



FETAKGOMO – GREATER TUBATSE  
LOCAL MUNICIPALITY



*The* **GLM**  
**GREATER TUBATSE  
MUNICIPALITY**

South Africa's first democratic platinum city

## PROPERTY RATES BY-LAW

**FINAL- 2017/2018**

**FETAKGOMO/TUBATSE LOCAL  
MUNICIPALITY**

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The Municipal Manager of the Fetakgomo-Greater Tubatse Local Municipality hereby, in terms of section 13(a) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), publishes the Property Rates By-Law for Fetakgomo-Greater Tubatse Local Municipality, as approved by its Council, as set out below.

#### **PURPOSE OF BY-LAW**

To give effect to the implementation of the municipal rates policy as outlines in section 6 of the Act.

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## 15. SHORT AND COMMENCEMENT

### 1. Definitions

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

**"Municipality"** means the Fetakgomo-Greater Tubatse Local Municipality;

**"Privately owned towns serviced by the owner"** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate;

**"Residential property"** means improved property that:

- (a) is used predominantly for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes,
- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes,
- (c) is owned by a share-block company and used solely for residential purposes,
- (d) is a residence used for residential purposes situated on property used for or related to educational purposes and specifically exclude vacant land irrespective of its zoning or intended use; and

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

In this by-law, words used in the masculine gender include the feminine, the singular includes the plural and vice versa.

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## **2. Rating of the property**

- (1) The power of the municipality to levy rates on property in terms of section 2(3) of the Act, is subject to –
  - (a) section 229 and other applicable provisions of the Constitution of the Republic of South Africa, 1996;
  - (b) the provisions of the Act; and
  - (c) property rates policy.

## **3. Principles**

- (1) Rates shall be levied in accordance with the Act as an amount in the rand based on the market value of all ratable property contained in the municipality's valuation roll and supplementary valuation roll.
- (2) The municipality shall differentiate between various categories of property and categories of owners of property as contemplated in section 4 and 5 of this by-law.
- (3) Some categories of property and categories of owners will be granted relief from rates.
- (4) The municipality will 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.
- (5) There will be no phasing in of rates based on the new valuation roll, except as prescribed by the Act.

## **4. Categories of property**

- (1) The following categories of rateable properties has been determined, for the purposes of differential rates:
  - (a) residential property;
  - (b) industrial property;
  - (c) business and commercial properties;
  - (d) farm properties used:
    - (i) for agricultural purposes,
    - (ii) other business and commercial purposes;
    - (iii) residential purposes; or
    - (iv) purposes other than those specified in subparagraphs (i)-(iii);

- (e) farm properties not used for any purpose;
- (f) small holdings used for:
  - (i) agricultural purposes;
  - (ii) residential purposes;
  - (iii) industrial purposes;
  - (iv) business and commercial purposes; or
  - (v) purposes other than those specified in subparagraphs (i)-(iv);
- (g) state owned properties;
- (h) municipal properties;
- (i) public service infrastructures;
- (j) privately owned towns serviced by the owner;
- (k) formal and informal settlements;
- (l) communal land as defined in section 1 of the Communal Land Rights Act, 2004;
- (m) state trust land;
- (n) mining;
- (o) vacant land; and
- (p) any other properties applicable to the municipality.

#### **5. Categories of owners**

- (1) Owners of the properties as outlined in section 4 of this by-law are liable for the payment of rates as provided for in section 6(2) (b) of the Act as determined by valuation and supplementary valuation rolls of the municipality.

#### **6. Exemptions, reductions and rebates**

- (1) The following categories of owners are determined for the purposes of granting exemptions, reductions and rebates:

- (a) those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
- (b) those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- (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) serious adverse social or economic conditions;

- (d) owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
- (e) owners temporarily without income;
- (f) owners dependent on pensions or social grant for their livelihood; and
- (g) any other owners as outlines in section 15 to 18 of the Act.

## **7. Differential rating**

(1) Criteria for differential rating on different categories of properties will be according to-

- (a) the nature of the property including its sensitivity to rating, and
- (b) the promotion of social and economic development of the municipality.

(2) Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category; and by way of reductions and rebates as provided for in the municipality's rates policy.

## **8. Payment of rates**

(1) Council shall levy assessment rates: -

- (a) on a monthly basis or less regular as determined by council from time to time;
- (b) credit control and debt collection by-law and its policy; or
- (c) annually as agreed with the owner of the property.

(2) Assessment rates is payable:-

- (a) annually in a once off or amount determined by the municipality; or
- (b) in instalments payable on or before the 7<sup>th</sup> day of the month following on the month in which it becomes payable and in the case of rates based on a supplementary valuation from one of the dates as contemplated in section 78(4) of the Act.

(3) Interest on arrears rates, shall be calculated in accordance with the provisions of the credit control, debt collection policy and its by-law.



(j) the additional income that will be generated by means of this special rating.

(3) When a municipality determines a special rating area, the municipality may establish a committee composed of persons representing the community in the area to act as consultative and advisory forum for the municipality on the improvement and upgrading of the area provided representivity including gender representivity is taken into account when such committee is established. Such committee must be a subcommittee of the ward committee or committees in the area, if the municipality has a ward committee or committees in the area.

(4) The required consent of the relevant community shall be obtained in writing or by means of a formal voting process.

(5) In determining the special additional rates the municipality shall differentiate between different categories as referred to in section 4.

(6) The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.

#### **11. Register of properties**

(1) The municipality shall compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register shall be divided into Part A and Part B.

(2) Part A of the register shall consist of the current valuation roll of the municipality and include all supplementary valuations done from time to time.

(3) Part B of the register shall specify which properties on the valuation roll or any supplementary valuation roll are subject to:

(a) exemptions, reductions and rebates from rates in terms of section 15 of the Property Rates Act, 2004,

(b) phasing-in of rates in terms of section 21, or

(c) exclusions as referred to in section 17 (1) (a), (e), (g), (h) and (i).

(4) The register shall be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.

(5) Part A of the register shall be updated in accordance with the provisions of the Act relating to the updating and supplementing of the evaluation rolls.

(6) The municipality shall at regular intervals but at least annually update Part B of the register.

## **12. Annual review of rates policy**

The municipal council must annually review its rates policy as outlined in section 5 of the Act.

## **13. Penalties and Offences**

Any person who fails to comply with the provisions of this by-law shall if found guilty, be convicted to imprisonment or fined to be imposed in terms of criminal procedure Act 51 of 1977.

## **14. Repeal**

Fetakgomo Property Rates By-law as published in the Limpopo Provincial Gazette No. 1668, Notice number 289 dated 21 August 2009 and Tubatse Property Rates by-law as published in the Limpopo Provincial gazette number 1463 notice number 97 dated 26 March 2008 are hereby repealed.

## **15. Short title and commencement**

This by-law is called Fetakgomo-Greater Tubatse Local Municipality Property By-Law and shall come into operation on the date of publication in the *provincial gazette*.

**FETAKGOMO-GREATER TUBATSE LOCAL MUNICIPALITY**

**PRINCIPLES AND POLICY ON CREDIT CONTROL AND DEBT COLLECTION**

**1. PREAMBLE**

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

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

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

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

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

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

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

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority, respectively.

## 2. DEFINITIONS

In this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act, has that meaning, unless the context, indicates otherwise-

**"Arrangement"** means a written agreement entered into between the municipality and the debtor where specific repayment parameters are agreed to.

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

**"Account"** means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and which account may or may not include assessment rates levies;

**"Authorised Representative"** means a person or instance legally appointed by the municipality to act or to fulfill a duty on its behalf.

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

**"Business premises"** means premises utilised for purposes other than residential and excludes the following: -

- (a) hospitals, clinics and institutions for mentally ill persons which are not operated for gain;
- (b) museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not;
- (c) sports grounds used for the purpose of amateur sports and any social activities which are connected with such sports;
- (d) any property registered in the name of an institution or organisation which, in the opinion of the municipality performs charitable work;
- (e) any property utilised for bona fide church or religious purposes.

**"Chief Financial Officer"** means the person appointed as the Chief Financial Officer of the municipality, or his or her nominee.

**"Credit Control"** means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

**"Council"** means the Council of the Fetakgomo- Greater Tubatse Municipality.

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

**"day/days"** means calendar days, inclusive of Saturdays, Sundays and public holidays.

**"Defaulter"** means any person owing the municipality arrear monies in respect of taxes and/or service charges without an arrangement.

**"Due date"** in relation to –

- (a) rates due in respect of any immovable property, means the thirtieth(30) day of September of the financial year for which such rate is made, or any other date determined by council by notice in the Provincial Gazette, and
- (b) in respect of service charges due in respect of any immovable property, means the date for payment indicated on the account.
- (c) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.

**"Immovable property"** includes –

- (a) an undivided share in immovable property, and
- (b) any right in immovable property.

**"Implementing Authority"** means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000.

**"Indigent debtor"** means:

- (a) the head of an indigent household:
  - (i) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the municipality; and
  - (ii) who makes application for indigent support in terms of Council's Indigent Support Policy on behalf of all members of his or her household;
- (b) orphaned minor children duly represented by their legal and/or de facto guardians.

**"Indigent Support Programme"** means a structured program for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Council's Indigent Support Policy.

