



DRAFT EDM TARIFF POLICY AND BY-LAWS

PREAMBLE

WHEREAS section 74(1) of the Local Government: Municipal Systems Act, 32 of 2000 requires a municipal council to adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality or by way of service delivery agreements;

WHEREAS section 74(2) and (3) of the Local Government: Municipal Systems Act, 32 of 2000 prescribes the tariff policy reflection in terms of the principles and differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination;

WHEREAS section 64 of the Local Government: Municipal Finance Management Act, 56 of 2003 states the Accounting Officer of a municipality responsibilities for the management of the revenue of the municipality;

WHEREAS section 75(1) of the Local Government: Municipal Systems Act, 32 of 2000 further requires the municipal council to adopt by-laws to give effect to the implementation and enforcement of its tariff policy;

AND WHEREAS section 75(2) of the Local Government: Municipal Systems Act, 32 of 2000 further states that the By-Laws may differentiate between categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

Now therefore, the Council of the Ehlanzeni District Municipality has adopted the draft Tariff Policy and By-Laws and as set out hereunder;

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CHAPTER 1 – INTERPRETATIONS AND DEFINITIONS

For the purpose of this policy and by-laws, the wording or any expression has the same meaning as contained in the applicable statutes, except where clearly indicated otherwise and means the following:

“Accounting Officer”: means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 117 of 1998, and being the head of administration and Accounting Officer in terms of section 55 of the Municipal Systems Act;

“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 account is generated and debited to the customer’s account;

“By-laws” shall mean legislation passed by the Council of the Municipality, and which shall be binding on the Municipality and the persons and institutions to which it applies;

“Council” means the Council of Ehlanzeni District Municipality;

"District" means Ehlanzeni District Municipality;

"Constitution" means the Constitution of the Republic of South Africa;

"Credit Control and Debt Collection Policy and By-Laws" means the District's Credit Control and Debt Collection By-Law and Policy as required by sections 96(b), 97 and 98 of the Systems Act;

“IDP” means Integrated Development Plan of the municipality adopted and reviewed in accordance with Chapter 5 of the Local Government: Municipal Systems Act, 32 of 2000;

“MFMA” means Local Government: Municipal Finance Management Act, 56 of 2003

"MSA" means the Local Government: Municipal Systems Act, 32 of 2000;

"tariff" means fees, charges, surcharges or any other tariffs levied by the District in respect of any function or service provided by the District, excluding property rates levied by the Local Municipalities in terms of the Local Government: Municipal Property Rates Act, 6 of 2004.

CHAPTER 2 – GENERAL OBJECTIVES AND PRINCIPLES OF THE POLICY

- 2.1 The tariff policy shall ensure municipal services are financially sustainable, affordable and equitable.
- 2.2 The Municipality shall ensure that its tariffs are uniformly, fairly and consistently applied throughout the municipal area of jurisdiction.
- 2.3 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.
- 2.4 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 customers 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.
- 2.5 The Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all the affected users, customers and the general public the tariff policy is applicable to.
- 2.6 The Municipality must have access to adequate sources of revenue to enable it to carry out its functions in order to meet its development objectives and therefore, the tariffs shall be reviewed and adjusted on an annual basis in line with the IDP and budget framework of the municipality.
- 2.7 The collection of all monies due to the municipality for tariffs and fees imposed or levied through this tariff policy shall be enforced through the Credit Control and Debt Collection Policy and By-Laws.
- 2.8 The different categories of users and customers which this tariff policy shall be applied to are as follows;
 - (a) Domestic or residential;
 - (b) Business, commercial, industrial and manufacturing;
 - (c) Non-profit or government organisations;
 - (d) Government;
 - (e) Educational institutions;
 - (f) Community-based organisations; and
 - (g) Faith-based organisations.
- 2.9 The following factors shall be considered in the determination of tariff structures for particular and various municipal services provided by the municipality;
 - 2.9.1 Financial factors
 - (a) The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service, during a particular financial year to avoid cross subsidizing of services.

- (b) In order to determine the tariffs which must be charged for the services to be provided, the Municipality shall identify all the costs of operations of the undertakings concerned.

2.9.2 Socio-economic factors

- (a) Although the determination of tariffs is in many instances is a political process, 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 subsidization needs to be considered.
- (b) Tariffs should also support business initiatives aimed at creating jobs or contribute to the economy of the area.

2.9.3 Credit control and provision for bad debt factors

- (a) The application of the tariffs shall be effective if the effective processes and systems of revenue management are implemented to collect the revenue due to the municipality.
- (b) The implementation of the revenue management processes and systems shall ensure the users and customers pay for the municipal services.
- (c) The non-payment has a direct effect in that provision for bad debt in accordance with current payment levels, must be provided as expenditure in the budget.

