

Reference: RCS/C.6

TREASURY CIRCULAR NO. 32/2016

<p>THE PREMIER</p> <p>THE MINISTER OF ECONOMIC OPPORTUNITIES</p> <p>THE MINISTER OF COMMUNITY SAFETY</p> <p>THE MINISTER OF CULTURAL AFFAIRS AND SPORT</p> <p>THE MINISTER OF EDUCATION</p> <p>THE MINISTER OF FINANCE</p> <p>THE MINISTER OF HEALTH</p> <p>THE MINISTER OF HUMAN SETTLEMENTS</p> <p>THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING</p> <p>THE MINISTER OF SOCIAL DEVELOPMENT</p> <p>THE MINISTER OF TRANSPORT AND PUBLIC WORKS</p> <p>THE SPEAKER: PROVINCIAL PARLIAMENT</p> <p>THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT</p> <p>THE EXECUTIVE AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MINISTER IH MEYER)</p> <p>THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)</p> <p>THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER A WINDE)</p> <p>THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER A WINDE)</p> <p>THE EXECUTIVE AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MINISTER A MARAIS)</p> <p>THE EXECUTIVE AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MINISTER A MARAIS)</p> <p>THE EXECUTIVE AUTHORITY: WESTERN CAPE HERITAGE (MINISTER A MARAIS)</p> <p>THE EXECUTIVE AUTHORITY: CASIDRA (MINISTER A WINDE)</p> <p>THE EXECUTIVE AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MINISTER D PLATO)</p> <p>THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER)</p> <p>THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (DR G LAWRENCE)</p> <p>THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MR Z HOOSAIN)</p> <p>THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (MR G MORRIS)</p> <p>THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MS P VINJEVOLD)</p> <p>THE ACCOUNTING OFFICER: VOTE 6: HEALTH (DR B ENGELBRECHT)</p> <p>THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)</p> <p>THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR T MGULI)</p> <p>THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)</p> <p>THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MS J GOOCH)</p> <p>THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)</p> <p>THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)</p> <p>THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS)</p> <p>THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (MR G PAULSE)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR F DE WET)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)</p> <p>THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MS B SEWLALL-SINGH)</p>	<p>For information</p>
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 THE DEPUTY DIRECTOR GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

TARIFF APPROVAL: PROCESS AND REQUIRED INFORMATION

1. PURPOSE

The purpose of this circular is to:

- Standardise the tariff application process;
- Provide clarity to departments and public entities regarding the tariff approval and review process;

- Improve the credibility of own revenue budgets; and
- Promote tariff management as part of the provincial Domestic Resource Mobilisation initiative, where applicable.

2. BACKGROUND

Section 76(2)(f) of the Public Finance Management Act, the National Treasury Regulations (NTR) 7.3.1 and the Western Cape Provincial Treasury Instruction 7.1.2 requires that the Accounting Officer of a department or Accounting Authority of an institution, as the case may be, conducts review at least annually on all fees, charges or the rates, scales or tariffs that are not, or cannot, be fixed by any law and that relate to revenue accruing to the Provincial Revenue Fund or a public entity and submit a copy of the review to Treasury when finalising the budget.

Furthermore, proposed new or revised provincial tariff structures of all fees, charges or the rates, scales or tariffs of fees and charges that are fixed by any law and that relate to revenue accruing to the Provincial Revenue Fund, must be submitted to the Cabinet via the Provincial Treasury. It is recommended that consultation takes place with the Provincial Treasury before any proposed new or revised provincial tariff structure is submitted to Cabinet for its approval (PTR 7.1.2).

Accounting Officers and Accounting Authorities are also required to continuously examine their institution's operations to identify potential or new sources of revenue as part of the Domestic Resource Mobilisation initiative through tariff enhancement and management.

In the event that the tariff structure is not amended for a particular financial year, it must still be confirmed as such and submitted as part of the tariff review submission to Provincial Treasury in a timely manner.

NTR 7.3.2 further indicates that the Information on the tariff structure must be disclosed in the Annual Report. This includes information on exemptions, discounts, free services and any other aspect of material influence on revenue any free service(s) rendered, but not taken into account in the budget and which could have yielded significant revenue must also be reflected in the annual report.

3. THE PROPOSED NEW TARIFF SUBMISSION: REASON/MOTIVATION FOR TARIFF ADJUSTMENT APPROVAL

The motivations for the proposed tariff adjustment applications submitted by departments should enable the Provincial Treasury to make a fair assessment of the proposed tariffs. A number of factors will be considered in the approval of the tariff amendment process, including the impact of the proposed tariff increases on relevant users of the department's goods and services.

Hence, the following information should be included in a tariff adjustment submission:

- Potential impact of tariff adjustment on the own revenue budget, personnel, goods and services and so on; all steps of the calculations including the assumptions used by the department or public entity must be clearly shown.
- The date of the tariff implementation, which is usually at the beginning of the financial year (1 April) or as determined by the approval of the tariff request.
- The motivation for the tariff adjustment calculation, in most instances, can be based on one of four possible assumptions: 1) CPI inflation linked; 2) Cost reflective; 3) Market/fair pricing; and 4) Determined by National Government.
- Irrespective of the assumptions made, departments and public entities are kindly requested to show all calculation of the revenue impact from the proposed tariff adjustment.
- Departments are also required to provide in the tariff submission a descriptive consumer profile of the goods and services rendered by the tariff in question, as well as any consultation with the relevant stakeholders regarding the impacts of the proposed tariff adjustment.
- The previous tariff application and the proposed new tariff as well as the percentage change should be indicated in the submission for assessment.
- The related framework by which tariffs were adjusted i.e. legislation, regulation, policies, manuals, etc.

