

21 AUG 1961

UNIVERSITY OF STELLENBOSCH
UNIVERSITY LIBRARYINFORMATION MUNICIPALITY STELLENBOSCH.- APRIL, 1956 -

It will be recalled that an explanation regarding Municipal finance in general and water tariffs in particular, drawn up by the Chairman of the Finance Committee, recently appeared in the local newspaper. Council felt it incumbent upon itself, however, to furnish a further comprehensive statement, especially on the water tariffs, by means of I.M.S., which explanation would thus reach all ratepayers. At the same time, Council wishes to apologise to consumers for not doing so earlier. At the request of the Mayor, the Chairman of the Public Works Committee, Cr. Dr. P. A. Theron, compiled this statement.

The Mayor also wishes to take this opportunity of reminding the public that she is most willing to discuss any Municipal problems with ratepayers should they wish to do so. Usually she is available on Tuesday mornings and appointments may be arranged at any time.

1. SERVICE CHARGES IN GENERAL.

Some of the services rendered by a Municipality, such as water, electricity, sanitation and refuse removal, can pay for themselves, while other essential services such as health services, fire fighting, and the maintenance of roads can never pay for themselves. You can ask a man to pay for the water or electricity which he uses, but not for the street which must be repaired in front of his house.

According to law a Municipality must draw up estimates of revenue and expenditure for the following year at the end of each year. It must make an estimate of the revenue which will accrue from services and, only after that, fix the owner's rate so as to make up the difference between expenditure and revenue. In most towns it does not make such a big difference whether there is a loss in services which do not pay for themselves, because it is mostly the same people who must pay for the services and owner's rate. In Stellenbosch, however, the position is different, because here properties to the value of R3,526,395 out of a

total of £10,295,065 are exempt from owner's rate. Although all the inhabitants of the town must thus pay for the services which they receive, it is only the ordinary owner of a property who must pay owner's rate. The result of this is that, should there be a loss on any service, it is left to the ratepayer to make up the loss by a higher owner's rate. In other words, if any service charge is too low, the non-rateable properties have the advantage of a cheaper service for which the ratepayer must pay in the form of owner's rate. This is tantamount to the subsidising of the non-rateable properties.

For this reason it is absolutely essential in Stellenbosch that every service which can pay for itself, must pay for itself; and for this reason it is the fixed policy of the Council that services such as water, electricity, sanitation, and refuse removal must not show any loss.

2. WATER TARIFFS.

As regards water, the position in respect of revenue and expenditure as from 1953, is reflected in the following schedule. The last column shown is the amount paid for interest and redemption on loans:

<u>Year.</u>	<u>Expenditure.</u>	<u>Revenue.</u>	<u>Interest & Redemption.</u>
1953	£22,349	£26,608	£13,675
1954	28,684	28,097	18,010
1955	32,478	31,467	17,916
1956	31,838	33,588	17,921

It is to be borne in mind that the figures in respect of 1956 are only estimates.

From this schedule it may be seen that interest and redemption paid out annually on the waterworks loans amount to more than half of the total annual expenditure. It is also mainly this item which caused the increase in expenditure from 1953 to 1954. It may also be noticed that a slightly smaller expenditure has been estimated for 1956 than during the preceding year.

Old System.

The water tariffs which were in force up to the end of 1955 were mainly based on the valuation of property. Both the minimum allowance per month and the amount which had to be paid in respect thereof, were dependent on the valuation of the property. Here are a few examples:

<u>Valuation.</u>	<u>Gallons per month.</u>	<u>Tariff per year.</u>
£1000	4250	£5. 2. Od.
3000	7000	8. 8. Od
5000	9000	10.16. Od

The owner of a £5000 property thus had to pay £10.16.0d annually, for which he received an allowance of 9,000 gallons every month. In addition, every owner had to pay 1s. 6d. for every 1,000 gallons used over and above the minimum allowed. Should an owner thus have used more than his minimum allowance during the summer months, he would have had to pay excess charges, but if he did not use up his full minimum allowance, for instance during the winter months, or if he was away on holiday, he received no discount or compensation. He had to pay the full amount whether he used the water or not. Many owners thus had to pay excess water charges during the summer and during the winter had to pay for water they did not use.