CHAPTER 3 – TARIFF STRUCTURES FOR VARIOUS MUNICIPAL SERVICES AND OTHER CHARGES

3.1 MUNICIPAL HEALTH AND ENVIRONMENT MANAGEMENT SERVICES

3.1.1 DEFINITIONS AND INTERPRETATIONS

“Administration fee” is the application fee that will be charged to any applicant for requesting an atmospheric emission licence, change or amendment of atmospheric emission licence, renewal of the atmospheric emission licence, re – inspections, duplicate of documents or copies of reports and studies.

“Air Quality Officer” is an appointed official in council who is designated as an air quality officer in terms of the National Air Quality Framework and Air Quality Act, 39 of 2004

“Atmospheric Emission Licence” is a licence issued in terms of the National Environmental Management: Air Quality Act, 39 of 2004

“Atmospheric Emission License fee” is the prescribed fee to be paid for the issuing of the Atmospheric Emission License issued in terms of the National Environmental Management: Air Quality Act, 39 of 2004

“Average Historic Cost of Municipal Health Services” the total current annual cost of Municipal Health Services (including capital charges but excluding surcharges and contributions to a capital development fund) divided by the total operational cost per year (**AHCMHS**)

“Average Historic Cost of Laboratory Services” the total current annual cost of water testing Services (including capital charges but excluding surcharges and contributions to a capital development fund) divided by the total operational cost per year **(AHIS)**

“Certificate of Acceptability” is the certificate issued in terms of the Foodstuff, Cosmetics and Disinfectants Act, 54 of 1972

“Environmental Health Practitioner” is an appointed official of council who is designated to provide Municipal Health Services in terms of the Health Act, 61 of 2003

“Fines” fines issued in terms of the Criminal Procedures Act, 51 of 1977 as amended, District By-Laws or any other regulations or Acts enforced by the Environmental Health Practitioner, Environmental Management Inspector or Air Quality officer.

“Health Certificates” is the certificates issued in terms of the Health Act, 61 of 2003

“Laboratory Services” means all services rendered by the district laboratory services to organs of state, or private sector.

“MHS” means Municipal Health Services as defined by the National Health Act, 63 of 2003

“Manager laboratory Services” is the appointed Ehlanzeni District Municipality official appointed to manage the Laboratory Services

“Permits” permits issued in terms of the District By-Laws

“Water testing fee” is the prescribed fee to be paid for the testing of water and foodstuffs in the laboratory for physical, chemical or biological analysis.

3.1.2 MUNICIPAL HEALTH SERVICES PERMITS - SPECIFIC POLICIES FOR MUNICIPAL HEALTH SERVICES CATEGORIES TARIFFS

(a) Prescribed Service Fee: Non-Profit or government organisation, Community-based organisation and Faith-based Organisation

- (i) In order to provide free services to this category it shall be based on submission of proof of registration with the department of Social Services or proof of registration as a church annually.
- (ii) Upon receiving the required documentation and application the applicant shall receive free services from council except those who are in good sound financial funding from donor community.
- (iii) Any subsidies to this category should be made through transparent mechanisms other than tariffs lower than average historical Cost of Municipal Health Services (AHCMHS), so as not to negate the incentives for the wise and social and community benefit use of services.

(b) Prescribed Service Fee: Commercial, Manufacturing and Industrial Customers

- (i) The service tariffs for all consumers in this category should be set equal to at least the average historical Cost of Municipal Health Services (AHCMHS).
- (ii) Separate tariffs should be kept for Small Medium Enterprises to support and promote Local Economic Development Entrepreneurs, and Small and Medium

businesses can apply for the lower tariff by submitting proof of classification or categorised entrepreneurs, small and medium business.

(iii) An investigation will need to be done to confirm the information and consider whether such application can be approved by the Senior Manager: Municipal Health Services.

(c) Prescribed Service: Government Institution – the service will be provided to Government Institutions for free.

(d) Administrative Fee - the administration fee shall be a fixed application fee to be paid for applicants on submission of an application form.

(e) Billing and payment for services provided - In all instances the owner of the business or entity or property shall be billed and not the agent or representative and the owner shall also be responsible for the payment of the amount billed and due.

3.1.3 ATMOSPHERIC EMISSION LICENSE (AEL) PERMIT - SPECIFIC POLICIES FOR ENVIRONMENTAL MANAGEMENT SERVICES CATEGORIES TARIFFS

(a) Non-Profit or government organisation, Community-based organisation and Faith-based Organisation

All customers in this category shall receive the equal level of service at the same service standard of service provided and shall include at least the following services;

- (i) Administration Fee;
- (ii) Application fee for atmospheric emission licence valid for 5 years;
- (iii) Renewal of atmospheric emission licence;
- (iv) Amendment of the atmospheric emission licence; and
- (v) Application fee for objecting to the assessment of the application for atmospheric emission licence.

