



Steve Tshwete
Local Municipality

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TARIFF BY-LAWS

AMENDED

1 JULY 2020

MP313



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Notice is hereby given in terms of section 13 of the Local Government Municipal Systems Act, Act 32 of 2000, as amended, hereafter referred to as "*the Act*", read with section 156 and 162 of the Constitution of the Republic of South Africa, Act 108 of 1996, hereafter referred to as "*the Constitution*" that the Steve Tshwete Local Municipality resolved to adopt the following tariff by-laws with effect from date of the publication.

The by-laws give effect to the implementation of the Steve Tshwete Local Municipality tariff policy and provide for matters incidental thereto.

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PREAMBLE

The Steve Tshwete Local Municipal Council has adopted a tariff policy in terms of section 74(1) of “*the Act*”; and

Section 75(1) of the said Act requires the Steve Tshwete Local Municipal Council to adopt by-laws giving effect to its tariff policy.

Be it hereby enacted:

1. **DEFINITIONS**

1.1 In these by-laws, unless the context otherwise indicates:

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

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

“*Council*” means the Council of the Steve Tshwete Local Municipality, established in terms of section 12 of the Local Government Municipal Structures Act, Act 117 of 1998.

“*credit control and debt collection by-law and policy*” means the Council’s credit control and debt collection by-laws and policy as required by section 96(b), 97 and 98 of “*the Act*” as amended.

“*domestic user*” means a user of electricity, water, sewerage or refuse removal for residential purposes only.

“*non-domestic user*” means a user of electricity, water, sewerage or refuse removal which is not for residential purposes.

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

“*tariff*” means fees, charges and any other tariffs levied by the Council in respect of any function or service provided by the Council, excluding rates levied by the Council in terms of the Local Government Municipal Property Rates Act, Act 6 of 2004 and regulations as amended by the Property Rates Amendment Act, Act 29 of 2014.

“*tariff policy*” means the tariff policy of the Council adopted in terms of section 74(1) of “*the Act*”.

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

- 1.2 In these by-laws a reference to the singular will include the plural and vice versa.
- 1.3 Any word or phrase in these by-laws, unless defined in subsection (1) above, shall bear the meaning of such word or phrase in “*the Act*”.

2. **COST OF SERVICES TO BE RECOVERED**

- 2.1 The Council must annually adopt a budget which will provide for the cost to be recovered for a municipal service rendered to a user.
- 2.2 The cost to be recovered meant in subsection (1) may include a surcharge to subsidize the provision of municipal services to poor households as per the adopted indigent policy to give effect to development of a municipal service in terms of the Council’s integrated development plan.
- 2.3 The Council may having regard to the reasonable cost to be recovered associated with a municipal service, allow for subsidization of one municipal service by a higher tariff levied on another for the purpose of economical, efficient and effective use of resources in a sustainable manner.
- 2.4 The Council may levy a surcharge on a municipal service to encourage environmentally safe and sustainable use of such municipal service.

3. **GUIDING PRINCIPLES IN THE DETERMINATION OF TARIFFS**

- 3.1 In the determination of tariffs the Council shall be guided by the following principles as set out in section 74(2) of “*the Act*”:

- (a) Tariffs shall be equitable and affordable in that the amount individual users pay for services should generally be in proportion to their use of that service.
- (b) Poor households must have access to at least basic services through –
 - (i) tariffs that cover only operating and maintenance cost;
 - (ii) special tariffs or lifeline tariffs for low levels of use of consumption of services or for basic levels of service; and/or
 - (iii) any other direct or indirect method of subsidization of tariffs for poor households.
- (c) Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charged.
- (d) Tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned.
- (e) Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.
- (f) Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users.
- (g) The extent of subsidization of tariffs for poor households and other categories of users should be fully disclosed.
- (h) Tariffs must be uniformly and fairly applied throughout the municipal area.
- (i) Tariffs must be cost reflective associated with each service rendered to ensure financial sustainability of each service, taking into account subsidization to rates services except for economic services.
- (j) The municipality may impose a penalty tariff or measures of discouraging service demand to prohibit exorbitant use in appropriate circumstances to encourage efficient and effective use of resources.

4. **SURPLUSES OBTAINED**

4.1 The Council may budget for surpluses on the following municipal services:

- (a) On electricity a surplus of not more than 10%.
- (b) On water supply a surplus of not more than 10%.
- (c) On sanitation and/or sewerage a surplus of not more than 10%.