**"Indigent Support Policy"** means the Indigent Support Policy adopted by the Council of the municipality.

**"Interest"** Means a charge levied on all arrear monies for more than 30days with the same legal priority as service fees and calculated at a rate determined by Council from time to time;

**"Manager Income"** Means the official of the municipality responsible for the collection of monies owed to the municipality and/or any other official to whom he/she has delegated duties and responsibilities in terms of this policy.

**"Month"** means a calendar month.

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

**"Municipality"** means the Municipal Council of the Fetakgomo-Greater Tubatse Municipality or any duly authorised Committee, political office bearer or official.

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

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

**"Municipal Manager"** means the Municipal Manager of the Fetakgomo-Greater Tubatse municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

**"Occupier"** means the person who controls and resides on or controls and otherwise uses immovable property, provided that –

- (a) the husband or wife of the owner of immovable property which is at any time used by such owner and husband or wife as a dwelling, shall be deemed to be the occupier thereof;
- (b) where a husband and wife both reside on immovable property and one of them is an occupier thereof; the other shall also be deemed to be an occupier thereof.

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

- (a) the person in whom is vested the legal title thereto provided that -
  - (i) the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
  - (ii) the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;
- (b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;

(c) If the owner is absent from the Republic or if his address is unknown to the municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or

(i) If the municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

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

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

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

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

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

**"Rates"** means any tax, duty or levy imposed on property by the municipality.

**"Registered owner"** means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937.

**"Responsible person"** means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.

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

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

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

**"Supervisory authority"** means the Executive Committee of the municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

"Tariff" means any rate, tax, duty and levy or fee which may be imposed by the municipality for services provided either by the municipality or in terms of a service delivery agreement.

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

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

### 3. PRINCIPLES

The principles supported in this policy are: -

- (1) The administrative integrity of the municipality must be maintained at all times.
- (2) This policy must have the full support of Councillors.
- (3) Councillors must have full knowledge of the implementation and enforcement of the policy.
- (4) The Executive Committee oversees and monitors the implementation and enforcement of this policy.
- (5) The Municipal Manager implements and enforces this policy.
- (6) The Municipal Manager may delegate the implementation and enforcement of this policy to the Chief Financial Officer who may in turn delegate duties and responsibilities in terms of this policy to the Manager Income.
- (7) Consumers must be informed of the contents of this policy.
- (8) Consumers must apply for services from the municipality by the completion of the prescribed application form.
- (9) Consumers **must receive regular and accurate accounts** that indicate the basis for calculating the amounts due. The consumer is entitled to have the details of the account explained upon request.
- (10) Consumers must pay their accounts regularly by the due date.
- (11) Consumers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (12) Consumers are entitled to an efficient, effective and reasonable response to appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.
- (13) Debt collection action will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt is collected.



4. **SUPERVISORY AUTHORITY**

- (1) The Executive Committee oversees and monitors –
  - (a) The implementation and enforcement of the municipality's credit control and debt collection policy.
  - (b) The performance of the Municipal Manager in implementing the credit control and debt collection policy.
- (2) The Executive Committee shall at least once a year cause an evaluation or review of the credit control and debt collection policy to be performed, in order to improve the efficiency of the municipality's credit control and debt collection mechanisms, processes and procedures, as well as the implementation of this policy
- (3) The Executive Committee shall submit a report to Council regarding the implementation of the credit control & debt collection policy at such intervals as Council may determine.

5. **IMPLEMENTING AUTHORITY**

- (1) The Municipal Manager: -
  - (a) Implements and enforces the credit control and debt collection policy.
  - (b) Is accountable to the Executive Committee for the enforcement of the policy and shall submit a report to the Executive Committee regarding the implementation and enforcement of the credit control and debt collection policy at such intervals as may be determined by Council.
  - (c) Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the municipality.
  - (d) Where necessary make recommendations to the Executive Committee with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
  - (e) Establish effective communication between the municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.
  - (f) Establish customer service centers, located in such communities as determined by the municipal manager.
  - (g) Convey to account holders information relating to the costs involved in service provision, and how funds received for the payment of services are utilised, and may where necessary employ the services of local media to convey such information.

- (2) The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of Council's credit control and debt collection by-law to the Chief Financial Officer.
- (3) A delegation in terms of subsection (2) –
- (a) Is subject to any limitations or conditions that the Municipal Manager may impose;
  - (b) May authorise the Chief Financial Officer in writing, to sub-delegate duties and responsibilities to the Manager Income.
  - (c) The delegation does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.
  - (d) The Chief Financial Officer is accountable to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his powers in terms of this policy.
- (4) The Manager Income shall be accountable to the Chief Financial Officer for the sections of this policy delegated to the Manager Income in terms of the MFMA section 82.

#### **6. UNSATISFACTORY LEVELS OF INDEBTEDNESS**

- (1) If the level of indebtedness in a particular ward or part of the Municipality exceeds the level of the acceptable norm as determined in the Municipality's budget guidelines, the supervisory authority (Executive Committee) must, without delay, advise the Councillor for that ward or part.
- (2) The Councillor concerned:-
- Must without delay convene a meeting of the ward committee, if there is one, or convene a public meeting and report the matter to the committee or meeting for discussion and advice; and may make any appropriate recommendations to the supervisory authority.

#### **7. APPLICATION FOR THE PROVISION OF MUNICIPAL SERVICES**

- (1) A consumer who requires the provision of municipal services must apply for the service from the municipality.
- (2) The application for the provision of municipal services must be made by the registered owner of an immovable property.
- (3) The municipality will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property

- (4) The only exception to (3) above is that individuals and businesses with lease agreements to lease properties from the municipality and government departments will be allowed to open an account in the name of the lessee of the property
- (5) An agent may with a proxy open an account in the name of the owner.
- (6) The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the municipality.
- (7) By completing the prescribed application form for the provision of municipal services the consumer of services enters into an agreement with the municipality.
- (8) The agreement with the municipality makes provision for the following: -
- (a) An undertaking by the owner that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date;
  - (b) An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
  - (c) That the onus will be on the owner to ensure that he or she is in possession of an account before the due date.
  - (d) An undertaking by the municipality that it shall do everything in its power to deliver accounts timeously.
- (9) The application for the provision of municipal services shall be made at least ten (10) days prior to the date on which the services are required to be connected.
- (10) On receipt of the application for provision of municipal services, the municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.
- (11) The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.
- (12) No re-connection will be considered with any outstanding accounts linked to this specific stand.

#### 8. DEPOSITS AND GUARANTEES

- (1) On application for the provision of municipal services the prescribed consumer deposit shall be paid.

- (2) A guarantee in lieu of a deposit may be accepted on application for the provision of municipal services by a business in terms of the prevailing conditions determined by the Municipal Manager at the time of the application.
- (3) Existing consumers moving to a new address are required to pay the prescribed consumer deposit on application for the provision of municipal services at the new address.
- (4) The minimum deposit payable is determined annually by Council and is contained in the tariff book produced annually.
- (5) The consumer deposit paid on application for the provision of municipal services must be reviewed at least annually and may be increased or decreased upon written notice to consumers. The deposit will be the equivalent of at least one months charge for all municipal services supplied; however this may be increased if it is determined that the consumer is a credit risk.
- (6) On termination of the supply of services the amount of the deposit less any payment due to the municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.
- (7) Section 118 of the Municipal Systems Act is currently being amended so that a person transferring immovable property must deposit with the municipality the equivalent amount equal to sixty (90) days value of municipal rates and services.

## 9. ACCOUNTS AND BILLING

- (1) Council provides all consumers of municipal services with a monthly consolidated account for rates and refuse removal
- (2) The consolidated account can include property rates charges. Accounts are produced on a monthly basis in cycles of approximately 30 days.
- (3) All accounts rendered by the municipality shall be payable on the due date as indicated on the account.
- (4) Account balances which remain unpaid after 30 days shall attract interest on arrears irrespective of the reason for non-payment. The interest rate is the Prime Bank interest rate plus 1%.
- (5) All accounts are payable by the due date regardless of the fact that the person responsible for the payment of the account has not received the account. The onus is on the account holder to obtain a copy of the account before the due date.
- (6) The municipality bills an owner of a property for the following rates and service charges:-

(a) Property Rates Charges

- (i) Property rates charges are billed annually or monthly as preferred by customers. Currently Government Properties and farms are levied annually
- (ii) Council's preference is that property rates charges be charged monthly. Due to historical legislation and the absence of a Property Rates Policy these charges are being charged monthly and annually.
- (iii) Property rates charges charged annually are billed on the July account of each year and the due date for the payment of these charges is 31 December of each year where after interest will be added
- (iv) Property rates charges charged monthly are billed on the monthly accounts and the due date for the payment of the charges is as indicated on the accounts.
- (v) The tariffs to calculate the property rates charges are determined annually and approved by the Council and are contained in the tariff book produced by the municipality.

(b) Refuse Removal

- (i) Refuse removal are billed in terms of a fixed monthly tariff based on the **valuation in case of residential properties and per square meter in case of business premises**
- (ii) Monthly accounts are rendered for refuse removal and the due date for payment of the accounts is as indicated on each of the accounts.
- (iii) The tariffs to calculate for refuse removal charges are determined annually and approved by Council and are contained in the tariff book produced by the municipality.

