

Public Input on the draft budget

The input received as part of the public participation process is summarised hereunder:

Input/Objection 1

Objection received from attorneys Messrs. Pearce, du Toit & Moodie on behalf of the owner of Erf 50 Plettenberg Bay, J Farr Trust.

In summary, the objection relates to the definition of a business unit as per the municipal tariff policy and the interpretation and application of the municipal tariff policy in respect of the of the unitary charge made applicable to each business units for water and sanitation where a property is supplied with water and sanitation services through a single connection. It is the submission of the objector that only one charge for water and sanitation should be applied irrespective of the fact that the subject property consists of 21 shops varying from 37 to 312 square meters in extent. The principle of fairness in application of the Tariff is questioned as well as the principles of tariff setting as prescribed in the legislative framework.

The complete objection document is not included in the budget documents as it contains further arguments and information not relevant to the budget process.

Response to Input/Objection 1

The tariff Policy

The tariff policy was amended by expanding on the definition of "Business unit", it did not change the essence of what a business unit entails and therefore the reference of a section of the building representing a business unit still remain.

A Business unit is therefore, for clarity defined as follows: "Business unit". in relation to any premises, means a building or section of a building or containers, occupied or used for shops, offices, hotel rooms accommodation establishments, caravan parks etcetera."

Various definitions and interpretations of the term business units, through a simple internet search confirm the principle that a business unit is construed as a unit with common features of a specific purpose composed of people with different skills and knowledge having their own goals and objectives, which is confirmed by yourselves in the listing of shops and businesses accommodated in the various portions of the premises in question.

The Municipality therefore maintain that the definition, interpretation and application of the principle whereby a business unit is defined, is relevant and appropriate for the application of the tariffs as per the tariff listing.

A Basic Charge is defined in the tariff policy as follows:

"Basic charge", is a charge intended for the recovery of the fixed and overhead cost components associated with a service, irrespective of the extent to which a service is consumed or used, it covers inter-alia cost associated with distribution, maintaining the reticulation network and other infrastructure and equipment and billing-related costs, institutional cost, and other administrative costs , plus the cost of the meter, servicing and reading the meter, mailing the bills and maintaining customer records.

The essence of the term has not changed, and the amendment only serves to provide additional information on the purpose of the basic charge.

The purpose of the basic charge is not limited to the cost of reading and maintain the meter, it relates to the overhead cost of the water and sanitation service, the maintaining of the network and associated infrastructure, staffing cost, etcetera.

The guidelines for compulsory national standards issued in supporting the Regulations issued under Section 10 of the Water Services Act, (Act 108 of 1997), determine the following respect of Service Tariffs with specific reference to fixed charges “ Any tariff set by a water services institution for the supply of water services to a consumer may include a fixed charge regardless of the amount of water that is consumed or effluent that is disposed of, there are fixed costs that are incurred by a water services institution that must be recovered. This includes for example, the costs of employing staff, maintaining equipment and infrastructure, metering, billing and running offices.

In the case of Bitou Municipality these fixed charges are billed to customers as the basic charge. As per the above extract these charges relate to both water and sanitation charges.

The Municipal Water Bylaw, promulgated on 20 October 2009, in Provincial Gazette 6668, Section 32(8) reads as follows ” Where in the opinion of the municipality it is not reasonably possible or cost effective to measure water supplied to each consumer within a determined zone, the municipality may in terms of its tariff policy determine a basic tariff or charge to be paid by each consumer within that zone irrespective of actual consumption.”

The Bylaw, under paragraph 5 further determines the following in respect of fixed charges for water Services:

5. Fixed charges for water services

(1) The municipality may, in addition to the tariffs or charges prescribed for water services actually provided, levy a monthly fixed charge, annual fixed charge or once-off fixed charge in respect of the provision of water services in accordance with—

- (a) its tariff policy;
- (b) any by-law in respect thereof; and
- (c) any regulations in terms of Section (10) of the Act.

(2) Where a fixed charge is levied in terms of Subsection (1), it shall be payable by every owner or consumer in respect of water services provided by the municipality to him, her or it, whether or not water services are used by him, her or it.

Sewer Charges

Similar to the acknowledgement of the objector that the individual shops have water connections, it is assumed that they generate effluent that is disposed of in the municipal wastewater system. Effluent in accordance with the Department of Water and Sanitation, Norms and Standards, 2015, schedule 2, point 2 (d) includes wastewater arising from domestic and commercial activities and premises, which may contain sewage. In addition, thereto the municipal sanitation Bylaw defines sewage as follows; “sewage” means wastewater, industrial effluent, standard domestic effluent and other liquid waste, either separately or in combination. It is therefore not a requirement that a toilet must be present to generate effluent disposed in the wastewater system of the municipality.