4.2 A surplus obtained meant in subsection (1) will be used to supplement the income from property rates under the rates service.

5. **FUNDED MUNICIPAL SERVICES**

5.1 The Council must, when determining the tariff for a municipal service, take into consideration any intergovernmental grant or subsidy allocated or to be allocated in relation to such municipal service.

5.2 The Council may, when determining the tariff for a municipal services open for use by the general public, subsidize such tariff from other income derived by the Council.

6. **ADJUSTMENT OF TARIFFS**

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

7. **ELECTRICITY SERVICES**

7.1 The Council may, when determining its electricity tariffs, differentiate between:

- (a) Users in the following categories:
 - (i) domestic users;
 - (ii) indigent users;
 - (iii) bulk electricity users;
 - (iv) non-domestic users;
 - (v) temporary users;
 - (vi) *small scale embedded generators*
- (b) The standard of the electricity supply network available to a user.

- (c) The geographical area and terrain in which an electrical supply is made available.
 - (d) The electricity current demand of categories of users as measured in amperes.
 - (e) The electricity current demand of categories of users as differentiated between users of single and three phase supply.
- 7.2 The Council may, when determining its electricity tariffs take into consideration any business or industrial incentive schemes adopted by the Council.
- 7.3 The electrical connection charges to all consumer categories must be charged at the full cost of the installation as determined from time to time.
- 7.4 Council may levy all consumer categories a consumer deposit to allow for unpaid bills that may arise from time to time.

8. **WATER SERVICES**

- 8.1 The Council will provide 6 kiloliters of potable water per month free of charge to domestic users per household, subject thereto that such quantity thereof not used will not accumulate month-to-month.
- 8.2 The Council will, inclusive of the 6 kiloliters potable water per month free of charge meant in subsection (1), provide 10 kiloliters of potable water per month free of charge to poor households, subject thereto that:
- (a) Such quantity thereof not used will not accumulate month-to-month;
 - (b) Such poor household is restricted to use of not more than 15 kiloliters of water supply per month; and
 - (c) Should such restriction of 15 kiloliters per month be exceeded repeatedly for three consecutive months or more, the Council may install a restricting device with a maximum water supply quantity of 15 kiloliters over 30 days.
- 8.3 Water connection charges for all consumer categories other than domestic communal must be charged at the full costs of the installation as determined from time to time.

- 8.4 Council may levy all consumer categories a consumer deposit to allow for unpaid bills that may arise from time to time.
- 8.5 The Council may, when determining its water services tariffs, differentiate between:
- (a) domestic users;
 - (b) non-domestic users;
 - (c) bulk users of raw water;
 - (d) other users of raw water;
 - (e) temporary users; and
 - (f) the standard of water supply network available to a user.
- 8.6 The Council may, when determining its water services tariff, take into consideration the geographical area, terrain and manner in which a water supply service is made available.
- 8.7 The Council may, when determining its water services tariffs, take into consideration any business or industrial incentive schemes adopted by Council.
- 8.8 The Council may, when determining its water services tariffs, differentiate between categories of users according to the volume of water supply and may determine different scales of tariffs according to the volume of water supplied to such categories of users.
- 8.9 The Council may restrict and escalate water tariffs in certain circumstances to address circumstances of water shortages.

9. **SANITATION SERVICES**

- 9.1 The Council may annually resolve in terms of its budget process, to grant a subsidized tariff for sanitation services to poor households in terms of its indigent policy.
- 9.2 In these by-laws the word sanitation shall have the same meaning as “sewerage” and shall include where applicable a sanitation system.
- 9.3 The Council may, when determining its sanitation services tariffs, differentiate between:

- (a) domestic users;
 - (b) domestic users differentiated according to the number of residential dwellings per erf and also by the size of the stand;
 - (c) non-domestic users;
 - (d) bulk users;
 - (e) hospitals;
 - (f) churches;
 - (g) boarding houses;
 - (h) hotels;
 - (i) sport clubs;
 - (j) private institutions;
 - (k) welfare institutions;
 - (l) government institutions;
 - (m) welfare institutions authorized as a fund raising organization in terms of section 4 of the Fund Raising Act, 1978;
 - (n) high density housing;
 - (o) temporary users;
 - (p) the standard of the reticulation supply service;
 - (q) the geographical area or terrain in which a sanitation reticulation service is made available; and
 - (r) schools.
- 9.4 Council may, in cases where non-residential consumers are supplied with metered water and such water is exclusively used in the final product, levy a stepped tariff per kiloliter used.
- 9.5 Council must levy all consumer categories connection charges at the full cost of the installation as determined from time to time – this does not include costs to supply biological toilets.

