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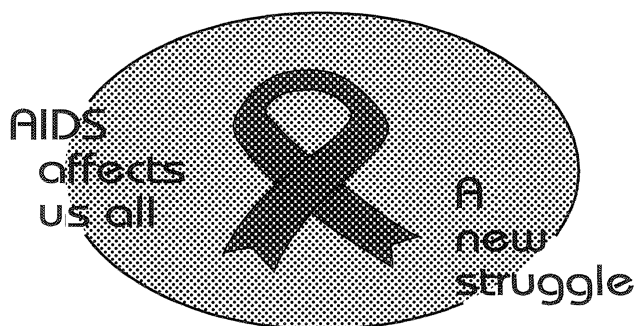
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DEPARTMENT OF HEALTH

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LOCAL AUTHORITY NOTICE

LOCAL AUTHORITY NOTICE 118

UMJINDI LOCAL MUNICIPALITY

2013/14 FINAL MEDIUM-TERM REVENUE AND

EXPENDITURE FRAMEWORK (MTREF)

TARIFF SETTING

Umjindi Municipality derives its revenue from the provision of services such as electricity, water, sanitation and refuse removal. A considerable portion of the revenue is also derived from property rates and grants by national governments as well as other minor charges such as traffic fines.

Tariff increases are primarily driven by the Consumer Price Index (CPIX average 5.5 for 2013/2014). It is due to circumstances not possible to, as in the past, follow the CPIX in the tariff setting for the 2012/2013 MTREF. All the tariffs have been increased by a percentage of 6% if not indicated on attached schedule to this document.

It is realised that the ability of the community to pay for services rendered is also under tremendous pressure and that the economic outlook for the near future require everybody to make sacrifices.

The additional revenue that will be generated through tariff increased has to ensure continued service delivery.

Tariff increases were therefore calculated at 6% with regards to the main services, with the exception of Electricity, Property Rates and refuse removal. This owing to the special circumstance regarding power security in South Africa and the losses currently being incurred on refuse removal.

The tariff structure of refuse removal for industrial and business has been changed to cover the costs of the service rendered, hence the high percentage increased in the projected revenue.

By increasing tariffs higher on essential commodities, more strain will be placed on the already cash stripped resident households

Increases beyond the 6% included in the draft MTREF will only add to bad debt which is already high and a decline in the cash flow

The outcome of the increases in tariffs (Revenue) on different revenue categories is as follows:

DETAILS	2013/14 PROPOSED TARIFF INCREASE	2013/14 TOTAL BUDGETED REVENUE
Property Rates	New Valuation roll	25 069 187
Electricity	7%	72 494 811
Water	6%	33 931 182
Sanitation	6%	5 871 096
Refuse Removal	Total new tariff structure	10 524 767
Cemetery	10%	190 000
TOTAL		148,081,043

Property Rates

Property rates cover the shortfall on the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeted process.

The categories of rate-able properties for purposes of levying rates and the proposed rates due to a new valuation roll will in effect decrease as follows:

CATEGORY	CURRENT TARIFF 2012/13 (No VAT)	PROPOSED TARIFF 2013/14 (No VAT)
	C	C
Residential	0.01026	0.00800
Business & Commercial	0.02051	0.01600
Industrial	0.02051	0.01600
State owned residential	0.01026	0.00800
State owned non-residential	0.01026	0.00800
Agricultural residential	0.01026	0.00800
Agricultural non-residential (Land solely for farming)	0.01026	0.00800
Agricultural non-residential (Business)	0.01026	0.01600
Agricultural vacant land	0.00513	0.00800
All non-agricultural land	0.00513	0.00800
All non-permitted use	0.00513	0.00800

*Nearly all the rate-able property rates have decreased due to the implementation of the new valuation roll on 1 July 2013 and in an effort to insure viable income for the municipality to deliver services as per the IDP .

Water

A 6% increase in water tariffs applicable to the residents of Umjindi is proposed

A summary of the proposed tariffs (**VAT INCLUDED**) for households (residential) and non-residential are as follows:

CATEGORY	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
	Per Kl R	Per Kl R
Monthly Basic Charge per Category		
Residential (Approved indigents Free)	41.37	43.85
Residential: Town Developed & Churches (Approved indigents Free)	41.37	43.85
Residential: Emjindini Developed & Churches (Approved indigents Free)	37.52	39.77
Residential: Undeveloped	76.63	81.23
Business	76.63	81.23
Prison farm	111 658.65	118 358.16
Purified Water per Month		
Residential Consumer 0 – 6 kl	Free	
All consumers 7 kl – 25 kl	5.89	6.25
26 kl – 35 kl	6.70	7.11
36 kl and above	6.73	7.13
Unpurified Water to Industries and Crocodile Farm		
First 500 kl or part thereof	541.48	573.97
Above 500 kl	1.92	2.03
CATEGORY	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
New Connection Charges		
Non-Residential (e.g Industrial, Businesses)	Cost + 15%	Cost + 15%
Testing of Meter		
Where meter show an error of less than 2,5%	145.95	154.71