(d) Sundry Debtor Accounts

- (i) Sundry debtor accounts are raised for miscellaneous charges for services provided by the municipality, or charges that are raised against a debtor as a result of an action by a debtor or person which necessitate a charge to be raised by Council against the debtor or person in terms of Council's policies, by-laws and decisions.
- (ii) The sundry debtor account is included in the monthly consolidated account produced by the municipality.

(7) Due Date

The due date for the payment of accounts in the various areas of the Greater Tubatse Municipality is the date as indicated on the account.

**10. PAYMENT OF ACCOUNTS**

- (1) All accounts rendered by the municipality are due and payable on or before the due date as indicated on the account.
- (2) All payments, whether made by cash, stop order, electronic payments or payments made through agents must be receipted by the municipality by the close of business on the due date. Cheques will be accepted as payment of an account (except in the case of payment to obtain a clearance certificate as provided for in terms of Section 118 of the Municipal System Act in which case payment must be made in cash or a bank guarantee cheque or a cheque from the trust account of an attorney). Where a cheque has been dishonoured the person issuing the cheque shall not be allowed to pay by cheque in future.
- (3) Accounts rendered by the municipality can be paid at any municipal cashier office and any other pay point as determined by the Municipal Manager from time to time.
- (4) The payment methods and facilities supported by the municipality can be used to make payments on accounts.

- (5) Payments received in respect of rates and service charges will be allocated by the municipality entirely within its discretion, on the account of the debtor.
- (6) Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account ,then Assessment Rates ,then Refuse, then sewerage and lastly water
- (7) An official receipt issued by the municipality will be the only proof of payments made.

#### 11. INTEREST ON ARREAR DEBT

- (1) Account balances which remain unpaid after 30 days after the due date shall attract interest irrespective of the reason for non-payment. The interest rate shall be the **Prime Bank interest rate plus 1%**.
- (2) The following categories of arrear debt shall not attract interest on arrears: -
  - (a) Indigent debt
  - (b) Closed accounts
  - (c) Deceased estates
  - (d) Insolvent estates
  - (e) Debtors under administration (administration portion only)
- (3) Interest on arrear debt shall be calculated for each month for which such payment remains unpaid and part of a month shall be deemed to be a month.
- (4) Interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of installment thereof.

#### 13. ENQUIRIES AND APPEALS

- (1) Any aggrieved person may address a grievance or query regarding charges for municipal services to the Chief Financial Officer in writing or may visit any customer care office provided by the municipality.
- (2) Every consumer has the right to ask and to be provided with a clear explanation as to the services being charged and a breakdown of all amounts shown on their account.
- (3) The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution.
- (4) The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account. An interim payment similar to an average account must be paid by the due date pending finalisation of the enquiry.
- (5) The municipality will respond to all inquiries from consumers in writing within twenty days from the lodging of the enquiry.

- (6) The Manager Income will keep custody of the Enquiries and Appeals Register and will carry out a weekly check on all enquiries and appeals yet to be resolved.

#### 14. DEBT COLLECTION AND CREDIT CONTROL MEASURES

- (1) The Chief Financial Officer is authorised to institute agreed upon debt collection mechanisms without exception and with the intention to proceed until the debt is collected.
- (2) All accounts rendered by the municipality shall be paid on the due date as indicated on the account.
- (3) Account balances which remain unpaid after 30 days of the due date shall attract interest irrespective of the reason for non-payment.
- (4) Account balances which remain unpaid after the due date will be subject to debt collection action.
- (5) Debt collection action will be taken on the total amount outstanding on the account after the due date. The total amount outstanding includes property rates, refuse and sundry debtor charges.
- (6) The debt collection action to be taken will be as follows: -

##### a). WARNING LETTERS

###### • Warning Letters

- ✓ Municipality will issue warning letters to the consumers once their accounts is 60 days outstanding, and the account of the consumer will be debited with the cost of such reminder at the approved tariff of the municipality;
- ✓ Warning letter will be posted or hand-delivered to the debtors' postal or physical address;

###### • FINAL DEMAND LETTER

- ✓ Final Demand Letter will be issued once the consumer has failed to comply with the arrangement and the account of the consumer will be debited with the cost of such reminder at the approved tariff of the municipality;
- ✓ Final demand letter will be posted or hand-delivered to the debtors' physical address;



b). APPROVAL OF BUILDING PLANS

Before any building plans pertaining to the alteration, improvement or erection of the building or structure on a property can be considered for approval or any permission to proceed with such construction can be given, all arrears associated with the relevant property are to be paid.

c). SUPPLIERS OF GOODS AND SERVICES TO THE MUNICIPALITY

All suppliers of goods and services to the municipality are required to provide proof that all their accounts are paid in full upon application for the registration as vendors and every six months where applicable.

d). CLEARANCE CERTIFICATES

Before any property can be transferred from one owner to another, all arrears are payable, where after the chief Financial Officer issues a certificate to that effect, No certificate can take place without such a certificate.

e). PERMISSION TO OCCUPY.

Permission to occupy will be granted upon the payment of outstanding debts.

f) HANDOVER OF DEBT TO ATTORNEYS APPOINTED BY COUNCIL

- (i) Debt that are 120 days old may be handed over to debt collectors or attorneys
- (ii) Only the Municipal Manager or his delegated official will hand debt over to attorneys for legal collection.

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(iii) All the legal costs of this processes are for the account of the consumer and will be recovered from debtors by debt collectors as quitted by standard rates of law society.

(iv) The account may be taken over from debt collectors if no process is made to recover the debt at no additional cost to the council within the agreed period upon by both parties,

(v) **The following types of debt will not be handed over to the attorneys**

- Debts of indigent debtors that are registered as indigent at the date of handover.
- Debt that is being paid off as per an arrangement with the debtor.
- A debt that has not been under a query for more than two months.
- Government Debt

**The process of legal collection includes:-**

- Final demands for payment to debtors.
- Emolument attachment orders on debtor's salaries.
- Summons issued for debt to be paid.
- Default judgment be obtained against the debtor.
- The attachment of moveable properties and sale in execution of moveable property
- The attachment of immoveable property and the sale of immoveable property.

**The following types of debt will not be handed over to attorneys:-**

- Debt of approved indigent debtors that has not yet been written off by the council.
- Debt that is being paid off as per an arrangement with the debtor.
- A debt that has not been under a query for more than two months.
- Government Debts

(g) Section 118 of the Local Government: Municipal Systems Act No 32 of 2000.

(i) The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Local Government: Municipal Systems Act No 32 of 2000, which is lodged with the municipality in the prescribed manner. This is subject to all amounts that became due in

connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

(ii) Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid by the owner before the transfer of the property can be affected.

(iii) If the owner refuses to pay the debt which is older than two years then the municipality will apply to a competent Court for an order in the following terms: -

- In the case where there is no judgment debt, for an order staying transfer of the property pending the finalisation of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.

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In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.

- The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred and in terms of Section 118(5) of the Act the new owner of the property cannot be held liable for the debt that became due before a transfer of a residential property took place
- In the case of insolvency or where the property is bought by auction the outstanding amount not covered by the two year clause when issued a clearance certificate will be transferred to the new owner rates account

(h) Other debt collection methods

The debt collection methods mentioned in paragraph (a) to (g) above are not an exhaustive list of methods that can be applied to collect debts and any other methods that can be initiated will be implemented with the approval of Council.

(7) Debt Collection Costs

The commission paid to the attorneys on the amount collected will not be debited to the debtors account but any other legal cost will be recovered from the debtor

## 15. ARRANGEMENTS TO PAY ARREAR DEBT

### Arrangements to Pay Outstanding and Due Amounts in Consecutive Installments – Residential Households

- (1) One of the key objectives of debt collection is to encourage debtors to start paying their monthly accounts in full. In addition it is also necessary to ensure that arrear debt is addressed. The current average balances on consumer accounts necessitates that innovative ideas be implemented to encourage consumers to pay off their arrears. At the same time it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.
- (2) The main aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.
- (3) A debtor may enter into a written agreement with the Municipality to repay any outstanding and due amount to the Municipality under the following conditions:-
  - (a) The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly installments;
  - (b) The current monthly amount must be paid in full; and
  - (c) The written agreement has to be signed on behalf of the Municipality by a duly authorised officer.

(4) In order to determine monthly installments a comprehensive statement of assets and liabilities of the debtor must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the consumer, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement.

(5) Arrangements

- (a) At the date of the arrangement a minimum of 25% households and 50% business of the capital arrear debt must be paid immediately.
- (b) If 100% of the debt is paid then all the interest outstanding on that date will be written off against the provision for bad debts
- (c) The balance of the debt which includes the capital amount and interest must be paid over a period not exceeding six months and twelve months should be a discretion of the chief financial officer or a delegated officer.
- (d) The total monthly installment must include the current monthly charges plus the amount to pay off arrear debt.
- (e) Arrangement by businesses to pay off arrear debt will only be entertained for debt on which debt collection actions have been taken and which actions are in an advanced stage.
- (f) Failure to maintain the arrangement will result in interest being reversed and full debt collection being implemented, with no possibility of reprieve.

