



Western Cape Government • Wes-Kaapse Regering • URhulumente weNtshona Koloni

PROVINCE OF THE WESTERN CAPE

PROVINSIE WES-KAAP

# Provincial Gazette Extraordinary

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# Buitengewone Provinsiale Koerant

8793

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## CONTENTS

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### LOCAL AUTHORITY

Oudshoorn Municipality: Notice for the Levying of Assessment Rates for the Financial Year 1 July 2023 to 30 June 2024.....	2
Oudshoorn Munisipaliteit: Besluit vir die Hef van Eiendomsbelasting vir die Jaar 1 Julie 2023 tot 30 Junie 2024 .....	4
Oudshoorn Municipality: Final — Law Relating to Property Rates .....	6
Oudshoorn Municipality: Final By-law relating to Municipal Tariffs ....	12
Oudshoorn Municipality: Final — Property Rates Policy.....	18
Oudshoorn Municipality: Final — Tariff Policy .....	64
Oudshoorn Municipality: Final — Credit Control Debt Collection By-law .....	102



**NOTICE NR. 160 OF 2023**

**NOTICE FOR THE LEVYING OF ASSESSMENT RATES FOR THE FINANCIAL YEAR 01 JULY 2023  
TO 30 JUNE 2024**

Notice is hereby given in terms of the provisions of Section 14 (1)(2) of the Local Government Municipal Property Rates Act (Act 6 of 2004) that at its meeting of 29 May 2023, the Council resolved by way of council resolution number 63.17/05/23, to levy the rates on properties reflected in the schedule below with effect from 01 July 2023.

	<b>2023/2024</b>
<b><u>ASSESSMENT RATES</u></b>	<b>R</b>
<b><i>Category of Property</i></b>	<b><i>Tariff per R1.00 valuation</i></b>
Public Service Properties (PSP)	0.020688
Residential Properties	0.015404
Residential Vacant	0.020025
Business/Industrial	0.021179
Business/Industrial Vacant	0.024357
Agriculture	0.002696
Agriculture Vacant	0.002696
Public Service Infrastructure (PSI)	0.003851
Public Service Infrastructure – Exemption Act 93(a) MPRA	0.000000
Public Benefit Organization (PBO) (Must be registered at SARS in accordance with Schedule 9 of the Income Tax Act)	0.003851
Public Benefit Organization Vacant	0.003851
Mining Properties	0.021179

**EXEMPTIONS, REDUCTIONS AND REBATES**

Residential Properties: For all residential properties, the municipality will not levy a rate on the first R15 000.00 of the property's market value rate as per section 17(1)(h) of the Municipal Property Rates Act (Act 6 of 2004).

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

**1. Indigent Households:**

All indigent households, for rating purposes, will qualify in respect of their primary place of residence for the first R 55 000.00 reduction, of the properties market value.

**Prosperity for all**

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E-mail / E-pos: post@oudtmun.co.za  
Website / Webwerf: www.oudtshoorn.gov.za



**2. Owners who are dependent on Pension and Social Grants for their livelihood, including disable owners.**

Owners with a collective income between R 4 201.00 – R 15 500.00 per month, and who are older than 55 years, for rating purposes, will qualify for a 35% rebate on the valuation of their single primary residence.

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 at the municipality's offices, on the municipal website and all public libraries within the municipality's jurisdiction.

**MR. W HENDRICKS  
MUNICIPAL MANAGER**

**Prosperity for all**

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### KENNISGEWING NR. 160 VAN 2023

#### BESLUIT VIR DIE HEF VAN EIENDOMSBELASTING VIR DIE JAAR 01 JULIE 2023 TOT 30 JUNIE 2024

Kennis geskied hiermee ingevolge Artikel 14 (1)(2) van die Wet op Munisipale Eiendomsbelasting (Wet 6 van 2004) dat Oudtshoorn Munisipale Raad in 'n vergadering van 29 Mei 2023, by wyse van raadsbesluit nommer 63.17/05/23, soos vervat in die skedule die hef van Eiendomsbelastingtariewe goedgekeur het, vir implementering vanaf 01 Julie 2023.

	2023/2024
<b>EIENDOMSBELASTING</b>	<b>R</b>
<i>Kategorie van Eiendomme</i>	<i>Tarief per R1.00 waardasie</i>
Staatseiendomme	0.020688
Residensiële Eiendomme	0.015404
Residensiële Vakant	0.020025
Besighede en Nywerhede	0.021179
Besighede en Nywerhede Vakant	0.024357
Landelike Belasting - Bona fide boere	0.002696
Landelike Belasting Vakant	0.002696
Publieke Infrastruktuur	0.003851
Publieke Infrastruktuur - Vrystelling Art 93(a) MPRA	0.000000
Publieke welsyns organisasies ( moet geregistreer wees by die SAID ingevolge bylae 9 van die Inkomstebelastingwet)	0.003851
Publieke Welsyns Organisasies Vakante Eiendomme	0.003851
Mynbou Eiendomme	0.021179

#### VRYSTELLINGS, VERMINDERING EN KORTINGS

Residensiële Eiendomme: Die munisipaliteit sal geen heffing uitvoer op die eerste R 15 000 van 'n eiendom se mark waarde, ingevolge Artikel 17(1)(h) van die Munisipale Eiendomsbelasting Wet (Wet 6 van 2004).

**Verminderings ingevolge verskillende kategorieë van eiendomme is soos volg:**

##### 1. Deernis Huishoudings:

Alle deernis huishoudings vir heffings doeleindes, sal kwalifiseer vir R 55 000.00 op die primêre woning se belasting heffing.

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**2. Eienaars wat afhanklik is van Pensioen, Sosiale Toelaag of Gestremde toelaag as inkomste:**

Huiseienaars wat 'n gesamentlike maandelikse inkomste van tussen R 4 201.00 – R 15 500.00 verdien, ouer is as 55 jaar, sal kwalifiseer vir 'n vermindering van 35% op die primêre woning se belasting heffing.

Die volledige besluit van die Raad se vrystellings, verminderings en kortings, spesifiek vir die verskillende kategorieë van eiendomme is verkrygbaar in die raad se goedgekeurde eiendoms belastings beleid, wat vir inspeksie beskikbaar is by die munisipale kantore, die munisipale webtuiste en die munisipale biblioteke in die area.

**MR. W HENDRICKS  
MUNISIPALE BESTUURDER**

**Prosperity for all**

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**OUTTSHOORN MUNICIPALITY**

**FINAL – LAW RELATING TO**

**PROPERTY RATES**

Resolution Number: 63.17/05/23  
Date: 29 May 2023

**OUTSHOORN LOCAL MUNICIPALITY**  
**FINAL AMENDED PROPERTY RATES BY-LAW**

**1. PREAMBLE:**

- (1) Section 229(1) of the Constitution authorises a municipality to impose rates on property and surcharges on fees for services provided by or on behalf of the municipality.
- (2) In terms of section 3 (1) of the Property Rates Act, a municipal council must adopt a policy consistent with the Property Rates Act on the levying of rates on rateable property in the municipality.
- (3) In terms of section 6(1) of the Property Rates Act, a municipality must adopt by-laws to give effect to the implementation of the rates policy.
- (4) In terms of section 6(2) of the Property Rates Act, by-laws adopted in terms of section 6(2) may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.
- (5) 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;

**2. INTERPRETATION:**

In this by-law, the English text shall prevail in the event of any conflict with the Afrikaans text, and unless the context otherwise indicates:-

**“Constitution”** means the Constitution of the Republic of South Africa;

**“Credit Control and Debt Collection By-Law and Policy”** means the municipality’s Credit Control and Debt Collection By-Law and Policy as required by sections 96(b), 97 and 98 of the Municipal Systems Act;

**“Municipality”** means the Municipality of Oudtshoorn;

**“Municipal Rates Policy”** means the Rates Policy adopted by the Municipal Council in terms of this By-Law;

**“Municipal Property Rates Act”** means the Local Government: Property Rates Act, 6 of 2004 & amended act 29 of 2014;

**“Rate”** or **“Rates”** means a municipal rate on property as envisaged in section 229 of the Constitution.

**3. ADOPTION AND IMPLEMENTATION OF RATES POLICY:**

- (1) The Municipality shall adopt and implement a rates policy consistent with the Property Rates Act on the levying of rates on rateable property in the municipality.

- (2) The Municipality shall not be entitled to levy rates other than in terms of its rates policy.
- (3) The rates policy is available on the Municipality's website ([www.oudtshoorn.gov.za](http://www.oudtshoorn.gov.za)) as well as at the Municipal main offices, in 69 Voortrekker road, Oudtshoorn, 6625.

#### **4. CONTENTS OF RATES POLICY:**

The Municipality's rates policy shall, *inter alia*:

- (1) Apply to all rates levied by the Municipality pursuant to the adoption of the Municipality's annual budget;
- (2) Comply with the requirements for:-
  - (a) the adoption and contents of a rates policy as contemplated in section 3 of the Property Rates Act;
  - (b) the process of community participation as contemplated in section 4 of the Property Rates Act;
  - (c) the annual review of the rates policy as contemplated in section 5 of the Property Rates Act;
- (3) Contemplate any further principles, criteria and implementation measures consistent with the Property Rates Act for the levying of rates which the Municipality may wish to adopt;
- (4) Include such further enforcement mechanisms, if any, as the Municipality may wish to impose in addition to those contained in the Credit Control and Debt Collection By-Law and Policy.

#### **5. CATEGORIES OF RATEABLE PROPERTIES**

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

#### **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 RATES POLICY:**

The Municipality's rates policy shall be enforced through the Credit Control and Debt Collection By-Law and Policy and any further enforcement mechanisms stipulated in the rates policy.

#### **8. SHORT TITLE AND COMMENCEMENT:**

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

**OUDTSHOORN PLAASLIKE MUNISIPALITEIT**  
**FINALE VERORDENING OP EIENDOMS BELASTING**

**1. AANHEF:**

- (1) Artikel 229(1) van die Grondwet magtig 'n munisipaliteit om eiendomsbelasting en bobelasting op gelde vir dienste deur of namens die munisipaliteit verskaf, op te lê.
- (2) Ingevolge artikel 3 van die Wet op Eiendomsbelasting moet 'n munisipale raad 'n beleid in ooreenstemming met artikel 3 (1) van die Wet op Eiendomsbelasting oor die heffing van belastings op belasbare eiendom in die munisipaliteit aanvaar.
- (3) Ingevolge artikel 6(1) van die Wet op Eiendomsbelasting moet 'n munisipaliteit verordeninge aanvaar om uitwerking te gee aan die inwerkstelling van sy beleid oor belasting.
- (4) Ingevolge artikel 6(2) van die Wet op Eiendomsbelasting mag verordeninge wat ingevolge artikel 6(2) aanvaar is, tussen verskillende kategorieë eiendomme, en verskillende kategorieë eienaars van eiendomme wat aanspreeklik is vir die betaling van belastings, differensieer.

**2. UITLEG:**

In hierdie Verordening geld die Engelse teks en in die geval van enige teenstrydigheid met die Afrikaans teks, en, tensy die konteks anders aandui, beteken:-

“**Belasting**” of “**Belastings**” 'n munisipale belasting op eiendom soos beoog in artikel 229 van die Grondwet;

“**Grondwet**” die Grondwet van die Republiek van Suid-Afrika;

“**Munisipaliteit**” die Munisipaliteit Oudtshoorn;

“**Munisipaliteit se belastingbeleid**” 'n belastingbeleid wat deur die munisipaliteit ingevolge hierdie verordening aanvaar is;

“**Verordening op en Beleid oor Kredietbeheer en Skuldinvordering**” die Munisipaliteit se Verordening op en Beleid oor Kredietbeheer en Skuldinvordering ingevolge artikels 96(b), 97 en 98 van die Munisipale Stelselwet;

“**Wet op Eiendomsbelasting**” die Wet op Plaaslike Regering: Munisipale Eiendomsbelasting No 6 van 2004 asook gewysigde No 29 van 2014.

**3. AANVAARDING EN INWERKINGSTELLING VAN DIE BELASTINGBELEID:**

- (1) Die Munisipaliteit moet 'n belasting beleid in ooreenstemming met die Wet op Eiendomsbelasting vir die heffing van belastings op belasbare eiendom in die munisipaliteit aanvaar en in werking stel.
- (2) Die Munisipaliteit is nie geregtig om belastings te hef behalwe ingevolge 'n geldige belastingbeleid nie.
- (3) Die Munisipale Eiendomsbelasting Beleid is te verkry op die Munisipaliteit se webtuiste ([www.oudtshoorn.gov.za](http://www.oudtshoorn.gov.za)) en ook by die Munisipale hoofkantoor te Voortrekkerweg 69, Oudtshoorn, 6625.

**4. INHOUD VAN BELASTINGBELEID:**

Die Munisipaliteit se belastingbeleid moet, onder meer:

- (1) Van toepassing wees op alle belastinge wat deur die Munisipaliteit gehef word nadat die munisipaliteit se jaarlikse begroting aanvaar is;
- (2) Voldoen aan die volgende vereistes:-
  - (a) die aanvaarding en inhoud van 'n belastingbeleid ingevolge artikel 3 van die Wet op Eiendomsbelasting;
  - (b) die proses van gemeenskapdeelname ingevolge artikel 4 van die Wet op Eiendomsbelasting;
  - (c) die jaarlikse hersiening van 'n belastingbeleid ingevolge artikel 5 van die Wet op Eiendomsbelasting;
- (3) Die spesifisering van enige verdere beginsels, maatstawwe en maatreëls in ooreenstemming met die Wet op Eiendomsbelasting vir die heffing van belastinge wat die Munisipaliteit mag wens om te aanvaar;
- (4) Die insluiting van sodanige verdere toepassingmeganismes, indien enige, wat die Munisipaliteit mag wens om op te lê bykomend tot daardie in die Verordening op en Beleid oor Kredietbeheer en Skuldinvordering vervat.
- (5) Artikel 13 van die Munisipale Systems act saamgelees met Artikel 162 van die grondwet bepaal dat verordeninge in die provinsiale koerant afgekondig moet word.

**5. KATEGORIË VAN BELASBARE EIENDOMME**

Die belasting beleid maak voorsiening vir kategorië van belasbare eiendomme soos uiteengesit in artikle 8 van die wet.

**6. KATEGORIE VAN EIENDOMME EN KATEGORIE VAN EIENAARS VAN EIENDOMME**

Die beleid maak voorsiening vir kategorie van eiendomme en kategorie van eienaars van eiendomme vir verligtings maatstawwe soos bv, (kwytskeldings, verminderings en kortings) soos in atikel 15 van die wet

**7. TOEPASSING VAN DIE BELASTINGBELEID:**

Die Munisipaliteit se belastingbeleid moet deur middel van die Verordening op en Beleid oor Kredietbeheer en Skuldinvordering en enige verdere toepassingsmeganismes ingevolge die Munisipaliteit se belastingbeleid toegepas word.

**8. KORT TITEL EN AANVANG:**

Hierdie Verordening sal genoem word die Oudtshoorn Munisipaliteit Munisipale eiendomsbelasting verordeninge en sal effektief wees vanaf die datum waarop dit in die Provinsiale Koerant afgekondig word.



**A TOWN TO WORK, LEARN, PLAY AND PROSPER**

Oudtshoorn 6620 - Tel. (044) 2033000- Fax: (044) 2033104- Epos: [post@oudtmun.co.za](mailto:post@oudtmun.co.za)

## FINAL BY – LAW RELATING TO MUNICIPAL TARIFFS

Resolution Number: 63.17/05/23

Date: 29 May 2023

**PREAMBLE:**

**Whereas** the council of the municipality must, in terms of section 74(1) of the Local Government: Municipal Systems Act, 32 of 2000, 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 Local Government: Municipal Systems Act, 32 of 2000, the Local Government: Municipal Finance Management Act, 53 of 2003 and any other applicable legislation;

**Whereas** the council of the municipality must, in terms of section 75(1) of the Local Government: Municipal Systems Act, 32 of 2000, adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

**Whereas** the council of the municipality is obliged to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;  
**The council adopts** this By-law and be it therefore enacted by the municipality as follows:

**Definitions-**

In this by-law, the singular includes the plural and vice versa unless the context otherwise indicates;

**"community services "** means services rendered by the municipality, which include, but are not limited to, street cleaning, grass cutting and the operation of community halls and cemeteries;

**"consumer"** means any person resident within the municipal area and utilising services provided by the municipality;

**"economic services"** means services such as refuse removal and sanitation that the municipality renders for consumers;

**"indigent household"** means a household receiving a subsidy from the municipality in terms of its indigent support programme;

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

**"municipal council" or "council"** means the municipal council of the municipality as referred to in terms of Section 157(1) of the Constitution;

**"municipal manager "** means a person appointed in terms of Section 82 of the Municipal Structures Act, 1998 [ Act No. 117 of 1998];

**"municipal services"** means a service rendered by the municipality as defined in the Municipal Systems Act and includes community, economic and trading services;

**"Municipal Finance Management Act"** means the Local Government: Municipal Finance Management Act, 2000 [Act No. 53 of 2003], as amended from time to time;

**"Municipal Systems Act"** means the Local Government: Municipal Systems Act, 2000 [Act No. 32 of 2000], as amended from time to time;

**"Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998 [Act No. 117 of 1998], as amended from time to time;

**"subsidised services"** means community services or such other services that the municipality may render for the benefit of consumers;

**"tariff"** means the rate at which fees for municipal services will be determined;

**"trading services"** means services such as water and electricity that the municipality renders to consumers.

**1. Application of By-Law:**

This by-law shall only apply in respect of municipal services rendered by the municipality itself, or by an external mechanism in terms of a service delivery agreement, within the municipal area.

