



TARIFFS POLICY

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TABLE OF CONTENTS

	PAGE
PREAMBLE	3
APPLICATION.....	3
1. DEFINITIONS.....	4
2. PURPOSE OF THE POLICY	6
3. TARIFF PRINCIPLES	6
4. CATEGORIES OF CUSTOMERS.....	8
5. INVESTMENTS AND INCENTIVE POLICY	9
6. INDIGENT RELIEF.....	9
7. SERVICE - AND EXPENDITURE CLASSIFICATIONS AND COST ELEMENTS.....	10
8. TARIFFS TYPES.....	14
9. CALCULATION OF TARIFFS FOR MAJOR SERVICES	15
10. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES.....	28
11. IMPLEMENTING AND PHASING IN OFTHE POLICY	29
12. PROCEDURES AND ACCOUNTABILITY	29
13. SHORT TITLE.....	30

PREAMBLE

Whereas section 74 of the Local Government: Municipal Systems Act, No 32 of 2000, requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

And whereas the tariff policy at least should include the principles contained in section 74(2) of the Act; thus giving effect to the By-Law required in terms of section 75 of the Act;

And whereas the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiations do not amount up to unfair discrimination;

Now therefore the Municipal Council of Nelson Mandela Bay Municipality adopts the following Tariff Policy, which will be implemented with effect from 1 July 2016 and be reviewed as and when required.

APPLICATION

This Policy shall be applicable to the services provided or delivered by the Municipality and shall also be applied by an agent, contractor or other form of municipal service provider acting on behalf of the Municipality in terms of an agreement.

1. DEFINITIONS

- 1.1 In this Tariff Policy, unless inconsistent with the context, a word or expressions to which a meaning in the Act has been attached means:
- 1.1.1 **“Accounting Officer”** means the Accounting Officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, No 117 of 1998, and being the head of administration and Accounting Officer in terms of section 55 of the Local Government: Municipal Systems Act 2000, No 32 of 2000.
- 1.1.2 **“Basic municipal services”** means municipal services that are necessary to ensure an acceptable and reasonable quality of life and, if not provided, could endanger public health or safety of the environment. For Nelson Mandela Bay Municipality this shall include *inter alia* electricity, water, refuse removal and sewerage services.
- 1.1.3 **“Break-even”** occurs when the revenue is equal to the total of the fixed and variable cost associated with the provision of the service.
- 1.1.4 **“Community services”** are services that the Council has classified as such and the tariffs have been compiled with the intention that the costs of the services cannot be recovered fully from public service charges and are of a regulatory nature.
- 1.1.5 **“Consumer, customer, owner, occupier, and account-holder”** in this policy refers to individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied. The levying of tariffs, fees, charges, etc. depends on statutory clauses, an approved tariff in terms of by-laws, contracts, agreements or tacit uses of services in certain circumstances. Such levies are payable on presentation of any invoice or monthly statement issued by the Chief Financial Officer. Payments are due by the date indicated for the transaction, in an agreement / contract or on an invoice or monthly statement as the case may be.

- 1.1.6 **“Economic services”** are services that Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers.
- 1.1.7 **“Executive Director”** means a person appointed by Council in terms of section 56(1)(a) of the Act as a manager directly accountable to the municipal manager.
- 1.1.8 **“Fixed costs”** are costs which do not vary with consumption or volume produced.
- 1.1.9 **“Resident”** means a person who ordinary resides in the jurisdictional area of Nelson Mandela Bay Municipality.
- 1.1.10 **“The Act”** the Local Government: Municipal Systems Act, No 32 of 2000.
- 1.1.11 **“Total cost”** is the sum of all fixed and variable costs associated with a service.
- 1.1.12 **“Trading services”** are services that the Council has classified as trading services and the tariffs have been compiled with the intention that the Council makes a profit on the delivery of the services.
- 1.1.13 **“Units consumed”** are the number of units consumed of a particular service.
- 1.1.14 **“Variable costs”** are costs that vary with consumption or volume produced.

1.2 About translation

The English version will be regarded as the official version of this policy (i.e. Tariff Policy).

2. **PURPOSE OF THIS POLICY**

2.1 Nelson Mandela Bay Municipality wishes to achieve the following objectives by adopting this Tariff Policy:

- (a) To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, No 32 of 2000;
- (b) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Act; and
- (c) To give guidance to the Executive Mayor and Mayoral Committee regarding tariff proposals that must be submitted to Council annually during the budget process.

