

# NAMA KHOI MUNICIPALITY



## PRINCIPLES AND POLICY ON TARIFFS AND FREE BASIC SERVICES



## 2. DEFINITIONS AND ABBREVIATIONS

"Accommodation" means accommodation in an accommodation establishment, a room, dwelling-house or second dwelling unit, self-catering room, self-catering apartment or free standing building let to transient guests.

"Accommodation Establishments" – consists of one or more of the following lettable types of accommodation –

- (a) "Camping" (informal temporary accommodation in a unique environment) is defined by a property used for erection of tents or other temporary structures for temporary accommodation for visitors or holiday-makers, which includes ablution, cooking and other facilities that are reasonably and ordinarily related to camping, for use of such visitors, and includes a caravan park, whether publicly or privately owned, but which excludes the alienation of land on the basis of time sharing, sectional title share blocks or individual subdivision; and excludes resort accommodation or mobile homes;
- (b) "Bed and Breakfast" (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling in which the owner of the dwelling supplies lodging and meals for compensation to transient guests who have permanent residence elsewhere; provided that the primary use of the dwelling-house concerned shall remain for the living accommodation of a single family;
- (c) "Guest House" (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling which is used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings or training sessions for resident guests;
- (d) "Self-catering Accommodation" (accommodation for non-permanent residents and transient guests) is defined by a house, cottage, chalet, bungalow, flat, studio, apartment, villa, or similar accommodation where facilities and equipment are provided for guests to cater for themselves. The facilities should be adequate to cater for the maximum advertised number of residents the facility can accommodate;
- (e) "Self-catering Apartments" (accommodation for non-permanent residents and transient guests) is defined by a building or group of buildings consisting of separate accommodation units, each incorporating a kitchen / -ette facility, and which may include other communal facilities for the use of transient guests, together with outbuildings as are normally used therewith; which are rented for residential purposes and may include holiday flats; but does not include a hotel, dwelling-house, second dwelling or group house;
- (f) "Backpackers Accommodation" (accommodation and communal facilities in a building or free standing buildings for transient guests) is defined by a building where lodging is provided, and may incorporate cooking dining and communal facilities for the use of lodgers, together with such outbuildings as are normally used therewith and includes a building in which dormitories/rooms/beds are rented for residential



- (g) "Boarding House" a dwelling-house or second dwelling which is used for the purpose of supplying lodging with or without meals or self-catering to non-permanent/permanent residents for compensation; provided that the primary use of the dwelling-house shall remain for the living accommodation of a single family;

"Account" means an account rendered specifying charges for municipal services provided by the Municipality, or any authorized and contracted service provider, and which account may include assessment rates levies.

"Accounting Officer" means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act.

"Annual Budget" shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget.

"Annually" – means once every financial year;

"Arrangement" means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

"Arrears" means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

"Authorized Representative" means a person or instance legally appointed by the Municipality to act or to fulfill a duty on its behalf.

"Basic Municipal Services" shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

"Billing Date" means the date upon which the monthly statement is generated and debited to the customer's account.

"Business and Commercial Property" means -

- (a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- (b) property on which the administration of the business of private or public entities take place.



"Due Date" in relation to -

- (a) rates due in respect of any immovable property, means:-
- (i) the thirtieth (30<sup>th</sup>) day of September of the financial year for which such rate is made, in the case where rates are levied on an annual basis;
  - (ii) the date for payment indicated on the account, in the case where rates are levied on a monthly basis; or
  - (iii) any other date determined by Council in terms of a public notice in the Provincial Gazette, and
- (b) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.

"Dwelling" means a building, structure or place of shelter to live in.

"Electricity Charges" means service charges in respect of the provision of electricity.

"Electricity Charges Big Businesses": means charges in respect of electricity where a business exceeds a consumption of 1000.00 kwh units or more per month.

"Electricity Charges Small Businesses": means charges in respect of electricity where a business do not exceed a monthly total consumption of 999.99 kwh units per month.

"Farm Property or Small Holding used for agricultural purpose" – means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial or business purposes.

"Farm Property or Small Holding not used for any purpose" – means agricultural property or an agricultural zoned land unit situated outside an urban region which is not used for farming purposes, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property.

"Financial Year" shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

"Immovable Property" also includes –

- (a) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the Municipality; and
- (b) who makes application for indigent support in terms of Council's Indigent Support Policy on behalf of all members of his or her household;



"**Monthly Average Consumption**" means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

"**Multiple Purposes**" – in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Municipal Property Rates Act.

"**Municipality**" or "**Municipal Area**" shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the Municipality.

