

***REVIEW OF RATES, SERVICE
CHARGES AND CONNECTION FEES
ACROSS METROPOLITAN CAPE TOWN***

By

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Children fetch water at a standpipe in Brown's Farm, Philippi

Contents

Section	Page no.
Problem Statement	1
Purpose and Methodology	1
Key Challenges to Local Government	2
Local Government Finance: An Overview	2
4.1 Recent History	
4.2 Current income and expenditure	
4.3 Inter-governmental transfers	
Policy and legislative framework	4
5.1 Local government budgets	
5.2 Property tax	
5.3 Service tariffs	
5.4 Subsidies for the poor and indigent	
Policy and Practice in the Cape Metropolitan Area	5
6.1 Setting of rates and tariffs across the CMA	
6.2 Municipal budget patterns	
6.3 Property taxation	
6.4 Service tariffs and other charges	
6.5 Service connection fees	
6.6 Non-payment and credit control	
6.7 Policies relating to indigents	
7. Impact of the Policies and Practice	12
7.1 Property tax	
7.2 Service charges	
7.3 Connection fees	

8. Conclusions and Recommendations

14

- 8.1 General
- 8.2 Property tax
- 8.3 Tariff structures and subsidies
- 8.4 Connection fees
- 8.5 Credit control

Appendix i. Municipal budgets

Appendix ii. Property rates

Appendix iii. Service tariffs and connection fees

Appendix iv. Bibliography

1. PROBLEM STATEMENT

Access to basic services for all South Africans is a right enshrined in the Constitution. The Bill of Rights provides that “Everyone has the right to have access to sufficient food and water” (Ch.2, 27(1)) and “Every child has the right to basic nutrition, shelter, basic health care services and social services” (Ch. 2, 28(1)). It follows that “The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights” (Ch.2, 27(2)).

The constitutional mandate for realising these rights lies with local government. No longer responsible for implementing the policies of apartheid, local government is at a critical stage of transition. Developmental local government, as outlined in the White Paper on Local Government (March 1998), has been tasked with spearheading transformation through the promotion of equity and poverty alleviation.

Poverty in South Africa has long been accentuated by unequal access to municipal services, and in the fight against poverty, tariff and taxation structures are extremely important¹. The setting of tariffs and taxation are central functions of local government and within a broad policy, legislative and financial framework, they retain significant autonomy in this regard. The strategic implementation of these functions can have a positive impact on the redistribution of resources within the city and on the fight against poverty. Their ill-conceived implementation could, on the other hand, lead to a new form of apartheid.

2. PURPOSE AND METHODOLOGY

In recognition of the above, DAG has carried out a review of the policies and practices relating to rates, service charges and connection fees across the Cape Town Metropolitan Area (CMA) to assess the situation in so far as the lower income groups are affected.

While the review relates to the issue of local government finance, this is a complex and specialised area and it is not the intention to make detailed recommendations in this regard. The aim of this paper is to highlight important shortcomings in the current systems and to make general recommendations which can help inform the development of new local and national policies.

¹ See Parnell, et al, 1998

Information on operational budgets, service tariffs, connection fees, policies and property tax charges, credit control and indigents policies was collected from the 6 Municipal Local Councils (MLCs) in the Cape Metropolitan Area: Blaauwberg, South Peninsula (SPM), City of Tygerberg, City of Cape Town (CCT), Helderberg and Oostenberg. Interviews were held with officials from each, with the exception of South Peninsula. A small sample survey of rate-payers and consumers was also conducted. This involved identifying households in what were considered to be similar value suburbs in each MLC area in order to identify and contrast monthly rates and service charge payments.

The review proved more complicated than anticipated for a number of reasons. Some of the information was difficult to obtain and on several occasions there was inconsistency in data provided by different departments within the same municipality. Moreover, each MLC has a different approach to setting tariffs and compiling its operating budget. For example, in some instances refuse and cleansing income and expenditure is included in the figures for rates, in others, administrative costs for water and electricity are combined, making it difficult to draw useful comparisons.

For the purposes of this review, basic services are defined as the provision of water, electricity, sewerage, refuse collection and cleansing.

3. KEY CHALLENGES TO LOCAL GOVERNMENT

In the newly amalgamated local governments, well resourced and serviced areas co-exist with the previously disadvantaged areas under one tax base. The severe discrepancies created by the apartheid city can only be redressed by proactive local government action. This means massive local spending on both the provision and the upgrading of (often severely deteriorating) services to the former townships and anti-poverty strategies that redistribute resources and alleviate the burdens on the poor. This is necessary not only to redress past inequalities and promote poverty alleviation but to create efficient functional cities capable of competing within the national and global economy.

In the face of these challenges, local governments are handicapped by severe fiscal constraints. The Financial and Fiscal Commission points out that local governments are now providing services to five times more people than in the past, but without a corresponding increase in the tax base.² Moreover, the history of rent and service boycotts is crippling; in 1996, total arrears in the CMA amounted to R2 billion.³ With an estimated 30% of South Africa's local governments technically bankrupt, the establishment of financial viability is a critical concern.

At the same time as having to address these developmental and financial challenges, local governments are undergoing major restructuring. In the Western Cape, where local elections were delayed, several of the MLCs are only now finalising the process of consolidating their constituencies and institutional restructuring. Further restructuring is imminent with the recent parliamentary approval of the Municipal Structures Bill which will mean the amalgamation of the 6 MLCs into a unicity.

² Mail and Guardian, February 26 – March 4, 1999

³ Foundation for Contemporary Research, 1998

4. LOCAL GOVERNMENT FINANCE: AN OVERVIEW

4.1 Recent history

Under the apartheid government, the African townships were fiscally separate from the white local authorities. The Black Local Authorities (BLAs) had virtually no tax base. In 1977, 54.8% of the total income of the black administrations came from sorghum beer brewing and liquor distribution. With the privatisation of beer halls in the 1980s, they lost the only source of revenue they had.⁴

With their relatively wealthy constituencies, the white local authorities were able to set service tariffs at a cost recovery rate. Surpluses were generally made on the trading services, water and electricity, in order to subsidise the costs of other services.

4.2 Current income and expenditure

The main sources of operating income for local governments, now operating under a single tax base, are derived from tariffs for trading services such as water and electricity, property taxes (rates), fiscal transfers from other tiers of government and loans or capital raised on the capital markets. The main expenditure of local government is the provision, upgrading and maintenance of public services, infrastructure projects and administration.

In the financial year 1997/98, Department of Finance (DoF) figures show that the total national income from electricity, water and sewerage amounted to 44% of total local government income. For the same year, property taxes amounted to 15.5% of total revenue. Inter-governmental grants, amounting to 34%, were the other main source of finance.

