



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

**ANNEXURE 7
TARIFF POLICIES**

2022/23 BUDGET (MAY 2022)



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1. CHAPTER 1: GENERAL TARIFF POLICY

DEFINITIONS

All terms used in this Policy, including the annexures hereto, unless the context indicates otherwise, have the meaning ascribed to them in local government legislation or hereunder:

“City” or “City of Cape Town” means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998, or any structure or employee of the City acting in terms of delegated authority.

“Consumption-based Tariff” means a tariff set as a rand amount per measurable unit of service;

“Council” or “Municipal Council” means the council of a municipality referred to in section 18 of the Municipal Structures Act;

“CPI” means the consumer price index as measured by STATSSA;

“Homeless people’s shelters / Children’s Homes” means a bona fide non-profit organisation (“NPO”) which operates homeless shelters / children homes (which cares for homeless children as stipulated in the Children’s Act, 38 of 2005 used primarily for the accommodation of homeless people / children and which has applied for and been registered as such shelter / home by the relevant Council Committee / Body on an annual basis and has *inter alia* indicated by affidavit how many people it normally sheltered;

“Homes catering for the health of physically or mentally challenged individuals” means a *bona fide* non-profit organisation (“NPO”) which operates a home used for the accommodation of physically or mentally challenged individuals which has applied for and been registered as such by the relevant Council Committee / Body on an annual basis and has *inter alia* indicated by affidavit how many people it accommodates.

“Old Age Homes” means an organisation which operates as an old age home used for the accommodation of retired people and which has applied for and been registered as old age home with the Department of Social Development, carries a certificate of registration as a Non-Profit Organisation and has *inter alia* indicated by affidavit (which need to be updated and submitted on an annual basis) how many people it houses. This will only be applicable to organisations that do not form part of the Domestic Cluster category;



“**Indigent Fund**” means a budget provision, funded from National Government transfers and municipal rates, which is used to subsidise basic services;

“**Rates and General Account**” means a budget provision used to fund other City services excluding the electricity, water, and solid waste services;

“**STATSSA**” means Statistics South Africa, a body established in terms of section 4 of the Statistics Act, 6 of 1999, which consists of a Statistician-General, permanent and temporary staff referred to in the first column of Schedule 2 of the Public Service Act of 1994, and whose main function is to provide official statistics for use by organs of state, businesses, organisations and the public in planning, decision-making and other actions, and the monitoring and assessment of policies;

“**Sundry Tariff**” means a tariff set as a fixed rand amount charged for specific services (e.g. connections) and published in a tariff schedule, adjusted from year to year;

“**Vulnerable Groups**” means *bona fide* NPOs/PBOs operating subsistence survival gardens supporting certain categories of poor people as defined in the Urban Agriculture Policy for the City of Cape Town, 2007 and who have applied for and been registered by Council on an annual basis to qualify for special tariffs.

1. LEGISLATIVE COMPLIANCE

Section 74 of the Systems Act and section 62(1) (f) of the MFMA require the City to adopt and implement a tariff policy.

Specific legislation applicable to each service has been taken into consideration when determining this Policy.

2. SCOPE OF THE POLICY

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 Schedule of Tariffs, which must be read in conjunction with this Policy.

The Policy is applicable to all tariffs for electricity, water, sanitation and solid waste services provided by the City.

This Policy is also applicable to all Sundry Tariffs, as provided for in the Schedule of Tariffs of the City.



3. PRINCIPLES AND OBJECTIVES

- 3.1 The basic principles and long-term goals for the City include equity in service provision and sustainability of service levels through economic and effective funding of efficient services.
- 3.2 Where a service is provided primarily for the benefit of an individual user and the actual service or consumption can be accurately measured, the cost of providing the service should be recovered from the individual by means of tariffs.
- 3.3 When a service connection is made a sundry tariff should be used and when a metered amount of a service is consumed a consumption based tariff should be used. Where sundry tariffs and consumption based tariffs are used, they must comply with this Policy.
- 3.4 Where a service is provided primarily for the benefit of the community or an individual's use cannot be accurately measured, the cost of providing the service should be recovered by means of rates or a "basic charge".
- 3.5 Where an individual user's consumption can be metered, electricity and water will be charged for using Consumption-based Tariffs. These tariffs must be structured to accommodate the provision of basic electricity and basic water supply as defined in the indigent relief measures as contained in the Credit Control and Debt Collection Policy.
- 3.6 Solid waste collection services will be charged for by using a tariff. Rebates are applicable for property values from R1 up to R500 000.
- 3.7 Where the City incurs bank costs on any mode of payment, the City will recover such cost on the portion of the amount above R7000.00 per transaction per account number. The City absorbs such in respect of a single payment of R7000.00 and below.

4. APPLICATION OF TARIFF PRINCIPLES

Section 74(2) of the Systems Act sets out principles that must be reflected in this Policy. These principles are applied in the following manner:

- 4.1 Users will be treated equitably by allowing for the differentiation as set out in paragraph 5 of this Policy.



- 4.2 Where appropriate and possible, the amount individual users pay for services will generally be in proportion to their use of that service by using Consumption-based Tariffs. This will be dependent on the service being able to provide discernible, universal and regular metering and reading.
- 4.3 Poor households and vulnerable groups as defined in the City's indigent relief measures as contained in the Credit Control and Debt Collection Policy, from time to time, will have access to basic services through subsidised tariffs as defined in paragraph 6 of this Policy.
- 4.4 Consumptive tariffs will reflect the costs reasonably associated with rendering the service. The budgeted income and expenditure of the service, showing any contributions to Rates and General Account(s), support services recharges and contributions from the Indigent Fund, must be provided as part of the annual report on the revision of rates and tariffs.
- 4.5 Consumptive tariffs will be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned.
- 4.6 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.
- 4.7 The City may impose a penalty or concession tariff in appropriate circumstances, provided that the penalty or concession is specified, in the Schedule of Tariffs from time to time.
- 4.8 The promotion of local economic development through special tariffs for categories of commercial and industrial users may be provided on the basis set out in the City's Economic Incentive Policy.
- 4.9 Support for Vulnerable Groups through a free allocation may be provided on the basis set out in the City's Urban Agriculture Policy.
- 4.10 The economical, efficient and effective use of resources will be encouraged through the use of rising block tariffs, time of use tariffs, and tariff options linked to solid waste minimisation for certain categories of users, where appropriate.



- 4.11 Where free basic services or services subsidised from the Indigent Fund, are provided to individual users, these will be shown on the monthly bill of these users. The extent of the annual subsidisation to all subsidised users will be reported to Council.
- 4.12 Any estimated amounts for municipal services fees, surcharges on fees, property rates and other municipal taxes, levies and duties relating to the property, during the validity period of the certificate, shall be due and payable upon receipt of an application for a certificate in terms of section 118 of the Systems Act.
- 4.13 The City may grant a tariff concession in appropriate circumstances provided that criteria related to such concession are specified in the schedule of tariffs.
- 4.14 Any adjustment of account due to estimated readings, incorrect readings, metering errors, non-billings or any other tariff related reason may only be applied for a maximum period of one year, except:
- 4.15 Where the correction is to the benefit of the property owner/account holder, the account may be adjusted for a maximum period of three years;
- 4.16 Where it can be shown that tampering or a deliberate attempt to manipulate the account has occurred, the account may be adjusted for a maximum period of three years.

5. DIFFERENTIATION FOR TARIFF PURPOSES

Section 74(3) of the Systems Act allows for the differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination. The nature and basis for differentiation for tariff purposes in the City of Cape Town is set out below. Each municipal service is not compelled to differentiate for tariff purposes, but where it does; the differentiation must be consistent with the framework set out below, and a separate tariff must be applicable for each category that is defined.



5.1 Categories of users

The following categories of users may be defined:

- (a) Residential or domestic
- (b) Non-Residential:
 - i. Commercial (including guest houses);
 - ii. Industrial (including Mining);
 - iii. Government / Organs of State;
 - iv. State-owned enterprises;
 - v. Public Services Infrastructure;
 - vi. Vacant Land;
 - vii. Agricultural Land;
 - viii. Hostels;
 - ix. Educational institutions;
 - x. Municipal;
 - xi. Religious institutions / Places of Worship;
 - xii. Charities / PBO / NPO (including NPO's for animal shelters / early childhood development facilities / youth development facilities / local community museum facilities);
 - xiii. Cemeteries;
 - xiv. Sporting bodies;
 - xv. Accommodation for the Vulnerable (including Homeless shelters / children's homes / Homes catering for the health of physically and mentally challenged individuals / old age homes (as defined))

(Note: Mixed Use Properties for Water and Sanitation purposes will be categorised on the predominant use principle as explained in Chapter 2 Section 2.10 and 3.10)

5.2 A special category of subsistence gardening may be defined on any land use, based on the criteria for Vulnerable Groups in a manner defined in the City's Urban Agriculture Policy.

5.3 Sub-categories of Residential or domestic users may be defined based on any one or more of the following criteria in a manner defined in the City's indigent relief measures as contained in the Credit Control and Debt Collection Policy:

- (a) settlement type (which must include informal settlements);
- (b) property value;
- (c) service consumption level;
- (d) payment levels;
- (e) household income;
- (f) type of connection.

5.4 Categories of services

5.4.1 Different categories of services may be defined but only if the basic service is defined for that municipal service in the City's indigent relief measures as contained in the Credit Control and Debt Collection Policy.



5.4.2 The following criteria may be used in defining different categories of services:

- (a) Type of service;
- (b) Category of user;
- (c) Level of consumption;
- (d) Type of connection;
- (e) Time of use.

Certain categories of service may be restricted to certain categories of users. The basic service will be restricted to Residential/domestic users, homeless people's shelters, homes catering for the health of physically or mentally challenged individuals and Old Aged Homes as defined.

5.5 Categories of standard of service

Different categories of standard of service may be defined for different categories of users or services. They may be based on:

- (a) access;
- (b) frequency.

Categories of basic services may not have different standards of service.

5.6 Categories of geographical area

Differentiation based on geographical area may be used if the service provided is at least the basic service and one of the following criteria is met:

- (a) topography must have significant impact on the cost of delivering the service;
- (b) significant capital costs are needed to develop service infrastructure in the area;
- (c) The Integrated Development Plan identifies the area as having strategic developmental importance.

6. SUBSIDISATION OF BASIC SERVICE TARIFFS FOR RESIDENTIAL/ DOMESTIC USERS, ACCOMMODATION FOR VULNERABLE GROUPS (INCLUDING HOMELESS PEOPLE'S SHELTERS, CHILDREN'S HOMES, HOMES CATERING FOR THE HEALTH OF PHYSICALLY OR MENTALLY CHALLENGED INDIVIDUALS AND OLD AGED HOMES AS DEFINED)

6.1 Basic level consumption of any service may be subsidised by a higher level tariff, dependant on legislative requirements and national acceptance.



6.2 Individual residential / domestic users, residential / registered domestic backyard users, Accommodation for Vulnerable groups (including homeless people's shelters, children's homes, homes catering for the health of physically or mentally challenged individuals and old aged homes as defined) may have consumption subsidised from the Indigent Fund as classified in the City's indigent relief measures as contained in the Credit Control and Debt Collection Policy, which may be amended from time to time.

7. ACCESS TO SERVICES BY POOR HOUSEHOLDS

7.1 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.

7.2 The free and subsidised basic services provided to poorer households are as follows:

Service	Basic Level
Water	<ul style="list-style-type: none"> ○ A 100% subsidy up to 15 000 liters of water per property per month will apply to domestic tariff category registered indigent properties, domestic registered backyard users as well as Council Units specifically identified in the Credit Control and Debt Management Policy. ○ In the case of accommodation for vulnerable groups (including homeless people's shelters, children's homes, homes catering for the health of physically or mentally challenged individuals and old aged homes as defined), an equivalent free allocation of 25 litres per person per day or 750 litres per person per month will apply. ○ In the case of Vulnerable Groups (subsistence gardening), an equivalent free allocation of 10 000 liters per month per institution will apply. ○ In cases where domestic indigent customer(s) reside(s) in cluster units or mixed-use zoned properties (which has been categorized as domestic cluster), the allocation of free 15 000 liters per unit per month will be subject to approval of indigency of the full development. ○ Any free water not utilised will be forfeited at the end of each month/metering period/billing cycle.



Electricity (City of Cape Town residential customers on the Lifeline Tariff)	<ul style="list-style-type: none"> ○ Where the electricity received does not exceed 250 kWh per month, customers will receive a free basic allocation of up to 60 kWh. Should the electricity received be between 250kWh and 450kWh per month, customers will receive a free basic allocation of 25 kWh. Should the electricity received exceed 450 kWh per month, the free electricity portion will no longer be made available to the household. ○ The electricity received per month is an average measured over a period of twelve consecutive months. ○ Any free electricity not claimed will be forfeited at the end of each month/billing cycle/metering period.
Electricity (Eskom residential customers as per FBE agreement)	<ul style="list-style-type: none"> ○ Where the electricity received does not exceed 250kWh per month, customers will receive a free basic allocation of up to 50kWh. Should the electricity received exceed 250kWh per month, the free electricity portion will no longer be available to the household. ○ The electricity received of 250kWh per month is an average measured over a period of 12 consecutive months. ○ Any free electricity not claimed will be forfeited at the end of each month/billing cycle/metering period.
All customers	<ul style="list-style-type: none"> ○ Free Basic Electricity (FBE) can be allocated only where practical to do so. Bulk Metered group housing is an example of where this cannot be achieved.

7.3 Any changes to these standards will only be considered as binding on the City after acceptance by Council.

7.4 The level of free or subsidised services for other services, is as follows:

Service	Basic Level
Solid Waste / Refuse	Sliding scale charged for all properties with a total site and improvements valuation from R1 of up to R500 000 (excluding homeless people's shelters).
Sanitation/ Sewerage	<ul style="list-style-type: none"> ○ The first 10 500 liters per property discharged into the sewer system each month is free for all domestic tariff category registered indigent properties, domestic registered backyard users as well as Council Units specifically identified in the Credit Control and Debt Management Policy. ○ based on 70% of the 15 000 liters free water made available on a monthly basis.



	<ul style="list-style-type: none"> ○ In the case of accommodation for vulnerable groups (including homeless people's shelters, children's homes, homes catering for the health of physically or mentally challenged individuals and old aged homes as defined), an equivalent free allocation of 17.5 liters per person per day or 525 liters per person per month will apply. ○ In cases where domestic indigent customer(s) reside(s) in cluster units or mixed use zoned properties (which has been categorized as domestic cluster), the allocation of free 10 500 liters per unit per month will be subject to approval of indigency of the full development.
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7.5 Relief available to the indigent in Council-owned housing rental will be as outlined in the housing chapter of the Credit Control and Debt Collection Policy adopted by Council, as amended from time to time.

7.6 Cluster Development Properties registered in the name of a SHRA-accredited Social Housing Institution and, registered as City Partners – Full and Conditional - may be granted access to:

- Water to a maximum of 6 000 liters per qualifying unit per month at RNil.
- Sanitation to a maximum of 4 200 liters per qualifying unit per months at RNil.

