



**2026/27 Medium Term Revenue and Expenditure
Framework (MTREF) Policy Review**

**FINAL SANITATION
TARIFF POLICY**

MAY 2026

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TARIFFS AND RATES POLICY

TABLE OF CONTENTS

SECTION	DESCRIPTION	PAGE
1.	DEFINITIONS	3-6
2.	INTRODUCTION AND OBJECTIVE	7
3.	TARIFF POLICY	7-10
4.	BY-LAWS	12

**SEKHUKHUNE DISTRICT MUNICIPALITY
SANITATION TARIFF POLICY**

1. DEFINITIONS

In this policy, unless the context otherwise indicates: -

"Agreement" means the contractual relationship between the Municipality or an authorised agent and a consumer;

"Authorised agent" means -

- Any person authorised by the Municipality to perform any act, function or duty in terms of, or exercise any power under this policy or
- Any person to whom the Municipality has delegated the performance of certain rights, duties and obligations in respect of providing revenue services; and /or
- Any person appointed by the Municipality in terms of a written contract as a service provider to provide revenue services to customers on its behalf, to the extent authorised in such contract;

"Domestic purposes", in relation to the supply of water, means water supplied for drinking, ablution and culinary purposes to premises used predominantly for residential purposes;

"Dwelling unit" means an interconnected suite of rooms, including a kitchen or scullery, designed for occupation by a single family, irrespective of whether the dwelling unit is a single building or forms part of a building containing two or more dwelling units;

"Flat" means a suite of rooms forming a complete unit exclusively used as a residence and contained in a building consisting of two such dwelling-units or more, excluding a hotel, boarding and lodging undertaking and place of instruction.

"Home for the aged, retirement centre or home for the disabled" means dwelling-units occupied exclusively by the aged or disabled, excluding a hotel, boarding and lodging undertaking and place of instruction.

"Household" means a traditional family unit consisting of persons related in some way;

"Industrial purposes", in relation to the supply of water, means water supplied to any premises, which constitutes a factory, as defined in the General Administrative Regulations made under the Occupational Health and Safety Act, 1993 (Act 85 of 1993);

"Low cost housing" the erection of these residential dwellings has been financed exclusively by means of the subsidy package in terms of the National Housing Subsidy Scheme;

"Occupier" includes any person in actual occupation of the land or premises without regard to the title under which he occupies it and, in the case of premises sub-divided and let to lodgers or various tenants, shall include the person receiving the rent payable by the lodgers or tenants whether for his own account or as an agent for any person entitled thereto or interested therein;

"Parks" means a public area where no access is charged and no business is run from.

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SEKHUKHUNE DISTRICT MUNICIPALITY SANITATION TARIFF POLICY

"Person" means any natural person, local government body, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;

"Poor household" means a domestic user who qualifies, together with his or her dependents, as an indigent person in terms of the Council's Indigent Policy.

"Premises" means any piece of land, the external surface boundaries of which are delineated on:

- a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No. 9 of 1927), or in terms of the Deeds Registries Act 1937, (Act No. 47 of 1937);
- a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986);
- a register held by a tribal authority or in accordance with a sworn affidavit made by a tribal authority;

"Account" means any account rendered for municipal services provided;

"Actual consumption" means the consumption measured, of any consumer;

"Applicable tariff" means the rate, charge, tariff, flat rate, or subsidy determined by the Municipal Council;

"Approved" means approved by the Municipality or its authorised agent in writing;

"Average consumption" means a consumer's estimated average consumption of a municipal service during a specific period, which is calculated by dividing the consumer's total measured consumption of that municipal service for the preceding four months by four;

"Connection" means the point at which a consumer is able to access municipal services;

"Connection pipe" means a pipe owned by the Municipality, which is installed by them for the purpose of conveying water from a main to a water installation and includes a "communication pipe" referred to in SABS Code 0252 Part I;

"Consumer" means:

(a) Any person who occupies premises to whom and in respect of which premises the Municipality-

- Has agreed to provide water services;
- Is actually providing water services;
- Has entered into an agreement with the Municipality or its agent for the provision of water services on any premises;

(b) The owner or tenant of any premises to which the Municipality is providing water services;

(c) Where water services are provided through a single connection to a number of accommodation units or consumers or occupiers, means the person to whom the Municipality agreed to provide such water services; and

SEKHUKHUNE DISTRICT MUNICIPALITY SANITATION TARIFF POLICY

(d) Any end-user who receives water services from the Municipality or other water services institution.