4.3 Inter-governmental transfers

National government provides both capital and recurrent subsidies to local government. One of the targeted grants, the Consolidated Municipal Infrastructure Programme (CMIP), provides capital grants for the provision of bulk and connector infrastructure allocated through provincial administrations. Operational support to municipal local governments is also provided through an "equitable share" allocation of the national fiscus. For the financial year 1998/99, R1.024 bn was distributed to municipalities across the country, allocated according to greatest need.

The equitable share effectively replaces most of the former national to local government inter-governmental transfers (IGTs). In principle, the grant compensates local authorities for the recurrent provision of services to communities who are too poor to cover the costs themselves. However, pending further targeting guidelines from the Department of Constitutional Development (DCD), for the financial year 1998/99 the equitable share takes the form of an unconditional, consolidated grant for operational expenditure to be utilised at the discretion of the local authority.

Financial support for local government from the national fiscus has declined significantly over the past few years. According to Murphy Morobe of the Financial and Fiscal

⁴ Van Ryneveld, Philip, November 1991

Commission, local government currently receives approximately 0.5% of national revenue. And in the financial year 1999/00, according to the Foundation for Contemporary Research, transfers to local government will be reduced by a further 10% in nominal terms. The implication of the continued reductions in inter-governmental transfers for operating costs is that more than 90% of expenditure currently has to be found from local government's own revenue sources.

Each MLC in Cape Town also depends heavily on transfers from the Cape Metropolitan Council (CMC). The bulk of these are derived from (former) Regional Services Council levies.

5. POLICY AND LEGISLATIVE FRAMEWORK

5.1 Local government budgets

National government has important monitoring and oversight responsibilities with regard to the financial affairs of local authorities. The Department of Finance (DoF) issues budget guidelines and approves each council budget. It also has the authority to set ceilings on expenditure increases and subsidies.⁵

5.2 Property tax

National legislation relating to valuation methods drawn up in 1993 requires councils to assess properties at market value. Within this, they are free to apply their own tax base definition.⁶ However, this legislation only applies when a full new general valuation is conducted and on all interim valuations (conducted on all properties where improvements have been carried out). Pending further legislation, the 1944 legislation applies, where land is valued according to market value and improvements on the cost of construction less depreciation.⁷

New national legislation is in draft form. The proposed Local Government Property Rating Bill first discussed at MinMEC in October 1998 outlines in detail the methodology for conducting and implementing a general valuation but still concedes autonomy to the local authorities with regard to both the tax base definition as well as the cent in the Rand figure. At the time of writing, this Bill was not yet passed.

A Western Cape Provincial Ordinance defines the tax base as the value of the land plus improvements, and requires that the MLCs do not exceed a taxation rate of 2 cents in the Rand without Provincial approval.

5.3 Service tariffs

⁵ For example, in 1996/97 CMC and MLC budget approvals were delayed by the Department of Finance because the levels of operating subsidy were considered too high. They were approved only on condition that the CMC subsidies would be reduced in subsequent years

⁶ The definition options are: site (land) only; site and improvements (top structure); or composite site and improvements, where one component is weighted more heavily

⁷ Van Ryneveld, 1997

A national tariff policy framework can be identified from a combination of pieces of legislation: the White Paper on Water, the Local Government Transition Act, 1996, the National Sanitation Policy, the Municipal Infrastructure Investment Framework and a NEDLAC Memorandum of Understanding - between the DCD and South African Local Government Association (SALGA) - on tariffs.⁸ The National Electricity Regulator controls tariff increases for this trading service. The anticipated restructuring of the electricity sector is likely to result in the electricity distribution role of local governments being replaced, although some revenue from profits will be retained.⁹

So, within the legislative and policy guidelines issued by various departments, the budgetary parameters set by the DoF, and with IGTs available from other tiers of government, local authorities have significant autonomy in determining rates, service charges and connection fees.

5.4 Subsidies for the poor and indigent

National legislation is currently confused about provisions for indigents and the use of subsidies for lower income groups, although a national indigents policy is in the pipeline. Most government documents identified above emphasize payment for services received. At the same time, the constitution and the NEDLAC memorandum require that “the provision of basic services should not exclude the poor and indigent, and the level and standard of the service available should not be determined by the prices they pay for such services”.¹⁰

The White Paper on Water calls for cost recovery on water provision as a principle, but for the waiving of those charges in order to promote equitable access (White Paper, 1997). The Draft White Paper on Energy calls for “moderately subsidised” tariffs in order to promote equity. The DCD in the Municipal Infrastructure Investment Framework (MIFF) documentation (replaced by CMIP) says that the poor should not have to pay tariffs.

Provincial legislation for indigents applies only to property taxes. This takes the form of rebates on a sliding scale of up to 50% for the “elderly with limited means”.¹¹

6. POLICY AND PRACTICE IN THE CAPE METROPOLITAN AREA

6.1 Setting of rates and tariffs across the CMA

There is currently no co-ordinated approach to the setting of tariffs, connection fees, rates or credit control policies within the CMA. Each MLC is determining its own charges based upon the principle of cost recovery. While the need for increased co-ordination and uniformity of approach is generally recognised by the officials interviewed, action is frequently said to be on hold pending the implementation of the Municipal Structures Act and the forthcoming Property Rating Bill.¹² The Municipal Structures Act means that the 6 MLCs will be integrated into a metropolitan-wide structure.

⁸ Parnell et al, 1998

⁹ Olivier, May 1998

¹⁰ NEDLAC Agreement, cited in Parnell, et al, 1998

¹¹ Van Ryneveld, 1997

¹² The first official draft of the Property Rating Bill will be available for comment in May 1999

6.2 Municipal budget patterns

Refer to Appendix i.

The MLCs rely heavily on operating grants and transfers from the Cape Metropolitan Council (CMC) to balance their budgets. In the financial year 1998/99, a total of R518 million was distributed to the MLCs from the CMC from Regional Services Council (RSC) levies. R176 m of this supports their general operating budget and a majority of the remaining R342 m is focused on capital investment projects, with some small grants for restructuring and planning costs. In addition, the equitable share amount of R103 m is channelled through the CMC and distributed to the MLCs according to a formula provided by national government.

Each of the municipalities are experiencing financial stress in their operating budgets. This, the officials claim, is a result of reductions in IGTs for operating costs and continued non-payment for services. For example, Tygerberg has experienced a drop of R45 million from the financial year 1997/98 to 1998/99 in IGTs for its operating costs.

Dependence upon income from trading services (electricity and water) varies between MLCs. Average income from trading services is 42%, compared with a national average of 44%. Sales from electricity brings in the largest amount, ranging from 23% of income in Blaauwberg to 34% in Helderberg.

Income from rates as a percentage of total operating income in the CMA is between 24% and 25%. This is high compared to the national average of 15.5%, but not surprising given the relative high density of the CMA.

