



MOGALE CITY LOCAL MUNICIPALITY

# GENERAL TARIFF POLICY

2025 -2026

# MOGALE CITY LOCAL MUNICIPALITY

## TARIFF POLICY

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### **PREAMBLE**

- **WHEREAS** section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003, prescribes that 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.
- **WHEREAS** section 4 of the Municipal Systems Act prescribes that a Municipality has the right to charge fees for services and impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties; and
- **WHEREAS** section 4(2)(d) of the Municipal Systems Act prescribes that a Municipality has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner; and
- **WHEREAS** section 4(2)(e) of the Municipal Systems Act prescribes that a Municipality has the duty to consult the local community about the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
- **WHEREAS** section 74 of the Municipal Systems Act requires the Municipal Council to adopt a tariff policy;

**Now therefore** the Municipal Council of the Mogale City Local Municipality adopts the following tariff policy.

# MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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## INDEX

PART 1: DEFINITIONS

PART 2: GENERAL INTRODUCTION AND OBJECTIVES

PART 3: SCOPE OF APPLICATION

PART 4: GOVERNANCE AND REGULATORY REQUIREMENTS

PART 5: GENERAL TARIFF PRINCIPLES

PART 6: CALCULATION OF TARIFFS FOR MAJOR SERVICES

PART 7: ELECTRICITY TARIFFS

PART 8: WATER TARIFFS

PART 9: REFUSE REMOVAL (SOLID WASTE MANAGEMENT SERVICES)  
TARIFFS

PART 10: SEWERAGE/ SANITATION TARIFFS

PART 11: OTHER GENERAL AND SUNDRY TARIFFS

# MOGALE CITY LOCAL MUNICIPALITY

## TARIFF POLICY

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### **PART 1: DEFINITIONS**

In this tariff policy, unless the context otherwise indicates:

- a) **“Agricultural purpose property”**, means a property that is used primarily for agricultural purposes but, without derogating from section 9 of the MPRA 6 of 2004, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game.
- b) **“break even”** means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;
- c) **“commercial consumers” also referred to as business** are customers who use their property for the activity of buying, selling or trading in commodities or services such as shops, offices, liquor stores, governmental institution (unless otherwise stated), supermarkets, public garages, gathering places (unless otherwise stated), nurseries, places of entertainment, service stations, hairdressing salons, caravan parks, game farms, eco-tourism, banks, hotels, hospitals, clinics, guesthouses, boarding houses and doctor and dentist consulting rooms and suchlike business undertakings;
- d) **“community service”** means the services referred to in paragraph 5.3 **[that the Council has classified as such]** and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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

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

g) **"due date"** – (1) in relation to accounts payable monthly on a recurring basis, the last day of the month which follows on the month during which a service is rendered as would be specified in the municipal statement;  
(2) in all other instances, as and when demand for payment is made by the Municipality or specified for that service.

h) **"economic services"** means services referred to in paragraph 5.3) and in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

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

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

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

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- l) **"fixed costs"** means costs which do not vary with consumption or volume produced and as more fully set out in paragraph 5(3)(i);
- m) **"GCC"** means the General Conditions of Contract for Construction Works, Third Edition, 2015 (GCC 2015)
- n) **"indigent households"** "means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and **"poor households"** shall have a corresponding meaning;
- o) **"industrial consumers"** "means industrial undertakings, factories, warehouses, workshop, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;
- p) **"Municipality"** means when referred thereto as—
- i) an entity, Mogale City Local Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Mogale City Local Municipality; and
  - ii) a geographical area, the area of jurisdiction of Mogale City Local Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998).
- q) **"Owner"** In relation to a property means:
- (a) a person in whose name ownership of the property is registered; or
  - (b) a person in whose name the right is registered;
  - (i) in relation to a time-sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;

(ii) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);

(iii) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;

(c) in relation to a land tenure right means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

(d) in relation to public service infrastructure means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled.

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

(i) a trustee, in the case of a property in a trust excluding state trust land;

(ii) an executor or administrator, in the case of a property in a deceased estate;

(iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation

(iv) a judicial manager, in the case of a property in the estate of a person under judicial management

(v) a curator, in the case of a property in the estate of a person under curatorship;

(vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;

(vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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(vii) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right;

(viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

r) **“Property”** means –

- (a) Immovable property registered 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;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) Public service infrastructure.