In order to qualify, accredited Social Housing Institution and, registered as City Partners – Full and Conditional must supply documentation of units where:

- The municipal valuation of the property is R400 000 or less
- The household income is R4 000 per month or less

Institutions must apply on an annual basis and provide the property value and household income to the satisfaction of the Director: Revenue and the Director: Commercial Services (Water and Sanitation).

Single Residential and Non-Residential Properties of such institutions will not qualify in terms of this paragraph.



2. CHAPTER 2: WATER AND SANITATION TARIFF POLICY

DEFINITIONS

“**Average Cost of Sanitation (ACS)**” means the total annual cost of the sanitation service (including capital charges but excluding contributions to a capital development fund) divided by the total volume of sewage discharged billed for that year.

“**Average Cost of Water (ACW)**” means the total current annual cost of the water service (including capital charges but excluding surcharges and contributions to a capital development fund) divided by the total volume of billed water sales for that year.

“**Bulk Water Use**” means potable water supplied to a water services authority (as defined in the Strategic Framework for Water Services) for the purposes of conveying and supplying water to individual consumers within its area of responsibility, as well as by agreement with some consumers outside the City's municipal area.

“**Commercial Wastewater**” means effluent discharged from premises predominantly of a commercial nature (for example shops, offices, showrooms, service stations).

“**Commercial Water Use**” means water supplied to premises predominantly of a commercial nature (for example, shops, offices, showrooms, service stations).

“**Credit Meter**” means a Meter (see “meter” definition below) used to determine the consumption of water before an account is issued to the consumer.

“**Domestic Wastewater**” means effluent discharged from premises predominantly domestic properties and not defined as commercial or industrial or other categories.

“**Domestic Water Use**” means water that is used predominantly for domestic purposes

“**Future Incremental Marginal Cost**” means the average incremental cost of system expansion, taking into account the next large scheme or schemes to be built to meet current and future increases in water demand.

“**Industrial Wastewater**” means wastewater arising from mining, manufacturing, electricity generation, land-based transport, construction or any related activities. (This is consistent with the definition of "disposal of industrial effluent" contained in the Water Services Act.)

“**Industrial Water Use**” means water which is used in mining, manufacturing, generating electricity, land-based transport, construction or any related purpose. (This is consistent with the definition of "industrial use" contained in the Water Services Act)



“**Meter**” means a device, which measures the quantity of water passing through as contemplated in the Legal Metrology Act 9 of 2014

“**Other Wastewater**” means effluent discharge from premises not defined as domestic, commercial or industrial.

“**Other Water Use**” means all water use not defined as Domestic, Industrial and Commercial Water Use.

“**Prepayment Meter**” means a Meter (see “meter” definition above) that can be programmed to allow the flow of a pre-purchased volume of water to the customer.

“**Residential Unit**” means a unit comprising of a number of rooms, used for residential purposes, contained within an approved multi-residential unit development (i.e. Sectional Title, Single Title cluster developments, Gated Villages, Block of Flats with unregistered individual ownership of units), and which includes any other portion of the property apportioned to that unit in terms of exclusive use, which shall include a garage or any other outbuildings (excludes single rooms used in Hostels, Old Age Homes, etc.).

“**Fixed Basic Charge/Fee**” means a fixed basic charge / fee recurring on a monthly basis as payment to the right of service provision / access to the network. It is applicable throughout the entire period during which the relevant premises are connected to the supply mains irrespective of whether any consumption is used or not.

“**Flow Limiting Device**” means a device capable of controlling and limiting the flow of water to a consumer.

“**Water Services Act**” means Water Services Act, 108 of 1997.

“**Connection Fee**” means the fee payable towards the cost of providing supply.

“**Consumer**” means a juristic or natural person purchasing water directly from the City and releasing wastewater into the sewerage system.

“**Availability Charge**” means a charge payable for all serviced vacant or serviced undeveloped land (excluding unproductive vacant land e.g. Public Open Spaces, private roads.)

“**Vacant Land**” means all properties without any buildings or structures that could be used for residential or other purposes, as determined by the Director: Valuations.

“**Backyard user**” means households who reside on council rental stock property within a given area as determined by Council and who are registered via affidavit as being backyard dwellers.



“**Water Services Intermediary**” means person / institution who is obliged to provide water services to another in terms of a contract between them and where the obligation to provide water services is incidental to the main object of that contract (as identified by the City of Cape Town where contracts have been entered into or are to be entered into).

“**Water Abuse**” for purposes of indigent properties means properties that exceed 15kl per month due to continued inefficient use of water.

1. WATER AND SANITATION TARIFFS

- 1.1 Water and Sanitation tariffs consist of consumption based tariffs and sundry tariffs.
- 1.2 Consumption based tariffs will be used for the service consumption of water and wastewater disposed and/or demand capacity supplied/installed.
- 1.3 Consumption based tariffs may consist of any combination of service charges and network access charges.
- 1.4 Sundry tariffs may include Connection Fees, Miscellaneous Tariffs, etc. as contained in the Schedule of Tariffs.

2. SPECIFIC POLICIES FOR WATER TARIFFS

2.1 Consumer categories

Water tariffs shall distinguish between at least four categories of consumers: Bulk Water Use, Domestic Water Use, Industrial / Commercial Water Use and Other Water Use.

Domestic Water Use:

2.2 Domestic consumer categories

Water tariffs for domestic consumers shall distinguish between significantly different levels and standards of services provided and shall include at least the following categories of domestic consumers:

- (i) **domestic communal**: consumers (households) with access to communal water services (for example, a public-standpipe or a water-tanker service);
- (ii) **domestic controlled**: consumers with access to a controlled volume of water supply that is not metered;
- (iii) **domestic full (uncontrolled)**: consumers with access to an uncontrolled volume of water supply at full pressure that is metered by an uncontrolled / credit meter;
- (iv) **domestic full (controlled)**: non-indigent consumers with access to a controlled volume of water supply as part of debt management procedures



- (v) **domestic full (controlled - abuse):** indigent consumers with access to a controlled volume of water supply due to the fitment of a restricting device as part of the abuse procedure;
- (vi) **domestic cluster:** where one metered connection point serves a multi-Residential Unit development.
- (vii) **domestic backyard:** where one meter device serves backyard occupants.

2.3 Metering (Potable and Non-Potable)

All connections providing a volume of water supply shall be metered, consumption determined via on-site reading, remote reading as well as estimated readings and applicable tariffs shall be applied in proportion to water use. Meters for installation will be drawn from a City of Cape Town store and will be installed by the (a) City of Cape Town or (b) City of Cape Town contractors appointed via standard supply chain management processes or (c) Developers where application has been made and installation takes place under supervision of the City of Cape Town.

All users where connections exist are to be billed unless provided with a rudimentary or basic service such as communal facilities.

Where billing is performed for a stepped tariff, the calculation is based on the “daily average” methodology, to prevent the number of days in the billing cycle having a negative impact on the customer. The consumption allocated into the various steps will thus be a function of:

Step 1 (0-6kl per month) = $6\text{kl} \times 12 \text{ months} / 365 \text{ days} \times \text{Number of days}$

Step 2 (6 – 10.5kl per month) = $4.5\text{kl} \times 12 \text{ months} / 365 \text{ days} \times \text{Number of days}$

Step 3 (10.5 – 35kl per month) = $24.5\text{kl} \times 12 \text{ months} / 365 \text{ days} \times \text{Number of days}$

Step 4 (> 35kl per month) = Remaining kiloliters

(Note: 366 days are used during leap years)

2.4 Consumption tariffs – domestic communal

Where communal water supplies provide water for domestic use (standpipes to informal settlements without title deed), the amount of water will be measured but no charge shall be levied for this water. The measurement will be used to determine the impact of this free water on the service.

2.5 Consumption tariffs – domestic full

Consumption tariffs for volume metered by a credit meter for domestic property shall be based on an increasing block structure with:

Per property per month	Indigent	Non-Indigent
Basic Usage (0 – 6kl):	At Zero Charge	At a Function of the Average Cost of Water.



Basic Usage (6 – 10.5kl):	At Zero Charge	At a Function of the Average Cost of Water.
Basic Usage (10.5 – 15kl) Above Basic Usage (15kl – 35kl):	At Zero Charge. Users above 15kl per month in this category will however be subject to restriction as part of the water abuse procedure.	At a Function of Future Incremental Marginal Cost
Usage that will jeopardise water conservation (35kl and above)	At Zero Charge. Users above 15kl per month in this category will however be subject to restriction as part of the water abuse procedure.	At Punitive Charge to deter high water usage.

For purposes of indigent customers, the allocation aligns with the free basic allocation for poor households as contained under paragraph 7 of Chapter 1 above.

The rising block tariff structure should consist of at least four steps. The consumption level at which the last step begins should be at an amount that would encourage water conservation and should not be greater than 60 kl per month.

In cases where more than 10 people reside on a property as confirmed by Council (excluding properties with registered backyard connections as specified under 2.7 below), application can be made for an increase above 15kl per months for purposes of excessive use determination. Applications will be considered on a case by case basis by the Director: Commercial (Water and Sanitation). Applications will need to be accompanied by an affidavit and other supporting documents.

2.6 Consumption tariffs – Domestic cluster

Consumption Tariffs for multi-Residential Unit (i.e. Sectional Title, Single Title cluster developments, Gated Villages, Block of Flats with unregistered individual ownership of units) developments served by one metered connection point shall be based on an increasing block structure as specified in paragraph 2.5

Allowance for indigency on the Domestic Cluster category is subject to approval of indigency of the full development:

Allowance to apply the tariff structure per unit per month will be made:

- (i) upon acceptance of a signed affidavit by a properly authorised person stating the number of completed and occupied Residential Units supplied from that metered connection; or



- (ii) upon updating of the information on the City's master data base (e.g. completed and occupied number of units).

Backdating of the free basic allocation will be considered and implemented in accordance with Chapter 1 paragraph 4.14 on condition that proof of occupancy is provided. The allocation can however not be backdated further than the date of transfer of the property from the developer to the domestic cluster owner(s).

Where a development categorized as domestic cluster does not have communally owned property for purposes of water and sanitation billing, the City will impose (via signed contract) upon the homeowners' association the requirement to administratively link the meter to a property immediately outside the development for purposes of water and sanitation billing.

2.7 Consumption tariffs – Domestic Backyard

For Consumption Tariffs for registered backyard users served by one meter device:

An allowance of 10 500 litres per unit per month will be made available at zero cost but usage on the meter above 10 500 liters per month multiplied by the number of units will however be subject to restriction as part of the water abuse procedure

- (i) upon acceptance of a signed affidavit by a properly authorised person stating the number of completed and occupied Residential Units supplied from that metered connection; or
- (ii) upon updating of the information on the City's master data base.
- (iii) upon confirmation that a tagged water dispenser has been installed.

Industrial and Commercial Water Use:

2.8 Consumption tariffs – industrial, commercial

Apart from instances where Special Tariffs are applied in terms of Chapter 1 paragraph 4.8 above, the consumption tariffs for all other consumers should be set at a Function of Future Incremental Marginal Cost.

In cases where indigent domestic customers reside in cluster units on mixed-use zoned properties and the mixed use property has been categorized as domestic based on the predominant use principle, they may apply for a free 15 000 litres per residential unit per month which will be subject to approval of indigency of the full development.



In cases where domestic customers reside in cluster units on mixed-use zoned properties and the mixed use property has been categorized as domestic based on the predominant use principle, they may apply for the tariff structure to be allocated per residential unit per month, by submitting an affidavit to this effect where the number of units are specified. An investigation will need to be performed to confirm the information and consider whether such application can be approved by the Director: Commercial Services (Water and Sanitation), based on the proportion of predominant use. The “predominant use” principle will therefor apply for tariff categorisation and allocation of free basic services for such approved indigent customers. Specific tariffs will only be considered if separate meters are installed and private plumbing altered at the cost of the customer.

Other Water Use:

2.9 Consumption tariffs – Government. Organs of state, educational institutions, sports bodies, clubs, religious institutions / places of worship, hospitals and municipal users.

Apart from instances where Special Tariffs are applied in terms of Chapter 1 paragraph 4.8 above, the consumption tariffs for all other consumers should be set at a Function of Future Incremental Marginal Cost. Any subsidies to these groupings should be made through transparent mechanisms other than tariffs lower than the Future Incremental Marginal Cost, so as not to negate the incentives for the wise and economical use of water.

2.10 Consumption tariffs – Charities / Public Benefit Organisations / Non-profit organisations used for animal shelters / early childhood development facilities / youth development facilities / local community museum facilities)

The consumption tariff for registered charities, public benefit organisations and non-profit organisations will be charged at the Average Cost of Water.

No fixed basic charge will be applied on this category.

To allow for the approval process, financial adjustments will be backdated to the start of the financial year in which an approved application was received.



2.11 Consumption tariffs – Accommodation for the vulnerable (including homeless people's shelters, children's homes, homes catering for the health of physically or mentally challenged individuals and old aged homes as defined)

In order to provide free basic services to people without title deed, Indigent people living in homeless people's shelters, children's homes, homes catering for the health of physically or mentally challenged individuals or old aged homes as defined, a special sub-category shall be used. It shall be based on the number of people or beds normally accommodated in each residence as defined in a sworn affidavit upon annual application for such residence to be registered with the relevant Council Committee / Body, and receive a free water allocation of 25 litres per person per day or 750 litres per person per month. Beyond such consumption the specific defined consumption sub-category, equal to the tariff categorisation for the property for water, shall be applied.

The consumption tariff for “accommodation for the vulnerable” consumers will be charged at the Average Cost of Water.

No fixed basic charge will be applied on this category.

To allow for the approval process, the free allocation will be backdated to the start of the financial year in which an approved application was received.

2.12 Consumption tariffs – Vulnerable Groups of subsistence farmers

The City will subsidise the provision of water to the gardens of the registered Vulnerable Groups as defined in the City's Urban Agriculture Policy of 2007. These include survival gardens of women, gardens for indigent old age homes, gardens for HIV/AIDS facilities, gardens for soup kitchens at schools and gardens at orphanages.

Such groups have to apply annually for registration to the controlling department (Economic Development).

Each qualifying group will receive a free provision of 10 000 liters of water per month for free but with no free provision of sanitation. Beyond such consumption the normal consumption category for the property on which the garden is located shall be applied.

To allow for the approval process, the free allocation will be backdated to the start of the financial year in which an approved application was received.



Bulk Water Use:

2.13 Consumption tariff for the provision of a bulk water supply

The bulk water tariff is used to charge for the bulk supply of potable water to consumers external to the City such as other local authorities which are dependent for part or all of their potable water supplies from the City and are also used as the basis for internal charges for the bulk supply of potable water within the Water and Sanitation Directorate.

The bulk water tariff is set on an annual basis to ensure full cost recovery for the provision of the bulk water service as well as the long term sustainability of this service.

Other Tariff related items:

2.14 Surcharge

The water tariff may include surcharges subject to Council approval.

2.15 Fixed Basic charges / fees – domestic

Monthly Fixed Basic Charges / Fees for domestic connections (including Spring water and Treated Effluent users) shall be based on the nominal bore related to the size of the meter. The fixed basic charge will not be applied to Indigent Customers. In cases where the supply to Treated Effluent Users could not be provided for periods of time the fixed basic charge will be waived for the specific period.

