

Item A-F (28-2019) CM 23/5/2019	REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP), MEDIUM - TERM REVENUE AND EXPENDITURE FRAME WORK (MTREF), DEMAND MANAGEMENT PLAN AND BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP): 2019/2020 TO 2021/2022
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Resolved:

5. **That** to guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the policies as set out in the following Annexures of this document.

Annexure D1	Medium-term Budget Policy Statement (reviewed)
Annexure D2	Pricing Policy Statement (reviewed)
Annexure D3	Property Rates Policy (reviewed)
Annexure D4	Provision of Free Basic Electricity Policy (reviewed) & Provision of Free Basic Water Supply Services Policy (reviewed)
Annexure D5	Waste Management Services Tariff Policy (reviewed)
Annexure D6	Consumer Deposit Policy (reviewed)
Annexure D7	Indigent Policy (reviewed)
Annexure D8	Credit Control & Debt Collection Policy (reviewed)
Annexure D9	Provision for Doubtful Debtors and Debtors Write Off (reviewed)
Annexure D10	Budget Implementation and Monitoring Policy (reviewed)
Annexure D11	Municipal Entity Financial Support Policy (reviewed)
Annexure D12	Accounting Policy (reviewed)
Annexure D13	Electricity Metering for Residential and business Customers (reviewed)
Annexure D14	Policy for the Vending of Pre-Paid Electricity (reviewed)
Annexure D15	Policy for Correction of Meter Reading and Billing Data (reviewed)
Annexure D16	Electricity Tariff policy (reviewed)
Annexure D17	Virement Policy (reviewed)
Annexure D18	Consumer Agreement Policy (reviewed)
Annexure D19	Supply Chain Management Policy (reviewed)
Annexure D20	Treasury Policy (reviewed)
Annexure D21	Allocation for Grants-in-Aid Policy (reviewed)
Annexure D22	Assets Management Policy (new)

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EKURHULENI BUDGET

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Annexure D4.1

PROVISION OF FREE BASIC ELECTRICITY POLICY

2019 - 2020
POLICIES

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PROVISION OF FREE BASIC ELECTRICITY POLICY

1. OBJECTIVES OF POLICY

- ▶ To comply with the provisions of the Constitution of the Republic of South Africa;
- ▶ To comply with the provisions of the Electricity Regulation Act 4 of 2006;
- ▶ To ensure compliance with the Municipal Systems Act No 32, 2000;
- ▶ To comply with the provisions of the Municipal Finance Management Act 56, 2003;
- ▶ To comply with the Electricity Pricing Policy Government Notice 1398 of 2008
- ▶ To comply with the Electricity Basic Services Support Tariff (Free Basic Electricity) Policy Government Notice 1693 Of 2003; and
- ▶ To ensure affordability of basic services to the community.

FBE ALLOCATION IS 100kWh units per month.

The following policy provides guidelines to determine a uniform approach for the allocation of free basic electricity inside the boundaries of the City of Ekurhuleni.

Note: Electricity used for business purposes is excluded from the free basic electricity allocation.

2. ALLOCATION OF FREE BASIC ELECTRICITY

Free basic electricity to CITY OF EKURHULENI customers may be allocated in accordance with the following provisions:

2.1 when provided to residents of COE:

- 2.1.2 residents using electricity for residential purposes within the Ekurhuleni supplied area linked to the inclining block tariff or
- 2.1.3 residents using electricity for residential purposes within the Eskom supplied area inside CITY OF EKURHULENI demarcated boundaries on the Eskom Home light tariff, and a contract exists whereby Ekurhuleni pays Eskom to supply free basic electricity to these customers.

2.2 when the user entity is a non-profit organization registered in terms of the provisions of the Non-profit Organization Act, 1997 or a Welfare organisations registered in terms of the National Welfare Act (Act No. 100 of 1978), for the following specific purposes:

- 2.2.1. the care of old people;
- 2.2.2 the care of children;
- 2.2.3 the care of the physically or mentally challenged;
- 2.2.4 the care of animals; and
- 2.2.5 providing food to homeless people (soup kitchen or similar).

