

POLICY : FUNDING OF SERVICE CONNECTIONS

Item MI 22-2003
CM 27.2.2003

MI: E (02/11/012) : STANDARDISED CONNECTION FEES FOR
CONNECTIONS IN INEP FUNDED RETICULATION SCHEMES

RESOLVED:

1. **That** the contents of the report by the Executive Director: Municipal Infrastructure, to advise the Council of problems encountered in applying Council Policy regarding standardised Connection Fees for INEP funded reticulation schemes, **BE NOTED**.
2. **That** all resolutions taken by Council on 31 January 2002 in respect of Item MI 2-2002, **BE RESCINDED**.
3. **That** the principle of funding the provision of service connections, and/or the supply and installation of ready-boards to customers residing in NER or INEP funded Reticulated areas, by means of a levy on the unit price of electricity, **BE ACCEPTED**.
4. **That** the proposed policy regarding the funding of service connections and/or ready-boards, and which is attached to the report as **Annexure "B"**, **BE ACCEPTED**.
5. **That** all INEP funds presently available for service connections **BE POOLED** and **TRANSFERRED** to the operating budget and utilised to kick start the process of installing service connections in terms of the proposed policy.
6. **That** all levies collected from customers **BE PLOUGHED BACK** into the pool in order to sustain the scheme.
7. **That** approval **BE GRANTED** to use the grant of R459 000,00 referred to in Annexure 'A' attached to the report. for the installation of service connections.
8. **That** Council Resolution No 4 of Item MI 89-2002, dated 2002-02-28, second Council meeting. **BE RESCINDED**.
9. **That** first time customers declared indigent by Council **BE GRANTED** a 100% subsidy for connection fees, subject to consultation between the Municipal Infrastructure and Finance Departments in respect of the financing thereof.

PROPOSED POLICY FOR THE FUNDING OF SERVICE CONNECTIONS AND/OR THE SUPPLY AND INSTALLATION OF READY BOARDS IN NER/INEP FUNDED ELECTRIFICATION AREAS

1. AGREEMENT

Any customer wishing to make use of this facility must enter into a formal agreement with the Council.

2. SIZE OF CONNECTION

All service connections installed in terms of this policy will be limited to a maximum of 40 amps single phase.

3. LEVY ON PURCHASES OF PREPAID kWh OF ELECTRICITY.

3.1 The levy for the recovery of the costs as approved by the Minister of Mineral and Energy, for the installation of a service connection, presently at R500,00 (incl. VAT) is to be based on a monthly average consumption of 250 kWh, less 50 kWh free issue. I.e. 200 kWh for 60 months, interest free. I.e. a levy of 4,2 cents per kWh will recover R504,00 over a period of 5 years.

3.2 Similarly, the recovery of the costs for the supply and installation of a ready board, presently R400,00 (incl. VAT) will be recovered by a levy of 3,3c per kWh of electricity purchased, interest free.

3.3 The amount to be levied for new connections and or ready boards is to be adjusted annually on 1 January and be based upon the ruling rates for service connections and ready boards.

3.4 The revised rates will only apply to new customers who enter into agreements with the Council after 1 January of the year when the revised rates are implemented. Existing customers will continue to pay the original levy amount for the duration of the 60 months.

3.5 Should a customer who is making use of this facility, sell or let his or her dwelling, the new owner or tenant, as the case may be will be liable for the levy for the duration of the 60 month period.

4. FUTURE FUNDING OF SCHEME

All funding received from the INEP programme for service connections, as well as the proceeds of levies collected is to be paid into a dedicated Metro vote no. from which the installation of service connections and ready boards, is funded.

5. POSSIBLE WAITING PERIOD

All new customers wishing to make us of this facility will be handled on a first come first served basis. Connections will be maid subject to the availability of funds in the vote number and delays could be experienced until the balance has built up form collected levies.