

ANNEXURE 5

REVISED CONSUMPTIVE TARIFFS, RATES AND BASIC CHARGES FOR ELECTRICITY SERVICES, WATER SERVICES AND WASTE MANAGEMENT SERVICES

1. ELECTRICITY

The proposed revisions to the tariffs have been formulated in accordance with the City of Cape Town Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (Regulator).

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

The Electricity Regulation Act requires that proposed revisions to the electricity consumption based tariffs be submitted to the Regulator for approval prior to implementation. Provisional approval has therefore been requested with the express proviso that any alterations required by Council will be submitted to the regulator as soon as possible.

Domestic consumers charged at the Domestic 2 tariff and purchasing less than 400 units per month on average as well as Eskom supplied domestic consumers purchasing less than 400 units per month on average will continue to receive the nationally approved free basic supply of 50 kWh per month. The provision for the cost of the free electricity will be met from the Indigent Fund by a contribution from the Rate Account and the Free Basic Electricity (FBE) component of the Equitable Share allocation.

Guidelines published by the Regulator limit the maximum electricity tariff increase to 5,6 % for 2007. It is therefore proposed to increase Cape Town's consumption based tariffs (as per attachment 1) by 5.6 % across the board except for the Very Large Power User Tariff which will increase by 7.5 % in order to move towards a more cost reflective level as approved by Council in July 2002

The sundry electricity tariffs as shown in Annexure 6 page no. 27.4 to 27.9 are levied to recover costs of services provided directly to individual customers and include replacement of credit meters by pre-payment meters, special meter readings, testing of meters etc. It is proposed that these tariffs be increased by an average of 5,1 %. The revised prices are generally in accordance with inflationary pressures although in some cases revised practices or standards have resulted in higher or lower costs.

A number of items have been added to the Sundry Tariff Schedule (refer to Annexure 6) to allow for commonly provided services.

1. Fee for after hours call out for minor works at customers' premises
2. Connection and monthly energy costs for telephone kiosks

In addition, the deposits applicable to supply agreements have been amended for equity without adversely affecting the interests of the City.

The street lighting tariffs (refer Annexure 6 page no. 28.1 to 28.2) are set at a level which recovers the cost of the service provided by Electricity Services. The factors which influence the tariffs include the type and cost of lamps, the cost of labour and transport used for maintenance as well as the cost of energy consumed by the lamps and electrical network losses.

It is proposed to increase the cost of street lighting by an average of 5,1 % except for the energy components where an increase of 5.6 % will be applicable. The proposed revised lighting tariffs are shown in Annexure 6 page no. 27.4 to 27.9.

The increases are in accordance with guidelines established in the Medium Term Income and Expenditure Framework.

New domestic customers must elect to be charged at one of the applicable domestic tariffs but will be permitted to change to the other tariff free of charge within the first 12 months. All other tariff changes will be permitted only after 12 months at the selected tariff but customers will be required to pay any associated costs

Residential establishments where a business license exists (such as hotels, bed and breakfast premises, hostels, retirement homes etc) will be regarded as Commercial Customers except where the total connected load of the business portion of a residential property does not exceed 15 kVA, the supply may be taken at the Domestic Tariff at the discretion of the Service Provider.

Commercial / Industrial Customers with installed capacity up to 500 kVA may elect to take their supply at the Small or Large Power User tariffs

Commercial / Industrial Customers with installed capacity between 500 kVA and 1 MVA must take their supply at either the Low Voltage or Medium Voltage Large Power Users tariff. No other supply will be permitted. The demand charge will only be applicable on weekdays from 06:00 to 22:00 provided suitable metering is installed at the customers' premises.

The Medium Voltage Large Power User tariff is compulsory for customers with installed capacity above 1 MVA unless they elect to take supply at the Very Large Power User tariff.

The Very large Power User tariff is only available at medium voltage and could be beneficial to customers using more than 12 GWh per annum.

	06/07	07/08	%
Income (R x 1'm)			
Electricity Sales	3 108,3	3 328,4	7,1
Grants, Donations & Developer's Contribution	56,4	64,2	13,8
Other	42,1	26,6	-36,7
Total	3 206,8	3 419,2	6,6

The table above shows an increase of 7,1% in the income from electricity sales. This increase is due to the increase in the tariffs as well as a predicted increase of 2,5% in the energy sold to end consumers.