Where meter show an error of more than 2,5%	N/C	N/C
Water Connection		
Water connection	1 547 17	1640.00
Poverty (Indigent) tariff (A281/2005)	491.88	521.39
PENALTIES: TAMPERING WITH WATER METERS (RECONNECTION FEE)		
Domestic Consumers (Pre-paid & Conventional)		
FIRST OFFENCE		
Without damage to installation	2 500.00	3 021.00
With damage to installation	3 000.00	3 625.20
SECOND OFFENCE	5 000.00	6 042.00
THIRD OFFENCE		
Legal action and removal of meter		
SELF – RECONNECTION		
When a customer has illegally reconnected himself/herself after he/she has been cut-off due to reasons such as: <ul style="list-style-type: none"> • Failure to pay his/her account; • After meter has been found tampered with; and • Meter by-passed by customer 		
If customers readings, differs from those taken when he/she was cut-off, such customer be declared self-reconnected and the following fine be imposed upon him/her and the installation be removed	5 000.00	6 042.00

CATEGORY	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
BUSINESS CONSUMERS AND LARGE WATER USERS		
FIRST OFFENCE		
Plus an estimated cost for loss of income during the period when the meter was tempered with	5 000.00	6 042.00
SECOND OFFENCE		
Legal action and removal of meter		
The occupier/owner of the property be held liable for any tempering with any meter on his/her property		

Refuse Removal

Currently has the refuse removal been transformed during the current (2012/2013) financial year and is new tariff structures been implemented. In normal practice terms, the rendering of this service should at least break-even, which is currently not the case. Umjindi will have to implement a strategy to ensure that this service can be rendered in a sustainable manner over the long-to-medium-term and therefore is the new amended tariff structure being proposed for the 2013/2014 budget year.

The following table indicates a comparison between current and proposed amounts payable from 1 July 2013 **(VAT INCLUDED)**

CATEGORY	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
	R	
Once per Week		
Residential once per week	70.00	85.50
Daily Removal – Business		
Food Premises & Other: 1 st Bin	700.00 *(New)	
2 nd Bin	Nil	
Spaza Shops* (New)	175.44	New tariff 2013/14
General Businesses *(New)	480.00	New tariff 2013/14
Institutional, Whole sale, Industrial* (New)	3 800.00	New tariff 2013/14
Centres (Jock, Eureka, Lomati)* (New)	14 000.00	New tariff 2013/14
Town Prison –twice per week *(New)	14 000.00	New tariff 2013/14
Hospitals, SANTA –twice per week * (New)	14 000.00	New tariff 2013/14
Prison Farm -twice per week *(New)	22 000.00	New tariff 2013/14

021 REFUSE REMOVAL : ALL NEW TARIFF STRUCTURE WAS IMPLEMENTED 2012/2013	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)	PROPOSED TARIFFS 2013/14 Increase
Once per week : Residential	2013/2014	2013/2014	%
1 st Bin : All Sections	R79.80	R85.50	
Schools			
Category A (With Boarding Facilities)BTN Hoërskool, BTN Primary		R4 332.00	New tariff structure
Category B (Without Boarding Facilities) Mhola Primary, Comprehensive High School, Sikhuthele, Amon NKosi, Ngwane, eMjindini, Ekucathuzeni, BTN Secondary, Mountainview, Ehlanzeni FET, Veldskool etc		R1 710.00	New tariff structure
Category C (e.g Kleuterskool, Gummy Bears, Gateway, Barberton Creche)		R820.80	New tariff structure
Category D (Prison Farm)		R26 584.80	New tariff structure
Category E (Town Prison)		R16 917.60	New tariff structure
Category F (General business=not food premises)		R589.38	New tariff structure
Category G (SAPS, Court, Home Affairs, Mafra Clinic, Circuit Office, Dept Sports / Museum, Cathyville Clinic, Town Clinic, Labour Dept, Public Works, Regiment Botha		4591.92	New tariff structure
Insitutions			
Category H (BTN General Hospital)		R6 726.00	New tariff structure
Category I (SANTA Hospital)		R6 384.00	New tariff structure
Category J Commercial Businesses (Eureka, Lomati, Shoprite, Jock of the Bushveld)		R15 960.00	New tariff structure
Category K : Medi- clinic		R 5 234.79	New tariff structure
Commercial Wholesalers / Supermarket		R1 653.00	New tariff structure
Food Premises, Butcheries, Food Outlets		R845.88	New tariff structure
General Business Garages & Spares		R580.03	New tariff structure
Spaza Shops		R212.04	New tariff structure
Commercial Residents High Waste Generation (e.g Flats)		R706.80	New tariff structure
Special removals (6m ³)	767.46	813.51	
Cleaning of Erven per m ²	1.49	R1.71	

