

UNDERSTANDING RATES AND SERVICE CHARGES



HOAP

HOME OWNERS' ADVICE PAMPHLETS





WHAT ARE RATES AND SERVICE CHARGES?

Local authorities need to collect money to pay for the cost of providing services such as roads, libraries and sportsfields to residents. They raise money by collecting rates and service charges from property owners.



The local authority's main source of income is from rates which is a property tax. Service charges are for the cost of providing services to your household such as electricity, water, sewerage and refuse removal.

Category	Amount
RATES	R 120.00
WATER	R 15.00
SEWERAGE	R 10.00
REFUSE REMOVAL	R 8.00
ELECTRICITY	R 12.00
TELEPHONE	R 5.00
PROPERTY TAX	R 10.00
TOTAL	R 180.00

People with incomes of R800 or less per month, pensioners and disabled people below a certain income level can qualify for an indigent subsidy or grant. This means that they pay less for services.

NOTE:

- Estimated charges given in this pamphlet are based on Cape Town Unicity charges in 2003/2004.
- Value Added Tax is currently at 14% and is added to all service charges except rates.



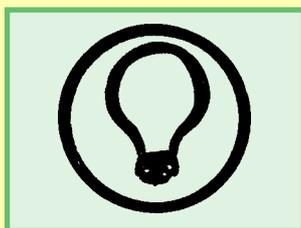
RATES

The rates you have to pay is based on the value of your property. Every four or five years the local authority will check the value of your property. This means that your rates amount may change. Changes may also be made if the local authority needs more money to carry out its plans for your municipal area.



The amount of rates paid increases with the value of the property (the land and the building). For example, the owner of a R75 000 property pays about R20 per month, while the owner of a R150 000 property pays about R90 per month. If your property is worth less than R50 000, you do not have to pay rates.

ELECTRICITY



The use of electricity is measured in kilowatt hours. The first 20 kilowatt hours of electricity per month is free, but it is intended to increase this to 50 kilowatt hours. Households using less than 500 kilowatt hours per month pay 36 cents per kilowatt hour.



Check your appliances to see how many watts of power they use per hour. Hot water cylinders and stoves use the most electricity - each costs more than R50 per month to run.

If you have a credit meter electricity connection, your account will show the monthly service charge of about R30, as well as the cost of electricity used during the month.

Many people have prepaid electricity, so electricity charges will not appear on their account.

THE MOST IMPORTANT ADVICE IS

- FIND OUT IF YOU QUALIFY FOR AN INDIGENT SUBSIDY.
- RATES ARE A FIXED ANNUAL COST, WHILE SERVICE COSTS ARE BASED ON THE AMOUNT USED.
- THE COST OF WATER IS ESTIMATED AND THEN ADJUSTED LATER WHEN YOUR METER IS READ.



WATER



Water charges pay for the cost of building and maintaining dams, reservoirs, pipelines, pumping stations and making water fit to drink at water treatment plants. Everyone has the right to a water supply of 25 litres of clean water per day. Most local authorities provide 6 kilolitres (6 000 litres) of free water to every household per month. This is enough water for a household of up to eight people, so many households do not have to pay for water. Bathing and flushing the toilet are usually the biggest uses of water at home.

Water costs about R 2 per kilolitre for up to 12 kilolitres per month. If you use more than 12 kilolitres per month, the price goes up.





Your account will show the estimated amount of water used during the month, broken down into different categories: e.g. 0-6 kilolitres (which is free), 7-12 kilolitres, 12-20 kilolitres, and so on. The number of kilolitres in each category is then multiplied by the rate for that category, and it is all added together to give the total water cost.



SEWERAGE

Sewerage charges pay for the cost of providing and maintaining sewerage pipes and for the treatment of sewage. Sewerage is sometimes charged as a fixed monthly cost. Usually, however, costs are based on the amount of water used because most household water (e.g. bathing, washing, flushing the toilet) ends up in the sewer system.

There is no sewerage cost for the first 4.2 kilolitres of water used. Thereafter, you pay R1,45 per kilolitre of water used up to 8.4 kilolitres. Between 8.5 kilolitres and 28 kilolitres you pay 3,14 per kilolitre.



REFUSE

The refuse removal charges pay for the cost of collecting refuse and disposing of it at rubbish dumpsites. Owners of properties with a value of less than R50 000 do not have to pay for refuse removal. For properties with a value of over R50 000, the monthly charge for refuse removal increases with the value of the property. For example, the owner of a R150 000 property pays about R40 per month for refuse removal.



ALSO SEE OTHER PAMPHLETS ABOUT:

- Savings and household finance
- Reading your municipal account



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Published by the Development Action Group
101 Lower Main Road, Observatory, 7925
Tel: (021) 448-7886 • Fax: (021) 447-1987