**2. Objective and principles of the tariff framework for municipal services:**

2.1 Tariffs must reflect the costs reasonably associated with the rendering of the service, in order to facilitate the financial sustainability of the service.

- 2.2 Services must be rendered in a manner that is economical, efficient and indicative of an effective use of resources.
- 2.3 Tariffs should be applied consistently and in an equitable manner to all consumers within the municipal area.
- 2.4 Tariffs may differentiate between different categories of consumers, municipal services and service standards as long as such differentiation does not amount to unfair discrimination.
- 2.5 Tariffs may make special provisions for certain categories of commercial and industrial consumers in order to promote local economic development.
- 2.6 Indigent households must have access to a minimum, nationally specified, level of service, provide that –
- (a) the cost of such service shall be recovered through –
    - (i) tariffs that recover operating and maintenance costs;  
or
    - (ii) special tariffs for low levels of use of consumption;  
and
  - (b) municipality may subsidise such service by means of any direct or indirect method permitted by law.
  - (c) In the event of indigent households and other categories of users being subsidised, the extent of subsidisation must be fully disclosed.

### **3. Determination of tariffs:**

- 3.1 In determining tariffs for municipal services, the municipality shall ensure that -
- (a) provision is made for working capital reserves to be maintained at optimum levels; and
  - (b) contributions to funds and other reserves are maintained at specified levels.
- 3.2 The municipal council shall determine a process for the setting of tariffs, which shall take into consideration the following -
- (a) the level of service delivery based on the availability thereof and the condition of the current infrastructure;
  - (b) the level of services required to meet the reasonable expectations of consumer groups;
  - (c) an analysis of the costs of providing services;
  - (d) an analysis of the subsidy level framework;
  - (e) the revenue generating capacity to recover the cost of services; and
  - (f) the affordability of services to various consumer groups.

3.3 In setting a tariff structure, the municipality shall ensure that the tariff fairly reflects the costs of providing the service in respect of –

- (a) trading service tariffs, the municipality must ensure that the service yields a trading surplus not exceeding an amount to be determined by resolution of the municipality;
- (b) economic service tariffs, the full cost of the service should be recovered without any deficit;
- (c) subsidised service tariffs, the municipality shall ensure that the cost of operating, maintaining and upgrading the municipal asset is recovered; and;
- (d) community service tariffs, the service may be rendered without a compensatory tariff, provided that the municipality may however, in its discretion, levy a charge.

#### **4. Subsidisation of tariffs:**

4.1 In order to comply with its obligation to reflect the extent of subsidisation of tariffs for indigent households, the municipality shall ensure that the generation of revenue for subsidies and their disbursement is conducted in a transparent, equitable and efficient manner.

4.2 The municipality shall, in its annual financial statements, reflect:

- (a) the source of revenue for financing subsidies; and
- (b) the benefit provided to each consumer receiving a subsidy.

#### **5. Review of tariff policy and tariffs:**

Council shall review the official tariff policy as well as the applicable tariffs for services prior to the adoption of its annual budget.

#### **6. Procedure for the implementation of tariffs:**

6.1 Prior to the implementation of any tariff, it shall first be approved by the passing of a resolution to this effect by the majority of the members of Council.

6.2 Once Council has passed such resolution, the municipal manager shall display a copy of the resolution at the main administrative offices of the municipality or such other places as he or she may determine, for a period of at least 30 days.

6.3 The municipal manager must further publish a notice in the local newspaper, stating that –

- (a) the municipality has passed the resolution referred to in subsection (1);
- (b) the resolution is available for inspection during office hours; and
- (c) the date upon which the tariff will come into operation is the date indicated.

6.4 If possible, the contents of the notice referred to in (3) must be conveyed to the local community by radio broadcasts, covering the municipal area.

6.5 The municipal manager must forthwith send a copy of the notice to the Member of the Executive Committee for Local Government in the Province of Western Cape.

6.6 The provisions of this section must be interpreted and applied in accordance with the requirements of sections 21 and 21A of the Municipal Systems Act.

#### **7. Regulations:**

The municipality may make regulations not inconsistent with this by-law, prescribing-

- (a) any matter that may or must be prescribed in terms of this by-law; and
- (b) any matter that may facilitate the application of this by-law.

#### **8. Repeal of by-law:**

Any by-law relating to a tariff framework in respect of the levying of fees for municipal services adopted by the municipal council or any municipal council it superseded, shall be repealed from 01 July 2017.

#### **9. Short title and commencement:**

This by-law is called the By-law Relating to Municipal Tariffs, 2023 - 2024, and takes effect on 01 July 2023.



# OUTDSHOORN MUNICIPALITY

## FINAL PROPERTY RATES POLICY

Resolution Number: 63.17/05/23

Date: 29 May 2023

## Table of Contents

THIRD AMENDED RATES POLICY .....	3
1. LEGISLATIVE CONTEXT .....	3
2. OBJECTIVES:.....	3
3. DEFINITIONS .....	4
4. PURPOSE OF THE POLICY .....	10
5. POLICY PRINCIPLES .....	
6. SCOPE OF THE POLICY .....	12
7. APPLICATION OF THE POLICY .....	12
8. CATEGORIES OF PROPERTY .....	12
9. CATEGORIES OF OWNERS.....	13
10. PROPERTIES USED FOR MULTIPLE PURPOSES (section 8 & 9) .....	13
11. CLASSIFICATION OF SERVICES AND EXPENDITURE.....	14
12. LEVYING OF RATES .....	
13. DIFFERENT RATING .....	18
14. IMPERMISSIBLE RATES .....	18
15. EXEMPTIONS .....	19
16. REBATES .....	22
17. REDUCTIONS.....	26
18. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES .....	26
19. SPECIAL RATING AREAS .....	25
20. RATES INCREASES .....	27
21. DISREGARDED ITEMS FOR VALUATION PURPOSES .....	28
22. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENTS .....	29
23. REGISTER OF PROPERTIES.....	29
24. NOTIFICATION OF RATES .....	29
25. FREQUENCY OF VALUATIONS .....	29
26. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS.....	29
27. DATE OF VALUATION.....	30
28. DATE OF VALUATIONS .....	27
29. GENERAL BASIS OF VALUATION .....	30
30. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES .....	30
31. SUPPLEMENTARY VALUATIONS .....	30
32. REGULAR REVIEW OF RATES POLICY.....	31
33. ENFORCEMENT / IMPLEMENTATION .....	31
34. LEGAL REQUIREMENTS .....	31
35. SHORT TITLE.....	31

### THIRD AMENDED RATES POLICY

#### 1. LEGISLATIVE CONTEXT

- 1.1 Section 3 of the Local Government mandates this Policy: Municipal Property Rates Act, 2004 (No.6 of 2004), which specifically provides that a Municipal must adopt a Rates Policy.
- 1.2. In terms section 5(1) of the act supra the municipality must annually during its budget process review its Rates Policy and if necessary amend the policy .The amended policy must accompany the annual budget when it is tabled and follow a process of community participation through the budget process.
- Now therefore the following amended Rates Policy is tabled for adoption by Council and community comments.
- 1.3 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a Municipality may impose rates on property.
- 1.4 In terms of the Local Government: Municipal Property Rates Act, 2004 (No.6 of 2004) a municipality in accordance with –
- (a) Section 2(1), may levy a rate on property in its area; and
  - (b) Section 2(3), must exercise its power to levy a rate on property subject to-
    - i Section 229 and any other applicable provisions of the Constitution;
    - ii The provisions of the Property Rates Act ; and
    - iii The rates policy
- 1.5 In term of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*. Rates on property.
- 1.6 In terms of Section 62(1) (f) (ii) of Local Government: Municipal Finance Management Act, 2003 (No. 6 of 2003) the municipal manager must ensure that the municipality has implement a rates policy.

#### 2. OBJECTIVES:

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities

There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;

Revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and;

It is essential that municipalities exercise their power to impose rates within a statutory framework, which enhances certainty, uniformity, and simplicity across the

nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 and amendment act no. 29 of 2014 including any regulations promulgated in terms of the said Act.

The objectives of this policy are also to ensure that-

- All ratepayers within a specific category are treated equal and reasonable;
- All rates levied are affordable. In dealing with the poor/indigent ratepayers, the municipality will provide relief measures through exemptions, reductions or rebates.
- Rates are levied in accordance with the market value of the property as determined through a valuation.
- The rate will be based on the value of all rateable property in that category and the amount required by the municipality to balance the operational budget, taking into account the surplus obtained from the trading- and reductions and rebates that the municipality may approve from time to time;
- Income derived from rates will be used to finance community- and subsidized services;
- To optimally safeguard the income base of the municipality through exemptions, reductions and rebates that are reasonable and affordable taking into account the poor/indigent ratepayers;
- In order to minimize major shocks to certain ratepayers the market values in the new valuation roll or tariffs determined by Council may be phased-in over the entire periods as stipulated in the Rates Act. to adhere to the legal requirements of the Property Rates Act (Act 6/2004) and amendment Act, Act no. 29 of 2014

### 3. DEFINITIONS

- 3.1 “**Act** “ means the Local Government: Municipal Property Rates Act, 2004 (Act No.6 Of 2004 and amendment act no. 29 of 2014.
- 3.2 “**Accommodation establishment**” means a facility that provides for lettable residential accommodation on a regular and continuous basis in addition to its permitted use and includes “guesthouses”, “bed & Breakfast” and “Self-catering” establishments
- 3.3 “**Agricultural Purposes**” means properties that are used primarily for commercial farming and or subsistence farming purposes, **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.
- 3.4 “**Bona fide farmers**” means a genuine or real farmer whose dominant income is generated from farming. The farming activity must be intense, must not be a mere hobby and must contribute to the local economy.
- 3.5 “**Business**” means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf. The use of which is incidental to such business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

- 3.6 **“category”** –
- (a) in relation to property, means a category of property determined in terms of section 8 of the Act;
- (b) in relation to owners of property, means a category of owners determined in terms of section 15 (2) of the Act; includes “guesthouses”, “bed & Breakfast” and “Self-catering” establishments
- 3.6.1 **“Date of valuation”** means the date determined by a municipality in terms of section 31(1)
- 3.6.2 **“day”** means when any number of days are prescribed for the performance of any Act, those days must be reckoned by excluding the first day 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 such Saturday, Sunday or public holiday;
- 3.7 **“eco –tourism property”** means agricultural property use for the purpose of eco-tourism
- 3.8 **“exclusion”** in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act;
- 3.9 **“Game farming”** means agricultural property on which the trading in - or the hunting of game take place, and is excluded from agricultural.
- 3.10 **“Household income”** means the income accruing to all members of the household permanently residing at the address. It includes income of spouses;
- 3.11 **“income tax act”** means the Income Tax Act, 1962 (Act 58 of 1962)
- 3.12 **“indigent person”** means a person whose household income does not exceed the minimum household income as predetermined by the council;
- 3.13 **“Industrial”** means any branch of trade or manufacturing, production assembling or Processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labor are significantly involved,  
-Warehouses  
-Factories  
-Workshops
- 3.14 **“land reform beneficiary”** in relation to a property, means a person who-acquired the property through the Provincial Land and Assistance Act, 1993 (Act 126/1993); the Restitution of Land Rights Act, 1994 (act 22/1994); holds the property subject to the Communal Property Associations Act, 1996 (Act 28 of 1996); or holds or acquires the property in terms of such other land tenure enacted after this Act has taken effect;
- 3.15 **“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)
- 3.16 **“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.
- 3.17 **“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;
- 3.18 **“market value”**, in relation to a property, means the value of the property determined in accordance with section 46 of the Act;
- 3.19 **“MEC for Local Government”** means the member of the Executive Council of a Province who is responsible for local government in that province
- 3.20 **“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).
- 3.21 **“Multiple use properties”** in relation to a property, means the use of a property for more than one purpose, subject to section 9
- 3.22 **“Municipal council” or “Council”** means a municipal council referred to in section 18 of the municipal Structures act;
- 3.23 **“Municipal Finance Management Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003)
- 3.24 **“Municipality”** means the municipal council for the Municipal area of Oudtshoorn.
- 3.25 **“Municipal properties”** means those properties of which the municipality is the owner.
- 3.26 **“Municipal Systems Act”** means the Local Government: municipal Systems Act, 2000 (Act 32 /2000);
- 3.27 **“Newly ratable property”** means any ratable property on which property rates were not levied by 30 June 2005 excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.
- 3.28 **“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;
- 3.29 **“Office bearer”** in relation to places of public worship, means the primary person who officiates at services at that place of worship;
- 3.30 **“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, registered in the name of a religious community or registered 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”

3.31 “**Organ of state**” means an organ of state as defined in section 239 of the constitution

3.32 “**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;
- 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;
  - in relation to a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act no. 59 of 1980)
  - in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit; an
- (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 “public controlled”, 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;
  - (iii) 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; or
  - (viiA) 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
  - (viii) 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;
- 3.33 “**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 (zoning); or
    - (iii) Any legislation applicable to any specific property or properties; or any alleviation of any such restrictions;
- 3.34 “**person**” includes an organ of the state;
- 3.35 “**place of public worship**” means property used primarily for the purposes of congregation, excluding a structure that is primarily used for education instruction in which secular or religious education is the primary instructive medium: Provided that the property is –
- (a) registered in the name of a 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
- 3.36 “**prime rate**” means the prime rate of the bank where the primary account of the municipality is kept plus 1%
- 3.37 “**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, Act 57 of 2003.  
Or:  
Any land situated within any mountain catchment area upon which in terms of any direction no farming may be carried on, shall be exempt from all taxes imposed by a local authority on the value of immovable property. (See item 5 of the mountain catchment area act, Act 63 of 1970)
- 3.38 “**public benefit organization**” means an organization conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax Act 1962 (act 58 of 1962) for tax reductions of those activities.  
(see items 1, 2 and 4 of part 1 of the ninth schedule of act 58 of 1962)
- 3.39 “**public service infrastructure**” means publicly controlled infrastructure of the following kinds as defined in the definition of public service infrastructure in the act:
- (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 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, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes;
- (h) breakwater, 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 as may be prescribed ; or
  - (j) rights of way easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i)

3.40 “**public service purposes**”, in relation to the use of a property, means property owned and used by an organ of state as defined in the definitions of public service infrastructure in the act -

- (a) hospitals and clinics;
- (b) schools, pre-schools, early childhood development centers or further education and training colleges;
- (c) national and provincial libraries and archives;
- (d) police stations;
- (e) correctional facilities; or
- (f) court of law,

but excludes property contemplated in the definition of “public service infrastructure”,

3.41 “**rate**” means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

3.42 “**rateable property**” means property on which a 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;

3.43 “**ratio**”, in relation to section 19, means the relationship between the cent amount 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;

- 3.44 **“rebate”**, in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property;
- 3.45 **“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;
- 3.46 **“residential property”** means a property included in a valuation roll in terms of section 8 in respect of which the primary use or permitted use is for residential purposes without derogating from section 9;  
 -Residential flats  
 -Residential sectional title units  
 -Hostels  
 -Old age homes  
 -Residences at institutions of higher learning or at schools (where section 9(2) is applied)
- 3.47 **“sectional titles act”** means the Sectional Titles Act, 1986 (Act 95/1986)
- 3.48 **“sectional titles unit”** means a unit defined in section 1 of the Sectional Titles Act;
- 3.49 **“specified public benefit activity”** means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act no.58 of 1962)
- 3.50 **“state-owned properties”** means properties owned by the State, which are not included in the definition of public service infrastructure in the Act.
- These state- owned properties are classified as follows:
- (a) State properties that provide local services.
  - (b) State properties that provide regional / municipal district- wide / metro-wide service
  - (c) State properties that provide provincial / national service
- 3.51 **“vacant land” (sec 8(3))** means a land where no immovable improvements have been erected
- 3.52 **“New Business Incentive rebate”** means a rebate granted, on a declining scale, on for a property whereupon a new business is developed in excess of a capital value exceeding R50 Million for a rebate on assessment rates. The definition excludes existing business where change of ownership occurred or where a current business is expanded.

#### 4. PURPOSE OF THE POLICY

The purposes of the policy are to:

- (1) Comply with the provisions of section 3 of the Act.
- (2) Determine criteria to be applied for-  
 the levying of differential rates for different categories of properties;

- a) exemptions;
  - b) grants and rebates; and
  - c) rate increases.
- (3) Determine or provide criteria for the determination of:-
- a) Categories of properties for the purpose of levying different rates; and
  - b) Categories of owners of properties for the purpose for the granting of exemptions, rebates and reductions.
- (4) Determine how the municipality's powers must be exercised in relation to multi purpose properties.
- (5) Identify and provide reasons for
- a) Exemptions, rebates and reductions;
  - b) Exclusions; and
  - c) Rates on properties that must be phased in.
- (6) Take into account the effect of rates on the poor.
- (7) Take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax exemptions because of those activities, in the case of property owned and used by such organisations for those activities.
- (8) Take into account the effect of rates on public service infrastructure.
- (9) Take into account the effect of rates on public service purposes
- (10) Determine measures to promote local economic and social development.
- (11) Identify all rateable property that is not rated.