3. **TARIFF PRINCIPLES**

3.1 Nelson Mandela Bay Municipality wishes to record that the following tariff principles will apply:

- (a) All users of municipal services will be treated equitably as practically possible;
- (b) The amount payable by consumers and / or owners will generally be in proportion to usage of the service and compliance with municipal by-laws;

- (c) Poor households must have access to basic services, however relief will be granted to poor households in line with the applicable Assistance to the Poor Policy (ATTP) or Indigent Policy from financial year to financial year, and approved by Council;
- (d) Free basic services will only be possible if National Government pay to the municipality in terms of the Division of Revenue Act (DORA) an equitable share allocation which covers the full costs of the free basic services;
- (e) Tariffs must reflect the total cost of services or must be cost reflective;
- (f) Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that:
 - (i) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made;
 - (ii) 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 in order to subsidise rates and general services; and
 - (iii) Service providers retain a fair rate of return on their investments;
 - (iv) There is constant improvement on key financial ratios that are utilised to measure financial performance of the municipality.
- (g) Provision may be made in appropriate circumstances for surcharges on tariffs;
- (h) Efficient and effective use of resources may be encouraged by providing for penalties or stepped tariffs to prohibit or restrict exorbitant use;

- (i) The extent of subsidisation of tariffs will be disclosed and such disclosure will include the extent of subsidisation of the poor or incentives for local economic development;
- (j) Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users, **more especially when they are to promote job opportunities around the metropolitan area OR improve the economic viability of the municipal area;**
- (k) VAT is excluded from all tariffs and will be additional to these tariffs when applicable;
- (l) The Nelson Mandela Bay Municipality can introduce new tariffs or strategies thereof as part of the budget process, which must be subjected to due processes and final approval by Council, and
- (m) This policy shall be binding on all tariffs other than those governed by legislation, which supersedes the Local Government: Municipal Systems Act, No 32 of 2000.

3.2 Notwithstanding any of the above principles, indigent households identified as such would qualify for relief in terms of the Assistance to the Policy / Indigent Policy.

4. CATEGORIES OF CUSTOMERS

4.1 Council 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.

4.2 Where there are substantial differences between the infrastructures used to provide services to specific groups of users within a category and / or standard of services provided, the Council can, after considering a report by the Accounting Officer or the relevant Executive Director of a Directorate in

conjunction with the Chief Financial Officer determine differentiated tariffs for the different consumers within the specific category.

5. INVESTMENTS AND INCENTIVE POLICY

- 5.1 The Council may introduce different Tariffs in order to incentivize businesses that are being established in the municipal area of jurisdiction.
- 5.2 The incentive scheme as per the previous point may be implemented in terms of a separate policy that deals with such matters. The economic benefit for the municipal area must be quantified (including but not limited to job creation potential, contribution to the economic situation of the area, etc.).
- 5.3 The main objective of the investment and incentive policy must rather be to subsidise qualifying businesses in terms of their municipal accounts for services and not provide or exchange cash.
- 5.4 All such incentives will be reflected, accounted for and disclosed separately in invoices / account statements, budgets, annual financial statements or reports.
- 5.5 Such incentives must be reported to Council as and when they are approved and implemented.

6. INDIGENT RELIEF (ASSISTANCE TO THE POOR)

- 6.1 Tariffs will not reflect relief granted to poor households. Such incentives will be developed in separate policies (Customer Care, Credit Control, Debt Collection and Indigent Support Policy and Property Rates Policy) and be subject to the discretion of Council in order to enhance sustainability.
- 6.2 As such relief will be reflected, accounted for and disclosed separately in invoices, account statements, budgets, annual financial statements or reports.
- 6.3 During implementation of these policies, cognisance will be taken of the fact

that the existing tariffs and procedures may require amendment to accommodate the above clauses and that such amendments may be phased in over a period of time.

- 6.4 Poor households are expected to manage their consumption beneath the levels of relief granted and are responsible for the payment of electricity and water consumption above the levels of relief granted.
- 6.5 Assistance and management of poor households is contained in the Assistance to the Poor Policy / Indigent Policy approved by Council. The Municipality, however, retains the right to limit consumption through prepaid meters or restriction of services if the account of an assisted household falls into arrears, or should additional water be required over and above the approved volume of 8 kl of free water.

