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**UMZIMVUBU**  
— LOCAL MUNICIPALITY —

# UMZIMVUBU MUNICIPALITY TARIFF POLICY

## **PART 1: GENERAL INTRODUCTION AND OBJECTIVE**

This policy is compiled, adopted, and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

The tariffs policy has been compiled considering, where applicable, the guidelines set out in Section 74 (see part 9 of this policy).

In setting its annual tariffs the council shall always take due cognizance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

## **PART 2: GENERAL PRINCIPLES**

Service tariffs imposed by the Umzimvubu local municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigent relief measures approved by the municipality from time to time).

The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

Tariffs for the major service rendered by the Umzimvubu local municipality, namely:

\* Refuse removal (solid waste),

Shall as far as possibly recover the expenses associated with the rendering of the service concerned. The tariff which a particular consumer pays shall therefore be directly related to the standard of service received and the quantity of the service rendered.

The municipality shall develop, approve, and at least annually review an indigency support programme for the municipal area. This programme shall 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.

In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality differentiates different categories of users and consumers regarding the tariffs which it levies. Such differentiation shall, however, always be reasonable, and shall be fully disclosed in each annual budget.

The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidization between categories of consumers or users shall be evident to all consumers or users of the service in question.

The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.

The municipality also undertakes to render its services cost effectively to ensure the best possible cost of service delivery.

The municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below.

In considering the costing of its refuse removal services, the municipality shall take due cognizance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully to ensure that both current and reasonably 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 which are annually levied.

In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on service rendering, 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. -

### **PART 3: CALCULATION OF TARIFFS FOR MAJOR SERVICES**

To determine the tariffs which must be charged for the supply of the four major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:

- \* Distribution costs.
- \* Depreciation expenses.
- \* Maintenance of infrastructure and other fixed assets.
- \* Administration and service costs, including:

reasonable general overheads, such as the costs associated with the office of the municipal manager;

adequate contributions to the provisions for 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 – that is, all expenses associated with the political structures of 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 indigency relief measures.

### **PART 4: REFUSE REMOVAL**

The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

Tariff adjustments shall be effective from 1 July each year.

A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:

- \* Domestic and other users (once weekly removal)

- \* Business and other users (twice weekly removal)
- \* Business and other users (thrice weekly removal)
- \* Business and other (bulk consumers).

Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed as a refuse removal charge.

A fixed monthly charge shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.

#### **PART 5: MINOR TARIFFS**

All minor tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be affected.

The following services shall be considered as community services, and that a regulatory tariff approved by the council shall be charged for their use.

municipal swimming pool

municipal museum and art gallery

disposal of garden refuse at the municipal tip site

Municipal parks and open spaces.

Market related rentals shall be charged for rental of municipal property such as billboard advertising. Charges will apply to all clients, including government departments, municipalities, except for ULM departments and its local government Agencies.

ULM departments will access services through Communications department. Terms and conditions will apply. Prescribed application form will be obtained from Communications department as a control measure for advertising by ULM departments.

*The municipality shall grant discounts for long term subscriptions on municipal gymnasium fees:*

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- 10% discount for 6 months subscriptions.
- 15% discount for 12 months subscriptions.

The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

maintenance of graves and garden of remembrance (cremations)

housing rentals

rentals for the use of municipal halls and other premises (subject to the proviso set out below)

building plan fees

sales of plastic refuse bags

sales of refuse bins

sales of livestock and plants

photocopies and fees

Clearance certificates.

The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

advertising sign fees

pound fees

penalty and other charges imposed in terms of the approved policy on credit control and debt collection

Market related rentals shall be charged for rental of municipal property such as billboard advertising. Charges will apply to all clients, including government departments, municipalities, except for ULM departments and its local government Agencies.

ULM departments shall access services through Communications department, terms and conditions will apply. Prescribed application form shall be obtained from Communications department as a control measure for advertising by ULM departments.

The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality's sustaining damages as a result of the use of the facilities concerned.

## **PART 6: ANNEXURE: LEGAL REQUIREMENTS**

### **SECTION I: LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT NO. 32 OF 2000**

#### **SECTION 74: TARIFF POLICY**

The council of a municipality must adopt and implement a tariff policy on the levying of fees for the services provided by the municipality itself or by way of service delivery agreements.

This policy complies with the provisions of the present Act and any other applicable legislation.

This tariff policy reflects at least the following principles:

that users of municipal services must be treated equitably in the application of the municipality's tariffs.

that the amount individual users pay for services must generally be in proportion to the use of such services. -

that poor households must have access to at least basic services through tariffs which cover only operating and maintenance costs, special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of services, or any other direct or indirect method of subsidization of tariffs for poor households;

that tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;

that tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned;

that provision may be made in appropriate circumstances for a surcharge on the tariff for a service;

that provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;

that the economic, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;

That the extent of subsidization of tariffs for poor households and other categories of users must be fully disclosed.