2.16 Fixed Basic charges / fees – non-domestic

Monthly fixed basic Charges / Fees for non-domestic connections (including Spring water and Treated Effluent users) shall be based on the nominal bore related to the size of the meter.

In cases where the supply to Treated Effluent Users could not be provided for periods of time the fixed basic charge will be waived for the specific period.

The fixed basic charge will not be applicable to Fire Connections, Fire Hydrants, Fire Hose Reels and Fire Sprinkler Systems where such is provided via a separate water connection.



The fixed basic charge will also not be applicable to:

- Charities / Public Benefit Organisations / Non-profit organisations used for animal shelters / early childhood development facilities / youth development facilities / local community museum facilities)
- Accommodation for the vulnerable (including homeless people's shelters, children's homes, homes catering for the health of physically or mentally challenged individuals and old aged homes as defined)

2.17 Connection charges

Connection charges for all consumer categories other than domestic communal shall be recovered, i.e. the full costs of installation of a connection.

2.18 Flow restriction for non-payment and Indigent Water Abusers

Domestic consumers who fail to pay and customers (indigent properties as well as backyard units) identified as water abusers due to continued inefficient use of water shall, after due process, have their water connections restricted to 200 liters per day for the property by a flow-limiting Device at the sole discretion of the City.

2.19 Illegal re-connections

Consumers who reconnect illegally, after having been disconnected or flow-restricted for non-payment, shall forfeit the right to basic water until such time as the outstanding debt has been paid in full and will be liable for full disconnection / reconnection charges surrounding the illegal re-connection.

2.20 Disconnections – other

All non-domestic consumers shall be disconnected for failure to pay after due process has been followed.

2.21 Installation of flow limiting devices

A flow limiting Device that can be used to restrict the usage of water that can be delivered through a connection, may be installed at the discretion of the Director: Commercial (Water and Sanitation).

Flow limiting devices will be installed at of 200l/day (x 30 = 6 000 litres per month) (x number of units for backyard dwellers):

- For non-indigent properties who have not paid their accounts and forming part of the debt actions instituted in terms of the Credit Control and Debt Management Policy.



- For indigent properties as well as backyard dweller units identified as water abusers (refer definition).
 - o Once the consumption on the property reaches the determined volume and continues at or above such consumption levels for two consecutive months, the property owner will be sent a notice warning of pending restriction via a restricting device if consumption is not reduced. (In the case of backyard dwellers special arrangements will be made for the delivery of the warning letter).
 - o In cases where the determined volumes are exceeded due to leaks on the indigent property, the owner of the property need to advise the City within the first two months and request for once off assistance from the City.
 - o Consumption at or above the determined volume for a 3rd month, will result in the installation of a flow limiting device without further warning.
 - o After 12 months the owner of the property (representative in the case of backyard dwellers) will be able to request the removal of the disk.

2.22 Installation of Municipal Prepayment Meters

A Prepayment Municipal Meter may be installed at the discretion of the Director: Commercial Services (Water and Sanitation). The relationship between the amount offered and the volume supplied will be dependent on the standard monthly consumption as calculated.

2.23 Repairing of leaks on indigent properties

Steps taken by the City to reduce losses on indigent properties will continue at the discretion of the Director: Commercial Services (Water and Sanitation) as part of specific projects and where proven to be the reason for consumption exceeding the determined volume representing abuse.

2.24 Water restriction tariffs

Special Tariffs may be introduced during periods of water restrictions to reduce water use to within sustainable limits. Water and Sanitation tariff schedules for water restrictions shall be approved in addition to the normal tariff schedule as part of the annual budget process.

The restriction tariffs will be de-linked from the promulgated restriction level with effect from 1 July 2020. The applicable tariff applied will be a function of the consumption level generated by the consumers in reaction to the restriction levels.



2.25 Water inventory tariffs

Municipalities must budget and account for all bulk water purchases as inventory for reporting through the municipal Chart of Accounts.

Against the background that the Water and Sanitation Directorate also includes the Bulk Water function, it is necessary for the tariffs / prices to be used for the inventory processed to be formalised within the Tariff Policy.

For the production of “Potable Bulk Water”, the tariff / price will be as follow:

- “Raw Water purchases” material from schemes under the control of the National Department of Water and Sanitation will be at the price determined for the relevant scheme.
- “Raw Water transferred” material from the sources under the Control of the City of Cape Town’s Water and Sanitation Directorate will be calculated based on the determined Fair Value as reflected in the Tariff Schedules.
- Losses of Water within the “Potable Bulk Water” production process will be calculated based on the determined Fair Value as reflected in the Tariff Schedules.
- The inventory tariff / price for the “Potable Bulk Water” product will be at the “Bulk Water Tariff” as reflected in the Tariff Schedules.

For the production of “Potable Reticulated Water”, the tariff / price will be as follow:

- “Potable Bulk Water” material will be at the “Bulk Water Tariff” as reflected in the Tariff Schedules.
- Losses of Water within the “Potable Reticulated Water” production process will be calculated based on the “Bulk Water Tariff” as reflected in the Tariff Schedules.
- The inventory tariff / price for the “Potable Reticulated Water” product will be at the “Average Cost of Water”.

2.26 Billing of estimated consumptions

2.26.1 The need to estimate consumption

Notwithstanding all the City’s attempts to take monthly meter readings of all water supplied, should it not be possible to take a reading (on-site or remotely) on the appropriate date, the City reserves the right to calculate an estimated consumption from the previous actual reading to the billing date. The estimates are normally based on the seasonal historical average consumption at the property, but may be adjusted by the City to reflect its best estimate of what the consumption may have been.



2.26.2 Adjustment to estimated account

As soon as a new actual reading has been taken, the previously estimated consumption will be recalculated and an adjustment will be reflected in the subsequent account. Refer Chapter 1 paragraph 4.14 for the terms of the adjustment.

2.26.3 Failure of Meter

During the period from identification of a meter having ceased registering consumption, to when it is replaced and a reading can be taken, an estimated consumption will be applied.

Should the owner / accountholder have been billed a zero consumption for any period of time and it is subsequently found to have been due to a seized meter and the property was not vacant at the time or the usage pattern had not changed, the City may bill retrospectively in line with Chapter 1 paragraph 4.14.

Should the property have been vacant (permanently or temporarily) or where the usage pattern had changed, the onus rests on the customer to notify the City as soon as possible via a signed and sworn affidavit for consideration. If such evidence is not on record, future claims will not be considered.

2.26.4 No account received

In the event that an owner / accountholder / occupier is in receipt of water services and has availability to or has consumed water and sanitation services but has never received an account, the onus will be on the owner to make representations to the City to request that an account be sent. Should the City not be able to verify that an account was indeed issued to either the owner / accountholder / occupier, the City may bill retrospectively in line with Chapter 1 paragraph 4.14 and the consumer may make arrangements with the City to pay off the amount.

Any owner / accountholder / occupier who has stopped receiving an account that had previously been received, should immediately request the City to remedy the omission via the Call Centre (0860 10 30 89) or the nearest customer interaction centre. Customers must ensure that a reference number is obtained to ensure such is formally logged on the system.

2.27 Disputed consumption

An owner / accountholder who doubts the validity of the consumption stated on any account may apply for the meter to be tested at his or her cost as per the miscellaneous tariff schedule.



Only if the Meter has been found to be inaccurate / registering outside of the approved parameters when tested in accordance with the legal regulations will the cost (meter test fee) be reimbursed and the account adjusted to an estimated consumption for the period the meter was found to have been inaccurate / registering outside of approved parameters. Refer Chapter 1 paragraph 4.14 for the terms of the adjustment. (The onus is on the customer to apply for the meter test as soon as possible. The period of account adjustment will not be extended beyond three years due to delayed application by the customer).

The full prescribed testing tariff can be paid after the meter test by indigent customers (where meters were found to be accurate) on condition that a proportional payment (as per the miscellaneous tariff schedule) is made up-front.

In unresolved disputed consumption cases, the dispute procedure as specified in the City's Credit Control and Debt Collection Policy will be applicable.

2.28 SPECIFIC POLICIES FOR BULK WATER TARIFFS

2.28.1 Description of the type of service

The Bulk Water Branch forms part of the City's Water and Sanitation Directorate and is responsible for the bulk supply of potable water to the City's municipal area as well as some adjacent local or regional authorities which are dependent on the City for all or part of their water supplies. The bulk supply of potable water entails the storage of raw water in City-owned dams, the conveyance and treatment of raw water from these and government water schemes, and the distribution and bulk storage of the treated water enabling the optimisation of the water resources for the region.

2.28.2 Generic description of the tariff

The bulk water tariff is the tariff which the City charges its external bulk consumers for the purchase of bulk potable water. The unit of the tariff is cents/kilolitre. The tariff is used as a basis for the internal charge between the bulk water and reticulation branches within the Water and Sanitation Directorate. The Bulk Water Branch also has miscellaneous tariffs relating to charges for non-core functions.



2.28.3 Existing legislation

Included in the Bulk Water Branch's total expenditure is the cost of raw water which is payable to the National Department of Water and Sanitation ("DWS"). The cost of this raw water is governed by National DWS's Pricing Strategy for Raw Water Use Charges (November 1999), which was gazetted in terms of section 56 (1) of the National Water Act, 36 of 1998. Water is supplied to other Local Councils or water services authorities through contracts in terms of the Water Services Act.

2.28.4 Bulk Water Users

The users of bulk water are the Reticulation Branch of the Water and Sanitation Directorate, responsible for distribution to end-users within the City's municipal area, as well as a number of adjacent local or regional authorities responsible for distribution of water to end-users within their area of responsibility, as well as by agreement with some individual consumers outside the City's municipal area.

2.28.5 Method used to determine the bulk tariff

The bulk water tariff is determined by dividing an estimate of the net expenditure of the Bulk Water Branch in that financial year by an estimate of the expected total volume of water to be produced in that financial year less the water allocated by special agreements and unaccounted-for water. The estimate of the total amount of water produced is based on short-term and long-term water demand projections for the area of supply of the Bulk Water Branch including the areas external to the City's municipal area. The effect of the City's Water Demand Management Strategy is taken into account in determining the water demand projections. The total expenditure comprises the following:

- (i) the cost of raw water purchased from National DWS;
- (ii) water treatment costs and all other operational costs associated with the bulk water system; and
- (iii) the cost of augmentation of the bulk supply system.
- (iv) Allowance for the long term sustainability of this service.

2.28.6 Additional charges

An additional charge is levied by the City as an Agent for the Water Research Commission.



2.28.7 Other factors affecting revenue and possible tariff setting

The effect of having to impose water restrictions may affect the tariff setting of the Bulk Water Branch. If sustained low level water restrictions or medium/high level restrictions are imposed, the bulk water tariff would have to be determined based on a reduced total volume of water supplied as a result of the restrictions being implemented. This will support the principle of full cost recovery and long-term sustainability of the service.

The Bulk Water Branch may also increase its bulk water tariff during periods of water restrictions should the need arise, in order to restrict consumption and discourage wasteful water practices.

Other factors which could affect the tariff setting are the introduction of more stringent water quality standards and the construction of new water supply schemes by National DWS.

2.28.8 No basic free allocation

No monthly domestic basic free allocation is granted to consumers supplied outside the City's area of jurisdiction.

2.29 UNDERGROUND LEAKAGE REBATES ON WATER ACCOUNTS

2.29.1 Philosophy

The City should seek to address the problem of underground leaks or leaks otherwise not visible to the eye on private property in a caring and understanding manner by granting an "underground rebate" for *bona fide* claimants of such plumbing leaks, who have made appropriate application for a rebate, where the City should share the costs on an equal basis with the consumer. Care needs to be taken to prevent the abuse of the rebate system by excluding leaks on plumbing to convenience fixtures such as irrigation systems, automatic filling systems to ponds, pools, fountains and similar, where the possibility of the disconnection of those systems from the primary erf plumbing would have prevented the water waste in the first instance.

2.29.2 Plumbing leaks subject to the rebate system

Rebates shall only be granted in the case of leaks that are underground or not otherwise visible to the eye on the erf's primary plumbing which would normally be kept pressurised for normal activity requirements.



Rebates will apply to Domestic Customers, schools, religious institutions, charities, homeless shelters, children's homes, homes catering for the health of physically or mentally challenged individuals, old aged homes as defined and vulnerable groups.

Rebates will not apply to customers within the Industrial, Commercial and Miscellaneous Categories and as well as customers outside the municipal area.

2.29.3 Derivation of rebates for underground leaks

Rebates for underground leaks or leaks not visible to the eye shall be determined by establishing the difference between the "average" consumption over a corresponding consumption period and the increased consumption resulting from the leak.

This difference shall then be halved and the consumer shall be charged for half the consumption associated with the leak at a rate deemed to be the average Reticulated Water Cost for the City for the financial year.

The Reticulated Water Cost, (Rc), shall be derived as equal to:

- Bulk Water cost (R/kl) plus
- Estimated distribution cost (excluding contribution to any Rates account, Tariff stabilisation or Capital Replacement Reserve fund or Budgeted Surpluses, in Rand) divided by
- Estimated water sales in kl.

2.29.4 Time period over which the rebate will extend

It is considered reasonable that two months of actual metered high water consumption would be sufficient time to alert a consumer to the possibility of water leakage. A further month is considered a reasonable time to have this leakage repaired. Accordingly, the total period over which the rebate will extend is defined as the period covering the last three municipal bills based on actual Meter readings. (This period may be in excess of three months if bills are based on estimated consumption).

2.29.5 Steps to prevent abuse of the rebate system

All rebate claims will be subject to the production of a plumbing certificate by the claimant detailing the exact location of the leak on the property, the nature of the leak and the steps taken to repair the leak. The City needs to inspect the plumbing after repair of leakages that are subject to rebate claims. The Director: Commercial Services (Water and Sanitation) shall have delegated authority to grant rebates at the discretion of the City.



Each property owner shall be limited to one rebate claim (not including properties previously exhausting their maximum number of rebates).

All documentation concerning rebate claims shall be filed for audit scrutiny as and when required.

Finally, the City reserves the right to delay the granting of a rebate in instances where the applicant's account reflects outstanding debt.

The onus is on the customer to apply for the rebate as soon as possible and within a reasonable period. The period of account adjustment will not be extended beyond three years due to delayed application.

2.30 Compliance and monitoring of water (e.g. Water Services Intermediaries)

Where an agreement exists between the City of Cape Town and a customer (e.g. a Water Services Intermediary), the City of Cape Town has an obligation to perform compliance monitoring and enforcement on the customer (e.g. Water Services Intermediary) related to the statutory frameworks, including conditions specified in the contract. The specific customer (e.g. Water Services Intermediary) will have to accept responsibility for the additional compliance monitoring cost.

This additional charge shall be based on the Miscellaneous Tariff as reflected in the schedule of tariffs. This shall be billed on a monthly basis.

3. SPECIFIC POLICIES FOR SANITATION TARIFFS

3.1 User categories

Sanitation tariffs shall distinguish between at least three user categories: domestic users, industrial / commercial users and other users.