## **5 POLICY PRINCIPLES**

- 5.1 Rates are levied in accordance with the Act and amended Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 5.2 As allowed for in the Act, the Municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for 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.
- 5.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation.
- 5.4 The rates policy for the municipality is based on the following principles:
- (a) Equity

The municipality will treat all ratepayers with similar properties the same

(b) Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor / indigent ratepayers, the municipality will provide relief measures through exemptions, reduction or rebates.

(c) Sustainability

Rating of property will be implemented in a way that:

- i) it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
- ii) Supports local social economic development

(d) Cost efficiency

Rates will be based on the value of all ratable 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, rebates reduction and phasing-in of rates as approved by the municipality from time to time.

**6. SCOPE OF THE POLICY**

This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the Municipality's schedule of tariffs, which must be read in conjunction with this policy.

**7. APPLICATION OF THE POLICY**

In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

**8. CATEGORIES OF PROPERTY****8.1. Criteria for determining categories of properties for levying different rates and for granting exemptions will be according to:**

- (a) the use of the property (sec 8 (1)(a) )

**8.2. Categories of rateable property: (Section 8 (2))**

- (i) Residential
- (ii) Industrial
- (iii) Business and commercial
- (iv) Agricultural
- (v) Mining
- (vi) PSP, properties owned by an organ of state and used for public service purposes according to
- (vii) Public service infrastructure

- (viii) Properties owned by public benefit organisations and used for specified public benefit activities
- (ix) Properties used for multiple purposes subject to section 9(1)(c) & 9(2)(a)

**8.3. Categories of rateable vacant property: (Section 8 (3))**

- (i) Vacant Residential
- (ii) Vacant Industrial
- (iii) Vacant Business and commercial
- (iv) Vacant Agricultural (properties used for agricultural purposes but without improvements)
- (v) Vacant Properties owned by public benefit organisations and used for specified public benefit activities

**8.4. Categories of non-rateable property: (section 7(2) (a) (i) & section 17)**

- (i) Municipal
- (ii) Municipal vacant
- (iii) Municipal residential
- (iv) Place of public worship – (Church, official residence, graveyard)
- (iv) Protected Areas
- (v) Properties belonging to a land reform beneficiary

**9. CATEGORIES OF OWNERS**

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 dependent 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. PROPERTIES USED FOR MULTIPLE PURPOSES (section 8 & 9)**

A property used for multiple purposes must, be assigned to categories determined by the municipality for properties used for multiple purpose in terms of section 8 (2) (i) of the amended MPRA.

A rate levied on a property used for multiple purposes must be determined by -

- (a) Apportioning the market value of a property, in a manner as may be prescribed, to the different purposes for which the property is used; and
- (b) Applying the rates applicable to the category for those purposes to the different market value apportionments

**If the market value of the property can be apportioned, each portion must be categorized according to its individual use. If the market value of the property cannot be apportioned to its various use purposes, then such a property must be categorized in terms of the dominant use of the property**

## 11 CLASSIFICATION OF SERVICES AND EXPENDITURE

The Chief Financial Officer shall, subject to the guidelines provided by the Legislation and the Executive Mayor, provide for the classification of services as outlined in the Municipality's annual budget into trading and economic services.

## 12. LEVYING OF RATES

### (1) Liability for rates by property owners:

Rates levied by a municipality on a property must be paid by the owner of the property, subject to Chapter 9 of the Municipal Systems Act.

- (a) Joint owners are jointly and severally liable for the amount due for rates on that property.
- (b) 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 (Act no. 70 of 1970) the municipality must consider the following option for determining the liability for rates:
  - (i) Hold anyone of the joint owners in terms of paragraph (a) liable for all rates levied in respect of the agricultural property concerned.

### (2) Method and time of payment

The municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The monthly instalment is payable on or before the day determined by Council for payment of services, following the month in which it has been levied. Interest will be charged at 1% above the prime interest rate for any late payments received.

### (3) Annual Payment Arrangements

By prior arrangement with the municipality the rate may be paid in a single amount before 30 September of the year it is levied in, however, application must be submitted before 31 May prior to the financial year of implementation of the arrangement. The Director of Financial Services will consider any applications after this date.

### (4)(i) Recovery of arrear rates from owner

As soon as the annual rates becomes overdue or the monthly rates have been raised for the remaining months in the financial year, an overdue notice must be issued on the owner at the address selected by the owner.

If there is no response from the owner, a further overdue notice should be served at the property with a rider that the services to the property will be terminated within a reasonable period, the minimum being 30 days, should the rates not be paid or satisfactory arrangements made.

This notice should enquire whether the occupier is paying rent and other monies to an agent of the owner and the state that the municipality can, legally, attach the net payment. (i.e. gross receipts by the agent less commission due to the agent on those gross receipts) due to the owner by the agent to settle the arrears. Should the tenant refuse to co-operate, the services should be disconnected and the other debt management actions implemented

(4)(ii) Recovery of arrear rates from tenants, occupiers and agents

If an amount due for rates levied in respect of a property is unpaid after the day determined, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount the municipality might recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount the municipality recovers from the tenant or occupier of the property may be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner.

The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of that rent received by the agent or person, less the commission due to that agent or person. (subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality. If the managing agent is identified through the tenant's assistance, a copy of the notice, which was served on the tenant, must be served on the agent stating that failure to co-operate would lead to action being taken against the agent as well as the termination of the services at the supply address. Should the payments by the agent not be able to redeem the arrears within the next 12 months, the monies must be attached and the next step in the debts management plan of the municipality implemented. The municipality may however decide to extend the 12 month period to such longer period that they deem fit based on the merit.

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the rates payable. Shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back dated to a maximum of three (3) years, the current year plus two (2) previous financial years.

In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

(5) Deferral of payment of rates liabilities

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

6. **ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY ROLL**

- I. In circumstances where a valuation has been carried out by the municipal valuer in pursuance of a supplementary valuation in terms of Section 78(1)(d) or 78(1)(f) of the Act as a result, for example of a demolition having taken place on a property or a fire having destroyed buildings on a property but the Municipality has not yet included such valuation of the relevant property in a supplementary valuation, such valuation shall be submitted to the Chief Financial Officer for approval to levy rates on the property in accordance with such valuation with effect from the date of the occurrence of the event which caused a supplementary valuation to be required.
- II. If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of Section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property(ies) in a supplementary valuation:
  - o the municipal valuer shall conduct a valuation of the relevant property(ies) for purposes of a supplementary valuation
  - o the valuation shall be submitted to the Chief Financial Officer for approval for the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office.
- III. Any valuations performed in terms of paragraph 38 shall be included in the next supplementary valuation prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such supplementary valuation is made public in terms of Section 49 of the Act.
- IV. In the event that a property has been transferred to a new owner and a Supplementary Valuation took place; the previous owner as well as the new owner will jointly and separately be held responsible for settling the supplementary rates account and must be attended to by the conveyance attorney.

## 7. Ownership

Properties, which vest in the Municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the Municipality until such time, rates levied will be for the account of the developer but if the developer does not exist anymore, the following criteria will be applicable:

## 8. RATES CLEARANCE CERTIFICATE & RATES CREDIT REFUNDS

8.1 The municipality shall issue a rates clearance certificate in terms of Section 118(1) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000), after payment of the subscribed administration fee, and once the rates and services is paid four (4) months (120 days) in advance in order to facilitate the transfer of immovable property.

8.2 Rates clearance certificates has a validity period of sixty (60) days from the date it has been issued, in terms of Section 118(1) (b) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000).

8.3 In terms of section 118 (3) of the Systems Act, an amount due for

- (1) Municipal service fees, surcharge on fees, property rates and other
- (2) Municipal rates, levies and duties is a charge upon the property in
- (3) Connection with which the amount owes and enjoys preference over
- (4) Any mortgage bond registered against the property.

8.4 All debt is deemed collectable by the municipality despite a Clearance Certificate issued in terms of section 118 (1) (b) and remains a charge against the property which the municipality will collect by attaching the property. The parties to the section 118 (1)(b) application will be notified of the remaining debt and failing settlement, the municipality will proceed to attach the property in execution.

8.5 No interest shall be paid by the municipality to the registered seller in respect of these payments which are deemed to be due.

## 8.6 REFUNDS

8.6.1 All refunds, including service deposits, will be paid to the transferring attorney after registration of the property;

8.6.2 Refunds will only be processed on applications received through Rates Clearance System.

8.6.3 Refunds will be allocated to arrear service debt of tenants and only the balance will be refunded.

8.6.4 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.

8.6.5 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 e-mail address. Without the information no refund can be processed.

8.6.6 Refunds will be issued once a month per attorney firm.

**8.6.7 According to Section 102 of the Systems Act (Act 32 of 2000), a Municipality may:**

- Consolidate any separate accounts of persons liable for payments to the municipality
- Credit a payment by such a person against any accounts/s of that person, and
- Implement any of the debt collection and credit control measures to any arrears on any account/s of that person.
- All credit amounts will firstly be allocated as per above and all refunds, if any, will be made to the conveyancer.
- Refunds will only be processed upon receipt of a written/electronic request from the conveyancing attorney and will be paid out within 3 months after registration.

**9. Levying of rates on property in sectional title scheme (section 25)**

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme.

**10. MULTIPLE OWNERSHIP**

The Oudtshoorn Municipality will not split a municipal account because of multiple Ownership and will hold the owners jointly and severally liable for payment.

**13. DIFFERENT RATING**

- 13.1 Criteria for different rating on different categories of properties will be according to –
- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for bona fide agricultural purposes.
  - (b) The promotion of social and economic development of the community.
- 13.2 Different rating among the various property categories may be done by way of setting different cent amount in the rand for each property category and/or by way of reductions and rebates.
- 13.3 The Municipality has the right to change any non-rateable property with a Municipal category to a rateable category, if it is sold during the financial year and becomes rateable. This could be done before the category changes take place during the supplementary valuation period.

The Director of Financial Services will annually calculate the costs of these services and determine through a public participation process to which extent these services are used by the various categories of ratepayers. Inputs from representatives from the various categories of ratepayers must be considered and agreed upon. Different categories of properties may pay different rates in the rand based on the market value of their properties

**14. 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

Rates that would prejudice national mobility of goods, services, capital or labour  
 On the first 30% of market value of public service infrastructure  
 On any part of the seashore as defined in the Seashore Act

On any part of the territorial waters of the Republic in terms of the Marine Zones Act (15/1994)

On any island of which the state is the owner including the Prince Edward Islands

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.  
 On a mineral right within the definition of property.

On a property belonging to a land reform beneficiary or his or her heirs, if this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of deeds.

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.

On property registered in the name of and used primarily as a place of public worship by a religious community, including one 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)***

## **15. EXEMPTIONS**

15.1 The following categories of property are conditionally, partially or fully exempted from rates:

(a) Municipal properties

Municipal properties are exempted from paying rates according to sec 7(2)(a)(i)

(b) Residential properties

(i) The first R15 000 of the market value of a residential property contemplated in terms of section 17(1)(h) of the Property Rates Act or a multiple used property (provided that one or more component is used for residential purposes) are exempted from rates.

(ii) Owners of residential property qualifying for indigent grant in terms of the council's Indigent Policy and/or rebates in terms of item 16.1 of this policy, with a market value below the amount

annually determined by council during its budget process, are exempted from paying rates. (see section 15(2) (e) of the act supra.)

This is an important part of the council's Indigent Policy and is aimed primarily at alleviating poverty.

(c) Cemeteries and crematoriums

All burial facilities registered in the names of private persons and operated not for gain.

(d) Public Service Infrastructure (PSI)

The first 30% of the valuation of all public infrastructure properties as defined on paragraph 2.12 are exempted from rates as they provide essential facilities and services to the community. The rate ratio between residential and PSI properties for this Municipality are 1:0,25 according to the rate ratio regulations (The prescribed ratios are the upper limits, meaning that municipalities can rate them at any ratio of choice below the prescribed ratio as per circular no 13, issued 16 February 2021.

(e) Public Benefit Organizations (PBO)

The rate ratio between residential and PBO properties for this Municipality are 1:0,25 according to the rate ratio regulations (The prescribed ratios are the upper limits, meaning that municipalities can rate them at any ratio of choice below the prescribed ratio as per circular no 13, issued by COGTA on 16 February 2021.

The following Public Benefit Organizations may apply for the special rate tariff, which is 25% of the residential tariff, on property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act. 1962 (No 58 of 1962):

i Health care institutions

Properties used exclusively as a hospital, clinic and mental hospital. Including workshops used by the inmates, laundry or cafeteria facilities.

Provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for (to) charitable purposes within the municipality.

ii Education institutions

Property belonging to non-profitable independent schools for educational purposes only.

iii Independent schools

Property used by registered non-profitable independent schools for educational purposes only.

iv. Charitable institutions

Property belonging to not-for-gain institutions or organizations that Perform charitable work.

v. Sporting bodies

Property used by an organization whose sole purpose is to use basis.

vi. Cultural institutions

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989 and not operated for gain.

vii. Youth development organizations

Property owned and/or used by organizations for the provision of youth Leadership or development programmer.

viii. Animal welfare

Property owned or used by institutions/ organizations whose Exclusive aim is to protect birds, reptiles and animals on a not-for gain basis.

(f) Non-Profit Organisations (NPO's)

- The properties of Non-Profit Organisations will be charged at the ratio of 1: 0.25 in relation to residential properties. These categories of properties and / or owners of properties are deemed to contribute services or benefits to the community.
- In order to be considered, the organisations must be registered as NPO's under the Non-Profit Organisations Act, (Act no., 71 of 1997)

15.2 Exemptions will be subject to the following conditions

- all applications , must be addressed in writing to the municipality;
- a SARS tax exemption certificate must be attached to all applications;
- the Council must approve all applications;
- applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought;
- the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect of false; and
- Exemptions will only be granted by the Manager Revenue Management or his/her delegated person.

15.3 Municipal properties sold to religious communities not yet registered:

- (a) Properties owned and used by a religious community for a place of public worship are exempted from tax, according to Section 17 of the said act.
- (b) Properties that are used by a religious community for a place of public worship but not registered in that communities name are also exempted from rates.
- (c) Properties in the rural area owned by a religious community, consisting out of a building used primarily as a place of public worship, but during the week operate as a school to assist the church and its progress, will also be exempted from rates.

**16. REBATES**

16.1 Categories of property

(a) Residential Properties:

Council may annually during the budget process, by means of an approved sliding scale based on monthly household income, grant qualifying owners a rebate on their rates payable

- (i) Pensioners will receive a 35% discount on their property rates, subject to application as per stipulation in 16.2 of this policy.
- (ii) Indigent households will receive a rebate on their rates of a further R 55,000 on the valuation of their property as determined by the municipal Council. This is in addition to the R15,000 impermissible rates, section 17(1)(a) of the MPRA. The calculation of the rebate will be as follow: Valuation of R 55,000 multiplied by the applicable approved property rates tariff for residential categories of consumers as annually approved by Council.
- (iii) Any property situated in the rural area that is not owned by a bona fide farmer who's dominant income is generated from farming activities and / or not used for any farming purposes will not be categorized as Agricultural, such properties will be categorized according to the dominant use that may be as follows:
  - When the property has a house on it and is used for residence, it will be categorized as residential.
  - When a property is not used for any purpose, it will be categorized as vacant residential and not vacant agricultural.

(b) Business, commercial and industrial properties

- (ii) The municipality may grant rebates to enterprises that promote local social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy.

- (iii) The following criteria will apply.
- (a) job creation in the municipal area;
  - (b) social upliftment of the local community; and
  - (c) creation of infrastructure for the benefit of the community.
- (ii) Rebates will be granted on application subject to:
- (a) a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
  - (b) a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives;
  - (c) an assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
  - (d) A Council resolution.
- (iv) Properties used for businesses purposes may be considered for a rebate on assessment rates by the Chief Financial Officer upon an application submitted by the developer or his/her representative whereby it is clearly demonstrated what the economic, social and financial benefit to the municipality will be over the long term. The rebate may only be considered for new business development in the municipal area or where the nature of the business is unique or new to the municipality.

Business development where the capital investment is between R20 – R250 Million excluding the cost of acquisition of land may be considered for a rebate.

This excludes existing business where change of ownership occurred or where a current business is expanded. The rebate will be applied on a reducing sliding scale as follows:

- a) 40% rebate on assessment rates for the first year after completion of the development;
- b) 25% rebate on assessment rates for the second year after completion of the development;
- c) 15% rebate on assessment rates for the third year after completion of the development.

The rebate will only be afforded subject to the remainder of the assessment rates as well as services accounts are being paid in full by 30 June of each financial.

Business development where the capital investment which exceeds R250 Million excluding the cost of acquisition of land may be considered for a rebate.

This excludes existing business where change of ownership occurred or where a current business is expanded. The rebate will be applied on a reducing sliding scale as follows:

- a) 65% rebate on assessment rates for the first year after completion of the development;
- b) 50% rebate on assessment rates for the second year after completion of the development;

- c) 35% rebate on assessment rates for the third year after completion of the development.
- d) 20% rebate on assessment rates for the fourth year after completion of the development.
- e) 12.50% rebate on assessment rates for the fifth year after completion of the development.

The rebate will only be afforded subject to the remainder of the assessment rates as well as services accounts are being paid in full by 30 June of each financial.