7. SERVICE- AND EXPENDITURE CLASSIFICATIONS AND COST ELEMENTS

7.1 Service Classification

- 7.1.1 To isolate the costs associated with a service, the Chief Financial Officer shall, subject to guidelines provided by National Treasury or the Department of Finance and / or the Municipal Council, make provision for *inter alia* the following classification of services:

(a) Trading Services

- (i) Water;
- (ii) Fresh Produce Market and
- (iii) Electricity

(b) Economi Services

- (i) Refuse removal; and

(ii) Sanitation disposal.

(c) **Community Services**

(i) Air pollution;

(ii) Administration and Treasury services;

(iii) Fire fighting services;

(iv) Local tourism;

(v) Town planning;

(vi) Public Health;

(vii) Storm water management system in built-up areas;

(viii) Trading regulations;

(ix) Cemeteries;

(x) Control of public nuisances;

(xi) Control of undertakings that sell liquor to the public;

(xii) Crime prevention including Metro Police Services;

(xiii) Facilities for accommodation, care and burial of animals;

(xiv) Fencing and fences;

(xv) Housing facilitation;

(xvi) Dog Licensing;

- (xvii) Licensing and control of undertakings that sell food to the public;

- (xviii) Local Economic development;

- (xix) Local amenities;

- (xx) Local sport facilities;

- (xxi) Marketing;

- (xxii) Municipal parks and recreation;

- (xxiii) Municipal roads;

- (xxiv) Noise pollution;

- (xxv) Pounds;

- (xxvi) Public places;

- (xxvii) Street trading / street lighting;

- (xxviii) Trading licenses;

- (xxix) Traffic and parking;

- (xxx) Building control;

- (xxxi) Licensing of motor vehicles and transport permits; and

- (xxxii) Nature reserves

NB: Any other service that Council may classify as forming part of this category.

(d) Subsidised Services

- (i) Health and ambulance “if applicable”;
- (ii) Libraries and museums; and
- (iii) Proclaimed roads.

NB: The municipality must, at all times, limit the exposure and financial risk resulting from continuous rendering of unfunded / under-funded mandates. These are services that do not necessarily fall under the municipality in terms of the Constitution of the Republic of South Africa Act (1996). These are services such as Provincial Roads, Library Services, etc.

7.2 Expenditure Classification

7.2.1 Expenditure categories will be classified in accordance with Generally Recognised Accounting Practice (GRAP) and also the Municipal Standard Chart of Accounts (mSCOA).

7.3 Cost Elements

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

(a) Fixed Costs:

Fixed costs consist of:

- (i) Employee related costs applicable to the service to ensure that the service can be rendered on an on-going basis at the desired service level;
- (ii) Capital costs (interest and depreciation) on external loans; depreciation on assets obtained through grants; as well as depreciation on assets obtained through own funds, whichever

are applicable to the service; and

- (iii) Any other costs of a permanent nature as determined by the Council from time to time.

(b) **Variable Cost:**

This includes all other variable costs that have reference to the service.

(c) **Total Cost:**

This is equal to the fixed cost plus variable cost.

8. TARIFF TYPES

- 8.1 In determining the type of tariff applicable to the type of service, the municipality shall make use of any of the following six options or a combination thereof.

(a) **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.

(b) **Cost related two to four part tariff:**

This tariff shall consist of two to four parts. Management, capital, maintenance and operating costs may be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and may be recovered by a fixed charge, independent of consumption for all classes of

consumers; or the total costs may be recovered by a unit charge per unit consumed. Three and four part tariffs will be used to calculate the tariff for electricity and to provide for maximum and notified demand (KVA charges) and usage (kWh charges) during peak, standard and off-peak (Time-of-use charges) periods.

(c) **Inclining block tariff:**

This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase.

(d) **Declining block tariff:**

This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.

(e) **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.

(f) **Cost plus mark-up tariff:**

This tariff is for other services rendered.

NB: The municipality may introduce any new tariff structure during the budget process for as long as the due processes are being followed to implement same.