"**the Municipality**" means Nama Khoi Local Municipality.

"**Municipal Council**" or "**Council**" shall mean the municipal council of Nama Khoi Municipality as referred to in Section 157(1) of the Constitution.

"**Municipal Pay Point**" means any municipal office in the area of jurisdiction of the Municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.

"**Municipal Manager**" means the Municipal Manager of the Nama Khoi Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

"**Municipal Services**" means services provided either by the Municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement.

"**Municipal Tariff**" shall mean a tariff for services which the Municipality may set for the provision of a service to the local community, and may include a surcharge on such service.

Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the Municipality in respect of other services supplied including services incidental to the provision of the major services.

"**Occupier**" means any person who occupies, controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it.

"**Open Space**" - means land that is used as a park, garden, for passive leisure or maintained in its natural state.

"**Owner**" in relation to immovable property means –

- (a) the person in whom is vested the legal title thereto provided that:-  
(i) the lessee of immovable property which is leased for a period of not less than thirty



- (b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
- (c) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

**"Person"** means a natural and juristic person, including any department of state, statutory bodies or foreign embassies.

**"Premises"** includes any piece of land, the external surface boundaries of which are delineated on:

- (a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or
- (b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the Municipality.

**"Prescribed"** means prescribed by this policy and where applicable by Council or the Municipal Manager.

**"Prescribed debt"** means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969.

**"Private Open Space"** means land that is privately owned and used for practicing of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area.

**"Privately Owned Townships Serviced by the Owner"** – means single properties, situated in an area not ordinarily being serviced by the Municipality, divided through subdivision or township establishment in (ten or more) full-title stands and/or sectional units and where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, Home owners association or management companies/ bodies of such estate.

**"Property"** – means immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;

**"Ratable Property"** shall mean property on which the Municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.



- (f) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category.

**"Service Charges"** means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy.

**"Service Delivery Agreement"** means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

**"Sewerage Charges"** means service charges in respect of the provision of sewerage collection and treatment of infrastructure.

**"Small Holding"** means:-

- (a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or
- (b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less.

**"State Owned Property"** excludes any property included in the valuation roll under the category „residential property" or „vacant land".

**"Sundry Customer Accounts"** means accounts raised for miscellaneous charges for services provided by the Municipality or charges that were raised against a person as a result of an action by a person, and were raised in terms of Council's policies, bylaws and decisions.

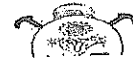
**"Supervisory Authority"** means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

**"Tariff"** means the scale of rates, taxes, duties, levies or other fees which may be imposed by the Municipality in respect of immovable property and/ or for municipal services provided.

**"Tariff Policy"** means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

**"User"** means the owner or occupier of a property in respect of which municipal services are being rendered.

**"Water Charges"** means service charges in respect of the provision of water.



**NAMA KHOI MUNICIPALITY  
- PRINCIPLES AND POLICY ON TARIFFS AND FREE BASIC SERVICES**

- 5.8 The Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all customers and users affected by the tariff policy concerned.
- 5.9 The Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 5.10 In the case of conventional metering systems for electricity and water, the consumption of such services shall be properly metered by the Municipality and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on customers shall be proportionate to the quantity of the service which they consume. In addition, the Municipality shall levy a monthly fixed charge for electricity services.
- 5.11 In adopting what is fundamentally a two-part tariff structure for electricity, namely a fixed basic charge coupled with a charge based on consumption, the Municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- 5.12 In case of vacant stands, where the services are available but not connected, the Municipality shall levy a monthly availability charge which is levied because of fixed costs such as the capital and maintenance costs and insurance of infra structure available for immediate connection.
- 5.13 The Municipality's tariffs for electricity services will be determined to ensure that those customers who are mainly responsible for peak demand, and therefore for the incurring by the Municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the Municipality shall therefore install demand meters to measure the maximum demand of such customers during certain periods. These bulk customers shall therefore pay the relevant demand charge as well as an energy charge directly related to their actual consumption of electricity during the relevant metering period.





## 6.2 Socio-economic factors

6.2.1 Although the determination of tariffs is in many instances politically orientated, it ought to be based on sound, transparent and objective principles at all times. In order to fully understand the influence of the socio-economic factors the various user categories and forms of subsidization needs to be considered. Tariffs should also support business initiatives aimed at creating jobs or contribute to the economy of the area.