Sanitation

The tariff is proposed to be increased by 6% from 1 July 2013

The following table indicate the proposed tariffs (**VAT INCLUDED**) to be implemented with effect from 1 July 2013:

CATEGORY	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
	R	R
Private Residential Purposes		
For every 100m ² or portion thereof	6.57	6.97
Maximum	128.08	135.76
Prisons		
For every 100m ² or portion thereof	6.57	6.97
Maximum	2 992.16	3 171.69
Other Land		
For every 100m ² or portion thereof	6.57	6.97
Maximum	1 795.29	3 171.69
Domestic Sewerage		
Per water closet pan, urinal or compartment	9.48	20.65
Connection Fees		
Non-Residential (e.g Industrial, Businesses)	Cost + 15%	Cost + 15%
Sewerage Connection Fees		
Sewerage connection fees	1 342.82	1 423.39
Poverty (Indigent) tariff	640.03	678.43
Self-Connection / Illegal Connection Fees		
When a resident, business has illegally connected him/herself to the sewerage network		

Residential	1 590.00	1 921.36
Business	3 180.00	3 842.71
Sewerage Blockages Private Properties	No service	No service

Electricity

The tariff is proposed to be changed according to NERSA guidelines received on 8 April 2013 regarding the implementation of the block tariffs as from 1 July 2013.

The current proposed electricity tariff increases for the 2013/14 MTREF is approved during the mayoral meeting in February but due to NERSA the tariff is to be reviewed.

Only residents of Umjindi who are registered and approved indigent household will continue to get the 50 kWh per month free of charge.

The following table indicates the proposed electricity charges (VAT INCLUDED) for the 2013/14 financial year.

CATEGORY	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
	R	
DOMESTIC (HOUSEHOLD, FLATS, GUEST HOUSES, CHURCHES & SCHOOLS WITHOUT KVA AND AGRICULTURAL HOLDINGS)		
Domestic Basic Charge		
Domestic with no consumption for 30 days and longer & vacant stands	189.24	204.38
Residential	189.24	204.38
Domestic Energy Charge of Electricity (Block tariff)		
Conventional 0 – 50 units Block 1	0.752	0.7980
Conventional 51– 351 and above units Block 2	0.935	0.9918
Conventional 351– 600 units Block 3	1.226	1.3224
Conventional 601– above Block 4	1.459	1.5732
Pre-paid Domestic 0 -50 units Block 1	0.752	0.7980
Pre-paid Domestic 51 -350 units Block 2	0.923	0.9918
Pre-paid Domestic 351 -600 units Block 3	1.208	1.3338
Pre-paid Domestic 600 and above Block 4	1.459	1.5732

COMMERCIAL (MUNICIPAL , BUSINESS ETC)		
Basic Charge (conventional)		
Three phase (including vacant stand)	961.02	1 033.10
Single phase (including vacant stand)	843.60	906.36
Energy Charge of Electricity		
Charge per unit	1.055	1.128
Business consumption (Pre-paid)	1.322	1.425
INDUSTRIAL (MUNICIPAL, BUSINESS, SCHOOLS WITH KVA ECT)		
Low Voltage 400 V (Demand Scale)		
Metered KVA	143.64	154.41
Charge per unit	0.684	0.7410
Basic charge (including vacant stands)	1 236.90	1 329.67
Time of use		
Peak	2.907	3.110
Standard	0.678	0.726
Off-peak	0.458	0.490
KVA 11000V		
Metered KVA	148.20	159.83
Charge per unit	0.536	0.599
Basic charge (including vacant stand)	1 236.90	1 778.40
Time of use		
Basic charge	1 236.90	1 323.48
Demand charge per kVA (30 min periods)		
Energy charges		
Peak		
High Demand (June – August)	2.000	2.140
Low Demand (September – May)	0.641	0.686
Standard		
High Demand (June – August)	0.610	0.653
Low Demand (September – May)	0.434	0.465
Off-peak		
High Demand (June – August)	0.340	0.364
Low Demand (September – May)	0.298	0.318