10. **REFUSE REMOVAL**

- 10.1 The Council may annually resolve in terms of its budget process, to grant a subsidized tariff for refuse removal services to poor households in terms of its indigent policy.
- 10.2 The Council may, when determining its tariffs for refuse removal services, differentiate between the following users:
- (a) domestic users;
 - (b) domestic users differentiated according to the number of residential dwellings per erf;
 - (c) bulk users;
 - (d) hospitals;
 - (e) churches;
 - (f) boarding houses;

- (g) hotels;
- (h) sport clubs;
- (i) private institutions;
- (j) welfare institutions;
- (k) government institutions;
- (l) welfare institutions authorized as a fund raising organization in terms of section 4 of the Fund Raising Act, 1978;
- (m) high density housing;
- (n) temporary users;
- (o) the standard of the reticulation supply service;
- (p) the geographical area or terrain in which a sanitation reticulation service is made available; and
- (q) schools.

10.3 The Council may further, when determining its tariffs for refuse removal services in regard to the user categories in subsection (2) differentiate between users on the following basis:

- (a) the area of residential properties;
- (b) whether mass containers are used;
- (c) the size of mass containers in use;
- (d) the number of removals required per week;
- (e) the compaction of refuse to Council standards;
- (f) the removal of medical waste or other waste requiring special treatment;
- (g) the removal of garden refuse;
- (h) the removal of building rubble;
- (i) the removal of dead animal carcasses;
- (j) the geographical area or terrain in which the refuse removal services is made available;
- (k) the amount of refuse to be removed at any particular collection point; and
- (l) the requirement for the use of special loading, transport or off-loading equipment or vehicles.
- (m) Removal of communal waste

11. **PROPERTY RATES**

11.1 The Council will subject to the stipulations of the Municipal Finance Management Act, Act 56 of 2003, and read with sections 15(2) and 24 of the Municipal Property Rates Act, Act 32 of 2004 and regulations as amended by the Property Rates Amendment Act, Act 29 of 2014 determine differentiating rates among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties.

11.2 Property tax be levied on market value of all rateable properties within the municipal area for the financial year subject to the rebates, exemptions and reductions as per the rates policy.

12. **OTHER SERVICES**

12.1 Nothing in these by-laws shall prohibit the Council from determining tariffs on municipal services or part thereof or incidental thereto, not mentioned in these by-laws.

12.2 The Council must, when determining tariffs for municipal services meant in subsection (1), have regard to the principle in section 74(2) of "*the Act*".

13. **USERS**

13.1 The Council may without derogating from any other categories of municipal services and users in these by-laws, when annually determining its tariff structure, differentiate between the following categories of users according to the actual use of municipal services:

- (a) residential;
- (b) business;
- (c) industrial;
- (d) agricultural;
- (e) institutional;
- (f) rural;
- (g) municipal;
- (h) special uses in terms of the Council's Town Planning Scheme;
and
- (i) governmental.

14. **GEOGRAPHICAL AREAS**

14.1 The Council may notwithstanding any other categories of municipal services and users in these by-laws, when annually determining its tariff structure and any surcharges differentiate between different geographical areas having regard to the cost to be recovered for a municipal service rendered or to be rendered to a particular geographical area.

15. **MUNICIPAL FINANCE MANAGEMENT ACT**

15.1 These by-laws will be read together with the Local Government Municipal Finance Management Act, 2003, and any duty, obligation or regulation under the said Act will be complied with when giving effect to these by-laws.

16. **PENALTY**

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

17. **ADOPTION AND IMPLEMENTATION OF TARIFF POLICY**

17.1 The Council shall adopt and implement a tariff policy on the levying of fees for a municipal service provided by the Council or by way of service delivery agreements which complies with the provisions of “the Act”, the Local Government Municipal Finance Management Act, Act 53 of 2003 and any other applicable legislation.

18. **ENFORCEMENT OF TARIFF POLICY**

18.1 The Council’s tariff policy shall be enforced through credit control and debt collection by-laws and policies and any further enforcement mechanisms stipulated in the Council’s tariff policy.

19. **SHORT TITLE AND COMMENCEMENT**

19.1 These by-laws are the tariff by-laws and take effect from date of publication.