6.2.2 Users can be divided into the following categories:-

6.2.2.1 Users who are incapable to make any contribution towards the consumption of services and who are fully subsidized;

**Users who are able to afford a partial contribution and who are partially subsidized only; and**

6.2.2.2 Users who can afford the cost of the services in total.

6.2.3 It is important to identify these categories and to plan the tariff structures accordingly. Subsidies currently derived from two sources namely:-

6.2.3.1 Contributions from National Government: National Government makes an annual contribution according to a formula, which is primarily based on information obtained from Statistics South Africa by means of census surveys. If this contribution is judiciously utilized it will subsidize all indigent households who qualify in terms of the Council policy.

6.2.3.2 Contributions from own funds: The Council can, if the contribution of National Government is insufficient, provide in its own operational budget for such support. Such action will in all probability result in increased tariffs for the larger users. Any subsidy must be made known publicly.

6.2.4 To make provision for subsidization the tariff structure can be compiled as follow:-

6.2.4.1 Totally free services (within limits and guide lines);

6.2.4.2 Lower tariffs for users who qualify in terms of particular guide lines, for example to recover the operational costs of the service only; and

6.2.4.3 Full tariff payable with a subsidy that is transferable from sources as mentioned above.



6.7.1.6 Municipal consumption (departmental charges);

6.7.1.7 Institutions that may be directly subsidized for example retirement homes, schools and hostels, sport organizations, etcetera; and

6.7.1.8 Special arrangements for specific developments as may be determined by Council from time to time.

6.7.1.9 Mining

6.7.2 A continuous effort should be made to group together those users who have more or less the same access to a specific service.

## 7. FREE BASIC SERVICES

7.1 Free basic municipal services refers to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.

7.2 In terms of the South African Constitution all customers should have access to basic services. Currently, the free basic services provided to the domestic customers within the Nama khoi Metropolitan Municipality are as follows: -

7.2.1 The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

7.2.2 The general threshold for indigent support is restricted to qualifying households with a combined income amount determined by Council at the beginning of every financial year and will be applied for the duration of that particular financial year.

7.2.3 The Municipality recognizes the following rates and service charges for indigent support:-

7.2.3.1 Electricity;

7.2.3.2 Water;

7.2.3.3 Refuse Removal;

7.2.3.4 Sewerage;

7.2.3.5 Property Rates; and

7.2.3.6 Pauper Burials.



electricity, costs of capital and insurance that is payable in respect of the infra structure. These costs must be recovered whether any electricity is used or not.

The costs are therefore recovered by means of a fixed levy per period (normally as a monthly basic charge) in order to ensure that these costs are covered.



#### 8.4 Water

8.4.1 Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. In order to restrict consumption, an inclining block rate tariff structure with a basic fee is applied.

In principle, the amount that users pay for water services should generally be in proportion to their use of water services. Tariffs must be set at levels that facilitate the sustainability of the service.

8.4.2 To calculate the tariff for water, the actual cost incurred in the supply of water to the community, has to be taken into consideration. The principle of basic levies as well as a kiloliter tariff for water is determined by the cost structure.

8.4.3 Similar to electricity, this cost structure consists of the following components:-

8.4.3.1 Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any water has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of water, costs of capital and insurance that is payable in respect of the infra structure. These costs must be recovered whether any water is used or not. The costs are therefore recovered by means of a unit tariff which is payable per kiloliter water consumed in order to ensure that these costs are covered.

8.4.3.2 Variable costs: It relates to the physical provision of water according to demand and must be financed by means of a unit tariff which is payable per kiloliter water consumed.

8.4.3.3 Profit taking: The tariffs for these services are determined in such a way that a NETT trading surplus is realized. Any trading surplus is used to subsidize the tariffs of rate funded services.

8.4.4 The following tariff structures were basically used for the determination of tariffs:-

8.4.4.1 Single-leg water consumption for users with pre-paid and conventional meters.

8.4.4.2 A fixed tariff per month for users with no meters.

8.4.4.3 An availability fee will be charged on users and/or properties not connected to the water network, should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects and improve the property the debit will be adjusted pro-rata from the date of the connection.

8.4.4.4 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.



## 8.7 Property Rates

- 8.7.1 The rate levied by the Municipality will be a cent amount in the Rand based on the market value of the property.
- 8.7.2 In terms of the Municipal Property Rates Act, 2004 the Municipality may levy different rates for different categories of ratable property. Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category and by way of reductions and rebates as provided for in the Municipality's property rates policy.
- 8.7.3 In terms of section 17 (1) (e) of the Municipal Finance Management Act the Municipality's property rates policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.
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### 9.1.2 Pre-paid Customers

9.1.2.1 Pre-paid users, if applicable, are charged at an inclining block tariff per unit based on the number of kWh purchased, which is determined as follows:-

Block 1: 1 to 50 kWh
Block 2: 51 to 350 kWh
Block 3: 351 to 600 kWh
Block 4: >600 kWh

9.1.2.2 Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of purchases.

