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NOTICE NR: 31/2022 10 JUNE 2022

MUNICIPAL NOTICE NO: 31 of 2022

RESOLUTION LEVYING PROPERTY RATES FOR THE FINANCIAL YEAR 01 JULY 2022 TO 30 JUNE 2023

Notice is hereby given in terms of Section 14(1) and (2) of the Local Government Property Rates Act, 2004; that at its meeting of 31 May 2022, the Council resolved by way of council resolution number COUNCIL 24/05/22, to levy the rates on property reflected in the schedule below with effect from 1 July 2022.

Category of property	Rate ratio	Cent amount in the Rand rate determined for the relevant property category
Business and Commercial Property	1:2	R0.0370
Mining Properties	1:2	R0.0370
Residential Property	1:1	R0.0185
Industrial Property	1:2	R0.0370
Public Service Infrastructure Property	1:0	R0.0000
Agricultural Property	1:0.15	R0.0028
Public Benefit Organisation	1:0.2	R0.0037
Public Service Purpose Properties	1:2	R0.0370

EXEMPTIONS, REDUCTIONS AND REBATES

Residential Properties: For all residential properties, the municipality will not levy a rate on the first R15 000 of the property's market value. The R15 000 is inclusive of the R15 000 statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

Public Service Infrastructure: For all public service infrastructure properties, the municipality will not levy a rate on the first 30% of the property's market value. The 70% balance of the market value will be exempted from levying a rate.

Special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act no 57 of 2003), or of a national botanical garden within the meaning of the National Environment Management: Biodiversity Act of 2004(Act no 10 of 2004) which are not developed or used for commercial, business or residential agricultural purposes (Section 17 (1)(e)), will be treated as impermissible.

Rebates / Exemptions in respect of a category of owners of property are as follows:

Residential Properties: Property owners of residential property, who are 60 years of age and older and who complies with the prescribed criteria, will qualify for a 30% rebate on the rates levy.

Business Properties – Accommodation Establishments: Properties used as accommodation establishments (criteria set out in Property Rates Policy) will receive a 35% rebate on the levying of rates.

Indigent owners: Improved Residential properties with a market value of R150 000 and less, will be exempt from rates levied.

Full details of the Council resolution and rebates, reductions and exclusions specific to each category of owners of properties or owners of a specific category of properties as determined through criteria in the municipality's rates policy are available for inspection on the municipality's website (www.kannaland.gov.za) and all public libraries.

ADV. H. CONSTABLE ACTING MUNICIPAL MANAGER

KANNALAND MUNICIPALITY PO BOX 30 LADISMITH 6655 TEL: 028 551 8000

7 July 2022 22419





CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY 2022 / 2023



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PREAMBLE

WHEREAS Section 152 (1) (b) of the Constitution of the Republic of South Africa Act (Act 108 of 1996) ('the Constitution') provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS Section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS Section 195(1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- i) The promotion of the efficient, economic and effective use of resources;
- ii) The provision of services impartially, fairly, equitably and without bias; and the fact that people's needs must be responded to.

AND WHEREAS Section 4(1)(c) of the Local Government: Municipal Systems Act (Act 33 of 2000) ('the Systems Act') provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS Section 5(1)(g), read with subsection (2)(b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS Section 6(2)(c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Section 95 of the Systems Act provides for Customer Care Management;

AND WHEREAS Section 96 of the Systems Act provides that a municipality must collect all monies that is due and payable to it, subject to this Act and any other applicable legislation and for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of this Act.

AND WHEREAS Section 99 of the Systems Act provides that a municipality's executive mayor, as the supervisory authority, must oversee and monitor the implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98 and the performance of the municipal manager in implementing the policy and any by-laws;

AND WHEREAS Section 100 of the Systems Act provides that the municipal manager or service provider must - implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98, must establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality and must report the prescribed particulars to a meeting of the supervisory authority;

AND WHEREAS Section 64(2)(a) the Local Government: Municipal Finance Management Act (Act 56 of 2003) provides that the municipality has effective revenue collection systems in place;

NOW THEREFORE the Kannaland Municipality Council adopted this policy to be known as "The Kannaland Municipality Customer Care, Credit Control and Debt Collection Policy" and will replace all previous Customer Care, Credit Control and Debt Collection Policies.

1. DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

"Accounting Officer" The Municipal Manager appointed in terms of Section 82 of the Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Act" The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

"Actual consumption" means the measured consumption of a consumer of a municipal service during a specified period;

"Arrangements" means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to;

"Arrears" means any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date;

"Authorized Representative" refers to the person or institution legally appointed by the Council to act or to fulfil a duty on its behalf;

"Average consumption" means the deemed consumption of a customer of a municipal service during a specific period, which consumption is calculated by adding the recorded monthly average consumption and the current actual consumption and dividing the total by 2:

"Bank guarantee" refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor ("the consumer") fails to pay;

"Calculated amounts" refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer or, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business;

"Chief Financial Officer" refers to the person so designated in terms of Section 80(2)(a) of the Municipal Finance Management Act (Act No. 56 of 2003) to administer its finances.;

"Consolidated account" refers to one combined account for all municipal services, housing rents and instalments, rates and basic charges payable, and "consolidated bill" has a corresponding meaning;

"Consumer" means a customer;

"Conventional electricity and water meters" mean electricity and/or water meters, as the case may be, which are used to determine the supply of electricity and water, and which are normally read on a monthly or other fixed interval basis;

"Council" refers to The Kannaland Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy;

"Councillor" refers to any member of a municipal council;

"Credit Control" refers to all functions relating to the collection of monies owed by customers and users of municipal services;

"Customer" refers to any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;

"Debtors" A person who owes the municipality money for services consumed;

"Defaulter" a person who owes money to the Municipality after the due date has expired;

"Deposit" refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property are required;

"Due date" in the absence of any express agreement in relation thereto between the Council and the customer, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid;

"Employer" Means an employer as defined in paragraph 1 of the seventh schedule of the Income tax act, act no 58 of 1962;

- "Equipment" refers to any building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;
- "Estimated consumption" arises when no actual reading can be taken and is equivalent to the existing average consumption;
- "Existing customers" refers to the customers who have already entered into an agreement for the supply of municipal services;
- "Financial year" refers to the period starting from 1 July in a year to 30 June the next year;
- "Household" People who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter.
- "Illegal tampering" It is the unauthorized handling of municipal infrastructural services, with the intention to distort information that can be accessed from such machinery or with the intention to consumer services in a fraudulent manner;
- "Implementing Authority" means the Municipal Manager or his nominee, acting in terms of Section 100 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000);
- "Indigent" A person who is needy and furthermore who generates no income or generates income which is so minimal that he can't make a worthwhile contribution towards the payment of municipal services;
- "Interest" is a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on all arrear monies;
- "Meter audits" refers to an investigation to verify the correctness of the consumption and supply of electricity and water;
- "Municipality" when referred to as:
- a) a corporate body, means a municipality as described in Section 2 of the Municipal Systems Act, 2000 (Act No. 32 of 2000);
- b) a geographic area means a municipal area determined in terms of the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998);
- "Municipal Account" An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

"Municipal Manager" means the person appointed as Municipal Manager in terms of Section 82 of the Local Government Municipal Structures Act, 1998, (Act No. 117 of 1998) and includes any person acting in that position or to whom authority has been delegated;

"Municipal services" refers to any services provided by the municipality or any authorised and contracted service provider, available or applied for, or provision made for any service, for which it is entitled to charge a fee or formulate a tariff, payable by a customer or user, thereof;

"Normal office hours" means the hours when the Chief Financial Officer's offices are open to the public from Mondays to Fridays, excluding public holidays, Saturdays and Sundays;

"Official" refers to an employee of The Kannaland Municipality;

"Occupier" means any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property;

"Owner" means:

- a) The person in whom from time to time is vested the legal title to premises, which title is registered at the Deeds Office;
- b) In a case where the person in whom the legal title is vested is insolvent or deceased, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
- d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- e) In relation to-
 - A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
- ii) A section, as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
- f) Any legal person including but not limited to-
 - A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a Trust, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;
 - ii) Any department of State;

- Any Council or Board established in terms of any legislation applicable to the Republic of South Africa;
- iv) Any Embassy or other foreign entity;
- "Person" Means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body public utility body, voluntary association or trust;
- "Property" any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality;
- "Rates" refers to property rates on property situated in the municipal area, any other tax, duty or levy imposed by the municipality;
- "Service agreement" refers to an agreement for the consumption of electricity and/or water and other services as determined from time to time;
- "Supervisory Authority" Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act;

"Terminated account" refers to:

- a) the final account for services after the customer has left the premises, whether or not the customer has given notice to terminate the supply of service; OR
- b) the final account for services if the customer has contravened the service provisions of this policy and attendant municipal bylaws;
- "Unreliable customer" includes an account holder, who according to his or her payment record fails to settle his or her Municipal account by the due date or who is in arrears with payment due to the Municipality or who tampers or interferes with metering equipment, seals or the supply of Municipal services;
- "Variable flow-restricting device" refers to a device that is coupled to the water connection that allows the water supply to be restricted or closed;
- "Visitation fee" refers to the fee charged for attendance and/or disconnection/reconnection of an electricity/water supply when the supply has been disconnected due to non-payment and/or tampering, or where access to disconnect/restrict has not been gained, which fee shall be charged as in terms of the tariffs applicable to the approved budget; and
- "Voluntary garnishee order/emoluments order" refers to a court order for the deduction of an amount of money from the salary or other income of a customer.

2. INTRODUCTION

The primary objective of sound municipal debtor's management, or credit control, is to ensure that all monies owed to the municipality are collected in a reasonable period and all debtors owing money to the municipality are treated in a fair and equitable manner.

The Customer Care, Credit control and Debt Collection Policy is part of the mechanisms designed to assist the municipality in collecting outstanding debts from the consumers and improve the municipality's cash flow.

The purpose is to ensure that credit control and debt collection forms an integral part of the revenue collection process of the municipality and to provide a framework to link the municipal budget to:

- a) Indigent Support;
- b) Tariff Policy In relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a municipality must, within its financial and administrative capacity;
- c) Establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payments and the municipality, and where applicable, a service provider;
- d) Establish an effective accounting system that produces timeous, clear and understandable account for consumers;
- e) Establish mechanisms for users of services and ratepayers to give feedback to the municipality or other service providers regarding the quality of the services and the performance of the municipality;
- f) Take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from services are utilised;
- g) Where the consumption of services, have to be measured, to take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems;
- h) Ensure that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due;
- i) Provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt action in correcting inaccurate accounts;

- j) Provide accessible mechanisms for dealing with complaints from the community (ratepayers), together with prompt replies and corrective action by the municipality;
- k) Provide mechanisms to monitor the response time and efficiency;
- Provide accessible pay points and other mechanisms for settling accounts or for paying for pre-paid services; and
- m) Reasonable terms for collection, payment of arrears and the imposition of penalties.

3. OBJECTIVES

- 3.1 This policy will aim to assist council in the implementation of relevant legislation regarding credit control and debt control in the municipal sphere by:
 - a) Providing a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
 - b) Ensuring that all money due and payable to the municipality is collected and used to deliver municipal services in a financially sustainable manner;
 - c) Setting realistic targets for debt collection;
 - d) Outlining Customer Care, Credit Control and Debt Collection Policy procedures and mechanisms; and
 - e) Providing a framework to link the municipal budget to indigent support and tariff policies.

4. DUTIES AND FUNCTIONS

The following duties and functions are assigned to the under mentioned role-players relating to the management, control and implementation of customer care, credit collection and debt collection.

4.1 DUTIES AND FUNCTIONS OF COUNCIL

- 4.1.1 To approve budgets consistent with the needs of communities, ratepayers and residents;
- 4.1.2 To impose rates and taxes and to determine service charges, fees and penalties to finance the budget;
- 4.1.3 To facilitate sufficient funds to give access to basic services for the poor;
- 4.1.4 To provide for a bad debt provision, in line with the payment rate of the community in terms of section 18 of the MFMA (Funded budget):
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- 4.1.5 To together with the Chief Financial Officer, set an annual improvement target for debt collection (refer Section 5), in line with the acceptable industry norm and performance requirements of any appointed external service providers;
- 4.1.6 To approve a reporting framework for customer care, credit control and debt collection:
- 4.1.7 To consider and approve by-laws to give effect to the council's policy;
- 4.1.8 To revise the budget should council's targets for credit control and debt collection not be met;
- 4.1.9 To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies;
- 4.1.10 To approve a list of suitably qualified service providers that will act on behalf of council in all collection and legal matters relating to debt collection;
- 4.1.11 To provide sufficient capacity in the municipality's budget and treasury office for customer care, credit control and debt collection or, alternatively, to appoint service providers or debt collection agents to assist with the credit control and debt collection function;
- 4.1.12 To assist the Municipal Manager in the execution of his duties, if and when required;
- 4.1.13 To provide funds for the training of staff in connection with credit control and debt collection:
- 4.1.14 In terms of Section 99 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Executive Committee, is to monitor and supervise the application of this policy, and is to report to council on the extent and success of the municipality's credit control actions;
- 4.1.15 In order to maintain the credibility of the municipality in the implementation of the present policy, Councillors, by adopting this policy, pledge that their own accounts will at no stage fall into arrear.

4.2 DUTIES AND FUNCTIONS OF THE EXECUTIVE MAYOR

- 4.2.1 To ensure that the budget, cash flow and targets for customer care, credit control and debt collection are met;
- 4.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-law;

- 4.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of customer care, credit control and debt collection procedures, mechanisms and processes; and
- 4.2.4 Report to Council.

4.3 DUTIES AND FUNCTIONS OF MUNICIPAL MANAGER

In terms of Section 100 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Municipal Manager is responsible for implementing the Customer Care, Credit Control and Debt Collection Policy. In line with this, the Municipal Manager needs to perform the following:

- 4.3.1 Install and maintain an appropriate accounting system;
- 4.3.2 Implement a customer care management system;
- 4.3.3 Bill customers;
- 4.3.4 Demand payment on due dates;
- 4.3.5 Raise penalties and interest for defaulters;
- 4.3.6 Appropriate payments received;
- 4.3.7 Collect outstanding debt;
- 4.3.8 Provide different/alternate payment methods;
- 4.3.9 Determine credit control and debt collection measures;
- 4.3.10 Determine all relevant work procedures for, inter alia, public relations, arrangements, disconnection/reconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes;
- 4.3.11 Instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders, etc.);
- 4.3.12 Appoint staff to execute council's policy and by-laws;
- 4.3.13 Set performance targets for staff;
- 4.3.14 Determine internal control procedures;
- 4.3.15 Monitor contracts with service providers in connection with credit control and debt collection.

The Municipal Manager may delegate these responsibilities to the Chief Financial Officer. However, this delegation does not absolve the Municipal Manager from being held accountable for the implementation of this policy.

Although the Municipal Manager is held accountable for implementing this policy, it is the responsibility of all officials of the municipality to promote and support this Customer Care, Credit Control and Debt Collection Policy.

4.4 DUTIES AND FUNCTIONS OF COUNCILLORS

The duties and functions of councillors will include the following:

- 4.4.1 To hold regular ward meetings;
- 4.4.2 To adhere to and convey the policy and by-law to customers, residents, and ratepayers; and
- 4.4.3 Adhere to the Code of Conduct for Councillors.

4.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS

The duties and functions of ward councillors will include the following:

- 4.5.1 To adhere to and convey council policies to residents and ratepayers;
- 4.5.2 To adhere to the Code of Conduct for Councillors;
- 4.5.3 The ward committees will act in terms of roles and functions as approved by council;
- 4.5.4 The ward committees are encouraged to actively promote this policy, and to ensure, at the same time, that the municipality's customer service is of a standard acceptable to the community.