Like the determination of fixed charges for water services, the Department of Water and Sanitation, Norms and Standards, 2015 defines fixed charges as “a constant charge levied for any determined period irrespective of the amount of effluent discharged or disposed of”

The Bitou Municipality, Sanitation Bylaw Section 51(2) determines that Charges shall be payable in terms of the municipality’s tariff policy when the service is rendered which fact is not in dispute, and Section 54 determine the liability in respect of multiple customers on the same premises whereby the owners, or the persons having charge, or management of the premises, as the case may be will be liable to the municipality for the tariffs and charges for all sewage disposed from the premises through such a single connecting sewer, irrespective of the different quantities disposed by the different consumers served by such connecting sewer.

There is an acknowledged that the shops/business units in question, indeed have on-premises water connections and do generate wastewater effluent that is connected to the water-borne sewer system of the municipality.

This confirms the position of the municipality in accordance with the Chapter 1, general provisions of the water By-law, specifically paragraph 2 wherein it is stated as follows in respect of the application of services:

“Where a premises or consumer are provided with water services, it shall be deemed that an agreement in terms of subsection (1) exists, Section (1) refers to the access to the water supply system and the sewage disposal system.

It is the position of the municipality that it is justified to charge each individual tenant a basic sewer charge as the individual shops or business units are indeed provided with water connections and do generate effluent disposed into the sewer system of the municipality, the effluent generated is not limited to toilets alone and effluent generated through any wastewater system or process is therefore taken into account.

The sanitation By-law paragraph 51 (2) confirms that Charges shall be payable in terms of the municipality’s tariff policy when the service is rendered.

The Local Government Municipal Systems Act, (Act 32 of 2000)

The tariff policy does contain the principle of equity, as all similar customers are treated the same in respect of the applicability of the tariff to customers where multiple business units are situated on one premises. The tariff policy is applied consistently to all similar categories of consumers in the entire area of jurisdiction of Bitou municipality confirming the fairness in the application thereof.

Although Section 74(2)(b) refers to payment in proportion to the usage of the service, the By-law, tariff policy, norms and standards etcetera, allow the municipality to charge a fixed/basic charge irrespective of the extent to which the service is used, the charge thus levied represents the minimum charge applicable to all similar categorised customers.

The municipality needs to reiterate that it does not differentiate or discriminate against any customer type as all similar customers are treated the same way in the application of tariffs and charges.

The municipality would like to reiterate that the tariff policy and tariffs are applied uniformly and fairly to all customers throughout the municipal region.

Upon considering the question of fairness of application of the tariff policy, consideration cannot be limited to certain client categories, as not only are all similar customers treated the same, but if a comparison is made between business units and a small household or even a RDP house (40m²) where the household income barely exceed R5000 per month indigent threshold, it should be clear that the RDP household is charged excessively more for services when compared to a shop measuring between 37m² and 312m² when both properties are charged a singular tariff for access to basic services being water and sewerage.

The tariff policy indeed underlines the principle and objective of equality, reasonability and fairness to specific categories of consumers and is consistently applied throughout the area as such, furthermore it does provide reliable, sustainable and affordable services to all, as all business units are expected to contribute equally to the revenue basket of the municipality, it would indeed be unfair and inequitable to exclude 21 shops from this contribution or reduce their contribution to one unit whereas all single residential properties and single business units are expected to contribute in a similar manner.

Input 2

Kranshoek is Gatvol Campaign through Mr M Jooste raised the following matters:

1. Maintenance of gravel roads and tarring of new roads for a combined amount of R6.4 million
2. Housing in Kranshoek including the upgrade of RDP houses and applying for funding for new RDP houses from the Department of Human Settlements.

Response to Input 2

Maintenance of gravel roads is provided on the municipal budget and will proceed in accordance with the priorities of the maintenance program of the roads division, the request for new roads will be included in the IDP document for consideration in future budget cycles. It is unavoidable to point out that the Kranshoek area has an average monthly debtors payment rate of less than 10% and owe a combined debt in excess of R111 million. Roads continue to be a rates funded service and if the payment rate were comparable with any other average paying area, sufficient cashflow would have been available to immediately address the need. The municipality unfortunately do not have the resources available to address these needs over the MTREF period and provision would need to be made after the outer year of the MTREF when cash flow becomes available to fund it from own resources if possible.

The municipal Housing pipeline do include Kranshoek but it is currently in the planning phase and it is always subject to the availability of funding from the department of Human Settlements.

Input from ward meetings

The input from wards received through the public participation process is summarised hereunder, a response to the issues raised are provided in *RED, Italic* in **BOLD** lettering for ease of reference.