(b) Commercial, Manufacturing and Industrial Customers

All customers' in this category shall receive the equal level of service at the same service standard of service provided and shall include at least the following services;

- (i) Administration Fee;
- (ii) Application fee for atmospheric emission licence valid for 5 years;
- (iii) Renewal of atmospheric emission licence;
- (iv) Amendment of the atmospheric emission licence; and
- (v) Application fee for objecting to the assessment of the application for atmospheric emission licence.

(c) Government Institution and Other Customers

All customers' in this category shall receive the equal level of service at the same service standard of service provided and shall include at least the following services;

- (i) Administration Fee;
- (ii) Application fee for atmospheric emission licence valid for 5 years;
- (iii) Renewal of atmospheric emission licence;
- (iv) Amendment of the atmospheric emission licence; and
- (v) Application fee for objecting to the assessment of the application for atmospheric emission licence.

(d) Prescribed Service Fee - Non-Profit or government organisation, Community-based organisation and Faith-based Organisation

- (i) The atmospheric emission licence fees / tariffs for all consumers in this category should be set equal to the current fees as set in the atmospheric emission calculator by the Department of Environmental Affairs.
- (ii) In order to provide subsidised services to this category it shall be based on submission of proof of registration with the Department of Social Services or any proof of registration from respective registration authorities.
- (iii) Upon receiving the required documentation and application the applicant shall receive up to 50% subsidies from council except those who are in good sound financial funding from donor community or the state.
- (iv) Any subsidies to this category should be made through transparent mechanisms other than tariffs lower than AHCMHS, so as not to negate the incentives for the wise and social and community benefit use of services.

(e) Prescribed Service Fee - Commercial, Manufacturing and Industrial Customers

The atmospheric emission licence fees for all consumers or customers in this category should be set at the minimum fee equal to the atmospheric emission calculator developed by the Department of Environmental Affairs or as will be amendment by council on an annual basis in line with the IDP and budget framework.

(f) Prescribed Service Fee: Government Institution and Other Customers

The atmospheric emission licence fees for all consumers or customers in this category should be set at the minimum fee equal to the atmospheric emission calculator developed by the Department of Environmental Affairs or as will be amendment by council on an annual basis in line with the IDP and budget framework.

(g) Administrative Fee

- (i) The administration fee shall be a fixed application fee to be paid upon submission of application forms for atmospheric emission licences.
- (ii) The application fee shall be equal to the applicable fee for the district tender document.

(iii) The licence fee shall be determined in terms of the Atmospheric Emission Licence fee calculator.

(h) Billing and payment for services provided - In all instances the owner of the business or entity or property shall be billed and not the agent or representative and the owner shall also be responsible for the payment of the amount billed and due.

3.2 LABORATORY SERVICES - SPECIFIC POLICIES FOR LABORATORY SERVICES CATEGORIES TARIFFS

(a) Non-Profit or government organisation, Community-based organisation and Faith-based Organisation

All customers' in this category shall receive the equal level of service at the same service standard of service provided and shall include at least the following services;

- (i) Administration Fee.
- (ii) Sampling results.
- (iii) Scheduled bacteriological or organic or chemical or metal or sampling and analysis.
- (iv) Resampling.
- (v) Special requests for bacteriological or chemical analysis.

(b) Commercial, Manufacture and Industrial Customers

All customers' in this category shall receive the equal level of service at the same service standard of service provided and shall include at least the following services;

- (i) Administration Fee.
- (ii) Sampling results.
- (iii) Scheduled bacteriological or organic or chemical or metal or sampling and analysis.
- (iv) Resampling.
- (v) Special requests for bacteriological or chemical analysis.

(c) Government Institution and Other Customers

All customers' in this category shall receive the equal level of service at the same service standard of service provided and shall include at least the following services;

- (i) Administration Fee.
- (ii) Sampling results.
- (iii) Scheduled bacteriological or organic or chemical or metal or sampling and analysis.

- (iv) Resampling.
- (v) Special requests for bacteriological or chemical analysis.

(d) Prescribed Service Fee - Non-Profit or government organisation, Community-based organisation and Faith-based Organisation

- (i) In order to provide subsidised services to this category it shall be based on submission of proof of registration with the Department of Social Services or any proof of registration from respective registration authorities.
- (ii) Upon receiving the required documentation and application the applicant shall receive free services from council except those who are in good sound financial funding from donor community.
- (iii) Any subsidies to this category should be made through transparent mechanisms other than tariffs lower than AHLS, so as not to negate the incentives for the wise and social and community benefit use of services.

