

LOCAL GOVERNMENT NOTICE
GREATER KOKSTAD MUNICIPALITY
BY-LAW RELATING TO MUNICIPAL TARIFFS

The Municipal Manager hereby publishes, in terms of Section 13 of the Local Government: Municipal Systems Act, 2000 [Act No. 32 of 2000], read with Section 162 of the Constitution of the Republic of South Africa Act, 1996, the By-law Relating to Municipal Tariffs.

Purpose of By-law

The purpose of this by-law is to adopt a framework of tariffs applicable to the levying of fees for municipal services provided either by the municipality, or in terms of service delivery agreements.

1. Definitions-

In this by-law, the singular includes the plural and vice versa unless the context otherwise indicates;

"community services " means services rendered by the municipality, which include, but are not limited to, street cleaning, grass cutting and the operation of community halls and cemeteries;

"consumer" means any person resident within the municipal area and utilising services provided by the municipality;

"economic services" means services such as refuse removal and sanitation that the municipality renders for consumers;

"indigent household" means a household receiving a subsidy from the municipality in terms of its indigent support programme;

"municipality" means the Greater Kokstad Local Municipality, and when referred to as-

- (a) a legal entity, means Greater Kokstad Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 1998 [Act No. 117 of 1998]; and
- (b) a geographic area, means the municipal area in respect of which the Greater Kokstad Local Municipality has legislative and executive authority, as may be amended from time to time;

"municipal council" or **"council"** means the municipal council of the municipality as referred to in terms of Section 157(1) of the Constitution;

"municipal manager " means a person appointed in terms of Section 82 of the Municipal Structures Act, 1998 [Act No. 117 of 1998];

"municipal services" means a service rendered by the municipality as defined in the Municipal Systems Act and includes community, economic and trading services;

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 [Act No. 32 of 2000], as amended from time to time;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 [Act No. 117 of 1998], as amended from time to time;

"subsidised services" means community services or such other services that the municipality may render for the **direct** benefit of consumers;

"**tariff**" means the rate at which fees for municipal services will be determined;

"**trading services**" means services such as water and electricity that the municipality renders to consumers.

2. **Application of by-law** – This by-law shall only apply in respect of municipal services rendered by the municipality itself, or **by an external mechanism** in terms of a service delivery agreement, within the municipal area.

3. **Objective and principles of the tariff framework for municipal services**
 - (1) Tariffs must reflect the costs reasonably associated with the rendering of the service, in order to facilitate the financial sustainability of the service.
 - (2) Services must be rendered in a manner that is economical, efficient and indicative of an effective use of resources.
 - (3) Tariffs should be applied consistently and in an equitable manner to all consumers within the municipal area.
 - (4) Tariffs may differentiate between different categories of consumers, municipal services and service standards as long as such differentiation does not amount to unfair discrimination.
 - (5) Tariffs may make special provisions for certain categories of commercial and industrial consumers in order to promote local economic development.

- (6) Indigent households must have access to a minimum, nationally specified, level of service, provide that –
- (a) the cost of such service shall be recovered through –
 - (i) tariffs that recover operating and maintenance costs;
or
 - (ii) special tariffs for low levels of use of consumption;
and
 - (b) the municipality may subsidise such service by means of any direct or indirect method permitted by law.
- (7) In the event of indigent households and other categories of users being subsidised, the extent of subsidisation must be fully disclosed.

4. Determination of tariffs

- (1) In determining tariffs for municipal services, the municipality shall ensure that -
- (a) provision is made for working capital reserves to be maintained at optimum levels; and
 - (b) contributions to funds and other reserves are maintained at specified levels.
- (2) The municipal council shall determine a process for the setting of tariffs, which shall take into consideration the following -

- (a) the level of service delivery based on the availability thereof and the condition of the current infrastructure;
 - (b) the level of services required to meet the reasonable expectations of consumer groups;
 - (c) an analysis of the costs of providing services;
 - (d) an analysis of the subsidy level framework;
 - (e) the revenue generating capacity to recover the cost of services; and
 - (f) the affordability of services to various consumer groups.
- (3) In setting a tariff structure, the municipality shall ensure that the tariff fairly reflects the costs of providing the service.
- (4) In respect of –
- (a) trading service tariffs, the municipality must ensure that the service yields a trading surplus not exceeding **an amount to be determined by resolution of the municipality**;
 - (b) economic service tariffs, the full cost of the service should be recovered without any deficit;
 - (c) subsidised service tariffs, the municipality shall ensure that the cost of operating, maintaining and upgrading the **municipal asset** is recovered; and

- (d) community service tariffs, the service may be rendered without a compensatory tariff, provided that the municipality may however, in its discretion, levy a charge.

6. Subsidisation of tariffs

- (1) In order to comply with its obligation to reflect the extent of subsidisation of tariffs for indigent households, the municipality shall ensure that the generation of revenue for subsidies and their disbursement is conducted in a transparent, equitable and efficient manner.
- (2) The municipality shall, in its annual financial statements, reflect:
 - (a) the source of revenue for financing subsidies; and
 - (b) the benefit provided to each consumer receiving a subsidy.

7. Review of tariffs

Council shall review the applicable tariffs for services prior to the adoption of its annual budget.

8. Procedure for the implementation of tariffs

- (1) Prior to the implementation of any tariff, it shall first be approved by the passing of a resolution to this effect by the majority of the members of Council.
- (2) Once Council has passed such resolution, the municipal manager shall display a copy of the resolution at the main administrative

offices of the municipality or such other places as he or she may determine, for a period of at least 30 days.

- (3) The municipal manager must further publish a notice in the local newspaper, stating that –
 - (a) the municipality has passed the resolution referred to in subsection (1);
 - (b) the resolution is available for inspection during office hours; and
 - (c) the date upon which the tariff will come into operation is the date indicated.
- (4) If possible, the contents of the notice referred to in (3) must be conveyed to the local community by radio broadcasts, covering the municipal area.
- (5) The municipal manager must forthwith send a copy of the notice to the Member of the Executive Committee for Local Government in the Province of KwaZulu-Natal.
- (6) The provisions of this section must be interpreted and applied in accordance with the requirements of sections 21 and 21A of the Municipal Systems Act.

9. Delegated authority

The chief financial officer shall be responsible to the municipal manager for the implementation, administration and enforcement of

this by-law, within the financial and other capacity constraints of the municipality.

10. Regulations

The municipality may make regulations not inconsistent with this by-law, prescribing-

- (a) any matter that may or must be prescribed in terms of this by-law; and
- (b) any matter that may facilitate the application of this by-law.

11. Repeal of by-law

Any by-law relating to a tariff framework in respect of the levying of fees for municipal services adopted by the municipal council or any municipal council it superseded, shall be repealed from the date of promulgation of this by-law.

12. Short title and commencement

This by-law is called the By-law Relating to Municipal Tariffs, 2007, and takes effect on a date determined by the municipality by proclamation in the Provincial Gazette.