This tariff policy differentiates in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas.

The municipality therefore ensure that as this policy entails such differentiation, it does not amount to unfair discrimination.

### **SECTION 73: GENERAL DUTY**

The municipality gives effect to the provisions of the Constitution, and in doing so gives priority to the basic needs of the local community, promotes the development of the local community, and ensures 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 are: 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 upgrading, extension and improvement.

**SECTION 75: BY-LAWS TO GIVE EFFECT TO POLICY**

The council of the municipality must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

Such by-laws may differentiate in respect of services, service standards, service providers and other matters between different categories of users, debtors or geographical areas, but in a manner which does not amount to unfair discrimination.

**Approval of the Policy**

The Municipal Council approve this policy has approved this policy and amendments therefore:

**Authentication**

The amendments of and new policy was adopted by Council on .....

As per the Council Resolution number.....

Signed Off

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**Mr. GPT Nota**  
**Municipal Manager**

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**Cllr N. Mdzinwa**  
**Chairperson of the Council**



**UMZIMVUBU**  
— LOCAL MUNICIPALITY —

## **UMZIMVUBU MUNICIPALITY**

# **UNKNOWN AND UNCLAIMED DEPOSITS POLICY**

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1. DEFINITION

“Council” means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.

"Creditor" means a person to whom money is owed to by the municipality.

"Customer" means any person comprising resident of the municipality; ratepayer of the municipality; any civic organization involved in the municipality; and/or any visitor or other people who make use of services or facilities provided by the municipality.

"primary bank account" means a bank account referred to in section 8(1) of the Municipal Finance Management Act.

"Register" means the official register kept receipting all unclaimed deposits.

"Municipality" means the Umzimvubu Local Municipality established in terms of section 155 of the Constitution.

## 2. INTRODUCTION

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipal primary bank account or payable which cannot be identified nor are claimed by any creditor of the municipality. Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

- • Monies deposited into the municipal primary bank account without any reference or documentary proof.
- • Amounts/deposits payable to consumers or creditors which were either not claimed or banked.
- • Creditors/consumers are unaware of their legal right to the monies.
- • Creditors/consumers direct deposits are untraceable.
- • Deposits paid for utilization of facilities not claimed by customer.

## 3. OBJECTIVE

The objectives of the policy are to:

- • To provide a framework on how to deal with unknown or unclaimed monies in the municipal bank account.
- • To reduce the liability of the municipality.
- • To provide guidelines to identify unknown monies in the municipal bank account.

#### 4. LEGISLATIVE FRAMEWORK

- Local Government Municipal Finance Act, Act 56 of 2003.

#### 5. IDENTIFICATION OF UNCLAIMED DEPOSITS

- i *An unclaimed direct deposit is any amount of money legally paid into the municipal primary bank account without any reference or documentary proof on how the monies should be allocated and that remains unclaimed for a period of more than three (3) months.*
- ii *Unclaimed monies are any amount of money legally payable to a creditor and that are not claimed or banked within a period of Six (6) months.*
- iii *An unclaimed deposit is any amount of money legally paid by a customer as security for municipal services for the use of facilities which are not claimed within a period of more than three (3) months.*

## 6. REGISTER OF UNCLAIMED MONEY

- After all process are exhausted to identify the unallocated monies and the period as mentioned in paragraph 5 has expired all unclaimed monies will be receipted in a register kept by the municipality.
- The register will be maintained and updated regularly and be kept for a period of three (3) months.
- After the unclaimed monies are deposited in the register any person can claim the monies from date the monies were deposited or become unclaimed subject to that documentary proof is provided by the cashier to claim the monies.
- The value of unclaimed monies and/or direct deposits for a period before or within three (3) months will be recognized as a liability in the financial statements of the municipality.
- The value of unclaimed monies and/or direct deposits for a period more than three months will be recognized as other Income for the municipality in the financial statements of the municipality.

## 7. UNCLAIMED MONEY TO BE PAID AS PUBLIC REVENUE

Should unclaimed monies not be claimed within a period of more than three (3) months the monies will be written off from the register and be receipted as other Income in that financial year.

The following process must be followed before any monies are receipted as revenue:

- The prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor.
- A report shall be submitted to Council on the unclaimed monies to be written off from the register and be transfer to Other Income of the municipality.

8. REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and the operating requirements of the municipality.

9. TITLE OF THE POLICY

This policy shall be called the Unclaimed Deposits Policy of the Umzimvubu Local Municipality. –

**Approval of the Policy**

The Municipal Council approve this policy has approved this policy and amendments therefore:

**Authentication**

The amendments of and new policy was adopted by Council on 21/04/2025

As per the Council Resolution number Ulmc 073

Signed Off

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**Mr. GPT Nota**

**Municipal Manager**



.....  
**Cllr N. Mdzinwa**

**Chairperson of the Council**