Although not reflected in the budgets, the widespread non-payment for services is debilitating. At the time of writing, CCT has arrears in water alone of R70m and Tygerberg has an estimated 98% service non-payment in the township of Khayelitsha. Related to the non-payment for services, and equally crippling, is the extensive non-payment for public rental housing in the MLCs. SPM and CCT, which hold a majority of the public rental stock in the CMA are the worst affected; in CCT the rental arrears amount to R56m. The fact that the budgets appear to balance is not, therefore, an accurate picture of reality, because it is based upon the assumption of full payment.

6.3 Property taxation

Refer to Appendix ii.

At the time of municipal restructuring in May 1996, the newly formed MLCs inherited different valuation rolls ranging from 1974 to 1995, but with no valuation in the former townships and informal areas. This means that rates were levied on a different basis in the various different suburbs across the CMA.

In 1996, Helderberg Municipality carried out and implemented a full new property valuation based upon land and improvements. This means that there is consistency in the rates levy across suburbs based upon estimated property value. Simultaneously, Blaauwberg, CCT and SPM decided to initiate new, general valuations based upon land (site) only. However, while the land only approach is administratively simpler and quicker, it was subsequently

considered to be in conflict with forthcoming legislation which stipulates a site and improvements valuation for the whole country. So before the process was even completed in CCT and SPM, the valuation was halted.

The City of Tygerberg implemented interim valuations only, with deemed (interim) amounts for the informal and African areas such as Khayelitsha that were not previously in the property rates base. Oostenberg has not attempted any general valuation, pending implementation of the forthcoming national legislation. A consistent, site and improvements valuation for the whole CMA will be initiated following the national elections in June 1999, with the implementation date set for the year 2001.

In the meantime, with the exception of Helderberg, the other 5 MLCs are still using outdated and disparate valuation dates as the basis of their rates calculations. Increases over the years have taken the form of a blanket percentage applied across municipal areas and are not in accordance with real (i.e. market) values. Interim valuations have been carried out only when physical changes are made to the property. This situation means that there is a vast range of different tax liabilities for similar properties across the metropolitan area.

In order to address the disparity and inequity in the interim, CCT and SPM have recently proposed an area differentiated rates increase, whereby residents will pay a percentage increase (or decrease) on the current value of their property taking into consideration property value increases in different areas over the past 20 years.

Fully updated property valuations have only been completed in Blaauwberg and Helderberg. The base information on land and ownership is still outdated and sometimes non-existent in the other 4 MLCs, with the former BLA and informal areas not yet fully documented and integrated into GSI systems.

Under pressure to generate funds through their own revenue sources, the MLCs are increasingly dependent upon property taxation as a major income component. In SPM a 19% blanket increase in rates was proposed for 1998/99 to make up the deficit and in CCT a 10% increase was implemented. The SPM increase was not implemented, however, following widespread resistance within its constituency. Somewhat ironically, the challenges do not relate to the large increase but to the unequal valuations that apply to different suburbs.

It is argued by most MLCs that the taxable rates base in Metropolitan Cape Town is not large enough to generate sufficient income to service the city and cover present deficits without major hikes taking place. Such increases, they argue, would be politically unacceptable. Only Tygerberg claims that its rates base is expanding rapidly enough to render increases in taxation unnecessary.

The cent in the Rand figure also differs within and between each MLC. Following the implementation of new valuations, the cent in the Rand will be common within each MLC but may vary between them.

In each of the MLCs, with the exception of Oostenberg, the former black townships and informal areas are gradually being integrated into the property tax roll. In the previous dispensation no rates were levied in these areas. Pending the full incorporation of these areas, only a blanket community service charge is being levied by the MLCs. Due to the

difficulties of valuing properties according to market value, in both Tygerberg and Helderberg a valuation of R40 per m² is being implemented as an interim measure in the former black areas.

6.4 Service tariffs and other charges

Refer to Table A and Appendix iii.

N.B. All tariffs under discussion apply to residential consumers and not businesses.

Table A: Monthly service and interim rates charges in former black townships and informal areas

Monthly charges in former townships and informal areas		
	Formal (de jure ownership)	Informal (de facto ownership)
City of Cape Town	R40,72 fully serviced R30,72 lower service level	R25 Minimal services, no charge
Blaauwberg Municipality	R49,25	R15
South Peninsula Municipality	As other non-township areas.	R35 fully serviced R20 lower service level
City of Tygerberg	R32,10 plus rates	R32,10
Helderberg Municipality	R95 inclusive of rates (with rebates for indigents)	R21.50
Oostenberg Municipality	No charge	No charge

Each MLC is determining service tariffs on the basis of cost recovery - and profit in the case of water and electricity. This is done by attempting to ring-fence the costs. Increases in basic service charges for the financial year 1998/99 of between 6 and 12% were implemented in most MLCs.

An explicit policy of subsidising lower income groups exists formally only in Blaauwberg where a specific set of tariffs are applied to the subsidy housing project areas.

With the exception of Oostenberg, the MLCs apply a flat combined rate for services in the former township and informal areas as an interim measure. In CCT this charge is applied to the informal areas only. In CCT and SPM the charge differs according to the level of services in the area, for example, whether the households have their own or shared water supplies, flush or bucket toilets. In most cases there is no charge where there are minimal services. There is also a distinction drawn between areas with informal or formal tenure. In the case of the latter, Helderberg, Tygerberg and SPM charge rates as well as community service charges. While the Helderberg rates and service figures for formal areas seem high, there are provisions for indigent households who, once registered with the municipality, pay a reduced amount.

Tariffs for electricity vary considerably between MLCs. They also vary within municipalities according to the form of provision – whether they are pre-paid or conventional meter connections. In Tygerberg and Oostenberg, the charges are slightly less for pre-paid

meters at 23c/kw as opposed to 24c/kw for conventional meters. Helderberg, Blaauwberg and Eskom (when they provide a direct supply) charge significantly more for pre-paid meter electricity supplies, with a 8c/kw differential in Helderberg. The rationale for this is the higher cost of administration involved. In CCT and SPM, there is no difference in the charge.

In Blaauwberg, Oostenberg, Helderberg and Tygerberg, electricity is purchased from Eskom. CCT still generates some of its own electricity which it also provides to SPM. In the 4 MLCs the baseline price of electricity is largely determined by Eskom's bulk sale price. SPM's electricity is provided through CTM and SPM receives a percentage of the surplus (figure not available). In several of the former BLA/informal areas, Eskom is now providing electricity directly and charging its own rates.

Water tariffs in all MLCs are all based upon block tariff structures so that higher consumption consumers pay more per kilolitre. This is in accordance with guidelines laid down by the Ministry of Water Affairs. The block tariffs vary between the MLCs, with the greatest cross subsidy from high to low consumers taking place in SPM and CCT (0-10kl per month: R1,05kl and for next 120kl per month: R2,22kl).