4.6 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

The duties and functions of communities, ratepayers and residents will include the following:

- 4.6.1 To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services;
- 4.6.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality on or before the due date for payment;
- 4.6.3 To observe the mechanisms and processes of the municipality in exercising their rights;
- 4.6.4 To allow municipal officials access to their property to execute municipal functions;
- 4.6.5 To comply with the by-laws and other legislation of the municipality;
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4.6.6 To refrain from tampering with municipal services and property.

4.7 DUTIES AND FUNCTIONS OF MUNICIPAL STAFF

The duties and functions of municipal staff members will include the following:

- 4.7.1 To always pay amounts that are owed in respect of rates, taxes and services and not to default on payments;
- 4.7.2 The Municipality may deduct any outstanding amounts from a staff member, if the member has not paid amounts that are due to the municipality for more than three (3) months:
- 4.7.3 The normal credit control procedures shall also apply to any amount in arrears of a councillor or a municipal staff member;
- 4.7.4 Where the municipality provides temporary employment to members of the community who are in arrears with payment for municipal rates and services, they will be required to enter an agreement to pay at least 20% of their gross remuneration towards any amount in arrears.
- 4.7.5 No accountholder or representative of an accountholder that are in arrears more than ninety days, may serve on any municipal committee.

5. PERFORMANCE AND EVALUATION

Council will create a mechanism wherein the under mentioned targets can be assessed, evaluated and whereby remedial steps can be taken.

5.1 INCOME COLLECTION TARGETS

Council will create income collection targets that will include the reduction in the monthly increase of debt in line with the performance agreements for officials.

5.2 CUSTOMER SERVICE TARGETS

Council will create targets that will include:

- 5.2.1 Response time to customer queries;
- 5.2.2 Date of first account delivery to new customers;
- 5.2.3 Reconnection time lapse; and
- 5.2.4 Meter reading cycle.
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5.3 ADMINISTRATIVE PERFORMANCE

Council will create targets that will include:

- 5.3.1 Cost efficiency of debt collection;
- 5.3.2 Query and appeal periods;
- 5.3.3 Enforcement a mechanism of ratios.

6. REPORTING

- 6.1 The Chief Financial Officer shall report on a monthly basis to the Municipal Manager in a suitable format to enable him/her to report to the Executive Mayor as supervisory authority in terms of Section 99 of the Systems Act, to be read in conjunction with Section 100(c).
 - a) This report will include:
 - i) The total debt analysis as at month end;
 - ii) Month- end balances after debit raising;
 - iii) Brought forward balances at month end;
 - iv) Number of fully recovered accounts;
 - v) Indigents progressive growth;
 - vi) Rand value indigent growth;
 - vii) Number of indigent applications;
 - viii) Cash flow improvement;
 - ix) Net effect on arrears;
 - x) Collections of arrangements;
 - xi) Cash receipts;
 - xii) Cash received versus debits raised;
 - xiii) Cash received exceeding debits raised;
 - xiv) Attorneys brought forward balances;
 - xv) Meter readings functioning & performance;
 - xvi) Arrangements made;
 - xvii) Number hand delivered final demands;
 - xviii) Number of posted final demands;
 - xix) Electricity cuts versus reconnections;
 - xx) Water restrictions versus reconnections;
 - xxi) Electricity and water revisits; and
 - xxii) Total accounts handed over to council's attorneys.
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b) The Executive Mayor as supervisory authority shall, at intervals of three (3) months, report to council as contemplated in Section 99(c) of the Systems Act. This will be reported as part of the quarterly section 52 of the MFMA report and bi-annually in terms of section 72 of the MFMA.

7. CUSTOMER CARE

7.1 OBJECTIVES

To focus on the client's needs in a responsible and pro-active way to create a positive and cooperative relationship between customers responsible for the payment of services received, and the municipality, and where applicable, any service provider to facilitate financial assistance and basic services to the community's poor.

7.2 COMMUNICATION AND FEEDBACK

The municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include revised targets for customer care and service standards.

The Customer Care, Credit Control and Debt Collection Policy, or relevant extracts thereof, will be available at the municipal office, the official website and on special request. Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and related issues. Ward councillors will be required to hold regular ward meetings, at which customer care and related issues will be given prominence. The media will also be encouraged to give prominence to customer care and related issues and will be invited to Council or Committee meetings where these matters are discussed.

7.3 HANDLING OF COMPLAINTS

Within its financial and administrative capacity, the municipality will -

- a) Establish a central complaints/feedback office;
- b) A centralized complaints database to enhance co-ordination of complaints, a speedy resolution and effective communication with customers;

- c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- d) A communication mechanism to give feedback on service, debt and customer care and related issues.

7.4 ENQUIRIES, SERVICE COMPLAINTS AND APPEALS

The enquiries counters at the municipality's service centres can be contacted for all account queries. An enquiry clerk stationed at the municipality's service centres shall be available to assist consumers with account balance queries as well as the opening and closing of accounts.

Any resident or consumer who may feel aggrieved concerning his/her account may address a dispute to the Chief Financial Officer. Any dispute in respect of the amount due and payable on the consolidated bill must be lodged -

- a) In writing;
- b) In the prescribed format; and
- c) With valid reasons and all supporting documents / information attached, at the municipality or via email for further investigation.

The municipality endeavours to investigate any query and give feedback within fourteen working days of the receipt of a **valid dispute**.

A customer who has lodged a dispute is not relieved of the responsibility to maintain regular payment on his account. In the event of an accountholder reasonably querying any item or items on the monthly municipal account, no action shall be taken against the accountholder provided the accountholder has paid, by due date, an amount equal to the monthly average monetary value of the three most recent un-queried accounts in respect of the service under investigation, as well as all un-queried balances on such account, and, provided further that, such query is made in writing by the accountholder or is recorded in writing by the Chief Financial Officer or his designate on behalf of the accountholder.

If a customer has received a response to a query but is still not convinced that the account is correct, the customer will still be liable for the full outstanding amount and will be subject to credit control action.

A customer may appeal to the Municipal Manager against the finding of the municipality or its authorised agent.

Such an appeal must be made and lodged with the municipality within 21 (twenty-one) days after the notification of such finding has been received and must set out the reasons for the appeal and be accompanied by a deposit, as determined in the approved tariffs, for the testing of a measuring device, if applicable.

7.5 METERING

Within practical and financial limits, the municipality will endeavour to provide meters for every consumable service. All meters will be read monthly, on approximately the same date, if possible;

If it is not possible to read all meters monthly the consumption will be estimated. Customers are entitled to request verification of meter readings and accuracy within reason but may be held liable for the cost thereof. Customers will be informed of meter replacements.

If a service is metered but it cannot be read due to constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

7.6 ACCOUNTS, BILLING AND PAYMENT

- 7.6.1 The municipality shall produce and mail one consolidated monthly bill to consumers for services supplied or available (inter alia, electricity, water, refuse and sewerage charges) and for rates levied on property within the municipal area unless, for whatever reason, the rates account has not been consolidated with the services account in which case separate monthly accounts will be mailed. These accounts will be produced in accordance with meter reading cycles at regular intervals or as prescribed by law.
- 7.6.2 The municipality shall undertake to mail the consolidated account to the customer address, in South Africa, as specified by each customer. However, non-receipt of an account does not negate the responsibility of the customer to pay the amount owing

- by due date nor prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the most recent account, before the due date.
- 7.6.3 The consumer shall, in writing, notify the municipality of any change of address, including an e-mail address, and contact details. Notwithstanding the fact that a consumer has not received an account as a result of his failing to notify the municipality of his change of address or due to delays on the part of external service providers, the customer is nevertheless liable for payment of such account. Any change of address only becomes effective when the notification of the change is received and acknowledged by the municipality.
- 7.6.4 Accounts must be paid in full on or before the due date as indicated on the account. Failure to comply with this section shall result in debt collection action being instituted against the customer. Interest on arrears, at prime plus one percent (Prime+1%), in the absence of any determination, as prescribed by law, will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.
- 7.6.5 Bulk consumers may at the discretion of the municipality be notified of their unpaid accounts prior to the commencement of the debt collection process.
- 7.6.6. Payments for accounts must be received at a municipal pay-point by close of business on or before the due date. In the case of any electronic payments, the money must be received in the municipal bank account no later than the close of business on the due date. In the case of monies paid to agents, the money must be deposited with the agent prior to the close of business on due date and proof thereof may be required to validate any claims.
- 7.6.7 The following methods of payment and payment points can be used:
 - a) Electronic banking payments (EFT) directly into the municipality's account. EFT's must be made at least 48 hours before the applicable due date where it is made from banks other than the official bank of the municipality.
 - b) At any municipal office during office hours (Cash & Card payments)
 - c) No cheques will be accepted.

- 7.6.8 The consumer acknowledges that any agent used for transmitting payments to the municipality is at the risk and cost of the consumer. In addition, the consumer must take into account the transfer time of the particular agent.
- 7.6.9 Receipt of the total outstanding monies will be allocated to the credit of the account in full. If a debtor pays only part of any amount due, the Chief Financial Officer shall allocate such payment as follows:
 - a) firstly, to any unpaid interest raised on the account;
 - b) secondly, to any other sundry debtors (miscellaneous);
 - c) thirdly, to housing rents and instalments;
 - d) fourthly, to any unpaid refuse collection charges;
 - e) fifthly, to any unpaid sewerage charges;
 - f) sixthly, to any unpaid water charges;
 - g) seventhly, to any other unpaid electricity charges; and
 - h) lastly, to any unpaid property rates.
- 7.6.10 A customer shall not be entitled to allocate any payment made to any portion of the total debt due to the municipality.
- 7.6.11 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 7.6.12 The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request, at a cost as determined by Council.
- 7.6.13 Where incorrect debits were raised or omitted levies regarding services, the accounts queried will be rectified for the year, in which the error was found or reported, and two preceding years.

7.7 CUSTOMER ASSISTANCE PROGRAMMES

7.7.1 Water leakages

- a) If the leakage is on the customer's side of the meter, the customer will be responsible for the payment of all water supplied to the property;
- b) Where suitable proof of repair costs is provided, the Municipality may, at its sole discretion, provide relief on the charge raised above the average consumption at the

cost price of the service. The responsibility to control and monitor his/her water consumption rests with the consumer.

7.7.2 Rate rebates

Categories of property or owners may qualify for exemptions, rebates and reductions of rates as determined in the municipality's property rates policy.

7.7.3 Arrangements for settlement of arrear accounts

- a) If a customer cannot pay his/her account with the municipality then the municipality may enter into an agreement with the customer for an extended term of payment according to the applicable category of the customer, in terms of the official Guidelines for the Payment of Arrears adopted by Council resolution. The customer must -
 - i) on the official agreement form, adopted by Council for that purpose, sign an acknowledgement of debt;
 - ii) sign a consent to judgement;
 - iii) provide a garnishee order/emolument order/stop order (if he/she is employed);
 - iv) acknowledge that interest could be charged at the prescribed rate;
 - v) pay the current portion of the account;
 - vi) sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible, and that disconnection of water and electricity will follow immediately, as will legal proceedings; and
 - vii) acknowledge liability of all costs incurred.
- b) The municipality reserves the right to raise the deposit requirement of debtors who seek arrangements;
- c) Where an arrangement is made outside of the stipulations of the official Guidelines for the Payment of Arrears adopted by Council, such payments will be accepted, subject to the normal credit control and debt collection procedures.
- d) The municipality reserves the right to convert the conventional electricity service of a customer with consumption in arrears, to a pre-pay electricity meter;

In all instances of arrears on service accounts where the customer is on the prepaid electricity system, amount in arrears is added as a surcharge to the prepaid electricity cost, and be repaid by allocating fifty percent of each purchase amount of electricity until the debt is liquidated;

7.8 INDIGENT SUBSIDY

7.8.1 Customers may apply for an indigent subsidy on the conditions as stipulated in the municipality's Indigent Policy.

7.9 FREE BASIC SERVICES

7.9.1 Council may provide, free of charge to a customer, certain basic levels of services, as determined from time to time.

8. CREDIT CONTROL

8.1 OBJECTIVES

The objectives of the credit control section are to:

- a) Implement procedures that will ensure the prevention of an escalation in debt;
- b) Limit risk by employing effective management tools.

8.2 APPLICATIONS FOR SERVICES AND SERVICE AGREEMENTS

- 8.2.1 All consumers wishing to utilise municipal services must apply to enter into a service agreement.
- 8.2.2 The service agreement, on the prescribed form, will be entered into prior to the provision of services and prior to the consumer taking occupation of the premises.
- 8.2.3 Before being provided with electricity, water and/or other customer services, and prior to taking occupation of premises, every customer shall enter into a service agreement with the municipality in which, inter alia, the municipality may require the customer to agree that the electricity, water and/or other services, supplied by prepaid meter systems, may be used for credit control purposes to collect arrears in respect of all outstanding debt.
- 8.2.4 Owners may allow tenants to sign separate agreements with the municipality, which the municipality may at its own discretion accept or reject;
- 8.2.5 On default by a tenant, the owner will be the debtor of last resort;

- 8.2.6 A new service agreement will only be entered into once all amounts owed by a consumer on other debtor accounts are settled in full.
- 8.2.7 Where municipal services are used/consumed or made use of, and the owner, tenant, or occupants of a property, have not entered into nor completed an agreement for such services, the owner responsible for the payment of rates on the property will be billed for the metered consumption and all municipal service charges applicable to the property.
- 8.2.8 The service agreement shall indicate that transfer of a property may not be registered until the municipality issues a clearance certificate which reflects that all amounts due in connection with that property for municipal service fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate, have been fully paid.
- 8.2.9 Application forms are available at the municipal offices and the application process must occur at least ten (10) working days prior to taking occupation of the premises. This will ensure that services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken. Once the application has been approved, a service agreement will be entered into and services will commence.
- 8.2.10 The Municipality will render the first account after the first meter reading cycle following the date of signing the service agreement or as soon as is administratively possible.
- 8.2.11 Consumers who illegally consume services without a valid service agreement will be subject to disconnection and/or removal of the service and may have charges laid against them for theft and fraud.
- 8.2.12 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to accept the contents of the municipality's credit control and debt collection policy, as well as the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000).
- 8.2.13 Where a signatory is not the owner of the property to which the services are to be provided, a letter from the owner indicating that the signatory is the lawful occupant of the property and where a lesser/lessee arrangement exists between the parties, a copy of such agreement shall be attached to the service agreement.

- 8.2.14 Where a consumer has failed to enter into a service agreement with the municipality, water and/or electricity shall be restricted or disconnected, as the circumstances may require, until such time as a service agreement has been entered into and the applicable deposits have been paid. In such circumstances, the consumer will be held liable for any calculated amounts.
- 8.2.15 Prior to signing these agreements, customers will be entitled to receive the policy document of the municipality on request.
- 8.2.16 On the signing of the agreement, customers will receive a copy of the agreement for their records.
- 8.2.17 Existing customers of services will be required to sign new agreements as determined by the Municipal Manager from time to time.

8.3 CUSTMER SCREENING AND SECURITIES

- 8.3.1 Every customer, other than those who are the registered owners of the property, is to pay a deposit on application for the provision of municipal services before the municipality renders any service to the property. Deposits are payable when new customers sign service agreements and when existing customers move to a new supply address. All deposits shall be paid at least 10 (ten) days prior to occupation of the property or prior to the date on which the services are required, if not required on date of occupation. Failure to comply with this clause may result in a delay in the connection of services and the Council shall not be liable for any loss or prejudice suffered by a customer as a result thereof.
- 8.3.2 All applicants for municipal services may be checked for creditworthiness including checking information from banks, credit bureau, other local authorities, trade creditors and employers.
 - a) Consumers may be grouped into high, medium or low risk consumers.
 - b) A consumer could then be granted a low risk status if he/she/it has not defaulted on any payment to the municipality, medium risk for defaults on payments and high risk if any legal action and judgements were taken.
- 8.3.3 Based on any risk assessment, non-payment of services, default on existing payment arrangement, tampering with the service or theft of water/electricity, the level of deposits may be set or increased.

