



MOGALE CITY LOCAL MUNICIPALITY

# WATER AND SANITATION TARIFF POLICY

2023 -2024

GT481



# Table of Contents

1. PURPOSE OF THIS DOCUMENT .....	4
2. CONSTITUTIONAL AND LEGAL BACKGROUND .....	10
3. APPROVAL AND EFFECTIVE DATE .....	10
4. POLICY AMENDMENT.....	10
5. REFERENCES.....	10
6. BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE .....	11
7. FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE.....	12
9. FREE BASIC SERVICES .....	14
10. TARIFF STRUCTURES FOR WATER SERVICES .....	15
11. WATER TARIFF POLICY .....	16
12. WATER LEAK ADJUSTMENT.....	17
13. POLICY IMPLEMENTATION.....	19

## ABBREVIATIONS

MCLM

AO

CFO

MFMA

MPRA

MSA

PPE

SCM

VAT

IBT

Mogale City Local Municipality

Accounting Officer

Chief Financial Officer

Municipal Finance Management Act

Municipal Property Rates Act

Municipal Systems Act

Property, Plant and Equipment

Supply Chain Management

Value Added Tax

Inclining Block Tariff



## 1. PURPOSE OF THIS DOCUMENT

The purpose of this tariff policy is to prescribe the accounting and administrative procedure relating to the determination and levying of tariffs by Mogale City Local Municipality. Apart from ensuring accountability and administrative guide, the purpose of this policy is to ensure that Mogale City Local Municipality meets legislative requirements in rendering water services to its customers.

The Municipality should perform the procedures set out in this policy to ensure the effective planning and management of tariffs.

In setting its annual tariffs the council shall

- At all times take due cognisance of the tariffs applicable elsewhere in the economic region;
- Consider the impacts that the tariffs may have on local economic development;
- Move and strive towards implementing cost reflective tariffs, having due regard of the impact that this may have on the residents and businesses

## DEFINITIONS

**"Account"** means an account rendered specifying charges for municipal services provided by the Municipality, or any authorised and contracted service provider, and which account may include assessment rates levies;

**"Accounting Officer"** means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act;

**"Annual Budget"** shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget;

**"Annually"** means once every financial year;

**"Arrangement"** means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act;

**"Arrears"** means those rates and service charges that have not been paid by the due date and for which no arrangement has been made;

**"Authorised Representative"** means a person or representative legally appointed by the Municipality to act or to fulfil a duty on its behalf;

**"Basic Municipal Services"** shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment;

**"Billing Date"** means the date upon which the monthly statement is generated and debited to the customer's account;

**"Business and Commercial Property"** means -



(a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or

(b) property on which the administration of the business of private or public entities take place.

"By-law" shall mean legislation passed by the council of the Municipality, and which shall be binding on the Municipality and on the persons and institutions to which it applies;

"**Calendar year**" shall mean 12 consecutive months of a financial year; Commencing 1 July

"**Category**" –

(a) in relation to a property, means a category of properties determined in terms of section 8(2) of the Municipal Property Rates Act;

(b) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Municipal Property Rates Act.

"**Chief Financial Officer**" means the person appointed as the Chief Financial Officer of the Municipality, or his or her nominee;

"**Consumer Price Index**" shall mean the CPX as determined and gazetted from time to time by the South African Bureau of Statistics;

"**Consolidated Account**" means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Municipality;

"**Council**" means the Council of the Mogale City Local Municipality;

"**Councillor**" shall mean a member of the Council of the Municipality;

"**Credit Control**" means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services;

"**Customer**" means the occupier of any premises to which the Municipality has agreed to supply or is actually supplying municipal services to, or if no occupier can be identified or located, then the owner of the premises and includes any customer of the Municipality;

"**Day / Days**" means calendar days, inclusive of Saturdays, Sundays and public holidays;

"**Debt Collectors**" means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein;