2. WATER AND SANITATION

The proposed Water and Sanitation Tariffs are consistent with National Policy on the extension of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Service Framework. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

The Presidential State of the Nation Address 2006 requirement that all black bucket toilets in established (formal) areas should be replaced before the end of 2007 will be met as only a handful remain. Eradication of the 2 857 black buckets still in service in the informal settlements is a target for 2011/2012, along with the provision of basic sanitation to all residents of informal settlements, provided the accelerated 7-year programme is carried through.

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs that a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

The progressive nature of the existing domestic stepped tariff structure is pro-poor and allows for the needs of the indigent. It is also designed to discourage high consumption levels. It enables all consumers to adjust their consumption levels to ensure affordability.

This year a special tariff category for bona-fide and accredited Homeless People Shelters has been introduced, to cater for homeless people not living in informal settlements. It allows for a free basic service equivalent to 6kl/household/month, namely 25 litres/person/day, beyond which a cost recovery tariff is charged.

There are uncertainties in the projected water supply as well as uncertainties in the demand for water due to possible shifts in water usage patterns in the aftermath of the summer 2004 restrictions and the stepped-up implementation of water demand management initiatives. Three sets of tariffs have therefore been retained to make allowance for these uncertainties. The 0% reduction set from 2006/07 is proposed to be dropped as previous restrictions and water demand initiatives have been successful in reducing the normal water demand to at least 10% below the Low Water Demand target curve. In addition, the previous Level 1 restriction measures have been incorporated into the promulgated Water and Sanitation By-Law as permanent good water demand practice. The tariff levels of reduction or restriction imposed by the City on its consumers is therefore not only linked to the level of restriction imposed by the Department of Water Affairs and Forestry on the City, but also to the level of demand from its consumers.

It is proposed that the tariff structure from the 2006 / 2007 financial year be retained, with a proposed 19,2% across-the-board average increase in water tariffs.

Because the volumetric sanitation tariffs are related to water consumption, three sets of volumetric sanitation tariffs have also been set to cater for the uncertainty in water resource availability and demand. The existing volumetric tariff structure is broadened to mirror the water tariff structure, but the fixed sanitation tariff component has been dropped in order to base the charge fully on a proportion of water consumption, up to a cap of 50 kl/month water consumption equivalent to 35 kl/month sanitation for domestic users.

It is proposed that the volumetric sanitation tariffs increase across the board by approximately 125,2% due to a requirement in the Property Rates Act 6 of 2004 which only allows for a single rate to be charged on property value. The much higher rate relative to Water is therefore due to the removal of the Fixed Sanitation charge, the full charge now being recovered in the volumetric component. It is important to stress that the increase actually felt by the consumer will be similar to the water charge increase of 19,2%.

The proposed Bulk Water tariff increase for 2007/08 is 7,1%. This relatively low increase is a result of self-balancing the proposed expenditure budget for Bulk Water for 2007/08 with the income, as contained in the agreement with adjacent Local Authorities and the current (ex-Cape Metropolitan Council) Bulk Water Tariff policy. It is considered that any above-inflation increases should be agreed with the external parties first and then be incorporated into the City of Cape Town Tariff and Rates Policy for 2008/09.

The Miscellaneous Tariffs are levied by Water and Sanitation for the provision of various services by the Department. Examples of these services are the installation of water meters and the testing of meters.

The aim of charging the Miscellaneous Tariffs is to recover the cost of the provision of the service. However, for various historical reasons, the tariffs no longer accurately reflect the actual cost of the provision of these miscellaneous services.

For the 2007/08 financial year, Water and Sanitation has started to recalculate the tariffs with the aim of aligning these to the actual costs of service provision. For this reason, it is proposed that many of the tariff structures and charges be changed significantly in 2007/08.

It is envisaged that this initiative will be refined over the next few years until the miscellaneous tariffs accurately reflect the actual cost of service provision.

Charges levied by the Scientific Services Department have for the first time also been included in the Miscellaneous Tariffs.

The proposed Tariffs and Rates are cost reflective and will provide the income to cover the costs of Water and Sanitation during the 2007 / 2008 financial year.