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- (g) Any arrangement outside of the foregoing must be approved by the Municipal Manager. This function cannot be delegated.

#### **16. INDIGENT DEBTORS**

- (1) An account holder (consumer) may apply, in the prescribed manner, to be regarded as an indigent debtor as defined in the Indigent Policy approved by the council.
- (2) Any person who has been declared indigent shall be entitled to indigent subsidies for basic services on a basis determined by Council from time to time.
- (3) The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.
- (4) The arrears on the accounts of households, approved as indigent, will be submitted to Council to be written off in full (including any interest charged) after the approval by Council as an indigent. This submission will only be valid as a once-off exercise after approval and will not be applicable for future consumption in excess of the approved subsidy accumulated.

#### **17. DEBT OF ABSCONDED OWNERS**

- (1) The occupant of the property must sign an agreement in which the occupant agrees to pay all property rates and service charges that are to be raised on the property of the absconded registered owner's property.

#### **18. STAFF AND COUNCILLORS – PAYMENT OF ARREARS**

- (1) All staff joining the municipality must within thirty (30) days sign an agreement to pay arrears.
- (2) All existing staff and councillors who have not entered into an agreement to pay arrears must do so within thirty (30) days of the approval of this policy by council.
- (3) The repayment period for staff is not to exceed twelve (12) months and for Councillors not to exceed 3 months
- (4) All agreements with councillors must not exceed the expiry date of the term of office.

## 19. ADMINISTRATION ORDERS – PAYMENT OF ARREARS

- (1) A person can apply for the administration of its estate in terms of section 74 of the Magistrates Court Act, 1944.
- (2) On notification that the order has been granted, Council will manage the debt that is part of the administration order separately to the current account.
- (3) The debtor will be responsible for the payment of the current monthly account and if the debtor defaults on the payment of the account, debt collection action will be implemented.

## 20. WRITE OFF OF IRRECOVERABLE DEBT

- (1) The objective to write off irrecoverable debt is to have a debt book that does not reflect irrecoverable debt.
- (2) For this purpose Council should adopt and implement a write off policy to formalise the processes for writing off such debts.

## 21. PROVISION FOR DOUBTFUL DEBTS

### 21.1. Impairment of debtors

Consumer debtors, long term receivables and other debtors are stated at cost less provision for bad debt. Provision for impairment is made on an individual basis or based on expected payment.

In accordance with GRAP 104 (Financial Instruments), an objective assessment of financial assets is made at year end to determine possible impairment. Impairment loss is recognised as an expense in the Statement of Financial Performance. The determination of the impairment loss is guided by the following principles as per GRAP 104 :

*The municipality assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. (Individual Debtors' balances that constitute at least 5 percent of the total debtors book are considered to be individually significant by the municipality).*

*Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), the municipality includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.*

*Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment.*

As soon as information becomes available that specifically identifies losses on individually impaired assets in a group (that are collectively assessed for impairment), those assets are removed from the group and assessed individually for impairment.

For collective assessment of impairment, as indicated above, assets with similar credit risk characteristics are grouped together. The credit risk characteristics should be indicative of the debtors' ability to pay all amounts due according to the contractual terms.

The method used in determining the group of assets to be assessed for impairment, is a grading process that considers the:

- debtor type;
- industry;
- past due status (e.g. days/months that the accounts are in arrears);

### 21.2. Consumer debtors

Consumer debtors are evaluated at the end of the reporting date and impaired as follows:

Category of Debtor	Percentage of debt provided for as irrecoverable
Negative Amounts	0%
Current account	0%
Debt owing between 30 to 90 days	50%
Debt in excess of 90 days	100%
Business and Industrial - always pay	0%
Government Organization	0%
Mines - always pay	0%
Indigent Debtors	100%
Municipal	0%
Handed Over	100%

### 21.3. Sundry Debtors

Sundry debtors are classified as financial instruments with debit balances at year end. Sundry debtors are assessed individually for impairment to ensure that no objective evidence exists that these debtors are irrecoverable.

## 22. CERTIFICATES REQUIRED FOR TENDERS

- (1) A person or an institution reacting to a tender published by the municipality or wishing to enter into a contract to either provide services or goods to the municipality must produce a certificate, on the prescribed form, which states that regular payment of rates and services accounts are maintained and that the account is currently up to date.



- (2) A person who fails to provide such a certificate shall be disqualified from the tendering process.

**23. THEFT AND FRAUD**

- (1) The municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
- (2) The Council may approve specific penalties and distinguish between cases of vandalism and theft.
- (3) Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.

## **24. REPORTING AND PERFORMANCE MANAGEMENT**

- i. The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Committee as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c).
- ii. The Executive Committee as Supervisory Authority shall, at intervals of three (3) months, report to Council as contemplated in section 99(c) of the Systems Act.
- iii. This report shall contain particulars on cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt).
- iv. Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
- v. If in the opinion of the Chief Financial Officer, the municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if in agreement with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

## **25. INCOME COLLECTION TARGET**

- (1) Income collection targets will be set by the Chief Financial Officer to achieve the optimum debt collection ratio i.e. receipt / billing, that will satisfy the municipalities IDP objectives.

## **26. PROPERTY MANAGEMENT LEASES**

- (1) The procedure for the recovery of arrears on leases will be in accordance with the conditions contained in the relevant lease contract.

## **27. TEMPORARY WORKERS**

- (1) Where the municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services they will be required to enter an agreement to pay 20% of their gross remuneration towards these arrears of debt.

## 28. PROVISION FOR BAD DEBT

- (1) The provision for bad debt is based on the likelihood of non-payment. In order to determine this likelihood of payment or not, each debtor needs to be evaluated separately and categorised based on the degree of payment expectancy.
- (2) The evaluation of a debtor is firstly based on payment history, prior to the effective date of provision and secondly on the payment history during the period immediately after the effective date of provision.
- (3) The evaluation process is discussed below:-

### (a) Historical review

- i. **Likely payers** - All debtors, regardless of age or amount, who have made payments during each of the three payment periods/months prior to the effective date of provision, will be categorised as **debtors likely to pay** and no provision for bad debts will be made on these accounts.
- ii. **Possible payers** - All debtors, regardless of age or amount, who have made at least one payment within the three payment periods/months prior to the effective date of provision, will be categorised as **possible payers** and no provision for bad debts will be made on these accounts.
- iii. **Likely not to pay** - All debtors, regardless of age or amount, who have not made any payments during any of the three payment periods/months prior to the effective date of provision, will be categorised as **debtors unlikely to pay** and the full amount of the outstanding debt will be provided under the provision for bad debts.

### (b) Current review

- i. **Likely payers** - All debtors, regardless of the categorization under the historical review, who have made payments during each of the payment periods/months after the effective date of provision, will be categorised as **debtors likely to pay** and no provision for bad debts will be made on these accounts.
- ii. **Possible payers** - All debtors previously categorised under A or B, who has made payments during any of the payment periods/months after the effective date of provision, will be categorised as **possible payers** and no provision for bad debts will be made on these accounts.

- iii. **Likely not to pay (1)** – All debtors previously categorised under C, who have not made payments during each of the payment periods/months after the effective date of provision, will still be categorised as **debtors unlikely to pay** and the full amount outstanding on their accounts will be provided under the provision for bad debts.
- iv. **Likely not to pay (2)** –All debtors previously categorised under A or B, who has made no payments during any of the payment periods/months after the effective date of provision, will also be categorised as **debtors unlikely to pay** and the full amount outstanding on their accounts will be provided under the provision for bad debts.

## 29 UNALLOCATED RECEIPTS

(1) It happens that because of wrong reference numbers or no reference number at all, that some direct banking can not be allocate to the right vote or debtor account.

(2) If the Revenue Section tried there utmost best without success it will be advertised during May of each year in the local newspapers requesting all debtors to come to the Council if they did make any payments that do not reflect on there accounts. This will be opened for 30 days.

(3) After this window period the unallocated receipts up to the end of June of the previous year, with the approval of the CFO, will be taken to the accumulated surplus account of the Municipality. A list with all this amounts taken to the accumulated account will be attached to the journal for audit purposes.

(4) Even if a person bring later a proof of his/her payment it can still be remove from the accumulated surplus account and credited to the debtors account

## 30. PUBLICATION OF POLICY

- (1) The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public note draw the attention of the public to its broad contents and method of application.

## 31. APPLICATION OF THE POLICY

- (1) The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

32. **IMPLEMENTATION AND REVIEW OF THIS POLICY**

- (1) This policy shall be implemented once approved by Council. All future investments must be made in accordance with this policy.
- (2) In terms of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

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(4) If a property owner who is responsible for the payment of property rates in terms of the rates policy, fails to pay such rates in the prescribed manner, it will be recovered from the owner in accordance with the provisions of the credit control and debt collection policy and its by-law.

(5) Arrear rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act as follows:

(a) if an amount, due for rates levied on a property, is not paid by the owner by the due date as shown on the account and no reaction is forthcoming from the owner after two written reminders have been issued, the municipality shall recover the amount in full or partially as follows:

(i) from the agent who is lawfully responsible to collect commission or rental in respect of the property concerned;

(ii) from a tenant or occupier of the property, only after an attempt was made to collect it from an agent referred to in subparagraph (i); and

(b) the amount recoverable is limited to the amount as stipulated in the Act and it may only be recovered after written notice has been served on the party concerned.