On receipt of the tariff adjustment request submitted by the provincial department or entity, the Provincial Treasury will assess whether:

- All of the required information is included in the submission;
- The motivations for proposed tariff adjustments are sound;
- Revenue impact calculations are credible and robust; and
- The consultation with the relevant stakeholders was undertaken.

To assist the departments and entities in submitting their tariff applications, a checklist (Annexure A) is provided for departments to ensure that the proposed tariff submission contains all necessary information required by Provincial Treasury to inform a tariff approval decision.

4. TARIFF REGISTER

As prescribed in the NTR 7.1.3 and PTR 7.1.2, Accounting Officers of provincial departments and Accounting Authorities of public entities are required to maintain a detailed tariff register. Although it is acknowledged that tariff registers across departments and provincial entities are various in format, size and detail of information, the name of the tariff, rate per unit, treasury approval date, effective tariff implementation date, previous tariff rate, percentage increase, date of tariff last updated and tariff application reference number should be possible to consolidate into a provincial tariff database. To assist the Western Cape Treasury in conducting a prudential tariff management and approval process, departments and provincial public entities are kindly requested to maintain, as an minimum example Annexure B of this Circular of the tariff register, and submit an electronic Excel copy to the Western Cape Provincial Treasury for consolidation and review.

5. LIST OF MOST IMPORTANT EXTERNAL AND INTER-DEPARTMENTAL TARIFFS

Finally, departments are kindly requested to attach a list of the 10 most important external and inter-departmental tariffs in Annexure C to Provincial Treasury. The tariff lists should specify the following:

- Whether the tariff is determined nationally or provincially or by law;
- Year in which the tariff was last adjusted;
- Envisaged future year in which the tariff will be adjusted;
- Amount and percentage of the adjustment; and
- Factors that informed the tariff adjustment.

6. ACTIONS REQUIRED

Departments are reminded to submit any outstanding proposed tariff applications for Treasury's approval before the date of the tariff implementation. The current practise requires that all Tariff Approval Applications be signed-off by the relevant Accounting Officer and Chief Financial Officer.

Departments are requested to submit the following review documents to David Tseng at David.Tseng@westerncape.gov.za by no later than **26 August 2016**:

- a) Electronic (Excel) copies of their tariff registers as set out in paragraph 4; and
- b) A list of ten most important tariffs in terms of revenue as set out in paragraph 5.

The following annexures are attached for your perusal:

Annexure A provides a Checklist for departments to ensure that when submitting their Tariff Approval Application requests to Provincial Treasury all necessary information is provided which must be submitted with the tariff application approval requests.

Annexure B is provided to assist departments who may not already have a Tariff Register. As a minimum, departments are requested to ensure that their tariff register contains the information specified in Annexure A.

Annexure C (attached in Excel format), provides a template for the 10 most important external and inter-departmental tariffs in terms of revenue contribution which departments are requested to submit.



MR H MALILA

DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES

DATE: 15 August 2016

CHECK LIST

TARIFF APPLICATION REQUIREMENT	CHECK BOX
When last the tariff was adjusted.	
If relevant, the related framework by which tariffs were adjusted i.e. Legislation, regulation, policies, manuals. (Please name)	
Provide the basis of the tariff adjustment. Normally one of the following: Inflation; Cost linked; Market related prices; determined National Department.	
In cases where tariffs are determined by inflation and the rate of increase differs from the inflation rate, market related prices, etc. state the reasons for the difference.	
The old tariffs, the proposed new tariffs as well as the percentage change (between the old and the new tariff) should be included in the submission.	
The calculation on how the monetary impact was derived.	
The impact of tariff adjustment on revenue in monetary terms.	
Indicate all the stakeholders that are affected by the tariff increase.	
List all the stakeholders that were consulted.	
The date of the implementation of the tariff.	

Tariff Register

ID	16
Year	2010 <input type="button" value="v"/>
Description of nature	Fax; Private; Receive

Item	SCOA	Driver of tariff (Classification)	Rate per unit	Unit	Treasury approval date	Effective date	Previous Rate	Last tariff update	Percentage increase	Revenue implication	Reference number	File Number	Person responsible	Rank
Level 1	Revenue	Market related	R 0.55	Per page	2010-03-31	2010-04-01	R 0.51	2009-04-01	8%		T11/1/11/6/2	4/1/10/3		Manager: Support Services
Level 2	Sale of Goods and Services Other than Capital Assets													
Level 3	Sale of Goods and Services Produced by the Department													
Level 4	Serv Rend: photocopies and faxes													

Additional Information

Any information that is not captured in the template.

Annexure C

Top 10 tariffs charged with respect to external parties

No.	Name of Tariff	% contribution to Own Revenue	Is the tariff determined nationally or provincially?	% contribution to Own Revenue	Frequency of tariff review	Frequency of tariff adjustment	Year of last adjustment	Percentage increase/decrease of last adjustment	What informs the tariff adjustment
1			Nationally		Ad-hoc	Ad-hoc			Inflation
2									
3									
4									
5									
6									
7									
8									
9									
10									

Top 10 inter-departmental tariffs charged

No.	Name of Tariff	% contribution to Own Revenue	Frequency of tariff review	Frequency of tariff adjustment	Year of last adjustment	Percentage increase/decrease of last adjustment	What informs the tariff adjustment
1			Ad-hoc	Ad-hoc			Inflation
2							
3							
4							
5							
6							
7							
8							
9							
10							