In most of the former townships and informal areas water meters are in the process of being installed. In the interim, where there are no meters, water is charged as a blanket amount or as a component of an interim community service charge. In Helderberg the installation of pre-paid water meters is about to be tested in one of the former townships in an effort to obtain payment for the service.

Outside the townships and informal areas, water and electricity are always charged separately from rates, calculated on the basis of consumption.

Sewerage is provided as a bulk service by the CMC. Each MLC pays the CMC for the amount of sewage processed.

Sewerage tariffs in each MLC vary considerably in terms of the calculation method and the charge itself. There is no consistent logic or approach to the setting of the sewerage tariffs. Helderberg, Oostenberg, and some areas of Blaauwberg and SPM charge a blanket tariff per household which varies from R3 to R50 per household per month. In parts of CCT and SPM, sewerage is charged as a component of rates and thus determined by property values. Sewerage tariffs in some areas are even based upon water consumption levels. In the former BLAs and informal areas, sewerage is generally charged as a blanket, often nominal, amount per household, and charged as a component of a community service charge. Blaauwberg has a different approach in each of its inherited areas.

In some MLCs, refuse removal and cleansing costs are included in rates, in others, the fee is charged as a separate amount. Sometimes the tariff is determined by the area, and other times by the form and frequency of service. In the former BLA areas and informal settlements, the charge is included in a blanket service charge. There is no consistency in the setting of refuse removal costs, and we were informed that in all MLCs the charges seldom cover the cost of the service.

6.5 Service connection fees

Table B: Connection fees for services to township and subsidised housing areas

	<i>Cape Town</i>	<i>Blaauwberg</i>	<i>South Peninsula</i>	<i>Tygerberg</i>	<i>Helderberg</i>	<i>Oostenberg</i>
Water (15mm)	R1 316 (20mm)	R460	R570	R855	R627	R636
Sewerage (100mm)	Prop. value < R75 000 = R1 650	R655	Prop. value <R100 000 = R700	R741 plus inspection fee	R877 incl. inspection fee	R440
Electricity: Pre-paid meter	Free	R815	Free	R850 + deposit R100	R787 + deposit	R692
Electricity: Conventional meter	Varies per meter	R715	Varies per meter	R300	R400	R339

In all the MLCs, connection fees for water and sewerage are charged as an upfront cost to the consumer. In CCT, SPM and parts of Blaauwberg, sewerage connections are calculated according to the value of the property. In CCT, for all properties with a value of less than R75 000, the minimum connection charge (for 100mm) is R1 650; for properties worth R75 000 to R120 000, the cost is R2 474, and for properties over R120 000 the connection fee is R3 300. In SPM, the charge for properties with a value of less than R100 000 is R700, and anything of a higher value is R3 000. In Tygerberg, Helderberg and Oostenberg, the charge is determined purely by the size of the connection pipe, ranging from R440 inclusive of inspection fee in Oostenberg to R877 excluding inspection fee in Helderberg. In Blaauwberg alone, there is a specific connection charge for new subsidy housing areas, of R655 for a 100mm connection.

In CCT and SPM the connection fee is determined by the value of the property, but in CCT, even for the lowest band the charge is R1 650 compared to the standard fee of R440 in Oostenberg. Again, Blaauwberg is the only MLC to have a tariff specifically for subsidised housing areas, although the figure is more than is being charged in Oostenberg.

With the exception of Blaauwberg, which again has a set price for subsidised housing areas of R460, water connections in the other 5 MLCs are calculated according to the size of the connection. This ranges from R855 in Tygerberg to R570 in SPM for a 15mm pipe. In CCT, however, where the minimum size connection is 20mm rather than 15mm, the upfront cost is R1 316.

As far as the electricity connection fee is concerned, the charges are also upfront. For conventional (as opposed to pre-paid meters), the costs are as follows: CCT and SPM charges differ according to the length of the connection, at R384 for administration then R17 per metre for duct and labour at R56 per metre. In Blaauwberg, the flat cost is R715; in Tygerberg R850 plus deposit of R300; in Helderberg: R787 plus deposit of R400. In Blaauwberg, where Eskom provides electricity directly, the conventional connection cost varies, but the deposit alone is R450. In Oostenberg, the tariff is only R339.

Pre-paid metre connection charges are free to consumers in CCT and SP. In Tygerberg and Helderberg, the cost is less than for a conventional connection, with no or minimal

deposits required. Blaauwberg, Oostenberg and Eskom charge more for pre-paid meter connections at R815, R692 and R800 respectively.

6.6 Non-payment and credit control

Repayment levels for rates and services vary across the CMA and within MLCs. Unsurprisingly, payments are less in the former townships and informal areas - consistently the lower income areas and areas with a history of boycotts. It was brought to our attention during the survey, however, that in many of the townships residents are not receiving invoices for services rendered. According to officials at CCT, however, rates arrears in the former white and coloured areas are also high.

Almost all of the MLCs are adopting a policy of disconnecting water and electricity for non-payment (Helderberg was informed by its legal advisors that it is constitutional to cut water supplies, but unconstitutional to reduce the supply level). Sewerage and refuse collection are continued in the case of non-payment.

All MLCs have attempted to address the Masakhane challenge through a combination of improved service provision and communication. The subsequent and current step is the development and implementation of strict credit control policies.

The most successful Masakhane campaign appears to be the CCT, whose efforts in the townships of Nyanga, Langa and Gugulethu have been rewarded with an increase from 18% to 53% in service charge payments over the past year.

In Tygerberg, the campaign has reaped fewer results, with over 90% non-payment in areas such as Khayelitsha. As a last effort to stimulate payments, the municipality has taken on an outside contractor to conduct a major information campaign in the area. If this still fails, we were informed that punitive measures will be implemented in 1999.

6.7 Policies relating to indigents

As already noted, national government is in the process of developing guidelines for an Indigents Policy for implementation by individual MLCs. However, it is not anticipated that the policy will be accompanied by a grant supporting the subsidisation of registered indigent households. It is expected that some of the "equitable share" inter-governmental transfer could be used for this purpose.

At the present time, only Helderberg is applying an indigents policy to rates and service charges in the former BLA areas. At the time of writing, none of the MLCs currently have provisions for indigents, apart from the property tax rebate that applies to low income pensioners. They all, however, acknowledge the need for an indigents policy. A metropolitan-wide task team is currently in place (with representatives of each MLC), to develop a policy for the whole CMA. Each MLC does, however, have a rebates system for rates, as provided for in the Provincial Ordinance. In most cases disabled and poor pensioners are entitled to a rebate of up to 40%, calculated on a sliding scale in relation to income.

Flexibility is also being practised with regard to rates and service charge payments when people are temporarily unable to pay. In most MLCs, individuals are granted temporary (3-

6 months) relief from payment provided that they have informed and entered into an agreement with the municipality. The terms of the agreement generally allow for the payment of arrears in instalments.

