAWS**

15. These by-laws will be known as the Tariff Policy By-Laws.