"Container" means all types of containers owned by the Municipality including, plastic bags and bulk containers;

"Determined" means determined by the Municipality from time to time;

"Emergency situation" means any situation that if allowed to continue poses a risk or potential risk to the financial viability or sustainability of the Municipality or a specific municipal service;

"Sewage" means waste water, industrial and commercial effluent, standard domestic effluent and other liquid waste, either separately or in combination, but does not include storm water;

"Sewage disposal system" means a structure, pipe, valve, pump, meter or other appurtenance used in the conveyance of sewage through the sewer reticulation system and the treatment thereof at a sewage treatment plant under the control of the Municipality and which may be used by it in connection with the disposal of sewage;

"Sewer" means any pipe or conduit which is the property of or is vested in the Municipality and which may be used or is intended for the conveyance of sewage from the connecting sewer but does not include a drain as defined; and "municipal sewer" has a corresponding inclusive meaning;

"Municipality" means –

- the Sekhukhune District Municipality or;
- the Municipal Manager of the Sekhukhune District Municipality in respect of the performance of any action or exercise of any right, duty, obligation or function in terms of this policy;
- an authorised agent of the Sekhukhune District Municipality;

"Municipal Council" means the Municipal Council as referred to in section 157(1) of the Constitution, 1996 (Act No. 108 of 1996);

"Municipal Manager" means the person appointed by the Municipal Council as the Municipal Manager of the Municipality in terms of section 82 of the Local Government Municipal Structures Act, 1998 (Act No.117 of 1998) and includes any person –

- acting in such position; and
- to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty;

"Municipal services" means for purposes of this policy, services provided by the Municipality, including refuse removal, water supply, sanitation, electricity services and rates or any one of the above;

"Public notice" means publication in an appropriate medium that may include one or more of the following –

- publication of a notice, in the official languages determined by the Municipal Council, –
 - (i.) in the local newspaper or newspapers in the area of the Municipality; or

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**SEKHUKHUNE DISTRICT MUNICIPALITY
SANITATION TARIFF POLICY**

- (ii.) in the newspaper or newspapers circulating in the area of the Municipality determined by the municipal council as a newspaper of record; or
- (iii.) by means of radio broadcasts covering the area of the Municipality; or
- displaying a notice at appropriate offices and pay-points of the Municipality; or
- communication with customers through public meetings and ward committee meetings;

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**SEKHUKHUNE DISTRICT MUNICIPALITY
SANITATION TARIFF POLICY**

2. INTRODUCTION AND OBJECTIVE

In order to give effect to the provisions of the Constitution, the Municipality must give priority to the basic needs of the local community, to promote the development of the local community and to ensure that all members of the local community have access to at least the minimum level of basic municipal services.

The services provided by the Municipality must be:

- Equitable and accessible;
- Provided in a manner conducive to the prudent, economic, efficient and effective use of available resources and the improvement of standards of quality over time;
- Financially sustainable;
- Environmentally sustainable; and
- Regularly reviewed with a view to the upgrading, extension and improvement of services

Various statutes enable authorities rendering certain services to impose tariffs. To ensure that the cost of services rendered is recovered as far as possible, tariffs have to be revised on an annual basis.

This policy has been compiled to address tariffs for services and comply with the requirements and guidelines as set by following acts and other documents:

- SALGA – Local Government Financial Best Practise Manual
- The Constitution of the Republic of South Africa, 1996, Act 108 of 1996
- The Municipal Systems Act, Act 32 of 2000
- The Municipality's Indigent Policy
- Fire Brigade Service Act, Act 94 of 1987
- Local Government Transaction Act, 1993, S10G (7)
- Municipal Finance Management Act, Act No. 56 of 2003
- National Environmental Management Act, Act No. 197 of 1998
- Property Rates Act, Act No. 6 of 2004

**SEKHUKHUNE DISTRICT MUNICIPALITY
SANITATION TARIFF POLICY**

3. PURPOSE OF THE POLICY

- to set clear guidelines in the identification of responsibility for the setting and implementation of a tariff policy for the Municipality;
- to set guidelines for the identification of different categories of users;
- to set guidelines for the determination of tariffs for the different categories of users and services rendered.

The policy will further lay down the broad principles, which will result in the adoption of a By-Law for the implementation and enforcement of the Tariff Policy.

Service tariffs imposed by the Municipality shall be viewed as user charges and shall not be viewed as taxes.

4. TARIFF POLICY

4.1 SCOPE OF THE POLICY

4.1.1 The policy is applicable to sanitation services provided by Sekhukhune District Municipality.

4.2 GENERAL

4.2.1 This policy has been compiled taking into account, where applicable the guidelines set out in the Municipal Systems Act, Act No. 32 of 2000, section 74. In determining the annual tariffs, Council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region and of the impact which its own tariffs may have on local economic development.

4.2.2 A Municipal Council must adopt and implement the tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements, which complies with the provisions of this Act and with any other applicable legislation.