- 8.3.4 Deposits can be increased at the discretion of the municipality to a maximum of three months average consumption.
- 8.3.5 The outcome of any review contemplated shall be communicated to the customer in the event of any variation in the deposit arrangements being required.
- 8.3.6 The municipality will not pay any interest on deposits.
- 8.3.7 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the municipality, will be refunded to the consumer.
- 8.3.8 Bank guarantees are only permitted for businesses and only under circumstances as determined by the municipality from time to time.
- 8.3.9 Deposits are not transferable when existing customers move to a new address.

8.4 RIGHT OF ACCESS TO PREMISES

- 8.4.1 The owner and or occupier of property must allow an authorised representative of the municipality access at reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service. The representative must have proper authorisation and can only request access during reasonable hours.
- 8.4.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 8.4.3 If a person fails to comply with 8.4.1 the municipality or its authorised representative may
 - a) by written notice require such person to restore access at his/her own expense within a specified period; and
 - b) as a matter of urgency, without prior notice restore access and recover the cost from such person.
- 8.4.4 If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible, the municipality shall estimate the consumption of the service concerned and thereafter bill the accountholder for the monetary value of such estimated consumption.

8.4.5 In the event that the municipality continues to be unsuccessful in obtaining access to the property and, therefore, is unable to obtain an accurate meter reading, the Chief Financial Officer or his authorised representative may disconnect the supply.

8.4.6 Voluntary readings -

These will be permitted provided the municipality obtains any final reading should the consumer move to another supply address.

Consumers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading. The municipality is entitled to make suitable adjustments to the readings should a consumer fail to ensure that a final reading is obtained.

An audit reading during the normal reading cycles must be obtained at least once every 12 months. If a special audit reading becomes necessary, this will be done at the cost of the consumer.

The consumer may elect to supply voluntary readings subject to compliance with these rules. The Chief Financial Officer may, however, cancel the voluntary reading convenience if the consumer fails to render readings on two or more consecutive occasions.

8.5 DISCONNECTIONS/RESTRICTIONS OF SERVICE

- 8.5.1 The municipality shall disconnect/restrict services to consumers whose consolidated accounts remain unpaid after the due date.
- 8.5.2 The municipality shall, prior to disconnection and/or restriction of services, not be obliged to issue any final demand notices or other reminders to customers whose accounts are unpaid after the due date.
- 8.5.3 The municipal account shall reflect a warning message that shall be deemed to be proper and sufficient notice to the customer that his services may be disconnected or restricted unless payment is received on or before due date.
- 8.5.4 In the event that full payment of the consolidated account, including any accumulated arrears, is not received by close of business on due date, the electricity supply and thereafter the water supply may be disconnected/restricted, unless a formal

- arrangement for an extension of payment, in terms of section 7.7.3, has been approved by the Chief Financial Officer or his authorised representative.
- 8.5.5 The municipality reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 8.5.6 Even though a customer may have concluded satisfactory credit arrangements in terms of section 7.7.3, the municipality is not obliged to affect a reconnection of services on the day that payment is received, or the agreement has been signed, but will, unless unable to do so because of circumstances beyond the control of the municipality, endeavour to do so within three (3) working days in terms of section 8.7 read in conjunction with section 8.6.
- 8.5.7 Where a customer's services, are disconnected or where access to a disconnected service has not been obtained, the customer shall be charged a visitation fee, as determined by council, which shall be paid prior to the services being reconnected.
- 8.5.8 Where a customer's account and/or service agreement has been terminated or is in arrears and no credit arrangement has been entered into, council may, at the customer's cost, proceed to collect such amount as is outstanding and due in terms of the procedures for debt collection contained in section 9 of this policy.
- 8.5.9 Where a customer or owner's account is in arrears and no credit arrangement for the settlement of any outstanding debt has been entered into, and, whether the services to the property have been disconnected / restricted or not, council may, regardless of whether the service agreement is terminated or not, implement the procedures for debt collection as set out in Section 8 of this policy, if such action is deemed by the Chief Financial Officer to be in the best interests of council.
- 8.5.10 Should the Chief Financial Officer be of the opinion that the termination of services, in respect of the account is in arrears, could result in the endangerment of the life of any person, the Chief Financial Officer may appropriately restrict rather than terminate the services in guestion.
- 8.5.11 All costs related to notices, the restrictions or dis- and reconnections, will be determined by tariffs approved by the municipal Council, and will be payable by the customer.

8.6 RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

- 8.6.1 Services which have been terminated or restricted shall be reconnected or reinstated by the municipality only when all the following conditions have been met:
 - a) The arrear account has been paid in full, including the interest raised on such account; or
 - b) An acceptable arrangement has been entered into with the municipality for the payment of the arrear account, including the cost of dis- and reconnections, the interest raised on such account; or a query, as contemplated in section 7.4 has been resolved and arrangements for payment as approved by the Chief Financial Officer have been concluded;
 - c) A revised/existing service agreement, where required, has been entered into/reinstated with the municipality, as contemplated in Section 8.2 of this policy; and
 - d) A suitable cash deposit, where required and as determined by the Chief Financial Officer in terms of Section 8.3, has been paid to the municipality.
- 8.6.2 Where consumers using prepaid meters are in arrears, in respect of other services rendered by the municipality, the municipality shall allocate fifty (50) percent of any future prepaid purchases to amounts in arrears, until such time as the arrears have been brought up to date.

8.7 PERIOD FOR RECONNECTION OR REINSTATEMENT

8.7.1 The municipality shall endeavour to reconnect or reinstate terminated or restricted services as soon as conveniently possible but not later than within 3 (three) working days after the date on which the conditions set out in section 8.6 of this policy have been met, unless unable to do so because of circumstances beyond the control of the municipality.

8.8 CLEARANCE CERTIFICATES

8.8.1 On the sale of any property in the municipal jurisdiction, the municipality will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificate as contemplated in section 118 of the Systems Act, No 32 of 2000

- 8.8.2 The Municipality shall, wherever possible, issue a clearance certificate within ten working days of such request once all outstanding debts and administration fees have been paid in full.
- 8.8.3 The above provisions do not apply in the case of transfers from National Government, Provincial Government or another municipality of residential property where the provisions of Section 118 of the Municipal Systems Act are applicable.
- 8.8.4. The Municipality shall collect two (2) months service charges in advance to cover the period for the transfer to be registered at the Deeds Office.

8.9 THE PRE-PAYMENT SYSTEM

8.9.1 The municipality may use its pre-payment system to recover arrears in respect of accrued municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewerage.

8.10 INCENTIVES FOR PROMPT PAYMENT

- 8.10.1 To encourage prompt payment and/or to reward regular payers the municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders.
- 8.10.2 If introduced such an incentive scheme will be reflected in the operating budget as an additional expenditure.

8.11 INTEREST ON ARREARS AND OTHER PENALTY CHARGES

- 8.11.1 Interest shall be charged for a full month on all arrear amounts at the percentage determined by council irrespective of when payment is made.
- 8.11.2 For purposes of determining arrear amounts, all amounts that are unpaid after due date, excluding interest, penalty charges previously raised including collection charges and Value-Added Tax, shall be taken into account.
- 8.11.3 The Chief Financial Officer will be entitled to raise the following charges in addition to the interest charge contemplated in clause 8.11.1: charges for disconnection or restriction of services charges for reconnection or reinstatement of services charges

- for notices of default and other correspondence penalty charges for illegal reconnections penalty charges for dishonoured cheques.
- 8.11.4 Other than those penalty charges prescribed by legislation, the value of each of these charges will be determined on an annual basis by council when considering its annual budget and shall be contained in the Kannaland Municipality tariff listing.

8.12 ILLEGAL TAMPERING AND/OR THEFT OF SERVICES

The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.

Furthermore,

- 8.12.1 Water and electricity metering and connection equipment remain the property of the municipality and anyone involved in instances of tampering, damaging or theft thereof will be liable for criminal prosecution.
- 8.12.2 With regard to electricity services, if tampering of any nature or theft of such services are identified, the electricity supply to the property may be discontinued by the removal of the meter and the cable and the water supply may be restricted. In addition, the customer's service agreement with the municipality may be cancelled and the customer's deposit may be offset against any amounts owed to the municipality.
- 8.12.3 If the restricted water supply is tampered with or any variable flow- restricting device removed, the water supply may be discontinued, the service connection removed and the customer's service agreement with the municipality may be cancelled. The customer's deposit may be offset against any amounts owed to the municipality.
- 8.12.4 Once the municipality becomes aware that any terminated or restricted service has been irregularly reconnected or reinstated, the necessary action to remedy the situation will be implemented which could include the Municipal Manager reporting such action to the South African Police Service.
- 8.12.5 Any person failing to provide information or providing false information to the municipality may face immediate disconnection and/or legal action.

8.12.6 All outstanding amounts including, penalties, assessment of monitored consumption, all metered consumption since the date of the illegal reconnection, shall be paid in full together with any required increased deposit, before any reconnection/reinstatement, are considered. However, the receipt of payment will not necessarily impact on nor prejudice any legal or criminal proceedings against the customer.

9. DEBT COLLECTION

9.1 OBJECTIVE

The objectives of the debt collection section are -

- a) To provide procedures and mechanisms to collect all the monies due and payable to the municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community; and
- b) To institute procedures to address debtor accounts in arrears, with the intention of proceeding until the debt is collected or written off by applying the following two phases:
 - i) Initial collection phase
 - ii) Final collection phase

9.2 INITIAL COLLECTION PHASE

Where debtors' accounts are in arrears -

9.2.1 Immediately after due date, disconnect and/or restrict all water and/or electricity services for all overdue amounts relating to rates, service charges or any charges for services rendered by the municipality in terms of the procedures laid down in Section 8.5 of this policy;

9.2.2 After the due date:

- a) Final notices, advising to pay within 14 days will be delivered to defaulters;
- b) The disconnection/blocking of electricity will follow if no arrangement/payment is made
- c) Tracing action may be authorized and instituted if the whereabouts of the debtor is unknown;

- 9.2.3 The Chief Financial Officer may insist that a consumer, who is utilising a credit meter, convert from that credit metered supply to a prepayment supply;
- 9.2.4 The Chief Financial Officer will allocate fifty (50) percent of any payment for prepayment service to accounts in arrears;
- 9.2.5 The Chief Financial Officer may order that emolument attachment or garnishee orders be instituted on debtors' salaries;
- 9.2.6 The Chief Financial Officer may withhold rates clearance certificates in terms of Section 118 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and Section 7.8 of this policy;
- 9.2.7 The Chief Financial Officer may withhold payments of grants-in-aid to consumers whose accounts are in arrears;
- 9.2.8 The Chief Financial Officer may withhold payment to suppliers, in terms of the Supply Chain Management policy, whose accounts are in arrears; and
- 9.2.9 The Chief Financial Officer must arrange to withhold/reject the approval of building plans relating to improvements on properties if there are arrears on that property;

9.3 FINAL COLLECTION PHASE

Where debtors' accounts are in arrears sixty days (or any earlier period if the Chief Financial officer deems that it is in the best interest of the Council) after due date and where an account rendered to a customer remains outstanding one of the following options may be taken –

- a) where an internal municipal debt collection unit is in operation;
- b) where external collection agents are involved.
- 9.3.1 Where an internal municipal debt collection unit is in operation –

The following listed steps be instituted for recovery of arrear debt up to the point where the debt is collected:

- 9.3.1.1 Registered final demand letter to be delivered;
- 9.3.1.2 Summons to be served;
- 9.3.1.3 Default Judgement to be served;
- 9.3.1.4 Warrant of Execution to be served;

- 9.3.1.5 Garnishee Order to be served;
- 9.3.1.6 Sale in Execution by Sheriff moveable assets; and
- 9.3.1.7 If no success, hand over to Attorney for action in court and/or sale in execution of assets
 - 9.3.2 Where external collection agents are involved -
- 9.3.2.1 All arrear amounts shall be handed over to council's debt collection agents;
- 9.3.2.2 The collection agents will then make use of normal debt collection procedures including a call centre approach and legal processes to collect the amounts owed to the municipality;
- 9.3.2.3 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the municipality's system of debt collection;
- 9.3.2.4 If necessary, the sale in execution of a property to recover arrear property rates and service charges will be instituted (if the accountholder is also the owner of the property);
- 9.3.2.5 The municipality will exercise strict control over this process, and will require regular reports on progress from service providers; and
- 9.3.2.6 The municipality will establish procedures and codes of conduct with these outside parties.

9.4 COLLECTION CONTROLS AND GENERAL MATTERS

- 9.4.1 All steps in credit control and debt collection procedures will be recorded for the municipality's records and for the information of the debtor.
- 9.4.2 Individual debtor account information is protected and not the subject of public information.
- 9.4.3 The municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.
- 9.4.4 The municipality may consider the use of agents as service providers and innovative debt collection methods and products.
- 9.4.5 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.
- 9.4.6 Any agreement concluded with an agent, service provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.
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9.5 COST OF COLLECTION

9.5.1 All costs associated with credit control and debt collection including interest, penalties, service discontinuation costs and legal costs are for the account of the debtor and should reflect at least the cost of the particular action.

9.6 ABANDONMENT OF CLAIMS

- 9.6.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.
- 9.6.2 Whenever all the legal avenues and procedures listed above have been exhausted, or it becomes uneconomical to proceed further, the arrear amounts should, in terms of council's Debt Write-Off Policy, be classified as irrecoverable and should be written off.
- 9.6.3 The valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, may be considered under the following circumstances
 - a) The insolvency of the debtor, whose estate has insufficient funds;
 - b) A balance being too small to recover, for economic reasons, considering the cost of recovery; and
 - c) Where the municipality deems that a customer or group of customers are unable to pay for services rendered.
- 9.6.4 The municipality must maintain audit trials in such instances and document the reasons for the abandonment of the actions or claims in respect of the debt.

9.7 CREDIT BUREAUS

- 9.7.1 The municipality may release debtor information to credit bureaus.
- 9.7.2 Any debtors whose amounts are written off may be listed with the Credit Bureau and may not be permitted to enter future service contracts with the municipality.

ADOPTED	BY	RESOLUTIO	N OF TH	E MUNICIP	AL COU	NCIL OF	KANNAL	LAND:

Version 1 – 17 January 2011

Version 2 – 30 May 2012

Version 3 - 30 May 2013

Version 4 – 28 May 2014

Version 5 - 27 May 2015

Version 6 – 29 March 2018

Version 7 - 06 July 2021

Version 8 – 31 May 2022

DOCUMENT CONTROL

<u>Summary:</u> This document describes the Customer Care, Credit Control and Debt Collection Policy that will be applicable to Kannaland Municipality, with effect from 01 July 2022.

If there is to be any conflict between this policy, contradicting council resolution and/or any delegation as per delegation register, the contents of this policy and the by-law giving effect to this policy will take precedence.

Municipal Manager	Mayor

37 | Page customer care credit control & debt collection Policy

7 July 2022 22420





PROPERTY RATES POLICY 2022 / 2023



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SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES

1. INTRODUCTION

Municipalities need a reliable source of revenue to provide basic services and perform their functions. Property rates are an important source of general revenue for municipalities. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; operating parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

Municipal property rates are set, collected, and used locally. National and provincial governments do not have the power to levy rates, nor do they share in the revenue collected. Revenue from property rates is spent within a municipality, where the local community has a voice in decisions on how the revenue is spent as part of the IDPs and budget processes, which municipalities invite communities to input prior municipal council adoption of the budget.

Section 3(1) of the Local Government Municipal Property Rates Act (Act No 6 of 2004), and section 62(1)(f)(ii) of the Local Government Municipal Finance Management Act (Act No 56 of 2003), provide that a municipality must adopt and implement a policy on the levying of rates on rateable property.

This document sets out the policy of the Kannaland Municipality on the levying of rates on rateable property in the municipality. The rates policy must be reviewed annually in compliance with section 5(1) of the Local Government Municipal Property Rates Act (Act No 6 of 2004) and according to the time schedule tabled by the Executive Mayor in accordance with section 21(1)(b) of the Local Government Municipal Finance Management Act (Act No 56 of 2003). Any changes to the rates policy must be approved together with the annual budget in compliance with section 24 of the Local Government Municipal Finance Management Act (Act No 56 of 2003).