(c) Agricultural property rates ratio & rebate:

(i) Agricultural property rates ratio & rebate: (provincial regulation gazette Vol 537, 12 March 2010 no 33016)

- The rates ratio between agricultural properties used for Agricultural purposes and residential category of properties may not be more favorable than the ratio that the Minister for Provincial and Local Government in Concurrence with the Minister of Finance may from time to time determine and promulgate in the Government Gazette. The 1:0.25 ratio is the prescribed upper limit but the Municipality can rate agricultural properties at any ratio below the prescribed 1:0.25 as per Circular 13, issued by COGTA on 16<sup>th</sup> of February 2021. *“Agricultural property” means property that is used primarily for agricultural purposes.* Therefore, any agricultural property that is used for anything other than agricultural property as defined, such as for residential, industrial business and commercial, or any other purpose, is not eligible to be rated at the 1:0.25 ratio applicable for agricultural properties in the Regulations. Any properties that are outside the meaning of agricultural property as defined should be rated based on their actual use or permitted use as per circular no13, issued by COGTA on the 16<sup>th</sup> of February 2021. The current rate ratio between residential properties and properties used for agricultural purposes are 1 : 0,175

(ii) Qualifying requirements before a property could be rated as agricultural:

- Qualifying requirements are that the property must be Primarily used for agricultural purposes and Categorized according to its usage and not zoning in terms of section 8 (2) (d) of the act supra and
- The owner must provide the municipality with a valid VAT certificate, or a VAT clearance certificate.
- the owner should be taxed by SARS for farming activities and the last tax assessment must be provided as proof, or
- where the owner is not taxed by SARS for farming activities, proof is required that Income from farming activities exceeds 60% of the household Income, or

- In cases where a property is rented to a Bona Fide Farmer for agriculture purposes who qualifies a lease agreement between those two parties can also be provided as proof.

(d) Conservation Land

No rebates are granted to privately owned properties whether designated or used for conservation purposes.

(e) Historical or heritage properties

No rebates are granted other than residential rebates if appropriate

(f) Rural properties use for Game Farming:

Game farming could not be categorized under agriculture according to the amendment MPRA definitions. Any properties for the purpose of trading in or hunting of game will be categorized as Business properties

(g) Eco –Tourism

Considering the contribution to the local economy, Council may annually during the budget process determine the rebate on Eco-Tourism farms.

(h) Other Rural properties (not agricultural)

Any properties in the rural area not used for agricultural purpose, residential or vacant residential will be categorized according to the usage of the property as determined according to section 8(2)

(i) State owned properties (Public service purposes)

Section 19 (1) (c) circular 12, issued 16 February 2021, Municipalities must during their budget process comply with section 19 (1) (c) not to levy higher rates on public service properties than business rates.

## 16.2 Categories of owners

(a) Pensioners and Disabled Persons Rate Rebate

Pensioners and disabled persons may apply for a rebate on property rates but the qualifying requirements are that the owner must:

- occupy the property as his/ her normal residence;
- be at least 60 years of age (disabled persons excluded), or retired due to medical reasons or in receipt of a disability pension.
- be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding R 144 000 per year annum
- If the owner owns more than one property the rebate will only be applicable on the property the owner permanently reside in and
- If where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- Owners of properties within a specific geographical area in terms of section 8 (1) (c) of the Act may according to conditions adopted by council apply for rebate.

- g. Pensioners and disable persons that rent properties will only be subsidies on the first 6kl of water, the basic water charged and 50KwH of electricity per month.

(b) Method of application

Property owners must apply on a prescribed application form for a Rebate as determined by the municipality.

- a. Applications must (where applicable) be accompanied by –
  - i. a certified copy of the identity document or any other proof of 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. These applications must reach the municipality before the End of May preceding the start of the new municipal Financial year for which relief is sought.

The Municipality retains the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.

**OWNERS WILL ONLY QUALIFY FOR A REBATE IN TERMS OF ONE CATEGORY:**

**17. REDUCTIONS**

17.1 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.

17.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

17.3 All categories of owners can apply for a reduction in the rates payable as described above.

17.4 Reduction will only be granted as per Council resolution.

**18. 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 –

- (a) For the full potential income associated with property rates; and
- (b) For the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.

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.

- (c) A list of all exemptions, rebates, reductions, exclusions, phasing in etc. must be tabled before council.

## **19. SPECIAL RATING AREAS**

The municipality may by council resolution determine an area within its boundaries as a special rating area for raising funds for improving or upgrading that area; and differentiate between categories of property when levying an additional rate.

Before determining a special rating area, the municipality must consult the Local community on the proposed boundaries of the area, the proposed improvement or upgrading of the area and obtain the consent of the majority of the ratepayers in that proposed special rating area.

The municipality must determine the boundaries and indicate how the area is to be improved or upgraded by the funds derived from the additional rate.

Establish a separate accounting and record-keeping system regarding the Revenue generated by the special rate and the improvement or upgrading of the Area.

The municipality may establish a committee composed of persons representing the community to act as a consultative and advisory forum. Representivity, including gender must be considered when such a committee is established.

## **20. RATES INCREASES**

20.1 The municipality will consider increasing rates annually during the budget Process in terms of the guidelines issued by National Treasury from time to Time.

20.2 Rate increases will be used to finance the increase in operating costs of Community and subsidized services.

20.3 Relating to community and subsidized services the following annual adjustments to rates payable will at least be made:

- i. All salary and wage increases as agreed at the South African Local Government Bargaining Council
- ii. An inflation adjustment for general expenditure, repairs and Maintenance and contribution to statutory funds, and
- iii. Additional depreciation costs or interest and redemption on loans Associated with the assets created during the previous financial year.

20.4 Extraordinary expenditure related to community service not foreseen during the previous budget period and approved by the Council during a Budget review process will be financed by an increase in property rates.

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

## **21. RECOVERY OF RATES FROM ESTATE AGENTS**

21.1 The municipality may despite the Estate Agents Affairs Act, 1976 (Act 112 of 1976), recover the full amount due for rates on a property, or partially from an estate agent representing the owner, if this is more convenient for the municipality.

21.2 The municipality may recover the amount due for rates from the estate agent representing the owner only after it has served a written notice on the estate agent.

21.3 The estate agent must on the request by the municipality furnish the municipality with information specifying all payments for rent on the property and any other money received by the estate agent on behalf of the owner.

21.4 The municipality may confiscate the amount of any rent or other money received by the estate agent on behalf of the owner, less commission due to the estate agent to, settle property rates due to the municipality.

## **22. DISREGARDED ITEMS FOR VALUATION PURPOSES**

The following must not be taken into account in determining the market value of a property

(i) Any building or other immovable structure under the surface of the property which is the subject matter of any mining authorization or mining right defined in the Mineral and Petroleum Resources Development Act, 2002 (Act no 28 of 2002).

(ii) The value of any equipment or machinery which, in relation to the property concerned, is immovable property, excluding-

- A lift
- An escalator
- An air-conditioning plant
- Fire extinguishing apparatus
- A water pump installation for a swimming pool or for irrigation or domestic purposes; and
- Any other equipment or machinery that may be prescribed; and

(iii) An unregistered lease in respect of the property

(iv) In respect of property used for agricultural purposes the value of any annual crops or growing timber on the property that have yet not been harvested at the date of valuation.

(v) Public Service Infrastructure needs only too be valued if it is the council's intention to levy rates on it.

### **23. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENTS**

The municipality may grant rebates to organisations that promotes local, social and economic development in its area of jurisdiction based on the criteria determined in its local, social and economic development policy. The following criteria will apply:

- (a) Job creation in the municipal area;
- (b) Social upliftment of the local community; and poverty alleviation to the indigents
- (c) Improve local economic growth
- (d) Promote service delivery

### **24. REGISTER OF PROPERTIES**

The Chief Financial Officer must draw up and maintain a register of properties as contemplated in section 23 of the Act.

### **25. NOTIFICATION OF RATES**

25.1 The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become affective. **Accounts delivered after 30 days notice will be based in the new rates.**

25.2 A notice stating the purpose of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality at places provided for that purpose.

### **26. FREQUENCY OF VALUATIONS**

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

### **27. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS**

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, or on public service infrastructure owned by a municipal entity, or on rights in properties. In addition, on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties, which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

## **28. DATE OF VALUATION**

For the purposes of a general valuation, a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions, which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act and Amendment Act.

## **29. COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS**

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than five (5) financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of seven (7) financial years, and only in specified circumstances.

## **30. GENERAL BASIS OF VALUATION**

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

## **31. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES**

When valuing a property, which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

## **32. SUPPLEMENTARY VALUATIONS**

32.1 A Municipality must whenever necessary, cause a supplementary valuation to be made in respect of any rate-able property-

- incorrectly omitted from valuation roll;
- included in a municipality after the last general valuation;
- subdivided or consolidated after the last general valuation;
- of which the market value has substantially increased or decreased for any reason after the last general valuation;
- substantially incorrectly valued during the last general valuation;
- that must be re-valued for any other exceptional reason; or
- of which the category has changed;

- the value of which was incorrectly recorded in the valuation roll as a result of a clerical or typing error;
- Completion certificates.

32.2 A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

### **33. REGULAR REVIEW OF RATES POLICY**

The rates policy must be reviewed on an annual basis during the Budget period to ensure that it complies with the Municipality's Strategic Objectives and with legislation.

### **34. ENFORCEMENT / IMPLEMENTATION**

This first amended rates policy has been approved by the Municipality in terms of resolution (a) 932 dated 31/03/2012 and comes into effect from 1 July 2012. The second amended rates policy will come into effect from 1 July 2017. The third amended rates policy will come into effect from 01 July 2018. The fourth amended rates policy will come into effect from 01 July 2019. The fifth amended rates policy will come into effect from 01 July 2020.

### **35. LEGAL REQUIREMENTS**

A paraphrase – and in some instances an abridgement – of the key requirements of the Local Government: Property Rates Act no. 6 of 2004 is attached as an Addendum "A" to this policy.

### **36. SHORT TITLE**

This policy is the Property Rates Policy of the Oudtshoorn Local Municipality.

#### **ADDENDUM "A"**

##### **LEGAL REQUIREMENTS:**

##### **CAUTIONARY NOTE**

*This paraphrase is not meant to cover the complete contents of the Property Rates Act, but is focused rather on those requirements, which are immediately relevant to a municipality's rates policy. Thus, the section dealing with transitional arrangements has been omitted, and so have most of the provisions dealing with the valuation process.*

#### **SECTION 2: POWER TO LEVY RATES**

A metropolitan or local municipality may levy a rate on property in its municipal area. A municipality must exercise its power to levy a rate on property subject to Section 229 and

any other applicable provisions of the Constitution, the provisions of the present Act and Amended Act, the regulations pertaining thereto and the rates policy it must adopt in terms of this Act.

### **SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY**

Logical order of processes for implementation of the Act.

Rates policy development and adoption including categorization of properties for the purpose of compiling the valuation roll.

Compilation of the valuation roll in order to determine the market value of properties so as to inform the determination of a reasonable amount in a Rand to be determined in respect of the various categories of rateable property taking into account the budget.

Tabling of the municipal budget accompanied by an adopted rates policy in terms of section 3 (2) of the Act.

(2) Section 3 (3) (e) of the Act must be complied with by providing a general description of that which may be foregone by the municipality without quantifying it in Rand & Cent.

The council of a municipality must adopt a policy consistent with the present Act and amended Act on the levying of rates on rateable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must treat persons liable for rates equitably determine the criteria to be applied by the municipality if it: levies different rates for different categories of property; exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;

Grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or increases rates;

Determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;  
Determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;

Identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in, in terms of Section 21;

Take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;

Take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;

Take into account the effect of rates on public service infrastructure;

Allow the municipality to promote local, social and economic development; and

Identify, on a basis as may be prescribed, all rateable properties in the municipality that are not rated in terms of Section 7.

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on properties used for agricultural purposes, a municipality must take into account:

The extent of services provided by the municipality in respect of such properties;

The contribution of agriculture to the local economy;

The extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and

The contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organized local government.

No municipality may grant relief in respect of the payment of rates to:

A category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or

The owners of properties on an individual basis.

#### **SECTION 4: COMMUNITY PARTICIPATION**

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

Conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and

Publish in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

#### **SECTION 5: ANNUAL REVIEW OF RATES POLICY**

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

#### **SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY**

A municipality must adopt and published by-laws, in terms of section 12 and 13 of the Municipal Systems Act, to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

#### **SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY**

When levying rates a municipality must, subject to subsection (2) levy such rates on all rateable property in its area but it is nevertheless not obliged to levy rates on:

Properties of which the municipality itself is the owner;

Public service infrastructure;

Rights registered against immovable property in the name of a person;

Properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices or

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions or rebates on, or reductions in rates levied.

#### **SECTION 8: DIFFERENTIAL RATES**

Subject to section 19, a municipality may, in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, determined in subsection (2) and (3), which must be determined according to the:

Use of the property;

Permitted use of the property; or

A combination of (a) and (b)

A municipality must determine the following categories of rateable property in terms of subsection (1): Provided such property category exists within the municipal jurisdiction:

#### **Categories of property**

##### **8 A. Categories of rateable property: (section 8 (2))**

- (x) Residential
- (xi) Industrial
- (xii) Business and commercial
- (xiii) Agricultural
- (xiv) Mining
- (xv) Properties owned by an organ of state and used for public service purposes
- (xvi) Public service infrastructure

- (xvii) Properties owned by public benefit organisations and used for specified public benefit activities
- (xviii) Properties used for multiple purposes subject to section 9(1)(c) & 9(2)(a)

**8 B. Categories of rateable vacant property: (section 8 (3))**

- (i) Vacant Residential
- (vi) Vacant Industrial
- (vii) Vacant Business and commercial
- (viii) Vacant Agricultural (properties used for agricultural purposes without any improvements)
- (ix) Vacant Properties owned by public benefit organisations and used for specified public benefit activities

**8 C. Categories of non-rateable property: (section 7(2)(a)(i) & section 17)**

- (i) Municipal
- (v) Municipal vacant
- (vi) Municipal residential
- (vii) Place of public worship – (Church, official residence, graveyard)
- (vi) Protected Areas
- (vii) Properties belonging to a land reform beneficiary

**SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES**

A property used for multiple purposes must, be assigned to categories determined by the municipality for properties used for multiple purpose in terms of section 8 (2) (i) of the amended MPRA.

A rate levied on a property used for multiple purposes must be determined by –

- (a) Apportioning the market value of a property, in a manner as may be prescribed, to the different purposes for which the property is used; and
- (b) Applying the rates applicable to the category for those purposes to the different market value apportionments.

**If the market value of the property can be apportioned, each portion must be categorized according to its individual use If the market value of the property cannot be apportioned to its various use purposes, then such a property must be categorized in terms of the dominant use of the property**

**SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES**

A rate on a property, which is subject to a sectional title scheme, must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

**SECTION 11: AMOUNT DUE FOR RATES**

A rate levied by a municipality on property must be stated as an amount in the rand: on the market value on the property;

In the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;

In the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not rateable or on such other amount as the minister may determine in terms of section 17(3))

**SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED**

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process, review the amount in the rand of its current rates in line with the annual budget for the next financial year.

**SECTION 13: COMMENCEMENT OF RATES**

A rate becomes payable as from the start of the particular financial year, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

**SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES**

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a simple majority of its members.

The resolution for levying the rates must be annually promulgated within 60 days from the date of the resolution by publishing the resolution in the provincial gazette.

The resolution must contain the following details:

The date on which the the resolution levying rates was passed differentiate between categories of properties; and

Reflect the cent amount in the Rand rate for each category of property.

Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution for a period of at least 30 days at the municipality's head and satellite offices and libraries, and if the municipality has an official website or a website is available to it, on that website as

well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

## **SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES**

A municipality may in terms of the criteria, which it has set out in its rates policy:

Exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or

Grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 (2) and subsection (2A) of the Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

Indigent owners;

Owners dependent on pensions or social grants for their livelihood including owners of properties within the income group of pensions or social grants owners temporarily without income;

Owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;

Owners of residential properties with a market value lower than an amount determined by the municipality; and owners of agricultural properties who are bona fide farmers.

In addition to the categories of rateable property determined in terms of section 8(2), a municipality may, subject to any ratio determined in terms of section 19, for the purposes of granting exemptions, rebates and reductions, determine such category based on;

- properties used for public service purposes; and
- properties to which the provisions of the National Heritage Resources Act, no 25 of 1999 apply, or an institution that has been declared to be subject to the Cultural Institutions Act, no 119 of 1998.

The Municipal Manager must annually table in the council a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and

A statement reflecting the income, which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates,

Projections regarding revenue to be forgone for a financial year in relation to subsection 3(b) must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

Pensioners will receive a 35% discount on their property rates, subject to application as per stipulation in 16.2 of this policy.

Indigents will receive a discount on their property rates, equal to a R55 000 valuation multiply by the applicable approved property rates tariff, for residential categories of consumers as approved by Council in the tariff list on a yearly basis

#### **SECTION 16: CONSTITUTIONALLY IMPERMISSIBLE RATES**

In terms of section 229 (2)(a) of the Constitution, a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

If a rate on a specific category of properties, or a rate on a specific category of owners of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters referred to above, the Minister of Provincial and Local Government with concurrence of the Minister of Finance, must, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

#### **SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)**

A municipality may not levy a rate on:

subject to paragraph (aA) the first 30% of the market value of public service infrastructure;

any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of "public service infrastructure"

any part of the seashore;

any part of the territorial waters of the Republic;

any islands of which the state is the owner;

those parts of 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), of a national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes, (Act 2004, no. 10);

on mining rights or a mining permit property belonging to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds; or

upon alienation of the property by the land beneficiary or his or her heirs, dependants or spouse the first R15 000 of the market value of a property assigned in the

valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes; or

for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; or

on a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office-bearer of that community and who officiates at services at that place of workshop.

