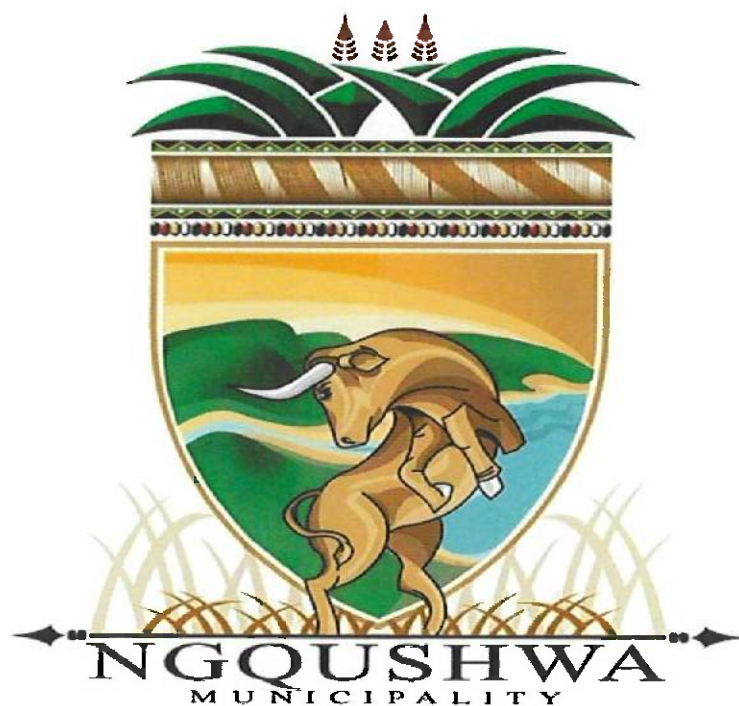


NGQUSHWA LOCAL MUNICIPALITY



FINAL TARIFF POLICY

2023/2024

Summary

Publication Date	01 July 2020
Review Date	15 March 2023
Related Legislation/Applicable Section of Legislation	Municipal Finance Management Act 56 of 2003
Related Policies, Procedures, Guidelines, Standards, Frameworks	
Replaces/ Repeals (whichever is relevant, if any)	
Policy Officer (Position)	
Policy Officer (Phone)	
Policy Sponsor (Position)	
Department Responsible	Budget and Treasury Office
Unit responsible	Budget and Reporting
Applies to	All Ngqushwa Local Municipality Employees and Councillors
Key Words	Tariffs
Status	Approved
Council approval date	30 May 2023
Version	Version 1

CONTENTS

1.	BACKGROUND	4
2.	NAME OF POLICY	6
3.	PURPOSE AND APPLICATION OF POLICY	6
3.	EMPOWERMENT TO LEVY AND RECOVER FEES, CHARGES AND TARIFFS ...	6
4.	CORE ELEMENTS OR PRINCIPLES OF POLICY	6
5.	ACCESS TO SERVICES AND REQUIREMENTS TO BE TAKEN INTO ACCOUNT IN DETERMINING TARIFFS	7
5.1	Basic Municipal Services	7
5.2	Municipal Services to be financially sustainable	8
6.	EXCEPTIONAL ARRANGEMENTS IN DETERMINING TARIFFS	9
6.1	Discount for timeous payment of municipal accounts	9
6.2	Exemption from payment of interest on arrear accounts.....	9
6.3	Commercial, Industrial and Business Users	9
6.4	Municipal Services in Special Circumstances.....	9
7.	REVIEW OF POLICY.....	10
	APPENDIX "A"	11
	Tariff Structures that this Policy applies to.....	11

(Note: Appendix a not attached. Please attach)

1. BACKGROUND

1.1 Provision of Services

- 1.1.1 The Municipal Council must give priority to the basic needs of the community, promote the social and economical development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of sections 152(1) (b) and 153(b) of the Constitution of the RSA, 1996

The municipal services provided to residents and communities in the Municipality must:

- be within the municipality's financial and administrative capacity;
 - be provided in a manner that –
 - is fair and equitable to all its residents and communities;
 - ensures the highest quality service at the lowest cost, the most effective and economical use as well as sufficient allocation of available resources; and
 - is financially and environmentally sustainable;
 - be reviewed regularly with a view to development, upgrading, extension and improvement.
- 1.1.2 According to the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003), referred to as the MFMA henceforth, the definition of "*basic municipal service*" is a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment.
- 1.1.3 The Local Government: Municipal Systems Act, 2000 (No. 32 of 2000) as amended, referred to as the MSA henceforth, takes the definition of a "*municipal service*" even further by stating it is a service that a municipality, in terms of its powers and functions, provides or may provide to or for the benefit of the local community irrespective of whether –
- (a) such a service is provided, or to be provided, by the Municipality through an internal mechanism contemplated in s.76(MSA), or by engaging an external mechanism contemplated in s.76; and
 - (b) fees, charges or tariffs are levied in respect of such a service or not.

1.1.4 S.76 MSA reads as follows:

A municipality may provide a municipal service in its area or a part of its area through-

- (a) an internal mechanism, which may be-
 - (i) a department or other administrative unit within its administration;
 - (ii) any business unit devised by the municipality, provided it operates within the municipality's administration and under the control of the council in accordance with operational and performance criteria determined by the council; or
 - (iii) any other component of its administration; or
- (b) an external mechanism by entering into a service delivery agreement with-
 - (i) a municipal entity;
 - (ii) another municipality;
 - (iii) an organ of state, including
 - (aa) a water committee established in terms of the Water Services Act, 1997 (Act No. 108 of 1997);
 - (bb) a licensed service provider registered or recognised in terms of national legislation; and
 - (cc) a traditional authority;
 - (iv) a community based organisation or other non-governmental organisation legally competent to enter into such an agreement, or
 - (v) any other institution, entity or person legally competent to operate a business activity.

1.1.5 In terms of s.74 (1) MSA a Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by itself or by way of service delivery agreements which must comply with the Act (MSA), the MFMA or any other applicable legislation.

2. NAME OF POLICY

This policy shall be called the Tariff Policy of the Municipality.

3. PURPOSE AND APPLICATION OF POLICY

The purpose of this policy is to give effect to the requirements of s.74(1) MSA regarding the levying of fees, charges, rates and taxes for the Local Municipality of Ngqushwa and shall apply to all tariff structures enumerated in APPENDIX "A" hereof in order to render the municipal services needed by its community.

4. EMPOWERMENT TO LEVY AND RECOVER FEES, CHARGES AND TARIFFS

4.1 The Municipality is empowered in terms of s.75 (A) (MSA) to –

- (a) levy and recover fees, charges and tariffs in respect of any function or service it may render; and
- (b) recover collection charges and interest on any outstanding amounts.

5. CORE ELEMENTS OR PRINCIPLES OF POLICY

5.1 In terms of s.74 (2) MSA a tariff policy must reflect at least the following principles:

- (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 life line 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 subsidization 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 subsidization 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.

5.2 In terms of s.74 (3) MSA, a tariff policy may differentiate 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.

5.3 Once the Municipality has approved a tariff policy, it must adopt a By-law to give effect to the implementation and enforcement of its tariff policy.

6. ACCESS TO SERVICES AND REQUIREMENTS TO BE TAKEN INTO ACCOUNT IN DETERMINING TARIFFS

6.1 Basic Municipal Services

6.1.1 The municipality must heed its first and foremost duty to ensure that all residents and communities within its boundaries have basic municipal services as required by the Constitution of the RSA.

6.1.2 In order to acquaint itself of the task set in 5.1.1, the municipality should utilize its resources as effectively, efficiently and economically as possible to create a financially sustainable capacity within which to operate and therefore regular reviews and analysis of this aspect must be done by all the municipal departments and the necessary adjustments or revisions done timeously to prevent financial risk or incapacity.