7. IMPACT OF THE POLICIES AND PRACTICE

Due to the major differentials in rates and service charges both within and between the 6 MLCs, it is almost impossible to draw useful comparisons and conclusions. However, some comments and analysis with respect to equity and the ways in which the current practice affects the poor are possible.

The survey of rates and service tariffs was carried out in order to contextualise the somewhat abstract data collected. It was an attempt to compare the cost of living in similar value suburbs in different MLCs and to assess the impact of the different rates and service charges. The comparative value of the suburbs was judged by both service levels and approximate market value. Unfortunately, while the survey requires more samples and details to make it a useful document, it did serve to highlight that people in the higher value, predominantly white, areas are extremely unhappy with their monthly rates charges. They believe that they pay too much for a deteriorating service. A similar attitude is common in the former townships. In the more middle income areas, people were consistently satisfied with the amount that they pay.

7.1 Property tax

Until full new valuations are carried out and implemented, there are a range of variations in tax liabilities for similar properties across the metropolitan area in the former designated white and coloured areas. For example, within Tygerberg, property values in the suburb of Belhar are based upon a 1974 valuation, compared to Durbanville, which was valued in 1993. The outcome is often inequitable, with certain neighbourhoods paying significantly more or less than the current value of their property warrants. In effect this means that some of the poorer areas are actually subsidising the wealthy.

The interim arrangement proposed by CCT and SPM of applying relative increases or decreases to different suburbs to make up the difference on outdated valuations, will go some way in reducing the inequity. However, until a full new city-wide valuation is carried out and applied with equity, the disparities will continue.

Properties in the former townships and informal areas are slowly being integrated into the property taxation and rating system. In the interim, two of the municipalities have applied a deemed valuation to formal properties in these areas of R40/m². The values and charges that will be applied in the future are not yet available to assess, but the intention of most MLCs is to implement regular property taxes and service charges (consistent with the former white and coloured suburbs) when households obtain individual tenure. The implication of this is that formal tenure will automatically bring with it significant, and perhaps untenable, increases in costs for lower income groups.¹³ This is the case in the site and

¹³ In a parallel DAG study, *An Evaluation of the Housing Policy in the Western Cape*, it was highlighted that many beneficiaries of the housing subsidy are unable to afford the costs of services concomitant with their new house. The result is large scale defaulting, with the *de facto* cost being carried by respective local councils

service suburb of Nomzamo in Helderberg, where residents are being charged a basic R95 per month for the deemed property tax together with services. However, in recognition of the fact that this charge is not affordable to many residents, the municipality is applying flexibility and reducing the amount for those people registering as indigents.

7.2 Service charges

In the former townships and formal areas, where services are provided, the policy of applying a flat rate community service charge means that these areas are gradually being brought into the city-wide and formal taxation base. However, the fact that this is a blanket charge that changes only insofar as the level of service provided differs means that it is inevitably inequitable because it does not allow for differences in properties or between households with different financial capacities. While the charge is low relative to areas where a property tax is applied, for many of the low income groups in the townships, the figure is relatively high.

While there are few formal subsidies to low income groups at present (with the exception of water), *de facto* subsidy of services is taking place due to the large levels of non-payment. For example, in the case of Khayelitsha in Tygerberg, we were informed by officials that there is a nearly 98% non-payment rate. This is also a problem, but to a lesser extent, in the former BLA areas of Cape Town.

There are also many instances where MLCs are not actually invoicing residents in the former townships for their service charges. This is the case in many parts of the CCT area, particularly in the recently developed subsidy housing areas, and in Oostenberg, where no charges have yet been levied in the two informal areas of Wallacedene and Bloekombos.

As far as electricity is concerned, in some instances different charges apply to the pre-paid and conventional supplies. However, electricity is typically more expensive when supplied through pre-paid meters, the form typically utilised by the lower income consumers.

7.3 Connection fees

With the exception of Blaauwberg, which has an explicit policy for subsidy housing areas, there are few provisions made for subsidising service connection fees for lower income groups. Where it does happen within an MLC it appears to be *ad hoc* and not applied to other services. Between the MLCs the charges vary significantly, for example, CCT charges more than twice the amount being charged by SPM for a sewerage connection.

CCT and SPM do, however, provide free connections for pre-paid electricity meters which are the predominant form of electricity supply in the lower income areas. In the other MLCs, and when Eskom supplies direct, the connection fee and deposit can be as high as R950, which is extremely high relative to financial capacity for most lower income groups.

The large upfront connection fees, particularly for electricity, are debilitating for lower income consumers, who often find the amount hard to raise - as we were told by beneficiaries in Marconi Beam. They also have the negative impact of eating into the housing subsidy, reducing the amount available for the top structure.

8. CONCLUSIONS AND RECOMMENDATIONS

8.1 General

This review set out to assess rates, service charges and connection fees across the CMA from the standpoint that the strategic application of these tariffs and taxes can help to redress the inequalities (and inefficiencies) of the apartheid city.

The Local Government White Paper (March 1998) defines a clear developmental and poverty alleviation role for local councils. Despite this, few mechanisms or guidelines are suggested for how to realise these responsibilities. Moreover, at the present time local government is hindered from being a good implementer of anti-poverty strategies because of its weak financial position.¹⁴

The review of operating budgets and discussions with officials revealed the extent to which this is the case for all 6 MLCs in the CMA. The large scale non-payment for rates and services, while hidden from the figures, contributes to the situation and inevitably affects local authority ability and willingness to provide (subsidised) services to lower income groups. Moreover, the progressive cutbacks in inter-governmental transfers to the relatively wealthy areas of South Africa, such as Cape Town, mean that the MLCs are increasingly dependent upon their own sources of revenue.

Recognising that this is the situation, this final section presents some general proposals for moving forward - in the short and long term - with more equitable and anti-poverty (pro-poor) approaches to tariffs and taxation.

As part of their constitutional and developmental mandate, local authorities have been charged with promoting the provision of basic services to all their residents. Investments in this sphere are particularly valuable to low income households in the fight against poverty. For example, a valid point was made by Robert Inman that receiving R100 in benefits means more to a family making R200 a month than one making R20 000.¹⁵

In the interests of both equity and economic and social sustainability, taxation and tariff structures need to favour the poor. Given the financial restrictions of local government at this time, this must take place in the most efficient manner possible. This means careful targeting of subsidies to the poor whenever possible.

De facto subsidisation because of non-payment for services is threatening the sustainability of local authorities. Policies relating to tariffs and taxation must take into consideration the issue of limited affordability of the poor. But while subsidisation is critical to combat poverty, it must be a controlled and calculated strategy. Recurrent subsidies must be quantified and a political and economic decision made as to the nature and form of the subsidy.