9. CALCULATION OF TARIFFS FOR MAJOR SERVICES

9.1 In order to determine the tariffs which must be charged for the supply of the four major services (electricity, refuse removal, sanitation and water), the Municipality shall use service and expenditure classifications and cost elements contained in paragraph 7 above and identify all the costs associated with the service concerned, including specifically the following:

Tariff Policy – Nelson Mandela Bay Municipality

- (a) Cost of bulk purchases in the case of water and electricity;
- (b) Distribution costs, including distribution losses in the case of water and electricity;
- (c) Depreciation and finance charges;
- (d) Operations and Maintenance of infrastructure and other fixed assets;
- (e) Administration and service costs, including:
 - (i) Service charges levied by other support services such as finance, human resources, legal services, information technology services, etcetera;
 - (ii) Reasonable general overheads such as the costs associated with the office of the Accounting Officer etc.;
 - (iii) Adequate contributions to the provisions for bad debts, working capital and obsolescence of stock; and
 - (iv) 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;
- (f) The cost 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 also be included into 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:
- (i) As an appropriation to the capital replacement reserve; and /or
 - (ii) Generally in relief of rates and general services; and
- (h) The municipality shall be guided by its Assistance to the Poor Policy or Indigent Policy in order to provide free KI of water per month free of charge to all approved indigent households and may extend the provision of free water per month free of charge to all other domestic consumers subject to the affordability levels in terms of the budget.

9.2 Electricity

- 9.2.1 Electricity is a regulated commodity and the tariff determination guidelines issued by the National Electricity Regulator of South Africa (NERSA) for the specific financial year will form the basis of calculating the electricity tariffs.
- 9.2.2 Electricity tariff structure and principles in this policy document will from time to time change as per requirements of NERSA.
- 9.2.3 To make electricity affordable to certain categories of consumers, cross subsidisation between and within categories of consumers, will be allowed based on the load factors of the categories and consumer profiles within the category.
- 9.2.4 The fixed costs or portions thereof will be recovered through an energy or time-of-use charge.
- 9.2.5 The basic charges for both conventional and pre-paid electricity shall be the same.
- 9.2.6 Where a property is not connected to the electricity reticulation system, but can reasonably be so connected, an availability tariff will be payable.

- 9.2.7 To apply the abovementioned principles, the consumer types, consumption and applicable tariffs are explained and reflected in the following tables below.
- 9.2.8 The Municipality reserves the right to amend in its tariff structure and principles as the need arises or to implement to NERSA requirements and to further update the policy with such changes subject to council approval.

DEFINITION OF CONSUMPTION TYPES

The following different types of consumption are defined under the applicable tariffs:

a) Domestic Consumption

Consumption for domestic purposes in:

- Private houses;
- Blocks of flats, town houses and maisonettes, and group or cluster housing; including consumption by electrical apparatus associated with these premises, which in the opinion of the Executive Director, Electricity & Energy is predominantly used for domestic reasons; and
- Residential establishments operated by social welfare institutions registered under the National Welfare Act.

b) Small Business Consumption

Consumption not defined under Domestic Consumption, which is supplied at 230

Volt, single phase. The load will normally not exceed 80 amps per line conductor

for single phase or two-phase, three wire, services.

c) Medium Business Consumption

Consumption not defined under Domestic Consumption, which is supplied at 400 volt three phase and 500 volt (existing supplies only) three phase. The load will normally not exceed 200 kVA for 500 volt three phase, three wire, or 800 kVA for 400 volt three phase, four wire, services.

d) Large Business Consumption

Consumption not defined under Domestic Consumption, which is supplied at 6 600 volt to 132 000 Volt, three phase.

e) Urban

Consumers whose point of supply is located within the municipal boundary

f) Peri-Urban

Consumers whose point of supply is located outside the municipal boundary but within the Council's licensed area of supply.

TARIFFS APPLICABLE TO DIFFERENT CONSUMER CATEGORIES**i. Domestic Tariff**

Domestic consumers will be supplied with electricity, by contract, on Inclining Block Tariffs. Consumers can only select prepayment metering. In the case of existing credit metering, consumers will be read on a two-monthly cycle, and accounts, in those months when meters are not read will be based on estimated kilowatt-hour consumption.

ii. Small Business Tariff

Small business consumers will be supplied with electricity, by contract, on a single rate tariff that includes a basic monthly charge. Consumers' meters will be read on a two monthly cycle, and accounts, in those months when meters are not read, will be based on estimated kilowatt-hour consumption.

iii. **Medium Business Tariff**

Medium business consumers have the option of four different tariffs. Consumers with supplies above or below 200kVA may select either tariff option below. Existing consumers can convert to one of the alternative tariffs upon payment of the prescribed fee for the alteration of metering. Only one tariff change per annum is allowed.