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

t) **“resident”** means a person who ordinarily resides in the municipal area;

u) **“special agreements”** means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;



## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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v) **"sport and recreation facilities"** means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;

w) **"the council"** means Mogale City Municipal Council, and **"municipal council"** shall have a corresponding meaning;

x) **"the Systems Act" or "the Act"** means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);

y) **"tariff"** means a fee for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff."

z) **"total cost"** means the sum of all fixed and variable costs associated with a service;

aa) **"trading services"** means services referred to in paragraph 5.3 and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;

bb) **"two-part tariffs"** means tariffs that are raised to recover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed.

cc) **"units consumed"** means the number of units consumed of a particular service and are measured in terms of the approved municipal tariff structure.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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dd) "**variable costs**" means costs that are not fixed but vary with consumption or volume produced or other unit of measure.

ee) "**VAT**" means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;

ff) '**an availability charge**' in relation to a particular service (albeit water, electricity, sanitation and refuse removal) shall mean an amount payable by the consumer in respect of the service as the consumer may reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced. In contrast hereto a 'charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

gg) In this tariff policy, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

hh) This tariff policy must be read with all other Acts, Bylaws, Ordinances, Regulations and other policies pertaining to the supply of services by the Municipality and the tariffs and fees payable in respect thereof. In the event of any inconsistency between this tariff policy and any other legislation in force when this tariff policy comes into effect, the legislation shall prevail.

# MOGALE CITY LOCAL MUNICIPALITY

## TARIFF POLICY

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### **PART 2: GENERAL INTRODUCTION AND OBJECTIVE**

- 2.1 A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.
- 2.2 The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 (see part 5 of this policy).
- 2.3 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.

### **PART 3: SCOPE OF APPLICATION**

- 3.1 It is intended that this policy document guides the annual setting (or revision) of tariffs, hence the policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the respective tariff policies where applicable as well as the annual tariff schedule and in the National Electricity Pricing Policy, which must be read in conjunction with this Policy, and is issued on annual basis together with the Municipal Budget.
- 3.2 The policy is applicable to all tariffs for electricity, water, sanitation/sewerage and solid waste/refuse services including availability charges and capital contribution charges as applicable insofar as such tariffs are not further provided in a specific policy.
- 3.3 This policy is also applicable to all other general and sundry tariffs, as provided for in the Tariff schedule of Mogale City Local Municipality.

# MOGALE CITY LOCAL MUNICIPALITY

## TARIFF POLICY

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3.4 The municipality bills property rates to property owners within its jurisdiction as prescribed in the Municipal Property Rates Act no 6 of 2004 and the approved Property Rates Policy of Mogale City Local Municipality. Property rates will therefore not be part of the scope of this tariff policy.

3.5 In the event of any contradiction or inconsistency between this policy and any other approved specific service tariff policy of the municipality, by law, legislation, regulation or the approved tariff schedule, such approved policy of the municipality, by law, legislation, regulation or the approved tariff schedule shall prevail.

### **PART 4: GOVERNANCE AND REGULATORY REQUIREMENTS**

4.1 Tariffs in terms of this Policy shall comply with the:

4.1.1. Constitution of the Republic of South Africa, 1996 as amended;

4.1.2. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), sections 17(3) (a)(ii), 19(2)(b), 24(2)(c)(ii), 28(6) and 62(1)(f)(ii) – [MFMA];

4.1.3. Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), sections 4, 74 and 75 – [MSA]; and

4.1.4. Any other applicable legislation, regulations and policies that may govern tariffs and that are not in contradiction with the primary legislation referred to above

#### **4.2. Constitution:**

4.2.1. Section 229:

1. Subject to subsections (2), (3) and (4), a municipality may impose –

a. Rates property and surcharges on fees for services provided by or on behalf of the municipality; and

b. If authorised by national legislation, other taxes, levies and duties appropriated to local government or to the category of local government into which that

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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municipality falls, but no municipality may impose income tax, value-added tax, general sales tax or customs duty.

2. The power of a municipality to impose rates on property, surcharges on fees from services provided by or on behalf of the municipality, or other taxes, levies or duties –

- a. May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
- b. May be regulated by national legislation.

3. When two municipalities have the same fiscal powers and functions with regard to the same area, an appropriate division of those powers and functions may be made in terms of national legislation. The division may be made only after taking into account at least the following criteria: -

- a. The need to comply with sound principles of taxation.
- b. The powers and functions performed by each municipality.
- c. The fiscal capacity of each municipality.
- d. The effectiveness and efficiency of raising taxes, levies and duties.
- e. Equity.