This Policy is formulated in terms of Section 3 of the Local Government Municipal Property Rates Act, (Act 6 of 2004) which came into effect on 2 July 2005. In 2008, Kannaland Municipality initiated a process to prepare a General Valuation Roll of all property situated

within the geographical boundaries of the Municipality in terms of this Act. The last General Valuation was done in 2014. A General Valuation process is currently in progress, with the new valuation roll taking effect from 1 July 2021.

2. LEGISLATIVE CONTEXT

- 2.1 In terms of Section 229 of the Constitution, a Municipality may impose property rates on property.
- 2.2 In terms of Section 4(1) (c) of the Municipal Systems Act, (Act no.32 of 2000), a Municipality has the right to finance the affairs of the Municipality by imposing, inter alia, property rates on property.
- 2.3 In terms of Section 2(1) of the Municipal Property Rates Act, (Act No. 6of 2004) a local Municipality may levy a rate on property in its area in accordance with the other provisions of this Act.
- 2.4 This Policy must be read together with and is subject to the provisions of the Municipal Property Rates Act and the Property Rates By-Law.
- 2.5 In terms of Section 8(1) of the Municipal Property Rates Act, the Municipality is levying property rates on the use of the property as determined on the valuation roll in terms of Section 48 of this Act.
- 2.6 In terms of Section 26 of the Municipal Property Rates Act Method and time of payment:
 - 1. A Municipality may recover a rate
 - a) On a monthly basis as prescribed in terms of the Municipal Finance Management Act: or
 - b) Annually, as may be agreed with the owner of the property.
 - 2. If a rate is payable
 - a) In a single amount annually, it must be paid on or before the end of September as determined by the Municipality.
 - b) If a rate is payable in monthly instalments, it must be paid on or before a date in each period determined by the Municipality.
 - 3. Payment of a rate may be deferred but only in special circumstances.

3. DEFINITIONS

The definitions below are paraphrased from those in the Act to be better understood by the local community:

- "Accommodation Establishment" in relation to a property means the supply of overnight facilities to guests and tourists;
- "Act" means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004);
- "Agent", in relation to the owner of a property, means a person appointed by the owner of the property-
- a) to receive rental or other payments in respect of the property on behalf of the owner; or
- b) to make payments in respect of the property on behalf of the owner;
- "Agricultural property" means property that is used primarily for agricultural purposes and excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;
- "Annually" means once every financial year;
- "Bona fide farmers" means genuine or real farmers whose dominant income is generated from farming;
- "Business", in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on or from a property and includes any office or other accommodation on the property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other activity consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock and the like;

"Category" -

- a) in relation to property, means a category of property determined in terms of section 8 of the Act; and
- b) in relation to owners of property, means a category of owners determined in terms of section 15(2) of the Act;

- "Conservation area / nature reserve" a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003
- a) a nature reserve established in terms of the Nature and Environmental Conservation Ordinance, no 19 of 1974; or
- b) any land which is zoned as open space zone II or III in terms of the Municipality's zoning scheme regulations, provided that such protected areas, nature reserves or land, with the exception of tourism facilities that may have been erected thereon, are exclusively utilised for the preservation of fauna and flora and the products of such land are not being traded for commercial gain.

"Date of valuation" means the date determined by a municipality in terms of section 31(1) of the Act

"Day" means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday;

"Effective date"-

- a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act; or
- b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act;
- "Exclusion", in relation to the municipality's rating power, means a restriction of that power as provided for in section 17 of the Act;
- "Exemption", in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act;
- "Financial year" means the period starting from 1 July in a year to 30 June of the next year and "year" shall have a corresponding meaning;
- "Illegal use", means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property;

"Improvement", means any building or structure on or under a property, but excluding anything that may not be considered in determining the market value of a property;

"Income Tax Act", means the Income Tax Act, 1958 (Act No 58 of 1962);

"Indigent person", means a person described as such in the municipality's Indigent Policy;

"Industrial", in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, including any office or other accommodation on the property, the use of which is incidental the use of such factory;

"Land reform beneficiary", relation to a property, means a person who-

- a) acquired the property through-
- (i) the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993); or
- (ii) the Restitution of Land Rights Act, 1994 (Act No 22 of 1994);
- b) holds the property subject to the Communal Property Associations Act (Act No 28 of 1996); or
- c) holds the property subject to the Communal Property Associations Act (Act No 28 of 1996); or
- d) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

"Land tenure right", means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act,1991(Act No. 112 of 1991);

"Local community", in relation to a municipality—

- a) means that body of persons comprising—
- (i) the residents of the municipality;
- (ii) the ratepayers of the municipality;
- (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
- (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;

- b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;
- "Local municipality" means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155 (1) of the Constitution as a category B municipality;
- "Market value", in relation to a property, means the value of the property determined in accordance with section 46 of the Act;
- "Mining property" means a property used for mining operations.;
- "Multiple purposes", in relation to a property, means the use of a property for more than one purpose;
- "Municipal council" or "council" means a municipal council referred to in section 18 of the Municipal Structures Act;
- "Municipality" means when referred thereto as -
- a) an entity, Kannaland Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Kannaland Municipality; and
- b) a geographical area, the area of jurisdiction of Kannaland Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), and Kannaland Municipality" shall have a corresponding meaning;
- "Municipal manager" means the person appointed as such in terms of section 82 of the Municipal Structures Act in respect of Kannaland Municipality;
- **"Municipal Finance Management Act"**, means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);
- "Municipal properties" means properties -
- a) registered in the name of the municipality in a deeds registry;
- b) publicly controlled by the municipality; or
- c) register in the name of the municipality at any time at the election of the Municipality due to an entitlement thereto, but excluding property held or controlled by the Municipality in a fiduciary or similar capacity, transferable to a third party at the election of such third party;

"Municipal Structures Act", means the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998);

"Municipal Systems Act", means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);

"Municipal valuer" or "valuer of the municipality", means a person designated as a municipal valuer in terms of section 33(1) of the Act;

"Newly rateable property" means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the Act took effect, excluding a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date and any other property identified as such in terms of the Act:

"Occupier", in relation to a property, means a person in actual occupation of a property whether or not that person has a right to occupy the property;

"Office bearer", in relation to places of public worship, means the primary person who officiates at services at that place of worship;

"Official residence" in relation to places of public worship, means a single residential property registered in the office of the Registrar of Deeds in the name of a religious community or registered in the office of the Registrar of Deeds in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

"Owner"-

- a) in relation to property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;
- b) in relation to a right referred to in paragraph (b) of the definition of "property" means a person in whose name the right is registered; or
- c) in relation to a time-sharing interest contemplated in the Property Time sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;
- d) in relating to a share in a share block company, the share block company as defined in the Share Block Control Act,1980(Act No.59 of 1980);

- e) in relation to buildings, other immovable structures and infrastructure referred to section in 17(1)(f), means the holder of the mining right or the mining permit.
- f) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- g) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled" in terms of the Act, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) an usufructuary or other person in whose name a usufruct or other personal servitude is registered in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- (viii)a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
- (ix) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- "Permitted use", in relation to a property, means the limited purposes for which the property may be used in terms of —
- a) any restrictions imposed by -
- (i) a condition of title;
- (ii) a provision of a town planning or land use scheme; or
- (iii) any legislation applicable to any specific property or properties; or
- b) any alleviation of any such restrictions;
- "Person", includes an organ of state;

- "Place of public worship" means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is
 - a) registered in the name of the religious community;
 - b) registered in the name of a trust established for the sole benefit of a religious community; or
 - c) subject to a land tenure right;

"Prescribe", means prescribe by regulation in terms of section 83 of the Act;

"**Private open space**" means any land which is in private ownership used primarily as a private site for play, rest or recreation without financial gain;

"Property" means-

- a) 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;
- b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) public service infrastructure;
- "Property register" means a register of properties referred to in section 23 of the Act;
- "Protected area" means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003);
- "Public Benefit Organisation property" As defined in the Regulations on the rate ratio between the residential and non-residential categories of property;
- "Public open space" means land owned by the municipality, which is not leased on a long-term basis, and which is set aside for the public as open area;

- "Public Service Infrastructure" means publicly controlled infrastructure of the following kinds:
- a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- e) railway lines forming part of a national railway system;
- f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- g) runways or aprons at national or provincial airports;
- h) breakwaters, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels:
- i) any other publicly controlled infrastructure as may be prescribed; or
- j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i); provided that (a), (b), (e), (g) and (h) may not be rated;
- "Public service purposes", means a property owned and used by an organ of state as hospitals or clinics, schools, pre-schools, early childhood development centres or further education and training colleges, national and provincial libraries and archives, police stations, correctional facilities; courts of law; but excludes property contemplated in the definition of "public service infrastructure";
- "Rate" means a municipal rate on property envisaged in section 229(1)(a) of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996);
- "Ratepayer" means a person who is liable, in terms of the Act, for the payment of rates on property levied by the municipality;
- "Rateable property" means property on which the municipality may in terms of

section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

"Ratio", in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

"The rates policy" means Council's rates policy in terms of section 3 of the Act;

"Rebate", in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property;

"Reduction", in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount:

"Registered nature reserve", - a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003.

"Residential", in relation to property, means a property having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple number of such units, but does not include a hotel, commune, accommodation establishment, guesthouse, boarding or lodging undertaking, hostel or suchlike properties;

"Residential property" means a property included in a valuation roll in terms of section 48(2)(b) of the Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9

"Sectional Titles Act", means the Sectional Titles Act, 1986 (Act No 95 of 1986);

"Sectional title scheme", means a scheme defined in section 1 of the Sectional Titles Act;

"Sectional title unit", means a unit defined in section 1 of the Sectional Titles Act;

"Specified public benefit activity" means an activity listed in item 1 (welfare and

humanitarian), item 2 (health care), item 4 (education and development), item 6 (cultural), item 7 (conservation, environment and animal welfare), item 9 (sport) of Part I of the Ninth Schedule to the Income Tax Act;

"State-owned properties" means properties owned by the State, which are not included in the definition of public service infrastructure in the Act;

"Sewerage services" includes water-borne-, conservancy tank removal.

"The Act" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

"Unimproved property" means property on which no immovable improvements have been erected: Provided that improvements for the supply of water, electricity, sewer and suchlike services to the property and negligible improvements shall be disregarded for purposes of determining whether or not property is unimproved;

"Urban conservation area" means an area defined in the relevant Zoning Scheme Regulations as a "Conservation Area", the aim of which is to retain the unique character or the aesthetical sensitive arrears of the Kannaland Municipality by the control of building design and building lines in the case of new buildings or erven not built upon and also in the case of existing buildings to be replaced, altered or extended.

- 1) Words and expressions to which a meaning has been assigned in the Act shall bear the same meaning in this policy.
- 2) In this policy, a word or expression derived from a word or expression defined in subsection (1) shall have a corresponding meaning unless the context indicates that another meaning is intended.

"Vacant land', means any property without buildings or structures, irrespective of its Zoning or intended usage, but excluding any land zoned as "agricultural" on which Bona fide farming is being conducted

4. PRINCIPLES

- 4.1 The following principles will ensure that the municipality treats persons liable for rates equitably:
- Equity All property owners liable for property rates will be treated fairly and reasonably.

- Affordability Limit each annual rates increase as far as practicable so that they do
 not overburden ratepayers and in imposing the rate in respect of each financial year,
 take proper cognizance of the aggregate burden of rates.
- Financial sustainability Property rates should be used to finance the municipality's operating expenditure. The granting of exemptions, reductions and rebates should not erode the municipality's tax base.
- Social and Economic Development The policy of the municipality should promote the interests of social and economic development by utilising the mechanisms at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality.
- Cost efficiency Rates will be based on the value of all rateable property and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage removal) services and the amounts required to finance exemptions, rebate reduction and phasing-in of rates as approved by the municipality from time to time.
- 4.2 Property Rates are levied in accordance with the MPRA as a cent-in-the rand based on the property value contained in the Municipality's General Valuation Roll of 2021 and Supplementary Valuation Rolls.
- 4.3 A municipality must, according to Sec 78 of the MPRA, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property- If
 - a) Incorrectly omitted from the valuation roll;
 - b) Included in a municipality after the last general valuation;
 - c) Subdivided or consolidated after the last general valuation;
 - d) The market value has substantially increased or decreased for any reason after the last general valuation;
 - e) Substantially incorrectly valued during the last general valuation;
 - f) it must be valued for any other exceptional reason;
 - g) the category has changed;
 - h) the value recorded in the valuation roll was incorrect as a result of a clerical or typing error.

Furthermore, a supplementary valuation in respect of any rateable property will be triggered when:

a) Occupation certificate is received;

- b) Improvement on a property reaches roof height;
- c) Change of land usage/zoning;
- d) Demolishing certificate;
- e) Consolidation / Subdivision of properties;
- f) Any other reason that may cause the valuation of the property to increase or decrease.
- 4.4 As allowed for in the MPRA, the Municipality has chosen to differentiate between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from property rates. However, the Municipality does not grant relief in respect of payments for property rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this Policy.
- 4.5 A person liable for a rate must furnish the municipality with an address where correspondence can be directed to.
- 4.6 The rate charged as a cent-in-the-rand for Residential Properties is the base rate and the rates charged in respect of all other categories of properties are reflected as ratios to the Residential rate as set out below.

SECTION B: CATEGORIES OF RATEABLE PROPERTIES

5. CRITERIA FOR DETERMINING CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES

The municipality has determined categories of rateable properties based on the following criteria:

- a) the use of the property;
- b) the permitted use of the property or;
- c) or a combination of (a) and (b).

6. CATEGORIES OF PROPERTY

CATEGORIES OF PROPERTY FOR THE MUNICIPALITY INCLUDE -

- Agricultural Properties;
- o Multipurpose Properties (subject to section 10);
- o Businesses and Commercial Properties;
- Businesses and Commercial Properties Accommodation Establishments / Guest Houses;
- o Industrial Properties;
- Mining Properties;
- o Public Service Properties / Organs of state;
- Public Benefit Organisations;
- Public Service Infrastructure;
- o Residential Properties;
- o Vacant Land.

7. CRITERIA FOR RATING PROPERTY USED FOR MULTIPLE PURPOSES

Properties used for multiple purposes which do not fall within the definition of Residential Properties and, accordingly, do not qualify for the residential rate, may be included into the category of multiple-use properties, for which an apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers it reasonable to apply this category.

SECTION C: DIFFERENTIAL RATING

CRITERIA FOR DIFFERENTIAL RATING OF PROPERTIES 8.

The following has been taken into consideration for the purpose of differential rating:

- Promotion of social and economic development of a municipality; and
- Differential rating among the various property categories will be done by way of setting different cent amount in the Rand rate for each property as legislated in section 14(2)(b)(iii). This is much simpler for the local community to understand and thus promotes the principle of transparency.

Differential rates applicable (Based on Use)	Ratio in relation	
Differential rates applicable (based off ose)	to the base tariff	
Residential Properties	1:1	
Vacant Land: Residential	1:1	
Vacant Land: Business & Commercial	1:2	
Agricultural Properties	1:0.15	
Businesses and Commercial Properties	1:2	
Business: Guest Houses / Accommodation Establishment	1:2	
Industrial Properties	1:2	
Mining Properties	1:2	
Public Service Infrastructure	1:0.25	
Public Service Properties/Organs of state	1:2	
Public Benefit Organisations (Incl. Old Age Homes)	1:0.2	
Public Benefit Organisations - Place of Worship	1:0	
Municipal Properties	1:0	

SECTION D: RELIEF MEASURES AND INCENTIVES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

9. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the -

- (a) indigent status of the owner of a property as determined by the income level of the owner:
- (b) limited income of owners of a property who are pensioners or dependant on social grants;
- (c) owners of property situated within an area affected by
- i) a disaster within the meaning of the Disaster Management Act,2002 (Act No.57 of 2002); or
- ii) any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold; (or)
- (e) owners of agricultural properties who are bona fide farmers

10. IMPERMISSIBLE RATES

A municipality may not levy the following rates in terms of sections 16 (1) and 17 (1) of the Act:

- i) Rates that would prejudice national economic policies;
- ii) Rates that would prejudice economic activities across boundaries; and
- iii) Rates that would prejudice national mobility of goods, services, capital or labour.