The tariff options are:

- **Single Rate Medium Business Tariff (Supplies below 200kVA)**

Medium business consumers selecting the Single Rate Tariff will be supplied with Electricity, by contract, on a single rate tariff that includes a basic monthly charge. Consumers' meters will be read on a two-monthly cycle, and accounts, in those months when meters are not read, will be based on estimated kilowatt-hour consumption.

- **Multi-Rate Medium Business Tariff (Supplies below 200kVA)**

Medium business consumers selecting the Multi-Rate Tariff will be supplied with electricity, by contract, on a multi-rate energy tariff that includes a basic monthly charge.

Consumers' meters will be read on a two-monthly cycle, and accounts, in those months when meters are not read, will be based on estimated kilowatt-hour consumption.

Two energy periods are defined namely peak period and off-peak period. Kilowatt-hour consumption will be separately metered during the peak and off-peak periods and different energy charges will be applied to the peak and off-peak kilowatt-hour consumptions.

Peak period is defined as between 07:00 and 20:00 on Mondays, Tuesdays, Wednesdays, Thursdays and Fridays, official public holidays excluded.

Off-peak period is defined as all other times.

- **Metered Demand Medium Business Tariff (Supplies above 200kVA)**

Medium business consumers with an average demand of more than 200 kVA, will be supplied with electricity, by contract, on the basis of a basic monthly charge, a metered maximum demand charge and a metered kilowatt-hour charge. The

maximum demand charge shall be based on the half-hourly maximum demand in kVA of the monthly cycle in question and the full amount shall be payable whether electricity was consumed for the full month or only part thereof. Consumers' meters shall be read, or billing data may be remotely downloaded on a one-monthly cycle.

Where the official deputed to read the meter is unable to gain access to the metering equipment or the remote data download fails, the kVA demand for that cycle will be taken to be equal to that of the previous cycle and the kWh consumption for that cycle will be estimated. A minimum demand charge, based on 70 kVA, shall be applied to all consumers on this tariff option.

- **Time-of-Use Medium Business Tariff (Supplies above 200kVA)**

The Time-of-Use Tariff is available as an option to medium business consumers with a maximum demand of 200 kVA and above. Under this tariff option there are three different time periods, i.e. Peak, Standard and Off-Peak periods. Different energy rates are levied for metered kilowatt-hour consumption during peak, standard and off-peak periods. Maximum demand, measured in kVA, will be computed over half-hourly integrating periods and levied on the maximum demand registered during peak and standard periods during the complete billing month.

There are two seasonal periods (Winter and Summer) per annum with different charges applicable to each season. A basic monthly charge applies. Consumers' meters shall be read, or billing data may be remotely downloaded on a one monthly cycle. Where the official deputed to read the meter is unable to gain access to the metering equipment or the remote data download fails, the kVA demand and the kWh consumption for that cycle will be estimated.

iv. Large Business Tariff

Two large business tariffs are available. The Metered Demand Tariff and Time-of-Use Tariffs are available to all large business consumers. Only one tariff change per annum is allowed.

- **Metered Demand Large Business Tariff**

Large business consumers on the Metered Demand Tariff will be supplied with electricity, by contract, on the basis of a basic monthly charge, a metered maximum demand charge and a metered kilowatt-hour charge. The maximum demand charge shall be based on the half-hourly maximum demand in kVA of the monthly

cycle in question and the full amount shall be payable whether electricity was consumed for the full month or only part thereof.

Consumers in this category will have their meters read remotely on a calendar month cycle. If the communication system fails and the metering equipment cannot be accessed to obtain readings, the kVA demand for that cycle will be taken to be equal to that of the previous cycle and the kWh consumption for that cycle will be estimated.

A minimum demand charge, based on 70 kVA, shall be applied to all consumers on this tariff.

- **Time-of-Use Large Business Tariff**

The Time-of-Use Tariff is available as an option to large business. Under this tariff option there are three different time periods, i.e. Peak, Standard and Off-Peak periods. Different energy rates are levied for metered kilowatt-hour consumption during peak, standard and off-peak periods. Maximum demand, measured in kVA, will be computed over half-hourly integrating periods and levied on the maximum demand registered during peak and standard periods during the complete billing month.

There are two seasonal periods (Winter and Summer) per annum with different charges applicable to each season. Consumers in this category will have their meters read remotely on a calendar month cycle. If the communication system fails and the metering equipment cannot be accessed to obtain readings, the kVA demand for that cycle will be taken to be equal to that of the previous cycle and the kWh consumption for that cycle will be estimated.