(6) The notice referred to in 8.5.b above shall give the party concerned at least 14 calendar days to pay the outstanding rates.

(7) 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 permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

(8) 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 the Act.

#### **9. Accounts to be furnished**

(1) The municipality shall furnish each person liable for the payment of rates with a written account, which specify:

(i) the amount due for rates payable,

- (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- (2) A person liable for payment of 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, necessary enquiries must be made with the municipality.
- (3) In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

#### **10. Special rating areas**

- (1) The municipality will, whenever deemed necessary, by means of a formal council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.
- (2) The following matters shall be attended to in consultation with the committee referred to in subsection 3 whenever special rating is being considered:
- (a) proposed boundaries of the special rating area;
  - (b) statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;
  - (c) proposed improvements clearly indicating the estimated costs of each individual improvement;
  - (d) proposed financing of the improvements or projects;
  - (e) priority of projects if more than one;
  - (f) social economic factors of the relevant community;
  - (g) different categories of property;
  - (h) the amount of the proposed special rating;
  - (i) details regarding the implementation of the special rating; and





FETAKGOMO - GREATER TUBATSE  
LOCAL MUNICIPALITY



*The* **GTM**  
**GREATER TUBATSE**  
**MUNICIPALITY**

South Africa's first democratic platinum city

## PROPERTY RATES

### POLICY

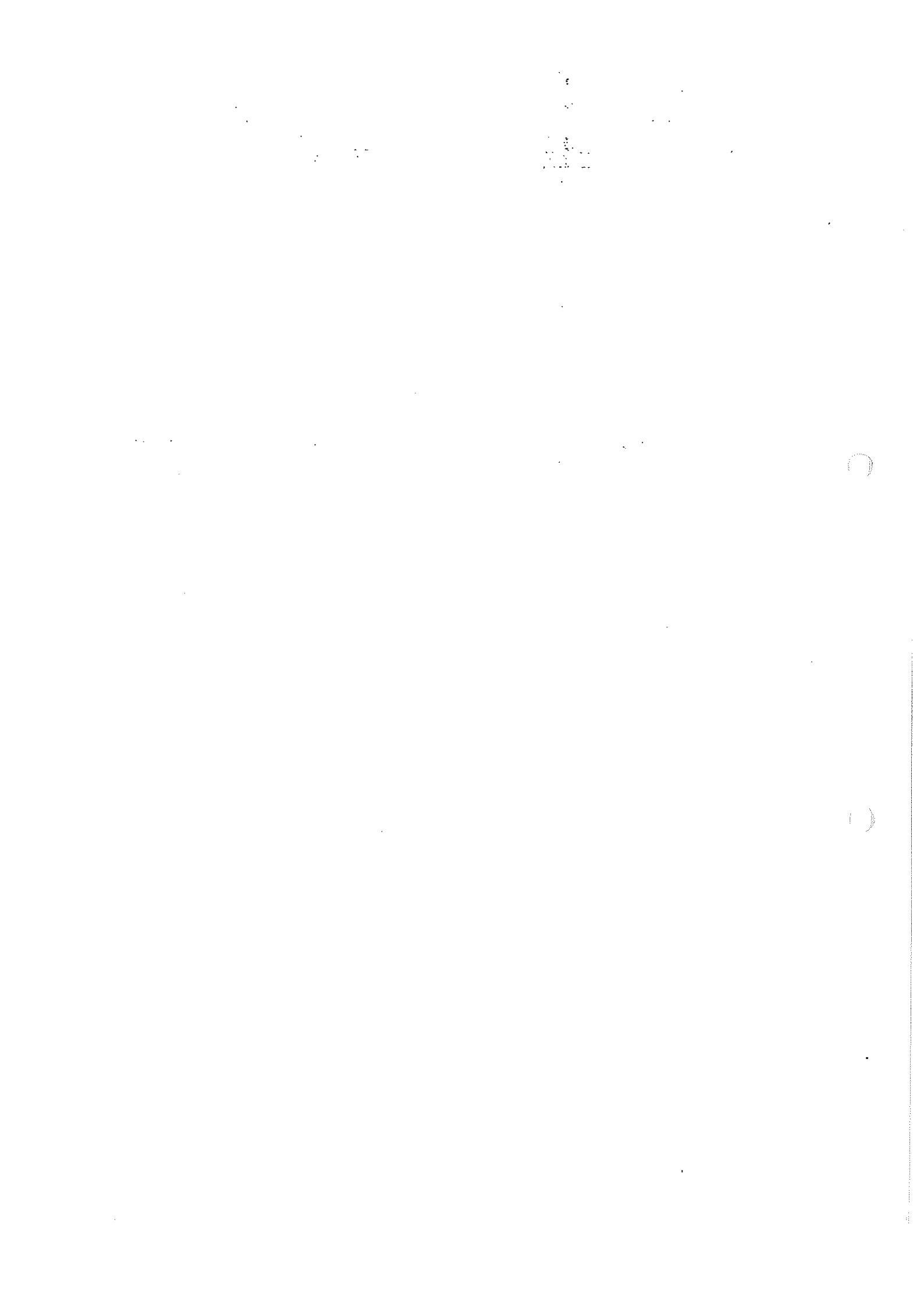
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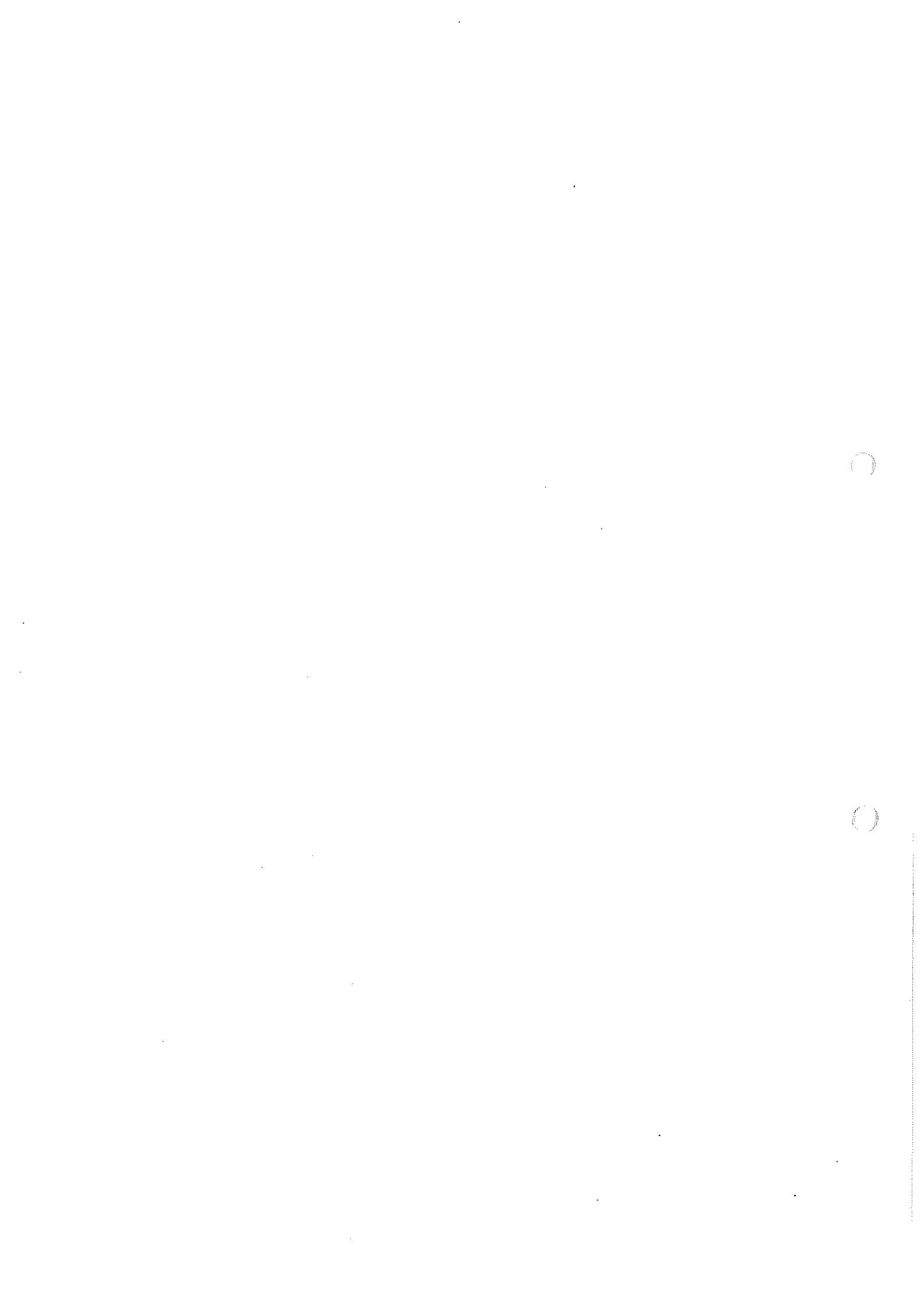
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## PROPERTY RATES POLICY