Impermissible rates will be applied as follow:

- On the first 30% of market value of public service infrastructure (Section 17 (1)(a)).
- On a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act no 57 of 2003), or of a national botanical garden within the meaning of the National Environment

- Management: Biodiversity Act of 2004(Act no 10 of 2004) which are not developed or used for commercial, business or residential agricultural purposes (Section 17 (1)(e)).
- On the first R15, 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes (Section 17 (1)(h)).
- On property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community, which is occupied by an office-bearer of that community who is, officiates at services at that place of worship. (The exclusion lapses if not used for the purposes as indicated above) (Section 17(1)(i)).

11. EXEMPTIONS

- The Municipality will grant exemption for owners of improved residential properties with a market value lower than an amount determined by the municipality (Section 15 (2)(e)). This is an important part of the Municipality's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low value properties. The amount determined will be published in the annual council approved tariff listing.
- Municipal properties that are not leased or rented out by the municipality will be exempt from being levied rates (Section 7 (2)(a)(i)). This includes leased municipal properties with a nominal value and/or portions of commonage property where it is not practical to levy property rates.
- The balance of Public Service Infrastructure (PSI's) properties will be exempt after the application of the impermissible on the first 30% of market value of public service infrastructure (Section 17 (1)(a)).

12. REBATES

- Properties that are used as Accommodation Establishments will be granted a 35% rebate on the business & commercial tariff.
- Rebates on Mining Properties will be as per Council Resolution.
- Registered owners of residential properties who are **Pensioners** qualify for a 30% rebate on the residential tariff. To qualify for the rebate a property owner must be the registered owner of a property which satisfies the requirements of the definition of Residential Property. This property owner must:
 - i) occupy the property as his/her Primary Residence, and

- ii) be at least 60 years of age, or
- iii) has been declared medically unfit, and
- iv) not receive any other rebates.

All applications for Pension Rebates will be effective for the same period as the General Valuation Roll and won't be applicable to vacant plots and agricultural properties rated by use.

Applications must (where applicable) be accompanied by-

- i) A certified copy of the identity document or any other proof of the owner's age which is acceptable to the municipality;
- ii) an affidavit from the owner;
- iii) if the owner is a disabled person proof of a disability pension must be supplied; and
- iv) if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- v) The Municipality retains the right to refuse rebates if the details supplied in the application form are incomplete and incorrect or false.
- Once a pension rebate was granted, there is no need for the owner to re-apply for a rebate, permitted it remains the principle residence of the owner.
- Any new applications may be submitted at any time during the year, after which the rebates will be pro-rata from the month following successful application. (Application forms can be obtained from the Municipality).
- o If any status relating to this policy change, it is the responsibility of the applicant to notify the municipality. After notification, the municipality will remove the "Pensioner" status on the property. If neglected to notify the municipality of such status change and the municipality becomes aware of such change, the municipality will remove the "Pensioner" status and reverse any rebates that was granted on the property from application date.
- o No applications on vacant plots will be processed.

13. REDUCTIONS

A reduction in the municipal valuation as contemplated in section 15(1) (b) of Act will be granted where the value of a property is affected by-

- a) a disaster within the meaning of Disaster Management Act, 2002 (Act No.57 of 2002);
 or
- b) any other serious adverse social or economic conditions.

The reduction will be in relation to the certificate issued for this purpose by the municipal valuer. All categories of owners can apply for a reduction in the rates payable as described above and the reduction will only be granted as per Council resolution.

14. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES

- (1) During the budget process the Chief Financial Officer must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- (2) Provisions must be made in the operating budget for the full:
 - i) potential income associated with property rates; and
 - ii) the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- (3) Projections regarding revenue foregone for a financial year in relation to exemptions, rebates, reductions, exclusions, phasing in etc. must be reflected in the council's annual budget for that year.
- (4) A list of all exemptions, rebates, reductions, exclusions, phasing in etc. must be tabled before council.

SECTION E: RATES INCREASES/DECREASES

15. CRITERIA FOR INCREASING OF RATES

The municipality will consider increasing rates annually during the budget process by taking in consideration the following factors:

- Priorities of a municipality reflected in its IDP;
- Guidelines issued by National Treasury;
- The revenue needs of the municipality;
- Affordability of rates to ratepayers;
- A need for curbing excessive rates on implementation of a new valuation roll;
- The increase of costs associated with subsidised services; and
- Salary and wage increase as agreed at the South African Local Government.

All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation and legislative requirements.

SECTION F: LIABILITY FOR RATES

16. LIABILITY FOR RATES BY PROPERTY OWNERS

(a) Method and time of payment

- The municipality will recover rates on a monthly basis;
- Monthly rates must be paid in monthly instalments to the municipality at the end of each month; and
- The municipality makes provision for the recovery of rates on a monthly basis, subject to conditions outlined in the credit control and debt collection policy of the municipality.

(b) Deferral of payment of rates liabilities

The municipality will consider each and every application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far as the cash-flow of the municipality is concerned.

- (c) Property rates payable by agricultural property owners
 - In a case of agricultural property owned by more than one owner in *undivided shares* where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act, 1970 the municipality will treat the owner of such property for the purpose of liability for rates in the following manner:
- o If the joint property owners are all available and are traceable, rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities. Owners will be notified and without any communication of an agreement, joint owners of the agricultural property, will by the discretion of the municipality held liable for rates regarding agricultural property by either the application of (Sections 24(2)(b)(i) or (ii) of the Act).
 - (i) hold any one of the joint owners liable for all rates or
 - (ii) hold any joint owner only liable for that portion of the rates levied on the levied in respect of the agricultural property concerned; or property that represents that joint owner's undivided share in the agricultural property.

- o If the joint property owners are not traceable -
- i) with the exception of one joint owner and such joint owner is occupying or using the entire property or a portion of 80% or more, the municipality will hold that joint owner liable for the total rates bill for that entire property; or
- ii) If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using a portion less than 80% of the entire property, the municipality will hold that joint owner liable for that portion of rates levied on the entire property that represents that joint owner's undivided share in that property.

17. CLEARANCE CERTIFICATES

Software and System Details

The municipality can make use of an electronic Rates Clearance System. The system will provide a secure electronic link between the Conveyancing Attorneys and Municipality.

Audit and Legislation Compliance Process

All monies collected by the Municipality including in respect of Special Rating Areas and any estimated amounts for the duration of the validation period of a certificate in terms of Section 118(1) (a) of the Systems or Section 89 of the Insolvency Act, (Act 24 of 1936), are for the purpose of Section 118 of the Systems Act, deemed to be due and must be paid in order to facilitate the transfer of immovable property.

- All rates clearance applications must contain at least one of the following contact options for the buyers:
- 1) The buyer's cell phone number
- 2) The buyer's e-mail address
- 3) The buyer's work and/or home address
 All rates clearance applications must contain the correct postal address of the buyer.
 Should the application be incomplete, the application will be rejected by Council.
- All amounts that are due, on date of application for rates clearance, must be paid in full prior to the issuing of any clearance certificate in terms of Section 118, of the Systems Act;

- Rates clearance figures will be calculated for the current month of application and 60 days in advance. This figure will contain rates, services, surcharges and any other amounts that may become payable or in arrears with regards to the development, subdivided erf or sectional title unit;
- Developer's contributions will be due and payable before any rates clearance certificate is issued on new erven developments;
- All receipts of fees, advance rates and services will be allocated on the Seller's debtors account. These fees will first be allocated to any arrears, clearance fee and valuation certificate fee, before allocated as an advance;
- In the case of new sectional title developments payment of developer's contribution will be due before services will be connected;
- No interest shall be paid by the Municipality to the registered seller in respect of these payments which are deemed to be due;
- Outstanding services of tenants may only be recovered for a maximum period of two years if a request is lodged for a Section 118 (3) of the Municipal Systems Act (32 of 2000) Clearance Certificate. If this is done the conveyancer, seller and buyer of the property must be informed that the remaining debt will remain on the property according to subsection 3;
- o The clearance certificate will be valid for 60 days;
- Extension on a clearance certificate will be granted, if all services are paid in advance for another 60 days;
- o Only electronic Rates Clearance Applications will be accepted;
- Attorneys should await figures with the unique deposit reference for developer's contributions before payments are made. Proof of payment of developer's contributions will be validated via the capital contribution schedule;
- Confirmation of registration must be captured by the Attorneys on the Rates Clearance System; and
- o Pro-rata rates will be calculated by the Municipality;

18. RATES REFUNDS

- All refunds, including service deposits, will be paid to the transferring attorney after registration of the property;
- Refunds will only be processed on applications received through Rates Clearance System;
- Refunds will be allocated to arrear service debt of tenants and only the balance will be refunded:

- Refunds will not be issued if the services have not been connected on the new owner's name and the deed confirming new ownership is not received;
- Refunds will be processed when and if the transferring attorney's banking details on the creditor's form has been submitted, with a copy of the responsible person's ID document. The attorneys must supply the municipality with their contact person's email address. Without the information no refund can be processed;
- o Refunds will be issued once a month per attorney firm; and
- Disconnection or reconnection of services must be sent through the rates clearance application system, as well as by e-mail to argiewe@kannaland.gov.za.

19. THE PERIOD OF VALIDITY OF THE VALUATION ROLL

The municipality shall prepare a new valuation roll every 5 (five) years and a supplementary

valuation roll annually. Request for the extension of the period of validity of the valuation roll in terms of Section 32, can be granted by the MEC for Local Government but only in specified circumstances.

The valuation roll is valid for the municipal financial years 2021/22 to 2025/26.

20. AMOUNT DUE FOR RATES

The due date for payment of property rates in terms of Sections 26(2)(a) and (b) and 78(4) of the MPRA means the date reflected on a municipal invoice as the final date on which payment is due and payable. The amount due for rates will be reflected as a rate (cent amount in the Rand rate) multiplied by the market value of the property. This amount will be reflected in a municipal account that will be sent to the property owner on a monthly basis. The non-receive of an account does not waive the monthly obligation and the liability remains the responsibility of the owner.

21. EFFECTS OF OBJECTIONS AND APPEALS ON LIABILITY FOR PAYMENT

In terms of the MPRA:

- The lodging of an objection or an appeal in terms of Sections 50 and 54 of the MPRA does not defer liability for the payment of property rates beyond the dates determined for payment in terms of this Policy;
- The review of the municipal valuer's decision in terms of Section 52 of the MPRA does not defer liability for the payment of property rates beyond the dates determined for payment in terms of this Policy.

22. ANNUAL REVIEW OF RATES POLICY

The municipality will annually review, and if necessary, amend its rates policy taking into accounts public comments or inputs.

23. THE EFFECTIVE DATE OF THE RATES POLICY

The rates policy takes effect from the start of the municipal financial year 2022/2023 and will be applicable to Kannaland Municipality.

Version: Revision No.11
Date: 1 July 2022

DOCUMENT	CONTROL	
Summary:	This document describes the Property Kannaland Municipality, with effect from	
Municipal Ma		Executive Mayor

7 July 2022 22421





TARIFF POLICY 2022 / 2023



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PREAMBLE

WHEREAS Section 74 of the Local Government: Municipal System Act (Act 32 of 2000) provides that –

Kannaland Municipal Council must adopt and implement a Tariff Policy that complies with the provisions of any applicable legislation on the levying of fees for municipal services provided by or on its behalf. The Tariff Policy may differentiate between different categories of users,

debtors, service providers, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination. Section 75 of the Systems Act requires that the Council adopt by-laws to give effect to the implementation and enforcement of its Tariff Policy.

THEREFORE, Kannaland Municipal Council adopts this policy to be known as "The Kannaland Municipal Tariff Policy".

1. DEFINITIONS

In this Policy, unless inconsistent with the context –

- "Accounting Officer" means the municipal manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, (Act no, 177 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act (Act No. 32 of 2000;
- "Accommodation Establishments" in relation to a property means the supply of overnight facilities to guests and tourists;
- "Additional residential units" additional units erected on an erf zoned as single or general residential, it can form part of the main structure or be separated. The size of the additional units must vary between 30 and 120 square meters and does not have to have separate service connections. Loose standing units may only have a ground level structure. Each unit must have direct access from ground level;
- "Agricultural Property" Means a property that is used primarily for agricultural purposes but, without derogating from section 9, of the Municipal Property Rates Act (Act 6 of 2004) excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;
- "Availability charges" An availability charge for electricity, water and sewerage as determined from time to time by the Council shall be levied and will be payable on all properties on a monthly basis, except in cases where the site has been declared inhabitable by the municipality, with or without improvements, whether or not the property is connected to the electricity reticulation / water network / sewerage network systems of the Council. Such fee shall be levied only if;
- a) a monthly Basic fee is not levied;
- b) the property is adjacent to such a service; and
- c) in the opinion of the Council, the services can reasonably be connected.
- "Average consumption" means the average consumption by a customer of a municipal service during a specific period, which consumption is calculated by dividing the total measured consumption of that service over that period, by the number of periods;

- "Back yard dwellers" a standalone building structure smaller than 30m2 on an existing property where the main building / house is less than 60m2, where the occupant is a permanent resident;
- "Customer/user" means any person to whom a service is rendered or made available by the council;
- "Dwelling" a separate structure on a property, where a household lives as a permanent resident, with an authorized separate municipal service connection for water and / or electricity;
- "Households" all persons older than 18 years that resides within a dwelling on a property within the jurisdiction of the Council regardless, whether the person rents or owns the property;
- "Indigent level 1 household" means a household with a total monthly income of not more than two times the monthly Government old age pension;
- "Indigent level 2 households" means a household with a total monthly income of more than two times, but less than four times the monthly Government old age pension;
- "Interest" means a charge levied on all arrear accounts calculated at an interest rate which is one percent higher than the prime interest rate;
- "Mining Property" means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act. No. 28 of 2002);
- "Multiple purposes" in relation to a property, means the use of a property for more than one purpose, subject to section 9 of the Municipal Property Rates Act (Act 6 of 2004);
- "Municipal area" means the area in respect of which the Municipality has executive and legislative authority as determined by the Constitution and national legislation and the area as demarcated by the Demarcation 1998 (Act no. 27 of 1998);
- "Municipal council" means the council of Kannaland Municipality;
- "Municipality" means -
- a) an organ of state within the local sphere of government exercising legislative and executive authority in an area determined under the Local Government: Municipal Demarcation Act (Act no, 27 of 1998);

- b) a Municipality consists of:
 - i) the political structures and administration of the Municipality; and
- ii) the community of the Municipality.
- c) functions in the area in keeping with the political, statutory and other relationships between its political structures, political office bearers and administration and its community; and
- d) as a separately legal personality that excludes liability on the part of its community for the actions of the Municipality.
- "Occupier" means the person who controls and resides on, or who controls and otherwise uses immovable property or a portion thereof; provided that-
- a) the husband or wife of the owner of immovable property which is at any time used by such owner and husband or wife as a dwelling, shall be deemed to be the occupier thereof;
- b) where husband and wife both reside on immovable property and one of them is an occupier thereof, the other shall also be deemed to be an occupier thereof; and
- c) a person who
 - i) resides in or occupies a room or rooms in a boarding house, lodging house, home for elderly people (other than a person, and the husband or wife of such person, who, by paying a capital amount, has acquired and exercises a lifelong right to so reside in or occupy a room or rooms in a home for elderly people), hostel, hotel, motel, mess, barracks, nurses home or other place of a like nature;
 - ii) resides in or occupies a separate room or rooms on immovable property occupied by any relative of such person;
 - iii) as a boarder or lodger, resides in or occupies a room or rooms on immovable property owned or occupied by any other person; or
 - iv) occupies an area of land or building or portion of a building solely for the purpose of parking, leaving or storing any vehicle or craft thereon or therein; shall be deemed not to be an occupier of the immovable property concerned.
- "Office Bearer" in relation to places of worship, means the primary person who officiates at services at that place of worship;
- "Official residence" in relation to places of public worship, means -
- a) a portion of the property used for residential purposes; or
- b) one residential property, if the residential property is not located on the same property as the place of worship;

"Owner" -

- a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;
- b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered:
 - i) in relation to a time-sharing interest contemplated in the Property Time-Sharing Control Act, 1983 (Act 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-Sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;
- ii) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act 59 of 1980)
- iii) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f) of the Municipal Property Rates Act, means the holder of the mining right or the mining permit.
- c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled", provided that a person mentioned below may for the purposes of the Municipal Property Rates Act be regarded by a municipality as the owner of a property in the following cases;
- i) A trustee, in the case of a property in a trust excluding state trust land;
- ii) An executor or administrator, in the case of a property in a deceased estate;
- iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- iv) A judicial manager, in the case of a property in the estate of a person under judicial management;
- v) A curator, in the case of a property in the estate of a person under curatorship;
- vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject of a usufruct or other personal servitude;
- vii) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- viii) A lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or

ix) A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

"Person with a disability" means someone who has a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities. This excludes caring facilities or old age homes.