The procedure for the application for the free basic electricity allocation for the user entity falling within the categories defined in sections 2.2.1 to 2.2.5 will be as described in section 3.

2.3 when the applicant residing in a private residential complex that receives electricity in bulk from Ekurhuleni satisfies the criteria listed below:

- The applicant shall be a pensioner and/or a physically challenged person;
- The applicant uses electricity at a historical average of no more than 850 kWh per month (calculated over a 12-month period; or if occupation took place less than 12 months prior to the date of application calculated from the date of occupation);
- Be in line with the pensioner/indigent customer income criteria as stated in the indigent customer and rebate policies.
- The applicant is the occupant of the dwelling concerned, which dwelling consists of one dwelling only and no part thereof will be sublet.
- Approved indigent customers residing in a private residential complex and is supplied with electricity by a bulk meter.

The procedure for application for the free basic electricity allocation for the user entity falling within the category defined in section 2.3 is described in section 4.

3. APPLICATION PROCEDURE FOR NON PROFIT ORGANISATIONS

Application procedures for organizations mentioned in section 2.2

- 3.1 The user entity shall apply for the FBE allocation on the prescribed form to be obtained from the Finance Department.
- 3.2 In the case of the user entity providing accommodation to people defined in section 2.2.1 to 2.2.3 the account holder will confirm the number of residential units and beds by means of a sworn affidavit and the provisions of section 5.1 will apply in terms of the number of beds and individual residential units.
- 3.3 In the case of the user entity caring for animals the kWh billed on the last account of the user entity prior to the application for the FBE allocation being made will be used to calculate the number of FBE allocations that the user entity qualifies for in accordance with section 5.2.
- 3.4 In the case of the user entity providing food to homeless people the kWh billed on the last account of the user entity prior to the application for the FBE allocation being made will be used to calculate the number of FBE allocations that the user entity qualifies for in accordance with section 5.2.

4. APPLICATION PROCEDURE FOR INDIVIDUALS RECEIVING ELECTRICITY IN BULK

Application procedure for qualifying individuals/indigent customers residing in a private residential complex that receives electricity in bulk from Ekurhuleni

- 4.1 The applicant shall apply for the FBE allocation on the prescribed form to be obtained from the Finance Department;
- 4.2 A sworn affidavit confirming that the applicant satisfies the relevant criteria as detailed in section 2.3 must accompany the application.
- 4.3 The application must also be accompanied by an affidavit from the Board of Trustees or owner stating that an allocation of free basic electricity, when received on a monthly basis in the form of a rebate on the bulk account, shall be passed through to the

approved applicant, and also indicate that the applicant's electricity consumption per month is below the determined average of 850 kWh units per month, measured over the last 12 months (or lesser time period, if not residing there for 12 months).

- 4.4 Only the FBE allocation portion of the IBT tariff structure shall apply to qualifying applicants/indigent customers residing in private residential complexes.

5. GENERAL PROVISIONS

The following general provisions shall be adhered to:

- 5.1 In the case of qualifying organizations where no residential units exist, every four beds or part thereof will be deemed as one residential unit thus qualifying for one FBE allocation. If a qualifying organisation provides both residential units as well as a section comprising of beds; one FBE allocation per residential unit will be applicable plus an FBE allocation per four beds or part thereof in the aforementioned section.
- 5.2 In the case of qualifying organisations as defined in sections 2.2.4 and 2.2.5, an FBE allocation will be allocated as per table below, up to a maximum of 5 FBE allocations, based on the average kWh consumption calculated over a 12-month period or if occupation took place less than 12 months prior to the date of application calculated from the date of occupation of the user entity prior to the application for the FBE allocation being made.