Domestic Use:

3.2 Domestic user categories

The sanitation tariff structure for domestic users shall distinguish between significantly different levels and standards of services and shall include at least the following five categories for domestic users.

- (i) **domestic communal:** Users (households) with access to Communal sanitation facilities (rudimentary sanitation and communal ablution facilities).
- (ii) **domestic full:** Users with waterborne sanitation and uncontrolled or controlled discharge to a sewer network.



- (iii) **domestic on-site waterborne:** Users with waterborne sanitation collected on site (e.g. septic tanks).
- (iv) **domestic on site:** Users with a non-waterborne system collected on site (container or VIP).
- (iv) **domestic cluster:** Where one connection point serves a multi-Residential Unit development.
- (vi) **domestic backyarders:** where one meter device serves backyard occupants.

3.3 Universal billing

All users are to be billed unless provided with a rudimentary or basic service such as communal facilities.

Where billing is performed for a stepped tariff, the calculation is based on the “daily average” methodology, to prevent the number of days in the billing cycle having a negative impact the customer. The consumption allocated into the various steps will thus be a function of:

Step 1 (0-4.2kl per month) = $4.2\text{kl} \times 12 \text{ months} / 365 \text{ days} \times \text{Number of days}$

Step 2 (4.2 – 7.35kl per month) = $3.15\text{kl} \times 12 \text{ months} / 365 \text{ days} \times \text{Number of days}$

Step 3 (7.35 – 24.5kl per month) = $17.15\text{kl} \times 12 \text{ months} / 365 \text{ days} \times \text{Number of days}$

Step 4 (24.5 – 35kl per month) = $10.5\text{kl} \times 12 \text{ months} / 365 \text{ days} \times \text{Number of days}$

(Note: 366 days are used during leap years)

3.4 Volumetric domestic tariffs - domestic communal

No charge shall be rendered for the use of communal facilities.

3.5 Volumetric domestic tariffs - domestic full

Consumption tariffs for domestic connections shall be based on the same increasing block structure as specified in paragraph 2.5 above. Volumetric sanitation tariffs for domestic users shall be based on the estimated volume of wastewater discharged into the sewerage system, deemed at 70% of the user’s domestic water consumption and shall be limited to a maximum billable volume of 35 kl per month. The block structure for sanitation tariffs are Basic Usage (0 – 4.2kl), Basic Usage (4.2 – 7.35kl), Basic Usage (7.35 – 10.5kl) and Above Basic Usage (10.5 – 24.5kl) and Usage that will jeopardise water conservation (24.5 – 35kl). An allowance of 10 500 litres per month will be made available at zero cost to indigent customers.

For purposes of indigent customers, this allocation aligns with the free basic allocation for poor households as contained under paragraph 7 of Chapter 1 above.



3.6 Volumetric tariffs - domestic on-site waterborne

Volumetric sanitation tariffs for this category of user shall be based on a volume as measured in the tank of the truck. The tariff shall be a tariff per kilolitre of wastewater. Users will be permitted to make use of private contractors.

In cases where free removals apply, one free removal will not exceed 10 000 liters. Registered *bona fide* non-profit organisations, which operate homes catering for the health of physically or mentally challenged individuals, and are serviced by a tanker service can apply for an 80% rebate. Such organisations must be accredited by the relevant Council Committee / Body.

3.7 Basic sanitation charges / fees

This tariff shall be a fixed charge where necessary in informal areas depending on the mechanism. Different charges / fees may apply for different systems.

3.8 Volumetric tariffs – domestic cluster

Consumption tariffs for domestic connections shall be based on an increasing block structure as specified in paragraph 2.5 and 3.5 above. Volumetric sanitation tariffs for users in multi-Residential Unit developments (i.e. Sectional Title, Single Title cluster developments, Gated Villages, Block of Flats with unregistered individual ownership of units) shall be based on the estimated volume of wastewater discharged into the sewerage system, deemed as 90% of the monthly metered water consumption and subject to a maximum allowable volume of 35 kl per unit per month.

An allowance of 10 500 litres per Residential Unit per month will be made available at zero cost subject to approval of indigency of the full development.

Allowance to apply the tariff structure per unit per month will be made:

- (i) upon submission of a signed affidavit by a properly authorised person stating the number of completed and occupied Residential Units supplied from that metered connection; or
- (ii) upon updating of the information on the City of Cape Town master data base (e.g. completed and occupied number of units).

Backdating of the free basic allocation will be considered and implemented in accordance with Chapter 1 paragraph 4.14 on condition that proof of occupancy is provided. The allocation can however not be backdated further than the date of transfer of the property from the developer to the domestic cluster owner(s).



3.9 Volumetric tariffs – domestic backyarders

Consumption Tariffs for backyarder occupants served by meter device.

An allowance of 7 350 litres per unit per month will be made available at zero cost but usage above 7 350 liters per month multiplied by the number of units will however be subject to restriction as part of the water abuse procedure:

- (i) upon submission of a signed affidavit by a properly authorised person stating the number of completed and occupied Residential Units supplied from that metered connection; or
- (ii) upon updating of the information on the City of Cape Town master data base.
- (iii) upon confirmation that a tagged water dispenser has been installed

Industrial and Commercial Use;

3.10 Volumetric tariffs - industrial and commercial

The consumption tariffs should be set at a Function of Future Incremental Marginal Cost. Volumetric sanitation tariffs for industrial and commercial users shall be based on the estimated volume of wastewater discharged into the sewerage system, deemed as 95% of the monthly metered water consumption.

In cases where indigent domestic customers reside in cluster units on mixed-use zoned properties, and the mixed use property has been categorised as domestic based on the predominant use principle, they may apply for a free 10 500 litres per residential unit per month which will be subject to approval if indigency of the full development.

In cases where domestic customers reside in cluster units on mixed-use zoned properties and the mixed use property has been categorised as domestic based on the predominant use principle, they may apply for the tariff structure to be allocated per residential unit per month by submitting an affidavit to this effect, signed by a properly authorised person, where the number of residential units are specified. An investigation will need to be performed to confirm the information and consider whether such application can be approved by the Director: Water and Sanitation, based on the proportion of predominant use. The “predominant use” principle will therefor apply for tariff categorisation and allocation of free basic services for such approved indigent customers. Specific tariffs will only be considered if separate meters are installed and private plumbing altered at the cost of the customer.



Other Use:

3.11 Volumetric tariffs - other: Government, organs of state, educational institutions, sports bodies, clubs, hospitals, municipal users and religious institutions / places of worship

The consumption tariffs should be set at a Function of Future Incremental Marginal Cost. Volumetric sanitation tariffs for all other users shall be based on the estimated volume of wastewater discharged into the sewerage system, deemed as 95% of the monthly metered water consumption.

3.12 Volumetric tariffs – Charities / Public Benefit Organisations / Non-profit organisations used for animal shelters / early childhood development facilities / youth development facilities / local community museum facilities)

The volume of sanitation shall be deemed to be 95%

The consumption tariff for registered charities, public benefit organisations and non-profit organisations will be charged at the Average Cost of Sanitation.

To allow for the approval process, financial adjustments will be backdated to the start of the financial year in which an approved application was received.

3.13 Volumetric tariffs – Accommodation for the vulnerable (homeless people's shelters / children's homes / homes catering for the health of physically or mentally challenged individuals / Old Aged Homes as defined

In order to provide free basic services to people without title deed, indigent people living in homeless people's shelters, children's homes, **homes catering for the health of physically or mentally challenged individuals** and old aged homes as defined, a special sub-category shall be used. The volume of sanitation shall be deemed to be 70% of water consumption with no capped maximum.

The consumption tariffs for this consumer sub-category shall be based on the number of people or beds normally accommodated in each residence as defined in an affidavit, signed by a properly authorised person, upon annual application for such residence to be registered with the Council, and receive a free sanitation allocation of 17,5 litres per person per day or 525 litres per person per month. Beyond such consumption, the specific defined consumption sub-category equal to the Tariff categorisation of the property for Sanitation per kl shall be applied.

The consumption tariff for “accommodation for the vulnerable” consumers will be charged at the Average Cost of Sanitation.



To allow for the approval process, the free allocation will be backdated to the start of the financial year in which an approved application was received.

3.14 Users only making use of a sanitation service

Users who obtain their water supply from a source other than the Council such as a neighbouring water supply authority or from unmetered boreholes, but make use of the Council's sanitation services, are liable to pay for the services. The volume on which the charge is based shall be determined and verified on an annual basis by the Director: Commercial (Water and Sanitation) by measurement or estimation of the water used. Determination of the percentage wastewater will be as per the user category.

3.15 Charges and quantity of industrial effluent

The charges referred to in section 7 of the by-law, are calculated and reviewed hereunder:

- (1) The charge is, subject to the succeeding provisions of this Schedule, the amount obtained by applying the formula calculated in terms of item (2) below.
- (2) **Vw (SVC) + VieT (COD-1000)/1500 + VieT (SF)**

Where –

"Vw" is the total volume, expressed in kiloliters, of wastewater discharged from the premises during the period concerned.

"SVC" is the sewerage volumetric charge in terms of the sanitation tariff.

"Vie" is the total volume, expressed in kiloliters of industrial effluent discharged from the premises during the period concerned.

"T" is the cost, as determined by the Council, of treating 1 kiloliter of wastewater.

"COD" is the chemical oxygen demand of the effluent in milligrams per liter. In the event of the COD being less than 1 000, the COD factor falls away.

"SF" is the surcharge factor of the effluent calculated according to the formula:

$$SF = Y(X-L)/Ls$$

Where –

"Y" is the appropriate factor applicable to such parameters as stipulated in the miscellaneous tariffs of the City

"X" is the concentration of one or more of the parameters listed in Schedule 1.

"L" is the by-law limit applicable to that particular parameter

"Ls" is the Department of Water Affairs license standard for a particular parameter

- (i) No factor calculated by this formula may have a value less than zero;



- (ii) In the case of the pH parameter X represents the pH value and, if $(X-L)$ results in a negative value, a positive value of the same magnitude must be substituted.
- (iii) L_s has been introduced into the formula in consideration of the National DWS's stringent permit/license conditions that the City's wastewater treatments plants must comply with. Where there are permit and license standards, the license standard will be applied; and where there are no license standards, the permit standard will be applied.
- (3) The COD of industrial effluent is the rolling arithmetic average of four samples taken at any time during a six to twelve-month period.
- (4) The SF of industrial effluent is the latest value determined.
- (5) The SF is cumulative for all parameters which are outside the limits set in Schedule 2.
- (6) If, for any reason, the requisite number of samples referred to in items (3) or (4) above is not taken, or more than four samples are taken, Council may determine an equitable COD and/or SF.
- (7) The owner/occupier of any premises is entitled to receive, on request, part of any sample taken from the premises before that sample is removed by Council.
- (8) Council shall make use of its part of the sample for billing purposes.
- (9) Test samples may be taken at any time deemed necessary by an authorized official to ascertain compliance of the industrial effluent with this by-law or any other standard determined in a permit, and the full costs shall be charged to the permit holder.

Calculation of quantity of industrial effluent discharged

- (1) The Council determines the total quantity of industrial effluent discharged from any premises.
- (2) If industrial effluent and other wastewater are measured together, Council will make such allowance as it considers fair for such other wastewater.



- (3) If the amount of industrial effluent discharged from any premises is not directly measured:
 - (a) the Council will base the determination on the amount of water used at the premises, after making whatever allowance it considers fair for water used for domestic purposes or irrigation, loss to the atmosphere, or present in the products produced at the premises, and
 - (b) if industrial effluent is discharged from the premises at more than one point, the Council will allocate the said amount of water to the points of discharge as accurately as possible.
- (4) If a measuring device is proved to be defective, the Council will, subject to item (5) below, make due allowance for the defect in its calculation of the quantity of discharge.
- (5) The Council may, by notice in writing, require the occupier, owner or person in control of, or using, any premises to provide such information, access or facilities Council considers necessary either for the accurate calculation of the charge payable, or to establish whether a charge is in fact payable in respect of the premises.
- (6) If the Council is of the opinion that the sampling does not represent the actual average quality of industrial effluent, then it may use an alternative acceptable method in order to determine an equitable industrial effluent charge.
- (7) If the Council is unable to assess the quantity or charge due because –
 - (a) the formula referred to in item 1(2) above, is dispensed with, and/or
 - (b) a notice referred to in item 2(5) above is not complied with and/or;
 - (c) any contravention of this by-law has taken place and as a result the charges due in respect of the premises concerned cannot be calculated accurately,the Council will assess the charge due as being such amount as it considers fair.
- (8) Notwithstanding item (7) above, the Council may, in order to assess any charge provided for in this by-law or to ensure compliance with any provision of this by-law, by notice in writing, require the owner of any premises, within a specified period and at the expense of the owner to provide and maintain such gauges or other measuring devices as the Council considers necessary to–
 - (a) measure the volume of water used at the premises and the volume of water obtained from any source other than council;
 - (b) measure separately the volume of water used for any specified purpose or in any specified portion of the premises; and



- (c) provide proof to the satisfaction of the Council that any gauge or device referred to in items 8(a) and 8(b) is functioning correctly and accurately.
- (9) Where the discharger applies for the disposal of Wastewater / Chemical Toilets at a designated facility, a Direct Disposal Permit Application Fee will be charged to the applicant.

3.16 Surcharge: extraordinary treatment cost for industrial effluent

Where the pollution loading (quality) of wastewater discharged into the sewerage system exceeds the pollution loading of ordinary domestic wastewater, the specific user or industrialist/owner will have to accept responsibility for the additional treatment and additional compliance monitoring cost (excluding the initial compliance monitoring).

This additional charge shall be based on the Industrial Effluent Miscellaneous Tariff as well as the industrial effluent formulae as stipulated in this policy. This additional charge shall be billed monthly.

Where a discharger applies for an industrial effluent permit as stipulated in the Wastewater and Industrial effluent by-law, an applicable and non-refundable charge will be levied to the applicant for administrative costs associated with the processing, according to the Miscellaneous tariff schedule as reviewed annually.

3.17 Industrial effluent rebates

Industrial Effluent rebates shall only be granted on instances that aim to avoid detrimental impact to municipal infrastructure; where the owner has shown capital budget expenditure to improve the quality of industrial effluent and quantity discharged into the municipal system; and subject to the availability of an agreement between the City and the property owner. The agreement will be reviewed annually and applied for a specified period at an agreed upon percentage rate. The Director of Water and Sanitation shall have delegated authority to grant/revoke rebates at the discretion of the City. Each erf shall be limited to two rebate claims in each twelve-month period.



3.18 Industrial effluent account adjustments

Industrial Effluent account adjustments shall be granted, where applicable or upon request where there are disagreements with the Industrial Effluent account, subject to submission of credible documentation, by the applicant, in support of the adjustment claim. The Director of Water and Sanitation shall have delegated authority to investigate the matter, approve or not approve the adjustment claim, at the discretion of the City. Should a dispute arise, the Director of Water & Sanitation will endeavour to resolve the dispute at the discretion of the City and in accordance with the dispute procedure as stipulated in the City's Credit Control and Debt Collection Policy. All documentation concerning adjustment claims shall be filed for audit scrutiny as and when required.