A minimum demand charge, based on 70 kVA, shall be applied to all consumers on this tariff. A basic monthly charge applies.

SEASONAL TIMES

Winter = June, July and August

Summer = September to May

TIMES OF USE

Hours Peak:

Winter & summer weekdays: 07:00 - 10:00; 18:00 - 20:00

Hours Standard:

Winter & summer weekdays: 06:00 - 07:00; 10:00 –18:00; 20:00 to 22:00

Winter & Summer Saturday: 07:00 – 12:00; 18:00 – 20:00

Hours Off-Peak:

Winter & summer weekdays: 00:00 - 06:00; 22:00 - 24:00

Winter & summer Saturday: 00:00 - 07:00; 12:00 - 18:00; 20:00 – 24:00

Winter & summer Sunday: 00:00 - 24:00

Public Holidays will be treated like a Saturday or a Sunday as specified annually by Eskom for their Mega flex tariff. Generally, public holidays treated as Sundays are: New Year's Day; Good Friday; Family Day (Easter Monday); Christmas Day; and Day of Goodwill. As a rule, all other public holidays are treated as Saturdays, except in cases where such holidays are on a Sunday.

*All the minimum demand charge will be based on the maximum recorded during peak and standard times.

The tariffs for domestic Inclining Blocks consumption shall be based on the levels reflected in the following table:

ATTP Domestic Customers

0-75 kWh	Free*
76-350 kWh	c/kWh
351-600 kWh	c/kWh
601-900 kWh	c/kWh
901+ kWh	c/kWh

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Non-ATTP Domestic Customers

0-350 kWh	c/kWh
350-600 kWh	c/kWh
600-900 kWh	c/kWh
900+ kWh	c/kWh

Categories of consumers	Fixed Charge Rand / Customer / Month	Active Energy Charge Cents / kWh	Seasonally Time-of-Use Energy Charge Peak / Standard / Off-Peak (kWh)	Capacity Charge Rand / KVA / Month
Domestic Pre-paid	X	X		X
Domestic	X	X		X
Domestic Time of Use	X			
Business Pre-paid	X	X		X
Small business > 60A	X	X		X
Small business < 60A	X	X		X
Business = 400 V	X	X		X
Business = 11 kV	X		X	X
Business = 132 kV	X		X	X
Business > 132 kV	X		X	X

9.3 Water

9.3.1 The categories of water consumers as set out below, shall be charged at the applicable tariffs as approved by the council in each annual budget.

9.3.2 Categories of consumption and charges

- (a) The municipality shall be guided by its Assistance to the Poor Policy or Indigent Policy in order to provide 8kl, or any volume approved by Council from time to time, of water per month free of charge to all approved indigent households and may extend the provision of free water per month free of charge to all other domestic consumers subject to the affordability levels in terms of the budget.
- (b) Because water is a scarce national resource and this municipality is committed to the prudent conservation of such resources, the tariff levied for domestic consumption of water shall escalate according to the volume of water consumed.
- (c) The tariffs for domestic consumption shall be based on a step tariff

structure which is annually approved by Council during the budget endorsement process.

- (d) The cost of water in the first two steps will be calculated at break even and will include any basic / availability charges.
- (e) A basic charge per water meter in the rural area as determined by the Council from time to time may be charged on all water consumers, except consumers using pre-paid meters.
- (f) Where consumers are not connected to the water services and these consumers can reasonable connect to the service within an approved township establishment, an availability tariff will be payable.
- (g) A different water tariff applicable to the business sector will be levied by the municipality w.e.f. 1 July 2016 as prior this date water tariffs levied to business were the same as domestic properties, with business not being levied at step-tariff.

9.4 Trade Refuse Removal

9.4.1 A separate fixed monthly refuse removal charge shall apply to each category of users based on the costs of the service concerned and the applicable level of service that can vary from once a week up to 7 times a week, or two times a week, etc.

9.4.2 Household Refuse Collection

The fixed basic charge will be based on volume removed and the costs associated with its disposal.

9.4.3 A basic (availability) charge per month may be charged for undeveloped erven.

9.4.4 The municipality may introduce tariffs such as environmental charge in order to deal with environmental matters pertaining to rendering the refuse removal and or cleansing service and the income / revenue raised from this tariff will be used to finance same operations.

9.5 **Sewerage**

9.5.1 The categories of sewerage users as set out below shall be charged per month at the applicable tariff as approved by Council in each annual budget.