(e) Prescribed Service Fee - Commercial, Manufacturing and Industrial Customers

- (i) The service tariffs for all consumers in this category should be set equal to at least the average historical Cost of laboratory Services (AHCLS).
- (ii) Separate tariffs should be kept for Small Medium Enterprises to support and promote Local Economic Development
- (iii) Entrepreneurs, Small and Medium businesses can apply for the lower tariff by submitting proof of classification or categorised entrepreneurs, small and medium business.
- (iv) An investigation will need to be done to confirm the information and consider whether such application can be approved by the Municipal Manager.

(f) Prescribed Service: Government Institution and Other Customers

- (i) The service tariffs for all consumers in this category should be set equal to at least the average historical Cost of laboratory Services (AHCLS).
- (ii) Separate fees / tariffs should be kept for Government Institutions to the course for public gain.
- (iii) Any subsidies to this category should be made through transparent mechanisms other than tariffs lower than AHCLS, so as not to negate the incentives for the social and community benefit use of services.

(g) Administrative Fee - The administration fee shall be a fixed application fee to be paid by for applicants on submission of sampling request forms.

(h) Billing and payment for services provided - In all instances the owner of the business or entity or property shall be billed and not the agent or representative and the owner shall also be responsible for the payment of the amount billed and due.

CHAPTER 4 - MISCELLANEOUS

4.1 Tender documents

- (a) The tariffs for tender document should be set equal to at least the average historical cost of tender document.
- (b) Separate tariffs should be kept for Government Institutions to the course for public gain.
- (c) Any subsidies to this category should be made through transparent mechanisms other than tariffs lower than cost to produce such document, so as not to negate the incentives for the social and community benefit.

4.2 Application or Objection forms

- (a) The tariffs for application or objection for Municipal Health Services and Environmental Management should be set equal to at least the average historical Cost of processing of the application in question or cost as will be determined through Atmospheric Emission Licence Fee Calculator.
- (b) Separate tariffs should be kept for Government Institutions to the course for public gain.
- (c) Any subsidies to this category should be made through transparent mechanisms other than tariffs lower than cost to produce such document, so as not to negate the incentives for the social and community benefit.

4.3 Request for copies of documents (policy or agenda or reports or plans) including electronic copies

- (a) The tariffs for request for copies of any document should be set equal to at least the average historical Cost of tender document.
- (b) Separate tariffs should be kept for Government Institutions to the course for public gain.
- (c) Any subsidies to this category should be made through transparent mechanisms other than tariffs lower than cost to produce such document, so as not to negate the incentives for the social and community benefit.

4.4 Interest charges

- (a) The fixed interest rate to be charged during any financial year shall be determined and set at prime rate applicable at 30 June of every year plus one per cent.
- (b) The fixed interest rate shall be charged for any outstanding debt or arrears not settled within the prescribed period.

CHAPTER 5 – RENTAL FOR MUNICIPAL FACILITIES, EQUIPMENT AND PROPERTIES

- 5.1 The municipality shall determine tariff structures for rental charges or tariffs that are market related.
- 5.2 Some of the market related tariffs shall be determined in accordance with the service level agreement(s) entered with the service providers appointed by the municipality to operate and manage the municipal facilities and properties.

5.3 A refundable security deposit shall be charged to the users or customers renting the municipal facilities, equipment and properties.

5.4 The deposit is refundable in full upon inspection and no damages caused to the rented municipal amenities and in case of any damages to the municipal amenities, the cost of repair or replacement of the damaged amenities will be set-off against deposit.

CHAPTER 6 - OTHER UNDERLYING MATTERS OF THE POLICY

6.1 Objection and Appeal

- (a) A person or customer whose rights are affected by the provisions and enforcement of this policy shall submit the objection or appeal in writing to the Municipal Manager within 21 days of the date of the adoption of this policy.
- (b) The objection and appeal shall be dealt with in accordance with the section 62 of the MSA.

6.2 Implementation and enforcement of the policy

- (a) The policy shall be implemented with effect from 01 July 2021 after the adoption by the municipal council and subsequent to the public participation and consultation process in line with section 21 of the MSA.
- (b) The tariff policy shall be enforceable upon conclusion of the approval and promulgation of tariff by-laws.

6.3 Review of the policy

The policy shall be reviewed on annual basis should there be any changes in legislative and regulatory framework, and institutional and operations settings and arrangements.

6.4 Review of tariff structures

All tariffs structures shall be reviewed and adjusted on an annual basis and approved by council before the start of the applicable financial year.

6.5 Short title

This policy shall be called the EDM Tariff Policy and By-Laws.