LIST OF ATTACHMENTS

- 1 A, B, C, D: Proposed Water Tariffs 2007 / 2008
- 2 A, B, C, D: Proposed Sanitation Tariffs 2007 / 2008
- 3 A & B: Sanitation Rates 2006 / 07

ATTACHMENT 1 A

PROPOSED WATER TARIFFS 2007 / 2008

All tariffs exclusive of VAT, all tariffs per kl
0% REDUCTION TARIFF

CURRENT TARIFFS 2006/07			PROPOSED TARIFFS VAT EXCLUSIVE 2007 / 2008	
Domestic Full Water that is used predominantly for domestic purposes and supplied to single residential properties.	0-6	0	0-6	n/a
	+6-12	R2.44	+6-12	n/a
	+12 – 20	R4.88	+12 – 20	n/a
	+20 – 40	R6.22	+20 – 40	n/a
	+40 – 50	R7.56	+40 – 50	n/a
	+50	R9.76	+50	n/a
Commercial – Water supplied to premises predominantly of a commercial nature Industrial - Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose.	R 4.83	Comm / Ind	n/a	
Schools / Sport – Any educational activity / sporting body	R4.26	Schools / Sport	n/a	
Domestic Cluster – Bulk metered flats, cluster developments including single title and sectional title units. An allowance of 6 Kl per unit per month at zero cost upon submission of affidavits stating the number of units.	R4.52	Dom. Cluster	n/a	
Government - National and Provincial Departments	R4.57	Government	n/a	
Municipal – Departmental use	R4.26	Municipal	n/a	
Miscellaneous – All consumers who do not fall within the above categories.	R4.57	Miscellaneous	n/a	
Miscellaneous External - All consumers supplied outside the City of Cape Town.	R5.54	Miscellaneous External	n/a	
Bulk Tariff - Exclusive of the Water Research Commission Levy Only for Bulk Supply to other Municipalities and for cost recovery from Water Services Reticulation of the City of Cape Town	R1.98	Bulk Tariff	n/a	

ATTACHMENT 1 B

PROPOSED WATER TARIFFS 2007 / 2008

All tariffs exclusive of VAT, All tariffs per kl
10% REDUCTION TARIFF

CURRENT TARIFFS 2006 / 2007			PROPOSED TARIFFS 2007 / 2008	
Domestic Full Water that is used predominantly for domestic purposes and supplied to single residential properties.	0-6	0	0-6	R0
	+6-12	R2.56	+6-12	R 3.05
	+12 – 20	R5.46	+12 – 20	R 6.50
	+20 – 40	R8.08	+20 – 40	R 9.63
	+40 – 50	R9.98	+40 – 50	R 11.90
	+50	R13.17	+50	R 15.70
Commercial – Water supplied to premises predominantly of a commercial nature Industrial - Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose.		R 5.83	Comm / Ind	R 6.95
Schools / Sport – Any educational activity / sporting body		R5.15	Schools / Sport	R 6.14
Domestic Cluster – Bulk metered flats, cluster developments including single title and sectional title units. An allowance of 6 Kl per unit per month at zero cost upon submission of affidavits stating the number of units.		R5.47	Dom. Cluster	R 6.52
Government - National and Provincial Departments		R5.53	Government	R 6.59
Municipal – Departmental use		R5.15	Municipal	R 6.14
Homeless people shelters – Accredited shelters registered with the City of Cape Town.		n/a	0 – 0.75 /person	R0
			+0.75 /person	R6.14
Miscellaneous – All consumers who do not fall within the above categories.		R5.53	Miscellaneous	R 6.59
Miscellaneous External - All consumers supplied outside the City of Cape Town.		R6.61	Miscellaneous External	R 7.88
Bulk Tariff - Exclusive of the Water Research Commission Levy Only for Bulk Supply to other Municipalities and for cost recovery from Water Services Reticulation of the City of Cape Town		R2.21	Bulk Tariff	R 2.37