4. Nothing in this section precludes the sharing of revenue raised in terms of this section between municipalities that have fiscal power and functions in the same area.

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

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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### **4.3. MFMA:**

#### 4.3.1. Section 17:

1. When an annual budget is tabled, it must be accompanied by the following documents:

a) Draft resolutions—

i. imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and

#### 4.3.2. Section 19:

1. Before approving a capital project in terms of subsection (1)(b), the Council of a municipality must consider—

a) the future operational costs and revenue on the project, including municipal tax and tariff implications.

#### 4.3.3. Section 24:

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

#### 4.3.4. Section 28:

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

#### 4.3.5. Section 43:

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

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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### 4.3.6. Section 62:

1. The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure-

a) The municipality has and implements a rates policy as may be required in terms of any applicable national legislation.

### **4.4. MSA:**

#### 4.4.1. Section 4:

1. The Council of a municipality has the right to -

a) governs on its own initiative the local government affairs of the local community.  
b) exercise the municipality 's executive all legislative authority, and to do so without improper interference; and

c) finance the affairs of the municipality by—

i. charging fees for services; and

ii. imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties.

2. The Council of a municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, has the duty to –

a) Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner; and

b) Consult the local community about-

i. The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and

ii. The available options for service delivery.

#### 4.4.2. Section 74:

1. A Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.

2. A tariff policy must reflect at least the following principles, namely that—

- a) users of municipal services should be treated equitably in the 'application of tariffs;
- b) the amount individual users pay for services should generally be in proportion to their use of that service;
- c) poor households must have access to at least basic services through-
  - i. tariffs that cover only operating and maintenance costs;
  - ii. special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of service; or
  - iii. any other direct or indirect method of subsidisation of tariffs for poor households;
- d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
- e) tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
- f) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- g) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- h) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
  - i. the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

3. A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas



## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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and other matters as long as the differentiation does not amount to unfair discrimination.

### 4.4.3. Section 75:

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

## **4.5 WATER SERVICES ACT NO. 108 OF 1997**

### i) SECTION 10: NORMS AND STANDARDS FOR TARIFFS

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

### ii) SECTION 21: BYLAWS

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

- (1) the standard of the services;
- (2) the technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided;
- (3) the determination and structure of tariffs in accordance with Section 10 of the present Act.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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

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

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

### **PART 5: GENERAL TARIFF PRINCIPLES**

5.1 Service tariffs imposed by the local municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).

5.2 The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal jurisdiction.

5.3 The municipality before implementing all service tariffs must ensure that public participation process as required by the Municipal Systems Act before adoption and implementation. The process will include the following:

5.3.1 Establishing clear relationships, and facilitating co-operation and communication, between the municipal administration and the local community regarding the tariff services charges.

5.3.2 Providing members of the local community with full and accurate information about the level and standard of municipal tariffs to be charged.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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5.4 The municipality renders the following categories of services:

### **Trading Services**

5.4.1 Electricity

5.4.2 Water

### **Economic services**

5.4.3 Sewerage (waterborne waste)

5.4.4 Refuse removal (solid waste),

### **Community and subsidised services**

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 5.4.1 to 5.4.4 above.

5.5 The Municipality shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

5.6 The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year as the council of the municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- 5.7 The municipality shall develop, approve and at least annually review an Indigent Management Policy for the municipal area. This policy shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, the subsidies and benefits attributable to approved indigents and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- 5.8 Council currently accepts the standards for basic service levels as stated in National Government documents related to free basic services, which may change from time to time. The subsidization of indigents must be aligned with paragraph 7 of the approved indigent management policy.
- 5.9 In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.
- 5.10 The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question.
- 5.11 The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.
- 5.12 The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 5.13 In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.

5.14 In addition, the municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.

5.15 In considering the costing of its water, electricity and sewerage services, the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

5.16 In adopting what is fundamentally a two-part tariff structure, namely a fixed availability 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.