The exclusion from rates of a property referred to in subsection (1)(b) lapses;

if the property is alienated or let: or as determined in section 17(1A)

The remainder of this Section deals with situations where the various exemptions lapse: eg (section 17(2)(b) and section 17(5)(b)

#### **SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17**

The municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and multiple used property. If the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

#### **SECTION 19: IMPERMISSIBLE DIFFERENTIATION**

A municipality may not levy:

different rates on residential properties, except as provided for in sections 11(2), 21 and 89A provided that this paragraph does not apply to residential properties that is vacant where transitional arrangements apply or where some of the properties are newly rateable as [provided for in terms of section 11(i) (b) and section 89 of the act supra.

a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;

rates which unreasonably discriminate between categories of non-residential properties; and

additional rates, except as provided for in Section 22.

The ratio referred to in subsection (1)(b) may be subject to prescribed norms and standards, and may only be prescribed with the concurrence of the Minister of Finance.

## **SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES**

The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which:

rates on property categories or a rate on a specific category of properties may be increased; or

the total revenue derived from rates on all property categories or a rate on a specific category of properties may be increased.

Different limits may be set in terms of subsection (1) for different kinds of municipalities or different categories of properties (section 20(2))

The Minister may, on written application by a municipality, and on good cause, exempt a municipality from a limit set in terms of subsection (1).

This section must be read with section 43 of the Municipal Finance Management Act.

## **SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES**

A rate levied on newly rateable property must be phased in over a period of three financial years.

Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period of ten years has lapsed, be phased in over a period of three financial years.

A rate levied on a newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities must be phased in over a period of four financial years.

The phasing in discount on a property referred to is subsection (1) (a) or (b) must –

**in the first year**, be at least 75% of the rate for that year otherwise applicable to that property;

**in the second year**, be at least 50% of the rate for that year otherwise applicable to that property, and;

**in the third year**, be at least 25% of the rate for that year otherwise applicable to that property.

The phasing in discount on a property referred to is subsection (1) (c) must –

No rate may be levied during the first year on newly rateable property owned and used by organisations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly rateable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year.

A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality.

**SECTION 22: SPECIAL RATING AREAS (ABRIDGED)**

A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

**SECTION 23: REGISTER OF PROPERTIES**

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

an exemption from rates in terms of Section 15 of the present Act;

a rebate on or a reduction in the rate in terms of Section 15;

a phasing in of the rate in terms of Section 21; and

an exclusion referred to in Section 17.

The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but at least annually, update part B of the register.

**SECTION 24: PROPERTY RATES PAYABLE BY OWNERS**

The owner of the property must pay a rate levied by a municipality on property.

Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

**SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES**

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit, or the holder of the right contemplated in section 25 or 27 of the Sectional Titles Act.

The municipality may not recover the rate on such sectional title unit, or on a right contemplated in section 25 or 27 of the Sectional Titles Act registered against the sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit, or the holder of such right.

A body corporate controlling a sectional title scheme may not apportion and collect rates from the owners of the sectional title units in the scheme.

**SECTION 26: METHOD AND TIME OF PAYMENT**

A municipality must recover a rate on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in instalments, it must be paid on or before a date in each period determined by the municipality.

*Payment of rates may be deferred but only in special circumstances*

**SECTION 27: ACCOUNTS TO BE FURNISHED**

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

the amount due for rates payable;

the date on or before which the amount is payable;

how the amount was calculated;

the market value of the property;

if the property is subject to any compulsory phasing in discount in terms of Section 21(a)(b) or (c), the amount of the discount, and

if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

A person liable for rates must furnish the municipality with an address where correspondence can be directed to.

The person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.

**SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS**

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may

recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

#### **SECTION 29: RECOVERY OF RATES FROM AGENTS**

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality, but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

#### **SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS**

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All rateable properties in a municipal area must be valued during such general valuation, including those properties partially excluded from rates in terms of Section 17 (1)(a) and (h) of the Act provided that properties referred to in section 7(2)(a) must be valued only to the extent that the municipality intends to levy a rate on those property.

*However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.*

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17(1)(e), (g) and (i) if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties, which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

#### **SECTION 31: DATE OF VALUATION**

For the purposes of a general valuation, a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions, which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

### **SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS (ABRIDGED)**

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, section 49 and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than;

four financial years in respect of a metropolitan municipality; and

five financial years in respect of a local municipality Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government but;

a metropolitan municipality, to five financial years and;

a local municipality, to seven financial years.

### **SECTION 34: FUNCTIONS OF MUNICIPAL VALUER**

The Valuer of a municipality must in accordance with this act value all properties as determined in terms of section 30(2).

The municipal Valuer must also submit a monthly progress report to the municipal manager on the valuation of properties, regardless of whether properties are valued in terms of section 45(2)(a) or in terms of a combination of section 45 (2)(a) and (b) prepare a valuation roll of all properties in the municipality determined in terms of section 30(3);

Sign and certify the rolls ;

Submit valuation rolls to the municipal manager within a prescribed period;

Consider and decide on objections to the valuation roll;

Attend every meeting of an appeal board;

Prepare a supplementary valuation roll whenever this becomes necessary;

Assist the municipality in the collection of postal addresses of owners when valuing properties;

Generally provide the municipality with appropriate administrative support incidental to the valuation roll.

### **SECTION 42: ACCESS TO INFORMATION**

A municipal Valuer or assistant municipal Valuer may require the owner , tenant / occupier, agent of owner, the body corporate controlling a sectional title scheme or the share block company in respect of a share block scheme or the management association in respect of a property time-sharing scheme to give the Valuer access to any documents or information in possession of the owner , tenant / occupier, agent of owner, the body corporate controlling a sectional title scheme or the share block company in respect of a share block scheme or the management association in respect of a property time-sharing scheme

### **SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)**

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

In determining the market value of a property the following must be disregarded for purposes of valuing the property;

any building or other immovable structure under the surface of the property which is the subject matter of any mining authorisation or mining right defined in Act 2002, no 28

#### **SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES**

When valuing a property, which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

#### **SECTION 55: ADJUSTMENTS OR ADDITIONS TO VALUATION ROLLS**

If an adjustment in the valuation of the property effects the amount due for rates payable on that property, the municipal manager **must**;

**recover** from the person liable for the payment of rates the different **without adding interest** on the amount due; **or**

**repay** to the person who made the payment the difference determined in terms of paragraph (a) **plus interest** at the prescribed rate

#### **SECTION 77: GENERAL**

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

#### **SECTION 80: CONDONATION OF NON-COMPLIANCE WITH TIME PERIODS:**

The MEC for local government in a province may, on good cause shown, and on such conditions as the MEC may impose, condone any non-compliance by a municipality with a provision of this Act requiring any act to be done within a specified period or permitting any act to be done only within a specific period.

Non-compliance with section 21,23 or 32 may not be condoned in terms of subsection (1)  
The powers conferred in terms of this section on an MEC for local government may only be exercised within a framework as may be prescribed.

#### **SECTION 81: PROVINCIAL MONITORING:**

The MEC for local government in a province must monitor whether municipalities in the province comply with the provisions of this Act.

If the municipality fails to comply with the provisions of this Act, the MEC may take any appropriate steps to ensure compliance, including proposing an intervention by the provincial executive in terms of section 139 of the Constitution.

#### **SECTION 82A: REPORTING TO MINISTER BY MUNICIPALITIES**

A municipality must submit reports, in such form and at such intervals as may be prescribed by the minister on the implementation of provisions of the Act relating to the following matters in this section.

**SECTION 82B: REPORTING TO MINISTER BY MEC'S**

The MEC for local government must submit reports in such form and at such intervals as may be prescribed to the minister relating to the following matters in this section.

**SECTION 87: APPLICATION WHEN IN CONFLICT WITH OTHER LAWS**

This Act prevails in the event of any inconsistency between this Act and any other legislation regulating the levying of municipal rates

**SECTION 93A: TRANSITIONAL ARRANGEMENT: PUBLIC SERVICE INFRASTRUCTURE;**

The prohibition on the levying of rates on public service infrastructure referred to in section 17(1)(aA) must be phased in over a period of five municipal financial years, with effect from the date of commencement of this Act. The rates levied on property referred to in subsection (1) must not be more than;

80 % in the first year  
60 % in the second year  
40 % in the third year  
20 % in the fourth year  
10 % in the fifth year

**SECTION 93B: TRANSITIONAL ARRANGEMENT: DIFFERENTIAL RATES:**

The provisions of section 8 must be applied by a municipality within seven years of the date of commencement of this Act

**SECTION 96: SHORT TITLE AND COMMENCEMENT**

This is the amended Rates policy in terms of the Local Government Municipal Property Rates Act, Act 6 of 2004 as amended in 2014, (Act 29 of 2014).

In terms of section 3 of the above Act, this policy shall come into operation on 01 July 2023.



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## FINAL OUDTSHOORN MUNICIPALITY

### TARIFF POLICY

Resolution Number: 63.17/05/23

Date: 29 May 2023

**INDEX**

**PREAMBLE.....1**

**1. INTRODUCTION.....2**

**2. OBJECTIVES..... 2**

**3. NEED FOR A TARIFF POLICY ..... 2**

**Revenue Adequacy and Certainty .....2**

**Sustainability.....2**

**Effective and Efficient usage of Resources.....3**

**Accountability, Transparency and Good Governance.....3**

**Equity and Redistribution.....3**

**4. IMPLEMENTATION OF POLICY ..... 4**

**Free Basic Services. ....4**

**Affordable Tariffs .....4**

**Tariff Equality for Services and Property Rates..... 5**

**Rates ..... 5**

**Payment for services rendered ..... 5**

**Local Economic Development and Competitiveness ..... 6**

**Service Delivery Sustainability.....6**

**Tariff Determination.....7**

**5. SOURCES OF REVENUE ..... 8**

**6. TARIFF STRATEGY ..... 9**

**Recovery of Cost.....9**

**Capital Costs (Depreciation).....9**

**Maintenance Costs .....9**

<b>Consumption /Usage</b> .....	<b>9</b>
<b>Cost of Immeasurable Services</b> .....	<b>9</b>
<b>7. SERVICES CLASSIFICATION</b> .....	<b>10</b>
<b>Trading Services</b> .....	<b>10</b>
<b>Economical Services</b> .....	<b>10</b>
<b>Subsidized Services</b> .....	<b>10</b>
<b>Community Services</b> .....	<b>10</b>
<b>8. CATEGORIES OF USERS</b> .....	<b>11</b>
<b>9. TARIFF CHARGES</b> .....	<b>12</b>
<b>Property Taxation</b> .....	<b>12</b>
<b>Services charges</b> .....	<b>12</b>
Electricity .....	12
Water .....	16
Refuse Removal .....	18
Sewerage.....	19
<b>General Tariffs</b> .....	<b>20</b>
<b>10. UNIT OF MEASUREMENT</b> .....	<b>21</b>
<b>11. SOCIAL BENEFITS</b> .....	<b>22</b>
<b>12. RESPONSIBILITY/ACCOUNTABILITY</b> .....	<b>24</b>

## DEFINITIONS

1. In this tariff policy, unless inconsistent with the context, a word or expressions to which a meaning in the Act has been attached means:-
  - 1) "*agricultural consumer*:"include but are not limited to-  
Farms, smallholdings and agricultural show grounds;
  - 2) "*break even*" occurs where the volume sales are equal to the fixed and variable cost associated with the provision of the service;
  - 3) "*charitable and welfare institutions and organizations*" include but are not limited to-  
Any institution managed on a non-profitable basis by a church association or a registered charity
  - 4) "*Commercial consumers*" include but are not limited to-business, undertakings, shops, offices, liquor stores, supermarkets, public garages, gathering places, nurseries, places of entertainment, service stations, hairdressings salons, banks, hotels, guesthouses, boarding houses and doctor-and dentist consulting rooms;
  - 5) "*community service*" are services that the Council has classified as such and the tariffs have been compiled with the intention that the costs of the services cannot be recovered fully from public service charges and are of a regulatory nature;
  - 6) "*Domestic consumers*" include but are not limited to-  
Residence, group housing, town houses, semi-detached houses, and flats;
  - 7) "*Economic services*" me services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers;
  - 8) "*educational and communal institutions*" include but are not limited to-  
schools, colleges, pre-primary schools not operated by a registered charity or welfare organizations, libraries, museums, churches, hospitals, clinics, correctional institution>, school hostels and community halls;
  - 9) "*fixed costs*" are costs which do not vary with consumption or volume produced;
  - 10) "*geographical areas*" areas identified as such by council due to service backlogs, social circumstances or any other similar reasons;
  - 11) "*Indigent households*" are households that are registered at the municipality as such and meet the criteria's as set by Council from time to time and occupying a property within the jurisdiction of the municipality;
  - 12) "*Industrial consumers*" include but are not limited to-  
industrial undertakings, factories, warehouses, workshop, scrap yards, stores, wine cellars, abattoir, dairy processing plants and fish markets;

- 13) *"In season"* refers to the period from the 1st December of a year up to 31 January of the following year and from the Monday before the Easter weekend up to and including Easter Monday;
- 14) *"lifeline tariffs"* a unit charge calculated by dividing the total cost associated with the service by the, volume consumed (units);
- 15) *"Municipalities"* including but are not limited to-  
All properties registered in the name of the Oudtshoorn Municipality or controlled by the municipality accepting libraries, museums, contagious diseases hospital and caravan parks;
- 17) *"resident"* - a person who is ordinary resident in the municipal area;
- 18) *"Special agreements"* are special tariff agreements entered into with Users of municipal service: making significant economic Contribution to the community and create job opportunities;
- 19) *"Sport and recreation facilities"* include but are not limited to-  
Properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption and caravan parks;
- 20) *"the Act"*: the Local Government: Municipal Systems Act, 2000 (Act no 32 Of 2000);
- 21) *"total cost"* is the sum of all fixed and variable costs associated with a service;
- 22) *"trading services"* Are services that the Council has classified as trading services and the tariffs have been compiled with the intention that the Council makes a profit. On the delivery of the services;
- 23) *"two-part tariffs"* are tariffs that are raised to cover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the total number of customers and the variable costs are recovered by dividing the total variable costs by the volume consumed;
- 24) *"Units consumed"* are the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in Section 7;
- 25) *"Variable costs"* are costs that vary with consumption or volume produced.

26) any reference in this tariff policy to '**an availability charge**' in relation to a particular service (albeit water, electricity, sanitation and refuse removal) shall mean an amount payable by the consumer in respect of the service as the consumer may reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced. In contrast hereto a 'charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

27) For subdivisions or group housing developments, where the developer provides the internal civil services, availability charges for all erven approved and subdivided within the development for water, electricity, refuse removal and sanitation (where applicable) become payable 12 months after the issue of the Completion Certificate in terms of GCC 2010. If an individual erf within the development is transferred before the 12 month period has expired, availability charges for that specific erf will become payable for water and sewer as on the date of transfer, the submission of a building plan or the request for a Certificate of Registered Title. The date of the completion certificate must be confirmed by the director responsible for the specific service and which certificate a copy must be submitted immediately on receipt to the financial department.

In this tariff policy, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

28) This tariff policy must be read with all other Acts, Ordinances and Regulations pertaining to the supply of services by the Municipality and the tariffs and fees payable in respect thereof. In the event of any inconsistency between this tariff policy and any other legislation in force when this tariff policy comes into effect, this tariff policy shall prevail.

## PURPOSE

This policy aims to ensure that:

- The provisions of section 74 of the Act on Municipal Systems (Act 32 of 2000) are complied with;
- The tariffs are realistic and affordable;
- To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Systems Act (Act 32 of 2000).

## ALIGNMENT WITH THE MUNICIPALITIES' STRATEGIC GOALS AND OBJECTIVES

4.1. This Policy supports the following municipal strategic directions drawn from the Integrated Development Plan [IDP] and Strategic Development Business and Implementation Plan [SDBIP]:

- **IDP:** *"To facilitate economic development and integration of communities by utilizing the resources of Council to increase the participation of local people in the mainstream economy and improve their livelihoods without compromising the financial viability of the municipality."*
- **SDBIP:** *"To manage municipal resources in such a way that it improves the sustainability of the municipal assets and that financial planning and budget linkages can be optimized for improved service delivery and development"*

## CONTEXT

Tariff is defined as: "A tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff."

The Municipal Manager or his/her delegate must, subject to the guidelines provided by the National Treasury in accordance with mSCOA or any other classification framework issue in accordance with the municipal Budget and Reporting Regulations or any other relevant legislative framework applicable to Local Government make provision for the following classification of services:-

### (a) Trading services

- Water;
- Electricity.

### (b) Economic services

- Refuse removal;
- Sewerage disposal.

### (c) Community and subsidized services

These include all those services ordinarily being rendered by the municipality excluding. Trading and economic services must be ring fenced and financed from service charges while community and subsidized services) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

**SCOPE OF APPLICATION**

It is intended that this policy document guides the annual setting (or revision) of tariffs, hence the policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the Tariff listing, which must be read in conjunction with this Policy, and is issued on annual basis together with the Municipal Budget.

The policy is applicable to all tariffs for electricity, water, sanitation and solid waste services including availability charges and capital contribution charges as applicable

This policy is also applicable to all sundry tariffs, as provided for in the Tariff listing of Oudtshoorn Municipality.