¹⁴ Parnell, et al, 1998

¹⁵ Robert Inman, Financial Times/Business Day 1998

When poverty is widespread and administrative capacity low, as is obviously the case in the CMA at present, then broad rather than narrow poverty targeting is more practical. This implies the implementation of supply - rather than demand - side subsidies. Such an approach is viable in a post-apartheid city such as Cape Town, because of the clear spatial manifestation (characteristic) of poverty.

The equitable share is a source of finance to local authorities that has been proposed by the DCD to support the provision of basic services to low income groups. However, the grant is unlikely to be sufficient to allow for the subsidisation of all indigent households and it is necessary for the municipalities to supplement the grant through their tariff and taxation mechanisms in order to allow for cross subsidisation.¹⁶

To ensure city-wide equity, tariff structures, property taxation, and associated policies such as connection fees, indigents policies and credit control need to be consistent across the metropolitan area. It is anticipated that this will take place with the implementation of the Municipal Structures Act and the creation of a unicity structure. As a general principle, however, in advance and in preparation for the unicity restructuring, clear, focused anti-poverty measures should be applied in each MLC.

8.2 Property tax

The current inequitable situation in the CMA with regard to rates will only be rectified upon implementation of the full new valuation in the year 2001. In the interim, the CCT and SPM approach of applying different percentage increases (or decreases) in the various suburbs in line with the relative increase in value, represents the most pragmatic option for the outdated records of the MLCs.

Significantly more resources are required to service and upgrade the previously marginalised and excluded parts of the city. Recognising the limitations of cross subsidisation in a city where the size of the low income population is high in comparison to that of the wealthy, Cape Town is still an extremely inequitable city. Moreover, relative to many northern countries, property tax in South Africa is low in relation to income. Therefore, property tax cross subsidisation potential must be maximised, but in a way that does not jeopardise local authority credibility. One way of doing this might be to apply a stepped rating system based upon property value bands, for example by increasing the cent in the Rand for properties in the higher bands.

The review highlighted the problem that many homeowners perceive rates as a tax for direct services received, such as refuse removal and road sweeping. In particular, residents in the higher valuation areas are unhappy with their rate payments because they see a decline in the service. Therefore, any rates hike needs to be accompanied by a systematic and rigorous programme of communication and explanation of exactly how rates payments are utilised (i.e. not just garbage removal, but provision of services to the whole city).

There is an ongoing debate with regard to the merits of site only or site and improvements approaches to tax base definition. Engagement in this debate is beyond the scope of this

¹⁶ Parnell et al, 1998

review. Moreover, it seems that the form of tax base definition is less important than the need for consistency, and for tax relief mechanisms to ensure affordability and relief for the indigent. Also important is the adoption of a system that is easily maintained and updated - preferably making the best use of computer technology such as a mass assessment approach which may be expensive to set up, but is cost effective in the long run.

Full cadastral registration of land must be completed in each MLC. This is necessary not only to promote development and good planning, but in order to create an efficient property taxation base.

8.3 Tariff structures and subsidies

A good tariff policy should take into consideration equity, efficiency and sustainability. It should yield enough money, accommodate the poor, meet objectives for redistribution between rich and poor, and encourage behaviour that will reduce the cost of services and save resources.¹⁷ The overarching necessity for the CMA, as noted above, is the progressive development of coherent and uniform policies on tariffing and credit control across the metropolitan area.

It is important that every household pay something for the services provided, not only because of the financial limitations within local government, but to keep people within the formal sphere of taxation and payments. Nevertheless, payment should be in proportion to the amount consumed and the level of service provided. To ensure payment, flexible payment procedures are necessary to allow for the often unreliable and unpredictable income sources of poorer households.

The MLCs are constitutionally obligated to provide basic services to all residents within their constituencies. Given the current financial limitations of the MLCs, a pragmatic approach would be the provision - across the city - of essential basic services that are necessary for the public good and an efficient city. They could allow for higher levels of standards in certain neighbourhoods where people are willing and able to pay more for "luxury" services such as flower beds and grass cutting. These non-essential or higher level services could be charged separately to wealthier neighbourhoods. An approach of this nature is currently being piloted by CCT and deserves close evaluation and attention.

Giving people the option of lower service levels in the poorer areas will increase affordability and keep necessary subsidies low. Services must be installed with an allowance for upgrading at a later date, when people can pay. Another option is the involvement of communities in service delivery in order to reduce costs and create jobs.

Another form of cross subsidy that can be applied is between different types of consumers. The most obvious is subsidising the prices of pre-paid metered services which are primarily used by the poor. CCT and SPM do this in respect of connection fees for pre-paid electricity meters. This could also be applied to water, for example, through cheaper supplies of pre-paid meter or stand-pipe supplied water.

Compared to somewhere like Durban, the levels of cross subsidisation applied to water charges in Cape Town are not significant. Cross subsidies through services such as water

¹⁷ Parnell, et al, 1998

can afford to be more bold. The most efficient anti-poverty approach is the application of “lifeline” or “social tariffs” which allow a free service (i.e. water), up to a certain amount consumed. This takes the block tariff structure that is currently applied to water one step further in its application. This ensures the supply of basic services to the lowest income groups regardless of affordability levels, thus correlating with the constitutional mandate of local governments.

8.4 Connection fees

The government’s housing subsidy is small and each additional cost affects the size and quality of the top structure. There is a need for connection fees in low cost housing areas to be subsidised by municipalities so as not to eat into the government subsidy. Moreover, beneficiaries often find upfront deposits difficult to secure, and flexibility in payment of deposits is also desirable, so that they can be paid over a period of time.

Upfront connection fees are often an impediment to lower income groups. For example, the fee for the installation of electricity is often too high for people to find the full amount. When possible, municipalities should allow for incremental payment of connection fees by incorporating the amount into the service tariff. Subsidised connection fees for lower level of services should also be considered. Blaauwberg’s approach, where low cost housing developments (where a government housing subsidy is utilised) are provided with reduced connection fees holds much merit.

8.5 Credit control

Within the present financial straitjacket, the ability of local authorities to provide and subsidise services also depends upon people’s willingness to pay. The review highlighted the continued large scale non-payment for services and housing in many parts of the CMA and often non-collection as a result of the limited capacity of local authorities. The impact of this on municipal cash flows is devastating.

There is a need to establish an effective, consistent and firm credit control policy across the metropolitan area. Masakhane lessons can be drawn from the relatively successful campaigns in both Blaauwberg and CCT. The following actions proved critical: visible delivery of services; outreach campaigns, municipal/community interface, building trust and consumer education; flexibility in payment, increasing numbers of paypoints and opening hours (i.e. mobile cash offices); training of officials in customer care, bringing “life” into cash offices; councillor training and support; committed, motivated and charismatic leadership in the campaign and building of a team; a credit control policy developed in consultation with community structures and leaders; accurate and understandable bills (invoices).