ATTACHMENT 1 C

PROPOSED WATER TARIFFS 2007 / 2008

All tariffs exclusive of VAT, All tariffs per kl
20% RESTRICTION TARIFF

CURRENT TARIFFS 2006 / 2007			PROPOSED TARIFFS 2007 / 2008	
Domestic Full Water that is used predominantly for domestic purposes and supplied to single residential properties.	0-6	0	0-6	R0
	+6-12	R2.63	+6-12	R 3.12
	+12 – 20	R6.98	+12 – 20	R 8.27
	+20 – 40	R11.81	+20 – 40	R 14.00
	+40 – 50	R26.75	+40 – 50	R 31.70
	+50	R53.50	+50	R 63.40
Commercial – Water supplied to premises predominantly of a commercial nature Industrial - Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose.		R 7.48	Comm / Ind	R 8.86
Schools / Sport – Any educational activity / sporting body		R6.59	Schools / Sport	R 7.81
Domestic Cluster – Bulk metered flats, cluster developments including single title and sectional title units. An allowance of 6 Kl per unit per month at zero cost upon submission of affidavits stating the number of units.		R7.33	Dom. Cluster	R 8.69
Government - National and Provincial Departments		R7.09	Government	R 8.41
Municipal – Departmental use		R6.59	Municipal	R 7.81
Homeless people shelters – Accredited shelters registered with the City of Cape Town.		n/a	0 – 0.75 /person	R0
			+0.75 /person	R7.81
Miscellaneous – All consumers who do not fall within the above categories.		R7.09	Miscellaneous	R 8.41
Miscellaneous External - All consumers supplied outside the City of Cape Town.		R8.47	Miscellaneous External	R 10.04
Bulk Tariff - Exclusive of the Water Research Commission Levy only for Bulk Supply to other Municipalities and for cost recovery from Water Services Reticulation of the City of Cape Town		R2.33	Bulk Tariff	R 2.55

ATTACHMENT 1 D

PROPOSED WATER TARIFFS 2007 / 2008

All tariffs exclusive of VAT, All tariffs per kl
30% RESTRICTION TARIFF

CURRENT TARIFFS 2006 / 2007			PROPOSED TARIFFS 2007 / 2008	
Domestic Full Water that is used predominantly for domestic purposes and supplied to single residential properties.	0-6	0	0-6	R0
	+6-12	R2.80	+6-12	R 3.68
	+12 – 20	R10.43	+12 – 20	R 13.68
	+20 – 40	R26.75	+20 – 40	R 35.07
	+40 – 50	R53.50	+40 – 50	R 70.14
	+50	R107.00	+50	R 140.28
Commercial – Water supplied to premises predominantly of a commercial nature Industrial - Water which is used in manufacturing, generating electricity, land-based transport, construction or any related purpose.		R 9.94	Comm / Ind	R 13.03
Schools / Sport – Any educational activity / sporting body		R8.76	Schools / Sport	R 11.49
Domestic Cluster – Bulk metered flats, cluster developments including single title and sectional title units. An allowance of 6 Kl per unit per month at zero cost upon submission of affidavits stating the number of units.		R9.74	Dom. Cluster	R 12.77
Government - National and Provincial Departments		R9.42	Government	R 12.34
Municipal – Departmental use		R8.76	Municipal	R 11.49
Homeless people shelters – Accredited shelters registered with the City of Cape Town.		n/a	0 – 0.75 /person	R0
			+0.75 /person	R11.49
Miscellaneous – All consumers who do not fall within the above categories.		R9.42	Miscellaneous	R 12.34
Miscellaneous External - All consumers supplied outside the City of Cape Town.		R11.27	Miscellaneous External	R 14.77
Bulk Tariff - Exclusive of the Water Research Commission Levy Only for Bulk Supply to other Municipalities and for cost recovery from Water Services Reticulation of the City of Cape Town		R2.57	Bulk Tariff	R 2.74

ATTACHMENT 2 A

PROPOSED SANITATION TARIFFS 2007 / 2008

All tariffs exclusive of VAT, All tariffs per kl
0% REDUCTION TARIFF

VOLUMETRIC TARIFFS	TARIFFS 2006 / 2007		PROPOSED TARIFFS 2007 / 2008	
	Domestic Full- Single residential properties. 70% of water consumption to a maximum of 35 kl of sewage per month (70% of 50 kl water equals 35 kl of sewage)	0 – 4.2	0	0 – 4.2
+4.2 – 8.4		R1.68	+4.2 – 8.4	n/a
+8.4 – 28		R3.65	+8.4 – 28	n/a
Domestic Cluster - Bulk metered flats, cluster developments. Including sectional and single title units. 90% of Water Consumption (* see note) An allowance of 4.2 kl per unit per month will be made available at zero cost upon submission of a signed affidavit stating the number of units supplied from that metered connection.	R3.65		n/a	
Industrial and Commercial - Schools, hospitals, Government: National / Provincial and any other – 95% of water consumption (* see note)	R2.27		n/a	
Departmental - 95% of water (* see note) consumption excluding facilities not connected to the sewer system	R2.09		n/a	