6.2 Municipal Services to be financially sustainable

6.2.1 The MSA requires that a municipality must render its services in a *financially sustainable* manner. In order to do this, municipal services are to be provided in a manner that:

- Is likely to ensure that revenue from that service is sufficient to cover the cost of –
 - o the initial capital expenditure required for the service;
 - o operating the service; and
 - o maintaining, repairing and replacing the physical assets used in the performance of the service;

- Is likely to ensure –
 - o a reasonable surplus in the case of a service performed by the Municipality itself; or
 - o a reasonable profit, in the case of a service performed by a service provider, other than the Municipality itself;

- is likely to enable the Municipality or other service provider to obtain sufficient capital requirements for the performance of the service; and

- takes account of the current and anticipated future –
 - o level and quality of that service;
 - o demand for the service; and
 - o ability and willingness of residents to pay for the service.

6.2.2 However, regard must be had in respect of the municipality's indigent households that should have access to at least the basic services through –

- o tariffs that cover only operating and maintenance costs;
- o special tariffs or life line tariffs for low level use or consumption of services or for basic levels of service; or
- o any other direct or indirect method of subsidization of tariffs for poor households; and
- o adherence to the municipality's indigent support scheme.

6.2.3 When determining tariffs the municipality must ensure that users of municipal services are treated equitably in the application of tariffs and that the amount payable by them are generally in proportion to their use of that service.

6.2.4 Notwithstanding severe financial constraints, a municipality should, as far as possible, take the affordability of the service to its various categories of users into account.

6.2.5 Before introducing a tariff for any municipal service, or when the tariffs are reviewed annually, the tariffs of surrounding municipalities (especially those of similar size) should be obtained and analysed to retain a degree of competitiveness and affordability amongst municipalities.

6.2.6 Where a municipal service is provided by an external service provider, the municipality must ensure that any agreement for the provision of such a service shall contain a clause entitling it to control the setting and adjustment of tariffs to be charged by such a service provider for the rendering of that particular service so that the municipality does not suffer a loss in the service provided.

7. EXCEPTIONAL ARRANGEMENTS IN DETERMINING TARIFFS

7.1 Discount for timeous payment of municipal accounts

Should the municipality decide to give discount to users of municipal services for timeous payment of their accounts, provision for this circumstance must be made in the annual revenue budget.

7.2 Exemption from payment of interest on arrear accounts

Similarly, if the municipality should decide to exempt a user who is in arrears with his/her account and who successfully negotiates an agreement to repay such arrears in accordance with the municipality's Credit Control and Debt Collection Policy, from payment of any further interest, allowance for such instances must be made in the annual revenue budget.

7.3 Commercial, Industrial and Business Users

7.3.1 While the general principle in determining tariffs is usually that users in the commercial, industrial and business sectors pay a higher rate in tariffs, the municipality may decide, in the interest of obtaining further economic development within its boundaries, to determine special tariffs and rates in respect of certain services for certain categories of commercial, industrial or business users.

7.3.2 Rental payment should escalate at a rate that determine by the Council.

7.4 Municipal Services in Special Circumstances

In circumstances where the installation of monitoring of municipal services are exorbitant due to geographical, geological or soil conditions existing within certain

areas, the municipality may decide to render such services at a higher tariff to cover the costs connected therewith.

8. REVIEW OF POLICY

The municipality shall review the tariffs relating to this policy annually before September of the year preceding the new financial year and any increases in tariffs shall be reflected in a report to the Council in January for approval.

APPROVED BY THE COUNCIL ON 30 MAY 2023



MUNICIPAL MANAGER



MAYOR OBO COUNCIL

APPENDIX "A"

Tariff Structures that this Policy applies to:

APPENDIX A

EC126 FINAL TARIFF STRUCTURE 2023/2024 TO 2025/2026													
PROMULGATION OF RESOLUTION LEVYING RATES FOR EACH TARIFF CATEGORY APPLICABLE TO NGQUSHWA LOCAL MUNICIPALITY													
The Council of Ngqushwa Local Municipality has in accordance to the Municipal Property Rate Act no 6 of 2004, section 14 (1) and subsection (2) passed a													
	2023/2024			2024/2025			2025/2026			INCREASE	TARIFFS VAT EXCL	VAT	TARIFFS VAT INCL
	INCREASE	TARIFFS VAT EXCL	VAT	TARIFFS VAT INCL	INCREASE	TARIFFS VAT EXCL	VAT	TARIFFS VAT INCL	INCREASE				
1 RATES	3%				3%				3%				
Annual rates of cent in the rand will be levied on all valued properties as follows													
1.1 Commercial, Industrial, Wind Solar Farms, Mining and Special Properties		R0.02	R0.000	R0.0227		R0.0234	R0.000	R0.0234		R0.0241	R0.000	R0.0241	
1.2 Residential/Vacant land		R0.0114	R0.000	R0.0114		R0.0117	R0.000	R0.0117		R0.0121	R0.000	R0.0121	
1.3 Municipal		R0.0000	R0.000	R0.0000		R0.0000	R0.000	R0.0000		R0.0000	R0.000	R0.0000	
NB: Municipal Buildings, Public Open Space & Municipal Public Service (excepted) (infrastructure must be totally exempt from rates)													
Farming													
1.4 Agricultural land		R0.0029	R0.000	R0.0029		R0.0029	R0.000	R0.0029		R0.0030	R0.000	R0.0030	
1.5 P/S (Public Infrastructure Services)		R0.0029	R0.000	R0.0029		R0.0029	R0.000	R0.0029		R0.0030	R0.000	R0.0030	
1.6 Farms (Small Holdings)		R0.0114	R0.000	R0.0114		R0.0117	R0.000	R0.0117		R0.0121	R0.000	R0.0121	
1.7 Properties Owned By An Organ Of State And Used For Public Service Purpose		R0.0355	R0.000	R0.0355		R0.0345	R0.000	R0.0345		R0.0334	R0.000	R0.0334	
2 REFUSE REMOVAL SERVICE	1%				1%				1%				
2.1 Refuse removal - Households/month		R123.87	R18.58	R142.45		R143.88	R21.58	R155.46		R167.13	R25.07	R192.18	
Business													
2.2 Commercial Business (Supermarkets, wholesale etc)		R1053.26	R157.99	R1211.24		R1259.69	R188.95	R1448.65		R1506.59	R225.99	R1732.58	
2.3 General Medium Business (Hardware, Retail Shops etc)		R763.61	R114.54	R878.15		R913.28	R136.99	R1050.27		R1092.28	R163.84	R1256.12	
2.4 General Small Business (Shops)		R348.69	R52.33	R401.22		R417.27	R62.59	R479.86		R499.05	R74.86	R573.92	
2.5 Refuse removal - Business/month		R152.07	R22.81	R174.85		R181.88	R27.28	R209.16		R217.53	R32.63	R250.16	
Flats/Property to rent													
2.6 Refuse Removal per room		R0.00	R0.00	R0.00		R0.00	R0.00	R0.00		R0.00	R0.00	R0.00	
Institutions													
2.7 Category 1: Non-punitive Hospital		R10,725.81	R1,608.87	R12,334.69		R12,823.07	R1,924.21	R14,752.29		R15,342.38	R2,301.36	R17,643.73	
2.8 Category 2: Schools, Clinics, Police Station and other Government entities		R460.80	R69.12	R529.92		R551.12	R82.67	R633.78		R659.13	R98.87	R758.00	
Holiday/Short-term accommodation													
2.9 Mpeketeni Beach Resort		R11,190.84	R1,678.63	R12,869.46		R13,384.24	R2,007.64	R15,391.88		R16,007.55	R2,401.36	R18,408.68	
2.10 Fish River Sun		R11,483.15	R1,722.47	R13,205.62		R13,733.85	R2,090.08	R15,793.92		R16,425.68	R2,463.85	R18,889.53	
2.11 B & B and Flats		R388.39	R58.26	R446.65		R464.51	R69.68	R534.19		R555.56	R83.33	R638.89	
Disposal at Santa refuse site													
2.12 Garden refuse per month		R204.07	R30.61	R234.68		R244.07	R36.61	R280.68		R291.90	R43.79	R335.69	
2.13 Building rubble per month		R52.96	R8.24	R61.20		R63.34	R9.20	R72.54		R73.96	R11.64	R85.60	
2.14 Private residents/ Business 0-1 ton per load		R125.07	R18.75	R143.84		R149.55	R22.44	R172.08		R178.51	R26.84	R205.74	
3 CEMETERY FEES	0%				0%				0%				
Person resident in the town at the time of death													
3.1 Adult per site		R400	R60	R460		R460	R60	R520		R460	R60	R520	
3.2 Child per site		R130	R19	R149		R130	R19	R149		R130	R19	R149	
3.3 Digging of grave by the municipality		R693	R104	R797		R693	R104	R797		R693	R104	R797	
For purposes of this publication "adult" means a person who at the time of death has reach the age of 12 years													
4 HALL HIRE	4%				4%				4%				
4.1 Hamburg Hall Hire - pitay		R1,221.25	R183.19	R1,404.44		R1,460.61	R219.09	R1,679.71		R1,746.89	R262.03	R2,008.93	
4.2 Hamburg Hall Hire - Refundable deposit		R414.32	R62.15	R476.47		R495.53	R74.33	R569.86		R592.66	R88.90	R681.55	
4.3 Ncumisa Kondle Indoor Sport Centre - pitay		R3,882.37	R582.36	R4,464.72		R4,404.11	R660.62	R5,064.73		R5,267.32	R790.10	R6,057.41	
4.4 Ncumisa Kondle Indoor Sport Centre - Refundable deposit		R1,312.59	R196.89	R1,509.48		R1,569.86	R235.48	R1,805.34		R1,877.55	R281.63	R2,159.19	