5.17 It is therefore accepted that part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality

## MOGALE CITY LOCAL MUNICIPALITY

### TARIFF POLICY

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of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall therefore install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

#### 5.18 Keeping Tariffs Affordable

5.18.1 The Council is keenly aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at affordable levels. To remain affordable, the Council will ensure that:

15.18.1.1 Services are delivered at an appropriate level

15.18.1.2 Efficiency improvements are actively pursued across the municipality's operations,

15.18.1.3 A performance management system is introduced to ensure that plans that are devised are implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used,

15.18.1.4 Any non-core functions that it currently performs are phased out as soon as possible without depriving the community of any services that really contributes to the quality of life of people in our area, and;

15.18.1.5 Any service that is provided for which there is little demand, be priced at the actual cost of providing it. If this requires the Municipality to maintain significant infrastructure and other facilities, they should be phased out, except where the Council is by law required to provide such a service.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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### 5.19 Redistribution / Cross Subsidization

5.19.1 It is a fact that some members of the community are better able to afford to pay for the services that they use and have the benefit of than others. The budget of the municipality is an important device in ensuring redistribution within the community.

5.19.2 Those that pay higher property rates based on the value of their properties, in fact subsidize those who pay less tax. Council uses the trading surplus it realizes on the trading account to bring relief with regard to property tax rates. Likewise, council will ensure that the cross-subsidization occurs between and within services to further contribute to its redistribution objectives.

### 5.20 Promoting Local and Economic Competitiveness and Development

5.20.1 The size of the property rates and service charges accounts presented to the local businesses, is a significant business overhead for any business enterprise in the municipal area. The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival.

5.20.2 Council will take care that the municipal accounts presented to local businesses are fair. To ensure fairness toward local business, the Council will, when it determines tariffs, consider the desire:

5.20.2.1 To promote local economic competitiveness and

5.20.2.2 To promote local economic development and growth.

# MOGALE CITY LOCAL MUNICIPALITY

## TARIFF POLICY

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### **PART 6: CALCULATION OF TARIFFS FOR MAJOR SERVICES**

6.1 In order to determine the tariffs which must be charged for the supply of the four major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:

6.1.1 Cost of bulk purchases in the case of water and electricity.

6.1.2 Distribution costs.

6.1.3 Distribution losses in the case of electricity and water.

6.1.4 Depreciation expenses.

6.1.5 Maintenance of infrastructure and other fixed assets.

6.1.6 Administration and service costs, including:

- a) service charges levied by other departments such as finance, human resources and legal services;
- b) reasonable general overheads, such as the costs associated with the office of the Municipal Manager;
- c) adequate contributions to the provisions for bad debts and obsolescence of stock;
- d) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).

6.1.7 The intended surplus to be generated for the financial year, such surplus to be applied:

- a) as an appropriation to capital reserves; and/or



## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- b) generally in relief of rates and general services.

### 6.1.8 The cost of approved indigency relief measures.

- (a) The municipality shall provide the first 50kWh of electricity per month and the first 6 kl of water per month free of charge to consumers who have registered and have been approved as indigents in terms of the municipality's indigency relief programme as outlined in the approved Indigent Management Policy. The municipality shall further provide relief in respect of the tariffs for sewerage and refuse removal as well as property rates for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.

## **PART 7: ELECTRICITY TARIFFS**

7.1 Electricity tariffs will be approved and regulated by (National Energy Regulator of South Africa) NERSA, the detailed tariff schedule will be accompanying the policy.

7.2 The various categories of electricity consumers, as set out below, shall be charged for electricity at the applicable tariffs as contained in the municipal tariff schedule for each financial year which will be approved by NERSA for each annual budget.

7.3 Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter and based on consumption and the meter reading cycles by the municipality which may overlap over financial years.

7.4 Categories of consumption and charges shall be as follows:

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- (a) With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- (b) The tariff for all categories of consumers shall be revised annually by Council and be approved by NERSA and such tariffs shall be applicable effective from 1 July of each year.
- (c) All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive the first 50kWh (fifty) of electricity consumed per month for free and will be charged on applicable tariffs for the consumption in excess of 50kwh at a sliding scale approved by NERSA.
- (d) Every month, a service charge will be applied to all domestic standard and large electricity users, with the exception of registered indigents who do not use prepaid meters. In addition, a capacity charge will be applied to domestic large electricity consumers, which will be followed by a sliding scale of the energy block approved by NERSA based on consumption.
- (e) All domestic electricity consumers other than registered indigents and consumers using prepaid meters per month shall be billed a service charge and thereafter an energy block sliding scale approved by NERSA based on consumption.
- (f) A monthly service charge fee and an energy sliding block price based on consumption, as authorized by the regulator, will be levied on commercial small consumers.
- (g) A monthly service charge fee and an energy sliding block price based on consumption, as authorized by the regulator, will be levied on commercial small consumers.
- (h) A monthly service charge, energy, demand, and capacity charge fees based on consumption, as authorized by the regulator, will be levied on commercial medium, commercial large, industrial medium and industrial large consumers.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- (i) Service charge fee will be levied monthly for flexi time, which will be applicable to commercial medium, large as well as industrial ,medium, large consumers. These will be followed by a sliding scale energy price per consumption as determined by the regulator.
- (j) Domestic or Residential Customer receiving single-phase low voltage electricity supply with up to 63A Circuit Breaker and not registered as indigent in Mogale City Indigent Register. Customer who select Prepayment billing option will not be charged a Service Charge.:

| <b>Tariff Blocks</b>              | <b>Unit</b> |
|-----------------------------------|-------------|
| Service Charge                    | R/month     |
| Energy Block 1 (0 - 450 kWh)      | c/kWh       |
| Energy Block 2 (451 - 800 kWh)    | c/kWh       |
| Energy Block 3 (801 - 1400 kWh)   | c/kWh       |
| Energy Block 4 (1401 kWh or more) | c/kWh       |

- (a) Registered Indigents receive a number of kWh units fully subsidised every month, as determined by Council on an annual basis. Registered Indigents are subject to a single-phase low voltage electricity supply to 63A circuit breaker.
- (b) Tariff schedules for all different classes of consumers will form part of these policy.

### **PART 8: WATER TARIFFS**

8.1 Water tariffs will regulated in terms of this policy approved by Rand Water, and more comprehensively structured and measured in terms of the Water and

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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Sewerage Tariff Policy if approved and applicable, the Water & Sewerage by-laws, and the approved municipal tariff schedule.

8.2 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.

8.3 Tariff adjustments shall be effective from 1 July each year.

8.4 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.

8.5 Categories of consumption and charges shall be:

8.5.1 All domestic water consumers registered and approved as indigents with the municipality shall receive free the first 6 (six) kl of water consumed per month. Thereafter a stepped tariff per kl as determined by the council from time to time shall be applicable on metered water consumption.

8.5.2.1 The tariff for domestic consumption shall be based on monthly consumption per the following sliding scales:

- (i) From 1 kilolitre (kl) to 6 kilolitres(kl) free only for approved indigents,
- (ii) more than 6 kl but not more than 15 kl,
- (iii) more than 15 kl but not more than 30 kl,
- (iv) more than 30 kl but not more than 45kl,
- (v) more than 45kl but not more than 60kl,
- (vi) 61kl and above.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- 8.5.2.2 The tariff for business and industrial consumers consumption shall be based on monthly consumption per the following sliding scales:
- (vii) 0-500kl
  - (viii) 500kl + above
- 8.6 Tariffs for non-domestic consumption shall be based on kl consumed, per volume of consumption concerned unless otherwise determined as per the approved schedule of tariffs and such consumption may also be based on a sliding scale.
- 8.7 All water consumers shall have their tariffs revised and approved annually **Rand water** and the revised tariffs shall be effective from 1 July each year.
- 8.8 A basic charge per water meter, as determined by the council from time to time, shall be charged on all water consumers, except registered indigents and consumers using prepaid meters.
- 8.9 Tariff schedules for all different classes of consumers will form part of these policy.

### **PART 9: REFUSE REMOVAL (SOLID WASTE MANAGEMENT SERVICES)** **TARIFFS**

- 9.1 Refuse removal tariffs will be internally regulated in terms of this policy, and more comprehensively structured and measured in terms of the Policy on Local norms & Standards & Tariffs for WASTE Management Services if approved and applicable by-laws, as well as the approved municipal tariff schedule.
- 9.2 The categories of refuse removal or waste management services users shall be charged at the applicable tariffs, as approved by the council in each annual budget.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- 9.3 Tariff adjustments shall be effective from 1 July each year.
- 9.4 Refuse removal or waste management services will be determined and charged per type of service, frequency of service, category of client and volume of refuse.
- 9.5 A fixed monthly fee or licence fee or variable service fee may be charged per client account based on the applicable approved tariff.
- 9.6 Registered indigents may receive such discount or exemption on this charge as the council deems affordable in terms of the approved Indigent Management Policy.
- 9.7.1 For domestic consumers tariff will be as follows:
- 9.7.1.1 One removal 240l per week per month
  - 9.7.1.2 Replacement of lost/damaged container (payable in advance if fault of user)
- 9.7.2 For Business consumers tariff will be as follows:
- 9.7.2.1 One removal 240l per week per month
  - 9.7.2.2 Replacement of lost/damaged container (payable in advance if fault of user)
  - 9.7.2.3 Public gathering waste management fee
  - 9.7.2.4 Waste picker without permit or other contravention
- 9.8 Tariff schedules for all different classes of consumers will form part of these policy.