Provincial Administration.

The Provincial Administration considered this system as an indirect form of rating and already in 1952 they made it known that they were not in favour thereof. In November 1954 the Provincial Secretary wrote as follows to the Town Clerk:-

".....I have to reiterate that this Administration is entirely averse to this method of framing charges as valuation bears no relation to the quantity of water consumed, the extent of the sewerage services rendered or the number of night-soil removals undertaken. The proposed charges are considered to be most inequitable. It will be recalled that when the Council last amended its water charges an objection was lodged by the Board of Executors on the grounds that the minimum charge according to valuation was out of all proportion to the quantity of water

consumed. As pointed out in my minute No.L.94/A/3 dated 17th September, 1953, the Administrator's approval was only given as a temporary measure on condition that full financial details of the water account be submitted by October, 1954, and, if necessary, a complete revision of the tariffs be undertaken. If similar objections are lodged against the Council's present proposals, it would be most difficult to override them.

This Administration is of the opinion that service charges should be based on consumption or the quantity or amount of the service rendered."

Owing to the fact that the Administrator has the final say in regard to regulations, the Council was forced to reconsider its whole system of water tariffs and to adopt the new basis according to which the consumer pays only for water which he actually consumes. According to the new tariffs, every house owner must now pay £4.10.0d per annum for which he receives an allowance of 1,000 gallons per month; and in addition, he must pay 2s. per 1,000 gallons for water consumed in excess of the minimum allowed. The minimum for businesses, factories, etc., is fixed in accordance with the size of the building. To quote an example, an owner must pay £9 per annum or 17s.6d. per month for which he receives a minimum allowance of 2,000 gallons per month.

Problems.

In fixing these new tariffs, the Council had to make sure that there would be no loss at the end of 1956 and, in addition, it also had to satisfy itself that the majority of the inhabitants of the town would not have to pay more for their water than in the past. A further problem was the fact that consumers would now be in a position to decide for themselves the quantity of water which they wished to use, which meant that the Council could not estimate with any certainty how much water it would sell during 1956. The Council was for instance in the unenviable position that, whereas in 1955 it was assured of a revenue of £24,034 on the basic charge which every householder had to pay, and it only had to get in £6,427 from excess consumption, the Council could only be sure of

£13,700 on the basic charge for this year, leaving £19,168 to be derived from excess consumption.

In order to ascertain how the new tariffs would affect individual consumers, the first step was to take the actual consumption of a large number of properties during preceding years so as to ascertain exactly how much the owners in question had paid in the past for their water. After that the amounts which they would have paid had the new tariffs already been in force, were worked out. The conclusion gained was that in the majority of cases and especially in so far as domestic consumers were concerned, there would not have been a big difference. At this stage it might appear to some consumers that their water accounts are going to be much higher during this year. From what has been said, however, it is clear that a consumer will only be able to determine at the end of the year, after the winter months, whether he has paid more for water during this year than the preceding year.

At the end of 1956 the Council will also be in a much better position to ascertain how the new tariffs worked out in practice, when it will be possible to fix the tariffs for 1957 with far greater assurance and certainty.

EXTRACTS FROM THE REPORT OF HER WORSHIP THE
MAYOR TO THE COUNCIL MEETING HELD ON 3RD APRIL,
1956.

1. INTERVIEW WITH HIS HONOUR THE ADMINISTRATOR RE VARIOUS MATTERS.

On 22nd March, 1956, His Honour the Administrator granted an interview to myself, Crs. Prof. P.A. Theron, J.B. Collins and Louis van Coppenhagen. Mr. G.S. Eden, M.E.C., was also present, with the Acting Town Clerk in attendance. I wish it to be placed on record that His Honour granted us a most sympathetic hearing.