* **Important Note:** The Director of Water and Sanitation may adjust the percentages as appropriate to the consumer. This is not applicable to the domestic full category.

ATTACHMENT 2 B

PROPOSED SANITATION TARIFFS 2007 / 2008

All tariffs exclusive of VAT, All tariffs per kl

10% REDUCTION TARIFF

VOLUMETRIC TARIFFS	TARIFFS 2006 / 2007		PROPOSED TARIFFS 2007 / 2008	
	<p>Domestic Full- Single residential properties.</p> <p>70% of water consumption to a maximum of 35 kl of sewage per month (70% of 50 kl water equals 35 kl of sewage)</p>	0 – 4.2	0	0 – 4.2
	+4.2 – 8.4	R1.68	+4.2 – 8.4	R 3.78
	+8.4 – 28	R4.10	+8.4 – 14	R 8.04
	n/a		+14 - 28	R8.79
	n/a		+28 - 35	R 9.23
<p>Homeless people shelters – Accredited shelters registered with the City of Cape Town.</p>	n/a		0 – 0.525 /person	R0
			+0.525 /person	R5.20
<p>Domestic Cluster - Bulk metered flats, cluster developments. Including sectional and single title units. 90% of Water Consumption (* see note)</p> <p>An allowance of 4.2 kl per unit per month will be made available at zero cost upon submission of a signed affidavit stating the number of units supplied from that metered connection.</p>	R4.04		R 9.10	
<p>Industrial and Commercial - Schools, hospitals, Government: National / Provincial and any other – 95% of water consumption (* see note)</p>	R2.51		R 5.65	
<p>Departmental - 95% of water (* see note) consumption excluding facilities not connected to the sewer system</p>	R2.31		R 5.20	

* **Important Note:** The Director of Water and Sanitation may adjust the percentages as appropriate to the consumer. This is not applicable to the domestic full category.

ATTACHMENT 2 C

PROPOSED SANITATION TARIFFS 2007 / 2008

**All tariffs exclusive of VAT
All tariffs per kl**

20% RESTRICTION TARIFF

VOLUMETRIC TARIFFS	TARIFFS 2006 / 2007		PROPOSED TARIFFS 2007 / 2008	
	Domestic Full- Single residential properties. 70% of water consumption to a maximum of 35 kl of sewage per month (70% of 50 kl water equals 35 kl of sewage)	0 – 4.2	0	0 – 4.2
	+4.2 – 8.4	R1.68	+4.2 – 8.4	R 4.13
	+8.4 – 28	R4.78	+8.4 – 14	R 10.25
	n/a		+14 - 28	R11.32
	n/a		+28 - 35	R 11.96
Homeless people shelters – Accredited shelters registered with the City of Cape Town.	n/a		0 – 0.525 /person	R0
			+0.525 /person	R6.72
Domestic Cluster - Bulk metered flats, cluster developments. Including sectional and single title units. 90% of Water Consumption (* see note) An allowance of 4.2 kl per unit per month will be made available at zero cost upon submission of a signed affidavit stating the number of units supplied from that metered connection.	R4.78		R 11.76	
Industrial and Commercial - Schools, hospitals, Government: National / Provincial and any other – 95% of water consumption (* see note)	R2.96		R 7.28	
Departmental - 95% of water (* see note) consumption excluding facilities not connected to the sewer system	R2.73		R 6.72	

*** Important Note:** The Director of Water and Sanitation may adjust the percentages as appropriate to the consumer. This is not applicable to the domestic full category.