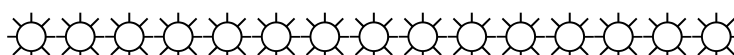
Calculated average kWh consumption or part thereof	Qualifying kWh FBE allocation per month
If between 1 – 1000 kWh	100kWh FBE will be allocated
If between 1001 – 2000 kWh	200kWh FBE will be allocated
If between 2001 – 3000 kWh	300kWh FBE will be allocated
If between 3001 -4000 kWh	400kWh FBE will be allocated
From 4001 kWh upwards	500kWh FBE will be allocated

- 5.3 All applications must be renewed annually.

6. DEVIATION FROM THE FREE BASIC ELECTRICITY POLICY

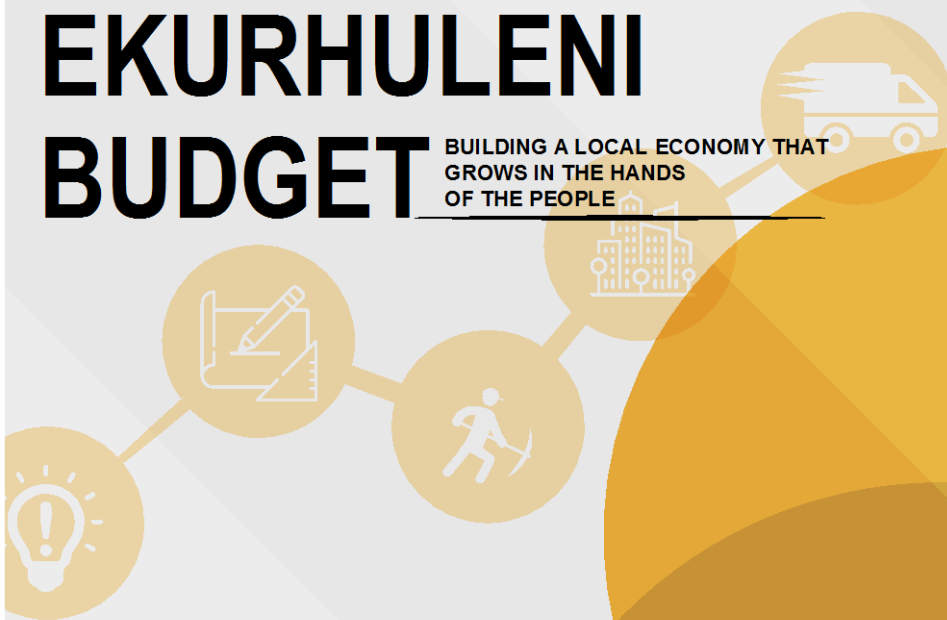
Any deviation from the free basic electricity policy must be approved in writing by the Chief Financial Officer.

NOTE: The reference to “they” in the above sentences is a reference to the department concerned and its personnel
The term “shall” is used throughout this document to indicate those provisions which, are considered to be mandatory.
The term “should” is used to indicate those provisions which, although not mandatory, are provided as a recognized means of meeting the requirements.
The term “may” is used to indicate something which is permitted.
The term “can” is used to indicate a possibility or a capability.



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Annexure D4.2

PROVISION OF FREE BASIC WATER SUPPLY SERVICES POLICY

2019 - 2020

POLICIES

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PROVISION OF FREE BASIC SERVICES - WATER AND WASTEWATER

1. APPLICATION AND SCOPE

This policy is applicable to households with property values not exceeding R750 000 and approved indigents residing within the City of Ekurhuleni.

The policy will be effective from 1 July 2019.

2. OBJECTIVES OF THE POLICY

The objectives of the policy are -

- To realize everyone's constitutional right of access to sufficient water
- To grant households with property values not exceeding R750 000 an equitable and affordable basic (free) portion of the water and wastewater services
- To support the poor, approved as Indigents in terms of the Council's relevant policy, with a basic (free) portion of the water and wastewater services
- To ensure compliance to the applicable terms of the Constitution of the Republic of South Africa, Act 108 of 1996, the Local Government Municipal Systems Act 32 of 2000 and the Municipal Budget and Reporting Regulations contained in General Notice 393 in Government Gazette 3241 of 17 April 2009.