3.19 Surcharge: storm-water discharges into sewer

Where an unauthorised discharge connection for storm-water runoff into the sewer is found, the owner of the premises will be given a notice period to either amend the connection to discharge it in an approved manner into the storm-water/road drainage system, or reach agreement for condoning the existing connection. An agreement is an option if a connection to the sewer is not deemed practically possible at the discretion of the Director: Water and Sanitation. The applicable Miscellaneous Tariff for either case will be charged on a monthly basis.

3.20 Compliance and Monitoring of Effluent at Water Services Intermediaries

Where the pollution loading (quality) of wastewater discharged into the sewerage system exceeds the pollution loading of ordinary domestic wastewater, the Water Services Intermediaries will have to accept responsibility for the additional treatment and additional compliance monitoring cost (excluding the initial compliance monitoring).

This additional charge shall be based on the Industrial Effluent Miscellaneous Tariff as well as the industrial effluent formulae as stipulated in this policy. This additional charge shall be billed monthly.

The WSI shall be responsible for compliance with and must discharge and comply with all of the WSA obligations under by-laws, policies and consumer charter which obligations the Water Services Intermediaries has assumed under the contract.

Where a discharger enters into an agreement, an applicable and non-refundable charge will be levied to the applicant for administrative costs associated with the processing, according to the miscellaneous tariff schedule as reviewed annually.



3.21 Charges for Water Services Intermediaries where alternative sources of water are used and disposed via the Sewer System

Cases where Water Services Intermediaries are making use of alternative sources of water for purposes which give rise to the discharge of such resulting water (wastewater) or portion thereof into the sewer system are not billed for the disposal of wastewater as no or very little water consumption is registered on the municipal water meter of which a specified percentage is used as the current conventional methodology to calculate the volume disposed. In order ensure that such customers still contribute towards recovering the cost of the service delivered, i.e. the disposal of wastewater that need to be transported and treated at the wastewater treatment plants, a fixed basic charge will apply. The charge to specific Water Services Intermediary will be a function of the Water Services Intermediary's tariff category and the result of a water audit on the specific property.

3.22 Charges for Customer where alternative sources of water are used and disposed via the Sewer System

Cases where customers are making use of alternative sources of water for purposes which give rise to the discharge of such resulting water (wastewater) or portion thereof into the sewer system are not billed for the disposal of wastewater as no or very little water consumption is registered on the municipal water meter of which a specified percentage is used as the current conventional methodology to calculate the volume disposed. In order ensure that such customers still contribute towards recovering the cost of the service delivered, i.e. the disposal of wastewater that need to be transported and treated at the wastewater treatment plants, a fixed basic charge will apply. The calculated volume and categories where such volume needs to be determined via a water audit on the specific property are reflected in the miscellaneous tariff schedule.

The charge will be a function of the category's tariff and the deemed volume / volume determined as a result of a water audit on the specific property.

3.23 Fixed Basic Charges / Fees

No fixed monthly charge will be levied on users who discharge wastewater obtained from municipal sources into a sewer system.

3.24 Connection charges

Connection charges for all consumer categories shall be recovered, i.e. the full costs of the sewer connection installation. Correct cost allocation should be set up in the financial system to ensure that costs are recovered by the relevant tariff and that no inappropriate subsidisation occurs.



3.25 Disconnections

Domestic users - Due to the health risk related to effluent, a sewerage connection should not be disconnected if a user fails to pay. The water supplied to the user may be restricted in terms of the Credit Control and Debt Collection Policy that in turn will minimise the effluent discharged.

Industrial/commercial users – In the event of an industrial effluent discharge from a user being found to be non-compliant with the Wastewater By-Law and in the opinion of the Director: Technical Services (Water and Sanitation) to be harmful to the reticulation, treatment infrastructure or receiving bodies, Council may disconnect or seal off the sewer connection until such time that Council is satisfied that the non-compliance has been fully attended to. Only then will Council authorise a reconnection at the cost of the user. The Sanitation By-Law also allows for Council to recover any cost of making good damages to its infrastructure, irrespective of whether the connection had been sealed off or not.

3.26 Adjustment to the calculated volume

For industrial, commercial, domestic (cluster) and other rates categories only and specifically excluding the domestic full rates category, the relevant Director: Water and Sanitation shall have delegated authority to adjust the deemed percentage of water used which is discharged into the sewerage system as wastewater. Scientifically-based calculations undertaken or accepted by a delegated official shall determine the adjustments which should more closely predict or measure the actual wastewater discharged. Should an applicant not return the necessary documentation, within the stipulated time-frames, for processing, the industrial/commercial will be billed at the default percentage 95% industrial/commercial and 90% domestic cluster.

3.27 Contributions

Income from sanitation charges should not be used to subsidise other rates and general funded services.

3.28 Sanitation charges where Prepayment Meters have been installed

A Prepayment Municipal Meter may be installed at the discretion of the Director: Commercial Services (Water and Sanitation). The relationship between the amount offered and the volume supplied will be dependent on the standard monthly consumption as calculated. The sanitation discharged will be purchased at the same time as the water.



3.29 Relationship between rebated water for underground leaks and volumetric sanitation charge

Any water deemed to be lost through a leak on the primary plumbing of an erf, as provided for in paragraph 2.29 of the Policy, shall be deducted from the volume of water used to compile the volumetric sanitation charges, taking into account the sanitation charge capping that exists on relevant tariff categories.

Rebates will apply to Domestic Customers, schools, religious institutions, charities, homeless shelters, children's homes, homes catering for the health of physically or mentally challenged individuals old aged homes as defined and vulnerable groups.

Rebates will not apply to customers within the Industrial, Commercial and Miscellaneous Categories and as well as customers outside the municipal area.

4. GENERAL POLICIES FOR WATER AND SANITATION TARIFFS

4.1 Contributions

As a general principle there will be no contribution from water and sanitation to the Rates and General Fund, unless specifically imposed by Council for a specific financial year.

4.2 Subsidies

Reasonable and appropriate cross-subsidisation may be applied between consumer categories. All applied subsidies (including those within and between consumer categories) must be disclosed to the extent that this is practical.

4.3 Departures

Departures from any of the principles in this Policy may be made at the discretion of the Director: Commercial (Water and Sanitation), only where there are sound practical reasons that prevent the implementation of the Policy at the present time and/or where the phased adoption of the Policy or policies would reduce an otherwise onerous burden on Council and/or consumers. A financial burden on an indigent household under specific exceptional circumstances could also be a valid reason for authorising a departure. The reasons for any departures must be recorded in writing.



4.4 Principles upon which tariff policy is based

The calculation of all tariffs is based on the general principles of full cost recovery, to protect the basic level of service and to ensure long-term sustainability of the service. This will include the cost of backlogs, maintenance and renewal of plants and networks as well as the cost of new infrastructure.

4.5 Frequency of tariff setting

All tariffs are determined on an annual basis, with due cognisance of adjustments between approved reduction levels necessitated by water restrictions.

4.6 VAT

VAT is charged as per the existing national tax legislation on all consumptive tariffs and all miscellaneous tariffs as indicated in the schedules.

4.7 Availability charge

An availability charge shall apply to serviced vacant or undeveloped land for both the water and sanitation services excluding unproductive vacant land (e.g. public open space, private road).

4.8 Consumer deposit

A consumer deposit will be levied with the commencement of services to a consumer, to allow for unpaid bills that may arise later, especially during ownership transfer periods. With effect from 2014/15 onwards the payment of the consumer deposit will no longer be applied to domestic customers.

4.9 Charges for the replacement of standpipe tags

A charge for the tag used to obtain access to water will become effective where such needs to be replaced.

4.10 Charges for Standard or Pre-Paid Hydrant Standpipes

The charges for standard or pre-paid hydrant standpipes are reflected in the miscellaneous tariff schedules.

In instances where a hydrant standpipe is not returned or cannot be presented for reading purposes by the applicant/user to the City of Cape Town, the City will continue to charge the monthly rental charge as well as an estimate of water consumed based on the standard flow rate:



20mm Standpipe: $2.5\text{kl/h} \times 8 \text{ hours} \times 21\text{days} = 420\text{kl}$ per month x Miscellaneous tariff charge

50mm Standpipe: $25\text{kl/h} \times 8 \text{ hours} \times 21\text{days} = 4200\text{kl}$ per month x Miscellaneous tariff charge

Such rates will continue to be applied until such time that applicant/user returns the hydrant standpipe or advises council that such hydrant standpipe has been lost.

4.11 Charges for plumbing related work performed by City official on private property

The owner is responsible to comply with the by-law on items relating to the abuse of water which includes the identification of leaks that exist on the private property. The request for an official of the City of Cape Town to perform plumbing related investigation or work on private property will be charged at the appropriate tariff.

4.12 Forfeiting of unused free basic allocations

Any free basic allocation not used by the end of each month/ metering period/billing cycle will be forfeited. Such allocation per month/metering period/billing cycle to be calculated as:

$6 \text{ kiloliters} \times 12 \text{ months} / 365 \text{ days (366 in leap years)} \times \text{the number of days for the specific period for water; and}$

$4.2 \text{ kiloliters} \times 12 \text{ months} / 365 \text{ days (366 in leap years)} \times \text{the number of days for the specific period for sanitation.}$

4.13 Installation of Private Prepayment Sub-Metering System

Installation of private sub-metering devices on private plumbing infrastructure have been standard procedure implemented by property owners/Body Corporates/Home Owners Association to administer the allocation of cost. In this regard, adherence must be given to the water by-law which specifies that property owners / Body Corporates / Home Owners Associations may not charge the internal customers more than the water and sanitation tariffs approved by the City of Cape Town.

When prepayment sub-metering systems are installed by property owners/Body Corporates/Home Owners Associations, application needs to be made with the City to ensure that property owners/Body Corporates/Home Owners Associations ensure access to basic water. The terms and conditions of such application are specified on the application form. Any administrative cost recovered will be an agreement between the owner(s) and the service provider and may not form part of the tariff.



4.14 Measures to be applied during water restrictions when customers exceed the allowable usage promulgated in the restriction measures

The setting of consumption limits form part of the promulgated restriction measures to ensure the protection of the available water resources. Should customers not be adhering to such limits, the City reserves the right to enforce such limits. Enforcement of such limits will only commence after a warning letter has been sent to the customer advising that the customer is in contravention of the water restriction measures, that a specific period will be given for reduction of the consumption levels or to allow for formal application (with motivation) for consumption in excess of such limits (quota increase) via the standard processes.

4.15 Assistance Factor to be applied during the application of punitive tariffs during periods of water restrictions

The purpose of the assistance factor is to ensure that large families are not penalised (moving in to higher tariff step) whilst still adhering to the restriction level per person. The assistance factor is only applicable for step 1 and 2 of the domestic grouping as any usage above these steps will represent assistance to customers that are in contravention of the restriction measures. Assistance factors will only be considered for the Domestic Cluster grouping where the average household size per property of the development aligns with the family sizes. The assistance factors to be applied during periods of severe restrictions are contained in the schedule of tariffs and will only be applied after formal application for assistance is obtained via the standard processes.

4.16 Regularising of meter connections and meter related issues where new connections applications and payments were not submitted during development of low cost housings

Where identified through proper investigation that, due to legacy issues related to low cost housing developments, the circumstances that exist on the ground require regularisation to ensure alignment with the proper standards as contained in the Water By-law, the following procedures will apply for low cost housing developments:

- a) Where one water meter is serving more than one indigent property it will be corrected to create a one meter to one property service level;
- b) Where no meter connection exists to an indigent property, the application for new connection at the applicable down-payment tariff amount for these indigent properties retrospectively be treated in the same manner as that applied for current low cost housing projects;



- c) Where these specific properties are identified for new connection due to correction of one indigent property feeding multiple properties as well as indigent properties where the requirement for a new metered connections are identified, deviation from paragraph 4.14 of this policy be authorized in order not to be backdated for a period of one year, but billed for future consumption after installation of the meter.
- d) Where the new connection meter installations require re-alignment of private infrastructure which indigent customers are not able to pay for, along with other work to be performed on private property be incorporated into the assistance to indigent customers where Council have approved work on private property funded from the Water and Sanitation Directorate's operating budget.
- e) Where specific low cost housing areas, identified for regularisation by the Director: Commercial (Water and Sanitation) based on (a), (b), (c) and (d) above and such specific low cost housing area includes properties that do not qualify for indigent status, these properties be treated in the same manner as indigent properties as an once-off exemption in order to present a holistic plan of action.
- f) Should the number of properties that do not qualify for indigent status as specified in (e) above in the specific low cost housing areas exceed 10% of the total number of problematic items (as identified by the Director: Commercial (Water and Sanitation), Council approval be obtained to proceed with the non-indigent properties in these specific low cost housing area.



3. CHAPTER 3: ELECTRICITY TARIFF POLICY

DEFINITIONS

General Definitions

“Customer” means a consumer as defined in the Electricity Supply By-law. In the case of multiple-metered connections where premises are metered directly by the Service Provider, the occupier of each premises thus metered shall be deemed to be a customer. May also refer to Generators where relevant.

“Meter” means a device that records the demand and/or electrical energy consumed and includes prepayment meters (a meter that can be programmed to allow the flow of a pre-purchased amount of energy in an electrical circuit).

“AMI” means an advanced Metering Infrastructure. Systems that measure, collect, and analyse energy usage, and communicate with metering devices either on request or on a schedule.

“Point of Supply” means the point determined by the Service Provider at which the Service Provider supplies electricity to any premises. Each meter shall constitute a point of supply.

“Service Provider” means the institution authorised by the City to provide electricity distribution services.

“Premises” means any land or any building or structure above or below ground, or part thereof, and includes any vehicle, aircraft or vessel.

Consumption Based Tariff Charges Definitions

“Demand Charge” means the charge payable per unit of the Maximum Demand supplied during any 30 consecutive minutes of the billing period (e.g. a month) measured in kilovolt-ampere (kVA).

“Energy Charge” means a charge for each kilowatt-hour (kWh) of electrical energy.

“Service Charge” means a fixed charge to recover fixed costs such as network operations and maintenance, capital, meter reading, billing, etc. and may be recovered as a daily or monthly charge. It is applicable throughout the entire period during which the relevant premises are connected to the supply mains irrespective of whether any electricity is used or not.

“Wheeling Charge” means a charge for the transport of electrical energy over the Service Provider’s network infrastructure.



Sundry Tariffs Definitions

“**Connection Fee**” means the fee payable as a contribution towards the cost of providing a supply. This may be subsidised to facilitate electrification of poor households.

“**Shared-network Charge**” means a charge to cover the costs incurred to increase the capacity of shared networks to meet the additional demand imposed by new developments and additional capacity requested.

“**Miscellaneous Tariff**” means a charge for additional general services rendered such as reconnections, disconnections, meter testing etc.

“**Special Tariffs**” means tariffs that may be introduced from time to time in terms of the Municipal Systems Act 32 of 2000 clause 74 (2) (g) to accomplish specific aims not covered by the standard tariffs.