ATTACHMENT 2 D

PROPOSED SANITATION TARIFFS 2007 / 2008

All tariffs exclusive of VAT, All tariffs per kl

30% RESTRICTION TARIFF

VOLUMETRIC TARIFFS	TARIFFS 2006 / 2007		PROPOSED TARIFFS 2007 / 2008	
	<p>Domestic Full- Single residential properties.</p> <p>70% of water consumption to a maximum of 35 kl of sewage per month (70% of 50 kl water equals 35 kl of sewage)</p>	0 – 4.2	0	0 – 4.2
	+4.2 – 8.4	R1.94	+4.2 – 8.4	R 4.94
	+8.4 – 28	R6.55	+8.4 – 14	R 14.10
	n/a		+14 - 28	R15.72
	n/a		+28 - 35	R 16.67
<p>Homeless people shelters – Accredited shelters registered with the City of Cape Town.</p>	n/a		0 – 0.525 /person	R0
			+0.525 /person	R9.21
<p>Domestic Cluster - Bulk metered flats, cluster developments. Including sectional and single title units. 90% of Water Consumption (* see note)</p> <p>An allowance of 4.2 kl per unit per month will be made available at zero cost upon submission of a signed affidavit stating the number of units supplied from that metered connection.</p>	R6.32		R 16.08	
<p>Industrial and Commercial - Schools, hospitals, Government: National / Provincial and any other – 95% of water consumption (* see note)</p>	R3.93		R10.00	
<p>Departmental - 95% of water (* see note) consumption excluding facilities not connected to the sewer system</p>	R3.62		R9.21	

* **Important Note:** The Director of Water and Sanitation may adjust the percentages as appropriate to the consumer. This is not applicable to the domestic full category.

ATTACHMENT 3 A

SANITATION RATES

All rates are exclusive of VAT

The Sanitation Rates will no longer be charged in 2007/08. The full sanitation charge will be levied through the Sanitation Volumetric Tariff

DESCRIPTION	REMARKS	Cent-in-the-Rand 2006/07	Fixed sanitation charge/Cent-in-the-Rand 2007/08	Increase %
Residential Properties¹:	The Sanitation Rate will no longer be charged in 2007/08.	(See Annexure I6A)	n/a	n/a
Industrial and Commercial:	The Sanitation Rate will no longer be charged in 2007/08.	R0.002513	n/a	n/a
Government and other:	The Sanitation Rate will no longer be charged in 2007/08.	R0.002008	n/a	n/a

Note 1: Residential properties are defined in terms of the Rates Policy.

ATTACHMENT 3 B

**NOTE: This table has been included for reference purposes.
The Sanitation Rate will no longer be charged in 2007/08.**

SANITATION RATES

Residential Properties

All rates are exclusive of VAT

Property Value (R Value)	Monthly Charge (R Value)	Annual Charge (R Value)
<50000		
<100000	3	36
<150000	8	96
<200000	18	220
<250000	26	307
<300000	33	395
<350000	40	483
<400000	48	571
<450000	55	659
<500000	62	746
<550000	70	834
<600000	77	922
<650000	84	1,010
<700000	91	1,098
<750000	99	1,185
<800000	106	1,273
<850000	113	1,361
<900000	121	1,449
<950000	128	1,537
<1000000	135	1,624
<1050000	143	1,712
<1100000	150	1,800
<1150000	157	1,888
<1200000	165	1,976
<1250000	172	2,063
<1300000	179	2,151
<1350000	187	2,239
<1400000	194	2,327
<1450000	201	2,415
<1500000	209	2,502
<1550000	216	2,590
<1600000	223	2,678
<1650000	230	2,766
<1700000	238	2,854
<1750000	245	2,941
<1800000	252	3,029
<1850000	260	3,117
<1900000	267	3,205
<1950000	274	3,293
<2000000	282	3,380
<2050000	289	3,468
<2100000	296	3,556
2100000+	300	3,600

3. WASTE MANAGEMENT

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees, transfer station fees, compost sales, clearance of illegal dumping on private properties, weighbridge fees and other ad hoc services. It is proposed that the Collections Consumptive and Sundry Tariffs and the Disposal Sundry Tariffs be increased by an average of 11% and 6% respectively. It is further proposed that the administration fee in respect of cleaning up before and / or after an event be increased from 10% to 30% in order to encourage waste minimization by Event organizers.