DONATION TO VAN DER STEL RUGBY FOOTBALL CLUB.

The full implications of Council's moral obligation to pay out the annual grant of £572 to the Club were explained. It was pointed out that Council had promised the Club to pay half of the interest and redemption on the £15,000 loan and that this had been

put to the ratepayers at the Loan Meeting. Mention was also made of the fact that the Club had contributed more than £10,000 in respect of improvements at Bergzicht. Stress was laid on the important rôle which the Club played in providing healthy physical relaxation for the working youth of Stellenbosch. It was acknowledged that the Council had acted wrongly in the past in that it had not obtained the Administration's approval before giving an undertaking to the Club and thereafter paying out the grant. His Honour was asked to condone the payments made in the past and to approve payment of (at least) half the interest and redemption by means of an annual grant in the future.

His Honour referred to the legal position as already reported to Council and mentioned difficulties with which the Administration was faced in this respect. He promised, however, to refer the matter back to his Department for reconsideration in view of the arguments advanced by the deputation. The matter would then be submitted to the Executive Committee. (The next Executive Committee meeting commences on 16th April, 1956.) The Acting Town Clerk submitted a letter in this regard, setting out the points raised by the deputation in writing, on the 23rd instant.

GENERAL DELAYS.

In general I emphasized to His Honour that there appeared to be a considerable amount of delay on the part of the Administration in replying to letters and disposing of matters. I stressed the disadvantageous effect which these delays had on municipal affairs. His Honour acknowledged that there was delay as a result of shortage of qualified staff but promised to do what he could to find a remedy.

In conclusion His Honour stated that although he had a very full programme, he would always be happy to receive personal representations in regard to Council's problems. Mr. Eden had also been delegated with certain powers in order to expedite matters.

2. TRAIN SERVICE FROM CAPE TOWN.

I was approached by students who requested Council to consider approaching the Railway Authorities with the request that a late train service on Saturday nights be instituted from Cape Town to Stellenbosch.

(The Council decided to comply with the request.)

3. PREPARATORY SCHOOLS.

It has been mentioned that Council should approach the Educational Trustees in regard to the erection of more preparatory schools in Stellenbosch. The idea behind this is that if there were a few preparatory schools in different parts of Stellenbosch, the small children would not have to cross so many streets on their way to and from schools. This in turn should lead to more safety in this respect.

(The Council has taken action in this direction.)

VOTERS' ROLL.

This year a supplementary Voters Roll must be drawn up. All persons whose names do not appear on the Voters Roll and who have been in residence at Stellenbosch for six months on March 15th and who possess the qualifications laid down by the Ordinance, should make application to be placed on the Roll as soon as possible. Information can be obtained from the Town Clerk as to how to proceed. A short note expressing the wish to have a name put on the roll, would be followed up, and get any application under way.

DOG TAX FOR THE YEAR 1956.

The attention of owners of dogs is drawn to the provisions of the Municipal Regulations according to which the dog tax is due and payable.

"KOLONIEELAND EN KOLONIETUIN."

The question has been put what the origin of these two names is.

As they are used in connection with the irrigation water time tables drawn up according to the provisions of the Order of the Water Court of 1924, it was decided to approach Mr. Markotter for information regarding this matter. Mr. Markotter has had a great deal to do with the preparation of the agreement which was made an Order of the Water Court in 1924, and the drawing up of the time tables.

Mr. Markotter stated that the names appear in the "Heemraden" Regulations and that he would go into the matter further.

The Chief Archivist of the Union has also been approached and as soon as information has been received from him, it will be made known.

It is interesting to know that the name "Kolonie-land" appears on the diagram on which the grounds of Phillimore House are shown. The part of the town situated between Drostdy Street and The Avenue is called "Kolonietuin" whereas the land east of The Avenue and south of Van Riebeck Street is called "Kolonieland".