"**Defaulter**" means any person who owes arrears to the Municipality;

"**Delivery Date**" shall mean the date on which the periodic account is delivered to the customer or 3 days after the date the account was posted, whichever is the first;

"**Director Income**" means the Senior Official in a division of the Municipality's Finance Department, overall responsible for the collection of monies owed to the Municipality and / or any other official to whom he / she has delegated duties and responsibilities in terms of this policy;

"**Domestic Customer or User**" of municipal services shall mean the person or household which municipal services are rendered in respect of "residential property" as defined below;

"**Due Date**" in relation to -



(a) rates due in respect of any immovable property, means:-

- the date for payment indicated on the account, in the case where rates are levied on a monthly basis is the 7th of each month; or

(b) should such day fall on a Saturday, Sunday or public holiday the due date will remain the 7th of the month.

**"Dwelling"** means a building, structure or place of shelter to live in or conduct business from;

**"Implementing Authority"** means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act 32 of 2000;

**"Indigent Customer"** means the head of an indigent household:-

(a) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the Municipality; and

(b) who makes application for indigent support in terms of Council's Indigent Support Policy on behalf of all members of his or her household;

**"Indigent Support Policy"** means the Indigent Support Policy adopted by the Council of the Municipality;

**"Indigent Support Programme"** means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Support Policy;

**"Integrated Development Plan"** shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended;

**"Industrial Property"** – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

**"Interest"** means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the Municipality's primary bank account, plus two percent or such other percentage as may be determined by Council from time to time;

**"Local Community"** – in relation to the Municipality –

(a) means that body of persons comprising –

- the residents of the Municipality;
- the rate payers of the Municipality;
- any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
- visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and

(b) includes, more specifically, the poor and other deprived sections of such body of persons;

**"Market Value"** – in relation to a property, means the value of the property determined in accordance with section 46 of the Municipal Property Rates Act;



"Month" means one of twelve months of a calendar year;

**"Monthly Average Consumption"** means the monthly average consumption in respect of a property calculated on the basis of the average consumption over the preceding twelve months on the respective property or should it be a newly developed property a projected average consumption per month for a property in the Municipality having a similar sized development thereon;

"Municipality" or "Municipal Area" shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act 27 of 1998 as the municipal area pertaining to the Municipality;

**"the Municipality"** means Mogale City Local Municipality;

**"Municipal Council"** or "Council" shall mean the Mogale City Local Municipality.

**"Municipal Pay Point"** means any municipal office in the area of jurisdiction of the Municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate;

**"Municipal Manager"** means the Municipal Manager of the Mogale City Local Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council;

**"Municipal Services"** means services provided either by the Municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement;

**"Municipal Tariff"** shall mean a tariff for services which the Municipality may set for the provision of a service to the local community, and may include a surcharge on such service.

Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the Municipality in respect of other services supplied including services incidental to the provision of the major services;

**"Occupier"** means any person who occupies, controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it;

**"Open Space"** - means land that is used as a park, garden, for passive leisure or maintained in its natural state and that is zoned as open space;

**"Owner"** in relation to immovable property means -

(a) the person in whom is vested the legal title thereto provided that:-

- (i) the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
- (ii) the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;

(b) if the owner is deceased or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;





(c) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property;

**"Person"** means a natural and juristic person, including any department of state, statutory bodies or foreign embassies;

**"Premises"** includes any piece of land, the external surface boundaries of which are delineated on:

(a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or

(b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the Municipality.