"Place of public worship" means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium, provided that the property is –

- a) registered in the name of the religious community;
- b) registered in the name of a trust established for the sole benefit of a religious community; or
- c) subject to a land tenure right

"Private Open Space (POS)" means vacant land belonging to private owners;

"Property" means-

- a) 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;
- b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) Public service infrastructure;

"Protected Area" Those parts of a special nature reserve, national park or nature reserve within the meaning of the national Environmental Management Protected Areas Act, (Act no.57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act (Act no. 10 of 2004), which are not developed or used for commercial, business, agricultural or residential purposes.

"Public benefit organisation (PBO)" means properties owned by public benefit organisations and used for any specific public benefit activities listed in Part 1 of the 'Ninth Schedule to the Income Tax Act;

"Public Service Infrastructure (PSI)" means publicly controlled infrastructure.

"Public Service Infrastructure – Impermissible (PSII)" means the national, provincial and local government properties that are phasing out for rates payment according to Sec 83 of the MPRA (full definition included under MPRA above);

"Public Service Properties (PSP) (previously (GOV))" in relation to the use of a property means property owned and used by an organ of state as –

- a) hospitals or clinics;
- b) schools, pre-schools, early childhood development centres or further education and training colleges;
- c) national and provincial libraries and archives;
- d) police stations;
- e) correctional facilities; or
- f) courts of law; but excludes property contemplated in the definition of "public service infrastructure (PSI);

"Ratio" in relation to section 19 of the Municipal Property Rates Act (Act No.6 of 2006), means the relationship between the cent in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

"Residential property" means a property included in a valuation roll in terms of section 48(2)(b) of the Municipal Property Rates Act No.6 of 2004 (MPRA) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the MPRA.

"Tariff Policy" means a Tariff Policy on the levying of fees, rates or taxes for municipal services provided by the Municipality itself and that complies with the Municipal Systems Act, (Act no. 32 of 2000); and

"The Act" means the Municipal Systems Act, (Act no, 32 of 2000);

2. OBJECTIVE

The objective of this Tariff Policy is to ensure the following:

- a) Tariffs must conform to acceptable policy principles;
- b) Municipal services must be sustainable;
- c) Tariffs must comply with the applicable legislation; and
- d) Tariffs should take indigent people and limited consumption into consideration.

This Policy will cover the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements. In setting its tariffs the council shall at all times take due cognizance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

The Kannaland Municipal Council has the overall responsibility of laying down the Tariff Policy.

3. TARIFF PRINCIPLES

A tariff policy must be compiled, adopted and implemented in terms of section 74(1) Local Government Municipal Systems Act No. 32 of 2000 and section 62(1)(f) of the Municipal Finance Management Act No. 53 of 2003.

In terms of section 74(2) of the Systems Act of 2000, the Municipality's Tariff Policy reflects the following principles:

- a) Users of municipal services are treated equitably in the application of tariffs;
- b) The amount individual users pay for services are generally in proportion to their use of that service;
- c) Indigent households have access to at least basic services through:
 - i) Special or life-line tariffs for low levels of use or consumption of services or for basic levels of service; or
- ii) Any other direct or indirect method of subsidisation of tariffs for indigent households;
- iii) Tariffs reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges;

- d) Tariffs are set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned. A service is financially sustainable when it is provided in a manner that would ensure its financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision;
- e) Provision is made in appropriate circumstances for a surcharge or a rebate on the tariff for a service;
- f) Provision is made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- g) The economical, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives is encouraged; and
- h) The extent of subsidisation of tariffs for indigent households and other categories of users are fully disclosed;
- i) It can be further stated that tariffs, rates and the employment of resources, in general, take into account the Council's IDP principles and goals;

4. NEED FOR A TARIFF POLICY

4.1 Revenue Adequacy and Certainty

The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must:

- a) Fully utilize the available sources of revenue to meet its development objectives; and
- b) Be reasonably certain of its revenue to allow for realistic planning.

4.2 Sustainability

Financial sustainability requires that the Municipality must ensure that its budget balances. This means that the Municipality must ensure that:

- a) Services are provided at affordable levels; and
- b) It is able to recover the costs of service delivery.

The Municipality realizes that no aid will be provided to it if it exceeds its budget or fails to establish proper financial management controls. Councillors will set realistic budgets. All members of the community have the right to have access to at least a minimum level of basic services. There are, therefore, a need to subsidize poor households, who are unable to pay even a proportion of service costs.

4.3 Effective and Efficient usage of Resources

Resources are scarce and must be used in the best possible way to reap the maximum benefit for the community. However, there are no mechanisms available to ensure that the Municipality's decisions will ensure effective allocation of resources. It is therefore important that the community provide the necessary checks and balances. They can do this by participating in the budget process. In addition, performance audits should be carried out by the office of the Auditor-General or outsourced to a private firm. Efficiencies in spending and resource allocation will ultimately increase the access of the poor to basic services.

4.4 Accountability, Transparency and Good Governance

The Municipality must be accountable to the community for the use of its resources. Councillors must be able to:

- a) Justify their expenditure decisions; and
- b) Explain why and how the revenue necessary to sustain expenditure, is raised.

Budgeting and the financial affairs of the Municipality must be open to public scrutiny, in accordance with Section 22 of the Municipal Finance Management Act No 53 of 2003. The community should be part of the decision-making process about how revenue is raised and spent. Community participation in budgeting should include those groups in the community, such as women, who face particular constraints in participating. It must also include a capacity-building component to ensure that people understand the prioritization process (why resources are allocated to one area rather than another).

4.5 Equity and Redistribution

The Municipality must treat members of the community equitably with regard to the provision of services.

4.6 Development and Investment

Meeting basic needs in the context of existing services backlogs will require increased investment in municipal infrastructure.

5. SOURCES OF REVENUE

- a) In terms of section 229 of the Constitution of the Republic of South Africa, (Act no, 108 of 1996), the Municipality may impose:
 - Rates on property and surcharges on fees for services provided by or on behalf of the Municipality; and
- ii) If authorised by national legislation, other taxes, levies and duties appropriate to local government, but it may not impose income tax, value-added tax, general sales tax or customs duty.
- b) The power of the Municipality to impose rates on property, surcharges on fees for services provided by or on behalf of the Municipality, or other taxes, levies or duties:
 - May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
- ii) May be regulated by national legislation.
- c) In terms of section 4(1) (a) of the Systems Act, the Council has the right, amongst other things, to finance the affairs of the Municipality by:
 - i) Charging fees for services; and
- ii) Imposing surcharges on fees, rates on property and to the extent authorised by national legislation, other taxes, levies and duties.

Section 16 of the Systems Act requires the Municipality to establish appropriate mechanisms, procedures, and processes to ensure community participation in, amongst other things, the preparation of its budget.

6. IMPLEMENTATION OF POLICY

6.1 Free Basic Services

The Municipality subscribes to the policy that all poor households are entitled to a minimum amount of free basic services. A basic service is a service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety of the environment. The Municipality will aim to achieve the goal of providing free basic services by developing this Policy in

conjunction with the Kannaland Indigent Policy. The specific services this relates to are:

- a) Water
- b) Domestic waste and sewage removal
- c) Domestic refuse removal
- d) Electricity

The Council is aware that it currently does not provide all these services to all residents within its municipal area. It is also aware that, some of the services is currently provided, or may be provided by other bodies, in which case, the Council commits to make representations and negotiate with those service providers to achieve its goal.

6.2 Affordable Tariffs

The Council is aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at affordable levels. To ensure that tariffs remain affordable, the Council will ensure that –

- a) Services are delivered at an appropriate level;
- b) Efficiency improvements are actively pursued across the Municipalities' operations;
- c) A performance management system is introduced to ensure that plans that are devised are implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used; and
- d) Any service that is provided for which there is little demand, that is priced under the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are to be phased out, except where the Council is by law required to provide such a service.

To increase affordability for indigent persons, the Council will ensure that its equitable share of revenue raised nationally, will be used to subsidise a specified level of basic services for them.

6.3 Tariff Equality for Services and Property Rates

The Council believes that all residents and ratepayers must pay the same tariff for the same level and quality of service. However different categories of properties can have different tariffs.

6.4 Rates

Property rates is an important source of discretionary revenue for the Municipality. It is used to finance services that cannot be apportioned to individual consumers and to balance the budget after service charges have been determined. It is therefore imperative that property rates must be levied, and is payable in respect of, all rateable properties within the municipal area. The Council will, as a first step, ensure that all properties are valued in terms of the Local Government Property Rates Act No. 6 of 2004.

The Municipality, like any other business enterprise is subject to continuous price increases in goods, materials, and other resources that it uses to perform its functions. Consequently, it is the policy of the Council:

- a) That tariffs for services and property rates will be reviewed at least once during every financial year;
- b) That tariff increases must be in line with increases in the price of goods, material and other resources acquired and used by the Municipality to perform its functions; and
- c) Further the tariff for a particular service must be calculated in such a way that all relevant costs are covered. This means that a tariff for a service must include at least the capital expenditure required and interest thereon, the cost of managing and operating the service and the cost of maintaining, repairing and replacing the physical assets used in its provision.

6.5 Payment for Services Rendered

Taking cognisance of Council's policy on a minimum amount of free basic services for all poor households, Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption of services, the Council intends to install metering systems as in the case of water usage, and to take into account the free service element. In this regard Council will develop a programme to install meters and charge for services and as in the case of free basic

services, the consumption over and above the free units. It is also the Council's policy that the tariffs for such services must include all relevant cost factors as stated above.

6.6 Local Economic Development and Competitiveness

The size of the property rates and service charges accounts presented to local businesses is a significant business overhead for any business enterprise in the municipal area. The overhead of a business is one of the factors that influence and chances of survival. The Council will take care that the municipal account presented to local businesses are fair. To ensure fairness toward local business, Council will when it determines tariffs, consider the desire:

- a) To promote local economic competitiveness; and
- b) To promote local economic development and growth.

6.7 Service Delivery Sustainability

The Municipality must ensure that the services that it provides must be sustainable. Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that its financing is sufficient. The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service, maintaining, repairing, and replacing the physical assets used in its provision.

However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that the charges to be levied must be collected. The Council will therefore adopt and apply a Credit Control and Debt Collection policy to ensure that property rates and service charges are recovered.

Where a trading and economic service is available to a property, an availability levy will be imposed if the occupier of the property does not use the service concerned, or if the property is vacant. The availability levy, if possible, will be adequate to cover the pro rata cost of the initial capital expenditure, interest thereon, depreciation and the maintenance of the infrastructure associated with service delivery.

6.8 Tariff Determination

Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality and for rates on properties. Tariffs may be calculated in various ways, dependent upon the nature of the service being provided. Tariffs may be set to recover the full cost of the service being provided or to recover a portion of those costs, or to bring about a surplus that can be utilized to subsidize other non-economical services.

In special circumstances, such as significant increases in the wholesale price of goods and services that is relevant to the provision of services, the Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above. Proposed tariffs will be presented to the community during the Council's public participation process.

Immediately after the Council has determined or amended a tariff, the municipal manager must clearly display it at all the offices of the Municipality as well as at such other places within the municipal area, as she / he may determine.

The notice must state -

- a) The general purpose of the resolution;
- b) The date on which the determination or amendment comes into operation;
- c) The date on which the notice is displayed;
- d) That any person who desires to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed and
- e) That any person who cannot write may come during office hours to a place where a staff member of the Municipality named in the notice will assist that person to transcribe her/his objection.

If no objection is lodged within the period stated in the notice, the determination or amendment will come into operation on the date determined by the Council.

Where an objection is lodged, the Municipality will consider every objection. The Council may, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another tariff, on the date on which the determination or amendment will come into operation. After the Council has considered the objections it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.

7. TARIFF STRATEGY

The Council's strategy is to recover the full financial cost of rendering the services required by the community from the community, including the cost of capital:

- a) The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
- b) The second point will be to ensure a sustainable service delivery based on the set service level standards; and
- c) The third point will be the upgrade of services to higher levels in accordance with the affordability of the community and the ability to render the upgraded services in a sustainable manner.

7.1 Recovery of Cost

Resource management expenditure is those activities that are required to regulate, manage and maintain the service.

7.2 Capital Costs & Depreciation

Capital cost expenditure is the Council's obligation to meet the repayments on loans negotiated to finance the provision of the service. Depreciation as a capital cost represents the costs associated with usage over time.

7.3 Maintenance Costs

These are normal running costs to maintain the service at the established level of service provision.

7.4 Consumption /Usage

In the case of measurable services, the actual cost of usage of the services is easily determined. Where measurable services are provided without measuring devices being installed, the cost will be calculated by using the sectarian charge multiplied by the bulk registered consumption or estimated volume of consumption divided by the number of households/properties.

7.5 Cost of Immeasurable Services

These services are normally community and subsidized services and the cost will be recoverable through a rating policy as determined from time to time. Recovery of costs will therefore be equalized over the total area of jurisdiction of the Council and the principle of collective payment will apply.

8. SERVICES CLASSIFICATION

Traditionally, municipal services have been classified into four groups based on how they are financed. The four groups are as follows:

8.1 Trading Services

Water and electricity provisions are trading services. Typically, the consumption of a trading service is measurable and can be apportioned to an individual consumer. These services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidize the tariffs of non-trading services.

8.2 Economical Services

Sewage and domestic household removal are economic services. The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. Whilst they are also managed like businesses, the tariffs for these services are normally determined in such a way that user charges cover the cost of providing the service.

8.3 Subsidized Services

Subsidized services include firefighting, approving building plans and the construction of buildings, leasing of municipal facilities, selling of burial sites and certain town planning functions. Subsidized services are those services where the consumption of can be determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs for using this service were based on its real cost, nobody would be able to afford it. In most cases these services are not only beneficial to the consumer but to the community as whole. A user charge is payable for using or the availability of the service, but the tariff is much lower than the real cost of providing the service.

8.4 Community Services

Community services are those services the consumption of which cannot be determined nor apportioned to individual consumers. These services are typically financed through the imposing of rates on properties. Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, management and maintenance of cemeteries.

The Municipality also provides services in support of the above-mentioned services. These are called staff functions and include committee services, records and archives, financial management accounting and stores, occupational health and human resources management. These services are financed through property rates.

9. CATEGORIES OF USERS

The tariff structure of the Kannaland Municipality will make provision for the following categories of users:

- a) domestic;
- b) commercial;
- c) industrial;
- d) agricultural;
- e) government;
- f) rural;
- g) municipal services;
- h) indigents; and
- i) special agreements for users not falling in any of the above-mentioned categories.

Where there is a substantial difference between the standard of services provided to a specified category of users, the Council may determine differentiated tariffs within the specified category.