**GOVERNANCE AND REGULATORY REQUIREMENTS**

Tariff in terms of this Policy shall comply with the:

- Constitution of the Republic of South Africa, 1996 as amended;
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), sections 17(3) (a)(ii), 19(2)(b), 24(2)(c)(ii), 28(6) and 62(1)(f)(ii) – [MFMA];
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), sections 4, 74 and 75 – [MSA]; and
- Any other applicable legislation, regulations and policies that may govern tariffs and that are not in contradiction with the primary legislation referred to above.

**PREAMBLE**

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

(1) A tariff policy must reflect at least the following principles -

- users of municipal services should be treated equitably in the application of tariffs;
- the amount individual users pay for services should be in proportion to their use of that service;
- poor households must have access to at least basic services through –
  - (a) tariffs that cover only operating and maintenance costs;
  - (b) special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of services; or
  - (c) any other direct or indirect method of subsidization of tariffs for poor households;
- tariffs must reflect the cost reasonably associated with rendering the service including capital, operating, maintenance, administration and replacement costs, and interest charges;
- tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned;
- provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
- the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
- the extent of subsidization of tariffs for poor households and other categories of users should be fully disclosed;

(2) A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

## 1. INTRODUCTION

A tariff policy must be compiled, adopted and implemented in terms of the Local Government Municipal Systems Act No. 32 of 2000 and the Municipal Finance management Act No. 53 of 2003. 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.

## 2. OBJECTIVES

The objective of the tariff policy is to ensure the following:

- The tariffs of the Municipality conform to acceptable policy principles;
- Municipal services are financially sustainable;
- There is certainty in the Council, of how the tariffs will be determined;
- Tariffs of the Municipality comply with the applicable legislation; and
- Tariffs should take into consideration relief to the indigent.

## 3. NEED FOR A TARIFF POLICY

### 3.1 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:

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

### 3.2 Sustainability.

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

- Services are provided at affordable levels; and
- 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. Councilors 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 is therefore, a need to subsidize poor households, who are unable to pay even a proportion of service costs.

### 3.3 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.

### 3.4 Accountability, Transparency and Good Governance.

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

- Justify their expenditure decisions; and
- 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).

### 3.5 Equity and Redistribution.

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

### 3.6 Development and Investment.

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

## 4. IMPLEMENTATION OF POLICY

### 4.1 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 Oudtshoorn Indigent Policy.

The specific services are:

- Water;
- Domestic waste and sewage removal;
- Domestic refuse removal;
- Electricity; and

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.

#### 4.2 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.

In order to ensure that tariffs remain affordable, the Council will ensure that:

- Services are delivered at an appropriate level;
- Efficiency improvements are actively pursued across the Municipalities' operations;
- A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used; and
- 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 certain level of basic services for them.

#### 4.3 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.

#### 4.4 Rates

Property rates are 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 ratable 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 the goods, materials and other resources that it uses to perform its functions. Consequently, it is the policy of the Council:

- That tariffs for service and property rates will be reviewed at least once during every financial year;
- 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
- 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.

#### 4.5 Payment for services rendered

Having regard for the abovementioned Council's policy on a minimum amount of free basic services for all poor households, the 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 the Council will develop a program to install meters in appropriate cases. It is also the Council's policy that the tariffs for such services must include all relevant cost factors as stated above.

#### 4.6 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 the price of goods and services sold by it, and therefore its profitability 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, the Council will, when it determines tariffs, take into account the desire:

- To promote local economic competitiveness; and
- To promote local economic development and growth.

#### 4.7 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 and 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 and interest thereon and the maintenance of the infrastructure associated with service delivery.

#### 4.8 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 different ways, dependent upon the nature of the service being provided. Tariffs may be set in such a manner so as to recover the full cost of the service being provided or 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 the Council purchases during a year to provide 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, a notice.

The notice must state:

- The general purpose of the resolution;
- The date on which the determination or amendment comes into operation;
- The date on which the notice is displayed;
- That any person who desires to provide input on the determination or amendment must do so in writing within 14 days after the date on which the notice was displayed; and
- 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 input is received within the period stated in the notice the determination or amendment will come into operation after the public participation process in respect of the annual budget process and the final approval of the tariffs as part of the budget approval process on the date determined by the Council.

Where an input is received as part of the annual public participation process on the budget, the Municipality must consider each input received. The Council may, after it has considered the input, reconsider the originally determined tariff proposal and where necessary adjust the original tariff determination accordingly, the impact of any adjustment must be measured against the overall financial effect that the decision may have on revenue and expenditure targets being achieved and the effect that it may have on the long term financial sustainability of the municipality.

After the Council has considered the input and a final tariff determination for a financial year has been done, it will again give public notice of the final budget approval and tariff determination in accordance with the provisions of the prevailing legislative regime.

## **5. SOURCES OF REVENUE**

The Council may finance the affairs of the Municipality by:

- Charging fees for services;
- Imposing rates on property; and
- to the extent authorized by national legislation –
  - imposing surcharges on fees, and
  - Other taxes, levies and duties.

The Municipality will establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its budget.

The following provisions will be applicable:

- The revenue of the Municipality consists of the rates, taxes, fees, charges, fines and other sums imposed or recoverable by or payable to the Council under any law;
- The Council may charge interest on any other amount due to it that may not have been paid within thirty days from the date on which such amounts became due. The interest rate fixed by Council from time to time must be higher than the rate payable by the Council to its bank in respect of an overdraft for the period during which such amounts remain unpaid after the expiry of the period of thirty days.
- The interest rates referred to above must be amended on the first day of the month following on the month in which the Council's bank has amended the interest rate payable by the Council to its bank in respect of an overdraft;

## **6. 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:

- The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
- The second point will be to ensure a sustainable service delivery based on the set service level; and
- 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.

The following must be considered in the pricing strategy in order to accurately determine and recover the cost pertaining to a service:

### **6.1 Management Cost**

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

### **6.2 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.

### 6.3 Maintenance Costs.

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

### 6.4 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 appropriate charge multiplied by the bulk registered consumption or estimated volume of consumption divided by the number of households/properties.

### 6.5 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.

## 7. SERVICES CLASSIFICATION

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

### 7.1 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, in other words to relieve property rates.

### 7.2 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.

### 7.3 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 the consumption of which 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 not only would the consumer benefit from using the service, but also other persons. A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service.

#### 7.4 **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, the establishment, 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.

### 8. **CATEGORIES OF USERS**

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

- domestic;
- commercial;
- industrial;
- agricultural;
- rural;
- municipal services; and
- 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.

## **9. CATEGORIES TARIFF CHARGES**

### **9.1 Property Taxation.**

The major source of local taxation is the property tax (property rates), regulated by the Local Government Property Rates Act No. 6 of 2004. The owners of property in municipal areas have to pay a tax based on a 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 and the official Rates Policy and By-Laws of the municipality adopted in terms of the Act.

### **9.2 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 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 make on service delivery.

#### **9.2.1 Electricity**

9.2.1.1 All electricity tariff adjustments are subject to approval by the National Electricity Regulator.

9.2.1.1.1 The Municipality will present the National Energy Regulator with a Cost of Supply study as and when required by the Regulator to set the basis for electricity tariff determination for the municipality to consider and approve as methodology for the annual municipal electricity tariff determinations

9.2.1.2 Electricity will be measured in two ways namely:-

##### **(a) Pre-paid metering system**

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 different tariff categories are as follows –**

(i) Single Phase:

- The lowest tariff, unit charge, where the meter and connection is paid for by the consumer;
- The middle tariff, unit charge, where the meter is supplied by the Municipality;
- The highest tariff, unit charge, where the wiring, meter and connection is supplied/done by the Municipality.

(ii) Three Phase:

- Unit charge applicable.

9.2.1.3 Conventional metering systems

This tariff will be calculated during the budget process and based on the costs associated with rendering the service and must include capital, operating, maintenance, administration, replacement costs, and interest charges.

The first 50 kWh units for all registered indigent consumers shall be free of charge.

A clear distinction or breakdown of the tariff per cost 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 based on the size of and supply to the premises:

- Single phase – up to 60 Amp single phase;
- Three phase – up to 80 Amp three phase;
- Bulk low voltage above 80 Amp three phase;
- Bulk high voltage;
- Irrigation pumps;
- Flood lights and Phone Booths – per 125Watt;

9.2.1.4 The categories of electricity 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:

**Domestic Tariffs**

**Single Phase Prepaid >30Amp**

- Energy charge:
- Amp Charge
- Basic Charge

**Single Phase Prepaid =30Amp**

- Energy charge:
- Amp Charge
- Basic Charge

**Single Prepaid 20Amp**

- Energy charge:

**Single Prepaid Indigent**

- Energy charge:

**Single Conventional Indigent**

- Energy charge:

**Single Phase Conventional**

- Energy charge:
- Amp Charge
- Basic Charge

**Single Phase Conventional 30Amp**

- Energy charge:
- Amp Charge
- Basic Charge

**Commercial Tariffs****3PhasePrepaid<80 Amp**

- Basic charge
- Energy charge
- Amp charge

**3PhaseConventional<80 A**

- Basic charge:
- Energy charge:
- Amp charge:

**Three Phase Conventional Dual<80Amp**

- Basic charge
- Energy charge
- Amp charge

**Three Phase Municipal Sport<80Amp**

- Basic charge:
- Energy charge:
- Amp charge:

**Irrigation Pump**

- Basic charges
- Energy charge:
- Demand Charge:

**Own Use**

- Basic charge:
- Energy charge:

**Street Lighting and Telephone Booth**

- Energy charge:

**Geysers Control**

- Basic charge:

**Time of Use<11000kV**

- Basic Charge:

**Low Season****Energy charge:**

- Peak:
- Standard
- Off-Peak

**High Season**

Energy charge:

- Peak:
- Standard:
- Off-Peak:

Network demand charge:

Network access charge:

Reactive Energy:

**Sundry Charges**

Sundry charges may include tariffs calculated on the following:-

- Connection fees for single and three phase (cost plus a determined percentage);
- Geyser load control unit with new connection;
- Disconnection fees;
- Circuit breaker changes (single and three phase);
- Upgrading of supply;
- Meter conversion – single and three phase;
- Re-connection fees;
- Test of meters single, three phase and demand meters;
- Test and investigation of installations;
- Tampering with electrical meters and connections;
- Tampering with geyser load control unit;
- Test and investigation of installations;
- Cable fault finding;
- Call out to premises if not municipal fault;
- Special meter readings;
- Temporary connections;
- Moving of street lamp posts;
- Solar water heating system;
- Interest on arrears;

## 9.2.1.5 Miscellaneous

An availability fee, except in cases where the site has been declared inhabitable by the municipality, will be charged on properties not connected to the electricity network, should it be available to that property. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects the service with the intention to improve the property, the debit will be adjusted pro-rata from the date of the connection. Availability charges on vacant stands must be charged annually.

## 9.2.1.6 General

- Prepaid Electricity tokens must be inserted into the meter within three months after the purchase date as the tokens can expire after three months and no refund or replacement of tokens will be allowed.
- For each additional residential unit on a single residential property (excluding residential properties with a total value of less than, an amount determined by council, for indigent households), (whether or not a second electricity meter is installed and even if there is only one water meter), a basic fee for water, the applicable sewerage as well as refuse removal fee, will be payable for each

additional unit;

- For each additional Electricity meter installed or unit approved on the building plan on a business property, a basic fee for water and the relevant sewerage and refuse removal tariff will be levied on the account;
- The developer or registered owner is at all times responsible for payment of services on a property;
- At NO stage may an electricity meter be moved from one premises to another by anyone;
- The owner/occupier is at all times responsible for the maintenance and safekeeping of the meter;
- If a meter cannot be read by the meter reader due to no access or other obstructions, the Municipality has the right to install a pre-paid meter at the expense of the owner;
- Installation of a pre-paid meter is free of charge for indigent and subsidized households.
- Cancellation of prepaid electricity tokens with a value of R500 or more must first be inspected before cancellation of the token.

Where prepaid tokens were purchased on an incorrect meter number, no refunds of transfers will be allowed, except in cases where management decided otherwise. In these cases, the token can only be replaced after an inspection has been done to ensure the token has not already been used. The inspection can only be done after a written request has been received and the prescribed call-out fee has been paid. If during the inspection it is found that it cannot without a doubt be determined whether the token has already been used, the token cannot be replaced and the call-out fee will be forfeited.

## **9.2.2 Water**

### **9.2.2.1 General**

Water is supplied to end-users by means of the following specialised infrastructure:

- (a) Retaining and storage dams;
- (b) Supply lines;
- (c) Water purification plants;
- (d) Water reticulation networks; and
- (e) Metered connections to the properties of consumers.

The variable cost of supply is, however, sensitive to prices of essential materials such as chlorine, which is used in the purification processes. Apart from normal price increases, the price is also influenced by exchange rates.

The supply of water is regulated by the Water Services Act (Act no.108 of 1997), but without a centralised regulatory body such as the NERSA. Certain minimum standards as well as guidelines for tariffs are contained in the Act. Many aspects pertaining to water supply is influenced by the same factors as that of electricity supply. Due to this, only those factors unique to water supply and the accompanying tariff structure are discussed.

Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. For this reason, a declining block tariff structure is not an option. Water is bought at a one-part tariff expressed in Rand per kilolitre. For this reason, it is found that water tariff structures for end-users follow the same trend. In order to cut consumption, an inclining block rate tariff structure with a basic fee is applied in Oudtshoorn.

The first block rate represents the lifeline volume of 6 kl per month (**Calculated on day-to-day billing**), which is supplied at no cost to indigent and Pensions household. Losses incurred in this tariff category are recouped by contributions from the higher tariff categories, conforming to the principle of cross subsidisation. Council however reserves the right to decrease or discontinue the free 6kl per month in the case of a drought. It is the consumer's responsibility to ensure that the meter is readable and accessible for meter readers. If not the meter maybe replace with a prepaid-water meter at the expense of the owner/occupier

9.2.2.2 Water consumption can be measured in two ways namely:-

(a) Pre-paid metering system

Although this system is not used in the area of jurisdiction of the Municipality, this system may 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 such a way that the indigent and poor households be subsidized due to water being an essential service rendered by the Municipality.

(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:

- Single residential;
- High density housing units;
- Schools;
- Sport fields and amenities;
- Industrial, Commercial and Government;
- Bulk supply own distribution;
- Irrigation purposes;
- Municipal use.

9.2.2.3 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 domestic water consumers shall pay per stepped tariff per kiloliter as determined by the council from time to time shall be applicable
- All other consumers, including commercial, industrial and institutional consumers shall be charged for actual water consumption, which may include a stepped tariff per kiloliter as determined by the council from time to time, and as set out in this policy;
- The Local Municipality's departmental water consumption shall be measure per kiloliter and billed on a Non-ratable Tariff

#### 9.2.2.4 Sundry Charges

Sundry charges may include tariffs calculated on the following:-

- Irrigational water;
- Purified sewerage water;
- Water Connection fees;
- Disconnection fees;
- Re-connection fees;
- Testing of meters;
- Special meter readings;
- Tampering with meters and connections;
- Interest on arrears - Interest will be charged on all monthly and annual accounts not paid by the due date;
- Water Restrictions
- Water restrictions Fine
- Water Meter inspections
- Filling of pool
- Moving of meter

#### 9.2.2.4 Water Tariff during a Drought

When the Raubenheimerdam water supply drops to below a 50%, as determined by council during the annual budget, the water tariffs will increase. The tariffs will be included in the annual tariff list.

#### 9.2.2.5 Leakages

If the leakage is on the consumer's side of the meter, the consumer will be responsible for the payment of all water supplied to the property. The consumer has the responsibility to control and monitor his/her water consumption.

(a) A consumer may qualify for a reduction in levy as determined by Council on his/her account in the event of a water leakage, if:

- the leakage was underground or under the foundation of the building and not easily detectable; and
- the leakage was repaired within 48 hours after detection/ notification by the municipality; and

- the consumer has not applied for discount on water leakages within the previous 12 months; and
- an authentic certificate issued by a registered plumber must reach the Municipality within 10 days after completion of repairs done with respect to a water leakage and must contain the following:
  - the date of the invoice and repair work as well as the receipt; and
  - confirmation that surface leakage was not visible; or

v) If repairs were done by the consumer themselves, his / her sworn affidavit must reach the municipality within 10 days after completion of repairs done with respect to a water leak and must contain the following:

- the date of the invoice and repair work as well as the receipt and/or date stamped photos proving that the leak was underground and repaired by themselves; and
- that the reading has normalised; and
- Confirmation that surface leakage was not visible.

(b) Once the Accounting Officer declares that, the dam volume has dropped to below 30%, no water charges in respect of water losses because of leakages will not be reduced;

(c) Water lost due to the meter being stolen, defective irrigation, broken geyser, leaking toilet or leaking tap cannot be considered for reduction;

(d) Council will only allow a reduction up to the difference between the levied amount of the leakage and the recalculated amount calculated as follows:

- The consumer's most recent fair 6 months' average consumption calculated on the normal tariff tiers; plus
- The usage above the average consumption calculated on the highest tariff tier of his/her average consumption.

#### 9.2.2.5 General

An availability fee, except in cases where the site has been declared inhabitable by the municipality, will be charged on users and/or properties not connected to the water network, should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects the service with the intention to improve the property, the debit will be adjusted pro-rata from the date of the connection.

#### 9.2.3 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.

Tariff adjustments shall be effective from 1 July each year.

9.2.3.1 A separate fixed annual refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:

- Domestic (once weekly removal)
- Other: Commercial, State, Institutions, etc. per 85dm<sup>3</sup> (twice weekly removal).