“**Subsidised Tariffs**” means tariffs where the full cost of delivering the service is not recovered within the target window of consumption.

Authorised Capacity and Maximum Demand Definitions

“**Maximum Demand**” means the highest averaged demand, measured in kVA or kW, during any integrating period within a designated billing period.

“**Notified Maximum Demand**” means the maximum demand or capacity notified in writing by the consumer and accepted by the Service Provider as that which the customer requires the Service Provider to be in a position to supply on demand.

“**Maximum Export Capacity**” means the maximum capacity measured at the point of supply notified by a Generator and accepted by the Service Provider for the transmission of electrical energy between the Generator and the Distribution System.

“**Authorised Capacity**” means the capacity per point of supply made available by the Service Provider and paid for by the customer or developer.

Types of Connection Definitions

“**Low Voltage (LV)**” means nominal voltage levels up to and including 1 kV

“**Medium Voltage (MV)**” means the set of nominal voltage levels greater than 1 kV up to and including 33 kV.

“**High Voltage (HV)**” means the set of nominal voltage levels greater than 33 kV up to and including 220 kV.

“**Renewable Energy**” means energy generated from a sustainable source such as solar, wind or wave.

“**Embedded Generation Connection**” means a connection approved by the City for the grid connection of renewable energy generation plant.



1. ELECTRICITY TARIFFS

- 1.1 Electricity tariffs consist of consumption based tariffs and sundry tariffs.
- 1.2 Consumption based tariffs will be used for the service consumption of electrical energy and/or demand capacity supplied, wheeled, installed or required by the customer.
- 1.3 Consumption based tariffs may consist of any combination of service charges, administration charges, network access charges, energy charges, demand charges, and wheeling charges. These charges may be further subdivided and may be seasonally differentiated.
- 1.4 Sundry tariffs may include Connection Fees, Miscellaneous Tariffs, Special Tariffs, Shared-Network Charges, Street Lighting Tariffs and Subsidised Tariffs as contained in the Schedule of Tariffs.

2. CATEGORIES OF USERS

- 2.1 Consumption based tariffs shall distinguish between Residential and Commercial/Industrial Customers.
- 2.2 Residential customers shall be customers in private residential establishments (including, but not limited to, houses, apartments, blocks of flats, townhouse complexes, bed-and-breakfast establishments, second dwellings, and establishments defined in Chapter 1 of this Policy) where electricity is used primarily for residential use and the authorised capacity provided to a single customer does not exceed 100 A three phase.
- 2.3 Commercial/Industrial customers are those not defined as Residential Customers and includes, but are not limited to, halls, places of worship, schools, sports clubs, restaurants, theatres, consulting room establishments, and all other commercial and industrial premises. Residential establishments such as hotels, hostels, guest houses, boarding houses and retirement homes, separately metered general lighting areas in residential complexes, or where the authorised capacity provided to a single residential customer exceeds 100 A three phase will also be regarded as Commercial customers.
- 2.4 There may be sub-categories for Residential Customers and Commercial/Industrial Customers based on Categories of Service.



3. CATEGORIES OF SERVICE

- 3.1 Electricity tariffs may be defined for different categories of service provided where these categories of service are based on:
- (a) type of service;
 - (b) level of Service Consumption;
 - (c) type of connection;
 - (d) time of use; and
 - (e) Other.
- 3.2 Type of Service may include Wheeling and the supply of Renewable Energy.
- 3.3 Levels of Service Consumption may include all service consumption as defined in Chapter 3 paragraph 1.2 and also levels of electricity purchases.
- 3.4 Type of connection may include Low Voltage, Medium Voltage or High Voltage supply at the Point of Supply. It may further include the Authorised Capacity at any one of these voltage levels.
- Other may include the type of Meter installed, municipal property valuation and/or geographic location.
- 3.5 A Basic Service, that is applicable to Residential Customers only, will consist of access to 50 kWh per month at a Notified Maximum Demand of at least 20 A. This service may be subsidised.

4. APPLICATION OF TARIFFS

4.1 General

- 4.1.1 Electricity tariffs shall be applied consistently with the categories of users and categories of service at each metered point of supply, provided that final discretion resides with the Service Provider.
- 4.1.2 Approved Sundry Tariffs and Charges for Damages shall be applied consistently by the Director: Electricity Generation and Distribution or his Nominee, provided that final discretion resides with the Service Provider.
- 4.1.3 Where a choice of tariff exists, the responsibility for that choice lies with the customer. No retrospective adjustments will be entertained.
- 4.1.4 Any approved change in the tariff shall be applied to monthly accounts on a pro-rata basis from the day on which the revised tariff is implemented, with the exception of demand charges which will be levied at the revised rate.



- 4.1.5 Any Customer installing a prepayment meter may pay the cost up front or via the prepayment vending system irrespective of the reason for the installation.
- 4.1.6 All SSEG customers will be entitled to an incentive payment per kWh for energy fed back into the grid for a period ending 30 June 2025.

4.2 Commercial/Industrial

- 4.2.1 Customers with Notified Maximum Demand of up to 500 kVA may elect to take their supply at a Small Power User or Low Voltage Large User Tariff.
- 4.2.2 Customers with Notified Maximum Demand of between 500 kVA and 1 MVA shall take their supply at either the Low Voltage or Medium Voltage Large User Tariff.
- 4.2.3 Customers with Notified Maximum Demand above 1 MVA shall take their supply at either a Medium Voltage or High Voltage Large User Tariff. The latter will only apply where a High Voltage supply is available.
- 4.2.4 Customers requiring a supply of more than 12MVA firm may be required to take the connection at a higher Medium Voltage than 11 kV, or at an appropriate High Voltage. Customers requiring a supply of more than 20MVA may be required to take the connection at an appropriate High Voltage. This will be at the discretion of the Service Provider.
- 4.2.5 Customers wishing to take their supply at Small Power User 2 shall be permitted to do so only if a prepayment meter or AMI is installed.
- 4.2.6 Customers wishing to take their supply at the Small Power User 2 with AMI installed (may include SSEG customers) shall be required to pay the AMI Access Charge.
- 4.2.7 Customers with AMI installed, and Non-Residential Small-scale Embedded Generation customers, shall not be permitted to take their supply at the Small Power User 3 Tariff.
- 4.2.8 Customers may only take their supply at the Small Power User 3 Tariff if they have installed a prepayment meter at their own expense, should one not already be installed.



- 4.2.9 Non-Residential Small-scale Embedded Generation customers shall have the option to either retain the green attributes of the energy fed into the system (and be compensated at the Non-Residential SSEG Feed-in 2 Tariff), or transfer these attributes to the City (and be compensated at the standard Non-Residential SSEG Feed-in 1 Tariff), with the latter being the default option.
- 4.2.10 Billed Energy Maximum Demand shall be based on the highest half-hourly integrated demand measured in either direction during peak or standard time. Maximum Demand may also be measured (but not billed) during Off Peak periods for the purpose of monitoring the contracted Notified Maximum Demand, Maximum Export Capacity, and/or Authorised Capacity.
- 4.2.11 The Network Access Charge (where applicable) shall be based on the contracted Notified Maximum Demand or Maximum Export Capacity of the customer.
- 4.2.12 Where the demand billing cycle is interrupted as a result of a change of customer the final reading date shall be deemed to end the demand reading cycle and the maximum demand recorded will be billed to the previous customer where after the demand shall be reset and the maximum demand recorded in the ensuing period (i.e. from move-in date to the end of the normal billing cycle) shall be charged to the new customer.
- 4.2.13 Only qualifying customers, as defined by and/or within an approved geographic area as set out in the City's Investment Incentive Policy will be eligible for the Investment Incentive Tariffs.

4.3 Residential

- 4.3.1 Customers who have a credit meter installed (including AMI) shall take their supply at the Home User Tariff.
- 4.3.2 Customers who have a prepayment meter installed and have a municipal property valuation of R1 million or more shall take their supply at the Home User Tariff.
- 4.3.3 Customers who have a prepayment meter installed and have a municipal property valuation greater than R400 000 but less than R1 million shall take their supply at the Domestic Tariff.
- 4.3.4 Customers who have a prepayment meter installed and have a municipal property valuation equal or less than R400 000 may take their supply at the Lifeline Tariff.



- 4.3.5 The municipal property valuation of the entire property shall be used as the property value for each premises on the property for the purposes of application of the Tariff Policy, except where each premises on the property has an individual municipal property valuation (e.g. sectional title schemes). Any rebates available shall attach to the customer receiving the rebate (and therefore only to the premises directly affected), and not to all premises on the property.
- 4.3.6 Customers who may ordinarily take their supply at the Lifeline Tariff but receive more than 450 kWh per month on average over a period of 12 consecutive months shall take their supply at the Domestic Tariff. Any customers who receive more than 450 kWh per month and would otherwise be able to take their supply at the Lifeline Tariff as a result of a rebate as defined below, shall take their supply at either the Domestic or Home User Tariff, whichever is applicable.
- 4.3.7 Notwithstanding 4.3.2 and 4.3.3, and subject to 4.3.6, customers may also take their supply at the Lifeline Tariff provided that they receive a full or partial Pensioner Rates rebate as set out in the City's Rates Policy. On application, such customers may also include legitimate tenants that otherwise would have received a partial Rates rebate, provided that no member of the household may own property elsewhere.
- 4.3.8 Notwithstanding 4.3.2 and 4.3.3, and subject to 4.3.6, customers may also take their supply at the Lifeline Tariff provided that they qualify and are registered as indigent as set out in Chapter 4 of the City's Credit Control and Debt Collection Policy.
- 4.3.9 Notwithstanding 4.3.2 and 4.3.3, and subject to 4.3.6, bona fide Old Age Homes being run by a registered Public Benefit Organisations as defined in the City's Rates Policy and where individual metering exists, may upon application to and at the discretion of the Service Provider be permitted to take these individual supplies at the Lifeline Tariff.
- 4.3.10 Customers in qualifying low cost housing schemes, City Backyarder Programmes or informal settlements may pay the subsidised connection fee.
- 4.3.11 As of 1 July 2021, all current and new Residential Small-scale Embedded Generation customers shall take their supply at the Home User Tariff, with the addition of the AMI Access Charge and (where applicable) the Residential Feed-in Tariff.



4.3.12 As of 1 July 2021, all Home User customers wishing to take their supply via AMI shall be permitted to do so, subject to the installation of an AMI meter at their own expense and subject to the payment of the monthly AMI Access Charge.

5. WHEELING

- 5.1 Customers wishing to participate in a Wheeling arrangement shall be liable for both the Wheeling Customer Medium Voltage Tariff and the Wheeling Use of System tariff in accordance with the Wheeling Agreement.
- 5.2 Generators embedded in the City Distribution Network connected at medium voltage wishing to wheel to a customer outside the City Distribution Network shall be required to pay the Wheeling Use-of System tariff.
- 5.3 Where excess energy is wheeled to a customer, but not consumed, this energy shall be regarded as being fed back into the City grid and will be compensated for at the Wheeling Excess Energy Feed-in Tariff, with the customer retaining the green attributes of this energy.
- 5.4 Residential and other Commercial/Industrial customers not covered in 5.1 or 5.2 shall not be permitted to participate in a Wheeling arrangement at this time.

6. PREPAID TOKENS

- 6.1 All unused prepaid tokens purchased as of 1 July 2016 shall expire after 36 months. Customers will need to utilise tokens prior to the expiry date of the token, or forfeit the energy purchased. No refunds or replacements of expired tokens shall be entertained.
- 6.2 For tokens utilised that need to be transferred between prepayment meters, or between a prepayment meter and Small Scale Embedded Generation or Small Power User, the following applies:
 - 6.2.1 The first 2000 verified kWh will be replaced/monetised unit for unit (for prepayment meter to prepayment meter) or at the current average rate (for SSEG/SPU)
 - 6.2.2 The next 3000 verified kWh (2001-5000kWh) will be replaced/monetised at a calculated historic purchase price
 - 6.2.3 Replacement/monetisation of any verified kWh above 5000kWh shall require approval by the Director: Electricity Generation and Distribution.



7. TARIFF APPROVAL

- 7.1 The Regulated portion of the Tariffs are approved by Council in terms of clause 24(2)(c)(ii) of the Municipal Finance Management Act 56 of 2003, and by the National Energy Regulator of South Africa (NERSA) in terms of clause 4(a)(ii) of the Electricity Regulation Act 4 of 2006. If the tariffs approved by Council differ from the tariffs approved by NERSA, the Council approved tariffs shall be applied.
- 7.2 The Unregulated portion of the Tariffs are approved by Council in terms of clause 24(2)(c)(ii) of the Municipal Finance Management Act 56 of 2003, and in terms of clause 74(2)(f) the Municipal Systems Act 32 of 2000, and are subject to any norms and standards as imposed by the Minister of Finance in terms of the Municipal Fiscal Powers and Functions Act 12 of 2007.



4. CHAPTER 4: SOLID WASTE MANAGEMENT TARIFF POLICY

DEFINITIONS

“240 L Container (Wheelie bin)” means a plastic wheeled waste container with a capacity of 240L, provided for the storage of waste prior to collection by the City or private service provider for disposal or waste diversion in areas identified for containerisation.

“660L and 770L Container” means a wheeled waste Container with a capacity of 660L and 770L provided by the City for the storage and disposal of waste, to be used for informal traders’ waste.

“Agricultural Property” means property categorised as agricultural on the Valuation Roll.

“Availability Charge” means a charge payable on all Vacant Land.

“Backyarders” means households on council rental stock property within a given area and registered as backyard dwellers as determined by Council.

“Building and Demolition Waste” means waste, excluding hazardous waste, produced during the construction, alteration, repair or demolition of any structure either man made or natural, and includes rubble, earth and rock and wood displaced during that construction, alteration, repair or demolition, which include discarded concrete, bricks, tiles, and ceramics, discarded wood, glass and plastic, discarded metals, discarded soil, sand, stone and dredging spoil and other discarded building and demolition wastes excluding Asbestos waste.

“Clean Rubble, Sand & Soils” means clean rubble defined as waste consisting of concrete chunks, broken bricks, sand, stone, cement, plaster and similar inert materials, but excluding paper, plastic, asbestos cement waste, wood, glass and metal. However, if Builders Rubble is contaminated by more than 10% then it will be regarded as mixed general waste, which will be charged at the Full General Waste Disposal Tariff.

“Clean Garden Waste” means organic waste which emanates from gardening or landscaping activities at Residential Properties, business or industrial properties, which includes but is limited to grass cutting, leaves and branches, and includes any biodegradable material and includes such waste emanating from Residential Properties and business properties, but excludes waste products of animal origin.

“Containers” means 240 L Container (Wheelie bin), Recycling Container (Wheelie bin), 660L and 770L Containers or any other for waste storage as approved by the Waste Management Officer.

“Domestic Waste” means waste excluding hazardous waste that emanates from premises used wholly or mainly for residential, educational, health care, sport or recreational purposes.



“**Disposal coupon**” means a prepaid coupon purchased at municipal offices for the disposal of waste at disposal sites and available per waste category

“**Formal Households**” means a developed residential property where individual erven were approved in terms of Town planning legislation.