10. TARIFF CHARGES

As part of this section, it should be noted that all notarial ties will be treated as if the property is consolidated and will only be applicable to adjacent properties registered in the same name.

10.1 Property Taxation

The biggest source of local taxation is property tax (property rates), regulated by the Local Government Municipal Property Rates Act No. 6 of 2004. The owners of property in municipal areas must pay a tax based on a market related valuation of their properties in order to finance certain municipal services. While this tax is by no means the sole source of municipal revenue, it is an important source of discretionary revenue for the Municipality and enables it to function effectively. For details of Property Taxation refer to the Property Rates Act, No. 6 of 2004, the Property Rates Policy and By-Laws of the municipality adopted in terms of the beforementioned act.

Categories, discounts, rebates and exemptions will be structured as set out in the municipal Council approved Property Rates Policy.

10.2 Services charges

An important source of local own revenue is charges that are directly related to the provision of municipal services. The majority of these are utility charges, such as electricity and water, which have contributed significantly to the growth of the Municipalities' revenue. Cost recovery is an essential part of sustainable service delivery. In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with, or charged separately from 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 have on service delivery.

10.2.1 Electricity

- 10.2.1.1 All electricity tariff adjustments are subject to approval by the National Energy Regulator (NERSA).
- 10.2.1.2 Electricity will be measured in two ways, namely -

a) <u>Pre-paid metering system</u> - This method is preferred for the poor households and the indigent and should be encouraged for all other consumers in the area. The first 50 kWh units for registered indigent consumers shall be free of charge with the first purchase of every month.

The pre-paid tariff structure makes provision for an inclining block tariff structure, with an increase in price that correlates with an increase in consumption.

The inclining block tariff structure that is applicable to residential, churches, halls, social and frail care centres, *pre-paid* electricity are structured as follow:

Block 1 0-350 kWh

Block 2 350-600 kWh

Block 3 >600 kWh

The inclining block tariff structure that is not applicable to *commercial pre-paid electricity*, with only a seasonal differentiation applicable as in the case of domestic pre-paid electricity.

The seasonal split that is intended to curb demand during the high demand season is aligned with the Eskom tariff structure and is structured as follow:

High Demand Season : June to August (3-month period)
Low Demand Season : September to May (9-month period)

The different pre-paid tariff categories are as follow –

i) Lifeline Tariff: 0-20 Ampere

This is a pre-paid category specifically structured for low consumption (less than 450kWh) and aimed at addressing the needs of the poor. A lower unit price is being charged but the Ampere limitation will limit capacity and is reserved for residential, churches, halls, social and frail care centres with low consumption.

- ii) Prepaid Tariff: 0 100 Ampere
 This category is aimed at medium and higher income groups and for residential use only.
- iii) Commercial Pre-paid electricity with the following options available:

- Commercial Small to Medium Consumers [30A 60A]
 This service only has a seasonal differential split with no fixed charge and is aimed at small to medium business enterprises.
- 2) Commercial Large Consumers [60A 150A] This service has a seasonal differential split with a fixed monthly charge and is aimed at larger business enterprises.
- b) <u>Conventional metering system</u> This method is mostly reserved for commercial customers and based a billed consumption and with an applicable monthly fixed charge.
- i) Residential (Including Churches, Halls, Social and Frail Care Centres) conventional electricity tariff structure is subject to an inclining block tariff structure as well as seasonal differentiation. The structure is as follow:
 - a. Conventional Tariff: 0 59 Ampere-

Usage Blocks:

Block 1 0-350kWh

Block 2 >350kWh

b. Conventional Tariff: 60 - 100 Ampere -

Usage Blocks:

Block 1 0-600kWh

Block 2 >600kWh

Basic – Fixed charge

High Demand Season : June to August (3-month period)
Low Demand Season : September to May (9-month period)

- ii) Commercial conventional electricity tariff structure makes only provision for seasonal differentiation with a fixed charge and the following options are available:
 - 1) Commercial Small to Medium Consumers [30A 60A] Conventional meters
 - 2) Commercial Large Consumers [60A 150A] Conventional meters

High Demand Season : June to August (3-month period)
Low Demand Season : September to May (9-month period)

iii) Commercial Bulk conventional electricity tariff structure makes only provision for seasonal differentiation, a kVA demand charge with a fixed charge and the following options are available:

- 1) Commercial Bulk Consumers < 500 kVA
- 2) Commercial Bulk Consumers > 500 kVA

To be structured as follow:

Basic - Fixed charge per month

Demand - Cost per kVA

Energy Cost per unit [kWh] - Summer

Energy Cost per unit [kWh] - Winter

- iv) Bulk Time of Use (TOU) electricity tariff structure is aimed to address the needs of larger commercial businesses and industry. The structure and two options available are the following:
 - 1) Special Bulk Consumers Time of Use 50-500 kVA
 - 2) Special Bulk Consumers Time of Use > 500 kVA

Structured as follow:

Basic Charge / Day

Demand kVA : Actual kVA

Access kVA : kVA Capacity / Month

Peak Low : kWh consumed during the summer (low demand) peak time

Std Low : kWh consumed during the summer (low demand) standard time

Off-Peak Low : kWh consumed during the summer (low demand) off-peak time

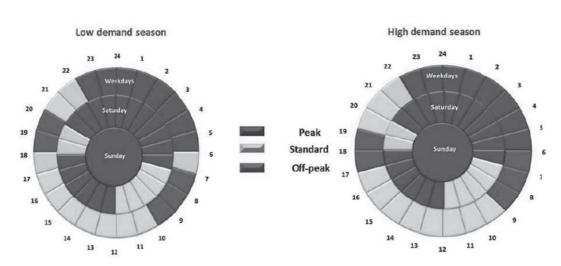
Peak High : kWh consumed during the winter (high demand) peak time

Std High : kWh consumed during the winter (high demand) standard time

Off-Peak High : kWh consumed during the winter (high demand) off-peak time

This structure is aligned with the Eskom Mega-Flex tariff structure for local government and is intended to transfer the increased cost during high demand to the consumer.

The structure that works according to the season, the day of the week and time of the day, can be depicted as follow:



10.2.1.4 Sundry Charges

Sundry charges may include tariffs calculated on the following -

Standard Availability - Vacant Stands

Availability - Households

Availability - Businesses

- Pre-Paid Cards
 - Loss Card Replacement
- Sundry Electricity Tariffs
- New Connections

Single Faze

Three Faze

Moving of meters on request

Conversions

Single Faze

Three Faze

Bulk & Specialised Connections

Cost plus 30%

Reconnection Fees

Connection and Reconnection on request by Consumer

Reconnection Mel payment - Indigent

Reconnection Mel payment

Reconnection Section 14 offence (Tempering)

Meter Services

Change of circuit breaker per Faze

- Testing of meter on request
- Service Deposits- Electricity
- Electricity service deposits per category as per budget tariffs.

Residential

Business

Industrial

Departmental and Street Lighting

Maintenance Levy

Energy Cost per kWh

Temporary Connection

For example, a Building Site or temporary construction Interest on arrears - Interest will be charged on all accounts not paid by the due date;

10.2.1.5 General

Availability charges on vacant stands must be charged monthly.

10.2.2 Water

10.2.2.1 Water consumption can be measured in two ways namely -

- a) Pre-paid metering system Although this system is not yet used in the jurisdiction of the Municipality, this system may however be implemented and used to save water and improve the cash flow of the Municipality. This method is preferred for the poor households and the indigent, to be applicable to all properties served with a pre-paid meter and the tariff should be calculated in an affordable manner. Once pre-paid water is introduced it will be obligatory for indigent households.
- b) Conventional metering system This tariff will be calculated during the budget process and based on the costs associated with the rendering of the service and must include capital, operating, maintenance, administration, replacement costs and interest charges. A clear distribution or break down of the tariff per cost component must be indicated when the tariff is calculated to enable the user to see how his/her payment is utilized. There must be a differentiation between the following categories of users pertaining to the tariff for the supply:

- i) Residential
- ii) Small Business
- iii) Medium to Large Business
- iv) Institutions (School, Hospital, Old Age Homes)
- v) Institutions (Churches)
- vi) Industrial
- vii) Availability Vacant Stands
- viii) Municipal use
- 10.2.2.2 The categories of water consumers as set out below shall be charged at the applicable tariffs, as approved by the council with each annual budget. Tariff adjustments shall be effective from 1 July each year. Categories of consumption and charges shall be
 - A monthly rental, based on a fixed amount according to the meter capacity, is applicable to all water meters;
 - All registered indigent domestic water consumers shall receive free the first 6 (six) kl of water consumed per month. Thereafter a stepped tariff per kl as determined by the council from time to time shall be applicable on metered water consumption, as set out in this policy;
 - iii) All other consumers, including commercial, industrial and institutional consumers shall be charged for actual water consumption, with residential usage being subject to an inclining block tariff structure and all other consumers to a fixed price per kilolitre (kl);
 - iv) The municipality's departmental water consumption shall be charged at cost.

10.2.2.3 Sundry Charges

Sundry charges may include tariffs calculated on the following -

- i) Irrigational water;
- ii) Purified sewerage water;
- iii) Connection fees;
- iv) Disconnection fees:
- v) Re-connection fees;
- vi) Testing of meters;
- vii) Moving of meters on request;
 - i) Special meter readings;
- ii) Tampering with meters and connections;

- iii) Interest on arrears Interest will be charged on all accounts not paid by the due date;
- iv) Availability charges;
- v) Penalties relating to meter tampering;
- vi) Penalties relating to water by-laws and drought restrictions; and
- vii) Water service deposits per category as per budget tariffs.

10.2.2.4 General

Availability charges on vacant stands must be charged monthly. The Municipal Manager is authorized to have delegated authority to impose water restrictions in any area within the municipality in instances of water shortages. Drought tariffs has been built into the municipal budget and will be applicable when a drought has been declared by Council.

10.2.2.5 Klein Karoo Water Scheme

The tariff structure applicable to this category will be subject to an inclining water tariff structure with no fixed charge appliable. The relevant drought tariff structure will be enforced during the declaration of a drought by Council – The take-over of this water scheme from Oudtshoorn Municipality, is still to be finalized and tariffs will only then become applicable.

10.2.3 Refuse Removal

The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

- Residential and Small Business Where there is more than one residential and/or business unit per property, a fixed fee per unit will be charged.
- ii) Business
- iii) Hotels, B&B's and Guest houses (Including self-catering)
- iv) Old Age Homes and Frail Care centres
- v) Refuse Cages
- vi) Factories
- vii) Abattoir
- viii) Building Rubble
- ix) Garden Refuse

Tariff adjustments shall be effective from 1 July each year.

- 10.2.3.1 A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:
 - i) Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed as a refuse removal charge. The Indigent policy will provide the details applicable to a specific year but shall never be less than the abovementioned 50% discount.
 - ii) A fixed monthly charge shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.
 - iii) The Council further reserves the right to determine a tariff whereby casual consumers are charged for the removal of bulk refuse per cubic meter (m3)
- 10.2.3.2 A charge for the removal of garden refuse building rubble, shall apply as follows:
 - Per load but can be determined to be in terms of volume and/or weight
- 10.2.3.3 A tariff for the sale of plastic refuse bags shall be fixed for the following categories:
 - Black bags;

Interest on arrears - Interest will be charged on all accounts not paid by the due date;

10.2.4 Sewerage

The categories of sewerage users as set out below shall be charged monthly at the applicable tariff as approved by the council in each annual budget. Tariff adjustments will be effective from 1 July each year. It should be noted that there is a tariff for two different types of sewerage systems, those connected to a sewerage plan and septic tanks that needs to be pumped.

Categories of usage and charges shall be:

- i) Businesses [1 to 15 pans]
- ii) Businesses [16 and more pans]

- iii) Hotels B&B's and Guest Houses
- iv) Schools and Hostels (1 to 15 pans)
- v) Schools and Hostels (16 and more pans)
- vi) Churches and Social Service centres
- 10.2.4.1 A fixed monthly charge shall be charged for domestic users per residential unit (per dwelling). Where there is more than one residential unit on a property, a monthly charge will be charged per unit. Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed for this service. The Indigent policy will provide the details applicable to a specific year but shall never be less than the abovementioned 50% discount.
- 10.2.4.2 A fixed monthly charge based on the number of toilets shall be charged to all guest houses, businesses, industries and institutional users.
- 10.2.4.3 A fixed monthly charge based on the number of toilets and urinals shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.
- 10.2.4.4 An effluent fee shall further be payable by factories and other industrial users where the wastewater emanating from such users requires special purification measures by the municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of the purification. This component is subject to inclusion in the budget tariffs, accuracy of measurement and treatment options available.
- 10.2.4.5 A basic (availability) charge per month shall be charged for undeveloped erven, irrespective of their permitted or intended use.
- 10.2.4.6 Sundry charges may include tariffs calculated on the following:
 - i) Connection fees;
 - ii) Removal of blockages;
 - iii) Emptying of sewage tanks.
 - iv) Capital contribution to specialised connections cost + 30%
 - v) Interest on arrears Interest will be charged on all accounts not paid by the due date;

10.3 General Tariffs

The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

- i) Town planning application fees
- ii) Building plan fees
- iii) Technical- and Administrative Department service fees
- iv) Public resort and -recreation entrance fees
- v) New connection fees: electricity, water, sewerage
- vi) Photostat copies and fees
- vii) Hire of Community Centres and Sports facilities

The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- i) Advertising sign fees;
- ii) Sale of graves;
- iii) Disconnection and reconnection fees: electricity, water;
- iv) Penalty and other charges imposed in terms of the approved policy on credit control and debt collection;
- v) Charges relating to the provision of fire services;
- vi) Property valuation, clearance & zoning certificates;
- vii) Search fees;
- viii) Tender document fees; and
- ix) Hawker stands.

11. UNIT OF MEASUREMENT

The following units of measurement will, where possible, be used to determine tariffs:

Water

- i) Cost per unit (kilolitres consumed).
- ii) Basic cost, plus cost per unit charge (kilolitres consumed)

iii) Availability Charge

Electricity

- i) Cost per unit kWh
- ii) Basic charge, plus cost per unit (kWh)
- iii) Basic Charge, kVA charge and unit charge (kWh)
- iv) Basic Charge, Access Charge, kVA charge and unit charge (kWh)
- v) Availability Charge

Refuse removal

- i) Fixed charge per Residential unit and Small Business
- ii) Business
- iii) Hotels, B&B's and Guest houses
- iv) Old Age Homes and Frail Care centres
- v) Refuse Cages
- vi) Factories
- vii) Abattoir
- viii) Building Rubble per load / volume / weight
- ix) Garden Refuse per load / volume / weight

Sewerage

- i) Business: Per toilet or urinal
- ii) Residential: Fixed rate per unit (toilet and/or urinal)
- iii) Septic tank pump

13. RESPONSIBILITY/ACCOUNTABILITY

The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy. The Municipal Finance Management Act defines the responsibility of the Municipal Manager as ensuring that the Tariff Policy be in place and that it is effectively implemented.

ADOPTED BY RESOLUTION OF THE MUNICIPAL COUNCIL OF KANNALAND:

Version 1 – 17 January 2011

Version 2 – 30 May 2012

Version 3 - 30 May 2013

Version 4 - 28 May 2014

Version 5 – 6 July 2021

Version 6 - 31 May 2022

DOCUMENT CONTROL	
Summary: This document describes the Municipality, with effect from	Tariff Policy that will be applicable to Kannalan 01 July 2022.
Municipal Manager	 Мауог
Signature	 Signature

7 July 2022 22422





CUSTOMER CARE, CREDIT CONTROL & DEBT COLLECTION BY-LAW



Notice is given in terms of section 98 of the Municipal Systems Act 32 of 2000 that the following CUSTOMER CARE, CREDIT CONTROL & DEBT COLLECTION BY-LAW was approved by the Kannaland Municipal Council on xx May 2022.