**"Prescribed"** means prescribed by this policy and where applicable by Council or the Municipal Manager;

**"Prescribed debt"** means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969;

**"Private Open Space"** means land that is privately owned and used for practising of sport, play or leisure facilities or used as a botanical garden, cemetery or nature area and which is joined as Private Open Space;

**"Privately Owned Townships Serviced by the Owner"** – means single properties (group housing or single residential erven), situated in an area not ordinarily being serviced by the Municipality, divided through subdivision or township establishment in (ten or more) full-title stands and / or sectional title units and where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, Home owners association or management companies / bodies of such estate;

**"Property"** – means immovable property registered under separate title in terms of the provisions of the Deeds Registries Act, 1937 (Act 47 of 1937) in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person and includes unregistered land if the right of ownership can be determined;

**"Rateable Property"** shall mean property on which the Municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act;

**"Ratepayer"** shall mean a person who is liable to the Municipality for the payment of (a) rates on property in the Municipality; (b) any other tax, duty or levy imposed by the Municipality; and / or (c) fees for services provided either by the Municipality or in terms of a service delivery agreement;

**"Reduction"** - in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount;

**"Registered Owner"** means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, 47 of 1937;





**"Responsible Person"** means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges;

**"Residential Property"** shall mean a property included in the valuation roll in terms of Section 48(2)(b) of the Municipal Property Rates Act, 2004 as residential;

**"Residential Property"** furthermore means improved property that: -

(a) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes;

(b) is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes;

(c) is owned by a share-block company and is used predominantly for residential purposes;

(d) is a residence used for residential purposes situated on a property used for educational purposes;

(e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Municipal Property Rates Act;

(f) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

(g) vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category;

**"Service Charges"** means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy;

**"Service Delivery Agreement"** means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000;

**"Small Holding"** means:-

(a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or

(b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less.

**"Sundry Customer Accounts"** means accounts raised for miscellaneous charges for services provided by the Municipality or charges that were raised against a person as a result of an action by a person, and were raised in terms of Council's policies, bylaws and decisions;

**"Supervisory Authority"** means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000;

**"Tariff"** means the scale of rates, taxes, duties, levies or other fees which may be imposed by the Municipality in respect of immovable property and / or for municipal services provided;



**"Tariff Policy"** means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000;

**"User"** means the owner or occupier of a property in respect of which municipal services are being rendered;

**"Vacant Property"** – means any land without any improvements thereon;

**"Water Charges"** means service charges in respect of the provision of water.

## **2. CONSTITUTIONAL AND LEGAL BACKGROUND**

In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003, the Accounting Officer (AO) of a Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the Municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act 32 of 2000 as amended.

In terms of section 74 of the Municipal Systems Act the municipal council must adopt a tariff policy for the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements.

## **3. APPROVAL AND EFFECTIVE DATE**

The policy will be effective as from 1 July 2023.

## **4. POLICY AMENDMENT**

In terms of section 17(1)(e) of the MFMA this policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval together with the adoption of the MTREF for the following year.

## **5. REFERENCES**

The following references were observed in compiling this document:

- Municipal Finance Management Act, 2003
- Municipal Systems Act, 2000
- Municipal Property Rates Act 6, 2004 as amended
- Municipal Property Rates Policy, as reviewed annually
- Constitution of the Republic of South Africa, 1996 as amended
- Municipal Budget and Reporting Regulations, 2008



## **6. BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE**

- 6.1 Service tariffs imposed by the local Municipality shall be viewed as user charges and not as taxes, and therefore the ability of the relevant customer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigent relief measures approved by the Municipality from time to time).
- 6.2 The Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 6.3 Tariffs for the four major services rendered by the Municipality, namely Electricity, Water, Sewerage and Refuse Removal, shall as far as possible recover the expenses associated with the rendering of each service concerned, and where feasible, generate a modest surplus as determined in each annual budget..
- 6.4 The tariff which a particular customer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 6.5 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 customers in the municipal region.
- 6.6 The Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all customers and users affected by the tariff policy concerned.
- 6.7 The Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 6.8 In the case of conventional metering systems for 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 customers shall be proportionate to the quantity of the service which they consume. In addition, the Municipality shall levy a monthly fixed (basic) charge for water services to slowly cover the cost of the developed bulk water and sewer infrastructure.
- 6.9 In adopting what is fundamentally a two-part tariff structure, namely a fixed - basic charge coupled with a charge based on consumption, the Municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- 6.10 In case of vacant stands, where the services are available but not connected, the Municipality shall levy a monthly availability or fixed charge which is levied because of fixed costs such as the capital and maintenance costs and insurance of bulk infrastructure available for immediate connection. This principle also applies to vacant stands in areas serviced through conservancy or septic tanks.