Due to changes in legislation the Solid Waste Rate could not be retained by the Tariff funded services and consequently it is proposed that the Solid Waste Rate be transferred to Disposal and that Disposal be converted to a Rates funded service. The amount that used to be obtained from the Solid Waste Rate is now to be recovered under the Corporate Rate and will amount to R 115,761,424 for 2007/08.

The requirements by Disposal regarding the Rehabilitation of landfill sites and Repairs and Maintenance have been provided for in the 2007/08 Budget. The impact of the aforementioned on Tariffs is as follows:

Collection Tariff (Consumptive and Sundry) – 11% increase
Disposal Tariffs (Sundry) – 6% increase

In the light of the changes in the 2006 GV, it is further proposed that the Solid Waste Rebate on Residential properties for the first bin be amended as follows:

- Properties between R0 and R100,000 receive 100% rebate
- Properties between R100,001 and R150,000 receive 75% rebate
- Properties between R150,001 and R250,000 receive 50% rebate
- Properties between R250,001 and R300,000 receive 25% rebate

Following a request from the Safety and Security, Homeless Agency and Good Hope Committee at the TARPAC meeting of 17 May 2007, a new tariff is proposed for Homeless People Shelters in respect of refuse collection services. It is proposed that the once per week collection charge for the first 15 (fifteen) 240L black lid bins be rebated by 50%.

Additional funds required over and above the parameter increases for Rates funded services amounts to R100m (already included in the proposed 2007/08 Budget) and comprise of the following:

- a) Cleaning of sandy areas – R31.6m
- b) Supervisory staff – R23.4m
- c) Fuel – R10m
- d) Full Maintenance Lease – R20m
- e) Repairs and Maintenance – R15m

The current budget for cleaning sandy areas is R11m and is highly inadequate for the service level required. The amount required is actually R90m and the balance will be applied for on future budgets. Similarly critical vacancies need to be filled in order to improve supervision.

The shortages experienced on the current budget of Technical services are because of high increases in fuel prices, inadequate provision for Repairs and maintenance and Full maintenance lease of vehicles. The shortage amounts to R45m and if it is not addressed it will recur in the 2007/08 Budget.

The impact of the additional R100m for Rates funded services will result in about a 4% increase on the Corporate Rates Account.

This report complies with all relevant requirements of the MFMA and failure to implement the proposed tariff increases on 1 July 2007 will result in an under recovery of revenue required to meet anticipated expenditure for the 2007/08 financial year.

SOLID WASTE MANAGEMENT SERVICES		06/07	07/08	% Growth
Income				
Sales	Solid Waste Trade Services	(408,955,803)	(459,692,011)	12.4%
	Property value-based Rates	(108,188,247)	(115,761,424)	7%
Contributions	MIG	(15,000,000)	(25,000,000)	66.7%
Internal Income	Internal to Solid Waste	(92,653,751)	(99,815,886)	7.7%
Other	Other (miscell. Tariffs, etc)	(20,413,709)	(20,449,257)	0.2%
Total		(645,211,510)	(720,718,578)	11.7%
Rates & General Account Appropriation		(314,802,073)	(436,269,745)	38.5%
Total		(959,013,583)	(1,156,988,323)	20.6%
Indigent Fund		(97,520,000)	(104,443,920)	7.1%
		06/07	07/08	% Growth
Expenditure (at 24/01/2007)				
Employee costs (Total)		218,908,629	264,031,760	20.6%
General expenses		338,096,763	420,760,257	24.4%
Repairs and maintenance		37,853,449	59,479,046	57.1%
Contributions to Rates & General Account		43,883,486	46,121,544	5.1%
Appropriation Account		15,145,325	2,596,183	-83%
MIG		15,000,000	25,000,000	66.7%
Other		290,967,822	338,875,018	16.46%
Total		959,855,474	1,156,863,803	20.5%

The above table shows an increase of 20.6% in the income for Solid Waste Management services. This increase is due to the 6% increase in the Disposal Sundry Tariffs coupled with the 11% increase in the Collections Consumptive (refer Attachment 1 below) and Sundry Tariffs (refer Annexure 6 page no. 29.1 to 29.6 and Definitions).

The proposed increment to Solid Waste Consumptive and Sundry Tariffs is in line with Council's Indigent Policy and Equitable Services Framework and is tailored to encourage waste minimization.