### A. DEFINITIONS

**"Act"**, means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004);

**"Agent"**, in relation to the owner of a property-

- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
- (b) to make payments in respect of the property on behalf of the owner;

**"Agricultural purpose"**, in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

**"Annually"**, means once every financial year;

**"Category" –**

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

**"Category of properties"**, means a category of properties determined according to the zoning, use of the property, permitted use of the property, or the geographical area in which the property is situated;

**"Child-headed household"** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.

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**"Contiguous pieces of land held and occupied by one owner"**, means where two or more continuous pieces of land are held and occupied by one owner and together comprise an area the extent of which is at least 5 hectares;

**"Council"** means the highest legislative body of the Greater Tubatse Local Municipality as referred to in section 157 (1) of the Constitution and section 18 (3) of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);

**"Definitions, words and expressions"** as used in the Act are applicable to this policy document where ever it is used;

**"Economic services"**, means services for which the tariffs are fixed to recover the full costs of the service, like refuse and sewer services;

**"Effective date"**-

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- (a) in relation to a valuation roll, means the date on which the valuation roll takes effect, in terms of section 32 (1) of the Act, or
- (b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78 (b) of the Act
- “Exemption”**, in relation to the payment of a rate, means an exemption from the payment of rates, granted by a municipality in terms of section 15;

**“Financial year”**, means the period starting from 1 July in a year to 30 June the next year;

**“Illegal use”**, means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property;

**“Improvement”**, means any building or structure on or under a property, but excludes -

(a) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and

(b) any building, structure or equipment or machinery referred to in section 46(3) of the Municipal Property Rates Act;

(c) **“Land reform beneficiary”**, in relation to a property, means a person who -

(d) (a) acquired the property through -

(e) (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or

(f) (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

(g) (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);

(h) (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;

(i) 2.9 **“Land tenure right”** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);

**“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 organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and

(iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;

(b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons;

**"Local municipality"**, means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

**"Market value"**, in relation to a property, means the amount a property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer;

**"MEC for Local Government"**, means the member of the Executive Council of the Limpopo Provincial Government who is responsible for local government in the Limpopo Province;

**"Multiple purposes"**, in relation to a property, means the use of a property for more than one purpose;

**"Municipal Manager"**, means a person appointed in terms of section 82 of the Municipal Structures Act, 1998;

**"Municipality"**, means the Fetakgomo-Greater Tubatse Local Municipality;

**"Municipal Finance Management Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

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

**"Newly Rateable property"** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

**"Non-urban land"** means land that is not situated in a proclaimed township, but that is used for residential or agricultural purposes or is not in use. Where the whole of a portion of non-urban land is used for business, industrial or mining purposes the market value of such land or portion of it must be recorded separately in the valuation roll and rated according to the applicable category;

**"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;

**"Owner"**–

- (a) in relation to a property, means a person in whose name ownership of the property is registered;
- (b) in relation to a right means a person in whose name the right is registered;

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- (c) in relation to a land tenure right 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, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled"; provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-
- (i) A trustee, in the case of a property in a trust excluding state trust land;
  - (ii) an executor or administrator, in the case of a property in a deceased estate;
  - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
  - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
  - (v) a curator, in the case of a property in the estate of a person under judicial management;
  - (vi) a 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



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

**"Permitted use"**, relation to a property, means the limited purposes for which the property may be used in terms of -

- (a) Any restrictions imposed by-
- (i) a condition of title;
  - (ii) a provision of a town planning or land use scheme; or
  - (iii) any legislation applicable to any specific property or properties; or
- (b) Any alleviation of any such restrictions;

**Public Benefit Organizations:** means properties owned by public benefit organizations and used for any specified public benefit 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

**"Privately owned towns serviced by the owner"** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

**"Property"**, means-

- (a) immovable property registered in the name of a person including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a persons in terms of legislation; or
- (d) public service infrastructure;

**"Property register"**, means a register of properties referred to in section 23 of the Act;

**"Protected area"**, refers to nature reserves, botanical gardens or national parks provided that the specific area/s is declared as a "Protected area" referred to in section 10 of the Protected Areas Act;

**"Protected Areas Act"** means the National Environmental Management: Protected Areas Act, 2003 (Act No. 57, of 2004);

**"Publicly controlled"**, means owned by or otherwise under the control of an organ of state, including -

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- (a) a public entity listed in the Public Finance Management Act, 1999 (Act No. 1 of 1999),
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act;

**"Public service infrastructure"**, means publicly controlled infrastructure of the following kinds -

- (a) national, provincial or other public road on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, 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 national railway system;
- (f) communication towers masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) any right registered against immovable property

**"Rate"**, means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

**"Rateable property"**, means property on which a municipality may levy a rate, excluding property fully excluded from the levying of rates;

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

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

**"Remainder of Townships"** means the remaining extent of an approved or proclaimed township which is still registered in the name of the applicant for Township Development and

which has not yet been transferred to another owner and on which no improvements have been erected except for public service infrastructure

**"Residential property"** means improved property that:

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) is owned by a share-block company and used solely for residential purposes.
- (d) is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

**"Rural communal settlements"** means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

**"Sectional titles unit"**, means a unit defined in section 1 of the Sectional Titles Act; 1986 (Act No. 95 of 1986);

**"Specified public benefit activity"**, means an activity listed as welfare and humanitarian, health care and education and development in Part 1 of the Ninth Schedule to the Income Tax Act;

**"State trust land"**, means land owned by the state in trust for persons communally inhabiting the land in terms of a traditional system of land tenure, land owned by the state over which land tenure rights were registered or granted or land owned by the state which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

**"Trading services"**, means services for which the tariffs are fixed to yield a trading profit, like electricity and water services;

**"Urban land"**, means land that is situated within a proclaimed township or approved in terms of the DFA Act

**"Vacant land"**, means:

- (a) Land on which no immovable improvements have been erected; or
- (b) Land where the value added by immovable improvements is less than 10% of the value of the land with no immovable improvements on it.

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## 1. POLICY PRINCIPLES

- 1.1 Rates are levied in accordance with the 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.
- 1.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. 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.
- 1.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 1.4 In accordance with section 3(3) of the Act, 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, reductions, rebates and cross subsidy from the equitable share allocation.
  - (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;
    - ii. Supports local, social and economic development; and
    - iii. Secures the economic sustainability of every category of ratepayer.
  - (d) Cost efficiency  
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on economic (refuse removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

## **2. LEGAL FRAMEWORK**

- 2.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 2.2 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.
- 2.3 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 any regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 2.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- 2.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 2.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

## **3. IMPOSITION OF PROPERTY RATES**

- 3.1. The Council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property recorded in the municipality's valuation roll and supplementary valuation roll.
- 3.2 The Council shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

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**3.3 Principles applicable to financing of services**

3.3.1 All ratepayers, in a specific category, as determined by Council from time to time, shall be treated equitably, as required by Section 3 (3) (a) of the Act;

3.3.2 Rates are raised in proportion to the market value of the property;

3.3.3 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:-

(a) Economic services

i. Refuse removal.

(a) Community and subsidised services - These include all those services ordinarily being rendered by the municipality excluding those mentioned in 3.3.3(a).

3.3.4 Economic services as referred to in clauses 3.3.3(a) must be ring fenced and financed from service charges while community and subsidised services referred to in clause 3.3.3(a) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

3.3.5 Property rates shall not be used to subsidize trading or economic services;

3.3.6 Exemptions, reductions and rebates should not unreasonably affect the income base of the municipality.

3.3.7 Therefore, pursuant to section 3 (3) (b) of the Act, it is the policy of the municipality, when –

- \* levying different rates for different categories of properties;
- \* exempting a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
- \* granting rebates; or
- \* increasing rates;

*To apply the following criteria -*

- \* poverty alleviation;
- \* stimulation of industrial growth;
- \* promotion of tourism;
- \* creation of jobs;
- \* maintenance of agricultural activity;
- \* assist charity and other public benefit organizations;
- \* this municipality's budgetary needs;
- \* this municipality's integrated development plan; and
- \* surpluses contributed by other services.

#### 4. CATEGORIES OF RATEABLE PROPERTIES

4.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

##### 4.1.1 Residential Properties (r)

- 4.1.1.1 r Residential 1
- 4.1.1.2 r Parks owned by township owner
- 4.1.1.3 r2 Residential 2
- 4.1.1.4 r3 Residential 3

##### 4.1.2 Government (g)

- 4.1.2.1 gb Business

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- 4.1.2.2 ge Educational
- 4.1.2.3 gh Hospital or clinic
- 4.1.2.4 gp Police station
- 4.1.2.5 go Other
- 4.1.2.6 gr Residential
- 4.1.2.7 gmin Mining and related uses

**4.1.3 Business**

- 4.1.3.1 bus Businesses including guesthouses in urban areas with services
- 4.1.3.2 buws Businesses including guesthouse on farms without services
- 4.1.4 ind Industrial
- 4.1.5 f Formal and informal settlements
- 4.1.6 il Illegal use
- 4.1.7 is Independent school
- 4.1.8 mun Municipal
- 4.1.9 min Mining and related uses
- 4.1.10 nr Nature reserve, national park or national botanical garden
- 4.1.11 nu Non-urban land
- 4.1.12 psi Public service infrastructure
- 4.1.13 pw Place of public worship or official residence
- 4.1.14 re Remaining extent of proclaimed township

4.2. In determining the category of a property referred to in 4.1 the municipality shall take into consideration the following criteria or a combination thereof:-

- 4.2.1 The formal zoning of the property;
- 4.2.2 Township establishment approvals;
- 4.2.3 The use of the property;
- 4.2.4 Permitted use of the property; and
- 4.2.5 The geographical area in which the property is situated.