## 7. FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE

### 7.1 Financial factors

7.1.1 The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service, during each of the Municipality's specific financial years, to avoid cross subsidising of services.

7.1.2 In order to determine the tariffs which must be charged for the supply of the water service, the Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

7.1.2.1 Cost of bulk purchases in the case of water.

7.1.2.2 Distribution costs.

7.1.2.3 Depreciation expenses.

7.1.2.4 Maintenance and Refurbishment of infrastructure and other fixed assets.

7.1.2.5 Cost of approved indigent relief measures and cross subsidising of low consumption.

7.1.2.6 Capital Investment Cost for the upgrade and refurbishment of existing infrastructure as well as construction of new bulk and reticulation infrastructure.

7.1.2.6 Administration and service costs, including:-

7.1.2.6.1 Service charges levied by other departments such as finance, human resources and legal services;

7.1.2.6.2 Reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;

7.1.2.6.3 Adequate contributions to the provisions for bad debts and obsolescence of stock; and

7.1.2.6.4 All other ordinary operating expenses associated with the service concerned.

7.2.1.1 The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service, during each of the Municipality's specific financial years, to avoid cross subsidising of services.

7.2.1.1.1 Service charges levied by other departments such as finance, human resources and legal services;

7.2.1.1.2 Reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;

7.2.1.1.3 Adequate contributions to the provisions for bad debts and obsolescence of stock; and

7.2.1.1.3.1. All other ordinary operating expenses associated with the service concerned.



## **8.2 Socio-economic factors**

8.2.1 Although the determination of tariffs is in many instances politically orientated, it ought to be based on sound, transparent and objective principles at all times.

- In order to fully understand the influence of the socio-economic factors the various user categories and forms of subsidisation needs to be considered.
- Tariffs should also support business initiatives aimed at creating jobs or contribute to the economy of the area.

8.2.2 Users can be divided into the following categories:-

8.2.2.1 Users who are unable to make any contribution towards the consumption of services and who are fully subsidised;

8.2.2.2 Users who are able to afford a partial contribution and who are partially subsidised only; and

8.2.2.3 Users who can afford to pay for the cost of the services.

8.2.3 It is important to identify these categories and to plan the tariff structures accordingly.

- Subsidies currently derived from two sources namely:-

8.2.3.1 Contributions from National Government: National Government makes an annual contribution according to a formula, which is primarily based on information obtained from Statistics South Africa by means of census surveys. If this contribution is judiciously utilised it will subsidise all indigent households who qualify in terms of the Council policy.

8.2.3.2 Contributions from own funds: The Council can, if the contribution of National Government is insufficient, provide in its own operational budget for such support. Such action will in all probability result in increased tariffs for the larger users. Any subsidy must be made known publicly.

- To make provision for subsidisation the tariff structure can be compiled as follow:-

8.2.4.1 Totally free services (within limits and guide lines);

8.2.4.2 Lower tariffs for users who qualify in terms of particular guide lines, for example to recover the operational costs of the service only; and

8.2.4.3 Full tariff payable with a subsidy that is transferable from sources as mentioned above.

## **8.3 Minimum service levels**

It is important that minimum service levels be determined in order to calculate and develop an affordable tariff package available to all potential users.



## **8.4 Credit control**

8.4.1 It is not possible to successfully compile a tariff structure without consideration of the stipulations of an effective credit control system. Income is provided for in the budget and the payment level must be realistic taking into account current payment levels and past trends. It is therefore important to continuously ensure that users indeed pay punctually. Non-payment has a direct effect in that the provision for debt impairment, in accordance with current payment levels, must be provided for as expenditure in the budget.