CONNECTION CHARGES AND OTHER MAINTENANCE		
Single phase pre-paid meter	5 643.00	6 320.16
Single phase conventional meter	5 557.50	6 224.40
Single phase pre-paid meter (Poverty)Indigent	1 692.90	1 896.05
Three phase pre-paid meter	9 405.00	10 533.60
Three phase conventional meter	9 125.70	10 220.78
Change conventional to pre-paid meter (single phase)	925.68	926.68
Change conventional to pre-paid meter (three phase)	1 892.40	1 892.40
Change pre-paid to conventional (Single phase)	959.88	1 083.00
Change pre-paid to conventional (Three phase)	1 892.40	2 119.49
PENALTIES: TAMPERING WITH ELECTRICITY METERS		
Domestic Consumer (Pre-paid & Conventional)		
First Offence		
Without damage to installation	2 850.00	3 420.00
With damage to installation	3 648.00	4 377.60
Second Offence		
	4 161.00	4 993.20
Third Offence		
Legal action and removal of meter		
SELF – RECONNECTION		
When a customer has illegally reconnected himself/herself after he/she has been cut-off due to reasons such as:		
<ul style="list-style-type: none"> • Failure to pay his/her account; • After meter has been found tempered with; and • Meter by-passed by customer 		
If customers readings, differs from those taken when he/she was cut-off, such customer be	2 850.00	3 420.00

declared self-reconnected and the following fine be imposed upon him/her and the installation be removed		
Business Consumers and Large Power users		
FIRST OFFENCE		
Plus an estimated cost for loss of income during the period when the meter was tampered with	7 068.00	8 481.60
SECOND OFFENCE		
Legal action and removal of meter		
The occupier/owner of the property be held liable for any tampering with any meter on his/her property		
Testing of Meters (Section 9(1) of By Laws)		
Attendance to complaint other than fault in council's supply or equipment (per call)	1 197.00	1 412.46
Testing of electrical installation (Section 16(8)b of By-Laws) – On request of consumer	513.00	605.34
Replacement of tariff circuit breakers with		
Higher circuit breaker per phase	399.00	470.82
Lower circuit breaker per phase	399.00	470.82
Consumer is of the opinion tariff circuit breaker to current value that its rating		
Tariff	399.00	470.82
Per circuit breaker	205.20	242.14
(These costs are refundable at non-compliance)		
After a tariff circuit breaker has been tested, the Engineer's finding as to the tariff circuit breaker's compliance with the provisions of these By-Laws shall be final and a tariff circuit breaker shall be regarded as complying with the provisions of these By-Laws if the test proves that it does not trip within 30 minutes when it passes a steady current of 5% below its rating		

Aggregate of units determined by Council Engineer	At Tariff	At Tariff
Testing/fault finding on electrical cables		
First 2 hours	1 425.00	1 681.50
Every hour thereafter	513.00	605.34
Plus: Travel cost	Actual cost	Actual cost
Tariff classification		
In the event of a dispute regarding the tariff under which a consumer is classified, Council's decision shall be final		

Other tariffs**Cemetery****Tariffs increase of 10% (VAT INCLUDED)**

	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
001 Cemetery		
Within Umjindi	Total including VAT	Total including VAT
	R	R
Indigents		
Adult	219.62	240.77
Child and Stillborn (0 - 12 Years)	121.17	133.28
All Others		
Adult	613.45	674.79
Child and Stillborn (0 - 12 Years)	302.93	333.22
Wall of Remembrance		
Single Niche	174.18	191.59
Double Niche	371.09	408.20
Reservations' of graves and niches		
Grave	121.17	133.29
Niche	39.38	43.32
Widening or deepening graves	257.49	283.29
Curbstone decorations/applications	75.73	83.33
Exhumation of a body	674.03	741.05

	CURRENT TARIFFS 2012/13 (Including VAT)	PROPOSED TARIFFS 2013/14 (Including VAT)
001 Cemetery		
001 Cemetery	2012/2013	2013/2014
Outside Umjindi	Total including VAT	Total including VAT
	R	R
Indigents		
Adult	259.81	285.79
Child and Stillborn (0 - 12 Years)	129.90	142.90
All Others		
Adult	1 196.86	1 316.54
Child and Stillborn (0 - 12 Years)	598.43	658.27
Wall of Remembrance		
Single Niche	379.49	417.43
Double Niche	766.29	
Reservations' of graves and niches		
Grave	248.13	272.95
Niche	80.28	88.35
Widening or deepening graves	248.13	272.92
Curbstone decorations/applications	72.98	94.62
Exhumation of a body	649.52	764.94

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