“**General Waste**” means a generic term for waste (excluding garden waste and builder’s rubble) that, because of its composition and characteristics, does not pose a significant risk to public health or the environment if managed properly, and typically consists of plastics, paper, food and liquids not considered to be infectious or contaminated with hazardous or toxic substance.

“**Generator**” means any person or any agent of a person that generates health care waste, but does not include household generator of health care waste.

“**Hazardous Waste**” means waste that may, by circumstances of the production, use, quantity, concentration or inherent physical, chemical or toxicological characteristics therefore, have a significant adverse effect on the environment, or the health of a person or other living organisms. Such waste has a high risk rating of 1 and 2 and may not be disposed-off at Council landfills. An example is health care risk waste.

“**Health Care Waste**” means any Waste: a) generated by or derived from medical care or medical research; or b) that has been in contact with blood, bodily fluids or tissues from humans, or infected animals from veterinary practices

“**Household Hazardous Waste**” is the collective name for common household chemicals and substances containing toxic ingredients that are no longer useful to the house holder. Examples are compact fluorescent tubes, used oils, asbestos cement heaters and flower pots, old paints, old pesticides, batteries, pool chemicals, etc. It does not include health care risk waste, explosives, etc.

“**Informal Settlements**” means an area where no sub division of individual erven has taken place in terms of Town planning legislation.

“**Indigent Register**” means registered indigent debtors who meet certain criteria as determined by the City from time to time.

“**Industrial Waste**” means waste that emanates from premises that are used wholly or mainly for industrial purposes and generate waste through manufacturing, industrial or fabricating processes, which includes premises used for agricultural land and/or the operation of power stations.

“**Lockable 240L container**” means containers that are capable of being locked, that is, secured by a device operated by a key, combination, or otherwise

“**Non-domestic/business waste**” means waste that emanates from premises that are used wholly or mainly for commercial, retail, wholesale, entertainment or government administration purposes and includes waste generated by informal traders and Residential Properties where commercial activities are being conducted.



“Non-Residential Properties” means all developed properties not used for residential purposes such as Business and commercial properties; Industrial properties; Agricultural properties – any agricultural property not used for bona fide farming will not fall within this category; Mining properties; State-owned properties that are used for public service purposes; Public Service Infrastructure properties (PSI); Public Service Infrastructure properties (Phase out); Properties owned by Public Benefit Organisations (PBOs) and used for specified public benefit activities; Properties used for multiple purposes; and includes Vacant Land, hostels, guesthouses, old age homes and frail care centres.

“Normal Removal” means scheduled collection of refuse which frequency and quantity is subject to determination by the respective Manager of Collection from time to time.

“Rebates” means discounts granted to single Residential Properties valued from R1 and up to R500 000. Residential Sectional Title Properties, guesthouses, old age homes and hostels are excluded. Properties at a R0 value will only start to qualify for a Rebate from the time that it has been valued by the Valuations Department Rebates do not apply to Vacant Land and Non-Residential Properties.

“Recyclable Material” means waste that can be reclaimed for further use, and/or converted into raw material that can be reused make new products or resources.

“Recycling Container” means a wheeled waste Container, provided by the City for the storage and collection of recyclable waste for participating users in areas identified by the City (which will be phased in over a number of years).

“Residential Properties” means all improved properties, that are:

- Used predominantly (60% or more) for residential purposes;
- Sectional Title Properties;
- Owned by a share block company, flats, and retirement villages used for residential purposes irrespective of the Usage Codes;
- A rateable residence on property used for or related to educational purposes; and organisations accredited.

“RFID” means Radio Frequency Identification Device.

“Sectional Title Properties” means all properties registered in terms of the Sectional Titles Act, 95 of 1986.

“Services” means the waste management services to be provided by the City and as defined in Chapter 4 paragraph 4.

“Special Waste” includes solid waste, requiring special handling, e.g. all low hazard wastes for example off spec food, non-infectious animal carcasses, approved sanitary waste, etc. Adherence to our Waste Management License requires that all special waste types will require prior approval for acceptance from the City’s Scientific Services Branch.

“Usage Code” means a code that identifies properties per their valuation status on the Valuation Roll and the City’s SAP system.



“Vacant Land” Property that is currently categorised as vacant land and where construction has commenced but which is incomplete, will be deemed to be vacant land and will remain categorised as such until the completion of the building works and the use of the property is determined by the Municipal Valuer for categorisation purposes.

Any reference in this policy to "working days" shall be construed as any day other than a Saturday, Sunday or public holiday as gazetted by the government of the Republic of South Africa from time to time.

1. PREAMBLE

- 1.1 The demand for waste disposal has grown in recent years due to economic and population growth in the City. This has placed strain on the available airspace resources of landfill sites in the area and the City is rapidly running out of airspace for the disposal of waste.
- 1.2 To combat this trend, the Integrated Waste Management Plan has determined various principles and objectives that must be implemented by local government. To achieve this, the City is in the process of restructuring and realigning its services. The latter will include partnership arrangements and local economic development initiatives focused on community, business and industry involvement linked to various technical solutions and financial mechanisms to achieve the strategic objective of minimising waste as far as possible.
- 1.3 Responsible waste management services are vital to the health and wellbeing of all people and the conservation of the environment. While waste management services in the Cape Metropolitan Area are generally of a high standard, there should be a striving for continual improvement in four broad areas:
 - 1.3.1 extending access to basic waste management services (to all Formal and Informal Households);
 - 1.3.2 efficient and effective provision of services (through service optimisation, improved resource management, waste minimisation, public awareness and education, reducing expenditure and increasing efficiency);
 - 1.3.3 managing and improving the quality of services provided (through a performance management system to effect improved service responsiveness, and greater customer care); and
 - 1.3.4 the maintenance of waste management infrastructure to minimise the cost of replacement or development of capital assets and infrastructure.



- 1.4 The Policy deals with both residential waste management and non-residential waste management services, as provided by the City or on behalf of the City. This Policy, however, establishes the principle that the cost-benefit of services provided on behalf of the City should be equal to or better than the cost benefit of the City-provided services.
- 1.5 The Policy does not deal with the cost for services rendered by another entity where the City does not render a service due to a decision of the City.

2. PURPOSE AND OBJECTIVE

- 2.1 The Policy is developed in accordance with the General Tariff Policy and the legislative compliance recorded in paragraph 1 thereof.
- 2.2 The purpose of the Policy is to establish guidelines for the determination of waste management tariffs.
- 2.3 The main objective of the Policy is to record –
 - 2.3.1 the principles that guide the tariff structure and how the tariff is determined; as well as
 - 2.3.2 the tariffs.

3. POLICY PRINCIPLES

The following broad principles have been used to inform the development of the Policy –

3.1 Access to basic services

Waste management tariffs for residential use should be “pro-poor” in their orientation and should seek to ensure that a minimum basic level of service is affordable for all households, ensuring that all Formal and Informal Households have access to basic waste management services. The Policy must support the viability and sustainability of waste management services to the poor. Formal and Informal Households must have access to at least basic services through –

- 3.1.1 a free basic bagged service for Informal Households;
- 3.1.2 a basic 240L Container for Formal Households;
- 3.1.3 tariffs that cover operating and maintenance costs; and
- 3.1.4 any other direct or indirect method of subsidisation of tariffs for poor households.



3.2 **Non-Discrimination and Fairness**

The City is committed to fairness.

The Policy should be fair to ensure that it treats all users in similar circumstances in the same way. In other words, it treats waste management service users equitably in the application of tariffs and does not unfairly discriminate between users. Waste management tariffs may, however, differentiate or discriminate between different categories of users, debtors, service providers, services, service standards, geographical areas (based on the usage of properties) and other matters. Such differentiation or discrimination may not necessarily be in breach of this Policy as long as the differentiation or discrimination does not amount to unfair discrimination.

3.3 **Cost reflectivity**

Waste management tariffs must include all the costs reasonably associated with rendering the service including capital, operating, maintenance, administration and replacement costs and interest charges. Correct cost allocations should be made that will allow costs to be mapped against the tariffs required so as to reflect those costs and prevent residential users cross subsidising non-residential users. It should also include the cost for those waste management services provided for or on behalf of the City, which cannot be allocated to a specific consumer. This may include Cleansing and *ad hoc* cleaning services.

3.4 **Revenue sufficiency**

The revenue from all waste management-related tariffs should cover the full costs of service delivery, including operational and maintenance costs, rehabilitation, replacement and extension of the infrastructure, provision for bad debt as well as financing and depreciation charges for capital work not financed through any grant, subsidy or donation. Revenue sufficiency may be defined to include surcharges on the tariff for a service in appropriate circumstances, and contributions to capital development and other funds.



3.5 **Sustainability**

Waste Management tariffs should be set at levels that facilitate the financial sustainability of the service. Innovative debt management schemes should be implemented to promote payment. Waste management tariffs shall also encourage the economical, efficient and effective use of airspace, the reduction of waste to landfill, the recycling of waste and other appropriate environmental objectives. Adequate provision must also be made for funding the on-going rehabilitation of waste infrastructure. Tax incentives, rebates and other income streams, such as waste to energy cost recoveries are components that can only be factored in once a full cost accounting model, which takes into account development, social and environmental factors, has been developed to inform future waste management financial decision-making.

3.6 **Transparency**

The extent of subsidisation of tariffs for low-income persons or persons comprising low-income communities; who live in remote, isolated or low density communities who are seniors or other similarly vulnerable users and other categories of users should be fully disclosed. Correct cost allocation should be done in the spirit of transparency.

3.7 **Alleviation of poverty**

Subsidies (including those within and between User categories) should be disclosed to the extent that this is practical. Correct cost allocations and measurement of historical costs must take place to ensure that the policy of cost recovery is adhered to and that no inappropriate subsidisation occurs.

4. **SERVICE**

The City shall, for purposes of this Policy, render the following services:

4.1 **Waste Collection**

A containerised kerbside Collection of Clean Garden Waste, Domestic Waste, Non-domestic/business waste, Recyclable Material and the handling of Special Events waste, on request, by the City;

4.2 **Cleansing**

4.2.1 Removal of any solid waste (litter, dumping etc.) on City owned open public property in preparation for or after any events held in the Metro;

4.2.2 The supply, servicing and removal of 660L / 770L containers utilised for events or traders waste;



4.2.3 The supply, servicing and removal of street litter bins for events on City owned public properties.

4.3 **Waste Minimization**

Any activity to prevent or reduce the volume and/or environmental impact of waste that is generated, treated, stored or disposed of through mechanisms such as re-using, recycling and processing waste for re-use; and

4.4 **Waste Disposal**

The disposal of Building/Demolition Waste, Clean Garden Waste, Domestic Waste, Hazardous Waste, Industrial Waste, Residential Garage Waste and Recyclable Material by the City.

5. TARIFF DETERMINATION CONSIDERATIONS

5.1 The costs incurred by the City are unique and the costs include the following:

- 5.1.1 Waste generation volumes;
- 5.1.2 Emptying the Containers;
- 5.1.3 Transporting the waste collected to the nearest disposal facility;
- 5.1.4 Remuneration;
- 5.1.5 Handling costs flowing from the separation of recyclable material from the non-recyclable waste;
- 5.1.6 Disposal /land filling costs;
- 5.1.7 Management of drop-offs at Disposal facilities;
- 5.1.8 Provision for Containers and replacement thereof if damaged, lost or stolen;
- 5.1.9 Provision for bad debts;
- 5.1.10 General administrative costs and overheads;
- 5.1.11 Depreciation and interest on borrowings;
- 5.1.12 Capital and infrastructure replacement reserves;
- 5.1.13 Rehabilitation of landfill sites: and
- 5.1.14 Implementation of waste minimisation initiatives.



6. USER CATEGORIES

The City shall distinguish all waste collection services between **two User categories**, namely, Residential Properties and Non-Residential Properties.

Waste management tariffs for the City-provided services or those provided by other entities on behalf of the City shall accordingly distinguish between the same **two User categories**. The City reserves the right to render the Services to Residential Properties.

Both User categories, with the exception of Vacant Land, must have a legal waste service as prescribed in the Tariff By-Law. Based on the infrastructure of the City and environmental and health concerns, Residential Properties are compelled to use the City service and may not use private contractors directly.

Non-Residential Properties may opt to use either the City service or the private contractor directly.

All Vacant Land, irrespective of its current or future intended usage, will, until developed, be charged for availability.

6.1 Residential Properties

6.1.1 Service categories

6.1.1.1 The waste management tariff structure for Formal Residential users shall distinguish between four different service categories, which are defined in **Schedule 1: Utility Services – Solid Waste Management Tariffs (Consumptive and Miscellaneous)**, namely –

6.1.1.1.1 Black/Grey lid 240L Container service.

6.1.1.1.2 Additional Black/Grey lid 240L Container service. Any Residential Property User may request one or more additional Black/Grey lid 240L Container service subject to the area being containerised and subject to the Credit Control and Debt Collection Policy.

6.1.1.1.3 Enhanced (thrice per week) 240L Blue lid Container service (excluding Single residential properties).

6.1.1.1.4 Lockable 240L Black/Grey Container service.



6.1.1.1.5 Recycling Container service. A dry waste collection service for participating users in pilot areas as determined by Council. The City to provide recycling Container(s).

6.1.1.2 The service levels for each of the service categories referred to in paragraph 6.1.1 are defined in **Schedule 1: Utility Services – Solid Waste Management Tariffs (Consumptive and Miscellaneous)**.

6.1.2 The waste management tariff structure for Informal Residential users shall be:

A free bagged service is provided to Informal Settlements because of the lack infrastructure to accommodate Containers. Should the infrastructure of the Informal Settlements change, the City will review the service offered and consider rendering a containerised service.

6.1.3 The City shall provide the Containers to the Users. The Containers shall at all times remain the property of the City.

6.1.4 The property owner shall at all times be responsible for the Container and may only use it for the intended purpose of the rendering of the Services by or through the City.

6.1.5 The replacement cost of the Container will be for the property owner when lost/stolen or damaged as a result of the negligence of the property owner or persons residing at, visiting, or occupying the property. Bins damaged by the City during collection operations and as a result of wear and tear will be replaced at no cost.

6.1.6 **Billing**

6.1.6.1 In all instances the property owner will be billed and not the tenant, excluding City-owned properties. The City will not enter into a service delivery agreement with a tenant of a property. In the case of sectional title developments and blocks of flats, billing will be in terms of a service delivery agreement. The minimum number of Containers to be billed will be at least a third of the total number of living units in the development whether the Service is used or not. In the case of hanging and holding properties refuse will be charged to the holding property where the valuation reflects in terms of the Rates Policy Section 18.



- 6.1.6.2 Basic 240L bin (Minimised) service rebate. Only to be considered and approved for residential Sectional Title complexes & blocks of flats who are able to prove that they are using a City accredited contractor to separate and remove recyclables. The evaluation of applications and determination of rebates are considered & authorised by the Director: Solid Waste Management Services or Delegated Authority. The number of 240L containers may be reduced up to a minimum of a quarter of the number of habitable units. The rebate is applicable from date of approval and must be re-newed on an annual basis. Regular inspections will be held to confirm that the terms of the contract are being upheld. In the event of breach of contract: 1) Benefits will be void from date of inspection, and 2) Billing will revert to compliance with this Policy (Section 6.1.7.1)

Single Residential Properties will be billed for a basic 240L Container service irrespective of whether the Service is used or not, whether a Container is issued or not. Billing for Residential Properties (first Container) is automatic and no service delivery agreement is required or the owner will be billed for the number of containers as confirmed by internal inspectors and/or external auditors appointed by the City.