5 POUND FEES										
5%										
Transport fee for all animals										
5.1	Delivery to the pound one or more to the pound, per km	14.10	2.12	16.22	17.03	2.55	19.58	20.56	3.08	23.64
5.2	Handling by private person, per km	9.40	1.41	10.81	11.35	1.70	13.05	13.71	2.06	15.76
Subsistence Fee (per Head, per Day)										
5.3	Horses, Donkey,Cow, Pigs, Sheep and Goats	25.07	3.76	28.83	30.27	4.54	34.81	36.55	5.48	42.03
Pound Fees (Per Head)										
5.4	Horses, Donkey,Cow, Pigs, Sheep and Goats	54.83	8.23	63.06	66.21	9.93	76.14	79.95	11.99	91.94
5.5	Sheep and Goats	29.77	4.47	34.23	35.94	5.39	41.34	43.40	6.51	49.91
6 BUILDING PLAN APPLICATION FEES										
5%										
6.1	Dwelling	R6,022.26	R903.34	R6,925.60	R7,271.68	R1,090.78	R8,362.66	R8,780.80	R1,317.12	R10,097.92
6.2	Outbuilding	R5,211.24	R781.69	R5,992.93	R6,292.58	R943.89	R7,236.46	R7,598.29	R1,139.74	R8,738.03
6.3	Flat,Townhouse and Hotels	R6,595.46	R989.32	R7,584.78	R7,964.02	R1,194.60	R9,158.62	R9,616.55	R1,442.48	R11,059.04
6.4	Shops,Schools,Churches	R6,594.24	R989.14	R7,583.38	R7,962.55	R1,194.38	R9,156.93	R9,614.78	R1,442.22	R11,056.99
6.5	Offices	R6,594.24	R989.14	R7,583.38	R7,962.55	R1,194.38	R9,156.93	R9,614.78	R1,442.22	R11,056.99
6.6	Carports,Farm Sheds	R2,622.09	R393.31	R3,015.40	R3,166.17	R474.93	R3,641.09	R3,823.15	R573.47	R4,396.62
6.7	Swimming Pool	R390.26	R58.54	R448.80	R471.24	R70.69	R541.93	R569.03	R85.35	R654.38
6.8	Patio,Pergolas and Sun Decks	R2,622.09	R393.31	R3,015.40	R3,166.17	R474.93	R3,641.09	R3,823.15	R573.47	R4,396.62
6.9	Basement Parking	R5,297.83	R794.68	R6,092.51	R6,397.13	R959.57	R7,356.70	R7,724.54	R1,158.68	R8,883.22
Factories and Warehouses:										
6.10	First 5000m2	R4,799.03	R719.85	R5,518.88	R5,794.83	R869.77	R6,664.05	R6,997.25	R1,049.59	R8,046.84
6.11	Over 5000m2	R4,236.80	R635.52	R4,872.32	R5,115.94	R767.39	R5,883.33	R6,177.50	R926.62	R7,104.12
6.12	Drainage only plans	R1,438.29	R215.79	R1,653.96	R1,736.66	R260.50	R1,997.16	R2,097.02	R314.55	R2,411.57
6.13	Street Deposit	R264.77	R39.72	R304.49	R319.71	R47.96	R367.67	R386.05	R57.91	R443.96
6.14	Minimum Building Plan Fee	R1,558.86	R233.83	R1,792.69	R1,882.33	R282.35	R2,164.68	R2,272.91	R340.94	R2,613.85
6.15	Minor Works	R331.72	R49.76	R381.48	R400.56	R60.08	R460.64	R483.67	R72.55	R556.22
Energy and Telecommunications Development										
6.16	Wind and Solar Farm Facilities	R16,464.26	R2,469.64	R18,933.90	R19,880.60	R2,982.09	R22,862.69	R24,005.82	R3,600.87	R27,606.69