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1. PREAMBLE

To give effect to the Municipality's Customer Care, Credit Control and Debt Collection Policy and/or to regulate its implementation and enforcement in the Kannaland Municipal Area (WC041) in terms of section 156(2) of the Constitution of the Republic of South Africa (Act 108 of 1996) and sections 96 and 98 of the Municipal Systems Act (Act 32 of 2000); to provide for the collection of all monies due and payable to the Municipality; and to provide for matters incidental thereto.

2. INTERPRETATION

In this By-law, unless context indicates otherwise -

"Arrangement" means a written agreement entered into between the Municipal Manager and a debtor where specific terms and conditions for the payments of a debt are agreed to;

"Arrears" means any amount due and payable to the Municipality and not paid by the due date;

"Municipal Manager" means the person appointed by the Council as the Municipal Manager in terms of section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998, and who also is the accounting officer in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003, or any other official delegated by him or her;

"Council" means the council of the Municipality of Kannaland;

"Councillor" means a member of the Council;

"Debt" means any monies owing to the Municipality in respect of the rendering of municipal services, and includes monies owing regarding property rates, housing, motor vehicle registration and licensing, terminated leases, and any other outstanding amounts, inclusive of any interest thereon, owing to the Municipality;

"Debtor" means any person who owes a debt to the Municipality;

"Due date" means the final date on which a payment, as shown on the debtor's municipal account, is due and payable;

"Indigent debtor" means a debtor who meets certain criteria, as determined by the Municipality and included in the Indigent Policy from time to time;

"Interest" means a rate of interest, charged on overdue accounts, which is one percent higher that, the prime rate, which is obtainable from any commercial bank on request, unless determined otherwise by the Municipality, on capital, based on a full month and part of a month must be deemed to be a full month;

"Municipality" means the Municipality of Kannaland and includes any municipal entity established by such municipality;

"Official" means an "official" as defined in section 1 of the Local Government: Municipal Finance Management Act, No 56 of 2003;

"Policy" means the Municipality's Customer Care, Credit Control and Debt Collection policy;

"Service" means "municipal service" as defined in section 1 of the Systems Act, and includes a function listed in Schedules 4B and 5B of the Constitution of the Republic of South Africa, 1996 and any other service rendered by the Municipality;

"Systems Act" means the Local Government: Municipal Systems Act, No 32 of 2000;

"Third party debt collector" means any person persons authorised to collect monies or institute legal proceedings against debtors, on behalf of the Municipality;

"This By-law" includes the Customer Care, Credit Control and Debt Collection Policy;

"Total household income" or "household income" means the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based; and

"User" means a person who has applied for an entered into an agreement with the Municipality for the supply of a service.

3. DUTY TO COLLECT DEBT

All debt owing to the Municipality must be collected in accordance with this By-Law and the relevant policy.

4. PROVISION OF SERVICES

New applications for services and the provision of new services must be dealt with as prescribed in this By-Law and the policy.

5. SERVICE AGREEMENT

Except as otherwise determined in terms of this By-law and the policy, no services may be supplied until an agreement has been entered into between the Municipality and the user for the supply of a service.

6. DEPOSITS

The Municipality may require the payment of deposits for the provision of new services and the reconnection of services, or may adjust the amount of any existing deposit, as prescribed in this By-law and the policy.

7. INTEREST CHARGES

The Municipality may charge and recover in respect of any arrear debt, a prescribed in this By-law and the policy.

8. ARRANGEMENTS TO PAY ARREARS

- 1. The Municipal Manager may make arrangements with a debtor to pay any arrear debt under conditions as prescribed in terms of this By-law and the policy.
- 2. Should any dispute arise as to the amount of the arrear debt, the debtor must nevertheless continue to make regular payments, in terms of the arrangement, until such time as the dispute has been resolved.

9. AGREEMENTS WITH A DEBTOR'S EMPLOYER

The Municipal Manager may -

- a) with the consent of a debtor, enter into an agreement with that person's employer to deduct from the salary or wages of that debtor
 - i. any outstanding amounts due by the debtor to the Municipality; or
- ii. regular monthly amounts as may be agreed; and
- b) provide special incentives for
 - i. employers to enter into such agreements; and
- ii. debtors to consent to such agreements.

10. POWER TO RESTRICT OR DISCONNECT SUPPLY OF SERVICE

- 1. The Municipal Manager may restrict or disconnect the supply of any service to the premises of any user whenever such user of a service
 - a) fails to make payment on the due date;
 - b) fails to comply with an arrangement; or
 - c) fails to comply with a condition of supply imposed by the Municipality;
 - d) tenders a negotiable instrument which is dishonoured by the bank, when presented for payment.

- 2. The Municipal Manager may reconnect and restore full levels of supply of any of the restricted or discontinued services only
 - a) after the arrear debt, including the costs of disconnection or reconnection, if any, have been paid in full and any other conditions has been complied with; or
 - b) after an arrangement with the debtor has been concluded.
- 3. The Municipal Manager may restrict, disconnect or discontinue any service in respect of any arrear debt.

11. RECOVERY OF DEBT

Subject to section 9, the Municipal Manager, must with regards to rates, and may, with regards to other debt –

- a) By legal action recover any debt from any person;
- b) Recover debt from any organ of state with due consideration of the provisions of Chapter 3 of the Constitution of the Republic of South Africa, 1996; and
- c) May refer a debtor to third party debt collection agencies and have such debtor placed on the National Credit Rating list.

12. RECOVERY OF COSTS

The Municipal Manager may recover the following costs, in instances where such costs are incurred by or on behalf of the Municipality -

- a) Cost and administration fees where payments made to the Municipality by negotiable instruments are dishonoured by banks when presented for payment;
- b) Legal and administration costs, including attorney-and-client costs and tracing fees incurred in the recovery of debts;
- c) Restriction, disconnection and reconnection fees, where any service has been restricted or disconnected as a result of non-compliance with this By-law;
- d) Any losses the Municipality may suffer as a result of tampering with municipal equipment or meters; and
- e) Any collection commission incurred.

13. ATTACHMENT

The Municipal Manager may, in order to recover debt, and as a last resort, approach a competent court for an order to attach a debtor's movable or immovable property.

14. CLAIM ON RENTAL FOR OUTSTANDING DEBT

The Municipal Manager may, in terms of section 28 of the Municipal Property Rates Act, No. 6 of 2004, attach any rent due in respect of any rateable property, to cover in part or in full any amount in respect of outstanding rates after the due date.

15. FULL AND FINAL SETTLEMENT PAYMENTS

- 1. Any amount tendered in defrayment of a debt, will be accepted at any cash receiving office of the Municipality.
- 2. No offer of payment in full and final settlement of a debt, when such amount is less than the outstanding amount, must be accepted, unless confirmed in writing by the Municipal Manager.
- 3. Notwithstanding subsection (2), the payment so offered must nevertheless be credited against the debtor's account, without prejudice to the Municipality's rights.

16. CONSOLIDATION OF A DEBTOR'S ACCOUNTS

- 1. The Municipal Manager may
 - a) Consolidate any separate accounts of a debtor;
 - b) Credit a payment by a debtor against my account of that debtor; and
 - c) Implement any of the measures provided for in this By-law and the policy, in relation to any arrears on any of the accounts of such debtor.
- 2. Subsection (1) does not apply where there is a dispute between the Municipality and a debtor referred to in that subsection concerning any specific amount claimed by the Municipality from that person.

17. INDIGENTS

A debtor, who can prove indigence, will be dealt with as prescribed in the policy.

18. DELEGATION

The Municipal Manager may delegate any of his or her powers in terms of this By-Law or the policy to any employee or official of the Municipality subject to applicable legislation.

19. OFFENCES AND PENALTIES

Any person who -

- a) Obstructs or hinders any official of the Municipality in the execution of his or her duties under this By-law or the policy;
- b) Unlawfully uses or interferes with Municipal equipment or consumption of services supplied;
- c) Tampers with any Municipal equipment or breaks any seal on a meter;
- d) Contravenes or fails to comply with the provisions of this By-Law or the policy; or
- e) Fails to comply with a notice served in terms of this By-law or the policy, is guilty of an offence and liable in conviction to a penalty.

20. Debt Write-Off

Any debt deemed to be uncollectable should be treated in terms of the Council approved Bad-Debt Write-Off Policy that will also be given effect by this By-law, as it should be read with the Customer Care, Credit Control & Debt Collection Policy of the municipality.

21. SHORT TITLE AND COMMENCEMENT

This By-Law may be cited as the Customer Care, Credit Control and Debt Collection By-Law and commences on the date of publication thereof in the Provincial Gazette.

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7 July 2022 22423





PROPERTY RATES BY-LAW



Notice is hereby given in terms of section 6 of the Municipal Property Rates Act 6 of 2004, that the following **PROPERTY RATES BY-LAW** was approved by the Kannaland Municipal Council (Resolution Nr. xxxxxx) on xx May 2022.

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1. PREAMBLE

WHEREAS section 229(1) of the Constitution requires a municipality to impose rates on property and surcharges on fees for the services provided by or on behalf of the municipality;

AND WHEREAS section 13 of the Municipal Systems Act read with section 162 of the Constitution requires a municipality to promulgate municipal by-laws by publishing them in the gazette of the relevant province;

AND WHEREAS section 6 of the Local Government: Municipal Property Rates Act, 2004 requires a municipality to adopt by-laws to give effect to the implementation of its property rates policy; the by-laws may differentiate between the different categories of properties and different categories of owners of properties liable for the payment of rates;

NOW THEREFORE IT IS ENACTED by the Council of Kannaland Municipality, as follows:

2. DEFINITIONS

In this By-law, any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), shall bear the same meaning unless the context indicates otherwise-

'Credit Control and Debt Collection Policy' means the Municipality's Customer Care, Credit Control and Debt Collection Policy as stipulated by sections 96(b) and 97 of the Systems Act.

'Municipality' means Kannaland Municipality;

'Municipal Property Rates Act' means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004);

'Rates Policy' means the Kannaland Municipality's property rates policy adopted by the Council in terms of section 3(1) of the Local Government: Municipal Property Rates Act, 2004.

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3. OBJECTIVE

The object of this By-law is to give effect to the implementation of the municipality's Rates Policy as contemplated in section 6 of the Municipal Property Rates Act.

4. THE RATES POLICY

- 4.1 The municipality prepared and adopted a Rates Policy as contemplated in terms of the provisions of section 3(1) of the Municipal Property Rates Act. The Rates Policy outlines the municipality's rating practices; therefore, it is not necessary for this By-law to restate and repeat same.
- 4.2 The Rates Policy is hereby incorporated by reference in this By-law. All amendments to the Rates Policy as the Council may approve from time to time, shall be deemed to be likewise incorporated.
- 4.3 The Municipality does not levy rates other than in terms of its Rates Policy and the annually promulgated resolution levying rates which reflects the cent amount in the Rand rate for each category of rateable property.
- 4.4 The Rates Policy is available at:
 - The municipality's head office
 - The municipal website
 - The municipal library

5. CATEGORIES OF RATEABLE PROPERTIES

The Rates Policy provides for categories of rateable properties determined in terms of section 8 of the Act.

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6. CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

The Rates Policy provides for categories of properties and categories of owners of properties for the purposes of granting relief measures (exemptions, reductions and rebates) in terms of section 15 of the Act.

7. ENFORCEMENT OF THE RATES POLICY

The Municipality's Rates Policy is enforced through the municipality's Customer Care, Credit Control and Debt Collection Policy and any further enforcement mechanisms stipulated in the Act and the Municipality's Rates Policy.

8. REPEAL

The provisions of any by-laws relating to Property Rates by the Municipality are hereby repealed insofar as they relate to matters provided for in this By-Law.

9. SHORT TITLE AND COMMENCEMENT

This By-law is called the Kannaland Municipal Property Rates By-law and takes effect on the date on which it is published in the *Provincial Gazette*.

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7 July 2022 22424





TARIFF BY-LAW



Notice is given in terms of section 75(1) of the Municipal Systems Act 32 of 2000 that the following TARIFFS BY-LAW was approved by the Kannaland Municipal Council on xx May 2022.

Kennis geskied hiermee in terme van artikel 75(1) van die Munisipale Stelsels Wet Nommer 32 van 2000, dat die onderstaande Tariewe Verordening goedgekeur is deur die Raad van Kannaland Munisipale op xx May 2022.

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1. PREAMBLE

- 1. Section 229(1) of the Constitution authorizes a municipality to impose:
 - a) rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
 - b) if authorized by national legislation, other taxes, levies and duties.
- 2. In terms of section 75A of the Systems Act a municipality may:
 - a) levy and recover fees, charges or tariffs in respect of any function or service of the municipality; and
 - b) recover collection charges and interest on any outstanding amount.
- 3. In terms section 74(1) of the Systems Act, a municipal council must adopt and implement a tariff policy on the levying of fees for a municipal service provided by the municipality or by way of service delivery agreements and which complies with the provisions of the Systems Act, the Municipal Finance Management Act and any other applicable legislation.
- 4. In terms of section 75(1) of the Systems Act, a municipal council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.
- 5. In terms of section 75(2) of the Systems Act, by-laws adopted in terms of section 75(1) of the Systems Act may differentiate between different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

2. INTERPRETATION

"Constitution" means the Constitution of the Republic of South Africa.

"Credit Control and Debt Collection Policy" means the Municipality's Customer Care, Credit Control and Debt Collection Policy as stipulated by sections 96(b) and 97 of the Systems Act.

"Finance Management Act" means the Local Government: Municipal Finance Management Act, (Act 53 of 2003).

"Municipality" means the Kannaland Municipality (WC041).

"Systems Act" means the Local Government: Municipal Systems Act, (Act 32 of 2000).

"Tariff" means fees, charges or any other tariffs levied by the Municipality in respect of any function or service provided by the Municipality, excluding rates levied by the Municipality in terms of the Local Government: Property Rates Act, (Act 6 of 2004).

"Tariff List" means the list of the Tariffs applicable and in respect of any function or service provided by the Municipality. This list is approved by Council during the annual budget process.

"Tariff Policy" means the Tariff Policy adopted by the Municipality in terms of this By-Law.

3. OBJECTIVE

The objective of this By-Law is to give effect to the implementation of the Tariff Policy as contemplated in section 74(1) of the Systems Act.

4. ADOPTION AND IMPLEMENTATION OF THE TARIFF POLICY

- The Municipality shall adopt and implement a Tariff Policy on the levying of fees for a municipal service provided by the Municipality or by way of service delivery agreements which complies with the provisions of the Systems Act, the Municipal Finance Management Act and any other applicable legislation.
- 2. The Municipality shall not be entitled to impose tariffs other than in terms of the valid Tariff Policy.

5. CONTENTS OF THE TARIFF POLICY

The Municipality's Tariff Policy shall, inter alia:

- 1. Apply to all the tariffs (as per the Tariff List) imposed by the Municipality pursuant to the adoption of the Municipality's annual budget.
- 2. Reflect the principles referred to in section 74(2) of the Systems Act and specify any further principles for the imposition of Tariffs which the Municipality may wish to adopt.
- 3. Specify the manner in which the principles referred to in paragraph 4(2) above are to be implemented in terms of the Tariff Policy.
- 4. Specify the basis of differentiation, if any, for tariff purposes between the different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.
- Include such further enforcement mechanism, if any, as the Municipality may wish to impose in addition to those contained in the Customer Care, Credit Control and Debt Collection Policy.

6. ENFORCEMENT OF THE TARIFF POLICY

The Tariff Policy shall be enforced through the Customer Care, Credit Control and Debt Collection Policy and any further enforcement mechanisms stipulated in the Municipality's Tariff Policy.

7. REPEAL

The provisions of any by-laws relating to Tariffs by the Municipality are hereby repealed insofar as they relate to matters provided for in this By-Law.

8. INTERPRETATION

This By-Law must be read in conjunction with the Tariff Policy.

9. OPERATIVE DATE

This By-Law is the Tariff By-Law of Kannaland Municipality and shall take effect on the date on which it is published in the Provincial Gazette..

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7 July 2022 22425