4.3 In order to create certainty and to ensure consistency the criteria mentioned in 4.2 shall be applied as indicated below in order of priority and no deviation is permissible:



4.3.1 Properties shall first of all be determined by the actual use of the property and if the property was not in use then according to the zoning of the property. Town planning schemes, town establishment schemes and town planning regulations may be used to determine the formal zoning.

4.4 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act. A property used for multiple purposes is, for rates purposes, assigned in terms of section 9 of the Act as follows:-

4.4.1 Properties in urban land shall be categorised and rated as provided in section 9(1)(b) of the Act to correspond with the dominant use of the property.

4.4.2 Properties in non-urban land shall be categorised and rated as provided in section 9(1)(c) of the Act to correspond to the multiple purposes for which the property is used. Where the whole or a portion of non-urban land is used for business, industrial or mining purposes the market value of such land or portion of it must be recorded separately in the valuation roll and rated according to the applicable category".

## 5. CATEGORIES OF OWNERS

5.1 For the purpose of granting exemptions, reductions and rebates in terms of clauses 6,7 and 8 respectively the following categories of owners of properties are determined:-

5.1.1 Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;

5.1.2 Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;

5.1.3 Owners of property situated within an area affected by-

5.1.3.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002);  
or

5.1.3.2 serious adverse social or economic conditions.

5.1.4 Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget; and

5.1.5 Owners of agricultural properties as referred to in clause 8.1(e).

5.1.6 Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

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## 6. EXEMPTIONS AND IMPERMISSIBLE RATES

6.1 The following categories of property are exempted from rates:-

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. For the 2017/2018 financial year the maximum reduction is determined as R50 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R35 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

All residential properties under communal land are exempted from paying rates and this exemption will be determined by the council on an annual basis.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in the definition of property in clause 2 of this policy is exempted from paying rates.

6.2 Exemptions in clause 6.1 will automatically apply and no application is thus required.

6.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

(a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

(b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.

- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

#### 6.4 Public Benefit Organizations (PBO)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

- i. Sporting bodies  
Property used by an organisation for sporting purposes on a non-professional basis.
- ii. Cultural institutions  
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- iii. Museums, libraries, art galleries and botanical gardens  
Property registered in the name of private persons, open to the public and not operated for gain.
- iv. Youth development organisations  
Property owned and/or used by organisations for the provision of youth leadership or development programmes.
- v. Animal welfare  
Property owned or used by organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- vi. Cemeteries and crematoriums  
Property used for cemeteries and crematoriums on a not-for-gain basis.
- vii. Charitable institutions  
Property owned or used by institutions or organisations whose aim is to perform charitable work on a not-for-gain.
- viii. Welfare institutions  
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, 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 to charitable purposes within the municipality.
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- 6.4.1 All possible benefiting organisations in clause 6.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 6.4.2 Public benefit organizations must attach a SARS 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) to all applications.
- 6.5 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 6.6 The extent of the exemptions implemented in terms of clauses 6.1 to 6.4 must annually be determined by the municipality and included in the annual budget.

## 7. REDUCTIONS

- 7.1 Reductions as contemplated in section 15 of the Act. Will be considered on an ad-hoc basis in the event of the following:-
- 7.1.1 Partial or total destruction of a property.
- 7.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 7.2 The following conditions shall be applicable in respect of clause 7.1:-
- 7.2.1 The owner referred to in clause 7.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 7.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 7.2.2 A maximum reduction, to be determined on an annual basis, will be allowed in respect of both clauses 7.1.1 and 7.1.2. For the 2017/2018 financial year the maximum reduction will amount to 80%.
- 7.2.3 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

7.2.4 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

## 8. REBATES

### 8.1. Categories of property

(a) Public Educational Institutions

The municipality may grant a rebate as annually determined for property used by educational institutions declared or registered by law provided that an application in the prescribed format is received not later than 30 September of each year.

(b) Independent Schools

The municipality may grant a rebate as annually determined for property used by registered independent schools for educational purposes only provided that an application in the prescribed format is received not later than 30 September of each year.

(c) Business, commercial and industrial properties

i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. 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. A maximum rebate as annually determined by the municipality will be granted on approval, 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; and
- c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.

iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

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(d) Privately owned towns serviced by the owner

- i. The municipality may grant an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause A of this policy. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2017/2018 financial year the rebate is determined as 40%.

(e) Public Benefit Organisations (PBO's)

Properties owned by public benefit organizations and used for any specified public benefit 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 of the Income Tax Act will pay a rate that may not exceed the ratio as published in Government Gazette no 33016 of 12 March 2010. For 2017 /18 the a ratio is 1:0.25

(f) Agricultural property rebate

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
  - a. the extent of rates related services rendered by the municipality in respect of such properties.
  - b. the contribution of agriculture to the local economy.
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
  - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2017/2018 financial year the minister has promulgated a ratio of 1:0.25.
- iii. An additional rebate (based on the total property value) of maximum 10% will be granted by the municipality in respect of the following:-
  - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants.

- b. 2,5% if these residential properties are provided with potable water.
  - c. 2,5% if the farmer for the farm workers electrifies these residential properties.
  - d. 2,5% for the provision of land for burial to own farm workers or educational or recreational purposes to own farm workers as well as people from surrounding farms.
- iv. The granting of additional rebates is subject to the following:-
- a. All applications must be addressed in writing to the municipality by 31 August 2017 indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. Any new applications for the 2018/2019 financial year and onwards must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
  - b. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.
  - c. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 6.1(b) of this policy.
- (g) Rebate for developed stands not yet sold by the developer
- i. The municipality grants a rebate, (residential tariff less 20%) on the DE Value which applies to vacant stands not yet sold and transferred by the developer. Upon selling of such vacant stands. The rebate will lapse on the date of transfer of the property into the name of the new owner and the new owner will pay rates on the market value
- (h) Rebate for guest houses on non Urban Land
- The Municipality may grant a rebate to quest houses on non urban land where they provide for services by themselves. For the 2017/18 financial year a rebate of 30% on business tariff will be applicable.

## 8.2 Categories of owners

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Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

(a) Indigent households

- i. Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

(b) Child headed families

- i. Families headed by children will receive a 100% rebate from payment of property tax according to monthly household income. To qualify for the rebate the head of the family must:-
  - a. occupy the property as his/her normal residence;
  - b. not be older than 18 years of age;
  - c. still be a scholar or jobless; and
  - d. be in receipt of a **total monthly income** from all sources not exceeding an amount to be determined annually by the Municipality; For the 2017/2018 financial year this amount is determined as **R3 500** per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.
- iii. Applications must be accompanied by:-
  - a. a certified copy of the identity document or any other proof of the applicant's age which is acceptable to the municipality;
  - b. sufficient proof of total household income;
  - c. an affidavit from the applicant;
- iv. These applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.
- v. The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

(c) Retired and Disabled Persons Rate Rebate

- i. Retired and Disabled Persons qualify for special rebates according to monthly household income. For the 2017/18 financial year it will be a further 40% discount.

To qualify for the rebate a property owner must:-



- a. occupy the property as his/her normal residence;
  - b. not be the owner of more than one property;
  - c. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
  - d. be in receipt of a **total monthly income from all sources** (including income of spouses of owner) not exceeding an amount annually determined by the Municipality. For the 2017/2018 financial year this amount is determined as **R3 500** per month; and
  - e. provided that 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.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
  - iii. Applications must be accompanied by:-
    - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
    - b. sufficient proof of income of the owner and his/her spouse;
    - c. an affidavit from the owner;
    - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
    - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
  - iv. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.
  - v. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