8.4.2 However, it is also a fact that there are consumers who are unable to pay. Tariffs must therefore provide access to a minimum level of basic services for all users. It should furthermore be supplemented with a practical policy for indigents. This will ensure the sustainable delivery of services. In addition, adequate provision should be made on an annual basis for debt impairment and working capital in accordance with current payment levels.

## **8.5 Historical and future user patterns**

8.5.1 It is important to keep accurate consumption statistics for the purpose of determining tariffs. Consumption determines tendencies, which ultimately have an influence on tariffs within a structure. Provision should be made in the process for growth and seasonal use, as well as for unforeseen events that may have an impact on tariffs.

## **9 FREE BASIC SERVICES**

9.1 Underlying principle

9.1.1 Free basic municipal services refers to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.

9.1.2 In terms of the South African Constitution all customers should have access to basic services. Typically, the following parameters will be applied: -

9.1.2.1 The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

9.1.2.2 The general threshold for indigent support is restricted to qualifying households with a combined income amount, and or certain property value determined by Council at the beginning of every financial year and will be applied for the duration of that particular financial year.

It is essential that a compromise be reached between the following needs with the determination of a tariff structure:-

- The need to reflect costs as accurately as possible in order to achieve cost effectiveness;
- The need to ensure equality and fairness between user groups;
- The need for a practically implementable tariff;
- The need to use appropriate metering and provisioning technology;
- The need for an understandable tariff; and
- The user's ability to pay.

## 10.1 Water Services

10.1.1 Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the minimization of consumption. In order to restrict consumption, an inclining block rate tariff structure with a basic fee is applied.

10.1.2 In principle, the amount that users pay for water services should generally be in proportion to their use of water services. Tariffs must be set at levels that facilitate the sustainability of the service, will include sliding scale tariff structure.

10.1.3 To calculate the tariff for water, the actual cost incurred in the supply of water to the community, has to be taken into consideration. The principle of basic or fixed levies as well as a kilolitre tariff for water is determined by the cost structure.

10.1.4 This cost structure consists of the following components:-

10.1.4.1 **Fixed (Basic) costs:** It represents that portion of expenses that must be incurred irrespective of the fact whether or not any water has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of water, costs of capital investment and insurance that is payable in respect of the development of bulk infrastructure.

These costs must be recovered whether any water is used or not. The costs are therefore recovered by means of a fixed or basic charge levy per period (normally on a monthly basis) in order to ensure that these costs are covered.

10.1.4.2 **Variable costs:** It relates to the physical provision of water according to demand and must be financed by means of a unit tariff which is payable per kilolitre water consumed.



- 10.1.4.3 **Surplus:** The tariffs for these services are determined in such a way that a net trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

## **11 WATER TARIFF POLICY**

### **11.1 Domestic / Commercial / Business / Accommodation Establishments**

#### **11.1.1 Customers are billed as follows:-**

- Registered Indigents receive their basic levy for water fully subsidised every month, as determined by Council on an annual basis.

#### **11.1.1.2 Domestic and businesses customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage in the following blocks:-**

- 0 to 6 kl – Indigent households
- 7 to 12 kl – Non Indigents
- 0 to 12 kl – Non Indigents
- 13 to 20 kl – Non Indigents
- 21 to 30 kl – Non Indigents
- 31 to 45 kl – Non Indigents
- >45 kl – Non Indigents

### **11.2 Old Age Homes / Schools / Sports Clubs / Charitable institutions**

#### **11.2.1 Customers are billed as follows:-**

#### **11.2.1.1 Customers are billed for consumption based on the amount of water used by way of fixed tariff per kilolitre usage.**