4.2.3 The Municipality should ensure that users of municipal services are treated equally in the application of tariffs and that tariffs are applied uniformly and fairly throughout the Municipal area of jurisdiction;

4.2.4 Tariffs for all major services and sub-services should as far as possible recover the expenses associated with the services concerned. The tariff individual users pay for services should generally be in proportion to their use of that service, as well as the quality of the service provided;

4.2.5 Poor households should have access to at least basic services through –

4.2.6 Tariffs that cover only operating and maintenance costs

**SEKHUKHUNE DISTRICT MUNICIPALITY
SANITATION TARIFF POLICY**

- 4.2.7 Special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service, or;
- 4.2.8 Any other direct or indirect method of subsidisation of tariffs for poor households;
- 4.2.9 Tariffs should reflect the cost reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs and interest charges;
- 4.2.10 Tariffs should be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
- 4.2.11 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- 4.2.12 Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- 4.2.13 The economical, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives should be encouraged;
- 4.2.14 The Municipality should, as far as possible, ensure that the tariffs raised in respect of the services offered further generate an operating surplus each financial year of at least 5% as the Council of the Municipality may determine at the time that the annual operating budget is approved. Such surpluses should be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes;
- 4.2.15 The Municipality should develop, approve and at least annually review an indigence support programme for the municipal area. This programme should set out clearly the Municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents and the implications of such policy for the tariffs which it imposes on other users and consumers in the Municipal region;
- 4.2.16 The Municipality may differentiate between different categories of users and consumers with regard to the tariffs, which it levies. Such differentiation shall, however, at all times be reasonable and be fully disclosed in each annual budget;
- 4.2.17 The Municipality's tariff policy should be transparent and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service;
- 4.2.18 The Municipality undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned;
- 4.2.19 The Municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery;
- 4.2.20 In adopting a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the Municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery;

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SEKHUKHUNE DISTRICT MUNICIPALITY SANITATION TARIFF POLICY

4.2.21 In addition, the Municipality shall levy monthly availability charges for the services concerned and these charges shall be fixed for each type of property.

4.2.22 In considering the costing of its sanitation and sewerage services, the Municipality shall take into consideration the high capital cost of establishing and expanding such services and of the resultant high fixed cost, as opposed to variable cost of operating these services. The Municipality therefore undertakes to plan the management expansion of the services carefully, in order to ensure that both current and reasonable expected future demands are adequately catered for and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods and the costs of such surplus capacity must also be covered in the tariffs that are annually levied.

4.2.23 Equal services will be supplied to all the residents of the Sekhukhune District Municipality once the necessary administrative procedures have been completed at the Municipality's offices and the necessary consumer deposits been paid. The municipal services provided to residents and communities in the municipal area should:

- Be within the municipality's financial and administrative capacity;
- Be regularly reviewed with a view to upgrading, extension and improvement,
- Be provided in a manner that:
 - Is fair and equitable to all its residents and communities,
 - Ensures the highest quality service at the lowest cost and the most economical use and allocation of available resources and
 - Is financially and environmentally sustainable.

For this purpose the Municipal Council should adopt, maintain and implement a Tariff Policy that complies with the provisions of the Municipal Systems Act.

4.3 CATEGORIES OF USERS

The following categories of user are covered by this policy:

- (i) Residential – indigent
- (ii) Residential – Non indigent
- (iii) Commercial Buildings
- (iv) Industrial buildings
- (v) Public institutions (Schools, clinic, hospitals, government departments)
- (vi) Churches
- (vii) Sports fields and clubs

D.K.

**SEKHUKHUNE DISTRICT MUNICIPALITY
SANITATION TARIFF POLICY**

- (viii) Mines
- (ix) Farms
- (x) Residential RDP
- (xi) Communal stand pipes

4.4 TARIFF FRAMEWORK AND STRUCTURES

In order to determine the tariffs, which should be charged for the rendering of services, the Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:

- Cost of bulk purchases in the case of water
- Distribution costs
- Distribution losses in the case of water
- Depreciation expenses
- Maintenance of infrastructure and other fixed assets
- Administration and service costs, including:
 - Service charges levied by other departments, such as finance, human resources and legal services
 - Reasonable general overheads, such as the costs associated with the office of the Municipal Manager
 - Adequate contributions to the provisions of bad debts and obsolescence of stock
 - All other ordinary operating expenses associated with the service concerned (note: the costs of the democratic process in the Municipality, shall form part of the expenses to be financed from property rates and general revenues and shall not be included in the costing of the major services of the Municipality)
 - The intended surplus to be generated for the financial year, such surplus to be applied:
 - As an appropriation to capital reserves; and/or
 - Generally in relief of rates and general services
 - The cost of approved indigence relief measures

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