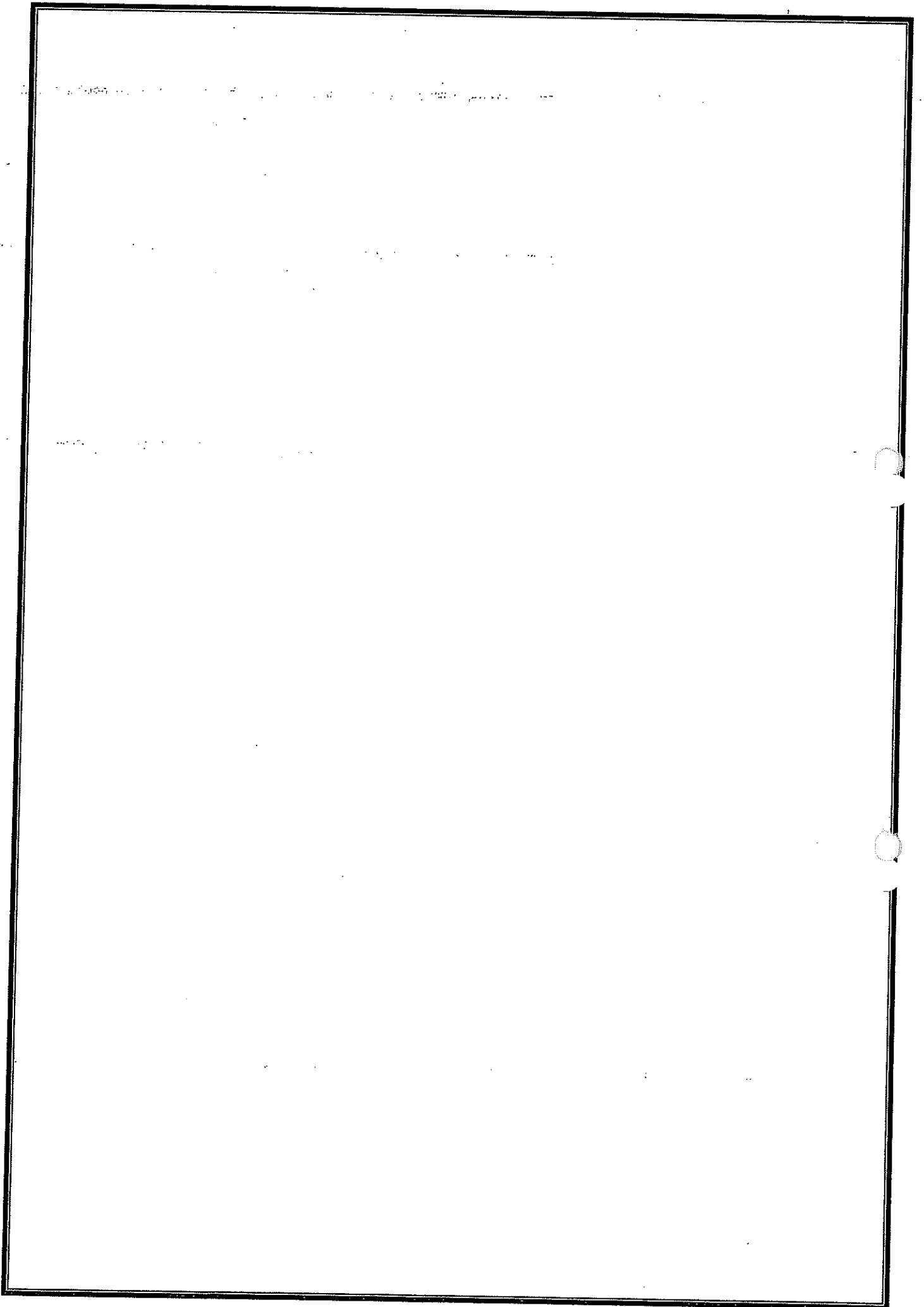
8.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.

8.4 The extent of the rebates granted in terms of clauses 8.1 and 8.2 must annually be determined by the municipality and included in the annual budget.

## 9. SPECIAL RATING AREAS

9.1 The municipality may from time to time, as provided for in Section 22 of the Act, and as to be depicted in its annual budget and by resolution of the Council, determine a certain area within the boundaries of the municipality, as a special rating area.

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9.2 The following matters shall be attended to in consultation with the committee referred to in clause 10.6 whenever special rating is being considered:-

9.2.1 Proposed boundaries of the special rating area;

9.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;

9.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;

9.2.4 Proposed financing of the improvements or projects;

9.2.5 Priority of projects if more than one;

9.2.6 Social economic factors of the relevant community;

9.2.7 Different categories of property;

9.2.8 The amount of the proposed special rating;

9.2.9 Details regarding the implementation of the special rating;

9.2.10 The additional income that will be generated by means of this special rating.

9.3 An additional rate, as will be depicted in the annual budget, shall be levied on the properties in the identified area, for the purpose of raising funds for improving or upgrading of the specified area.

9.4 The municipality may differentiate between categories of properties when levying the additional special rate.

9.5 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of projects and financial implications on an annual basis.

9.6 The municipality shall establish a committee, composed by representatives from the specific area, to act as consultative and advisory forum. This committee shall be a sub-committee of the ward committee/s in the area. The election of the committee will happen under the guidance of the Municipal Manager. Gender representivity shall be taken into consideration with the establishment of the committee. The committee will serve in an advisory capacity only and will have no decisive powers.

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9.7 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 4.

9.8 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.

**10. PAYMENT OF RATES**

10.1 The rates levied on the properties shall be payable:-

- (a) on a monthly basis; or
- (b) annually, before 30 December each year.

10.2 Ratepayers may choose paying rates annually in one installment on or before 30 December each year. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

10.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.

10.4 Interest on arrears rates, whether payable on or before 30 December or in equal monthly installments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality. No interest will be charged on annually payments before January of the following year

10.5 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.

10.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.

10.7 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 permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

10.8 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.

## 11. ACCOUNTS TO BE FURNISHED

11.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:

- (i) the amount due for rates payable,
- (ii) the date on or before which the amount is payable,
- (iii) how the amount was calculated,
- (iv) the market value of the property,
- (v) if the property is subject to any compulsory phasing –in discount, the amount of the discount; and
- (vi) rebates, exemptions, reductions or phasing-in, if applicable.

11.2 A person liable for payment of 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, he/she must make the necessary enquiries with the municipality.

11.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## 12. GENERAL VALUATION OF RATEABLE PROPERTY

12.1 The municipality shall prepare a new valuation roll at least every 5 (Five) years.

12.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 7 (seven) years.

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- 12.3. Supplementary valuations may be done on a continual basis but at least on an annual basis.

### **13. LIABILITY FOR AND RECOVERY OF RATES**

- 13.1 The owner of a property shall be liable for the payment of the rates levied on the property.
- 13.2 Joint owners of a property shall be jointly and severally liable for payment of the rates levied on the property.
- 13.3 In the case where an agricultural property is owned by more than one owner in undivided shares and these undivided shares were allowed before the commencement date of the Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold any joint owners liable for all rates levied in respect of the agricultural property concerned or hold any joint owners only liable for that portion of rates levied on the property that represents joint owner's undivided share in the property.
- 13.4 In the event that a property has been transferred to a new owner and an Interim Valuation took place, the immediate predecessor in title, as well as the new owner, will jointly and severally be held responsible for settling the interim account.
- 13.5 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 even if it is zoned as Municipal in the valuation roll
- 13.6 Rates Clearance Certificates will be valid for a period of maximum 3 months after date of issuing

### **14. CORRECTION OF ERRORS AND OMISSIONS**

- 14.1 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 permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 14.2 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.

~~In the case where an agricultural property is owned by more than one owner in undivided~~  
shares and these undivided shares were allowed before the commencement date of the  
Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold  
any joint owners liable for all rates levied in respect of the agricultural property concerned  
or hold any joint owners only liable for that portion of rates levied on the property that  
represents joint owner's undivided share in the property.

## **15 DIFFERENTIAL RATES**

15.1 Criteria for differential 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 agricultural purposes.
- (b) The promotion of social and economic development of the municipality.

15.2 Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category; and

15.3 by way of reductions and rebates as provided for in this policy document.

## **16. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS AND PHASING IN OF RATES**

16.1 During the budget process the accounting officer must inform Council of all costs associated with suggested exemptions, rebates, reductions and phasing in of rates.

16.2 Provisions must be made on the operating budget for: -

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

16.3 The revenue foregone should be further appropriately disclosed in the annual financial statements, and the rebates also be indicated on the rates accounts submitted to each property owner.

## **17. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT**

17.1 The municipality may grant rebates to organisations that promote local, social and economic development in its area of jurisdiction.

17.2 The Municipality's LED Unit must validate the qualification for the continued application of the rebate and the said rebates must be phased- out within 3 years from the date that the rebate was granted for the first time.

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17.3 Rebates will be restricted to a percentage determined by Council from time to time.

## **18. REGISTER OF PROPERTIES**

18.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

18.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

18.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:-

- i. Exemption from rates in terms of section 15 of the Property Rates Act,
- ii. Rebate or reduction in terms of section 15,
- iii. Phasing-in of rates in terms of section 21, and
- iv. Exclusions as referred to in section 17.

18.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.

18.5 The municipality will update Part A of the register every 6 months during the supplementary valuation process.

18.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

## **19. COMMUNITY PARTICIPATION**

19.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:

19.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.

19.1.2 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 on the website.

19.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.



19.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee of determined annually by the municipality. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.

19.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

19.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000. For this purpose, public meetings will be advertised in local newspapers distributed within the Greater Tubatse municipal area.

## **20. NOTIFICATION OF RATES**

20.1 A notice stating the date on which the new rates shall become operational as resolved by Council must be displayed, published, disseminate and served by the Municipality in terms of Section 49 of the Act.

20.2 This is to be aligned with the annual budgetary process and shall be subject to the same obligations as contemplated in the MFMA.

## **21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

21.1 The municipality will adopt By-laws to give effect to the implementation of the 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.

## **22. REGULAR REVIEW PROCESSES**

22.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and with legislation.

## **23. ENFORCEMENT/IMPLEMENTATION**

23.1 This policy has been approved by the Municipality in terms of Council resolution ..... dated ..... and takes effect once approved by the Council of Municipality

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