### **11.2 All other Customers**

All other customers are billed as follows:-

#### **11.2.1 Customers are billed for consumption at a fixed tariff per kilolitre based on the number of kilolitres consumed.**

### **11.3 Special Arrangements**

#### **11.3.1 Where two or more dwellings / flats / offices / accommodation establishment units are feeding from one main water connection to a property, the customers are billed as follow:-**

#### **11.3.2 Customers in 11.3.1 are billed for consumption based on the amount of water used by way of a fix tariff per kilolitre usage.**



#### **11.4 Water Restrictions**

- 11.4.1 The availability of bulk water resources will be monitored throughout the year by Council.
- 11.4.2 When so required, Council will take a resolution to implement water restrictions based on the status of the availability of water in the reservoirs and the rate of demand.
- 11.4.3 Any penalties payable on water consumption as a result of water restrictions will be implemented in the month following the Council resolution; regardless of the meter reading dates (water consumed prior to the resolution date may therefore also be subject to penalties).

#### **11.5 Departmental**

The respective Commercial and Bulk Water Supply tariffs, for consumption only, will be determined by Council on an annual basis. Tariff will be determined by the specific department applicable only to the water consumption.

#### **11.7 Water Sundry Tariffs**

All other water related services rendered by the Council will be charged at a tariff as determined by the Council annually during the budget process.

### **12 WATER LEAK ADJUSTMENT**

#### **Definition of a water leak**

Water leak – is crack or flaw that permits water to escape or pass through the pipes. The water will be wasted with or without detection.

#### **Responsibility of water leak repairs**

##### **12.1 Customer**

- 12.1.1 The customer remains responsible for any water leak that occurred from the meter to his property.
- 12.1.2 The customer is responsible to repair the pipes in his/her property.
- 12.1.3 Should the customer discover any water leak, he/she must take immediate steps to stop the loss of water by turning off the water supply.
- 12.1.4 The plumber is the best person to call to mend domestic leaks and repair pipes and connections.

## **12.2 Mogale City Local Municipality water leaks**

- 12.2.1 The water leaks on the streets or on council property remains the responsibility of the municipality.
- 12.2.2 MCLM will not charge its customers to repair pipes on the streets.
- 12.2.3 The consumers should not allow anyone trying to claim money from them for repairing council water pipes.
- 12.2.4 Even though the water leak is on council or municipality's side, consumers are requested to report the water leak.

## **12.3 Water leak adjustment tariff**

- 12.3.1 If you determine that your water bill has gradually been getting larger and does not decrease throughout several meter reading cycle, you may have a water leak.
- 12.3.2 MCLM has a water leak tariff, as promulgated in the water tariffs of the municipality that may give you a discount on your bill, depending upon the nature of the water leak.
- 12.3.3 If the water leak is determined to be the customer's responsibility, the customer should repair the water leak and submit the documentation of repair (receipts for labour, supplies and equipment and an affidavit if the leak was fixed by the owner) to the municipality billing office.
- 12.3.4 Once the documentation has been reviewed and approved, the documentation will be processed immediately and adjustment made if merited.
- 12.3.5 The amount and time period to which the adjustment can be applied varies depending on the nature of water leak.
- 12.3.6 Any request for water leak adjustment must be made within 30 days of the water leak repair.

## **12.4 The adjustment support criteria**

- 12.4.1 Water leak adjustment is only applicable to residential properties, churches and non-governmental organisations (NGO's)
- 12.4.2 The need to adjust a water bill may be evident by a customer complaint of excessive billing or evidence of water leakage on the consumer side of the meter.
- 12.4.3 To qualify for water leak adjustment, the usage must be at least 100% above the average monthly usage.
- 12.4.4 Only one water leak adjustment per customer is allowed in any financial year, unless otherwise waived by action of municipal council.
- 12.4.5 The water department of the municipality will first determine that the meter has been read properly.