The contemplated revisions to the tariffs have been formulated in compliance with Section 74 of the Municipal Systems Act. In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs, which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

ATTACHMENT 1

PROPOSED CONSUMPTIVE SOLID WASTE TARIFFS 2007 / 2008

All tariffs exclusive of VAT

Solid Waste		2006/07	2007/08	Increase %
Residential Collections				
FORMAL				
240l Container	<i>R/month</i>	R48.70	R54.06	11.00%
85l Bin/Bag : 1x 85L bin = 3 bags	<i>R/month</i>	R42.39	R47.06	11.00%
240l Lockable Bin	<i>R/month</i>	R54.70	R60.72	11.00%
240l Subsidised (once per week) service to Homeless People Shelters (Max. 15 per shelter)	<i>R/month</i>	n/a	R27.03	-
INDIGENT SUBSIDY				
Block 1 (100% subsidy)	<i>Property value up to</i>	R 50,000	R100,000	-
Block 2 (75% subsidy)	<i>Property value up to</i>	R 75,000	R 150,000	-
Block 3 (50% subsidy)	<i>Property value up to</i>	R 100,000	R 250,000	-
Block 4 (25% subsidy)	<i>Property value up to</i>	R 125,000	R 300,000	-
240l Container				
Block 1 (100% subsidy)	<i>Subsidy R/month</i>	-R48.70	-R54.06	11.00%
Block 2 (75% subsidy)	<i>Subsidy R/month</i>	-R36.53	-R40.55	11.00%
Block 3 (50% subsidy)	<i>Subsidy R/month</i>	-R24.35	-R27.03	11.00%
Block 4 (25% subsidy)	<i>Subsidy R/month</i>	-R12.18	-R13.52	11.00%
85l Bin/Bag : 1x 85L bin = 3 bags				
Block 1 (100% subsidy)	<i>Subsidy R/month</i>	-R42.39	-R47.06	11.00%
Block 2 (75% subsidy)	<i>Subsidy R/month</i>	-R31.79	-R35.29	11.00%
Block 3 (50% subsidy)	<i>Subsidy R/month</i>	-R21.20	-R23.53	11.00%
Block 4 (25% subsidy)	<i>Subsidy R/month</i>	-R10.60	-R11.76	11.00%
ENHANCED SERVICE LEVEL				
240l - Additional bin	<i>R/bin/month</i>	R48.70	R54.06	11.00%
240l - 3x per week for cluster	<i>R/bin/month</i>	R146.10	R162.18	11.00%
85l - Additional (bin = 3 bags)	<i>R/bin/month</i>	R42.39	R47.06	11.00%
85l - 3x per week for cluster	<i>R/no. of units in cluster/month</i>	R46.31	R51.40	11.00%
INFORMAL				
Rudimentary Service:	<i>R/month</i>	Free	Free	-
Basic Bagged:	<i>R/month</i>	Free	Free	-
Non-Residential Collections				
"Non Residential" excludes vacant and residential properties.				
85 LITRE BIN/BAG REMOVAL - only where no containerised service : 85l bin = 1 bag				
2,4 removals per week	<i>R/bin/removal/month</i>	R30.28	R33.61	11.00%
1 removal per week	<i>R/bin/month</i>	R24.63	R27.34	11.00%
3 removal per week	<i>R/bin/month</i>	R73.90	R82.03	11.00%
5 removal per week	<i>R/bin/month</i>	R123.17	R136.72	11.00%
1 removal per week (or equivalent service) per informal trader service point in informal areas on Council prop	<i>R/bin/month</i>	Free	Free	-
240 LITRE BIN/BAG REMOVAL - Containerised removals				
2,4 removals per week	<i>R/bin/removal/month</i>	R69.40	R77.03	11.00%
1 removal per week	<i>R/bin/month</i>	R58.21	R64.61	11.00%
3 removal per week	<i>R/bin/month</i>	R170.29	R189.02	11.00%
5 removal per week	<i>R/bin/month</i>	R276.54	R306.96	11.00%
240l Lockable Bin	<i>R/month</i>	R64.21	R71.27	11.00%
Refuse Availability				
Council owned property <u>is not</u> subject to the availability charge				
All vacant Erven	<i>R/month</i>	R29.11	R32.32	11.00%