9.5.2 **Categories of usage and charges**

- (a) A basic (minimum) charge per month shall be charged for all even provided with access to the municipal sewerage system.
- (b) A separate fixed monthly sewerage charge shall apply to each category of users linked to Water consumption per month.
- (c) An additional monthly fee may be charged per toilet or any other type of measurement Council may determine from time to time as an availability charge to be used to finance / fund the upgrading of the infrastructure.
- (d) An effluent charge shall further be payable by all Commercial and Industrial sewage contributors as well as those discharging sewage strength that is stronger than that of domestic sewage and requires special purification measures by the municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of the purification. This will be in line with limits prescribed by the Water and Sanitation services municipal by-law.

9.6 **Minor tariffs**

9.6.1 All minor tariffs shall be standardized and be cost reflective as much as possible within the municipal area.

9.6.2 All minor tariffs shall be approved by Council in each annual budget and shall, when deemed appropriate by 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.

9.6.3 Minor tariffs shall include but not limited to the following:

- (a) Cemetery fees;
- (b) Housing rentals;
- (c) Library fees (e.g. membership fees, fines, lost books, lost membership cards);
- (d) Rentals for the use of municipal premises;
- (e) Rentals for the use of municipal sports grounds;
- (f) Rentals for the lease of municipal property;
- (g) Building plan fees;
- (h) Advertising sign fees;
- (i) Plastic bag sales;
- (j) Refuse bin sales;
- (k) Cleaning of stands;
- (l) Sewerage connection fees;
- (m) Sewerage inspection and testing fees
- (n) Plumbing / Drainage inspection fees
- (o) Vacuum tanking sewerage charges /fees
- (p) Photostat copies and faxes;
- (q) Clearance certificates;
- (r) Pound fees;
- (s) Electricity: disconnection and reconnection fees;

- (t) Electricity: new connection fees;
- (u) Water: disconnection and reconnection fees;
- (v) Water: new connection fees;
- (w) Water inspection and testing fees
- (x) Penalty and other charges in terms of the Customer Care, Credit Control, Debt Collection and Indigent Support Policy; and Municipal by-laws;
- (y) Supply of information (e.g. for Tender processes, etc);
- (z) Garden refuse removal;
- (aa) License fees (drivers, learner license and road worthy);
- (bb) Sale of livestock; and
- (cc) Sale of miscellaneous items.

9.6.4 The Municipal Manager shall maintain a list of all minor services indicating their unit of service for the purpose of determining tariffs, fees, charges and levies. Such list shall be reviewed annually together with the proposed tariffs, fees, charges and levies.

10. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

10.1 After a draft budget as required by the Local Government: Municipal Finance Management Act (MFMA) has been tabled, the Accounting Officer must invite the local community to submit representations for consideration by Council. Such invitation includes the draft resolutions on taxes and tariffs proposed.

10.2 After approval of the annual budget in terms of section 24 of the MFMA, Council will give notice in terms of section 75A of the Act of all tariffs approved at the annual budget meeting and the Municipal Manager shall without delay conspicuously display a copy of the resolution for a period of

at least 30 days at the main administrative office of the Municipality and at such other places within the Municipality to which the public has access as the Municipal Manager may determine.

- 10.3 A notice stating the purpose of the Council Resolution, date on which the new tariffs shall become operational and invitation for objections, will be advertised by the Municipality in terms of section 75A(3)(b) of the Act.
- 10.4 All tariffs approved must have been considered at the annual budget meeting.

11. IMPLEMENTING AND PHASING IN OF THE POLICY

- 11.1 The principle 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 Act.
- 11.2 Council may determine conditions applicable to a community service of a regulatory nature. These conditions will be reflected in the standing orders of Council.

12. PROCEDURES AND ACCOUNTABILITY

- 12.1 The Municipal Manager shall ensure that procedures to manage all aspects of this policy are prepared in the form of a manual, reviewed regularly and that these are formally adopted by him / her for implementation. These procedures will include aspects in this policy and subscribe to sound principles of internal control.
- 12.2 The Executive Director of a Directorate shall ensure compliance with the procedures as approved from time to time by the Municipal Manager to give effect to the provisions of this policy.

13. REVIEW OF THE TARIFFS POLICY

- 13.1 This policy will be reviewed at least once in a financial year and more ideally during the budget process.

14. SHORT TITLE

- 14.1 This policy is the Tariff Policy of Nelson Mandela Bay Municipality.