### **PART 10: SEWERAGE/SANITATION TARIFFS**

10.1 Sewerage tariffs will be internally regulated in terms of this policy, and more comprehensively structured and measured in terms of the Water and Sewerage Tariff Policy if approved and applicable, the Water & Sewerage by-laws, and the approved municipal tariff schedule.

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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

10.3 Tariff adjustments will be effective from 1 July each year.

10.4 Categories of usage and charges shall be:

- (a) A basic fixed charge (availability) charge based on the size of the stand per month shall be charged for developed and undeveloped erven, irrespective of their permitted or intended or actual use.
- (b) An additional fixed levy based on the costs of the service shall be charged for domestic users at deemed consumption of 30kl per property.
- (c) An additional levy based on the average monthly water volume consumed on the property in the previous financial year shall be charged for all non-domestic and non-vacant stand properties at the specified tariffs.
- (d) An effluent fee shall further be payable by factories and other industrial users where the wastewater emanating from such users 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.
- (e) Below tariff should be applied in terms of the sewerage charges across the municipality boundaries:

|                                                               |
|---------------------------------------------------------------|
| <b>Sanitation</b>                                             |
| <b>Basic charges per m2</b>                                   |
| Basic charges apply to all properties                         |
| 0 – 350 m2                                                    |
| 351 - 1000 m2                                                 |
| 1001 – 1400 m2                                                |
| > 1401 m2 + above                                             |
| Additional Sewerage fixed usage 30kl water consumption /month |
| Effluent discharge                                            |

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- (f) Tariff schedules for all different classes of consumers will form part of these policy.

### **PART 11: OTHER GENERAL AND SUNDRY TARIFFS**

11.1 All other general and sundry tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

11.2 All other general and sundry tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall be adjusted annually in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

11.3 The following services shall be considered as subsidised services, and the tariffs levied shall cover a major proportion of the annual operating expenses budgeted for the service concerned:

- (a) burials and cemeteries (burial site charge)
- (b) maintenance of graves and garden of remembrance (cremations)  
(maintenance charge)
- (c) municipal swimming pool (entrance fees)
- (d) municipal museum and art gallery (entrance fees)
- (e) municipal reference library (membership fees)
- (f) municipal parks and game reserve, (entrance fees).



## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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(g) List not exhaustive

11.4 The following services shall be considered as community services, and no tariffs shall be levied for their use:

- (a) disposal of garden refuse at the municipal tip site subject to the volume/weight thereof as per waste management policy.
- (b) parks and open spaces (except for Coronation Park)

11.5 The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses (or market value where applicable) of the service concerned:

- (a) rentals for the use of municipal sports facilities
- (b) housing rentals
- (c) rentals for the use of municipal halls and other premises (subject to the Policy)
- (d) building plan fees
- (e) cleaning of stands
- (f) electricity, water, sewerage: new connection fees
- (g) electricity, water, sewerage: re-connection fees
- (h) sale of livestock and plants
- (i) Photocopying fees
- (j) Clearance certificates fee
- (k) weigh bridge

11.6 The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- (a) fines for lost or overdue library books
- (b) advertising sign fees
- (c) pound fees

## MOGALE CITY LOCAL MUNICIPALITY TARIFF POLICY

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- (d) Property rates
- (e) Credit Control and collection fees such as messages, final demand notices etc.
- (f) Electricity and water disconnection and reconnection fees.
- (g) penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- (h) penalty charges for tampering, bypassing, or any unauthorised interference with municipal water and electricity metering devices.
- (i) Penalty for non-compliance with any municipal by laws.

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

11.8 In the case of rentals for the use of municipal halls and premises, if the Municipal Manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the municipal manager or delegated official may allow a rebate towards the applicable rental.

11.9 The Municipal Manager shall determine whether an indemnity or guarantee or deposit must in each instance be lodged or paid for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality's sustaining damages as a result of the use of the facilities concerned.

11.10 All other general and sundry tariffs shall be levied as approved in the municipal tariff schedule.

APPROVED