9.1.2.3 Registered Indigents receive a number of kWh units fully subsidized every month, as determined by Council on an annual basis.

### 9.2 Accommodation Establishments

This tariff covers the supply of electricity to all premises qualifying under the definition of accommodation establishments as determined in this policy or similar premises.

#### 9.2.1 Customers with Conventional Meters

9.2.1.1 Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Three part tariff:
  - i. Fixed monthly charge (R/month).
  - ii. Demand charge (R/kVa) as per approved NERSA Tariffs.
  - iii. Energy rate (c/kWh). The energy rate is charged at a tariff per unit based flat rate, based on the number of kWh consumed.



### 9.3.2 Pre-paid Customers

9.3.2.1 Pre-paid users, businesses are charged at an inclining block tariff per unit based on the number of kWh purchased and a basic charge as a fixed monthly charge which R/MONTH

Block 1: 1 to 50 kWh
Block 2: 51 to 350 kWh
Block 3: 351 to 600 kWh
Block 4: >600 kWh

9.3.2.2 Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of purchases.

### 9.4 Bulk Customers

9.4.1 These customers are billed as follow:-

9.4.1.1 Three part tariff.

- (a) Fixed monthly charge (R/month).
- (b) Demand charge (R/kVA month).

©Energy rate (c/kWh). The energy rate is charged on a flat rate tariff per unit based on the number of kWh consumed within a specific period.

### 9.5 Streetlights

9.5.1 An energy rate (c/kWh) will be applied per streetlight metering point.



## 10. WATER TARIFF POLICY

### 10.1 Domestic (Non Metered)

10.1.1 Customers are billed a fixed amount per month.

### 10.2 Domestic /Accommodation Establishments (Metered)

10.2.1 Customers are billed as follow:-

10.2.1.1 An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.

10.2.1.2 Registered Indigents receive an amount of water fully subsidized every month, as determined by Council on an annual basis.

10.2.1.3 Customers are billed for consumption based on the amount of water used by way of a step tariff per kiloliter usage in the following blocks:-

- (a) 1 to 6 kl – Registered Indigent Domestic Customers Only
- (b) 1 to 6 kl – All Non-Indigent Registered Domestic Customers/ Accommodation Establishments
- (c) 7 to 15 kl – All Non-Indigent Registered Domestic Customers/ Accommodation Establishments
- (d) 16 to 30 kl - All Domestic Customers/ Accommodation Establishments
- (e) 31 to 60 kl - All Domestic Customers/ Accommodation Establishments
- (f) 61 kl and above - All Domestic Customers/ Accommodation Establishments

### 10.3 Business/ Commercial/ Industrial

10.3.1 Customers are billed as follow:-

10.3.1.1 An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.

10.3.1.2 Customers are billed for consumption based on the amount of water used per kiloliter usage:-





## **11. REFUSE TARIFF POLICY**

### **11.1 Refuse Removal Tariffs**

11.1.1 The Council has determined the following categories for refuse removal:-

11.1.1.1 Residential (domestic customers) – maximum of one removal per week.

11.1.1.2 Flats – maximum of one removal per week.

11.1.1.3 Town Houses/ Duet Houses – maximum of one removal per week.

11.1.1.4 Accommodation Establishments - maximum of one removal per week.

11.1.1.5 Business/ Commercial/ Industrial (Non – Bulk) – maximum of two removals per week.  
Businesses situated in residential areas will only be serviced once a week.

11.1.1.6 Business/ Commercial/ Industrial (Bulk) – Individual arrangements.

11.1.1.7 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

11.1.2 Registered Indigents receive their refuse removal service fully subsidised every month, as determined by Council on an annual basis.

### **11.2 Special Arrangements**

11.2.1 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

### **11.3 Refuse Removal Sundry Tariffs**

11.3.1 All other refuse removal related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.



#### 12.4 Special Arrangements

12.4.1 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

12.4.2 Any other income e.g. Sewerage connections, only for indigents and households an agreement for 6 months

#### 12.5 Sewerage Sundry Tariffs

12.5.1 All other sewerage related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.



APPROVED AND IMPLEMENTATION OF POLICY

COUNCIL APPROVAL: →

A handwritten signature in black ink, appearing to be 'R Kritzinger', written over a horizontal line.

R KRITZINGER

SPEAKER

IMPLEMENTATION DATE:

01 July 2022

DATE: 30 June 2022