A recent IDASA survey evaluating the role and perceptions of local government indicated that non-payment [for services] can be ascribed as much to a culture of non-collection as a culture of non-payment. “The survey indicates that non-payment appears to stem from a willingness [on the part of consumers] to ‘take the gap’ if given the opportunity”. In summary, local governments are advised “to eliminate opportunities to evade through better collection, monitoring and enforcement”.¹⁸

¹⁸ IDASA, Public evaluations of and demands on local government, POS Report no. 3, February 1998

And finally, the argument that local authorities require additional grants from national government to survive is hotly debated in South Africa at the present time. Some people argue that in other countries, although central government grants are more, the service levels and the extent of services provided are lower. Others argue that increases in local government efficiency will do away with the need for more funding. It is beyond this paper to enter into the debate. It is clear, however, that more funds are necessary in order for local authorities to realise their mandate as “developmental local government”. More research is required as to the sources from which these resources can be derived, particularly at the local level.

Appendix I

	Income	% of Income	Expenditure	% of Expenditure	Surplus/ (Deficit)	Notes	
Cit y of Ca pe To wn	Total Operating Budget	2,532,250,240	100%	2,532,250,240	100%	0	
	Water	218,063,450	9%	203,558,850	8%	14,504,600	
	Electricity	1,247,634,765	49%	1,146,674,765	45%	100,960,000	% of electricity surplus
	Sewerage	93,476,995	4%	106,246,695	4%	(12,769,700)	goes to SPM
	Refuse/cleansing	13,317,575	1%	174,909,245	7%	(161,591,670)	Cost met from rates
	Property tax (rates)	611,967,070	24%	20,999,730	1%	590,967,340	
	CMC poverty grant	22,904,200	1%	-	-	22,904,200	
	Other		13%		35%		
Bla au wb erg	Total Operating Budget	263,123,774	100%	263,123,774	100%	0	
	Water	63,167,738	24%	64,102,036	24%	(934,298)	
	Electricity	61,618,000	23%	55,211,818	21%	6,406,182	
	Sewerage	-	-	-	-	-	Water and sewerage
	Refuse/cleansing	13,903,750	5%	15,043,386	6%	(1,139,636)	combined
	Property tax (rates)	66,115,642	25%	2,194,201	1%	63,921,441	
	CMC poverty grant	3,671,400	1%	-	-	3,671,400	
	Other		21%		48%		
So uth Pen ins ula	Total Operating Budget	471,114,344	100%	471,114,344	100%	0	

Water	77,362,770	16%	77,362,770	16%	0	
Electricity		-		-	0	Electricity provided by
Sewerage	36,900,000	8%	49,000,000	10%	(12,100,000)	CCT, no data provided
Refuse removal/cleansing		7%	34,230,000	7%	(34,230,000)	
Property tax (rates)	195,188,612	41%		-	195,188,612	Expenditure on property
CMC poverty grant	6,675,800	1%		-	6,675,800	tax not reflected
Other		26%		67%		

Tygerberg

Total Operating Budget	1,047,544,746	100%	1,047,544,746	100%	0	
Water	135,023,250	13%	337,885,733	32%	(202,862,483)	
Electricity	336,874,275	32%	279,217,084	27%	57,657,191	
Sewerage		-		-	0	Water and sewerage
Refuse removal	49,623,990	5%	65,284,351	6%	(15,660,361)	combined
Property tax (rates)	261,172,830	25%	3,712,188	<1%	257,460,642	
CMC poverty grant	16,506,800	2%		-	16,506,800	
Other		24%		35%		

Helderberg

Total Operating Budget	225,300,900	100%	225,300,900	100%	0	
Water	24,011,000	11%	21,003,490	9%	3,007,510	
Electricity	76,073,800	34%	55,456,480	25%	20,617,320	
Sewerage	16,712,000	2%	15,460,050	7%	1,251,950	
Refuse removal	12,864,250	6%	11,229,330	5%	1,634,920	
Property tax (rates)	54,044,690	24%		-	54,044,690	Expenditure on property
CMC poverty grant	3,265,400	1%		-	3,265,400	tax not reflected
Other		23%		54%		

Oostenberg

Total Operating Budget	270,000,000	100%	270,000,000	100%	0	
Water	37,843,180	14%	35,761,521	16%	2,081,659	
Electricity	79,220,056	29%	71,189,184	32%	8,030,872	

Sewerage	21,320,486	8%	17,916,988	8%	3,403,498	
Refuse/cleansing	12,071,914	4%	12,644,842	6%	(572,928)	
Property tax (rates)	68,343,380	25%	-	-	68,343,380	Expenditure on property
CMC poverty grant	4,976,400	2%	-	-	4,976,400	tax not reflected
Other		17%		39%		

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Total contribution CMC poverty	58,000,000	
Average % income from rates		27%
Average % income from trading services		42%

Appendix ii

Property Rates in Cape Metropolitan Area Municipalities 1998							
Municipality	Tax base definition	Valuation date differentials	Cent in the Rand General rates		Services included	Sewerage and refuse charge per month if not included	Implementation date of new valuation
City of Cape Town	Previous: Site + improvements Current/interim: Site + improvements Future: Was to be site only, now site and improvement planned	1974 - 1981	Mitchell's Plain	11.176	Inclusive of sewerage and refuse.	R30 or R20 depending on level of service provision	July 1999
			Oranjezicht	14.655			
			Langa (and all former BLA areas with services)	No rates charge, service charge only. No charge in areas with no services (refer Appendix ii).	Community services, sewerage, refuse.		
Blaauwberg	Previous: Site + improvements Current/interim: Site + improvements Future: Was to be site only, now site and improvement planned	1974 - 1990	Melkbosstrand	0.036854 - site 0.001219 - improvements	In former Cape Town City Council areas, sewerage is charged as part of rates. In most other areas it is charged separately.	Sewerage charged per m ² . Refuse: R20.37	Land only valuation almost completed. Currently on hold.
			Atlantis	0.042761			

			Marconi Beam, formal subsidised housing area	As Melkbosstrand, but with blanket valuation as interim measure.	Community services, sewerage, refuse.	R49.25	
			Marconi Beam, informal area with minimal services	No rates charge, service charge only.		Blanket service charge of R15	

**Property Rates in Cape Metropolitan Area Municipalities
1998**

Municipality	Tax base definition	Valuation date differentials	Cent in the Rand General rates		Services included	Sewerage and refuse charge per month if not included	Implementation date of new valuation
South Peninsula	Previous: Site + improvements	1974 - 1992	Constantia	10.385	Exclusive of water, electricity, sewerage and refuse.	R25.49	Land only valuation almost completed. Currently on hold.
	Current/interim: Site + improvements		Grassy Park	12.995			
	Future: Site only planned		Masiphumelele	No rates charge until land transfer has taken place. Service charge only.	Community services, sewerage, refuse.		
Tygerberg	Previous: Site + improvements	1974 - 1993	Durbanville	1.377 - site 0.685 - improvements	Exclusive of water, electricity, sewerage and refuse.	Sewerage charge: 70% of water consumption Refuse charges vary by area. Refer Appendix iii	Valuation in progress. Anticipated implementation date 2001.
	Current/interim: Site + improvements		Bonteheuwel	9.671 - total property			
	Future: Site +						

	improvements		Khayelitsha (formal only): deemed value (site only) at R40m ² not exceeding R56	0.605 - site		Flat rate, water, sewerage, refuse: R32.10	
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**Property Rates in Cape Metropolitan Area Municipalities
1998**