Ward 1 – Green valley and Kurland

- Sports Facilities: ***Item has been addressed by adding a capital item for the upgrade of sports fields and the maintenance budget for work in all wards has been topped up.***
 - Both areas reported a lack of proper sports infrastructure.
 - Rugby fields do not meet SWD Rugby requirements due to poor maintenance and inadequate infrastructure
 - The Craggs soccer field lacks fencing and lighting, making it unusable in the evenings and vulnerable to roaming animals.
 - Netball courts in both areas are in poor condition due to substandard workmanship by a previous contractor.
 - The Craggs cricket club appealed for a basic concrete slab to practice on.
 - Housing Development: ***Part of the Capital budget is outer year (2027/28) civil work planned for Kurland 1500 households which is the 1st step in the housing project. Therefore, this is in the plans of the municipality***
 - Communities expressed frustration over the slow pace of housing developments.
 - Road Infrastructure: ***The Municipality will liaise with Provincial Government in the concerns raised, where the municipality can assist, budgetary provision for maintenance of roads has been made.***
 - Green valley residents raised concerns about the poor condition of the entrance road, Pine Street.
 - There is growing frustration over the condition and lack of attention to the provincial road through Green valley.
 - Other Service Delivery Concerns: ***The Municipality will liaise with ESKOM on the matter and will revert any communication back to the community.***
 - Ongoing dissatisfaction with the quality of Eskom service delivery in Bitou.
 - The condition and functionality of the Kurland community hall was raised as a concern.
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Ward 2

- Maintenance and Basic Services: ***Budget has been made available for the below as it is part of the normal operating budget***
 - Residents expressed general satisfaction.
 - Minor complaints were raised regarding the upkeep of taxi rank ablution facilities, grass cutting, and bush clearing.

Ward 3

- Basic Infrastructure: ***Budget has been made available for the below for the maintenance as it is part of the normal operating budget.***
 - Shared concerns with Ward 1 about poor maintenance of public ablution facilities.
 - The slow progress of housing projects remains a key issue.
 - Other Infrastructure Needs: ***Bus shelters have been budgeted for the capital budget. Bitou to liaise with the department of Education regarding the matter.***
 - Requests for improved bus shelters and attention to maintenance.
 - The community enquired about the status of the request to the Department of Education for the establishment of a primary school.
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Ward 4

- General Maintenance: ***Budget has been made available for the below for the maintenance as it is part of the normal operating budget.***
 - Most feedback related to street cleaning and general maintenance.
 - Housing and Governance:
 - Housing-related concerns were common.
 - Some complaints reflected broader political frustrations within the ward.
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Ward 5

- Maintenance and Basic Services: ***Budget has been made available for the below for the maintenance as it is part of the normal operating budget. Sewer upgrades and high mast as well as streetlights have been budgeted for.***
 - Residents expressed concerns over lighting in the area or lack thereof as well as maintaining the current infrastructure in the area
 - Land for small scale farming a continues concern vs the availability of land
 - Sewer infrastructure maintenance and sewer upgrades a continuous concern as the stench in the air is unhealthy
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Ward 6

- Maintenance and Basic Services: ***Budget has been made available for the below for the maintenance as it is part of the normal operating budget. Sewer upgrades and high mast as well as streetlights have been budgeted for. Sewer reticulation concerns will also be attended to as part of the next housing phase in the area.***
 - Residents expressed concerns over lighting in the area or lack thereof as well as maintaining the current infrastructure in the area
 - Land for small scale farming a continues concern vs the availability of land
 - Sewer infrastructure maintenance and sewer upgrades a continuous concern as the stench in the air is unhealthy
 - Housing and Facilities: ***Part of the Capital budget is outer year (2027/28) civil work planned for Kwanokuthula, which is the 1st step in the housing project. Thus, this is on the plans of the municipality. It must be pointed out that the municipality remains subjected to the availability of funding from the department of Human Settlements.***
 - Communities expressed frustration over the slow pace of housing developments.
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Ward 7

- Road and Sanitation Issues: ***Budget has been made available for the below for the maintenance as it is part of the normal operating budget. Sewer upgrades are part of the Capital budget as well as stormwater upgrades.***
 - Gravel roads remain a major challenge.
 - Sewerage spills caused by illegal connections and inadequate infrastructure were reported.
 - Stormwater drainage issues were also raised.
- Housing and Facilities: ***The Municipality will take it up with Provincial housing department and give feedback to the community once an answer is received.***
 - Calls for inclusive housing developments that cater to the marginalised within the community.
 - Maintenance and condition of the community hall was a key concern. ***Budget has been made available for the maintenance as it is part of the normal operating budget.***