3. LEGISLATIVE FRAMEWORKS

3.1 Constitution of the Republic of South Africa, Act 108 of 1996

Section 27 (1) (b) determines –

“Everyone has the right to have access to sufficient food and water”

3.2 Local Government Municipal Systems Act, 32 Of 2000

Section 74 (2) (c) of the Local Government Municipal Systems Act; 32 of 2000 determines:

- (c) poor households must have access to at least basic services through –*
- (i) Tariffs that cover only operating and maintenance cost,*
 - (ii) Special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service: or*
 - (iii) Any other direct or indirect method of subsidization of tariffs for poor households”*

3.3 New Municipal Budget and Reporting Regulations Effective From 1 July 2009: General Notice 393 in the Government Gazette 3241 of 17 April 2009

In terms of the above mentioned General Notice, new Municipal Budget and reporting regulations came into effect as from 1 July 2009. Section 7 of these regulations determines:

“The Municipal Manager of a Municipality must prepare, or take all reasonable steps to ensure the preparations of the budget-related policies of the Municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the Municipal Council by the applicable

4. FREE BASIC SERVICES PRINCIPLES

4.1 The Right of Access to Basic Water and Waste Water (Sanitation):

Everyone has the right to have access to sufficient water and the CoE is committed to promote the realisation of this right. The CoE will therefore provide a basic (free) portion of the water and waste water services to poor households (registered indigent households) and households with property values not exceeding R750 000.

4.2 Consumer Responsibilities

The right to basic water supply and waste water services comes with a corresponding responsibility to use water and waste water services responsibly and with due care. The responsibilities of the consumer are stipulated in the Water Supply and Wastewater By-Laws.

4.3 User Charges (Retail)

Charging for water and waste water services is essential in order to generate sufficient funds for operating, maintaining and investing in water and waste water systems but at the same time recognizing the need for affordability. Sound business principles within a sound subsidy framework are therefore essential. This includes good governance, sound accounting, adequate provision for depreciation, adequate spending on maintenance and replacement of assets, effective and efficient use of resources and income (including subsidies) which covers expenses.

5. APPLICATIONS AND IMPLEMENTATION

5.1 Six Kilolitre Free Per Month

The block tariff adopted by Council for the use of the water and waste services exclusively for household purposes, provides for household with a property value not exceeding R750 000 to receive 6 kilolitre - free water and wastewater services per month. This also includes –

- a) Hostels and old age homes where every 4 beds are deemed to be a residential unit.
- b) Where the City's Human Settlement Department accommodates two or three beneficiaries (families) per stand, each beneficiary (family) is deemed to be a residential unit.
- c) A small business conducted as a primary right in terms of a Town Planning Scheme, or a home enterprise conducted in terms of the relevant Council Policy, from a property used for household purposes and the connection size is either a 15 mm or 20mm connection.
- d) Spaza Shops, defined as an area of a dwelling unit and or associated immovable outbuilding no more than 20m² in extent, used by the occupant of such a dwelling unit for the purposes of selling basic household goods.

Households with property values exceeding R750 000 shall no longer receive 6 kilolitre free water and wastewater services per month.

5.2 Nine Kilolitre Free Per Month

From the 2006/2007 financial year the Council approved the provision of 9 kilolitre free water and wastewater services per month for Registered Indigents qualifying in terms of the Councils approved Indigent Policy. The basic (free) portion of the water and wastewater services is financed by means of the equitable share received from National Government and cross subsidized by means of a Council adopted block tariff. Payment is required for consumption in excess of the basic (free) water and wastewater supply service to ensure sustainability of the services.