6.17	Application for Telecommunication Towers	R14,948.50	R2,242.28	R17,190.78	R18,050.31	R2,707.55	R20,757.86	R21,795.75	R3,269.56	R25,065.12
7 TOWN PLANNING FEES										
Category 1										
Land Use Application Type										
Rezoning Application										
7.1	Even 0 – 2500 m2	R4,302.71	R645.41	R4,948.12	R5,195.52	R779.33	R5,974.85	R6,273.60	R941.04	R7,214.64
7.2	Even 2501 – 5000 m2	R5,902.66	R1,035.40	R7,938.06	R8,334.99	R1,250.25	R9,585.24	R10,064.50	R1,509.67	R11,574.17
7.3	Even 5001 – 10 000 m2	R12,478.79	R1,871.82	R14,350.61	R15,068.14	R2,260.22	R17,328.37	R18,194.78	R2,729.22	R20,924.00
7.4	Even 1 ha – 5 ha	R16,192.66	R2,428.90	R18,621.56	R19,552.63	R2,992.90	R22,485.53	R23,609.81	R3,541.47	R27,151.28
7.5	Even over 5 ha	R22,470.60	R3,370.59	R25,841.19	R27,133.25	R4,069.99	R31,203.24	R32,763.40	R4,514.51	R37,277.91
Subdivision application										
7.6	Basic Fees	R3,350.98	R502.65	R3,853.63	R4,046.31	R606.95	R4,653.26	R4,885.92	R732.89	R5,618.81
7.7	Charge per subdivision (remainder considered a subdivision)	R184.76	R27.71	R212.48	R223.10	R33.47	R256.57	R269.39	R40.41	R309.80
7.8	Subdivisions into more than 80 even (Township Establishment)	R16,813.41	R2,522.01	R19,335.42	R20,302.19	R3,045.33	R23,347.52	R24,514.89	R3,677.23	R28,192.13
7.9	Extension of time	R552.96	R82.94	R635.90	R667.70	R100.15	R767.85	R806.25	R120.94	R927.18
Amendment of an application										
7.10	If already approved by the municipality									
7.11	If not yet approved by the municipality									
Phasing/cancellation of approved layout										
7.12	Basic fee	R2,117.46	R317.62	R2,435.08	R2,556.83	R383.53	R2,940.36	R3,087.38	R463.11	R3,550.48
Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of land										
7.13	Basic fee	R2,973.48	R446.02	R3,419.51	R3,590.48	R538.57	R4,129.05	R4,335.51	R650.33	R4,985.83
Amendment or cancellation of a general plan of a township										
7.14	Basic fee	R2,332.80	R349.92	R2,682.71	R2,816.85	R422.53	R3,239.38	R3,401.35	R510.20	R3,911.55
Permanent closure of public place or public road/Street										
7.15	Charge per closure	R705.82	R105.87	R811.69	R852.28	R127.84	R980.12	R1,023.13	R154.37	R1,183.49
Development on communal land										
7.16	Basic fee	R6,768.43	R1,015.26	R7,783.69	R8,172.88	R1,225.93	R9,398.81	R9,868.75	R1,480.31	R11,349.06
Category 2										
Land Use Application Type										

