CAPE WINELANDS DISTRICT

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

TARIFF POLICY
FOR THE
CAPE WINELANDS DISTRICT MUNICIPALITY

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1 INTRODUCTION

1.1 Tariffs represent the charges levied by a Municipality on consumers for the utilization of services provided by the Municipality.

1.2 A tariff policy must be compiled, adopted and implemented in terms of current legislation.

1.3 Tariffs may be calculated in various different ways, depending upon the nature of the service being provided.

1.4 Tariffs may be set in such a manner as to recover the full cost of the service being provided or recover a portion of those costs.

1.5 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. PURPOSE OF POLICY

2.1 The purpose of the tariff policy is to ensure the following:

a) Certainty on how the tariffs will be determined.

b) That tariffs conform to acceptable policy principles.

c) Municipal services are financially sustainable.

d) Tariffs comply with the applicable legislation.

3. POLICY PRINCIPLES

3.1 Tariffs must reflect the costs, reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and charges;

3.2 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. A service is financially sustainable when it is provided in a manner that would ensure its financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision

3.2 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service

3.4 Tariffs must encourage the economical, efficient and effective use of the resources, the recycling of wastes and other appropriate environmental objectives

3.5 National Government and other stakeholders have agreed on a set of principles to guide the tariff policy as follows:

a) consumers should pay in proportion to the amount of services consumed.
b) all households should pay the full cost of the services consumed.

3.6 A policy should be developed to ensure that poor households can be subsidised to have a minimum level of basic services:

a) tariffs should be fair in that all people be treated aquitably.
b) the tariff policy should be transparent and any ,subsidies and/or concessions must be visible and understandable for all consumers and levypayers.
c) tariffs must not unduly burden local business, as these costs affect sustainability and competitiveness of such businesses.
d) tariffs should at least cover operating and maintenance costs.
e) economic efficient and effective use of resources must be encouraged.

4 SOURCES OF REVENUE

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

a) Fees for services provided by or on behalf of the Municipality; and
b) If authorised by national legislation, other taxes, levies and duties appropriate to Local Government, but may not impose income tax, value-added tax, general sales tax or customs duty.

4.2 The power of the Municipality to impose, 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 or customs duty.

4.3 The Council may finance the affairs of the Municipality by:

a) Charging fees for services; and
b) Imposing surcharges on fees, and to the extent authorised by national legislation, levies and duties. .

5 TARIFF STRATEGY

5.1 Council's strategy is to recover the full financial cost of rendering services required by the community from the community, including the cost of capital projects.

a) The starting point to recover cost is the determination of service levels;
b) The second point will be able to ensure a sustainable service delivery based on the set service level; and
c) The third point will be the upgrade of services to higher levels in accordance with the affordability of the community and the ability to render the upgraded services in a sustainable manner.

5.2 Recovery of costs include:

a) Resource management expenditure are those activities that are required to regulate, manage and maintain a service;
b) Capital Costs (Depreciation).
c) Capital cost expenditure is the Council`s obligation to meet the repayments on loans negotiated to finance the provision of the service.
d) Maintenance cost being the normal running cost of providing a service at an established level;
e) If an account for Landfill Site Activities, Municipal Health and Fire Services is not paid by the due date, at least 30 (thirty) days will be allowed to elapse before interest is charged. Where interest on unpaid accounts is

raised by the Municipal Manager, it will be based on a full month and any part of a month will thus be deemed to be a full month;

f) or unless specifically provided for in other agreements.

g) Interest will be one percent higher than the prime rate; and.

h) Interest will be determined by the posting date, or where relevant.

6 CATEGORIES OF TARIFF CHARGES

6.1 ENVIRONMENTAL HEALTH:

Environmental Health Services will be provided by environmental practitioners and will be charged per professional service.

6.2 LAND USE:

Land use services will be provided by qualified professionals and these services will be charged per application.

6.3 RESCUE AND SAFETY SERVICES:

Rescue and safety services will be provided by qualified professionals and these services will be charged per call-out.

6.4 LANDFILL USERS:

Tariffs for landfill usage will be charged as set out in the tariff list as approved within the budget of each year.

7 RELEVANT LEGISLATION:

7.1 The following legislation determines the responsibility and powers of a Municipality regarding the preparation and application of tariffs for different services.

a) Section 160 of the CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA 1996, determines that a Municipality may not delegate the power to impose taxes, tariffs and other charges. Such tariffs must be approved by decision of a majority of the Councillors in a Council after taking into consideration all the required factors.

b) That a Municipality may not delegate the power to impose taxes, tariffs and other charges. Such tariffs must be approved by decision of a majority of the Councillors in a Council after taking into consideration all the required factors.

c) In terms of sections 74 and 75 of the LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 the Municipality is required to adopt by-laws to give effect to the implementation and enforcement of the Tariff Policy and that it may differentiate between categories of users, debtors, service providers, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair

discrimination.

8 RESPONSIBILITY/ACCOUNTABILITY

8.1 The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy. The Municipal Finance Management Act defines the responsibility of the Municipal Manager as ensuring that the Tariff Policy be in place and that it is effectively implemented.

9 RELATED POLICIES

9.1 The following documents are related to this policy:
a) Credit Control and Debt Collection Policy

10 REVIEW

10.1 This policy will be reviewed at least annually and updated if needed.