- 12.4.6 Adjustment will only be made if the leak was detected within three (3) months.
- 12.4.7 Customer will still pay for the average consumption at the normal tariff.
- 12.4.8 **The Municipality will only adjust the portion that exceeds the average usage per month, and will adjust retrospectively up to a maximum of six (6) months.**
- 12.4.9 Adjustment on water bills will not be made on the following:
- 12.4.9.1 Any type of faulty customer plumbing
- 12.4.9.2 More than one occurrence per any twelve (12) month period.
- 12.4.9.3 Customer did not take immediate steps after detection of the water leak to prevent further loss of water.
- 12.4.9.4 The customer did not provide proof of the repair of the water leak.
- 12.4.9.5 Meter was tampered with in any way.

### **13 SEWERAGE**

- 13.1 Sewer service is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.
- 13.2 The following tariff structures were basically used for the determination of tariffs: -
- 13.2.1 Tariff arrangements determined and approved by Council from time to time for specific developments.
- 13.2.1.1 The principle of 50/50 % volume /volume on water used and water discharged might be applied.
- 13.2.1.2 The principle of erf size of the property might be used as structure to determine the tariff for sewer.
- 13.2.2 A sewer charge is payable on all properties (as per category as detailed in the schedule of tariffs), where a connection to the sewer network is possible at the cost of the Municipality, whether or not the service is utilised by the customer or not.

This fee aims to recoup capital and maintenance investment costs of sewer infrastructure networks as well as certain fixed administrative costs in respect of such properties.

- 13.2.3 The sewer charge will be payable as from date of registration of property.



- 13.2.4 The availability charge will be levied based on the use or non-use of the property.
- 13.2.5 If the owner connects and improve the property the sewer charge will be adjusted from the date of the connection.
- 13.2.6 Owners of vacant stands in an area serviced through conservancy tanks, septic tanks or French drains only will not pay the availability tariff.
- 13.2.7 Where the fractional ownership of a property occurs, the owner will be levied a sewer charge for sewerage based on their fractional share in that property.
- 13.4.8 Should the levy of the availability charge for sewerage fall into arrears due to non- payment by the fractional owner, credit control procedures as stipulated in the credit control policy will follow.

## **14 SEWERAGE TARIFF POLICY**

### **Sewerage Systems**

- 14.1 A sewer charge is payable on all properties (as per category as detailed in the schedule of tariffs), where a connection to the sewer network is possible, whether or not the service is utilised by the customer.
- 14.2 The charge will be payable as from date of registration of property and the charge will differ between developed and undeveloped properties.
- 14.3 Registered Indigents receive their levy for sewerage service availability charge fully subsidised every month, as determined by Council on an annual basis.
- 14.4 An availability charge is payable on all properties (irrespective of the category or erf size), where a connection to sewer network is possible at the cost of the Municipality but not in use.
- 14.5 The Council charges availability charge monthly fee per property based on the size (mm) of water connection (s) for a specific property.

### **14.3 Special Arrangements**

- 14.3.1 Where two or more dwellings / flats / offices / accommodation establishment units are feeding from one main sewerage connection to a property, the customers are billed as follows: -



- 14.3.2 A charge is payable on all dwellings that are connected to the sewerage network based on the size of the smallest water connection (20 mm).
- 14.3.3 In the case of accommodation establishments, a charge is payable on all units / dwellings that are connected to the sewerage network based on the size of the smallest water connection (20 mm), based on the following formula: -

Flats / Townhouses – each unit pays a sewer charge.

#### **14.4 Departmental**

Tariffs will be determined by Council on an annual basis. Tariffs to be determined by the specific department applicable.

### **15 SEWERAGE SUNDRY TARIFFS**

All other sewerage related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

## **16 INDUSTRIAL EFFLUENT TARIFFS DETERMINATION**

### **17 POLICY IMPLEMENTATION**

The policy will be effective as from 1 July 2023.

This policy is to be reviewed annually and approved by Council together with the adoption of the MTREF for the following year.