Municipality	Tax base definition	Valuation date differentials	Cent in the Rand General rates		Services included	Sewerage and refuse charge per month if not included	Implementation date of general valuation
Helderberg	Previous: Site + improvements	1996	Gordon's Bay	0.9954 - site 0.5075 - improvements	Exclusive of water, electricity, sewerage and refuse.	Dependent on house form: Small and informal: R58.98 Other: R84.42	Valuation implemented 1996 except in informal and former BLA areas, where process is on-going.
	Current/interim: Site + improvements		Strand				
	Future: Site + improvements		Nomzamo (formal): deemed value (site only) at R40m ² , with provision for indigents	0.9954 - site			
Oostenberg	Previous: Site + improvements	1984	Kuilsriver	4.0725 - site 1.1363 - improvements	Exclusive of water, electricity, sewerage and refuse.	All formal areas: Sewerage: R22.94 Refuse: R19.80	Valuation on hold pending new legislation.
	Current/interim: Site + improvements		Kraaifontein				
	Future: Site + improvements		Wallacedene (informal area)	No rates charge			

Appendix iii

Cape Metropolitan Area Municipalities: Monthly Service Tariffs and Connection Fees, 1998/99								
Domestic tariffs only, in Rand per month, excluding VAT								
Municipality	Different areas	Connection Fees			Service Tariffs			
		Water	Sewerage	Electricity	Water	Sewerage	Electricity	Refuse
City of Cape Town	Formal cadastral areas	Blanket tariffs: 20mm (minimum) connection including meter: 1,316.7	Blanket tariffs: 100mm connection Calculation on value of property: <R75,000: 1,650 R75,001- R120,000: 2,475 >R120,000: 3,300	Pre-paid meter connection: free Conventional connection: 384 admin 17 per meter of duct, then 56 per meter	0-30kl pm: 1.05 per kl for next 120 kl: 2.22 per kl > 150kl: 3.65 per kl	Included in rates	Blanket tariffs: Conventional and pre-paid meters: 25.21 c/kw	Included in rates
	Former townships and informal areas				Flat rate according to level of services: 40.72/ 30.72 /25.00 No charge in informal areas with minimal services	Included in flat rate		Included in flat rate
Blaauwberg	Formal cadastral areas	20mm connection including meter: 840	Blanket tariffs: 100mm connection: 1,600	Pre-paid meter connection: 815 Conventional connection: 715	0-15kl pm: 1.14 per kl for next 25kl: 1.60 per kl > 40kl: 2.04 per kl	50.64 - 31.19 pm or 0.034c per m"	Blanket tariffs: Conventional connection: 19.46 c/kw Pre-paid meters: 25.26 c/kw	18.90 - 36.73 pm
	Former townships and informal areas	15mm connection (subsidy housing price only): 460	100mm connection (subsidy housing only): 655	In subsidised housing areas, Eskom supplies direct	Formal: as above Informal areas, flat rate: refuse, water, sewerage: 15.00	Formal: as above Informal: Included in flat rate		Informal: Included in 15
South Peninsula	Formal cadastral areas	15mm connection including meter: 570	100mm connection Calculation on value of property: <R100,000: 700	Pre-paid meter: connection free Conventional: 384 admin 17 per meter of	0-30kl pm: 1.05 per kl for next 120 kl: 2.22 per kl > 150kl: 3.65 per kl	3 - 23.99 pcm	Conventional and pre-paid meters: 25,21 c/kw	20.99 - 1.50 pm

	Former townships and informal areas		R100,001- R150,000: 1,500 >R150,000: 3,000	duct, then 56 per meter	Flat rate, according to service level: 35.00/ 20.00 No charge in informal areas with minimal services	Included in flat rate		Included in flat rate
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Cape Metropolitan Area Municipalities: Monthly Service Tariffs and Connection Fees, 1998/99
Domestic tariffs only, in Rand per month, excluding VAT

Municipality	Different areas	Connection Fees			Service Tariffs			
		Water	Sewerage	Electricity	Water	Sewerage	Electricity	Refuse Removal
Tygerberg	Formal cadastral areas	<u>Blanket tariffs:</u> 15mm connection including meter: 855	<u>Blanket tariffs:</u> 100mm connection: 741 <i>plus inspection fee</i>	<u>Blanket tariffs:</u> 850 plus deposit (100 for prepaid meter with separate water and 300 conventional)	0-10kl pm: 1.16 per kl <i>11-30kl pm: 1.41 per kl</i> 31-50kl pm: 1.65 per kl	<u>Blanket tariffs:</u> 70% of water consumption cost, to max of 41.38	(380/220Volt max) Conventional 24,0 c/kw Pre-paid meters 23,0 c/kw	16.56 - 23.65 once a week (240l drum)
	Former townships and informal areas				Flat rate inclusive refuse, water, sewerage: 32.10			Included in flat rate
Helderberg	Formal cadastral areas	<u>Blanket tariffs:</u> 15mm connection including meter: 627.19	<u>Blanket tariffs:</u> 100mm connection: 833 plus inspection fee: 43.85	<u>Blanket tariffs:</u> 787 underground connection, including cable and meter (plus deposit of 400, for conventional connection only)	Blanket tariffs: 0-10kl pm: 1.2 per kl over 10kl pm: 2.8 per kl	<u>Blanket tariffs:</u> R33.55	Conventional 21 c/kw Pre-paid meters 29 c/kw (excluding connection fee)	All dwellings max 85l containers: 50.87
	Former townships and informal areas				Informal area, flat rate: 21.50 Formal: 95.05 (with discount for indigents)			Included in flat rate
Oostenberg	Formal cadastral areas	<u>Blanket tariffs:</u> 15mm connection including meter: 636	<u>Blanket tariffs:</u> 100mm connection: 330 plus inspection fee: 110	<u>Blanket tariffs:</u> 339 underground connection, plus 353 for meter box	<u>Blanket tariffs:</u> 0-5kl pm: 1.20 per kl over 5kl pm: 1.86 per kl	<u>Blanket tariff:</u> 22.94 (4 or less toilets)	Conventional 24.318 c/kw Pre-paid meters 23.163 c/kw (including connection fee)	<u>Blanket tariffs:</u> 19.80 once a week collection

	Former townships and informal areas				No charge	No charge	No charge	No charge
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