##### Tariff Structure

- Plastic Bags per week ( volume)
- Containers per week(volume)(240litre)
- Bulk Refuse Containers
- Truck Load,<2000kg
- Truck Load >2000kg
- Tipping Fees (Landfall Site)

##### Method of calculation

- The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service. The unit charge per cubic meter will be converted to a cost per black bag. A cost per month will be calculated for domestic consumers based on the average number of bags removed per week.
- The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.

- A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans.
- After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariffs will be determined based on the estimated volume that will be removed per month.
- Opportunity costs for once-off removals will be calculated by recovering the costs of the volume removed plus a percentage surcharge as determine by council.
- A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
- No refuse removal tariffs will be raised where council has not introduced a refuse removal service.

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.

Registered pensioners/disable persons 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.

Non- ratable tariffs will apply for Municipal usage

The Council further reserves the rights to determine a tariff whereby casual consumers are charged for the removal of bulk refuse per dm<sup>3</sup>.

9.2.3.2 A charge for the removal of garden refuse shall apply as follows: Per load

9.2.3.3 A tariff for the sale of plastic refuse bags shall be fixed for the following categories:

- Black bags;
- Garden refuses bags.

#### 9.2.3.3 General

- ✓ Tariffs are based on units of refuse removal. For household purpose a flat tariff is charged for the refuse removed once a week and for commercial purposes one unit is defined as one wheelie bin or 5 bags and the rate is determined by the number of removals per week.
- ✓ For each additional residential unit, an additional domestic refuse unit removal will be levied.
- ✓ For each sectional title units a residential refuse charge will be levied on the separate accounts of the register owner.
- ✓ In the event of multiple use properties refuse removal will be levied on the category of the dominant use of the property.

#### 9.2.4 Sewerage

The categories of sewerage users as set out below shall be charged per annum at the applicable tariff as approved by the council in each annual budget. Tariff adjustments will be effective from 1 July each year.

Categories of usage and charges shall be:

9.2.4.1 A fixed annual charge per plot, as well as an additional charge per proportional toilet/urinal shall be charged for residential (domestic) users.

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.

9.2.4.2 A fixed annual charge per plot shall be charged to all guest houses, as well as an additional charge per proportional toilet/ urinal for businesses, industries and institutional users, determine by the municipality every financial year.

9.2.4.3 A fixed annual charge per plot shall be charged to the local municipality's departments equal to the residential (domestic) tariff, as well as an additional charge per proportional toilet/urinal shall be charged equal to the residential (domestic) tariff.

9.2.4.4 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.

9.2.4.5 An availability fee, except in cases where the site has been declared inhabitable by the municipality, will be charged on vacant properties not connected to the sewage system should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects the service with the intention to improve the property, the debit will be adjusted pro-rata from the date of the connection.

9.2.4.6 Sundry charges may include tariffs calculated on the following:

- Sewerage Connection fees;
- Removal/Inspection of blockages;
- Sale of sludge;
- Emptying of sewerage tanks.

### 9.3 General Tariffs

(a) For each sectional title units a residential sewerage charge will be levied on the separate accounts of the register owner.

(b) In the event of multiple use properties sewerage will be levied on the actual number of toilets in different parts of the premises.

### **CALCULATION OF MINOR TARIFFS**

All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3(4) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

The following services shall be considered as subsidized services, Burials and cemeteries.

- Rentals for the use of municipal sports facilities.
- Municipal swimming pool.
- Municipal public transport.

The following services shall be considered as community services, and no tariffs shall be levied for their use:

- Municipal museum and art gallery.

- Disposal of garden refuse at the municipal tip site.
- Municipal reference library.
- Municipal lending library (except for fines set out below).
- Municipal botanical garden, and all other parks and open spaces.

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:

- Maintenance of graves and garden of remembrance (cremations).
- Housing rentals.
- Rentals for the use of municipal halls and other premises
- Building plan fees.
- Sales of plastic refuse bags
- Sales of refuse bins.
- Cleaning of stands.
- Electricity, water, sewerage
- New connection fees.
- Sale of livestock and plants.
- Photostat copies and fees.
- Clearance certificates for purposes of property transfers
- Town planning fees.
- Parking Fees.

The following charges and tariffs shall be considered as regulatory or punitive:

- Fines for lost or overdue library books
- Advertising sign fees.
- Pound fees.
- Electricity, water: disconnection and
- Reconnection fees.
- Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- Penalty charges for the submission of dishonored, stale, post-dated or otherwise unacceptable cheques.
- Industrial Effluent.
- All tariffs as approve in terms of the drought relief program.
- Fines- All relevant fines to be implemented by Council.

Market-related rentals shall be levied for the lease of municipal properties.

- In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community and for arts and culture groups, the municipal manager may allow a discount of 50% on the rental that would otherwise have applied. The abovementioned will not apply to political parties and political parties may not use the halls for free.
- The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports

fields, and in so determining shall be guided by the likelihood of the municipality sustaining damages as a result of the use of the facilities concerned.

Penalty and other charges imposed in terms of the approved policy on credit control and debt collection

Penalty charges for the submission of dishonored, stale, post-dated or otherwise unacceptable cheques.

#### **10. UNIT OF MEASUREMENT**

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

##### Water

Cost per unit (kiloliters consumed).

Basic cost plus cost per unit charge (kiloliters consumed).

##### Electricity

KVA Maximum demand plus fixed costs plus KWh units consumed.

Fixed costs plus kWh consumed. KWh units consumed.

##### Refuse removal

Plastic bags per week (volume).

##### Sewerage

Fixed annual charge per unit occupied for residential (domestic) consumers per plot.

Fixed annual charge per unit occupied for businesses, industries and institutional users, as well as a variable charge per kiloliter water consumed as determine by the municipality every financial year.

Fixed annual charge per plot shall be charged to local municipality's departments equal to the residential (domestic) tariff.

#### **11. DEPOSITS**

##### 11.1 Electricity Deposits

(a) Credit meters for domestic use, and all other users including churches, schools, crèches, general lighting, swimming pools, lifts: Domestic Single Phase;

(b) Domestic Three-Phase tariff for credit meters including churches, schools, crèches, general lighting, swimming pools, lifts;

(c) Business: Single Phase or Three Phase tariffs for credit meters

(d) Light Industrial meters;

(e) Bulk meters

(f) Time-of-use meters

(g) Commercial, Business and Industrial

- New connections or service applications for consumers with connections up to 3-Phase will be as specified in the tariff list for the current financial year.

11.2 Water and Other Service Deposits

- Subsidised
- Economic
- Additional household or business units
- Medium consumers (connections > 25 mm and < 80 mm)

11.3 Builders Deposits

11.4 Posters / Placards (Maximum 100)

11.5 Breakage Deposits – Sport facilities, Halls and Club Houses

11.6 Unclaimed Deposits

Any inactive deposit that is correctly recognised in the financial statements as payable and has not been claimed back within a period of three years, after the service has been delivered, completed or finalised, will be forfeited. Credits remaining after finalization of Consumer accounts, not claimed by tenant or requested by the conveyance attorney's, as applicable, will be transferred to the surplus vote after two (2) months.

## 12. SOCIAL BENEFITS

To measure social benefits enjoyed by the community, the standards as set out in the tables here-under shall be used to achieve cost recovery and to measure service delivery. These measures must be used to ensure that the service is affordable to both the Council and households. The measures must be used to determine whether the infrastructure provided is managed effectively and to indicate whether any of the services should be curtailed. Measures indicated should be calculated annually and used as a guideline to ensure meaningful reporting. Actual unit costs must be compared with budgeted costs.

<b>SERVICE</b>	<b>MEASURES</b>	<b>COST RECOVERY</b>
Cemeteries	Number of burials Number of graves	Subsidized
Cleansing, refuse removal and disposal	Number of cubic meters Number of tons Number of removals Number of living units Kilometers travelled Cost per m <sup>3</sup> removed Income per m <sup>3</sup> removed Cost per kilometer travelled Income per kilometer travelled	Economic
Street cleaning	Length of streets Area of streets	Economic
Council general	Population Percentage of total expenditure	Community
Properties held for future development	Area Number of properties	Community
Grant-in-aid	Percentage of rates income	Community
Health <ul style="list-style-type: none"> <li>• Clinics</li> <li>• Other</li> </ul>	Number of attendance	Community
Organization and methods	Number of municipal staff Percentage turnover rate	Community
Parks and recreation	Area of developed parks Number of living units	Community
Personnel administration	Number of municipal staff Number of appointments Percentage turnover rate	Community
Town Engineering	Population Percentage of Municipal expenditure	Community
Road (including sidewalks)	Length of roads Area of roads	Community
Security and District Management	Number of installations Area covered	Community
Sewerage reticulation (disposal)	Number of connections Area served Length of mains Sewerage purified Cost per meg liter purified	Economic
Town Planning	Number of properties in area of jurisdiction	Community

Director: Finance	Number of municipal staff Percentage of municipal expenditure	Community
Valuations	Number of properties Percentage of municipal valuations	Community
Housing (Selling and letting schemes)	Number of dwellings	Economic
Electricity	Number of units purchased Number of units sold Percentage loss in distribution Purchase cost per unit  Cost per unit sold Income per unit Number of connections Cost per connection Length of mains	Trading
Street Lighting	Number of street lighting	Trading
Water Provision	Number of units purchased Number of units sold Percentage loss in distribution Purchase cost per unit Cost per unit sold Income per unit Number of connections Cost per connection Income per connection Length of mains Kiloliters purified Cost per kiloliter purified	Trading

**12. INCENTIVES**

New Businesses can apply for certain incentive as determined in the Business Incentive policy.

**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.

**14. EFFECTIVE DATE**

This policy will be effective from 1 July 2023.

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**A TOWN TO WORK, LEARN, PLAY AND PROSPER**

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## FINAL CREDIT CONTROL DEBT COLLECTION BY-LAW

Resolution Number: 63.17/05/23  
Date: 29 May 2023

**FINAL CREDIT CONTROL AND DEBT COLLECTION BY-LAW FOR OUDTSHOORN  
MUNICIPALITY FOR OUDTSHOORN MUNICIPALITY**

**PREAMBLE**

In an attempt to ensure that the communities residing within the Oudtshoorn Municipal area of jurisdiction pay for services rendered by the municipality, the Oudtshoorn Municipality hereby approves the Credit Control and Debt Collection *By-Law*, in order to ensure that all communities pay for basic services that are provided by the municipality, as required by the Municipal Systems Act No. 32 of 2000 and other government regulations, and also to ensure that the levels of non-payment for municipal services are minimized. Payment for services rendered by the municipality will enable the municipality to provide services as planned in its annual Budget and the annual Integrated Development Plan (IDP).

**DEFINITION OF KEY WORDS**

In this policy the following words shall have the meanings assigned as follows: -

“**Act**” means the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003),

“**Accounting Officer**” refers to the Municipal Manager of the municipality,

“**By-law**” refers to the legislation passed by the council of a municipality binding in the municipality on the persons to whom it applies,

“**Chief Financial Officer**” refers to the head of the Budget and Treasury Business Unit,

“**Finance Department**” refers to the municipal department dealing with the financial affairs of the municipality,

“**Finance and Service Delivery Committee**” refers to the committee of council dealing with the financial affairs of the municipality,

“**Indigent Households**” These are households or ratepayers that fall within the qualifying criteria of being declared a poor household and qualify for financial assistance through the Indigent Policy.

**TABLE OF CONTENTS**

1. Legal Compliance
2. Scope of the Policy
3. Objectives of the Policy
4. Definition of Credit Control
5. Credit Control Principles
6. Elements of Credit Control
7. Contract of Agreement for the supply of services
8. Rendering of accounts
9. Interest and other Penalties on overdue accounts
10. Allocation of Payments or Partial payments
11. Credit Control Procedures
12. Procedures for collection of arrears
13. Right of Access
14. Right of Appeal
15. Steps to be taken before effecting disconnection
16. Commencement and or resumption of service
17. Unauthorised consumption, theft or willingly damage to Municipal Property
18. Disconnection of services
19. Responsibility for Credit Control
20. Financial Implications
21. Personnel Implications
22. Arrear accounts for municipal employees and councillors
23. Indigent Consumers
24. Political Support
25. Control / Working Documents
26. How will this By-Law be successfully communicated?
27. Renewal of the Credit Control and Debt Management By-Law

## 1. LEGAL COMPLIANCE

In terms of the Constitution of the Republic of South Africa, everybody has the right to access to certain municipal services. A local authority can therefore not refuse a person his or her constitutional right on the basis that he/she constitutes an unacceptably high credit risk. It is in any event, not in the spirit of the developmental local government in South Africa to exclude people from basic services, especially those residents in the long-neglected communities. However, it is in nobody's interest that these basic rights be abused (for example, by not paying or by abusing usage). A national disaster could follow in the wake of a general collapse in local government. The right of access to basic services should be protected but, on the other hand, local government should be given protection against abuse and "misconduct".

The Constitution states in section 152 (1) (b) that local government must strive within its financial and administrative capacity, to ensure the provision of services to communities in a sustainable manner. Services should be rendered within the following eight principles, as outlined in the White Paper on Transforming Public Services (**Batho Pele Principles**):

- ✓ Consultation with community;
- ✓ Agreement on service standards;
- ✓ Equal access to services;
- ✓ Courtesy in rendering of services;
- ✓ Provision of information to all;
- ✓ Openness and transparency regarding cost of services;
- ✓ Communities' right to redress; and
- ✓ Value for money.

The above could only be realised if local government obtains sufficient revenue to fund its activities and tasks in order to provide services. Presently, local revenue comes from two sources, namely:

- ✓ Own generation through taxes, levies and tariffs.
- ✓ An equitable share of revenue raised nationally in terms of section 214 and 227 (1)(a) and (b) of the Constitution.

Section 227 (2), of the Constitution also states that additional revenue raised by the municipalities may not be deducted from their equitable share of revenue raised nationally or from any other allocations made to them out of national government revenue. Equally, there is no obligation on the national government to compensate municipalities that do not raise revenue commensurate with their fiscal capacity and tax base. The National Credit Control Guidelines issued by the Department of Constitutional Development on 13 March 1998, expresses the following concerns:

- ✓ Tariffs in many cases are not cost reflective, and therefore the true potential debtors is substantially reduced;
- ✓ Extending service delivery to the low-income communities in the form of basic services, without an accompanying improvement in economic circumstances, will increase the negative result;
- ✓ In many cases, amalgamation has placed immense pressure on municipal administrative structures. Adjustments to accommodate the changed circumstances may be lagging in favour of showing progress with service delivery;
- ✓ Lenient approaches to debtors, in terms of extended payment periods, is contributing to the debtor's accumulation of debt and is not producing any improvement to the situation on the ground or to substantial cash inflows.

Chapter 9 of the Municipal Systems Act (MSA) No. 32 of 2000 deals with the subject of “Credit Control and Debt Collection” by municipalities in the Republic of South Africa, and states inter-alia the following: -

Section 95 of the MSA obliges the municipalities to establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality,

Section 96 of the MSA provides that a municipality must collect all monies due and payable to it, and for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent to its rates and tariffs policy,

Section 97 of the MSA provides that the credit control and debt collection policy of the municipality must provide for credit control and debt collection procedures and mechanisms as well as provision for indigent debtors that is consistent with its policies on indigent households and any national policies or government regulations on indigent households.

Section 97(1) of the MSA requires that the credit control and debt collection policy of the municipality to provide for the following: -

- (i) Credit control procedures and mechanisms,
- (ii) Debt collection procedures and mechanisms,
- (iii) Provision for indigent debtors that is consistent to its indigent policy, and any other government regulations relating to indigent households,
- (iv) Realistic targets consistent with (a) General Recognised Accounting Practices and collection ratios, and (b) the estimates of income as set in the budget less an acceptable provision for bad debts.
- (v) Interest on arrears, where appropriate,
- (vi) Extension of time for payment of accounts,
- (vii) Termination of services or the restriction of the provision of services when payments are in arrears,
- (viii) Matters relating to unauthorised consumption of services, theft and damages, and
- (ix) Any other matters that may be prescribed by regulation in terms of Section 104.

Section 97(2) of the MSA further states that the municipality’s credit control and debt collection policy may differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination.

Section 99 of the MSA places the legal responsibility on the executive mayor or executive committee, of monitoring and supervising the application of the credit control and debt collection policy, and of reporting to council on the extent and success of credit control actions.

Section 99 of the MSA assigns the legal responsibility for implementing the credit control and debt collection policy and by-laws to the municipal manager.

## **2. SCOPE OF THE BY-LAW**

This By-Law applies to the Oudtshoorn Municipality's area of jurisdiction, and is only applicable to the ratepayers of Oudtshoorn Municipal area, who are excluded from the assistance Indigent Policy of the municipality, as determined or revised from time to time by Council.

## **3. OBJECTIVES OF THE BY-LAW**

The objectives of the Credit Control and Debt Collection By-Law of the Oudtshoorn Municipality are as follows: -

- (i) Ensuring that households pay for the basic services that they are afforded by the municipality,
- (ii) Ensuring that the municipality is able to provide services as approved in its annual budget or its annual Integrated Development Program (IDP), and
- (iii) Ensuring that the non-payment of services is minimised.

## **4. DEFINITION OF CREDIT CONTROL**

Credit control is the process utilised by a municipality to ensure collection of revenue from rates, fees levied and for services rendered and entails in the main, metering/measurement, billing/invoicing and debt collection.