- 6.1.6.3 The RFID will be fitted to all new and existing 240L and recycling Containers, subject to availability.
- 6.1.6.4 In areas where the Lockable bin service is considered necessary, in the discretion of the City, the prevailing tariff will be applicable without exception.
- 6.1.6.5 Only in the case of Residential Sectional Title Properties will the body corporate be billed. The 240L Containers will be charged to the body corporate and the Container rebate will be "R0". However, if the body corporate requests that each owner (of a unit) be billed separately, then all units will be billed for one Container each at the applicable tariff **and rebate**.
- 6.1.6.6 In the case of Organisations accredited the account will be linked to the accredited organisation, subject to a service delivery agreement with the City.
- 6.1.6.7 Formal Households participating in the dry recyclables project will be billed at a zero tariff for the Recycling Container.



Black/Grey lid 240L Container service. All property owners (excluding sectional title properties and blocks of rented flats) are automatically billed for one basic Black/Grey lid 240L Container service.

6.1.6.8 **Additional Black/Grey lid 240L Container service.** Any Residential Property User may request one or more additional Black/Grey lid 240L Container service subject to the area being containerised. The account is directly linked to the residential property number (erf number etc.) and served on the property owner. The additional service is subject to a service delivery agreement with the City and subject to the Credit Control and Debt Collection Policy or as confirmed by the City through a bin audit.

6.1.6.9 **Enhanced (thrice per week) 240L Blue Lid Container service.** Only specified Users (sectional title and blocks of flats) may request a Blue lid 240L Container service in addition to the Black/Grey lid 240L Container service subject to the area being containerised and users will be billed for at least a minimum of a third of the number of living units. The number of Containers is based on the service delivery agreement with the City. The account is directly linked to the property number (erf number etc.) and served on the property owner.

6.1.6.10 **Lockable 240L Container service.** Lockable 240L Container Service. Will be provided in baboon-affected areas as determined by the City in consultation with the Baboon Management Team. Other areas may be considered by Council.

6.1.6.11 **Recycling Container service.** Recycling Container service: A dry waste collection service for participating users in pilot areas as determined by Council. The City to provide recycling Container(s).

6.1.7 **Exemptions –**

6.1.7.1 separate title common property for non-habitable purposes only, in group housing and sectional title developments e.g. roads, pools, parking areas, garages, refuse rooms, security, etc.;

6.1.7.2 islands e.g. Robben Island;

6.1.7.3 properties where refuse exemption clauses in terms of town planning legislation were approved prior to 2008;



6.1.7.4 hostels, guesthouses, old age homes and frail care centres are not regarded as residential; and private land which the City, due to economic, operational and practical reasons should not service. (Accredited service provider will be supported.).

6.2 Non Residential Properties

6.2.1 Service Categories

6.2.1.1 The waste management tariff structure for Non-Residential Users shall distinguish between **three** services categories, namely:

6.2.1.1.1 Black/Grey lid 240L Container service.

6.2.1.1.2 Enhanced 240L Blue Lid Container service.

6.2.1.1.3 Lockable 240L Container Service.

6.2.2 Billing categories

6.2.2.1 Non-Residential Properties will be billed as set out below or as confirmed by internal inspectors and/or external auditors appointed by the City to do a bin audit. The charges will not be variable, irrespective of whether the service is used or not or whether no waste is generated.

6.2.2.2 Billing categories will be in accordance with the Credit Control and Debt Collection Policy and By-Law.

6.2.2.3 The RFID will be fitted to all new and existing 240L Containers, subject to availability, at no additional cost to property owners.

6.2.2.4 In all new agreements the property owner will be billed and not the tenant, except for Council-owned properties. In the case where a property management agency is involved and they have power of attorney, they may apply for services on behalf of the owner, although the settlement of the account remains the responsibility of the property owner. Existing agreements with tenants will be phased out. In the case of hanging and holding properties refuse will be charged to the holding property where the valuation reflects in terms of the Property Rates Policy.



6.2.2.5 In the case of Non-Residential sectional title developments, the owner or body corporate will be billed as follows

6.2.2.5.1 **Black/Grey lid 240L Container service.** Request for one or more Black/Grey lid 240L Container service. The billing is based on the actual service delivery agreement with the City. The account is directly linked to the property owner.

6.2.2.5.2 **Enhanced 240L Blue Lid Container service.** Request for increased collection frequency. The service level (number of Containers and frequency) is based on the actual service delivery agreement with the City. The account is directly linked to the property owner.

6.2.2.5.3 **Lockable 240L Container Service.** Lockable 240L Containers will be provided in baboon-affected areas as determined by the City in consultation with the Baboon Management Team. Other areas may be considered by Council. The account is directly linked to the property owner.

6.3 Vacant Land

6.3.1 Service categories

6.3.1.1 The waste management tariff structure for Registered Vacant Land only provides for a single tariff, namely:

6.3.1.1.1 **Availability Charge:** A fixed charge for all Vacant Land. All Vacant Land is included irrespective of its current or future intended usage.

All Vacant Land within the municipal area is considered to be serviceable.

6.3.2 Billing categories

6.3.2.1 In all instances the property owner will be billed and not a tenant.

6.3.2.2 **Availability Charge:** All property owners of Vacant Land are automatically billed for an Availability Charge.



6.3.3 Exemptions

- 6.3.3.1 City-owned property;
- 6.3.3.2 private land not serviceable (individual erven not reachable due to un-built roads);
- 6.3.3.3 private land which the City, due to economic, operational and practical reasons should not service.
- 6.3.3.4 Agricultural Property as defined in the City's Rates Policy;
- 6.3.3.5 separate title common property, for non-habitable purposes only, in group housing & sectional title developments e.g. roads, pool, parking areas, garages, refuse rooms, security, etc.
- 6.3.3.6 leased City-owned land used for non-habitable purposes, e.g. servitudes, splays, parking areas etc.
- 6.3.3.7 "Cemeteries" properties as per paragraph 2.4 of the City's Rates Policy will not be treated as vacant land and such will not attract availability charges.

7 REBATES AND SUBSIDIES

7.1 Rebated services funded from the indigent account: Residential Properties

- 7.1.1 Indigent Bin Subsidy/Rebate applies to the total improved value of the property.
- 7.1.2 The City has implemented a Rebated Waste Management Service Policy as follows:
 - 7.1.2.1 Informal Settlements – receive a free door-to-door waste collection service as determined by the City;
 - 7.1.2.2 Formal Households (excluding Sectional Title Schemes) – receive a rebated waste collection service based on property value as follows:
 - 7.1.2.2.1 Value from R1 and up to R300 000 receive a 100% rebate – this excludes Housing properties valued at R0, which will continue to receive 100% rebate;



- 7.1.2.2.2 valued between R300 001 and up to R350 000 receive a 50% rebate;
- 7.1.2.2.3 valued between R350 001 and up to R500 000 receive a 25% rebate.

7.1.3 In terms of paragraph 24 (4) (b) of the Credit Control & Debt Collection Policy, customers registered on the Indigent Register will qualify for a rebate on the first 240L Container.

7.1.4 Relief available to the indigent in Council-owned housing rental and selling schemes will be as outlined in the housing chapter of the Credit Control and Debt Collection Policy, paragraph 19 (1) (i) adopted by Council, as amended from time to time.

7.2 **Rebated services for Organisations accredited by the relevant Council Committee / Body are subsidised by the Residential Tariff**

The City has implemented a rebate for Organisations accredited by the relevant Council Committee / Body as follows: A 50% rebate on the collection charge for a once per week frequency will apply for the first 15 (fifteen) 240 L black/grey lid refuse Containers. Any additional Containers will be charged at the full rate.

7.3 **Contributions**

Income from disposal charges should not be used to subsidise other rates-funded services. Income from collection charges could be used to subsidise the provision of integrated collection, disposal and cleansing services to informal households.

8 **AD HOC GARDEN REFUSE REMOVAL SERVICE**

This service is only available to Formal Residential Properties on the scheduled refuse collection day. Charges will be raised in terms of the number of 85L bags removed.

9 **SCHEDULED REFUSE COLLECTION SERVICE**

Refuse collection is a scheduled service. However, if it is not collected on the scheduled day, it will be collected soon thereafter. At the latest it will be collected on the following scheduled day and any additional bags due to accumulation of additional waste will be accepted.



10 WASTE DISPOSAL

Disposal of waste at a disposal facility is based on a fixed rate per mass of waste disposed which will be applied as follows:

- 10.1 Actual mass per weighbridge transactions; or
- 10.2 Carrying capacity in the absence of operational weighbridges based on:
 - 10.2.1 Fixed body vehicle which will be charged at carrying capacity of the vehicle; or
 - 10.2.2 Loose body vehicle which will be charged at an average carrying capacity of the Container.
 - 10.2.2.1 10/15/30 cubic meters = 9tons
 - 10.2.2.2 6/8 cubic meters = 6tons
 - 10.2.2.3 <6 cubic meters = 3tons
 - 10.2.2.4 <3 cubic meters = 1ton
- 10.3 The rounding of quantities at disposal facilities (tonnages) will be as follows:
 - 10.3.1 Any quantity will be rounded up to the nearest quarter Ton. This is applicable to actual mass at the weighbridges.
 - 10.3.2 At any one given transaction a maximum of 3 x Quarter ton coupons may be presented.
- 10.4 As per the NEMWA (National Environmental Management Waste Act) Regulations tyres may no longer be accepted at our Disposal facilities.
- 10.5 Use of Disposal facilities by entities outside of the City boundaries:

All waste disposal facilities are reserved for waste generated by the City's residents and businesses. Any other entity wishing to use same must formally request permission in writing, which will be subject to terms and conditions intended to safeguard the City's interests. The other entity is obligated to report accurately on waste information to the licensing authority.



In light of established airspace challenges, Council may on receipt of a properly motivated request from any entity consider waiving the current surcharge, partly or wholly, for the disposal of waste originating from outside of the municipal boundary of the City. Waste to be disposed directly at a designated City landfill site for a period not exceeding a year is subject to a written contract that adequately mitigates all known risks for the City, including the diversion of waste from landfill in accordance with the current legislation. In these cases, the tariffs in paragraphs 1.3.5.2.1.1 to 1.3.5.2.1.4 of the Tariff Book will apply.

11 **CLEANSING**

Illegal dumping and/or cleaning before, during or after events will be based on actual cost.

12 **APPLICATION FOR THE SUPPLY OF SERVICES: SOLID WASTE**

In the following instances the completion of an application form by the registered property owner for the supply of Services is required –

- 12.1 for new or change in level of service required by Non-Residential Properties;
- 12.2 for the change in the level of service required by Residential Properties;
- 12.3 in the case of change in ownership of the property, the old service level will be retained pending changes to **Schedule 1: Utility Services – Solid Waste Management Tariffs (Consumptive and Miscellaneous)**.

13 **ADJUSTMENT TO ACCOUNTS**

- 13.1 Accounts to be adjusted on documented proof of an amended service level agreement (letter, email, etc.) may be corrected in line with Chapter 1 paragraph 4.14.
- 13.2 If the City has proof of initial service, but neither the City nor the owner has proof of an amendment to the service and the current service level verified by the City is different to the financial billing, then the billing may be corrected in line with Chapter 1 paragraph 4.14.
- 13.3 If the City also does not have any documented proof of the initial service, the adjustment may be corrected in line with Chapter 1 paragraph 4.14. During data clean-up exercises the City may adjust the account in line with Chapter 1 paragraph 4.14, if the City has provided a service, but the financial billing is different to the current service level.



14 SPECIAL REMOVAL SERVICE FOR COLLECTIONS

- 14.1 Special Events for Collection Services will be rendered if requested by a registered account holder and based on acceptance of a quote provided by the City.
- 14.2 The Special Events Collection Services will be rendered, on request and subject to the availability of resources and not exceeding a period of 21 calendar days, in accordance with the service levels defined in **Schedule 1: Utility Services – Solid Waste Management Tariffs (Consumptive and Miscellaneous)** provided on request.
- 14.3 Delivery & Retrieval of Containers from the bin store may occur during the City's office hours. The prescribed application documents must be fully completed and approved at the Solid Waste Collection Branch 15 working days prior to the date of the service being required. If Containers are lost, stolen or damaged, replacement and/or repairs are to be borne by the applicant **Schedule 1: Utility Services – Solid Waste Management Tariffs (Consumptive and Miscellaneous)**.
- 14.4 The Do It Yourself Event service is only available to Non-profitable Organisations e.g. Church, School, Hospital, Crèche, Sport Body, Old Age Home, etc.;
- 14.5 The containers may only be used for Events that occur within the City of Cape Town boundaries.

15 SERVICE AT DROP OFF

The Service at the drop-off facilities is free provided Users adhere to conditions for Usage including that waste must be transported by car, trailer or LDV with total carrying capacity not exceeding 1.5 tons in accordance with the service levels contained in **Schedule 1: Utility Services – Solid Waste Management Tariffs (Consumptive and Miscellaneous)**.

16 DISPOSAL COUPONS AND/OR SPECIAL WASTE PERMITS

Disposal Coupons and/or Special Waste Permits do not expire until the earlier of –

- 16.1 the date on which its full value has been redeemed in exchange for the disposal; or
- 16.2 three years after the date on which it was issued.



Disposal Coupons and/or Special Waste Permits not redeemed during the Financial Year within which it was purchased, will be refunded for up to three years after the date on which it was issued.

16.3 Disposal Coupons must be purchased in advance at Municipal Offices.

16.4 Refunds of Disposal Coupons will be dealt with in terms of Chapter 6 of the Credit Control & Debt Collection Policy

16.5 The approval for the purchasing of Special Waste permits lies with the Director: Solid Waste Management

17 **GENERAL**

The City may supply bags for utilization in clean-up campaigns at no cost subject to the availability of funds and at the discretion of the Director: Solid Waste Management Services.

18 **APPEAL**

Should the owner, body corporate or property management agent not be satisfied with the outcome of an adjustment in the tariffs, he/she may appeal (in writing) to the City Manager within 21 days in terms of Section 62 of the Systems Act.

19 **TERMINATIONS**

Termination of service is to be done by letter, e-mail, fax or standard disconnection form. If this is not done then the disconnection date of the electricity supply, in the case of the change in ownership of a property, will be regarded as the date of termination of the service.

20 **DEPARTURES**

Departures from the above principles and Policy may only be made where there are sound practical reasons that prevent the implementation of the Policy at the present time and/or where the phased adoption of the Policy or policies would reduce an otherwise onerous burden on the City and/or consumers. The reasons for any departures must be recorded in writing.

21 **REGULAR REVIEW PROCESSES**

The Policy will be reviewed on an annual basis to ensure that it complies with the City's strategic objectives and with legislation.