## **5. CREDIT CONTROL PRINCIPLES**

The following principles are to be considered:

- ✓ Enforcement is a local matter subject only to relevant legislation;
- ✓ The municipal manager who is entrusted with the determination and execution of credit control measures must report to the municipal council;
- ✓ Enforcement and policy-making must be independent to ensure accountability;
- ✓ Credit control must be understandable, uniform, fair and consistently applied;
- ✓ Credit control must be effective, efficient and economical;
- ✓ The credit control measures employed must be sustainable in the long term; and
- ✓ A proper indigent policy must be in place to ensure that the circumstances of the poor are accommodated.

## **6. ELEMENTS OF CREDIT CONTROL**

### **6.1 Metering/Measurement**

Service metering or measurement is the determination of the amount of service rendered to each customer in each category. This may vary from flat rates, such as refuse removal, to metered consumption of water and electricity, to deemed consumption such as sewerage disposal.

### **6.2 Billing / Invoicing**

Billing refers to the process of preparing and presenting a claim or invoice to each consumer, which is based on the quantity of service, which is consumed by, and delivered to the consumer in a specified time.

### 6.3 Arrear Collection

Arrear collection, commonly known as credit control in local government, refers to the process of recovery of outstanding amounts from customers by taking the necessary steps and actions which include among others, interruption of services, litigation and attachment of assets.

## 7. CONTRACT OF AGREEMENT FOR THE SUPPLY OF SERVICES

Before being supplied with a service, a consumer must enter into a contract of agreement. The contract must stipulate and be accompanied by a deposit as determined by Council from time to time (**on a financial year basis**). Consumers shall not be entitled to interest on deposits lodged with the municipality. Upon termination of the consumer agreement with the municipality, the deposit shall first be offset against any outstanding balances and the remaining balance of the deposit (if any), refunded to the consumer. No tenants are allowed to enter an agreement with the municipality, and all services will be for the account of the owner.

## 8. RENDERING OF ACCOUNTS

The municipality shall render a regular account for the amount owing by a debtor for rates, fees and service charges but failure by the municipality to render such accounts shall not absolve the debtor of his obligation to pay for rates, fees and/or services received.

Accounts must show the following:

- ✓ If measured, details of consumption for the period being charged and the amount due;
- ✓ If flat rate, the amount due in terms of services rendered;
- ✓ The amount due for other services rendered;
- ✓ Other amounts due;
- ✓ The amount due for property tax;
- ✓ The final date for payment of amount due, which shall be on or before the 10<sup>th</sup> of each month from date of invoice.

## 9. INTEREST AND OTHER PENALTIES ON OVERDUE ACCOUNTS

9.1 Interest shall be levied for a full month on overdue accounts, irrespective of when payment was made.

9.2 Interest will be levied at prime plus 1%.

9.3 In addition to the interest levied in terms of clause 9.1, the Chief Financial Officer shall be entitled to impose the following fees to recover costs incurred in the debt collection process:

- (a) Fees for the disconnection or restriction of services;
- (b) Fees for the reconnection or reinstatement of services;
- (c) Costs of notifications and other correspondence to defaulters;
- (d) Fines for illegal reconnections;
- (e) Legal costs.

9.4 Fees not determined by legislation shall be determined by Council annually when the annual budget is considered.

**10. ALLOCATION OF PAYMENTS OR PARTIAL PAYMENTS**

10.1 Receipt of the full amount owing shall allocated to the credit of an account in entirety. If a consumer makes a partial payment only on their account, the Chief Financial Officer shall allocate the payment in the undermentioned order:

- (a) Interest;
- (b) Sundry debtors;
- (c) Rates;
- (d) Sewerage;
- (e) Refuse;
- (f) Water;
- (g) Electricity;

10.2 No consumer shall have the right to allocate any payment against any part of an unpaid account.

**11. CREDIT CONTROL PROCEDURE**

If payment for the amount due is not received by the municipality by the due date, then the following procedure shall be instituted:

- ✓ 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 7.5 of the Credit Control Debt Collection Policy;
- ✓ Reconnection fee applicable in case of disconnection of service;
- ✓ In the event of disconnection, the review of amount of deposit at the discretion of the Chief Financial Officer.
- ✓ Should payment still not be received after "cut-off", relevant municipal official shall visit the premises to ensure that unauthorised consumption is not taking place;
- ✓ At this stage, the procedure for collection of arrears shall be instituted against the debtor.

## 12. PROCEDURES FOR COLLECTION OF ARREARS

Arrangement for payment of arrears should be made as follows but only after an Acknowledgement of Debt (the Agreement), has been signed by the debtor who should provide positive proof of identity or an authorised agent with a Power of Attorney. The agreement must be completed entailing details of all arrangements for paying off arrear account (**as detailed hereunder**). A copy of the agreement must be handed to the client and a copy filed in the debtor's file.

**For consumers earning between R0 – R5 000, 00 per month or less, the following is to apply:** - (Consumers refer to the entire household, based on gross income)

- ✓ Consumers in arrears for 2 months and more must pay a minimum payment equal to the months current account, the balance to be settled in 48 equal monthly instalments commencing from the month following the month in which the current account was paid. The applicable reconnection fee also needs be paid in order for the service to be reinstated.

**For consumers earning between R5 001.00 – R10 000, 00 per month or less, the following is to apply:** - (Consumers refer to the entire household, based on gross income)

- ✓ Consumers in arrears for 2 months and more must pay a minimum payment equal to the months current account, the balance to be settled in 48 equal monthly instalments commencing from the month following the month in which the current account was paid. The applicable reconnection fee also needs be paid in order for the service to be reinstated.

**For consumers earning between R10 001 – R15 000, 00 per month or less, the following is to apply:** - (Consumers refer to the entire household, based on gross income)

- ✓ Consumers in arrears for 2 months and more must pay a minimum payment equal to 10% of their arrears with the remaining 90% to be settled in 36 equal monthly instalments commencing from the month following the month in which the initial 10% payment was made. The reconnection fee is also to be paid over and above the 10% payment in order for the service to be reinstated.

**For consumers earning between R15 001 – R20 000, 00 per month or less, the following is to apply:** - (Consumers refer to the entire household, based on gross income)

- ✓ Consumers in arrears for 2 months and more must pay a minimum payment equal to 20% of their arrears with the remaining 80% to be settled in 24 equal monthly instalments commencing from the month following the month in which the initial 20% payment was made. The reconnection fee is also to be paid over and above the 20% payment in order for the service to be reinstated.

**For consumers earning between R20 001 – R25 000, 00 per month or less, the following is to apply:** - (Consumers refer to the entire household, based on gross income)

- ✓ Consumers in arrears for 2 months and more must pay a minimum amount equal to 30% of their arrears with the remaining 70% to be settled in 18 equal monthly instalments commencing from the month following the month in which the initial 30% payment was made.

The reconnection fee is also to be paid over and above the 30% payment in order for the service to be reinstated.

**For consumers earning between R 25 001 per month and above, the following is to apply: -**  
(Consumers refer to the entire household, based on gross income)

- ✓ Consumers in arrears for 2 months and more must pay a minimum amount equal to 40% of their arrears with the remaining 60% to be settled in 18 equal monthly instalments commencing from the month following the month in which the initial 40% payment was made. The reconnection fee is also to be paid over and above the 40% payment in order for the service to be reinstated.

**For business consumers the following is to apply:**

- ✓ Consumers in arrears for 2 months and more must pay a minimum amount equal to 30% of their arrears with the remaining 70% to be settled in 6 – 24 equal monthly instalments commencing from the month following the month in which the initial 30% payment was made. The reconnection fee is also to be paid over and above the 30% payment in order for the service to be reinstated.

12.1 If a consumer fails to comply with any arrangement, the services will once again be discontinued/restricted and the total arrears due will have to be paid prior to having the services restored. A consumer who fails to comply with any arrangement is automatically excluded from the right to be considered for a further arrangement for a period of twelve months.

12.2 If a consumer fails to comply with any arrangement, such a consumer will also be put on the auxiliary system, whereby the municipality use the prepaid electricity system to recover its outstanding debt from a consumer from time to time.

12.3 All arrangements will automatically include the condition that any future monthly accounts plus interest levied are paid by the standard due date.

12.4 All arrangements are to be entered into and signed by the consumer on a prescribed form designed by the Finance Directorate. No telephonic or verbal arrangements will be allowed.

12.5 No cheques are allowed as a means of a payment instrument.

12.6 The first payment (initial payment) to be made after the signing of the agreement shall be made within 30 days. Agreement will lapse if initial payment is not received within 30 days. The Chief Financial Officer is allowed to apply his / her mind in cases of debtors who cannot afford making these arrangements, due to their financial reasons.

### **13. RIGHT OF ACCESS**

Municipal officials have the legal right of access to any property occupied by a consumer for the purposes of reading, inspecting meters, connections or to disconnect/ discontinue or restrict supply of service and for the evaluation of the property.

#### **14. RIGHT OF APPEAL**

An appeal must be submitted in writing to the Municipal Manager prior to the final due date for payment of the contested amount, and must contain details of the specific items on the account which are the subject of appeal, with full reasons. The debtor's obligation to pay that portion of the total amount due represented by the items appealed against. If found that the appeal is successful the debtors account will be rectified accordingly.

Whilst the appeal of the debtor is being dealt with, any further amounts accruing for services rendered to the debtor, shall be payable on due date. If the appeal is in respect of a metered consumption amount, the meter must be tested within 14 days of lodgement of appeal, or as soon as possible thereafter, in order to establish the accuracy. The debtor must be informed in writing of the results of the test of the meter, and of any adjustment to the amount due by him as a result of the meter having been found NOT to be faulty together with the cost of testing the meter. If the meter is found to be faulty, the municipality shall make the necessary adjustments to the debtors account based on the average usage for the past six months prior to the malfunctioning of the meter and shall bear the cost incurred in having the meter tested. If no error is found with the meter, the debtor will be liable for the cost of testing the meter.

#### **15. STEPS TO BE TAKEN BEFORE EFFECTING DISCONNECTIONS**

The municipality should as far as is practically possible, ensure that the following steps are in place before effecting disconnections:

- ✓ Reputable and efficient billing distribution systems to ensure that all consumers receive their monthly accounts is available;
- ✓ Sufficient pay points exist;
- ✓ Councillors should consult widely with their constituencies in order to encourage them to pay for services provided;
- ✓ Restriction of services and/or termination should be done within the ambit of the relevant legislation.

#### **16. COMMENCEMENTS AND OR RESUMPTION OF SERVICES**

The underlying principle in the provision of services by the municipality is that the service is provided to a property. Any changes in ownership shall not compromise the municipality's right to demand payment for outstanding amounts due for services rendered before a new connection or a reconnection is made in terms of the following clauses.

##### **16.1 New Service Connections**

Connections and supply of a new service shall only be affected after all charges in respect of deposits and connection fees, and any arrears that may have accrued for services rendered to the property by the municipality, have been paid. No tenants will be allowed to connect services in their respective names, and all services is for the account of the owner.

In terms of Government Owned buildings, such as SAPD, SANF or Provincial Government housing, the municipality will have the discretion to open a new account in the name of the tenant. The applicable Government bodies will be liable to ensure that monthly services are paid by due date as well as any outstanding amounts on such tenant account if the tenant moved out of the premises.

## 16.2 Resumption of discontinued services

If the debtor has:

- ✓ Paid the full amount outstanding, or
- ✓ Made a suitable arrangement with the Chief Financial Officer or his delegate for the payment of the amount in arrears, then the service will be resumed, subject to clause 10 of this policy.

## 17. UNAUTHORISED CONSUMPTION, THEFT, OR WILFULL DAMAGE TO MUNICIPAL PROPERTY

The following shall constitute UNAUTHORISED consumption, theft or damage:

- ✓ Any connection to, or consumption from, an electricity line that has not been provided to the consumer by the Council;
- ✓ Any consumption of water from, or connected to, a municipal pipeline that has not been provided to the consumer by the Council;
- ✓ Any damage to, or adjustment of any metering instrument which may result in inaccurate data being obtained by the Council or which may lead to a reduced charge being payable by the consumer;
- ✓ Any removal of any metering instrumentation by any person other than a municipal officer or authorised agent;
- ✓ Any tampering with or wilful or malicious damage to any component or any reticulation or metering system as installed by Council.
- ✓ Any illegal eradication or operating of a house shop/spaza shop or any other business which the municipality did not provided written approval for the eradication of such house shop/spaza shop or any other business at the residential premises of a consumer.

Where any such illegal activity is detected, the municipal supply shall be immediately suspended. The debtor shall be held responsible for payment of all deemed or calculated consumption on the basis determined by Council as well as for penalties determined by Council from time to time. Such penalties shall be in addition to any penalties imposed by a court of law arising from criminal prosecution for offences committed. For the purposes of this by-law, the penalties as stipulated by the Council, from financial year to financial year, shall apply. The municipality shall have the right to review these penalties at its discretion.

## 18. DISCONTINUATION OF SERVICES

- ✓ Debtors who have ceased to make use of municipal services and still have an outstanding amount owing to the municipality, are classified as inactive debtors;
- ✓ Immediate steps shall be taken to recover outstanding amounts to ensure that debt does not become irrecoverable;
- ✓ Upon discontinuation of service, the deposit held shall be appropriated to off-set outstanding amounts owing and if insufficient to cover debt, a letter of demand shall be written to the debtor demanding payment within 14 days for the balance owing;
- ✓ If no payment is received within the 14-day period, legal action shall be instituted.
- ✓ The municipality will exercise its rights, in terms of its Credit Control Debt Collection Policy, to disconnect supply (e.g. electricity) or restrict services (e.g. water), in cases of debtors who fail to respond to the reminders forwarded to them. This paragraph must be read in conjunction with the Credit Control and Debt Collection Policy.

**19. RESPONSIBILITY FOR CREDIT CONTROL**

In terms of Chapter 6, section 29 (d) (1) of the Municipal Finance Management Act No: 56 of 2003, the Municipal Manager must take effective and appropriate steps to collect all moneys due to the municipality.

**20. FINANCIAL IMPLICATIONS**

Implementation of the credit control debt collection policy has to be funded from the operating budget of a municipality. If this has an incremental impact on the budget, it must be offset by the improved cash flow as a result of an efficient collection system.

**21. PERSONNEL IMPLICATIONS**

Where a credit control debt collection function does not exist in a municipality, the responsibility for the function rests with the Chief Financial Officer who must ensure that the function is properly delegated to a responsible official.

**22. ARREAR ACCOUNTS FOR MUNICIPAL EMPLOYEES AND COUNCILLORS**

The code of conduct in the Municipal Systems Act No. 32 of 2000, for municipal employees and councillors requires municipal employees and councillors not to have arrear municipal accounts for a period in excess of 90 days. The Municipal Manager is permitted to deduct such arrears, without any warning from the affected party. Also, Section 124(b) of the Municipal Finance Management Act No. 56 of 2003 requires the municipality to disclose in the financial statements councillors whose accounts were in arrears for a period in excess of 90 days, during the financial year under review.

Arrears of Councillors and other Municipal Officials must be settled in full or arrangements to pay off such amounts, by means of salary deductions, may be entered into. This includes the seizure of bonuses or any other additional allowances (this paragraph must be read in conjunction with the relevant sections of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) subject such Councillors and Municipal Officials gives consent of such seizure.

The Oudtshoorn Municipality is entitled to recover all arrears more than ninety (90) days by means of salary deductions and proportionally from increases and/or the official's bonus/performance bonus, subject such Councillors and Municipal Officials gives consent of such seizure. In this regard, all temporary contract workers are also regarded as municipal officials.

**23. INDIGENT CONSUMERS**

Indigent consumers are defined as total household's income that earns R 3300 per month or less. The municipality must handle indigent consumers in terms of its Indigent Policy.

**24. POLITICAL SUPPORT**

It is clear that without good administrative processes, good communication and an earnest attempt to change the culture of non-payment and very importantly, total "buy in" from all politicians, no credit control policy will be effective.

**25. CONTROL / WORKING DOCUMENTS**

The following forms, letters or documents is the working documents

- ✓ Application/Agreement for Supply of Services Form;

- ✓ Indigent Support Application Form;
- ✓ Application for Termination of Services Form;
- ✓ Tariff List (penalties, service deposits, connection fee, reconnection fee, etc.)
- ✓ Register to record "Arrangements for Payment".

#### **26. HOW WILL THIS BY-LAW BE SUCCESSFULLY COMMUNICATED?**

The success of this By-Law will depend on various key stakeholders that exist within the Oudtshoorn Municipal area of jurisdiction, including the following:

- ✓ Political Leadership (e.g. Executive Mayor, Councillors and Ward Committee Members),
- ✓ Administrative Leadership (e.g. Municipal Manager and Directors of various Directorates or Business Units),
- ✓ All Employees of Council have the responsibility of being the mouthpiece of the municipality or their employer, in as far as informing the members of the public about their benefits resulting from this by-law
- ✓ Lastly, this By-Law must be communicated to the communities residing in Oudtshoorn Municipal area of jurisdiction through community newspapers, notices in the notice boards, municipal websites, municipal accounts, booklets, and any other means of communication deemed to be effective.

#### **27. REVISION OF THE CREDIT CONTROL DEBT COLLECTION BY-LAW**

This By-Law will be reviewed annually, and such must firstly be submitted to the Finance and Service Delivery Committee by the Chief Financial Officer, as well as the Mayoral Committee, and be finally endorsed by the Municipal Council before it can be implemented. This By-Law supersedes any other one adopted by Council previously, including any other resolutions taken.

